



RAYA CORPORATION
Earnings Release
First Quarter 2007

Chairman & CEO Message to Shareholders, Employees and Stakeholders

The First quarter of 2007 witnessed our corporate governance initiative to increase the number of independent directors in a step towards implementing corporate governance best practices and broadening Raya Board of Directors' role in setting corporate strategy and evaluating investments and acquisitions to maximize the shareholders wealth. Also, we have adopted a new organizational structure to increase our efficiency in which we have three main lines of businesses (retail & distribution, Information Technology, Call Center). Each line is headed by a CEO as these three lines of businesses differ in their nature and customer needs.

Our consolidated revenues grew by % 31 to EGP 515.4 million, retail and distribution line of business revenue reached EGP 412.3 million, an increase of %39 , our IT line of business turnover grew by 16% to reach EGP 92.1 million, current IT backlog of signed contracts amounts to EGP 284 million, up 25% from last year . While our call center line of business revenues reached EGP 15.9 million an increase of 189%.

The proceeds from selling our remaining share in Raya Telecom amounting to 45.9% will be directed to pursue our strategy to create sustainable Improvements in margins and earnings through fast entry into profitable markets and lines of businesses , expand our value added services and maximize profits.

Medhat Khalil
Chairman & Chief Executive Officer

OPERATIONAL REVIEW

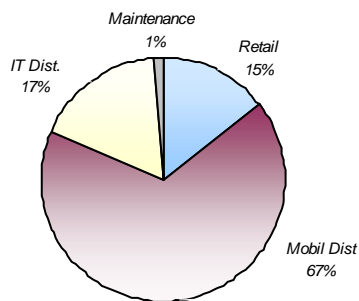
RETAIL & DISTRIBUTION LINE OF BUSINESS

- Revenue Up 39 %** ▲ The retail & distribution line of business turnover increased by 39% reaching EGP 412.3 million up from EGP 297 million.
- Handset sales up 91 %** ▲ Handset sales grew to 699 thousand units in Q1 compared to 366 thousand units in the same period of the previous year, a 91% increase.
- Average handset prices drop 38 %** ▲ The more than proportional increase in handsets compared to revenues was driven by a 38% drop in the average mobile prices compared to same period of last year, following the market trend towards lower price-point segments. Mobile operators reported that Q1 07 net active additions represented around 4 times those of the comparable period in 2006.
- Gross Profit Up 34 %** ▲ Gross profit levels increased to EGP 44.9 million, with gross profit margins around 11%.
- Handsets serviced up 77 %** ▲ Maintenance revenues grew by 1% reaching EGP 4.2 million up from 4 EGP million in Q1 2006. The number of handsets serviced increased to 99 thousand, a 77 % increase over same period last year. However, Revenues were affected by a significant decrease in the average maintenance invoice value compared to Q1 06.
- IT Distribution up 42 %** ▲ Revenue from IT Distribution in Q1 07 increased to EGP 72 million compared to EGP 51 million in Q1 06. This increase was across the board; mainly driven by Dell component sales, as well as other brands including HP, Xerox, & 3COM.

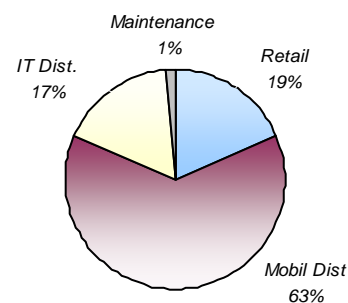
EGP mil.	Q1 06	Q1 07
Revenues	297	412.3
Gross profit	33.6	44.9
GP%	11%	11%

Results (in million EGP)	Q1 06	Q1 07	Growth
Handsets (in thousand)	365	699	91%
Retail	55	60.1	9%
Mobile Distribution	187	276	48%
IT Distribution	51	72	42%
Total Distribution	238	348	37%
Maintenance	4	4.2	1%
Total Revenue	297	412.3	39%

Retail & Distribution Revenue Breakdown - Q1 2007



Retail & Distribution Revenue Breakdown - Q1 2006



INFORMATION TECHNOLOGY LINE OF BUSINESS

Revenue up 16 %

- IT revenue increased by 16% to EGP 92.1 million up from EGP 79.6 million over the same period of last year, capitalizing on the volume of business on hand and newly awarded contracts in Egypt & the region. Current business on hand reached EGP 255 million.

