GLOBAL CASINOS INC
Form 10KSB/A
November 25, 2003

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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FORM 10-KSB/A-1

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[X] ANNUAL REPORT UNDER TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2003

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to ____________

Commission file number 0-15415

GLOBAL CASINOS, INC.

(Name of Small Business Issuer in its Charter)

Utah	87-0340206
(State or other jurisdiction of incorporation or organization)	I.R.S. Employer Identification number

5455 Spine Road, Suite C, Boulder, Colorado 80301

(Address of principal executive offices) (Zip Code)

Issuer's telephone number: (303) 527-2903

Securities registered under Section 12(b) of the Exchange Act: None

Securities registered under Section 12(g) of the Exchange Act: Common Stock, $.05 par value

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

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of Issuer's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [x]

The Issuer's revenues for the fiscal year ended June 30, 2003 were $2,770,073. As of September 29, 2003, the aggregate market value of the Common Stock of the Issuer based upon the average bid and asked prices of such Common Stock, held by non-affiliates of the Issuer was approximately $336,000. As of September 29, 2003, there were 2,431,360 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The Registrant incorporates by this reference the following:

PART IV - EXHIBITS

1. Incorporated by reference from the Company's Registration Statement on Form 10, as amended, SEC file number 0-15415.

2. Incorporated by reference from the Company's Registration Statement on Form S-2, as amended, SEC File No. 33-46060, declared effective May 15, 1992.

3, Incorporated by reference from the Company's Registration Statement on Form S-8, filed with the Commission and effective December 8, 1995.

4. Incorporated by reference from the Company's Registration Statement on Form SB-2, as amended, SEC File No. 33-76204, declared effective August 12, 1994.

5. Incorporated by reference from the Company's Current Report on Form 8-K, dated July 15, 1995, as filed with the Commission on July 31, 1995, as amended on Form 8-K/A-1 filed with the Commission on August 31, 1995.

6. Incorporated by reference from the Company's Current Report on Form 8-K, dated November 19, 1993, as filed with the Commission on December 3, 1993.

7. Incorporated by reference from the Company's Current Report on Form 8-K, dated February 18, 1994, as filed with the Commission on March 3, 1994.

8. Incorporated by reference from the Company's Current Report on Form 8-K, dated April 29, 1994, as filed with the Commission on May 13, 1994.

9. Incorporated by reference from the Company's Current Report on Form 8-K, dated June 3, 1994, as filed with the Commission on June 10, 1994.

10. Incorporated by reference from Casinos U.S.A., Inc.'s Corrected Second Amended Disclosure Statement, dated September 16, 1996, as filed with the Commission on October 31, 1996.

11. Incorporated by reference from the Company's Current Report on Form 8-K, dated August 1, 1997, as filed with the Commission on August 14, 1997.

12. Incorporated by reference from the Company's Current Report on Form 10KSB, dated October 7, 1997, as filed with the Commission on October 14, 1997.

13. Incorporated by reference from the Company's Amended Report on Form 8-K, dated October 7, 1997, as filed with the Commission on October 14, 1997.

14. Incorporated by reference from the Company's Current Report on Form 8-K, dated June 11, 1998, as filed with the Commission on June 15, 1998; as Amended June 11, 1998, and filed with the Commission on July 7, 1998.

15. Incorporated by reference from the Company's Annual Report on Form 10-KSB for the fiscal year ended June 30, 1998, as amended and filed with the Commission on December 23, 1998.

16. Incorporated by reference from the Company's Current Report on Form 8-K as filed with the Commission on January 8, 1999, as amended on Current Report on Form 8-K/A as filed with the Commission on September 2, 1999.

17. Incorporated by reference from the Company's Current Report on Form 8-K dated December 30, 1999 as filed with the Commission on January 14, 2000.

FORWARD LOOKING STATEMENTS

Certain statements made in this Annual Report are "forward-looking statements" (within the meaning of the Private Securities Litigation Reform Act of 1995) regarding the plans and objectives of management for future operations. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The forward-looking statements made in this Report are based on current expectations that involve numerous risks and uncertainties. The Company's plans and objectives are based, in part, on assumptions involving the growth and expansion of business. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Company. Although the Company believes that its assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance that the forward-looking statements made in this Report will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements made in this Report, the inclusion of such information should not be regarded as a representation by the Company or any other person that the objectives and plans of the Company will be achieved.

PART I

ITEM 1.

DESCRIPTION OF BUSINESS

Overview

Global Casinos, Inc. ("the Company", "Global Casinos", or "Global") and its wholly owned subsidiaries operate in the domestic gaming industry. The Company is organized as a holding company for the purpose of acquiring and operating casinos, gaming properties, and other related interests. Global was organized under the laws of the State of Utah on June 8, 1978.

As of June 30, 2003, Global had one operating subsidiary, which owns and operates the Bull Durham Saloon & Casino ("Bull Durham") located in Black Hawk, Colorado.

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OnSource Spin-Off

During the year ended June 30, 2002, Global declared a stock dividend consisting of its ownership interest in OnSource Corporation, a Delaware corporation ("OnSource"). OnSource had been formed by Global as a wholly owned subsidiary to facilitate the transfer of certain assets to Global's shareholders. The following events have occurred in connection with with the spin-off:

* October 2000: OnSource Corporation formed and organized by Global Casinos
* July 1, 2001: Dropdown of assets and liabilities from Global Casinos to OnSource
* July 1, 2001: OnSource assumes Global Casinos liability under Series C Promissory Notes
* August 6, 2001: Record date established for the spin-off
* October 31, 2001: Holders of Series C Promissory Notes convert into 427,294 shares of OnSource common stock
* March 1, 2002: Transaction Agreement summarizing spin-off entered into by Global Casinos and OnSource
* June 13, 2002: OnSource shares owned by Global Casinos to be spun off and distributed are transferred to a spin-off trust
* September17, 2002: Series of agreements with Astraea Investment Management, L.P. executed restructuring Global Casinos' secured and unsecured notes
* November 10, 2003: Second Amended and Restated Transaction Agreement executed
* November 12, 2003: OnSource registration statement declared effective by the SEC registering the OnSource shares to permit consummation of the spin-off

As of the date of this report, the OnSource shares are in the process of being distributed.
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Global Alaska's operations were conducted through its wholly owned subsidiary, Alaska Bingo Supply, Inc. ("ABS"), an Alaska corporation. ABS is primarily engaged in the distribution of a full line of products, supplies and equipment utilized by licensed gaming organizations in the State of Alaska. Gaming in Alaska is limited to qualified organizations (primarily non-profit groups and municipalities) that operate bingo and pull-tabs games for fund raising purposes. ABS also provides facilities management services to bingo hall operators.

Description of Operations

Casinos U.S.A. - The Bull Durham

Background. Casinos U.S.A. was acquired on November 19, 1993. Global Casinos acquired 100% of the outstanding common stock of Casinos U.S.A., a Colorado corporation, and Lincoln Corporation ("Lincoln") and Woodbine Corporation ("Woodbine"), both South Dakota corporations, in exchange for 253,500 shares of the Company's common stock. Lincoln and Woodbine operated the Last Chance Saloon and Lillie's, respectively; both located in Deadwood, South Dakota. The Company permanently closed the Last Chance Saloon on May 31, 1994 and Lillie's on June 30, 1995 due to unprofitable operations. Both Lincoln and Woodbine are now inactive corporations.

In October 1995, Casinos U.S.A. filed a voluntary petition under Chapter 11 of the United States Bankruptcy

Code as it was in default under all of its secured obligations encumbering the Bull Durham Saloon and Casino. In January 1997, the Court approved the Debtor's Second Amended Plan of Reorganization (the "Plan"), and in February 1998 the bankruptcy was discharged upon being fully administered.

Operations. The Bull Durham is located approximately one hour from Denver, Colorado in the mountain town of Black Hawk. The Company has operated The Bull Durham since 1993, soon after limited stakes gambling was legalized in Black Hawk in 1992. The casino holds a retail liquor license issued by the State of Colorado and offers limited food service in addition to beverages.

Presently, the casino occupies approximately 7,200 square feet of space located at 110 Main Street in Black Hawk, Colorado. Casinos U.S.A. owns the building in which the Bull Durham operates, subject to three deeds of trust securing a total of $2,125,000 in debt.

In October, 2002, we removed four blackjack tables and replaced them with slot machines. As of June 30, 2003, we operated 176 slot machines. Subsequent to June 30, 2003, we added 5 machines, bringing the current configuration to 181 gaming devices.

New slot machine designs are introduced every year by the equipment manufacturers. Certain games become more popular and older games tend to become less popular. During the past year, we replaced 38 machines. The current popular trend is in the "penny" and "nickel" machines.

The Bull Durham's customer base consists primarily of day visitors from Denver. Many gamblers are transported to Black Hawk on charter buses provided by the casinos. A city bus stop is adjacent to the casino. During the past two years, we increased our utilization of charter bus services. We contract certain bus companies to transport guests to our casino from Denver and its surrounding communities.

As we do not have parking facilities available for our customers, we rely totally on "walk-in" traffic and charter bus traffic. This traffic declines during the winter months when the weather deteriorates. We do not have a full service restaurant. Some of our competitors provide extensive food service, including Las Vegas style buffets. We have not yet installed "cashless tickets" capability on our slot machines. This technology is new and has not yet been embraced by gaming patrons in Colorado.

Bankruptcy Plan of Reorganization. Under the terms of the Bankruptcy Plan of Reorganization which was confirmed in 1997, the creditors holding the three deeds of trust encumbering the Bull Durham property also held warrants exercisable to purchase up to 80% of the equity securities of Casinos U.S.A. The warrants were exercisable for nominal cost, but only in the event there occurs certain triggering events, such as a sale of the property or a substantial refinancing. If the debts underlying the deeds of trust are amortized and paid in full, the warrants terminate. However, the existence of the warrants restricted the Company's ability to undertake certain transactions without the consent of the creditors. The warrants were waived under the terms of a debt restructuring that become effective during FY 2003.

2002 Restructuring. Beginning in approximately April 2002, the Company engaged in a series of meetings and discussions with the Colorado Division of Gaming surrounding the then pending application to renew the gaming license covering the Bull Durham. The Division of Gaming expressed concern that the Company's directors and officers, Messrs. Jennings and Neuman, had other associations with the Company's former directors, Messrs. Calandrella and Thygesen, the latter of whom had been the subject of an Initial Decision by an Administrative Law Judge of the Securities and Exchange Commission finding violations of federal securities laws. Notwithstanding the fact that Messrs. Calandrella and Thygesen had previously resigned from the Company, the Division of Gaming requested that Messrs. Jennings and Neuman, neither of whom were subject to the SEC administrative action, nevertheless resign as control persons of Casinos, U.S.A., the company that owned the Bull Durham and to which the gaming license would be issued.

Concurrently with the discussions with the Division of Gaming, the Company entered into discussions with Astraea Investment Management, L.P. ("Astraea") to restructure the Company's financial and operational obligations. In July 2002, The Company agreed to a term sheet ("Astraea Term Sheet") covering various interrelated transactions more fully described below. Effective September 17, 2002, the terms of the restructuring were finalized (the "2002 Restructuring"), resulting in the following:

* Astraea agreed to waive accrued and unpaid interest and fees under an unsecured $500,000 note (the "Astraea Unsecured Note").

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* Astraea agreed to extend the maturity date of the Astraea Unsecured Note to 2007, and to reduce the rate of interest thereon to seven percent (7%) per annum.

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* Astraea agreed that there would be a moratorium on payments on the Astraea Unsecured Note for 30 months.

* Global Casinos and Astraea agreed that the Astraea Unsecured Note would be assigned to and assumed by Casinos, U.S.A. and be secured by one hundred percent (100%) of the outstanding shares of common stock of Casinos, U.S.A. (which owns the Bull Durham) and a security interest in the tangible and intangible assets of Casinos, U.S.A.

* It was agreed that Global would continue to manage the Bull Durham for a management fee of $10,000 per month. Global Casinos has agreed to provide Astraea with certain financial reporting and inspection rights going forward.

* Astraea has agreed to restructure its two mortgage notes against the Bull Durham to provide for interest at the rate of seven percent (7%) with a thirty-year amortization and an extended maturity date to 2009. Astraea also agreed to defer installment payments on its two secured promissory notes to the extent of one hundred percent (100%) of each such installments until an aggregate deferral totaling $100,000 is reached, but in no event more than one (1) year. Deferred installment payments will be set aside and used for working capital purposes and capital expenditures at the Bull Durham which are approved by Astraea. Any expenses incurred by Astraea in connection with the restructure of the indebtedness will be added to the principal balances of its secured notes and repaid as part of the balloon payment at the maturity date of such note. Debt to third parties associated with the gaming equipment located at the Bull Durham has been restructured with the agreement of the vendor.

* junior secured mortgage notes encumbering the Bull Durham would be restructured to bear interest at the rate of four percent (4%) per annum and amortized in a straight line over a term of thirty (30) years, with a seven-year balloon;

* All debt associated with gaming equipment located at the Bull Durham is required to be restructured to the satisfaction of Astraea.

