

Edgar Filing: Averion International Corp. - Form 424B3

Averion International Corp.
Form 424B3
November 20, 2006

Filed Pursuant to Rule 424(b)(3)
File Number 333-131756

PROSPECTUS SUPPLEMENT NO. 17

Prospectus Supplement dated November 20, 2006
to Prospectus declared
effective on February 22, 2006
(Registration No. 333-131756)

as supplemented by that Prospectus Supplement No. 1 dated March 6, 2006,
that Prospectus Supplement No. 2 dated March 15, 2006,
that Prospectus Supplement No. 3 dated April 13, 2006,
that Prospectus Supplement No. 4 dated April 14, 2006,
that Prospectus Supplement No. 5 dated May 2, 2006,
that Prospectus Supplement No. 6 dated May 11, 2006,
that Prospectus Supplement No. 7 dated May 15, 2006,
that Prospectus Supplement No. 8 dated July 7, 2006,
that Prospectus Supplement No. 9 dated August 4, 2006,
that Prospectus Supplement No. 10 dated August 14, 2006,
that Prospectus Supplement No. 11 dated September 5, 2006,
that Prospectus Supplement No. 12 dated September 12, 2006,
that Prospectus Supplement No. 13 dated September 19, 2006,
that Prospectus Supplement No. 14 dated September 22, 2006,
that Prospectus Supplement No. 15 dated October 13, 2006
and that Prospectus Supplement No. 16 dated November 17, 2006

AVERION INTERNATIONAL CORP.
(previously IT&E International Group, Inc.)

This Prospectus Supplement No. 17 supplements our Prospectus dated February 22, 2006, the Prospectus Supplement No. 1 dated March 6, 2006, the Prospectus Supplement No. 2 dated March 15, 2006, the Prospectus Supplement No. 3 dated April 13, 2006, the Prospectus Supplement No. 4 dated April 14, 2006, the Prospectus Supplement No. 5 dated May 2, 2006, the Prospectus Supplement No. 6 dated May 11, 2006, the Prospectus Supplement No. 7 dated May 15, 2006, the Prospectus Supplement No. 8 dated July 7, 2006, the Prospectus Supplement No. 9 dated August 4, 2006, the Prospectus Supplement No. 10 dated August 14, 2006, the Prospectus Supplement No. 11 dated September 5, 2006, the Prospectus Supplement No. 12 dated September 12, 2006, the Prospectus Supplement No. 13 dated September 19, 2006, the Prospectus Supplement No. 14 dated September 22, 2006, the Prospectus Supplement No. 15 dated October 13, 2006 and the Prospectus Supplement No. 16 dated November 17, 2006.

The shares that are the subject of the Prospectus have been registered to permit their resale to the public by the selling stockholders named in the Prospectus. We are not selling any shares of common stock in this offering and therefore will not receive any proceeds from this offering. You should read this Prospectus Supplement No. 17 together with the Prospectus and each prior Prospectus Supplement referenced above.

This Prospectus Supplement includes the attached Quarterly Report on Form 10-QSB of Averion International Corp. for the quarter ended September 30, 2006, filed on November 20, 2006 with the Securities and Exchange Commission.

Our common stock is quoted on the Over-the-Counter Bulletin Board under the trading symbol AVRO.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS SUPPLEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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The date of this Prospectus Supplement is November 20, 2006

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

FORM 10-QSB

(Mark One)

x

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2006

..

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

For the transition period from to

Commission file number 000-50095

AVERION INTERNATIONAL CORP.

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(Exact name of small business issuer as specified in its charter)

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Delaware

(State of other jurisdiction of incorporation or
organization)

20-4354185

(IRS Employer Identification No.)

**225 Turnpike Road,
Southborough, Massachusetts**
(Address of principal executive offices)

01772
(Zip Code)

Issuer's telephone number, including area code: **(508) 597-6000**

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(Former name, former address and former fiscal year, if changed since last report)

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

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

Common Stock, \$0.001 par value per share, 650,000,000 shares authorized, 159,876,736 issued and outstanding as of November 6, 2006.
Preferred Stock, Series D, \$0.001 par value per share, 10,000,000 shares authorized, 16,500 issued and outstanding as of November 6, 2006.
Preferred Stock, Series E, \$0.001 par value per share, 8,300 shares authorized, issued and outstanding as of November 6, 2006.

