

# SECURITIES AND EXCHANGE COMMISSION

## FORM 10QSB

Optional form for quarterly and transition reports of small business issuers under section 13 or 15(d)

Filing Date: **1999-07-27** | Period of Report: **1998-09-30**  
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### FILER

#### **GLOBAL OUTDOORS INC**

CIK: **760326** | IRS No.: **330074499** | State of Incorpor.: **AK** | Fiscal Year End: **1231**  
Type: **10QSB** | Act: **34** | File No.: **000-17287** | Film No.: **99670507**  
SIC: **8600** Membership organizations

Business Address  
43445 BUSINESS PARK DR  
STE 113  
TEMECULA CA 92590  
9096994749

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-QSB

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the quarterly period ended SEPTEMBER 30, 1998  
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TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number : 0-17287  
-----

GLOBAL OUTDOORS, INC.  
-----

(Exact name of Registrant as specified in its charter)

Alaska  
-----

33-0074499  
-----

(State or other Juris-  
diction of incorporation  
or organization)

(IRS Employer Identification  
Number)

43445 BUSINESS PARK DRIVE, SUITE 113  
TEMECULA, CALIFORNIA 92590  
-----

(Address and zip code of principal executive offices)

(909) 699-4749  
-----

(Issuer's telephone number, including area code)

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

Check whether the Issuer (1) has filed all reports required to be filed by  
Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding  
12 months (or for such shorter period that the Registrant was required to file  
such reports), and (2) has been subject to the filing requirements for at least  
the past 90 days. Yes  NO

State the number of shares outstanding of each of the issuer's classes of common  
equity, as of the latest practicable date:

| Class<br>-----                | Number of Shares Outstanding<br>at June 24, 1999<br>----- |
|-------------------------------|-----------------------------------------------------------|
| Common Stock, \$.02 par value | 5,253,937                                                 |

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

## SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-QSB

FINANCIAL STATEMENTS  
PART I - ITEM 1

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 FOR THE QUARTER ENDED SEPTEMBER 30, 1998
 

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GLOBAL OUTDOORS, INC.

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&lt;TABLE&gt;

GLOBAL OUTDOORS, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

## ASSETS

&lt;CAPTION&gt;

|                                                                                          | September 30<br>-----<br>1998<br>-----<br>(unaudited)<br><C> | December 31<br>-----<br>1997<br>-----<br><C> |
|------------------------------------------------------------------------------------------|--------------------------------------------------------------|----------------------------------------------|
| <S>                                                                                      |                                                              |                                              |
| Current assets:                                                                          |                                                              |                                              |
| Cash and cash equivalents                                                                | \$ 330,764                                                   | \$ 373,368                                   |
| Accounts receivables, net of allowance for<br>doubtful accounts of \$22,059 and \$48,958 | 392,750                                                      | 159,069                                      |
| Inventories                                                                              | 68,986                                                       | 105,735                                      |
| Income tax refund receivable                                                             | 217,451                                                      | 310,215                                      |
| Prepaid expenses                                                                         | 11,523                                                       | 19,109                                       |
| Current portion of receivable from stockholder                                           | 51,000                                                       | 34,200                                       |
| Stockholders' interest receivable                                                        | 6,637                                                        | -                                            |
|                                                                                          | -----                                                        | -----                                        |
| Total current assets                                                                     | 1,079,111                                                    | 1,001,696                                    |
| Property, plant and equipment, net:                                                      |                                                              |                                              |
| Membership recreational mining properties                                                | 1,011,117                                                    | 1,020,239                                    |
| Alaska recreational mining properties                                                    | 1,403,440                                                    | 1,466,095                                    |
| Outdoor channel equipment and improvements                                               | 323,815                                                      | 317,534                                      |
| Other equipment and leasehold improvements                                               | 201,490                                                      | 162,313                                      |
|                                                                                          | -----                                                        | -----                                        |
| Property, plant and equipment, net                                                       | 2,939,862                                                    | 2,966,181                                    |
| Receivable from stockholder, net of current                                              |                                                              |                                              |

|                                                                       |              |              |
|-----------------------------------------------------------------------|--------------|--------------|
| portion                                                               | 105,536      | 160,586      |
| Trademark, net of accumulated amortization of<br>\$16,234 and \$6,579 | 93,364       | -            |
| Deposits and other assets                                             | 58,245       | 34,000       |
|                                                                       | -----        | -----        |
| Totals                                                                | \$ 4,276,118 | \$ 4,258,233 |
|                                                                       | =====        | =====        |

