



SEARCHCORE, INC.
a Nevada corporation

Quarterly Report
For the Quarter ended September 30, 2012

Information Provided Pursuant to
Rule 15c2-11 of the Securities and
Exchange Act of 1934, as Amended

We previously were a shell company, therefore the exemption offered pursuant to Rule 144 is not available. Anyone who purchased securities directly or indirectly from us or any of our affiliates in a transaction or chain of transactions not involving a public offering cannot sell such securities in an open market transaction unless and until such time as the resale of such securities is included in an effective registration statement.

Investor relations inquiries should be addressed to the issuer at the address above, or telephone (888) 693-5219, or to:

Financial Profiles, Inc.
11601 Wilshire Boulevard, Suite 1920
Los Angeles, CA 90025
Phone (310) 478-2700
Attn: Kristen McNally / Noelle Amos

Item 2 Shares outstanding.

Common Stock

At all times below, our authorized common stock was 200,000,000 shares, par value \$0.001.

As of the end of our most recent fiscal quarter ended September 30, 2012, we had 37,567,967 shares of common stock issued and outstanding, held by 54 shareholders, beneficially and of record. Of those 37,567,967 shares of common stock, 4,726,442 were free trading. In addition, there are 51,772,289 treasury shares, of which 51,458,856 shares are held in escrow pending our payment of the purchase price (see Item 7 – Entry Into a Material Definitive Agreement).

As of the end of our most recent fiscal year ended December 31, 2011, we had 83,340,256 shares of common stock issued and outstanding, held by 53 shareholders, beneficially and of record. Of those 83,340,256 shares of common stock, 4,726,442 were free trading.

As of the end of our fiscal year ended December 31, 2010, we had 82,640,256 shares of common stock issued and outstanding, held by 38 shareholders, beneficially and of record. Of those 82,640,256 shares of common stock, 4,726,442 were free trading.

Preferred Stock

Beginning on November 19, 2010, we were authorized to issue 20,000,000 shares of preferred stock, par value \$0.001. No shares of preferred stock are or have been issued or outstanding.

Item 3 Interim financial statements.

Attached hereto as Exhibit A, and incorporated herein by reference, is an unaudited balance sheet as of September 30, 2012, an audited restated balance sheet as of December 31, 2011, and unaudited statements of operations and cash flows for the three and nine months ended September 30, 2012 and September 30, 2011.

Item 4 Management’s discussion and analysis or plan of operation.

Disclaimer Regarding Forward Looking Statements

Our Management’s Discussion and Analysis contains not only statements that are historical facts, but also statements that are forward-looking (within the meaning of

Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934). Forward-looking statements are, by their very nature, uncertain and risky. These risks and uncertainties include international, national and local general economic and market conditions; demographic changes; our ability to sustain, manage, or forecast growth; our ability to successfully make and integrate acquisitions; raw material costs and availability; new product development and introduction; existing government regulations and changes in, or the failure to comply with, government regulations; adverse publicity; competition; the loss of significant customers or suppliers; fluctuations and difficulty in forecasting operating results; changes in business strategy or development plans; business disruptions; the ability to attract and retain qualified personnel; the ability to protect technology; and other risks that might be detailed from time to time in our filings with the Securities and Exchange Commission.

Although the forward-looking statements in this Quarterly Report reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by them. Consequently, and because forward-looking statements are inherently subject to risks and uncertainties, the actual results and outcomes may differ materially from the results and outcomes discussed in the forward-looking statements. You are urged to carefully review and consider the various disclosures made by us in this report and in our other reports as we attempt to advise interested parties of the risks and factors that may affect our business, financial condition, and results of operations and prospects.

The following discussion and analysis of financial condition and results of operations of the Company is based upon, and should be read in conjunction with, its unaudited financial statements and related notes elsewhere in this Quarterly Report, which have been prepared in accordance with accounting principles generally accepted in the United States.

Three and Nine Months Ended September 30, 2012 compared to the Three and Nine Months Ended September 30, 2011

Recent Developments

Share Purchases – Treasury Stock

See *Note 3. Equity Transactions* for detail of our purchase of 51,772,289 shares of our common stock (Treasury Stock) reducing the number of our total shares of common stock outstanding to 37,567,967. At September 30, 2012 the total number of shares of our common stock that were issued and outstanding was 89,340,256 of which 51,772,289 were treasury stock. Pursuant to the terms of which we purchased shares of our common stock, 51,272,289 shares held in escrow are released monthly on a pro-rata basis as we make payments on the promissory notes related to their purchase. Further, pursuant to the terms of which we purchased 500,000 shares of our common stock, 186,567 shares still held in escrow will be released on January 10, 2013 upon final payment of the associated promissory note.

Domain Name Acquisitions

See *Note 7. Intangible Assets* for detail of several transactions totaling \$780,000 whereby we acquired over 60 domain names during the quarter ended September 30, 2012.

MMJMenu, LLC

On January 5, 2012, our wholly-owned subsidiary, WeedMaps Media, Inc., acquired substantially all the assets of MMJMenu, LLC. The assets consist primarily of the intellectual property associated with MMJMenu, including its website (www.mmjmenu.com). As consideration for the purchase we issued an aggregate of Two Hundred Thousand (200,000) shares of our common stock to MMJ or its assigns. Effective on January 4, 2012, we entered into an at-will employment agreement with each of Justin Weidmann and Alex Weidmann, each of which are members of MMJMenu, LLC. The compensation due to each is \$10,000 per month.

Results of Operations

Revenue

Our sales, total revenue, total operating expenses and operating income for the three and nine months ended September 30, 2012, compared to the three and nine months ended September 30, 2011, were as follows:

	<u>Three Months Ended</u>		<u>Percent Change</u>	<u>Nine Months Ended</u>		<u>Percent Change</u>
	<u>September 30, 2012</u>	<u>September 30, 2011</u>		<u>September 30, 2012</u>	<u>September 30, 2011</u>	
Sales	\$ 4,335,000	\$ 3,587,000	21%	\$ 12,172,000	\$ 8,587,000	42%
Total revenue	4,335,000	3,587,000	21%	12,172,000	8,587,000	42%
Total operating expenses	3,129,000	2,711,000	15%	9,312,000	6,025,000	55%
Operating income	<u>\$ 1,206,000</u>	<u>\$ 876,000</u>	38%	<u>\$ 2,860,000</u>	<u>\$ 2,562,000</u>	12%

The increase in sales from \$3.6 million for the three months ended September 30, 2011 to \$4.3 million for the three months ended September 30, 2012, an increase of 21%, and the increase in sales from \$8.6 million for the nine months ended September 30, 2011 to \$12.2 million for the nine months ended September 30, 2012, an increase of 42%, is attributable to an increase in the revenue generated by our subsidiary, WeedMaps Media, Inc.

The increase in revenues for the three and nine months ended September 30, 2012 is a result of an increase in the fees we charge for our listing packages, an increase in the number of customers as compared to the three and nine months ended September 30, 2011, and an increase in the number of different 'listing packages' we offer to our customers.

The fees we charge for listing packages, in general, has increased from the previous year primarily as a result of the increasing number of dispensaries in any given region which has the effect of bidding up the price of premium listing packages. For example, during the nine months ended September 30, 2011 an average Gold, Silver and Bronze listing package in a given region would cost \$3,500, \$2,500 and \$500 respectively, as compared to the nine months ended September 30, 2012 where the same listing packages in the same region would cost \$10,000, \$7,500 and \$5,000, respectively.

During the nine months ended September 30, 2012 and during the year ended December 31, 2011, we experienced a significant growth in the number of our customers which is attributable to an increase in the number of dispensaries that purchase our listing packages and, to a lesser extent, because we started offering our listing packages in new states such as Washington, Oregon and Michigan, in addition to our existing offerings in California and Colorado. Below is a summary presentation of the average number of clients during each of the quarters ended September 30, 2012 and 2011, as well as those outstanding at the end of each period:

	Quarter ended	
	September 30, 2012	September 30, 2011
Average number of clients	2,154	1,762
Total clients at the end of the period	2,153	1,805

Below is a summary presentation of the revenue generated by each of our listing packages and the associated number of paying clients during the nine months ended September 30, 2012 and 2011:

All Listing Packages	Nine Months Ended Sept 30,2012		Nine Months Ended Sept 30,2011	
	No. of Paying Clients	Total Revenue from Listing Packages	No. of Paying Clients	Total Revenue from Listing Packages
<i>(Revenues in ,000's)</i>				
Listing Fee Revenue:				
Gold	209	\$ 2,382	176	\$ 1,820
Silver	204	1,385	162	862
Bronze	220	999	245	838
Copper	299	1,382	259	909
Nickel	125	364	-	-
6 Thru 10	191	479	-	-
Listing Deluxe	-	-	32	58
Listing Plus	1,608	2,255	1,716	2,234
Delivery Plus	1,016	1,177	899	644
Growshops	86	69	-	-
Medbox	-	-	1	65
Dr. Listing	117	157	72	55
	<u>3,774</u>	<u>\$ 10,649</u>	<u>3,562</u>	<u>\$ 7,485</u>
Ad Revenue:				
Daily Deals	316	\$ 956	273	\$ 649
Text/Email	81	76	144	99
Spring Gathering	-	-	29	156
Weed Freebies	8	22	6	58
	<u>405</u>	<u>\$ 1,054</u>	<u>452</u>	<u>\$ 962</u>
Content Production:				
DVT/Photo's	21	\$ 96	13	\$ 9
Video Strain Review	76	81	13	22
Weed TV	71	285	3	16
	<u>168</u>	<u>\$ 462</u>	<u>29</u>	<u>\$ 47</u>
Total	<u>4,347</u>	<u>\$ 12,165</u>	<u>4,043</u>	<u>\$ 8,494</u>

Although the number of paying clients has been increasing in total, a number of our customers decided to terminate their listing packages. The reasons for termination vary and may include typical business cycles and/or internal business decisions made by our customers as to their marketing and advertising budgets as it relates to the complex nature of the medicinal cannabis industry. Even forced dispensary closures by municipalities or governmental agencies, which usually only result in a temporary downward sales revenue trend in that geographical area, do not have a material impact because the dispensaries often re-open nearby. We have not been able to determine any material trends related to the terminations.

Listings

We operate WeedMaps.com and several associated websites, together composing a large scale, medical-cannabis industry focused internet media portal that targets dispensaries, advertisers and consumers. We generate revenues from fees charged to clients in which the clients advertise or 'list' their location, products and services on one or more of our websites. We recognize as revenue the fees we charge customers that advertise or 'list' their related company on our website.

Our listing packages are made up of two groups, Premium Listings and Standard Listings. The Premium Listings include our Gold, Silver, Bronze, Copper and Nickel listing packages. The Standard Listings include our Listing Plus, Listing Deluxe, Delivery Plus, Dr. Listing and Medbox listing packages. Both Premium Listing and Standard Listing Packages are considered Listing Fee Revenue pursuant to our revenue recognition policy.

The most important distinction between the Premium Listings and Standard Listing packages is positioning on our websites, since whichever business appears first, or at the top of the website, has an increased likelihood of a website visitor clicking on that business and thus "converting" the website visitor to a potential customer. In general, being in the top five search results on our website for a given geographical region is deemed preferable because of the increased conversion rates (or click-through rates) associated with those top five search results on our website in that given geographical region. As a result, we charge the client a premium dollar amount on those top five search results for a given region.

The Gold Listing is the first listing on the Google map, first on the Regional Listing Page, first on the Featured Five Slide Bar, and also has a large distinctive red icon on the Google map, all of which, when taken together, allow for heightened visibility. The Silver Listing comes up second on the Regional listing Page, second on the Featured Five Slide Bar and has a large distinctive blue icon on the Google map allowing for heightened visibility. The Bronze listing comes up third on the Regional Listing Page and third on the Featured Five Slide Bar. The preferred positions convert at higher click-through rate to the customer's actual listing page. On average, the click through rate for a Premium listing compared to a Standard listing in their geographical regions is 4-to-1 for a Gold, 3-to-1 for a Silver and 2-to-1 for a Bronze.

Below is a detailed presentation of the similarities and differences in services provided for each of the listing packages for both the Premium Listing and Standard Listing packages:

Listing Package	Premium Listing Packages				
	Gold	Silver	Bronze	Copper	Nickel
Unlimited listing updates allowed	Yes	Yes	Yes	Yes	Yes
Unlimited text and photos on listing	Yes	Yes	Yes	Yes	Yes
Priority listing placement in regional listing	Yes	Yes	Yes	Yes	Yes
Access to WeedMaps “Weed Menu”	Yes	Yes	Yes	Yes	Yes
Visibility on strain finder	Yes	Yes	Yes	Yes	Yes
Summary content on the regional dispensary listing page	Yes	Yes	Yes	Yes	Yes
Phone support for customer service	Yes	Yes	Yes	Yes	Yes
Ability to type an official club response to any customer reviews	Yes	Yes	Yes	Yes	Yes
Activity highlights on community activity stream	Yes	Yes	Yes	Yes	Yes
Text coupon blasts	Scheduled	Limited	Limited	-	-
Placement on map	First	Second	Third	Fourth	Fifth
Placement on regional listing page	First	Second	Third	Fourth	Fifth
Placement on featured five slide bar	First	Second	Third	Fourth	Fifth
Regional sub-heading listing	Yes	-	-	-	-
Listing icon	Red Magnifying Glass	Blue Magnifying Glass	Purple Magnifying Glass	Purple Magnifying Glass	Purple Magnifying Glass
Eligibility for WeedPhotos.com monthly strain highlight	-	-	-	-	-

Listing Plus is the basic package which allows a customer to fully edit their listing on WeedMaps.com with unlimited updates and pictures. Customers can add photos, create a menu, and get visibility on the product finder section. They also can respond to customer reviews and update live community streams, and receive unlimited customer support.

Gold Listing is a Premium Listing package which includes everything that we offer in our Listing Plus package. Further, the Gold Listing provides other features such as the big Gold Icon on the results map, which is the large Google map that is displayed on WeedMaps.com when a website user visits the website, first listing position on the map in a customer’s given geographical region, first position on the Feature Five Slide bar, and first position on their regional listing page.