Transitional Small Business Disclosure Format (Check one): Yes ☐ No ☒

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS AND EXHIBITS

As prescribed by Item 310 of Regulation S-B, the unaudited interim financial statements have been prepared to reflect all adjustments which are, in the opinion of management, necessary to reflect a fair statement of the results for the interim period presented and are of a normal and recurring nature. Our unaudited financial statements for the three and nine months ended September 30, 2006, follow.

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AVERION INTERNATIONAL CORP. (Formerly, IT&E INTERNATIONAL GROUP, INC.)
Consolidated Balance Sheets

	September 30, 2006 (unaudited)	December 31, 2005
Cash	\$ 5,060,655	\$ 6,414,770
Accounts receivable (net of allowance for doubtful accounts of \$190,679 for 2006 and \$75,000 in 2005)	5,068,278	2,989,646
Unbilled revenue	4,039,527	183,938
Prepaid expenses and other current assets	1,040,268	181,823
Total Current Assets	15,208,728	9,770,177
Property and equipment, net	1,513,175	275,263
Deposits	114,860	11,679
Finite life intangibles (net of accumulated amortization of \$379,211 and of \$39,625 in 2006 and 2005, respectively)	4,803,789	991,375
Goodwill	21,920,838	3,196,813
Total Assets	\$ 43,561,390	\$ 14,245,307
Accounts payable	\$ 1,259,362	\$ 585,590
Accrued payroll and employee benefits	989,283	351,238
Current portion of capital lease obligations	29,754	3,250
Current portion of notes payable to employees	19,513	101,437
Current portion of notes payable to shareholders	610,256	
Accrued relocation costs to officers	220,000	220,000
Deferred revenue	3,358,733	922,484
Customer Advances	1,140,492	143,520
Deferred rent	450,742	22,670
Other accrued liabilities	1,246,407	433,745
Total Current Liabilities	9,324,542	2,783,934
Long-term capital lease obligations, less current portion	52,923	12,765
Notes payable to employees, less current portion		654,384
Notes payable to Averion shareholders	6,716,527	
Deferred tax liability	68,680	
Total Liabilities	16,162,672	3,451,083
Stockholders' equity:		
Preferred stock, \$.001 par value, 10,000,000 shares authorized:		
Series D Convertible Preferred stock, \$.001 par value, 16,500 shares authorized 16,500 shares issued and outstanding with a stated value of \$11,500,000	\$ 12,174,960	8,105,938
Series E Convertible Preferred stock, \$.001 par value, 8,300 shares authorized, 8,300 shares issued and outstanding with a stated value of \$8,300,000	8,300,000	
Common stock, \$.001 par value, 650,000,000 shares authorized, 159,876,736 shares issued and outstanding	159,877	60,449
Convertible warrants		3,108,944
Call option		285,118
Common stock To be Issued	837,363	
Additional paid-in capital	12,073,617	2,504,427
Retained deficit	(6,147,099)	(3,270,652)
Total Equity	27,398,718	10,794,224
Total Liabilities and Capital	\$ 43,561,390	\$ 14,245,307

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

AVERION INTERNATIONAL CORP. (Formerly, IT&E INTERNATIONAL GROUP, INC.)**Consolidated Statements of Operations****(Unaudited)**