</TABLE>

The accompanying notes are an integral part of  
these consolidated balance sheets

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<TABLE>

GLOBAL OUTDOORS, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' DEFICIT

<CAPTION>

|                                                                                                                                                                                         | September 30 | December 31  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|
|                                                                                                                                                                                         | -----        | -----        |
|                                                                                                                                                                                         | 1998         | 1997         |
|                                                                                                                                                                                         | -----        | -----        |
|                                                                                                                                                                                         | (unaudited)  |              |
| <S>                                                                                                                                                                                     | <C>          | <C>          |
| Current liabilities:                                                                                                                                                                    |              |              |
| Accounts payable and accrued expenses                                                                                                                                                   | \$ 897,002   | \$ 934,581   |
| Customer deposits                                                                                                                                                                       | -            | 30,231       |
| Current portion of notes and capital lease<br>obligations payable                                                                                                                       | 1,159,473    | 1,131,301    |
| Current portion of stockholder loans                                                                                                                                                    | 463,041      | 463,041      |
|                                                                                                                                                                                         | -----        | -----        |
| Total current liabilities                                                                                                                                                               | 2,519,516    | 2,559,154    |
| Stockholder loans, net of current portion                                                                                                                                               | 47,337       | 47,337       |
| Other notes and capital lease obligations payable, net<br>of current portion                                                                                                            | 296,460      | 502,692      |
| Deferred revenue                                                                                                                                                                        | 1,636,075    | 2,215,114    |
| Deferred satellite rent obligations                                                                                                                                                     | 284,975      | 283,262      |
| Deferred compensation                                                                                                                                                                   | 245,000      | 200,000      |
|                                                                                                                                                                                         | -----        | -----        |
| Total Liabilities                                                                                                                                                                       | 5,029,363    | 5,807,559    |
| Commitments and contingencies                                                                                                                                                           |              |              |
| Minority interest in subsidiary                                                                                                                                                         | 40,582       | 16,340       |
| Stockholders' deficit:                                                                                                                                                                  |              |              |
| Convertible preferred stock, nonvoting, 10%<br>noncumulative, no liquidation preference,<br>\$.001 par value; 10,000,000 shares<br>authorized; 60,675 shares issued and<br>outstanding. | 61           | 61           |
| Common stock, \$.02 par value; shares<br>authorized; shares issued and outstanding:<br>4,248,937 at September 30, 1998; 4,248,561<br>at December 31, 1997.                              | 84,979       | 84,971       |
| Common stock subscriptions receivable                                                                                                                                                   | (221,250)    | (221,250)    |
| Additional paid-in capital                                                                                                                                                              | 3,313,878    | 3,316,381    |
| Accumulated deficit                                                                                                                                                                     | (3,971,495)  | (4,745,829)  |
|                                                                                                                                                                                         | -----        | -----        |
| Total stockholders' deficit                                                                                                                                                             | (793,827)    | (1,565,666)  |
|                                                                                                                                                                                         | -----        | -----        |
| Totals                                                                                                                                                                                  | \$ 4,276,118 | \$ 4,258,233 |
|                                                                                                                                                                                         | =====        | =====        |

</TABLE>

The accompanying notes are an integral part of these consolidated balance sheets.

