

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

FORM 10-Q

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

For the quarterly period ended March 31, 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 No. 001-31332

LIQUIDMETAL TECHNOLOGIES, INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

33-0264467
(I.R.S. Employer
Identification No.)

30452 Esperanza
Rancho Santa Margarita, CA 92688
(Address of principal executive office, zip code)

Registrant's telephone number, including area code: **(949) 635-2100**

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 such 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

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 the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer 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

The number of common shares outstanding as of May 1, 2012 was [161,548,906].

EXPLANATORY NOTE

In our 2011 Annual Report on Form 10-K (“Form 10-K”) as filed with the U.S. Securities and Exchange Commission (“SEC”) on March 30, 2012, we restated our consolidated financial statements for the fiscal year ended December 31, 2010 as originally filed with the SEC on Form 10-K on December 6, 2011, and each of the interim quarterly periods ended March 31, 2011, June 30, 2011 and September 30, 2011, as filed with the SEC on Form 10-Q on May 16, 2011, August 10, 2011 and November 10, 2011, respectively, to properly account for certain previously issued warrants and to include required earnings per share disclosures.

LIQUIDMETAL TECHNOLOGIES, INC.
FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 2012

FORWARD-LOOKING INFORMATION

This Quarterly Report on Form 10-Q of Liquidmetal Technologies, Inc. contains “forward-looking statements” that may state our management’s plans, future events, objectives, current expectations, estimates, forecasts, assumptions or projections about the company and its business. Any statement in this report that is not a statement of historical fact is a forward-looking statement, and in some cases, words such as “believes,” “estimates,” “projects,” “expects,” “intends,” “may,” “anticipate,” “plans,” “seeks,” and similar expressions identify forward-looking statements. Forward-looking statements involve risks and uncertainties that could cause actual outcomes and results to differ materially from the anticipated outcomes or result. These statements are not guarantees of future performance, and undue reliance should not be placed on these statements. It is important to note that our actual results could differ materially from what is expressed in our forward-looking statements due to the risk factors described in the section of our Annual Report on Form 10-K for the year ended December 31, 2011 titled “Risk Factors” as well as the following risks and uncertainties:

- Our ability to fund our operations in the short and long term through financing transactions on terms acceptable to us, or at all;
- Our history of operating losses and the uncertainty surrounding our ability to achieve or sustain profitability;
- Our limited history of developing and selling products made from our bulk amorphous alloys;
- Lengthy customer adoption cycles and unpredictable customer adoption practices;
- Our ability to identify, develop, and commercialize new product applications for our technology;
- Competition from current suppliers of incumbent materials or producers of competing products;
- Our ability to identify, consummate, and/or integrate strategic partnerships;
- The potential for manufacturing problems or delays; and
- Potential difficulties associated with protecting or expanding our intellectual property position.

We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

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PART I**FINANCIAL INFORMATION****Item 1 – Financial Statements**

LIQUIDMETAL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except par value and share data)

	March 31, 2012 (Unaudited)	December 31, 2011 (Audited)
ASSETS		
Current assets:		
Cash	\$ 297	\$ 122
Trade accounts receivable, net of allowance of \$0 and \$0, respectively	194	241
Related party notes receivable	200	200
Prepaid expenses and other current assets	177	248
Total current assets	\$ 868	\$ 811
Property, plant and equipment, net	150	162
Patents and trademarks, net	965	968
Other assets	36	52
Total assets	\$ 2,019	\$ 1,993
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	1,041	803
Accrued liabilities	231	457
Accrued dividends	222	571
Deferred revenue	48	67
Short-term debt	2,462	1,712
Total current liabilities	\$ 4,004	\$ 3,610
Other long-term liabilities	857	609
Total liabilities	\$ 4,861	\$ 4,219
Shareholders' deficit:		
Convertible, redeemable Series A Preferred Stock, \$0.001 par value; 10,000,000 shares authorized; 506,936 and 1,299,151 shares issued and outstanding at March 31, 2012 and December 31, 2011, respectively	-	1
Common stock, \$0.001 par value; 300,000,000 shares authorized; 160,137,306 and 134,467,554 shares issued and outstanding at March 31, 2012 and December 31, 2011, respectively	156	130
Warrants	24,438	24,438
Additional paid-in capital	149,490	149,064
Accumulated deficit	(176,926)	(175,859)
Total shareholders' deficit	\$ (2,842)	\$ (2,226)
Total liabilities and shareholders' deficit	\$ 2,019	\$ 1,993

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

LIQUIDMETAL TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(in thousands, except per share and share data)
(unaudited)

	For the Three Months Ended March 31,	
	<u>2012</u>	<u>2011</u>
		(Restated)
Revenue		
Products	\$ 183	\$ 123
Licensing and royalties	13	381
Total revenue	<u>196</u>	<u>504</u>
Cost of sales	<u>81</u>	<u>106</u>
Gross profit	115	398
Operating expenses		
Selling, marketing, general and administrative	959	1,026
Research and development	188	324
Total operating expenses	<u>1,147</u>	<u>1,350</u>
Operating loss from continuing operations	(1,032)	(952)
Change in value of warrants, loss	-	(11)
Other income	-	5
Interest expense	(39)	(15)
Interest income	<u>4</u>	<u>8</u>
Loss from continuing operations before income taxes	(1,067)	(965)
Income taxes	<u>-</u>	<u>-</u>
Loss from continuing operations	(1,067)	(965)
Discontinued operations:		
Loss from operations of discontinued operations, net of taxes	<u>-</u>	<u>(429)</u>
Net loss	(1,067)	(1,394)
Other comprehensive income:		
Foreign exchange translation gain during the period	-	55
Comprehensive loss	<u>\$ (1,067)</u>	<u>\$ (1,339)</u>
Per common share basic and diluted:		
Loss from continuing operations	\$ (0.01)	\$ (0.01)
Loss from discontinued operations	-	-
Basic and diluted loss per share	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
Number of weighted average shares - basic and diluted	<u>153,707,246</u>	<u>93,695,377</u>

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

LIQUIDMETAL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF SHAREHOLDERS' DEFICIT
For the Three Months Ended March 31, 2012
(in thousands, except share data)
(unaudited)

	Preferred Shares	Common Shares	Preferred Stock	Common Stock	Warrants	Additional Paid-in Capital	Accumulat- ed Deficit	Total
Balance, December 31, 2011	<u>1,299,151</u>	<u>134,467,554</u>	<u>\$ 1</u>	<u>\$ 130</u>	<u>\$ 24,438</u>	<u>\$ 149,064</u>	<u>\$ (175,859)</u>	<u>\$ (2,226)</u>
Conversion of preferred stock	(792,215)	25,669,752	(1)	26		(25)		-
Stock-based compensation						24		24
Restricted stock issued to officer						78		78
Dividend distribution						349		349
Net loss							(1,067)	(1,067)
Balance, March 31, 2012	<u>506,936</u>	<u>160,137,306</u>	<u>-</u>	<u>156</u>	<u>24,438</u>	<u>149,490</u>	<u>(176,926)</u>	<u>(2,842)</u>

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

LIQUIDMETAL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Three Months Ended March, 31	
	2012	2011
		(Restated)
Operating activities:		
Net loss	\$ (1,067)	\$ (1,394)
Add: Loss from operations of discontinued operations	-	429
Net loss attributable to continuing operations	\$ (1,067)	\$ (965)
Adjustments to reconcile loss from continuing operations to net cash used for operating activities:		
Loss attributable to noncontrolling interest of discontinued subsidiary	-	11
Depreciation and amortization	50	40
Stock-based compensation	102	44
Loss from change in value of warrants	-	11
Changes in operating assets and liabilities:		
Trade accounts receivable	47	(72)
Inventories	-	7
Prepaid expenses and other current assets	71	632
Other assets	16	(129)
Accounts payable and accrued expenses	12	(533)
Deferred revenue	(19)	-
Other liabilities	248	(60)
Net cash used in continuing operations	(540)	(1,014)
Changes in net assets and liabilities of discontinued operations	-	(1,297)
Net cash used in operating activities	(540)	(2,311)
Investing Activities:		
Purchases of property and equipment	-	(28)
Investment in patents and trademarks	(35)	-
Net cash used in investing activities	(35)	(28)
Financing Activities:		
Proceeds from borrowings	750	-
Net cash provided by financing activities of continuing operations	750	-
Net cash provided by financing activities of discontinued operations	-	478
Net cash provided by financing activities	750	478
Effect of foreign exchange translation	-	100
Net (decrease) increase in cash and cash equivalents	175	(1,761)
Cash and cash equivalents at beginning of period	122	5,072
Cash and cash equivalents at end of period	\$ 297	\$ 3,311

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

LIQUIDMETAL TECHNOLOGIES AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2012 and 2011
(in thousands, except share data)
(unaudited)

1. Description of Business

Liquidmetal Technologies, Inc. (the “Company”) is a materials technology company that develops and commercializes products made from amorphous alloys. The Company’s family of alloys consists of a variety of bulk alloys and composites that utilizes the advantages offered by amorphous alloys technology. The Company designs, develops and sells products and components from bulk amorphous alloys to customers in various industries. The Company also partners with third-party manufacturers and licensees to develop and commercialize Liquidmetal alloy products. The Company believes that its proprietary bulk alloys are the only commercially viable bulk amorphous alloys currently available in the marketplace.

Amorphous alloys are in general unique materials that are distinguished by their ability to retain a random atomic structure when they solidify, in contrast to the crystalline atomic structure that forms in other metals and alloys when they solidify. Liquidmetal alloys are proprietary amorphous alloys that possess a combination of performance, processing, and potential cost advantages that the Company believes will make them preferable to other materials in a variety of applications. The amorphous atomic structure of bulk alloys enables them to overcome certain performance limitations caused by inherent weaknesses in crystalline atomic structures, thus facilitating performance and processing characteristics superior in many ways to those of their crystalline counterparts. For example, in laboratory testing, zirconium-titanium Liquidmetal alloys are approximately 250% stronger than commonly used titanium alloys such as Ti-6Al-4V, but they also have some of the beneficial processing characteristics more commonly associated with plastics. The Company believes these advantages could result in Liquidmetal alloys supplanting high-performance alloys, such as titanium and stainless steel, and other incumbent materials in a wide variety of applications. Moreover, the Company believes these advantages could enable the introduction of entirely new products and applications that are not possible or commercially viable with other materials.