* All shares of Casinos, U.S.A. preferred stock properly issued or issuable pursuant to an accounting to be mutually agreed upon by Global Casinos and Astraea in connection with the building expansion program undertaken by the Bull Durham shall be cancelled as part of the restructuring of Global Casinos.

* Global Casinos granted to Astraea an option exercisable after March 17, 2005 to purchase all of the issued and outstanding shares of common stock of Casinos, U.S.A. for a purchase price of $100. Global Casinos may redeem the option by paying to Astraea an amount sufficient to retire in full the $500,000 promissory note held by Astraea and assumed by Casinos, U.S.A. together with interest at the rate of twelve percent (12%) per annum.

* The Board of Directors of Casinos, U.S.A. was reconstituted to consist of persons approved by Astraea and the Colorado Division of Gaming, and the voting shares of Casinos, U.S.A. have been made subject to a voting agreement to enforce this agreement.

* Arrangements have been made to restructure a note payable from the Bull Durham to Global Casinos to permit debt service by Global Casinos on a note held by a third party.

* The warrants to purchase shares of Casinos U.S.A. and the participation in net cash flow provided for under Casinos U.S.A.'s Chapter 11 Bankruptcy Plan of Reorganization were cancelled.

The Astraea Term Sheet providing for the foregoing was executed by an on behalf of Global Casinos, Casinos U.S.A., Astraea and the holders of all subordinated mortgage notes against the Bull Durham except for the holders of approximately $200,000 in subordinated mortgage notes. With respect to those junior lienholders, the Company nevertheless began making revised payments based upon the restructured interest rate and maturity date provided for in the Astraea Term Sheet in the fourth quarter of 2002, without objection or protest on the part of the holders of those subordinated mortgage notes. The Company takes the position that by their acquiescence, those subordinated note holders are deemed to be bound by the terms of the Astraea Term Sheet.

Regulation. The Bull Durham began gaming operations in 1993 as a Class B Gaming Casino, which limits the casino to four (4) gaming tables and fewer than two hundred fifty (250) slot machines. Under limited stakes gaming regulations in Colorado, maximum wagers are limited to $5.00 per bet.

Ownership and operation of gaming establishments are extensively regulated by states in which such activities are permitted. Colorado has adopted numerous statutes and regulations covering limited stakes gaming operations. Existing regulation includes various aspects of the gaming industry, including ownership, operation and employment in all limited stakes gaming operations, taxation of revenues and regulation of equipment utilized in connection with such activities. Virtually all aspects of ownership and operation of gaming facilities require licensing by the state. Operators, machine manufacturers and distributors, employees and retailers are all subject to extensive investigation and regulation prior to licensing to engage in gaming activities. The procedure for obtaining these licenses is time consuming and costly. Prior to November 1, 2002, Global held a gaming license to operate the Bull Durham. Effective November 1, 2002, the gaming license was transferred to Casinos, U.S.A., Inc., our subsidiary that owns the Bull Durham, as part of an overall restructuring of our business operations under the Astraea Term Sheet. This restructuring was undertaken, in part, at the behest of the Division of Gaming.

Because the Company is a publicly traded corporation, each of the officers, directors and shareholders owning 5% or more of the equity interest prior to November 1, 2002, had to be approved by the Colorado Division of Gaming. With the transfer of the gaming license to Casinos, U.S.A., the officers and directors of that subsidiary must be approved by the Division of Gaming. The criteria established in determining the suitability to conduct such operations include financial history, criminal record and character, in addition to satisfaction of application procedures set forth in the existing regulations.

Under current regulations promulgated by the Colorado Limited Gaming Commission (the "Gaming Commission"), no gaming licensee may issue shares except in accordance with Colorado gaming laws and regulations; and any such issuance will be ineffective and such stock shall not be deemed issued until compliance is obtained; no shares of the licensee may be transferred except in accordance with Colorado Gaming Laws and regulations; and if the Gaming Commission determines that a holder of a licensee's securities is unsuitable, the licensee or a suitable person must, within sixty days, purchase such securities at the lesser of the unsuitable person's investment or the current market price of such securities. Any person who becomes a beneficial owner of five percent or more of the Company's common stock must notify the Division of Gaming within ten days after such person acquires such securities and must provide such additional information and be subject to a finding of suitability as required by the Division of Gaming Commission. The Company must notify each person who is subject to this regulation of its requirements as soon as it becomes aware of the acquisition. The same regulations apply to any person who becomes a beneficial owner of more than ten percent of any other class of voting securities of the Company.

Existing federal and state regulations may also impose civil and criminal sanctions for various activities prohibited in connection with gaming operations. State statutes and regulations also prohibit various acts in connection with gaming operations, including false statements on applications and failure or refusal to obtain necessary licenses described in such regulations. Violation of any of these existing or newly adopted regulations may have a substantial adverse effect on the operations of the Company and its subsidiaries.

The Company has been granted a casino tavern license issued under the Colorado Liquor Code for the Bull Durham. As revised in 1993, the Colorado Liquor Code now includes a casino tavern license issuable to duly licensed and operating limited stakes gaming casinos.

The beverage license is revocable and non-transferable. Licensing authorities may limit, condition, suspend or revoke the license. Violation of beverage laws or regulations can result in loss of license and may constitute a criminal offense punishable by fines, incarceration, or both.

Net profits derived from the operations of the Company and its subsidiaries are subject to taxation at the federal, state and local levels. The State of Colorado imposes a variable gaming tax on "adjusted gross proceeds" ("AGP"), which includes the total amount of all wagers made by players less all payments received by such players. As revised in July 1999 the progressive tax rate ranges from 0.25% on the first $2,000,000 of AGP to 20% on AGP in excess of $15,000,000. Local governmental units assess real and personal property taxes on the value of many assets, including land, building and gaming equipment. In addition, the city of Black Hawk assesses "device fees" on each gaming device utilized in a casino.

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Competition. Competition in the gaming industry in the United States is intense. There are numerous competitors engaged in the same business as the Company, and the Company's operations also compete with other forms of gaming activities, such as Bingo, Lotto, table games, sports betting and pari-mutuel wagering. Competition in Black Hawk, Colorado is particularly intense as competitors are in very close proximity to the Company's operations. There are now 22 casinos operating in the Black Hawk market. Additionally, there are 5 casinos located approximately one mile west in Central City. The Bull Durham Casino is relatively small in comparison to the other casinos in the market. There are currently 9,582 slot machines in the Black Hawk market and 1,599 in the Central City market. The 9,582 slot machines represent a 13% increase in Black Hawk in the last year. Based upon the number of slot machines in Black Hawk, The Bull Durham represents only 1.9% of the market. The average win per device for the Bull Durham is less then the average for all casinos in Black Hawk. As a result the Bull Durham net win represents less than 1% of the market. The Bull Durham attempts to stay competitive by providing personal customer service and state-of-the-art gaming devices. We developed a direct mail marketing campaign that targets repeat customers as part of our efforts to maintain market share.

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The 1991 referendum that authorized gaming in Colorado limited casinos to three mountain towns, Black Hawk, Central City, and Cripple Creek. There are two Native American casinos in Colorado, both in the southwest region of the state. However, future referendums could expand gaming to other locations. Other forms of legal gaming in Colorado include lottery games, dog and horse racing, and bingo.

It is possible that additional forms of gaming could be authorized. Colorado does not currently allow video lottery terminals ("VLT"). VLT's are games of chance similar to slot machines that generate a random set of numbers to be displayed on a video screen. Winning bets are rewarded with a ticket that can be exchanged for cash. An initiative to legalize VLT's is on the ballot for the November 2003 general election. If approved, the initiative will allow VLT's at five racetracks, all located along the Colorado Front Range. The VLT's, if approved, would be regulated by the Colorado Lottery, a regulatory body that is separate from the Gaming Commission. VLT gaming could compete with slot machines

Seasonality. Because the Bull Durham Casino is located in a small mountain community west of Denver, it experiences its peak business during the summer months when weather conditions are more favorable. The winter months tend to be substantially slower when weather conditions reduce the amount of traffic through the town.

Global Central - Tollgate (discontinued)

Background. Effective August 7, 1999, the Company entered a Lease and Option Agreement (the "Lease") following which it leased the Tollgate Casino and Saloon in Central City, Colorado. The Company obtained gaming and casino licenses and opened the Tollgate for operation in August 1999. The Tollgate was closed effective July 31, 2000 due to substantial operating losses.

Global Central also engaged in the purchase and sale of marketable trading securities consisting primarily of equity instruments. The Company terminated its trading activities on April 1, 2002.

Employees

The Company's sole executive officer is Frank L. Jennings, Chief Executive/Financial Officer.

The Bull Durham operates with an on-site general manager. During fiscal 2003, the Bull Durham employed a total of 36 people, including both full and part-time employees as follows:

	Full-Time	Part-Time	Total Employees
Bull Durham Casino	26	10	36

The company is not part of any collective bargaining agreement. There have been no work stoppages and the company believes its employee relations are good.

Intellectual Property

The Company does not claim any intellectual property protection to any of its assets and does not believe that intellectual property protection is material to its operations.

Consultants

Since July 1, 2001, Gunpark Management LLC, has been providing us with certain management, clerical and administrative services. Mr. Jennings, our Chief Executive/Financial Officer, is a member of Gunpark Management LLC. Mr. Jennings and Gunpark Management provide similar services to other companies. We are charged our pro-rata share of the expenses associated with the services we receive.

ITEM 2.

DESCRIPTION OF PROPERTY

Corporate Offices

The Company leases approximately 4,200 square feet of space in Boulder, Colorado for use as its corporate offices. The lease requires monthly payments of approximately $3,500 and expires in 2006.

Operating Subsidiaries

The facilities and properties of the Company's operating facilities are more fully described in Item 1 of this Report and are incorporated herein by this reference.

The Company believes that each of its facilities is adequate for its intended purpose and does not plan any significant investment in additional facilities during the next year.

ITEM 3.

LEGAL PROCEEDINGS

The Company and its officers and directors are involved in the following material legal proceedings:

Securities and Exchange Commission

In the Matter of Global Casinos, Inc. and William P. Martindale, Securities Act Release No. 33-7586, Exchange Act Release No. 34-40469 (September 24, 1998). On September 24, 1998, the Company and its former director, William P. Martindale, voluntarily entered into a Voluntary Consent Decree with the Securities and Exchange Commission, pursuant to which an Administrative Order was entered by the Commission directing the Company and Mr. Martindale to cease and desist from future anti-fraud violations of the federal securities laws.

Civil Litigation

Michael Jacobs vs. Global Casinos, Inc. This matter was filed as a civil action, which has been stayed pending mandatory arbitration. Mr. Jacobs was a former employee of the Company in Dallas, Texas and is asserting claims for compensation for services rendered while under the supervision of William P. Martindale at the Company's then existing Dallas, Texas office. The Company has retained local legal counsel and is vigorously defending the matter. The Company believes that the likelihood of a material adverse outcome in this matter is remote.

Other Matters

Other Matters. The Company customarily has numerous indebtedness and trade payables that have matured and as to which the Company is currently in default. The Company routinely engages in active dialog with each of its creditors, although from time to time the Company is sued for collection.

At June 30, 2003 there were outstanding promissory notes held by non-affiliated third parties totaling approximately $417,973 in principal and $417,418 in accrued and unpaid interest. These notes are unsecured, fully matured, and in default. The Series A preferred stock issued by Global contained a mandatory redemption requirement. The Company is currently unable to redeem those outstanding shares in the amount of $401,000 and is in default of that requirement. The Company has been unable to pay the dividends on its Series C preferred stock and is in arrears in the amount of $14,634. While the Company communicates with these creditors in an effort to settle their claims, there can be no assurance that it will be successful in these efforts.

ITEM 4.

SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of the Company's shareholders during the quarter ended June 30, 2003.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The outstanding shares of Common Stock are traded over-the-counter and quoted in the "pink sheets" published by the OTC Electronic Bulletin Board under the symbol "GBCS". The reported high and low bid and ask prices for the common stock are shown below for the period from July 1, 2001 through September 30, 2003.

	Bid		Ask	
	High	Low	High	Low
2002 Fiscal Year				
July - Sept 2001	$0.26	$0.13	$0.38	$0.13
Oct - Dec 2001	0.13	0.08	0.25	0.05
Jan - Mar 2002	0.21	0.03	0.41	0.13
Apr - June 2002	0.21	0.03	0.40	0.15
2003 Fiscal Year				
July - Sept 2002	$0.16	$0.02	$0.51	$0.11
Oct - Dec	0.12	0.02	0.40	0.02

2002				
Jan - Mar 2003	0.10	0.02	0.25	0.02
Apr - June 2003	0.11	0.03	0.25	0.03
2004 Fiscal Year				
July - Sept 2003	$0.15	$0.03	$0.25	$0.04

The bid and ask prices of the Company's common stock as of September 29, 2003 were $.07 and $.25, respectively, as reported on the Pink Sheets LLC. The Pink Sheet prices are bid and ask prices which represent prices between broker-dealers and do not include retail mark-ups and mark-downs or any commissions to the broker-dealer. The prices do not reflect prices in actual transactions. As of September 30, 2003, there were approximately 735 record owners of the Company's common stock and approximately 2,000 beneficial owners.