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<TABLE>

GLOBAL OUTDOORS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS

|                                                                                | Three Months Ended<br>September 30<br>(unaudited) |              | Nine Months Ended<br>September 30<br>(unaudited) |              |
|--------------------------------------------------------------------------------|---------------------------------------------------|--------------|--------------------------------------------------|--------------|
|                                                                                | 1998                                              | 1997         | 1998                                             | 1997         |
| <S>                                                                            | <C>                                               | <C>          | <C>                                              | <C>          |
| REVENUES                                                                       |                                                   |              |                                                  |              |
| Membership services                                                            | \$ 873,510                                        | \$ 821,110   | \$ 2,677,287                                     | \$ 2,817,566 |
| Advertising                                                                    | 715,971                                           | 377,126      | 1,756,088                                        | 1,087,683    |
| Trips and outings                                                              | 756,098                                           | 791,670      | 756,098                                          | 791,670      |
| Total Revenues                                                                 | 2,345,579                                         | 1,989,906    | 5,189,473                                        | 4,696,919    |
| EXPENSES:                                                                      |                                                   |              |                                                  |              |
| Satellite transmission fees                                                    | 554,176                                           | 481,500      | 1,635,816                                        | 1,264,607    |
| Advertising and programming                                                    | 18,351                                            | 37,932       | 147,456                                          | 348,294      |
| Selling, general and administrative                                            | 995,172                                           | 1,100,706    | 2,780,032                                        | 3,290,520    |
| Trips and outings                                                              | 485,168                                           | 563,016      | 485,168                                          | 563,016      |
| Total Expenses                                                                 | 2,052,867                                         | 2,183,154    | 5,048,472                                        | 5,466,437    |
| Income (loss) from operations                                                  | 292,712                                           | (193,248)    | 141,001                                          | (769,518)    |
| Other income (expense):                                                        |                                                   |              |                                                  |              |
| Gain on sale of common stock of subsidiary                                     | 153,180                                           | -            | 744,247                                          | -            |
| Interest, net                                                                  | (47,165)                                          | (76,309)     | (163,924)                                        | (159,639)    |
| Income (loss) before provision (credit) for income taxes and minority interest | 398,727                                           | (269,557)    | 721,324                                          | (929,157)    |
| Provision (credit) for income taxes                                            | -                                                 | -            | -                                                | -            |
| Income (loss) before minority interests                                        | 398,727                                           | (269,557)    | 721,324                                          | (929,157)    |
| Minority interest in net losses of consolidated subsidiaries                   | (13,577)                                          | -            | 53,010                                           | -            |
| Net income (loss)                                                              | \$ 385,150                                        | \$ (269,557) | \$ 774,334                                       | \$ (929,157) |
| Earnings (loss) per common share:                                              |                                                   |              |                                                  |              |
| Basic                                                                          | \$ 0.09                                           | \$ (0.06)    | \$ 0.18                                          | \$ (0.22)    |
| Diluted                                                                        | \$ 0.09                                           | \$ (0.06)    | \$ 0.18                                          | \$ (0.22)    |
| Weighted average number of common shares outstanding                           |                                                   |              |                                                  |              |
| Basic                                                                          | 4,248,937                                         | 4,257,542    | 4,248,811                                        | \$ 4,256,318 |
| Diluted                                                                        | 4,248,937                                         | 4,257,542    | 4,248,811                                        | \$ 4,256,318 |

</TABLE>

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

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<TABLE>

GLOBAL OUTDOORS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS

<CAPTION>

|                                                                                  | Nine Months Ended September 30 |              |
|----------------------------------------------------------------------------------|--------------------------------|--------------|
|                                                                                  | 1998                           | 1997         |
|                                                                                  | (unaudited)                    |              |
| <S>                                                                              | <C>                            | <C>          |
| Operating Activities:                                                            |                                |              |
| Net income (loss)                                                                | \$ 774,334                     | \$ (929,157) |
| Adjustments to reconcile net income to net cash used<br>in operating activities: |                                |              |
| Depreciation and amortization                                                    | 174,076                        | 151,795      |
| Common stock issued for services                                                 | 1,504                          | -            |
| Rent expense paid through offsets against<br>stockholder receivable              | 38,250                         | 60,300       |
| Interest on stock subscription receivable                                        | (6,638)                        | -            |
| Gain on sale of subsidiary stock                                                 | (744,247)                      | -            |
| Minority interest in net income (loss) of<br>consolidated subsidiary             | (53,010)                       | -            |
| Cash supplied (used) by changes in operating assets:                             |                                |              |
| Accounts receivable                                                              | (233,681)                      | (67,835)     |
| Inventories                                                                      | 36,749                         | 12,340       |
| Prepaid expenses                                                                 | 7,586                          | (84,477)     |
| Income taxes receivable                                                          | 92,764                         | -            |
| Deposits and other assets                                                        | (24,245)                       | (145,110)    |
| Accounts payable and accrued liabilities                                         | (61,079)                       | 205,801      |
| Deferred revenue                                                                 | (579,039)                      | 166,151      |
| Deferred rent obligations                                                        | 1,713                          | -            |
| Deferred compensation                                                            | 68,500                         | -            |
| Customer deposits                                                                | (30,231)                       | (9,500)      |
|                                                                                  | -----                          | -----        |
| Net cash used in operating activities                                            | (536,693)                      | (639,692)    |
|                                                                                  | -----                          | -----        |
| Investing Activities:                                                            |                                |              |
| Purchase of property, plant, and equipment                                       | (142,822)                      | (112,824)    |
| Expenditures for trademarks                                                      | (2,529)                        | -            |
|                                                                                  | -----                          | -----        |
| Net cash provided by (used in) investing activities                              | (145,351)                      | (112,824)    |
|                                                                                  | -----                          | -----        |
| Financing Activities:                                                            |                                |              |
| Principal payments on long-term debt and capital leases                          | (178,060)                      | (141,827)    |
| Net proceeds from stockholder loans                                              | -                              | 569,533      |
| Return of funds to investors                                                     | (4,000)                        | -            |
| Net proceeds from sale of common stock                                           | -                              | 301,215      |
| Sale of subsidiary stock to minority interests                                   | 821,500                        | -            |
|                                                                                  | -----                          | -----        |
| Net cash provided by financing activities                                        | 639,440                        | 728,921      |
|                                                                                  | -----                          | -----        |
| Net increase (decrease) in cash and cash equivalents                             | (42,604)                       | (23,595)     |
| Cash and cash equivalents at beginning of period                                 | 373,368                        | 82,027       |
|                                                                                  | -----                          | -----        |
| Cash and cash equivalents at end of period                                       | \$ 330,764                     | \$ 58,432    |
|                                                                                  | =====                          | =====        |

