The Effects of Forward-looking Information Disclosure on Future Profitability of Firms

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ABSTRACT
The aim of this study is to examine the effect of Forward-looking Information Disclosure on Future Profitability in the Tehran Stock Exchange. The overall research method is applied in terms of its purpose and is based on post-marketing research design. Of the comparable firms listed in Tehran Stock Exchange, through systematic knockout, 130 companies have been studied over a period of 6 years. To determine the relationship between variables, multiple linear regressions based on panel data analysis with fixed effects has been used. Findings showed that there is no significant relationship between the level of forward-looking information disclosure and the tone of forward-looking information disclosure with the firms' Future profitability.

Keywords:
Level of forward-looking information disclosure, Tone of forward-looking information disclosure, Future Profitability.

1. Introduction

The term “disclosure” generally refers to provision of information. The accountants use the term in more limited manner and by “financial information disclosure”, they mean a firm disclosure via its financial reports (typically in the form of annual reports). Information disclosure via balance statement, profit and loss statement and cash flow statement is often taken into account as understanding and measurement. Therefore, in its most constrained conception information disclosure includes management analyses and discussions, notes attached to financial statements and complementary invoices (Hendriksen & Van Breda, 1992). From a more general perspective, disclosure refers to providing information through financial statements, and complementary instruments such as notes, events following the date of balance statement, managerial discussions of next year operations, financial and operational predictions, summary of significant accounting procedures and additional financial statements (Wolk et.al, 2004). Voluntary disclosure is additional provision of information beyond legal requirements. Firm management is free to release accounting and other types of information that could satisfy the users’ needs. In order to limit investors’ unfavorable perception and to create further awareness of future perspective of the firm, the managers might embark on voluntary disclosure (Barth, Landsman & Lang, 2007). Voluntary provision of information on identification, measurement and disclosure of accounting items in financial statements will attract more investors as it contributes to financial status and management prestige of the firm (Iatridis & Alexakis, 2012). Recent fiascos and failure of few firms affect the accounting profession and cause distrust in financial reporting (Berndt & Leibfried, 2007; Ramli, Surbaini & Ramli, 2013; Adekunle & Taiwo, 2013). These fiascos occur globally due to lack of resources and improper disclosure of firms due to adopting typical financial reporting methods (Shehata, 2014). Therefore, following the gradual rise of accounting fiascos and financial crises, the investors, academic figures, regulators and other beneficiaries asked for disclosure of more extensive and clearer information by business world (Uyar, Kilic & Bayyurt, 2013). In recent studies, forward-looking information disclosure has gained a lot of attention. The forward-looking information disclosure refers to the information by which investors assess the future performance of a firm. Such a disclosure could include financial predictions such as risk and uncertainties which affect the performance of a firm (Aljifri & Hussainey, 2007). Forward-looking information is intended to satisfy the increasing requirements of investors as it offers investors additional means of evaluating future perspective and risks along with current concerns of the firm. Futuristic investors want to invest in those firms who have high performance in future. As a result, the financial statements which reveal future information will useful to existing and potential investors in particular and to the other users in general. Forward-looking information disclosure suggests that as future earning prediction improves the information gap between firms and investors (Schleicher, T. and Walker, 1999) and stock price (Hussainey, Schleicher & Walker, 2003). Therefore, disclosure of such information is expected to decrease agency costs by reducing information asymmetry. Future information is highly critical because historical measures, no matter how valid, are not insufficient in terms of offering insight into future operational performance of firms. Aljifri & Hussainey (2007) believe that forward-looking information is a set of advanced information which could include financial predictions such as next year’s earning, expected earnings, predicted cash dividend, as well as non-financial information such as probable risks and uncertainties. The performance of a firm in terms of disclosing forward-looking information along with typical past information adds to decision usefulness of financial statements. Despite of significance of futuristic outlook, it is difficult for lots of firms to disclose such information and reveal it to its competitors. Lots of firms are afraid that higher demand for forward-looking information forces them into releasing sensitive competitive information, predicting their future earnings and expose them to litigation threat.

