

Edgar Filing: NRG ENERGY, INC. - Form SC 13G

NRG ENERGY, INC.
Form SC 13G
December 27, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 13G

UNDER THE SECURITIES EXCHANGE ACT OF 1934
(AMENDMENT NO. ___)*

NRG ENERGY, INC.

(Name of Issuer)

Common Stock, \$0.01 Par Value Per Share

(Title of Class of Securities)

629377508

(CUSIP Number)

December 15, 2004

(Date of Event which Requires Filing
of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)
 Rule 13d-1(c)
 Rule 13d-1(d)

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

S.A.C. Capital Advisors, LLC

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	5 SOLE VOTING POWER 0
	6 SHARED VOTING POWER 5,855,185 (including 2,000 shares issuable upon exercise of options and 200,000 shares issuable upon exercise of 4% Convertible Perpetual Preferred Stock) (see Item 4)
	7 SOLE DISPOSITIVE POWER 0
	8 SHARED DISPOSITIVE POWER 5,855,185 (including 2,000 shares issuable upon exercise of options and 200,000 shares issuable upon exercise of 4% Convertible Perpetual Preferred Stock) (see Item 4)

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

5,855,185 (including 2,000 shares issuable upon exercise of options
and 200,000 shares issuable upon exercise of 4% Convertible Perpetual
Preferred Stock) (see Item 4)

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

6.7% (see Item 4)

12 TYPE OF REPORTING PERSON*

00

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*SEE INSTRUCTION BEFORE FILLING OUT

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1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

S.A.C. Capital Management, LLC

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF
SHARES
BENEFICIALLY
OWNED
BY

5 SOLE VOTING POWER

0

EACH
REPORTING
PERSON
WITH

6 SHARED VOTING POWER

5,855,185 (including 2,000 shares issuable upon
exercise of options and 200,000 shares issuable upon
exercise of 4% Convertible Perpetual Preferred
Stock) (see Item 4)

7 SOLE DISPOSITIVE POWER

0

8 SHARED DISPOSITIVE POWER

5,855,185 (including 2,000 shares issuable upon
exercise of options and 200,000 shares issuable upon
exercise of 4% Convertible Perpetual Preferred
Stock) (see Item 4)

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

5,855,185 (including 2,000 shares issuable upon exercise of options
and 200,000 shares issuable upon exercise of 4% Convertible Perpetual
Preferred Stock) (see Item 4)

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

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11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

6.7% (see Item 4)

12 TYPE OF REPORTING PERSON*

00

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1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

S.A.C. Capital Associates, LLC

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

Anguilla, British West Indies

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	5	SOLE VOTING POWER
	0	
	6	SHARED VOTING POWER
	5,461,575	(including 2,000 shares issuable upon exercise of options)
	7	SOLE DISPOSITIVE POWER
	0	
	8	SHARED DISPOSITIVE POWER
	5,461,575	(including 2,000 shares issuable upon exercise of options)

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

5,461,575 (including 2,000 shares issuable upon exercise of options) (see Item 4)

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10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

6.3% (see Item 4)

12 TYPE OF REPORTING PERSON*

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1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

S.A.C. Arbitrage Fund, LLC

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

Anguilla, British West Indies

NUMBER OF
SHARES
BENEFICIALLY
OWNED
BY
EACH
REPORTING
PERSON
WITH

5 SOLE VOTING POWER

0

6 SHARED VOTING POWER

389,310 (including 200,000 shares issuable upon
exercise of 4% Convertible Perpetual Preferred
Stock) (see Item 4)

7 SOLE DISPOSITIVE POWER

0

8 SHARED DISPOSITIVE POWER

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389,310 (including 200,000 shares issuable upon exercise of 4% Convertible Perpetual Preferred Stock) (see Item 4)

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

389,310 (including 200,000 shares issuable upon exercise of 4% Convertible Perpetual Preferred Stock) (see Item 4)

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

Less than 1% (see Item 4)

12 TYPE OF REPORTING PERSON*

00

*SEE INSTRUCTION BEFORE FILLING OUT

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1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

S.A.C. MultiQuant Fund, LLC

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

Anguilla, British West Indies

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH
5 SOLE VOTING POWER
0

6 SHARED VOTING POWER
4300 (see Item 4)

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7 SOLE DISPOSITIVE POWER

0

8 SHARED DISPOSITIVE POWER

4300 (see Item 4)

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

4300 (see Item 4)

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

Less than 1% (see Item 4)

12 TYPE OF REPORTING PERSON*

00

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1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

Steven A. Cohen

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

United States

NUMBER OF
SHARES
BENEFICIALLY
OWNED
BY

5 SOLE VOTING POWER

0

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EACH REPORTING PERSON WITH 6 SHARED VOTING POWER
5,855,185 (including 2,000 shares issuable upon exercise of options and 200,000 shares issuable upon exercise of 4% Convertible Perpetual Preferred Stock) (see Item 4)

7 SOLE DISPOSITIVE POWER
0

8 SHARED DISPOSITIVE POWER
5,855,185 (including 2,000 shares issuable upon exercise of options and 200,000 shares issuable upon exercise of 4% Convertible Perpetual Preferred Stock) (see Item 4)

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
5,855,185 (including 2,000 shares issuable upon exercise of options and 200,000 shares issuable upon exercise of 4% Convertible Perpetual Preferred Stock) (see Item 4)

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)
6.7% (see Item 4)

12 TYPE OF REPORTING PERSON*
IN

*SEE INSTRUCTION BEFORE FILLING OUT

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ITEM 1 (A) NAME OF ISSUER:

NRG Energy, Inc.

ITEM 1 (B) ADDRESS OF ISSUER'S PRINCIPAL EXECUTIVE OFFICES:

211 Carnegie Center
Princeton, New Jersey 08540

ITEMS 2 (A) NAME OF PERSON FILING:

This statement is filed by: (i) S.A.C. Capital Advisors, LLC, ("SAC Capital Advisors") with respect to shares of common stock, \$.01 par value per share ("Shares") beneficially owned by S.A.C. Capital

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Associates, LLC ("SAC Capital Associates"), S.A.C. Arbitrage Fund, LLC ("SAC Arbitrage") and S.A.C. MultiQuant Fund, LLC ("SAC MultiQuant"); (ii) S.A.C. Capital Management, LLC, ("SAC Capital Management") with respect to Shares beneficially owned by SAC Capital Associates, SAC Arbitrage and SAC MultiQuant; (iii) SAC Capital Associates with respect to Shares beneficially owned by it; (iv) SAC Arbitrage with respect to Shares beneficially owned by it; (v) SAC MultiQuant with respect to Shares beneficially owned by it; and (vi) Steven A. Cohen with respect to Shares beneficially owned by SAC Capital Advisors, SAC Capital Management, SAC Capital Associates, SAC Arbitrage and SAC MultiQuant.

ITEM 2 (B)

ADDRESS OF PRINCIPAL BUSINESS OFFICE:

The address of the principal business office of (i) SAC Capital Advisors and Mr. Cohen is 72 Cummings Point Road, Stamford, Connecticut 06902, (ii) SAC Capital Management is 540 Madison Avenue, New York, New York 10022, and (iii) SAC Capital Associates, SAC Arbitrage and SAC MultiQuant is P.O. Box 58, Victoria House, The Valley, Anguilla, British West Indies.

ITEM 2 (C)

CITIZENSHIP:

SAC Capital Advisors and SAC Capital Management are Delaware limited liability companies. SAC Capital Associates, SAC Arbitrage and SAC MultiQuant are Anguillan limited liability companies. Mr. Cohen is a United States citizen.

ITEM 2 (D)

TITLE OF CLASS OF SECURITIES:

Common Stock, par value \$0.01 per share

ITEM 2 (E)

CUSIP NUMBER:

629377508

ITEM 3

Not Applicable

ITEM 4

OWNERSHIP:

The percentages used herein are calculated based upon the Shares issued and outstanding as of December 3, 2004, as reported on the Issuer's annual report on Form 10-K/A filed with the Securities and Exchange Commission by the Issuer for the fiscal year ended December 31, 2003 and taking into account the repurchase by the Issuer of 13 million Shares in a transaction reported on the Issuer's Form 8-K filed on December 21, 2004

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filed with the Securities and Exchange Commission by the Issuer.

As of the close of business on December 27, 2004:

1. S.A.C. Capital Advisors, LLC

(a) Amount beneficially owned: 5,855,185 (including 2,000 shares issuable upon exercise of options and 200,000 shares issuable upon exercise of 4% Convertible Perpetual Preferred Stock)
(b) Percent of class: 6.7%
(c) (i) Sole power to vote or direct the vote: -0-
(ii) Shared power to vote or direct the vote: 5,855,185 (including 2,000 shares issuable upon exercise of options and 200,000 shares issuable upon exercise of 4% Convertible Perpetual Preferred Stock)
(iii) Sole power to dispose or direct the disposition: -0-
(iv) Shared power to dispose or direct the disposition: 5,855,185 (including 2,000 shares issuable upon exercise of options and 200,000 shares issuable upon exercise of 4% Convertible Perpetual Preferred Stock)

2. S.A.C. Capital Management, LLC

(a) Amount beneficially owned: 5,855,185 (including 2,000 shares issuable upon exercise of options and 200,000 shares issuable upon exercise of 4% Convertible Perpetual Preferred Stock)
(b) Percent of class: 6.7%
(c) (i) Sole power to vote or direct the vote: -0-
(ii) Shared power to vote or direct the vote: 5,855,185 (including 2,000 shares issuable upon exercise of options and 200,000 shares issuable upon exercise of 4% Convertible Perpetual Preferred Stock)
(iii) Sole power to dispose or direct the disposition: -0-
(iv) Shared power to dispose or direct the disposition: 5,855,185 (including 2,000 shares issuable upon exercise of options and 200,000 shares issuable upon exercise of 4% Convertible Perpetual Preferred Stock)

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3. S.A.C. Capital Associates, LLC

(a) Amount beneficially owned: 5,461,575 (including 2,000 shares issuable upon exercise of options)
(b) Percent of class: 6.3%
(c) (i) Sole power to vote or direct the vote: -0-
(ii) Shared power to vote or direct the vote: 5,461,575 (including 2,000 shares issuable upon exercise of options)
(iii) Sole power to dispose or direct the disposition: -0-

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(iv) Shared power to dispose or direct the disposition: 5,461,575 (including 2,000 shares issuable upon exercise of options).

4. S.A.C. Arbitrage Fund, LLC

(a) Amount beneficially owned: 389,310 (including 200,000 shares issuable upon exercise of 4% Convertible Perpetual Preferred Stock)

(b) Percent of class: Less than 1%

(c) (i) Sole power to vote or direct the vote: -0-

(ii) Shared power to vote or direct the vote: 389,310 (including 200,000 shares issuable upon exercise of 4% Convertible Perpetual Preferred Stock)

(iii) Sole power to dispose or direct the disposition: -0-

(iv) Shared power to dispose or direct the disposition: 389,310 (including 200,000 shares issuable upon exercise of 4% Convertible Perpetual Preferred Stock)

5. S.A.C. MultiQuant Fund, LLC

(a) Amount beneficially owned: 4300

(b) Percent of class: Less than 1%

(c) (i) Sole power to vote or direct the vote: -0-

(ii) Shared power to vote or direct the vote: 4300

(iii) Sole power to dispose or direct the disposition: -0-

(iv) Shared power to dispose or direct the disposition: 4300

6. Steven A. Cohen

(a) Amount beneficially owned: 5,855,185 (including 2,000 shares issuable upon exercise of options and 200,000 shares issuable upon exercise of 4% Convertible Perpetual Preferred Stock)

(b) Percent of class: 6.7%

(c) (i) Sole power to vote or direct the vote: -0-

(ii) Shared power to vote or direct the vote: 5,855,185 (including 2,000 shares issuable upon exercise of options and 200,000 shares issuable upon exercise of 4% Convertible Perpetual Preferred Stock)

(iii) Sole power to dispose or direct the disposition: -0-

(iv) Shared power to dispose or direct the disposition: 5,855,185 (including 2,000 shares issuable upon exercise of options and 200,000 shares issuable upon exercise of 4% Convertible Perpetual Preferred Stock)

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SAC Capital Advisors, SAC Capital Management, and Mr. Cohen own directly no Shares or securities convertible into Shares. Pursuant to investment agreements, each of SAC Capital Advisors and SAC Capital

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Management share all investment and voting power with respect to the securities held by SAC Capital Associates, SAC Arbitrage and SAC MultiQuant. Mr. Cohen controls both SAC Capital Advisors and SAC Capital Management. By reason of the provisions of Rule 13d-3 of the Securities Exchange Act of 1934, as amended, each of SAC Advisors, SAC Management and Mr. Cohen may be deemed to own beneficially 5,855,185 Shares (including 2,000 shares issuable upon exercise of options and 200,000 shares issuable upon exercise of 4% Convertible Perpetual Preferred Stock) (constituting approximately 6.7% of the Shares outstanding). Each of SAC Capital Advisors, SAC Capital Management and Mr. Cohen disclaim beneficial ownership of any of the securities covered by this statement.

ITEM 5 OWNERSHIP OF FIVE PERCENT OR LESS OF A CLASS:

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following.

ITEM 6 OWNERSHIP OF MORE THAN FIVE PERCENT ON BEHALF OF ANOTHER PERSON:

Not Applicable

ITEM 7 IDENTIFICATION AND CLASSIFICATION OF THE SUBSIDIARY WHICH ACQUIRED THE SECURITY BEING REPORTED ON BY THE PARENT HOLDING COMPANY:

Not Applicable

ITEM 8 IDENTIFICATION AND CLASSIFICATION OF MEMBERS OF THE GROUP:

Not Applicable

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ITEM 9 NOTICE OF DISSOLUTION OF GROUP:

Not Applicable

ITEM 10 CERTIFICATION:

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By signing below the signatory certifies that, to the best of his knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: December 27, 2004

S.A.C. CAPITAL ADVISORS, LLC

By: /s/ Peter Nussbaum

Name: Peter Nussbaum
Title: Authorized Person

S.A.C. CAPITAL MANAGEMENT, LLC

By: /s/ Peter Nussbaum

Name: Peter Nussbaum
Title: Authorized Person

S.A.C. CAPITAL ASSOCIATES, LLC

By: /s/ Peter Nussbaum

Name: Peter Nussbaum
Title: Authorized Person

S.A.C. ARBITRAGE FUND, LLC

By: /s/ Peter Nussbaum

Name: Peter Nussbaum
Title: Authorized Person

S.A.C. MULTIQUANT FUND, LLC

By: /s/ Peter Nussbaum

Name: Peter Nussbaum
Title: Authorized Person

STEVEN A. COHEN

By: /s/ Peter Nussbaum

Name: Peter Nussbaum

Title: Authorized Person

t such liabilities (other than the payment by us of expenses incurred or paid by a director, officer or controlling person of ours in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, we will, unless in the opinion of counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by us is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

As of the December 31, 2005, IT&E International had a total of 60,448,875 shares of common stock issued and outstanding. The following table sets forth, as of December 31, 2005, the stock ownership of each executive officer and director of IT&E International, of all executive officers and directors as a group, and of each person known by IT&E International to be a beneficial owner of 5% or more of our common stock. Unless otherwise noted, each person listed below is the sole beneficial owner of the shares and has sole investment and voting power as such shares.

Title of Class	Name and address of Beneficial Owner(1)	Shares Beneficially Owned(2)	Percentage Beneficially Owned
Executive Officers and Directors:			
Common	Peter Solenne, Chief Executive Officer and Director	2,967,764 (3)	4.91 %
Common	Kelly Alberts, President, Chief Operating Officer and Director	21,298,786 (4)	35.23 %
Common	David Vandertie, Chief Financial Officer	180,556 (5)	*
Common	Gene Resnick, Senior Vice President	10,416,667	17.23 %
Common	Michael Falk, Director	327,857,044 (6)	84.43 %
Preferred		15,300 (7)	92.7 %
Common	Cecilio Rodriguez, Director		
Common	Robert D. Tucker, Director		
Common	Anthony Allocca, Vice President Operations	16,678,250 (8)	27.59 %
Common	All directors and executive officers as a group (8 persons)	34,863,773 (9)	84.96 %
5% Stockholders:			
Common	ComVest Investment Partners II LLC,	327,857,044 (10)	84.43 %
Preferred	One North Clematis Street, Suite 300, West Palm Beach, Florida 33324, Attention: Carl Kleidman	15,300 (11)	92.7 %
Common	Charles McCall,	21,428,565 (12)	26.17 %
Preferred	1002 Rhodes Villa Ave, Delray Beach, Florida 33483	1,000 (13)	10 %
Common	Matthew Dontzin,	4,285,713 (14)	6.62 %
Preferred	6 East 81st Street, New York, New York 10028	200 (15)	2 %

* Less than 1%

(1) Except as otherwise noted, the address for each person is c/o IT&E International Group, 505 Lomas Santa Fe Drive, Suite 200, Solana Beach, California 92075.

