

“Impact of audit committee characteristics on firm performance: Evidence from Bahrain”

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IMPACT OF AUDIT COMMITTEE CHARACTERISTICS ON FIRM PERFORMANCE: EVIDENCE FROM BAHRAIN

Abstract

The purpose of this study is to analyze the relationship between different audit committee attributes and company performance in Bahrain. This paper investigates the impact of audit committee independence, size, and meeting frequency on company performance (employing ROE, ROA, and Tobin's Q). Data from all 14 non-financial publicly listed companies on Bahrain Bourse during 2005–2019 were used. The results revealed that companies with independent audit committees and big audit committees in terms of size are performing poorly. It is also shown that the number of audit committee meetings does not affect company performance. Further, this study failed to find any association between the number of audit committee meetings and company performance. The findings show that shareholders might lack knowledge of the importance of corporate governance mechanisms. The results of this study should be of potential interest to different stakeholders, including regulators, investors, and auditors, in their attempts to improve company performance and monitoring mechanisms in emerging economies.

Keywords

corporate governance, independent directors, market performance, emerging markets

JEL Classification

M41, M42, M48

INTRODUCTION

The interest in examining the relationship between corporate governance mechanisms and company's performance is escalating due to recent accounting scandals and corporate governance failures (Zhou et al., 2018). As a result, researchers and policy-makers have underlined the audit committee's oversight responsibilities as a critical element of any corporate governance system. In addition, there is a belief that audit committees should protect the interest of investors.

Based on agency theory, it is believed that a firm with a sound governance system will diminish agency costs and improve its performance and valuation. For instance, Gompers et al. (2003) state that firms with good corporate governance have a sound valuation. In addition, Brown and Caylor (2006) found that good corporate governance results in better performance (measured by return on assets, return on equity, and Tobin's Q). On the contrary, based on resource dependency theory, it is argued that firms might implement corporate governance mechanisms in order to have access to essential constituents, acquire support from outsiders, and gain legitimacy at an international level (Reitz, 1979). Therefore, from a resource dependency theory perspective, corporate governance mechanisms could negatively affect firm value and performance (Adams & Ferreira, 2007; Khosa, 2017). Moreover, Montagna (1996) and Hopwood (2000) noted that different contextual factors might shape the association between corporate gov-



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Conflict of interest statement:

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ernance mechanisms and performance as socio-economic practices. Factors affecting these practices include business ownership, financing system, colonial inheritance, accounting profession, economic development, legal system, culture, history, geography, religion, language, political system, and social climate (Gray, 1988; Nobes & Parker, 2010).

Prior studies have documented the influence of audit committees in increasing the quality of reported earnings and reducing internal control weakness (Klein, 2002). However, few studies investigated the audit committee's role in securing higher performance in emerging economies. Fan and Wong (2005) argued that corporate governance mechanisms, such as audit committees, may be insufficient to mitigate agency problems in emerging markets, especially between minority and controlling shareholders. In addition, concentrated ownership in emerging economies limits the monitoring mechanisms that might reduce agency conflicts (Jensen & Meckling, 1976). Therefore, it is argued that audit committees might be used as a governance monitoring mechanism to reduce agency problems in emerging economies.

Prior literature investigates corporate governance from different aspects in developing markets; however, they neglect emerging markets, especially regarding the characteristics of audit committees. Several studies investigate the role of audit committees' characteristics in reducing earnings management (Klein, 2002) and weakening internal control systems (Zhang et al., 2007) in firms operating in developed countries. While audit committees' characteristics are well-researched in developed countries, there is still a research gap in emerging markets like Bahrain. Thus, Bahrain provides an ideal condition to examine the association between firm performance and audit committee characteristics.

Next, the paper reviews the literature on the topic discussed and formulates the hypotheses. Then the research methodology used in this paper is explained, followed by the results and discussion. Finally, this paper summarizes, concludes, and suggests the potential findings for future research.

1. LITERATURE REVIEW

The agency conflict between shareholders and managers often causes managers to act in their best interests, against the shareholders' best interest (Jensen & Meckling, 1976). Thus, it is crucial to have an environment containing monitoring tools and effective regulations to protect the shareholders' interests (Turley & Zaman, 2014). Furthermore, it is essential to have effective and successful corporate governance practices (e.g., audit committee) to mitigate such conflicts (Krishnan, 2005). Kallamu and Saat (2015) investigated the correlation between audit committee characteristics and performance and found mixed results. This study aims to analyze the relationship between audit committees' characteristics (which include audit committee independence, size, and frequency of meetings) and firm performance.

Agency theory indicates that independent directors offer efficient monitoring tools for the management. These tools can decrease opportunistic

behaviors among managers and enhance company performance. Independent audit committee members do their duties by assessing the financial reporting and providing good audit quality (Peasnell et al., 2005). Kallamu and Saat (2015), investigating the independent audit committee, provided inconclusive findings. Although Bolton (2014) and Bansal and Sharma (2016) noted that there is no significant association between audit committee independence and company performance, other studies found that such independence is significantly related to performance (Chan & Li, 2008). Yameen and Tabash (2019), Ben Barka and Legendre (2017), Nawafly et al. (2018), and Oroud (2019) discovered that the independence of audit committee is positively related to firm performance. In addition, using Tobin's Q, Dakhllalh et al. (2020) found that the independence of the audit committee is positively associated with the performance of listed companies in Jordan. Aanu et al. (2014) also noted a positive association between audit committee independence and performance in Nigerian companies.

