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Milestone Scientific Reports Fourth Quarter and 2014 Financial Results

LIVINGSTON, NJ, April 1, 2015 -- Milestone Scientific Inc. (OTCQB: MLSS), a leading medical research and development company that designs and patents innovative injection technology, today announced financial results for the fourth quarter and year ended December 31, 2014, as well as a business update including its minority owned subsidiary which holds the exclusive rights to the epidural and intra-articular (IA) instruments ("Epidural & IA Subsidiary").

Recent Highlights:

- Dental division achieves profitability and positive cash flow on a stand-alone basis for 2014
- Epidural & IA Subsidiary received CE Mark marketing clearance for epidural and intra-articular instruments in Europe
- Epidural & IA Subsidiary signed distribution agreement with Poland-based distributor for epidural instrument
- Epidural & IA Subsidiary commenced clinical trials at two U.S. pain management centers
- Epidural & IA Subsidiary signed distribution agreements in China for epidural and intra-articular instruments pending CFDA marketing clearance

Leonard Osser, Chief Executive Officer of Milestone Scientific, stated, "In 2014 we undertook to expand our product line, and the Company is now putting into development four new instruments, including one in dental and three in the medical sector. We are now gearing up to produce these products. In addition, we increased staff in order to further develop the dental market having brought on a new CEO of that division, a new marketing director and a new head of sales. We believe these initiatives will help drive sales of our dental instruments, both domestic and international. Despite these added costs, our dental division still achieved profitability and positive cash flow on a standalone basis. As a result of the \$10 million dollar private placement we completed in the first half of 2014, we remain well capitalized with a solid balance sheet and believe these investments in our future will help accelerate our growth."

"Another important achievement in 2014 was receipt by our Epidural & IA Subsidiary of CE Mark marketing clearance in Europe for the epidural and intra-articular drug delivery instruments, and earlier this year, the signing of its first distribution agreement for the epidural instrument with one of Poland's largest distributors of medical products. The addressable market in Poland alone includes over 8 million people suffering from chronic pain. We view this distribution agreement as an important first step towards broad commercialization in Europe."

“In the United States we see a substantial opportunity for the epidural and IA instruments. Our Epidural and IA Subsidiary already has a distribution agreement in place with one of the country’s largest specialty distributors of healthcare products, which is also the largest distributor to birthing hospitals. Our Epidural & IA Subsidiary is now conducting a multi-site clinical trial at four clinical sites, which are currently underway at two pain management centers in the United States and clinical work is expected to begin at two university hospitals in the U.S. within the next few weeks. We anticipate completion of the study in the next couple of months at which time our Epidural & IA Subsidiary will return to the FDA with results. The U.S. epidural market is estimated at over \$7 billion annually and over 2.4 million women in the U.S. receive epidurals while in labor each year with another 1.6 million women who give birth choosing not to have an epidural, mainly due to safety concerns. Our Epidural and IA Subsidiary also continues to advance the intra-articular instrument; however it is difficult to accurately predict the exact timing as the regulatory process is outside of our control.”

Mr. Osser concluded, “In December 2014, our Epidural & IA Subsidiary signed distribution agreements with Milestone China. Both of these agreements contain minimum purchases over the first three years following CFDA marketing clearance. Given that Milestone Scientific has a 40% ownership stake in Milestone China, we anticipate higher profit margins on revenue from our Chinese distribution partner.”

Revenue for the year ended December 31, 2014 increased 3.2% to \$10.3 million versus \$10.0 million for the year ended 2013. The increase in product sales of \$321,670 was primarily the result of increased international revenue. Domestic instrument sales decreased by \$183,633 or 15.0% in 2014 versus 2013 mainly due to the strategic reduction in price of the STA instrument to increase market penetration. In the domestic market, handpiece sales decreased by \$415,038 or 10.5%. International instrument sales increased by \$80,710 or 5.6% in 2014 versus 2013. In the international market, handpiece sales increased by \$747,369 or 22.4%. Gross profit for 2014 was \$6.7 million or 65.0% of revenue versus \$6.8 million or 68.0% of revenue in 2013. The decline in gross profit reflects the added cost of recent product enhancements and the lower selling price of the instruments to increase market penetration. Operating loss for 2014 was \$(790,176) versus operating income of \$1.1 million for 2013. The increase in operating expenses reflects an increase in expenses for consulting services for international distributors for the dental instruments, corporate marketing, trade shows, increased payroll and other expenses to support the anticipated growth of the Company. Net loss for 2014 was \$(1.7 million) or \$(0.09) per diluted share, versus net income of \$1.5 million or \$0.08 per diluted share in 2013. There is a loss on the Epidural & IA Subsidiary of \$891,500 and \$924,363 for the years December 31, 2014 and 2013, respectively. The loss for 2014 is a non cash loss for Milestone Scientific since the Epidural & IA Subsidiary is funded independently.