(2) Unless otherwise noted, we believe that all persons named in the table have sole voting and investment power with respect to all shares of common stock listed as beneficially owned by them. A person is deemed to be the beneficial holder of securities that can be acquired by such person within sixty (60) days from the filing of the Certificate of Designations upon the exercise of warrants or options or the conversion of convertible securities. Each beneficial owner's percentage ownership is determined by including shares underlying options, warrants or convertible securities which are exercisable or convertible by such person currently or within sixty (60) days following the filing date of the Certificate of Designations, and excluding shares underlying options, warrants or convertible securities held by any other person.

(3) Includes 1,595,764 shares of common stock subject to options held by Mr. Solenne.

(4) Includes 32,813 shares of common stock subject to options held by Mr. Alberts.

(5) Includes 180,556 shares of common stock subject to options held by Mr. Vandertie.

(6) Includes warrants to purchase common stock and shares of common stock issuable upon the conversion of shares of Series D Preferred Stock to be held of record by ComVest. ComVest II Partners, LLC (ComVest II) is the managing member of ComVest, the managing member of ComVest II is ComVest Group Holdings, LLC (CGH), Mr. Falk is the Chairman and principal member of CGH. Mr. Falk, by virtue of his status as managing member of ComVest II (the managing member of ComVest) and as one of the principal members of ComVest and ComVest II, may be deemed to have indirect beneficial ownership of all of the shares beneficially owned by ComVest. Mr. Falk disclaims any beneficial ownership of all such shares.

(7) Includes shares of Series D Preferred Stock to be held of record by ComVest. ComVest II is the managing member of ComVest, the managing member of ComVest II is CGH, Mr. Falk is the Chairman and principal member of CGH. Mr. Falk, by virtue of his status as managing member of ComVest II (the managing member of ComVest) and as one of the principal members of ComVest and ComVest II, may be deemed to have indirect beneficial ownership of all of the shares beneficially owned by ComVest. Mr. Falk disclaims any beneficial ownership of all such shares.

(8) Includes 26,250 shares of common stock subject to options held by Mr. Allocca.

(9) Includes shares and options exercisable within 60 days held of record by the named officers and directors. Excludes shares for which Mr. Falk disclaims beneficial ownership.

(10) Consists of (i) warrants to purchase 73,571,406 shares of common stock, (ii) an additional warrant to purchase 35,714,275 shares of common stock that ComVest has the option to acquire prior to May 9, 2006, (iii) 147,142,813 shares of common stock issuable upon conversion of the shares of Series D Preferred Stock to be held by ComVest upon conversion of the Senior Notes into shares of Series D Preferred Stock and (iv) 71,428,550 shares of common stock issuable upon the conversion of the shares of Series D Preferred Stock to be held by ComVest upon conversion of the Senior Notes into shares of Series D Preferred Stock, if any, that ComVest may acquire pursuant to the ComVest Option. ComVest II is the managing member of ComVest, the managing member of ComVest II is CGH, Mr. Falk is the Chairman and principal member of CGH and Robert Priddy is a member of ComVest II. Messrs. Falk and Priddy, by virtue of their status as managing members of ComVest II (the managing member of ComVest) and as the principal members of ComVest and ComVest II, may be deemed to have indirect beneficial ownership of all of the shares beneficially owned by ComVest. Messrs. Falk and Priddy disclaim any beneficial ownership of all such shares.

(11) Consists of 10,300 shares of Series D Preferred Stock issuable to ComVest upon the conversion of the Senior Notes which shall automatically occur upon the filing of the Certificate of Designations and an additional 5,000 shares of Series D Preferred Stock that ComVest has the option to acquire prior to May 6, 2006. Each share of Series D Preferred Stock shall be convertible at the option of the holder into 14,285.71 shares of common stock. ComVest II is the managing member of ComVest, the managing member of ComVest II is CGH, Mr. Falk is the Chairman and principal member of CGH and Robert Priddy is a member of ComVest II. Messrs. Falk and Priddy, by virtue of their status as managing members of ComVest II (the managing member of ComVest) and as the principal members of ComVest and ComVest II, may be deemed to have indirect beneficial ownership of all of the shares beneficially owned by ComVest. Messrs. Falk and Priddy disclaim any beneficial ownership of all such shares.

(12) Consists of a warrant to purchase 7,142,855 shares of common stock issued at the initial closing of the sale of the Senior Notes and 14,285,710 shares of common stock issuable upon conversion of the shares of Series D Preferred Stock to be held by Mr. McCall upon conversion of the Senior Notes into shares of Series D Preferred Stock.

(13) Consists of 1,000 shares of Series D Preferred Stock issuable to Mr. McCall upon the conversion of the Senior Notes which shall automatically occur upon the filing of the Certificate of Designations. Each share of Series D Preferred Stock shall be convertible at the option of the holder into 14,285.71 shares of common stock.

(14) Consists of a warrant to purchase 1,428,571 shares of common stock issued at the initial closing of the sale of the Senior Notes and 2,857,142 shares of common stock issuable upon conversion of the shares of Series D Preferred Stock to be held by Mr. Dontzin upon conversion of the Senior Notes into shares of Series D Preferred Stock.

(15) Consists of 200 shares of Series D Preferred Stock issuable to Mr. Dontzin upon the conversion of the Senior Notes which shall automatically occur upon the filing of the Certificate of Designations. Each share of Series D Preferred Stock shall be convertible at the option of the holder into 14,285.71 shares of common stock.

Change in Control of Company

On November 9, 2005, ComVest acquired control of the Company. ComVest purchased Senior Notes in the aggregate principal amount of \$5,800,000 which are automatically convertible into 5,800 shares of Series D Preferred Stock, subject only to the filing of the Certificate of Designations with the relevant Secretary of State. Each share of Series D Preferred Stock, when issued, will be convertible at the option of the holder into 14,285.71 shares of our common stock. ComVest was also issued warrants to purchase up to 41,428,559 shares of our common stock which are immediately exercisable for a period of four (4) years at an exercise price of \$0.10 per share, notwithstanding that the market price of a share of our common stock was \$0.17 on November 9, 2005. This exercise price was based on a valuation of our company performed by ComVest which we negotiated at arms-length, without reference to any prevailing market price. Therefore, ComVest beneficially owned approximately 67.28% of our outstanding common stock as of November 9, 2005. ComVest acquired control of the Company from Kelly Alberts and Anthony Allocca. Pursuant to the Certificate of Designations, the holders of Series D Preferred Stock will have the right to elect five (5) members to our Board and the holders of common stock have the right to elect two (2) members to our Board.

In addition, at a second closing on December 22, 2005, ComVest purchased an additional Senior Note in the aggregate principal amount of \$4,500,000. The additional Senior Note issued to ComVest at the second closing will automatically convert into 4,500 shares of Series D Preferred Stock upon the filing of the Certificate of Designations with the relevant Secretary of State. At the second closing, ComVest was also issued a warrant to purchase up to 32,142,847 shares of our common stock which is immediately exercisable for a period of four (4) years at an exercise price of \$0.10 per share. Subsequent to the second closing, ComVest beneficially owned approximately 78.5% of our outstanding common stock.

Further, we granted ComVest an option to purchase an additional Senior Note or shares of Series D Preferred Stock for an aggregate purchase price of \$5,000,000 which may be exercised at any time prior to May 9, 2006. If ComVest acquires a Senior Note pursuant to the ComVest Option, the Senior Note will be automatically convertible into 5,000 shares of Series D Preferred Stock upon the filing of the Certificate of Designations with the relevant Secretary of State. If ComVest exercises the ComVest Option, ComVest will also be issued a warrant to purchase up to 35,714,275 shares of our common stock which will be immediately exercisable for a period of four (4) years at an exercise price of \$0.10 per share. Subsequent to the closing of the ComVest Option, if any, ComVest will beneficially own approximately 84.43% of our outstanding common stock.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

ComVest, in the Private Placement, acquired an aggregate of \$10,300,000 of our Senior Notes and warrants to purchase 73,571,406 shares of our common stock in November and December of 2005. In connection with the Private Placement, ComVest also functioned as the placement agent in connection with the sale of additional Senior Notes in an aggregate principal amount of \$1,200,000 and warrants to purchase 8,571,426 shares of our common stock. ComVest is entitled to a 2.5% fee in connection with the total proceeds of the Private Placement. ComVest received a total of \$287,500 dollars for their services provided in connection with the Private Placement. Michael Falk is a member of our Board and the Chairman and a principal member of CGH which is the managing member of ComVest Partners II LLC which is in turn the managing member of ComVest. Cecilio Rodriguez is a member of our Board and the Chief Financial Officer of CGH.

Pursuant to the ComVest Securities Purchase Agreement, the Company has given ComVest the right to purchase an additional Senior Note in the principal amount of up to \$5,000,000 and warrants to purchase up to an additional 35,714,256 shares of the Company's common stock for a period of six months after November 9, 2005. An affiliate of ComVest, ComVest Advisors, LLC also provides financial and advisory services to the Company for which the Company pays ComVest Advisors, LLC a fee of \$22,000 per month.

In addition, in connection with the Private Placement, the Company entered into Lock-Up Agreements with each of the following individuals: Peter Solenne, Kelly Alberts, Anthony Allocca, David Vandertie, Dr. Gene Resnick, Margaret Barbetti, John Garizio and Russell Sobel. In general, the Lock-Up Agreements preclude each of the foregoing individuals from directly or indirectly offering, selling, pledging, contracting to sell (including any short sale), granting any option to purchase, entering into any contract to sell or otherwise disposing of or transferring any shares of common stock or other equity securities of the Company (the Restricted Shares), except as follows: (i) 25% of such holder's Restricted Shares may be sold by the holder upon the later of six months after November 9, 2005 or the date on which a registration statement covering the resale of the shares of common stock issuable upon exercise of the Warrants and the shares issuable upon conversion of the Series D Preferred Stock is declared effective by the SEC, and (ii) after sales permitted by (i), an additional 37.5% of the holder's Restricted Shares may be sold if the purchase price obtained by such selling holder is \$0.75 or more, or (iii) after (i) and (ii), any remaining amount of Restricted Shares may be sold by the holder after November 9, 2008 (the Lock-Up Period).

In connection with the Millennix Acquisition, the Company is obligated to give Dr. Resnick, an officer and principal shareholder, a possible additional \$1,400,000 if Millennix achieves certain earnout milestones.

In connection with Millennix Acquisition, the Company also assumed certain promissory notes of Millennix in the aggregate principal amount of approximately \$850,000. Of this amount \$680,820.58 was owed by Millennix to Dr. Resnick, our Senior Vice President and President of our Millennix division. The Company issued two (2) subordinated promissory notes in the aggregate amount of \$680,820.58 in connection with the Company's assumption of such debt. The first such note is in the principal amount of \$370,820.58 and is due and payable as follows: (i) no interest accrues and the Company shall not be obligated to make any payments on such note until May 9, 2006, (ii) the Company shall make interest only payments for the six (6) calendar months beginning June 1, 2006 for the interest that accrues during each such month, and (iii) the Company shall make twenty-four (24) monthly payments of principal and interest beginning December 1, 2006; provided, however, that if Dr. Resnick violates the terms of his Non-Competition Agreement the Company may offset the outstanding balance of unpaid principal and interest under such note against any damages that arise from such violation. The second such note is in the principal amount of \$310,000 and is payable as follows (1) the Company shall make interest only payments

for the first twelve (12) months and (ii) the Company make twenty-four (24) monthly payments of principal and interest beginning December 1, 2006; provided, however, that if Dr. Resnick violates the terms of his Non-Competition Agreement the Company may offset the outstanding balance of unpaid principal and interest under such note against any damages that arise from such violation. Each such note is expressly subordinated to any existing or future debt the Company may incur. Each such note accrues interest at a rate equal to the prime rate of interest set forth in the Wall Street Journal, California edition.

DESCRIPTION OF SECURITIES

On December 1, 2005, the holders of a majority of our outstanding common stock executed a written consent authorizing, among other things: (i) our reincorporation into the State of Delaware, (ii) an increase in the number of authorized common stock from 250,000,000 to 650,000,000, (iii) the elimination of any reference to the Series A Convertible Preferred Stock (the Series A Preferred Stock) in our charter, (iv) and the creation of a new Series D Preferred Stock. Therefore, upon the expiration of the applicable waiting period set forth in the Rule 14c-2 promulgated under the Exchange Act, we will become a Delaware corporation with 650,000,000 shares of common stock authorized and 10,000,000 shares of preferred stock authorized, 16,500 of which will have been designated Series D Preferred Stock authorized. Our current authorized capital stock consists of 250,000,000 shares of common stock, \$0.001 par value, and 2,820,000 shares of preferred stock, \$0.001 par value, all of which having been designated Series A Preferred Stock. The following summary is qualified in its entirety by reference to our certificate of incorporation and bylaws, copies of which are filed as exhibits to our previous filings with the SEC and incorporated herein by reference.

Common Stock

As of December 31, 2005, there were 60,448,875 shares of common stock outstanding that were held of record by 30 stockholders. In addition, there are beneficial owners of our common stock whose shares are held in street name and, consequently, we are unable to determine the actual number of beneficial holders of our common stock. Holders of our common stock are entitled to one vote per share on all matters to be voted upon by the stockholders. In the event of our liquidation, dissolution or winding up, holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities, subject to the liquidation preference of any outstanding preferred stock. The common stock has no preemptive, conversion or other rights to subscribe for additional securities. There are no redemption or sinking fund provisions applicable to the common stock. All outstanding shares of common stock are, and all shares of common stock to be outstanding upon completion of the offering will be, validly issued, fully paid and nonassessable. The rights, preferences and privileges of holders of common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that we may designate and issue in the future.

Preferred Stock

Series A Preferred Stock

On October 31, 2005, the Board approved the conversion of all of the issued and outstanding shares of the Company's Series A Preferred Stock into shares of Company's common stock based on an exchange ratio of ten (10) shares of common stock to one (1) share of Series A Preferred Stock in accordance with the Company's Amended and Restated Articles of Incorporation. On November 4, 2005, the Company converted 2,820,000 shares of Series A Preferred Stock into 28,200,000 shares of common stock upon receipt of notice of such conversion from the holders of such Series A Preferred Stock.

Since November 4, 2005, there have been no shares of our Series A Preferred Stock outstanding. All references to Series A Preferred Stock will be removed in the Certificate of Incorporation filed in connection with the Reincorporation.

Series D Preferred Stock

On October 31, 2005, the Board approved the creation of the Series D Preferred Stock. The Board authorized up to 16,500 shares of Series D Preferred Stock. The Series D Preferred Stock, when issued, will be senior in rights, preferences and privileges to the shares of the Company's common stock as set forth in a Certificate of Designations to be filed with the relevant Secretary of State. The holders of Series D Preferred Stock, when issued, will be entitled to receive the stated value of \$1,000 for each share of Series D Preferred Stock, subject to average weighted anti-dilution adjustments, in a liquidation event as defined in the Certificate of Designations. Each share of Series D Preferred Stock, when issued, will be convertible at the option of the holder into 14,285.71 shares of Company's common stock, subject to weighted average anti-dilution adjustments. The holders of Series D Preferred Stock will be entitled to vote on all matters presented to the holders of common stock on an as-if-converted to common stock basis. The holders of Series D Preferred Stock will also have the right to elect five (5) out of seven (7) members of the Board. Additionally, the Company may not, once the shares of Series D Preferred Stock are issued, without the consent of the holders of a majority of the shares of Series D Preferred Stock, take certain actions, including, without limitation: (i) alter, amend or repeal the rights, preferences and privileges of the Series D Preferred Stock; (ii) alter, amend or repeal the Company's articles of incorporation or bylaws in a manner that would adversely affect the voting power or any other rights, preferences or privileges of the Series D Preferred Stock; (iii) create any securities senior in rights, preferences or privileges to the Series D Preferred Stock; and (iv) create any securities equal in rights, preferences or privileges to the Series D Preferred Stock.

Blank Check Preferred Stock

In connection with the Reincorporation, the Company will have authorized for issuance an additional 9,983,500 shares preferred stock with rights, preferences and privileges to be determined by our Board from time to time in order to allow the Company to raise capital through the issuance of such newly authorized shares to certain investors. However, we have no present intent, commitment, arrangement or agreement to issue any such shares of preferred stock. In addition, we may use such additional preferred stock to prohibit certain takeover attempts or as consideration in future acquisitions, although we have not currently identified any such acquisition candidates.

Be advised that the issuance of such preferred stock will dilute our existing shareholders and that our Board does not intend to solicit further approval from our shareholders prior to designating the rights, preferences or privileges of any such preferred stock, including, without limitation, rights as to dividends, conversion, voting, liquidation preference or redemption, which in each case may be superior to the rights of our common stock, or prior to the issuance of any such shares of preferred stock.

