

August 15, 2011



Milestone Scientific Reports Second Quarter Financial Results and Provides Business Update

Domestic Instrument Sales Increase by 96.4%

LIVINGSTON, N.J., Aug. 15, 2011 (GLOBE NEWSWIRE) --[Milestone Scientific Inc.](#) (OTCQB:MLSS), the recognized leader in advanced, computer-controlled injection technologies, today announced financial results for the three months ended June 30, 2011

Leonard Osser, Chief Executive Officer of Milestone Scientific stated, "The success of our newly-implemented marketing strategy in the U.S. is evident in the 96.4% increase in domestic instrument sales to \$652,865 in the second quarter of 2011 compared to \$332,392 in the same period last year. Domestic handpiece sales declined by 24.0% to \$690,346 in the second quarter of 2011 versus last year, which was attributable to two key factors. First, sales that would have taken place in the second quarter of this year were pushed up to the first quarter ahead of a price increase of 13.7% that went into effect on April 1, 2011. The second factor relates to training involved once the instruments are sold. Recurring revenue from handpiece sales typically lags by about two months from the time an instrument is purchased as our hygienists go out into the field to train and support the dentists in their territories. We anticipate a ramp up in handpiece sales in the latter half of 2011 and beyond as we continue to build and train our customer base."

"Consistent with our strategy to target group dental practices, we signed on our first dental group, Florida—based Towncare Dental, in January of this year. We are pleased to report that other dental groups in North America are currently conducting beta tests of our Single Tooth Anesthesia (STA) System. The trials should be completed over the course of 2011. These dental practices view our pain-free, computer-controlled injection technology STA system as a profitable new revenue stream and an effective marketing tool for their patients. Dental groups are at the core of our growth initiative and with an average of 2,000 injections per year per dentist, we believe this is a very lucrative market opportunity."

Mr. Osser continued, "Outside North America, instrument sales from all territories combined, excluding China, totaled \$500,664, substantially higher than the \$195,972 in instrument sales in the second quarter of 2010. Approval of our Wand/STA instruments and handpieces in China has been delayed, thereby impacting our distributor's ability to sell into the region. While the situation has temporarily slowed our projected growth, we expect China's regulatory body will approve our products sometime in 2011."

Subsequent to the end of the quarter, Milestone Scientific announced a joint venture with Beijing 3H (Heart-Help-Health) Scientific Technology (Beijing 3H) for the development, manufacture, commercialization and marketing of epidural and intra-articular injection instruments. Beijing 3H will contribute \$1.5 million to develop and design these two

instruments and related handpieces based on Milestone's CompuFlo® technology while Milestone will contribute an exclusive worldwide royalty-free license for use of its patents. Shortly after the end of the second quarter, the joint venture partner completed the funding of its first capital financing tranche in the amount of \$500,000.

Mr. Osser continued, "Our innovative, pressure sensing technology can be adapted to numerous medical applications which we view as a substantial opportunity for Milestone. Our joint venture with Beijing 3H is an important step in expanding the uses for our technology. Beijing 3H sells to a large group of major hospitals throughout China and is headed by an anesthesiologist."

Revenue for the three months ended June 30, 2011 was \$2.5 million versus \$3.2 million for the second quarter of 2010. The decrease in product sales of \$754,550 or 23.4% was primarily the result of decreased international revenue. Domestic STA instrument sales increased \$279,544 in 2011 versus 2010 due to the increased demand at the distributor and group dental practice levels. In the domestic market, handpiece sales decreased by \$218,280 or 24% due to a lower demand in the second quarter of this year resulting from stepped up sales in the first quarter as customers sought to avoid a price increase put into effect on April 1, 2011. On the international front, total revenue was \$1.1 million, a 44% decrease versus the same period in 2010. International instrument sales decreased by \$991,303 or 66% in the second quarter of 2011 versus 2010 due to the fact that the second quarter of 2010 included \$1.3 million of STA instrument sales that did not occur in 2011. Gross profit for the second quarter of 2011 was \$1.6 million or 65% of revenue versus \$2.1 million or 64% of revenue in the second quarter of 2010. Net loss for the second quarter of 2011 was \$298,066 versus net income of \$180,360 for the comparable period in 2010. The decrease is attributable to a decrease in sales and gross margin dollars and an increase in payroll expenses and in other selling, general and administrative expenses.

At June 30, 2011, the company had \$98,592 in cash. Subsequent to the end of the quarter, Milestone's joint venture partner completed the funding of its first capital financing tranche in the amount of \$500,000.

