



Commodore International Limited



Annual Report

1 9 9 1

Table of Contents

Financial Highlights	1
Letter to Shareholders	2
Professional Amiga	4
Professional PC Compatibles	6
Consumer Computers	8
CDTV	10
Financial Report	12
Report of Independent Public Accountants	28
Corporate Information	29

About the Company

Commodore International Limited, through its subsidiaries, is one of the world's largest manufacturers of computer-based products for professionals and consumers. The Company has four product groups:

- Amiga multimedia computers
- PC Compatible computers
- C64 computers
- CDTV

Commodore is fully-integrated with manufacturing facilities in the U.S., Hong Kong and Germany. Marketing is focused on Europe, North America and Asia/Australia.

On the cover, clockwise from left to right are the CDTV, the first CD-based interactive multimedia product for consumers; the Amiga 3000, a high-end Amiga designed for professional users; the Amiga 500, the "ultimate home computer;" the 386DX-25MHz, a desktop PC with cache memory for Windows and networking applications. The background features a screen shot from AmigaVision, Commodore's proprietary software for creating dynamic multimedia presentations and interactive applications.

Financial Highlights

(Dollars in Millions, Except Per Share Amounts)

Year Ended 30 June	1991	1990	1989
Net Sales	\$1,047.2	\$887.3	\$939.7
Income Before Extraordinary Item	\$ 57.4	\$ 1.5	\$ 50.1
Net Income	\$ 48.2	\$ 1.5	\$ 51.3
Shareholders' Equity	\$ 289.7	\$252.9	\$240.3
Average Shares Outstanding (Millions)	33.2	32.4	32.4
Income (Loss) Before Extraordinary Item Per Share			
1st Quarter	\$ 0.22	(\$ 0.20)	\$ 0.30
2nd Quarter	\$ 1.12	\$ 0.35	\$ 1.20
3rd Quarter	\$ 0.32	\$ 0.01	\$ 0.38
4th Quarter	\$ 0.10	(\$ 0.11)	(\$ 0.32)
Year (a)	\$ 1.73	\$ 0.05	\$ 1.55

(a) Total for year differs from sum of the quarters due to fluctuations in the stock price affecting quarterly common stock equivalents in fiscal 1991 and the anti-dilutive effect of stock options and warrants in the fourth quarter in fiscal 1989.

Commodore Fiscal 1991 Milestones

- Worldwide revenues exceeded \$1 billion.
- Commodore ranked second in personal computers sold in Europe last year.
- Commodore sold its two millionth Amiga computer. The Amiga 500 was named "Home Computer of the Year" for the third consecutive year by the leading German computer publication *Chip*.
- The C64 family continues to be the most popular computer ever sold with an installed base of approximately 12 million by year-end fiscal 1991.
- Commodore began shipping the CDTV player, the world's first interactive multimedia player for the consumer. The Electronics Industries Association named the CDTV player one of the most innovative consumer electronics products of 1991.

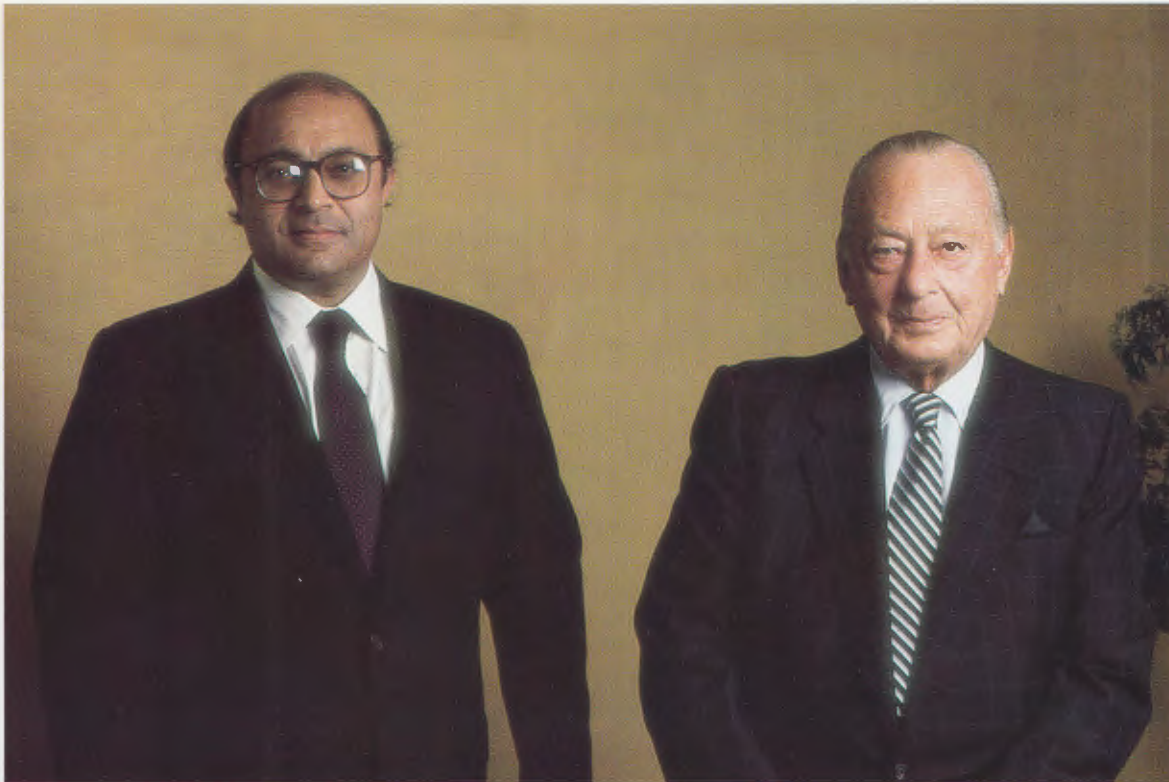
Letter to Shareholders

In fiscal 1991, Commodore International Limited achieved substantial growth in revenue and net income, with unit sales increasing across all product lines. During the second quarter Commodore reached an important milestone by selling our two millionth unit of the Amiga computer. This occurred a little more than a year after the one million mark was reached. Commodore also introduced a number of new products; the recent introduction of our Amiga-based CDTV interactive multimedia player was an important industry-leading innovation in consumer and computer electronics.

Worldwide revenues reached the second highest level in our history and exceeded \$1 billion for the first time since fiscal 1984. Revenues increased 18% to \$1,047.2 million compared with \$887.3 million last year. Gross profit increased 28% while operating expenses were tightly controlled, increasing less than 3% compared to last year. Income before extraordinary item increased to \$57.4 million, or \$1.73 per share, compared with \$1.5 million, or \$0.05 per share, last year. An extraordinary charge of \$9.2 million, or \$0.28 per share, relating to a court settlement of litigation reduced net income to \$48.2 million, or \$1.45 per share, compared with \$1.5 million, or \$0.05 per share last year. Shareholders' equity increased to \$289.7 million.

Every product line contributed to revenue growth during the year. Amiga unit volume increased 38% with sales increasing 23% to a new high. The Professional Amiga line was also expanded with the introduction of a range of Amiga 3000 models.

PC compatible revenues rose 14%, reflecting increased sales of Commodore's new range of professional products. By the end of the fiscal year, Commodore had introduced a complete new range of slimlines, desktops, and notebook laptops.



Mehdi R. Ali

Irving Gould

The venerable C64 line registered unit growth of 16% with sales increasing 4% largely due to expanded sales in Europe, especially in new markets in Eastern Germany and Eastern Europe.

Geographically, the Company continued to expand throughout Europe, which accounted for 84% of total sales, offsetting softness in other regions. All our major European markets experienced very strong sales growth.

