

# THE RECIPE FOR GROWTH

Paradise will not be dispirited from internal and external challenges. Instead, we will strengthen our competitiveness one step further through constructive changes and innovations. Armed with nearly 40 years of experience in the foreigners-only casino business and aggressive new growth strategies, Paradise will strive to achieve greater success in the future.

PARADISE WITH THE CORPORATE MOTTO OF "LET'S CELEBRATE  
SERVICE & TOURISM INDUSTRY, CREATING BETTER LIVES FOR  
OURSELVES TO, AS A PRODUCER OF SUPERIOR PRODUCTS,  
CONTRIBUTING TO THE IMPROVEMENT OF EDUCATION





# MID-TERM STRATEGY

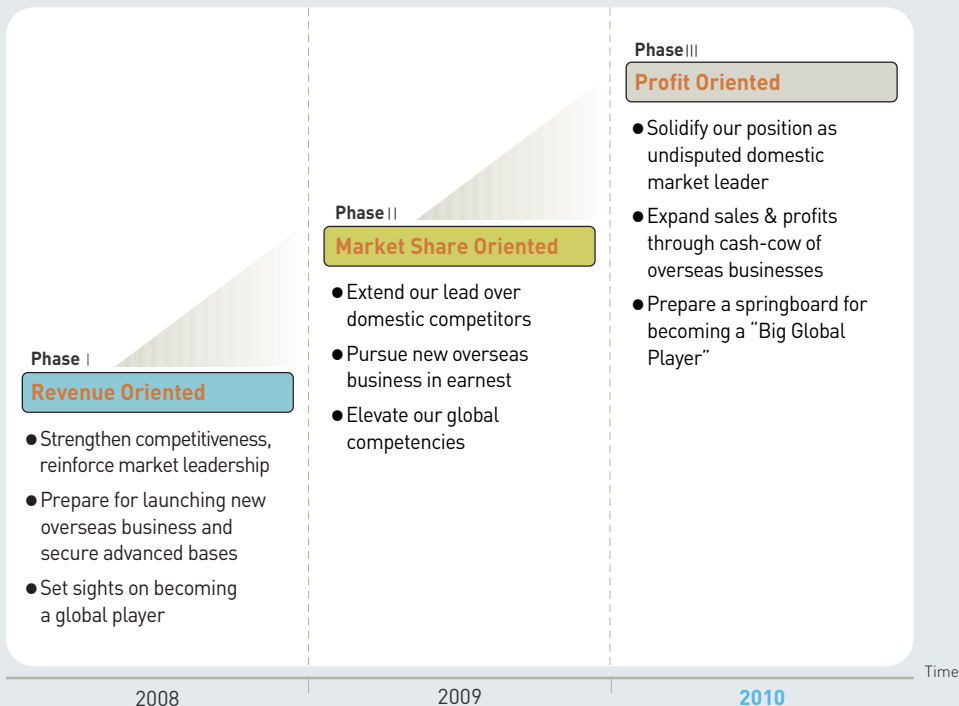
## THE RECIPE FOR GROWTH

To strengthen our position as the leader of foreigners-only casino market in the rapidly changing domestic and international business environment, Paradise Walker-Hill Casino, Korea's largest foreigners-only casino, has created a mid-term strategy called "Fun & First Casino 2010."

### Mid-Term Roadmap

In the rapidly changing industrial environment, Paradise Co., Ltd. strives to strengthen our competitiveness through aggressive changes and innovation.

Strategic Directions





## Mid-Term Strategy

### FUN & FIRST CASINO 2010

#### Business Structure

- Strengthen competitiveness in existing businesses through securing location advantages
- Generate profits and brand power through casino-related overseas new business ventures
- Secure sustained earnings by expanding investments and establishing virtuous circle (infrastructure, HR, facilities, etc.)