The Company's Board of Directors may declare and pay dividends on outstanding shares of common stock out of funds legally available therefor in its sole discretion; however, to date other than the OnSource spin-off dividend no dividends have been paid on common stock and the Company does not anticipate the payment of dividends in the foreseeable future. Further, under the terms of the convertible preferred stock issued by the Company, the Company is restricted from paying cash dividends on common stock during the period that the convertible preferred stock is outstanding.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Certain statements in this Management's Discussion and Analysis of Financial Condition and Results of Operations which are not historical facts are forward-looking statements such as statements relating to future operating results, existing and expected competition, financing and refinancing sources and availability and plans for future development or expansion activities and capital expenditures. Such forward-looking statements involve a number of risks and uncertainties that may significantly affect the Company's liquidity and results in the future and, accordingly, actual results may differ materially from those expressed in any forward-looking statements. Such risks and uncertainties include, but are not limited to, those related to effects of competition, leverage and debt service financing and refinancing efforts, general economic conditions, changes in gaming laws or regulations (including the legalization of gaming in various jurisdictions) and risks related to development and construction activities. The following discussion and analysis should be read in conjunction with the consolidated financial statements and notes thereto appearing elsewhere in this report.

Results of Operations - Fiscal Year Ended June 30, 2003 Compared to the Fiscal Year Ended June 30, 2002

Casino Operation. Total casino revenues for the year ended June 30, 2003 increased by $81,693 or 3% to $2,770,073 from $2,688,380 in 2002. We attribute the increased revenues to the increased number of slot machines in our casino. We removed four Blackjack table games and replaced them with slot machines. We now operate 181 slot machines, an increase of 34 over the prior year.

We operate a limited food and beverage service incidental to the operation of the casino. Food and beverage revenues approximated 2% of casino revenues in fiscal 2003 and 3% of casino revenues in fiscal 2002.

We continued to reduce our casino operating costs, which were $2,333,540 in fiscal 2003 compared to $2,410,325 in fiscal 2002, a decrease of $76,785 or 3%. The reduction primarily resulted from our Bull Durham operations restructuring, whereby we were able to reduce certain payroll costs by $188,000. The decrease is comprised of the elimination of dealers and pit supervisors associated with table gaming. We also saved $40,000 in table gaming supplies and expenses by eliminating the blackjack tables. The cost reductions were partially offset by an increase in marketing costs, primarily the $97,000 increase in direct mail program expenses and the $26,000 increase in charter bus expense. All other operating expenses increased by $30,000.

General and Administrative. General and administrative expenses increased by $76,768, from $139,517 in 2002 to $216,285 in 2003. During 2003, we incurred $20,000 of expenses related to the Astraea debt restructuring. The remaining increase consisted primarily of professional fees incurred in connection with the spin-off of OnSource.

Other Items. Interest expense declined to $223,806 in fiscal 2003 from $338,599 in 2002, a decline of $114,793 or 34%. The reduction reflects the renegotiations of certain debts to reduce interest expense and the normal expense reduction as outstanding debt balances are reduced.

Our marketable securities portfolio yielded a net gain of $125,000 in fiscal 2002. During 2002 we liquidated our securities portfolio and we do not expect to generate future trading gains or losses.

Gain on asset disposal in fiscal 2002 reflects the sale of our South Dakota property. The South Dakota property had been the subject of an ownership dispute. Proceeds from sale of the property were placed in escrow pending final resolution of the dispute. All items were resolved in fiscal 2002 and the gain of $194,000 was recognized.

During FY 2003, we completed a restructuring of certain debts. This restructuring occurred late in calendar year 2002 and is described in this report as the 2002 restructuring. The aggregate gain of $493,941 is comprised of the waiver of accrued and unpaid interest of $214,796 on a $500,582 note payable to an investment company and a principal reduction of $279,145 agreed by two equipment suppliers.

During FY 2002, we also recognized a net gain of $87,147 related to a restructuring of certain debts. The holders of debt instruments with principal and interest balances approximating $350,000 agreed to accept fixed monthly payments of $7,000 (including interest) and a reduction in the face amount of the debt. For financial statement purposes, the transaction yielded a pre-tax gain of $132,147 less associated taxes of $45,000.

Discontinued Operations. As previously announced, Global transferred certain assets and liabilities to OnSource Corporation, a subsidiary formed by Global to facilitate a spin-off of its Alaska operations to its shareholders. The transfer of assets and liabilities to OnSource was effective July 1, 2001. Global declared a stock dividend to all shareholders of record as of August 6, 2001, whereby Global's shareholders are entitled to receive one share of OnSource for every ten shares of Global's common stock owned by them. The accompanying financial statements present the Alaska operations as discontinued operations for fiscal 2002.

During fiscal 2001, we owned 100% of the Alaskan operations. Effective July 1, 2001, we transferred our ownership interests to OnSource, our wholly owned subsidiary. Between July 1, 2001 and June 13, 2002, OnSource sold common shares to other parties, reducing Global's ownership to 32%. On June 13, 2002, we transferred the OnSource common stock owned by Global into a trust for the benefit of Global's shareholders. Global's average ownership interest in OnSource for fiscal 2002 was 52.4%.

For the year ended June 30, 2002, we reported a loss from discontinued operations of ($22,989), representing 52.4% of OnSource's net loss of ($44,000).

Income taxes. For tax purposes, Global has accumulated net operating losses aggregating $7,781,000 available to offset future taxable income, if any. Taxable income reported for 2003 has been offset by these NOL carryforwards. These net operating losses can be carried forward for fifteen years. They will expire in the years from 2009 to 2016. The Tax Reform Act of 1986 limits the utilization of NOL carryforwards under certain circumstances. Therefore, the Company's ability to fully utilize the carryforwards is not assured and this asset is not reflected on the Company's balance sheet.

Liquidity and Capital Resources

Historically, cash generated from operations has not been sufficient to satisfy working capital requirements and capital expenditures. Consequently, the Company has depended on funding through debt and equity financing to address these shortfalls. The Company has also relied, from time to time, upon loans from affiliates to meet immediate cash demands. There can be no assurance that these affiliates or other related parties will continue to provide funds to the Company in the future, as there is no legal obligation to provide such loans.

As of June 30, 2003 and for the year then ended, neither the Company nor its subsidiaries have commercial bank credit facilities.

Consequently, we believe that future cash needs must be internally generated through operations. Cash flow at the Company's sole operating subsidiary has been sufficient to fund operations at that subsidiary and we believe that cash flow will be sufficient during the next twelve months to continue operation of the subsidiary. However, operating cash flow is not expected to be sufficient to reduce the parent company's debt posture or working capital deficiency. We do not expect to generate sufficient funds to cover the deficiencies related to our debt in default or other outstanding obligations. Should creditors initiate action against us to collect upon their debts, it could have a material adverse effect on our financial condition.

At June 30, 2003, the Company continued to suffer from a lack of liquidity and working capital deficit. Current assets were $557,343 compared to current liabilities of $2,077,822 resulting in a working capital deficit of $1,520,479. This working capital deficit, combined with the Company's history of losses from operations, has led our independent auditors to qualify their audit opinion due to substantial doubts about our ability to continue as a going concern.

The Company is in default under several unsecured loans and loan agreements. The Company continues to address debt currently in default by negotiating extensions and other modifications to the terms of these debts and by conversion of debt to equity, restructuring of amounts due and other payment terms. Management expects to continue these negotiations into fiscal 2004.

In previous years, the Company tried to offset its losses from operations with trading gains from sales of its portfolio of marketable securities. During fiscal year 2002, the Company terminated its marketable securities trading activity.

Current assets increased from $428,009 at June 30, 2002 to $557,343 at June 30, 2003, a increase of $129,334. Current assets increased because of increased cash flow from operations. Current liabilities decreased from $2,313,046 at June 30, 2002 to $2,077,822 at June 30, 2003, a decrease of $235,221. The decrease resulted primarily from the restructuring of certain debts that were in default.

Net cash provided by operating activities increased by approximately $294,000, primarily because if a net change in accounts payable balances of approximately $250,000.

Investing activities used net cash of $104,342 in 2003 compared to providing $27,930 in fiscal 2002. The net change of $132,272 is primarily explained by an increase in capital expenditures to improve the Bull Durham. In addition to the 38 new and used slot machines that we purchased during the year, we installed new carpet and replaced the slot chairs.

The Company used $174,199 in cash for financing activities during the year ended June 30, 2003 compared to $421,006 during 2002. The reduction resulted from the 2002 debt restructuring.

As of June 30, 2003, there were 200,500 shares of Series A Convertible Preferred Stock that remained outstanding. The preferred stock share is redeemable at a price of $2.00 per share. The original offering comprised 1,406,250 units. Under the original terms of the offering, the units were comprised of one share Series A Redeemable Preferred Stock with a mandatory redemption date of May 31, 1995 and one-half Class D common stock purchase warrant with an exercise price of $3.00 per share. On May 31, 1995, a majority of the preferred stock holders agreed to waive the mandatory redemption in consideration for a lower conversion price into common shares of $1.125 per share and lower warrant price of $0.50 per share. Subsequently, 1,205,750 shares of preferred stock were converted. The remaining outstanding Series A Redeemable Preferred Stock is in default of the mandatory redemption feature. The conversion privileged originally included with this unit have expired. None of the Class D warrants originally issued as part of the unit remain outstanding.

As of June 30, 2003, there were 39,101 shares of Series C Preferred Stock that remained outstanding. The stock has a stated value of $1.20 and is convertible into one share of common stock. Holders of Series C preferred stock are entitled to vote and to receive dividends at the annual rate of 7% based on the stated value per share. The dividends are cumulative, with any outstanding unpaid dividends bearing interest at an annual rate of 10%.

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During the year ended June 30, 2003, we reclassified the Series C Preferred Stock from mandatory redeemable to stockholders' deficit. The sole remaining Series C shareholder decided not to participate in the exchange offer that had been extended to all Series C shareholders. Furthermore, we determined that this shareholder did not sign the 1999 agreement offered to all Series C stockholders that would have granted them the right to require the Company to redeem the stock under certain circumstances.
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During the year ended June 30, 2002, the holders of 448,070 shares of Series C Preferred Stock exchanged their stock holdings for unsecured promissory notes with an aggregate principal balance of $641,000, bearing interest at 7% per annum and maturing in October 2003. All of these notes were assumed by OnSource Corporation.

As previously disclosed, Astraea holds a $500,000 promissory note which under the 2002 Restructuring was assigned by Global Casinos to Casinos, U.S.A. and is currently the obligation of Casinos, U.S.A. The principal amount of the note, together with interest at the rate of 4% per annum, is due and payable in September 2009. The note is secured by a pledge of 100% of the shares of Casinos, U.S.A. owned by Global Casinos and the assets of Casinos U.S.A. Global Casinos has granted to Astraea the option to purchase all of the shares of Casinos, U.S.A. owned by Global Casinos for $100, exercisable any time after March 17, 2005. Global Casinos can purchase the option from Astraea by repaying the principal and interest due under the note. Global Casinos does not have the capital with which to repay the note and does not anticipate being able to generate the capital through operations. As a result, the only way that Global Casinos could purchase the Astraea option by retiring the $500,000 promissory note would be through a refinancing of its debt. There currently exist no agreements, understanding or arrangements with respect to any such debt refinancing.

Further as part of the 2002 Restructuring, Astraea as holder of the first two mortgages against the Bull Durham agreed to a 12-month moratorium on monthly payments and to an extension of the maturity date of those mortgages from 2004 to 2009. In addition, junior mortgage holders holding all of the subordinated debt against the Bull Durham except for the holders of approximately $200,000 in subordinated mortgages also agreed to reduce the interest rate of their mortgage notes to 4% per annum and agreed to extend the maturity date of those notes from 2004 to 2009. Since September 2002, the Company has been paying the holders of the junior mortgages who did not agree to accept the Astraea Term Sheet on the basis of the reduced interest rate and extended maturity date provided for in that Term Sheet. Since that time, the holders of those junior mortgages have been acquiescing and accepting the modified payment without objection. The Company has taken the position that such acquiescence and acceptance without objection constitutes a legally enforceable modification by estoppel.

The Company's common stock is neither listed nor traded on NASDAQ or a national securities exchange. Information about the Company's stock can be found at Pink Sheets LLC, a quotation service that provides quotes, last-sale price, and volume information in over-the-counter (OTC) securities.

Outlook

The Company continues its efforts to formulate plans and strategies to address the Company's financial condition and increase profitability. Management will continue to address debt currently in default by negotiating with creditors to convert debt to equity, extend maturity dates of debt, and accept reduced payment terms. The Company will continue to explore acquisition opportunities and improve operating efficiencies at its existing properties. Management believes that these plans will result in increased liquidity and future profitability, however, there is no assurance that management actions will achieve the desired results.