During calendar year 1990, Commodore again ranked second in personal computer sales in Europe.

Looking ahead, the widespread popularity of the Amiga 500, the growing professional applications for our high-end Amiga products, the introduction of our full PC line, and the recent launch of CDTV should all provide Commodore significant opportunity for future growth and profitability.

Irving Gould
Chairman of the Board
and Chief Executive Officer

Mehdi R. Ali
President

24 September 1991

Professional Amiga

The only personal computer that can manipulate and multitask video, text, graphics, animation, and sound...

Commodore expanded the Amiga platform in fiscal 1991 into a full line of professional multimedia products, including a slimline version of the Motorola 68030 based Amiga 3000, a UNIX Amiga 3000 and a floor-standing version of the Amiga 3000.

Based on Commodore's proprietary chip set and multitasking operating system, the Amiga is the only personal computer that can manipulate and multitask video, text, graphics, animation, and sound, and support UNIX applications, without complicated peripherals. To that

end, the multitasking slimline Amiga 3000 is a versatile PC with outstanding capabilities for desktop publishing and office productivity. With additional storage and expansion slots, the floor-standing Amiga 3000T is a veritable workstation for high-end users.

Industry-standard networking products can link Amiga 3000's to each other or to computers having differing operating systems; thus providing file sharing, electronic mail services, or parallel-process computer-generated animation at a fraction of what it costs to use a dedicated graphics minicomputer.

All of these capabilities have led to the continued proliferation of Amiga applications around the world. The recent availability of the Video Toaster board enables an Amiga 2000 to deliver broadcast-quality video productions. At a suggested retail price of \$1,595, the Amiga-based Toaster can rival dedicated units costing \$50,000-\$100,000.

In Boston, Logan International Airport is upgrading its tourist information service with an Amiga 3000 system offering full motion video, still frames of maps, pictures and illustrations, and weather and traffic updates.

In Europe, similar Amiga 2000 and 3000 systems are already in use in Sweden at Scandinavian Airlines System headquarters and at Arlanda Airport in Stockholm. At Le Printemps, one of Paris' largest department stores, an Amiga 3000 display presents choices in the selection of wedding gifts.

Amiga 2000 and 3000 systems are also increasing their penetration of the European television market. Amiga-generated titling, graphics and animation highlighted the 1990 World Equestrian Games in Stockholm, the 1991 International Ice Hockey Championship in Finland, and the 1991 European Soccer Championship in Poland.



▲
The Video Toaster board can turn an Amiga 2000 computer into a broadcast-quality video production machine.



Commodore has expanded the Amiga platform into a full line of professional multimedia products, including a floor-standing Amiga 3000 with additional storage and expansion slots.

Professional PC Compatibles

Offers highly attractive price/performance value for business customers . . .

Commodore completed the introduction of a new full line of industry standard professional PC's in fiscal 1991. By the end of the fiscal year, the Company had introduced nine new models, including 286 and 386SX slimlines and notebooks, 386DX and 486DX desktops, and a floor-standing 486DX.

Commodore's Professional PC line offers highly attractive price/performance value for business customers. For DOS applications, Commodore offers

entry-level 286 desktops and slimlines. For Windows and networking, Commodore features 386SX slimlines and desktops and 386DX and 486DX desktops with cache memory. For UNIX and file server functions, Commodore markets floor-standing 386DX and 486DX units with cache memory, extra drives and slots for expandability. For the businessman on the go, the Company sells 386SX notebook computers with VGA screens.

Commodore continued to make in-roads in Europe, where the Company sells most of its PC compatibles. Commodore recently won a major PC contract in Belgium to supply the National Railways, in addition to a major project for Kredietbank. In the Netherlands, more than a third of the country's 1,700 pharmacies which buy through OPG, the nation's largest pharmaceutical distributor, use Commodore slimline and desktop PC's to communicate with OPG's main-

frame. In France, the PC line is helping to meet the computing needs of such corporations as Matra and Credit National.

In Germany, DAG, the nation's largest union, and Deutsche Bundesbahn, the German Railway, continued to increase their installed base of Commodore PC's for applications ranging from office productivity to networking.

Commodore's networking division brings the full power of linked computing to the Company's range of professional computers.



Commodore introduced nine new laptop, slimline, desktop and floor-standing PC's, including a 386SX-16 MHz notebook with VGA graphics for the businessman on the go.

... Gross profit (margin) = 3.548
Sales

... Operating profit = 329
Sales

... Pret 179.5
548.

... Net
S.

... Sale
Cash

... Accounts receivable = 3.548.6
387.7

... Sales = 3.548.6 =
Inventories 347.6

... Sales = 3.548.6
Working capital 1,819.4 - 5.

... Sales = 3.548.6 =
Fixed assets 2,382.3



Commodore continued to make inroads in Europe, where it sells most of its PC compatibles, including its new 386SX-20 MHz slimline for DOS, Windows and networking applications.

Consumer Computers

Multimedia computer technology for the home at a highly competitive price . . .

Commodore offers three types of consumer computers. The popular 16-bit Amiga 500 offers multimedia computer technology for the home user at a highly competitive price. The Amiga 500 provides dazzling video excitement of some of the world's best entertainment and educational software. Moreover, with a growing library of home/office productivity programs, both children and parents can use the Amiga 500 for their own needs.

For the third consecutive year, the Amiga 500 was named "Home Computer of the Year" by European journalists in the leading German computer publication *Chip*.

Commodore continues to market the ever-popular 8-bit C64 as an entry-level color computer for entertainment, education and home/office. Introduced in 1982, the C64 family has become the most popular computer in the world. With an installed base of nearly 12 million and a software library of more than 10,000 published titles, continuing strong demand for the C64 reflects its ongoing price/performance value.

For consumers desiring a home/office PC compatible solution, Commodore offers a variety of models, ranging from small-footprint desktop XT's and AT's, to 286 laptops and 386SX slimlines.

Commodore has maintained its leading position in the consumer distribution channels in Europe.



The continuing strong demand for the C64's price performance value has resulted in a software library of more than 10,000 published titles.

Mr. Haight

The tree

NAME: Anne Brown

LOCATION: Cincinnati

NAME: Joe Smith

Some of the world's best productivity, educational, and entertainment software runs on the Amiga 500 with dazzling video-like effects for both children and parents.



May	Jun	Jul	Aug	Sep	Oct	Nov
168	205	276	269	156	130	95
1882	716	540	195	285	281	230
230	290	287	177	282	192	180
310	365	377	261	230	234	250
1710	1576	1480	982	873	757	755

CDTV

One of the most innovative consumer electronics products of 1991 . . .

Commodore began the phased launch of its CDTV player, the first CD-based interactive multimedia product for consumers during the fourth quarter of fiscal 1991. CDTV became available at quality audio/video retail chains in selected markets in North America and Europe, primarily in the United Kingdom and Germany. Full international distribution is planned during fiscal 1992.

The product was received with great enthusiasm by industry analysts and retailers. The Electronics Industries Association named it one of the most innovative consumer electronics products of 1991. *Popular Science* named CDTV one of 1990's "Best of What's New" products for the home.



CDTV's simple hand-held infrared remote control provides access to an entire software library of multimedia educational, entertainment, information and reference titles.

CDTV resembles a conventional audio Compact Disc player or VCR and connects to a television set and/or home audio system to become an interactive education, information and entertainment center. Based on Commodore's Amiga technology, the CDTV player combines audio, graphics, video and text to create an entirely new interactive medium. A simple hand-held infrared remote control provides access to an entire software library of multimedia educational, entertainment, information and reference titles.

