



Frobozz Co International
Annual Report
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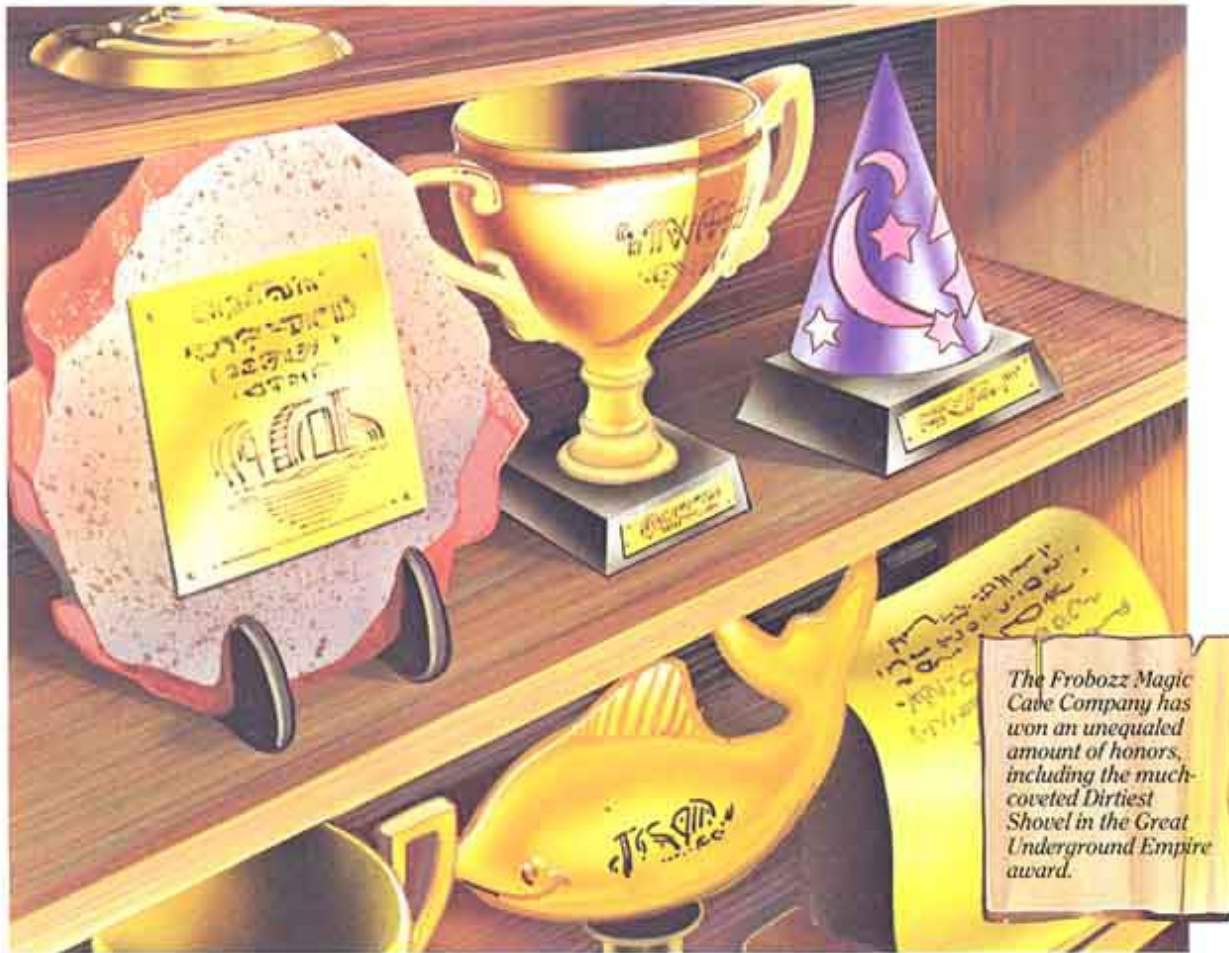
Following the comp... of the Royal Museum, the Frobozz Magic
 Cave Company, our largest subsidiary, moved to increase its staff
 even more as the well-publicized dam and volcano projects moved into
 full gear. The Cave Company will also be creating the new 400-story
 FrobozzCo world headquarters in Flatheadia, scheduled to open
 sometime in 781.