The Company’s revenues are derived from i) selling bulk Liquidmetal alloy products, which include non-consumer electronic devices, aerospace parts, medical products, and sports and leisure goods, ii) selling tooling and prototype parts such as demonstration parts and test samples for customers with products in development; and iii) product licensing and royalty revenue. The Company is currently converting from a research and development and prototyping business to a general production business of selling commercial parts, and in the future, we expect to have the largest portion of our revenues in the Liquidmetal alloy products category.

2. Basis of Presentation and Recent Accounting Pronouncements

The accompanying unaudited interim consolidated financial statements as of and for the three months ended March 31, 2012 have been prepared in accordance with accounting principles generally accepted in the United States of America (“generally accepted accounting principles”) for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting only of normal recurring accruals) considered necessary for a fair presentation have been included. All intercompany balances and transactions have been eliminated. Operating results for the three months ended March 31, 2012 are not necessarily indicative of the results that may be expected for any future periods or the year ending December 31, 2012. The accompanying unaudited consolidated financial statements should be read in conjunction with the Company’s Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 30, 2012.

Revenue Recognition

Revenue is recognized pursuant to applicable accounting standards including FASB ASC Topic 605 (“ASC 605”), Revenue Recognition. ASC 605 summarize certain points of the SEC staff’s views in applying generally accepted accounting principles to revenue recognition in financial statements and provide guidance on revenue recognition issues in the absence of authoritative literature addressing a specific arrangement or a specific industry.

The Company’s revenue recognition policy complies with the requirements of ASC 605. Revenue is recognized when i) persuasive evidence of an arrangement exists, ii) delivery has occurred, iii) the sales price is fixed or determinable, iv) collection is probable and v) all obligations have been substantially performed pursuant to the terms of the arrangement. Revenues primarily consist of the sales and prototyping of Liquidmetal mold and bulk alloys, licensing and royalties for the use of the Liquidmetal brand and bulk Liquidmetal alloys. Revenue is deferred and included in liabilities when the Company receives cash in advance for goods not yet delivered or if the licensing term has not begun.

License revenue arrangements in general provide for the grant of certain intellectual property rights for patented technologies owned or controlled by the Company. These rights typically include the grant of an exclusive or non-exclusive right to manufacture and/or sell products covered by patented technologies owned or controlled by the Company. The intellectual property rights granted may be perpetual in nature, extending until the expiration of the related patents, or can be granted for a defined period of time.

LIQUIDMETAL TECHNOLOGIES AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2012 and 2011
(in thousands, except share data)
(unaudited)

Licensing revenues that are one time fees upon the granting of the license are recognized when i) the license term begins in a manner consistent with the nature of the transaction and the earnings process, ii) when collectability is reasonably assured or upon receipt of an upfront fee, and iii) when all other revenue recognition criteria have been met. Pursuant to the terms of these agreements, the Company has no further obligation with respect to the grant of the license. Licensing revenues that are related to royalties are recognized as the royalties are earned over the related period.

Fair Value of Financial Instruments

The estimated fair values of amounts reported in the consolidated financial statements have been determined using available market information and valuation methodologies, as applicable. The fair value of cash and trade receivables approximate their carrying value due to their short maturities. The fair value of non-current assets and liabilities approximate their carrying value unless otherwise stated.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Entities are required to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value based upon the following fair value hierarchy:

- Level 1 — Quoted prices in active markets for identical assets or liabilities;
- Level 2 — Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and
- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Company has one Level 2 financial instrument, warrants that are recorded at fair value on a periodic basis. Warrants are evaluated under the hierarchy of FASB ASC Subtopic 480-10, FASB ASC Paragraph 815-25-1 and FASB ASC Subparagraph 815-10-15-74 addressing embedded derivatives. The fair value of such warrants is estimated using the Black-Scholes option pricing model. Any warrant liability is classified in accordance with the FASB Staff Position (FSP) No. 150-5, Issuer's Accounting under Statement No. 150 for Freestanding Warrants and Other Similar Instruments on Shares that are Redeemable ('FSP No. 15-5", now incorporated into and superseded by FASB ASC 480-10-25-9 and 25-13, Obligations to Repurchase Issuer's Equity Shares by Transferring Assets). (see Note 9).

Recent Accounting Pronouncements

In June 2011, the FASB, issued guidance regarding the presentation of comprehensive income. The new guidance eliminates the current option to report other comprehensive income and its components in the statement of changes in equity. Instead, an entity will be required to present either a continuous statement of net income and other comprehensive income or in two separate but consecutive statements. The updated guidance is effective on a retrospective basis for financial statements issued for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2011. The Company has adopted the guidance beginning on January 1, 2012.

In May 2011, the FASB issued additional guidance on fair value measurements that clarifies the application of existing guidance and disclosure requirements, changes certain fair value measurement principles and requires additional disclosures about fair value measurements. The updated guidance is effective on a prospective basis for financial statements issued for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2011. The Company has adopted the guidance beginning on January 1, 2012.

In April 2010, the FASB codified the consensus reached in Emerging Issues Task Force Issue No. 08-09, "Milestone Method of Revenue Recognition." FASB ASU No. 2010-17 "Revenue Recognition – Milestone Method (Topic 605)" provides guidance on defining a milestone and determining when it may be appropriate to apply the milestone method of revenue recognition for research and development transactions. FASB ASU No. 2010 – 17 is effective on a prospective basis for milestones achieved after the adoption date. The Company's adoption of this guidance on January 1, 2011 did not have a significant impact on its consolidated financial statements.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the AICPA and the SEC did not or are not believed by management to have a material impact on the Company's present or future consolidated financial statements.

LIQUIDMETAL TECHNOLOGIES AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2012 and 2011
(in thousands, except share data)
(unaudited)

3. Significant Transactions

On January 17, 2012, February 27, 2012 and March 28, 2012, the Company issued 8% unsecured, bridge promissory notes to Visser Precision Cast, LLC (“Visser”) due upon demand in the amount of \$200, \$200 and \$350, respectively. The promissory notes totaling \$750 remain outstanding as of March 31, 2012 and is included in Short Term Debt. On April 25, 2012, the Company issued an 8% unsecured, bridge promissory note to Visser due upon demand in the amount of \$300 (see Note 14).

On December 20, 2011, the Company’s former majority owned subsidiary, Liquidmetal Coatings, LLC (“LMC”) entered into a transaction pursuant to which LMC issued and sold additional membership interests to a related party and third-party investors for an aggregate purchase price of \$3,000 (the “LMC Investment”). The LMC Investment was entered into pursuant to a Membership Interest Purchase Agreement between the investors and LMC (the “Purchase Agreement”). The investors in the LMC Investment were Rockwall Holdings, Inc. (“Rockwall”) and C3 Capital Partners, L.P. and C3 Capital Partners II, L.P. (the “C3 Entities”). The C3 Entities were minority investors in LMC prior to the transaction, and Rockwall is a company controlled by John Kang, a former Chief Executive Officer and Chairman of the Company.

The transactions contemplated by the Purchase Agreement were deemed to be effective as of November 30, 2011. In connection with the LMC Investment, the Company and the C3 Entities, agreed to terminate a letter agreement, dated July 30, 2010, under which the Company would have been obligated to contribute additional capital to LMC if requested by LMC. As a result of the LMC Investment and the termination of such letter agreement, the Company no longer has any contingent obligation to contribute additional capital to LMC and consequently, the Company’s equity interest in LMC was reduced from approximately 72.86% to 0.67%. However, the Company did not sell any of its own membership interests in LMC in the transaction. As a result of the reduction in the Company’s percentage interest in LMC, the Company will no longer consolidate LMC’s financial results with the Company’s financial results and previous results of operations are reclassified as discontinued operations for financial reporting purposes. However, Ricardo Salas, the Company’s Executive Vice President, will continue to serve as a member of LMC’s board of directors.

In connection with the LMC Investment, the Company entered into a Second Amended and Restated Operating Agreement with LMC and other members of LMC, and the Company also entered into a Second Amended and Restated License and Technical Support Agreement with LMC terminating certain technology cross-licenses between LMC and the Company and continuing LMC’s right to use the Liquidmetal trademark in connection with LMC’s business.

On December 1, 2011, the Company entered into a Share Purchase Agreement (the “Share Purchase Agreement”) with LMTK Holdings, Inc. (“LMTK Holdings”) to sell the Company’s former Korean subsidiary and manufacturing facility, Liquidmetal Technologies Korea (“LMTK”) which was discontinued in November 2010. Under the Share Purchase Agreement, the Company sold all of LMTK’s shares of common stock to LMTK Holdings for an aggregate purchase price of one hundred dollars. The previous results of operations of LMTK have been included as discontinued operations in the Company’s consolidated financial statements, and as a result of the transaction, the Company will no longer consolidate LMTK’s financial results into the Company’s consolidated financial statements.

In June 2010, the Company created a wholly owned subsidiary, Advanced Metals Materials (“AMM”), in Weihei China as a holding company for certain assets that were acquired in China. During the first quarter of 2011, AMM started production and manufacturing of certain bulk Liquidmetal alloys. On August 5, 2011, the Company sold all of the stock of AMM to Innovative Materials Group, which is majority owned by John Kang, a former Chief Executive Officer and Chairman of the Company, for \$720, of which \$200 was paid in the form of a promissory note due August 5, 2012, bearing an interest rate of 8% per annum and is included in notes receivable in the Company’s consolidated balance sheet. The results of operations of AMM are included as discontinued operations in the Company’s consolidated statements of operations and comprehensive loss (See Note 10).

On August 6, 2010, SAGA, SpA in Padova, Italy (“SAGA”), a specialist parts manufacturer, filed a litigation case against the Company claiming damages of \$3,200 for payment on an alleged loan and for alleged breach of contract in connection with the formation of joint venture agreement called Liquidmetal SAGA Italy, Srl (“LSI”). On April 6, 2011 (the “Effective Date”), the Company entered into a Settlement and Equity Interest Purchase Agreement with SAGA pursuant to which (i) the joint venture between the Company and SAGA was terminated, (ii) the Company and SAGA both agreed to cause certain pending legal action against each other to be dismissed with prejudice, (iii) the Company paid SAGA \$2,800 in the form of 4,496,429 restricted shares (“Shares”) of the Company’s common stock in exchange for SAGA’s equity interest in LSI, and (iv) the Liquidmetal technology license to LSI was terminated (see Note 9).

