



PARADISE

A DECK FULL OF
**PLEASURE
&
DREAM**

ANNUAL REPORT 2008



PARADISE

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Discover Your Paradise

Discover the pleasure of being together with Paradise. Determined to bring an affluent future, Paradise takes pleasure in creating happiness and fulfilling dreams of our guests. Rapidly shifting market environments pose both challenges and opportunities. In response, Paradise presents high standards in the service business by providing elegant cultural experience through our operations of Walker-Hill Casino, SamcheongGak, Spa Dogo, etc. Satisfying desire for “affluent and pleasant world”, Paradise Group will become the leading service business group of the future.



Financial Highlights

The year 2008 sales and operating income totaled 280.9 billion won and 18.0 billion won each while net income totaled 22.9 billion won. Korean won performed weakly beginning from the second half of 2008, and Paradise increased marketing capabilities, which all contributed to better financial performance than the previous year. In addition, Paradise merged with Hotel Dogo, a subsidiary company, entering new business area.

Operating Results

(Unit: Mil. KRW)

	2008	2007	2006
Revenue	280,880	245,074	236,559
Operating Income	17,960	16,140	14,884
Net Income	22,919	23,103	11,441
REBITDA ^{Note(1)}	24,427	26,452	25,650

Financial Position

(Unit: Mil. KRW)

	2008	2007	2006
Total Assets	493,249	463,550	454,045
Cash & Liquid Assets ^{Note(2)}	199,422	230,780	221,683
Total Liabilities	93,625	57,638	59,355
Shareholders' Equity	399,624	405,912	394,690

Per Share Data

(Unit: Mil. KRW)

	2008	2007	2006
Earnings per Share	277	267	128
Dividend per Share	150	125	75

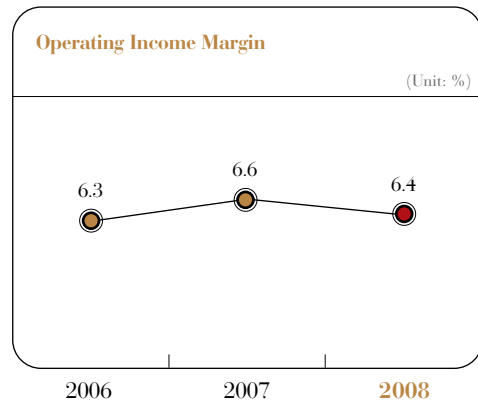
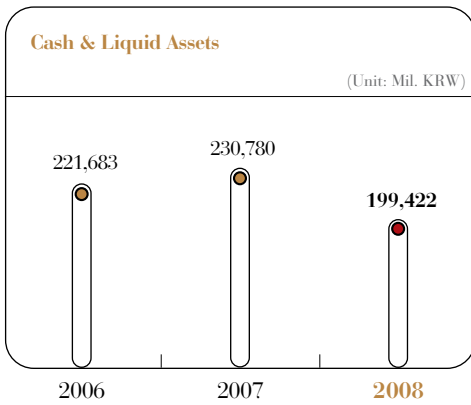
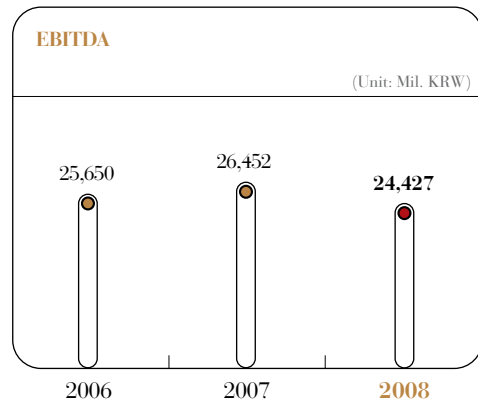
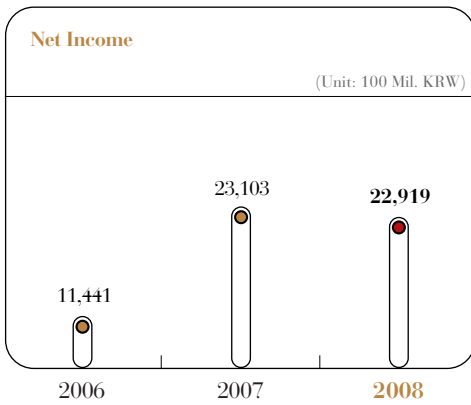
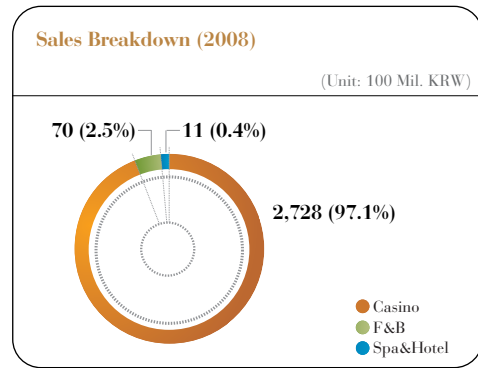
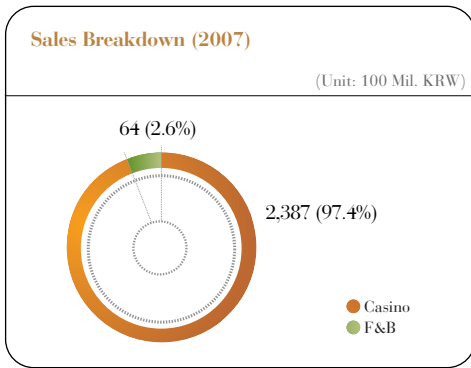
Financial Ratios

