

Fortress America Acquisition CORP  
Form 10QSB  
November 13, 2006

---

---

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

**FORM 10-QSB**

(Mark One)

Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2006

Transition report under Section 13 or 15(d) of the Exchange Act

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 000-51426

Fortress America Acquisition Corporation  
(Exact Name of Small Business Issuer as Specified in Its Charter)

Delaware  
(State or other Jurisdiction of  
Incorporation or Organization)

20-2027651  
(I.R.S. Employer  
Identification No.)

4100 North Fairfax Drive, Suite 1150  
Arlington, Virginia 22203-1664  
(Address of Principal Executive Office)

(703) 528-7073  
(Issuer's Telephone Number, Including Area Code)

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

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

As of November 1, 2006, 9,550,000 shares of common stock, par value \$.0001 per share, were issued and outstanding.

Transitional Small Business Disclosure Format (check one): Yes  No



**PART I. FINANCIAL INFORMATION**

Item 1 - Financial Statements

Condensed Balance Sheet

3

Condensed Statements of Operations

4

Condensed Statements of Stockholders' Equity

5

Condensed Statements of Cash Flows

6

Notes to Financial Statements

7

Item 2 - Management's Discussion and Analysis or Plan of Operation

11

Item 3 - Controls and Procedures

12

**PART II. OTHER INFORMATION**

13

Item 6 - Exhibits

13

Signatures

14

2

---

**Fortress America Acquisition Corporation**  
**(a corporation in the development stage)**  
**Condensed Balance Sheet**

	September 30, 2006 (unaudited)	December 31, 2005
<b>Assets</b>		
Current assets:		
Cash	\$ 74,854	\$ 992,547
Investments held in Trust Fund	44,112,431	42,603,801
Prepaid expenses	-	50,165
Total current assets	44,187,285	43,646,513
Deferred acquisition costs	508,592	-
Deferred tax asset	364,936	132,000
Total assets	\$ 45,060,813	\$ 43,778,513
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 374,469	\$ 105,308
Income taxes payable	396,604	206,194
Deferred interest on investments	429,479	127,904
Total current liabilities	1,200,552	439,406
Common stock, subject to possible conversion, 1,559,220 shares at conversion value	8,388,604	8,388,604
<b>Commitment</b>		
<b>Stockholders' equity</b>		
Preferred stock, \$.0001 par value, Authorized 1,000,000 shares; none issued	-	-
Common stock, \$.0001 par value		
Authorized 50,000,000 shares		
Issued and outstanding 9,550,000 shares (which includes 1,559,220 subject to possible conversion) and 1,250,000 shares respectively	955	955
Additional paid-in capital	34,819,062	34,819,062
Income accumulated during the development stage	651,640	130,486
<b>Total stockholders' equity</b>	<b>35,471,657</b>	<b>34,950,503</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 45,060,813</b>	<b>\$ 43,778,513</b>

*See Notes to Unaudited Condensed Financial Statements.*

**Fortress America Acquisition Corporation**  
**(a corporation in the development stage)**  
**Condensed Statement of Operations**  
**(unaudited)**

	<b>For the Three Months Ended September 30, 2006</b>	<b>For the Nine Months Ended September 30, 2006</b>	<b>For the Three Months Ended September 30, 2005</b>	<b>For the Nine Months Ended September 30, 2005</b>	<b>For the Period December 20, 2004 (inception) to September 30, 2006</b>
<b>Income:</b>					
Net interest income	\$ 444,941	\$ 1,217,406	\$ 213,897	\$ 213,897	\$ 1,742,836
Total income	444,941	1,217,406	213,897	213,897	1,742,836
<b>Expenses:</b>					
Formation and operating costs	129,823	427,778	133,219	134,865	748,528
Net income for the period before income taxes	315,118	789,628	80,678	79,032	994,308
State and federal income taxes	107,140	268,474	31,613	31,613	342,668
Net income for the period	\$ 207,978	\$ 521,154	\$ 49,065	\$ 47,419	\$ 651,640