

The background of the cover features a hand in a dark blue, almost black, color, pointing upwards with the index finger. A bright white line starts from the tip of the finger and extends diagonally across the frame. Below the hand, there is a jagged line graph in a lighter blue color, suggesting financial data or market trends. The overall background is a dark, textured blue.

INTERNATIONAL HOLDING COMPANY PJSC

Management Discussion and Analysis Report

Fot the six-months period ended 30 June 2022

Agenda

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Our Organization



About IHC:

IHC PJSC is principally a holding company with international presence across the Middle East, Europe and the United States. IHC is driven towards continually boosting innovation, sustainability, community development and economic growth throughout the markets in which it operates, via tactical acquisitions of future-ready businesses, whilst maintaining a high level of due diligence.

Overview:

In-sync with 'Abu Dhabi's Economic Vision 2030' and the UAE's 'Next 50' development plans, IHC is participating and contributing to a multitude of industries focused on their future readiness, creativity, resilience, and digital transformation. As of H1 2022, IHC has 372 subsidiaries, 14 associates and 14 joint ventures in diversified businesses, including food processing and distribution, real estate, investments, new technologies, healthcare, education, leisure, entertainment, industry services, and motorcycle rentals, amongst others.

In line with the previous quarter's growth spree, IHC delivered yet another outstanding result in H1 2022, where Group Revenue rose to AED 21.93 billion and Profit reached AED 10.35 billion – a significant rise of 121% and 137% respectively, when compared to H1 2021.

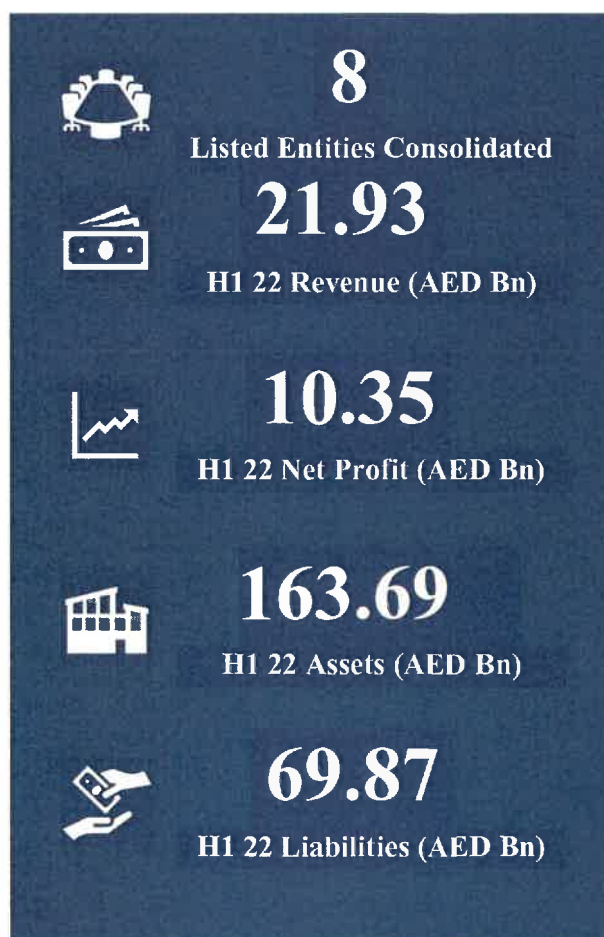
Financial Highlights

Key Highlights – Q2 2022 vs. Q2 2021










- **Revenue** of AED 11.43 Bn increased 49% QoQ
- **Net Profit** of AED 6.81 Bn increased 137% QoQ
- **Earnings per Share** of 1.54 compared to 0.71 QoQ

Key Highlights – H1 2022 vs. H1 2021

- **Revenue** of AED 21.93 billion increased 121%
- **EBITDA** of AED 7.68 billion increased 66%
- **Net Profit** of AED 10.35 billion increased 137%
- **Assets** of AED 163.69 billion increased 84% compared to December 2021
- **Liabilities** of AED 69.87 billion increased 112% compared to December 2021



