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NIGHTHAWK SYSTEMS INC
Form 10QSB
November 14, 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 September 30, 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 November 14, 2006 there were 77,066,699 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 SEPTEMBER 30, 2006

ASSETS

Current assets:

Cash	\$ 121,790
Accounts receivable, net of allowance for doubtful accounts of \$1,654	152,057
Inventories	104,625
Prepays	793,130

Total current assets	1,171,602
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Furniture, fixtures and equipment, net	19,299
Intangible and other assets	24,200
	\$ 1,215,101

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities:

Accounts payable	\$ 221,249
Accrued expenses	384,441
Line of credit	19,792
Notes payable:	
Related parties	12,716

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Other	338,601

Total current liabilities	976,799

Long-term liabilities:	
Convertible debt	2,849,320

Commitments and contingencies	
Stockholders' deficit:	
Preferred stock, \$0.001 par value; 5,000,000 shares authorized; no shares issued and outstanding; liquidation preference	\$ -
Common stock; \$0.001 par value; 200,000,000 shares authorized; 74,480,015 issued and outstanding	74,480
Additional paid- in capital	7,919,493
Accumulated deficit	(10,604,991)

Total stockholders' deficit	(2,611,018)

	\$ 1,215,101
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