

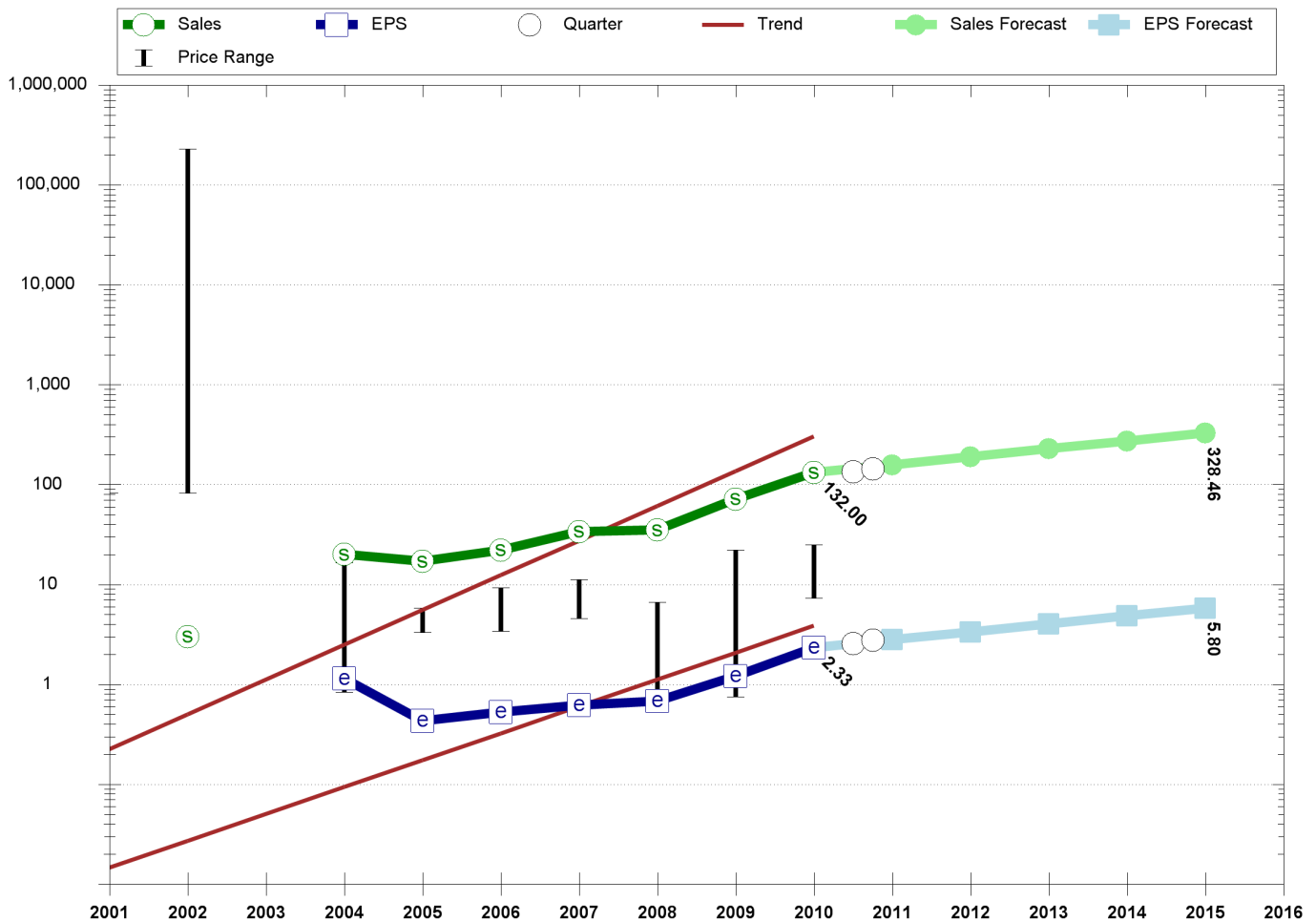
Company	Telestone Technologi		Date	11/21/2011	
Prepared by	Taylor IV		Data taken from	BI Stock Data	
Where traded	NAS		Industry	Telecom Services	
Capitalization --- Outstanding Amounts	Reference				
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	12.3	31.7	6.3		
Debt (\$M)	10.4	% to Tot Cap	7.6	% Pot Dil	0.1

