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NIGHTHAWK SYSTEMS INC
Form 10QSB
May 22, 2006

U.S. 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 March 31, 2006

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

For the transition period from _____ to _____

Commission File Number: 0-30786

NIGHTHAWK SYSTEMS, INC

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

Nevada

(State or other jurisdiction of
incorporation or organization)

87-0627349

(I.R.S Employer
Identification No.)

10715 Gulfdale, Suite 200
San Antonio, TX 78216

(Address of principal executive offices)

210 341-4811

(Issuer's telephone number)

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

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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant filed all documents and reports required to be
filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of
securities under a plan confirmed by a court. Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS

As of May 22, 2006, there were 69,050,611 shares of common stock, par value
\$.001 per share, of the registrant issued and outstanding.

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

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NIGHTHAWK SYSTEMS, INC. CONDENSED CONSOLIDATED BALANCE SHEET MARCH 31, 2006

ASSETS

Current assets:

Cash
Accounts receivable, net of allowance for doubtful accounts of \$147
Inventories
Prepays

Total current assets

Furniture, fixtures and equipment, net
Intangible and other assets

LIABILITIES AND STOCKHOLDERS' DEFICIT

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Current liabilities:

Accounts payable
Accrued expenses
Line of credit
Notes payable:
 Related parties
 Other

Total current liabilities

Long-term liabilities:

Convertible debt

Commitments and contingencies

Stockholders' deficit:

Preferred stock, \$0.001 par value; 5,000,000 shares authorized; no shares issued and outstanding
Common stock; \$0.001 par value; 200,000,000 shares authorized; 66,579,232 issued and outstanding
Additional paid-in capital
Accumulated deficit

Total stockholders' deficit