The number of Shares issued to SAGA on the Effective Date was based on the 30 day trailing, volume weighted average price of the Company’s stock as of the Effective Date. An additional provision of the SAGA Settlement and Equity Interest Purchase Agreement was the obligation of the Company to issue a promissory note to compensate for a decrease in the market price of the Company’s common stock over a six month period from the Effective Date of the settlement. On October 10, 2011, the Company issued to SAGA a promissory note in the principal amount of \$1,712 due October 10, 2012 (“Maturity Date”) bearing interest of 8% per annum to account for the decrease in the market price of the Company’s common stock. All of the principal and accrued interest is due on the Maturity Date (see Note 6)

LIQUIDMETAL TECHNOLOGIES AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2012 and 2011
(in thousands, except share data)
(unaudited)

On August 5, 2010, the Company entered into a license transaction with Apple Inc. ("Apple") pursuant to which (i) the Company contributed substantially all of its intellectual property assets to a newly organized special-purpose, wholly-owned subsidiary, called Crucible Intellectual Property, LLC ("CIP"), (ii) CIP granted to Apple a perpetual, worldwide, fully-paid, exclusive license to commercialize such intellectual property in the field of consumer electronic products, as defined in the license agreement, in exchange for a license fee, and (iii) CIP granted back to the Company a perpetual, worldwide, fully-paid, exclusive license to commercialize such intellectual property in all other fields of use. Additionally, in connection with the license transaction, Apple required the Company to complete a statement of work related to the exchange of Liquidmetal intellectual property information. The Company recognized a portion of the one-time license fee upon receipt of the initial payment and completion of the foregoing requirements under the license transaction. The remaining portion of the one-time license fee was recognized at the completion of the required statement of work.

Under the agreements relating to the license transaction with Apple, the Company was obligated to contribute all intellectual property that it developed through February 2012 to CIP. In addition, the Company is obligated to refrain from encumbering any assets subject to the Apple security interest through August 2012 and is obligated to refrain from granting any security in its interest in CIP at any time. The Company is also obligated to maintain certain limited liability company formalities with respect to CIP at all times after the closing of the license transaction. If the Company is unable to comply with these obligations, Apple may be entitled to foreclose on such assets. The Company is in compliance with these obligations as of March 31, 2012.

4. Liquidity and Going Concern Issues

For the three months ended March 31, 2012, the Company's cash used in operating activities was \$540, cash used in investing activities was \$35 for continued investment in our trademarks, and cash provided by financing activities was \$750 related to the issuance of 8% unsecured, bridge promissory notes that are due on demand by Visser Precision Cast, LLC ("Visser") (see Note 3 and 6).

The Company is in the process of negotiating a private placement of equity securities with Visser ("Visser Private Placement") in order to infuse cash into the Company. However, there is no guaranty that the Company will be able to finalize the Visser Private Placement or any other financing transaction with Visser or any other investor.

On October 10, 2011, the Company issued a promissory note to SAGA in the principal amount of \$1,712 due October 10, 2012 in relation to a settlement agreement the Company signed with SAGA on April 6, 2011 (see Note 3).

The Company anticipates that its current capital resources, together with anticipated cash from operations, will be sufficient to fund the Company's operations through May 31, 2012. Following May 31, 2012, the Company will require additional funding in order to continue operations as a going concern. Although the Company is actively pursuing financing transactions, including the Visser Private Placement and other options for equity issuance, the Company cannot guarantee that adequate funds will be available when needed and even if available, cannot guarantee that the Company will achieve favorable terms. If the Company raises additional funds by issuing securities, existing stockholders may be diluted. If funding is insufficient at any time in the future, the Company will be required to alter or reduce the scope of the Company's operations or to cease the Company's operations entirely.

The Company's capital requirements during the next twelve months will depend on numerous factors, including the success of existing products either in manufacturing or development, the development of new applications for Liquidmetal alloys, the resources the Company devotes to develop and support Liquidmetal alloy products and the success of pursuing strategic licensing and funded product development relationships with external partners.

5. Patents and Trademarks, net

Patents and Trademarks was \$965 and \$968 as of March 31, 2012 and December 31, 2011, respectively, and it primarily consists of purchased patent rights and internally developed patents.

Purchased patent rights represent the exclusive right to commercialize the bulk amorphous alloy and other amorphous alloy technology acquired from California Institute of Technology ("Caltech"), a shareholder, through a license agreement with Caltech and other institutions. All fees and other amounts payable by the Company for these rights and licenses have been paid or accrued in full, and no further royalties, license fees or other amounts will be payable in the future under the License Agreements.

In addition to the purchased and licensed patents, the Company has internally developed patents. Internally developed patents include legal and registration costs incurred to obtain the respective patents. The Company currently holds various patents and numerous pending patent applications in the United States, as well as numerous foreign counterparts to these patents outside of the United States.

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Amortization expense for Patents and Trademarks was \$38 and \$34 for the quarter ended March 31, 2012 and 2011, respectively.

6. Short Term Debt

On October 10, 2011, the Company issued to SAGA a promissory note in the principal amount of \$1,712 due October 10, 2012 bearing interest of 8% per annum as part of a settlement agreement entered by the Company and SAGA on April 6, 2011 for a litigation case that was filed by SAGA against the Company on an alleged loan and for alleged breach of contract in connection with the formation of a joint venture (see Note 3).

The \$1,712 principal amount is included in Short Term Debt and the accrued interest is included in Accrued Liabilities on the Company's consolidated balance sheets at March 31, 2012 and December 31, 2011. Interest expense related to the promissory note for the quarter ended March 31, 2012 was \$34.

On January 17, 2012, February 27, 2012 and March 28, 2012, the Company issued an 8% unsecured, bridge promissory note to Visser due upon demand in the amount of \$200, \$200 and \$350, respectively. The promissory notes totaling \$750 remain outstanding as of March 31, 2012 and is included in Short Term Debt (see Note 14). Interest expense on the promissory notes was \$5 for the three months ended March 31, 2012.

7. Other Long-term Liabilities

Other Long-term Liabilities balance of \$857 and \$609 as of March 31, 2012 and December 31, 2011, respectively, consists of long term, aged payables to vendors, individuals, and other third parties that have been outstanding for more than 5 years. The Company is in the process of researching and resolving the balances for settlement and/or writeoff.

8. Stock Compensation Plan

Under the Company's 2002 Equity Incentive Plan which provides for the grant of stock options to officers, employees, consultants and directors of the Company and its subsidiaries, the Company may grant options to purchase the Company's common stock. All options granted under this plan had exercise prices that were equal to the fair market value on the date of grant. During the three months ended March 31, 2012, the Company did not grant any options. The Company had 4,575,581 and 4,679,807 grants outstanding as of March 31, 2012 and December 31, 2011, respectively.

9. Shareholders' Equity (Deficit)

Common stock

During the year ended December 31, 2011, the Company issued 4,496,429 common stock to settle a lawsuit with a former joint venture partner in Italy (see Note 3). Other than the conversion of preferred stock to common stock, there were no other issuances of common stock during the three months ended March 31, 2012.

Preferred stock

On May 1, 2009, pursuant to a Securities Purchase and Exchange Agreement, the Company issued 500,000 shares of convertible Series A-1 Preferred Stock with an original issue price of \$5.00 per share and 2,625,000 shares Series A-2 Preferred Stock with an original issue price of \$5.00 per share as part of a financing transaction. Additionally, the Board of Directors of the Company shall convert each share of the Series A-1 Preferred Stock and Series A-2 Preferred Stock into shares of the Company's common stock upon receipt of the written notice of the holders of a majority of the then-outstanding shares of Series A-1 Preferred Stock and Series A-2 Preferred Stock, respectively.

In connection with the Series A Preferred Stock issuance, the Company issued warrants to purchase 42,329,407 shares of the Company's common stock at an exercise price of \$0.50 per share, which was subsequently adjusted to \$0.49 per share due to an anti-dilution calculation, and an expiration date of January 3, 2012.

In October 2009, the Company entered into an agreement with various investors to issue 180,000 shares of Series A-1 Preferred Stock with identical term as the Series A-1 Preferred Stock issued on May 9, 2009. In connection with this issuance, the Company issued warrants to purchase up to 4,500,000 shares of common stock with an exercise price of \$0.50 per share, which was subsequently adjusted to \$0.49 per share due to an anti-dilution calculation, and an expiration date of January 3, 2012.

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The preferred stock accrued cumulative dividends at an annual rate of 8%, which was payable semi-annually. In conjunction with the Series A-1 Preferred Stock conversion the Company granted in-kind dividends to the preferred stock holders. On November 2, 2010, the Company filed an Amended and Restated Certificate of Designations, Preferences, and Rights (the "Amended Designation") for the Company's Series A Preferred Stock. The Amended Designation was approved by the requisite vote of the holders of the Company's Series A Preferred Stock and was filed with the Delaware Secretary of State in accordance with a Consent Agreement entered into between the Company and the holders of 2/3 of the Series A Preferred Stock (the "Consent Agreement"). The Amended Designation amended the terms of the Series A Preferred Stock by (i) providing that dividends ceased accruing thereon as of June 1, 2010, (ii) the liquidation preference and corresponding conversion value on the Series A Preferred Stock was increased from 1.0 to 1.08 of the sum of the issue price and accrued but unpaid dividends, (iii) the Series A Preferred Stock was now mandatorily convertible at any time at the option of the Company without condition, and (iv) the Series A Preferred Stock will no longer have any price-based anti-dilution rights. The Consent Agreement provided that, in exchange for voting in favor of the Amended Designation, the warrants held by the holders signing the Consent Agreement (to the extent such warrants were issued in connection with the original issuance of the Series A Preferred Stock) would be extended to an expiration date of July 2015 and the price-based anti-dilution rights on such warrants were removed. Additionally, the Company shall have the right at any time to redeem the Series A Preferred Stock in whole or in part upon not less than 30 days' notice at a redemption price equal to the liquidation preference plus any accrued and unpaid dividends.

The Preferred Stock and any accrued and unpaid dividends thereon is convertible, at the option of the holder of the Preferred Stock, into common stock of the Company at a conversion price of \$.10 per share in the case of the Series A-1 Preferred Stock and a conversion price of \$.22 per share in the case of the Series A-2 Preferred Stock (in both cases subject to adjustments for any stock dividends, splits, combinations and similar events). As of March 31, 2012 and December 31, 2011, the Company had accrued dividends of \$222 and \$571, respectively.

During the quarter ended March 31, 2012, the holders of the Company's A-series Preferred Stock converted 792,215 of preferred stock into 25,669,752 shares of the Company's common stock. The Company has 105,231 and 246,371 shares of the Series A-1 Preferred Stock outstanding at March 31, 2012 and December 31, 2011, respectively. The Company has 401,705 and 1,052,780 shares of the Series A-2 Preferred Stock outstanding at March 31, 2012 and December 31, 2011, respectively.