Senior Secured Promissory Notes

In connection with the Private Placement, on November 9, 2005, the Company issued Senior Notes in the aggregate principal amount of \$7,000,000 to the Purchasers pursuant to the ComVest Securities Purchase Agreement. On December 22, 2005, the Company issued additional Senior Notes in the aggregate principal amount of \$4,500,000 to ComVest pursuant to the ComVest Securities Purchase Agreement. All of the outstanding Senior Notes are automatically convertible into 11,500 shares of Company's Series D Preferred Stock, upon the expiration of the Waiting Period and the filing of the Certificate of Designations with the relevant Secretary of State. If the Senior Notes have not been converted into shares of Series D Preferred Stock prior to March 10, 2006 for the Senior Notes issued on

November 9, 2005 and April 23, 2006 for the Senior Notes issued on December 22, 2005, the Senior Notes will accrue interest at a rate of 12% per annum and shall become due and payable in full on March 10, 2006 and April 23, 2006, respectively.

LEGAL MATTERS

The validity of the shares of common stock offered hereby will be passed upon for us by Foley & Lardner LLP, San Diego, California.

EXPERTS

The consolidated financial statements of IT&E International Group as of, and for the years ended, December 31, 2004 and 2003, and the Audited Financial Statements of Millennix Inc. as of, and for the years ended December 31, 2004 and 2003 appearing in this prospectus and registration statement, have been audited by Beckstead and Watts, LLP, independent registered public accounting firm, as stated in their reports thereon.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the Securities and Exchange Commission a registration statement on Form SB-2, including exhibits, schedules and amendments, under the Securities Act with respect to the shares of common stock to be sold in this offering. This prospectus does not contain all the information included in the registration statement. For further information about us and the shares of our common stock to be sold in this offering, please refer to this registration statement. Complete exhibits have been filed with our registration statement on Form SB-2.

You may read and copy any contract, agreement or other document referred to in this prospectus and any portion of our registration statement or any other information from our filings at the Securities and Exchange Commission's public reference room at 100 F Street, N.E., Washington, D.C. 20549. You can request copies of these documents, upon payment of a duplicating fee, by writing to the Securities and Exchange Commission. Please call the Securities and Exchange Commission at 1-800-SEC-0330 for further information about the public reference rooms. Our filings with the Securities and Exchange Commission, including our registration statement, are also available to you on the Securities and Exchange Commission's Web site, <http://www.sec.gov>.

We are subject to the information and reporting requirements of the Exchange Act, and file and furnish to our stockholders annual reports containing financial statements audited by our independent auditors, make available to our stockholders quarterly reports containing unaudited financial data for the first three quarters of each fiscal year, proxy statements and other information with the Securities and Exchange Commission.

You may read and copy any reports, statements or other information on file at the public reference rooms. You can also request copies of these documents, for a copying fee, by writing to the Commission.

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Report of Independent Registered Public Accounting Firm

Beckstead and Watts, LLP
Certified Public Accountants
2425 W Horizon Ridge Parkway
Henderson, NV 89052
702.257.1984 (tel)
702.362.0540 (fax)

We have audited the accompanying restated balance sheet of IT&E International Group as of December 31, 2004, and the related restated statements of income, retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, revised as described in Note 2, present fairly, in all material respects, the financial position of IT&E International Group as of December 31, 2004, and the results of its operations, equity and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, the Company's 2004 total assets and total liabilities reported as \$6,919,018 and \$6,027,398 should have been \$4,412,156 and \$3,488,945, respectively, and retained earnings and net loss previously reported as \$7,080 and \$(499,058), respectively, should have been \$38,673 and \$(467,465), respectively. This discovery was made subsequent to the issuance of the financial statements. The financial statements have been restated to reflect this correction.

/s/ BECKSTEAD AND WATTS, LLP

Henderson, Nevada
March 22, 2005, except for Note 2, as to which the date is October 19, 2005

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Report of Independent Registered Public Accounting Firm

Beckstead and Watts, LLP
Certified Public Accountants
2425 W Horizon Ridge Parkway
Henderson, NV 89052
702.257.1984 (tel)
702.362.0540 (fax)

We have audited the accompanying balance sheet of IT&E International Group (the Company), as of December 31, 2003, and the related statement of operations, stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IT&E International Group as of December 31, 2003, and the results of its operations, equity and cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

/s/ BECKSTEAD AND WATTS, LLP

Henderson, Nevada
March 22, 2005

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IT&E INTERNATIONAL GROUP
Balance Sheets

	December 31, 2004 (restated)	2003
Assets		
Current Assets:		
Cash	\$ 402,779	\$ 173,236
Accounts receivable (net of allowance for doubtful accounts of \$75,000 and \$118,118, respectively)	2,644,501	1,639,907
Unbilled revenue	133,398	195,607
Prepaid and other current assets	77,175	71,965
Total Current Assets	3,257,853	2,080,715
Fixed Assets, net	313,435	82,618
Loan Fees, net	807,144	
Deposits	33,724	23,382
	\$ 4,412,156	\$ 2,186,715
Liabilities and Stockholders Equity		
Current Liabilities:		
Accounts payable	\$ 596,189	\$ 254,855
Accrued payroll and employee benefits	322,300	168,296
Line of credit bank		855,015
Current portion of capital lease obligations	3,089	
Current portion of convertible note payable	666,667	
Deferred rent	30,293	
Other accrued liabilities	21,057	27,731
Total Current Liabilities	1,639,595	1,305,897
Long-term capital lease obligations, less current portion	16,015	
Long-term convertible note payable, less current portion	1,833,333	
	3,488,945	1,305,897
Commitments and contingencies		
Stockholders equity:		
Common stock, \$.001 par value, 70,000,000 share authorized, 19,000,000 shares issued and outstanding	19,000	19,000
Preferred stock, \$.001 par value, 5,000,000 shares authorized, 2,000,000 shares issued and outstanding	2,000	2,000
Additional paid-in capital	863,540	353,680
Retained earnings	38,673	506,138
	923,213	880,818
	\$ 4,412,156	\$ 2,186,715

The accompanying notes are an integral part of these financial statements.

IT&E INTERNATIONAL GROUP
Statements of Operations

	Years ended December 31,	
	2004 (restated)	2003
Service Revenue	\$ 13,437,388	\$ 10,018,459
Reimbursement revenue	405,749	392,426
Total Revenue	13,843,137	10,410,885
Cost of Revenue	9,497,806	6,444,287
Reimbursable out-of-pocket expenses	405,749	392,426
Gross profit	3,939,582	3,574,173
Operating Expenses:		
General and administrative expenses	2,876,100	2,795,472
Sales and marketing expenses	982,077	333,730
Depreciation expense	21,588	18,438
Officer salaries	457,981	300,000
Total Operating Expenses	4,337,746	3,447,640
Net Operating Income (Loss)	(398,165)	126,533
Other income (expense):		
Other income (expense)	32,831	(8,298)
Interest expense	(102,131)	(33,206)
Total Other Income (Expense)	(69,300)	(41,504)
Income (Loss) Before Provision for Income Taxes	(467,465)	85,029
Provision for income taxes		3,000
Net Income (Loss)	\$ (467,465)	\$ 82,029
Weighted average number of common shares outstanding basic and fully diluted	19,000,000	19,000,000
Net income (loss) per share basic and fully diluted	\$ (0.02)	\$ 0.00

The accompanying notes are an integral part of these financial statements.

IT&E INTERNATIONAL GROUP
Statements of Stockholders Equity

	Common Stock		Preferred Stock		Additional Paid-in Capital	Retained Earnings	Total Stockholders Equity
	Shares	Amount	Shares	Amount			
Balance, Dec 31, 2002, Restated	19,000,000	\$ 19,000	2,000,000	\$ 2,000	\$ 353,680	\$ 424,109	\$ 798,789
Net income						82,029	82,029
Balance, Dec 31, 2003, Restated	19,000,000	19,000	2,000,000	2,000	353,680	506,138	880,818
Issuance of Warrants					509,860		509,860
Net loss, Restated						(467,465)	(467,465)
Balance, Dec. 31, 2004, Restated	19,000,000	\$ 19,000	2,000,000	\$ 2,000	\$ 863,540	\$ 38,673	\$ 923,213

The accompanying notes are an integral part of these financial statements.

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IT&E INTERNATIONAL GROUP
Statements of Cash Flow

	Years ended December 31,	
	2004 (restated)	2003
Cash flows from operating activities		
Net income (loss)	\$ (467,465)	\$ 82,029
Adjustments to reconcile net income (loss) to net cash used by operating activities:		
Depreciation expense	21,588	18,438
Amortization of loan fees	60,235	
Loss on disposal of fixed assets		8,298
Deferred rent	30,293	
Changes in assets and liabilities		
Accounts receivable	(1,004,594)	(854,727)
Unbilled revenue	62,209	(112,130)
Prepaid and other current assets	(5,210)	7,170
Accounts payable	341,334	48,423
Accrued payroll and employee benefits	154,004	51,180
Other accrued liabilities	(6,673)	3,000
Net cash used by operating activities	(814,279)	(748,319)
Cash Flow from investing activities		
Purchase of fixed assets, including internal-use software	(252,405)	(57,355)
Deposits	(10,342)	2,853
Loan Fees	(357,519)	
Net cash used by investing activities	(620,267)	(54,502)
Cash Flow from financing activities		
Proceeds from line of credit	758,000	816,021
Payments on line of credit	(1,613,015)	
Proceeds from capital lease obligation	20,039	
Payments on capital lease obligations	(935)	
Proceeds from convertible note payable	2,500,000	
Net cash provided by financing activities	1,664,089	816,021
Net increase in cash and cash equivalents	229,543	13,200
Cash and cash equivalents, beginning of year	173,236	160,036
Cash and cash equivalents, end of year	\$ 402,779	\$ 173,236
Supplemental disclosures:		
Interest paid	\$ 82,109	\$
Income taxes paid	\$	\$

The accompanying notes are an integral part of these financial statements.

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**IT&E INTERNATIONAL GROUP
NOTES TO RESTATED CONSOLIDATED FINANCIAL STATEMENTS**

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS

In this discussion, the terms "Company", "we", "us", and "our", refer to IT&E International Group and subsidiaries, except where it is made clear otherwise.

We are a life sciences service organization focused on providing our clients with project-based consulting services in the areas of FDA regulatory compliance, data management, biometrics and clinical validation throughout the clinical trials lifecycle. Our services range from recruitment of patients for clinical trials and providing skilled personnel to assist with managing clinical trials, to providing enterprise software solutions and training to manage data to ensure FDA compliance. We also provide validation services for new pharmaceutical manufacturing facilities. We serve a variety of clients, including those in the private industry, public institutions, research facilities and the government.

We were incorporated in the State of Nevada in 2002 as Clinical Trials Assistance Corporation. In April 2004, we merged with IT&E International, Inc. and changed our name to IT&E International Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CORRECTION OF AN ERROR

We have previously issued our consolidated financial statements for the year ended December 31, 2004 and are now correcting our financial statements for the year ended December 31, 2004 to reflect that we have determined that the item "Cash-restricted" in the amount of \$2,506,862 reflected on the balance sheet as a current asset does not fall within the definition of an "asset" under generally accepted accounting principles ("GAAP") since the restricted cash was under the sole dominion and control of Laurus Master Fund, Ltd. In addition, the item "Long-term convertible note payable, less current portion" reflected on the balance sheet has been correspondingly reduced by \$2,500,000 because the Company has also determined that the portion of the proceeds from the issuance of such convertible promissory note that was placed in the restricted account does not fall within the definition of "liability" under GAAP. This correction also impacts the Statements of Operations, the Statements of Stockholders' Equity, and the Statements of Cash Flow for the year ended December 31, 2004, as interest income of \$6,862 had been previously recorded, along with accrued interest payable of \$38,455 on the restricted proceeds. The net impact is a reduction of the net loss of \$31,593. Several reclassifications were also made to prior interest expense transactions, and Footnote 6 to the financial statements included herein has been amended to reflect the foregoing. In addition a reclassification of \$820 was made between preferred stock and additional paid-in capital to correct for fully paid Series A preferred stock issued in excess of the number of Series A preferred stock authorized. These shares require shareholder authorization before they can be issued.

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The effects on our previously issued 2004 financial statements are summarized as follows:

	Previously Reported	Increase (Decrease)	Restated
Cash-Restricted	\$ 2,506,862	\$ (2,506,862)	\$
Total Current Assets	5,764,715	(2,506,862)	3,257,853
Total Assets	6,919,018	(2,506,862)	4,412,156
Current Liabilities	1,678,050	(38,455)	1,639,595
Long-term convertible note payable, less current portion	4,333,333	(2,500,000)	1,833,333
Total Liabilities	6,027,398	(2,538,453)	3,488,945
Stockholders' Equity:			
Preferred Stock	2,820	(820)	2,000
Additional Paid-in Capital	862,720	820	863,540
Net Loss for 2004	(499,058)	31,593	(467,465)
Total Liabilities and Stockholders' Deficit	6,919,018	(2,506,862)	4,412,156

Statement of Operations for the Year Ended December 31, 2004

	Previously Reported	Increase (Decrease)	Restated
Interest Income	\$ 3,298	\$ (3,298)	\$
Interest Expense	(137,022)	34,891	(102,131)
Net Loss	(499,058)	31,593	(467,465)
Net Loss Per Share - Basic and Diluted	(0.03)	0.01	(0.02)

Statement of Stockholders' Equity as of December 31, 2004

	Preferred Stock Number of Shares	Amount	Additional Paid-in Capital	Retained Earnings	Total Stockholders Equity (Deficit)
Balance at January 1, 2004, as previously reported	2,820,000	\$ 2,820	\$ 352,860	\$ 506,138	\$ 880,818
Shares issued, but not yet authorized	(820,000)	(820)	820		
Net loss for 2004, as restated				(467,465)	(467,465)
Balance at December 31, 2004, as restated	2,000,000	\$ 2,000	\$ 863,540	\$ 38,673	\$ 923,213

USE OF ESTIMATES

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

We maintain an allowance for doubtful accounts for estimated losses resulting from an inability of clients to make required payments. This allowance is based on account receivables, historical collection experience, current economic trends, and changes in the customer payment terms.

CASH AND CASH EQUIVALENTS, INCLUDING RESTRICTED CASH

We consider all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Our restricted cash equivalents consist primarily of a short-term money market deposit. Our cash accounts are with certain financial institutions. The balances in these accounts exceed the maximum U.S. federally insured amount. We have not experienced any losses in such accounts and we believe that we are not exposed to any significant credit risk on our cash and cash equivalents.

REVENUE RECOGNITION, ACCOUNTS RECEIVABLE, AND UNBILLED RECEIVABLES

Revenues are derived primarily from FDA validation and compliance outsourcing services, consulting, and systems integration. Revenues are recognized on a time-and-materials, level-of-effort, percentage-of-completion, or straight-line basis. Before revenues are recognized, the following four criteria must be met: (a) persuasive evidence of an arrangement exists; (b) delivery has occurred or services rendered; (c) the fee is fixed and determinable; and (d) collectibility is reasonably assured. We determine if the fee is fixed and determinable and collectibility is reasonably assured based on our judgment regarding the nature of the fee charged for services rendered and products delivered and the collectibility of those fees. Arrangements range in length from less than one year to several years.

Revenues from time-and-materials arrangements are generally recognized based upon contracted hourly billing rates as the work progresses. Revenues from level-of-effort arrangements are recognized based upon a fixed price for the level of resources provided. Revenues from fixed fee arrangements for consulting are generally recognized on a rate per hour or percentage-of-completion basis. For each of our fixed fee contracts we maintain estimates of total revenue and cost over the contract term. For purposes of periodic financial reporting on the fixed price consulting contracts, we accumulate total actual costs incurred to date under the contract. The ratio of those actual costs to its then-current estimate of total costs for the life of the contract is then applied to its then-current estimate of total revenues for the life of the contract to determine the portion of total estimated revenues that should be recognized. We follow this method because reasonably dependable estimates of the revenues and costs applicable to various stages of a contract can be made. In addition, total actual costs incurred would approximate measuring revenue based on labor hours since total actual costs are derived from the labor hours incurred. No material difference would occur if such costs were measured by total actual costs as compared to labor hours incurred.

Revenues recognized on fixed price consulting contracts are subject to revisions as the contract progresses to completion. If we do not accurately estimate the resources required or the scope of the work to be performed, do not complete our projects within the planned periods of time, or do not satisfy our obligations under the contracts, then profit may be significantly and negatively affected or losses may need to be recognized. Revisions in our contract estimates are reflected in the period in which the determination is made that facts and circumstances dictate a change of estimate. Favorable changes in estimates result in additional revenues recognized, and unfavorable changes in estimates result in a reduction of recognized revenues. Provisions for estimated losses on individual contracts are made in the period in which the loss first becomes known.

