



## taste of paradise

If you're looking for sublime relaxation, exceptional shopping and elegant culture, try a taste of Paradise. We will introduce you to a world of high standards of excellence, beauty and comfort in the areas of hotels, shopping, dining, construction, and entertainment. For a taste of the good life, try a taste of Paradise.

# CREATING AN AFFLUENT FUTURE

As we strive to “create an affluent future” through the tourism service industry, Paradise contributes to Korea’s economic development and fulfills our role as a good corporate citizen. Recent changes in our market environment pose both challenges and opportunities. In response, Paradise will implement innovations in the core areas of service & marketing and harness “change and innovation” as the driving force to achieve a higher level of performance. We will also continue to honor our philosophy of “sharing,” whereby the profits generated from business operations are shared with customers, shareholders, and employees.

PARADISE WITH THE CORPORATE MOTTO OF “LET’S CREA  
SERVICE & TOURISM INDUSTRY, CREATING BETTER LIFE A  
OURSELVES TO, AS A PRODUCER OF SUPERIOR PRODUCTS,  
CONTRIBUTING TO THE IMPROVEMENT OF EDUCATION, CUL





**A LEADING SERVICE BUSINESS GROUP IN THE 21<sup>ST</sup> CENTURY**

It is said that opportunity hides in adversity. The sudden changes taking place in our business environment make it impossible for us to lower our guard against possible crises, but we believe that within these challenges lie opportunities and new hopes for a bright future.

## MESSAGE FROM THE CHAIRMAN

### To Our Shareholders:

For the past 30 years, the Paradise Group has devoted tremendous efforts to realize our corporate motto of "Creating an Affluent Future." Along the way, we have made a significant contribution to the development of the national economy through our hotel, casino, duty-free shop and other operations in the tourism service sector, while also fulfilling our role and responsibility as a caring corporate citizen through our educational, cultural, and welfare activities.

Korea, too, has come of age during this period, emerging from relative obscurity when Paradise began business to become a formidable competitor in the global tourism market today. A competition among companies in tourism service industry also has been steadily intensified amid increasing interest in highly value-added businesses like casinos.

The advent of stiffer competition and a rapidly changing market environment carries certain risks, but at the same time it presents unique opportunities for innovation and growth. We will not cower in the face of these internal and external challenges, but instead will raise our competitiveness up a notch through aggressive counterstrategies. Through completion of our main tasks including service & marketing innovation and HR development, Paradise will harness "change and innovation" to achieve greater success.

Accepting change and embracing innovation is never easy. It consumes enormous energy and requires you to abandon the familiar in exchange for the new and unknown. Nevertheless, the entire personnel of Paradise is prepared and determined to welcome the future with open arms, confident of maintaining our position as leader of the Korean tourism industry. We will also continue to put our philosophy of "sharing" into practice by sharing the profits generated by business operations with our customers, shareholders and employees.

We believe that great opportunities hide in adversity. The sudden changes taking place in our business environment make it impossible for us to lower our guard against possible crises, but we believe that within these challenges lie opportunities and new hopes for a bright future.

On behalf of the entire "Paradise Family," we thank you for your steadfast encouragement and ask once again for your interest and support in the future.

*Phillip Chun, Chairman*

# FINANCIAL HIGHLIGHTS

Paradise earned a net income of 23.1 billion won on total sales of 245.1 billion won in 2007. Key contributing factors included expansion of Korea's foreigners-only casino market, reduced marketing expenses thanks to slackening competition, and sourcing of new overseas customers with an upturn in the numbers of Japanese customers and growing tourist arrivals from China. This strong performance helped alleviate fears of weakening results following the introduction of market competition.



## FINANCIAL HIGHLIGHTS

Category	2007	2006	2005
<b>Operating Results</b> (Mil. KRW)			
Revenue	245,074	236,559	271,700
Operating income	16,140	14,884	53,254
Net income	23,103	11,441	40,672
EBITDA <sup>Note(1)</sup>	26,452	25,650	64,094
<b>Financial Position</b> (Mil. KRW)			
Total assets	463,550	454,045	492,342
Cash & liquid assets <sup>Note(2)</sup>	233,780	221,683	269,550
Total liabilities	57,638	59,355	80,116
Shareholders' equity	405,912	394,690	412,226
<b>Per Share Data</b> (KRW)			
Earnings per share	267	128	447
Dividend per share	125	75	225
<b>Financial Ratios</b> (%)			
Operating income margin	6.6	6.3	19.6
Net income margin	9.4	4.8	15.0
EBITDA margin	10.8	10.8	23.6
Return on assets (ROA)	5.0	2.4	8.6
Return on equity (ROE)	5.8	2.8	10.1
Debt-to-equity ratio	14.2	14.5	18.9

Note (1) EBITDA = EBIT + Depreciation + Amortization

Note (2) Cash & liquid assets are including cash and cash equivalents, time deposits, marketable debt securities and its investment in monetary trust funds. Equity securities are not included.