Warrants

On November 2, 2010, the Company filed an Amended and Restated Certificate of Designations, Preferences, and Rights (the "Amended Designation") for its Series A-1 and Series A-2 Preferred Stock. The Amended Designation was approved by the number of requisite votes from the holders of the Company's Series A Preferred Stock and was filed with the Delaware Secretary of State in accordance with a consent agreement entered into between the Company and the holders of 2/3 of the Series A Preferred Stock (the "Consent Agreement"). The Consent Agreement provided that, in exchange for voting in favor of the Amended Designation, the expiration date of the warrants held by the holders who signed the Consent Agreement would be extended to July 15, 2015 and the price-based anti-dilution rights on such warrants would be removed.

The number of warrants held by the holders who signed the Consent Agreement totaled 40,032,833 shares (the "Consent Warrants") out of the Company's total number of warrants of 47,232,459 shares as of the date of the Amended Designation. The Consent Warrants were initially recorded as liabilities on the Company's consolidated financial statements in accordance with FASB ASC 815 due to their price-based anti-dilution rights. Upon the removal of the anti-dilution rights with the Consent Agreement, the Consent Warrants no longer met the criteria under FASB ASC 815 and were reclassified as equity as of the date of the Amended Designation. The company reclassified \$24,438 from warrant liabilities into equity on November 2, 2010, and this amount is reflected as Warrants in the consolidated statement of shareholders' deficit at March 31, 2012 and December 31, 2011.

As of March 31, 2012 and December 31, 2011, the Company had 40,032,833 and 44,707,976 warrants outstanding, respectively, in connection with previous preferred stock issuances. The warrants outstanding as of March 31, 2012 expire on July 15, 2015 with exercise prices ranging from \$0.48 to \$0.49.

Pursuant to FASB ASC 815, the Company is required to report the value of certain warrants as a liability at fair value and record the changes in the fair value of the warrant liabilities as a gain or loss in its statement of operations due to the price-based anti-dilution rights of warrants. As of December 31, 2011, 4,675,143 warrants were valued as liabilities under FASB ASC 815, and these warrants expired on January 3, 2012. The Company valued the 4,675,143 warrants using the Black-Scholes model and recorded \$0 in warrant liabilities as of December 31, 2011.

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10. Discontinued Operations and Long-Lived Assets to be Disposed of

LMC

On December 20, 2011, the Company's former majority owned subsidiary, Liquidmetal Coatings, LLC ("LMC, entered into a transaction pursuant to which LMC issued and sold additional membership interests to a related party and to third-party investors for an aggregate purchase price of \$3,000 (the "LMC Investment"). The LMC Investment was entered into pursuant to a Membership Interest Purchase Agreement between the investors and LMC (the "Purchase Agreement"). The investors in the LMC Investment were Rockwall Holdings, Inc. ("Rockwall") and C3 Capital Partners, L.P. and C3 Capital Partners II, L.P. (the "C3 Entities"). The C3 Entities were minority investors in LMC prior to the transaction, and Rockwall is a company controlled by John Kang, a former Chief Executive Officer and Chairman of the Company.

The transactions contemplated by the Purchase Agreement were deemed to be effective as of November 30, 2011. In connection with the LMC Investment, the Company and C3 Entities, agreed to terminate a letter agreement, dated July 30, 2010, under which the Company would have been obligated to contribute additional capital to LMC if requested by LMC. As a result of the LMC Investment and the termination of such letter agreement, the Company no longer has any contingent obligation to contribute additional capital to LMC and consequently, the Company's equity interest in LMC was reduced from approximately 72.86% to 0.67%. However, the Company did not sell any of its own membership interests in LMC in the transaction. As a result of the reduction in the Company's percentage interest in LMC, the Company will no longer consolidate LMC's financial results with the Company's financial results, and LMC's financial results are included as discontinued operations for financial reporting purposes. However, Ricardo Salas, the Company's Executive Vice President, will continue to serve as a member of LMC's board of directors.

AMM

In June 2010, the Company created a wholly owned subsidiary, Advanced Metals Materials ("AMM"), in Weihei China as a holding company for certain assets that were acquired in China. During the first quarter of 2011, AMM started production and manufacturing of certain bulk Liquidmetal alloys. On August 5, 2011, the Company sold all of the stock of AMM to Innovative Materials Group, which is majority owned by John Kang, a former Chief Executive Officer and Chairman of the Company, for \$720, of which \$200 was paid in the form of a promissory note due August 5, 2012, bearing an interest rate of 8% per annum and is included in notes receivable in the Company's consolidated balance sheet at March 31, 2012 and December 31, 2011. The results of operations of AMM are included as discontinued operations for financial reporting purposes through August 5, 2011.

LMTK

In 2003, the Company set up a manufacturing plant in South Korea, Liquidmetal Technologies Korea ("LMTK"), to handle its bulk Liquidmetal alloys business which included manufacturing and selling components made out of bulk alloys. During 2010 and prior years, LMTK experienced net losses as a result of the continuing economic downturn. These losses and uncertainty surrounding its future cash flows, led the Company to evaluate its investment for recoverability. As a result, in November 2010, the Company decided to discontinue LMTK's operations. On December 1, 2011, the Company entered into a Share Purchase Agreement (the "Share Purchase Agreement") with LMTK Holdings, Inc. ("LMTK Holdings") to sell LMTK. Under the Share Purchase Agreement, the Company sold all of LMTK's shares of common stock to LMTK Holdings for an aggregate purchase price of one hundred dollars. The results of operations of LMTK have been included as discontinued operations in the Company's consolidated statements of operations and comprehensive loss through December 1, 2011.

Loss from operations of discontinued operations for the foregoing entities was \$429 for the three months ended March 31, 2011.

11. Loss Per Common Share

Basic earnings per share ("EPS") is computed by dividing earnings (loss) attributable to common shareholders by the weighted average number of common shares outstanding for the periods. Diluted EPS reflects the potential dilution of securities that could share in the earnings.

Options to purchase 4,575,581 shares of common stock at prices ranging from \$0.09 to \$15.00 per share were outstanding at March 31, 2012, but were not included in the computation of diluted EPS for the same period as the inclusion would have been antidilutive. Warrants to purchase 40,032,833 shares of common stock with prices ranging from \$0.48 to \$0.49 per share outstanding at March 31, 2012, were not included in the computation of diluted EPS for the same period as the inclusion would have been antidilutive. 16,896,073 shares of common stock issuable upon conversion of the Company's convertible preferred stock with conversion prices ranging from \$0.10 and \$0.22 per share outstanding at March 31, 2012 were not included in the computation of diluted EPS for the same period because the inclusion would have been antidilutive.

Options to purchase 6,509,963 shares of common stock at prices ranging from \$0.23 to \$15.00 per share were outstanding at March 31, 2011, but were not included in the computation of diluted EPS for the same period as the inclusion would have been antidilutive. Warrants to purchase 47,232,459 shares of common stock with prices ranging from \$0.48 to \$1.75 per share outstanding at March 31, 2011, were not included in the computation of diluted EPS for the same period as the inclusion would have been antidilutive. 78,735,585 shares of common stock issuable upon conversion of the Company's convertible preferred stock with conversion prices ranging from \$0.10 and \$0.22 per share outstanding at March 31, 2011 were not included in the computation of diluted EPS for the same period because the inclusion would have been antidilutive.

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12. Commitments and Contingencies

The Company leases its office and warehouse facility under a lease agreement that expires on April 30, 2016. Rent payments are subject to escalations through the end of the lease term. Rent expense was \$50 and \$68 for the quarter ended March 31, 2012 and 2011, respectively.

13. Related Party Transactions

On August 1, 2010, the Company entered into an agreement with John Kang, a former Chief Executive Officer and Chairman of the Company, to provide consulting services. The Company terminated this agreement as of July 31, 2011. The Company incurred \$68 for his services during the quarter ended March 31, 2011.

On October 14, 2010, the Company signed an agreement with Innovative Materials Group, LLC (“IMG”), a California limited liability company, which is majority owned by Mr. Kang. Under the agreement, the Company received a deposit of \$520 from IMG to purchase on behalf of IMG, machinery and equipment located in China. The transaction was based on the potential negotiation and completion of a non-exclusive license agreement with IMG under which the machinery and equipment would be transferred to IMG either directly or through the transfer of ownership of the Company’s Chinese subsidiary, Advanced Metals Materials (“AMM”), that owns the equipment.

On August 5, 2011, the Company signed a Stock Purchase Agreement (the “Stock Purchase Agreement”) with IMG to sell all of the stock of AMM for \$720 (the “Purchase Price”) where IMG will apply to the payment of the Purchase Price the \$520 deposit previously paid to the Company and the \$200 balance of the Purchase Price will be paid in the form of a Promissory Note due August 5, 2012, bearing an interest rate of 8% per annum. The \$200 notes receivable is included in Related Party Notes Receivable in the Company’s consolidated balance sheet at March 31, 2012 and December 31, 2011. Interest shall accrue and be paid at maturity along with the principal balance.

In conjunction with the Stock Purchase Agreement, the Company also entered into a License Agreement (the “License Agreement”) with IMG to license certain patents and technical information for the limited purpose of manufacturing certain licensed products with the Company’s existing first generation, die cast machines, as defined by the License Agreement (the “Licensed Products”). The license agreement grants a non-exclusive license to certain product categories listed in the License Agreement, as well as an exclusive license to specific types of consumer eyewear products. The License Agreement obligates IMG to pay the Company a running royalty based on its sales of Licensed Products, and the license will expire on August 5, 2021. The Company recognized \$12 in royalty revenues from IMG during the quarter ended March 31, 2012.

On December 20, 2011, Rockwall Holdings, Inc., a company controlled by Mr. Kang, entered into a transaction as one of the primary investors in Liquidmetal Coatings, LLC (“LMC”), our former subsidiary (see Note 3).

During the quarter ended March 31, 2012, the Company incurred \$2 in legal fees to defend Mr. Kang, as the former Representative Director of our Korean subsidiary, against allegations relating to the Company’s Korean subsidiary’s involvement in customs reporting violations in South Korea that allegedly occurred in 2007 and 2008. There were no such expenses for the quarter ended March 31, 2011.