</TABLE>

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

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GLOBAL OUTDOORS, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

NOTE 1 - ORGANIZATION, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT

## Organization

Global Outdoors, Inc. (the "Company") owns a majority interest in The Outdoor Channel, Inc. ("The Outdoor Channel" or the "Channel"), a national television network devoted solely to traditional outdoor activities, such as hunting, fishing, shooting sports, rodeo and recreational gold prospecting. The Company's other business activities consist of the promotion and sale of an "Alaska trip", a recreational gold mining expedition to the Company's Cripple River property located near Nome, Alaska, and the sale of Lost Dutchman's (LDMA-AU, Inc.) memberships which entitle members to engage in recreational prospecting on its California, Oregon, Alaska, Nevada, Arizona, Colorado, Georgia, North Carolina and South Carolina properties. The Company has also signed a mutual use agreement with another organization whose members are entitled to engage in recreational mining on certain of each other's properties. The Company also receives revenues from the sale of memberships in a gold prospecting club, Gold Prospectors' Association of America, Inc. ("GPAA"), revenue from advertisers in a bi-monthly magazine, advertising revenues through cable television programming dba The Outdoor Channel, Inc. and through merchandise sales. Effective July 23, 1996, the Company changed its name from Global Resources, Inc. to Global Outdoors, Inc.

On February 10, 1995, the Company acquired 100% of the stock of GPAA in exchange for 2,500,000 shares of its Common Stock. For accounting purposes, the assets of GPAA are recorded at their historical cost basis in a manner similar to a pooling of interest. The acquisition agreement provided for the issuance of up to an additional 1,500,000 shares of Common Stock ("Earn Out Shares") to the former stockholders of GPAA if GPAA achieved certain earnings or valuation milestones. The former stockholders of GPAA, Perry T. Massie, Thomas H. Massie, and Wilma M. Massie, are stockholders of the Company and Messrs. Perry and Thomas Massie are officers of the Company. On December 21, 1998, the Company issued 1,000,000 shares of Common Stock as Earn Out Shares to the former shareholders of GPAA.

## Basis of Presentation

During 1997, the Company experienced significant operating losses, principally due to The Outdoor Channel. As a result of losses in 1997 and prior years, at December 31, 1997, the Company had negative working capital and a stockholders' deficit. In November 1997, the Company commenced a plan to make The Outdoor Channel self supporting. In furtherance of that plan, The Outdoor Channel conducted a private placement of common stock with approximately \$2 million in common stock sold through March 5, 1999. Of this amount, approximately \$300,000 was from the sale of shares of the Channel owned by the Company and approximately \$1.7 million was from previously unissued shares of the Channel. The private placement ended effective March 5, 1999.