Commodore and other third party developers introduced more than 50 CDTV titles with 100 planned to be available by Christmas 1991. Current and forthcoming titles include interactive reference materials such as *The New Grolier Electronic Encyclopedia* and *World Vista Atlas*; interactive educational versions of children's classics such as *Cinderella*; entertainment titles such as *Indiana Jones* from Lucas-films, *Snoopy* and many others; and sports-related titles such as *Jack Nicklaus Golf*

CDTV, one of the first fully-digitized golf simulations. Many of the CDTV titles are available in foreign languages. CDTV also plays existing compact discs featuring music, graphics and text.

CDTV opens new worlds of home reference and information, self-improvement and music, entertainment and the arts. Schools are provided with a powerful new tool and library; businesses are given a competitive edge with state-of-the-art graphics and sound for presentations; and families can combine entertainment and education in the living room environment—all at the touch of a button.

Commodore plans to offer a wide range of CDTV accessory products in fiscal 1992, including keyboard, genlock, and storage and networking devices. In addition, Commodore plans to introduce a new video card that will substantially enhance the color capability of CDTV to over 4 million colors.



CDTV resembles a conventional audio Compact Disc player or VCR and connects to a television set and/or audio system to become a new center in the home for multimedia excitement.

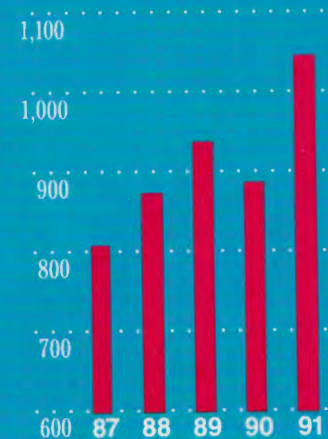
Financial Report

Contents

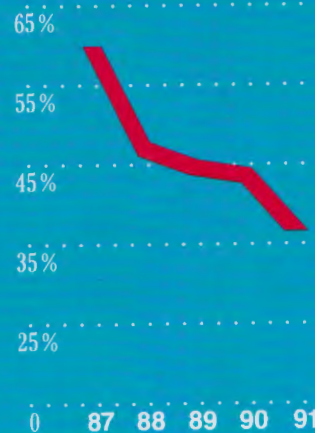
Financial Review	13
Five-Year Comparison of Selected Financial Data	16
Consolidated Statements of Operations	17
Consolidated Balance Sheets	18
Consolidated Statements of Shareholders' Equity	19
Consolidated Statements of Cash Flows	20
Notes to Consolidated Financial Statements	21
Shareholder Information	28

Worldwide Revenues

Dollars in Millions

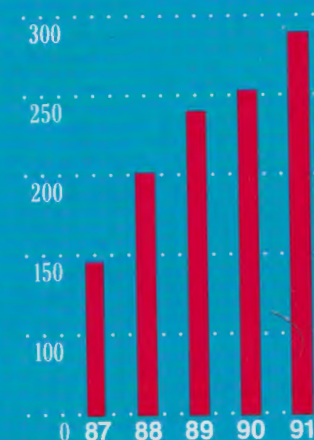


Total Debt/Total Capital



Shareholders Equity

Dollars in Millions



Total European PC Market

Calendar Year 1990/Percentage of Market Share in Units

Commodore 11.8

IBM 14.6

Olivetti Group 6.7

Apple 6.0

Compaq 5.7

Amstrad 3.9

Others 51.3



Total Market: 7,469,500

Source: Dataquest April 1991

Last year Dataquest reported Commodore's share at 9.5%

Financial Review

This review should be read in conjunction with the consolidated financial statements and related notes beginning on page 17 of this annual report.

Sales

Commodore International Limited manufactures and markets personal computers to home, education, business and professional users around the world. There are three product lines: Amiga; MS-DOS PC compatibles; and the C64 line. The Company's net sales increased 18% in fiscal 1991 to \$1,047 million compared with \$887 million in fiscal 1990 and \$940 million in fiscal 1989.

The Amiga product line accounted for 55% of net sales during fiscal 1991 compared with 53% in fiscal 1990 and 45% in fiscal 1989. Unit sales of Amiga computers increased 38% in fiscal 1991, primarily attributable to the Amiga 500, while revenues of the Amiga product line increased by approximately 23%. Unit sales of Amiga products increased 26% in fiscal 1990 while revenues of the Amiga product line increased 11%.

MS-DOS PC compatible products contributed 28% of net sales during fiscal 1991 compared with 29% in fiscal 1990 and 24% in fiscal 1989. Reflect-

ing a shift to a higher end product-mix, unit sales declined by 3% in fiscal 1991, but revenues increased 14%. Unit sales of MS-DOS PC products decreased 9% in fiscal 1990 while revenues increased 14%.

C64 products accounted for 16% of revenues in fiscal 1991 compared with 18% in fiscal 1990 and 31% in fiscal 1989. Unit sales increased by 16% to over 800,000 in fiscal 1991 while revenues increased only 4% due to continued price reductions on bundles and peripherals. Unit sales of the C64 family of computers were approximately 700,000 in fiscal 1990 versus one million units in fiscal 1989. Revenues decreased 45% in fiscal 1990 and 15% in fiscal 1989.

The CDTV, the first CD based interactive multimedia player for consumers, was launched in the fourth quarter of fiscal 1991 and accounted for only a nominal share of sales.

Geographically, European markets accounted for 84% of net sales compared with 75% of net sales in fiscal 1990 and 69% in fiscal 1989. Germany, the United Kingdom, Benelux, Spain, Portugal, France, and Italy recorded strong sales growth. Overall European sales increased 33% in fiscal 1991 compared with an increase of only 2% in fiscal 1990. North American sales continued to decline in fiscal 1991 and accounted for 11% of sales compared with 18% in fiscal 1990 and 24% in 1989. Asia/Australia sales also declined in fiscal 1991 and 1990 and accounted for 5% of fiscal 1991 sales compared with 7% in fiscal years 1990 and 1989.

The U.S. dollar fluctuated in relation to European currencies during fiscal 1991 with a mixed

impact on reported sales. The effect of currency movements increased reported sales during the first three quarters of fiscal 1991 but decreased reported sales during the fourth quarter. The dollar value of sales for fiscal 1991 would have been approximately \$94 million lower if prior year exchange rates had been in effect. In fiscal 1990, the fluctuation of the U.S. dollar versus European currencies had an unfavorable impact on reported sales during the first two quarters of fiscal 1990 but increased reported sales during the final two quarters. The dollar value of sales for fiscal 1990 would have been approximately \$8 million lower if 1989 exchange rates had been in effect. Since a substantial portion of the Company's sales are denominated in European currencies, reported U.S. dollar sales will continue to be affected by the strengthening or weakening of the U.S. dollar versus European currencies. The strong sales and profits in the second quarter of each year reflect the seasonal impact of Christmas.

Profitability

Gross profit was \$333 million or 32% of net sales in fiscal 1991

compared with \$259 million or 29% of net sales in fiscal 1990 and \$290 million or 31% in fiscal 1989. The increase in gross margin in fiscal 1991 was primarily attributable to the favorable effects of foreign currency exchange rate fluctuations. The future effects of foreign currency exchange rate fluctuations on gross margins are uncertain.

Operating expenses in fiscal 1991 totalled \$259 million or 25% of sales, compared with \$252 million or 28% of sales in fiscal 1990 and \$211 million or 22% of sales in fiscal 1989. In fiscal 1991, operating expenses were tightly controlled, increasing overall by only 3%. The increase in fiscal 1990 was primarily due to selling and marketing expenses which increased 28% from fiscal 1989. General and administrative expenses increased 12% to \$54 million in fiscal 1991 compared with \$48 million in fiscal 1990 and \$45 million in fiscal 1989. Research

and development expenditures increased 13% to \$31 million in fiscal 1991 compared with \$28 million in fiscal 1990 and \$19 million in fiscal 1989.