FLID is perceived to have several motivations; Oliveira et al. (2010) suggest that firms are encouraged to increase such voluntarily disclosure in order to meet shareholders' expectations and optimize the use of corporate resources. Also, FLID promotes greater transparency regarding the company through providing information needed by investors to assess long term prospects in a clear and concise form (Garcia-Sanchez et al. 2013). Moreover, Ioana and Adriana (2014) argue that disclosure of FLI creates strategic tools which enable firms to correlate financial and non-financial performance indicators, enhance their corporate reputation, and legitimize themselves. Further, FLID is found to help firms in identifying opportunities and lowering cost of capital (Frias-Aceituno et al. 2014). Despite its importance, FLID faces certain challenges cited in management perception that such disclosure may expose the company to competitors. Many companies fear that increasing demand for FLID will force them to disclose competitively-sensitive information, make profit forecasts or expose themselves to the threat of litigation (PricewaterhouseCoopers 2007). This view point is supported by Kent and Ung (2003), and Uyar and Kilic (2012), who agree that releasing FLI may increase indirect costs incurred in sharing proprietary information that could be used by competitors. Therefore, companies may be hesitant in disclosing FLI because of the possible negative impact of such disclosure on their competitive position. Also, it might be difficult to accurately predict corporate future performance because of uncertainties related to certain industries and market conditions (Aljifri and Hussainey 2007).Considering its arbitrary nature, forward-looking information disclosure might tend toward disclosure of solely positive information. In this study, researchers intend to evaluate the effect of level and tone of forward-looking information disclosure on future profitability of the firms.

2. Literature Review and Hypothesis Development

The association between voluntary disclosure and profitability has also been reviewed in previous works (Eulir et.al, 2003; Marston, 2003; Marston & Ploy, 2004; Wang et.al, 2008) and findings of experimental studies support the significance of profitability as determining factor of disclosure behavior (Wallace, Naser & Mora, 1994; Skinner, 1994; Frankl et.al, 1995; Long and Londolm, 1996; Tesker, 1998). However, other studies (e.g. Ahmed and Courtis, 1999) claimed that there is paradoxical experimental evidence on association between information disclosure and profitability and uncertain results were obtained. In fact, some studies agree on a positive association between voluntary disclosure and profitability (Singway, 1968; Singway and Desai, 1971; Wallace et.al, 1994). For instance, Singway and Desai (1971) observed that higher profitability might cause the managers to obtain further financial information on potential maximization of shareholder value. Instead, other studies (Raffournier, 1995; Etridge et.al, 2002; Aljifri, 2006) found an insignificant association between information disclosure level and profitability. Similarly, Al-saeed (2006) denied the association between profitability and explanation of voluntary disclosure adjustments. Surprisingly, negative association between disclosure level and profitability has been suggested too. In fact, as Wallace and Nasir (1995) suggested the profitable firms may not disclose additional information because their investors do not want them to.

Numerous researchers such as Mousa & Elamir (2018), Kılıç & Kuzey (2018), and Aljifri et.al (2013) along with Uyar & Kilic (2012) suggested that there is no vivid association between forward-looking information disclosure and future profitability. As a result, forward-looking information disclosure did not exert significant effect on future profitability. In addition, Menicucci & Paolucci (2017), Mohammadi & Jamali (2017), and Zhafarina (2017) as well as Protomswan & Wave (2016), Al-Katib (2014), Menicucci (2013), Mathuva (2012), Prinzipipe (2004), Cook (1989) and Hussein et. Al (1995) found a positive association between forward-looking information disclosure and future profitability. The advocates of a positive association between forward-looking information disclosure and future profitability claim that most of the firms that favor disclosure can allocate more resources to forward-looking information disclosure so as to expose their operations to the public (Garcia-Sánchez, Rodríguez-Ariza & Frías-Aceituno, 2013). In addition, to provide capital market with positive signals (Qu et.al, 2015), to offer positive analyses of one's performance to investors (Hassanein & Hussainey, 2015) and to be distinguished from less successful firms and to reduce capital costs, the companies embark on information disclosure (Steono et.al, 2014). However, Aljifri & Hussainey (2007), Celik, Ecer & Karabacak (2006), Hussain et.al (2005) and Kent & Ung (2003) found a negative association between forward-looking information disclosure and future profitability which suggests that firms with high confidence are characterized by lower forward-looking information disclosure. A probable explanation for this conclusion is that companies with low confidence probably disclose more forward-looking information so as to communicate a positive message to stakeholders. The information generally includes programs and projects which could cause severe reactions in the market (Aljifri & Hussainey, 2007, Celik, Ecer & Karabacak, 2006; Abid et. al, 2011).