	For the three months ended September 30,		For the nine months ended September 30,	
	2006	2005	2006	2005
Service revenue	\$ 7,881,002	\$ 4,292,422	\$ 17,266,398	\$ 13,036,358
Reimbursement revenue	482,931	146,878	979,274	379,833
Total	8,363,933	4,439,300	18,245,672	13,416,191
Cost of revenue	5,265,836	3,110,744	12,558,151	9,365,156
Gross profit	3,098,097	1,328,556	5,687,521	4,051,035
Operating expenses:				
General and administrative	2,914,755	852,437	5,579,146	2,635,622
Sales and marketing	434,372	296,392	1,340,904	988,273
Depreciation and amortization	319,706	23,742	542,505	66,491
Officer compensation	460,108	329,739	1,105,513	778,582
Total Operating Expenses	4,128,945	1,502,310	8,645,050	4,468,968
Net Operating Loss	(1,030,848)	(173,754)	(2,951,529)	(417,933)
Other Income (Expense)				
Interest income	90,072	56,013	224,521	58,331
Interest expense	(106,312)	(230,172)	(143,439)	(375,960)
Loan fee amortization		(72,282)		(216,845)
Fees on long-term debt				(214,039)
Non-cash financing costs				(62,500)
Total Other Income (Expense)	(16,240)	(246,441)	81,082	(811,013)
Income/(Loss) before income taxes	(1,047,088)	(420,195)	(2,876,447)	(1,228,946)
Income taxes				
Net income (loss)	(1,047,088)	(420,195)	(2,876,447)	(1,228,946)
Beneficial conversion feature	(4,069,022)		(4,069,022)	
Net income/(loss) applicable to common shareholders	\$(5,116,110)	\$(420,195)	\$(6,945,469)	\$(1,228,946)
Weighted average number of common shares outstanding-basic and fully-diluted	159,876,736	21,344,198	93,591,496	20,412,124
Net income (loss) per share-basic and fully-diluted	\$ (0.03)	\$ (0.02)	\$ (0.07)	\$ (0.06)

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

AVERION INTERNATIONAL CORP. (Formerly, IT&E INTERNATIONAL GROUP, INC.)
Consolidated Statements of Cash Flow
(Unaudited)

	Nine Months Ended Sept 30, 2006	Sept 30, 2005
Cash flows from operating activities		
Net loss	\$ (2,876,447)	\$ (1,228,946)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	202,919	66,491
Amortization of loan fees		216,845
Amortization of finite life intangibles	339,586	
Amortization of deferred rent	179,278	(5,366)
Stock issued for financing costs		62,500
Stock issued for compensation	366,577	200,000
Changes in assets and liabilities		
Accounts receivable, net	788,613	225,990
Unbilled revenue	(1,160,074)	54,086
Prepaid and other current assets	(161,720)	(151,439)
Customer advances	996,972	
Accounts payable	122,996	14,397
Accrued payroll and employee benefits	105,361	166,729
Deferred revenue	84,703	
Accrued interest and fees owed on a note payable		41,285
Other accrued liabilities	400,994	186,040
Net cash (used) provided by operating activities	(610,242)	(151,388)
Cash flows from investing activities		
Deposits	(103,181)	22,045
Purchase of property and equipment	(247,632)	(19,012)
Purchase of Averion Inc., net of cash acquired	(5,311,136)	
Net cash (used) provided by investing activities	(5,661,949)	3,033
Cash flows from financing activities		
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
Proceeds from issuance of stock	5,000,000	
Payments on notes payable to employees	(81,924)	
Net cash (used) provided by financing activities	4,918,076	1,922,602
Net (decrease) increase in cash and cash equivalents	(1,354,115)	1,774,247
Cash and cash equivalents, beginning of period	6,414,770	402,779
Cash and cash equivalents, end of period	\$ 5,060,655	\$ 2,177,026
Supplemental disclosures:		
Interest paid	143,439	334,675
Income taxes paid		55,184

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

AVERION INTERNATIONAL CORP., (Formerly, IT&E INTERNATIONAL GROUP, INC.)
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS

NATURE OF BUSINESS

Averion International Corp. was organized under the name Clinical Trials Assistance Corporation (Clinical Trials) by the filing of Articles of Incorporation with the Secretary of State of the State of Nevada on April 22, 2002. On June 14, 2004, Clinical Trials acquired IT&E International Corporation and amended its Articles of Incorporation to change the corporate name from Clinical Trials to IT&E International Group. On March 2, 2006, with the written consent of holders of the majority of our shares of common stock, we reincorporated into Delaware and filed a Certificate of Incorporation to change our corporate name to IT&E International Group, Inc. On July 31, 2006 we acquired Averion, Inc. (See Averion Merger), a contract research organization (CRO). On September 21, 2006, we filed an amendment to our Certificate of Incorporation to change our corporate name to Averion International Corp. Our common stock symbol was changed from ITER.OB to AVRO.OB in conjunction with the name change. Averion International Corp. and its consolidated subsidiaries are referred to throughout this report as we, us, our, and the Company.