Stock Selection Guide

Symbol: TSTC

1 VISUAL ANALYSIS of Sales, Earnings, and Price

FY2010 QuarterEnding (06/11)	Sales (\$M)	Earnings Per Share
Latest Quarter	24.3	0.37
Year Ago Quarter	16.6	0.16
Percentage Change	46.44%	131.25%



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|-----------------------------------|--------|------------------------------------------------|--------|
| (1) Historical Sales Growth | 108.4% | (3) Historical Earnings Per Share Growth | 62.2% |
| (2) Estimated Future Sales Growth | 20.00% | (4) Estimated Future Earnings Per Share Growth | 20.00% |

2 EVALUATING Management

Telestone Technologi

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Last 5 Year Avg.
Pre-tax Profit on Sales (Net Before Taxes/Sales)		123.80%	-	22.63%	21.43%	27.49%	23.93%	24.97%	22.11%	23.50%	24.40%
% Earned on Equity (E/S / Book Value)		613.84%		72.16%	20.57%	19.51%	15.06%	13.49%	19.35%	24.39%	18.36%

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

PRESENT PRICE 4.2

HIGH THIS YEAR 14.98

LOW THIS YEAR 3.88

	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
1 2006	9.25	3.40	0.53	17.45	6.42	0.000	0.00	0.00
2 2007	11.12	4.55	0.62	17.94	7.34	0.000	0.00	0.00
3 2008	6.61	0.63	0.68	9.72	0.93	0.000	0.00	0.00
4 2009	22.05	0.75	1.21	18.22	0.62	0.000	0.00	0.00
5 2010	24.94	7.29	2.33	10.70	3.13	0.000	0.00	0.00
6 TOTAL		16.6		74.0	18.4		0.0	
7 AVERAGE		3.3		14.8	3.7		0.0	
8 AVERAGE PRICE EARNINGS RATIO 9.2					9 CURRENT PRICE EARNINGS RATIO 1.5			

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 9.00 X Estimate High Earnings/Share 5.80 = Forecasted High Price \$ 52.20

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 3.69 X Estimate Low Earnings/Share 2.33 = Forecasted Low Price \$ 8.60

(b) Avg. Low Price of Last 5 Years 3.32

(c) Recent Market Low Price 0.75

(d) Price Dividend Will Support $\frac{\text{Present Dividend}}{\text{High Yield}} = \frac{0.000}{0.00\%} = 0.00$

Selected Forecasted Low Price 0.75

C ZONING using 25%-50%-25%

Forecasted High Price 52.20 Minus Forecasted Low Price 0.75 = 51.45 Range. 25% of Range 12.86

Buy Zone 0.75 to 13.61

Hold Zone 13.61 to 39.34

Sell Zone 39.34 to 52.20

Present Market Price of 4.16 is in the **Buy** Zone

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price}} = \frac{52.20 - 4.16}{4.16} = 12.55$
 $\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{52.20 - 4.16}{4.16 - 0.75} = 14.09$ To 1

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price} - \text{Present Market Price}}{\text{Present Market Price}} = \frac{52.20 - 4.16}{4.16} = 12.55$ X 100 = 1,254.81 - 100 = 1,154.81 % Appreciation

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A $\frac{\text{Present Full Year's Dividend \$}}{\text{Present Price of Stock}} = \frac{0.000}{4.16} = 0.00 = 0.00\%$ Present Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{0.00\%}{9.00} = 0.00\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 65.85 %

Average Yield 0.00 %

Annualized Rate of Return 65.85 %