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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

87-0627349

-----  
(State or other jurisdiction of incorporation or organization)

-----  
(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