We are a life sciences organization focused on providing our clients with services and solutions in the product development process, clinical research and regulatory compliance. We serve a variety of clients, including those in private industry, public institutions, research facilities and the government. In November 2005, we acquired the assets of Millennix, Inc. (Millennix, Inc.), a CRO that provides comprehensive clinical research services for Phase I through Phase IV clinical trials in oncology. In addition to comprehensive clinical research services, we also assist our clients with strategic and regulatory planning, as well as protocol development, investigator qualification and recruitment, study implementation and management, and data management. By focusing on specialized practice areas in regulatory compliance, clinical research, and international development of global health and advanced technology research, we are able to offer solutions with one common goal in mind: to improve the human condition by delivering solutions to the life sciences community. Our major therapeutic areas are oncology, dermatology, nephrology, critical care, and medical devices. One of our newly acquired CRO businesses, Averion Inc. (formerly, Boston Biostatics, Inc.), has supported over 40 FDA approvals during its 23-year history.

2. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements should be read in conjunction with the Company's latest Annual Report on Form 10-KSB filed with the Securities Exchange Commission on March 31, 2006. These financial statements are unaudited but reflect all adjustments that, in our opinion, are necessary to fairly present our financial position and results of operations. All adjustments are of a normal and recurring nature unless otherwise noted. The consolidated financial statements include Averion Inc.'s operating results from the date of acquisition. These financial statements, including the notes, have been prepared in accordance with generally accepted accounting principles (GAAP) and in accordance with the applicable rules of the Securities and Exchange Commission, but do not include all of the information and disclosures required by GAAP for complete financial statements.

Certain amounts in the December 31, 2005 financial statements have been reclassified to conform to the presentation of the September 30, 2006 financial statements.

3. NEW ACCOUNTING PRONOUNCEMENT

The Company adopted the provisions of, and accounts for stock-based compensation in accordance with, SFAS No. 123 (R), Share-Based Payment, and related pronouncements (SFAS 123 (R)), during the first quarter of fiscal 2006. The Company elected the modified-prospective method, under which prior periods are not revised for comparative purposes. Under the fair value recognition provisions of this statement, stock-based compensation cost is measured at the grant date for all stock-based awards made to employees and directors based on the fair value of the award using an option-pricing model and is recognized as expense over the requisite service period, which is generally the vesting period. SFAS 123 (R) supersedes the Company's previous accounting under Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, (APB 25) for periods beginning in fiscal year 2006. In March 2005, the SEC issued Staff Accounting Bulletin No. 107 (SAB 107) providing supplemental implementation guidance for SFAS 123 (R). The Company has applied the provisions of SAB 107 in its adoption of SFAS 123 (R). As a result of the Company's adoption of SFAS 123 (R), the Company recorded stock-based compensation expense of approximately \$133,305 for the three months ended September 30, 2006 and \$373,241 for the nine months ended September 30, 2006. The stock option plan was adopted by the Company April 29, 2005 and on a pro-forma basis the Company would have recognized \$275,939 in stock-based

compensation for the three months ended September 30, 2005 and \$480,868 for the nine months ended September 30, 2005 (See Note 6 – Stock Option Plan).

Prior to the adoption of SFAS 123 (R), the Company accounted for stock-based awards to employees and directors using the intrinsic value method in accordance with APB 25 as allowed under SFAS No. 123, *Accounting for Stock-Based Compensation* (SFAS 123). Under the intrinsic value method, no stock-based compensation expense for employee stock options had been recognized in the Company's consolidated statements of operations because the exercise price of its stock options granted to employees generally equaled the fair market value of the underlying stock at the time of grant.