Abu Dhabi headquartered International Holding Company (ADX: IHC), one of the GCC's most valuable holding companies, registered solid growth in H1 2022. The Company, along with its subsidiaries collectively referred to as the Group, continued its robust growth strategy in the second quarter of 2022, through strategic acquisitions that are aligned with its long-term strategy to become the iconic diversified asset holding company in the region. Following is an overview of IHC's portfolio:

SN	Group Name	Business Description	Logo
1	Alpha Dhabi Holding PJSC	Alpha Dhabi Holding is an industry leader with a portfolio of diverse and fast-growing businesses in construction, healthcare, hospitality, industries and investments.	
2	Multiply Group PJSC	A tech-focused holding company with a wide international presence across five industries that include media and communications, utilities, ventures, wellness and beauty, and digital economy.	
3	Ghitha Holding PJSC	Ghitha Holding, rebranded from Zee Stores, is one of the top companies specializing in trading food and non-food products, including importing, re-packaging of frozen, processed, and fresh food products, household items, cosmetics, amongst other services.	
4	ESG Emirates Stallions Group PrJSC	Emirates Stallions Group has a diversified portfolio across investment, construction and real estate sectors spanning six industries, and across more than 20 countries.	
5	Al Seer Marine Supplies & Equipment PrJSC	Al Seer Marine is the leading marine company in the Arabian Gulf maritime region, with a portfolio of services that caters to all needs of boat owners, managers, as well international cargo.	
6	Q Holding PSC	Q Holding is among the leading general investment companies engaged in real estate development, real estate project management, along with property and asset management.	
7	Easy Lease Motorcycle Rental PrJSC	EasyLease provides turnkey, ready-to-go leasing solutions for motorcycle fleet, catering to the needs of restaurants, delivery companies and ecommerce enterprises involved in 'last mile' delivery and technology.	
8	Palms Sports PrJSC	UAE-based Palms Sports PrJSC promotes niche sporting activities with a specific focus on Brazilian Jiu-Jitsu and martial arts amongst UAE nationals, and throughout primary and secondary education, the Army and the Police.	
9	Companies in Private Domain/Funds	IHC has investments in various private and public domain companies such as International Securities, Tamouh Healthcare and Afkar, in addition to investments in funds like SpaceX, ONT, Sinnovation and more.	

Financial Performance for H1 2022



IHC has consistently achieved sustainable, yet exponential growth since the company transformed into a holding company. IHC's strategic local and international acquisitions have continued to strengthen the conglomerate's financials ensuring minimal impact and prospering during the global volatility of the pandemic.

During the first six months of the period ended 30th June 2022, IHC reported Revenue of AED 21.93 billion and Profit reached AED 10.35 billion, as against Revenue of AED 9.93 billion and Profit of AED 4.36 billion in H1 2021.

IHC's increase in H1 2022 financial performance vis-à-vis H1 2021 was driven by its perseverance through the current economic challenges and excellent performance by the group across all other operational assets. IHC's acquisition and consolidation-based strategy has built a robust growth platform which focuses on enhancing operational capabilities creating substantial value for the shareholders.

Abridged Income Statement

AED (in Millions)	H1 2022	H1 2021	Absolute Growth	Growth %
Revenue	21,926	9,926	12,000	121%
Cost of revenue	(15,526)	(5,865)	(9,661)	165%
Gross Profit	6,400	4,061	2,339	58%
SG&A	(2,683)	(797)	(1,887)	237%
Operational Profit	3,717	3,264	453	14%
EBITDA	7,680	4,623	3,057	66%
Net Profit	10,355	4,361	5,994	137%
<i>GP Margin</i>	<i>29%</i>	<i>41%</i>		
<i>Operational Profit</i>	<i>17%</i>	<i>33%</i>		
<i>EBITDA margin</i>	<i>35%</i>	<i>47%</i>		
<i>Net Profit</i>	<i>47%</i>	<i>44%</i>		
<i>Earnings Per Share (EPS)</i>	<i>2.42</i>	<i>1.44</i>		