Silver Listing is a Premium package which includes everything that we offer in our Listing Plus package. Further, the Silver Listing provides other features such as the big Blue Icon on the results map, second listing position on the map in a customer’s given region, second position on the Feature Five Slide bar, and second position on their regional listing page.

Bronze Listing is a Premium package which includes everything that we offer in our Listing Plus package. Further, the Bronze Listing provides other features such as third listing position on the map in a customer's given region, third position on the Feature Five Slide bar, and third position on their regional listing page.

Copper Listing is a Premium package which includes everything that we offer in our Listing Plus package. Further, the Copper Listing provides other features such as fourth listing position on the map in a customer's given region, fourth position on the Feature Five Slide bar, and fourth position on their regional listing page.

Nickel Listing is a premium package which includes everything that we offer in our Listing Plus package. Further, the Nickel Listing provides other features such as fifth listing position on the map in a customer's given region, fifth position on the Feature Five Slide bar, and fifth position on their regional listing page.

6 Thru 10 Listings are premium packages which include everything that we offer in our Nickel Listing package with the exception that the corresponding listing positions on the map, Feature Five Slide bar, and on the regional listing page will correspond to the sixth, seventh, eighth, ninth and tenth positions.

GrowShops Listings is a new listing service and current offers similar features as the Listing Plus package with the exception that it is targeted towards hydroponic shops. The package allows a customer to fully edit their listing on GrowShops.com with unlimited updates and pictures.

Listing Package	Standard Listing Packages				
	Listing Plus	Listing Deluxe	Delivery Plus	Medbox	Dr. Listing
Unlimited listing updates allowed	Yes	Yes	Yes	Yes	Yes
Unlimited text and photos on listing	Yes	Yes	Yes	Yes	Yes
Priority listing placement in regional listing	Yes	Yes	Yes	Yes	Yes
Access to WeedMaps “Weed Menu”	Yes	Yes	Yes	Yes	Yes
Visibility on strain finder	Yes	Yes	Yes	Yes	Yes
Summary content on the regional dispensary listing page	Yes	Yes	Yes	Yes	Yes
Phone support for customer service	Yes	Yes	Yes	Yes	Yes
Ability to type an official club response to any customer reviews	Yes	Yes	Yes	Yes	Yes
Activity highlights on community activity stream	Yes	Yes	Yes	Yes	Yes
Text coupon blasts	-	Scheduled	-	-	-
Placement on map	-	-	-	-	-
Placement on regional listing page	-	-	-	-	-
Placement on featured five slide bar	-	-	-	-	-
Regional sub-heading listing	-	-	-	-	-
Listing icon	Purple Magnifying Glass	Purple Magnifying Glass	Purple Magnifying Glass with Truck Icon	Purple Magnifying Glass with Vending Machine Icon	Blue Magnifying Glass with Rx Icon
Eligibility for WeedPhotos.com monthly strain highlight	-	Yes	-	-	-

Listing Deluxe includes everything from the Listing Plus package with the added features of having a monthly marijuana strain highlighted on WeedPhotos.com, text (SMS) based coupons and enhanced positioning on the regional listing page.

Delivery Plus is the basic package offered for those dispensaries that offer their customers delivery services as part of their product/service offerings. Delivery Plus allows a customer to fully edit their listing on WeedMaps.com with unlimited updates and pictures. Customers can add photos, create a menu, and get visibility on the product finder section. They can also respond to customer reviews, and update our live community stream, and receive unlimited customer support.

Medbox is the basic package offered for those dispensaries that serve their customers via a vending machine or ‘medical marijuana box’. Medbox allows a customer to fully edit their listing on WeedMaps.com with unlimited updates and pictures. Customers can add photos, create a menu, and get visibility on the product finder section. They can also respond to customer reviews, and update our live community stream, and receive unlimited customer support.

Dr. Listing is the basic package offered to medical doctors offering medicinal cannabis recommendation letters as part of their medical practice offerings. Dr. Listings allows a doctor to edit their listing on WeedMaps.com with unlimited updates and pictures. They can also respond to customer reviews, update our live community stream, and receive unlimited customer support.

Advertising

We generate revenues from fees we charge customers for placing ads for their related companies on our websites. Our advertising packages include our Daily Deals, Email Text, Spring Gathering, Texting, and WeedFreebies packages. All of our Advertising Packages are considered Ad Revenue pursuant to our revenue recognition policy.

Daily Deals are coupons that are displayed on the geo-targeted Main Page and on the Regional Listing Page for users to view and redeem at their convenience. The dispensary provides us the information they wish to have on the coupon, and the customer then uses the coupon's secret code to redeem at the dispensary.

Email Text is a text-based coupon that is emailed to our website visitors that have indicated their desire to receive coupons on a daily basis.

Spring Gathering is a 'background takeover' of the WeedMaps.com website. A 'background takeover' is an advertising campaign which replaces a website's default background. The website instead displays an image or images outside of the defined container area of the website. The entire area outside of the container becomes a clickable area which opens a specified URL to the advertiser's respective website.

Texting is an SMS text that is sent to website visitors that have indicated their desire to receive coupons on a daily basis. Texting in most cases is included with a premium package (Gold, Silver, and Bronze) as they provide captivating and engaging content for our user base. In some cases they are offered individually.

WeedFreebies is a package we offer to our customers. "Freebie" is a product that is paid for by our client. A "freebie" is placed on the WeedMaps.com homepage and on WeedFreebies.com. Registered users of WeedMaps.com receive 5 clicks at a chance to win the "Freebie" of the day. Website visitors wait each day to use their clicks to win the daily "freebie." During this idle time patients have a tendency to look at the sponsor link during which time they are more likely to "browse around" and click the sponsored link directly. By clicking on the sponsored link, the patient will be directed to our customer's product website or our client's listing page.

Content Production

We generate revenues from photo and video production of content, which is displayed on our websites. We recognize as revenue the fees we charge customers for photo and video production services pursuant to which we create virtual tours of their establishments and products, which are then displayed on our websites. All of our Content Production services are considered Content Production Revenue pursuant to our revenue recognition policy.

Photos is a service we offer our customers whereby a WeedMaps Media, Inc. photographer captures photos of the dispensary's establishment and of their products. Photos of our customer's products are labeled by strain and placed on our customer's respective WeedMaps.com listing page.

Video Strain Review is a service offered to our customers whereby a video is captured of the dispensary's products and posted on their respective WeedMaps.com listing page.

WeedTV is a service we offer to our customers whereby a dispensary's Video Strain Review is placed on WeedMaps.tv.

Operating Expenses

Operating Expenses – Our operating expenses as a percentage of sales experienced a slight decrease from 75.6% for the three months ended September 30, 2011, to 72.2% for the three months ended September 30, 2012 and an increase from 70.2% for the nine months ended September 30, 2011, to 76.5% for the nine months ended September 30, 2012.

The increase in operating expenses from \$2.7 million for the three months ended September 30, 2011, to \$3.1 million for the three months ended September 30, 2012, an increase of 15%, is attributable to our efforts to expand our operations during the three months ended September 30, 2012 as compared to the three months ended September 30, 2011. In particular, during the quarter ended September 30, 2012, we hired technology specialists for our research and development department. Specifically, this includes the retention of additional coders, programmers and engineers whose responsibilities include, but are not limited, to developing software and additional finder sites. In addition, we have recently hired media related personnel for the creation of pre and post video production. This was accompanied by increases in salaries and employee benefits, increases in professional fees which included fees for legal and accounting work as well as expenses related to our Securities and Exchange Commission filings and for fees paid to consultants related to business development, investor relations, sales contract work, and increases in general and administrative expenses primarily attributable to non-cash amortization expense associated with our recent acquisitions.

Salaries And Employee Benefits – During the three months ended September 30, 2012 and 2011, salaries and employee benefits were \$1.45 million and \$1.31 million, respectively. During the nine months ended September 30, 2012 and 2011, salaries and employee benefits were \$4.30 million and \$3.98 million, respectively. The increase in salaries and employee benefits during the three and nine months ended September 30, 2012 as compared to the three and nine months ended September 30, 2011, is primarily attributed to our increasing operations and hiring various employees which resulted in increases in associated salaries and employee benefits as well as increases in general and administrative costs.

Professional Fees – During the quarters ended September 30, 2012 and 2011, professional fees were \$815,000 and \$482,000, respectively, and during the nine months ended September 30, 2012 and 2011, professional fees were \$2.29 million and \$346,000, respectively. This increase during the three and nine months ended September 30, 2012 as compared to 2011 was a result of spending related to accounting and legal expenses related to our SEC filings, investor relations, and sales and marketing contract work.

During the quarter ended September 30, 2012, professional fees included fees for legal and accounting work as well as for Securities and Exchange Commission filing related matters and for fees paid to consultants related to business development, investor relations, sales contract work and to support our efforts to expand our operations.

General And Administrative Expenses – During the three months ended September 30, 2012 and 2011, general and administrative expenses were \$326,000 and \$587,000, respectively, and during the nine months ended September 30, 2012 and 2011, general and administrative expenses were \$933,000 and \$972,000, respectively. The slight change in these expenses is primarily attributable to decreases in computer and internet expenses and less spent on travel which were offset slightly by increases in insurances costs.

Gain On Change In Fair Value Of Earn-Out Liability – During the quarter ended September 30, 2012, we recorded a non-cash gain on change in fair value of earn-out liability of \$201,000 as a result of remeasuring to fair value at September 30, 2012. The total non-cash gain on change in fair value of earn-out liability for the nine months ended September 30, 2012 was \$5.25 million.

Liquidity and Capital Resources

Our cash, current assets, intangible assets, total assets, current liabilities, and total liabilities as of September 30, 2012 and December 31, 2011 were as follows:

	September 30, 2012 (unaudited)	December 31, 2011 (audited)	Percentage Change
Cash	\$ 812,000	\$ 1,513,000	(46.3%)
Total current assets	2,058,000	2,160,000	(4.7%)
Intangible assets:			
Domain names	5,252,000	4,364,000	20.3%
Trademarks	88,000	-	-
Web software	716,000	501,000	42.9%
Goodwill	486,000	486,000	0.0%
Total intangible assets	<u>6,542,000</u>	<u>5,351,000</u>	22.3%
Total assets	9,097,000	8,076,000	12.6%
Total current liabilities	7,792,000	2,892,000	169.4%
Total long term liabilities	7,384,000	23,938,000	(69.2%)
Total liabilities	<u>\$ 15,176,000</u>	<u>\$ 26,830,000</u>	(43.4%)

We had a decrease in cash of \$701,000, from \$1.5 million at December 31, 2011 to \$0.8 million at September 30, 2012. This was primarily attributed to reducing our debt by \$2.1 million.

Our intangible assets at September 30, 2012 consist almost entirely of assets acquired in the WeedMaps Media, Inc., Revyv, LLC, and MMJMenu acquisitions as well as the domain name acquisition of marijuana.com, rodeo.com and karate.com. We believe these assets are necessary for our growth. The balance is goodwill which represents the premium paid for the acquisitions.

Our current liabilities increased by \$4.9 million, from \$2.9 million at December 31, 2011 to \$7.8 million at September 30, 2012, primarily as a result of our purchase of 51,772,289 shares of our common stock (Treasury Stock) reducing the number of our total shares of common stock outstanding to 37,567,967. See *Note 3. Equity Transactions* in the Footnotes to our financial statements herewith for more information. Pursuant to the terms of which we purchased the shares of our common stock, as consideration we issued promissory notes in the aggregate amount of \$4,875,000 of which at September 30, 2012, the outstanding balance was \$4,605,000, and we further agreed to a Revenue Share Liability of up to \$4,875,000 of which at September 30, 2012, the outstanding balance of the Revenue Share Liability was \$4,609,000, both of which were offset by our making \$2.1 million in cash payments on the notes pursuant to the WeedMaps and Marijuana.com acquisitions and the elimination of the WeedMaps earn-outs pursuant to the terms of which we purchase shares of our common stock. Further we had an increase in accrued liabilities arising from accrual of a \$721,000 tax provision during the nine months ended September 30, 2012.

Our total long-term liabilities decreased by \$16.6 million, from \$23.9 million at December 31, 2011 to \$7.4 million at September 30, 2012 as a result of our issuing the WeedMaps earn-outs shares which reduced our earn-out liability by \$9.1 million, and from our remeasuring to fair value the earn-out provisions related to the WeedMaps acquisition which further reduced our earn-out liability by \$5.95 million, and from the elimination of the remaining WeedMaps earn-outs pursuant to the terms of which we purchase shares of our common stock, all of the foregoing of which was offset by an increase in our notes payable and accrued liabilities pursuant to the terms of which we purchased the shares of our common stock for which as consideration we issued promissory notes in the aggregate amount of \$4,875,000 and we further agreed to a Revenue Share Liability of up to \$4,875,000. See *Note 3. Equity Transactions* in the Footnotes to our financial statements herewith for more information.

During the three and nine months ended September 30, 2012, we recognized a non-cash gain of \$201,000 and \$5.95 million, respectively, on change in fair value of earn-out liability.

Cash Requirements

We had approximately \$812,000 in cash and cash equivalents as of September 30, 2012. Our operating income for the nine months ended September 30, 2012 was \$2.86 million. We had a working capital deficit of approximately \$5.7 million at September 30, 2012. During the nine months ended September 30, 2012, our principal source of liquidity was cash generated from our current operations. However, there can be no assurance that a sufficient level of revenue from sales will be maintained to continue to fund our operations. Future events, which include, but are not limited to, operational problems, delays and unforeseen expenses, may prevent us from meeting our day-to-day financial obligations. In addition, regulatory issues related to our principal operations

may cause some or all of our clients to close and/or cause our operations to discontinue. In either situation, it may have a materially adverse effect on our operations and may either impair our ability to operate or force us to discontinue operations. We may have difficulties, be prevented from, or be unsuccessful in obtaining debt financing or raising capital through the sale of equity in order to maintain and potentially expand our operations and to fund our debt obligations. If we are not able to maintain or increase revenues, or we are unable to secure any additional method of financing, we may be forced to terminate employees, downsize our operations and/or discontinue our operations.

