



## **LIQTECH INTERNATIONAL, INC. REPORTS STRONG 2012 FIRST QUARTER FINANCIAL AND OPERATIONAL RESULTS**

***Company Reports 117 Percent Increase in Sales over First Quarter 2011 with Net Income of Over \$322,000***

**BALLERUP, DENMARK – (MARKET WIRE) – May 14, 2012** – LiqTech International, Inc. (OTCQX: LIQT) (“LiqTech”) announced today its financial and operational results for the first quarter 2012.

“LiqTech has reported a strong start to 2012, our first quarter results highlight the progress we've made and we are very pleased. We have increased our sales, increased capacity, raised the necessary capital to continue to execute our business plan, expanded operations into new strategic locations, and uplisted our securities to the highest level on the OTC Markets,” stated Mr. Andreassen, CEO of LiqTech International. “We remain focused on building our outreach into new markets and international expansion for all areas of our business including the Diesel Particle Filters and our Ceramic Silicon membranes for produced water in the oil and gas industries. Additionally, we continue research and development for using our processes and technology to provide clean water to millions of people worldwide. We also continue to work with Pirelli to consummate an agreement that we believe will benefit our Company and our shareholder value. Finally, we plan to continue to fundamentally grow our Company to achieve the fundamentals to allow the Company to uplist to a prominent stock exchange in 2013. We are proud of the team we have assembled and will continue to strive to increase shareholder value.”

### **Financial highlights for the quarter ended March 31, 2012:**

- Net sales for the three month period ended March 31, 2012 was \$6,341,721 compared to \$2,917,395 for the same period in 2011, representing an increase of \$3,424,326, or 117%.
- Gross profit for the three month period ended March 31, 2012 was \$2,089,684 compared to \$679,735 for the same period in 2011, representing an increase of \$1,409,949 or 207%.
- Net income attributable to the company for the three month period ended March 31, 2012 was a profit of \$322,601 compared to a loss of \$128,202 for the comparable period in 2011.

### **Other Highlights for the quarter ended March 31, 2012:**

- The Company began trading on the OTC market's highest tier; OTCQX.
- LiqTech entered into a non-binding letter of intent with Pirelli & C. Eco Technology S.p.A.: we continue to work with Pirelli to consummate an agreement.
- The Company successfully completed the closing of a registered direct placement of its common stock and raised net proceeds of approximately \$7.4 million.

### **Business Highlights by Product Line:**

- Membranes:
  - Increased sales and marketing resources with a focus on oil and water separation for produced water, pretreatment of reverse osmosis, waste water treatment and industrial applications.
  - Established an office in Singapore and we are now part of the new sponsored waste water program with the Singapore Public Utility Board (PUB) with access to the Environmental Development Board (EDB) in developing new water sources from waste water.
  - Completed a successful factory test on produced water in The North Sea, which we consider to be a breakthrough for marketing purposes. We are now actively involved in a number of produced water programs in Africa, Canada, Middle East, United States and Romania.
  - Signed our first customer for pretreatment for reverse osmosis in Israel.
  - Received a significant order for replacement of sand filters for public pools together with a strategic partner.
  - Received a first order of pretreatment for a reverse osmosis plant treating manure water.
  - Received a first order for power plant filtering.

- Emissions:
  - Our new developed OEM filter (asymmetric) is being tested with two companies in Korea, two companies in China, one company in Brazil and one company in Europe.
  - The Low Emission Zone (LEZ) program in London has almost been completed in the first quarter where we estimate to have achieved at least a 35% market share.
- Kiln Furniture:
  - New extruded porous filtration plates have been developed and tested for membrane bio reactors, one of the fastest growing markets. A large German waste water treatment company has tested and demonstrated a record high flux rate.
  - New, porous SiC plates for mining applications and mineral recovery have been developed and will be commercially available by the end of 2012. This is a new technology for a large established market with a value proposition of 50% lower energy with a likely lifetime extension for use in extremely corrosive environments.
  - Six large companies are using our Kiln furniture in their steatite (semiconductor) production process.
  - New fast firing furnace technology has improved our kiln furniture quality.
  - Received our first order for a dental production heat-treatment process.

#### **ABOUT LIQTECH INTERNATIONAL, INC.**

LiqTech International, Inc., a Nevada corporation, is a clean technology company that for more than a decade has developed and provided state-of-the-art technologies for gas and liquid purification using ceramic silicon carbide filters, particularly, highly specialized filters for the control of soot exhaust particles from diesel engines and for liquid filtration. It also manufactures kiln furniture. Using nanotechnology, LiqTech develops products using proprietary silicon carbide technology. LiqTech's products are based on unique silicon carbide membranes which facilitate new applications and improve existing technologies. For more information, please visit [www.liqtech.com](http://www.liqtech.com).

#### **Forward-Looking Statements**

*This press release contains "forward-looking statements." Although the forward-looking statements in this release reflect the good faith judgment of management, forward-looking statements are inherently subject to known and unknown risks and uncertainties that may cause actual results to be materially different from those discussed in these forward-looking statements. Readers are urged to carefully review and consider the various disclosures made by us in the our reports filed with the Securities and Exchange Commission, including the risk factors that attempt to advise interested parties of the risks that may affect our business, financial condition, results of operation and cash flows. If one or more of these risks or uncertainties materialize, or if the underlying assumptions prove incorrect, our actual results may vary materially from those expected or projected. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this release. We assume no obligation to update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this release.*