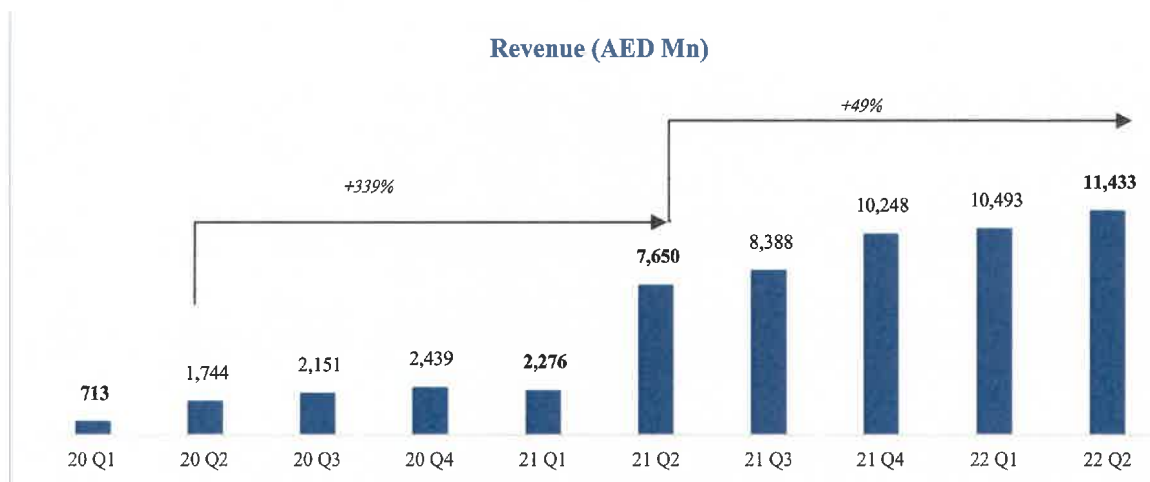
1. Income Statement Highlights

- Increase in Revenue and cost of Revenue is mainly derived from the strategic acquisitions from 1 July 2021 to 30 June 2022. Acquisitions include Aldar Properties PJSC, Arena Events, Yas Clinic, Reem Investments, ADVOC, RAKCIC and Abu Dhabi Stem Cells Center.
- Increase in Selling, General and Administration (SG&A) expenses is in line with overall expansion of the group due to acquisitions that occurred after Q2 2021.
- Increase in investment and other income is mainly due to Fair Value gain on investments
- Decrease in share of profit from investment in associates and joint ventures is mainly due to the transfer of Pure Health from associate to subsidiary on 1 April 2021.

Financial Performance for H1 2022

2. Revenue Growth

IHC's Revenue grew by ~121% in H1 22 as against H1 21. The corresponding growth for the H1 2021 was 304% as against H1 2020. Top five Revenue contributors include Alpha Dhabi, Tamouh Health Care, Ghitha, Multiply Group and Al Seer Marine for the half year ended 30th June 2022, followed by other listed groups and companies in the private domain.