More than 18,000 additional subsidiaries were formed or taken over
 during the last year, further increasing the scope of our industrial
 empire. FrobozzCo now produces everything from aardvarks to
 zwieback.

I trust that you, as a stockholder, will take the time to read through
 this report and learn about at least a few of the many exciting things
 that are going on here at FrobozzCo. It's certainly been a tremendous
 year, but we're looking forward to an even tremendouser year in 779!

John D. Flathead
 President and Chairman of the Board,
 FrobozzCo International

FROBOZZ MAGIC CAVE COMPANY



The first of FrobozzCo's myriad subsidiaries, the Magic Cave Company was formed over a century ago to implement King Duncanthrax's massive tunneling project. Today, the Magic Cave Company is an umbrella for a wide range of underground construction projects.

Two of the most ambitious construction projects ever attempted are now on the Magic Cave Company drawing boards. Construction has

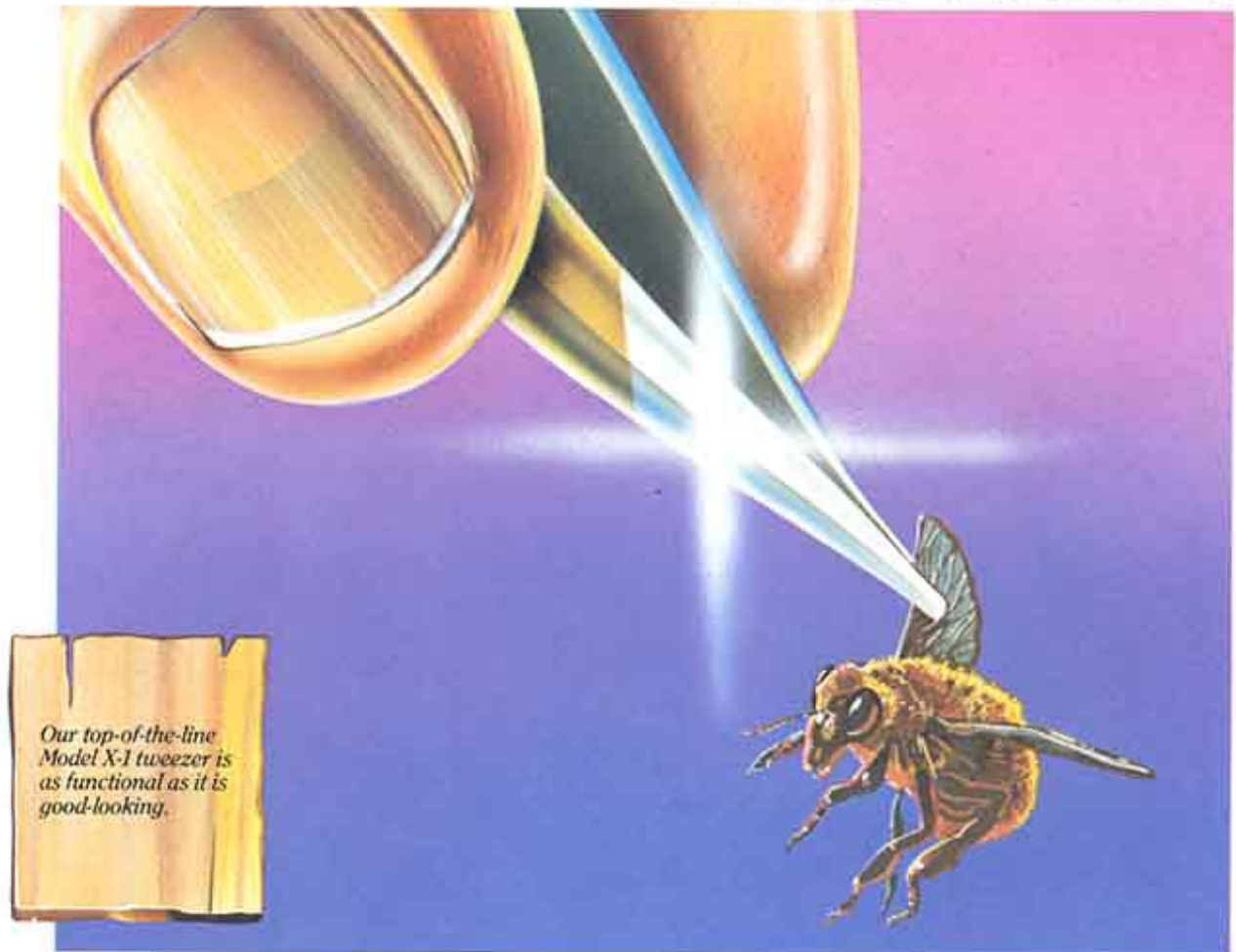
already started on a dam of staggering proportions that will span the Frigid River. Tentatively called Flood Control Dam Number Three, the dam is scheduled for completion in 783 G.U.E., and comes with a price tag of 37 million zorkmids.