Stock-based compensation expense recognized during a period is based on the value of the portion of stock-based awards that is ultimately expected to vest during the period. Stock-based compensation expense recognized in the three months and nine months ended September 30, 2006, included compensation expense for stock-based awards granted prior to, but not yet vested as of December 31, 2005, based on the fair value on the grant date estimated in accordance with the pro forma provisions of SFAS 123. Stock-based compensation expense recognized in the Company's results for the third quarter of fiscal year 2006 is based on awards ultimately expected to vest; it has been reduced for estimated forfeitures. SFAS 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The Company uses historical data to estimate pre-vesting option forfeitures. Prior to fiscal 2006, the Company accounted for forfeitures as they occurred for the purposes of pro forma disclosures under SFAS 123.

The Company currently uses the Black-Scholes option-pricing model to determine the fair value of the stock options granted under the employee stock option plan. The Company estimates the expected term of options granted (3.7 years) by taking the average of the vesting term and the contractual term of the option, as illustrated in SAB 107. The Company estimates the volatility of its common stock (85%) by using its historical volatility that the Company believes is the best representative of its future volatility in accordance with SAB 107. For the quarter ended September 30, 2006 the Company based its risk-free interest rate that it uses in its option-pricing models (4.61%) on U.S. Treasury zero-coupon issues with remaining terms similar to the expected term on its equity awards. The Company does not anticipate paying any cash dividends in the foreseeable future and therefore used an expected dividend yield of zero in its option-pricing model. The options granted have a contractual term of ten years.

4. RECENTLY ISSUED ACCOUNTING GUIDELINES

In May 2005, the FASB issued Statement of Financial Accounting Standards No. 154, *Accounting Changes and Error Corrections*, which replaced APB Opinion No. 20 and FASB Statement No. 3 (SFAS No. 154). SFAS No. 154 requires retroactive application to prior periods financial statements for voluntary changes in accounting principle, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. SFAS No. 154 also applies to changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions and makes a distinction between retrospective application of an accounting principle and the restatement of financial statements to reflect the correction of an error. SFAS No. 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The Company does not expect SFAS No. 154 to have a material impact on its financial statements.

In July 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, (FIN48), effective for fiscal years beginning after December 15, 2006. FIN48 prescribes a recognition threshold and measurement attribute, as well as criteria for subsequently recognizing, derecognizing, and measuring tax positions for financial statement purposes and requires companies to make disclosures about uncertain tax positions, including detailed roll-forward of tax benefits taken that do not qualify for financial statement recognition. The Company does not expect FIN48 to have a material impact on its financial statements.

In September 2006, the SEC staff issued Staff Accounting Bulletin No. 108, *Considering the Effects of Prior Year Misstatements in Current Year Financial Statements* (SAB 108). SAB 108 was issued in order to eliminate the diversity of practice surrounding how public companies quantify financial statement misstatements. In SAB 108, the SEC staff established an approach that requires quantification of financial statement misstatements based on the effects of the misstatements on each of the Company's financial statements and related financial statement disclosures. This model is commonly referred to as the dual-approach . The Company does not expect the adoption of SAB 108 to have a material impact on its financial statements.

5. **PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following:

	Sept 30, 2006	December 31, 2005
Computers and Software	\$ 1,265,633	\$ 350,870
Furniture and Fixtures	359,988	73,692
Internal-Use Software	221,148	221,148
Leasehold Improvements	257,668	17,898
	2,104,437	663,608
Less: Accumulated Depreciation	(591,262)	(388,345)
Net Property and equipment	\$ 1,513,175	\$ 275,263

6. **NOTES PAYABLE TO EMPLOYEES**

We assumed notes payable to Millennix, Inc. employees as a part of the Millennix, Inc. acquisition. These notes, with interest payable monthly at the prime rate of interest (8.25% as of September 30, 2006), mature at various times over the next three years.