In April 1998, the Company entered into agreements with Perry T. Massie and Wilma M. Massie (the "Principal Stockholders"), whereby the Principal Stockholders agreed to provide for the cash flow requirements of the Company over the next twelve months by means of loans or equity investments, if needed. The Company's financial condition and future results of operations could be adversely affected should the Company continue to generate operating losses and not be able to raise sufficient additional equity funds through private placements or through the stockholder commitment, as noted above.

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GLOBAL OUTDOORS, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

## Management Statement

The interim financial statements for the periods reported include all adjustments which in the opinion of management are necessary in order to make the financial statements not misleading.

## Reference to Form 10-KSB

Please refer to the Company's Form 10-KSB, and any amendments thereto, for the year ended December 31, 1997 for additional information and disclosures which may be of interest to the reader hereof.

NOTE 2. GAIN FROM THE SALE OF SUBSIDIARY'S STOCK

During the quarter ended September 30, 1998, The Outdoor Channel sold 115,000 shares of its Common Stock at \$1.50 per share, reducing the Company's ownership from 90% to 89%. Pursuant to SAB 51 and SAB 84, changes in a parent's ownership percentage in a subsidiary caused by issuances of the subsidiary's stock can be recognized in consolidation as gains or losses under certain conditions. Such gains have been included in the Company's Statement of Operations where the Company is reporting a consolidated gain.

NOTE 3. STOCKHOLDERS' EQUITY

In February of 1992, the Board of Directors authorized a one-for-twenty reverse stock split which reduced the number of outstanding common shares from 12,250,435 to 612,521. The par value of the Company's common stock was simultaneously increased from \$.001 a share to \$.02 a share. All per share amounts for prior years have been restated to give retroactive effect to the reverse stock split.

In August 1994, the Board of Directors authorized a two-for-one forward stock split which increased the number of outstanding shares from 1,920,955 to 3,841,910. The par value of the Company's common stock was not changed.

NOTE 4. SUBSEQUENT EVENTS

>From October 1, 1998 and through March 5, 1999, 303,084 shares of The Outdoor Channel, Inc.'s Common Stock were sold by the Channel to investors for \$490,251 and 182,084 shares of The Outdoor Channel, Inc.'s Common Stock were sold by the Company to investors for \$308,751, decreasing the Company's ownership interest in The Outdoor Channel to 84%.

In December 1998, 1,000,000 shares of Common Stock were issued to the former shareholders of GPAA as Earn Out Shares pursuant to the agreement whereby the Company acquired GPAA on February 10, 1995.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

This report on Form 10-QSB contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The Company intends that such forward-looking statements be subject to the safe harbors created thereby. This report should be read in conjunction with the Company's report on Form 10-KSB for the year ended December 31, 1997.

Comparison of Quarters Ended September 30, 1998 and September 30, 1997

**REVENUES.** The Company's revenues include revenues from advertising fees, GPAA and Lost Dutchman's membership sales, product sales and the Trips and Outings Division sales. Advertising fees result from the sale of advertising time on The Outdoor Channel and from advertising space in publications such as the Gold Prospector magazine. Revenues for the quarter ended September 30, 1998 were \$2,345,579, an increase of \$355,673, or 18%, compared to revenues of \$1,989,906 for the quarter ended September 30, 1997. This increase was the result of changes in several items composing revenue. Advertising increased significantly to \$715,971 for the quarter ended September 30, 1998 from \$377,126 for the quarter ended September 30, 1997, primarily due to an increase in advertising revenue on The Outdoor Channel. Membership services increased modestly to \$873,510 for the quarter ended September 30, 1998 from \$821,110 for the quarter ended September 30, 1997. Trips and outings decreased modestly to \$756,098 for the quarter ended September 30, 1998 from \$791,670 for the quarter ended September 30, 1997.