Net interest expense increased to \$15 million in fiscal 1991 compared with \$13 million in fiscal 1990 and 1989. The increase in 1991 was a result of decreased interest income on invested balances during the year. Other expense was \$5 million in fiscal 1991 compared with \$3 million in fiscal 1990 and \$5 million in fiscal 1989.

As a result of higher revenues and favorable effects of foreign currency exchange rate fluctuations, pre-tax income was \$53 million in fiscal 1991 compared with a pre-tax loss of \$8.5 million in fiscal 1990. In fiscal 1989, pre-tax income was \$61 million. In the fourth quarter of fiscal 1991 and 1990, the Company reduced income tax accruals no longer needed to meet certain tax exposures. Accordingly, there was an

income tax benefit of \$5 million in fiscal 1991 and \$10 million in fiscal 1990 compared with a tax provision of \$10 million in fiscal 1989. In fiscal 1991, income before extraordinary item was \$57 million, or \$1.73 per share, compared with \$1.5 million or \$0.05 per share, in fiscal 1990 and \$50 million, or \$1.55 per share, in fiscal 1989. In fiscal 1991 there was an extraordinary charge of \$9 million, or \$0.28 per share, for the court settlement of litigation. Net income for fiscal 1991 was \$48 million, or \$1.45 per share compared with \$1.5 million, or \$0.05 per share in fiscal 1990 and \$51 million, or \$1.59 per share in fiscal 1989.

Liquidity and Capital Resources

During fiscal 1991, the Company's cash position decreased to \$65 million compared with \$78 million at 30 June 1990. In March, 1991 the Company repaid \$13 million of senior and subordinated notes as scheduled. Capital expenditures were \$28 million in fiscal 1991 compared with \$19 million in fiscal 1990. Fiscal 1991 capital improvements

included production equipment to upgrade the Hong Kong and semiconductor manufacturing facilities, equipment to support research and development activities, a new plant in Germany and a replacement aircraft.

The Company's financial position remains strong. Working capital at 30 June 1991 was \$256 million. Total shareholders' equity increased to \$290 million at 30 June 1991 from \$253 million in the prior year. Working capital reflects long-term debt of \$55 million which is due in January 1992 and \$25 million payable in March 1992. The Company anticipates that cash generated from operations, working capital improvements, existing cash balances, current borrowing capabilities and refinancing opportunities should be sufficient to meet future cash requirements.

Five-Year Comparison of Selected Financial Data

Commodore International Limited and Subsidiaries
(In Thousands of Dollars, Except Per Share Amounts)

Year Ended 30 June	1991	1990	1989	1988	1987
Net sales	\$1,047,200	\$887,300	\$939,700	\$871,100	\$806,700
Gross profit (1)	332,700	259,000	290,300	272,100	219,100
Operating expenses (2)	259,300	252,200	211,000	184,100	164,800
Interest expense, net	15,400	12,800	13,300	16,900	18,100
Other expense	5,400	2,500	5,400	3,500	3,800
	280,100	267,500	229,700	204,500	186,700
Income (loss) before income taxes and extraordinary item	52,600	(8,500)	60,600	67,600	32,400
Income tax provision (benefit)	(4,800)	(10,000)	10,500	19,400	9,800
Income before extraordinary item	57,400	1,500	50,100	48,200	22,600
Extraordinary item (3),(4)	(9,200)	—	1,200	7,600	6,000
Net income	\$ 48,200	\$ 1,500	\$ 51,300	\$ 55,800	\$ 28,600
Per share data:					
Income before extraordinary item	\$ 1.73	\$ 0.05	\$ 1.55	\$ 1.51	\$ 0.71
Extraordinary item (3),(4)	(0.28)	—	0.04	0.24	0.18
Net income	\$ 1.45	\$ 0.05	\$ 1.59	\$ 1.75	\$ 0.89
Weighted average shares	33,163	32,388	32,354	31,768	32,144
Financial Position—30 June					
Current assets	\$ 521,000	\$557,000	\$547,900	\$495,100	\$416,600
Current liabilities	264,900	238,900	228,900	246,400	220,300
Working capital	256,100	318,100	319,000	248,700	196,300
Total assets	626,400	649,200	630,300	578,500	517,500
Long-term debt	71,000	156,500	158,800	130,000	149,600
Total debt	166,200	195,400	195,400	176,500	212,700
Shareholders' equity	289,700	252,900	240,300	200,300	145,000

(1) Includes foreign currency transaction gains and losses related to inventory transactions. See Note 1 to consolidated financial statements.

(2) Includes restructuring charges in 1987.

(3) Fiscal 1987-1989, tax benefit of net operating loss carryforwards.

(4) Fiscal 1991, court settlement of certain litigation. See Note 9 to consolidated financial statements.

Consolidated Statements of Operations

Commodore International Limited and Subsidiaries
(In Thousands of Dollars, Except Per Share Amounts)

Year Ended 30 June	1991	1990	1989
Net sales	\$1,047,200	\$887,300	\$939,700
Cost of sales	714,500	628,300	649,400
Gross profit	332,700	259,000	290,300
Selling and marketing	174,300	176,700	138,500
General and administrative	53,600	47,800	45,300
Research and development	31,400	27,700	19,300
Amortization of acquired technology	—	—	7,900
Total operating expenses	259,300	252,200	211,000
Operating income	73,400	6,800	79,300
Interest expense, net of interest income of \$4,800, \$8,700 and \$8,000, respectively	15,400	12,800	13,300
Other expense	5,400	2,500	5,400
Income (loss) before income taxes and extraordinary item	52,600	(8,500)	60,600
Income tax provision (benefit)	(4,800)	(10,000)	10,500
Income before extraordinary item	57,400	1,500	50,100
Extraordinary item	(9,200)	—	1,200
Net income	\$ 48,200	\$ 1,500	\$ 51,300
Per share data:			
Income before extraordinary item	\$ 1.73	\$ 0.05	\$ 1.55
Extraordinary item	(0.28)	—	0.04
Net income	\$ 1.45	\$ 0.05	\$ 1.59

The accompanying notes are an integral part of these statements.

Consolidated Balance Sheets

Commodore International Limited and Subsidiaries
(In Thousands of Dollars)

	30 June 1991	30 June 1990
Assets		
Current Assets:		
Cash and equivalents	\$ 64,500	\$ 78,400
Accounts receivable, net of allowances for doubtful accounts of \$18,400 and \$15,700, respectively	229,700	234,100
Inventories	219,600	236,200
Other current assets	7,200	8,300
Total current assets	521,000	557,000
Property and equipment, at cost	177,200	157,400
Accumulated depreciation and amortization	(91,300)	(79,700)
Net property and equipment	85,900	77,700
Other assets	19,500	14,500
	\$626,400	\$649,200
Liabilities and Shareholders' Equity		
Current Liabilities:		
Bank debt	\$ 13,800	\$ 25,600
Current portion of long-term debt	81,400	13,300
Accounts payable	119,300	120,400
Accrued liabilities	41,300	50,800
Taxes payable	9,100	28,800
Total current liabilities	264,900	238,900
Long-term Debt	71,000	156,500
Deferred Income Taxes	800	900
Commitments and Contingencies		
Shareholders' Equity		
Capital stock, \$.01 par value		
Authorized 90,000,000 shares		
Issued 33,425,731 and 33,092,136 shares, respectively	300	300
Contributed surplus	44,200	40,500
Retained earnings	265,300	221,600
Cumulative translation adjustment	(12,500)	(1,900)
Unearned compensation	(6,200)	(6,500)
Treasury stock—750,347 and 712,953 shares, respectively, at cost	(1,400)	(1,100)
Total shareholders' equity	289,700	252,900
	\$626,400	\$649,200

The accompanying notes are an integral part of these statements.