(Unit: %)

	2008	2007	2006
Operating Income Margin	6.4	6.6	6.3
Net Income Margin	8.2	9.4	4.8
EBITDA Margin	8.7	10.8	10.8
Return on Assets (ROA)	4.6	5.0	2.4
Return on Equity (ROE)	5.7	5.8	2.8
Debt-to-Equity Ratio	23.4	14.2	14.5

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.







Message from the Chairman

“Evolving into a company with a creative energy”

To Our Shareholders:

The Korean economy is seeing signs of slowdown as risks of the global economic crisis are mounting. Global companies' earnings are declining from stiffer competition and lower demands and subsequently, poverty rates are increasing for general population. A weak won, unstable foreign currency, and declining KOSPI all reflect depressing reality that the Korean economy is facing.

Ironically, service industry is benefiting from a “weak won”. The number of foreign tourists visiting Korea are growing at unseen rates as their buying power are growing in inverse proportion to declining Won. However, a rapidly changing market environment still poses challenges to the service companies.

But at the same time, current risks present unique opportunities for Paradise.

The Paradise Group will raise competitiveness up a notch and overcome internal and external challenges. By doing so, we will overcome the risks and turn out to be a “young and creative company”. In 10 years period, Paradise will be the most creative company of Korea.

In last year, we implemented new HR system, changing our organization culture with new evaluation and rewarding systems. We did so because we believe in achieving “change and innovation” by rewarding our employees for their efforts.

For this year, we will focus on “creating brand identity for Paradise”. Including our tourism service sector in hotel, casino, duty-free shop and other operations, we will also focus on the construction and manufacturing businesses. We will listen to the customer's voice and become a loved brand in every areas that we do businesses in. By doing so, I believe that we can raise shareholders' value and record better earnings.

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

Phillip Chun, Chairman



Board of Directors



Chun, Phillip
Chairman



Yoon, Sung Tae
Vice Chairman



Choo, Ho Suk
President & CEO

Our dedication to excellence in
governance starts
at the top



Jung, Yeon Soo
President & CEO



Chang, See Kwon
Outside Director



Rha, Jong Tae
Outside Director



Rho, Han Sung
Auditor