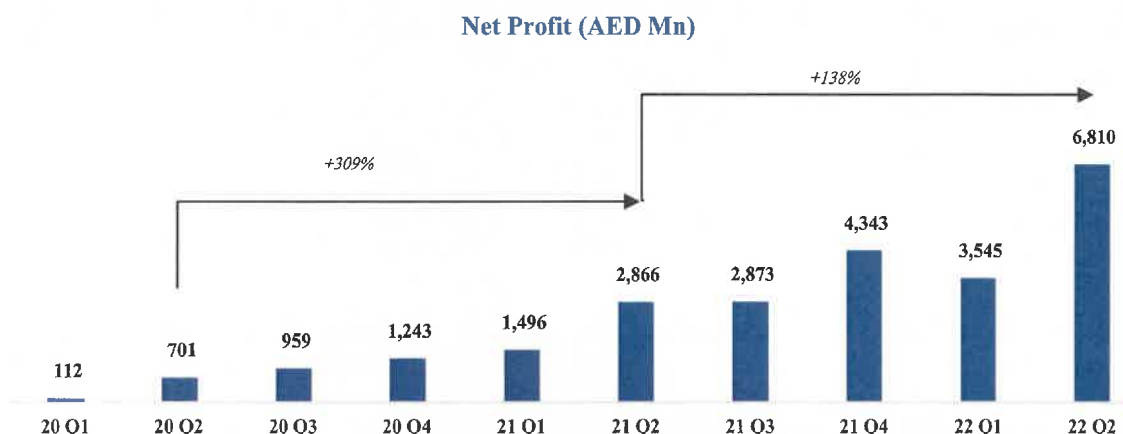


3. Total Cost

Cost of Revenue as a percent of Revenue was 71% in H1 2022, as compared to 59% in H1 2021. The increase in cost of revenue was mainly due to acquisitions. In H1 2022, Selling, General and Administration (SG&A) expenses were increased to AED 2.68 billion, as compared to AED 0.80 billion in H1 2021. However, SG&A expenses, as a percentage of Revenue, has increased to ~12% of Revenue in H1 2022 as against ~8% in H1 2021.

4. Profitability

The group reported an increase in Net Profit of 138% in H1 2022 as compared to the Net Profit in H1 2021. The Operational Profit for H1 2022 is AED 3.72 billion. During H1 2022, IHC recorded investment and Other Income of AED 2.57 billion which includes dividend and finance income, subsidies, changes in fair value of investment through profit and loss, and other income.



Abridged Statement of Financial Position

AED (in Millions)	30 th June 2022	31 st Dec 2021	Absolute Growth	Growth %
Non-current assets	61,864	34,848	27,016	78%
Current assets	101,826	54,132	47,694	88%
Total Assets	163,690	88,980	74,710	84%
Equity	93,823	56,032	37,791	67%
Non-current liabilities	34,122	8,683	25,439	293%
Current liabilities	35,745	24,265	11,480	47%
Total Equity and Liabilities	163,690	88,980	74,710	84%
<i>Total borrowings</i>	<i>31,077</i>	<i>8,457</i>	<i>22,620</i>	<i>267%</i>
<i>Cash and bank balances</i>	<i>31,628</i>	<i>20,247</i>	<i>11,381</i>	<i>56%</i>
<i>Current ratio</i>	<i>2.85(x)</i>	<i>2.23(x)</i>		
<i>Quick ratio</i>	<i>2.60(x)</i>	<i>2.19(x)</i>		
<i>Debt to equity ratio</i>	<i>0.33(x)</i>	<i>0.15(x)</i>		
<i>ROE %*</i>	<i>39%</i>	<i>27%</i>		