In October 2009, Thomas Steipp, the Company’s President and Chief Executive Officer, Ricardo Salas, the Company’s Vice President and Director, Tony Chung, the Company’s Chief Financial Officer, and Mr. Kang acquired a total of 100,000 shares of the Company’s Series A-1 Preferred Stock and warrants to purchase 2,500,000 shares of the Company’s common stock for an aggregate cash price of \$495. The Series A-1 Preferred Stock is convertible into the Company’s common stock at a conversion price of \$0.10 per common share. Furthermore, the warrants can be exercised for shares of the Company’s common stock at an exercise price of \$0.49 per share and will expire on July 31, 2015. In April 2011, Mr. Steipp converted his 20,000 shares of Series A-1 Preferred Stock into a total of 1,130,688 shares of the Company’s common stock, including dividends received in the form of common stock. In July 2011, Mr. Salas and Mr. Kang converted 50,000 and 19,000 respective shares of Series A-1 Preferred Stock into a total of 2,826,720 and 1,074,154 shares of the Company’s common stock, including dividends received in the form of common stock. On February 1, 2012, Mr. Chung converted his 10,000 shares of Series A-1 Preferred Stock into a total of 565,344 shares of the Company’s common stock, including dividends received in the form of common stock.

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In May 2009, the Company completed a transaction in which (i) the holders of the Company's 8% Convertible Subordinated Notes exchanged such notes for a combination of new 8% Senior Secured Convertible Notes and shares of a new series of convertible preferred stock designated as "Series A-2 Preferred Stock," together with warrants thereon, and (ii) certain investors purchased, for an aggregate purchase price of \$2,500, shares of a new series of convertible preferred stock designated as "Series A-1 Preferred Stock" (See Note 9). The lead investors in this transaction were Carlyle Liquid, LLC and Carlyle Liquid Holdings, LLC (the "Carlyle Entities"), which were organized by Abdi Mahamedi, the Company's Chairman. Mr. Mahamedi became a greater-than-5% beneficial owner of the Company by reason of the May 2009 transaction and remained as such as of March 31, 2012.

The Company has an exclusive license agreement with LLPG, Inc. ("LLPG"), a corporation owned principally by Jack Chitayat, former director of the Company who ceased to be director in 2005. Under the terms of the agreement, LLPG has the right to commercialize Liquidmetal alloys, particularly precious-metal based compositions, in jewelry and high-end luxury product markets. The Company, in turn, will receive royalty payments over the life of the contract on all Liquidmetal products produced and sold by LLPG. The exclusive license agreement with LLPG expires on December 31, 2021. There were no revenues recognized from product sales and licensing fees from LLPG during the three months ended March 31, 2012 and 2011. There are no outstanding trade receivables due from LLPG as of March 31, 2012 and December 31, 2011. As of March 31, 2012, Mr. Chitayat is a greater-than-5% beneficial owner of the Company.

On December 31, 2011, the Company accrued \$27 of pro-rated fees for Robert Biehl's services as a Director and Audit Committee Chairman prior to his resignation on August 3, 2011 and also accrued \$18 of fees earned by Mr. Biehl in connection with leadership consulting services performed for our executive management during 2011. The balances are outstanding as of March 31, 2012.

On January 17, 2012, February 27, 2012 and March 28, 2012, the Company issued an 8% unsecured, bridge promissory note to Visser, the Company's contract manufacturer, due upon demand in the amount of \$200, \$200 and \$350, respectively.

14. Subsequent Events

On April 25, 2012, the Company issued an 8% unsecured, bridge promissory note to Visser due upon demand in the amount of \$300.

Item 2 – Management’s Discussion and Analysis of Financial Condition and Results of Operations

This management’s discussion and analysis should be read in conjunction with the consolidated financial statements and notes included elsewhere in this Quarterly Report on Form 10-Q.

This management’s discussion and analysis, as well as other sections of this Quarterly Report on Form 10-Q, may contain “forward-looking statements” that involve risks and uncertainties, including statements regarding our plans, future events, objectives, expectations, forecasts, or assumptions. Any statement that is not a statement of historical fact is a forward-looking statement, and in some cases, words such as “believe,” “estimate,” “project,” “expect,” “intend,” “may,” “anticipate,” “plan,” “seek,” and similar expressions identify forward-looking statements. These statements involve risks and uncertainties that could cause actual outcomes and results to differ materially from the anticipated outcomes or results, and undue reliance should not be placed on these statements. These risks and uncertainties include, but are not limited to, the matters discussed under the heading “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011 and other risks and uncertainties discussed in other filings made with the Securities and Exchange Commission (including risks described in subsequent reports on Form 10-Q, Form 10-K, Form 8-K, and other filings). Liquidmetal Technologies disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Overview

We are a materials technology company that develops and commercializes products made from amorphous alloys. Our Liquidmetal® family of alloys consists of a variety of proprietary bulk alloys and composites that utilize the advantages offered by amorphous alloy technology. We design, develop and sell products and components from bulk amorphous alloys to customers in various industries. We also partner with third-party manufacturers and licensees to develop and commercialize Liquidmetal alloy products. We believe that our proprietary bulk alloys are the only commercially viable bulk amorphous alloys currently available in the marketplace.

Our revenues are derived from 1) licensing and selling our bulk Liquidmetal alloys products, which include non-consumer electronic devices, medical products, and sports and leisure goods, ii) licensing and selling tooling and prototype parts such as demonstration parts and test samples for customers with products in development; iii) product licensing and royalty revenue, and iv) research and development revenue. We expect that these sources of revenue will continue to significantly change the character of our revenue mix.

Our cost of sales consists primarily of the costs of outsourcing our manufacturing to third parties. Selling, general, and administrative expenses currently consist primarily of salaries and related benefits, travel, consulting and professional fees, depreciation and amortization, insurance, office and administrative expenses, and other expenses related to our operations.

Research and development expenses represent salaries, related benefits expense, depreciation of research equipment, consulting and contract services, expenses incurred for the design and testing of new processing methods, expenses for the development of sample and prototype products, and other expenses related to the research and development of Liquidmetal bulk alloys. Costs associated with research and development activities are expensed as incurred. We plan to enhance our competitive position by improving our existing technologies and developing advances in amorphous alloy technologies. We believe that our research and development efforts will focus on the discovery of new alloy compositions, the development of improved processing technology, and the identification of new applications for our alloys.

Significant Transactions

On January 17, 2012, February 27, 2012 and March 28, 2012, we issued 8% unsecured, bridge promissory notes to Visser Precision Cast, LLC (“Visser”) due upon demand in the amount of \$200 thousand, \$200 thousand and \$350 thousand, respectively. The promissory notes totaling \$750 thousand remain outstanding as of March 31, 2012. On April 25, 2012, we issued an 8% unsecured, bridge promissory note to Visser due upon demand in the amount of \$300 thousand.

On December 20, 2011, our former majority owned subsidiary, Liquidmetal Coatings, LLC (“LMC”), entered into a transaction pursuant to which LMC issued and sold additional membership interests to a related party and to third party investors for an aggregate purchase price of \$3.0 million (the “LMC Investment”). The LMC Investment was entered into pursuant to a Membership Interest Purchase Agreement between the investors and LMC (the “Purchase Agreement”). The investors in the LMC Investment were Rockwall Holdings, Inc. (“Rockwall”), C3 Capital Partners, L.P. and C3 Capital Partners II, L.P. (the “C3 Entities”). The C3 Entities were minority investors in LMC prior to the transaction, and Rockwall is a company controlled by John Kang, our former Chief Executive Officer and Chairman.

The transactions contemplated by the Purchase Agreement were deemed to be effective as of November 30, 2011. In connection with the LMC Investment, our Company and the C3 Entities agreed to terminate a letter agreement, dated July 30, 2010, under which we would have been obligated to contribute additional capital to LMC if requested by LMC. As a result of the LMC Investment and the termination of such letter agreement, we no longer have any contingent obligation to contribute additional capital to LMC and consequently, our equity interest in LMC was reduced from approximately 72.86% to 0.667%. However, we did not sell any of our membership interests in LMC in the transaction. LMC represented approximately 42% of the net book value of our assets and 64% of the net book value of our liabilities as of November 30, 2011, and LMC represented approximately 92% of our revenue and operating income that reduced our operating loss by 33% for the eleven months ended November 30, 2011. As a result of the reduction in our percentage interest in LMC, we will no longer consolidate LMC's financial results with our financial statements and the previous results of operations for LMC are reclassified as discontinued operations in the financial statements included in this Form 10-K for all periods presented. However, Ricardo Salas, our Executive Vice President, will continue to serve as a member of LMC's board of directors.

In connection with the LMC Investment, we entered into a Second Amended and Restated Operating Agreement with LMC and other members of LMC, and we also entered into a Second Amended and Restated License and Technical Support Agreement with LMC terminating certain technology cross-licenses between LMC and us and continuing LMC's right to use the Liquidmetal trademark in connection with LMC's business.

On December 1, 2011, we entered into a Share Purchase Agreement (the "Share Purchase Agreement") with LMTK Holdings, Inc. ("LMTK Holdings") to sell our former Korean subsidiary and manufacturing facility, Liquidmetal Technologies Korea ("LMTK") which was discontinued in November 2010. Under the Share Purchase Agreement, we sold all of LMTK's shares of common stock to LMTK Holdings for an aggregate purchase price of one hundred dollars. The results of operations of LMTK have been previously included as discontinued operations in our financial statements, and as a result of the transaction, we will no longer consolidate LMTK's financial results with our financial statements.

In June 2010, we created a wholly owned subsidiary, Advanced Metals Materials ("AMM"), in Weihei China as a holding company for certain assets that were acquired in China. During the first quarter of 2011, AMM started production and manufacturing of certain bulk Liquidmetal alloy parts. On August 5, 2011, we sold all of the stock of Advanced Metals Materials ("AMM") to Innovative Materials Group, which is majority owned by John Kang, our former Chief Executive Officer and Chairman, for \$720 thousand of which \$200 thousand was paid in the form of a promissory note due August 5, 2012, bearing an interest rate of 8% per annum.

On August 6, 2010, SAGA, SpA in Padova, Italy ("SAGA"), a specialist parts manufacturer, filed a litigation case against us claiming damages of \$3.2 million for payment on an alleged loan and for alleged breach of contract in connection with the formation of joint venture agreement called Liquidmetal SAGA Italy, Srl ("LSI"). On April 6, 2011 (the "Effective Date"), we entered into a Settlement and Equity Interest Purchase Agreement with SAGA pursuant to which (i) the joint venture between SAGA and us was terminated, (ii) SAGA and we both agreed to cause certain pending legal action against each other to be dismissed with prejudice, (iii) we paid SAGA \$2.8 million in the form of 4,496,429 restricted shares ("Shares") of our common stock in exchange for SAGA's equity interest in LSI, and (iv) the Liquidmetal technology license to LSI was terminated.