Based on the above studies, the following two hypotheses were developed:

Hypothesis 1: Forward-looking information disclosure level has a significant association with future profitability of firms.

Hypothesis 2: Forward-looking information disclosure tone has a significant association with future profitability of firms.

3. Experimental Literature Review

Mousa & Elamir (2018) in a survey called, “Determinants of forward-looking disclosure: Evence of Bahrain capital market” used a measure of forward-looking disclosure which included 56 items. A software package was used to measure the level of forward-looking information disclosure by sample companies in Bahrain during 2010-2013. They adopted statistical analyses to address the association between forward-looking disclosure of firms and five characteristics of firms (i.e. size of firm, financial leverage, sector, profitability and liquidity). Their findings suggest that leverage and size of a firm are significant and effective factors while sector, profitability and liquidity do not have a significant association with forward-looking information disclosure of firm.

Kilic & Kuzey (2018) used content analysis so as to test the determining factor of forward-looking disclosure in integrated reporting cases. The statistical samples consisted of 55 non-financial firms the reports of which available on database of integrated reporting samples for 2014. In sum, the forward-looking disclosure measure was classified into quantitative and qualitative groups with 30 cases. In order to test the suggested associations presumed in hypotheses of their study, ordinary least squares regression (multivariate) was used. The results suggested that most institutions are inclined to disclose forward-looking information qualitatively.

In “Corporate sovereignty and quality of forward-looking information disclosure: Evidence from Chinese stock market”, Qu et.al (2015) used sales predictions as a measure of forward-looking information and accurate measurement of quality of information disclosure so as to address the impact of corporate sovereignty characteristics on accuracy of sales prediction by listed Chinese companies in their 2010 reports. To do so, they also used ordinary and logistic least squares regression. Their findings suggest that firms with desirable corporate sovereignty are more likely than firms addressing the qualitative aspect of firm sales to release more accurate prediction. In addition, firms with proper sovereignty are more likely to release accurate non-financial information.

Aljifri et.al (2013) in their study, “Determining factors of forward-looking disclosure: From corporate sovereignty”. They aimed to experimentally address the corporate sovereignty mechanisms in UAE which might affect forward-looking information disclosure level. In their study, a number of firms active in Dubai financial market or listed in Abu Dhabi Securities Market during 2007-2009. Their findings suggest that three corporate sovereignty mechanisms namely institutional investment, ownership (>10 percent) and leverage exert negative effects on forward-looking information disclosure level. This is while state investors and ownership (5-10 percent) had positive impacts on level of information disclosure. Uyar & Kilic (2012) adopted content analysis approach so as to determine the effect of characteristics of publicly traded Turkish firms on their forward-looking information disclosure. The findings suggested that size of firm and its accounting entity are significant variables for explaining forward-looking information disclosure but five other variables (i.e. profitability, leverage, ownership structure, independent managers, and age of firm) are not that significant.

Kilic et.al (2006) addressed the forward-looking information disclosure in yearly reports of firms listed on Istanbul Stock Exchange (i.e. Borsa Istanbul). Since yearly reports are the main source of voluntary disclosure of forward-looking information, this survey used a disclosure measure based on analysis of managerial statements in yearly reports. In addition, level of forward-looking disclosure in annual report of the firm were addressed in two general categories. The evidence suggest that forward-looking disclosure of information is positively associated with size, ownership structure, profitability, and foreign investment but it is negatively associated with institutional investors. The ownership structure and financial performance are among determining factors affecting forward-looking disclosure of information.

4. Research methodology

This is a descriptive-correlational study of applied type. In order to collect data on research variables, content analysis method was adopted. The content analysis method was adopted in many previous studies to measure the extent of forward-looking information disclosure by firms. In the present study, "sentence" was used as register unit because a sentence as a unit of analysis is more reliable than other long units (Hackston & Milne, 1996; Al-Najjar & Abed, 2014). This study used the management board reports to the stakeholder assembly because it includes disclosure of forward-looking information in at least one of the subjects of disclosure for those sectors. First, search for keywords was done to identify the terms referring to forward-looking information in the voluntary disclosure section of each report. In this study, a list of 35 keywords extracted by Hussainey, Schleicher & Walker (2003), Alkatamin, Oribi & Aaran (2017), and Alkatamin (2016), Leo (2015) and Atanasko & Hussainey (2014) and Lee (2009) was used. The statistical population of this study includes all listed companies on Tehran Stock Exchange and by adjusting the population based on certain constraints, 130 firms (780 year-firm) were selected during the period 2014-2019. In other words, the following constraints were applied and then the remaining firms were analyzed:

1) In terms of comparable rise and consistency among firms, their financial year should end in March 20th.
2) The firms should not be in certain industries, namely "banks, credit and financial institutions", "financial intermediate entities", "financial investment" and "multi-industry firms".
3) The firms should not adjust their financial year during intended periods of time.
4) The firms the necessary information of which is not available during the period of doing this study.