Conference Call

Milestone Scientific’s executive management team will host a teleconference on Wednesday, April 1st at 8:30am Eastern Daylight Time to discuss the company’s financial results. The conference call can be accessed via telephone by dialing toll free 888-205-6458. For those unable to participate at that time, a replay of the call can be accessed by dialing 1-800-203-1112 and entering the pass code 7768860. 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.
CONSOLIDATED BALANCE SHEETS
December 31, 2014 and 2013

	December 31, 2014	December 31, 2013
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 10,367,993	\$ 1,147,198
Accounts receivable, net of allowance for doubtful accounts of \$5,000 in 2014 and 2013	1,541,478	1,532,856
Inventories	2,497,099	1,321,652
Advances on contracts	721,197	727,478
Prepaid expenses and other current assets	454,566	150,451
Total current assets	15,582,333	4,879,635
Advances on contracts	-	1,580,874
Investment in Milestone Medical Inc	888,720	924,115
Investment in Milestone Education LLC	24,192	42,082
Investment in Milestone China	348,651	-
Furniture, Fixtures & Equipment net of accumulated depreciation of \$416,210 as of December 31, 2014 and \$476,884 as of December 31, 2013	88,818	23,988
Patents, net of accumulated amortization of \$576,960 as of December 31, 2014 and \$498,502 as of December 31, 2013	530,029	591,735
Other assets	14,685	12,917
Total assets	\$ 17,477,428	\$ 8,055,346
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current Liabilities:		
Accounts payable	\$ 1,453,908	\$ 2,020,368
Accrued expenses and other payable	981,168	515,132
Total current liabilities	2,435,076	2,535,500
Total liabilities	2,435,076	2,535,500
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; 21,404,494 shares issued 974,953 shares to be issued and 21,371,161 shares outstanding as of December 31, 2014; 17,759,540 shares issued 1,839,930 shares to be issued and 17,726,207 shares outst	22,380	19,599
Additional paid-in capital	77,504,415	66,677,200
Accumulated deficit	(61,967,462)	(60,265,438)
Treasury stock, at cost, 33,333 shares	(911,516)	(911,516)
Total stockholders' equity	14,647,824	5,519,846
Noncontrolling interest	394,528	-
Total Equity	15,042,352	5,519,846
Total liabilities and stockholders' equity	\$ 17,477,428	\$ 8,055,346

MILESTONE SCIENTIFIC INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
Product sales, net	\$ 10,333,090	\$ 10,011,420
Cost of products sold	3,630,765	3,198,908
Gross profit	<u>6,702,325</u>	<u>6,812,512</u>
Selling, general and administrative expenses	7,404,258	5,534,463
Research and development expenses	88,243	191,345
Total operating expenses	<u>7,492,501</u>	<u>5,725,808</u>
(Loss) income from operations	(790,176)	1,086,704
Other income (expense)		
Other income	-	17,543
Interest income	5,057	115
Interest expense	(2,668)	(70,801)
Loss on Earnings from Medical Joint Venture	(891,500)	(924,363)
Loss on Earnings from Education Joint Venture	(17,890)	(7,918)
Loss on Earnings from China Joint Venture	(810)	-
Gain on dilutive effect on Medical Joint Venture stock issuance	-	1,363,650
Total other expense, net	<u>(907,811)</u>	<u>378,226</u>
(Loss) income before provision for income taxes	<u>(1,697,987)</u>	<u>1,464,930</u>
Provision for Income Tax	9,509	-
Net (loss) income	<u>(1,707,496)</u>	<u>1,464,930</u>
Less: Net loss attributable to the noncontrolling interests	5,472	-
Net (loss) income attributable to Milestone Scientific Inc	<u>\$ (1,702,024)</u>	<u>\$ 1,464,930</u>
Net (loss) income per share applicable to common stockholders -		
Basic	<u>\$ (0.08)</u>	<u>\$ 0.09</u>
Diluted	<u>\$ (0.08)</u>	<u>\$ 0.08</u>
Weighted average shares outstanding and to be issued -		
Basic	<u>20,063,513</u>	<u>17,127,468</u>
Diluted	<u>20,063,513</u>	<u>17,483,638</u>