

## KIBB's Call Warrant Issue – MAYBANK and AIRASIA September 2009

World markets have surprised everyone this year, chalking up impressive gains in a difficult environment. Malaysia is no exception, up 33.5% but still lagging behind HSI +45%, STI +49%, SET +50% and JCI +100% !

This liquidity driven rally has encouraged short term speculative interest especially from day traders. With the new tick size it is difficult to make money from the underlying blue chip shares, which is why call warrants remain a favourable trading instrument to participate in the market upside.

Below is a chart of the FBM KLCI:



Clearly the uptrend is intact with consolidation around 1,170 points. There is a possibility that it will test 1,255 points by the end of the year.

## PARAMETERS OF CALL WARRANTS

Below are the parameters of the Call Warrants:

	<b>MAYBANK-CM (1155-CM)</b>	<b>AIRASIA-CH (5099-CH)</b>
<b>Warrant Issue Px</b>	RM 0.155	RM 0.165
<b>Ratio</b>	8 for 1	2 for 1
<b>Exercise Price</b>	RM 6.40	RM 1.42
<b>Tenure</b>	1 year	
<b>Exercise Style</b>	European	
<b>Premium</b>	17.72%	23.24%
<b>Gearing</b>	5.23x	4.30x
<b>Implied Volatility</b>	48.48%	56.53%
<b>Share Volatility</b>	33.75%	41.73%
<b>Listing Date</b>	7 September 2009	

## Candidate 1: MAYBANK-CM (1155-CM)

Maybank has done better than the FBM KLCI +41% but behind Commerce +84% this year. Having announced losses in their recent quarterly earnings due to impairment charges on BII and MCB, the overhanging issue over the expensive acquisition has been addressed.



Maybank is a good proxy to Malaysia's economic recovery and will benefit from M&A deals going forward. Assuming a target price of RM7.00, the indicative price of the CW should be RM0.18 or a target upside of 16% based on the issuing price of RM0.155.

## Candidate 2: AIRASIA-CH (5099-CH)

AirAsia has just surprised the market with strong earnings despite high oil prices and the Influenza A (H1N1) outbreak, indicating that they have fully hedged their fuel requirements and passenger loads remain high. With the Hari Raya and school holidays coming up at the end of the year, prospects for the company remain good.



The share price is consolidating at around RM1.42 level. A target price of RM1.60 will translate to an indicative price of RM0.19 or 15% upside based on the issuing price of RM0.165.

If you have any questions regarding the candidates, pricing or trading of the warrants, please call **03 – 2161 4059**.

### Disclaimer

This document has been prepared for information purposes to our promoters only and does not constitute a recommendation for investing in our structured warrants nor does it constitute an offering for our structured warrants. Investors should read the base prospectus, supplementary base prospectuses and the relevant term sheets before making your investment decision. Any view, opinion or representation in this document cannot be relied upon to form the basis of your customer's or your investment decision-making and we would not be responsible for any loss, expense or cost incurred whether directly or indirectly. Investors should rely on your own evaluation to assess the merits and risks of the structured warrants and if in any doubt when considering the structured warrants, investors should seek professional advice.