**EXPENSES.** The Company's expenses consist primarily of the cost of satellite transponder and uplink facilities, programming, advertising and promotion, sales and administrative salaries, office expenses and general overhead. Expenses for the quarter ended September 30, 1998 were \$2,052,867 a decrease of \$130,287, or 6%, compared to \$2,183,154 the quarter ended September 30, 1997. This decrease was the result of changes in several items composing expenses. Selling, general and administrative expenses decreased to \$995,172 for the quarter ended September 30, 1998, compared to \$1,100,706 for the quarter ended September 30, 1997, due to several factors including the Company paring down executive salaries, further attention to controlling expenses and due to closing American Prospecting Equipment Company. Trips and outings decreased to \$485,168 for the quarter ended September 30, 1998, compared to \$563,016 for the quarter ended September 30, 1997, due less participation on the Alaska Trip and Motherlode expeditions and therefore less expenses. Advertising and programming decreased to \$18,351 for the quarter ended September 30, 1998, compared to \$37,932 for the quarter ended September 30, 1997, due to less emphasis in this

area by management. On the other hand, Satellite transmission fees increased to \$554,176 for the quarter ended September 30, 1998 compared to \$481,500 for the quarter ended September 30, 1997 due to increased satellite transponder expenses.

INCOME (LOSS) BEFORE PROVISION (CREDIT) FOR INCOME TAXES AND MINORITY INTEREST. Income (loss) before provision (credit) for income taxes and minority interest increased substantially as a percentage of revenues to 17% for the quarter ended September 30, 1998 from a loss of (14)% for the quarter ended September 30, 1997. This was due primarily to the Company having income from operations of \$292,712 for the quarter end September 30, 1998, compared to a loss from operations of \$(193,248) for the quarter ended September 30, 1997. Also, gain on sale of common stock of subsidiary was \$153,180 for the quarter ended September 30, 1998 compared to \$0 for the quarter ended September 30, 1997. During the quarter ended September 30, 1998, the subsidiary, The Outdoor Channel, sold 115,000 shares of common stock at \$1.50 per share in a private

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placement, resulting in the nonoperating gain and reducing the Company's ownership in the subsidiary from 90% to 89%. Subsequent to September 30, 1998, the subsidiary continued to sell shares of its common stock in a private placement. The sale of subsidiary stock was the result of the Company's execution of its plan to place The Outdoor Channel on a self supporting basis which was effectuated, in part, by selling a part of The Outdoor Channel to outside investors. These sales occurred for the first time in the fourth quarter of 1997 and ended effective March 5, 1999.

#### General

Global Outdoors, Inc. (the "Company" or "Global") is the principal owner of The Outdoor Channel, Inc. which owns and operates The Outdoor Channel ("The Outdoor Channel" or "Channel"), the first national television network devoted primarily to traditional outdoor activities, such as hunting, fishing, shooting sports, rodeo and recreational gold prospecting. The Company also owns and operates related businesses which serve the interests of viewers of The Outdoor Channel and other outdoor enthusiasts. These related businesses include, LDMA-AU, Inc. ("Lost Dutchman's"), Gold Prospectors' Association of America, Inc. ("GPAA") and the Trips Division. Lost Dutchman's is a national recreational gold prospecting campground club with over 5,000 members and properties in California, Alaska, Oregon, Nevada, Arizona, Colorado, Georgia, South Carolina and North Carolina. GPAA is the largest recreational gold prospecting club in the world with approximately 35,000 active members. GPAA also sells products and services related to recreational gold prospecting and is the publisher of the Gold Prospector magazine. Prior to being a wholly-owned subsidiary of the Company, GPAA was an affiliated company which owned the Outdoor Channel. As discussed below, the Company acquired 100% of the stock of GPAA in February 1995. The Company's Trips Division sponsors unique recreational prospecting trips to the historic Mother Lode area of California and to the Company's 2300 acre camp, located 11 miles west of Nome, Alaska.

The Company has been selling its GPAA club memberships since its incorporation in 1984. From 1968 to 1984, GPAA memberships were sold by the proprietorship owned by the Company's founders. GPAA membership sales took a marked upswing in 1992 in conjunction with the airing of the "Gold Prospector Show," a show the Company has owned and produced since 1990. During 1992, the "Gold Prospector Show" was broadcast on various television and cable channels, for which the Company purchased air time. In 1993, GPAA launched The Outdoor Channel and, since then, broadcasts of the "Gold Prospector Show" and related sales of GPAA memberships have occurred almost exclusively on The Outdoor Channel. The Company intends that The Outdoor Channel be used as a primary vehicle to promote the Company's services and products and anticipates that it will be a factor in the future growth of GPAA, Lost Dutchman's and the Trips Division. In that regard, the Company entered into a long term contract with The Outdoor Channel whereby the Company has the rights to ten hours of programming time and thirty sixty second advertising spots per week.