Consolidated Statements of Shareholders' Equity

Commodore International Limited and Subsidiaries
(In Thousands of Dollars)

	Capital Stock	Contributed Surplus	Retained Earnings	Cumulative Translation Adjustment	Unearned Compensation	Treasury Stock	Total
Balance, 30 June 1988	\$300	\$32,600	\$173,300	(\$ 3,600)	(\$1,600)	(\$ 700)	\$200,300
Net income	—	—	51,300	—	—	—	51,300
Foreign currency translation adjustments for year	—	—	—	(7,800)	—	—	(7,800)
Repurchase of warrants	—	—	(4,500)	—	—	—	(4,500)
Amortization of unearned compensation	—	—	—	—	500	—	500
Exercise of employee stock options	—	700	—	—	—	—	700
Purchase of treasury stock	—	—	—	—	—	(200)	(200)
Balance, 30 June 1989	300	33,300	220,100	(11,400)	(1,100)	(900)	240,300
Net income	—	—	1,500	—	—	—	1,500
Foreign currency translation adjustments for year	—	—	—	9,500	—	—	9,500
Issuance of shares to officers as compensation	—	7,100	—	—	(7,100)	—	0
Amortization of unearned compensation	—	—	—	—	1,700	—	1,700
Exercise of employee stock options	—	100	—	—	—	—	100
Purchase of treasury stock	—	—	—	—	—	(200)	(200)
Balance, 30 June 1990	300	40,500	221,600	(1,900)	(6,500)	(1,100)	252,900
Net income	—	—	48,200	—	—	—	48,200
Foreign currency translation adjustments for year	—	—	—	(10,600)	—	—	(10,600)
Repurchase of warrants	—	—	(4,500)	—	—	—	(4,500)
Issuance of shares to an officer as compensation	—	2,100	—	—	(2,100)	—	0
Amortization of unearned compensation	—	—	—	—	2,400	—	2,400
Exercise of employee stock options	—	1,600	—	—	—	—	1,600
Purchase of treasury stock	—	—	—	—	—	(300)	(300)
Balance, 30 June 1991	\$300	\$44,200	\$265,300	(\$12,500)	(\$6,200)	(\$1,400)	\$289,700

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

Commodore International Limited and Subsidiaries
(In Thousands of Dollars)

Year ended 30 June	1991	1990	1989
Cash Flows from Operating Activities:			
Net income	\$ 48,200	\$ 1,500	\$ 51,300
Adjustments to reconcile net income to net cash provided by (used for) operating activities:			
Depreciation and amortization	21,600	14,800	24,500
Deferred income taxes	(100)	(1,600)	500
Provision for doubtful accounts receivable	7,300	2,500	5,700
Other noncash items	300	900	1,800
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(20,000)	(33,200)	(36,000)
(Increase) decrease in inventories	18,000	14,300	(8,200)
(Increase) decrease in other current assets	1,000	(1,500)	800
Increase (decrease) in accounts payable	100	22,300	(900)
Increase (decrease) in accrued liabilities	(6,600)	(4,900)	6,000
Increase (decrease) in taxes payable	(17,900)	(18,000)	200
Net cash provided by (used for) operating activities	51,900	(2,900)	45,700
Cash Flows from Investing Activities:			
Capital expenditures	(27,900)	(18,600)	(24,000)
Other investment activities	(7,600)	(4,900)	(200)
Net cash used for investing activities	(35,500)	(23,500)	(24,200)
Cash Flows from Financing Activities:			
Net short-term borrowings (repayments)	(11,700)	1,200	(19,500)
Proceeds from issuance of common stock	1,600	100	700
Purchase of treasury stock	(300)	(200)	(200)
Repurchase of warrants	(4,500)	—	(4,500)
Proceeds from issuance of long-term debt	—	1,600	50,000
Payments of long-term debt	(13,300)	(14,400)	(6,800)
Net cash provided by (used for) financing activities	(28,200)	(11,700)	19,700
Effect of exchange rate changes on cash and equivalents	(2,100)	2,400	(5,100)
Net increase (decrease) in cash and equivalents	(13,900)	(35,700)	36,100
Cash and equivalents—beginning of year	78,400	114,100	78,000
Cash and equivalents—end of year	\$ 64,500	\$ 78,400	\$114,100
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	\$ 22,700	\$ 20,100	\$ 20,700
Income taxes	6,600	6,500	8,700
Non-cash financing transaction:			
Issuance of 120,000 and 650,000 shares of restricted common stock, in fiscal 1991 and 1990 respectively, pursuant to stock incentive plan	2,100	7,100	—
Unearned compensation recorded from above transactions	(2,100)	(7,100)	—

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

Commodore International Limited and Subsidiaries
30 June 1991

1. Summary of Accounting Policies

Commodore International Limited is incorporated in the Bahamas. The consolidated financial statements of Commodore International Limited and Subsidiaries (the Company) have been prepared in accordance with accounting principles generally accepted in the United States. Within those principles, the Company's more important accounting policies are set forth below.

Principles of Consolidation

The consolidated financial statements include the accounts of all majority-owned subsidiaries. All significant intercompany transactions have been eliminated.

Translation of Non-U.S. Currencies

Assets and liabilities recorded in functional currencies other than U.S. dollars are translated at current exchange rates. The resulting adjustments are charged or credited directly to cumulative translation adjustment in the shareholders' equity section of the consolidated balance sheets. Sales and expenses are translated at the weighted average exchange rates for the period. Foreign currency transaction gains and losses are included in income in the period in which they occur. Realized currency gains (losses) were (\$10.2) million, \$24.6 million and (\$8.8) million for fiscal 1991, 1990 and 1989, respectively. Certain foreign currency denominated intercompany balances have been designated as long-term, reducing realized currency losses by \$6.3 million in the fourth quarter of fiscal 1991 and \$3.9 million in the fourth quarter of fiscal 1989.

In the current fiscal year, foreign currency transaction gains and losses related to inventory transactions have been reclassified from other expense to cost of sales. The financial information presented for prior years has been reclassified to conform to the current year presentation.

Cash and Equivalents

The Company has included cash, overnight deposits and time deposits with maturities less than 91 days as cash and equivalents.

Inventories

Inventories are stated at the lower of cost (first-in, first-out) or market, and include material, labor and overhead. Intercompany profits are eliminated from inventory valuations. Inventories consisted of the following (000s omitted):

	30 June	
	1991	1990
Raw materials and work-in-process	\$ 93,800	\$ 90,700
Finished goods	125,800	145,500
	\$219,600	\$236,200

Property and Equipment

Major classes of property and equipment were as follows (000s omitted):

Description	30 June		Estimated Useful Lives
	1991	1990	
Land	\$ 3,100	\$ 3,200	
Buildings and improvements	35,800	37,200	10-40 years
Machinery and equipment	102,400	84,000	3-10 years
Furniture and fixtures	14,200	13,400	3-10 years
Tooling	4,800	2,600	2-3 years
Leasehold improvements	16,900	17,000	Lease Term
	\$177,200	\$157,400	

Depreciation has been provided over the estimated useful lives of the assets using primarily the straight-line method. Expenditures for additions, renewals and betterments are capitalized. Maintenance and repairs are expensed as incurred. Upon sale or other disposition, the applicable amounts of asset cost and accumulated depreciation are removed from the accounts and the net amount, less proceeds from disposal, is charged or credited to income.