EGP mil.	Q1 06	Q1 07
Revenues	79.6	92.1
Gross profit	15.2	15.4
GP%	19%	17%

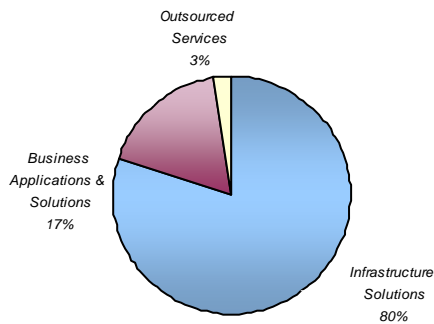
Gross Profit Margin 17 %

- Gross profit amounted to EGP 15.4 million compared to EGP 15.2 million in Q1 06. Gross profit margin amounted to 17%.

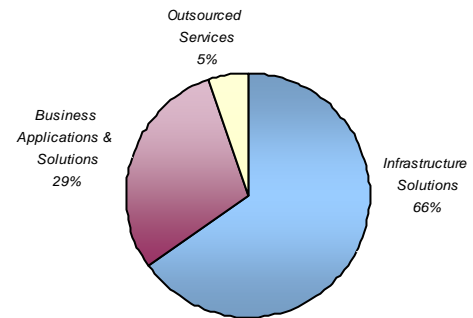
- IT revenue mix in Q1 07 represented 80% infrastructure solutions & services, 17% business applications & solutions, and 3% outsourced services.

<i>Volume of Business On Hand</i>	<i>Q1 07</i>
Backlog from 2006	284
Q1 07 Sales	79
Q1 07 Revenue	108
Business On Hand	255

IT Revenue Breakdown - Q1 07



IT Revenue Breakdown - Q1 06



CALL CENTER LINE OF BUSINESS

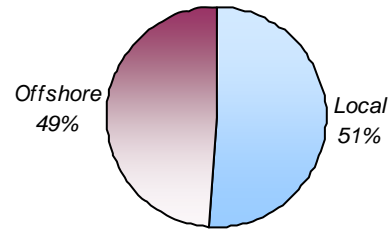
- Call Center revenue increased by 187% to EGP 15.9 million up from EGP 5.5 million over the same period of last year, capitalizing on our expansion in the call center business through acquisition of 84.5% of C3 call center which started to be fully consolidated starting from Q1 07 and the effective utilization for the new building of Raya contact center.

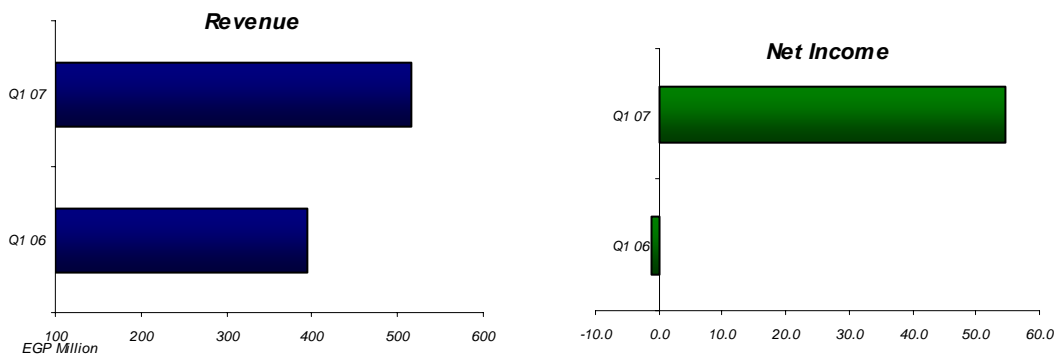
EGP mil.	Q1 06	Q1 07
Revenues	5.5	15.9
Gross profit	1.6	7.4
GP%	29%	47%

- Gross profit amounted to EGP 7.4 million compared to EGP 1.6 million in Q1 06. Gross profit margin amounted to 47%.

- Call Center revenue mix in Q1 07 represented 51% local revenues and 49% offshore revenues.

Call Center Revenue Breakdown - Q1 2007



FINANCIAL REVIEW


Revenue up 31% ▲ The group's consolidated revenues amounted to EGP 515.4 million, a 31% increase over those of Q1 06. Gross profit increased by 17% to EGP 67.6 million from EGP 58.1 million in comparable period 06. Gross profit margin recorded 13.1% compared to 14.7% in Q1 06 which included Raya Telecom.

G&A to Revenue 8.1% ▲ General & administrative expenses increased 4% to EGP 42.2 million up from EGP 40.4 million in Q1 06. Our G&A to Revenue recorded 8.1%, a 2% improvement from Q1 06.

