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ZOOM TECHNOLOGIES INC
Form 8-K
April 30, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

Current Report Pursuant
to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) April 30, 2004

Zoom Technologies, Inc.

(Exact Name Of Registrant As Specified In Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

0-18672

(Commission File Number)

51-0448969

(I.R.S. Employer Identification No.)

207 South Street, Boston, MA

(Address of Principal Executive Offices)

02111

(Zip Code)

(617) 423-1072

(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Item 7. Financial Statements and Exhibits.
(c) Exhibits.

Exhibit Number	Description
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99.1	Press release dated April 30, 2004 of Zoom Technologies, Inc. (the "Company") announcing its financial results for the First quarter ended December 31, 2003.

Item 12. Results of operations and financial condition.

On April 30, 2004, the Company issued a press release announcing its financial results for the First quarter ended March 31, 2004. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein in its entirety by reference.

Limitation on Incorporation by Reference. The information furnished in this Item 12 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

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Cautionary Note Regarding Forward-Looking Statements. Except for historical information contained in the press release attached as an exhibit hereto, the press release contains forward-looking statements which involve certain risks and uncertainties that could cause actual results to differ materially from those expressed or implied by these statements. Please refer to the cautionary note in the press release regarding these forward-looking statements.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: April 30, 2004

ZOOM TECHNOLOGIES, INC.

By: /s/ Robert A. Crist

Robert A. Crist, Chief
Financial Officer

EXHIBIT INDEX

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99.1	Press release dated April 30, 2004 of Zoom Technologies, Inc. (the "Company") announcing its financial results for the First quarter ended March 31, 2004.

EXHIBIT 99.1

Zoom Technologies Reports Results for the First Quarter of 2004

Boston, April 30, 2004 -Zoom Technologies, Inc. (NASDAQ: ZOOM), a leading manufacturer of modems and other data communication products, today reported net sales of \$7.8 million for the first quarter of 2004, up 3.4% from \$7.5 million for the first quarter of 2003. Zoom's ADSL modem sales continued to grow, offsetting the decline in dial-up modem sales.

Zoom reported a net loss of \$504 thousand or \$.06 per diluted share for its first quarter ending March 31, 2004, an improvement over Zoom's net loss of \$840 thousand or \$.11 per diluted share in the first quarter of 2003, due primarily to improved gross profit and reduced operating expenses.

Gross profit was \$2.3 million or 29.7% of net sales in the first quarter of 2004, up from \$2.1 million or 28.5% of net sales in the first quarter of 2003. The improved gross profit dollars and percentage reflect product cost reductions.

Operating expenses were \$2.9 million or 36.7% of net sales in the first quarter of 2004 compared to \$3.1 million or 40.7% of net sales in the first quarter of 2003. Operating expenses were improved primarily due to lower personnel-related costs.

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Zoom's cash balance on March 31, 2004 was \$9.0 million, down from \$9.9 million on December 31, 2003. During the quarter the exercise of stock options by Zoom employees added \$0.6 million to Zoom's cash balance. On March 31, 2004 Zoom's current ratio was 5.7.

"We are encouraged by the ongoing growth of our ADSL modem sales during the quarter," said Frank Manning, Zoom's President and CEO. "This was our tenth consecutive quarter with ADSL modem growth, and ADSL represented 29% of net sales for the quarter. The dial-up modem after-market remains difficult as many retailers continue to reduce shelf space. We remain excited about our upcoming VoIP "voice over the Internet" products, and we believe Zoom has important advantages including our strength in telephony, our international distribution, and our ability to offer a strong customer experience including hardware integrated with our Global Village™ VoIP service. Global Village is a telephone service developed by Zoom as an alternative to, for instance, the popular Vonage VoIP service. Global Village will let customers make free calls to anywhere in the world where someone has a Zoom VoIP product or another compatible VoIP phone service. In addition, our Global Village service will include an optional service for making low-cost phone calls from Zoom's VoIP equipment to any phone, anywhere in the world, that can be reached by a regular phone call."