Moreover, Kaura et al. (2019) claim that the independence of the audit committee is positively and significantly related to firm performance. It was found that ROA and ROE are positively related to the independence of audit committees in Indian listed IT companies. Controversially, this relationship was found to be negative for other contexts. For instance, Almoneef and Samontaray (2019) noted a negative relationship for listed banks in Saudi Arabia. Moreover, Sarpal (2017) noted that the independence of audit committees is negatively related to performance in Indonesia and India.

Meetings of the audit committee, which measure their effectiveness, are considered one of the essential elements of reviewing the financial reporting process of any company. Prior studies investigating the relationships between audit committee meetings and company performance have inclusive findings (Aldamen et al., 2012). For example, Al Farooque et al. (2020) found that the frequency of audit committee meetings for Thai companies is significantly and positively related to the firm performance. In addition, the number of audit committee meetings was also found to be significantly and positively related to the performance of Saudi banks (Almoneef & Samontaray, 2019). Moreover, this construct was significantly positively related to the performance of banks in Indonesia (Chou & Buchdadi, 2017) and companies in Jordan (Oroud, 2019). However, this relationship was negative for other contexts (Vafeas, 1999).

Rahman et al. (2019) found that the additional cost incurred for holding audit committee meetings negatively affects this relationship. On the contrary, Bansal and Sharma (2016) noted an insignificant relationship between audit committee meetings and firm performance. Furthermore, Alqatamin (2018) claimed that the meetings number is insignificantly related to the performance of non-financial Jordanian listed companies. Moreover, Al-Matari et al. (2014) discovered that the number of meetings is insignificantly related to company performance for Omani companies.

The audit committee size is an essential element that supports the committee's success. The number of committee members assists in overcoming

issues of the companies reporting (Li et al., 2012). Therefore, it is assumed that the quality of financial reports is affected by the size of the audit committee. However, the findings from prior studies on the association between the size of the audit committee and firm performance are inconclusive (Rahmat et al., 2009). For example, Herdjiono and Sari (2017), Aanu et al. (2014), and Oroud (2019) found an insignificant relationship between firm performance and audit committee size in Indonesian, Nigerian, and Jordanian companies, respectively. Ghabayen (2012) also found no relationship for Saudi companies. However, this relationship was positively significant for Jordanian banks (Warrad & Khaddam, 2020). In addition, the size of the audit committee was positively related to the performance of UK listed companies (Al-Okaily & Naueihed, 2020) and Omani non-financial listed companies (Al-Matari et al., 2014). Moreover, Sarpal (2017) showed that the audit committee size is positively correlated with firm value for Indian companies. On the other hand, Afza and Nazir (2014) state that the committee size is negatively and significantly associated with firm performance in Pakistan. Kipkoech and Rono (2016) also found the same association for Kenyan companies.

Given the mixed results reported by the literature review on the association between audit committee characteristics and company performance in various contexts and the study objectives, the study suggests the following hypotheses. They test the relationship between audit committee characteristics, namely, independence, size, number of meetings, and company performance.

Study hypotheses are as follows:

H1: There is a significant relationship between audit committee independence and company performance.

H2: There is a significant relationship between audit committee meetings and company performance.

H3: There is a significant relationship between audit committee size and company performance.

2. AIMS

The paper aims to analyze the influence of audit committee characteristics on the performance of Bahraini non-financial listed companies. The study investigated the influence of (i) audit committee independence, (ii) audit committee size, and (iii) frequency of audit committee meetings on firm performance by developing three regression models. In these models, return on assets (ROA) and return on equity (ROE) were used as indicators for measuring the profitability of companies, and Tobin's Q was used to evaluate the companies' market values and book values.

3. METHODOLOGY

3.1. Data collection

The study comprises all Bahraini listed companies (the entire population) (see Table A1, Appendix A) for a period spanning the introduction of the 2011 Code on Corporate Governance. The study covers the financial years from December 2005 to December 2019 (before the COVID-19 pandemic). The implementation of the Code on Corporate Governance started in December 2011. The sample is restricted to non-financial companies since financial and insurance firms must follow specific accounting and regulatory requirements that differ substantially from non-financial companies. In addition, they have specific practices and operations. The financial data for all companies are taken from the Datastream database. In addition, information on corporate governance and missing financial data were manually collected from annual reports.

After the exclusions mentioned above, the final sample consists of 214 firm-year observations from 2005 to 2019. The whole sample's firm performance is measured using three different measures (ROA, ROE, and TQ). However, variable numbers of the initial firm-year observations had insufficient data to estimate the influence of audit committee characteristics on the performance as the corporate governance disclosure became mandatory in 2011. This leaves a final sample of 125 firm-year observations to capture the role of the audit committee independence; 125 firm-year

observations to capture the role of the audit committee size; 125 firm-year observations to capture the role of the audit committee meeting. In order to investigate the association between various audit committee characteristics and company performance, the following empirical models are formulated:

$$TQ = \beta_0 + \beta_1 ACIND + \beta_2 ACSIZE + \beta_3 ACMEET + LEV + SIZE + \varepsilon_t \quad (1)$$

$$ROA = \beta_0 + \beta_1 ACIND + \beta_2 ACSIZE + \beta_3 ACMEET + LEV + SIZE + \varepsilon_t \quad (2)$$

$$ROE = \beta_0 + \beta_1 ACIND + \beta_2 ACSIZE + \beta_3 ACMEET + LEV + SIZE + \varepsilon_t \quad (3)$$

Definitions and measurements are provided in Tables 1 and 2 for all variables.