On February 10, 1995, Global acquired 100% of the stock of GPAA in exchange for 2,500,000 shares of its Common Stock and potential Earn Out Shares issuable contingent upon specified levels of earnings or appraised value. In December 1998, 1,000,000 Earn Out Shares were issued to the former shareholders of GPAA pursuant to the agreement whereby Global acquired GPAA. The primary basis for issuing the Earn Out Shares was the value of The Outdoor Channel further described herein. Since GPAA was a commonly controlled company, its assets and liabilities were recorded in 1995 at their historical cost basis in a manner similar to a pooling of interest, and the additional shares issued in 1998 were recorded at their par value.

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Although The Outdoor Channel is not aligned with any sizable entertainment or cable company, as are many emerging channels, it has, to date, achieved substantial visibility in the cable industry. The Outdoor Channel is committed to converting visibility for the Channel's programming into greater distribution into cable households. Greater distribution will allow The Outdoor Channel to charge higher advertising rates, command higher subscriber fees from cable affiliates, attract more advertisers and receive greater revenues for the Company's products.

In April 1998, The Outdoor Channel signed an affiliation agreement with EchoStar Satellite Corporation ("EchoStar"), one of the largest direct broadcast satellite companies ("DBS") in the U.S. with approximately two and million subscribers. The Outdoor Channel's launch on EchoStar's Dish Network occurred in December 1998. Commencing February 1, 1999, The Outdoor Channel has been available on the Dish Network on an a la carte basis (i.e stand alone) for a fee of \$1.99 per month. Through April, 1999, there were approximately 100,000 subscribers to The Outdoor Channel on the Dish Network. The Channel receives a significant portion of the monthly subscriber fees. For the month of April 1999 the Channel's portion was approximately \$65,000.

In April 1998, The Outdoor Channel signed a cross promotion agreement with the Wild Life Legislative Fund of America ("WLFA"). The WLFA is affiliated with groups representing approximately 1.5 million sports men and women and will be encouraging them to request The Outdoor Channel. The Outdoor Channel intends to co-produce with the WLFA a new show "In the Crosshairs" which will discuss hunters and anglers' rights. The Outdoor Channel is also promoting memberships in the WLFA. Cross promotion agreements with the WLFA and other similar organizations give The Outdoor Channel a very effective means to increase viewer awareness and demand for The Outdoor Channel at no net cash cost to the Channel.

In August 1998, The Outdoor Channel signed a national carriage agreement with Time Warner Cable, a division of Time Warner Entertainment Company ("Time Warner"), one of the largest MSOs in the U.S. The Company believes there will be significant distribution of The Outdoor Channel on Time Warner systems.

A primary objective of the Company is for The Outdoor Channel to obtain distribution. To accomplish this objective the Channel seeks to sign national carriage agreements with MSOs and thereafter carriage agreements with the MSOs' individual cable affiliates. Efforts to obtain distribution for The Outdoor Channel to date have largely been focused on areas where there are the greatest number of outdoor enthusiasts, mainly in rural areas of the United States. As of May 1999 The Outdoor Channel was launched on approximately 1,500 cable systems with approximately 3.5 million subscribers. The Outdoor Channel is under contract with or has signed national carriage agreements with over 75 of the top 100 multi-system cable operators representing over 40 million potential households.

In October 1998, The Outdoor Channel moved its satellite transmission to PanAmSat's, Galaxy 9 satellite pursuant to a long term lease agreement, as amended, originally executed in October 1996

In November 1998, The Outdoor Channel renewed its media placement agreement with Frederiksen Television, Inc. for the placement of direct response programming on The Outdoor Channel, primarily during off hours. The Outdoor Channel receives significant revenues under this agreement.

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In 1998, the Channel retained BIA Consulting, Inc. ("BIA") to value The Outdoor Channel. In December 1998, BIA provided the Channel with a Prospective Fair Market valuation of The Outdoor Channel which included BIA's opinion that the estimated value of the Channel was \$30 million as of December 31, 1998.