*Annualized

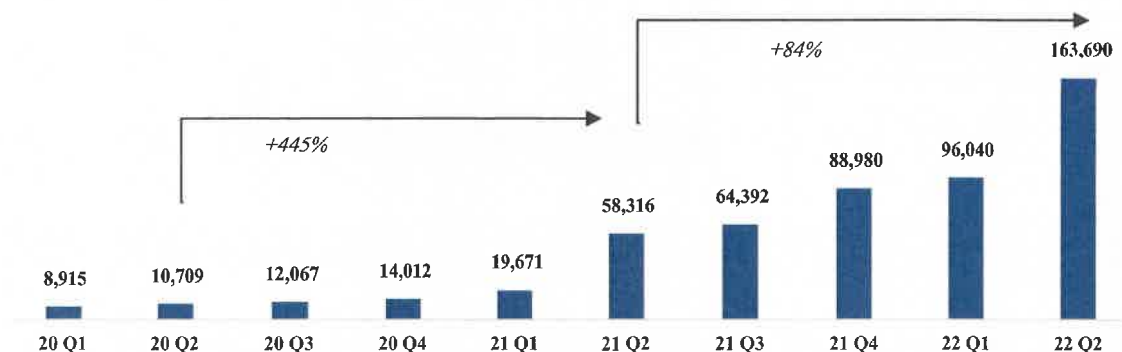
1. Key Highlights

- Non-current assets like Property, Plant & Equipment, intangible assets, and goodwill increased mainly due to business combinations through acquisition of an additional controlling stake in Aldar.
- Investments in Financial Assets (FVTPL) increase was mainly derived from the Investment in Adani companies
- Current Assets like Trade and other receivables increased mainly due to business combination of Aldar
- Cash and bank balances increased by AED 11,381 million during the period

2. Total Assets

Total Assets increased by ~84% to reach AED 163.69 billion as of 30th June 2022, against AED 88.98 billion as of 31st December 2021. The Non-current Assets increased by ~78% as of 30th June 2022 compared to 31st Dec 2021. This increase is mainly composed of new investments in addition to current operational assets. The current Assets have grown by 88% as of 30th June 2022 compared to 31st December 2021. The key contributors to the Total current Assets include; Alpha Dhabi, Q Holding, International Securities, Al Seer Marine and Multiply Group. Total cash and bank balances was AED 31.63 billion in H1 2022 against AED 20.25 billion in 2021.

Total Assets (AED Mn)



3. Total Liabilities

Total Liabilities increased by 112% as of 30th June 2022 reaching AED 69.87 billion and total borrowings have increased by 267% in H1 2022 reaching AED 31.08 billion. Out of this, short-term borrowings stood at AED1.62 billion and long-term borrowings were AED 29.46 billion as of 30th June 2022. The increase in borrowing is in line with the increase in the new investments made by the group during the first six months of the year and the acquisition of Aldar.

4. Total Equity

Total Equity of the Group stood at AED 93.82 billion of 30th June 2022. During the period, share capital of the Group remained unchanged at AED1.82 billion. Retained earnings has decreased to AED 2.11 billion in H1 2022 as against AED 7.33 billion in December 2021.

Highlights of the Group



1. Acquisitions / Investments

During Q2 2022, the Group completed the following Acquisitions and Investments through different subsidiaries:

- **IHC Food Holding LLC** acquired 25% equity stake in **Invictus Trading FZE**, a company dealing in trading, importing, and exporting of food grains and other products.
- **IHC Capital Holding LLC** invested approximately USD 2 billion in three Adani Group Companies, Adani Enterprises Limited, Adani Transmission Limited and Adani Green Energy Limited.
- **IHC Industrial Holding LLC** completed acquisition of 70% stake in **Arena Events Group PLC**. ARENA is a leader in event structures and services, with a global presence which extends to the Middle East, Asia, Europe, United States and United Kingdom.



2. Strategic Transaction

In order to generate more value for the shareholders and create synergetic advantages, International Holding Company completed the following strategic transactions:

- **Q Holding PSC** acquired 100% stake in **Reem Investments**, to expand its portfolio of investment assets, for a consideration of AED 5,807.33 million. Reem Investments PJSC is a private joint stock company incorporated in Abu Dhabi, United Arab Emirates and is engaged in real estate development and the sale and investment of real estate and securities in the UAE and abroad.



3. Listing

In order to generate more value for the shareholders and create synergistic advantages, International Holding Company has completed the following listing activity:

- **Invictus Investment Company**, a trading firm specialising in agri-food commodities, raw materials for industries and finished goods, and an associate of IHC Food Holding LLC, was listed on the Abu Dhabi Securities Exchange (ADX).



Major Subsidiaries' Overview

Alpha Dhabi Holding PJSC



Alpha Dhabi is engaged in a portfolio of diverse and fast-growing businesses across the following verticals; construction, healthcare, hospitality, industries and investments. With a vision to become a conglomerate elevating business, it has the potential to continue to reach new heights of success. Since its listing in June 2021, the company has emerged as a market leader in the UAE.