3.2. Measurement of variables

3.2.1. Dependent variables

The paper analyzes the influence of audit committee characteristics on different types of firm performance, including financial, operational, and market performance. Following prior studies, this study measures company performance using three different proxies: ROA, ROE, and Tobin's Q. These measures show the profitability of any investment and reflect the company's ability to generate returns on its portfolio of assets. They also considered the changes in the equity market. These measures are widely used in corporate governance studies since they reflect the management's ability to utilize its resources (Al-Okaily & Nuaeihed, 2020; Alqatamin, 2018; Brick & Chidambaran, 2010; Chan & Li, 2008; Zhang et al., 2007). Table 1 shows the description of three dependent variables (performance measures).

Table 1. Dependent variables

Dependent variables	Descriptions
TQ	It is equal to the (Market value of equity + Book value of debt) ÷ Book value of total assets
ROA	It is equal to the net income (EBIT) divided by the total assets at the beginning of the year
ROE	It is equal to the net income (EBIT) divided by the total equity at the beginning of the year

3.2.2. Independent and control variables

The independent variables and their measurement used in this study are summarized in Table 2. The independent variables are derived from the literature. For example, three variables representing the audit committee attributes are audit committee independence, audit committee size, and the number of audit committee meetings.

In addition to the independent variables, two controlling variables are used in the three models implemented in this study. They monitor firm characteristics that can affect firm performance and ensure that the statistical tests focus more on the differences created by variations in corporate governance mechanisms. These variables contain firm size and leverage. Prior studies have presented evidence that large firms might perform better than small firms because they have more resources. Previous studies use leverage to measure debt covenant violations and represent the firm's debt structure. Most studies found that leverage is positively related to wrongdoings like manipulating firm performance (Elayan et al., 2008). However, some studies claimed leverage negatively related to earnings management (Becker et al., 1998).

This study does not include other common control variables, such as industry. The reason for excluding these variables is that the sample under investigation is small; a considerable number of variables will lower the model's explanatory power (small degree of freedom).

4. RESULTS AND DISCUSSION

4.1. Descriptive statistics

Table 3 shows the descriptive statistics for each variable in the sample dataset, namely the mean, standard deviation, minimum, and maximum of all variables.

Table 3 shows a significant range of variation between the samples of the study. The range of AC Independence is from 0% to 100% and has a standard deviation of 35.135. The AC Size ranges from 0 to 6 members with a mean of 4 members. The AC Meeting ranges from 0 meetings to 8 meetings with a mean of 4 meetings per year. The Size ranges from 9,356,517 to 1,567,224 with an average of 1,173,132. The LEV ranges from 1 to 3.01 with a mean of 1.336. The ROA ranges from -0.15487 to 0.4186 with an average of 0.0807 and a standard deviation of 0.0685. The ROE rang-

Table 2. Descriptions of explanatory and control variables

Variables	Descriptions
Independent variables	
Audit committee independence	Equal to the ratio of independent (non-executive) directors in the audit committee to total committee members. Members are independent if their tenure as a board member does not exceed five years, they are not ex-employees of the firm or related to senior management, they are not consultants, lawyers, or financial advisors, and they are not engaged in a reciprocal interlock
Audit committee size	Equal the number of members in the audit committee
Audit committee meetings	Equal the number of meetings per year held by the audit committee
Control variables	
Firm size	Equal the natural logarithm of total assets at year-end
Leverage	Equal total debt divided by total assets

Table 3. Descriptive statistics

Variable	Mean	Std. Dev.	Min	Max
ROA	0.080738	0.068518	-0.15487	0.4186
ROE	0.104474	0.09057	-0.29369	0.465424
TQ	860.5034	490.1528	107.178	2765.061
Audit Committee Independence	37.45802	35.13518	0	100
Audit Committee Size	3.613793	0.906659	0	6
Audit Committee Meetings	4.398374	1.15048	0	8
SIZE	1,173,132	1,340,519	9,356,517	1,567,224
LEV	1.33688	0.375491	1.007797	3.013845

es from -0.29369 to 0.465424 with an average of 0.1044 and a standard deviation of 0.0905. The TQ ranges from 107.178 to 2765.061 with an average of 0.104474 and a standard deviation of 0.09057.

4.2. Multicollinearity

It is crucial to test the relationship between dependent and independent variables by preparing an analysis of correlation coefficients (Rahman & Mohamed Ali, 2006). Therefore, Table 4 presents the correlation coefficient that checks for high collinearity between variables employing the Pearson test. The correlations show no multicollinearity as none of the variables correlate above 0.3. Gujarati (2004) and Rahman and Mohamed Ali (2006) suggest that the value of 0.9 is not multicollinearity and it will not harm the regression analysis.