Sources and Uses of Cash

Operations

We had net cash from operating activities of \$2.1 million for the nine months ended September 30, 2012, as compared to net cash from operating activities of \$1.9 million for the nine months ended September 30, 2011. For the nine months ended September 30, 2012, the net cash provided by operating activities consisted primarily of net income of \$7.95 million (including discontinued operations) which included a non-cash \$5.95 million gain on change in fair value of earn-outs, which was slightly offset by a \$108,000 loss related to the discontinued operations of General Health Solutions, and to a lesser extent, an increase in accounts payable and accrued liabilities of \$415,000, an increase in prepaid expenses and deposits of \$811,000, plus non-cash amortization and depreciation expense of \$138,000 and \$88,000, respectively. For the nine months ended September 30, 2011, the net cash used by operating activities consisted primarily of net income of \$1.3 million (including discontinued operations), an increase in accounts payable and accrued liabilities of \$97,000, a decrease in prepaid expenses and deposits of \$569,000, and an increase in accounts receivable of \$197,000, plus non-cash amortization and depreciation expense of \$111,000 and \$51,000, respectively.

Investments

We had net cash used in investing activities of \$689,000 for the nine months ended September 30, 2012, as compared to \$620,000 for the nine months ended September 30, 2011. For the nine months ended September 30, 2012, the net cash used in investing activities was primarily related to purchases of furniture and computers and other equipment of \$72,000, plus purchases of intangible assets of \$617,000. For the nine months ended September 30, 2011, the net cash from investment activities was primarily a result of purchases of furniture and computers and other equipment of \$472,000, plus purchases of intangible assets of \$149,000.

Financing

We had net cash used in financing activities of \$2.1 million for the nine months ended September 30, 2012, as compared to net cash used in financing activities of \$1.3 million for the nine months ended September 30, 2011. For the nine months ended September 30, 2012, our net cash used in financing activities consisted solely of payments on note payables. For the nine months ended September 30, 2011, our net cash used in financing activities also consisted solely of payment on notes payables.

Debt Instruments, Guarantees, and Related Covenants

We have no disclosure required by this Item.

Critical Accounting Estimates

Goodwill

In accordance with Goodwill and Other Intangible Assets, goodwill is defined as the excess of the purchase price over the fair value assigned to individual assets acquired and liabilities assumed and is tested for impairment at the reporting unit level (operating segment or one level below an operating segment) on an annual basis in our fourth fiscal quarter or more frequently if indicators of impairment exist. The performance of the test involves a two-step process. The first step of the impairment test involves comparing the fair value of our reporting units with each respective reporting unit's carrying amount, including goodwill. The fair value of reporting units is generally determined using the income approach. If the carrying amount of a reporting unit exceeds the reporting unit's fair value, the second step of the goodwill impairment test is performed to determine the amount of any impairment loss. The second step of the goodwill impairment test involves comparing the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. No amortization is recorded for goodwill with indefinite useful life. No goodwill impairment was recognized during the nine months ended September 30, 2012 and 2011, respectively.

Intangible Assets

In accordance with Goodwill and Other Intangible Assets, intangible assets that are determined not to have an indefinite useful life are subject to amortization. The Company amortizes intangible assets using the straight-line method over their estimated useful lives.

Impairment of Long-Lived and Intangible Assets

In accordance with Accounting for the Impairment or Disposal of Long-Lived Assets, we review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. The Company assesses the recoverability of the long-lived and intangible assets by comparing the carrying amount to the estimated future undiscounted cash flow associated with the related assets. No impairment of intangible assets was recognized during the nine months ended September 30, 2012. No impairment of long-lived assets was recognized during the nine months ended September 30, 2011.

Contingent Consideration – Earn-outs

Contingent consideration, the earn-out provisions, which are classified as a liability, pursuant to ASC 805, are required to be remeasured to fair value at each reporting date and any changes in fair value subsequent to the acquisition date are recognized in earnings which could cause a material impact to, and volatility in, our operating results. The primary inputs in determining the fair value of the earn-outs that are remeasured to fair value are the quoted price of the underlying shares of our common stock and the probabilities for the three different scenarios in determining the likelihood

of common share payouts. The net effect of the changes to our cash flow model as a result of remeasuring the earn-out liability to fair value was \$5.95 million and, as such, a change in the fair value of the earn-out liability was recorded at September 30, 2012. At September 30, 2012, the fair value of the earn-out liability was \$36,000 as compared to \$18.6 million at December 31, 2011. See *Note 3. Equity Transactions* in the Footnotes to our financial statements herewith for more information on the elimination of the WeedMaps earn-outs pursuant to the terms of which we purchase shares of our common stock.

For the nine months ended September 30, 2012, we recorded a non-cash gain on change in fair value of the earn-out liability of \$5.95 million.

Net Income

For the nine months ended September 30, 2012 and 2011, we had net income of \$7.9 million and \$1.3 million, respectively. The net income we experience during the nine months ended September 30, 2012 is primarily attributed to the \$5.95 million non-cash gain on change in fair value of the earn-out liability.

Item 5 Legal proceedings.

We are not a party to or otherwise involved in any pending or threatened legal proceedings that management considers to have a material adverse effect on our financial condition or results of operations.

In the ordinary course of business, we may from time to time be involved in various pending or threatened legal actions. The litigation process is inherently uncertain and it is possible that the resolution of such matters might have a material adverse effect upon our financial condition and/or results of operations. However, in the opinion of our management, other than as set forth herein, matters currently pending or threatened against us are not expected to have a material adverse effect on our financial position or results of operations.

Item 6 Defaults upon senior securities.

We are not in default on any note, loan, lease, or other indebtedness or financing arrangements requiring us to make payments.

Item 7 Other information.

1. Entry into a Material Definitive Agreement.

On August 24, 2012, we entered into a Domain Names Purchase Agreement (the “HLT Agreement”) with High Level Technologies, Inc. (“HLT”) pursuant to which we purchased 57 domain names as set forth in the Agreement (the “HLT Domain Names”), for total consideration of One Hundred Thousand Dollars (\$100,000), paid at closing.

On August 22, 2012, we entered into a First Amended and Restated Letter of Intent (“LOI”) with Sports Asylum, Inc. (“SAI”) pursuant to which we intend to purchase 100% of the issued and outstanding securities of SAI (the “SAI Securities”) for consideration to be determined between the parties. As a deposit for the acquisition of the SAI Securities,

we paid SAI \$50,000 (the “Deposit”). The Deposit is fully refundable. Pursuant to the LOI, we will advance additional funds to SAI, up to a maximum of an additional \$250,000 (the “Advance” and, together with the Deposit, the “Loaned Funds”), of which we have advanced a total of \$285,000. We have entered into a Secured Promissory Note with SAI, covering the full amount of the Loaned Funds, that provides for repayment by SAI in twelve (12) equal monthly payments beginning January 1, 2013, with interest at 1.01% per annum (the “SAI Note”). If the purchase of the SAI Securities is consummated, the Loaned Funds will be offset against the purchase price of the SAI Securities and the Note will be terminated.

On August 16, 2012, we entered into a Stock Purchase Agreement with Revyv, LLC (the “Reyv Stock Purchase Agreement”) to acquire Five Hundred Thousand (500,000) shares of our common stock for consideration of Sixty Seven Thousand Dollars (\$67,000), payable in two installments, the first of which, for Forty Two Thousand Dollars (\$42,000) was paid at closing, and the second of which, for Twenty Five Thousand Dollars (\$25,000), is due January 10, 2013.

On August 16, 2012, we entered into a Domain Name Purchase Agreement (the “JT Purchase Agreement”) pursuant to which we purchased the domain name known as www.manufacturedhomes.com (the “MHS Domains”), for total consideration of One Hundred Thirty Thousand Dollars (\$130,000), paid at closing.

On August 9, 2012, we entered into and closed a Global Securities Purchase Agreement (the “Hoerling Agreement”) and Secured Promissory Note (the “Hoerling Note” and together with the Hoerling Agreement, the “Hoerling Global Agreements”) with Keith Hoerling, an individual (“Hoerling”). Pursuant to the Hoerling Global Agreements, we acquired Eleven Million Two Hundred Thousand (11,200,000) shares of common stock from Hoerling, in exchange for (A) the Hoerling Note which has a principal balance of One Million Six Hundred and Twenty Five Thousand Dollars (\$1,625,000), to be paid in monthly payments beginning September 15, 2012 and ending on January 15, 2015, and (B) an additional amount of up to One Million Six Hundred and Twenty Five Thousand Dollars (\$1,625,000), to be paid monthly beginning on September 15, 2012 and ending January 15, 2015, based on the monthly gross revenue of WeedMaps as more fully set forth in the Hoerling Global Agreements. Pursuant to the Hoerling Global Agreements, Hoerling has terminated all rights to consideration due from us (including cash and/or stock owed to Hoerling pursuant to agreements whereby we acquired WeedMaps, LLC). Mr. Hoerling will remain employed by us as our Chief Technology Officer.

On August 7, 2012, we entered into a Domain Name Purchase Agreement (the “DN Purchase Agreement”) and a Non-Recourse Secured Promissory Note (the “DH Note”) with Domain Holdings, Inc., an Alberta corporation (“Domain Holdings”), pursuant to which we purchased the domain names known as www.rodeo.com and www.karate.com (the “Purchased Domains”), for total consideration of Five Hundred Thousand Dollars (\$500,000) (the “Purchase Price”), all represented by the DH Note. Pursuant to the terms of the DH Note, we made payments of Fifty Thousand Dollars (\$50,000) on each of August 15, 2012 and September 15, 2012, with the balance paid in eighteen (18) equal monthly installments of Twenty Two Thousand Two Hundred Twenty Two Dollars (\$22,222) beginning October 15, 2012, and continuing on the fifteenth (15th) of each month thereafter. Title to the Purchased Domains shall remain in escrow, with full beneficial rights of use granted to us immediately, until the Note is paid in full.

On August 2, 2012, we entered into a Domain Name Purchase Agreement (the “PV Purchase Agreement”) pursuant to which we purchased the domain names known as www.manufacturedhome.com and www.manufacturedhouse.com (the “MH Domains”), for total consideration of Fifty Thousand Dollars (\$50,000), paid at closing.

On August 1, 2012, we closed (A) a Global Securities Purchase, Consulting, and Resignation Agreement (the “Hartfield Agreement”), Secured Promissory Note (the “Hartfield Note”) and Consulting Agreement (the “Consulting Agreement”) by and among Justin Hartfield, an individual (“Hartfield”) and WeedMaps Media, Inc., a Nevada corporation and our wholly-owned subsidiary (“WeedMaps”) and (B) a Global Securities Purchase and Resignation Agreement (the “Francis Agreement”, collectively with the Hartfield Agreement, the “Hartfield/Francis Global Agreements”) and Secured Promissory Note (the “Francis Note”, collectively with the Hartfield Note, the “Hartfield/Francis Notes”) by and among the Company, Douglas Francis, an individual (“Francis”) and WeedMaps. Pursuant to the Hartfield/Francis Global Agreements, we repurchased an aggregate of Forty Million Seventy Two Thousand Two Hundred Eighty Nine (40,072,289) shares of our common stock. As consideration for the Hartfield/Francis Global Agreements, the Hartfield/Francis Notes were issued to Hartfield and Francis (the “Selling Parties”), individually. The Notes are secured by the shares of common stock sold to the Company by the Selling Parties, and each of them, pursuant to the Hartfield/Francis Global Agreements. Pursuant to the Hartfield/Francis Notes, beginning on September 5, 2012, we will make monthly payments in the amount of \$78,099.38 to each of the Selling Parties. In addition to the Notes, as consideration for the Hartfield/Francis Global Agreements, we agreed to pay to each of the Selling Parties up to One Million Six Hundred and Twenty Five Thousand Dollars (\$1,625,000), to be paid in monthly payments beginning September 15, 2012, and ending January 15, 2015, based on the monthly gross revenue of WeedMaps as more fully set forth in the Global Agreements. Pursuant to the Hartfield/Francis Global Agreements, the Selling Parties have delivered letters of resignation as our employees, terminated all rights to consideration due from us (including cash and/or stock owed to Hartfield pursuant to agreements whereby we acquired WeedMaps, LLC) and Francis has resigned his position as a member of our Board of Directors. Pursuant to the Consulting Agreement, we will pay Hartfield Five Thousand Dollars (\$5,000) per month for a period of thirty (30) months for the services provided pursuant thereto.

2. Termination of a Material Definitive Agreement.

The Global Agreement entered into with Keith Hoerling, taken together with the Hartfield/Francis Global Agreements entered into with Justin Hartfield and Douglas Francis, collectively resulted in the termination of the following agreements:

A. our obligations under the earn-out provisions of that certain Agreement and Plan of Reorganization and Merger, dated November 19, 2010 (the “Reorganization Agreement”) by and among us and WeedMaps Media, Inc., a Nevada corporation (f/k/a Weedmaps, LLC, a Nevada limited liability company) (“WeedMaps”);

B. Employment Agreement with Hartfield dated November 19, 2010;

C. Employment Agreement with Francis dated August 1, 2011;

D. Secured Promissory Note issued to Justin Hartfield in the Principal Amount of \$900,000 dated November 19, 2010 and due January 10, 2012;

E. First Amendment to Secured Promissory Note issued to Justin Hartfield dated February 22, 2011;

F. Secured Promissory Note issued to Justin Hartfield in the Principal Amount of \$900,000 dated November 19, 2010 and due January 10, 2013;

G. Secured Promissory Note issued to Keith Hoerling in the Principal Amount of \$900,000 dated November 19, 2010 and due January 10, 2012;

H. First Amendment to Secured Promissory Note issued to Keith Hoerling dated February 22, 2011;

I. Secured Promissory Note issued to Keith Hoerling in the Principal Amount of \$900,000 dated November 19, 2010 and due January 10, 2013; and

J. Security Agreement dated November 19, 2010.

3. Completion of Acquisition or Disposition of Assets, Including but not Limited to Mergers.

Pursuant to the HLT Agreement described above, we have acquired the 57 Domain Names identified as the HLT Domain Names.