Over 95% of our contracts are performed on a time and materials basis, with the remaining 5% being fixed fee contracts.

At the beginning of 2003, we adopted EITF 00-21, Accounting for Revenue Arrangements with Multiple Deliverables, which addresses how to account for arrangements that involve the delivery or performance of multiple products, services, and/or rights to use assets. Revenue arrangements with multiple deliverables are divided into separate units of accounting if the deliverables in the arrangement meet the following criteria: (1) the delivered item has value to the customer on a stand-alone basis; (2) there is objective and reliable evidence of the fair value of undelivered items; and (3) delivery of any undelivered item is probable. Arrangement consideration is allocated among the separate units of

accounting based on their relative fair values, with the amount allocated to the delivered item being limited to the amount that is not contingent on the delivery of additional items or meeting other specified performance conditions. Our contracts are primarily time and material contracts devoted to a specific deliverable rather than to multiple deliverables.

On certain contracts, or elements of contracts, costs are incurred subsequent to the signing of the contract, but prior to the rendering of service and associated recognition of revenue. Where such costs are incurred and realization of those costs is either paid for upfront or guaranteed by the contract, those costs are deferred and later expensed over the period of recognition of the related revenue. At December 31, 2004 and 2003, the Company had no deferred costs.

Unbilled receivables represent revenues recognized for services performed that were not billed at the balance sheet date. The majority of these amounts are billed in the subsequent month. As of December 31, 2004 and 2003, the Company had unbilled revenues included in current receivables of \$133,398 and \$195,607, respectively.

REIMBURSABLE OUT-OF-POCKET EXPENSES

In addition to the standard costs incurred to provide services to our customers, we pay other incidental expenses, in excess of contract amounts, which are generally reimbursable under the terms of the contract. These expenses are recorded as both revenues and direct cost of services in accordance with the provisions of EITF 01-14, Income Statement Characterization of Reimbursements Received for Out-of-Pocket Expenses Incurred.

CREDIT RISKS

Financial instruments that subject us to concentrations of credit risks consist primarily of cash and cash equivalents and billed and unbilled accounts receivable. Our clients are primarily involved in the healthcare and pharmaceutical industries. The significant majority of our accounts receivable exposure is to large, well established firms. Concentrations of credit risk with respect to billed and unbilled accounts receivable are mitigated, to some degree, based upon the nature of our clients. Management considers the likelihood of material credit risk exposure as remote.

The healthcare and life sciences industries may be affected by economic factors, which may impact accounts receivable. At December 31, 2004, approximately 75% of the outstanding trade receivables are due from nine customers who also accounted for approximately 65% of total sales. Management does not believe that any single customer or geographic area represents significant credit risk.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of cash and cash equivalents, restricted cash, accounts receivable, accounts payable, and certain other liabilities approximate their estimated fair values due to the short-term nature of these instruments. Investments available for sale are carried at fair value.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation and amortization are provided on a straight-line basis in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, which range from three to seven years. Leasehold improvements are amortized over the lives of the respective leases or the service lives of the improvements, whichever are shorter.

We account for costs incurred to develop computer software for internal use in accordance with Statement of Position (SOP) 98-1, Accounting for the Costs of Computer Software Developed or Obtained for Internal Use. As required by SOP 98-1, we capitalize the costs incurred during the application development stage, which include costs to design the software configuration and interfaces, coding, installation, and testing. Costs incurred during the preliminary project along with post-implementation

stages of internal use computer software are expensed as incurred. Capitalized development costs are amortized over various periods up to three years. Costs incurred to maintain existing product offerings are expensed as incurred. The capitalization and ongoing assessment of recoverability of development costs requires considerable judgment by management with respect to certain external factors, including, but not limited to, technological and economic feasibility, and estimated economic life. For the years ended December 31, 2004 and December 31, 2003, we capitalized product development costs of \$210,444 and \$16,000, respectively, and will begin to amortize such costs in 2005 over the estimated useful life of three years.

Upon sale or retirement of property and equipment, the costs and related accumulated depreciation are eliminated from the accounts, and any gain or loss on such disposition is reflected in the consolidated statements of operations.

Expenditures for repairs and maintenance are charged to operations as incurred.

INCOME TAXES

Income taxes are computed using the asset and liability approach, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in our financial statements or tax returns. In estimating future tax consequences, we generally consider all expected future events other than the enactment of changes in tax law or rates. If it is more likely than not that some portion or all of a deferred tax asset will not be realized, a valuation allowance is recorded.

NET INCOME (LOSS) PER SHARE

Net income (loss) per basic share is computed using the weighted average number of common shares outstanding. Net income (loss) per diluted share is computed using the weighted average common shares and potential common shares outstanding. Dilution is computed by applying the treasury stock method. Under this method, options and warrants are assumed to be exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase common stock at the average market price during the period. Warrants to purchase 3,924,000 shares of common stock were outstanding during 2004, but were not included in the computation of earnings per diluted shares because the effect would be antidilutive. There were no stock options issued and outstanding as of December 31, 2004 and 2003.

RECENT ACCOUNTING PRONOUNCEMENTS

In December 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard No. 123 (revised 2004) Share-Based Payment (SFAS 123R), which is a revision of FASB Statement No. 123, Accounting for Stock-Based Compensation. Statement 123(R) supersedes APB Opinion No. 25, Accounting for Stock Issued to Employees, and amends FASB Statement No. 95, Statement of Cash Flows. Generally, the approach in Statement 123R is similar to the approach described in Statement 123. However, Statement 123R requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. Pro forma disclosure is no longer an alternative.

Statement 123R must be adopted no later than July 1, 2005. Early adoption will be permitted in periods in which financial statements have not yet been issued. We expect to adopt Statement 123R on July 1, 2005. Statement 123R permits public companies to adopt its requirements using one of two methods:

1. A modified prospective method in which compensation cost is recognized beginning with the effective date (a) based on the requirements of Statement 123R for all share-based payments granted after the effective date and (b) based on the requirements of Statement 123 for all awards

granted to employees prior to the effective date of Statement 123R that remain unvested on the effective date.

2. A modified retrospective method which includes the requirements of the modified prospective method described above, but also permits entities to restate based on the amounts previously recognized under Statement 123 for purposes of pro forma disclosures either (a) all prior periods presented or (b) prior interim periods of the year of adoption.

We are currently evaluating the two different methods for the adoption of Statement 123 and have not determined which of the two methods we will adopt.

To date, we have not issued stock-based payments to our employees, though we anticipate the issuance of stock options during 2005. As such, we have not recognized any stock-based compensation during 2004 and 2003.

We believe that the adoption of Statement 123R's fair value method will have a material impact on our result of operations, although it will have no impact on our overall financial position. The impact of adoption of Statement 123R cannot be predicted at this time because it will depend on levels of share-based payments granted in the future. Statement 123R also requires the benefits of tax deductions in excess of recognized compensation cost to be reported as a financing cash flow, rather than as an operating cash flow as required under current literature. This requirement will reduce net operating cash flows and increase net financing cash flows in periods after adoption. We cannot estimate what those amounts will be as it will depend on the levels of share-based payments granted in the future.

In May 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity. SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). Many of these instruments were previously classified as equity. The guidance in SFAS No. 150 is generally effective for all financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. We do not believe that the adoption of SFAS No. 150 will have a material impact on our financial statements.

In December 2003, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin No. 104 (SAB 104), Revenue Recognition, which supersedes SAB 101, Revenue Recognition in Financial Statements. SAB 104's primary purpose is to rescind the accounting guidance contained in SAB 101 related to multiple-element revenue arrangements that was superseded as a result of the issuance of EITF 00-21,

Accounting for Revenue Arrangements with Multiple Deliverables and to rescind the SEC's related Revenue Recognition in Financial Statements Frequently Asked Questions and Answers issued with SAB 101 that had been codified in SEC Topic 13, Revenue Recognition. While the wording of SAB 104 has changed to reflect the issuance of EITF 00-21, the revenue recognition principles of SAB 101 remain largely unchanged by the issuance of SAB 104, which was effective upon issuance. The adoption of SAB 104 did not have a material effect on our financial position or results of operations.

RECLASSIFICATION

Certain amounts in the 2003 financial statements have been reclassified to conform to the presentation of the 2004 financial statements.

3. MERGER WITH CLINICAL TRIALS ASSISTANCE CORPORATION

On April 14, 2004, the Company, Clinical Trials Assistance Corporation, a Nevada corporation (CTAL), and Clinical Trials Assistance Acquisition Corporation, a Nevada corporation (Merger Sub), entered into an Acquisition Agreement and Plan of Merger (collectively the Agreement) pursuant to

which CTAL, through its wholly-owned subsidiary, Merger Sub, acquired IT&E in exchange for 11,000,000 shares of CTAL common stock which were issued to the holders of IT&E stock (the Merger). Immediately after the Acquisition was consummated, and further to the Agreement, CTAL's controlling stockholder cancelled 28,000,000 shares of CTAL's Common Stock held by him (the Cancellation). The transaction contemplated by the Agreement was intended to be a tax-free reorganization pursuant to the provisions of Section 351 and 368(a)(1)(A) of the Internal Revenue Code of 1986, as amended.

The stockholders of IT&E (three stockholders owning 481,500 shares), who unanimously approved the acquisition as of the closing date of the Merger and after giving effect to the Cancellation, now own approximately 80% of the CTAL's outstanding common stock. This figure is based on the issuance of 9,000,000 shares of \$0.001 par value common stock and the share dilution upon conversion of the 2,000,000 warrants into common stock.

This transaction was accounted for as a reverse merger, since the stockholders of IT&E own a majority of the issued and outstanding shares of common stock of CTAL, and the directors and executive officers of IT&E became the directors and executive officers of the CTAL. No goodwill or other intangible was recorded as a part of this transaction and the cost of the transaction was expensed as incurred. In accordance with reverse merger accounting guidelines, all share issuances and per share calculations reflect the issuance of the merger shares on a retroactive basis as if the shares were issued from the date of inception of IT&E before the merger with CTAL.

As a part of this transaction, 2,000,000 warrants were issued to several individuals for cash totaling \$2,000. The warrants are convertible on a one-for-one basis at a price to be agreed upon on the exercise date by the Company's board of directors and the warrant holders. The exercise date is not sooner than one year and not later than five years.

4. ADVANCES TO EMPLOYEES

At December 31, 2004 and 2003, the Company had advanced \$21,525 and \$46,971, respectively, to certain employees. The notes are non-interest bearing and due during 2005. During 2005, an employee advance of \$20,000 was deemed uncollectible.

5. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2004 and 2003 consisted of the following:

	2004	2003
Computers	\$ 135,971	\$ 113,940
Furniture and Fixtures	41,007	21,082
Internal-Use Software	210,444	16,000
Leasehold Improvements	17,898	1,731
	405,320	152,753
Less Accumulated Depreciation	(91,885)	(70,135)
Net Fixed Assets	\$ 313,435	\$ 82,618

Depreciation expense totaled \$21,588 and \$18,438 during the years ended December 31, 2004 and 2003, respectively.

6. CONVERTIBLE DEBT

On October 18, 2004, we issued a \$5,000,000 secured convertible term note (Note) to Laurus Master Fund, Ltd. (Laurus). The Note is convertible into shares of our common stock at an initial conversion price of \$0.75 per share. Pursuant to this agreement, we also issued to Laurus a warrant (Warrant) to purchase up to 1,924,000 shares of our common stock, of which 962,000 shares will have an exercise price of \$0.94 and 962,000 shares will have an exercise price of \$1.12. The warrants expire on October 18, 2011.

The Note has a term of three years and accrues interest at the prime rate plus 2.5% per year (7.50% as of December 31, 2004). The Note is secured by all our assets and the assets of our subsidiaries. The Note consists of a non-restricted facility of \$2.5 million and a restricted facility of \$2.5 million. The non-restricted facility was used to pay off an outstanding line of credit of approximately \$1.5 million, with the remaining \$1.0 million, net of transaction fees, being used for working capital. The second \$2.5 million facility is restricted for either additional internal growth working capital requirements or for a future acquisition, which is a part of our strategic long-term growth plans. The cash related to the restricted account has not been recorded as an asset on our balance sheet, nor has the amount of the secured convertible note that corresponds to the amount in the restricted account been recorded as a liability on our balance sheet since such funds are under the sole dominion and control of Laurus as security for our obligations under the Laurus Securities Purchase Agreement and other related agreements. Such restricted cash does not fall within the definition of an asset under generally accepted accounting principles (GAAP) nor does the amount of the secured note that corresponds to the amount of cash in the restricted account fall within the definition of liability under GAAP.

Interest on the unrestricted principal amount is payable monthly, in arrears, on the first business day of each calendar month until the maturity date. Under the terms of the Note, the monthly interest payment and the monthly principal payment are payable either in cash at 103% of the respective monthly amortization amounts or, if certain criteria are met, in shares of our common stock. The minimum monthly principal repayment of \$83,333.33 commences on May 1, 2005, and continues through the October 18, 2007 maturity date. The principal criteria for the monthly payments to be made in shares of our common stock include:

- the effectiveness of a current registration statement covering the shares of our common stock into which the principal and interest under the Note are convertible;
- an average closing price of our common stock for the previous five trading days greater than or equal to 110% of the fixed conversion price; and
- the amount of such conversion not exceeding 25% of the aggregate dollar trading volume of our common stock for the previous 22 trading days.

We may prepay the non-restricted facility of the Note at any time by paying 125% of the principal amount then outstanding, together with accrued but unpaid interest thereon. We may also prepay the restricted facility of the Note at any time by paying 115% of the principal amount then outstanding, together with accrued but unpaid interest thereon. Upon an event of default under the Note, Laurus may demand repayment of the outstanding principal balance at a rate of 125% of the non-restricted facility of the Note and 115% of the outstanding principal balance of the restricted facility, plus any accrued interest. If the Note remains outstanding after an event of default that is not cured, the interest rate increases to 1.5% per month.

On a month-by-month basis, if we register the shares of common stock issuable upon conversion of the Note and upon exercise of the Warrant on a registration statement declared effective by the Securities and Exchange Commission, and the market price of our common stock for five consecutive trading days exceeds the conversion price by at least 25%, then the interest rate on the Note for the succeeding

calendar month shall be reduced by 1% for every 25% increase in the market price of our common stock above the conversion price of the Note, but in no event shall the interest rate be less than zero percent.

Laurus also has the option to convert all or a portion of the Note into shares of our common stock at any time, subject to limitations described below, at a conversion price of \$0.75 per share, subject to adjustment as described below. The Note is currently convertible into 3,333,333 shares of our common stock, excluding the conversion of any accrued interest. Laurus is limited on its ability to convert is the conversion of the Note or the exercise of the Warrant would cause the shares then held be Laurus to exceed 4.99% of our outstanding shares of common stock unless there has been an event of default or Laurus provides us with 75 days prior notice.

We were obligated to file a registration statement with the Securities and Exchange Commission (SEC) registering the resale of shares of our common stock issuable upon conversion of the Note and exercise of the Warrant by November 17, 2004, and to have such Statement declared effective by the SEC by no later than January 25, 2005. We timely filed the registration statement, but it has not yet been declared effective. If the registration statement is not declared effective within the timeframe described, if the registration statement is suspended other than as permitted in the Registration Rights Agreement, or if our common stock is not listed for three consecutive trading days, we are obligated to pay Laurus additional cash fees. The cash fees are 2.0% of the original principal amount of the Note for each 30 day period in which we fail to correct these issues. Since the registration statement has not yet been declared effective, we are incurring monthly cash fees to Laurus.

The fair value of the warrants has been estimated on the date of grant using the Black-Scholes option pricing model. The weighted average fair value of these warrants are \$0.28 and \$0.25. The following assumptions were used in computing the fair value of these warrants: weighted average risk-free interest rate of 6.0%, zero dividend yield, volatility of the Company s common stock of 86.81% and an expected life of the warrants of two years. Approximately \$510,000 was added to financing costs as a result of the warrants. No warrants have been exercised through December 31, 2004. In addition to the costs related to the warrants, we also incurred approximately, \$358,000 of loan origination costs for the debt. We will amortize the total loan costs over the period of the loan. We amortized approximately \$60,000 for the period ending December 31, 2004.

Future maturities of long-term debt are as follows as of December 31, 2004:

2005	\$ 666,667
2006	1,000,000
2007	833,333
2008	
2009	
Thereafter	\$ 2,500,000

7. COMMITMENTS AND CONTINGENCIES

During 2004, we entered into a new capital lease obligation totaling \$20,039. This leased equipment has accumulated depreciation of \$1,391 at December 31, 2004.