4.3. Regression analysis

The three models aim to analyze the association between audit committee characteristics and firm performance. The ROE model has an R2 value of

33.09%, the ROA model has an R2 value of 25.46%, and the TQ model has an R2 value of 36.71%. The power for the three models is not low compared to other studies; for instance, the adjusted R2, according to Rahman and Mohamed Ali (2006), is 12.8%. However, Rahmat et al. (2009) stated that low R2 values in similar studies that examine corporate governance characteristics are common.

The study hypothesizes a significant relationship between the audit committee characteristics and company performance. Based on the study findings, we accept two hypotheses which are: there is a significant relationship between audit committee independence and company performance and there is a significant relationship between audit committee meetings and company performance. However, we reject the third hypothesis which is: there is a significant relationship between audit committee size and company performance.

Table 5 showed that the audit committee independence had negative signs in all the three models but was significant at a 1% level of significance.

Table 4. Correlation matrix

	ROE	ROA	TQ	ACIND	ACSIZE	ACMEET	SIZE	LEV
ROE	1							
ROA	0.938***	1						
TQ	0.507***	0.586***	1					
ACIND	-0.0876	-0.126	-0.297***	1				
ACSIZE	-0.0223	-0.00900	-0.111	0.0538	1			
ACMEET	0.0489	-0.0518	-0.235***	0.306***	-0.0174	1		
SIZE	0.323***	0.198***	-0.00727	0.316***	0.437***	0.234***	1	
LEV	0.0683	-0.128*	-0.316***	0.121	0.0821	0.328***	0.521***	1
N	230							

Note: * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table 5. Regression results in terms of different models

Variables	(1)	(2)	(3)
	ROE	ROA	TQ
ACIND	-0.000643*** (-3.28)	-0.000461*** (-2.82)	-5.059*** (-4.57)
ACSIZE	-0.0246*** (-2.91)	-0.0148** (-2.10)	-142.3*** (-2.99)
ACMEET	0.00985 (1.56)	0.00310 (0.59)	-25.58 (-0.72)
SIZE	0.0421*** (6.96)	0.0259*** (5.16)	137.9*** (4.05)
LEV	-0.105*** (-5.45)	-0.0835*** (-5.20)	-647.3*** (-5.94)
_cons	-0.200*** (-3.55)	-0.0685 (-1.46)	867.0*** (2.73)
N	125	125	125
R2	0.3309	0.2546	0.3671

Note: t-statistics is in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

These results are not in line with the agency and resource dependence theories and are not supported by the majority of prior research. Previous studies have shown that audit committee independence is positively related to firm performance (Yameen et al., 2019; Ben Barka & Legendre, 2017).

However, the finding is consistent with Bolton (2014), who showed no significant relationship between firm performance and the independence of the audit committee. Furthermore, the finding of independent outsiders represents the Bahraini context. The majority of independent members in Bahrain serve for many years on the same board, which influences their independence as they build some relationships with the executive management. Therefore, the outsider might not affect the firm performance positively anymore.

Results in Table 5 showed that the audit committee size had negative signs in all three models but was significant. Again, these findings do not support the agency and resource dependence theories. Prior research has shown that audit committee size is positively related to firm performance (Warrad & Khaddam, 2020; Al-Okaily & Naueihed, 2020). However, this finding is consistent with Herdjiono and Sari (2017), who found no significant relationship.

Inconsistent with the theoretical assumption, Table 5 shows that the number of audit commit-

tee meetings is not significantly related to firm performance in all three models. The finding is inconsistent with previous studies that found a significant relationship between the number of audit committee meetings and firm performance (Al Farooque et al., 2020). However, for example, Alqatamin (2018) could not find evidence that the frequency of audit committee meetings has a relationship with firm performance. A possible explanation for this finding is that the number of meetings does not directly impact the committee's effectiveness in limiting the agency cost.

The study expects that other factors could affect firm performance. Therefore, the regression models included two control variables. The findings show that company size is positively and significantly related to company performance, which is consistent with prior studies. For example, Warrad and Khaddam (2020) found that company size improves its performance as the company will have more assets to invest and have more opportunities to access external funds at a low cost than smaller companies, which can increase the company value. On the other hand, the study finds that company performance is negatively and significantly related to leverage. The results are consistent with Campbell and Mínguez-Vera (2008), who found that a high level of leverage will limit the number of resources available for investment as they have to meet the debt covenant.

CONCLUSION

This study examined the impact of audit committee characteristics on firm performance, investigating the effects of audit committee independence, audit committee size, and audit committee meetings on the performance of Bahraini non-financial listed companies. The study employs data from non-financial (14) companies listed in Bahrain Bourse from 2005 to 2019. The findings showed that the independence of the audit committee and its size are negatively related to company performance. However, the paper has also shown that the number of audit committee meetings is not affecting the firm performance as there is no significant association.

The findings show that shareholders, board of directors, and audit committee members might lack knowledge of the importance of corporate governance mechanisms. Therefore, regulators should enhance the awareness of the importance of these mechanisms between different stakeholders and directors. In addition, the findings show that companies might adopt practices or regulations to improve organizational effectiveness as a result of coercion or imposition from a legislator. The results of this study can be used to amend existing rules and regulations to provide a more effective regulatory system that will increase investor and stakeholder protection. In addition, they can be used to improve the Bahraini governance system, including the Code on Corporate Governance that was introduced in 2011.