The Group reported Revenue of AED 17,128.80 million during the first six months of 2022 vis-à-vis AED 5,476.11 million in the first six months of 2021. It also reported a Net Profit of AED 7,897.81 million in H1 2022 compared to AED 1,725.89 million in H1 2021.

Key strategic transactions for the Quarter are as provided below:

Acquisitions / Investments

During this quarter, Alpha Dhabi completed following acquisitions:

- The group gained control of an additional 2% controlling interest in **Aldar Properties**.
- The Group through its subsidiary NMDC incorporated a joint venture, Safeen Survey and Subsea Services LLC with Abu Dhabi Ports PJSC as a joint venture partner.
- In April, the Group invested AED 367 million as a cornerstone investor in the initial public offering of **Dubai Electricity and Water Authority (DEWA)**, one of the region's leading fully integrated utilities companies.
- This was followed by an investment in May of AED 183.75 million in the initial public offering of **Borouge plc**, again as a cornerstone investor.
- During this Quarter, the company committed to an investment of AED 9.2 Bn in Alpha Wave Ventures II Fund. The total commitment comprises a capital contribution of AED 2.6 Bn and undrawn capital commitment of AED 6.6 Bn which will be drawn over the investment period of the fund. The fund will target investments in high growth, tech enabled and tech driven businesses that provide pioneering and innovative solutions to key problems both regionally and globally.



Multiply Group PJSC



Multiply Group is an investment holding company consolidating diversified businesses across the UAE and international markets, including investments in companies such as PAL Cooling Holding, Emirates Driving Company PJSC, Omorfia Group, the US-based Firefly, Viola Communications and many more.

In March 2022, Multiply Group had been included in FADX 15 Index, cementing its position as a major listed company in the UAE in less than 4 months after its listing on ADX. In January, Multiply launched its Digital Transformation program aimed at increasing operational margins & future-proofing its subsidiary companies.

During H1 2022, Multiply Group generated Revenue of AED 507.27 million vis-à-vis AED 8.44 million in H1 2021 and reported a Net Profit of AED 462.25 million in H1 2022 compared to a loss of AED 0.73 million in H1 2021.

Major Subsidiaries' Overview

Key strategic transactions for the quarter are as mentioned below:

Acquisitions/Investments

During this quarter, Multiply Group completed the following acquisitions:

- In April, Multiply Group invested AED 367 million as a cornerstone investor in the initial public offering of **Dubai Electricity and Water Authority (DEWA)**, one of the region's leading fully integrated utilities companies.
- This was followed by an investment in May of AED 183.75 million in the initial public offering of **Borouge plc**, again as a cornerstone investor. The investment reflected the strength and depth of the Abu Dhabi market and presented Multiply Group with an opportunity to partner with ADNOC Group, which is playing a vital role in the sustainable growth of Abu Dhabi and the UAE.



Ghitha Holding PJSC



Ghitha Holding is a renowned food production, trading and distribution firm listed on ADX. The company has recently been transformed into an investment holding company which consolidates food, agriculture, and poultry related businesses across the UAE and abroad, including investments in companies like NRTC, Alliance Food, Al Ajban Poultry, among others.

The group recorded Revenue of AED 882.12 million in H1 2022 against AED 281.17 million in H1 2021. The Net Profit of the group is AED 71.62 million in H1 2022 vis-à-vis AED 22.70 million in H1 2021.

ESG Emirates Stallions Group PrJSC



Emirates Stallions Group (ESG) of companies operates across core investments including construction and real estate sectors. The group has a diversified portfolio that creates a complete ecosystem and provides turn-key solutions among its divisions of development, consultancy, design, project management, construction, landscaping, hospitality management and associated services. The group comprises 5 subsidiary companies spanning 6 industries, delivering products and services across more than 20 countries in the Middle East, Africa, Asia, Europe and the Americas.

During H1 2022, the group reported a Revenue of AED 402.00 million against AED 86.30 million in H1 2021 and a Net Profit of AED 64.15 million in H1 2022 vis-à-vis AED 21.79 million in H1 2021.

