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ZOOM TECHNOLOGIES INC  
Form 8-K  
February 11, 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) February 11, 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

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(Address of Principal Executive Offices)

02111

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(Zip Code)

(617) 423-1072

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(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 February 11, 2004 of Zoom Technologies, Inc. (the "Company") announcing its financial results for the fourth quarter ended December 31, 2003.

Item 12. Results of operations and financial condition.

On February 11, 2004, the Company issued a press release announcing its financial results for the fourth quarter ended December 31, 2003. 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: February 11, 2004

ZOOM TECHNOLOGIES, INC.

By: /s/ Robert A. Crist

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Robert A. Crist, Chief  
Financial Officer

### EXHIBIT INDEX

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### EXHIBIT 99.1

Zoom Technologies Reports Higher Sales and Profit for the Fourth Quarter of 2003  
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Boston, February 11, 2004 -Zoom Technologies, Inc. (NASDAQ: ZOOM), a leading manufacturer of modems and other data communication products, today reported net income of \$757 thousand or \$.09 per diluted share for its fourth quarter ending December 31, 2003, a positive income swing of \$1.3 million from Zoom's net loss of \$529 thousand or \$.07 per diluted share in the fourth quarter of 2002.

Zoom's net sales were \$9.2 million for the fourth quarter of 2003, up 11.5% from \$8.2 million for the fourth quarter of 2002, due primarily to dramatic growth in ADSL modem sales.

Zoom's net loss for the year 2003 was \$668 thousand or \$.08 per diluted share on sales of \$33.3 million, compared to a net loss of \$5.1 million or \$.65 per diluted share on sales of \$37.3 million for 2002. Zoom incurred losses in the first two quarters of 2003, and then became profitable in the last two quarters of 2003 as ADSL modem sales grew and Zoom's costs declined.

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Gross profit was \$3.4 million or 36.6% of net sales in the fourth quarter of 2003 compared to \$2.4 million or 29.1% of net sales in the fourth quarter of 2002. The improved gross profit dollars and percentage reflect the impact of product cost improvements and the increased dollar value of European sales due to the strength of the euro and the pound.

Operating expenses were \$2.6 million or 28.6% of net sales in the fourth quarter of 2003 compared to \$2.9 million or 35.2% of net sales in the fourth quarter of 2002. The decline in operating expenses was primarily due to lower employee-related operating expenses as Zoom's worldwide headcount dropped from 185 to 159 from December 31, 2002 to December 31, 2003.

Zoom's cash balance on December 31, 2003 was \$9.9 million, up from \$7.6 million on December 31, 2002. On December 31, 2003 Zoom's current ratio was 5.6.

"We are particularly encouraged by the growth of our ADSL modem business, which has increased for 8 straight quarters, more than quadrupling in revenues to \$2.2 million from Q4 2002 to Q4 2003," said Frank Manning, Zoom's President and CEO. "Europe is particularly strong for us, and we are also seeing good growth in the US and Asia. Our DSL customers now include European retailers, Internet Service Providers, and even telephone operating companies. We plan to extend our ADSL product line to include wireless networking and Voice over IP. While we are encouraged by our progress in the ADSL modem market, the overall market for dial-up modems sold by retailers, an important part of our business, has continued to decline."

"We are focusing our development efforts primarily in the ADSL, dial-up modem, dialer, and Voice over IP areas, with exciting product introductions planned throughout 2004. We also remain committed to our other Internet access product lines, including cable modems."

"Overall our business has been running efficiently. Operating costs are down, inventory turns are up, receivables collections are good, and our cash position is strong."

Zoom has scheduled a Q4 2003 earnings conference call for Wednesday February 11th 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/Q4](http://www.zoom.com/Q4)) 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](mailto:investor@zoom.com), or visit Zoom's website at [www.zoom.com](http://www.zoom.com).

This release contains forward-looking information relating to Zoom's plans, expectations and intentions, including statements relating to Zoom's plans for developing and introducing products, Zoom's growth and success in ADSL modem sales, Zoom's ADSL prospects and momentum. 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

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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.

ZOOM TECHNOLOGIES, INC.  
Consolidated Balance Sheets  
In thousands  
(Audited)

	Dec 31, 2003	Dec 31, 2002
<hr style="border-top: 1px dashed black;"/>		
Assets		
Current assets:		
Cash	\$ 9,904	\$ 7,612
Accounts receivable, net	3,945	3,714
Inventories, net	4,771	6,783
Prepaid expenses and other	435	1,038
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Total current assets	19,055	19,147
Property and equipment, net	2,919	3,486
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Total assets	\$21,974	\$22,633
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LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 2,172	\$ 2,407
Accrued expenses	1,012	1,207
Current portion of long-term debt	224	192
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Total current liabilities	3,408	3,806
Long-term debt	5,096	5,342
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Total liabilities	8,504	9,148
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Stockholders' equity:		
Common stock and additional paid-in capital	28,581	28,245
Treasury stock	(7)	(2)
Retained earnings (deficit) and foreign currency translation	(15,104)	(14,758)

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Total stockholders' equity	13,470	13,485
Total liabilities & Stockholders' equity	\$21,974	\$22,633

ZOOM TECHNOLOGIES, INC.  
Consolidated Statements of Operations  
In thousands, except per share data  
(Audited)

	Three Months Ending		Years Ending	
	12/31/03	12/31/02	12/31/03	12/31/02
Net sales	\$9,157	\$ 8,215	\$33,335	\$37,274
Cost of goods sold	5,804	5,822	23,120	27,937
Gross profit	3,353	2,393	10,215	9,337
Operating expenses:				
Selling	1,306	1,360	5,271	5,848
General and administrative	705	817	3,117	3,405
Research and development	612	716	2,767	3,527
Total operating expenses	2,623	2,893	11,155	12,780
Operating profit (loss)	730	(500)	(940)	(3,443)
Other income (expense), net	27	(27)	272	67
Income (loss) before income taxes	757	(527)	(668)	(3,376)
Income tax expense (benefit)	-	2	-	2,015
Income (loss) before extraordinary gain	757	(529)	(668)	(5,391)
Extraordinary gain	-	-	-	255
Net income (loss)	\$ 757	\$ (529)	\$ (668)	\$ (5,136)
Basic earnings (loss) per share:				
Earnings (loss) per share before extraordinary gain	\$ 0.09	\$ (0.07)	\$ (0.08)	\$ (0.68)
Extraordinary gain	-	-	-	0.03
Earnings (loss) per share	\$ 0.09	\$ (0.07)	\$ (0.08)	\$ (0.65)
Diluted earnings (loss) per share:				
Earnings (loss) per share before extraordinary gain	\$ 0.09	\$ (0.07)	\$ (0.08)	\$ (0.68)
Extraordinary gain	-	-	-	0.03
Earnings (loss) per share	\$ 0.09	\$ (0.07)	\$ (0.08)	\$ (0.65)

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Weighted average number of shares outstanding:

Basic	7,970	7,861	7,883	7,861
Diluted	8,593	7,861	7,883	7,861

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