This paper shows that the efficiency of these practices and monitoring mechanisms differ from one context to another. In addition, the study was limited by the coverage of non-financial listed companies in Bahrain. It also excluded financial and insurance companies. Therefore, the findings of this study cannot be generalized to all sectors of the Bahraini market. Moreover, additional independent variables can be considered in the future, such as audit variables (e.g., specialist auditors, non-audit fees, and auditor fees); however, the unavailability of necessary data has prevented this study from including them.

Future studies should investigate this relationship between non-financial listed companies and financial listed companies as they all contribute to the economy. In addition, further research should analyze the relationship between corporate governance mechanisms and firm performance in different contexts and use a qualitative research approach, such as interviews, to understand this issue deeper. It will provide more evidence on the role of corporate governance mechanisms as monitoring tools from different economies, showing the effect of the institutional setting (contextual factors).

AUTHOR CONTRIBUTIONS

Conceptualization: Abdulla Al-Jalahma.

Data curation: Abdulla Al-Jalahma.

Formal analysis: Abdulla Al-Jalahma.

Investigation: Abdulla Al-Jalahma.

Methodology: Abdulla Al-Jalahma.

Project administration: Abdulla Al-Jalahma.

Supervision: Abdulla Al-Jalahma.

Validation: Abdulla Al-Jalahma.

Visualization: Abdulla Al-Jalahma.

Writing – original draft: Abdulla Al-Jalahma.

Writing – review & editing: Abdulla Al-Jalahma.

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APPENDIX A

Table A1. List of all Bahraini non-financial listed companies covered by the study

Company	Industry	Year	Total Assets (\$ million)	Total Shareholders' Equity (\$ million)
NASS CORPORATION BSC	Construct. & Material	2005	146,236	75,260
NASS CORPORATION BSC	Construct. & Material	2006	149,647	76,024
NASS CORPORATION BSC	Construct. & Material	2007	176,160	86,699
NASS CORPORATION BSC	Construct. & Material	2008	270,039	103,776
NASS CORPORATION BSC	Construct. & Material	2009	266,585	132,383
NASS CORPORATION BSC	Construct. & Material	2010	271,526	139,698
NASS CORPORATION BSC	Construct. & Material	2011	263,590	143,074
NASS CORPORATION BSC	Construct. & Material	2012	311,472	145,064
NASS CORPORATION BSC	Construct. & Material	2013	262,537	147,418
NASS CORPORATION BSC	Construct. & Material	2014	265,408	149,700
NASS CORPORATION BSC	Construct. & Material	2015	292,691	148,056
NASS CORPORATION BSC	Construct. & Material	2016	341,545	153,407
NASS CORPORATION BSC	Construct. & Material	2017	417,897	166,624
NASS CORPORATION BSC	Construct. & Material	2018	419,653	170,220
NASS CORPORATION BSC	Construct. & Material	2019	441,257	156,183
BAHRAIN TELECOMMUNICATION COMPANY	Telecommunications	2005	1,052,437	890,102
BAHRAIN TELECOMMUNICATION COMPANY	Telecommunications	2006	1,276,329	961,976
BAHRAIN TELECOMMUNICATION COMPANY	Telecommunications	2007	1,948,785	1,078,606
BAHRAIN TELECOMMUNICATION COMPANY	Telecommunications	2008	1,895,918	1,199,171
BAHRAIN TELECOMMUNICATION COMPANY	Telecommunications	2009	1,785,358	1,308,557
BAHRAIN TELECOMMUNICATION COMPANY	Telecommunications	2010	1,746,478	1,339,399
BAHRAIN TELECOMMUNICATION COMPANY	Telecommunications	2011	1,743,272	1,341,596
BAHRAIN TELECOMMUNICATION COMPANY	Telecommunications	2012	1,822,231	1,364,168
BAHRAIN TELECOMMUNICATION COMPANY	Telecommunications	2013	2,756,011	1,430,869
BAHRAIN TELECOMMUNICATION COMPANY	Telecommunications	2014	2,533,266	1,411,317
BAHRAIN TELECOMMUNICATION COMPANY	Telecommunications	2015	2,650,164	1,398,736
BAHRAIN TELECOMMUNICATION COMPANY	Telecommunications	2016	2,505,439	1,307,337
BAHRAIN TELECOMMUNICATION COMPANY	Telecommunications	2017	2,466,934	1,221,913
BAHRAIN TELECOMMUNICATION COMPANY	Telecommunications	2018	2,413,693	1,230,815
BAHRAIN TELECOMMUNICATION COMPANY	Telecommunications	2019	2,626,651	1,358,135
BAHRAIN FLOUR MILLS COMPANY	Food & Beverage	2005	43,206	40,496
BAHRAIN FLOUR MILLS COMPANY	Food & Beverage	2006	40,707	39,665
BAHRAIN FLOUR MILLS COMPANY	Food & Beverage	2007	49,028	43,002
BAHRAIN FLOUR MILLS COMPANY	Food & Beverage	2008	65,917	41,488
BAHRAIN FLOUR MILLS COMPANY	Food & Beverage	2009	49,491	41,743
BAHRAIN FLOUR MILLS COMPANY	Food & Beverage	2010	54,869	42,912
BAHRAIN FLOUR MILLS COMPANY	Food & Beverage	2011	55,120	44,176
BAHRAIN FLOUR MILLS COMPANY	Food & Beverage	2012	51,876	46,505