The Company has streamlined its operations by closing unprofitable casinos and by transferring ownership of Alaskan operations to OnSource Corporation. The Company's operations consist solely of the Bull Durham. We believe this operation can be self-sustaining. However, it is not expected to be sufficiently profitable to relieve our debt posture or working capital deficiency. These conditions make it unlikely that we could take advantage of future opportunities without a significant capital infusion.

Subsequent to June 30, 2002, the Company completed a restructuring of certain debts and obligations (the 2002 restructuring). Among other terms and conditions, the Company agreed to grant an option to the senior creditor to purchase 100% of the common stock of Casinos USA for $100. The option can be exercised any time after March 17, 2005. Global can redeem the option by paying in full the principal and interest balance on the $501,000 promissory note. Global does not currently have the capital resources to retire the $501,000 promissory note payable. It will attempt to generate the funds internally or through a capital infusion. Should it fail to retire the debt before March 17, 2005, the creditor will be able to purchase Casinos USA, including the assets and operations of the Bull Durham for $100. As the Bull Durham constitutes all of the Company's operations, such an event would have a material adverse effect on the Company and its ability to retire its obligations.

ITEM 7. FINANCIAL STATEMENTS

The following financial statements are filed as part of this report:

1. Report of Independent Auditors

2. Audited Balance Sheet as of June 30, 2003

3. Audited Statements of Operations for the Years Ended June 30, 2003 and 2002

4. Audited Statements of Stockholders' Equity for the Years Ended June 30, 2003 and 2002

5. Audited Statements of Cash Flows for the Years Ended June 30, 2003 and 2002

6. Notes to Financial Statements

Report of Independent Auditors

Board of Directors and Shareholders
Global Casinos, Inc. and Subsidiaries

We have audited the accompanying consolidated balance sheet of Global Casinos, Inc. and Subsidiaries as of June 30, 2003 and the related consolidated statements of operations, stockholders' (deficit), and cash flows for the years ended June 30, 2003 and 2002. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Global Casinos, Inc. and Subsidiaries as of June 30, 2003, and the consolidated results of their operations and their cash flows for the years ended June 30, 2003 and 2002, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has both working capital and stockholder's deficiencies as of June 30, 2003. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Stark Winter Schenkein & Co., LLP

Denver, Colorado
October 11, 2003

GLOBAL CASINOS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

as of June 30, 2003

ASSETS

CURRENT ASSETS		
Cash and cash equivalents	$	516,529
Accrued gaming income		17,228
Inventory		16,147
Other		7,439
Total current assets		557,343
Land, building and improvements, and equipment:		

Land	517,950
Building and improvements	4,071,481
Equipment	1,342,767
	5,932,198
Accumulated depreciation	(2,153,784)
	3,778,414
	$ 4,335,757

LIABILITIES AND STOCKHOLDERS' (DEFICIT)

Current liabilities:	
Accounts payable, trade	$ 29,795
Accounts payable, related parties	229,458
Accrued expenses	163,488
Accrued interest	458,868
Current portion of long-term debt	257,240
Debt in default	417,973
Mandatory redeemable preferred stock in default	401,000
Other	120,000
Total current liabilities	2,077,822
Long-term debt, less current portion	2,602,866
Commitments and contingencies	
Stockholders' (deficit):	
Preferred stock: 10,000,000 shares authorized, Series B - 8% cumulative, convertible, $10.00 stated value, non-voting, 400,000 shares authorized, no shares issued and outstanding	-
Preferred Stock - Series C - 7% cumulative, convertible, Stated value $1.20 per share, voting, 600,000 shares authorized, 39,101 shares issued and outstanding, in arrears	46,921
Common stock - $.05 par value; 50,000,000 shares authorized; 2,431,360 shares issued and outstanding	121,568
Additional paid-in capital	12,250,105
Accumulated (deficit)	(12,763,525)
	(344,931)
	$ 4,335,757

See accompanying notes to the consolidated financial statements.

GLOBAL CASINOS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

for the years ended June 30, 2003 and 2002

	2003	2002
Revenues:		
Casino	$ 2,770,073	$ 2,688,380
Expenses:		
Casino operations	2,333,540	2,410,325
Operating, general, and administrative	216,285	139,517
	2,549,825	2,549,842
Income from operations	220,248	138,538
Other income (expense):		
Interest income	-	8,959
Interest expense	(223,806)	(338,599)
Gain on debt restructuring	493,941	-
Gain from sale of marketable securities	-	124,853
Gain on asset disposal	-	194,000
	270,135	(10,787)
Income before income taxes	490,383	127,751
Income taxes (benefit)	-	(45,000)
Income from continuing operations	490,383	172,751
Discontinued operations:		
(Loss) from operations of bingo segment	-	(22,989)
	-	(22,989)
Income before extraordinary item	490,383	149,762
Extraordinary item:		
Gain from debt restructuring (net of income tax of $45,000)	-	87,147
Net income	490,383	236,909
Preferred dividends	(3,284)	(13,000)
Net income attributable to common stockholders	$ 487,099	$ 223,909
Earnings (loss) per common share - basic and diluted:		
Income from continuing operations	$ 0.20	$ 0.07
Discontinued operations	-	(0.01)
Extraordinary item	-	0.04
Preferred dividends	(0.00)	(0.01)

Net income attributable to common stockholders	$ 0.20	$ 0.09
Weighted average shares outstanding	2,431,360	2,411,070

See accompanying notes to the consolidated financial statements.

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

for the years ended June 30, 2003 and 2002

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 490,383	$ 236,909
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	276,507	258,578
Gain from debt restructuring	(493,941)	(132,147)
Net gain on sales of marketable trading securities	-	(124,853)
Purchases of marketable trading securities	-	(499,608)
Sales of marketable trading securities	-	856,097
Gain on asset disposal	-	(194,000)
Discontinued operations	-	22,989
Changes in assets and liabilities:		
Restricted cash	-	52,872
Accrued gaming income	118,684	(108,912)
Inventories	1,504	5,026
Accounts payable	23,371	(226,433)
Accrued expenses	(15,865)	(55,000)
Accrued interest	136,169	179,000
	46,429	33,609
Net cash provided by operating activities	536,812	270,518
CASH FLOWS FROM INVESTING ACTIVITIES		
Transfer of cash to OnSource Corporation	-	(52,872)
Purchases of building improvements and equipment	(143,954)	(21,248)
Collections on note receivable	39,612	73,635
Other	-	28,415
Net cash provided (used) by investing activities	(104,342)	27,930

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on long-term debt	(146,900)	(421,006)
Net cash (used) by financing activities	(146,900)	(421,006)
Net increase (decrease) in cash	285,570	(122,558)
Cash at beginning of period	230,959	353,517
Cash at end of period	$ 516,529	$ 230,959
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	$ 94,888	$ 255,000
Cash paid for income taxes	$ -	$ -
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Debt issued in exchange for Series C preferred stock	$ -	$ 640,941
Equipment financing obligations	$ 127,605	$ 107,228
Common stock issued in exchange for notes payable and accrued interest	$ -	$ 102,401
Common stock issued in exchange for accrued wages	$ -	$ 46,580
Capital contribution from transfer of net liabilities to an affiliate	$ -	$ 133,693
Accrued and unpaid dividends on preferred stock	$ 3,284	$ 13,000

See accompanying notes to the consolidated financial statements.

GLOBAL CASINOS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' (DEFICIT)

July 1, 2001 through June 30, 2003

	SERIES C PREFERRED STOCK		COMMON STOCK		Additional		
	Number of Shares	Amount	Number of Shares	Amount	Paid in Capital	Accumulated (Deficit)	Total
Balance as of July 1, 2001	487,171	$ 584,605	2,146,360	$ 107,318	$ 9,226,818	$ (13,474,533)	$ (3,555,792)
OnSource stock dividend	-		-	-	2,754,863	-	2,754,863

Conversion of Series C preferred stock into notes payable	(448,070)	(537,684)					(537,684)
Common shares issued in exchange for debt	-		205,000	10,250	92,151	-	102,401
Common shares issued for accrued wages	-		80,000	4,000	42,580	-	46,580
Capital contribution by stockholder	-		-	-	133,693	-	133,693
Dividends on Series C preferred stock	-		-	-	-	(13,000)	(13,000)
Net income	-		-	-	-	236,909	236,909
Balance as of June 30, 2002	39,101	46,921	2,431,360	121,568	12,250,105	(13,250,624)	(832,030)
Dividends on Series C preferred stock	-		-	-	-	(3,284)	(3,284)
Net income	-		-	-	-	490,383	490,383
	39,101	$ 46,921	2,431,360	$ 121,568	$12,250,105	$ (12,763,525)	$ (344,931)

Balance as of June 30, 2003

See accompanying notes to the consolidated financial statements.

GLOBAL CASINOS, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Consolidation

Global Casinos, Inc. (the "Company or "Global"), a Utah corporation, develops and operates gaming casinos. The consolidated financial statements of the Company include the accounts of the following wholly owned subsidiaries. All significant inter-company accounts and transactions have been eliminated in consolidation.

> CASINOS USA, INC. ("Casinos USA"), a Colorado corporation, which owns and operates the Bull Durham Saloon and Casino ("Bull Durham"), located in the limited stakes gaming district in Black Hawk, Colorado.
>
> GLOBAL CENTRAL CORPORATION, a Colorado corporation, operated the Tollgate Saloon & Casino located in the limited stakes gaming district in Central City, Colorado. The casino closed in July 2000. The subsidiary's only activity between July 2000 and March 2002 involved trading marketable securities. Since March 31, 2002, the subsidiary has been inactive.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant estimates included herein relate to the recoverability of assets, the value of long-lived assets, the long-term viability of the business, the future impact of gaming regulations, and future obligations under various tax statutes. Actual results may differ from estimates.

Risk Considerations

We operate in a highly regulated environment subject to the political process. Our retail gaming license is subject to annual renewal by the Colorado Division of Gaming. Changes to existing statutes and regulations could have a negative effect on our operations. The Colorado general election scheduled for November 2003 will include a ballot initiative regarding video lottery terminals. Passage of the initiative could have a material adverse effect on our operations.

Fair Value of Financial Instruments

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The Company's financial instruments include accounts payable, accrued expenses, other current liabilities and long-term debt. Except for long-term debt, the carrying value of financial instruments approximated fair value due to their short maturities.

The carrying value of long-term debt approximated fair value because stated interest rates on these instruments are similar to quoted rates for instruments with similar risks.

Cash and Cash Equivalents

Cash consists of demand deposits and vault cash used in casino operations. The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. As of June 30, 2003, the Company had deposits in excess of the Federal Deposit Insurance Corporation limit of $100,000 at one financial institution. The balance in the Company accounts totaled $230,211.

Inventories

Inventories primarily consist of food and beverage supplies and are stated at the lower of cost or market. Cost is determined by the specific-cost method.

Land, Building and Improvements, and Equipment

Land, building and improvements, and equipment are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives. The building is depreciated over 31 years, and improvements and equipment are depreciated over five to seven years.

Impairment of Long-Lived Assets

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets,* the Company evaluates its long-lived assets for impairment when events or changes in circumstances indicate, in management's judgment, that the carrying value of such assets may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying value to future undiscounted cash flows expected to be generated by the asset. If such assets are considered impaired, the impairment to be recognized is determined as the amount by which the carrying value exceeds the fair value of the assets. The reported amount for assets to be disposed represent the lower of either the carrying value or the estimated fair value less the cost to sell.

On August 1, 1997, Global Alaska acquired Alaska Bingo Supply from an individual. The acquisition was recorded using the purchase accounting rules required by APB Opinion 16. The purchase price consisted of a cash down payment of $400,000, a promissory note of $4,000,000 due in monthly installments, and other costs and liabilities assumed of $262,763, resulting in a total purchase price of $4,662,763. The purchase price was allocated to the assets acquired based upon their fair market value and included $1,770,9585 allocated to leasehold interests and contract rights (the identifiable intangibles) and a residual goodwill value of $2,164,504.

Revenues and profitability for Alaska Bingo declined significantly after the acquisition. The Company evaluated the carrying values of the identified intangibles and goodwill acquired in the Alaska Bingo Supply transaction and determined that the value of those assets had been impaired. Recognition of that impairment for accounting purposes was recorded prior to the spin-off of OnSource (see Note 3.)

Revenue Recognition

In accordance with industry practice, the Company recognizes as casino revenues the net win from gaming activities, which is the difference between gaming wins and losses. Marketable trading securities are accounted for on a trade date basis. Where possible, realized gains and losses on the sales of marketable trading securities are determined using the specific identification method. If the specific identification method cannot be utilized, realized gains and losses are determined using the first-in, first-out method.

Advertising Costs

The Company expenses all advertising costs as they are incurred. Advertising costs were $19,855 and $18,413 for the years ended June 30, 2003 and 2002, respectively.

Income Taxes

The Company uses the liability method of accounting for income taxes. Accordingly, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates resulting from new legislation is recognized in income in the period of enactment. A valuation allowance is established against deferred tax assets when management concludes that the "more likely than not" realization criteria has not been met.