#### Service & Marketing

- Service Innovation
  - Create fresh, amusing and lively atmosphere at our business sites
  - Strengthen customer trust in our operations
  - Offer a superior level of service
- Marketing Innovation
  - Establish a more robust marketing organization
  - Develop new and differentiated marketing products & channels
  - Enhance marketing capabilities via strategic alliances with other companies

#### Operational Excellence

- Cultivate & retain core HR
- Create performance-based reward system
- Establish management systems best suited to our competitive environment
- Create synergies through integrated management system (software sharing)
  - Improve organizational operations
  - Standardize service & game options
  - Support training

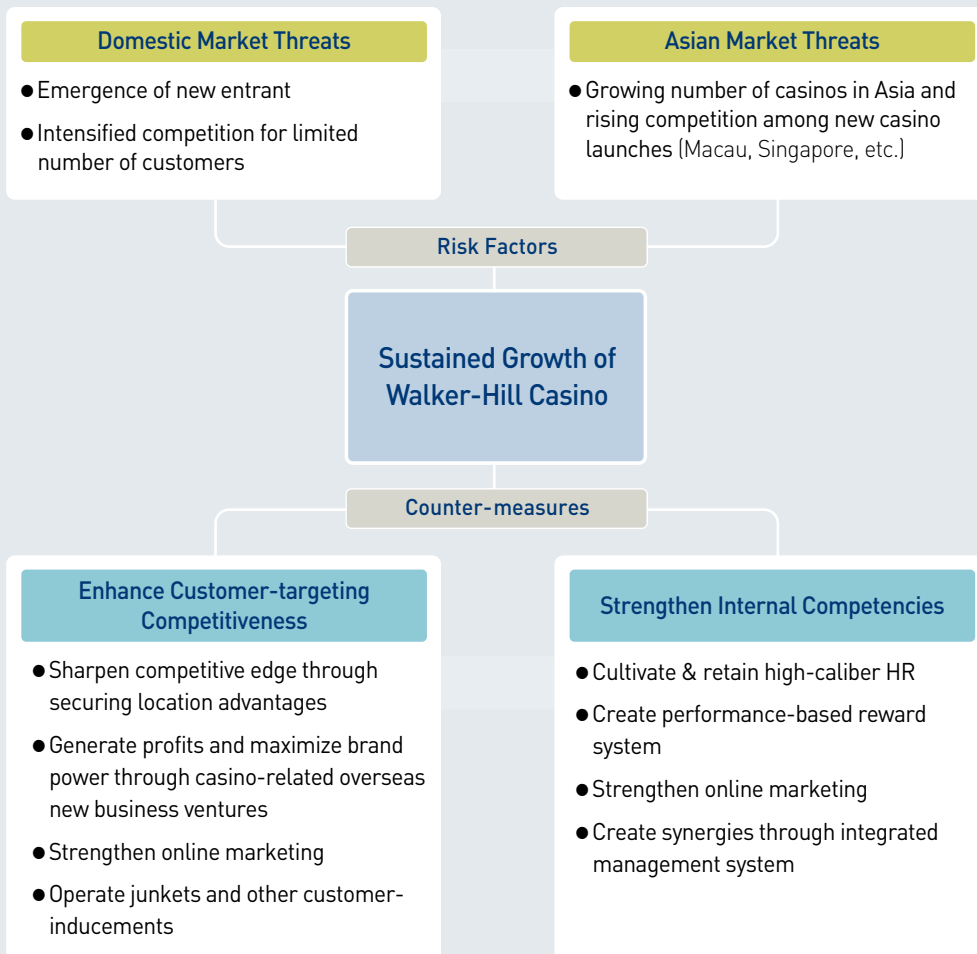
# KEY SUCCESS FACTORS

## THE RECIPE FOR GROWTH

In response to changing domestic market conditions and expansion of casinos throughout the Asian region, Paradise Walker-Hill Casino is maximizing our profit and brand power through service & marketing innovation and new domestic and overseas businesses, thereby further bolstering our position as a leading company.

### Sustainable Growth for Walker-Hill Casino

Paradise Co., Ltd. strives to solidify our position as the market leader based on our operational knowhow and competitiveness accumulated over 40 years in the market.