In December 1997, the Company instituted a plan to make The Outdoor Channel self supporting. Since that time the Company has not advanced significant funds to the Channel with The Outdoor Channel supporting itself primarily with its revenues and outside investor funds. The Outdoor Channel raised \$172,500 for the quarter ended September 30, 1998. The Outdoor Channel raised \$1,691,751 from private investors from December 1, 1997 through March 5, 1999 and during the same time period the Company received \$308,751 from private investors by the sale of a portion of its shares in The Outdoor Channel. As of March 5, 1999, when the offering was ended, the Company owned approximately 84% of The Outdoor Channel. Sales of Common Stock in the Channel are not presently contemplated in the near future. Therefore, after March 31, 1999, it is not presently anticipated that the Company's earnings will reflect gains resulting from such sales.

In the third quarter of 1998, the Company did not generate sufficient cash flow from operations to meet its cash flow requirements. In addition to cash generated from operations, the Company's cash flow needs in the third quarter of 1998 were primarily met by the funds from the private placement of The Outdoor Channel.

In December 1998, The Outdoor Channel reopened its private placement to accredited investors who had previously invested in the Channel. 400,000 shares of Common Stock of the Channel were offered at \$1.50 per share. Of this number, 200,000 shares were from the Channel and 200,000 shares were from shares of the Channel owned by Global. Effective February 1, 1999, The offering price per share was increased to \$2.00 per share. The maximum offering amount of \$600,000 was oversubscribed by \$17,502 which over subscriptions The Outdoor Channel and Company elected to accept. The Channel decided to reopen the offering for several reasons including the fact that The Outdoor Channel did not have any working capital and the Channel had not repaid any of its debt to Global. Global elected to offer some of its stock in the reopened offering since the Company desired to obtain additional funds to be in a position to retire a portion of its debt to Wells Fargo Bank and to make further improvements on its Lost Dutchman's properties including its Stanton property.

As of May 1999, the Company is generating sufficient cash flow from operations to meet its short-term cash flow requirements. The Outdoor Channel is also meeting its short-term cash flow requirements. The Company intends on utilizing funds it receives from The Outdoor Channel's private placement primarily for working capital, to be in a position to retire debt and to make improvements on its Lost Dutchman's properties. The Outdoor Channel intends on utilizing funds it receives from its private placement primarily to make improvements to its equipment and facilities, augment personnel and retire debt. Management believes that the Company's existing cash resources and anticipated cash flow from operations will be sufficient to fund the Company's operations at current levels for the next twelve months. To the extent that such amounts are insufficient to finance the Company's working capital requirements, the Company could be required to seek financing. There can be no assurance that equity or debt financing will be available if needed, or, if available, will be on terms favorable to the Company or its shareholders. Significant dilution may be incurred by present shareholders as a result of any such financing. The primary source for short-term financing for The Outdoor Channel has been its private placement. There can be no assurance that this source will continue to be available, if needed, in the future. In the event, The Outdoor Channel is required to seek financing, there can be no assurance that equity or debt

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financing will be available if needed, or, if available, will be on terms favorable to The Outdoor Channel or its shareholders. At the current level of operations, the Company is retiring some of its existing debt and is planning to finish significant improvements on its Stanton Property and make further improvements to some of its other properties. The Company anticipates that The Outdoor Channel will commence retiring some of its debt with the Company in the second half of 1999. The Company presently intends to utilize such funds to be in a position to retire a portion of its bank loan and make Lost Dutchmans and GPAA acquisitions and improvements. There can be no assurance that The Outdoor Channel will commence retiring its debt with the Company in 1999.

Since July 30, 1997, the Company's Common Stock has been traded on the NASD's over the counter Bulletin Board. Price quotes on the Company's Common Stock can be obtained from any stockbroker. Also, price quotes can be obtained from a number of other sources including internet sites on American On Line, Yahoo Finance and Paww's Financial Network.

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|         |                                            |
|---------|--------------------------------------------|
| ITEM 6. | EXHIBITS AND REPORTS ON FORM 8-K           |
| (a)     | Exhibits<br>-----                          |
|         | Exhibit<br>Number<br>-----                 |
| 27      | Financial Data Schedule (SEC filing only). |
| (b)     | Reports on Form 8-K                        |

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None.

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SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GLOBAL OUTDOORS, INC.  
(Registrant)

Dated: July 22, 1999

By: /s/ PERRY T. MASSIE

-----  
PERRY T. MASSIE,  
President and Chief  
Executive Officer

Dated: July 22, 1999

By: /s/ RICHARD D. VERMEER

-----  
RICHARD D. VERMEER,  
Chief Financial Officer  
(Principal Financial and  
Accounting Officer)

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