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Future minimum lease payments on the capital lease obligation at December 31, 2004 are as follows:

For the year ending December 31:	
2005	\$ 5,654
2006	5,654
2007	5,654
2008	5,654
2009	3,769
Total	26,385
Less amount representing interest	(7,281)
Present value of capital lease payments	\$ 19,104

The Company also leases its office facilities, certain office space, and living accommodations for consultants on short-term projects under operating leases that expire over the next three years. At December 31, 2004, the Company was obligated under non-cancelable operating leases with future minimum rentals as follows:

For the year ending December 31,	
2005	\$ 133,241
2006	97,402
2007	79,971
Total	\$ 310,614

Rent expense was \$226,036 and \$206,154 for the years ended December 31, 2003 and 2002, respectively.

We are involved in various legal actions arising in the normal course of business. We believe that the outcome of these matters will not have a material adverse effect on our financial position or results of operation.

8. PROFIT SHARING PLANS

We provide a 401(k) salary deferral plan for eligible employees. Employees may elect to reduce their compensation by an amount that will not exceed the total amount allowed by the Internal Revenue Code for all contributions to qualified plans. The plan does provide for discretionary contributions by the employer. No contributions were made by the Company to the plan for the years ended December 31, 2004 and 2003.

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IT&E INTERNATIONAL GROUP
Balance Sheets

	September 30, 2005 (unaudited)	December 31, 2004 (restated)
Assets		
Current assets:		
Cash	\$ 2,177,026	\$ 402,779
Accounts receivable, net of allowance for doubtful accounts of \$75,000 at September 30, 2005 and December 31, 2004	2,418,511	2,644,501
Unbilled revenue	79,312	133,398
Prepaid and other current assets	228,614	77,175
Total current assets	4,903,463	3,257,853
Fixed assets, net	265,956	313,435
Loan fees, net	590,299	807,144
Deposits	11,679	33,724
	\$ 5,771,397	\$ 4,412,156
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 394,662	\$ 596,189
Accrued payroll and employee benefits	489,029	322,300
Current portion of capital lease obligations	3,441	3,089
Current portion of convertible note payable	2,123,077	666,667
Accrued interest on note payable	41,285	16,457
Deferred rent	24,927	30,293
Other accrued liabilities	114,897	4,600
Total current liabilities	3,191,318	1,639,595
Long-term capital lease obligations, less current portion	13,388	16,015
Long-term convertible note payable, less current portion	2,300,000	1,833,333
	5,504,706	3,488,943
Stockholders' equity:		
Common stock, \$.001 par value, 250,000,000 shares authorized, 21,344,198 and 19,000,000 shares issued and outstanding, respectively	21,344	19,000
Preferred stock, \$.001 par value, 2,820,000 shares authorized, 2,820,000 and 2,000,000 shares issued and outstanding, respectively	2,820	2,000
Additional paid-in capital	1,124,676	863,540
Retained earnings (deficit)	(882,149)	38,673
	266,691	923,213
	\$ 5,771,397	\$ 4,412,156

The accompanying notes are an integral part of these financial statements.

IT&E INTERNATIONAL GROUP
Statements of Operations
(Unaudited)

	For the three months ended		For the nine months ended	
	September 30, 2005	2004	September 30, 2005	2004
Service revenue	\$ 4,292,422	\$ 3,038,582	\$ 13,036,358	\$ 9,404,394
Reimbursement revenue	146,878	116,552	379,833	320,737
Total revenue	4,439,300	3,155,134	13,416,191	9,725,131
Cost of revenue	2,886,019	2,410,783	8,907,476	6,693,321
Reimbursable out-of-pocket expenses	146,878	116,552	379,833	320,737
Total cost of sales	3,032,897	2,527,335	9,287,309	7,014,058
Gross profit	1,406,403	627,799	4,128,882	2,711,073
Operating Expenses:				
General and administrative expenses	842,160	710,250	2,405,345	1,918,475
Sales and marketing expenses	296,392	252,693	988,273	698,924
Depreciation expense	23,742	4,677	66,491	14,314
Officer compensation	329,739	108,750	778,582	326,250
Total operating expenses	1,492,033	1,076,370	4,238,691	2,957,963
Net operating loss	(85,630)	(448,571)	(109,809)	(246,890)
Other income (expense):				
Interest income	56,013		58,331	
Interest expense	(230,172)	(18,568)	(375,960)	(49,032)
Loan fee amortization	(72,282)		(216,845)	
Fees on long-term debt			(214,039)	
Non-cash financing costs			(62,500)	
Bad debt expense		32,359		32,359
Total other income (expense)	(246,441)	13,791	(811,013)	(16,673)
Net loss	\$ (332,071)	\$ (434,780)	\$ (920,822)	\$ (263,563)
Weighted average number of common shares outstanding basic and fully diluted	21,344,198	19,000,000	20,412,124	19,000,000
Net loss per share basic and fully diluted	\$ (0.02)	\$ (0.02)	\$ (0.05)	\$ (0.01)

The accompanying notes are an integral part of these financial statements.

IT&E INTERNATIONAL GROUP
Statements of Cash Flow
(Unaudited)

	For the nine months ended	
	September 30,	2004
	2005	
Cash flows from operating activities:		
Net loss	\$ (920,822)	\$ (263,563)
Adjustments to reconcile net income (loss) to net cash provided from (used by) operating activities:		
Depreciation expense	66,491	14,314
Bad debt expense		32,359
Amortization of loan fees	216,845	
Deferred rent	(5,366)	
Stock issued for financing costs	62,500	
Stock issued for compensation	200,000	
Changes in assets and liabilities:		
Accounts receivable	225,990	(633,240)
Unbilled revenue	54,086	
Prepaid and other current assets	(151,439)	(31,895)
Accounts payable	(201,527)	306,175
Accrued payroll and employee benefits	166,729	252,565
Accrued interest on note payable	24,828	
Other current liabilities	110,297	18,987
Net cash used by operating activities	(151,388)	(304,298)
Cash flows from investing activities:		
Purchase of fixed assets, including internal-use software	(19,012)	(201,306)
Deposits	22,045	(18,196)
Net cash provided from (used by) investing activities	3,033	(219,502)
Cash flows from financing activities:		
Proceeds from line of credit		688,000
Payments on line of credit		(48,865)
Proceeds from capital lease obligation		20,039
Payments on capital lease obligation	(2,275)	
Proceeds from convertible note payable	2,500,000	
Payments on convertible note payable	(576,923)	
Proceeds from exercise of warrants	1,800	
Distributions to shareholders		(16,850)
Net cash provided from financing activities	1,922,602	642,324
Net increase in cash and cash equivalents	1,774,247	118,524
Cash and cash equivalents, beginning of period	402,779	173,236
Cash and cash equivalents, end of period	\$ 2,177,026	\$ 291,760
Supplemental disclosures:		
Interest paid	\$ 334,675	\$ 49,032
Income taxes paid	\$ 55,184	\$ 2,212

The accompanying notes are an integral part of these financial statements.

**IT&E INTERNATIONAL GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

1. NATURE OF BUSINESS

In this discussion, the terms "Company", "we", "us", and "our", refer to IT&E International Group and subsidiaries, except where it is made clear otherwise.

We are a life sciences service organization focused on providing our clients with project-based consulting services in the areas of FDA regulatory compliance, data management, biometrics and clinical validation throughout the clinical trials lifecycle. Our services range from recruitment of patients for clinical trials and providing skilled personnel to assist with managing clinical trials, to providing enterprise software solutions and training to manage data to ensure FDA compliance. We also provide validation services for new pharmaceutical manufacturing facilities. We serve a variety of clients, including those in the private industry, public institutions, research facilities and the government.

We were incorporated in the State of Nevada in 2002 as Clinical Trials Assistance Corporation. In April 2004, we merged with IT&E International, Inc. and changed our name to IT&E International Group.

2. BASIS OF PRESENTATION

The consolidated interim financial statements included herein, presented in accordance with United States generally accepted accounting principles and stated in US dollars, have been prepared by us, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although we believe that the disclosures are adequate to make the information presented not misleading.

These statements reflect all adjustments, consisting of normal recurring adjustments, which, in the opinion of management, are necessary for fair presentation of the information contained therein. It is suggested that these consolidated interim financial statements be read in conjunction with our consolidated financial statements for the year ended December 31, 2004 and the notes thereto. We have followed the same accounting policies in the preparation of these consolidated interim reports.

Results of operations for the interim periods are not indicative of annual results. Certain amounts in the 2004 financial statements have been reclassified to conform to the presentation of the 2005 financial statements.

During October 2005, we restated our financial statements that had previously been filed with our Form 10-KSB/A for the year ended December 31, 2004, and our Form 10-QSB's filed for the quarters ended March 31, 2005 and June 30, 2005. The restatement was the result of our determination that previously noted "Cash-restricted" on our balance sheets for those periods did not fall within the definition of an "asset" under generally accepted accounting principles ("GAAP") since the restricted cash was under the sole dominion and control of Laurus Master Fund, Ltd., the party to a \$5,000,000 convertible note. In addition, previously noted "Long-term convertible note payable, less current portion" was also restated because we determined that the portion of the proceeds from the issuance of such convertible promissory note that was placed in the restricted account did not fall within the definition of "liability" under GAAP. See footnote 4 for further details concerning this convertible debt.

3. FIXED ASSETS

During the nine months ended September 30, 2005 we had \$19,012 of fixed asset additions.

Depreciation expense totaled \$23,742 and \$4,677 for the three months ended September 30, 2005 and 2004, respectively, and \$66,491 and \$14,314 for the nine months ended September 30, 2005 and 2004, respectively.

4. CONVERTIBLE DEBT

We have outstanding a \$5,000,000 secured convertible term note to Laurus Master Fund, Ltd (Laurus). During October 2004, we issued \$2,500,000 of this note. During the first quarter of 2005, as a result of not meeting the requirement of causing the registration statement covering the shares of our common stock into which the principal and interest under the Note are convertible to become effective, we incurred fees of approximately \$214,000. During April 2005, Laurus issued an additional \$500,000 to pay these fees, along with the accrued interest owed on the \$500,000 which was not due until issued. During August 2005, Laurus released the remaining \$2 million, plus the interest that had been earned on these funds since October 2004. Of this amount, approximately \$128,000 was used to pay interest that had been accruing under the note owed to Laurus. The remaining \$1.9 million is intended to be used for potential merger and acquisition activity, as well as other general operating purposes. The minimum monthly principal repayment of \$100,000 began on May 1, 2005 and continued through the August 1, 2005 payment. With the release of the remaining \$2 million, the minimum monthly principal repayment will increase to approximately \$177,000 and continue through the October 18, 2007 maturity date.

We recorded interest expense of approximately \$230,000 and \$376,000 for the three and nine months ended September 30, 2005 related to this convertible note, and approximately \$19,000 and \$49,000 for the three and nine months ended September 30, 2004 related to a bank line of credit that was paid off with the proceeds of the Laurus note.

5. STOCKHOLDER S EQUITY

During March 2005, 83,330 shares of common stock were issued to SBI USA as payment for investment banking consulting services valued at \$62,500.

During April 2005, 500,000 shares of common stock were issued to our former Vice President of Sales for services rendered at a value of \$200,000, and in May 2005, 1,760,868 shares were issued as the result of the exercise of warrants previously granted to individuals associated with the April 2004 reverse merger.

Preferred stock outstanding at December 31, 2004 has been restated by \$820 to account for 820,000 shares that were previously noted as outstanding, but were in fact to be issued subject to shareholder approval. At our Annual Meeting of Shareholders held on September 26, 2005, the issuance of these shares were approved by our shareholders and were issued as of that date.

Stock options

On April 29, 2005, we adopted the 2005 Equity Incentive Plan (the Plan) to provide a means by which we can retain and maximize the services of our current employees, directors and consultants. An aggregate of 7,500,000 shares of our common stock may be issued pursuant to awards from the Plan. The Plan was approved by our shareholders at our recent Annual Meeting of Shareholders. Of the options granted to date, 2,508,750 options were granted to our officers.

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The following is a summary of activity of outstanding stock options under the 2005 Equity Incentive Plan:

	Number of Shares	Weighted Average Exercise Price
Options granted	3,018,250	\$ 0.23
Options exercised		
Options cancelled	(37,500)	\$ 0.25
Balance at September 30, 2005	2,980,750	\$ 0.23
Exercisable at September 30, 2005	298,927	\$ 0.25

The following is a summary of information about the 2005 Stock Option Plan options outstanding at September 30, 2005:

Shares Underlying Options Outstanding			Shares Underlying Options Exercisable		
Range of Exercise Prices	Outstanding Options	Average Remaining Contractual Life	Weighted Average Exercise Price	Options Exercisable	Exercise Price
\$0.17-\$0.25	2,980,750	2.7 years	\$ 0.23	298,927	\$ 0.25

We measure our stock-based compensation using the intrinsic value method of accounting in accordance with Accounting Principles Board No. 25, Accounting for Stock Issued to Employees. Because we establish the exercise price based on the fair market value of our common stock at the date of grant, the options have no intrinsic value upon grant, and therefore no expense is recorded. Equity instruments issued to non-employees for goods and services are accounted for at fair value.

As required by Financial Accounting Standards Board (FAS) No. 123, Accounting for Stock-Based Compensation, and FAS No. 148, Accounting for Stock-Based Compensation Transition and Disclosure, the pro forma effects of stock-based compensation on net loss and net loss per common share have been estimated at the date of grant using the Black-Scholes option pricing model. For purposes of pro forma disclosures, the estimated fair value of the options is assumed to be amortized to expense over the options vesting periods. The pro forma effects of recognizing compensation expense under the fair value method on net income and net earnings per common share were as follows:

	Three Months Ended September 30, 2005		Nine Months Ended September 30, 2005	
	2005	2004	2005	2004
Net loss attributable to common stockholders				
As reported	\$ (332,071)	\$ (434,780)	\$ (920,822)	\$ (263,563)
Fair value of stock-based employee compensation	(275,939)		(480,868)	
Pro forma	\$ (608,010)	\$ (434,780)	\$ (1,401,690)	\$ (263,563)
Net loss per share:				
As reported	\$ (0.02)	\$ (0.02)	\$ (0.05)	\$ (0.01)
Pro forma	\$ (0.03)	\$ (0.02)	\$ (0.07)	\$ (0.01)

The Black-Scholes option valuation model was developed for use in estimating the fair value of short-term traded options that have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including expected stock price volatility. Because our stock options have characteristics significantly different from those of traded options and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

Beckstead and Watts, LLP
Certified Public Accountants
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Henderson, NV 89052
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Report of Independent Registered Public Accounting Firm

We have audited the accompanying balance sheets of Millennix Inc. (the Company), as of December 31, 2004 and 2003, and the related statements of operations, stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Millennix Inc. as of December 31, 2004 and 2003, and the results of its operations and cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

/s/ BECKSTEAD AND WATTS, LLP

Henderson, Nevada
September 26, 2005

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MILLENNIX INC.
Balance Sheets

	December 31,	
	2004	2003
Assets		
Current Assets:		
Cash and equivalents	\$ 327,140	\$ 468,424
Accounts receivable, net of allowance for doubtful accounts	640,581	760,590
Total Current Assets	967,721	1,229,013
Fixed Assets, net	50,661	73,906
	\$ 1,018,382	\$ 1,302,920
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	\$ 312,574	\$ 324,303
Accrued payroll and employee benefits	84,318	100,705
Accrued liabilities	267	142,536
Grant reserves	508,657	179,048
Deferred revenue	214,102	114,478
Notes payable - current portion	55,000	55,000
Notes payable - related party	781,812	381,812
Total Current Liabilities	1,956,730	1,297,883
Long-term note payable, less current portion	68,750	123,750
	2,025,480	1,421,633
Commitments and contingencies		
Stockholders' equity (deficit):		
Common stock, no par value, 10,000 shares authorized, 50 shares issued and outstanding	100	100
Retained earnings (deficit)	(1,007,198)	(118,813)
	(1,007,098)	(118,713)
	\$ 1,018,382	\$ 1,302,920

The accompanying notes are an integral part of these financial statements.

MILLENNIX INC.
Statements of Operations

	Years ended December 31,	
	2004	2003
Service Revenue	\$ 2,598,543	\$ 4,394,594
Reimbursement revenue	413,580	1,406,193
Total Revenue	3,012,123	5,800,787
Cost of Revenue	2,893,033	4,645,748
Gross profit	119,090	1,155,039
Operating Expenses:		
Depreciation expense	27,118	53,938
General and administrative expenses	178,956	180,130
Professional fees	28,905	18,856
Rent	173,428	163,910
Salaries and wages	571,373	838,051
Sales and marketing expenses	27,244	19,386
Total Operating Expenses	1,007,024	1,274,270
Net Operating Income (Loss)	(887,934)	(119,230)
Other income (expense)		
Other income	5,000	
Interest expense	(5,451)	
Total Other Income (Expense)	(451)	
Net Income (Loss)	\$ (888,385)	\$ (119,230)
Weighted average number of common shares outstanding basic and fully diluted	50	50
Net income (loss) per share basic and fully diluted	\$ (17,767.70)	\$ (2,384.60)

The accompanying notes are an integral part of these financial statements.