Notes to Consolidated Financial Statements

Commodore International Limited and Subsidiaries
30 June 1991

Income Taxes

The Company and its subsidiaries provide taxes on income in accordance with the tax rules and regulations of the many taxing jurisdictions where the income is earned. The income tax rates imposed by these taxing jurisdictions vary substantially. Taxable income may differ from pretax income for financial accounting purposes. To the extent that differences are due to income or expense items reported in one period for tax purposes and in another period for financial reporting purposes, appropriate provision for deferred income taxes is made. The Company does not provide income taxes on undistributed earnings of foreign subsidiaries which are permanently reinvested.

Investment credits and other allowances provided by income tax laws of respective countries are credited to current income tax expense under the flow-through method of accounting.

The Financial Accounting Standards Board has issued pronouncements (Statements of Financial Accounting Standards Nos. 96 and 103) which require the Company to change its method of accounting for income taxes beginning in fiscal 1993. Based upon a preliminary analysis, implementation of these standards is not expected to have a material effect on the Company's reported financial position or net income.

Revenue Recognition

Sales are recognized when products are shipped, net of allowances for estimated returns and discounts. Anticipated warranty costs are provided in the same period in which the corresponding revenues are generated.

Research and Development Costs

The Company expenses research and development costs as incurred.

Acquired Technology

In October 1984, the Company acquired Amiga Computer, Inc. for capital stock and cash. The acquisition was accounted for as a purchase and the excess of the purchase price over the fair value of net tangible assets acquired of \$31.7 million was classified as acquired technology and was amortized on a straight-line basis over a four-year period ended 30 June 1989.

Foreign Exchange Contracts

The Company periodically enters into foreign exchange contracts as a hedge against certain payables denominated in foreign currencies. The resulting gains and losses on these contracts offset the realized transaction gains or losses on those payables. At 30 June 1991, the company had contracts maturing through 2 August 1991 to purchase \$22 million of Japanese Yen.

Per Share Data

Per share data are calculated using the weighted average number of shares of capital stock and dilutive capital stock equivalents (stock options and warrants) outstanding during each year. The weighted average number of shares used to compute earnings per share was 33,163,000, 32,388,000 and 32,354,000 in 1991, 1990 and 1989, respectively.

2. Income Taxes

The income tax provision (benefit) consisted of the following (000s omitted):

	1991	1990	1989
Current:			
U.S. Federal	\$ —	\$ (4,500)	\$ —
Non-U.S. and other	(4,700)	(3,900)	10,000
Subtotal	(4,700)	(8,400)	10,000
Deferred:			
U.S. Federal	—	—	—
Non-U.S. and other	(100)	(1,600)	500
Subtotal	(100)	(1,600)	500
Total	\$(4,800)	\$(10,000)	\$10,500

Non-U.S. earnings (losses) before income taxes amounted to \$70 million, (\$7) million and \$82 million in fiscal 1991, 1990 and 1989, respectively. In fiscal 1991 and 1990 the deferred tax benefit related primarily to the reversal of previously provided deferred taxes. In fiscal 1989, deferred taxes related primarily to differences between tax depreciation and depreciation for financial reporting.

The Company and its subsidiaries are engaged in business in countries with statutory tax rates ranging from zero to approximately 60%. As a result, the Company's effective tax rate may vary year to year depending upon the operating results of individual subsidiaries. In fiscal 1991 and 1990, exclusive of the adjustments to income taxes described below, the Company's effective tax rate was 6% and zero, respectively, due to operating losses in certain countries with high tax rates (without currently recoverable tax benefits) and income in countries with low or zero statutory rates. The effective tax rate was 17% in 1989 due to profitable operations in certain European countries and losses in the U.S.

Certain of the Company's non-U.S. subsidiaries are undergoing audits by their respective tax authorities for various fiscal years. In Japan and Italy the tax authorities have issued deficiency assessments and the Company is contesting these assessments. The Company is also contesting alleged tax deficiencies of approximately \$74 million for its U.S. subsidiaries for fiscal years 1981 through 1983. Subsequent to 30 June 1991, the Company received a deficiency assessment with respect to its U.S. subsidiaries for tax years 1984 through 1986 totalling \$35 million and is also contesting these alleged deficiencies.

In the fourth quarters of fiscal 1991 and 1990, after consultation with tax counsel concerning the likely outcome of certain tax audits and litigation, the Company reduced by \$8 million and \$10 million respectively, income tax accruals no longer considered necessary to meet the probable liabilities in those proceedings.

As of 30 June 1991, the Company's U.S. subsidiaries have net operating loss carryforwards of approximately \$176 million and investment and research tax credit carryforwards of \$9 million which expire in years through 2006. Certain of the Company's non-U.S. subsidiaries have net operating loss carryforwards of approximately \$84 million, net of \$9 million utilized in fiscal 1991, which expire at various dates through 2001.

3. Bank Debt

The Company and its subsidiaries had short-term bank borrowings of \$13.8 million at 30 June 1991, at an average interest rate of 11.2% (1990—12.7%; 1989—13.4%). The maximum month-end short-term borrowings during fiscal 1991 were \$26.6 million (1990—\$26.8 million; 1989—\$43 million). The average month-end short-term borrowings outstanding during fiscal 1991 were \$17.4 million (1990—\$22 million; 1989—\$25 million) at a weighted average interest rate of 12.7% (1990—13.6%; 1989—12.1%).

As of 30 June 1991, the Company had unused short-term lines of credit of \$39.9 million available in various currencies which permit borrowings at floating rates which vary from country to country depending upon local conditions. In certain countries under various informal and unrestricted arrangements, the Company maintains compensating balances to support credit facilities and services.

4. Long-Term Debt

(000s omitted)	30 June	
	1991	1990
Senior notes, 11.0% due through March 1993	\$ 10,000	\$ 15,000
Senior notes, 10.75% due March 1992 through March 1995	50,000	50,000
Subordinated notes, 12.0% due through March 1994	24,000	32,000
Deutsche Mark debentures, 7.5% due January 1992	55,200	60,200
Real estate mortgages, 7.5% to 10.125% due through 2006	3,200	3,800
Capitalized lease obligations averaging 12.5% (1990—13.3%) payable through 2020	10,000	8,800
	152,400	169,800
Current Portion	(81,400)	(13,300)
	\$ 71,000	\$156,500

Notes to Consolidated Financial Statements

Commodore International Limited and Subsidiaries
30 June 1991

In May 1987, the Company issued \$20 million of senior notes and \$40 million of subordinated notes with warrants to purchase 2,250,000 shares of capital stock to an insurance company. The warrants are exercisable at \$11.40 per share until March 1994. The Company repurchased 750,000 warrants in March 1989 for \$4.5 million and an additional 750,000 warrants in April 1991 for \$4.5 million. In August 1988, the Company issued an additional \$50 million of senior notes to two insurance companies.

The senior and subordinated note agreements contain various covenants which, among others, provide for the maintenance of a minimum level of net worth and contain restrictions on the amount of dividends which may be declared or paid. Under the terms of the agreements, dividends are restricted to 50% of consolidated net earnings subsequent to 1 January 1989 as defined.