Pursuant to the PV Purchase Agreement and the JT Purchase Agreement described above, we have acquired the following domain names:

www.manufacturedhome.com
www.manufacturedhouse.com
www.manufacturedhomes.com

Pursuant to the DN Purchase Agreement described above, we have acquired the following domain names:

www.rodeo.com
www.karate.com

4. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of an Issuer.

There have been no events which are required to be reported under this Item.

5. Triggering Events That Accelerate or Increase a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement.

There have been no events which are required to be reported under this Item.

6. Costs Associated with Exit or Disposal Activities.

There have been no events which are required to be reported under this Item.

7. Material Impairments.

There have been no events which are required to be reported under this Item.

8. Sales of Equity Securities.

On August 20, 2012, we approved the issuance of Twenty Thousand (20,000) shares of our common stock, restricted in accordance with Rule 144, to each member of our Board of Directors, namely James Pakulis, Bonnie Goldstein, and Munjit Johal, for services rendered from August 2010 through August 2012. The issuances were exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, the shareholders were accredited, and there was no solicitation in connection with the offering and sale.

9. Material Modification to Rights of Security Holders.

There have been no events which are required to be reported under this Item.

10. Changes in Issuer's Certifying Accountant.

There have been no events which are required to be reported under this Item.

11. Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review.

There have been no events which are required to be reported under this Item.

12. Changes in Control of Issuer.

There have been no events which are required to be reported under this Item.

13. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

On September 6, 2012, we received notice from Dr. Bonni Goldstein informing us of her immediate resignation as a member of our Board of Directors.

On August 1, 2012, pursuant to the Francis Agreement described above, Doug Francis resigned as a member of our Board of Directors and as our President.

On August 1, 2012, simultaneous with Doug Francis' resignation as our President, James Pakulis was appointed as our President.

14. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

There have been no events which are required to be reported under this Item.

15. Amendments to the Issuer's Code of Ethics, or Waiver of a Provision of the Code of Ethics.

There have been no events which are required to be reported under this Item.

Item 8 Exhibits.

Material Contracts.

<u>Exhibit No.</u>	<u>Description</u>
M-31 (1)	Global Securities Purchase, Consulting, and Resignation Agreement with Justin Hartfield dated July 31, 2012.
M-32 (1)	Secured Promissory Note with Justin Hartfield dated August 1, 2012.
M-33 (1)	Consulting Agreement with Justin Hartfield dated August 1, 2012.
M-34 (1)	Global Securities Purchase and Resignation Agreement with Francis dated July 31, 2012.
M-35 (1)	Secured Promissory Note with Douglas Francis dated August 1, 2012.
M-36 (2)	Domain Name Purchase Agreement with Domain Holdings, Inc. dated August 7, 2012.
M-37 (2)	Non-Recourse Secured Promissory Note with Domain Holdings, Inc. dated August 7, 2012.
M-38 (3)	Global Securities Purchase Agreement with Keith Hoerling dated August 9, 2012.
M-39 (3)	Secured Promissory Note with Keith Hoerling dated August 9, 2012.

- | | |
|----------|---|
| M-40 (5) | First Amended and Restated Letter of Intent, dated August 22, 2012. |
| M-41 (5) | Secured Promissory Note, dated August 22, 2012. |
| M-42 (4) | Domain Names Purchase Agreement, dated August 24, 2012. |
-
- (1) Incorporated by reference from our Current Report dated August 2, 2012 and filed with OTC Markets on August 7, 2012.
 - (2) Incorporated by reference from our Current Report dated August 14, 2012 and filed with OTC Markets on August 14, 2012.
 - (3) Incorporated by reference from our Current Report dated August 17, 2012 and filed with OTC Markets on August 20, 2012.
 - (4) Incorporated by reference from our Current Report dated September 12, 2012 and filed with OTC Markets on September 19, 2012.
 - (5) Incorporated by reference from our Current Report dated September 17, 2012 and filed with OTC Markets on September 19, 2012.

Articles of Incorporation and Bylaws:

There are no exhibits of this type that have not already been described or attached in a prior disclosure statement.

Item 9 Issuer's Certifications:

<u>Exhibit No.</u>	<u>Description</u>
C-1	Chief Executive Officer Certification
C-2	Chief Financial Officer Certification

Dated this 14th day of November, 2012, at Newport Beach, California.

SearchCore, Inc.,
a Nevada corporation

By: James Pakulis
Its: President and Chief Executive Officer

- | | |
|----------|---|
| M-40 (5) | First Amended and Restated Letter of Intent, dated August 22, 2012. |
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Item 9

Issuer's Certifications:

<u>Exhibit No.</u>	<u>Description</u>
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C-2	Chief Financial Officer Certification

Dated this 14th day of November, 2012, at Newport Beach, California.

SearchCore, Inc.,
a Nevada corporation

By: James Pakulis
Its: President and Chief Executive Officer

Exhibit A

Financial Statements

SEARCHCORE, INC.

Condensed Consolidated Balance Sheets

	September 30, 2012 (Unaudited)	December 31, 2011 (Audited)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 812,232	\$ 1,512,590
Accounts receivable	127,671	206,091
Inventory	—	9,830
Other current assets	966,667	379,860
Current assets - discontinued operations	151,007	51,795
TOTAL CURRENT ASSETS	\$ 2,057,577	\$ 2,160,166
Property and equipment, net	414,679	430,041
Intangible assets:		
Domain names	1,008,572	114,119
Domain name - Marijuana.com, net	4,243,754	4,250,000
Trademarks	87,832	—
Web software, net	715,615	501,343
Goodwill	486,403	486,403
Other assets	82,332	82,332
Other assets - discontinued operations	—	51,976
TOTAL ASSETS	\$ 9,096,764	\$ 8,076,380
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable	\$ 87,219	\$ 50,632
Accrued liabilities	4,186,961	759,312
Notes payable	733,901	708,901
Notes payable - related party	2,659,091	1,130,000
Current liabilities - discontinued operations	125,000	243,017
TOTAL CURRENT LIABILITIES	\$ 7,792,172	\$ 2,891,862
LONG TERM LIABILITIES		
Other accrued liabilities	2,067,001	155,025
Notes payable	3,334,756	3,416,099
Notes payable - related party	1,945,834	1,800,000
Earn-out provisions	36,426	18,567,223
TOTAL LONG TERM LIABILITIES	7,384,017	23,938,347
TOTAL LIABILITIES	\$ 15,176,189	\$ 26,830,209
STOCKHOLDERS' EQUITY (DEFICIT)		
Preferred stock, \$0.001 par value: 20,000,000 shares authorized; zero shares issued and outstanding at September 30, 2012; zero shares issued and outstanding at December 31, 2011;	—	—
Common stock, \$0.001 par value: 200,000,000 shares authorized; 89,340,256 shares issued and outstanding at September 30, 2012, 83,140,256 shares issued and outstanding at December 31, 2011;	89,340	83,140
Treasury stock; 51,772,289 shares issued and outstanding at September 30, 2012, zero shares issued and outstanding at December 31, 2011;	(51,772)	-
Paid-in capital	(11,194,018)	(15,965,044)
Retained earnings (accumulated deficit)	5,077,025	(2,871,925)
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	(6,079,425)	(18,753,829)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	\$ 9,096,764	\$ 8,076,380

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

SEARCHCORE, INC.

Condensed Consolidated Statements of Operations (Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
REVENUE				
Sales	\$ 4,334,682	\$ 3,586,729	\$ 12,172,350	\$ 8,586,519
Total revenue	4,334,682	3,586,729	12,172,350	8,586,519
OPERATING EXPENSES				
Cost of sales	290,049	40,239	722,462	176,020
Selling, general and administrative expenses	2,839,430	2,671,008	8,589,514	5,848,491
Total operating expenses	3,129,479	2,711,247	9,311,976	6,024,511
Operating Income (loss)	1,205,203	875,482	2,860,374	2,562,008
Other Income (Expense)				
Gain on change in fair value of earn-out liabilities	200,859	—	5,954,030	—
Interest income	587	35	587	214
Interest expense	(11,017)	—	(36,786)	—
Total other income	190,429	35	5,917,831	214
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	1,395,632	875,517	8,778,205	2,562,222
Provision for Income Taxes	353,000	324,000	721,000	853,000
INCOME (LOSS) FROM CONTINUING OPERATIONS	1,042,632	551,517	8,057,205	1,709,222
(Loss) income from discontinued operations, net of \$73,000 and zero tax benefit for the nine months ended September 30, 2012 and 2011, respectively, and net of \$3,000 and zero tax benefit for the three months ended September 30, 2012 and 2011, respectively.	(3,505)	(117,282)	(108,255)	(425,491)
NET INCOME (LOSS)	\$ 1,039,127	\$ 434,235	\$ 7,948,950	\$ 1,283,731
Income (loss) per share, Basic and Diluted				
Income (loss) from continuing operations	\$ 0.02	\$ 0.01	\$ 0.11	\$ 0.02
Income (loss) from discontinued operations	0.00	(0.00)	(0.00)	(0.01)
Total income (loss) per share	<u>\$ 0.02</u>	<u>\$ 0.01</u>	<u>\$ 0.11</u>	<u>\$ 0.02</u>
WEIGHTED AVERAGE COMMON SHARES	<u>53,572,158</u>	<u>83,140,256</u>	<u>72,236,822</u>	<u>83,116,446</u>

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

SEARCHCORE, INC.

Condensed Consolidated Statements of Cash Flows (Unaudited)

	Nine Months Ended	
	September 30, 2012	September 30, 2011
Cash flows from operating activities:		
Net income	\$ 7,948,950	\$ 1,283,731
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation	87,834	50,703
Amortization	138,306	110,755
Stock-based compensation	125,000	—
Gain on change in fair value of earn-out liabilities	(5,954,030)	—
Changes in operating assets and liabilities:		
Accounts receivable	78,420	(197,140)
Inventories	9,830	—
Prepaid expenses and deposits	(811,019)	569,176
Other assets	51,976	—
Accounts payable and accrued liabilities	414,882	96,781
Net cash provided by operating activities	2,090,149	1,914,006
Cash flows from investing activities:		
Purchases of property and equipment	(72,472)	(471,949)
Purchases of intangible assets	(616,617)	(148,518)
Net cash used in investing activities	(689,089)	(620,467)
Cash flows from financing activities:		
Payments on note payable	(506,343)	—
Payments on note payable - related party	(1,595,075)	(1,295,000)
Net cash used in financing activities	(2,101,418)	(1,295,000)
Net (decrease) increase in cash and cash equivalents	(700,358)	(1,461)
Cash and cash equivalents at beginning of period	1,512,590	1,388,574
Cash and cash equivalents at end of period	<u>\$ 812,232</u>	<u>\$ 1,387,113</u>
Non-cash investing and financing activity:		
Shares issued pursuant to Revyv acquisition	\$ —	\$ 1,000,000
Shares issued pursuant to MMJMenu acquisition	\$ 262,000	\$ —
Shares issued pursuant to WeedMaps Earn-outs	\$ 9,120,000	\$ —

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

SEARCHCORE, INC.

Condensed Consolidated Statements of Stockholders' Equity (Deficit)

	Preferred Stock		Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Deficit	Total Shareholders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount			
BALANCES, December 31, 2010	—	—	82,640,256	\$ 82,640	-	\$ -	\$ (16,964,444)	\$ 372,374	\$ (16,509,430)
Issuance of common stock			500,000	500			999,500		1,000,000
Paid in capital, Revvy, LLC acquisition							(100)		(100)
Net income (loss) from continuing operations								(3,244,299)	(3,244,299)
BALANCES, December 31, 2011	—	—	83,140,256	\$ 83,140	-	\$ -	\$ (15,965,044)	\$ (2,871,925)	\$ (18,753,829)
Issuance of common stock, MMMenu			200,000	200			261,800		262,000
Issuance of common stock, WeedMaps earnings			6,000,000	6,000			9,114,000		9,120,000
Treasury stock purchases					(51,772,289)	(51,772)	(4,604,774)		(4,656,546)
Net income (loss) from continuing operations								7,948,950	7,948,950
BALANCES, September 30, 2012	—	—	89,340,256	\$ 89,340	(51,772,289)	\$ (51,772)	\$ (11,194,018)	\$ 5,077,025	\$ (6,079,425)

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

SEARCHCORE, INC.
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Note 1. General

Nature of Business

We, together with our wholly owned subsidiaries, are engaged in developing and leveraging technology in order to market our services in numerous industries. We currently are either in the development stage or are marketing in the recreational sports, manufactured home and medicinal cannabis industries. We provide services in three different sectors; media, technology and marketing. As it relates to medicinal cannabis, we are not engaged in the growing, harvesting, cultivation, possession, or distribution of cannabis. Instead, we assist the physicians, dispensaries and end-users within the medicinal cannabis industry in finding each other and in advertising their businesses through our various finder websites, software applications and programs, and other media. Our expanded direction is to provide finder site and search capabilities to non-cannabis related industries.

SearchCore, Inc. was formed on July 14, 2003 in the State of Nevada as Tora Technologies, Inc. On November 21, 2006, we changed our name to Makeup.com Limited, on January 29, 2010, we changed our name to LC Luxuries Limited, on November 5, 2010, we changed our name to General Cannabis, Inc. Finally, on January 6, 2012, we changed our name to SearchCore, Inc.

All of our operations are conducted through our wholly-owned subsidiaries, each of which is incorporated or qualified to do business in the states in which it does so.

The Medicinal Cannabis Industry

There are a total of 22 states, plus the District of Columbia with legislation either passed or pending as it relates to medicinal cannabis.

Eighteen states, plus the District of Columbia, have adopted laws that exempt patients from state criminal penalties who use medicinal cannabis under a physician's supervision. These are collectively referred to as the states that have de-criminalized medicinal cannabis, although there is a subtle difference between de-criminalization and legalization, and each state's laws are different. The states that have legalized medicinal cannabis are as follows (in alphabetical order):

Alaska,
Arizona,
California,
Colorado,
Connecticut,
Delaware
District of Columbia,
Hawaii,
Maine,
Massachusetts,
Michigan,
Montana,
Nevada,
New Jersey,

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New Mexico,
Oregon,
Rhode Island,
Vermont, and
Washington.