4-1. Model and Variables

Taking the hypotheses raised above and theoretical framework of the study into account, the following models were used to test the hypotheses:

Model (1)

$EARN_{i,\ t+1} = \beta_0 + \beta_1\ FLD\ Level_{i,t} + \beta_2\ EARN_{i,t} + \beta_3\ RET_{i,t} + \beta_4\ ACC_{i,t} + \beta_5\ MTB_{i,t} + \varepsilon_{i,t}$

Model (2)

$EARN_{i,\ t+1} = \beta_0 + \beta_1\ FLD\ TONE_{i,t} + \beta_2\ EARN_{i,t} + \beta_3\ RET_{i,t} + \beta_4\ ACC_{i,t} + \beta_5\ MTB_{i,t} + \varepsilon_{i,t}$

Independent Variables

Forward-looking Information Disclosure Level

In this study, measuring the level of forward-looking information disclosure was done through content analysis of management board reports to stakeholder assembly of firms. To do so, disclosure measure with three steps was selected. In the first step, a list of forward-looking information disclosure keywords was made which included 35 terms (i.e. quick, speculation, expectation, next financial year, next months, trust, to convince, current financial year, exposure, final estimation, expectation, forecast, future, hope, goal, likelihood (unlikelihood), futurism, next, new, optimistic, attitude, planned, forecast, future outlook, to remain, to revive, area, emergency, short (summarized), should, soon, future, contextual, next years). In the second step, sentences which included statements and predictions of management board in their report to stakeholder assembly of firms and future-oriented keywords in those sentences were extracted through content analysis of reports. In the third step, the number of sentences referring to the level of forward-looking information disclosure were determined.

Forward-looking Information Disclosure Tone

In this study, forward-looking information disclosure tone was divided into three categories namely positive, negative and neutral tone. As a result, each sentence extracted from texts of the reports was categorized based on semantic significance of the sentence (i.e. tone). Then, total number of sentences for each tone type was determined.

Dependent Variable

Future Profitability

In order to measure the future profitability of firms, the return of firm's assets for the next year was used. To do so, profit minus tax for the next period was divided by total assets of the firm.

Control Variables

Profitability: For calculating this variable, operating income and loss was divided by total assets of the firm.

Return: This is a measure of growth opportunity. Here, annual return of equity was used.

Accruals: This variable shows the difference between operating income and operating cash flow divided by book value of firm's assets.

Market to Book Value: In order to determine the variable which signifies the firm growth, the ratio of market value of shareholders' rights to their book value was determined.

5. Findings

5.1 Descriptive Statistics

Table 1 shows the descriptive statistics of the model variables which suggest the descriptive parameters of each variable individually. These parameters include certain information on primary measures (e.g. maximum, minimum and mean) along with median as well as information on dispersion indices (e.g. variance, kurtosis and skewness). In the table, there are 780 observations (6x130) observations per variable.

Table (1): Descriptive Statistics of Variables

Variable/Statistic	Kurtosis	Skewness	Standard Deviation	Minimum	Maximum	Median	Mean
Future Profitability	9.86	1.78	0.177	-0.39	1.44	0.091	0.134
Disclosure Level	5.17	1.11	22.07	11	149	36	39.87
Disclosure Tone	8.38	1.63	17.7	14	147	24	27.45
Profitability	3.88	0.72	0.135	-0.32	0.63	0.103	0.135
Return	14.54	2.72	99.1	-65.81	859	14.3	47.86
Accruals	5.67	-0.22	0.11	-0.67	0.442	-0.009	-0.016
Market to Book Value	15.66	-0.69	2.68	-7.67	17.33	2.51	2.99
Number of Observations	780	780	780	780	780	780	780

5.2. Test of First Hypothesis

The first hypothesis suggests that level of forward-looking information disclosure is significantly associated with future profitability of firms. As the results of model estimation (represented in table 2) suggest the independent variable coefficient of forward-looking information disclosure level was -0001 and significance of the variable is higher than 0.05. Therefore, one may conclude that there is an insignificant association between forward-looking information disclosure and future profitability of the firms (denial of first hypothesis). Among the control variables, profitability and return of the firm as well as book to market value have less significance than 0.05 and positive coefficients which suggest that these variables have a positive and significant association with the dependent variable.

