



Contact:

David Waldman or Natalya Rudman
Crescendo Communications, LLC
Email: mlss@crescendo-ir.com
Tel: 212-671-1020

Milestone Scientific Announces Financial Results for the Second Quarter of 2014

Revenue Increases 10.0% to \$2.5 Million

Domestic Handpiece Sales Increase 22.0%; International Handpiece Sales Increase 20.1%

Domestic Sales Increase 9.3%; International Sales Increase 10.7%

Shareholders' Equity Increases to \$15.3 Million

LIVINGSTON, NJ, August 14, 2014 -- Milestone Scientific Inc. (OTCQB: MLSS), a medical R&D company that designs, patents, incubates and commercializes a growing portfolio of innovative injection technologies, today announced financial results and provided a business update for the three and six months ended June 30, 2014.

Leonard Osser, Chief Executive Officer of Milestone Scientific stated, "We are making progress advancing our epidural and intra-articular instruments through the regulatory process. We have developed a broad platform of computer-controlled injection technologies serving a wide array of medical applications and we look forward to announcing additional medical instruments later this year."

"We are also adding strategic resources that we believe will help us advance both our dental and medical instruments. We recently announced the appointment of Gian Domenico Trombetta as Chief Executive Officer of the dental division. He has an impressive track record leading high growth companies across a broad range of industries. We also announced the appointment as Marketing Consultant of Steven Robins, who has overseen the marketing and operations for billion dollar divisions of Fortune 500 healthcare and consumer product companies. Both executives bring valuable industry contracts and expertise."

Mr. Osser continued, "Total revenue for the second quarter of 2014 increased 10.0% to \$2.5 million. We achieved a 22.0% increase in domestic handpiece sales and a 20.1% increase in international handpiece sales. This growth in domestic handpieces is due in part to the greater transparency we have with our customers, through our exclusive distributor Aseptico. We are able to establish direct relationships with the dentists and train them properly so they can utilize a greater number of handpieces per year."

“During the second quarter, we announced a \$10 million financing which enables us to accelerate the development of additional medical instruments based on our patented *CompuFlo* and *Dynamic Pressure Sensing* technologies. Future medical applications of our technologies which will benefit from this investment could include colorectal surgery, podiatry, dermatology, orthopedics, nasal and sinus surgery, and cosmetic surgery, among others. The financing also allows us to more aggressively market and sell our dental instruments and handpieces in the United States and worldwide. As a result of this financing, we now have over \$15 million of shareholders’ equity. Given the strength of our balance sheet and continued positive cash flow from operations, we believe we are well positioned in the months and years ahead.”

Revenue for the three months ended June 30, 2014 was \$2.5 million versus \$2.3 million for the second quarter of 2013. Domestic instrument sales decreased by \$33,376 or 8.7% in the second quarter of 2014 versus the same period in 2013 due to lower distributor purchase prices for the STA instruments for a limited time period. The strategy is to facilitate the deployment of the STA instruments at a faster pace, thus generating recurring handpiece revenue. Domestic handpiece sales increased by \$146,527, or 22.0% in 2014 over 2013. On the international front, instrument sales decreased by \$34,677 or 9.4% in the second quarter of 2014 versus the same period in 2013. International handpiece sales increased by \$162,758 or 20.1% in the second quarter of 2014 versus 2013. Gross profit for the second quarter of 2014 was \$1.6 million or 63.6% of revenue versus \$1.5 million or 67.3% of revenue for the second quarter of 2013. The decrease in gross margin reflected the lower pricing strategy on the instruments to drive handpiece sales. Operating income for the second quarter of 2014 was \$47,507 versus an income of \$151,113 for the second quarter of 2013. Net loss for the second quarter of 2014 was (\$169,457), or \$(0.01) per share, versus an income of \$74,009 or \$0.00 per share for the comparable period in 2013. Net loss for the second quarter of 2014 includes a Loss on Earnings from Medical Joint Venture of (\$213,193) compared to (\$47,093) for the three months ended June 30, 2013. Also, the June 30, 2013 net income included the positive impact of the reversal of the bad debt reserve for uncollectable accounts in 2013 that did not occur in 2014.

Revenue for the six months ended June 30, 2014 was \$5.1 million versus \$4.8 million for the six months ended June 30, 2013. In the domestic market, total revenue was approximately equal in both periods. On the international front, total revenue increased by \$345,924 to \$2.7 million versus \$2.4 million for the same period in 2013. Gross profit for the six months ended June 30, 2014 was \$3.3 million or 65.0% of revenue versus \$3.2 million or 67.4% of revenue for the six months ended June 30, 2013. Operating income for the six months ended June 30, 2014 was \$376,753 versus an income of \$318,874 for the six months ended June 30, 2013. Net income for the six months ended June 30, 2014 was \$25,377, or \$0.00 per share, versus an income of \$224,754, or \$0.01 per share, for the comparable period in 2013. Net income for the six months ended June 30, 2014 includes a Loss on Earnings from Medical Joint Venture of (\$343,716) compared to (\$47,093) for the same period last year.

Milestone’s executive management team will host a teleconference on Thursday, August 14, 2014 at 8:30 A.M. Eastern Time to discuss the company’s financial results.

The conference call will be available via telephone by dialing toll free 1-888-359-3627 and entering the pass code 8220117 or on the company’s website at www.milestonescientific.com. For those unable to participate at that time, a replay of the call will be archived on the

company's website or can be accessed by dialing 1-888-203-1112 and entering the pass code 8220117. The replay will be available for 90 days.