Table A1 (cont.). List of all Bahraini non-financial listed companies covered by the study

Company	Industry	Year	Total Assets (\$ million)	Total Shareholders' Equity (\$ million)
BAHRAIN FLOUR MILLS COMPANY	Food & Beverage	2013	61,994	49,137
BAHRAIN FLOUR MILLS COMPANY	Food & Beverage	2014	66,799	49,733
BAHRAIN FLOUR MILLS COMPANY	Food & Beverage	2015	63,654	49,086
BAHRAIN FLOUR MILLS COMPANY	Food & Beverage	2016	60,192	49,050
BAHRAIN FLOUR MILLS COMPANY	Food & Beverage	2017	58,231	48,431
BAHRAIN FLOUR MILLS COMPANY	Food & Beverage	2018	65,287	50,227
BAHRAIN FLOUR MILLS COMPANY	Food & Beverage	2019	68,749	53,087
DELMON POULTRY COMPANY	Food & Beverage	2005	33,999	32,748
DELMON POULTRY COMPANY	Food & Beverage	2006	35,257	33,701
DELMON POULTRY COMPANY	Food & Beverage	2007	37,652	35,806
DELMON POULTRY COMPANY	Food & Beverage	2008	35,943	33,958
DELMON POULTRY COMPANY	Food & Beverage	2009	36,908	35,188
DELMON POULTRY COMPANY	Food & Beverage	2010	38,609	36,801
DELMON POULTRY COMPANY	Food & Beverage	2011	39,194	37,019
DELMON POULTRY COMPANY	Food & Beverage	2012	40,867	38,514
DELMON POULTRY COMPANY	Food & Beverage	2013	41,152	39,446
DELMON POULTRY COMPANY	Food & Beverage	2014	44,080	40,709
DELMON POULTRY COMPANY	Food & Beverage	2015	42,043	39,814
DELMON POULTRY COMPANY	Food & Beverage	2016	38,342	35,297
DELMON POULTRY COMPANY	Food & Beverage	2017	36,568	33,484
DELMON POULTRY COMPANY	Food & Beverage	2018	37,796	34,063
DELMON POULTRY COMPANY	Food & Beverage	2019	40,093	34,918
TRAFCO GROUP BSC	Food & Beverage	2005	75,078	48,516
TRAFCO GROUP BSC	Food & Beverage	2006	73,155	45,622
TRAFCO GROUP BSC	Food & Beverage	2007	88,694	50,530
TRAFCO GROUP BSC	Food & Beverage	2008	103,936	55,310
TRAFCO GROUP BSC	Food & Beverage	2009	102,896	52,910
TRAFCO GROUP BSC	Food & Beverage	2010	102,013	54,146
TRAFCO GROUP BSC	Food & Beverage	2011	106,984	55,669
TRAFCO GROUP BSC	Food & Beverage	2012	99,587	53,236
TRAFCO GROUP BSC	Food & Beverage	2013	104,874	59,508
TRAFCO GROUP BSC	Food & Beverage	2014	106,674	62,073
TRAFCO GROUP BSC	Food & Beverage	2015	101,386	63,618
TRAFCO GROUP BSC	Food & Beverage	2016	101,719	63,411
TRAFCO GROUP BSC	Food & Beverage	2017	105,351	73,037
TRAFCO GROUP BSC	Food & Beverage	2018	105,172	76,053
TRAFCO GROUP BSC	Food & Beverage	2019	120,045	78,746
BAHRAIN CAR PARK COMPANY	Retail	2005	30,576	29,666
BAHRAIN CAR PARK COMPANY	Retail	2006	32,798	31,704
BAHRAIN CAR PARK COMPANY	Retail	2007	31,960	30,626

Table A1 (cont.). List of all Bahraini non-financial listed companies covered by the study