In order to test the first hypothesis and address the association between forward-looking information disclosure and future profitability of firms, the aspects of forward-looking information disclosure (including financial and non-financial aspects) will be addressed individually.

Table (2): Results of First Model Estimation

$EARN_{i,t+1} = \beta_0 + \beta_1$ FLD $Level_{i,t} + \beta_2 EARN_{i,t} + \beta_3 RET_{i,t} + \beta_4 ACC_{i,t} + \beta_5 MTB_{i,t} + \varepsilon_{i,t}$			
Dependent Variable: Future Profitability			
Variable	**Significance**	**t-statistic**	**Coefficient**
Intercept	0.000	10.7	25.55
Forward-looking Information Disclosure	0.401	-0.83	-0.0001
Profitability	0.0105	2.56	0.11
Return	0.0004	3.53	0.00797
Accruals	0.7008	0.38	0.008
Market to Book Value	0.000	4.67	0.004
R^2: 0.65	Adjusted R^2: 0.58		
Probability of F-statistic 0.000	F-statistic 9.14		Durbin-Watson Statistic 1.96

Table (3): Results of First Model Estimation in Terms of Financial and Non-financial Aspects.

Dependent Variable: Future Profitability	**Financial**			**Non-Financial**		
Variable	**Estimated Coefficient**	**t-statistic**	**Significance**	**Estimated Coefficient**	**t-statistic**	**Significance**
Intercept	0.105	10.52	0.000	0.101	12.48	0.000
Forward-looking Information Disclosure	-0.0002	-0.63	0.522	0.00127	0.053	0.95
Profitability	0.114	2.62	0.008	0.109	2.55	0.0107
Return	0.0038	3.41	0.0007	0.00779	3.47	0.0005
Accruals	0.007	0.316	0.751	0.006	0.29	0.7663
Market to Book Value	0.004	4.53	0.000	0.004	4.59	0.000
R^2	0.65			0.659		
Adjusted R^2	0.58			0.587		
F-statistic	8.98			9.18		
Probability of F-statistic	0.0000			0.0000		
Durbin-Watson Statistic	1.95			1.95		

Based on the results of model estimation (table 3), the coefficient of the independent variable of forward-looking information disclosure (financial aspect) is equal with -0.0002 and its significance is higher than 0.05. Therefore, one may conclude that there is an insignificant association between level of forward-looking information disclosure (financial aspect) and future profitability of the firms. In addition, the coefficient for independent variable of forward-looking information disclosure (non-financial aspect) is equal with -0.0012 and its significance level is more than 0.05. Therefore, one may conclude that there is an insignificant association between level of forward-looking information disclosure and future profitability of firms.

The second hypothesis suggests that there is a significant association between tone of forward-looking information disclosure and future profitability of the firms. As the results of model estimation (table 4) suggest, the coefficient for the independent variable “tone of forward-looking information disclosure” is -0.001 and its significance is higher than 0.05. Therefore, one may conclude that there is an insignificant association between tone of forward-looking information disclosure and future profitability (denial of second hypothesis). As to the control variables, profitability, return and book to market value have significance levels of less than 0.05 and positive coefficient. This suggests that those variables have a positive and significant association with the dependent variable.

Table (4): Results of Second Model Estimation.

$EARN_{i,t+1} = \beta_0 + \beta_1 FLD\ TONE_{i,t} + \beta_2 EARN_{i,t} + \beta_3 RET_{i,t} + \beta_4 ACC_{i,t} + \beta_5 MTB_{i,t} + \varepsilon_{i,t}$			
Dependent Variable: Future Profitability			
Variable	**Significance**	**t-statistic**	**Coefficient**
Intercept	0.000	11.99	0.105
Forward-looking Information Disclosure	0.49	-0.686	-0.0001
Profitability	0.011	2.54	0.109
Return	0.000	3.47	0.0078
Accruals	0.754	0.31	0.007
Market to Book Value	0.000	4.6	0.004
R^2: 0.65	Adjusted R^2: 0.58		
Probability of F-statistic 0.000	F-statistic 9.18		Durbin-Watson Statistic 1.91

Based on the tone of forward-looking information disclosure, the research observations were divided into positive and negative tone categories.