Zoom has scheduled a Q1 2004 earnings conference call for Friday, April 30th at 5:00 p.m. Eastern Time. You may access the conference call by dialing (800) 915-4836 for calls made within the United States and dialing (973) 317-5319 for calls outside the United States. The call will also be simulcast to stock analysts and other interested parties on Zoom's website (www.zoom.com/Q1) and other financial and investor-oriented websites via the CCBN / StreetEvents network. Shortly after the conference call, a recorded broadcast will be available on Zoom's website. For additional information, please contact Investor Relations, Zoom Technologies, 207 South Street, Boston, MA 02111, telephone (617) 423-1072, email investor@zoom.com, or visit Zoom's website at www.zoom.com.

This release contains forward-looking information relating to Zoom's plans, expectations and intentions, including statements relating to Zoom's plans to introduce new products including VoIP products and service, and the characteristics, advantages and potential success of such products and services. Actual results may be materially different from those expectations as a result of known and unknown risks, including Zoom's potential future losses; Zoom's ability to obtain additional financing for working capital and other purposes; Zoom's prospects in the dial-up modem market, which has the potential for reduced sales, lower margins, and less favorable selling terms; the uncertainty of market growth of cable and ADSL modem markets, and the uncertainty of Zoom's ability to more successfully penetrate those markets, which have been challenging markets with significant barriers to entry; Zoom's ability to effectively manage its inventory; uncertainty of new product development and introduction, including budget overruns, project delays and the risk that newly introduced products may contain undetected errors or defects or otherwise not perform as anticipated, and other delays in shipments of products; Zoom's dependence on one or a limited number of suppliers for certain key components; rapid technological change; competition; and other risks set forth in Zoom's filings with the Securities and Exchange Commission. Zoom cautions readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. Zoom expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any such statements to reflect any change in the Zoom's expectations or any change in events, conditions or circumstance on which any such statement is based.

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In thousands
(Audited)

	Mar 31, 2004	Dec 31, 2003
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Assets		
Current assets:		
Cash	\$ 9,049	\$ 9,904
Accounts receivable, net	4,134	3,945
Inventories, net	5,568	4,771
Prepaid expenses and other	459	435
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Total current assets	19,210	19,055
Property and equipment, net	2,829	2,919
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Total assets	\$22,039	\$21,974
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LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,932	\$ 2,172
Accrued expenses	1,194	1,012
Current portion of long-term debt	226	224
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Total current liabilities	3,352	3,408
Long-term debt	5,039	5,096
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Total liabilities	8,391	8,504
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Stockholders' equity:		
Common stock and additional paid-in capital	29,152	28,581
Treasury stock	(7)	(7)
Accumulated other comprehensive income (loss)	445	334
Retained earnings (deficit)	(15,942)	(15,438)
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Total stockholders' equity	13,648	13,470
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Total liabilities & Stockholders' equity	\$22,039	\$21,974
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ZOOM TECHNOLOGIES, INC.
Consolidated Statements of Operations
In thousands, except per share data
(Audited)

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	Three Months Ending	
	03/31/04	03/31/03
Net sales	\$7,792	\$ 7,539
Cost of goods sold	5,480	5,394
Gross profit	2,312	2,145
Operating expenses:		
Selling	1,226	1,362
General and administrative	954	958
Research and development	678	752
Total operating expenses	2,858	3,072
Operating profit (loss)	(546)	(927)
Other income (expense), net	42	87
Income(loss) before income taxes	(504)	(840)
Income tax expense(benefit)	-	-
Income (loss) before extraordinary gain	(504)	(840)
Extraordinary gain	-	-
Net income (loss)	\$ (504)	\$ (840)
Basic earnings (loss) per share:		
Earnings (loss) per share	\$(0.06)	\$(0.11)
Diluted earnings (loss) per share:		
Earnings (loss) per share	\$(0.06)	\$(0.11)
Weighted average number of shares outstanding:		
Basic	8,135	7,853
Diluted	8,135	7,853