Approximate annual maturities of long-term debt as of 30 June 1991 are as follows (000s omitted):

1992	\$ 81,400
1993	26,100
1994	21,200
1995	13,100
1996	500
Later Years	10,100
	\$152,400

5. Capital Stock

As of 30 June 1991, the following shares of capital stock were reserved for future issuance:

Stock Incentive Plan	4,344,063
Warrants	750,000

The Stock Incentive Plan for Key Employees provides for certain key employees to receive grants or options to purchase up to 6,000,000 shares of the Company's capital stock. Although the Plan allows for non-qualified stock options to be granted at a price below the market value, all options have been granted at the fair market value at the date of grant except for options for 300,000 shares, granted to an officer at a price of \$7.25, which was below the fair market value at the date of the grant. Options granted under the Plan expire ten years from the date of grant and outstanding options granted before 1 January 1989 are exercisable in annual increments of 33 1/3% beginning one year from the date of grant. Options granted after 31 December 1988 are exercisable in annual increments of 25% beginning one year from the date of the grant. As of 30 June 1991, options were held by 98 employees and range in exercise price from \$5.75 to \$15.625. These options expire on various dates from February 1996 to May 2001. Options for 713,000 shares were exercisable as of 30 June 1991. Option activity during 1990 and 1991 was as follows:

	Number of Shares	Average Price Per Share
Outstanding as of 30 June 1989	1,922,184	\$ 8.65
Granted	1,259,000	9.82
Exercised	(10,833)	8.25
Cancelled	(1,329,833)	8.97
Outstanding as of 30 June 1990	1,840,518	\$ 9.22
Granted	899,833	6.32
Exercised	(213,595)	7.95
Cancelled	(935,324)	10.52
Outstanding as of 30 June 1991	1,591,432	\$ 6.98

In fiscal 1987, a grant of 300,000 shares of restricted capital stock was made to an officer at a price of \$3,000 or \$.01 per share. Restrictions on the shares lapse at the rate of 20% per year beginning in August 1987. In fiscal 1990 a total of 650,000 shares of restricted capital stock were granted to two officers at a price of \$6,500 or \$.01 per share. Restrictions on the shares lapse at the rate of 20% per year beginning in August 1990 for 350,000 shares and at the rate of 20% in August 1990 and 20% in each year January 1991 through January 1994 for 300,000 shares. In fiscal 1991, 120,000 shares were granted to an officer at a price of \$1,200 or \$0.01 per share. Restrictions on the shares lapse at a rate of 33% per year beginning in January 1992. If the officers leave the Company due to a merger or other change of control, all remaining restrictions lapse immediately. The difference between the grant price and the fair market value at the date of the grants has been recorded as unearned compensation in the consolidated balance sheets and is being amortized by a charge to earnings over the vesting period.

When options are exercised, the proceeds including any applicable income tax benefit, are credited to capital stock and contributed surplus.

6. Leases

The Company leases certain machinery and equipment, manufacturing facilities, warehouses and administrative offices with terms expiring at various dates to 2020. Typically, the Company pays property taxes, insurance and maintenance expenses related to the leased property. The gross value of property included under capital leases as of 30 June 1991 and 1990 was \$10.5 million and \$9.4 million, respectively. The related accumulated amortization as of 30 June 1991 and 1990 was \$2.3 million and \$1.8 million, respectively. Amortization expense of property under capital leases was \$.5 million in 1991, \$.7 million in 1990 and \$.8 million in 1989. Total rental expense under operating leases was \$8.2 million in 1991, \$7.5 million in 1990 and \$4.9 million in 1989.

Minimum future obligations under leases as of 30 June 1991 are as follows (000s omitted):

	Capital Leases	Operating Leases
1992	\$ 1,600	\$ 7,000
1993	1,700	4,900
1994	1,400	3,500
1995	1,400	2,800
1996	1,300	1,500
Later Years	26,400	4,600
Total minimum obligations	\$33,800	\$24,300
Amounts representing interest	23,800	
Present value of net minimum obligations	\$10,000	

7. Geographic Segment Information

(In Thousands of Dollars)	North America	Europe	Asia/ Australia	Eliminations	Consolidated
1991					
Sales to unaffiliated customers	\$110,100	\$ 883,100	\$ 54,000	\$ —	\$1,047,200
Intersegment sales	82,700	454,800	711,100	(1,248,600)	—
Net sales	192,800	1,337,900	765,100	(1,248,600)	1,047,200
Income (loss) from operations	(24,700)	74,400	(800)	24,500	73,400
Interest expense, net					(15,400)
Other expense					(5,400)
Income before income taxes					52,600
Identifiable assets	137,000	414,400	87,100	(12,100)	626,400
Depreciation expense	7,600	6,600	3,400	—	17,600
Capital expenditures	16,900	8,600	2,400	—	27,900
1990					
Sales to unaffiliated customers	\$163,500	\$ 662,800	\$ 61,000	\$ —	\$ 887,300
Intersegment sales	95,600	442,200	624,200	(1,162,000)	—
Net sales	259,100	1,105,000	685,200	(1,162,000)	887,300
Income (loss) from operations	(17,700)	28,600	2,100	(6,200)	6,800
Interest expense, net					(12,800)
Other expense					(2,500)
Loss before income taxes					(8,500)
Identifiable assets	158,500	423,800	103,500	(36,600)	649,200
Depreciation expense	6,600	4,900	3,300	—	14,800
Capital expenditures	7,000	8,000	3,600	—	18,600
1989					
Sales to unaffiliated customers	\$224,400	\$ 649,300	\$ 66,000	\$ —	\$ 939,700
Intersegment sales	42,400	455,900	711,800	(1,210,100)	—
Net sales	266,800	1,105,200	777,800	(1,210,100)	939,700
Income (loss) from operations	(26,900)	94,700	3,000	8,500	79,300
Interest expense, net					(13,300)
Other expense					(5,400)
Income before income taxes					60,600
Identifiable assets	189,400	343,600	128,100	(30,800)	630,300
Depreciation expense	7,600	4,100	4,900	—	16,600
Capital expenditures	10,100	6,700	7,200	—	24,000

8. Commitments and Contingencies

The Company and its subsidiaries are parties to a number of lawsuits. In the opinion of management, none of the lawsuits or claims will materially affect the consolidated financial position of the Company.

9. Legal Settlement

During the third quarter of fiscal 1991, the Company, under a court order, settled a lawsuit brought by a former president. The suit arose from facts surrounding the former president's employment. As a result of the unfavorable outcome, the Company paid \$9.2 million which has been classified as an extraordinary charge in the accompanying consolidated statement of operations.

10. Quarterly Financial Information (unaudited)

(000's omitted, except per share amounts)

For the Year Ended 30 June 1991	First	Second	Third	Fourth	Year
Net sales	\$200,300	\$384,100	\$246,300	\$216,500	\$1,047,200
Gross profit	63,200	135,500	79,700	54,300	332,700
Income (loss) before income taxes and extraordinary item	7,200	38,800	10,900	(4,300)	52,600
Income tax provision (benefit)	200	2,300	300	(7,600) ^(a)	(4,800)
Income before extraordinary item	7,000	36,500	10,600	3,300	57,400
Extraordinary item	—	—	(9,200)	—	(9,200)
Net income	\$ 7,000	\$ 36,500	\$ 1,400	\$ 3,300	\$ 48,200
Per share data:					
Income before extraordinary item	\$ 0.22	\$ 1.12	\$ 0.32	\$ 0.10	\$ 1.73 ^(b)
Extraordinary item	—	—	(0.28)	—	(0.28)
Net income	\$ 0.22	\$ 1.12	\$ 0.04	\$ 0.10	\$ 1.45
For the Year Ended 30 June 1990					
Net sales	\$165,300	\$310,700	\$213,200	\$198,100	\$ 887,300
Gross profit	46,100	95,200	65,900	51,800	259,000
Income (loss) before income taxes	(6,500)	11,800	200	(14,000)	(8,500)
Income tax provision (benefit)	—	500	—	(10,500) ^(a)	(10,000)
Net income (loss)	\$ (6,500)	\$ 11,300	\$ 200	\$ (3,500)	\$ 1,500
Per share data:					
Net income (loss)	\$ (0.20)	\$ 0.35	\$ 0.01	\$ (0.11)	\$ 0.05

(a) Reflects reduction of certain income tax accruals. See Note 2.