Company	Industry	Year	Total Assets (\$ million)	Total Shareholders' Equity (\$ million)
BAHRAIN CAR PARK COMPANY	Retail	2008	32,928	31,672
BAHRAIN CAR PARK COMPANY	Retail	2009	34,006	32,711
BAHRAIN CAR PARK COMPANY	Retail	2010	33,852	32,378
BAHRAIN CAR PARK COMPANY	Retail	2011	34,226	32,619
BAHRAIN CAR PARK COMPANY	Retail	2012	34,247	33,015
BAHRAIN CAR PARK COMPANY	Retail	2013	34,105	33,571
BAHRAIN CAR PARK COMPANY	Retail	2014	33,719	32,932
BAHRAIN CAR PARK COMPANY	Retail	2015	34,141	33,191
BAHRAIN CAR PARK COMPANY	Retail	2016	35,461	34,273
BAHRAIN CAR PARK COMPANY	Retail	2017	36,153	35,269
BAHRAIN CAR PARK COMPANY	Retail	2018	53,362	51,886
BMMI BSC	Retail	2005	118,817	81,869
BMMI BSC	Retail	2006	129,400	92,920
BMMI BSC	Retail	2007	154,332	106,438
BMMI BSC	Retail	2008	165,516	106,861
BMMI BSC	Retail	2009	153,213	118,386
BMMI BSC	Retail	2010	162,225	126,562
BMMI BSC	Retail	2011	167,682	126,234
BMMI BSC	Retail	2012	174,172	132,172
BMMI BSC	Retail	2013	201,159	142,252
BMMI BSC	Retail	2014	216,139	158,476
BMMI BSC	Retail	2015	214,093	162,406
BMMI BSC	Retail	2016	292,081	166,932
BMMI BSC	Retail	2017	301,281	185,030
BMMI BSC	Retail	2018	295,176	183,918
BMMI BSC	Retail	2019	313,468	188,669
BAHRAIN DUTY FREE COMPANY	Retail	2005	67,625	51,587
BAHRAIN DUTY FREE COMPANY	Retail	2006	73,666	55,660
BAHRAIN DUTY FREE COMPANY	Retail	2007	90,451	66,268
BAHRAIN DUTY FREE COMPANY	Retail	2008	93,887	74,950
BAHRAIN DUTY FREE COMPANY	Retail	2009	103,647	81,986
BAHRAIN DUTY FREE COMPANY	Retail	2010	111,676	92,280
BAHRAIN DUTY FREE COMPANY	Retail	2011	111,135	93,702
BAHRAIN DUTY FREE COMPANY	Retail	2012	118,485	99,429
BAHRAIN DUTY FREE COMPANY	Retail	2013	130,708	110,076
BAHRAIN DUTY FREE COMPANY	Retail	2014	140,288	118,403
BAHRAIN DUTY FREE COMPANY	Retail	2015	144,558	127,815
BAHRAIN DUTY FREE COMPANY	Retail	2016	151,273	134,673
BAHRAIN DUTY FREE COMPANY	Retail	2017	150,124	132,146
BAHRAIN DUTY FREE COMPANY	Retail	2018	156,426	135,577

Table A1 (cont.). List of all Bahraini non-financial listed companies covered by the study

Company	Industry	Year	Total Assets (\$ million)	Total Shareholders' Equity (\$ million)
BAHRAIN DUTY FREE COMPANY	Retail	2019	163,987	139,995
BAHRAIN SHIP REPAIRING AND ENGINEERING COMPANY	Ind. Goods & Services	2005	40,770	36,985
BAHRAIN SHIP REPAIRING AND ENGINEERING COMPANY	Ind. Goods & Services	2006	40,819	36,835
BAHRAIN SHIP REPAIRING AND ENGINEERING COMPANY	Ind. Goods & Services	2007	44,300	40,585
BAHRAIN SHIP REPAIRING AND ENGINEERING COMPANY	Ind. Goods & Services	2008	48,980	44,258
BAHRAIN SHIP REPAIRING AND ENGINEERING COMPANY	Ind. Goods & Services	2009	52,210	47,239
BAHRAIN SHIP REPAIRING AND ENGINEERING COMPANY	Ind. Goods & Services	2010	57,032	51,559
BAHRAIN SHIP REPAIRING AND ENGINEERING COMPANY	Ind. Goods & Services	2011	60,027	54,773
BAHRAIN SHIP REPAIRING AND ENGINEERING COMPANY	Ind. Goods & Services	2012	63,670	56,765
BAHRAIN SHIP REPAIRING AND ENGINEERING COMPANY	Ind. Goods & Services	2013	63,092	56,678
BAHRAIN SHIP REPAIRING AND ENGINEERING COMPANY	Ind. Goods & Services	2014	66,021	59,932
BAHRAIN SHIP REPAIRING AND ENGINEERING COMPANY	Ind. Goods & Services	2015	69,160	61,512
BAHRAIN SHIP REPAIRING AND ENGINEERING COMPANY	Ind. Goods & Services	2016	71,604	62,839
BAHRAIN SHIP REPAIRING AND ENGINEERING COMPANY	Ind. Goods & Services	2017	74,469	66,637
BAHRAIN SHIP REPAIRING AND ENGINEERING COMPANY	Ind. Goods & Services	2018	83,037	74,241
BAHRAIN SHIP REPAIRING AND ENGINEERING COMPANY	Ind. Goods & Services	2019	94,093	81,434
ALUMINIUM BAHRAIN BSC	Basic Resources	2010	3,518,554	1,853,131
ALUMINIUM BAHRAIN BSC	Basic Resources	2011	3,460,583	2,145,093
ALUMINIUM BAHRAIN BSC	Basic Resources	2012	3,259,799	2,200,335
ALUMINIUM BAHRAIN BSC	Basic Resources	2013	3,125,479	2,303,688
ALUMINIUM BAHRAIN BSC	Basic Resources	2014	3,081,936	2,435,378
ALUMINIUM BAHRAIN BSC	Basic Resources	2015	3,133,416	2,511,658
ALUMINIUM BAHRAIN BSC	Basic Resources	2016	3,113,347	2,620,974
ALUMINIUM BAHRAIN BSC	Basic Resources	2017	4,460,794	2,784,111
ALUMINIUM BAHRAIN BSC	Basic Resources	2018	5,843,169	2,839,868
ALUMINIUM BAHRAIN BSC	Basic Resources	2019	6,402,780	2,853,362
ZAIN BAHRAIN BSC	Telecommunications	2014	296,503	157,371
ZAIN BAHRAIN BSC	Telecommunications	2015	311,227	166,788
ZAIN BAHRAIN BSC	Telecommunications	2016	313,210	173,355
ZAIN BAHRAIN BSC	Telecommunications	2017	269,635	177,540
ZAIN BAHRAIN BSC	Telecommunications	2018	250,802	185,749
ZAIN BAHRAIN BSC	Telecommunications	2019	314,124	191,167
BAHRAIN CINEMA COMPANY	Travel & Leisure	2005	72,098	66,357
BAHRAIN CINEMA COMPANY	Travel & Leisure	2006	79,975	76,253
BAHRAIN CINEMA COMPANY	Travel & Leisure	2007	99,227	93,772
BAHRAIN CINEMA COMPANY	Travel & Leisure	2008	99,777	85,654
BAHRAIN CINEMA COMPANY	Travel & Leisure	2009	90,549	84,315
BAHRAIN CINEMA COMPANY	Travel & Leisure	2010	98,645	91,489
BAHRAIN CINEMA COMPANY	Travel & Leisure	2011	91,799	85,854
BAHRAIN CINEMA COMPANY	Travel & Leisure	2012	97,293	89,680

