

eNotes Systems, Inc.  
Form 10QSB/A  
September 15, 2006

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**Form 10-QSB/A**

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the quarterly period ended June 30, 2006

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 000-30536

**eNotes Systems, Inc.**

(Exact name of registrant as specified in its charter)

Delaware

22-3530573

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
Identification No.)

17383 Sunset Blvd., Suite B-280, Pacific Palisades, California

90272

(Address of principal executive offices)

(Zip-Code)

Registrant's telephone number, including area code: (310) 566-4765

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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 [X]** No [ ]

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

The number of outstanding shares of the registrant's Common Stock, par value \$.0001 per share, was 65,685,989 on June 30, 2006.

Transitional Small Business Disclosure format (check one): Yes [ ] **No [X]**

SEC 2334 (9-05)

**Potential persons who are to respond to the collection of information contained in this form are not**

**required to respond unless the form displays a currently valid OMB control number.**

**EXPLANATORY NOTE**

This Quarterly Report on Form 10-QSB/A ("Form 10-QSB/A") is being filed to amend our quarterly report on Form 10-QSB for the quarter ended June 30, 2006 (the "Original Report 10-QSB") which was filed with the Securities and Exchange Commission ("SEC") on August 21, 2006 the Form 10-QSB/A for the purpose of correcting certain errors in the financial statements.

This Quarterly Report on Form 10-QSB/A for the three and six months ended June 30, 2006 amends and restates the financial statements and related financial information for all periods presented herein. The determination to restate the financial statements was made as a result of management's identification of certain errors in the financial statements included in the Original Report. Further information on the restatement can be found in the Notes to Consolidated Financial Statements.

The disclosures in this Form 10-QSB/A continue to speak as of the date of the Original Report, and do not reflect events occurring after the filing of the Original Report. Accordingly, this Form 10-QSB/A should be read in conjunction with our other filings made with the Securities and Exchange Commission subsequent to the filing of the Original Report, including any amendments to those filings. The filing of this Form 10-QSB/A shall not be deemed an admission that the Original Report when made included any untrue statement of a material fact or omitted to state a material fact necessary to make a statement not misleading.

eNotes Systems, Inc.

Quarterly Report on Form 10-QSB/A

For the Quarter Ended on June 30, 2006

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**PART I - FINANCIAL INFORMATION****Item 1. Financial Statements****ENOTES SYSTEMS, INC. AND SUBSIDIARIES  
(FORMERLY TOTALMED, INC. AND SUBSIDIARIES)**

(A Development Stage Company)

**Consolidated Balance Sheets****ASSETS**

	June 30, 2006	December 31, 2005
Current assets:		
Cash	\$           --	\$           17
Other assets:		
Deposits	108,368	--
Total Assets	\$       108,368	\$           17

**LIABILITIES AND STOCKHOLDERS' DEFICIT**

Current liabilities:		
Accounts payable	\$       447,822	\$    491,603
Due to officer/stockholder	130,750	636,743
Notes payable	198,862	302,531
Total Current Liabilities	807,434	1,430,877

## Contingencies

## Stockholders' deficit :

Preferred stock; \$.0001 par value; authorized		
-		
10,000,000 shares; issued   none	--	--
Common stock; \$.0001 par value; authorized		
-		



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500,000,000 shares; issued and outstanding -		
65,685,989 shares in 2006 and 5,202,890 shares in 2005	6,569	520
Additional paid-in capital	25,933,119	4,431,990
Treasury stock, 500 shares at cost	(1,500)	(1,500)
Deficit accumulated during the development stage	(26,637,254)	(5,861,870)
Total Stockholders' (Deficit)	(699,066)	(1,430,860)
Total Liabilities and Stockholders' (Deficit)	\$ 108,368	\$ 17

The accompanying note is an integral part of these financial statements.

**ENOTES SYSTEMS, INC.**  
**(FORMERLY TOTALMED, INC. AND SUBSIDIARIES)**

(A Development Stage Company)

**Consolidated Statements of Operations**

	Three Months		Six Months		Aug. 7, 1997
	Ended		Ended		(Inception) to
	June 30,		June 30,		June 30,
	2006	2005	2006	2005	2006
Revenue:					
Sales	\$ --	\$ --	\$ --	\$ --	\$ 10,840
Cost of sales	--	--	--	--	5,662
Gross profit	--	--	--	--	5,178
Interest income	--	--	--	--	5,257
Total revenue	--	--	--	--	10,435
Costs and expenses:					
Depreciation	--	--	--	--	210,426
Amortization	--	--	--	--	4,118
Research and development, related party	--	--	--	--	432,256
Officer's compensation	7,500	--	7,500	1,250	1,145,820
Impairment of investment in related party	--	--	--	--	50,000
Impairment of investment in subsidiaries	--	--	--	--	450,000
Loss on disposition of assets	--	--	--	--	11,449
SEC litigation settlement	--	--	--	--	110,977
Interest expense	5,992	5,742	11,640	11,700	93,685
Interest expense - beneficial conversion feature	20,725,892	--	20,725,892	--	20,725,892
General and administrative	24,922	3,894	30,352	19,927	3,413,066
	20,764,306	9,636	20,775,384	32,877	26,647,689
Net loss	\$ (20,764,306)	\$ (9,636)	\$(20,775,384)	\$(2,877)	\$ (26,637,254)

Basic and diluted loss per common share	\$ (0.968)	\$ (0.002)	\$ (0.969)	<del>\$(0.007)</del>
Weighted average common shares outstanding	21,443,944	4,907,187	21,443,944	4,907,187

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

**ENOTES SYSTEMS, INC.**

**(FORMERLY TOTALMED, INC. AND SUBSIDIARIES)**

(A Development Stage Company)

**Statements of Changes in Stockholders' Equity  
For the Period August 7, 1997 (Inception) to June 30, 2006**

Common Stock		Additional	Treasury Stock		Deficit
Shares	Amount	Paid-in Capital	Shares	Amount	Accumulated During the Development Stage