Earnings (Loss) Per Common Share

Earnings (or loss) per share ("eps") are calculated in accordance with the provisions of SFAS No. 128**,** *Earnings Per Share.* SFAS No. 128 requires the Company to report both basic earnings per share, which is based on the weighted-average number of common shares outstanding, and diluted earnings per share, which is based on the weighted-average number of common shares outstanding plus all dilutive potential common shares outstanding, except where the effect of their inclusion would be anti-dilutive (i.e., in a loss period). Potentially dilutive shares of 528,150 were not included in the calculation of diluted earnings per share for the year ended June 30, 2003, as their inclusion would have been anti-dilutive.

Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with Statement of Financial Accounting Standards ("SFAS") No. 123, *Accounting for Stock-Based Compensation.* The provisions of SFAS No. 123 allow companies to either expense the estimated fair value of stock options or to continue to follow the intrinsic value method set forth in Accounting Principles Board Opinion 25, *Accounting for Stock Issued to Employees* ("APB 25"), but disclose the pro forma effects on net income (loss) had the fair value of the options been expensed. The Company has elected to continue to measure compensation costs for stock-based compensation as prescribed by APB 25 in accounting for its stock option incentive plans.

Comprehensive Income

SFAS No. 130, *Reporting Comprehensive Income,* established standards for reporting and display of comprehensive income, its components and accumulated balances. For the years ended June 30, 2003 and 2002, there were no differences between reported net income and comprehensive income.

Derivative Instruments and Hedging Activities

SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities,* established requirements for disclosure of derivative instruments and hedging activities. During the periods covered by the financial statements the Company did not have any derivative financial instruments and did not participate in hedging activities.

Segment Information

The Company currently operates in one business segment as determined in accordance with SFAS No. 131, *Disclosure about Segments of an Enterprise and Related Information.* The determination of reportable segments is based on the way management organizes financial information for making operating decisions and assessing performance. All operations are located in the United States of America.

Recent Pronouncements

In October 2001, the FASB issued SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets.* This statement replaces SFAS No. 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of.* However, it retains the fundamental provisions of SFAS No. 121 for recognition and measurement of the impairment of long-lived assets to be held and used and for measurement of long-lived assets to be disposed of by sale. This statement applies to all long-lived assets, including discontinued operations, and replaces the provisions of APB Opinion No. 30, *Reporting Results of Operations-Reporting the Effects of Disposal of a Segment of a Business,* for the disposal of segments of a business. This statement requires that those long-lived assets be measured at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or in discontinued operations. The Company adopted this statement. (See Note 1- Impairment of Long-Lived Assets.)

In June 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 143, *Accounting for Asset Retirement Obligations*, which addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The standard applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development and/or normal use of the asset. SFAS No. 143 requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The fair value of the liability is added to the carrying amount of the associated asset and this additional carrying amount is depreciated over the life of the asset. The liability is accreted at the end of each period through charges to operating expense. If the obligation is settled for the other than the carrying amount of the liability, a gain or loss is recognized on settlement. The provisions of this statement are effective for fiscal years beginning after June 15, 2002. The adoption of SFAS No. 143 did not have an impact on the results of operation or financial position.

In April 2002, the FASB issued SFAS No. 145, *Rescission of SFAS Nos. 4, 44 and 64; Amendment of SFAS No. 13*; and *Technical Corrections*, which is generally effective for transactions occurring after May 15, 2002. Through the rescission of SFAS Nos. 4 and 64, SFAS No. 145 eliminates the requirement that gains and losses from extinguishments of debt be aggregated and, if material, be classified as an extraordinary item net of any income tax effect. SFAS No. 145 made several other technical corrections to existing pronouncements that may change accounting practices. The adoption of SFAS No. 145 did not have an impact on the results of operations or financial position.

In June 2002, the FASB issued SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal Activities*. SFAS No. 146 is effective for exit or disposal activities that are initiated after December 31, 2002. This Statement addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies EITF Issue No. 94-3, *Liability Recognition for Certain Employee Termination Benefits and other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)*. The adoption of SFAS No. 146 did not have a material impact on the results of operations or financial position.

In November 2002, FASB Interpretation No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others (FIN 45)*, was issued. The accounting recognition provisions of FIN 45 are effective January 1, 2003 on a prospective basis. They require that a guarantor recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. Under prior accounting principles a guarantee would not have been recognized as a liability until a loss was probable and reasonably estimable. As FIN 45 only applies to prospective transactions, it is difficult to determine the impact, if any, that adoption of the accounting recognition provisions of FIN 45 would have on the future financial position or results of operations.

In December 2002, the FASB issued SFAS No. 148*, Accounting for Stock-Based Compensation-Transition and Disclosure--an amendment of FASB Statement No. 123.* SFAS No. 148 amends SFAS No. 123*, Accounting for Stock-Based Compensation*, to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this Statement amends the disclosure requirements of Statement 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The amendments to Statement 123 contained in SFAS No. 148 are effective for financial statements for fiscal years ending after December 15, 2002. The Company does not currently anticipate adopting the disclosure requirements of SFAS No. 148.

In January of 2003, the FASB issued Interpretation No. 46, *Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51 (FIN 46)*, which requires the consolidation of certain variable interest entities, as defined. FIN 46 is effective immediately for variable interest entities created after January 31, 2003, and on July 1, 2003 for investments in variable interest entities acquired before February 1, 2003; however, disclosures are required currently if a company expects to consolidate any variable interest entities. The Company does not have investments in any variable interest entities, and therefore, the adoption of FIN 46 is not expected to have an impact on the results of operations, financial position or cash flows.

In April 30, 2003, the FASB issued SFAS No. 149, *Amendment of Statement No. 133 on Derivatives Instruments and Hedging Activities*. The Statement amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133. This Statement is effective for contracts entered into or modified after June 30, 2003, except as stated below, and for hedging relationships designated after June 30, 2003. The guidance should be applied prospectively. The provisions of this Statement that relate to Statement No. 133 Implementation Issues that have been effective for fiscal quarters beginning prior to June 15, 2003, should continue to be applied in accordance with the respective effective dates. In addition, certain provisions relating to forward purchases or sales of "when-issued securities" that do not yet exist, should be applied to existing contracts as well as new contracts entered into after June 30, 2003. The adoption of this standard did not have an impact on the consolidated financial statements.

In May 2003, the FASB issued SFAS No. 150, *Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equities*, which establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equities. SFAS No. 150 applies specifically to a number of financial instruments that issuers have historically presented in their financial statements as equity, or between the liabilities and equity sections of the balance sheet, rather than as liabilities. Generally, SFAS No. 150 is effective for financial instruments issued or modified after May 31, 2003 and is otherwise effective for interim periods beginning after June 15, 2003. The adoption of SFAS No. 150 caused the Company to reclassify certain mandatory redeemable preferred stock to current liabilities.

2. GOING CONCERN

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. Although the Company reported net income for the year ended June 30, 2003, it had net losses for several of the last fiscal years and has suffered from a lack of working capital. As of June 30, 2003, it had an accumulated deficit of $12,763,525 and a working capital deficiency of $1,520,479. The Company is in default on various loan agreements, is delinquent on payments to certain creditors and has ceased operating all but one of its casinos. These conditions raise substantial doubt about the Company's ability to continue as a going concern.

The Company continues its efforts to formulate plans and strategies to address its financial condition and increase profitability. Operating expenses have been reduced and management will continue to address debt currently in default by negotiating with creditors to convert debt to equity, extend maturity dates and reduce payment amounts. The Company continues to explore methods to increase profitability; however, there can be no assurances that management will be successful in their efforts.

The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts or classification of liabilities that may result from the possible inability of the Company to continue as a going concern.

3. ONSOURCE CORPORATION AND DISCONTINUED OPERATIONS

OnSource Corporation ("OnSource"), a Delaware corporation, was organized by Global as a wholly owned subsidiary. The Company formed OnSource to affect a spin-off of its Alaska operations. Global transferred its ownership of the Alaskan operations to OnSource effective July 1, 2001. Global declared a stock dividend under which Global shareholders would receive their pro-rata share of OnSource common stock.

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Global established August 6, 2001 as the record date for determining the shareholders entitled to receive the stock dividend. Global stockholders will receive one share of OnSource common stock for every ten shares of Global common stock beneficially owned as of August 6, 2001. On June 13, 2002, the shares of OnSource owned by Global were transferred into a spin-off trust for the benefit of Global's shareholders. OnSource has filed the appropriate registration documents with the US Securities and Exchange Commission ("SEC") such that the shares of OnSource can be freely traded. On November 12, 2003, the SEC declared the OnSource registration statement effective and on the date of this Report, the OnSource shares are in the process of being distributed to complete the spin-off.
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Effective July 1, 2001, Global transferred to OnSource its interest in Global Alaska Industries ("Global Alaska"), a wholly owned subsidiary. Global Alaska's operations were conducted through its wholly owned subsidiary, Alaska Bingo Supply, Inc. ("ABS"), an Alaskan corporation. ABS is primarily engaged in the distribution of a full line of products, supplies and equipment utilized by licensed gaming organizations in the State of Alaska. Gaming in Alaska is limited to qualified organizations (primarily non-profit groups and municipalities) that operate bingo and pull-tabs games for fund raising purposes. ABS also provides facilities management services to bingo hall operators. In addition to the assets and liabilities directly related to Global Alaska, the Company also transferred to OnSource promissory notes payable in the aggregate principal amount of $640,941.

The following is a summarized listing of items transferred to OnSource:

Cash	$ 53,000
Trade receivables	159,000

Inventory	311,000
Property and equipment	93,000
Other assets	32,000
Total assets of Global Alaska	648,000
Liabilities of Global Alaka	(2,762,000)
Net liabilities of Global Alaska	(2,114,000)
Promissory notes payable	(641,000)
Net value of items transferred	$ (2,755,000)

Since the liabilities assumed by OnSource exceeded the assets transferred to OnSource, the net effect of the transfer was recorded as additional paid-in capital of approximately $2,755,000.

For accounting purposes, Global has determined that its Alaska operations should be presented as discontinued operations. Furthermore, the operating results of Global for the year ended June 30, 2002 should include the pro-rata portion of OnSource owned by Global during the period. Global's ownership interest in OnSource terminated on June 13, 2002, the day that the OnSource shares were transferred into trust. Global's pro-rata ownership of OnSource for the year ended June 30, 2002 was 52.4% primarily because OnSource issued common stock to investors in addition to Global.

Summarized operating information of Global Alaska for the year ended June 30, 2002 is presented below.

	June 30, 2002
Revenues	$2,301,000
Cost of Revenues	1,231,000
Gross profit	1,070,000
Operating expenses	912,000
Interest expense	202,000
Net income (loss)	(44,000)
Global's pro-rata ownership	52.4%
Discontinued operations	$ (23,000)

4. MARKETABLE SECURITIES TRADING ACTIVITIES

Until March 31, 2002, Global actively traded marketable securities. The net realized and unrealized gains (and losses) were included in earnings.

On April 1, 2002, the Company transferred their portfolio of marketable securities along with related assets and liabilities to a shareholder. The transfer was made to satisfy amounts due to the shareholder. On the date of the transfer the fair market value of the portfolio was $67,000. The liabilities and amounts due to the shareholder aggregated $201,000. The net effect of the transfer has been recorded as an additional contribution to capital in the amount of approximately $134,000.

The gross realized gains on sales of marketable securities were $124,853 in 2002 and the gross proceeds from the sale of marketable securities were $856,097 in 2002.

5. GAIN FROM DEBT RESTRUCTURING

During the year ended June 30, 2003, the Company finalized restructuring certain long-term obligations. An investment company, holding a note with a principal balance of $500,582 agreed to waive accrued and unpaid interest in the amount of $214,796. Two equipment suppliers holding debt with an aggregated principal balance of $356,525 agreed to reduce the balance to $77,380, resulting in a gain of $279,145.

During the year ended June 30, 2002, the Company reached an agreement with a note holder to decrease the face amount of a promissory note. The restructuring resulted in an extraordinary gain of $87,147, net of income tax benefit of $45,000.

6. NOTES PAYABLE AND LONG-TERM DEBT

At June 30, 2003, notes payable and long-term debt consisted of the following:

Installment Notes Payable:

Installment notes payable to private lenders, bearing interest at prime plus 2% (6.5% at June 30, 2003), due in monthly installments approximating $5,000 through 2004.	$ 59,491
Installment notes payable to equipment suppliers, bearing interest at various rates from 4% to 12%, due in monthly installments approximating $16,000, through 2004.	174,836
Sub-total	234,327

Mortgages Payable:

	Senior mortgages payable to an investment company, collateralized by real estate, interest at 7%, monthly payments of $6,768 through September 2009. Final payment of $943,000.	999,744
	Junior mortgages payable to private lenders, collateralized by real estate, interest at 4%, monthly payments of $4,723 through September 2009. Final payment of $956,000.	1,125,453
	Sub-total	2,125,197
Investment Company Debt:		
	Note payable to an investment company, collateralized by the Company's interest in Casino USA, interest at 4%. Due in September 2009.	500,582
Debt in Default:		
	Unsecured convertible notes, in default, default interest at 12%. Notes are convertible in whole or in part, at the option of the holder, to common stock at a conversion price of $5.00 per share. Upon the effective date of a registration statement registering the underlying shares of common stock, notes will automatically convert.	136,500
	Unsecured loans, interest at 10% to 15%, in default.	281,473
	Sub-total	417,973
	Total Notes payable and long-term debt	3,278,079
	Less current portion of notes payable and long-term debt	(257,240)
	Less debt in default	(417,973)
	Long-term debt, net	$ 2,602,866

Scheduled maturities of notes payable and long-term debt for the years ending June 30 are as follows:

2004	$ 675,213
2005	37,265

2006	34,191
2007	35,963
Thereafter	2,495,447
Total	$ 3,278,079

During the year ended June 30, 2003, the Company entered into installment note agreements with two equipment suppliers for the acquisition of gaming equipment having an aggregate purchase price of $127,605. The notes bear interest at rates ranging from 4% to 12% and have terms ranging from six months to twelve months. The equipment suppliers retain a security interest in the gaming equipment until the notes are paid in full. These notes are included in the preceding tables under the caption "Installment notes payable to equipment suppliers" with a balance of $174,836 at June 30, 2003.