MILLENNIX INC.

Statement of Changes in Stockholders Equity

	Common Stock		Additional	Retained	Total
	Shares	Amount	Paid-in	Earnings	Stock-holders
			Capital		Equity (deficit)
Balance, December 31, 2002	50	\$ 100	\$	\$ 417	\$ 517
Net loss				(119,230)	(119,230)
Balance, December 31, 2003	50	100		(118,813)	(118,713)
Net loss				(888,385)	(888,385)
Balance, December 31, 2004	50	\$ 100	\$	\$ (1,007,198)	\$ (1,007,098)

The accompanying notes are an integral part of these financial statements.

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MILLENNIX INC.
Statements of Cash Flows

	Years ended December 31,	
	2004	2003
Cash flows from operating activities		
Net loss	\$ (888,385)	\$ (119,230)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation expense	27,118	53,938
Changes in assets and liabilities		
Accounts receivable	120,009	312,312
Deferred revenue	99,625	114,478
Accounts payable	(11,729)	(316,061)
Accrued payroll and employee benefits	(16,387)	83,916
Accrued liabilities	(142,269)	142,535
Grant reserves	329,608	179,048
Net cash provided (used) by operating activities	(482,411)	450,935
Cash flows from investing activities		
Purchase of fixed assets, including internal-use software	(3,873)	
Net cash used by investing activities	(3,873)	
Cash flows from financing activities		
Proceeds from note payable related party	440,000	203,626
Payments on note payable related party	(40,000)	(172,000)
Proceeds from note payable		
Payments on note payable	(55,000)	(55,000)
Net cash provided (used) by financing activities	345,000	(23,374)
Net increase (decrease) in cash and cash equivalents	(141,284)	427,561
Cash and cash equivalents, beginning of year	468,424	40,863
Cash and cash equivalents, end of year	\$ 327,140	\$ 468,424
Supplemental disclosures:		
Interest paid	\$ 5,451	\$
Income taxes paid	\$	\$

The accompanying notes are an integral part of these financial statements.

MILLENIX INC.
NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS

Nature of Business

We are a full service Clinical Research Organization (CRO) with a unique focus in specialty areas of oncology, HIV, complex infectious disease, vaccines, gene therapy, immunology, biologics, metabolic and chronic diseases. We provide unparalleled professional clinical research services to the pharmaceutical, biotechnology, and medical device industries.

We provide a full spectrum of services to support a wide variety of clinical studies. We are competitively advantaged through extensive staff experience, a record of significant accomplishment and our attention to the particular and specific needs of sponsors working in the target areas.

The MILLENNIX Information Management System (MIMS) is secure 24/7 web portal providing access to group communication tools for information exchange within a clinical program. The portal is customized for each client or study allowing document and file upload and download through tiered, authenticated user groups.

Our Transitional Research Group™ (TRG) bridges therapeutic development from pre-clinical to first-time-in-man. We provide services to continue development through FDA approval.

We were incorporated on September 4, 1997 under the laws of the state of New York. With the consent of shareholders, we elected to be treated as a sub chapter S corporation pursuant to section 1362 of the internal revenue code whereby the income of the S corporation is taxed to the shareholders of the corporation rather than to the corporation itself.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

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

We maintain an allowance for doubtful accounts for estimated losses resulting from an inability of clients to make required payments. This allowance is based on account receivables, historical collection experience, current economic trends, and changes in the customer payment terms.

Cash and Cash Equivalents

We consider all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Our restricted cash equivalents consist primarily of a short-term money market deposit. Our cash accounts are with certain financial institutions. The balances in these accounts exceed the maximum U.S. federally insured amount. We have not experienced any losses in such accounts and we believe that we are not exposed to any significant credit risk on our cash and cash equivalents.

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Revenue Recognition, Accounts Receivable

Revenues are derived primarily from clinical research outsourcing. Revenues are recognized on a time-and-materials or straight-line basis. Before revenues are recognized, the following four criteria must be met: (a) persuasive evidence of an arrangement exists; (b) delivery has occurred or services rendered; (c) the fee is fixed and determinable; and (d) collectibility is reasonably assured. We determine if the fee is fixed and determinable and collectibility is reasonably assured based on our judgment regarding the nature of the fee charged for services rendered and products delivered and the collectibility of those fees. Arrangements range in length from less than one year to several years.

Revenues from time-and-materials arrangements are generally recognized based upon contracted hourly billing rates as the work progresses. Revenues from fixed fee arrangements for consulting are generally recognized on a rate per hour or percentage-of-completion basis. For each of our fixed fee contracts we maintain estimates of total revenue and cost over the contract term. For purposes of periodic financial reporting on the fixed price consulting contracts, we accumulate total actual costs incurred to date under the contract. Amounts billed in advance of the period in which service is rendered are recorded as a liability under deferred revenue. We recorded deferred revenue as of December 31, 2004 and 2003, in the amount of \$214,102 and \$114,478, respectively.

Revenues recognized on fixed price service contracts are subject to revisions as the contract progresses to completion. If we do not accurately estimate the resources required or the scope of the work to be performed, do not complete our projects within the planned periods of time, or do not satisfy our obligations under the contracts, then profit may be significantly and negatively affected or losses may need to be recognized. Revisions in our contract estimates are reflected in the period in which the determination is made that facts and circumstances dictate a change of estimate. Favorable changes in estimates result in additional revenues recognized, and unfavorable changes in estimates result in a reduction of recognized revenues. Provisions for estimated losses on individual contracts are made in the period in which the loss first becomes known.

On certain contracts, or elements of contracts, costs are incurred subsequent to the signing of the contract, but prior to the rendering of service and associated recognition of revenue. Where such costs are incurred and realization of those costs is either paid for upfront or guaranteed by the contract, those costs are deferred and later expensed over the period of recognition of the related revenue. At December 31, 2004 and 2003, the Company had no deferred costs.

Reimbursable Out-of-Pocket Expenses

In addition to the standard costs incurred to provide services to our customers, we pay other incidental expenses, in excess of contract amounts, which are generally reimbursable under the terms of the contract. These expenses are included in the cost of revenue and are approximately equal to the amount recorded as reimbursement revenue.

Credit Risks

Financial instruments that subject us to concentrations of credit risks consist primarily of cash and cash equivalents and billed and unbilled accounts receivable. Our clients are primarily involved in the healthcare and pharmaceutical industries. The significant majority of our accounts receivable exposure is to large, well-established firms. Concentrations of credit risk with respect to billed and unbilled accounts receivable are mitigated, to some degree, based upon the nature of our clients. Management considers the likelihood of material credit risk exposure as remote.

The healthcare and life sciences industries may be affected by economic factors, which may impact accounts receivable. At December 31, 2004, approximately 77% of the outstanding trade receivables are

due from three customers who also accounted for approximately 80% of total sales. At December 31, 2003, approximately 79% of the outstanding trade receivables are due from four customers who also accounted for approximately 85% of total sales. Management does not believe that any single customer or geographic area represents significant credit risk.

Fair Value of Financial Instruments

The carrying value of cash and cash equivalents, restricted cash, accounts receivable, accounts payable, and certain other liabilities approximate their estimated fair values due to the short-term nature of these instruments. Investments available for sale are carried at fair value.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are provided on a straight-line basis in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, which range from three to seven years. Leasehold improvements are amortized over the lives of the respective leases or the service lives of the improvements, whichever are shorter.

Upon sale or retirement of property and equipment, the costs and related accumulated depreciation are eliminated from the accounts, and any gain or loss on such disposition is reflected in the consolidated statements of operations. Expenditures for repairs and maintenance are charged to operations as incurred.

Income Taxes

We have elected, with the consent of our stockholders, under the Internal Revenue Code to be taxed as an S Corporation. The stockholders of an S Corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements. Certain specific deductions and credits flow through the Company to its stockholders.

This election is valid for New York pursuant to Chapter 4.5 of the New York Revenue and Taxation Code; however, New York law requires a minimum franchise tax in the amount of \$425 for which a provision has been provided. It is our intention to make periodic distributions to the stockholders so that their individual tax liabilities are met.

Net Income (Loss) Per Share

Net income (loss) per basic share is computed using the weighted average number of common shares outstanding. Net income (loss) per diluted share is computed using the weighted average common shares and potential common shares outstanding. Dilution is computed by applying the treasury stock method. Under this method, options and warrants are assumed to be exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase common stock at the average market price during the period. Options to purchase 332 shares of common stock were outstanding as of December 31, 2004.

Recent Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard No. 123 (revised 2004) Share-Based Payment (SFAS 123R), which is a revision of FASB Statement No. 123, Accounting for Stock-Based Compensation. Statement 123(R) supersedes APB Opinion No. 25, Accounting for Stock Issued to Employees, and amends FASB Statement No. 95, Statement of Cash Flows. Generally, the approach in Statement 123R is similar to the approach described in Statement 123. However, Statement 123R requires all share-based payments to employees, including

grants of employee stock options, to be recognized in the income statement based on their fair values. Pro forma disclosure is no longer an alternative.

Statement 123R must be adopted no later than July 1, 2005. Early adoption will be permitted in periods in which financial statements have not yet been issued. We expect to adopt Statement 123R on July 1, 2005. Statement 123R permits public companies to adopt its requirements using one of two methods:

1. A modified prospective method in which compensation cost is recognized beginning with the effective date (a) based on the requirements of Statement 123R for all share-based payments granted after the effective date and (b) based on the requirements of Statement 123 for all awards granted to employees prior to the effective date of Statement 123R that remain unvested on the effective date.
2. A modified retrospective method which includes the requirements of the modified prospective method described above, but also permits entities to restate based on the amounts previously recognized under Statement 123 for purposes of pro forma disclosures either (a) all prior periods presented or (b) prior interim periods of the year of adoption.

We are currently evaluating the two different methods for the adoption of Statement 123 and have not determined which of the two methods we will adopt.

To date, we have not issued stock-based payments to our employees, though we anticipate the issuance of stock options during 2005. As such, we have not recognized any stock-based compensation during 2004 and 2003.

We believe that the adoption of Statement 123R's fair value method will have a material impact on our result of operations, although it will have no impact on our overall financial position. The impact of adoption of Statement 123R cannot be predicted at this time because it will depend on levels of share-based payments granted in the future. Statement 123R also requires the benefits of tax deductions in excess of recognized compensation cost to be reported as a financing cash flow, rather than as an operating cash flow as required under current literature. This requirement will reduce net operating cash flows and increase net financing cash flows in periods after adoption. We cannot estimate what those amounts will be as it will depend on the levels of share-based payments granted in the future.

3. ACCOUNTS RECEIVABLE

Trade accounts receivable are stated at the amount we expect to collect. We maintain allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. We consider the following factors when determining the collectibility of a specific account: credit-worthiness, historical payment activity and changes in customer payment terms. We provide for estimated allowances through a charge to earnings and a credit to a receivable allowance. Balances that remain outstanding after we have made reasonable collection efforts are written off through a charge to the valuation and a credit to accounts receivable. As of December 31, 2004 and 2003, accounts receivable balances contained allowances in the amount of \$174,731 and \$390,350, respectively.

4. FIXED ASSETS

Property and equipment at December 31, 2004 and 2003 consisted of the following:

	2004	2003
Computers	\$ 32,701	\$ 32,701
Furniture and fixtures	17,811	13,938
Software	197,428	197,428
	247,940	244,067
Less Accumulated Depreciation	(197,279)	(170,161)
	\$ 50,661	\$ 73,906

Depreciation expense totaled \$27,118 and \$53,938 during the years ended December 31, 2004 and 2003, respectively.

5. GRANT RESERVES

We record the receipt of grant funds as a liability until fully earned by investigative sites contracted to conduct clinical study programs. As of December 31, 2004 and 2003, we had grant reserves remaining in the amount of \$508,657 and \$179,048, respectively.

6. NOTE PAYABLE

Notes payable as of December 31, 2004, consisted of the following:

Note payable to bank, secured by all assets of the Company bearing interest at a rate of prime plus 1% per annum, with monthly principal and interest payments of \$4,583, scheduled to mature in March of 2007. As of December 31, 2004 and 2003 the balance owing was \$123,750 and \$178,750, respectively.

The Company has recorded \$5,451 in interest expense as of December 31, 2004.

7. NOTE PAYABLE RELATED PARTY

As of December 31, 2004, officers and director of the Company has periodically loaned money to the Company for operating expenses. The loans bear interest ranging from prime plus .75 to 2.5% and are due on demand. At December 31, 2004 and 2003, the principal balance of the loans totaled \$781,812 and \$381,812.

8. STOCKHOLDERS EQUITY

We are authorized to issue 10,000 shares of no par common stock.

On March 29, 2002, we effectuated a 5 for 1 forward split of all issued and outstanding stock. All references to stockholders equity retroactively reflect to forward split.

As of December 31, 2004 and 2003, 50 shares of no par common stock were issued to the founder and President for cash in the amount of \$100.

9. COMMITMENTS AND CONTINGENCIES

During 2004, we entered into a new operating lease obligation totaling \$32,810. Future minimum lease payments on the operating lease obligation at December 31, 2004 are as follows:

For the year ending December 31:	
2005	\$ 6,562
2006	6,562
2007	6,562
2008	6,562
Total	\$ 26,248

The Company also leases its office facilities under operating leases that expire over the next two years. At December 31, 2004, the Company was obligated under non-cancelable operating leases with future minimum rentals as follows:

Years Ending	
2005	\$ 177,875
2006	59,292
Total	\$ 237,167

Rent expense was \$173,428 and \$163,910 for the years ended December 31, 2004 and 2003, respectively.

10. PROFIT SHARING PLANS

We provide a 401(k) salary deferral plan for eligible employees. Employees may elect to reduce their compensation by an amount that will not exceed the total amount allowed by the Internal Revenue Code for all contributions to qualified plans. The plan does provide for discretionary contributions by the employer. Contributions in the amount of \$17,943 and \$24,164 were accrued by the Company to the plan for the years ended December 31, 2004 and 2003, respectively.

11. STOCK OPTION PLAN

On March 29, 2002, the Company adopted its 2002 Stock Option Plan (the Plan) and granted incentive and nonqualified stock options with rights to purchase a maximum of 5,000 shares of the Company's no par value common stock. We have issued options to purchase 332 shares of stock pursuant to the plan, and no options were exercised as of December 31, 2004.

Millennix Inc.
Balance Sheet

	September 30, 2005
Assets	
Current assets:	
Cash and equivalents	\$ 178,060
Accounts receivable, net of allowance for doubtful accounts	1,169,338
Prepaid expenses	44,926
Total current assets	1,392,324
Fixed assets, net of depreciation	16,394
	\$ 1,408,718
Liabilities and Stockholders (Deficit)	
Current liabilities:	
Accounts payable	\$ 268,331
Accrued payroll and employee benefits	75,278
Accrued liabilities	267
Grant reserves	251,738
Deferred revenue	623,176
Notes payable - current portion	55,000
Notes payable - related party	820,821
Total current liabilities	2,094,611
Long-term note payable, less current portion	27,500
	2,122,111
Commitments and contingencies	
Stockholders' equity (deficit):	
Common stock, no par value, 10,000 shares authorized, 50 shares issued and outstanding	100
Retained earnings (deficit)	(713,493)
	(713,393)
	\$ 1,408,718

The accompanying notes are an integral part of these financial statements.

Millennix Inc.
Statements of Operations

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2005	2004	2005	2004
Service revenue	\$ 784,652	\$ 791,051	\$ 2,612,884	\$ 1,795,681
Reimbursement revenue	149,086	107,127	448,899	242,317
Total revenue	933,738	898,178	3,061,783	2,037,998
Cost of revenue	668,469	613,096	1,965,677	2,117,980
Gross profit	265,269	285,081	1,096,106	(79,982)
Operating Expenses:				
Depreciation expense	11,423		34,268	
General and administrative expenses	44,443	28,089	132,753	115,043
Professional fees	1,514	6,738	9,865	8,938
Rent	44,469	43,579	132,517	129,849
Salaries and wages	155,982	129,804	443,254	421,277
Sales and marketing expenses	6,374	3,251	32,500	21,121
Total operating expenses	264,205	211,461	785,156	696,228
Net operating income (loss)	1,064	73,621	310,950	(776,209)
Other income (expense):				
Interest expense	(6,599)	(1,015)	(17,246)	(1,178)
Net income (loss)	\$ (5,535)	\$ 72,606	\$ 293,704	\$ (777,388)
Weighted average number of common shares outstanding basic and fully diluted	50	50	50	50
Net income (loss) per share basic and fully diluted	\$ (110.69)	\$ 1,452.11	\$ 5,874.08	\$ (15,547.76)

The accompanying notes are an integral part of these financial statements.

