

ZOOM TECHNOLOGIES INC
Form 10-Q
August 20, 2012

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

FOR THE QUARTER ENDED JUNE 30, 2012

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the transition period from _____ to _____

Commission file number 000-18672

ZOOM TECHNOLOGIES, INC.

(Exact name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

51-0448969

(I.R.S. Employer Identification Number)

Headquarters:
Sanlitun SOHO, Building A, 11th Floor
No.8 Workers Stadium North Road
Chaoyang District, Beijing, China 100027

U.S. office:
c/o Ellenoff Grossman & Schole LLP

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150 East 42nd Street, 11th Floor
New York, NY 10017

(Address of principal executive offices including zip code)

(917) 609-0333

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report) Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

Explanatory Note: Pursuant to Rule 405(a)(2) of Regulation S-T, the registrant is relying upon the applicable 30-day grace period for the initial filing of its first Interactive Data File required to contain detail-tagged footnotes or schedules. The registrant intends to file the required detail-tagged footnotes or schedules by the filing of an amendment to this Quarterly Report on Form 10-Q within the 30-day period.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

Applicable only to corporate issuers:

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: The number of shares of common stock, par value \$0.01, outstanding as of August 15, 2012 is 29,106,668.

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Zoom Technologies, Inc.
and Subsidiaries

FORM 10-Q

For June 30, 2012

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PART I — FINANCIAL INFORMATION

ITEM 1 Consolidated Financial Information - (unaudited)

ZOOM TECHNOLOGIES, INC., AFFILIATES & SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	AT JUNE 30, 2012	AT DECEMBER 31, 2011
	(UNAUDITED)	(AUDITED)
ASSETS		
Current assets		
Cash and equivalents	\$ 5,943,116	\$ 1,131,109
Restricted cash	14,196,046	15,507,408
Accounts receivable, net	69,929,220	48,970,549
Inventories, net	7,458,737	3,070,000
Purchase deposit	6,860,108	8,549,315
Other receivables and prepaid expenses	9,623,044	9,784,007
Advance to suppliers	2,296,412	9,834,017
Notes receivable	-	1,086,606
Due from related parties	22,267,993	30,425,700
Costs in excess of revenue - R&D contracts	514,797	91,880
Deferred tax assets, net	56,548	56,149
Total current assets	139,146,021	128,506,740
Long-term investment	12,342,358	-
Property, plant and equipment, net	5,743,876	6,260,675
Equipment deposit	39,710	101,859
Construction in progress deposit - related party	-	10,170,809
Intangible assets	704,074	772,527
Goodwill	34,725,680	36,332,497
TOTAL ASSETS	\$ 192,701,719	\$ 182,145,107
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Short-term loans	\$ 25,565,867	\$ 26,405,343
Notes payable	28,231,522	29,443,650
Accounts payable	4,972,190	14,336,883
Accrued expenses and other payables	11,010,728	10,173,712
Advance from customers	1,343,394	1,112,179
Taxes payable	3,478,555	4,287,309
Interest payable	97,569	85,323
Dividends payable	627,039	622,606
Due to related parties	25,444,409	6,742,373
Total current liabilities	100,771,273	93,209,378
Long-term payables	145,000	145,000
Long-term notes payable	500,000	500,000
Long-term loan	-	10,458
TOTAL LIABILITIES	101,416,273	93,864,836
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Preferred stock: authorized 1,000,000 shares, par value \$0.01 none issued and outstanding	-	-
Common stock: authorized 35,000,000 shares, par value \$0.01 Issued 28,935,723 shares and outstanding 28,934,043 shares; and Issued 23,865,723 shares and outstanding 23,864,043 shares at June 30, 2012 and December 31, 2011	289,340	238,640
Shares to be issued	1,726	1,000
Deferred expenses	(6,038,757)	(1,400,068)
Additional paid-in capital	58,992,716	53,133,895
Treasury shares: 1,680 shares at cost	(7,322)	(7,322)
Statutory surplus reserve	682,528	682,528
Accumulated other comprehensive income	2,471,146	2,081,429

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Retained earnings	23,110,363	22,048,539
TOTAL STOCKHOLDERS' EQUITY	79,501,740	76,778,641
Noncontrolling interest	11,783,706	11,501,630
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 192,701,719	\$ 182,145,107

The accompanying notes are an integral part of these consolidated financial statements.

