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Stock Profile/Statistics	
Bloomberg Ticker	DOV MK
KLCI	925.67
Issued share capital (m)	730.0
Market Capitalisation (RMm)	372.3
52 week High (RM)	0.57
52 week Low (RM)	0.40
Average Volume (3m) '000	120.1
YTD Returns (%)	0.0
5 yr Average ROE (%)	#N/A N.A.
5 yr Average ROA (%)	#N/A N.A.
Net gearing (x)	-0.2
Altman Z-Score	7.26
ROCE/WACC	0.39
Beta (x)	#N/A N.A.
Cash Ratio (x)	1.3
FCF/share (x)	0.0
Price/FCF/share (x)	-47.7
Book Value/share (RM)	0.16

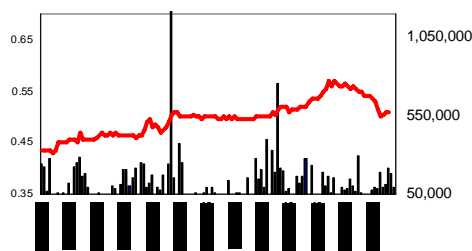
Major Shareholders (%)	
PRT Capital Pte Ltd	16.46%
Magna Reserve SB	14.51%
Omega Riang SB	11.59%

Share Performance				
(%)	1m	3m	6m	12m
Absolute	1.0	(1.9)	10.9	(4.5)
Relative	(1.2)	(4.4)	9.5	(5.9)

Growth Profile (%)				
	04a	05f	06f	07f
Revenue	n/a	13.19	17.69	20.95
EBITDA	n/a	16.77	11.79	23.53
PBT	n/a	60.63	43.37	18.89
NP	n/a	56.48	43.22	18.76

Margin (%)				
	04a	05f	06f	07f
EBITDA	21.9	22.6	21.4	21.9
PBT	15.9	22.6	27.5	27.0
NP	15.4	21.3	26.0	25.5

Historical Price Ratio				
(x)	01a	02a	03a	04a
P/Sales	n/a	n/a	n/a	1.22
P/E	n/a	n/a	n/a	0.26
P/BV	n/a	n/a	n/a	3.34



D&O Ventures Bhd

BUY
Price Target **RM0.51**
RM0.72

Imminent Growth.

RFID is here! We have finally made eye contact with D&O's new RFID machinery and are quite confident to see some earnings contributions come FY06. Already, the Group has secured a contract with an unmentionable Japanese commercial and publications printer who are also into security and cards making them the first Malaysian company to manufacture at least 1m units of RFID tags monthly. **By Q206 we hope to see a RM1.3-1.5m monthly revenue contribution from this venture and hopefully earn 20-15% operating margins.** We also eagerly await more contracts as we understand that D&O has received many inquiries on this product.

Capacity expansion. D&O is in the process of expanding the capacity of its first plant to house its RFID operations as well as to accommodate for the expansion of Dominant's operations. Costing them RM6m in capex (and gives an extra 60,000 sq ft of production space), we expect completion by end FY06 and a 20-30% boost to revenue growth in FY07.

A factor we failed to stress before is that D&O has well positioned itself in the **Optoelectronics segment which is a sub-sector of the worldwide semiconductor industry.** Apparent in their earnings growth is that this segment does not follow the general trend of the semiconductor industry and has been experiencing a growth rate of at least 10% yearly (www.ledmagazine.com).

Q405 expectations. Revenue should shrink by RM6.92m to close the year at RM115.0m and we see it reasonable to push up NI by RM0.58m to RM24.6m. This is largely due to a slight overstatement of expected growth of the Group's new OEM products as well as from the captive line segment and an understatement of earnings contributions from associate company – Dominant Semiconductor. We expect that **Dominant should be able to add RM5.7m to bottom line by FYE05.**

We feel that D&O will have more visibility if it transfers to main board. As our hopes are up for that to happen soon, we also have an inclination towards associate Dominant moving up to subsidiary level. Although no indications have been given we feel it to be a likely and natural move. Also, the growth story is really with Dominant. Unfortunate is the case that all contracts are kept confidential due to its associate status.

