1. Accounting Policies

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 "Interim Financial Reporting", International Financial Reporting Standards and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2016.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2016.

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been adopted by the Group and the Company.

MFRSs/ Amendments/Interpretations	**Effective date**
Amendments to MFRS 1 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2018
MFRS 9 *Financial Instruments (IFRS 9 as issued by IASB in July 2014)*	1 January 2018
MFRS 15 *Revenue from Contracts with Customers*	1 January 2018
Clarifications to MFRS 15	1 January 2018
Amendments to MFRS 2 *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to MFRS 128 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2018
Amendments to MFRS 140 *Transfers of Investment Property*	1 January 2018
IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
MFRS 16 *Leases*	1 January 2019
IC Interpretation 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Amendments to MFRS 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to MFRS 3 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 11 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 112 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 123 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
MFRS 17 *Insurance Contracts*	1 January 2021
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*	Deferred

The Group is in the process of assessing the impact of implementing these Amendments, Clarifications and Standards, since the effects would only be observable for future financial years.

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2016 was not qualified.

3. Segmental Information

	Property development division RM'000	Investment holding segment RM'000	Audio division (Discontinued operations) RM'000	Total RM'000
12-months ended 31 December 2017				
Revenue				
External revenue	5,048	-	41,641	46,689
Results				
Operating loss	(5,536)	(3,922)	(6,253)	(15,711)
Finance costs	(437)	(16)	(9)	(462)
Unrealised gain on forex	-	-	78	78
Interest income	89	60	428	577
Other income	1,166	-	835	2,001
Share of results in an associate	-	(126)	-	(126)
Loss before tax	(4,718)	(4,004)	(4,921)	(13,643)
Tax expense				(240)
Loss for the period				(13,883)
12-months ended 31 December 2016				
Revenue				
External revenue	60,036	-	54,174	114,210
Results				
Operating profit/(loss)	8,528	(2,598)	(4,376)	1,554
Finance costs	(97)	-	(14)	(111)
Gain on disposal of property, plant and equipment	-	-	553	553
Unrealised gain on forex	-	-	187	187
Interest income	-	26	373	399
Other income	-	9	473	482
Profit/(Loss) before tax	8,431	(2,563)	(2,804)	3,064
Tax expense				(2,557)
Profit for the period				507

4. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income and cash flow during the current quarter and financial year-to-date.

5. Changes in Estimates

There were no significant changes in estimates of amount reported in prior interim period or prior financial year that have a material effect in the current quarter and financial year-to-date.

6. Comments about Seasonal or Cyclical Factors

Sales of the Group are seasonal and are affected by economic conditions in countries in which the products are sold.

7. Dividends Paid

The Board of Directors has not paid any dividend for the current quarter (31 December 2016: Nil).

8. Carrying Amount of Revalued Assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

9. Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share cancellations and resale of treasury shares for the current financial year-to-date.

10. Changes in Composition of the Group

There was no change in the composition of the Group for the current financial year to-date under review except for as disclosed in Note 20.

11. Changes in Contingent Liabilities or Contingent Assets

The Company has an existing corporate guarantee amounting to RM37.5 million issued to a licensed bank for banking facilities granted to a subsidiary company. As at 31 December 2017, the Company is contingently liable for the amount of banking facilities utilised by the subsidiary company totalling RM13.5 million.

In respect of banking facilities granted by a licensed bank to associate company Harum Eco Dormitory Sdn Bhd, the Company is contingently liable up to 30 percent of the amount of banking facilities utilised by the associate under the proportionate corporate guarantee scheme. As at 31 December, the Company is liable for the amount of RM4.2 million, representing 30% proportion of the RM14 million banking facilities utilised.

12. Subsequent Events

On 2 January 2018, the Company announced that the terms of the Share Sale Agreement entered into between the Company and Formosa Prosonic Industries Berhad ("FPI") in respect of the disposal by the Company of 9,990,000 ordinary shares representing 100% of issued and paid up capital of wholly owned subsidiary Formosa Prosonic Technics Sdn Bhd ("FPT") have been fully satisfied and that the proposed disposal has been completed on 2 January 2018. Consequently, FPT and its wholly owned subsidiary, Aerotronic Sdn Bhd, ceased to be wholly-owned subsidiaries of the Company on 2 January 2018.

Save for the above, there were no material events subsequent to 31 December 2017 that have not been reflected in the interim report.

13. Review of Performance

For the financial year under review, the Group registered a turnover of RM47 million compared to RM114 million in the preceding year. The turnover of audio division remained soft in comparison to the preceding year. The property division generated a turnover of RM5 million, of which RM4 million was derived from its construction progress of dormitories and RM1 million from its development business. Profit margin for audio segment deteriorated during the quarter due to write down of inventories' carry values and plant machineries write off. For the development segment, the continued soft market resulted in the segment posting a net loss of RM4.7 million. For the period under review, the Group posted a RM13.6 million pre-tax loss.