Magic Cave Company engineers are planning an amazing project to quench and then hollow out a mighty volcano. The project is being conducted under very tight security, and Lord Dimwit Flathead himself is

personally reviewing the plans at each stage.

In addition to these landmark projects, the Magic Cave Company created an additional 46,000 linear bloits of tunnel this year, including nearly 200 bloits of the Great Underground Highway extension, as well as 8,000 cubic bloits of additional cavern space.

FROBOZZ MAGIC TWEEZERS COMPANY



*Our top-of-the-line
Model X-1 tweezer is
as functional as it is
good-looking.*

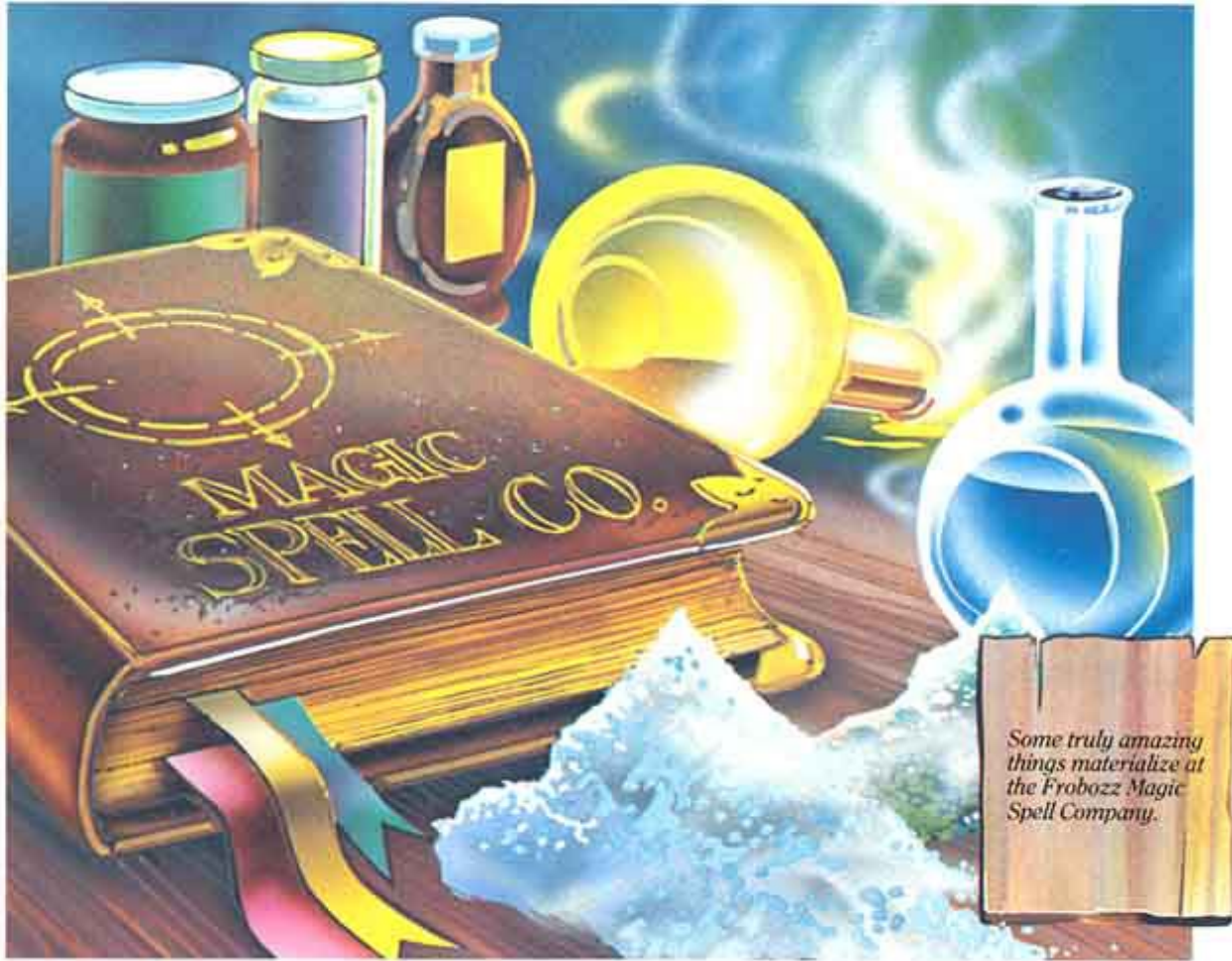
One of the newest and brightest members of the FrobozzCo family, the Magic Tweezers Company was formed after a 652,000-zorkmid market research survey revealed a widespread need for a high-quality technologically advanced tweezer.