The number of Shares issued to SAGA on the Effective Date was based on the 30 day trailing, volume weighted average price of our common stock as of the Effective Date. An additional provision of the SAGA settlement and Equity Interest Purchase Agreement was the obligation for us to issue a promissory note to compensate for a decrease in the market price of our common stock over a six month period from the Effective Date of the settlement. On October 10, 2011, we issued to SAGA a promissory note in the principal amount of \$1.7 million due October 10, 2012 ("Maturity Date") bearing interest of 8% per annum to account for the decrease in the market price of our common stock. All of the principal and accrued interest is due on the Maturity Date.

On August 5, 2010, we entered into a license transaction with Apple Inc. ("Apple") pursuant to which (i) we contributed substantially all of our intellectual property assets to a newly organized special-purpose, wholly-owned subsidiary, called Crucible Intellectual Property, LLC ("CIP"), (ii) CIP granted to Apple a perpetual, worldwide, fully-paid, exclusive license to commercialize such intellectual property in the field of consumer electronic products, as defined in the license agreement, in exchange for a license fee, and (iii) CIP granted back to us a perpetual, worldwide, fully-paid, exclusive license to commercialize such intellectual property in all other fields of use. Additionally, in connection with the license transaction, Apple required us to complete a statement of work related to the exchange of Liquidmetal intellectual property information. We recognized a portion of the one-time license fee upon receipt of the initial payment and completion of the foregoing requirements under the license transaction. The remaining portion of the one-time license fee was recognized at the completion of the required statement of work.

Under the agreements relating to the license transaction, we were obligated to contribute all intellectual property that we develop through February 2012 to CIP. In addition, we are obligated to refrain from encumbering any assets subject to the Apple security interest through August 2012 and are obligated to refrain from granting any security in our interest in CIP at any time. We are also obligated to maintain certain limited liability company formalities with respect to CIP at all times after the closing of the license transaction. If we are unable to comply with these obligations, Apple may be entitled to foreclose on our assets.

Critical Accounting Policies and Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results could differ materially from these estimates under different assumptions or conditions.

We believe that the following accounting policies are the most critical to our consolidated financial statements since these policies require significant judgment or involve complex estimates that are important to the portrayal of our financial condition and operating results:

- Revenue recognition
- Allowance for doubtful accounts
- Assets at lower of cost or fair market value
- Deferred tax assets
- Valuation of warrants and other derivatives

Our Annual Report on Form 10-K for the year ended December 31, 2011, contains further discussions on our critical accounting policies and estimates.

Results of OperationsComparison of the three months ended March 31, 2012 and 2011

	For the three months ended March 31, 2012	Percentage of Product Revenue	For the three months ended March 31, 2011	Percentage of Product Revenue
	<u>(in thousands)</u>		<u>(restated) (in thousands)</u>	
Revenue:				
Products	\$ 183		\$ 123	
Licensing and royalties	13		381	
Total revenue	<u>196</u>		<u>504</u>	
Cost of sales	81	44%	106	86%
Selling, marketing general and administrative	959	524%	1,026	834%
Research and development	188	103%	324	263%
Change in value of warrants, loss	-	0%	(11)	-9%
Other income	-	0%	5	4%
Interest expense	(39)	-21%	(15)	-12%
Interest income	4	2%	8	7%
Loss from operations of discontinued operations	-	0%	(429)	-349%

The following analysis contains percentage information that is based on expenses as a percentage of "Products" revenue. "Licensing and royalties" revenue is excluded from the analysis as their inclusion would distort the percentage calculations.

Revenue. Revenue decreased by \$308 thousand to \$196 thousand for the three months ended March 31, 2012 from \$504 thousand for the three months ended March 31, 2011. The decrease was primarily attributable to a one time license fee of \$381 thousand from a Liquidmetal alloy license agreement recognized in 2011, partially offset by an increase in product revenue in 2012.

Cost of Sales. Cost of sales decreased to \$81 thousand, or 44% of revenue, for the three months ended March 31, 2012 from \$106 thousand, or 86% of revenue, for the three months ended March 31, 2011. The cost to manufacture parts from our bulk Liquidmetal alloys is variable and differs based on the unique design of each product. In addition, much of our current product mix consists of prototype parts which have variable cost percentages relative to revenue. If we are able to increase our revenues with shipments of routine commercial parts through our third party contract manufacturer, we expect our cost of sales to stabilize and be more predictable.

Selling, Marketing, General, and Administrative. Selling, marketing, general, and administrative expenses decreased slightly to \$959 thousand, or 524% of revenue, for the three months ended March 31, 2012 from \$1.0 million, or 834% of revenue, for the three months ended March 31, 2011. The decrease was primarily due to an overall decrease in general and administrative expenses in line with our efforts to reduce costs.

Research and Development. Research and development expenses were \$188 thousand, or 103% of revenue, for the three months ended March 31, 2012 and \$324 thousand, or 263% of revenue, for the three months ended March 31, 2011. We spent less in production supplies and consulting services resulting in the decrease in this expense category, but we continue to perform research and development of new Liquidmetal alloys and related processing capabilities, develop new manufacturing techniques, and contract with consultants to advance the development of Liquidmetal alloys.

Change in Value of Warrants. Change in value of warrants was a loss of \$11 thousand for the three months ended March 31, 2011. The change in value of warrants is primarily due to change in the valuation of our warrant liability as a result of fluctuations in our stock price. There was no change in the value of warrants for the three months ended March 31, 2012 because Warrants Liabilities was \$0 for both March 31, 2012 and December 31, 2011.

Other Income. Other income consisted of \$5 thousand dollars of miscellaneous refunds for the three months ended March 31, 2011.

Interest Expense. Interest expense was \$39 thousand, or 21% of revenue, for the three months ended March 31, 2012 and was \$15 thousand, or 12% of revenue, for the three months ended March 31, 2011. Interest expense incurred during the first quarter of 2012 relates to the bridge notes issued to Visser and the promissory note issued to SAGA (see Significant Transactions). Interest expense incurred during the first quarter of 2011 consisted of deferred issue cost amortization on outstanding convertible and subordinated notes that have been fully amortized in 2011 in connection to the disposal of our discontinued operations.

Interest Income. Interest income relates to interest from our Related Party Notes Receivable and was \$4 thousand for the three months ended March 31, 2012. Interest income of \$8 thousand for the three months ended March 31, 2011 was for interest earned on cash deposits.

Loss from operations of discontinued operations. Loss from operations of discontinued operations was \$429 thousand for the three months ended March 31, 2011 for the losses incurred on our discontinued subsidiaries. Our discontinued subsidiaries were either sold or de-consolidated as of December 31, 2011.

Liquidity and Capital Resources

For the three months ended March 31, 2012, our cash used in operating activities was \$540 thousand, our cash used in investing activities was \$35 thousand for continued investment in our trademarks, and our cash provided by financing activities was \$750 related to the issuance of 8% unsecured, bridge promissory notes that are due on demand by Visser.

Subsequent to quarter end, on April 25, 2012, we issued an 8% unsecured, bridge promissory note to Visser due upon demand in the amount of \$300 thousand (See Significant Transactions).

We are in the process of negotiating a private placement of equity securities with Visser (“Visser Private Placement”) in order to infuse cash into the Company. However, there is no guaranty that we will be able to finalize the Visser Private Placement or any other private placement financing transaction with Visser or any other investor.

On October 10, 2011, we issued a promissory note to SAGA in the principal amount of \$1.7 million due October 10, 2012 in relation to a settlement agreement we signed with SAGA on April 6, 2011 (see Significant Transactions).

We anticipate that our current capital resources, together with anticipated cash from operations, will be sufficient to fund our operations through May 31, 2012. Following May 31, 2012, we will require additional funding in order to continue operations as a going concern. Although we are actively pursuing financing transactions, including the Visser Private Placement and other options for equity issuance, we cannot guarantee that adequate funds will be available when needed and even if available, cannot guarantee that we will achieve favorable terms. If we raise additional funds by issuing securities, existing stockholders may be diluted. If funding is insufficient at any time in the future, we will be required to alter or reduce the scope of our operations or to cease our operations entirely.

Our capital requirements during the next twelve months will depend on numerous factors, including the success of existing products either in manufacturing or development, the development of new applications for Liquidmetal alloys, the resources we devote to develop and support our Liquidmetal alloy products and the success of pursuing strategic licensing and funded product development relationships with external partners.

Off Balance Sheet Arrangements

An off-balance sheet arrangement is any transaction, agreement or other contractual arrangement involving an unconsolidated entity under which a company has (1) made guarantees, (2) a retained or a contingent interest in transferred assets, (3) an obligation under derivative instruments classified as equity, or (4) any obligation arising out of a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to our company, or that engages in leasing, hedging, or research and development arrangements with our company.

As of March 31, 2012, we did not have any off-balance sheet arrangements.

Item 3 – Quantitative and Qualitative Disclosures about Market Risk

Not applicable.

Item 4 – Controls and Procedures

Evaluation of Disclosure Controls and Procedures.

Under the supervision and with the participation of the our management, including our Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer), we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended) as of March 31, 2012. Based on their evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were not effective.

This determination was based primarily on the restatement described in the Explanatory Note at the beginning of this Form 10-Q, whereby we have restated our consolidated financial statements for the fiscal year ended December 31, 2010 and each of the interim quarterly periods ended March 31, 2011, June 30, 2011 and September 30, 2011 to properly account for certain previously issued warrants. In relation to this restatement, our independent registered public accounting firm has identified a material weakness in our assessment process in relation to the financial statements impact of the issuance and modification of equity instruments.

Changes in Internal Control over Financial Reporting.

During the quarter ended March 31, 2012, we have taken actions to evaluate the material weakness in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended). Because of the material weakness described above, we performed additional analyses and other post-closing procedures designed to provide reasonable assurance that our consolidated financial statements were prepared in accordance with the provisions of FASB ASC 815 with respect to the treatment of warrants as a liability or equity. As a result of the restatement described above, management has and is currently re-evaluating our internal control over financial reporting and have performed additional analyses and post-closing review procedures designed to provide reasonable assurance that our consolidated financial statements were properly prepared.

PART II OTHER INFORMATION

Item 1 – Legal Proceedings

There are no material legal proceedings currently pending.

Item 1A – Risk Factors

The following risk factors reflect material changes to the risk factors disclosed in our Annual Report on Form 10-K filed with the SEC on March 30, 2012 (the “2011 Annual Report”). For a detailed discussion of the other risk factors that should be understood by any investor contemplating investment in our stock, please refer to Part I, Item 1A “Risk Factors” in the 2011 Annual Report.