Millennix Inc.
Statements of Cash Flows

	For the Nine Months Ended September 30,	
	2005	2004
Cash flows from operating activities		
Net income (loss)	\$ 293,705	\$ (777,388)
Adjustments to reconcile net income (loss) to net cash used by operating activities:		
Depreciation expense	34,268	
Changes in assets and liabilities:		
Accounts receivable	(528,757)	(276,342)
Prepaid expenses	(44,926)	
Deferred revenue	409,074	(22,851)
Accounts payable	(44,243)	71,186)
Accrued payroll and employee benefits	(9,040)	(24,702)
Accrued liabilities		(141,786)
Grant reserves	(256,919)	432,247
Net cash used by operating activities	(146,839)	(739,635)
Cash flows from investing activities		
Purchase of fixed assets, including internal-use software		(36,116)
Net cash used by investing activities		(36,116)
Cash flows from financing activities		
Proceeds from note payable related party	40,000	440,000
Payments on note payable related party	(992)	
Proceeds from note payable		
Payments on note payable	(41,250)	(41,250)
Net cash provided by financing activities	(2,242)	398,750
Net increase in cash and cash equivalents	(149,081)	(377,001)
Cash and cash equivalents, beginning of year	327,140	468,424
Cash and cash equivalents, end of year	\$ 178,060	\$ 91,423
Supplemental disclosures:		
Interest paid	\$ 5,451	\$
Income taxes paid	\$	\$

The accompanying notes are an integral part of these financial statements.

**MILLENNIX INC.
NOTES TO FINANCIAL STATEMENTS**

1. BASIS OF PRESENTATION

The interim financial statements included herein, presented in accordance with United States generally accepted accounting principles and stated in US dollars, have been prepared by us, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although we believe that the disclosures are adequate to make the information presented not misleading.

These statements reflect all adjustments, consisting of normal recurring adjustments, which, in the opinion of management, are necessary for fair presentation of the information contained therein. It is suggested that these interim financial statements be read in conjunction with our financial statements for the year ended December 31, 2004 and the notes thereto. We have followed the same accounting policies in the preparation of these consolidated interim reports.

Results of operations for the interim periods are not indicative of annual results.

2. ACCOUNTS RECEIVABLE

Trade accounts receivable are stated at the amount we expect to collect. We maintain allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. We consider the following factors when determining the collectibility of a specific account: credit-worthiness, historical payment activity and changes in customer payment terms. We provide for estimated allowances through a charge to earnings and a credit to a receivable allowance. Balances that remain outstanding after we have made reasonable collection efforts are written off through a charge to the valuation and a credit to accounts receivable. As of September 30, 2005 and 2004, accounts receivable balances contained allowances in the amount of \$174,731 and \$390,350, respectively.

3. FIXED ASSETS

During the nine months ended September 30, 2005 and 2004, depreciation expense totaled \$34,268 and \$0, respectively.

4. GRANT RESERVES

We record the receipt of grant funds as a liability until fully earned by investigative sites contracted to conduct clinical study programs. As of September 30, 2005 and 2004, we had grant reserves remaining in the amount of \$251,738 and \$611,296 respectively.

5. NOTE PAYABLE

Notes payable as of September 30, 2005, consisted of the following:

Note payable to bank, secured by all assets of the Company bearing interest at a rate of prime plus 1% per annum, with monthly principal and interest payments of \$4,583, scheduled to mature in March of 2007. As of September 30, 2005 and 2004 the balance owing was \$82,500 and \$137,500, respectively.

The Company has recorded \$17,246 in interest expense as of September 30, 2005.

6. NOTE PAYABLE RELATED PARTY

As of September 30, 2005, officers and director of the Company has periodically loaned money to the Company for operating expenses. The loans bear interest ranging from prime plus .75 to 2.5% and are due on demand. At September 30, 2005 and 2004, the principal balance of the loans totaled \$820,821 and \$821,812.

7. STOCKHOLDERS EQUITY

The Company is authorized to issue 10,000 shares of no par common stock.

On March 29, 2002, the Company effectuated a 5 for 1 forward split of all issued and outstanding stock. All reference to stockholders equity retroactively reflect the forward split.

As of December 31, 2004 and 2003, 50 shares of no par common stock were issued to the founder and President for cash in the amount of \$100.

There have been no other issuances as of September 30, 2005.

8. SUBSEQUENT EVENTS

On November 9, 2005, the Company entered into an Asset Purchase Agreement with IT&E International Group, (IT&E), whereby the Company has agreed to transfer its assets and certain liabilities in exchange for \$1,100,000 in cash and 10,416,667 shares of IT&E s common stock. Pursuant to the Agreement, an additional \$1,400,000 will be paid contingent upon the achievement of specific revenue milestones during the years ending December 31, 2006 and 2007.

IT&E International Group
Unaudited Pro Forma Condensed Consolidated Financial Statements

On November 9, 2005 and December 22, 2005, IT&E International Group (the Company, we or our) entered into a series of transactions related to a private placement of the registrant's senior secured convertible promissory notes, the acquisition of assets from Millennix Inc., and the amendment of agreements with Laurus Master Fund, Ltd, including the payoff of the outstanding balance of a \$5,000,000 Secured Convertible Term Note, dated October 18, 2004. Summaries of these transactions are as follows:

The Private Placement

On November 9, 2005, in connection with the private placement of our senior secured convertible promissory notes to certain investors (Private Placement), we entered into a Securities Purchase Agreement that obligated the Company to issue senior secured convertible promissory notes (Senior Notes) in the aggregate principal amount of up to \$11,500,000 and warrants to purchase an additional 82,142,832 shares of common stock of the registrant.

At the initial closing, we issued Senior Notes in the aggregate principal amount of \$7,000,000 and warrants to purchase an additional 49,999,985 shares of our common stock at an exercise price of \$0.10 per share. Of this amount, \$5,800,000 was issued to ComVest Investment Partners II LLC (ComVest).

On December 22, 2005, in connection with the second closing of the Private Placement, we issued Senior Notes in the aggregate principal amount of \$4,500,000 to ComVest along with a warrant to purchase up to an additional 32,142,847 shares of our common stock at an exercise price of \$0.10 per share.

The Senior Notes shall automatically convert into shares of the Company's Series D Convertible Preferred Stock (Series D Preferred Stock) equal to the total outstanding principal amount under all issued and outstanding Senior Notes divided by \$1,000 upon the due authorization of such Series D Preferred Stock and the filing of a Certificate of Designations setting forth the rights, preferences and privileges of such Series D Preferred Stock with the relevant Secretary of State. Each share of Series D Preferred Stock shall initially be convertible at the option of the holder into 14,285.71 shares of the Company's common stock. The Company has recorded this transaction as equity since the number of shares to be issued is fixed and determinable, and the conversion of the Senior Notes is an event certain to occur since our Board of Directors and shareholders have previously approved the creation of the Series D Preferred Stock for this purpose and the conversion of the Senior Note into equity is subject only to the filing of a definitive Schedule 14C Information Statement related to the actions taken in connection with the Private Placement and the expiration of the applicable waiting period prescribed by Rule 14c-2 of the Securities Exchange Act of 1934, as amended. In addition, in accordance with Emerging Issues Task Force No. 00-27, *Application of Issue No. 98-5 to Certain Convertible Instruments*, since the Senior Notes are convertible into equity at beneficial conversion rates, an embedded beneficial conversion feature has been computed at approximately \$8.1 million and is being treated as a dividend to the preferred shareholders and will result in a reduction of the earnings (loss) available to common shareholders for earnings per share purposes.

In addition, pursuant to the Securities Purchase Agreement, we have given ComVest the right to purchase an additional Senior Note in the principal amount of up to \$5,000,000 and warrants to purchase up to an additional 35,714,256 shares of common stock for a period of six (6) months after November 9, 2005.

The Millennix Acquisition

On November 9, 2005, we also entered into an Asset Purchase Agreement pursuant to which we purchased substantially all of the assets of Millennix Inc. (*Millennix*). Millennix is a contract research organization located in the State of New York. The purchase price paid for such assets was \$1,100,000 in cash, 10,416,667 shares of the registrant's common stock (the *Acquisition Shares*) and a possible additional \$1,400,000 in cash, contingent on the achievement of certain earnout milestones. Further, in connection with the acquisition of the Millennix assets, the registrant also assumed certain liabilities of Millennix, including, without limitation, the amounts outstanding under certain promissory notes in the aggregate principal amount of approximately \$850,000. Additionally, we also issued fully vested stock options to certain Millennix employees. A portion of the proceeds from the Private Placement was used to fund the cash portion of the consideration paid for the Millennix assets.

Pursuant to the Asset Purchase Agreement, Dr. Gene Resnick, the sole shareholder of Millennix, is obligated to indemnify the Company for breaches of the representations and warranties of Millennix contained in the Asset Purchase Agreement for a period of twenty-four (24) months after the closing of the acquisition of Millennix up to a maximum aggregate amount of \$275,000. The Company entered into an Indemnity Escrow Agreement with Dr. Resnick and Union Bank of California, pursuant to which we deposited \$110,000 of the cash portion of the purchase price for the Millennix assets with Union Bank of California as partial security for the indemnification obligations of Millennix and Dr. Resnick. Any funds remaining in the escrow account twelve (12) months after the closing of the acquisition of Millennix will be released to Millennix (subject to the existence of any outstanding and unresolved claims).

The Laurus Amendment

The Company had previously entered into the following agreements with Laurus Master Fund, Ltd. (*Laurus*): (i) a Secured Convertible Term Note, dated October 18, 2004 (the *Laurus Note*); (ii) a Common Stock Purchase Warrant, dated October 18, 2004 (the *Laurus Warrant*); (iii) a Registration Rights Agreement, dated October 18, 2004 (*Registration Rights Agreement*); and (iv) the Securities Purchase Agreement, dated October 18, 2004, as amended (the *Securities Purchase Agreement*) and together with the Laurus Note, the Laurus Warrant and the Registration Rights Agreement and the additional agreements referenced therein, the *Loan Documents*).

On November 9, 2005, we entered into an amendment to the Loan Documents (the *Amendment*). Pursuant to the Amendment, we pre-paid the entire amount outstanding under the Laurus Note, including all outstanding principal and accrued interest, together with a pre-payment penalty of \$650,000. In addition, we amended the Laurus Warrant to reduce the exercise price of such Laurus Warrant to \$0.22 per share. This repricing of the warrants resulted in an additional cost of pre-paying the loan of approximately, \$38,000.

The following presents our unaudited pro forma financial information for the year ended December 31, 2004 and for the nine months ended September 30, 2005. The pro forma statements of operations are presented as if these transactions occurred as of January 1, 2004. The unaudited pro forma balance sheet has been prepared as if the transactions occurred as of September 30, 2005. The pro forma adjustments are based upon information available and certain assumptions that we believe are reasonable.

The unaudited pro forma condensed consolidated statements do not necessarily represent the actual results that would have been achieved had the transactions occurred on the dates presented, nor are they indicative of future operations. These unaudited pro forma condensed financial statements should be read in conjunction with the companies' respective historical financial statements and notes included thereto.

IT&E INTERNATIONAL GROUP
Unaudited Consolidated Combined Pro Forma Balance Sheet
September 30, 2005

	IT&E International Group September 30, 2005 (unaudited)	Millennix Inc. September 30, 2005 (unaudited)	Notes	Pro Forma Adjustments	Pro Forma Combined
Assets					
Current assets:					
Cash	\$ 2,177,026	\$ 178,060	1)	4,661,638	\$ 7,016,724
Accounts receivable, net of allowance for doubtful accounts	2,418,511	1,169,338			3,587,849
Unbilled revenue	79,312				79,312
Prepaid and other current assets	228,614	44,926	2)	(74,264)	199,276
Total current assets	4,903,463	1,392,324		4,587,374	10,883,161
Fixed assets, net	265,956	16,394			282,350
Loan fees, net	590,299		3)	(590,299)	
Deposits	11,679				11,679
Intangibles			4)	1,031,000	1,031,000
Goodwill			4)	3,147,102	3,147,102
	\$ 5,771,397	\$ 1,408,718		\$ 8,175,177	\$ 15,355,292
Liabilities and Stockholders Equity					
Current liabilities:					
Accounts payable	\$ 394,662	\$ 268,331			\$ 662,993
Accrued payroll and employee benefits	489,029	75,278			564,307
Current portion of capital lease obligations	3,441				3,441
Notes payable to related parties		820,821			820,821
Current portion of note payable	2,123,077	55,000	5)	(2,178,077)	
Accrued interest on note payable	41,285		5)	(41,285)	
Deferred revenue		874,914			874,914
Deferred rent	24,927				24,927
Other accrued liabilities	114,897	267			115,164
Total current liabilities	3,191,318	2,094,611		(2,219,362)	3,066,567
Long-term capital lease obligations, less current portion	13,388				13,388
Long-term note payable, less current portion	2,300,000	27,500	5)	(2,327,500)	
	5,504,706	2,122,111		(4,546,862)	3,079,955
Stockholders equity	266,691	(713,393)	6)	12,722,039	12,275,337
	\$ 5,771,397	\$ 1,408,718		\$ 8,175,177	\$ 15,355,292

See accompanying notes to the unaudited consolidated combined pro forma financial statements

IT&E INTERNATIONAL GROUP
Unaudited Consolidated Combined Pro Forma Statements of Operations
For the year ended December 31, 2004

	IT&E International Group (restated)	Millennix Inc.	Notes	Pro Forma Adjustments	Pro Forma Combined
Service revenue	\$ 13,437,388	\$ 2,598,543			\$ 16,035,931
Reimbursement revenue	405,749	413,580			819,329
Total revenue	13,843,137	3,012,123			16,855,260
Cost of revenue	9,497,806	2,893,033			12,390,839
Reimbursable out-of-pocket expenses	405,749				405,749
Total cost of sales	9,903,555	2,893,033			12,796,588
Gross profit	3,939,582	119,090			4,058,672
Operating Expenses:					
General and administrative expenses	2,815,865	790,174			3,606,039
Sales and marketing expenses	982,077	27,244			1,009,321
Depreciation expense	21,588	27,118			48,706
Amortization of intangibles			1)	285,393	285,393
Officer compensation	457,981	162,488	2)	77,500	697,969
Total operating expenses	4,277,511	1,007,024			5,647,428
Net operating loss	(337,929)	(887,934)			(1,588,756)
Other income (expense):					
Interest expense	(102,131)	(5,451)	3)	38,455	(69,127)
Loan fee amortization	(60,235)		3)	60,235	
Fees on long-term debt			4)	(687,922)	(687,922)
Write off of loan fees			5)	(867,379)	(867,379)
Other	32,831	5,000			37,831
Total other income (expense)	(129,535)	(451)			(1,586,597)
Loss before provision for income taxes	(467,464)	(888,385)			(3,175,353)
Provision for income taxes					
Net loss	(467,464)	(888,385)			(3,175,353)
Beneficial Conversion Feature					(8,106,350)
Net loss applicable to common stockholders	\$ (467,464)	\$ (888,385)			\$ (11,281,703)
Weighted average number of common shares outstanding basic and fully diluted	19,000,000		6)	10,779,167	29,779,167
Net income (loss) per share basic and fully diluted	\$ (0.02)				\$ (0.38)

See accompanying notes to the unaudited consolidated combined pro forma financial statements

IT&E INTERNATIONAL GROUP
Unaudited Consolidated Combined Pro Forma Statements of Operations
For the nine months ended September 30, 2005

	IT&E International Group	Millennix Inc.	Notes	Pro Forma Adjustments	Pro Forma Combined
Service revenue	\$ 13,036,358	\$ 2,612,884			\$ 15,649,242
Reimbursement revenue	379,833	448,899			828,732
Total revenue	13,416,191	3,061,783			16,477,974
Cost of revenue	8,907,476	1,965,677			10,873,153
Reimbursable out-of-pocket expenses	379,833				379,833
Total cost of sales	9,287,309	1,965,677			11,252,986
Gross profit	4,128,882	1,096,106			5,224,988
Operating Expenses:					
General and administrative expenses	2,405,345	588,388			2,993,733
Sales and marketing expenses	988,273	32,500			1,020,773
Depreciation expense	66,491	34,268			100,759
Amortization of intangibles			1)	140,545	140,545
Officer compensation	778,582	130,000	2)	50,000	958,582
Total operating expenses	4,238,691	785,156			5,214,392
Net operating income (loss)	(109,809)	310,950			10,596
Other income (expense):					
Interest income	58,331				58,331
Interest expense	(375,960)	(17,246)	3)	391,406	(1,800)
Loan fee amortization	(216,845)		4)	216,845	
Fees on long-term debt	(214,039)		4)	214,039	
Non-cash financing costs	(62,500)				(62,500)
Total other income (expense)	(811,013)	(17,246)			(5,969)
Income (loss) before provision for income taxes	(920,822)	293,704			4,627
Provision for income taxes					
Net income (loss)	\$ (920,822)	\$ 293,704			\$ 4,627
Weighted average number of common shares outstanding basic and fully diluted					
	20,412,124		5)	10,779,167	31,191,291
Net income (loss) per share basic and fully diluted	\$ (0.05)				\$ 0.00

See accompanying notes to the unaudited consolidated combined pro forma financial statements

IT&E International Group
Notes to Unaudited Consolidated Combined Pro Forma Financial Statements

Balance Sheets at September 30, 2005

- 1) Reflects net cash received related to ComVest Private Placement (\$11,012,500), partially offset by cash used to pay outstanding balances (principal, accrued interest and loan prepayment penalty) payable to Laurus (\$5,114,362) and Bank of New York (\$82,500) and cash used to acquire assets of Millennix Inc. (\$1,100,000) and its related transaction costs (\$54,000).
- 2) Includes write off of the capitalized transaction costs related to the purchase of Millennix Inc. (\$64,459) and the ComVest Private Placement (\$9,805).
- 3) Reflects the write off of the unamortized portion of the loan fees related to the note payable to Laurus.
- 4) Reflects the Intangible Assets (\$1,031,000) and Goodwill (\$3,147,102) acquired through the Millennix acquisition.
- 5) Reflects the repayment of principal amount and accrued interest related to notes payable to Laurus (\$4,464,362) and Bank of New York (\$82,500).
- 6) Includes: a) convertible notes payable net of related transaction costs for the ComVest Private Placement (\$11,002,695); b) Costs associated with the pay off of the Laurus note payable (\$1,240,299); c) common stock issued related to the acquisition of Millennix Inc. (\$2,246,250); and d) elimination of the net equity of Millennix Inc. (\$713,393).