Following several years of planning and development, the Frobozz Magic Tweezer Model A-1 is now ready to roll off the assembly lines and into millions of homes all across

the Great Underground Empire. The A-1, which will retail for Zm0.29, has sold briskly in test markets. Within six months, a top of the line Model X-1 tweezer will be introduced and will retail for Zm0.89. Six more models, as well as various add-on accessories, are currently on the drawing board.

The Board of Directors of FrobozzCo welcomes the Frobozz Magic Tweezers Company aboard, and is confident that this new division will pluck a lot of business for the parent conglomerate.

FROBOZZ MAGIC SPELL COMPANY



*Some truly amazing
things materialize at
the Frobozz Magic
Spell Company.*

While the well-heeled Enchanters Guild remains the primary customer of the Frobozz Magic Spell Company, the invention of self-casting spell scrolls has created a huge new market for magic technology.

Sales increased 11% during 778, marking the twentieth year of steady growth for this lucrative FrobozzCo subsidiary. In response to the growing demand for magic spell accessories, several new FrobozzCo divisions were formed, including the Frobozz Magic Scroll Rack Company, the Frobozz Magic Spell Book

Company, and the Frobozz Magic Scroll Mailing Tube Company.

Four new spells were added to the Magic Spell Company product line this year, a Magic Spell Company record and a tribute to the wizards in FrobozzCo's famous Magiclab. The four new spells are DRILBO (strips a floor of yellowed wax), BORCH (puts insects to sleep), GIZGUM (predicts visits by relatives) and QUELBO (transmutes coconuts into gold).

FROBOZZ MAGIC GRUE REPELLENT COMPANY



The Frobozz Magic Grue Repellent Company is one of FrobozzCo's fastest growing divisions. Sales of grue repellent nearly tripled last year, spurred on by drastic extensive improvements made in the product and by an aggressive marketing campaign. Magic Grue Repellent Company executives can proudly point to a 31% drop in grue-related deaths during the last year, and a consequent 31% drop in the grue population.

The discovery of a particularly effective new additive by the Magic Grue Repellent Company's research division has increased the efficiency

of the product by 45%. Studies have shown that most grues will not come within 70 feet of someone sprayed with New Improved Repellent. The new additive, dubbed G-17, is also longer-lasting, requiring fewer sprayings, and it can be made from ordinary sand!

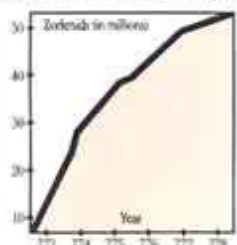
The Magic Grue Repellent Company also increased the product line with the introduction of seven new odors of repellent, in addition to the regular old socks/burning rubber odor. The new odors include rotting eggs, dead fish, swamp gas, three-week-old meatloaf, gym locker, wet dog and mint.

Several ingenious sales strategies were highly successful. The Free-Noseplugs-With-Every-Can campaign, in association with the Frobozz Magic Noseplugs Company, ran for one month and increased sales by 92%. Advertisements featuring grue-mangled corpses ran before and during the peak travel season. Finally, a joint packaging effort with the Frobozz Magic Lantern Company to produce a Frobozz Anti-Grue Kit paid off with remarkable end-of-year sales.