We have limited funding to support our current operations

We anticipate that our current capital resources, together with anticipated cash from operations, will be sufficient to fund our operations through May 31, 2012. Following May 31, 2012, we will require additional funding in order to continue operations as a going concern. Although we are actively pursuing financing transactions, we cannot guarantee that adequate funds will be available when needed and even if available, cannot guarantee that we will achieve favorable terms. If we raise additional funds by issuing securities, existing stockholders may be diluted. If funding is insufficient at any time in the future, we will be required to alter or reduce the scope of our operations or to cease our operations entirely.

Our level of indebtedness reduces our financial flexibility and could impede our ability to operate

As a result of our legal settlement with SAGA, SpA and our issuance of unsecured bridge promissory notes to Visser Precision Cast, LLC (see Part I, Item 2 – Management’s Discussion and Analysis of Financial Condition and Results of Operations – Significant Transactions), as of March 31, 2012, we have \$2.45 million in principal outstanding as short-term debt, \$1.7 million of which is due on October 10, 2012 and the remainder of which is due upon demand by Visser. Our cash flow from operations is expected to be insufficient to meet the required principal and interest payments on this debt, which managements anticipates will require the restructuring or refinancing of such debt in 2012. The holders of this debt may not be willing to restructure such debt on terms acceptable to us, or at all. A significant portion of our cash flow from operations may be dedicated to the payment of the principal and interest on this debt. We may seek to refinance this debt but we may be unable to achieve such refinancing on terms acceptable to us, or at all.

Item 2 – Unregistered Sales of Equity Securities and Use of Proceeds

None

Item 3 – Defaults Upon Senior Securities

None

Item 4 – Mine Safety Disclosures

None

Item 5 – Other Information

None

Item 6 – Exhibits

The following documents are filed as an exhibit to this Report:

<u>Exhibit Number</u>	<u>Description of Document</u>
10.1	Form of 8% unsecured Promissory Note issued to Visser Precision Cast, LLC, dated January 17, 2012
10.2	Form of 8% unsecured Promissory Note issued to Visser Precision Cast, LLC, dated February 27, 2012
10.3	Form of 8% unsecured Promissory Note issued to Visser Precision Cast, LLC, dated March 28, 2012
10.4	Form of 8% unsecured Promissory Note issued to Visser Precision Cast, LLC, dated April 25, 2012
31.1	Certification of Principal Executive Officer, Thomas Steipp, as required by Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Principal Financial Officer, Tony Chung, as required by Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Principal Executive Officer, Thomas Steipp, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Principal Financial Officer, Tony Chung, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following financial statements from the Company’s Form 10-Q for the quarter ended March 31, 2012, formatted in XBRL: (i) Condensed Consolidated Balance sheets, (ii) Condensed Consolidated Statement of Operations and Comprehensive Income (Loss), (iii) Condensed Consolidated Statements of Shareholders’ Deficiency (iv) Notes to Condensed Consolidated Financial Statements

SIGNATURES

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 thereunto duly authorized.

LIQUIDMETAL TECHNOLOGIES, INC.
(Registrant)

Date: May 15, 2012

/s/ Thomas Steipp
Thomas Steipp
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 15, 2012

/s/ Tony Chung
Tony Chung
Chief Financial Officer
(Principal Financial and Accounting Officer)

PROMISSORY NOTE

Date: January 17, 2012

Borrower: Liquidmetal Technologies, Inc., a Delaware corporation

Borrower's Mailing Address: 30452 Esperanza
Rancho Santa Margarita, CA 92688

Lender: Visser Precision Cast, LLC, a Colorado corporation

Place for Payment: 5603 N. Broadway
Denver, CO 80216

Principal Amount: TWO HUNDRED THOUSAND AND NO/100 DOLLARS (\$200,000.00)

Annual Interest Rate: EIGHT (8%) PERCENT

Maturity Date: On demand after February 1, 2012

Annual Interest Rate on Matured, Unpaid Amounts: Fifteen percent (15%)

Terms of Payment (principal and interest): From January 17, 2012 through January 31, 2012, interest shall not accrue. After February 1, 2012 interest shall accrue at the Annual Interest Rate. After February 1, 2012, Lender may give notice to Borrower of Lender's demand for full payment of all outstanding principal and interest. Three (3) days after such notice has been received by Borrower all remaining principal balance and accrued interest shall become fully due and payable. Interest will be calculated on the unpaid principal to the date of full payment.

This note is payable at the Place for Payment and according to the Terms of Payment. After maturity, Borrower promises to pay any unpaid principal balance plus interest at the Annual Interest Rate on Matured, Unpaid Amounts.

If Borrower defaults in the payment of this note, then Lender shall provide a written notice of default and provide Borrower with a five (5) day cure period. If Borrower fails to cure the default within this cure period, then Lender may declare the unpaid principal balance, earned interest, and any other amounts owed on the note immediately due. Borrower and each surety, endorser, and guarantor waive all demand for payment, presentation for payment, notice of intention to accelerate maturity, notice of acceleration of maturity, protest, and notice of protest, to the extent permitted by law.

Borrower also promises to pay reasonable attorney's fees and court and other costs if this note is placed in the hands of an attorney to collect or enforce the note. These expenses will bear interest from the date of advance at the Annual Interest Rate. Borrower will pay Lender these expenses and interest on demand at the Place for Payment. These expenses and interest will become part of the debt evidenced by the note.

Interest on the debt evidenced by this note will not exceed the maximum rate or amount of nonusurious interest that may be contracted for, taken, reserved, charged, or received under law. Any interest in excess of that maximum amount will be credited on the Principal Amount or, if the Principal Amount has been paid, refunded. On any acceleration or required or permitted prepayment, any excess interest will be canceled automatically as of the acceleration or prepayment or, if the excess interest has already been paid, credited on the Principal Amount or, if the Principal Amount has been paid, refunded. This provision overrides any conflicting provisions in this note and all other instruments concerning the debt.

This Note may be prepaid in whole or in part at any time without penalty. Any prepayments are to be applied first to the accrued interest then to the principal and interest shall immediately cease on the prepaid principal.

If any payments on the Note are not made when due, Lender may, at Lender's option, impose a late fee on any payment which is more than five (5) days past due in an amount not to exceed five (5%) percent of the past due amount, but in any event not to exceed the maximum amount allowed by law. A late charge may be imposed only once on each past due payment.

Lender may assign or negotiate this Note provided Lender given written notice to Borrower of such negotiation or assignment at least ten (10) days prior to the date that the next payment subsequent to the assignment or negotiation is due.

Any notice required or permitted under this Note must be in writing. Notice may be given by regular mail, personal delivery, courier delivery, facsimile transmission, or other commercially reasonable means and will be effective when actually received. Any address for notice may be changed by written notice delivered as provided herein.

Copies of any notices to Lender must be sent to:

Visser Precision Cast, LLC
c/o Gregory A. Ruegsegger
5671 N. Broadway
Denver, CO 80216
Facsimile:(303) 566-8099

Copies of any notices to Borrower must be sent to:

Liquidmetal Technologies, Inc.
c/o Tony Chung
30452 Esperanza
Rancho Santa Margarita, CA 92688
Facsimile: (949) 635-2188

When the context requires, singular nouns and pronouns include the plural.

This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado, other than such laws, rules, regulations and case law that would result in the application of the laws of a jurisdiction other than the State of Colorado. The Parties hereby consent to jurisdiction and venue in the state courts in Adams County Colorado or the Federal District Court in and for the State of Colorado. The Parties irrevocably submit to the exclusive jurisdiction of those courts and agree that final judgment in any action or proceeding brought in such courts will be conclusive and may be enforced in any other jurisdiction upon final and conclusive judgment, a certified copy of which will be conclusive evidence of the judgment or in any other manner provided by law. Each Party irrevocably waives to the fullest extent permitted by applicable law (i) any objection it may have as to the laying of venue in any court referred to above; (ii) any claim that any such action or proceeding has been brought in an inconvenient forum; and (iii) any immunity that it or its assets may have from any suit, execution, attachment (whether provisional or final, in aid of execution, before judgment or otherwise) or other legal process.

This written agreement represents the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties concerning this Note.

LIQUIDMETAL TECHNOLOGIES, INC.
a Delaware corporation

By: /s/ Tony Chung

Its: Chief Financial Officer

PROMISSORY NOTE

Date: February 27, 2012

Borrower: Liquidmetal Technologies, Inc., a Delaware corporation

Borrower's Mailing Address: 30452 Esperanza
Rancho Santa Margarita, CA 92688

Lender: Visser Precision Cast, LLC, a Colorado corporation

Place for Payment: 5603 N. Broadway
Denver, CO 80216

Principal Amount: TWO HUNDRED THOUSAND AND NO/100 DOLLARS (\$200,000.00)

Annual Interest Rate: EIGHT (8%) PERCENT

Maturity Date: Three days after Borrower receives Lender's demand notice

Annual Interest Rate on Matured, Unpaid Amounts: Fifteen percent (15%)

Terms of Payment (principal and interest): Interest shall accrue at the Annual Interest Rate from the Date of this Note until the Maturity Date. At any time after the Date of this Note, Lender may give notice to Borrower of Lender's demand for full payment of all outstanding principal and interest. Three (3) days after such notice has been received by Borrower all remaining principal balance and accrued interest shall become fully due and payable. After the Maturity Date, interest shall accrue on all unpaid principal and accrued interest at the Annual Interest Rate on Matured, Unpaid Amounts to the date of full payment.

This note is payable at the Place for Payment and according to the Terms of Payment. After maturity, Borrower promises to pay any unpaid principal balance plus interest at the Annual Interest Rate on Matured, Unpaid Amounts.

If Borrower defaults in the payment of this note, then Lender shall provide a written notice of default and provide Borrower with a five (5) day cure period. If Borrower fails to cure the default within this cure period, then Lender may declare the unpaid principal balance, earned interest, and any other amounts owed on the note immediately due. Borrower and each surety, endorser, and guarantor waive all demand for payment, presentation for payment, notice of intention to accelerate maturity, notice of acceleration of maturity, protest, and notice of protest, to the extent permitted by law.

Borrower also promises to pay reasonable attorney's fees and court and other costs if this note is placed in the hands of an attorney to collect or enforce the note. These expenses will bear interest from the date of advance at the Annual Interest Rate. Borrower will pay Lender these expenses and interest on demand at the Place for Payment. These expenses and interest will become part of the debt evidenced by the note.

Interest on the debt evidenced by this note will not exceed the maximum rate or amount of nonusurious interest that may be contracted for, taken, reserved, charged, or received under law. Any interest in excess of that maximum amount will be credited on the Principal Amount or, if the Principal Amount has been paid, refunded. On any acceleration or required or permitted prepayment, any excess interest will be canceled automatically as of the acceleration or prepayment or, if the excess interest has already been paid, credited on the Principal Amount or, if the Principal Amount has been paid, refunded. This provision overrides any conflicting provisions in this note and all other instruments concerning the debt.

