

Guideline for annotating sentences

About the future

If the sentence related about the future and not the year that the report is about then it is tagged with FL (Future Looking). If the sentence contains hints that it is about now then it is about the future as when the report is being written in the next year and not the year that the report is about therefore any of those sentences should be tagged with FL. If it is not about the future then continue reading through the guidelines.

Performance related

A sentence is marked with the tone (Sent_Tone in the paper): OFC (Other Financial Commentary) if the sentence is not performance related. To determine if a sentence is performance related you must determine if the sentence relates to how the company has done that year e.g.

“Profit before tax rose 22% to 18.6m (2009: 15.8m) on revenues up 15% at 344.6m, after adjusting for foreign exchange movements.”

As shown above the profit and revenues have been compared against last years performance therefore making it a performance sentence. However as shown below the sentence does not describe performance it is just stating facts that have happened and from these facts you cannot determine whether that is improving the performance of the company or not therefore it will be tagged with the OFC tag.

“We are also continuing our strategy of expansion into continental Europe and the successful flotation in December 2010, which raised new capital of 60.3m, net of expenses, will assist in the delivery of this.”

Determining the tone of the sentence

Once the sentence is confirmed to be performance related then the tone of the sentence needs to be confirmed. The tone can be either POS (positive), NEG (negative) or NEU (neutral). A sentence can be deemed positive if the performance of the company enhanced the standing of the company compared to its standing in the previous year e.g.

“Profit before tax rose 22% to 18.6m (2009: 15.8m) on revenues up 15% at 344.6m, after adjusting for foreign exchange movements.”

As shown above the profits and revenue improved in comparison to the year before therefore the standing of the company has improved hence it would have the tone POS. The inverse of this sentence would be given the NEG tone.

The neutral tone is given to any sentence that does have performance related statements but does not indicate whether these are positive or negative in relation to the performance of the company that year. An example is given below:

“ARP produces a gross income of 5.05m, representing 6.6% net initial yield.”

As shown above it gives performance figures but the sentence does not indicate whether these figures are good or bad in relation to how well the company did in comparison to the year before.

More specific tones

Within the POS and NEG tone there are two more tones:

POS_COMP and NEG_COMP these are only used instead of POS or NEG when the sentence is directly comparing performance figures from the previous year to the year the report is about. An example of POS_COMP is shown below:

“Earnings Profits attributable to ordinary shareholders were 20.8 million (2009: 17.1 million).”

As shown above this is POS_COMP as 20.8 is compared directly against 17.1 and nothing else is discussed in the sentence. The in-verse of this sentence would be NEG_COMP.

Attribution of the sentence

When the sentence is performance related the sentence is also annotated with attributions (in the paper its acronym was Att) if appropriate, that cause tone in the sentence. The two attributions are EXT (external) and INT (internal), the EXT is used if the attribution is about something that has nothing to do with the company for example the weather and INT is used if the attribution is about something the company itself has done for example the Managers of the company have done something. Then each attribution has its own tone (in the paper its acronym was Att_Tone). NOTE the tone stated above is the overall tone of the sentence where as the attribution tone is the tone of that specific attribution which does not necessarily have to agree with the overall tone. Each sentence can have up to two attributions.

Example below of a sentence that is overall POS and has an INT attribution that has a positive tone:

“This has resulted in annualised savings of Maloti 14.5 million due to the lower consumption of drilling and blasting consumables.”

Overall it is POS as costs have gone down, the cost have gone down as the company (which is an INT attribution) has lowered their consumption of drilling and blasting consumables therefore as they have spent less thus the attribution tone is POS.