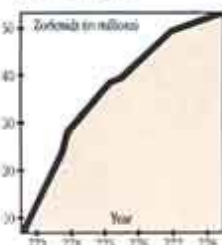
FROBOZZCO FINANCIAL REPORT



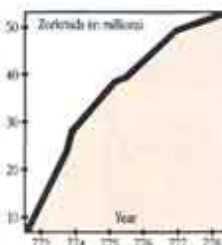
SALES



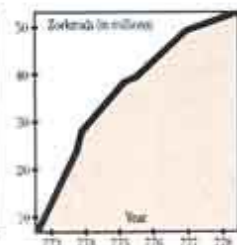
PROFIT



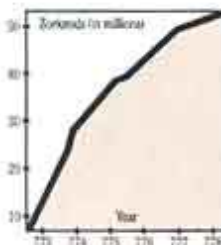
NUMBER OF
SUBSIDIARIES



NUMBER OF
EMPLOYEES



NAME
RECOGNITION



GRANOLA
SUBSIDIES

FrobozzCo International Income Statement (Zorkmid Amounts in Millions)

	Year end 778	Year end 777
Revenues:		
Sales of goods and services	Zm5,431,922	Zm5,108,113
Sale of property	350,585	—
Other revenues	812,913	656,106
TOTAL REVENUES	<u>6,595,420</u>	<u>5,764,219</u>
Expenses:		
Cost of goods and services	2,773,119	2,655,288
Selling, administration, bribes	1,243,984	1,256,712
Depreciation	127,353	112,499
Contributions to Royal Charities	888,307	888,307
Printing of Annual Report	285,238	279,540
TOTAL EXPENSES	<u>5,318,001</u>	<u>5,192,346</u>
NET INCOME	<u>Zm1,277,419</u>	<u>Zm 571,873</u>
Earnings per uncommon share:		
Continuing operations	Zm 2.72	Zm 1.54
Discontinuing operations	(0.03)	(0.02)
NET INCOME PER UNCOMMON SHARE	<u>Zm 2.69</u>	<u>Zm 1.52</u>

FrobozzCo International Balance Sheet (Zorkmid Amounts in Millions)

	Year end 778	Year end 777
Assets:		
Cash	Zm 393,459	Zm 219,067
Inventories	566,790	465,634
Loans to Royal Family	1,125,000	900,000
Executive Party Fund	107,374	135,252
Plant and Equipment	778,833	596,025
Other assets	325,939	294,606
TOTAL ASSETS	<u>Zm3,297,395</u>	<u>Zm2,610,584</u>
Liabilities:		
Short term loans	Zm 456,872	388,431
Accrued payroll deductions	594,311	435,923
Deferred bribes	216,343	209,575
Other liabilities	95,647	80,293
Total Liabilities	<u>1,363,173</u>	<u>1,114,222</u>
Shareholder's equity:		
Uncommon stock	345,287	291,054
Unpreferred stock	1,112	858
Retained earnings	1,587,823	1,204,445
Total shareholder's equity	<u>1,934,222</u>	<u>1,496,357</u>
TOTAL LIABILITIES AND EQUITY	<u>Zm3,297,395</u>	<u>Zm2,610,579</u>

FrobozzCo International Retained Earnings Statement (Zorkmid Amounts in Millions)

	Year end 778	Year end 777
Retained earnings at year opening	Zm1,204,445	Zm1,162,556
Net income	1,277,419	571,873
Dividends paid on uncommon stock	(894,017)	(529,971)
Dividends paid on unpreferred stock	(24)	(13)
Retained earnings at year end	<u>Zm1,587,823</u>	<u>Zm1,204,445</u>



Original Headquarters Building
Constructed 667



FROBOZZCO INTERNATIONAL
"You name it, we do it"

**If you have any doubts about
your courage and wisdom, turn back now!**

You have but a few steps to go before you enter the deepest and most mystical abyss of the Great Underground Empire—the inner sanctum of the powerful and mysterious Dungeon Master himself. He shall test your cleverness and bravery as he invents challenges the likes of which you've never known. His very presence defies explanation and is a great danger to you. If you prove yourself worthy by unraveling his confounding puzzles, if you can turn the tide and learn his secret intentions, your reward will be inestimable. But if you fail, you will be most utterly destroyed.

Good luck, bold adventurer—and don't say we didn't warn you!

The Table of Contents for the manual is on page II. Take a look at it to determine what you should read before you start the story.