7. **STOCK OPTION PLAN**

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 employees, directors and consultants. The Plan is intended to generate proceeds from the sale of common stock pursuant to Stock Awards, which are comprised of Incentive Stock Options, Nonstatutory Stock Options, Restricted Stock Awards and stock bonuses, to such persons on the terms and conditions set forth in the Plan. An aggregate of 7,500,000 shares of our common stock were initially reserved for issuance pursuant to awards from the Plan. Options granted under the Plan generally expire no later than ten years from the date of grant (five years for a 10% stockholder). Options generally vest over a period of three to five years. The Plan was approved by our shareholders on September 26, 2005. On December 1, 2005, our stockholders approved an amendment to the Plan to increase the number of shares available

for issuance under the Plan to 25,000,000. On June 15, 2006, our stockholders approved an amendment to the Plan to increase the number of shares available for issuance under the Plan to 50,000,000. On August 14, 2006, our stockholders approved an amendment to the Plan to increase the number of shares available for issuance under the Plan to 100,000,000 effective September 21, 2006.

On September 29, 2006, the Company granted Alastair McEwan, a Director of the Company and member of the Executive Committee of the Board of Directors, a Nonstatutory Stock Option to purchase 3,000,000 shares of common stock at an option price of \$0.19 per share, in consideration for his service provided to the Company's Board. The Nonstatutory Stock Option vests over four (4) years, and expires on September 29, 2016, provided that Mr. McEwan is not removed from the Executive Committee for Cause as defined in his option agreement. If at any time the fair market value of one share of the common stock is greater than the exercise price, Mr. McEwan may elect a cashless transaction in lieu of exercising this option by the payment of cash. In the event Mr. McEwan is removed from the Executive Committee without Cause, the Nonstatutory Stock Option will continue to vest for so long as he continues to provide services to the Company in accordance with the terms of the Plan.

On September 29, 2006, the Company granted Fred Sancilio, a Director of the Company and member of the Executive Committee of the Board of Directors, a Nonstatutory Stock Option to purchase 10,000,000 shares of common stock at an option price of \$0.19 per share, in consideration for his service provided to the Company's Board. The Nonstatutory Stock Option vests over four (4) years, and expires on September 29, 2016, provided that Mr. Sancilio is not removed from the Executive Committee for Cause as defined in his option agreement. If at any time the fair market value of one share of the common stock is greater than the exercise price, Mr. Sancilio may elect a cashless transaction in lieu of exercising this option by the payment of cash. In the event Mr. Sancilio is removed from the Executive Committee without Cause, the Nonstatutory Stock Option will continue to vest for so long as he continues to provide services to the Company in accordance with the terms of the Plan.

The exercise price of incentive stock options must be equal to at least the fair value of the Company's common stock on the date of grant, and the exercise price of non-statutory stock options may be no less than 85% of the fair value of the Company's common stock on the date of grant. The exercise price of any option granted to a 10% stockholder may not be less than 110% of the fair value of the Company's common stock on the date of grant.

The stock option activity is summarized below:

	Shares	Approximate Weighted- average exercise price
Outstanding at December 31, 2005	17,378,626	\$ 0.18
Granted	19,321,500	\$ 0.19
Exercised		
Cancelled	(2,035,500)	\$ 0.19
Outstanding at September 30, 2006	34,664,626	\$ 0.17

The weighted-average fair value of options granted during the quarter ended September 30, 2006 using the Black-Scholes method was \$.19 per share. At September 30, 2006, 6,022,328 options were exercisable. Exercise prices of outstanding options at September 30, 2006 ranged from approximately \$.09 to \$.25 per share. The weighted-average remaining contractual life of the options outstanding at September 30, 2006 was 9.50 years.

At September 30, 2006, 65,335,374 shares remained available for future issuance or grant under the Plan.

At September 30, 2005, 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 were estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions used for grants under the fixed option plan: average risk-free interest rate of 4.11%, average expected life of 4 years, and a volatility rate of 85%.

	Three Months Ended Sept. 30, 2005		Nine Months Ended Sept. 30, 2005	
Net loss attributable to common stockholders:				
As reported	\$ (420,195)	\$ (1,228,946)
Fair value of stock-based employee compensation	(275,939)	(480,868)
Pro forma	\$ (696,134)	\$ (1,709,814)
Net loss per share:				
As reported	\$ (0.02)	\$ (0.06)
Pro forma	\$ (0.03)	\$ (0.08)

8. INCOME TAXES

Inasmuch as the Company had losses in the nine months ended September 30, 2006, there was no accrual of income taxes and the Company has established a full valuation allowance against any future benefit for these losses.