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ZOOM TECHNOLOGIES, INC., AFFILIATES & SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF INCOME
 (UNAUDITED)

	FOR THE THREE MONTHS ENDED JUNE 30,		FOR THE SIX MONTHS ENDED JUNE 30,	
	2012	2011	2012	2011
Net revenues	\$ 98,628,326	\$ 57,564,265	\$ 189,536,590	\$ 116,175,951
Cost of goods sold	90,305,883	51,682,375	175,058,589	103,945,192
Gross profit	8,322,443	5,881,890	14,478,001	12,230,759
Operating expenses:				
Sales and marketing	302,319	179,255	547,927	387,794
General and administrative	4,585,044	1,663,774	7,979,684	2,929,965
Research and development	859,332	1,393,511	1,386,046	3,028,715
Non-cash equity-based compensation	837,310	307,469	1,271,559	614,938
Total operating expenses	6,584,005	3,544,009	11,185,216	6,961,412
Income from operations	1,738,438	2,337,881	3,292,785	5,269,347
Other income (expenses)				
Interest income	59,540	38,997	261,822	143,258
Loss on disposal of fixed assets	0	(64)	-	(8,432)
Government grants	19,027	15,342	76,592	15,342
Other income				

Douglas R. Jamieson
 President, Chief
 Operating Officer
 and Managing
 Director

Robert S. Zuccaro
 Chief Financial
 Officer

David Goldman

Thomas J. Hearity
 General Counsel,
 Secretary & Chief
 Compliance
 Officer

Gabelli Funds, LLC
 Officers:
 Assistant
 Secretary

Mario J. Gabelli
 Chief Investment
 Officer – Value
 Portfolios
 Executive Vice
 President and
 Chief Operating
 Officer

Agnes Mullady
 President and
 Chief Operating
 Officer – Open
 End Fund
 Division

Robert S. Zuccaro
 Chief Financial
 Officer

Teton Advisors, Inc.

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Directors:

Howard F. Ward	Chairman of the Board
Nicholas F. Galluccio	
Vincent J. Amabile	Chief Executive Officer and President
John Tesoro	

Officers:

Howard F. Ward	See above
Nicholas F. Galluccio	See above
Robert S. Zuccaro	Chief Financial Officer
David Goldman	Assistant Secretary
Tiffany Hayden	Secretary

Gabelli Securities, Inc.

Directors:

Robert W. Blake	President of W. R. Blake & Sons, Inc. 196-20 Northern Boulevard Flushing, NY 11358
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Douglas G. DeVivo	DeVivo Asset Management Company LLC P.O. Box 2048 Menlo Park, CA 94027
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Douglas R. Jamieson	President
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Daniel R. Lee	Managing Partner of Creative Casinos, LLC 10801 W. Charleston Blvd., Suite 420 Las Vegas, NV 89135
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Officers:

Douglas R. Jamieson	See above
Robert S. Zuccaro	Chief Financial Officer

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Diane M. LaPointe	Controller
Thomas J. Hearity	General Counsel and Secretary
David M. Goldman	Assistant Secretary
Joel Torrance	Chief Compliance Officer
G.research, Inc.	
Directors:	
Irene Smolicz	Senior Trader – G.research, Inc.
Daniel M. Miller	Chairman
Officers:	
Daniel M. Miller	See above
Cornelius V. McGinity	President
Bruce N. Alpert	Vice President
Diane M. LaPointe	Controller and Financial & Operations Principal
Douglas R. Jamieson	Secretary
David M. Goldman	Assistant Secretary
Josephine D. LaFauci	Chief Compliance Officer
Gabelli Foundation, Inc.	
Officers:	
Mario J. Gabelli	Chairman, Trustee & Chief Investment Officer
Elisa M. Wilson	President
Marc J. Gabelli	Trustee
Matthew R. Gabelli	Trustee
Michael Gabelli	Trustee
MJG-IV Limited Partnership	
Officers:	
Mario J. Gabelli	General Partner

SCHEDULE II
 INFORMATION WITH RESPECT TO
 TRANSACTIONS EFFECTED DURING THE PAST SIXTY DAYS OR
 SINCE THE MOST RECENT FILING ON SCHEDULE 13D (1)

DATE	SHARES PURCHASED SOLD(-)	AVERAGE PRICE(2)
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COMMON STOCK-SALEM COMMUNICATIONS CORP.

GAMCO ASSET MANAGEMENT INC.

8/23/13	20,000	7.9921
7/31/13	6,000	7.6398
7/17/13	1,000-	8.0800

TETON ADVISORS, INC.

8/23/13	94,558	8.0746
8/22/13	12,260	7.6070
8/16/13	6,900	7.7800
8/15/13	8,100	7.7800
8/13/13	40,000	7.9998
8/09/13	8,623	8.0100
8/08/13	496	8.0082
8/07/13	2,881	7.9893
8/02/13	5,000	7.6797
8/01/13	3,000	7.8050

GABELLI FUNDS, LLC.

GABELLI SMALL CAP GROWTH FUND

7/18/13	1,246-	8.1800
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GABELLI MULTIMEDIA TRUST INC.

7/03/13	1,000-	7.8172
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(1) UNLESS OTHERWISE INDICATED, ALL TRANSACTIONS WERE EFFECTED
 ON THE NASDAQ GLOBAL SECURITIES MARKET.

(2) PRICE EXCLUDES COMMISSION.