Key strategic transactions for the quarter are as mentioned below:

Acquisitions/Investments

During this quarter, ESG completed the following investment:

- During the period the group acquired 45% shareholding in **DecoVision Company WLL**, an interior design (décor) and implementation company through business combinations under common control.

Major Subsidiaries' Overview



- During the period the Group acquired 60% shareholding in **Vision Furniture & Decoration Factory LLC** through business combinations under common control. The company is involved in house & furniture manufacturing, fireproof wooden doors manufacturing, onshore & offshore oil & gas fields and facilities.

Al Seer Marine Supplies & Equipment Company PJSC



Al Seer Marine is the leading marine company in the Arabian Gulf maritime region, with a portfolio of services that caters to all needs of boat owners, managers, as well as international cargo. Be it superyachts or unmanned vessels, Al Seer has the expertise and creative capabilities to bring a vision to reality. The group has a reputation for successfully fulfilling the most demanding requirements, making it one of the leading entities in the world in futuristic boat manufacturing. As a part of its business strategy, the group established three wholly owned subsidiaries in 2021.

The group recorded revenue of AED 474.82 million in H1 2022 as against AED 272.55 million in H1 2021. The Net Profit of the group increased to AED 882.97 million in H1 2022 from AED 411.34 million in H1 2021.

Q Holding PSC



Q Holding PSC is a private stock company based in Abu Dhabi that aims to become a leading, globally recognized, and preferred investment business partner. Through the years, the group has grown significantly by focusing on sustainable development in the region and creating value by investing in fundamental growth sectors of the country.

The group recorded Revenue of AED 403.58 million in H1 2022 against AED 213.70 million in H1 2021. The Net Profit of the group increased to AED 676.06 million in H1 2022 to AED 62.85 million in H1 2021.

Acquisitions/Investments

During this quarter, Q Holding completed the following acquisition:

- Q Holding PSC acquired 100% stake in **Reem Investments**, to expand its portfolio of investment assets, for a consideration of AED 5,807.33 million. Reem Investments PJSC is a private joint stock group incorporated in Abu Dhabi, United Arab Emirates and is engaged in real estate development and the sale and investment in real estate and securities in the UAE and abroad.



Easy Lease Motorcycle Rental PJSC



Easy Lease provides turnkey, ready-to-go leasing solutions for the delivery industry's motorcycle needs. Their fleet of well-maintained brand-new motorcycles, backed with full support services, has clients up and running with a world-class stable of riders within minutes. The group provides start-to-end comprehensive solutions for motorcycle leasing, and includes servicing, maintenance, Salik tags, insurance, recovery services amongst other needs.

The group recorded Revenue of AED 95.25 million in H1 2022 against AED 65.10 million in H1 2021. The Net Profit of the group is AED 22.23 million in H1 2022 vis-à-vis AED 15.67 million in H1 2021.

Major Subsidiaries' Overview



Key strategic transactions for the quarter are as mentioned below:

Acquisitions/Investments

During this quarter, Easy Lease completed the following investment:

- During the period the group acquired 25% shareholding in **Lynx Technology Group Ltd** (“LTD”) for a consideration of AED 3.68 million.

Palms Sports PJSC



Palms Sports is a UAE-based company that promotes niche sporting activities with a specific focus on Brazilian Jiu-Jitsu (BJJ) and martial arts for UAE nationals. It is the leading company providing sports training programs and rolling out state-of-the-art training in BJJ and other disciplines of combative sports, such as Muay Thai and Mixed Martial Arts, in addition to swimming. The company manages every stage of the sports education organization from program conceptualization through to final execution; creating customized programs that manages the necessary facilities, manpower, and equipment.

The company recorded a Revenue of AED 134.65 million in H1 2022 as against AED 136.16 million in H1 2021. The Net Profit of the company increased to AED 47.18 million in H1 2022 to AED 34.58 million in H1 2021.