EBITDA up 44% ▲ EBITDA increased to EGP 25.4 million compared to EGP 17.6 million the previous year, an increase of 44%. While EBITDA Margin improved to recorded 4.9% in Q1 07 compared to 4.4% in Q1 06.

Premium from RT deal 58% ▲ The highlight of this quarter was the sale of the remaining stake in Raya Telecom amounting to 45.9% to Vodafone Egypt in a deal value of EGP 93.6 million. We realized a one-time capital gain from this deal amounting to EGP 54.4 million before taxes.

▲ Depreciation & Amortization expenses decreased by EGP 4.8 million over the period to reach EGP 3.1 million as a result of sale of Telecom infrastructure related to Raya Telecom.

EGP mil	Q1 06	Q1 07	Growth
Retail & Dist. Revenues	297	412.3	39%
IT Revenues	79.6	92.1	16%
Telecom Revenues	17.7		
Call Center Revenues	5.5	15.9	189%
Intercompany sales	(6.2)	(4.9)	
Total net sales	393.6	515.4	31%
Gross profit	58.1	67.6	17%
GPM	14.7%	13.1%	
EBITDA	17.6	25.4	44%
Gain from Sale of Investment	-	54.4	
End of Services Bonus		8.5	
Profit Share form Affiliates		0.7	
Provisions	(1.4)	(3)	
Depreciation & Amortization	(8)	(3.1)	
Net Bank Interest	(6.7)	(5.7)	
EBT	1.7	60.1	
Net income	(1.2)	54.5	

Non operating expenses

^ One-time nature expenses in Q1 07 amounted to EGP 8.6 million for end of services compensations that were not present in Q1 06.

Net income EGP 54.5 million

^ Earnings before tax amounted to EGP 60.1 million; while the group recorded net income of EGP 54.5 million up from a net loss of EGP 1.2 million.

EGP mil	Q1 06	Q1 07
Current Assets	828	798
Long term Assets	235	266
Total Assets	1,063	1,064
Current Liabilities	545	497
Long term Liabilities	57	56
Shareholders Equity	461	511
Total Liabilities & Shareholders equity	1,063	1,064

BUSINESS UPDATES

- Raya Distribute 40 P.T cash dividend** ^ Raya AGM Held on 17th April 2007 has approved the distribution of 40 P.T cash dividend per share. The Dividend date was 9/5/2007 & Payment Date is 14/5/2007.
- Raya @ EGF-Conference** ^ Raya was invited to attend EFG One-on-One Investor Conference. The 2007 Conference brought together the world's largest asset managers and the leadership of the Middle East and North Africa's top corporations. Raya top management including; Medhat Khalil – Raya Chairman & CEO, Dalia Moustafa – Director of Corporate Strategy & Investor Relations, Mohamed Fares – CFO; met with a number of major foreign & regional investors and fund managers who showed interest in Raya's strategy and its prospects for the future
- McAfee Awards Raya for its Outstanding Performance in Egypt** ^ Raya IT, the Information technology arm of Raya, was granted the McAfee 2006 Award for Outstanding Performance in Egypt. This award is an acknowledgment of Raya IT achievements during the year and its firm commitment to customer satisfaction and revenue growth while providing McAfee solutions to the Egyptian market
- Raya Awarded Oracle Egypt's partner of the year** ^ In recognition of its ongoing accomplishments, Raya was awarded "Oracle Partner of the Year" along with two other players in the Egyptian market. Raya took this award as a result of its continuous efforts, competence and expertise during 2006.

FORWARD-LOOKING STATEMENT

DISCLAIMER *This release may contain forward looking statements that constitutes Raya's beliefs and expectations about future performance. Except for historical information, any forward looking statement based on current expectations, assumptions and projections about future events are subject to certain economic and market risks and uncertainties that could turn out actual results to differ materially or may not occur.*

About RAYA

Based in Cairo, Raya Holding is a pioneer in the field of Information Technology and Telecommunications in the Middle East. Through its branches in Saudi Arabia and United Arab Emirates, Algeria & USA and its partners in the region, Raya, with a group of employees of around 2700 professionals, provides technological solutions and world-class value-added services. The company has succeeded in introducing several mega-projects in the fields of finance, industry, telecommunications, government and different services.

Listing

- Raya Holding is listed in Cairo & Alexandria stock exchange. RIC: RAYA.CA

Capital Structure

- Authorized Capital: EGP 1,000,000,000
- Issued & Paid-in Capital: EGP 284,923,800 (56,984,760 shares @ EGP 5 per share)

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