This Note may be prepaid in whole or in part at any time without penalty. Any prepayments are to be applied first to the accrued interest then to the principal and interest shall immediately cease on the prepaid principal.

Lender may assign or negotiate this Note provided Lender given written notice to Borrower of such negotiation or assignment at least ten (10) days prior to the date that the next payment subsequent to the assignment or negotiation is due.

Any notice required or permitted under this Note must be in writing. Notice may be given by regular mail, personal delivery, courier delivery, facsimile transmission, or other commercially reasonable means and will be effective when actually received. Any address for notice may be changed by written notice delivered as provided herein.

Copies of any notices to Lender must be sent to:

Visser Precision Cast, LLC
c/o Gregory A. Ruegsegger
5671 N. Broadway
Denver, CO 80216
Facsimile: (303) 566-8099

Copies of any notices to Borrower must be sent to:

Liquidmetal Technologies, Inc.
c/o Tony Chung
30452 Esperanza
Rancho Santa Margarita, CA 92688
Facsimile: (949) 635-2188

When the context requires, singular nouns and pronouns include the plural.

This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado, other than such laws, rules, regulations and case law that would result in the application of the laws of a jurisdiction other than the State of Colorado. The Parties hereby consent to jurisdiction and venue in the state courts in Adams County Colorado or the Federal District Court in and for the State of Colorado. The Parties irrevocably submit to the exclusive jurisdiction of those courts and agree that final judgment in any action or proceeding brought in such courts will be conclusive and may be enforced in any other jurisdiction upon final and conclusive judgment, a certified copy of which will be conclusive evidence of the judgment or in any other manner provided by law. Each Party irrevocably waives to the fullest extent permitted by applicable law (i) any objection it may have as to the laying of venue in any court referred to above; (ii) any claim that any such action or proceeding has been brought in an inconvenient forum; and (iii) any immunity that it or its assets may have from any suit, execution, attachment (whether provisional or final, in aid of execution, before judgment or otherwise) or other legal process.

This written agreement represents the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties concerning this Note.

LIQUIDMETAL TECHNOLOGIES, INC.
a Delaware corporation

By: /s/ Tony Chung

Its: Chief Financial Officer

PROMISSORY NOTE

Date: March 28, 2012

Borrower: Liquidmetal Technologies, Inc., a Delaware corporation

Borrower's Mailing Address: 30452 Esperanza
Rancho Santa Margarita, CA 92688

Lender: Visser Precision Cast, LLC, a Colorado corporation

Place for Payment: 5603 N. Broadway
Denver, CO 80216

Principal Amount: Three HUNDRED AND FIFTY THOUSAND AND NO/100 DOLLARS (\$350,000.00)

Annual Interest Rate: EIGHT (8%) PERCENT

Maturity Date: Three days after Borrower receives Lender's demand notice

Annual Interest Rate on Matured, Unpaid Amounts: Fifteen percent (15%)

Terms of Payment (principal and interest): Interest shall accrue at the Annual Interest Rate from the Date of this Note until the Maturity Date. At any time after the Date of this Note, Lender may give notice to Borrower of Lender's demand for full payment of all outstanding principal and interest. Three (3) days after such notice has been received by Borrower all remaining principal balance and accrued interest shall become fully due and payable. After the Maturity Date, interest shall accrue on all unpaid principal and accrued interest at the Annual Interest Rate on Matured, Unpaid Amounts to the date of full payment.

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Borrower also promises to pay reasonable attorney's fees and court and other costs if this note is placed in the hands of an attorney to collect or enforce the note. These expenses will bear interest from the date of advance at the Annual Interest Rate. Borrower will pay Lender these expenses and interest on demand at the Place for Payment. These expenses and interest will become part of the debt evidenced by the note.

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c/o Gregory A. Ruegsegger
5671 N. Broadway
Denver, CO 80216
Facsimile: (303) 566-8099

Copies of any notices to Borrower must be sent to:

Liquidmetal Technologies, Inc.
c/o Tony Chung
30452 Esperanza
Rancho Santa Margarita, CA 92688
Facsimile: (949) 635-2188

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This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado, other than such laws, rules, regulations and case law that would result in the application of the laws of a jurisdiction other than the State of Colorado. The Parties hereby consent to jurisdiction and venue in the state courts in Adams County Colorado or the Federal District Court in and for the State of Colorado. The Parties irrevocably submit to the exclusive jurisdiction of those courts and agree that final judgment in any action or proceeding brought in such courts will be conclusive and may be enforced in any other jurisdiction upon final and conclusive judgment, a certified copy of which will be conclusive evidence of the judgment or in any other manner provided by law. Each Party irrevocably waives to the fullest extent permitted by applicable law (i) any objection it may have as to the laying of venue in any court referred to above; (ii) any claim that any such action or proceeding has been brought in an inconvenient forum; and (iii) any immunity that it or its assets may have from any suit, execution, attachment (whether provisional or final, in aid of execution, before judgment or otherwise) or other legal process.

This written agreement represents the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties concerning this Note.

LIQUIDMETAL TECHNOLOGIES, INC.
a Delaware corporation

By: /s/ Tony Chung

Its: Chief Financial Officer

PROMISSORY NOTE

Date: April 25, 2012

Borrower: Liquidmetal Technologies, Inc., a Delaware corporation

Borrower's Mailing Address: 30452 Esperanza
Rancho Santa Margarita, CA 92688

Lender: Visser Precision Cast, LLC, a Colorado corporation

Place for Payment: 5603 N. Broadway
Denver, CO 80216

Principal Amount: Three HUNDRED THOUSAND AND NO/100 DOLLARS (\$300,000.00)

Annual Interest Rate: EIGHT (8%) PERCENT

Maturity Date: Three days after Borrower receives Lender's demand notice

Annual Interest Rate on Matured, Unpaid Amounts: Fifteen percent (15%)

Terms of Payment (principal and interest): Interest shall accrue at the Annual Interest Rate from the Date of this Note until the Maturity Date. At any time after the Date of this Note, Lender may give notice to Borrower of Lender's demand for full payment of all outstanding principal and interest. Three (3) days after such notice has been received by Borrower all remaining principal balance and accrued interest shall become fully due and payable. After the Maturity Date, interest shall accrue on all unpaid principal and accrued interest at the Annual Interest Rate on Matured, Unpaid Amounts to the date of full payment.

This note is payable at the Place for Payment and according to the Terms of Payment. After maturity, Borrower promises to pay any unpaid principal balance plus interest at the Annual Interest Rate on Matured, Unpaid Amounts.

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Borrower also promises to pay reasonable attorney's fees and court and other costs if this note is placed in the hands of an attorney to collect or enforce the note. These expenses will bear interest from the date of advance at the Annual Interest Rate. Borrower will pay Lender these expenses and interest on demand at the Place for Payment. These expenses and interest will become part of the debt evidenced by the note.

Interest on the debt evidenced by this note will not exceed the maximum rate or amount of nonusurious interest that may be contracted for, taken, reserved, charged, or received under law. Any interest in excess of that maximum amount will be credited on the Principal Amount or, if the Principal Amount has been paid, refunded. On any acceleration or required or permitted prepayment, any excess interest will be canceled automatically as of the acceleration or prepayment or, if the excess interest has already been paid, credited on the Principal Amount or, if the Principal Amount has been paid, refunded. This provision overrides any conflicting provisions in this note and all other instruments concerning the debt.

This Note may be prepaid in whole or in part at any time without penalty. Any prepayments are to be applied first to the accrued interest then to the principal and interest shall immediately cease on the prepaid principal.

Lender may assign or negotiate this Note provided Lender given written notice to Borrower of such negotiation or assignment at least ten (10) days prior to the date that the next payment subsequent to the assignment or negotiation is due.

Any notice required or permitted under this Note must be in writing. Notice may be given by regular mail, personal delivery, courier delivery, facsimile transmission, or other commercially reasonable means and will be effective when actually received. Any address for notice may be changed by written notice delivered as provided herein.

Copies of any notices to Lender must be sent to:

Visser Precision Cast, LLC
c/o Gregory A. Ruegsegger
5671 N. Broadway
Denver, CO 80216
Facsimile: (303) 566-8099

Copies of any notices to Borrower must be sent to:

Liquidmetal Technologies, Inc.
c/o Tony Chung
30452 Esperanza
Rancho Santa Margarita, CA 92688
Facsimile: (949) 635-2188

When the context requires, singular nouns and pronouns include the plural.

This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado, other than such laws, rules, regulations and case law that would result in the application of the laws of a jurisdiction other than the State of Colorado. The Parties hereby consent to jurisdiction and venue in the state courts in Adams County Colorado or the Federal District Court in and for the State of Colorado. The Parties irrevocably submit to the exclusive jurisdiction of those courts and agree that final judgment in any action or proceeding brought in such courts will be conclusive and may be enforced in any other jurisdiction upon final and conclusive judgment, a certified copy of which will be conclusive evidence of the judgment or in any other manner provided by law. Each Party irrevocably waives to the fullest extent permitted by applicable law (i) any objection it may have as to the laying of venue in any court referred to above; (ii) any claim that any such action or proceeding has been brought in an inconvenient forum; and (iii) any immunity that it or its assets may have from any suit, execution, attachment (whether provisional or final, in aid of execution, before judgment or otherwise) or other legal process.

This written agreement represents the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties concerning this Note.

LIQUIDMETAL TECHNOLOGIES, INC.
a Delaware corporation

By: _____

Its: _____

CERTIFICATIONS

I, Thomas Steipp, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Liquidmetal Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2012

/s/ Thomas Steipp

Thomas Steipp
President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATIONS

I, Tony Chung, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Liquidmetal Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2012

/s/ Tony Chung

Tony Chung
Chief Financial Officer
(Principal Financial and Accounting Officer)

**WRITTEN STATEMENT OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. 1350**

Solely for the purposes of complying with 18 U.S.C. 1350, I, the undersigned Chief Executive Officer of Liquidmetal Technologies, Inc. (the "Company"), hereby certify, based on my knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2012 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Thomas Steipp

Thomas Steipp, President and Chief Executive Officer

May 15, 2012

**WRITTEN STATEMENT OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. 1350**

Solely for the purposes of complying with 18 U.S.C. 1350, I, the undersigned Chief Financial Officer of Liquidmetal Technologies, Inc. (the "Company"), hereby certify, based on my knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2012 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Tony Chung

Tony Chung, Chief Financial Officer

May 15, 2012