## Strategic Plans for 2008

### Strong Overseas Brand Power

Achieve stronger brand power overseas than at home

### Superior Human Resources (40 yrs. Experience)

Excellent HR, rich marketing experience

### Best Facilities in Korea

Best and the largest casinos in Korea

	Walker-Hill	COEX	Hilton
Floor Space	3,083m <sup>2</sup>	2,840m <sup>2</sup>	2,812m <sup>2</sup>

### Tie-ups with Leading Foreign Casinos

Operational cooperation with casinos in Macau and Philippines to secure new revenue sources

### Strengthen Online/Offline Marketing

Mass marketing via new website launched in March 2008 and local marketing offices in Japan, etc.



### Attract New Rolling Games like Junket and etc

New contracts made with Macau's junket agency, Suncity Co. Ltd.

### Maximize Effect of 40th Anniversary Events

Expand customer inflow including local foreigners and mass customers through various events like 40th anniversary and etc.

Enhance profitability by increasing market share

# NEW GROWTH

## THE RECIPE FOR GROWTH

Paradise introduced its junket program in early 2008. This initiative is expected to result in increased sales and profits, as it broadens our existing target customer base focused mainly on Japanese VIPs to embrace Chinese and Southeast Asian VIP customers. As the importance of Chinese customers in Korea's foreigners-only casino market is steadily growing, efforts to stake out an early lead and build good relationships with Chinese VIP customers will have positive effects on our company's sales.

### Revenue Boost from Rolling Games

Our conclusion of a contract with Suncity Co., Ltd. for "Rolling Room" operations applies only to new customers and can be interpreted as a foray into a new frontier of the gambling market. A new customer pool can be created considering the widespread trend of rolling games among Chinese tourists visiting Macao.

In consideration of the fact that the number of mainland Chinese visiting Macao reaches 15 million a year, we can anticipate a tremendous rise in the number of Chinese tourists visiting Seoul casinos to be well above the current figure of approximately 160,000.

In addition, customers who enjoy rolling games are classified VIP, far exceeding the standards for VIP customers in terms of average betting amount, play time, and "drop amount." The agent contract we concluded with Suncity Co., Ltd. will enhance our personal marketing capabilities and boost our sales without any extra outlays of marketing expenses.





## Rolling Game

### 1. What Is a Rolling Game?

In a rolling game, the amounts of chips which are lost at a game table during play are added to the total rolling money, and then a commission is paid. In addition to "rolling game," it is also known as a "dead chip game" and a "non-negotiable chip game."

### 2. Operation

A customer purchases rolling (non-cashable) chips from the junket operator, and then bets with the rolling chips during play. When the player wins, payments are made through normal cash chips and the rolling chips can either remain or be retrieved when lost during play. If the player only has cash chips left, the junket operator exchanges the cash chips for rolling chips, integrates the total amount of rolling chips played, and then casino pays out the commission to junket operator.

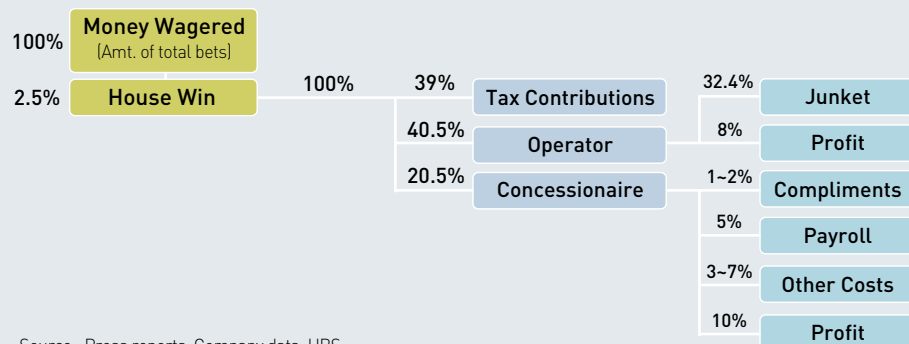
### 3. Setting the Commission

Commissions may vary according to amount of cash on hand and customer rating.

### 4. Other Details

The casino does not pay COMP separately, but COMP is provided through commissions paid to players or the junket operator. The junket operator concludes a commission contract with the company, and returns a certain portion of the commission back to the customer.

#### S.J.M. Profit Model



Source : Press reports, Company data, UBS