As of November 14, 2012, four states have pending legislation or ballot measures to legalize medical marijuana. The states are as follows (in alphabetical order):

Illinois,
New York,
Ohio, and
Pennsylvania,

Medical cannabis decriminalization is generally referred to as the removal of all criminal penalties for the private possession and use of cannabis by adults, including cultivation for personal use and casual, nonprofit transfers of small amounts. Legalization is generally referred to as the development of a legally controlled market for cannabis, where consumers purchase from a safe, legal, and regulated source.

The United States federal government regulates drugs through the Controlled Substances Act (21 U.S.C. § 811), which places controlled substances, including cannabis, in a schedule. Cannabis is classified as a Schedule I drug, which is viewed as highly addictive and having no medical value. Under the First Amendment, doctors may recommend cannabis for medical use; however, under federal law, they may not prescribe cannabis for medical use. In 2010, the United States Veterans Affairs Department clarified that veterans using medicinal cannabis will not be denied services or other medications that are denied to those using illegal drugs.

Recent Developments

Share Purchases – Treasury Stock

See *Note 3. Equity Transactions* for detail of our purchase of 51,772,289 shares of our common stock (Treasury Stock) reducing the number of our total shares of common stock outstanding to 37,567,967. At September 30, 2012 the total number of shares of our common stock that were issued and outstanding was 89,340,256 of which 51,772,289 were treasury stock. Pursuant to terms of which we purchased shares of our common stock, 51,272,289 shares held in escrow are released monthly on a pro-rata basis as we make payments on the promissory notes related to their purchase. Further, pursuant to the terms of which we purchased 500,000 shares of our common stock, 186,567 shares held in escrow will be release on January 10, 2013 upon final payment of the associated promissory note.

Domain Name Acquisitions

See *Note 7. Intangible Assets* for detail of several transactions totaling \$780,000 where by we acquired over 60 domain names during the quarter ended September 30, 2012.

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MMJMenu

On January 5, 2012, WeedMaps Media, Inc. acquired substantially all the assets of MMJMenu, LLC (“MMJ”). The assets consist primarily of the intellectual property associated with MMJ, including its website (www.mmjmenu.com). As consideration for the purchase we issued an aggregate of Two Hundred Thousand (200,000) shares of our common stock to MMJ or its assigns. Effective on January 4, 2012, we entered into an at-will employment agreement with each of Justin Weidmann and Alex Weidmann, each of which are members of MMJ. The compensation due to each is \$10,000 per month.

Principal Services

The Company’s principal services are offered through the following wholly owned subsidiaries.

WeedMaps Media, Inc.

WeedMaps Media, Inc. is our wholly-owned subsidiary, and its primary operation is the internet website, www.weedmaps.com. Weedmaps.com is an online finder site service that allows patients to find local medical cannabis dispensaries, which are also referred to as collectives. Dispensaries are locations where patients who have received letters of recommendation from a health care provider can purchase medicinal cannabis, as well as a variety of other non-cannabis related items including, but not limited to, apparel accessories, posters, bumper stickers, concert tickets, books and musical CD’s.

General Marketing Solutions, Inc.

General Marketing Solutions, Inc. is our wholly-owned subsidiary, and its primary operation is the internet website, www.cannabiscenters.com. Though primarily in the development stage, the website aids prospective patients in finding physicians across the country that support and recommend medicinal cannabis. There is a patient verification system which verifies the authenticity of the patient’s Letter Of Recommendation. This is an internal control system designed to validate the status of a patient to law enforcement, dispensaries and other interested parties, as well as a social media platform for users.

General Merchant Solutions, Inc.

Prior to August 1, 2011, General Merchant Solutions supplied dispensaries with credit card processing services, however, due to market conditions (specifically lack of reliable financing) we felt it to be in our best interests to discontinue providing merchant services to dispensaries. The remaining credit card processing business proved to be only nominally profitable, and on October 31, 2011, General Merchant Solutions discontinued all retail credit card processing operations. The entity is held as an entity in good standing with no operations.

General Management Solutions, Inc.

General Management Solutions, Inc., is our wholly-owned subsidiary that oversees and provides all of the human resource issues for employees including hiring, terminating, and employee benefits.

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General Health Solutions, Inc.

See *Note 9. Discontinued Operations* for further details of our decision to terminate the management agreement and services associated with the agreement which constitutes our entire Medical Clinic Management segment. During February 2012, we committed to a plan to terminate the management agreement and services associated with the agreement which resulted in General Health Solutions, Inc., our Medical Clinic Management segment being reported as discontinued operations. For comparative purposes, all prior periods presented have been restated to reflect the reclassification of this segment to discontinued operations on a consistent basis.

Other Subsidiaries

We have two additional wholly-owned subsidiaries whose operations are relatively inactive at this time, namely *General Processing Corporation*, *CannaCenters Corporation* (dba CannaCenters), and a third subsidiary, *LV Luxuries Incorporated* (which operated as makeup.com), whose operations have been discontinued. As of right now we have no imminent or specific plans for either of the entities and they are held as corporations in good standing with no operations.

Note 2. Basis Of Presentation And Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries and have been prepared in accordance with accounting principles generally accepted in the United States of America.

Reclassifications

Certain prior year amounts in the accompanying consolidated financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the consolidated results of operations or financial position for any years presented.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates are based on knowledge of current events and anticipated future events and accordingly, actual results may differ from those estimates.

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Risks related to cash

The Company maintains cash in bank and deposit accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Cash and Cash equivalents

The Company considers only highly liquid investments such as money market funds and commercial paper with maturities of 90 days or less at the date of their acquisition as cash and cash equivalents.

Fair Value of Financial Instruments

The accounting standards regarding disclosures about fair value of financial instruments defines financial instruments and required fair value disclosure of those instruments. This accounting standard defines fair value, establishes a three-level valuation hierarchy for disclosures of fair value measurement and enhances disclosure requirements for fair value measures. Receivables, investments, payables, short and long term debt and warrant liabilities qualified as financial instruments. Management believes the carrying amounts of receivables, payables and debt are a reasonable estimate of fair value because of the short period of time between the origination of such instruments, their expected realization, and if applicable, their stated interest rate is equivalent to interest rates currently available. The three levels are defined as follows:

- Level 1 Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full term of the financial instruments.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value.

The Company analyzes all financial instruments with features of both liabilities and equity under the accounting standards regarding accounting for certain financial instruments with characteristics of both liabilities and equity, accounting for derivative instruments and hedging activities, accounting for derivative financial instruments indexed to, and potentially settled in, a company's own stock, and the accounting standard regarding determining whether an instrument (or embedded feature) is indexed to an entity's own stock. The accounting standard specifies that a contract that would otherwise meet the definition of a derivative but is both (a) indexed to the Company's own stock and (b) classified in stockholders' equity in the statement of financial position would not be considered a derivative financial instrument. This standard provides a two-step model to be applied in determining whether a financial instrument or an embedded feature is indexed to an issuer's own stock and thus able to qualify for this accounting standard scope exception. All warrants issued by the Company are denominated in U.S. dollars.

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Accounts Receivable

Accounts receivable are recorded at the invoice amount and do not bear interest.

Advertising Cost

The Company expenses advertising costs when incurred. Advertising expense for the nine months ended September 30, 2012 and 2011 was \$180,000 and \$609,000, respectively.

Allowance for Doubtful Accounts

Allowance for doubtful accounts is defined as a company's estimate of the amount of probable credit losses in the company's existing accounts receivable. The Company does not maintain an allowance for doubtful account based upon management's review of the Company's revenue structure whereby substantially all receivables are confirmed before they are booked as revenue. The Company reviews its allowance for doubtful accounts policy periodically. The Company does not have any off-balance-sheet exposure related to its customers.

Inventory

The Inventory balance at December 31, 2011 consisted of credit card terminals which were stated at the lower of cost (average) or market. We previously supplied dispensaries with credit card processing services. On October 31, 2011, General Merchant Solutions, our wholly owned subsidiary, discontinued all retail credit card processing operations.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the useful lives of the assets, generally from three to seven years. Property and equipment at September 30, 2012 and 2011 are presented net of accumulated depreciation of \$159,000 and \$75,000, respectfully.

Goodwill

In accordance with *Goodwill and Other Intangible Assets*, goodwill is defined as the excess of the purchase price over the fair value assigned to individual assets acquired and liabilities assumed and is tested for impairment at the reporting unit level (operating segment or one level below an operating segment) on an annual basis in the Company's fourth fiscal quarter or more frequently if indicators of impairment exist. The performance of the test involves a two-step process. The first step of the impairment test involves comparing the fair value of the Company's reporting units with each respective reporting unit's carrying amount, including goodwill. The fair value of reporting units is generally determined using the income approach. If the carrying amount of a reporting unit exceeds the reporting unit's fair value, the second step of the goodwill impairment test is performed to determine the amount of any impairment loss. The second step of the goodwill impairment test involves comparing the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. No amortization is recorded for goodwill with indefinite useful life. No goodwill impairment was recognized during the nine months ended September 30, 2012 and 2011, respectively.

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Intangible Assets

In accordance with *Goodwill and Other Intangible Assets*, intangible assets that are determined not to have an indefinite useful life are subject to amortization. The Company amortizes intangible assets using the straight-line method over their estimated useful lives.

Impairment of Long-Lived and Intangible Assets

In accordance with *Accounting for the Impairment or Disposal of Long-Lived Assets*, the Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. The Company assesses the recoverability of the long-lived and intangible assets by comparing the carrying amount to the estimated future undiscounted cash flow associated with the related assets. No impairment of intangible assets was recognized during the nine months ended September 30, 2012 and 2011, respectively.

Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with the provisions of *Share-Based Payment*, which addresses the accounting for equity-based compensation and which requires that the cost of all equity-based compensation arrangements, be reflected in the financial statements over the vesting period based on the estimated fair value of the awards. During the nine months ended September 30, 2012 and 2011, the Company had \$125,000 and zero, respectively, in stock-based compensation expense related to issuances of shares of the Company's common stock to consultants.

Treasury Stock

We account for treasury stock using the cost method and include treasury stock as a component of shareholders' equity. Other than the share purchases described in *Note 3. Equity Transactions*, we currently do not have or intend to initiate a share repurchase program.

Contingent Consideration – Earn-outs

Contingent consideration, the earn-out provisions, which are classified as a liability, pursuant to ASC 805, are required to be remeasured to fair value at each reporting date and any changes in fair value subsequent to the acquisition date are recognized in earnings which could cause a material impact to, and volatility in, our operating results. The primary inputs in determining the fair value of the earn-outs that are remeasured to fair value are the quoted price of the underlying shares of our common stock and the probabilities for the three different scenarios in determining the likelihood of common share payouts.

Revenue Recognition

We recognize revenue in accordance with ASC 605, "*Revenue Recognition*," we recognize as revenue the fees we charge customers as referenced below because persuasive evidence of an arrangement exists, the fees we charge are substantially fixed or determinable during the period that we provide the services, we and our customers understand the specific nature and terms of the agreed upon transactions, collectability is reasonable assured and services have been rendered.

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The Company and its wholly owned subsidiaries recognize revenue as follows:

Listing Fee Revenue – The Company operates WeedMaps.com and several associated websites, together composing a large scale, medical-cannabis industry focused internet media portal that targets dispensaries, advertisers and consumers. The Company generates revenues from listings on the Company's website. We recognize as revenue the fees we charge customers for listing their related company on our website. The terms of the listing arrangements with our customers are pursuant to a marketing agreement entered into with each customer pursuant to the terms of which the listing period is on a month-to-month term, listings are prepaid monthly and we do not offer returns, as such, our policy is to recognize revenues on a per-listing fee basis in the month that we provide the listing service.

Ad Revenue – The Company generates revenues from advertising on the Company's websites. We recognize as revenue the fees we charge customers for placing ads for their related company on our websites. The terms of the advertising arrangements with our customers are pursuant to an advertising agreement entered into with each customer pursuant to the terms of which the advertising period is on a month-to-month term, ads are prepaid monthly and we do not offer returns, as such, our policy is to recognize revenues on a per-ad fee basis in the month that we provide the advertising service.

Content Production Revenue – The Company generates revenues from photo and video production of content, which is displayed on the Company's websites. We recognize as revenue the fees we charge customers for photo and video production services pursuant to which we create virtual tours of their establishments and products, which are then displayed on our websites. The terms of the production services with our customers are pursuant to an agreement entered into with each customer pursuant to the terms of which the production services are on a one-time basis and our policy is to recognize revenues on a per-production basis in the month that we provide the production services.

Software Product Revenue – The Company generates revenues from the delivery of our software products via the cloud. We recognize as revenue the fees we charge customers for a software subscription service. The terms of the software subscription arrangements with our customers are pursuant to an agreement entered into with each customer pursuant to the terms of which the subscription period is on a month-to-month term, subscriptions are prepaid monthly and we do not offer returns, as such, our policy is to recognize revenues on a per-subscription fee basis in the month that we provide the software subscription service.

Income Taxes

The Company follows *Accounting for Income Taxes* that requires recognition of deferred income tax liabilities and assets for the expected future tax consequences of temporary differences between the income tax basis and financial reporting basis of assets and liabilities. Provision for income taxes consists of taxes currently due plus deferred taxes.

The charge for taxation is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of assessable tax profit. In principle, deferred tax liabilities are recognized for all taxable temporary differences, and deferred tax assets are

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recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also recorded in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Uncertain tax positions

The Company recognizes uncertain tax positions based on a benefit recognition model. Provided that the tax position is deemed more likely than not of being sustained, the Company recognizes the largest amount of tax benefit that is greater than 50 percent likely of being ultimately realized upon settlement. The tax position is derecognized when it is no longer more likely than not of being sustained. The Company classifies income tax-related interest and penalties as interest expense and SGA expense, respectively, on the Consolidated Statement of Operations.

Subsequent Events

During May 2009 and February 2010, the FASB issued new authoritative pronouncement regarding recognized and non-recognized subsequent events. This guidance establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before the financial statements are issued or are available to be issued. The Company adopted this guidance and it had no impact on the Company's results of operations or financial position.