During the year ended June 30, 2003, the Company finalized a restructuring of certain notes payable and long-term debt (the "2002 Restructuring"). The Term Sheet providing for the foregoing was executed by Global Casinos, Casinos USA, and the holders of all debt instruments except for the holders of approximately $200,000 in subordinated mortgage notes. With respect to those junior leinholders, the Company nevertheless began making revised payments based upon the restructured interest of those subordinated mortgage notes. The Company takes the position that by their acquiescence, those subordinated note holder are deemed to be bound by the terms of the Term Sheet.

7. STOCKHOLDERS' (DEFICIT)

Preferred Stock

The Company has authorized 10,000,000 shares of preferred stock. These shares may be issued in series with such rights and preferences as may be determined by the Board of Directors.

Series A Convertible Redeemable Preferred Stock

The Company's Board of Directors has authorized 2,000,000 shares of $2.00 stated value, Series A Preferred Stock. The preferred stock has a senior liquidation preference value of $2.00 per share. It does not bear dividends. It contains a mandatory redemption feature that required the Company to redeem the outstanding stock on May 31, 1995 at a rate of $2.00 per share. On May 31, 1995, a majority of the preferred stockholders agreed to waive the mandatory redemption in consideration for a lower conversion price into common shares at $1.125 per share. Subsequently, holders of 1,205,750 shares of Series A preferred stock converted their holdings into common stock. The remaining 200,500 outstanding shares of Series A preferred stock are held by owners who chose not to participate in the revised offer. The Company is in default of the mandatory redemption feature of the outstanding shares. The conversion privileges originally included with the stock have expired.

Series B Convertible Redeemable Preferred Stock

The Company's Board of Directors has authorized 400,000 shares of $10.00 stated value, Series B Convertible Preferred Stock. Each share of Series B preferred stock is convertible into one share of the Company's common stock or may be redeemed at an exercise price of $10.00 per share. In addition, the Series B shares have a junior liquidation preference of $10.00 per share. Holders of the Series B preferred stocks are entitled to receive an annual dividend payable at the rate of 8% per annum, which is cumulative, and unpaid dividends bear interest at an annual rate of 12%.

On June 30, 2001, all outstanding shares of Series B preferred stocks were converted into a promissory note payable with a principal balance of $2,385,000. The promissory note was transferred to OnSource Corporation effective July 1, 2001.

Series C Convertible Preferred Stock

In January 1999, the Board of Directors of the Company ratified the issuance of Series C preferred stock. The Company has authorized 600,000 Series C shares with a stated value of $1.20 per share. Series C shares are convertible into common stock at a rate of $1.20 per share. Holders of Series C preferred stock are entitled to vote and to receive dividends at the annual rate of 7% based on the stated value per share. In addition, the holders of Series C preferred stock are entitled to participate, pro rata, in dividends paid on outstanding shares of common stock. The dividends are cumulative and unpaid dividends bear interest at an annual rate of 10%.

Effective October 1, 2001, holders of 448,070 outstanding shares of Series C preferred stock agreed to exchange their Series C shares and their cumulative unpaid dividends and interest for promissory notes with an aggregate principal balance of $640,941. They further agreed that the promissory notes would be transferred to OnSource as part of the spin-off. As of June 30, 2003, there were 39,101 Series C preferred shares outstanding. The aggregate value of cumulative preferred dividends in arrears was $14,643, or $0.37 per share.

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During the year ended June 30, 2003, we reclassified the Series C Preferred Stock from mandatory redeemable to stockholders' deficit. The sole remaining Series C shareholder decided not to participate in the exchange offer that had been extended to all Series C shareholders. Furthermore, we determined that this shareholder did not sign the 1999 agreement offered to all Series C stockholders that would have granted them the right to require the Company to redeem the stock under certain circumstances.
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Common Stock

The Company has authorized 50,000,000 shares of $0.05 par value common stock.

During the year ended June 30, 2002, two creditors agreed to convert the amounts owed to them into shares of common stock. The debt instruments were promissory notes, bearing interest at 9% to 12%, with an aggregate principal balance of $87,000, plus accrued and unpaid interest of $15,401. The Company did not have the ability to repay these promissory notes in accordance with the terms. In exchange for the debt, the Company issued 205,000 shares of its common stock.

During the year ended June 30, 2002, the Company reached final resolution in its dispute regarding compensation owed to its former President. The Company had previously recorded a liability of $46,580 related to this dispute. As final settlement, the Company agreed to issue 80,000 shares of its common stock.

During the year ended June 30, 2002, the Company transferred all of the assets and liabilities of Global Central Corporation to a shareholder in exchange for forgiveness of debt. The Company recorded a capital contribution of $133,693, which represents the excess of debt forgiven over net assets transferred to the shareholder.

Warrants To Purchase Common Stock

In October 1996, in connection with a private placement of convertible debt, the Company issued 126,050 Class E Warrants, exercisable at $6.00 per share; 126,050 Class F Warrants, exercisable at $7.00 per share; and 126,050 Class G Warrants, exercisable at $8.00 per share. The Class, E, F and G warrants expire 30, 60 and 90 days after the effective registration of the underlying common shares with the SEC.

8. COMMITMENTS AND CONTINGENCIES

Leases

The Company leases approximately 4,200 square feet of space used as its corporate offices. The lease requires monthly payments of approximately $3,500 and terminates in July, 2006. A portion of the space is subleased to other companies.

Minimum lease payments for future fiscal years are as follows:

2004		$41,000
2005		42,000
2006		43,000
2007		4,000
	Total	$130,000

Rent expense for each of the years ended June 30, 2003 and 2002, was approximately $14,000.

Option to Purchase Casinos USA

Among other terms and conditions, the Company agreed to grant an option to the senior creditor to purchase 100% of the common stock of Casinos USA for $100. The option can be exercised any time after March 17, 2005. Global can redeem the option by paying in full the principal and interest balance on the $500,582 promissory note. Global does not currently have the capital resources to retire the promissory note payable. It will attempt to generate the funds internally or through a capital infusion. Should it fail to retire the debt before March 17, 2005, the creditor will be able to purchase Casinos USA, including the assets and operations of the Bull Durham for $100. As the Bull Durham constitutes all of the Company's operations, such an event would have a material adverse effect on the Company and its ability to retire its obligations.

Securities and Exchange Commission

On September 24, 1998, the Company and a former director entered into a voluntary consent decree with the Securities and Exchange Commission, pursuant to which an administrative order was entered by the Commission directing the Company and the former director to cease and desist from anti-fraud violations of the federal securities laws in the future.

On June 1, 1998, the Commission brought an administrative proceeding against a related party and certain of its directors, alleging certain violations of federal securities laws. Two of the individuals were also directors of the Company, who subsequently resigned as directors of Global. The matters at issue in the administrative proceeding do not involve the Company and management does not believe that it will have a material adverse effect. Nevertheless, the proceeding involves two of the Company's prior directors and the ultimate outcome of this matter is uncertain.

Litigation

The Company entered into a lawsuit in 1999 with the mortgage holders of the land and building in Deadwood, South Dakota against a former director of the Company. The Company believed that it acquired the property in its acquisition of Woodbine Corporation from the former director and others in 1993, and consequently made payments in the total amount of $118,000 towards the assumed mortgage. The Company subsequently discovered that Woodbine Corporation had no direct or indirect ownership of the property, but rather the former director held the property under an installment land sale contract. The former director has been joined in the litigation as the result of his refusal to transfer his interest in the installment land sale contract to the Company. Amounts advanced under the assumed mortgage were expensed at the onset of the litigation. The Company entered into an agreement with the mortgage holders to receive $200,000 from the sale of the property subsequent to foreclosure. During the year ended June 30, 2002, the Company resolved all remaining disputes related to this property and received it's share of proceeds from the sale. The Company recognized a gain of $194,000 on the transaction.

9. INCOME TAXES

The Company and its subsidiaries are subject to income taxes on income arising in, or derived from, the tax jurisdictions in which they operate.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets are comprised mainly of net operating loss carry-forwards.

The reconciliation between the statutory federal tax rate and the effective tax rate as a percentage is as follows:

	2003	2002
Statutory federal income tax rate	34%	34%
Effect of net operating loss carry-forward	(34)	(34)
	-%	-%

At June 30, 2003, the Company had net operating loss carry forwards of approximately $7,781,000 available to reduce future taxable income. The net operating loss carry forwards expire in the years ending June 30 as follows:

2009	$1,888,000
2010	1,217,000
2011	518,000
2012	790,000
2013	1,985,000
2014	316,000
2015	985,000
2016	
	82,000
	$7,781,000

When more than a 50% change in ownership occurs, over a three-year period, as defined, the Tax Reform Act of 1986 limits the utilization of net operating loss (NOL) carry forwards in the years following the change in ownership. Therefore, the Company's utilization of its NOL carry forwards may be partially reduced as a result of changes in stock ownership. No determination has been made as of June 30, 2003, as to what implications, if any, there will be in the net operating loss carry forwards of the Company. The deferred tax asset of approximately $2,600,000 related to the operating loss carryforward has been fully reserved at June 30, 2003.

10. STOCK INCENTIVE PLAN

The Company has a Stock Incentive Plan (the "Incentive Plan"), that allows the Company to grant incentive stock options and/or purchase rights (collectively "Rights") to officers, employees, former employees and consultants of the Company and its subsidiaries. The Company has reserved 150,000 shares of common stock for issuance under these Plans. The options expire five years from the date of grant or upon termination of employment.

SFAS 123 requires the Company to provide pro forma information regarding net income and earnings per share as if compensation cost for the Company's stock option plans had been determined in accordance with the fair value based method prescribed in SFAS 123. The fair value of the option grants is estimated on the date of grant utilizing the Black-Scholes option pricing model with the following weighted average assumptions for grants during the years ended June 30, 2003 and 2002: expected life of options of 4 years, expected volatility of 168%, risk-free interest rate of 2% and no dividend yield. The weighted average fair value at the date of grant for options granted during the years ended June 30, 2003 and 2002 approximated $0.03 and $0.11 per option. These results may not be representative of those to be expected in future years.

A summary of stock option activity is as follows:

	Number of shares	Weighted average exercise price	Weighted average fair value
Balance at June 30, 2001	98,000	$ 1.95	
Granted	50,000	$ .15	$ .11
Forfeited	(48,000)	$ 3.75	
Balance at June 30, 2002	100,000	$ .14	
Granted	50,000	$ .13	$ .03
Balance at June 30, 2003	150,000	$ .13	

The following table summarizes information about fixed-price stock options at June 30, 2003:

	Outstanding			Exercisable	
	Weighted Average	Weighted Average	Weighted-Average		
Exercise Prices	Number Outstanding	Contractual Life	Exercise Price	Number Exercisable	Exercise Price
$0.13	100,000	3.5 years	$0.13	100,000	$0.13
$0.15	50,000	4.2 years	$0.15	50,000	$0.15
	150,000			150,000	

The following pro forma net income and earnings per share for 2003 and 2002 would result had the Company's compensation cost been determined using the fair value based accounting provisions of SFAS No. 123:

	2003	2002
Net Income reported	$490,383	$236,909
Net Income pro forma	$488,883	$231,409
Earnings per share reported	$0.20	$0.09
Earnings per share pro forma	$0.20	$0.09

11. 401(k) SAVING AND PROFIT SHARING PLAN

On July 1, 1997, the Company started a Retirement Savings and Investment Plan (the "401(k) Plan") for its employees that is intended to qualify under Section 401(k) of the Internal Revenue Code. Qualified employees may participate in the Company's 401(k) Plan by contributing up to 10% of their gross earnings to the plan, subject to certain Internal Revenue Code restrictions. The Company matches an amount equal to 100% of each participant's contribution up to a maximum of 5% of their earnings. Company contributions for the years ended June 30, 2003 and 2002 were $13,620 and $16,965, respectively.