14. Material Change In Profit Before Tax For The Current Quarter As Compared With The Immediate Preceding Quarter

The Group posted a pre-tax loss of RM4.7 million for the current quarter as compared to a pre-tax loss of RM2.7 million for the preceding quarter. The audio segment registered a lower pre-tax loss of RM3.4 million for the quarter as compared to a pre-tax loss of RM0.5 million in the preceding quarter primarily due to write down in carrying value of inventories and plant machineries write off. The development segment posted a pre-tax profit of RM0.7 million for the quarter as compared to a pre-tax loss of RM1.7 million in the preceding quarter. The improved performance for current quarter compared to the loss in preceding quarter is on the back of new sales registered during the quarter. The loss in the preceding quarter was attributed to the effects of sales withdrawals.

15. Prospects for the current financial year

During the past financial year under review, the management evaluated the performance of the Group's segments and had subsequently disposed the loss-making audio segment. The disposal of the audio segment, apart from preserving Group's reserves, will enable the management to allocate its manpower, employee skillsets and financial resources entirely to its property development activities, which has better prospects. For 2018, the construction works on the dormitories are expected to complete materially by end of third quarter of the current year. For 2018, the Group expects improvements to an otherwise subdued property market in 2017 and will be launching two phases of its next project named Desa 88 in the district of Plentong, Johor Bahru. The first phase, comprised of shop offices, is ready for commencement of work. The

Group expects revenue of RM22 million. In Melaka, the Group is optimistic the two Memorandums of Understanding executed in December 2017 will progress into Joint Development Agreements during the year for development of a luxury hotel and affordable housing for Melaka State Government. Management is confident the projects at hand will enable the Group to improve its performance during the current financial year compared with the previous financial year. In the meantime, management will continue to scout for additional strategic land banks for future development.

16. Deviation from Profit Forecast and Profit Guarantee

The Group did not provide any profit forecast in a public document and therefore, this note is not applicable.

17. (i) Profit/(Loss) Before Tax From Continuing Operations

The profit/(loss) before tax of the Group from continuing operations is arrived at after charging/(crediting):

	Current Quarter 31/12/17 RM'000	Preceding Year Corresponding Quarter 31/12/16 RM'000	Cumulative Quarter 31/12/17 RM'000	Preceding Year Cumulative Quarter 31/12/16 RM'000
Depreciation and amortisation	**63**	29	**206**	92
Interest income	**(54)**	(23)	**(149)**	(26)
Income from short term funds	**-**	(9)	**-**	(8)
Interest expense	**(99)**	75	**472**	96
(Gain)/Loss on disposal of property, plant and equipment	**-**	-	**21**	-

(ii) Cash and Cash Equivalents

The cash and cash equivalents at end of the financial year comprise of the following:

	Current year to date RM'000 31/12/17	Preceding year to date RM'000 31/12/16
Continuing operations		
Short term funds	**9**	14,799
Cash, bank balances and deposits	**12,060**	12,627
	12,069	27,426

18. Discontinued Operations Classified As Held For Sale

(i) The profit/(loss) before tax of the discontinued operations is arrived at after charging/(crediting):

	Current Quarter 31/12/17 RM'000	Preceding Year Corresponding Quarter 31/12/16 RM'000	Cumulative Quarter 31/12/17 RM'000	Preceding Year Cumulative Quarter 31/12/16 RM'000
Depreciation and amortisation	**78**	112	**398**	482
Foreign exchange (gain)/loss	**(76)**	(222)	**529**	(222)
Derivatives (gain)/loss	**-**	(1,016)	**(767)**	(777)
Interest income	**(6)**	(6)	**(18)**	(23)
Income from short term funds	**(64)**	(79)	**(411)**	(350)
(Gain)/Loss on disposal of property, plant and equipment	**-**	(22)	**-**	(553)

(ii) An analysis of the carrying amount of the non-current assets held for sale is as follows:

	As at 31/12/17 RM'000
Assets:	
Property, plant and equipment	**580**
Inventories	**3,257**
Trade and other receivables	**9,461**
Tax recoverable	**1,455**
Short term funds	**1,263**
Cash, bank balances and deposits	**3,624**
Total	**19,640**
Less: Impairment	**(780)**
Assets of disposal group classified as held for sale	**18,860**
Liabilities:	
Trade creditors	**5,691**
Other creditors and accruals	**2,569**
Liabilities of disposal group classified as held for sale	**8,260**
Net assets of disposal group classified as held for sale	**10,600**

(iii) The cash flow attributable to the discontinued operations is as follows:

	As at 31/12/17 RM'000
Operating activities	**7,355**
Investing activities	**252**
Financing activities	**(23,310)**
Net cash flow	**(15,703)**

(iv) The taxation for discontinued operations comprises the following:

	Current Quarter 31/12/17 RM'000	Preceding Year Corresponding Quarter 31/12/16 RM'000	Cumulative Quarter 31/12/17 RM'000	Preceding Year Cumulative Quarter 31/12/16 RM'000
In respect of current period				
- income tax	**-**	(222)	**-**	(222)
- deferred tax	**-**	(346)	**209**	(777)
In respect of prior year				
- income tax	**-**	66	**-**	-
	-	(634)	**209**	(999)

19. Income Tax Expense

The taxation of the Group for continuing operation comprises the following:

	Current Quarter 31/12/17 RM'000	Preceding Year Corresponding Quarter 31/12/16 RM'000	Cumulative Quarter 31/12/17 RM'000	Preceding Year Cumulative Quarter 31/12/16 RM'000
In respect of current period				
- income tax	**-**	1,909	**-**	2,907
- deferred tax	**1,133**	407	**101**	408
In respect of prior year				
- income tax	**-**	66	**(70)**	242
	1,133	2,382	**31**	3,557

The effective tax rate for the financial year-to-date is higher than the statutory tax rate mainly due to the effects of deferred tax liabilities provision on interest charged to subsidiaries and effects of certain expenses which were not deductible for tax purposes.

20. Corporate Proposals

(a) On 15 December 2016, wholly owned subsidiary Teras Eco Sdn Bhd ("TESB") had entered into a Sale and Purchase Agreement ("SPA") with HED for the proposed disposal of the Land at a cash consideration of RM20,000,000.00.

On 28 August 2017, the Company announced that the completion date of the SPA has been extended due to time taken by HED to secure financing for land acquisition and construction of hostels, which has since been obtained and pending drawdown.

The Company subsequently announced on 7 December 2017 that the terms of the SPA have been fully satisfied and that the proposed disposal had been completed on even date.

(b) The Board of Directors of AB wishes to announce that on 6 December 2017, TESB, a wholly-owned subsidiary of AB had entered into a Joint Development Agreement ("JDA") with YPJ Builders Sdn Bhd where TESB at present has committed to the development of 84 units of two and three storey shop offices on 19.328 acres of land held under Lot H.S.(D) 36608 PTD 2313 and H.S.(D) 36609 PTD 2314 located in Mukim Pantai Timur, District of Kota Tinggi, State of Johor ("Land").

(c) The Company announced on 7 December 2017 that it had entered into a Share Sale Agreement ("SSA") with FPI in respect of the disposal by the Company of 9,990,000 ordinary shares representing 100% of issued and paid up capital of Formosa Prosonic Technics Sdn. Bhd. for a cash consideration of RM10,600,000.00. The proposal was completed on 2 January 2018.

(d) On 28 December 2017, the Company announced that its wholly-owned subsidiary, Teras Eco Resources Sdn Bhd ("TERSB") had executed two (2) separate Memoraundum of Undertanding ("MOUs) as follow:

(i) MOU between TERSB and Innocashz (M) Sdn Bhd for a proposed joint venture where TERSB plans to develop a 5-storey luxury hotel on 1.2 acres of leasehold land held under H.S.(D) 73497 PT 833 located in Kawasan Bandar XLI, District of Melaka Tengah, State of Melaka; and

(ii) MOU between TERSB and Goldsand JV Sdn Bhd for a proposed joint venture where TERSB plans to develop a block of affordable serviced apartment with approximately 152 units on 3.9 acres of leasehold land held under H.S.(M) 593 PT 11425 located in Mukim Krubong, District of Melaka Tengah, State of Melaka.

Save for the above, there were no other corporate proposals announced which remained incomplete as at the date of issue of this interim report.

21. Group Borrowings and Debt Securities

Group borrowings, which are denominated in Ringgit Malaysia, as at 31 December 2017 are as follows:

(a) **Short term borrowings**

	RM'000
Unsecured	
Hire purchase	116
Secured	
Term loans & bridging finance	1,720
	1,836

(b) **Long term borrowings**

	RM'000
Unsecured	
Hire purchase	710
Secured	
Term loans & bridging finance	13,496
	14,206

22. Material Litigation

The Group does not have any material litigation as at the date of this report.

23. Dividend Payable

The Board of Directors has not recommended any dividend for the current quarter.

24. Earnings Per Share

Basic earnings per share

	Current Quarter 31/12/17	**Preceding Year Corresponding Quarter 31/12/16**	**Cumulative Quarter 31/12/17**	**Preceding Year Cumulative Quarter 31/12/16**
Profit/(Loss) attributable to equity holders of the parent (RM'000) from:				
- continuing operations	**(2,475)**	3,614	**(8,753)**	2,707
- discontinued operations	**(3,352)**	(1,809)	**(5,130)**	(2,200)
Weighted average number of shares in issue ('000)	**167,138**	167,177	**167,138**	167,177
Basic EPS (sen) From:				
- continuing operations	**(1.5)**	2.2	**(5.2)**	1.6
- discontinued operation	**(2.0)**	(1.1)	**(3.1)**	(1.3)