Recent Accounting Pronouncements

FASB issued an accounting standards update amending ASC 220 to improve the comparability, consistency and transparency of reporting of comprehensive income. It amends existing guidance by allowing only two options for presenting the components of net income and other comprehensive income: (1) in a single continuous financial statement, statement of comprehensive income or (2) in two separate but consecutive financial statements, consisting of an income statement followed by a separate statement of other comprehensive income. Also, items that are reclassified from other comprehensive income to net income must be presented on the face of the financial statements. ASU No. 2011-05 requires retrospective application, and it is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011, with early adoption permitted. In December 2011, FASB issued ASU 2011-12. ASU 2011-12 indefinitely deferred the provisions of ASU 2011-05 requiring the presentation of reclassification adjustments on the face of the financial statements for items reclassified from other comprehensive income to net income. The adoption of this standard did not have a material impact on our financial statements.

FASB issued an accounting standards update amending ASC 820, which is effective for interim and annual periods beginning after December 31, 2011, to achieve common fair value measurement and disclosure requirements between GAAP and IFRS. This amendment changes the wording used to

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describe fair value and requires additional disclosures. The adoption of this amendment did not have a material impact on our financial statements.

In September 2011, the FASB issued an amendment to an existing accounting standard, which provides an option to perform a qualitative assessment to determine whether further impairment testing on goodwill is necessary. Specifically, an entity has the option to first assess qualitative factors to determine whether it is necessary to perform the current two-step test. If an entity believes, as a result of its qualitative assessment, that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, the quantitative impairment test is required. Otherwise, no further testing is required. This standard is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. The adoption of this standard did not have a material impact on our financial statements.

In January 2010, FASB issued ASU No. 2010-01- *Accounting for Distributions to Shareholders with Components of Stock and Cash*. The amendments in this Update clarify that the stock portion of a distribution to shareholders that allows them to elect to receive cash or stock with a potential limitation on the total amount of cash that all shareholders can elect to receive in the aggregate is considered a share issuance that is reflected in EPS prospectively and is not a stock dividend for purposes of applying Topics 505 and 260 (Equity and Earnings Per Share). The amendments in this update are effective for interim and annual periods ending on or after December 15, 2009, and should be applied on a retrospective basis. The adoption of this ASU did not have a material impact on our consolidated financial statements.

In January 2010, FASB issued ASU No. 2010-02 - *Accounting and Reporting for Decreases in Ownership of a Subsidiary - a Scope Clarification*. The amendments in this Update affect accounting and reporting by an entity that experiences a decrease in ownership in a subsidiary that is a business or nonprofit activity. The amendments also affect accounting and reporting by an entity that exchanges a group of assets that constitutes a business or nonprofit activity for an equity interest in another entity. The amendments in this update are effective beginning in the period that an entity adopts *Non-controlling Interests in Consolidated Financial Statements*. If an entity has previously adopted *Non-controlling Interests in Consolidated Financial Statements* as of the date the amendments in this update are included in the Accounting Standards Codification, the amendments in this update are effective beginning in the first interim or annual reporting period ending on or after December 15, 2009. The amendments in this update should be applied retrospectively to the first period that an entity adopted *Non-controlling Interests in Consolidated Financial Statements*. The adoption of this ASU did not have a material impact on our consolidated financial statements.

In January 2010, FASB issued ASU No. 2010-06 - *Improving Disclosures about Fair Value Measurements*. This update provides amendments to Subtopic 820-10 that requires new disclosure as follows: 1) Transfers in and out of Levels 1 and 2. A reporting entity should disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the transfers. 2) Activity in Level 3 fair value measurements. In the reconciliation for fair value measurements using significant unobservable inputs (Level 3), a reporting entity should present separately information about purchases, sales, issuances, and settlements (that is, on a gross basis rather than as one net number). This update provides amendments to Subtopic 820-10 that clarify existing disclosures as follows: 1) Level of disaggregation. A reporting entity should provide fair value measurement disclosures for each class of assets and liabilities. A class is often a subset of assets or liabilities within a line item in the statement of financial position. A reporting entity needs to use

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judgment in determining the appropriate classes of assets and liabilities. 2) Disclosures about inputs and valuation techniques. A reporting entity should provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements. Those disclosures are required for fair value measurements that fall in either Level 2 or Level 3. The new disclosures and clarifications of existing disclosures are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. These disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The adoption of this ASU did not have a material impact on our consolidated financial statements.

In September 2009, the FASB issued Accounting Standards Update No. 2009-08 *Earnings Per Share - Amendments to Section 260-10-S99*, which represents technical corrections to topic 260-10-S99 *Earnings per share*, based on EITF Topic D-53 *Computation of Earnings Per Share for a Period that includes a Redemption or an Induced Conversion of a Portion of a Class of Preferred Stock* and EITF Topic D-42 *The Effect of the Calculation of Earnings per Share for the Redemption or Induced Conversion of Preferred Stock*. The adoption of this ASU did not have a material impact on our consolidated financial statements, results of operations or cash flows.

In August 2009, the FASB issued Accounting Standards Update No. 2009-05 *Fair Value Measurement and Disclosures Topic 820 - Measuring Liabilities at Fair Value*, which provides amendments to subtopic 820-10 *Fair Value Measurements and Disclosures - Overall* for the fair value measurement of liabilities. This update provides clarification that in circumstances in which a quoted price in an active market for the identical liability is not available, a reporting entity is required to measure fair value using one or more of the following techniques: 1. A valuation technique that uses: a) the quoted price of the identical liability when traded as an asset b) quoted prices for similar liabilities or similar liabilities when traded as assets. 2. Another valuation technique that is consistent with the principles of topic 820; two examples would be an income approach, such as a present value technique, or a market approach, such as a technique that is based on the amount at the measurement date that the reporting entity would pay to transfer the identical liability or would receive to enter into the identical liability. The amendments in this update also clarify that when estimating the fair value of a liability, a reporting entity is not required to include a separate input or adjustment to other inputs relating to the existence of a restriction that prevents the transfer of the liability. The amendments in this update also clarify that both a quoted price in an active market for the identical liability when traded as an asset in an active market when no adjustments to the quoted price of the asset are required are Level 1 fair value measurements. The adoption of this ASU did not have a material impact on our consolidated financial statements, results of operations or cash flows.

In June 2009, the FASB issued standards that establish only two levels of U.S. GAAP, authoritative and nonauthoritative. The FASB Accounting Standards Codification (the "Codification") became the source of authoritative, nongovernmental GAAP, except for rules and interpretive releases of the SEC, which are sources of authoritative GAAP for SEC registrants. All other non-grandfathered, non-SEC accounting literature not included in the Codification became nonauthoritative. This standard is effective for financial statements for interim or annual reporting periods ending after September 15, 2009. We use the new guidelines and numbering system prescribed by the Codification when referring to GAAP. As the Codification was not intended to change or alter existing GAAP, it did not have a material impact on our consolidated financial statements.

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In April 2009, the FASB issued standards that require disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. This standard also requires those disclosures in summarized financial information at interim reporting periods. This standard applies to all financial instruments within the scope of Statement 107 held by publicly traded companies, as defined by APB 28, and requires that a publicly traded company include disclosures about the fair value of its financial instruments whenever it issues summarized financial information for interim reporting periods. This standard is effective for interim reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. The adoption of this standard did not have a material impact on our consolidated financial statements, results of operations or cash flows.

In April 2009, the FASB issued standards that provide additional guidance for estimating fair value when the volume and level of activity for the asset or liability have significantly decreased and also includes guidance on identifying circumstances that indicate a transaction is not orderly for fair value measurements. This standard is effective for interim and annual periods ending after June 15, 2009. The adoption of this standard did not have a material impact on our consolidated financial statements, results of operations or cash flows.

In May 2009, the FASB issued standards that require management to evaluate subsequent events through the date the financial statements are either issued, or available to be issued. Companies are required to disclose the date through which subsequent events have been evaluated. This standard is effective for interim or annual financial periods ending after June 15, 2009. The Company evaluated its September 30, 2012 financial statements for subsequent events through November 14, 2012, the date the financial statements were available to be issued. Other than the events in *Note 21. Subsequent Events*, the Company is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

Note 3. Equity Transactions

The below purchases of shares of our common stock (Treasury Stock) were accounted for using the cost method and we include the treasury stock as a component of our shareholders' equity. In aggregate, we purchased 51,772,289 shares of our common stock, reducing the number of our total shares of common stock outstanding to 37,567,967. At September 30, 2012 the total number of shares of our common stock that were issued and outstanding was 89,340,256 of which 51,772,289 were treasury stock. Pursuant to terms of which we purchased shares of our common stock, 51,272,289 shares held in escrow are released monthly on a pro-rata basis as we make payments on the promissory notes related to their purchase. Further, pursuant to the terms of which we purchased 500,000 shares of our common stock, 186,567 shares held in escrow will be release on January 10, 2013 upon final payment of the associated promissory note.

Share Purchases from Hartfield, Hoerling and Francis

During August 2012, we closed (A) a Global Securities Purchase, Consulting, and Resignation Agreement (the "Hartfield Agreement"), Secured Promissory Note (the "Hartfield Note") and Consulting Agreement (the "Consulting Agreement") by and among Justin Hartfield, an individual ("Hartfield") and WeedMaps Media, Inc., a Nevada corporation and our wholly-owned subsidiary ("WeedMaps"), (B) a Global Securities Purchase Agreement (the "Hoerling Agreement") and Secured Promissory Note (the

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"Hoerling Note") by and among us, Keith Hoerling, an individual ("Hoerling") and WeedMaps and (C) a Global Securities Purchase and Resignation Agreement (the "Francis Agreement", collectively with the Hartfield and Hoerling Agreements, the "Global Agreements") and Secured Promissory Note (the "Francis Note", collectively with the Hartfield and Hoerling Notes, the "Notes") by and among us, Douglas Francis, an individual ("Francis", collectively with Hartfield and Hoerling, the "Selling Parties") and WeedMaps. Pursuant to the Global Agreements, Hartfield and Francis have delivered letters of resignation as our employees. Mr. Hoerling will remain employed by us as our Chief Technology Officer. Mr. Francis has resigned his position as a member of our Board of Directors. Further, pursuant to the Global Agreements, the Selling Parties have terminated all rights to consideration due from us (including cash and/or stock owed to Hartfield and Hoerling pursuant to agreements whereby we acquired WeedMaps, LLC). Pursuant to the Global Agreements, we purchased a total of 51,272,289 shares of our common stock from the Selling Parties.

As consideration for the Global Agreements, the Notes were issued to Hartfield, Hoerling and Francis, individually. The Notes are secured by the shares of common stock sold to the Company by the Selling Parties, and each of them, pursuant to the Global Agreements. Pursuant to the Notes, beginning in September 2012, we began making monthly payments in the amount of \$78,099.38 to each of the Selling Parties. The original aggregate amount of the Notes was \$4,875,000. At September 30, 2012, the outstanding balance of the Notes was \$4,605,000, of which \$2,659,000 was recorded as the current portion and \$1,946,000 was recorded as the noncurrent portion.

In addition to the Notes, as consideration for the Global Agreements, we agreed to pay to each of the Selling Parties up to \$1,625,000, to be paid in monthly payments beginning in September 2012, and ending in January 2015, based on the monthly gross revenue of WeedMaps as more fully set forth in the Global Agreements (the "Revenue Share Liability"). The original aggregate amount of the Revenue Share Liability was \$4,875,000. At September 30, 2012, the outstanding balance of the Revenue Share Liability was \$4,609,000, of which \$2,659,000 was recorded as the current portion and \$1,950,000 was recorded as the noncurrent portion.

Pursuant to the Consulting Agreement, we will pay Hartfield Five Thousand Dollars (\$5,000) per month for a period of 30 months for the services provided pursuant thereto.

Share Purchases from Revyv, LLC

On August 16, 2012, we entered into a Stock Purchase Agreement with Revyv, LLC to acquire 500,000 shares of our common stock for consideration of \$67,000 of which \$42,000 was paid at closing and by issuing a \$25,000 promissory note due January 10, 2013.

Stock-based Compensation

On November 5, 2012, we issued 250,000 shares of our common stock to one shareholder for services rendered from July 1, 2012 through September 30, 2012 and was accounted for as an expensed during the quarter ended September 30, 2012. The issuance was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, and the investor was accredited and had access to information necessary to make an investment decision. The shares were restricted securities as described in Rule 144 pursuant to the Securities Act of 1933.

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MMJMenu, LLC

On January 5, 2012, WeedMaps acquired substantially all the assets of MMJMenu, LLC (“MMJ”). As consideration for the purchase we issued an aggregate of Two Hundred Thousand (200,000) shares of our common stock to MMJ or its assigns. The issuance was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, and the investor was accredited and had access to information necessary to make an investment decision. The shares were restricted securities as described in Rule 144 pursuant to the Securities Act of 1933.

Note 4. Business Combinations

MMJMenu, LLC

On January 5, 2012, WeedMaps Media, Inc. acquired substantially all the assets of MMJMenu, LLC (“MMJ”) including its website (www.mmjmenu.com). MMJ is a dispensary point-of-service and collective management software system that gives customers inventory tracking, patient management and a point-of-sales system. The MMJMenu is being integrated with WeedMaps, so that our customers can have their inventory updated in real-time on their respective WeedMaps.com listing page. The acquisition of MMJ was accounted for in accordance with the authoritative literature described in ASC 805-10 Business Combinations. Pursuant to ASC 805-10 Business Combinations only the acquisition method may be applied to account for a business combination. As consideration for the purchase we issued an aggregate of Two Hundred Thousand (200,000) shares of our common stock to MMJ or its assigns. The total purchase price was \$262,000 which was based on the price of the underlying common stock, \$1.31, as quoted on the OTC Markets on January 5, 2012, the date of the acquisition. Effective on January 4, 2012, we entered into an at-will employment agreement with each of Justin Weidmann and Alex Weidmann, each of which are members of MMJMenu, LLC. The compensation due to each is \$10,000 per month.

The Significance test pursuant to Rule 8-04(b) of Regulation S-X was used to determine that the acquisition of MMJMenu, LLC was not significant to our financial statements for the fiscal year ended December 31, 2011 and as such, the financial statements of MMJ were not required pursuant to Rule 3-05(b)(2)(i) and Rule 8-04(c)(1).

