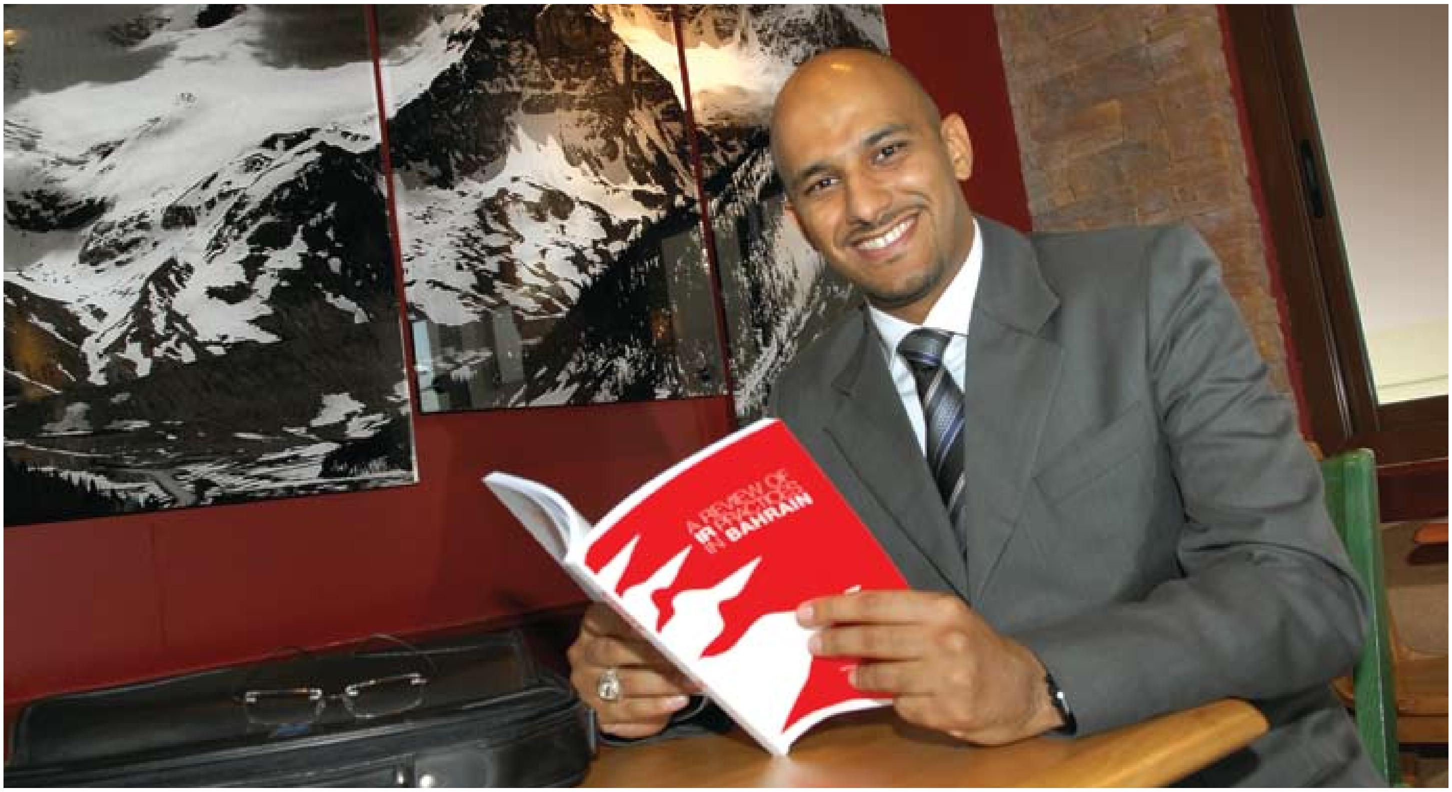


# Boundless Possibilities

**Bahrain could profit from greater transparency and disclosure norms to emerge as a hub for investment, believes Mohamed Abdulla Isa, author of a new book on Investor Relations.**

The first book of its genre in the region, *A Review of IR Practices* in Bahrain studies 40 Bahraini companies listed on Bahrain Stock Exchange (BSE) and provides insights and tools to improve investor relations (IR) practices in the country.

"There are many initiatives publicising Bahrain as a business friendly destination, but to come to Bahrain, international investors want a higher degree of transparency and disclosure," observes Mohamed Abdulla Isa, the author.

IR as a topic assumes greater significance in the wake of the global financial crisis. Mohamed observes that on average, companies in the region haven't been very successful at crisis management communication, especially when it comes to communicating unpleasant news to shareholders. Silence is the norm except for the well managed companies.

"The more communication you have, the more you are perceived as a lower risk company and in these times, no news is considered bad news," he notes.

The CFO of Inovest turned his attention to the subject while he was writing his MBA dissertation. He later thought of reshaping his ideas into a book, which, he believes, is useful and pragmatic without being preachy.

Mohamed collected primary research data through interviews with representatives from the financial community, ranging from auditors to investment professionals. The findings were benchmarked against international IR practices. In addition, he carried out a content analysis of websites of Bahraini listed companies using his "Good IR Website Model".

He concludes that when it comes to IR, on average, companies in the Kingdom adhere to the bare minimum regulatory requirements. Twenty per cent of Bahrain's public listed companies did not have a website even though they operated in the service sector. More than half the companies studied scored only 50 per cent or less based on his model, mainly owing to limited financial disclosure and for not implementing Internet technologies to communicate effectively with shareholders.

Mohamed observes that IR practices in Bahrain are better than that of other GCC listed companies, where 32 per cent do not publish their annual report in English and 91 per cent do not pre-announce their result publication dates. Over 19 per cent of GCC companies do not have a website, while only two per cent were found to hold analyst meetings or conference calls, according to a study by National Investor Investment Research.

"The IR function deserves a full-fledged department rather than being shunted off to the public relations, compliance or finance departments," he opines.

Bahrain does not need more regulation to monitor reporting and disclosure norms for its corporate sector. Instead, companies should move from a "compliance" mind frame to "shareholder commitment".

The new Corporate Governance Code will ensure that companies dwell more on IR practices in the coming years, he believes. "The new code has a section dedicated to investor communication, which will push companies to align themselves with recommendations. Even private companies will have to open up once the code comes into effect," he believes.