Table A1 (cont.). List of all Bahraini non-financial listed companies covered by the study

Company	Industry	Year	Total Assets (\$ million)	Total Shareholders' Equity (\$ million)
BAHRAIN CINEMA COMPANY	Travel & Leisure	2013	110,339	99,392
BAHRAIN CINEMA COMPANY	Travel & Leisure	2014	121,357	112,140
BAHRAIN CINEMA COMPANY	Travel & Leisure	2015	124,933	110,872
BAHRAIN CINEMA COMPANY	Travel & Leisure	2016	125,171	114,222
BAHRAIN CINEMA COMPANY	Travel & Leisure	2017	219,307	197,244
BAHRAIN CINEMA COMPANY	Travel & Leisure	2018	245,506	197,550
BAHRAIN CINEMA COMPANY	Travel & Leisure	2019	244,442	196,780
BAHRAIN FAMILY LEISURE COMPANY	Travel & Leisure	2005	12,869	12,071
BAHRAIN FAMILY LEISURE COMPANY	Travel & Leisure	2006	11,574	10,368
BAHRAIN FAMILY LEISURE COMPANY	Travel & Leisure	2007	12,942	12,112
BAHRAIN FAMILY LEISURE COMPANY	Travel & Leisure	2008	13,924	12,963
BAHRAIN FAMILY LEISURE COMPANY	Travel & Leisure	2009	11,985	10,854
BAHRAIN FAMILY LEISURE COMPANY	Travel & Leisure	2010	13,348	12,214
BAHRAIN FAMILY LEISURE COMPANY	Travel & Leisure	2011	12,722	11,357
BAHRAIN FAMILY LEISURE COMPANY	Travel & Leisure	2012	13,694	12,423
BAHRAIN FAMILY LEISURE COMPANY	Travel & Leisure	2013	15,780	14,802
BAHRAIN FAMILY LEISURE COMPANY	Travel & Leisure	2014	21,101	20,048
BAHRAIN FAMILY LEISURE COMPANY	Travel & Leisure	2015	18,241	17,204
BAHRAIN FAMILY LEISURE COMPANY	Travel & Leisure	2016	18,760	17,634
BAHRAIN FAMILY LEISURE COMPANY	Travel & Leisure	2017	21,217	19,565
BAHRAIN FAMILY LEISURE COMPANY	Travel & Leisure	2018	17,523	15,865
BAHRAIN FAMILY LEISURE COMPANY	Travel & Leisure	2019	15,201	11,632
GULF HOTELS GROUP	Travel & Leisure	2005	82,307	72,359
GULF HOTELS GROUP	Travel & Leisure	2006	92,328	80,126
GULF HOTELS GROUP	Travel & Leisure	2007	104,325	89,518
GULF HOTELS GROUP	Travel & Leisure	2008	119,470	105,681
GULF HOTELS GROUP	Travel & Leisure	2009	136,398	119,076
GULF HOTELS GROUP	Travel & Leisure	2010	154,528	132,808
GULF HOTELS GROUP	Travel & Leisure	2011	160,199	141,984
GULF HOTELS GROUP	Travel & Leisure	2012	176,411	156,392
GULF HOTELS GROUP	Travel & Leisure	2013	193,216	170,510
GULF HOTELS GROUP	Travel & Leisure	2014	208,973	184,312
GULF HOTELS GROUP	Travel & Leisure	2015	218,629	191,356
GULF HOTELS GROUP	Travel & Leisure	2016	309,198	275,945
GULF HOTELS GROUP	Travel & Leisure	2017	320,021	295,684
GULF HOTELS GROUP	Travel & Leisure	2018	374,721	300,753
GULF HOTELS GROUP	Travel & Leisure	2019	361,712	304,177