The following table summarizes the acquisition with a total purchase price of \$262,000:

Current assets	\$	—
Domains		1,950
Software		340,560
Total assets acquired	\$	342,510
Earn-out provision		(80,510)
Total purchase price	\$	<u>262,000</u>

The Software will be amortized over a period of five years.

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Earn out provisions, MMJ

Pursuant to the earn out provisions of the MMJMenu Purchase Agreement, in year one following the acquisition of MMJ each of the Sellers will be eligible to earn and be issued 50,000 shares of the Company's common stock, if the gross revenues of SearchCore for the fiscal year ended December 31, 2012 are at least 50% higher than they were for the fiscal year ended December 31, 2011. Further, in year two following the acquisition of MMJ each of the Sellers will be eligible to earn and be issued 50,000 shares of the Company's common stock, if the gross revenues of SearchCore for the fiscal year ended December 31, 2013 are at least 50% higher than they were for the fiscal year ended December 31, 2012.

The Company accounts for Contingent Consideration according to FASB ASC 805 *Business Combinations*. Contingent consideration typically represents the acquirer's obligation to transfer additional assets or equity interests to the former owners of the acquiree if specified future events occur or conditions are met. FASB ASC 805 requires that contingent consideration be recognized at acquisition-date fair value as part of the consideration transferred in the transaction. FASB ASC 805 uses the fair value definition in *Fair Value Measurements*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As defined in FASB ASC 805, contingent consideration is (i) an obligation of the acquirer to transfer additional assets or equity interests to the former owners of an acquiree as part of the exchange for control of the acquiree if specified future events occur or conditions are met or (ii) the right of the acquirer to the return of previously transferred consideration if specified conditions are met.

Accordingly, the Company valued the Earn-out Provisions based on an analysis using a cash flow model (a "decision tree") to determine the Expected Earn-Out Payment, which model determined that the aggregate Expected Earn-out Payment was \$104,800 and the present value of the contingent consideration liability was \$80,510. The Company thus recognized at the acquisition date an \$80,510 Earn-out Provisions Liability amount associated with the Earn-out Provisions as part of the consideration transferred in the MMJMenu Purchase Agreement.

The probabilities for the two different scenarios in determining the likelihood of payouts related to the earn-out provisions, as well as the discount rate used in our calculations were based on internal Company projections which were vetted by senior management. Below is a summary presentation of the earn-outs on January 5, 2012, the date of the acquisition:

Year one of the cash flow model:

Scenarios	# of Shares Earn-Out	Probability	Probability-Weighted Shares
Upside Gross Revenue 50% higher than previous year	50,000	85%	42,500
Base Gross Revenue not 50% higher than previous year	0	15%	0

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Expected Earn-Out Shares	42,500
\$/Share	\$1.31
rate	20%
nper	1.00
pmt	\$-
fv	\$55,675
PV factor at 20% for 12 months	0.83333
Fair Value of Liability	\$46,396

Year two of the cash flow model:

Scenarios	# of Shares Earn-Out	Probability	Probability-Weighted Shares
Upside Gross Revenue 50% higher than previous year	50,000	75%	37,500
Base Gross Revenue not 50% higher than previous year	0	25%	0
Expected Earn-Out Shares	37,500		
\$/Share			\$1.31
rate			20%
nper			2.00
pmt			\$-
fv			\$49,125
PV factor at 20% for 24 months			0.69444
Fair Value of Liability			\$34,115

See Note 15. *Earn-Out Provisions* for a summary presentation of the change in earn-out liabilities as a result of remeasuring the earn-out liabilities to fair value at September 30, 2012.

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Note 5. Other Current Assets

At September 30, 2012, the Company had recorded \$252,000 in prepaid services such as legal, accounting and marketing services with third party firms, which terms are from one to two years and are amortized on a straight-line basis over the term of the respective agreement, \$57,000 in payroll and commission advances to employees and consultants, \$136,000 in prepaid insurance, \$196,000 in current deferred tax assets, and \$41,000 in other prepaid services.

Sports Asylum, Inc.

At September 30, 2012, the Company had \$285,000 recorded as a note receivable pursuant to the First Amended and Restated Letter of Intent ("LOI") we entered into on August 22, 2012 with Sports Asylum, Inc. ("SAI") pursuant to which we intend to purchase 100% of the issued and outstanding securities of SAI (the "SAI Securities") for consideration to be determined between the parties. SAI is a development stage company which is developing sportify.com, a website which aims to get people to play sports by creating the largest social networking site related to playing sports. As a deposit for the acquisition of the SAI Securities, we paid SAI \$50,000 (the "Deposit"). The Deposit is fully refundable. Pursuant to the LOI, we will advance additional funds to SAI, up to a maximum of \$300,000 (the "Advance" and, together with the Deposit, the "Loaned Funds"). We have entered into a Secured Promissory Note with SAI, covering the full amount of the Loaned Funds, that provides for repayment by SAI in twelve (12) equal monthly payments beginning July 1, 2013, with interest at 1.01% per annum (the "Note"). If the purchase of the SAI Securities is consummated, the Loaned Funds will be offset against the purchase price of the SAI Securities and the Note will be terminated.

Note 6. Property And Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the useful lives of the assets, generally from three to seven years. Property and equipment at September 30, 2012 and December 31, 2011 consist of the following:

	September 30, 2012	December 31, 2011
<u>Property and Equipment</u>		
Furniture and Computer Equipment	\$ 573,808	\$ 501,336
Less: Accumulated Depreciation	(159,129)	(71,295)
Property and Equipment, net	<u>\$ 414,679</u>	<u>\$ 430,041</u>

For the nine months ended September 30, 2012 and for the twelve months ended December 31, 2011, depreciation expense totaled \$88,000 and \$71,000, respectively.

Note 7. Intangible Assets

Intangible assets consist of a suite of domain names, including our recent acquisition of the domain name marijuana.com, web software (Product Software to be sold or marketed to third parties and not for internal use) and goodwill associated with our recent acquisitions.

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The domain names have been determined to have an indefinite useful life based primarily on the renewability of the domain name. Intangible assets with an indefinite life are not subject to amortization, but will be subject to periodic evaluation for impairment.

Rodeo.com and Karate.com - On August 7, 2012, we entered into a Domain Name Purchase Agreement and a Non-Recourse Secured Promissory Note (the "Note") with Domain Holdings, Inc., an Alberta corporation, pursuant to which we purchased the domain names *www.rodeo.com* and *www.karate.com* (the "Purchased Domains"), for total consideration of \$500,000, all represented by the Note. Pursuant to the terms of the Note, we made payments of \$50,000 on each of August 15, 2012 and November 1, 2012, with the balance to be paid in 18 equal monthly installments of \$22,222 beginning June 1, 2013, and continuing on the 1st of each month thereafter. Title to the Purchased Domains shall remain in escrow, with full beneficial rights of use granted to us immediately, until the Note is paid in full. The domain names *www.rodeo.com* and *www.karate.com* are considered premium domain names for a variety of reasons, including, but not limited to, their level of monthly page views, unique visitors, search engine optimization results, industry strength, sales value history, market potential, linguistic viability, brand recognition and recall value. The domain names *rodeo.com* and *karate.com* have an indefinite life subject to annual renewal fees of approximately \$10 per year. We fully intend and believe that we will have the financial wherewithal to renew the domain names indefinitely. The domain names have worldwide recognition and presumably will be able to generate advertising revenue regardless of the stability and/or stage of their respective industries in the United States. We believe the domain names will maintain their value principally because of their broad worldwide appeal. As a result, at this point in time, we believe that the domain names have an indefinite useful life. Consequently, we currently are not aware of any legal, regulatory, or contractual provisions that would limit our use of the domain name or our ability to renew it as needed.

Manufacturedhome.com, Manufacturedhouse.com and Manufacturehomes.com - During August 2012, we purchased the domain names *www.manufacturedhome.com* and *www.manufacturedhouse.com* for total consideration of \$50,000 which was paid at closing, and we purchased the domain name *www.manufacturedhomes.com* for total consideration of \$130,000 which was paid at closing. The domain names are considered premium domain names for a variety of reasons, including, but not limited to, their level of monthly page views, unique visitors, search engine optimization results, industry strength, sales value history, market potential, linguistic viability, brand recognition and recall value. The domain names have an indefinite life subject to annual renewal fees of approximately \$10 per year. We fully intend and believe that we will have the financial wherewithal to renew the domain names indefinitely. The domain names have worldwide recognition and presumably will be able to generate advertising revenue regardless of the stability and/or stage of their respective industries in the United States. We believe the domain names will maintain their value principally because of their broad worldwide appeal. As a result, at this point in time, we believe that the domain names have an indefinite useful life. Consequently, we currently are not aware of any legal, regulatory, or contractual provisions that would limit our use of the domain name or our ability to renew it as needed.

On August 24, 2012, we entered into a Domain Name Purchase Agreement with High Level Technologies, Inc., pursuant to which we purchased 57 domain names which among other include sports related domain names like *allsportsrules.com*, *mapmysport.com*, *sportsasylum.com*, and domain names related to the manufactured home industry like *manufacturedhomelots.com*, *manufacturedlots.com* and *prefabhomelots.com*, for total consideration of \$100,000 which was paid at closing. The domain names are considered premium domain names for a variety of reasons, including, but not limited to, their level of

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monthly page views, unique visitors, search engine optimization results, industry strength, sales value history, market potential, linguistical viability, brand recognition and recall value. The domain names have an indefinite life subject to annual renewal fees of approximately \$10 per year. We fully intend and believe that we will have the financial wherewithal to renew the domain names indefinitely. The domain names have worldwide recognition and presumably will be able to generate advertising revenue regardless of the stability and/or stage of their respective industries in the United States. We believe the domain names will maintain their value principally because of their broad worldwide appeal. As a result, at this point in time, we believe that the domain names have an indefinite useful life. Consequently, we currently are not aware of any legal, regulatory, or contractual provisions that would limit our use of the domain name or our ability to renew it as needed.

Marijuana.com - The domain name www.marijuana.com is considered a premium domain name for a variety of reasons, including, but not limited to, its level of monthly page views, unique visitors, search engine optimization results, industry strength, sales value history, market potential, linguistical viability, brand recognition and recall value. The domain name Marijuana.com has an indefinite life subject to annual renewal fees of approximately \$10 per year. We fully intend and believe that we will have the financial wherewithal to renew Marijuana.com indefinitely. The domain name Marijuana.com has worldwide recognition and presumably will be able to generate advertising revenue regardless of the stability and/or stage of the medical marijuana industry in the United States. We believe Marijuana.com will maintain its value principally because of its broad worldwide appeal. The recognition of Marijuana.com in the United States only represents a portion of its potential brand identity and marketing potential. The brand recognition of the domain name Marijuana.com transcends both the medicinal dispensary industry as well as the more established industries, such as the pharmaceutical industry. Medicinal cannabis is approved in eighteen states, plus the District of Columbia. Further, as of November 14, 2012, there are four states with pending legislation to legalize medical marijuana. Though the medicinal cannabis industry may be compliant with applicable state laws, it is deemed illegal under federal law. However, to date, the federal government has concentrated their efforts on actions against suppliers, growers or sellers of marijuana, and not pursued, to our knowledge, actions against entities that provide marketing or advertising. As a result, at this point in time, we believe that the asset Marijuana.com has an indefinite useful life. Consequently, we currently are not aware of any legal, regulatory, or contractual provisions that would limit our use of the domain name or our ability to renew it as needed.

Pursuant to the Marijuana.com Purchase Agreement, during the Revenue Obligation Period (69 months during which we are making payments on the promissory note), the Seller shall be entitled to two text links on marijuana.com, as well as two banner ads (of average size based on the site) that are static (non rotational) (the "Advertising Rights"). The Seller is responsible for providing all necessary graphics and text, which are subject to final approval by us in our sole discretion. The fair value of the Advertising Rights were determined to be \$47,886 over the Revenue Obligation Period based upon an analysis composed of twelve comparable websites and the average ad rates they charge for banner ads and text links which average monthly rates were \$249.50 for banner ads and \$97.50 for text links. We recorded a \$47,886 Advertising Rights intangible asset associated with the Advertising Rights which will be amortized over the term of the Revenue Obligation Period (beginning in January 2012—the month we took possession of the domain name).

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Intangible asset amounts at September 30, 2012 and December 31, 2011 are as follows:

Intangible Assets	September 30, 2012	December 31, 2011
Domain names	\$ 5,258,571	\$ 4,364,119
Web software	841,903	501,343
Trademarks	93,605	—
Goodwill	486,403	486,403
Subtotal	\$ 6,680,482	\$ 5,351,865
Accumulated amortization	(138,306)	—
Total intangible Assets	\$ 6,542,176	\$ 5,351,865

Intangible assets subject to amortization:	Amount	Useful life	Weighted- average amortization period
Advertising rights	\$47,886	5.0	0.27
Web software	\$841,903	4.25	4.02
Total intangible assets subject to amortization	\$889,789		4.29

Intangible assets not subject to amortization	Amount
Domain Names	\$5,304,290
Goodwill	486,403
Total intangible assets not subject to amortization	\$5,790,693

Note 8. Other Assets

The balance of other assets at September 30, 2012 includes \$54,000 in rent deposits and \$28,000 in noncurrent deferred tax assets.

Note 9. Discontinued Operations

General Health Solutions, Inc.

We discontinued the operations of General Health Solutions, Inc., which constitutes our entire Medical Clinic Management segment. We discontinued the operations of General Health Solutions because of increasing costs associated with managing the clinics and the recent increased competition in the medicinal cannabis clinic industry. A major factor in the success of managing the medicinal cannabis clinics is running successful online Pay Per Click (“PPC”) advertising campaigns. In PPC campaigns targeting is key, and factors that determine the pricing pertaining to certain key words depend heavily on the number of advertisers bidding on those certain key words. Taken together, i) our increasing success with our technology in our Marketing and Media Segment and ii) the increasing costs of PPC campaigns coupled with the increasing number of sole-practitioner doctors now offering medicinal cannabis

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recommendation letters as part of their medical practice offerings which places downward pressure on pricing, led us to decide to discontinue the operations of General Health Solutions, which composes our entire Medical Clinic Management Segment, and focus our efforts instead on our technology in our Marketing and Media Segment.