The results of model estimation (table 5) suggest that the coefficient for the independent variable of positive tone of forward-looking information disclosure is -0.0002 and its significance is higher than 0.05. Therefore, one may conclude that there is an insignificant association between positive tone of forward-looking information disclosure and future profitability of the firms. In addition, the coefficient for the variable of negative tone of forward-looking information disclosure is -0.001 and its significance is higher than 0.05. Therefore, one may conclude that there is an insignificant association between negative tone of forward-looking information disclosure and future profitability of the firms.

Table (5): Result of Third Model Estimation based on Positive and Negative Tone.

Dependent Variable: Future Profitability	**Negative Tone**			**Positive Tone**		
Variable	**P-value**	**t-statistic**	**Estimated Coefficient**	**P-value**	**t-statistic**	**Estimated Coefficient**
Intercept	0.077	0.577	0.567	0.026	2.26	0.023
Forward-looking Information Disclosure	-0.001	-0.13	0.89	-0.0002	-0.743	0.457
Profitability	0.858	2.81	0.007	0.747	16.51	0.000
Return	-0.0002	0.67	0.502	-0.0014	-0.25	0.798
Accruals	0.058	0.145	0.885	0.103	2.03	0.0426
Market to Book Value	0.0101	0.659	0.513	0.003	1.75	0.079
R^2	0.24			0.34		
Adjusted R^2	0.14			0.33		
F-statistic	8.38			73.82		
Probability of F-statistic	0.000			0.000		
Durbin-Watson Statistic	2.1			1.75		

6. Discussions & Conclusions

Information plays an essential role in financial markets through guiding participants in making sound allocation decisions. Companies' annual financial statements represent the basic source of information concerning firms' financial position and results of operations. On voluntarily basis, companies may publish corporate governance report presenting their governance level. Information published in financial statements, along with its narrative notes, reflects past financial results and their related disclosure, the so-called "backward-looking information. Forward-looking information (FLI) refers to firms' expectations about the future of the company, which eventually provide current and potential shareholders with useful information about firm's future prospects. Forward-looking information can be found mainly in chairman's report and board of directors' annual disclosure report. Not only current shareholders, but also potential investors are willing to invest in companies with promising future performance. Therefore, both are interested in FLI disclosure.

The results of testing the first hypothesis suggest that there is an insignificant association between level of forward-looking information disclosure and future profitability of the firms. Meanwhile, the association between level of forward-looking information disclosure and future profitability of the firms was addressed by testing the aspects of forward-looking information disclosure (i.e. financial and non-financial) were tested individual. The results showed that there is an insignificant association between financial and non-financial aspects of level of forward-looking information disclosure and future profitability of the firms. These results are supported by Mousa & Elamir (2018), Kılıç & Kuzey (2018), Aljifri, Hussainey & Oyelere (2013), and Uyar & Kilic (2012). The results also pointed to lack of vivid association between level of forward-looking information disclosure and profitability. These findings are not supported by Menicucci (2018), Menicucci & Paolucci (2017), Muhammadi & Jamali (2017), Zhafarina (2017), Protomswan & Wave (2016), Al-Katib (2014), Menicucci (2013), and Mathuva (2012) who found a significant and positive association between level of forward-looking information disclosure and future profitability which is based on signaling theory. Based on the theory, firms are more inclined to disclose the quality of their firm when the firm is performing well. In addition, management of a profitable firm might provide the public with more information so as to enhance their positive impression. The results of testing the third hypothesis suggest that there is an insignificant association between tone of forward-looking information disclosure and future profitability of firms. The observations of tone of forward-looking information disclosure were divided into two groups, namely positive and negative tone which was tested separately. In the end, positive and negative tone of forward-looking information disclosure had an insignificant association with future profitability. These results are not supported by (2017), Wang & Leo (2017), Arsalan Ayadi et.al (2017), Hajik et.al (2014), Regress et.al (2010), and Lucrane et.al (2009) who pointed to managers' opportunistic use of forward-looking information disclosure. The results also disagree with Kung et.al (2018), Henry and Leon (2016), Lucrane and McDonald (2011) and Kuttari et.al (2009) which supported the informative approach to the use of forward-looking information disclosure.

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