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Milestone Scientific Reports 34% Increase in Revenue for the Second Quarter of 2016

LIVINGSTON, NJ, August 12, 2016 -- Milestone Scientific Inc. (NYSE: MLSS), a medical R&D company that designs, patents, incubates and commercializes a growing portfolio of innovative injection technologies, today announced financial results for the second quarter ending June 30, 2016.

Leonard Osser, Chief Executive Officer of Milestone Scientific stated, "We have seen another consecutive quarter of solid revenue growth in our dental segment, reflecting the impact of our recent sales and marketing initiatives. It's important to note that Wand Dental was profitable for the six month period on a stand-alone basis. We are very pleased to report we have expanded our relationship with Henry Schein, following our success earlier this year. Specifically, we have entered into a long-term, exclusive collaboration agreement that will enable us to leverage Henry Schein's field representatives and the company's unparalleled sales, marketing and distribution platform across North America. At the same time, we continue to expand our international sales, which increased 58% over the same period last year."

Mr. Osser continued, "We are also pleased to report we have completed our clinical trials in the United States for the epidural instrument and have now submitted our 510(k) application to the US FDA. This study was designed to support not only submission to the FDA, but also facilitate U.S. reimbursement submissions as well as worldwide marketing. We are now accelerating our efforts to enter into domestic and international distribution agreements in advance of FDA marketing clearance. We have submitted the final data from the COMPASS Study, including the results of the labor and delivery arm to a leading industry journal for publication. Given our progress, we currently have increased Milestone Scientific's ownership stake in Milestone Medical to 86% and have contracts to purchase an additional 12% which will give us a 98% ownership of Milestone Medical. The market potential for both our epidural and intra-articular instruments is significant, and we believe increasing our share ownership will benefit both Milestone Scientific and Milestone Medical shareholders."

"We continue to advance our platform technology across a wide array of indications, such as our botox, ophthalmic and veterinary instruments. Most recently, we announced that Cornell University College of Veterinary Medicine completed its pilot study and final report on the Company's computer-controlled injection and drug delivery technology. This was a controlled pilot study of 10 animals to determine the efficacy of using the CompuFlo® technology to identify a specific target when performing a maxillary foramen block in a horse. The findings of this pilot study on horses further validates the potential of our instrument across a wide range of veterinary applications."

Revenue for the three months ended June 30, 2016 was \$2.4 million versus \$1.8 million for the second quarter of 2015. The increase in total revenue by approximately \$605,000 or 34% was primarily related to the increase in instruments and handpiece sales worldwide. Domestic instrument sales increased by 24% in 2016 versus 2015 due to a purchase order received from our non-exclusive distributor Henry Schein in the USA and Canada. In June 2016, Milestone Scientific entered into an exclusive distributor agreement with Henry Schein pursuant to which it will have a dedicated exclusive sales force to market our dental products in the USA and Canada. In the domestic market, handpiece sales increased by 3%. International Instruments sales increased by \$399,000 or 292% over the same period in 2015 due to a shipment of STA instruments to China. International handpiece sales increased by \$125,000 for the same period in 2015. Gross profit for the second quarter of 2016 was \$1.6 million or 67% of revenue versus \$1.2 million or 68% of revenue in the second quarter of 2015. Net loss for the second quarter of 2016 was \$(2.1) million, or \$(0.06) per share, versus net loss of \$(2.1) million, or \$(0.09) per share, for the comparable period in 2015.

Revenue for the six months ended June 30, 2016 was \$5.8 million versus \$4.5 million for the six months ended June 30, 2015. The increase in revenue of \$1.3 million or 29% was due to the increase in instrument sales worldwide. Domestic sales in the United States increased by approximately \$930,000 in 2016. This increase in revenue is in both STA instruments and handpieces. International sales increased by approximately \$368,000. Gross profit for the six months ended June 30, 2016 was \$3.7 million or 63% of revenue versus \$3.0 million or 67% of revenue for the six months ended June 30, 2015. Net loss for the six months ended June 30, 2016 was \$(3.4) million, or \$(0.10) per share, versus a net loss of \$(2.5) million, or \$(0.11) per share, for the comparable period in 2015.

Conference Call

Milestone Scientific's executive management team will host a conference call at 8:30 AM Eastern Time on Friday, August 12, 2016 to discuss the Company's financial results for the second quarter ended June 30, 2016, as well as the Company's corporate progress and other developments.

The conference call will be available via telephone by dialing toll free 888-740-6139 and entering the pass code 5329581 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 888-203-1112 and entering the pass code 5329581. The replay will be available for 90 days.

About Milestone Scientific Inc.