During February 2012, we committed to a definitive plan to terminate the Management Agreement (“Agreement”) and services associated with the Agreement, which resulted in General Health Solutions, Inc., our Medical Clinic Management segment being reported as discontinued operations. For comparative purposes, all prior periods presented have been restated to reflect the reclassification of this segment to discontinued operations on a consistent basis.

General Health Solutions comprised the entirety of our Medical Clinic Management segment and as such, the entire segment was reported in discontinued operations. Following the closure of the clinics during the first quarter 2012, we do not expect any continuing cash flows from discontinued operations.

The assets and liabilities of our discontinued operations are as follows:

Current assets – discontinued operations at September 30, 2012 consists of \$151,000 note receivable.

Current liabilities – discontinued operations at September 30, 2012 consists of \$10,000 in accounts payable and \$115,000 in notes payable.

Note 10. Accounts Payable

Accounts payable at September 30, 2012 included amounts owed to certain vendors related to the ongoing normal course of the Company’s operations.

Note 11. Accrued Liabilities

Accrued liabilities at September 30, 2012 and December 31, 2011 are comprised of the following:

Accrued liabilities	September 30, 2012	December 31, 2011
Revenue Share Liability	\$ 2,659,000	\$ -
MMJMenu earn-outs	37,000	-
Obligations on marketing agreements	240,000	42,000
Tax payable	1,064,000	361,000
Deferred rent	125,000	183,000
Insurance	12,000	-
Payroll liabilities	33,000	166,000
Interest	17,000	7,000
Total accrued liabilities	\$ 4,187,000	\$ 759,000

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Summary of the Revenue Share Liability amounts at September 30, 2012 and December 31, 2011:

Revenue Share Liability	September 30, 2012	December 31, 2011
Current portion	\$ 2,659,000	\$ -
Long term portion	1,950,000	-
	\$ 4,609,000	\$ -

See *Note 3. Equity Transactions* for a description of our obligations on share purchases, including the Revenue Share Liability.

Note 12. Notes Payable

On August 7, 2012, we entered into a Domain Name Purchase Agreement and a Non-Recourse Secured Promissory Note (the "Note") with Domain Holdings, Inc., an Alberta corporation, pursuant to which we purchased the domain names www.rodeo.com and www.karate.com (the "Purchased Domains"), for total consideration of \$500,000, all represented by the Note. Pursuant to the terms of the Note, we made payments of \$50,000 on each of August 15, 2012 and November 1, 2012, with the balance to be paid in 18 equal monthly installments of \$22,222 beginning June 1, 2013, and continuing on the 1st of each month thereafter. Title to the Purchased Domains shall remain in escrow, with full beneficial rights of use granted to us immediately, until the Note is paid in full.

On August 16, 2012, we entered into a Stock Purchase Agreement with Revyv, LLC to acquire 500,000 shares of our common stock for consideration of \$67,000 of which \$42,000 was paid at closing and by issuing a \$25,000 promissory note due January 10, 2013. See *Note 3. Equity Transactions* for a description of our obligations on share purchases.

On November 18, 2011, pursuant to our acquisition of the domain name marijuana.com, we issued a Non-Recourse Secured Promissory Note with a principal amount of \$4,150,000, payable over sixty-nine (69) consecutive months beginning on January 18, 2012. Below is a summary of the note payable related to the marijuana.com domain name acquisition:

Marijuana.com Notes Payable	September 30, 2012	December 31, 2011
Current portion	\$ 708,901	\$ 708,901
Long term portion	2,884,756	3,416,099
	\$ 3,593,657	\$ 4,125,000

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Below is a summary of our note payable amounts:

	September 30, 2012	December 31, 2011
Marijuana.com promissory note	\$ 3,593,657	\$ 4,125,000
Rodeo.com/Karate.com promissory note	450,000	-
Reyv share purchase promissory note	25,000	-
	<u>\$ 4,068,657</u>	<u>\$ 4,125,000</u>

Note 13. Notes Payable – Related Party

Promissory Notes to Hartfield, Hoerling and Francis

During August 2012, we closed (A) a Global Securities Purchase, Consulting, and Resignation Agreement (the "Hartfield Agreement"), Secured Promissory Note (the "Hartfield Note") and Consulting Agreement (the "Consulting Agreement") by and among Justin Hartfield, an individual ("Hartfield") and WeedMaps Media, Inc., a Nevada corporation and our wholly-owned subsidiary ("WeedMaps"), (B) a Global Securities Purchase Agreement (the "Hoerling Agreement") and Secured Promissory Note (the "Hoerling Note") by and among the Company, Keith Hoerling, an individual ("Hoerling") and WeedMaps and (C) a Global Securities Purchase and Resignation Agreement (the "Francis Agreement", collectively with the Hartfield and Hoerling Agreements, the "Global Agreements") and Secured Promissory Note (the "Francis Note", collectively with the Hartfield and Hoerling Notes, the "Notes") by and among the Company, Douglas Francis, an individual ("Francis") and WeedMaps.

As consideration for the Global Agreements, the Notes were issued to Hartfield, Hoerling and Francis (the "Selling Parties"), individually. The Notes are secured by the shares of common stock sold to the Company by the Selling Parties, and each of them, pursuant to the Global Agreements. Pursuant to the Notes, beginning in September 2012, we began making monthly payments in the amount of \$78,099.38 to each of the Selling Parties. The aggregate amount of the Notes is \$4,875,000.

At September 30, 2012, the outstanding balance of the Notes was \$4,605,000, which comprised all of our notes payable-related party of which \$2,659,000 was recorded as the current portion and \$1,946,000 was recorded as the noncurrent portion.

See *Note 3. Equity Transactions* for a description of our obligations on share purchases.

Note 14. Other Long Term Accrued Liabilities

At September 30, 2012, we had a balance of \$117,000 in deferred tax liability. At September 30, 2012 we had recorded the \$1,950,000 noncurrent portion of the Revenue Share Liability related to our share purchases. See *Note 3. Equity Transactions* for a description of our obligations on share purchases, including the Revenue Share Liability.

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Note 15. Earn-out Provisions

See Note 3. *Equity Transactions* for a description the Global Agreements by and among Messrs. Hartfield and Hoerling and us, pursuant to which we purchased a total of 51,272,289 shares of our common stock and whereby they have terminated all rights to consideration due from us (including cash and/or stock owed to Hartfield and Hoerling pursuant to agreements whereby we acquired WeedMaps, LLC). As a result of the Global Agreements, the WeedMaps Earn-Outs were cancelled during August 2012. The below description includes the cancellation of the WeedMaps Earn-outs.

Summary of changes in total earn-outs during the nine months ended September 30, 2012:

MMJMenu earn-outs August 2012	\$	(80,510)
Issuance of WeedMaps Earn-out shares August 2012		9,120,000
Gain on change in fair value of WeedMaps earn-out liability August 2012		5,909,946
Gain on change in fair value of MMJMenu earn-out liability at September 30, 2012		44,084
Cancellation of WeedMaps earn-outs August 9, 2012		3,537,054
Total change in earn-outs during the nine months ended September 30, 2012		<u>18,530,574</u>
Earn-outs at December 31, 2011		<u>(18,567,000)</u>
Earn-outs at September 30, 2012	\$	(36,426)

Earn-out liabilities at September 30, 2012 were \$36,000 related to the MMJMenu acquisition.

The cumulative non-cash gain on change in fair value of the WeedMaps earn-out was \$5,910,000.

MMJ Earn-outs

The Company accounts for Contingent Consideration according to FASB ASC 805 *Business Combinations*. Contingent consideration typically represents the acquirer's obligation to transfer additional assets or equity interests to the former owners of the acquiree if specified future events occur or conditions are met. FASB ASC 805 requires that contingent consideration be recognized at acquisition-date fair value as part of the consideration transferred in the transaction. FASB ASC 805 uses the fair value definition in *Fair Value Measurements*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As defined in FASB ASC 805, contingent consideration is (i) an obligation of the acquirer to transfer additional assets or equity interests to the former owners of an acquiree as part of the exchange for control of the acquiree if specified future events occur or conditions are met or (ii) the right of the acquirer to the return of previously transferred consideration if specified conditions are met.

Contingent consideration, the earn-out provisions, which are classified as a liability are required to be remeasured to fair value at each reporting date and any changes in fair value subsequent to the acquisition date are recognized in earnings. The primary inputs in determining the fair value of the earn-outs that were remeasured to fair value at June 30, 2012 were i) the quoted price of the underlying shares of our common stock and ii) the probabilities for the two year scenarios in determining the likelihood of common share payouts.

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The price of our common stock was reduced to \$0.50 in the cash flow model because the price of our common stock as quoted on the OTCQX on September 30, 2012, the balance sheet date, was \$0.50.

The net effect of the change to our cash flow model as a result of remeasuring the earn-out liability to fair value was a decrease of \$43 and as such, a change in the fair value of the earn-out liability was recorded at September 30, 2012. At September 30, 2012, the fair value of the earn-out liability was \$36,400. At September 30, 2012, we recorded a gain on change in fair value of the earn-out liability of \$43.

Note 16. Income Per Common Share

Income per common share is based on the weighted average number of common shares outstanding. The Company complies with *Earnings Per Share*, which requires dual presentation of basic and diluted earnings per share on the face of the statements of operations. Basic per share earnings or loss excludes dilution and is computed by dividing income (loss) available to common stockholders by the weighted-average common shares outstanding for the period. Diluted per share earnings or loss reflect the potential dilution that could occur if convertible preferred stock or debentures, options and warrants were to be exercised or converted or otherwise result in the issuance of common stock that is then shared in the earnings of the entity.

As of September 30, 2012, there were outstanding 250,000 common stock purchase warrants that were not included in the computation of diluted EPS because to do so would have been antidilutive for the period presented.

Note 17. Income Taxes

Deferred income taxes reflect the net tax effects of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Significant components of the Company's tax provision and deferred tax assets as of September 30, 2012 and December 31, 2011 are as follows:

The components of tax provision:

	September 30, 2012	December 31, 2011
Current		
Federal	\$ 560,000	\$ 268,000
State	166,000	31,700
	<u>726,000</u>	<u>299,700</u>
Deferred		
Federal	(74,000)	(16,000)
State	(4,000)	19,000
	<u>(78,000)</u>	<u>3,000</u>
Change in valuation allowance	-	(20,000)
Total provision	<u>\$ 648,000</u>	<u>\$ 282,700</u>

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(Formerly General Cannabis, Inc.)
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The total tax provision is \$648,000 of which \$721,000 corresponds to current operations and \$73,000 (tax benefit) corresponds to discontinued operations.

The components of deferred tax asset:

Deferred income tax assets:		
State taxes	\$ 114,000	\$ 40,000
Net operating losses	461,000	468,000
Accruals and other	82,000	97,000
	<u>657,000</u>	<u>605,000</u>
Deferred income tax liabilities:		
Depreciation and amortization	<u>(117,000)</u>	<u>(148,000)</u>
	540,000	457,000
Valuation allowance	<u>(433,000)</u>	<u>(440,000)</u>
Net deferred tax assets	<u>\$ 107,000</u>	<u>\$ 17,000</u>

The ultimate realization of deferred tax assets depends upon the generation of future taxable income during the periods in which those temporary differences become deductible. Based upon the Company's income for the quarter ended September 30, 2012, the Company has provided a valuation allowance in the amount of \$433,000 against our future net operating losses. The amount of deferred tax assets considered realizable could change if future taxable income is realized.

At September 30, 2012 and December 31, 2011, the Company had U.S. federal tax net operating loss carryforwards ("NOLs") of approximately \$1.3 million and \$1.4 million, respectively, which begin to expire in 2021. We do not have any State NOLs. The NOLs are subject to limitations under IRC Section 382 of the Internal Revenue Code ("Section 382").

Earn-out Provisions, WeedMaps Tax Effects - The WeedMaps acquisition was a tax-free reorganization and as such, the tax effect of the earn-outs is recorded as a permanent difference between the carrying amount of the earn-out liability for financial reporting purposes and the amount used for tax purposes.

Note 18. Related Party Transactions

All material intercompany transactions have been eliminated upon consolidation of our entities. During the nine months ended September 30, 2012, cash transfers, equity and accounts between the Company and its subsidiaries have been eliminated upon consolidation.

SEARCHCORE, INC.
(Formally General Cannabis, Inc.)
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Note 19. Commitment And Contingencies

On January 27, 2011, the Company entered into a commercial lease agreement for approximately 20,332 square feet of office space in Newport Beach, California. The lease expires on January 31, 2014 and requires monthly payments of \$39,647. The Company is confident that this commercial space will provide adequate space to meet our needs and provide for future growth.

Set forth below is a summary of our current obligations as of September 30, 2012 comprised exclusively of a rental lease obligation to make future payments due by the period indicated below:

Operating lease payments	Minimum Payments	Monthly Base Rent
October - December 2012	\$123,822	\$41,274
2013	\$514,806	\$42,901
2014	\$42,901	\$42,901

Note 20. Warrants

As of September 30, 2012, there were outstanding 250,000 common stock purchase warrants. The following table summarizes information about common stock warrants outstanding at September 30, 2012.

Outstanding			Exercisable		
Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Exercise Price Average	Number Exercisable	Weighted Average Exercise Price
\$ 4	250,000	2.12	\$ 4	250,000	\$ 4
\$ 4	250,000	2.12	\$ 4	250,000	\$ 4

Note 21. Subsequent Events

The Company evaluated its September 30, 2012 financial statements for subsequent events through November 14, 2012, the date the financial statements were available to be issued.

On November 5, 2012, we issued 250,000 shares of our common stock to one shareholder for services rendered from July 1, 2012 through September 30, 2012.

SEARCHCORE, INC.
CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, James Pakulis, certify that:

1. I have reviewed this Quarterly Report of SearchCore, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

November 14, 2012

James Pakulis
President and
Chief Executive Officer

SEARCHCORE, INC.
CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Munjit Johal, certify that:

1. I have reviewed this Quarterly Report of SearchCore, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

November 14, 2012



Munjit Johal
Chief Financial Officer