About Milestone Scientific Inc.

Milestone Scientific Inc. (MLSS) is a leading medical research and development company that designs and patents innovative injection technology. Milestone's computer-controlled systems make injections precise, efficient, and virtually painless. For more information please visit our website: www.milestonescientific.com.

Safe Harbor Statement

This press release contains forward-looking statements regarding the timing and financial impact of Milestone's ability to implement its business plan, expected revenues and future success. These statements involve a number of risks and uncertainties and are based on assumptions involving judgments with respect to future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond Milestone's control. Some of the important factors that could cause actual results to differ materially from those indicated by the forward-looking statements are general economic conditions, failure to achieve expected revenue growth, changes in our operating expenses, adverse patent rulings, FDA or legal developments, competitive pressures, changes in customer and market requirements and standards, and the risk factors detailed from time to time in Milestone's periodic filings with the Securities and Exchange Commission, including without limitation, Milestone's Annual Report for the year ended December 31, 2013. The forward looking statements in this press release are based upon management's reasonable belief as of the date hereof. Milestone undertakes no obligation to revise or update publicly any forward-looking statements for any reason.

(tables follow)

MILESTONE SCIENTIFIC INC.
CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Product sales	\$ 2,506,932	\$ 2,278,235	\$ 5,127,766	\$ 4,767,778
Cost of products sold	912,406	744,108	1,795,403	1,556,152
Gross profit	<u>1,594,526</u>	<u>1,534,127</u>	<u>3,332,363</u>	<u>3,211,626</u>
Selling, general and administrative expenses	1,517,854	1,340,129	2,910,724	2,728,031
Research and development expenses	29,165	42,885	44,885	164,722
Total operating expenses	<u>1,547,019</u>	<u>1,383,014</u>	<u>2,955,609</u>	<u>2,892,752</u>
Income from operations	47,507	151,113	376,754	318,874
Other income (expenses)				
Other income	-	-	-	17,543
Interest income (expense)	635	(30,011)	161	(64,569)
Loss from Medical Joint Venture	(213,193)	(47,093)	(343,716)	(47,093)
Loss from Education Joint Venture	(4,406)	-	(7,822)	-
Total other expenses, net	<u>(216,964)</u>	<u>(77,104)</u>	<u>(351,377)</u>	<u>(94,119)</u>
Net (loss) income applicable to common stockholders	<u>\$ (169,457)</u>	<u>\$ 74,009</u>	<u>\$ 25,377</u>	<u>\$ 224,754</u>
Net (loss) income per share applicable to common stockholders -				
Basic	<u>\$ (0.01)</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.01</u>
Diluted	<u>\$ (0.01)</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.01</u>
Weighted average shares outstanding and to be issued -				
Basic	<u>20,246,281</u>	<u>16,744,951</u>	<u>19,196,919</u>	<u>16,765,602</u>
Diluted	<u>20,246,281</u>	<u>17,056,219</u>	<u>22,206,942</u>	<u>17,124,936</u>

**MILESTONE SCIENTIFIC INC.
CONDENSED BALANCE SHEETS**

	<u>June 30, 2014</u> (Unaudited)	<u>December 31, 2013</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 1,121,721	\$ 1,147,198
Treasury Bills	9,498,498	-
Accounts receivable, net of allowance for doubtful accounts of \$5,000 as of June 30, 2014 and \$5,000 as of December 31, 2013	1,443,386	1,532,856
Inventories	1,964,390	1,321,652
Advances on contracts	1,454,807	727,478
Prepaid expenses and other current assets	161,560	150,451
Total current assets	15,644,362	4,879,635
Advances on contracts	218,875	1,580,874
Investment in Milestone Medical Inc	760,750	924,115
Investment in Milestone Education LLC	34,261	42,082
Furniture, Fixtures & Equipment net of accumulated depreciation of \$454,818 as of June 30, 2014 and \$476,884 as of December 31, 2013	38,153	23,988
Patents, net of accumulated amortization of \$537,687 as of June 30, 2014 and \$498,502 as of December 31, 2013	552,550	591,735
Other assets	12,917	12,917
Total assets	\$ 17,261,868	\$ 8,055,346
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current Liabilities:		
Accounts payable	\$ 983,972	\$ 2,020,368
Customer advances	209,000	-
Accrued expenses and other payables	754,538	515,133
Total current liabilities	1,947,510	2,535,501
Commitments and Contingencies		
Stockholders' Equity		
Series A Convertible Preferred Stock, par value \$.001, authorized 5,000,000 shares, 7,000 and zero shares issued and outstanding, respectively	\$ 7	\$ -
Common stock, par value \$.001; authorized 50,000,000 shares; 21,074,786 shares issued 875,322 shares to be issued and 21,041,453 shares outstanding as of June 30, 2014; 17,759,540 shares issued, 1,839,930 shares to be issued, and 17,726,207 shares outstanding as of December 31, 2013	21,949	19,599
Additional paid-in capital	76,443,979	66,677,200
Accumulated deficit	(60,240,061)	(60,265,438)
Treasury stock, at cost, 33,333 shares	(911,516)	(911,516)
Total stockholders' equity	15,314,358	5,519,845
Total liabilities and stockholders' equity	\$ 17,261,868	\$ 8,055,346