Key strategic transactions during the period are as mentioned below:

Acquisitions / Investments


- **Exceed Holding for Sports LLC (50%)** a sport enterprises investment, institution, and management company, was incorporated by Palm Sports along with another venturer as a Joint Venture with an injection of AED 150 thousand for the company's share capital.

Funds and Investments

During the first six months of the year the group has invested additional AED 107.29 million investment in Funds. Total NAV of such Funds was AED 7.65 billion as of June 30, 2022.

Investments

During this Quarter the group invested a total of AED 7.35 billion in three of the following Adani Group companies:

SN	Cpmpany Name	Business Description	Logo
1	Adani Enterprises Limited	Adani Enterprises Limited (AEL) is the flagship company of the Adani Group and is India's largest listed incubator of businesses.	
2	Adani Green Energy Limited	Adani Green Energy Limited (AGEL) is in the business of developing, building, owning, operating & maintaining utility-scale grid connected solar power, wind power, hybrid projects & solar parks.	
3	Adani Transmission Limited	Adani Transmission Limited (ATL) is responsible for handling the commissioning, operations & maintenance of electric power transmission systems.	

Outlook

IHC and its subsidiaries will continue to focus on their vision to build a robust and diversified operating asset holding company through strategic acquisitions in growth-driven industries and the creation of innovative companies that add value and bring sustainable improvements to local businesses and communities in the UAE and the international territories in which our subsidiaries operate. The key strategic pillars of the growth and success are:

- Acquisitions
- Restructuring
- Consolidation
- Diversification
- Divesting/Listing

Subsequent Events

Subsequent to the Quarter's end, the Group has completed or is in the process of completing the following acquisitions and investments:

- **Easy Lease Motorcycle Rental PJSC** subsequent to the Quarter end, acquired 55% equity interest in The Captain's Club. The Captain's Club operates a marine sports club and the wholesale trading of ships and boats.
- **IHC Digital Holding LLC** is in the process of acquiring 54% equity interest in an Abu Dhabi headquartered service provider of Information and Communications Technologies (ICT) services, Emircom LLC.
- **IHC Digital Holding LLC** to acquire 55% shareholding in Cyber Gate Defense, an Emirati establishment founded with an objective to provide cyber security services that would improve the overarching cyber security posture of the UAE.
- **IHC Industrial Holding LLC** to acquire 55% of Reach Employment Services LLC, a market leader in employee recruitment and outsourcing services with a diverse client base across sectors.
- **Somerian Health LLC** is in the process of acquiring 60% of CMC Holding SP LLC, the holding company for Canadian Medical Center, a rehabilitation center started in 2006 and is now providing a diverse range of medical services across UAE, Abu Dhabi, Dubai, Sharjah, through multiple multi-specialty clinics.
- **IHC Capital Holding LLC** is in the process of indirectly acquiring 49.99% of shareholding in Lulo Bank S.A. in Colombia. In the third Quarter of the year, the company will successfully indirectly acquire 25% of Lulo Bank S.A., then proceeding to acquire the remaining 24.99% later in the year.



Outlook and Subsequent Events

- **Aldar Hotels & Hospitality Sole Proprietorship LLC** entered into an agreement with a third party to purchase the entire equity of Nurai Island Hotel along with two additional new islands that are intended for residential development for a total consideration of AED 600 million. Nurai Island is a private island located approximately two kilometers north of Saadiyat Island, Abu Dhabi.
- **Aldar Investment Properties LLC** signed an agreement for the sale and purchase of 100% of the issued share capital of Confluence Partners (HQ) RSC Ltd., registered in Abu Dhabi, UAE for a total consideration of AED 4.3 billion. Confluence is mainly involved in the management and leasing of commercial properties.
- **Aldar Hotels & Hospitality - Sole Proprietorship LLC** signed an agreement for the sale and purchase of the entire economic interest in Double Tree by Hilton Hotel, Ras Al-Khaimah UAE (“Double Tree”) and an adjacent vacant land plot of 28,233 sqm for a total consideration of AED 810 million.

-----End of the report-----



Syed Basat Shueb
CEO/Managing Director