Milestone Scientific Inc. (MLSS) is a medical R&D company that designs, patents, incubates and commercializes a growing portfolio of innovative injection technologies. 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, 2015. 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. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2016 <u>(unaudited)</u>	December 31, 2015 <u>(audited)</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 3,183,727	\$ 4,194,384
Accounts receivable, net of allowance for doubtful accounts of \$10,000 as of June 30, 2016 and \$5,000 as of December 31, 2015	2,583,219	1,793,801
Other receivable	67,115	58,140
Inventories	4,268,768	4,258,094
Advances on contracts	1,215,011	1,215,128
Prepaid expenses and other current assets	375,844	304,604
Total current assets	<u>11,693,684</u>	<u>11,824,151</u>
Investment in Milestone Education LLC	-	16,346
Furniture, fixtures & equipment net of accumulated depreciation of \$635,880 as of June 30, 2016 and \$566,477 as of December 31, 2015	201,708	235,935
Patents, net of accumulated amortization of \$699,633 as of June 30, 2016 and \$646,388 as of December 31, 2015	695,449	715,540
Other assets	11,380	17,355
Total assets	<u>\$ 12,602,221</u>	<u>\$ 12,809,327</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current Liabilities:		
Accounts payable	\$ 2,497,719	\$ 2,088,268
Accrued expenses and other payables	1,492,920	1,555,567
Total current liabilities	<u>3,990,639</u>	<u>3,643,835</u>
Commitments and Contingencies		
Stockholders' Equity		
Series A convertible preferred stock, par value \$.001, authorized 5,000,000 shares. 7,000 shares	7	7
Common stock, par value \$.001; authorized 50,000,000 shares; 27,293,039 shares issued, 1,115,405 shares to be issued and 27,259,706 shares outstanding as of June 30, 2016; 21,720,497 shares issued, 963,451 shares to be issued and 21,687,164 shares outstanding as of December 31, 2015	28,408	22,685
Additional paid-in capital	79,126,690	78,632,383
Accumulated deficit	(69,813,638)	(67,434,984)
Treasury stock, at cost, 33,333 shares	(911,516)	(911,516)
Total Milestone Scientific Inc. stockholders' equity	<u>8,429,951</u>	<u>10,308,575</u>
Noncontrolling interest	181,631	(1,143,083)
Total Equity	<u>8,611,582</u>	<u>9,165,492</u>
Total liabilities and stockholders' equity	<u>\$ 12,602,221</u>	<u>\$ 12,809,327</u>

MILESTONE SCIENTIFIC INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
SIX MONTHS ENDED JUNE 30, 2016
(Unaudited)

	2016	2015	2016	2015
Product sales, net	\$ 2,371,710	\$ 1,766,759	\$ 5,836,196	\$ 4,536,963
Cost of products sold	789,801	570,729	2,157,990	1,503,877
Gross profit	1,581,909	1,196,030	3,678,206	3,033,086
Selling, general and administrative expenses	3,290,998	2,590,897	6,292,109	4,488,978
Research and development expenses	309,335	18,820	452,780	28,938
Total operating expenses	3,600,333	2,609,717	6,744,889	4,517,916
Loss from operations	(2,018,424)	(1,413,687)	(3,066,683)	(1,484,830)
Interest income	(1,004)	(1,130)	(1,936)	80
Total other expenses, net	(1,004)	(1,130)	(1,936)	80
Loss before provision for income tax and equity in net earnings of equity investments	(2,019,428)	(1,414,817)	(3,068,619)	(1,484,750)
Provision for income tax	(16,791)	(13,646)	(63,624)	(13,646)
Loss before equity in net earnings of equity investments	(2,036,219)	(1,428,463)	(3,132,243)	(1,498,396)
Loss on earnings from Milestone Medical	-	(525,938)	-	(976,099)
Loss on earnings from Education Joint Venture	-	(3,621)	-	(7,836)
Loss on earnings from China Joint Venture	(57,882)	(160,654)	(222,719)	(63,979)
Loss in equity investments	(57,882)	(690,213)	(222,719)	(1,047,914)
Net Loss	(2,094,101)	(2,118,676)	(3,354,962)	(2,546,310)
Net loss attributable to noncontrolling interests	(507,262)	(45,727)	(976,308)	(53,987)
Net loss attributable to Milestone Scientific Inc.	\$ (1,586,839)	\$ (2,072,949)	\$ (2,378,654)	\$ (2,492,323)
Net loss per share applicable to common stockholders—				
Basic	\$ (0.06)	\$ (0.09)	\$ (0.10)	\$ (0.11)
Diluted	\$ (0.06)	\$ (0.09)	\$ (0.10)	\$ (0.11)
Weighted average shares outstanding and to be issued—				
Basic	25,989,857	22,405,897	24,362,441	22,390,332
Diluted	25,989,857	25,114,399	24,362,441	25,132,192