Buy Buy Buy! D&O trades cheaply compared to other listed semiconductor players on a **forward PE of 10.6x based on a prospective EPS of 5sen for FY06.** For valuation, we approach this time using a market cap PE pegging KESM and Globetronics and deriving a **weighted average PE of 14.9x** translating into a **fair value of RM0.72.**

FYE Dec (RMm)	FY04	FY05f	FY06f	FY07f
Revenue	101.63	115.04	135.39	163.76
% Growth		13.2%	17.7%	21.0%
Profit from Associate	0.00	5.71	14.97	17.14
Net Profit	15.69	24.55	35.16	41.75
% Change y-o-y		56.5%	43.2%	18.8%
Consensus EPS (sen)				
EPS (sen)	2.15	3.36	4.82	5.72
Gross DPS (sen)		0.001	0.003	0.005
Gross Div. Yield (%)	0.10%	0.19%	0.57%	0.94%
PER (x)	24.66	15.76	10.63	8.92
P/BV (x)	2.56	2.34	1.95	1.55
ROE (%)	43.2%	27.9%	27.9%	28.3%

Revenue Breakdown and Assumptions.

Revenue Breakdown	2004	2005F	2006F	2007F
Captive Line	0.00	102.34	110.23	123.48
<i>% Rev</i>	<i>0.0%</i>	<i>89.0%</i>	<i>81.4%</i>	<i>75.4%</i>
OEM	0.00	12.70	13.47	14.29
<i>% Rev</i>	<i>0.0%</i>	<i>11.0%</i>	<i>9.9%</i>	<i>8.7%</i>
RFID	0.00	0.00	11.70	26.00
<i>% Rev</i>	<i>0.0%</i>	<i>0.0%</i>	<i>8.6%</i>	<i>15.9%</i>
EBIT Breakdown - Assumptions	2004	2005F	2006F	2007F
Captive Line		17.55	18.09	20.27
<i>Margin%</i>		<i>17.2%</i>	<i>16.4%</i>	<i>16.4%</i>
OEM		2.29	2.42	2.57
<i>Margin%</i>		<i>18.0%</i>	<i>18.0%</i>	<i>18.0%</i>
RFID			2.14	4.75
<i>Margin%</i>			<i>18.3%</i>	<i>18.3%</i>

Balance Sheet FYE 31st Dec	2004	2005F	2006F	2007F
Tangible Fixed Assets	79.9	103.1	122.5	143.5
Intangible Fixed Assets	0.0	0.0	0.0	0.0
Current Assets	71.0	62.0	75.5	106.1
Current Liabilities	150.9	20.9	30.2	31.9
Working Capital	40.5	41.1	45.3	74.2
Total Assets less Current Liability	40.5	144.2	167.8	217.7
Total Assets	150.9	165.1	198.0	249.6
Non Current Liabilities	6.7	5.7	6.7	7.7
Total Liabilities (Ex-MI)	37.2	26.6	36.9	39.6
Total Shareholders' Equity	113.7	138.5	161.1	210.0
Total Liabilities and Equity	150.9	165.1	198.0	249.6
Tangible Book Value/Shr (RM)	0.2	0.2	0.3	0.3
Book Value per Share (RM)	0.2	0.2	0.3	0.3
Shares Outstanding (mil)	730.0	730.0	730.0	730.0

Financial Ratios	2004	2005	2006F	2007F
Safety				
Current Ratio	2.33	2.96	2.50	3.33
Quick Ratio	2.06	2.53	2.13	2.90
Cash Ratio	1.26	0.99	1.02	1.63
Profitability				
ROA	32.5%	22.2%	23.0%	23.5%
ROC	0.0%	0.0%	0.0%	0.0%
ROE	43.2%	27.9%	27.9%	28.3%
NTA/SHARE	0.21	0.23	0.27	0.34
Net Gearing	netcash	netcash	0.009	0.012
Inventories Turnover	10.1	13.5	13.4	13.2
Inventory turnover days	36.0	38.0	40.0	40.0
AR Turnover	4.9	5.3	5.4	5.1
AR Days	75.2	72.0	75.0	80.0
AP Turnover	8.9	9.1	9.6	11.4
AP Days	41.2	41.2	41.2	30.0
Cash Conversion Cycle	70.1	68.8	73.8	90.0

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