(b) Total for year differs from sum of quarters due to fluctuations in the stock price affecting quarterly common stock equivalents.

Report of Independent Public Accountants

To the Shareholders of Commodore International Limited:

We have audited the accompanying consolidated balance sheets of Commodore International Limited (a Bahamian corporation) and subsidiaries as of 30 June 1991 and 1990, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the three years in the period ended 30 June 1991. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit 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 financial statements referred to above present fairly, in all material respects, the financial position of Commodore International Limited and subsidiaries as of 30 June 1991 and 1990, and the results of their operations and cash flows for each of the three years in the period ended 30 June 1991, in conformity with generally accepted accounting principles.

Arthur Andersen + Co.

Philadelphia, PA
5 August 1991

Shareholder Information

Capital Stock Information

The Company's shares are listed on the New York Stock Exchange. The high and low quarterly common stock prices for the past two fiscal years were as follows:

Quarters		Fiscal 1991		Fiscal 1990	
		High	Low	High	Low
1st	(30 September)	\$ 8	- 4 ⁵ / ₈	\$14 ¹ / ₈	- 8 ⁵ / ₈
2nd	(31 December)	11 ⁷ / ₈	- 4 ⁵ / ₈	11 ⁷ / ₈	- 7 ¹ / ₈
3rd	(31 March)	19 ¹ / ₄	- 8 ³ / ₄	10 ⁷ / ₈	- 7 ³ / ₄
4th	(30 June)	21 ¹ / ₂	- 10 ⁷ / ₈	9 ⁷ / ₈	- 6 ³ / ₈

Transfer Agent and Registrar

Manufacturers Hanover Trust Company
P.O. Box 24935
Church Street Station
New York, New York 10249

Auditors

Arthur Andersen & Co.
Philadelphia, Pennsylvania

Shareholder Communication Center

(212) 613-7147

Shares Listed

New York Stock Exchange
(Ticker Symbol CBU)

Corporate Information

Board of Directors

Irving Gould

Chairman of the Board

Mehdi R. Ali

President

General Alexander M. Haig, Jr.

President of Worldwide Associates, Inc. and Director of Interneuron Pharmaceuticals, Inc. and MGM Grand, Inc.

Ralph D. Seligman

*Consultant Counsel
Graham, Thompson & Company*

Burton Winberg

*President
Rockport Holdings Limited and
Director of Fahnestock-Viner Holdings Inc.
and Aviva Petroleum Canada Ltd.*

Officers

Irving Gould

*Chairman of the Board
and Chief Executive Officer*

Mehdi R. Ali

President

Ronald B. Alexander

*Vice President and
Chief Financial Officer and Secretary*

Donald R. Chauncey

Vice President, Information Systems

James Dionne

Vice President, United States

Stephen Franklin

Vice President, United Kingdom

J. Edward Goff

Vice President, Tax

Helmut Jost

Vice President, Germany

Anthony D. Ricci

Vice President and Controller

Michael D. Smith

Vice President, Manufacturing

William L. Sydnes

Vice President, Engineering

Hock E. Tan

Vice President, Finance

C. Kirk Totten

Vice President, Purchasing

Bernard van Tienen

Vice President, Benelux

Executive Offices

Commodore International Limited

*1200 Wilson Drive
West Chester, Pennsylvania 19380*

375 Park Avenue

*Suite 2109
New York, New York 10152*

Registered Office

Commodore International Limited

*Sassoon House
Shirley and Victoria Streets
P.O. Box N-10256
Nassau, Bahamas*

Operating Subsidiaries and Branches

Commodore AB

*Fagerstaavaegen 7
Lunda Industriomrade
Spanga, Sweden*

Commodore AG

*Langenhagstrasse 1
CH-4147 Aesch
Switzerland*

Commodore BV

*Kabelweg 88
1014 BC Amsterdam, Netherlands*

Commodore S.A.

*Principe de Vergara, 109
28002 Madrid, Spain*

Commodore-Amiga, Inc.

*1200 Wilson Drive
West Chester, Pennsylvania 19380*

Commodore Büromaschinen GmbH

*Lyoner Strasse 38
Postfach 710126
6000 Frankfurt 71
Germany*

Ernst-Amme-Strasse 24-26

*3300 Braunschweig
Germany*

Commodore Computer GmbH

*Kinskygasse 40-44
A1232 Vienna, Austria*

Commodore Business Machines, Inc.

*1200 Wilson Drive
West Chester, Pennsylvania 19380*

Commodore Business Machines Limited

*3470 Pharmacy Avenue
Agincourt, Ontario
Canada. M1W3G3*

Commodore Business Machines (N.Z.) Ltd.

*1-3 Parkhead Place
Albany
Auckland, New Zealand*

Commodore Business Machines U.K. Limited

*The Switchback, Gardner Road
Maidenhead, Berkshire
United Kingdom*

Commodore Business Machines (Asia Pacific) Ltd.

*2-12 Wing-Kei Road
Kwai Chung, New Territories
Hong Kong*

Commodore Business Machines Pty. Ltd.

*67 Mars Road
Lane Cove
New South Wales 2066
Australia*

Commodore Computers Norge A/S

*Brobekken 38
Postboks 109
Øbern, N-0509
Oslo 5, Norway*

Commodore Computer N.V./S.A.

*Europalaan 74
B-1940 St. Stevens-Woluwe
Belgium*

Commodore Data A/S

*Jens Juuls Vej 42
DK 8260 Viby J/Aarhus
Denmark*

Commodore Electronics Limited

*Sassoon House
Shirley and Victoria Streets
P.O. Box N-10256
Nassau, Bahamas*

Commodore Centre

*2-12 Wing-Kei Road
Kwai Chung, New Territories
Hong Kong*

Langenhagstrasse 1

*CH-4147 Aesch
Switzerland*

Commodore European Support and Coordination Company

*Kabelweg 88 1014 BC
Amsterdam, Netherlands*

Commodore France S.A.R.L.

*150-152 Av. de Verdun
92137 Issy Les Moulineaux
Paris, France*

Commodore Italiana S.p.A.

*Viale Fulevio Testi, 280
20126 Milano, Italy*

Commodore Japan Ltd.

*Sumitomo Higashi-Shimbashi
Building No. 2
12-7, Higashi-Shimbashi 2-Chome
Minato-Ku, Tokyo 105 Japan*

Commodore Portuguesa

*Electronica, S.A.
Rua Jorge, Barrados
No. 30 c R/c
1500 Lisbon, Portugal*

Commodore Semiconductor Group

*950 Rittenhouse Road
Norristown, Pennsylvania 19403*

Commodore, the Commodore logo, CDTV and C64 are trademarks of Commodore Electronics Limited. Amiga and AmigaVision are trademarks of Commodore-Amiga, Inc. Electronic Encyclopedia is a trademark of Grolier Electronic Publishing Inc. Indiana Jones is a trademark of Lucasfilm Ltd. Motorola is a trademark of Motorola Inc. MS-DOS and Windows are trademarks of Microsoft Corporation. UNIX is a trademark of UNIX System Laboratories, Inc. Video Toaster is a trademark of NewTek Inc. World Vista is a trademark of Applied Optical Media Corporation.



Commodore International Limited