12. RELATED PARTY TRANSACTIONS

An officer and director operates a professional services firm that provides certain management, accounting, and administrative services to the Company and to other clients. During the years ended June 30, 2003 and 2002, his firm billed for services performed in the amounts of $52,921 and $89,113 respectively.

A director operates a law firm that provides legal services to the Company and other clients. During the years ended June 30, 2003 and 2002, his firm billed for services performed in the amounts of $40,463 and $32,858, respectively. The balance due to the director was $111,750 at June 30, 2003.

During the year ended June 30, 2002, the Company transferred its portfolio of marketable trading securities and certain related assets and liabilities to a shareholder in full satisfaction of all outstanding obligations to the shareholder. See Note 4.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

ITEM 8A. CONTROLS AND PROCEDURES

Frank L. Jennings, Principal Executive and Financial Officer of Global Casinos, Inc., has established and is currently maintaining disclosure controls and procedures for the Company. The disclosure controls and procedures have been designed to ensure that material information relating to the Company is made known to him as soon as it is known by others within the Company.

Our Principal Executive and Financial Officer conducts an update and a review and evaluation of the effectiveness of the Company's disclosure controls and procedures and has concluded, based on his evaluation within 90 days of the filing of this Report, that our disclosure controls and procedures are effective for gathering, analyzing and disclosing the information we are required to disclose in our reports filed under the Securities Exchange Act of 1934. There have been no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of the previously mentioned evaluation.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

Directors and Executive Officers

The name, position with the Company, age of each Director and executive officer of the Company is as follows:

Name	Age	Position	Director/Officer Since
Frank L. Jennings	52	Chief Executive/Financial Officer & Director	2001
Clifford L. Neuman	55	Director	1997

Frank L. Jennings

has served as Executive and Chief Financial Officer since 2001. He has also served as Vice President and Chief Financial Officer for American Educational Products from 1994 to 2001. Mr. Jennings has served as President and a director of The Family Extension, Inc., and a Colorado non-profit corporation. He received his BA degree in Economics from Austin College and his MBA in Finance from Indiana University.

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Clifford L. Neuman has served as a Director of the Company since 1997 and has been reelected annually. Mr.

Neuman is a licensed, practicing attorney and a partner in the law firm of Clifford L. Neuman, P.C. with its office located in Boulder , Colorado. Mr. Neuman received his Bachelor of Arts degree from Trinity College in 1970 and his Jurist Doctorate degree from the University of Pennsylvania School of Law in 1973.

All directors serve until the election and qualification of their successors unless they earlier resign.
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During the fiscal year ended June 30, 2003, meetings of the Board of Directors were held both in person and telephonically. All Board members attended 100% of the Board meetings. Directors are entitled to reimbursement of their expenses associated with attendance at such meeting or otherwise incurred in connection with the discharge of their duties as a Director. The Board of Directors has adopted a compensation plan for outside directors beginning fiscal year 2000 pursuant to which such persons are entitled to a fee of $1,000 per meeting attended and to receive, for each year of service, non-qualified stock options exercisable to purchase 10,000 shares of the Company's Common Stock. The exercise price of the options is the closing bid price of the Company's Common Stock on the date of grant, and the options are exercisable for a period of five (5) years. No compensation was paid or granted during fiscal 2002 or 2003. Directors who are also executive officers of the Company receive no additional compensation for their services as directors.

During fiscal 2003, the entire Board of Directors assumed all responsibilities of the Audit and Compensation Committees. No member of the Audit Committee receives any additional compensation for his service as a member of that Committee. The Audit Committee is responsible for providing assurance that financial disclosures made by Management reasonably portray the Company's financial condition, results of operations, plan and long-term commitments. To accomplish this, the Audit Committee oversees the external audit coverage, including the annual nomination of the independent public accountants, reviews accounting policies and policy decisions, reviews the financial statements, including interim financial statements and annual financial statements, together with auditor's opinions, inquires about the existence and substance of any significant accounting accruals, reserves or estimates made by Management, reviews with Management the Management's Discussion and Analysis section of the Annual Report, reviews the letter of Management Representations given to the independent public accountants, meets privately with the independent public accountants to discuss all pertinent matters.

No member of the Compensation Committee receives any additional compensation for his service as a member of that Committee. The Compensation Committee is responsible for reviewing pertinent data and making recommendations with respect to compensation standards for the executive officers, including the President and Chief Executive Officer, establishing guidelines and making recommendations for the implementation of Management incentive compensation plans, reviewing the performance of the President and CEO, establishing guidelines and standards for the grant of incentive stock options to key employees under the Company's Incentive Stock Option Plan.

No family relationship exists between any director and executive officer.

In 1998, the Securities and Exchange Commission (the "Commission") commenced an administrative proceeding against The Rockies Fund, Inc. and its directors, Stephen G. Calandrella, Clifford C. Thygesen and Charles Powell. Until 2001, Messrs. Calandrella and Thygesen were also directors of the Company. In the administrative action, the Commission has alleged certain violations of federal securities laws and regulations by The Rockies Fund, Inc. and its directors. The allegations involve certain violations of the Investment Company Act of 1940, as amended, under which The Rockies Fund, Inc. is a regulated business development company, as well as violations of the Securities Exchange Act of 1934, as amended, and regulations thereunder arising from certain transactions in the securities of another company unrelated to the Company. The Rockies Fund, Inc. and its directors have adamantly denied any violations of federal securities laws and have informed the Company that they intend to vigorously defend the matter. In November 1998, the matter went to hearing before an administrative law judge and a preliminary finding was issued in March 2001. In its Initial Decision, the Administrative Law Judge found that the Rockies Fund and its directors, including Messrs. Calandrella and Thygesen, had violated federal securities laws. The matter is presently on appeal. While there can be no assurance of the ultimate outcome of this matter or its potential effect upon the Company, Management does not believe that it will have an adverse material impact.

In response to this administrative proceeding and the initial decision of the Administrative Law Judge, at the request of the Division of Gaming, Messrs. Calandrella and Thygesen resigned as officers and directors of the Company. In addition, the restructuring of our gaming operations, the transfer of our gaming license from Global Casinos to Casinos, U.S.A. and other matters addressed in the Astraea Term Sheet were undertaken, in part, at the request of the Division of Gaming in response to the results of this administrative proceeding. Furthermore, the Division of Gaming requested that Messrs. Jennings and Neuman, while not involved in the administrative proceeding, resign as officers and directors of Casinos, U.S.A. due to their prior affiliations with Messrs. Calandrella and Thygesen. Effective November 1, 2002, concurrently with the transfer of the gaming license to Casinos, U.S.A., Messrs. Jennings and Neuman resigned as officers and directors of Casinos, U.S.A. and were replaced by Barbara Fahey and Pete Bloomquist, persons unaffiliated with prior management of the Company.

Other than the foregoing, there are no material proceedings to which any director, officer or affiliate of the Company, any owner of record or beneficially of more than five percent (5%) of any class of voting securities of the Company, or any associate of any such director, officer, affiliate of the Company, or security holder is a party adverse to the Company or any of its subsidiaries or has a material interest adverse to the Company or any of its subsidiaries.

Except as noted herein or below, during the last five- (5) years no director or officer of the Company has:

(1) had any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

(2) been convicted in a criminal proceeding or subject to a pending criminal proceeding;

(3) been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; or

(4) been found by a court of competent jurisdiction in a civil action, the Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

Any transactions between the Company and its officers, directors, principal shareholders, or other affiliates have been and will be on terms no less favorable to the Company than could be obtained from unaffiliated third parties on an arms-length basis and will be approved by a majority of the Company's independent, outside disinterested directors.

Indemnification and Limitation on Liability of Directors

The Company's Articles of Incorporation provide that the Company shall indemnify, to the fullest extent permitted by Utah law, any director, officer, employee or agent of the corporation made or threatened to be made a party to a proceeding, by reason of the former or present official of the person, against judgments, penalties, fines, settlements and reasonable expenses incurred by the person in connection with the proceeding if certain standards are met. At present, there is no pending litigation or proceeding involving any director, officer, employee or agent of the Company where indemnification will be required or permitted. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Company pursuant to the foregoing provisions, or otherwise, the Company has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable.

The Company's Articles of Incorporation limit the liability of its directors to the fullest extent permitted by the Utah Business Corporation Act. Specifically, directors of the Company will not be personally liable for monetary damages for breach of fiduciary duty as directors, except for (i) any breach of the duty of loyalty to the Company or its stockholders, (ii) acts or omissions not in good faith or that involved intentional misconduct or a knowing violation of law, (iii) dividends or other distributions of corporate assets that are in contravention of certain statutory or contractual restrictions, (iv) violations of certain laws, or (v) any transaction from which the director derives an improper personal benefit. Liability under federal securities law is not limited by the Articles. The officers of the Company will dedicate sufficient time to fulfill their fiduciary obligations to the Company's affairs. The Company has no retirement, pension or profit sharing plans for its officers and Directors.

Compliance with Section 16(a) of the Exchange Act

Under the Securities Laws of the United States, the Company's Directors, its Executive (and certain other) Officers, and any persons holding more than ten percent (10%) of the Company's common stock are required to report their ownership of the Company's common stock and any changes in that ownership to the Securities and Exchange Commission. Specific due dates for these reports have been established and the Company is required to report in this report any failure to file by these dates. All of these filing requirements were satisfied by its Officers, Directors, and ten- percent holders. In making these statements, the Company has relied on the written representation of its Directors and Officers or copies of the reports that they have filed with the Commission.

ITEM 10.

EXECUTIVE COMPENSATION

The following tables and discussion set forth information with respect to all plan and non-plan compensation awarded to, earned by or paid to the Chief Executive Officer ("CEO"), and the Company's four (4) most highly compensated executive officers other than the CEO, for all services rendered in all capacities to the Company and its subsidiaries for each of the Company's last three (3) completed fiscal years; provided, however, that no disclosure has been made for any executive officer, other than the CEO, whose total annual salary and bonus does not exceed $100,000.

TABLE 1

SUMMARY COMPENSATION TABLE

		Annual Compensation		Long Term Compensation
Name and Principal Position	Fiscal Year	Salary($)	Other Annual Compensation ($)	Options SARs (#)
Frank L Jennings, Chief Executive & Financial Officer	2003	$-0-	$-0-	-0-
	2002	$-0-(2)	$-0-	-0-

1. No executive officer received perquisites and other personal benefits, which, in the aggregate, exceeded the lesser of either $50,000 or 10% of the total of annual salary and bonus paid during the respective fiscal years.

2. Mr. Jennings received no salary from the Company during 2003 or 2002. Mr. Jennings is an employee of Gunpark Management, LLC, a company that provides certain management, accounting, clerical and other administrative services to the Company. During 2003, Gunpark Management LLC received $36,000 from the Company for its services. During 2002, Gunpark Management, LLC received $30,000 from the Company for its services.

Company Stock Incentive Plans

In 1993, the Board of Directors and the Shareholders of the Company adopted the Global Casinos, Inc., Stock Incentive Plan (the "Incentive Plan"). The Incentive Plan allows the Company to grant incentive stock options non-qualified stock options and/or stock purchase rights (collectively "Rights") to officers, employees, former employees and consultants of the Company and its subsidiaries. Options granted to eligible participants may take the form of Incentive Stock Options ("ISO's") under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code") or options which do not qualify as ISO's ("Non-Qualified Stock Options" or "NQSO's"). As required by Section 422 of the Code, the aggregate fair market value (as defined by the Incentive Plan) of the Company's Common Stock (determined as of the date of grant of ISO) with respect to which ISO's granted to an employee are exercisable for the first time in any calendar year may not exceed $100,000. The foregoing limitation does not apply to NQSO's. Rights to purchase shares of the Company's Common Stock may also be offered under the Incentive Plan at a purchase price under terms determined by the Incentive Plan Administrator.

Either the Board of Directors (provided that a majority of Directors are "disinterested" can administer the Incentive Plan, or the Board of Directors may designate a committee comprised of Directors meeting certain requirements to administer the Incentive Plan. The Administrator will decide when and to whom to make grants, the number of shares to be covered by the grants, the vesting schedule, the type of awards and the terms and provisions relating to the exercise of the awards.

An aggregate of 150,000 shares of the Company's Common Stock is reserved for issuance under the Incentive Plan. As of June 30, 2003, options to purchase 150,000 shares of Common Stock were issued and outstanding with a weighted average exercise price of $0.14 per share. No shares were available for future option grants.

The following table sets forth certain information concerning the granting of incentive stock options during the last completed fiscal year to each of the named executive officers and the terms of such options:

TABLE 2
Option/SAR Grants in the Last Fiscal Year
Individual Grants

Name	Number of Securities Underlying Options/SARs Granted (#)	% of Total Options/SARs Granted to Employees in Fiscal Year	Exercise or Base Price ($/Sh)	Expiration Date
Frank L. Jennings	-0-	0%	$0.00	N/A

The following table sets forth certain information concerning the exercise of incentive stock options during the last completed fiscal year by each of the named executive officers and the fiscal year-end value of unexercised options on an aggregated basis:

TABLE 3
Aggregated Option/SAR Exercises in Last Fiscal Year
and FY-End Option/SAR Values

Name	Shares Acquired on Exercise (#)	Value Realized(1) ($)	Number of Unexercised Options/SARs at FY-End (#) Exercisable/ Unexercisable	Value of Unexercised In-the-Money Options/SARs at FY-End ($)(2) Exercisable/ Unexercisable
Frank L. Jennings	-0-	-0-	50,000/-0-	(3)/-0-

(1) Value Realized is determined by calculating the difference between the aggregate exercise price of the options and the aggregate fair market value of the Common Stock on the date the options are exercised.