Statements of Operations for the year ended December 31, 2004

- 1) Reflects amortization of Intangibles.
- 2) Reflects adjustment to officers' compensation in conjunction of the Millennix acquisition.
- 3) Reflects the reversal of interest expense and amortization of loan fees related to the Laurus note payable as if the repayment occurred on January 1, 2004.
- 4) Reflects the prepayment penalties (\$650,000) and non-cash costs related to the repricing of warrants (\$37,922) related to the Laurus note payable.
- 5) Reflects total loan fees related to Laurus note payable including the implied cost of warrants.
- 6) Reflects the net shares issued in connection with the Millennix transaction.

Statements of Operations for the nine months ended September 30, 2005

- 1) Reflects amortization of Intangibles.
- 2) Reflects adjustment to officers' compensation in conjunction to the Millennix acquisition.
- 3) Reflects the reversal of interest expense related to notes payable to Laurus (\$374,160) and Bank of New York (\$17,246) as if the repayments occurred on January 1, 2004.

- 4) Reflects the reversal of amortization of loan fees and fee on long-term debt related to the Laurus note payable.
- 5) Reflects the net shares issued in connection with the Millennix transaction.

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No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus. You must not rely on any unauthorized information or representations. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

1,924,000 Shares of Common Stock

IT&E INTERNATIONAL GROUP

Part II: Information Not Required in Prospectus

Item 24. Indemnification of Directors and Officers

Subsection 1 of Section 78.7502 of the Nevada Revised Statutes (the Nevada Law) empowers a corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he is not liable pursuant to Section 78.138 of Nevada Law or if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. Section 78.138 of Nevada Law provides that, with certain exceptions, a director or officer is not individually liable to the corporation or its stockholders for any damages as a result of any act or failure to act in his capacity as a director or officer unless it is proven that (i) his act or failure to act constituted a breach of his fiduciary duties as a director or officer, and (ii) his breach of those duties involved intentional misconduct, fraud or a knowing violation of law.

Subsection 2 of Section 78.7502 of Nevada Law empowers a corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that such person acted in any of the capacities set forth above against expenses, including amounts paid in settlement and attorneys' fees actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in accordance with the standards set forth above, except that no indemnification may be made in respect of any claim, issue or matter as to which such person shall have been adjudged by a court of competent jurisdiction, after exhaustion of all appeals therefrom, to be liable to the corporation or for amounts paid in settlement to the corporation, unless and only to the extent that the court in which such action or suit was brought or other court of competent jurisdiction determines that, in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the court deems proper.

Section 78.7502 of Nevada Law further provides that to the extent a director or officer of a corporation has been successful in the defense of any action, suit or proceeding referred to in subsections (1) and (2) of Section 78.7502 of Nevada Law, or in the defense of any claim, issue or matter therein, the corporation shall indemnify him against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of the action or suit.

Section 78.751 of Nevada Law provides that the articles of incorporation, the bylaws or an agreement made by the corporation may provide that the expenses of officers and directors incurred in defending a civil or criminal action, suit or proceeding must be paid by the corporation as they are incurred and in advance of the final disposition of the action, suit or proceeding, upon receipt of an undertaking by or on behalf of the director or officer to repay the amount if it is ultimately determined by a court of competent jurisdiction that he is not entitled to be indemnified by the corporation. Our Articles of Incorporation and Bylaws require us to make such payment of expenses in advance upon receipt of such an undertaking.

Section 78.751 of Nevada Law requires a corporation to obtain a determination that any discretionary indemnification is proper under the circumstances. Such a determination must be made by the corporation's stockholders; its board of directors by majority vote of a quorum consisting of directors who were not parties to the action, suit or proceeding; or under certain circumstances by independent legal counsel. Section 78.751 also provides that the indemnification provided for by Section 78.7502 of

Nevada Law and the advancement of expenses authorized pursuant to Section 78.751 of Nevada Law shall not be deemed exclusive or exclude any other rights to which the indemnified party may be entitled except that indemnification ordered by a court pursuant to Section 78.7502 of Nevada Law may not be made on or behalf of any officer or director if a final adjudication establishes that his acts or omissions involved intentional misconduct, fraud or a knowing violation of the law and was material to the cause of action for which indemnification is sought. The scope of indemnification under the statute shall continue as to directors, officers, employees or agents who have ceased to hold such positions, and to the benefit of their heirs, executors and administrators.

Section 78.752 of Nevada Law empowers a corporation to purchase and maintain insurance or make other financial arrangements on behalf of any person who is or was a director, officer, employee or agent of the corporation or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against him or incurred by him in any such capacity or arising out of his status as such whether or not the corporation would have the power to indemnify him against such liabilities and expenses.

Section 78.138(7) of Nevada Law provides that, with certain exceptions, a director or officer is not individually liable to the corporation or its stockholders for any damages as a result of any act or failure to act in his capacity as a director or officer unless it is proven that (i) his act or failure to act constituted a breach of his fiduciary duties as a director or officer and (ii) his breach of those duties involved intentional misconduct, fraud or a knowing violation of law.

We have provided for indemnification to the fullest extent permitted by the provisions of Nevada Law in our Articles of Incorporation and Bylaws. Our New Certificate and bylaws that will become effective after the Reincorporation will include provisions that allow us to indemnify our directors and officers for actions taken in such capacity, if the actions were taken in good faith and in a manner reasonably believed to be in our best interests and, in a criminal proceeding, the director or officer had no reasonable cause to believe that his conduct was unlawful. A director or officer who is successful in defending a claim will be indemnified for all expenses incurred in connection with his defense.

In addition, we may enter into indemnification agreements with certain of our officers and directors that require us to indemnify such persons against any and all expenses (including attorneys' fees), witness fees, damages, judgments, fines, settlements and other amounts incurred in connection with any action, suit or proceeding, whether actual or threatened, to which any such person may be made a party by reason of the fact that such person is or was or at any time becomes a director, an officer or an employee of our or any of its affiliated enterprises, provided that such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to our best interest and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful.

We also maintain directors and officers insurance providing indemnification for certain of our directors, officers, affiliates, partners or employees for certain liabilities.

The foregoing summaries are necessarily subject to the complete text of the applicable Nevada Law, our Articles of Incorporation and our Bylaws and are qualified in their entirety by reference thereto.

Item 25. Other Expenses of Issuance and Distribution

The expenses to be paid by the registrant are as follows. All amounts other than the SEC registration fee are estimates. The selling stockholders will not pay any of the expenses listed below.

	Amount to be Paid	
SEC registration fee	Not applicable	
Legal fees and expenses	\$	25,000 *
Accounting fees and expenses	\$	5,000 *
Printing and engraving	\$	3,500 *
Miscellaneous	\$	1,500 *
Total	\$	35,000 *

* Estimates.

Item 26. Recent Sales of Unregistered Securities

During the last three years, we have issued the following unregistered securities. None of these transactions involved any underwriters, underwriting discounts or commissions, except as specified below, or any public offering.

On April 14, 2004, the Company issued 11,000,000 shares of common stock and 2,000,000 shares of Series A Preferred Stock to the holders of IT&E International in connection with the acquisition of IT&E International.

During the first quarter of 2005, we issued 83,330 shares of our common stock to SBI USA as payment for investment banking consulting services valued at \$62,500.

During the quarter ended June 2005, the Company issued and sold 500,000 shares of our common stock to the Company's former Vice President of Sales for services rendered and 1,784,250 shares of our common stock upon the cashless exercise of warrants granted to certain individuals who performed services for the Company in connection with the Company's April 2004 reverse merger.

On September 26, 2005, we issued 820,000 shares of our Series A Preferred Stock to our directors in satisfaction of an obligation to issue such shares set forth in the agreement between Clinical Trials and IT&E International.

On October 31, 2005, the Company issued 125,510 shares of the Company's common stock to a service provider in lieu of a cash fee.

On November 8, 2005, the Company issued 362,500 shares of the Company's common stock to Len Ruggiero pursuant to an acquisition finding and funding arrangement with LaMarch Capital, LLC, as compensation for finding and the eventual closing of the Millennix acquisition.

On November 9, 2005, in connection with the Private Placement, the Company issued and sold the Senior Notes in the aggregate principal amount of \$7,000,000 to the Purchasers. On December 22, 2005, in connection with the Private Placement, the Company issued and sold an additional Senior Note in the aggregate principal amount of \$4,500,000 to ComVest. The Senior Notes shall automatically convert into shares of the Company's Series D Preferred Stock equal to the total outstanding principal amount under all issued and outstanding Senior Notes divided by \$1,000 upon the due authorization of such Series D Preferred Stock and the filing of the Certificate of Designations with the relevant Secretary of State. Each share of Series D Preferred Stock shall initially be convertible at the option of the holder into 14,285.71 shares of Company's common stock. In addition, in connection with the Private Placement, Company issued warrants to the Purchasers to purchase up to an additional 82,142,832 shares of Company's common stock at an exercise price of \$0.10 per share.

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On November 9, 2005, in connection with the purchase of the Millennix assets, Company issued 10,416,667 shares of common stock to Millennix as partial consideration for the purchased assets.

The offers and sales of these securities were deemed to be exempt from registration under the Securities Act of 1933, as amended (the Securities Act), in reliance on Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder as transactions by the Company not involving a public offering. The recipients of the securities in each such transaction represented their intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to share certificates issued in such transactions. All recipients had adequate access to information about the Company.

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Item 27. Exhibits

Exhibit	Description
2.1	Asset Purchase Agreement dated November 9, 2005 between the Company, Millennix Inc. and Gene Resnick(1)
2.2	Agreement and Plan of Merger between the Company and IT&E International, Inc.(2)
4.1	Secured Convertible Term Note(3)
4.2	Common Stock Purchase Warrant(3)
4.3	Registration Rights Agreement dated October 18, 2004 between the Company and Laurus Master Fund, Ltd.(3)
4.4	Form of Senior Secured Convertible Promissory Note(1)
4.5	Form of Warrant(1)
5.1	Opinion of Foley & Lardner LLP
10.1	Securities Purchase Agreement date October 18, 2004 between the Company and Laurus Master Fund, Ltd.(4)
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10.5	Securities Purchase Agreement dated November 9, 2005 between the Company, ComVest Investment Partners II LLC and the additional purchaser set forth on the signature pages thereto(1)
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10.9	Indemnity Escrow Agreement dated November 9, 2005 between the registrant and Gene Resnick, M.D.(1)
10.10	Registration Rights Agreement dated November 9, 2005 between the registrant and Gene Resnick, M.D.(1)
10.11	Employment Agreement dated November 9, 2005 between the registrant and Peter Solenne(1)
10.12	Employment Agreement dated November 9, 2005 between the registrant and Anthony Allocca(1)
10.13	Employment Agreement dated November 9, 2005 between the registrant and Kelly Alberts(1)
10.14	Employment Agreement dated November 9, 2005 between the registrant and David Vandertie(1)
10.15	Employment Agreement dated November 9, 2005 between the registrant and Gene Resnick, M.D.(1)
10.16	Advisory Agreement dated November 9, 2005 between the Company and ComVest Advisors LLC(5)
21.1	Subsidiaries
23.1	Consent of Beckstead & Watts, LLP

(1) Incorporated by reference to the Company's Current Report on Form 8-K filed on October 22, 2004.

- (2) Incorporation by reference to Appendix A of the Company's Preliminary Information Statement on Schedule 14C filed on December 2, 2005.
- (3) Incorporation by reference to the Company's Current Report on Form 8-K filed on November 16, 2005.
- (4) Incorporated by reference to Exhibit 99.1 of the Company's Current Report on Form 8-K filed on October 22, 2004.
- (5) Incorporated by reference to the Company's Amended Current Report on Form 8-K/A filed on January 4, 2006.

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Item 28. Undertakings

(a) The undersigned registrant hereby undertakes that it will:

(1) File, during any period in which it offers or sells securities, a post-effective amendment to this registration statement to:

(i) Include any prospectus required by section 10(a)(3) of the Securities Act;

(ii) Reflect in the prospectus any facts or events which, individually or together, represent a fundamental change in the information in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement; and

(iii) Include any additional or changed material information on the plan of distribution.

(2) For determining liability under the Securities Act, treat each post-effective amendment as a new registration statement of the securities offered, and the offering of the securities at that time to be the initial bona fide offering.

(3) File a post-effective amendment to remove from registration any of the securities that remain unsold at the end of the offering.

(4) For determining liability under the Securities Act to any purchaser in the initial distribution of the securities, in a primary offering of securities pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of or used or referred to by the undersigned;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned or its securities provided by or on behalf of the undersigned; and

(iv) Any other communication that is an offer in the offering made by the undersigned to the purchaser.

(5) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act of 1933, and is, therefore, unenforceable.

In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction

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the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

(6) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424 (b)(1) or (4), or 497(h) under the Securities Act of 1933, shall be deemed to be part of this registration statement as of the time it was declared effective.

(7) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering of those securities.

(8) For the purpose of determining liability under the Securities Act to any purchaser:

(i) Each prospectus filed pursuant to Rule 424(b)(3) shall be deemed to be part of this registration statement as of the date the filed prospectus is deemed part of and included in this registration statement;

(ii) Each prospectus require to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by Section 10(a) of the Securities Act shall be deemed to be part of and included in this registration statement as of the earlier date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. Provided, however, that no statement shall be made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date; or

(iii) Each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in any document incorporated or deemed incorporated by reference into the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

Signatures

Pursuant to the requirements of the Securities Act of 1933 the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Solana Beach, California on this 10th day of February, 2006.

IT&E INTERNATIONAL GROUP

By: */s/ Peter Sollenne*
Name: Peter Sollenne
Title: *Chief Executive Officer*

Power of Attorney

We, the undersigned directors and/or officers of IT&E International Group (the Company), hereby severally constitute and appoint Peter Sollenne, Chief Executive Officer, and David Vandertie, Chief Financial Officer, with full powers of substitution and resubstitution, our true and lawful attorney, with full powers to him to sign for us, in our names and in the capacities indicated below, the Registration Statement on Form SB-2 filed with the SEC, and any and all amendments to said Registration Statement (including post-effective amendments), and any registration statement filed pursuant to Rule 462(b) under the Securities Act in connection with the registration under the Securities Act of the Company's equity securities, and to file or cause to be filed the same, with all exhibits thereto and other documents in connection therewith, with the SEC, granting unto said attorneys, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as each of them might or could do in person, and hereby ratifying and confirming all that said attorneys, and each of them, or their substitute or substitutes, shall do or cause to be done by virtue of this Power of Attorney.

Pursuant to the requirements of the Securities Act this Registration Statement has been signed by the following persons in the capacities indicated on February 10, 2006:

Signature	Title(s)
<i>/s/ Peter Sollenne</i> Peter Sollenne	Chief Executive Officer and Director (Principal executive officer)
<i>/s/ David Vandertie</i> David Vandertie	Chief Financial Officer (Principal accounting officer)
<i>/s/ Kelly Alberts</i> Kelly Alberts	Chief Operating Officer, President and Director
<i>/s/ Michael Falk</i> Michael Falk	Director
<i>/s/ Cecilio Rodriguez</i> Cecilio Rodriguez	Director

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