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Abstract: The narrative section of annual reports has considerable value to various user groups of annual reports, such as financial analysts and investors (Tiexiera, 2004; Barlett and Chandler, 1997; IASB, 2006). This narrative section including chairpersons'/presidents' statement contains twice the quantity of information than the financial statements section (Smith and Taffler, 2000). However, the abundance of information does not necessarily enhance the quality of such information (IASB, 2006). This issue of qualitative characteristics has been long foregone by researchers. However, this issue has gained attention of IASB (2006). Following this dearth in research this paper explores whether investors' required qualitative characteristics as stated by the IASB (2006) have been satisfied in management commentary section of a sample of New Zealand companies' annual reports. Our result suggests that the principal stakeholders', that is, investors' qualitative characteristics requirements have been partially met in this section of annual reports. The qualitative characteristic of 'relevance' and 'supportability' have been satisfied in more annual reports compared to that of 'balance' and 'comparability.'

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