(2) The value of unexercised options is determined by calculating the difference between the fair market value of the securities underlying the options at fiscal year end and the exercise price of the options.

(3) As of June 30, 2003, the fair market value of the securities underlying the options was less than the exercise price of the options.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth, as of September 29, 2003 and as adjusted for the sale of option and warrant stock, the stock ownership of (i) each person known by the Company to be the beneficial owner of five (5%) percent or more of the Company's Common Stock, (ii) all Directors individually, (iii) all Officers individually, and (iv) all Directors and Officers as a group. Each person has sole voting and investment power with respect to the shares shown, except as noted.

Title	Name & Address	Shares Beneficially Owned	
Of Class	of Beneficial Owner	Number	Percent[1]
Common Stock	Clifford L. Neuman 1507 Pine Street Boulder, Colorado 80302	330,000	12.4%
	Frank L. Jennings 5455 Spine Road, Mezzanine East Boulder, CO 80301	50,000 (2)	2.0%
	All Officers and Directors as a Group (2 Persons)	380,000	14.4

(1) Shares not outstanding but beneficially owned by virtue of the individuals' right to acquire them as of the date of this Proxy Statement or within sixty days of such date, are treated as outstanding when determining the percent of the class owned by such individual.

(2) Includes options exercisable to purchase 50,000 shares of Common Stock at an exercise price of $0.15 per share granted February 22, 2001.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Throughout its history, the Company has experienced shortages in working capital and has relied, from time to time, upon loans from affiliates to meet immediate cash demands. There can be no assurance that these affiliates or other related parties will continue to provide funds to the Company in the future, as there is no legal obligation to provide such loans.

In fiscal 1998, a family partnership controlled by Peter Bloomquist, a former director and Chief Financial Officer of the Company, and as of November 1, 2002, an officer and director of Casinos, U.S.A., loaned to the Company the sum of $85,000 bearing interest at the rate of 12% per annum. The loan is a demand obligation and has an outstanding unpaid principal balance of $47,000.

The Rockies Fund, Inc. is a business development company that was a principal shareholder of Global Casinos. From time to time, the Rockies Fund advanced funds to the Company and has engaged in certain transactions with the

Company.

Effective December 31, 1998, creditors holding matured debt totaling $584,605, principal and interest, converted that amount into an aggregate of 487,172 shares of Series C Convertible Preferred Stock, having a stated value of $1.20 per share which was higher than both the market price and net tangible book value per share of the Company's common stock on the date of conversion. In this transaction, The Rockies Fund, Inc. participated to the extent of converting $287,219 in principal and $62,780 in interest into an aggregate of 291,667 shares of Series C Preferred Stock.

During 2002, the holders of all but 39,101 shares of Series C Preferred Stock exchanged their shares of preferred stock for promissory notes and then consented to an assignment and assumption of those promissory notes from Global Casinos to OnSource as part of the spin-off. Rockies Fund participated in those exchanges and assignments. In addition, the Company transferred a portfolio of marketable trading securities together with a promissory note receivable and its unexpired barter credits to the Rockies Fund in full satisfaction of all outstanding obligations of the Company or its subsidiaries to the Rockies Fund, Inc. As of the date of this Report, the Company has no further liability to the Rockies Fund or its affiliates.

PART IV

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K

	Exhibit No.	Title
*	1.0	Articles of Amendment to the Articles of Incorporation dated June 22, 1994
*	3.1	Amended and Restated Articles of Incorporation
*	3.2	Bylaws
*	3.3	Certificate of Designations, Preferences, and Rights of Series A Convertible Preferred Stock
*****	3.4	Certificate of Designations, Preferences, and Rights of Series B Convertible Preferred Stock
*****	3.5	Certificate of Designations, Preferences, and Rights of Series C Convertible Preferred Stock
*****	3.6	Agreement Respecting Rights of Holders of Series C Convertible Preferred Stock
*	4.1	Specimen Certificate of Common Stock
*	4.2	Specimen Class A Common Stock Purchase Warrant
*	4.3	Specimen Class B Common Stock Purchase Warrant

*	4.4	Specimen Class C Common Stock Purchase Warrant
*	4.5	Warrant Agreement
*	5.0	Opinion of Neuman & Drennen, LLC regarding the legality of the securities being registered
*	10.1	Selling Agent Agreement
*	10.2	The Casino-Global Venture I Joint Venture Agreement
*	10.3	Assignment of Casino-Global Joint Venture Agreement dated January 31, 1994
*	10.4	Nonresidential Lease Agreement between Russian-Turkish Joint Venture Partnership with Hotel Lazurnaya and Global Casino Group, Inc. dated September 22, 1993
*	10.5	Contract by and between Aztec-Talas-Four Star, Inc. and Global Casinos Group, Inc. dated April 12, 1993, and Addendum to Agreement by and between Aztec-Talas-Four Star, Inc., Global Casinos Group, Inc. and Restaurant "Naryn" dated June 29, 1993.
*	10.6	Agreement and Plan of Reorganization among Silver State Casinos, Inc., Colorado Gaming Properties, Inc. and Morgro Chemical Company, dated September 8, 1993, incorporated by reference from the Company's Current Report on Form 8-K, dated September 20, 1993
*	10.7	Agreement and Plan of Reorganization among Casinos U.S.A., Lincoln Corporation, Woodbine Corporation and Morgro Chemical Company, dated October 15, 1993, incorporated by reference from the Company's Current Report on Form 8-K, dated November 19, 1993
*	10.8	Stock Pooling and Voting Agreement, incorporated by reference from the Company's Current Report on Form 8-K, dated November 19, 1993
*	10.9	Employment Agreement, dated September 28, 1993, between Morgro Chemical Company and Nathan Katz, incorporated by reference from the Company's Current Report on Form 8-K, dated November 19, 1993
*	10.10	Employment Agreement, dated October 15, 1993, between Morgro Chemical Company and William P. Martindale, incorporated by reference from the Company's Current Report on Form 8-K, dated November 19, 1993
*	10.11	Asset Acquisition Agreement by and among Global Casinos, Inc., Morgro, Inc. and MDO, L.L.C., dated as of February 18, 1994, incorporated by reference from the Company's Current Report on Form 8-K, dated February 18, 1994
*	10.12	

		Stock Purchase Agreement, dated March 25, 1994, incorporated by reference from the Company's Current Report on Form 8-K, dated April 29, 1994
*	10.13	Articles of Incorporation of BPJ Holding N.V., incorporated by reference from the Company's Current Report on Form 8-K, dated April 29, 1994
*	10.14	Aruba Caribbean Resort and Casino Lease Agreement, dated January 18, 1993, incorporated by reference from the Company's Current Report on Form 8-K, dated April 29, 1994
*	10.15	Aruba Gaming Permit issued to Dutch Hotel and Casino Development Corporation, incorporated by reference from the Company's Current Report on Form 8-K, dated April 29, 1994
*	10.16	Letter Agreement between Astraea Investment Management, L.P. and Global Casinos, Inc. dated May 11, 1994
*	10.17	Guaranty from Global Casinos, Inc. to Astraea Investment Management, L.P. dated May 19, 1994
*	10.18	Secured Convertible Promissory Note in favor of Global Casinos, Inc. from Astraea Investment Management, L.P. dated May 19, 1994
*	10.19	Registration Rights Agreement between Global Casinos, Inc. and Astraea Investment Management, L.P. dated May 11, 1994
*	10.20	Employment Agreement, dated July 1, 1994, between Global Casinos, Inc. and Peter Bloomquist
**	10.21	Letter of Agreement, dated September 16, 1994 between Astraea Management Services, L.P., Casinos U.S.A., Inc. and Global Casinos, Inc.
***	10.23	Letter of Agreement dated June 27, 1995, between Global Casinos, Inc., Global Casinos International, Inc., Global Casinos Group, Inc., Broho Holding, N.V., and Kenneth D. Brown individually.
*	10.24	Second Amended Plan of Reorganization of Casinos USA, Inc., and Order Confirming Plan
*	10.25	Warrant Agreement
****	10.26	Stock Purchase and Sale Agreement between Alaska Bingo Supply, Inc., Global Alaska Industries, Inc. and Mark Griffin
*****	10.27	Convertible Promissory Note in the amount of $450,000 dated March 31, 1998 in favor of Mark Griffin
****	10.28	General Security Agreement from Global Alaska Industries, Inc. to Mark Griffin

****	10.29	Stock Pledge Agreement from Global Alaska Industries, Inc. to Mark Griffin
*****	10.30	Agreement to Convert Debt dated March 31, 1998 with Mark Griffin
*****	10.31	Tollgate Casino Lease and Option Agreement
*****	10.32	Equipment Lease with Plato Foufas & Co., Inc.
*****	10.33	Employment Agreement of Eric Hartsough
******	10.34	Stock Purchase Agreement dated December 30, 1999 between Arufinance, N.V. and Global Casinos, Inc.
*******	10.35	Term Sheet dated July 24, 2002 between Global Casinos, Inc., Astraea Investment Management L.P. and others.
*******	10.36	Agreement dated September 17, 2002 among Global Casinos, Inc., Casinos, U.S.A., Inc. and Astraea Investment Management L.P.
*******	10.37	Agreement and Amendment to Promissory Note dated September 17, 2002 between Casinos U.S.A., Inc. and Astraea Investment Management L.P. for promissory note in the original principal amount of $249,418.48.
*******	10.38	Agreement and Amendment to Promissory Note dated September 17, 2002 between Casinos U.S.A., Inc. and Astraea Investment Management L.P. for promissory note in the original principal amount of $750,000.
*******	10.39	Agreement and Amendment to Promissory Note dated September 17, 2002 between Casinos U.S.A., Inc. and Astraea Investment Management L.P. for promissory note in the original principal amount of $783,103.56.
*******	10.40	Assumption Agreement dated September 17, 2002 among, Global Casinos, Inc., Casinos U.S.A., Inc. and Astraea Investment Management L.P.
*******	10.41	Bill of Sale, Assignment and Assumption dated October ___, 2002 between Global Casinos, Inc. and Casinos, U.S.A., Inc.
*******	10.42	Option Agreement dated September 17, 2002 by and between Astraea Investment Management L.P. and Global Casinos, Inc.
*******	10.43	Security Agreement dated September 17, 2002 by Casinos U.S.A., Inc. in favor of Astraea Investment Management L.P.
*******	10.44	Service Agreement dated as of September 17, 2002 between Casinos U.S.A., Inc. and Global Casinos, Inc.
*******	10.45	Stock Pledge Agreement dated as of September 17, 2002 between Global Casinos, Inc. and Astraea Investment Management L.P.
*******	10.46	

	Voting Agreement dated as of September 17, 2002 between Casinos U.S.A., Inc. and Global Casinos, Inc.
31	Certification
32	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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*	Incorporated by reference to the Registrant's Registration Statement on Form SB-2, Registration No. 33-76204, on file with the Commission on August 11, 1994.
**	Incorporated by reference to the Registrant's Annual Report on Form 10-KSB for year ended June 30, 1994.
***	Incorporated by reference to the Registrant's Current Report on Form 8-K dated July 15, 1995.
****	Incorporated by reference to the Registrant's Current Report on Form 8-K dated August 1, 1997, as filed with the Commission on August 14, 1997.
*****	Incorporated by reference to the Registrant's Annual Report on Form 10KSB for the year ended June 30, 1999.
******	Incorporated by reference to the Registrant's Current Report on Form 8-K dated December 30, 1999, as filed with the Commission on January 14, 2000.
*******	Incorporated by reference to the Registrant's Annual Report on Form 10KSB for the year ended June 30, 2002.

Reports on Form 8-K

There were no reports on Form 8-K filed during the fourth quarter ended June 30, 2003.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table details the aggregate fees billed to the Company by Stark Winter Schenkein & Co., LLP, its principal accountant, for each of the last two fiscal years:

	2003	2002
Audit Fees	$31,500	$12,000
Audit-Related Fees	-0-	-0-
Tax Fees	-0-	-0-
All Other Fees	-0-	-0-
Total	$31,500	$12,000

The caption "Audit Fees" includes professional services rendered for the audit of the annual consolidated financial statements and review of the quarterly consolidated financial statements.

It is the policy of the audit committee to pre-approve all services to be performed by the independent accountants.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

GLOBAL CASINOS, INC.

Date: October 16, 2003

By: /s/ Frank L. Jennings
Frank L. Jennings,
Principal Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ Frank L. Jennings Frank L. Jennings	Principal Executive Officer, Principal Accounting Officer, Chief Financial Officer & Director	October 16, 2003
/s/ Clifford L. Neuman Clifford L. Neuman	Director	October 16, 2003