**-Financial charts follow-**

**LIQTECH INTERNATIONAL, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

	<b>As of March 31, 2012 (UNAUDITED)</b>	<b>As of December 31, 2011</b>
<b>Current Assets:</b>		
Cash	\$ 6,552,392	\$ 1,033,057
Accounts receivable, net	5,309,656	5,299,569
Other receivables	785,444	1,528,362
Inventories	3,399,566	2,980,583
Prepaid expenses	285,290	301,375
Current deferred tax asset	47,383	17,786
Total Current Assets	<u>16,379,731</u>	<u>11,160,732</u>
<b>Property and Equipment</b> , net of accumulated depreciation	<u>7,049,330</u>	<u>6,647,217</u>
<b>Other Assets:</b>		
Other intangible assets	33,834	34,167
Other investments	41,361	6,483
Deposits	<u>150,402</u>	<u>146,184</u>
Total Other Assets	<u>225,597</u>	<u>186,834</u>
Total Assets	<u>\$ 23,654,658</u>	<u>\$ 17,994,783</u>

**LIQTECH INTERNATIONAL, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

	As of March 31, 2012 (UNAUDITED)	As of December 31, 2011
<b>Current Liabilities:</b>		
Lines of credit	\$ -	\$ 1,259,936
Notes payable - current portion	-	259,396
Notes payable - related party, net of discount	3,467,750	3,328,183
Current portion of capital lease obligation	199,622	191,444
Accounts payable - trade	2,309,862	3,026,960
Accrued expenses	1,575,336	1,212,746
Accrued income taxes payable	126,130	3,710
Other accrued liabilities	5,919	154
	<u>7,684,619</u>	<u>9,282,529</u>
 Total Current Liabilities		
	<u>7,684,619</u>	<u>9,282,529</u>
 Notes payable and long-term debt, less current portion	-	350,000
Long-term capital lease obligations, less current portion	929,689	950,351
Deferred tax liability	628,772	668,484
	<u>1,558,461</u>	<u>1,968,835</u>
Total Long-Term Liabilities		
	<u>1,558,461</u>	<u>1,968,835</u>
Total Liabilities	<u>9,243,080</u>	<u>11,251,364</u>
 <b>Stockholders' Equity:</b>		
Common stock; par value \$0.001, 100,000,000 shares authorized, 24,111,500 and 21,600,000 shares issued and outstanding at March 31, 2012, and December 31, 2011, respectively	24,112	21,600
Additional paid-in capital	12,835,952	5,603,517
Retained earnings	5,607,185	5,284,583
Deferred compensation	(235,680)	(268,282)
Other comprehensive income, net	(378,192)	(596,011)
Note receivable from a shareholder, net of discount	(3,467,750)	(3,328,183)
Uncontrolled interest in subsidiaries	25,951	26,195
	<u>14,411,578</u>	<u>6,743,419</u>
Total Stockholders' Equity		
	<u>14,411,578</u>	<u>6,743,419</u>
 Total Liabilities and Stockholders' Equity	<u>\$ 23,654,658</u>	<u>\$ 17,994,783</u>

**LIQTECH INTERNATIONAL, INC. AND SUBSIDIARIES**  
**(UNAUDITED) CONSOLIDATED STATEMENTS OF OPERATIONS AND**  
**COMPREHENSIVE INCOME**

	<b>For the Three Months Ended March 31</b>	
	<b>2012</b>	<b>2011</b>
<b>Net Sales</b>	\$ 6,341,721	\$ 2,917,395
<b>Cost of Goods Sold</b>	<u>4,252,037</u>	<u>2,237,660</u>
<b>Gross Profit</b>	<u>2,089,684</u>	<u>679,735</u>
<b>Operating Expenses:</b>		
Selling expenses	659,918	404,331
General and administrative expenses	722,512	277,793
Research and development	<u>226,674</u>	<u>113,538</u>
Total Operating Expenses	<u>1,609,104</u>	<u>795,662</u>
<b>Income from Operations</b>	<u>480,580</u>	<u>(115,927)</u>
<b>Other Income (Expense)</b>		
Interest and other income	38,963	10,726
Interest (expense)	(84,516)	(5,779)
(Loss) on currency transactions	<u>(1,449)</u>	<u>(27,372)</u>
Total Other Income (Expense)	<u>(47,002)</u>	<u>(22,425)</u>
<b>Income Before Income Taxes</b>	433,578	(138,352)
<b>Income Tax Expense</b>	110,977	(26,678)
<b>Net Income (Loss)</b>	322,601	(111,674)
<b>Less Net Income (Loss) Attributable To Non-Controlled Interest in Subsidiaries</b>	<u>-</u>	<u>16,528</u>
<b>Net Income (Loss) Attributable To LiqTech</b>	<u><u>322,601</u></u>	<u><u>(128,202)</u></u>
 <b>Basic Earnings Per Share</b>	 \$ <u>0.01</u>	 \$ <u>(0.01)</u>
<b>Weighted Average Common Shares Outstanding</b>	<u>22,234,775</u>	<u>9,308,333</u>
 <b>Diluted Earnings Per Share</b>	 \$ <u>0.01</u>	 \$ <u>(0.01)</u>
<b>Weighted Average Common Shares Outstanding Assuming Dilution</b>	<u>27,415,788</u>	<u>9,308,333</u>

**LIQTECH INTERNATIONAL, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME**

	For the Three Months Ended March 31,	
	<u>2012</u>	<u>2011</u>
Net Income (Loss)	322,601	(111,674)
Currency Translation Net Of Taxes	217,575	323,891
Other Comprehensive Income (Loss)	<u>\$ 540,176</u>	<u>\$ 212,217</u>
Comprehensive Income (Loss)		
Attributable To Non-controlling Interest In Subsidiaries	(244)	60,111
Comprehensive Income Attributable To LiqTech International, Inc.	<u>\$ 540,420</u>	<u>\$ 152,106</u>

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