9. STOCKHOLDERS EQUITY

During 2006, various options were exercised to purchase shares of common stock in a cashless exercise. In connection with these transactions, \$3,108,944 was reclassified from convertible warrants to common stock (\$54,183) and Additional Paid-in capital (\$3,054,762).

During July 2006, in connection with the Averion Merger, the Averion Inc. Shareholders received 45,245,555 shares of our \$.001 par value common stock for a total value of \$4,977,000.

During September 2006, the Company amended the Asset Purchase Agreement for the Millennix, Inc. acquisition, which required the Company to issue 4,285,714 shares of \$.001 par value common stock to Millennix, Inc. shareholders (subject to adjustments for stock splits, reverse stock splits, and recapitalization) at an approximate value of \$837,363, on January 1, 2009 (See Note 12 to the Unaudited Consolidated Financial Statements, Commitments and Contingencies). The value of the stock was recorded at an average market price of \$0.20 per share of common stock, and recorded as Common Stock to be Issued on the face of the Balance Sheet.

During July 2006, Comvest, in connection with the Averion Merger, executed the Comvest Option for 5,000 shares of Series D Preferred Stock at a cost of \$5,170,729. In connection with this transaction, \$170,729 was reclassified from call option to Preferred Stock (\$133,391) and Additional Paid-in capital (\$37,338).

In accordance with Emerging Issues Task Force No. 00-27, *Application of Issue No. 98-5 to Certain Convertible Instruments*, our Series D Preferred Stock included a beneficial conversion feature. The embedded financial conversion feature was computed at approximately \$4,069,022 to the preferred stockholders, as the conversion feature is immediately exercisable, and was treated as a dividend to the preferred stockholders. The dividend resulted in an increase to the loss available to common stockholders for earnings per share purposes.

During July 2006, in connection with the Averion Merger, the Averion Inc. Stockholders received 8,300 shares of our Series E Convertible Preferred Stock, stated value \$1,000 per share, for a total value of \$8,300,000.

	Value	Number of Shares
Preferred Stock, Series D, \$.001 par value, 10,000,000 shares authorized 16,500 shares issued and outstanding with a stated value of \$16,500,000:		
Beginning Balance at December 31, 2005	\$ 8,105,938	11,500
Exercise of Comvest Option	4,069,022	5,000

9. STOCKHOLDERS EQUITY

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Ending Balance at September 30, 2006	\$	12,174,960	16,500
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	Value	Number of Shares
Preferred Stock, Series E, \$.001 par value, 8,300 shares authorized 8,300 shares issued and outstanding with a stated value of \$8,300,000:		
Beginning Balance at December 31, 2005		
Issuance to Averion Inc. stockholders for Averion Inc. acquisition July 2006	\$ 8,300,000	8,300
Ending Balance at September 30, 2006	\$ 8,300,000	8,300

	Value	Number of Shares
Common Stock, \$.001 par value, 650,000,000 shares authorized 159,876,736 shares issued and outstanding:		
Beginning Balance at December 31, 2005	\$ 60,449	60,448,875
Issuance to Averion Inc. stockholders July 2006	45,245	45,245,555
Exercise of Warrants July 2006	54,183	54,182,307
Ending balance at September 30, 2006	\$ 159,877	159,876,737

	Value
Additional Paid In Capital:	
Beginning Balance at December 31, 2005	\$ 2,504,427
Stock based Compensation	366,577
Revaluation of Comvest Option - June 2006	114,389
Averion Inc. Acquisition July 2006	4,931,754
Exercise of Warrants July 2006	4,156,470
Beneficial Conversion feature for Series D Convertible Preferred Stock	4,069,022
Deemed Dividends from Beneficial Conversion	(4,069,022)
Ending Balance at September 30, 2006	\$ 312,073,617

AVERION INTERNATIONAL CORP. (Formerly, IT&E INTERNATIONAL GROUP, INC.)

Schedule of Consolidated Stockholders' Equity

Nine Months Ended September 30, 2006

During July 2006, Comvest, in connection with the Averion Merger, executed the Comvest Option for 5,000 shares