Milestone's executive management team will host a teleconference on Monday, August 15, 2011 at 4:15 P.M. Eastern Time to discuss the company's financial results. The conference call can be accessed via telephone by dialing toll free 1-877-941-6009. For those unable to participate at that time, a replay of the call can be accessed by dialing 1-800-406-7325 and entering the pass code 4466009. The replay will be available for 90 days.

About Milestone Scientific Inc.

Headquartered in Livingston, New Jersey, Milestone Scientific is engaged in pioneering advanced computer-controlled drug delivery technologies for the medical and dental markets and currently sells its award-winning products through a global distribution network serving North and South America, Asia, Africa, Europe and the Middle East. For more information on the *STA Single Tooth Anesthesia System*® instrument and other innovative Milestone products, please visit the Company's web site found at 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, 2010. 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.

MILESTONE SCIENTIFIC INC.
CONDENSED BALANCE SHEETS

	June 30, 2011 (Unaudited)	December 31, 2010
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 98,592	\$ 627,082
Accounts receivable, net of allowance for doubtful accounts of \$202,160 in 2011 and 2010	1,685,706	796,221
Inventories	597,588	986,947
Advances to contract manufacturer	728,509	730,491
Prepaid expenses and other current assets	<u>280,331</u>	<u>247,465</u>
Total current assets	3,390,726	3,388,206
Accounts receivable-long term, net of allowance for doubtful accounts of \$402,840 as of June 30, 2011 and \$438,840 as of December 31, 2010	257,160	361,160
Advances to contract manufacturer, non current	2,646,901	1,713,794
Investment in distributor, at cost	76,319	76,319
Furniture, Fixtures & Equipment net of accumulated depreciation of \$435,166 as of June 30, 2011 and \$426,482 as of December 31, 2010	62,425	66,936
Patents, net of accumulated amortization of \$337,764 as of June 30, 2011 and \$294,934 as of December 31, 2010	924,275	944,858
Other assets	<u>24,413</u>	<u>57,750</u>
Total assets	<u>\$ 7,382,219</u>	<u>\$ 6,609,023</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:		
Accounts payable - short term	\$ 2,889,635	\$ 2,883,587
Accrued expenses and other payable	<u>1,069,904</u>	<u>511,304</u>
Total current liabilities	<u>3,959,539</u>	<u>3,394,891</u>
Long-term Liabilities:		

Accounts payable - long term	868,806	440,376
Notes Payable-net of discount of \$6,130 and \$8,361 respectively	<u>443,871</u>	<u>441,639</u>
Total long-term liabilities	<u>1,312,677</u>	<u>882,015</u>

Commitments and Contingencies

Stockholders' Equity

Common stock, par value \$.001; authorized 50,000,000 shares; 15,152,006 shares issued 637,013 shares to be issued and 15,118,673 shares outstanding as of June 30, 2011; 14,915,959 shares issued, 637,013 shares to be issued, and 14,882,626 shares outstanding as of December 31, 2010

	15,788	15,552
Additional paid-in capital	62,823,404	62,606,043
Accumulated deficit	(59,817,673)	(59,377,962)
Treasury stock, at cost, 33,333 shares	<u>(911,516)</u>	<u>(911,516)</u>
Total stockholders' equity	<u>2,110,003</u>	<u>2,332,117</u>
Total liabilities and stockholders' equity	<u>\$ 7,382,219</u>	<u>\$ 6,609,023</u>

MILESTONE SCIENTIFIC INC.
CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Product sales, net	\$ 2,464,119	3,218,669	\$ 4,890,107	\$ 5,781,247
Cost of products sold	<u>868,074</u>	<u>1,161,847</u>	<u>1,747,663</u>	<u>2,062,558</u>
Gross profit	<u>1,596,045</u>	<u>2,056,822</u>	<u>3,142,444</u>	<u>3,718,689</u>
Selling, general and administrative expenses	1,801,668	1,778,193	3,425,924	3,319,896
Research and development expenses	<u>56,225</u>	<u>79,736</u>	<u>99,943</u>	<u>168,200</u>
Total operating expenses	<u>1,857,893</u>	<u>1,857,929</u>	<u>3,525,867</u>	<u>3,488,096</u>
(Loss) Income from operations	(261,848)	198,893	(383,423)	230,593
Other income (expense)	--	--	--	61,916
Interest expense	(34,691)	(17,946)	(54,077)	(27,288)
Interest-Amortization of debt issuance	(1,532)	(699)	(2,231)	(1,398)
Interest income	<u>5</u>	<u>112</u>	<u>20</u>	<u>459</u>
Net (loss) income applicable to common stockholders	<u>\$ (298,066)</u>	<u>\$ 180,360</u>	<u>\$ (439,711)</u>	<u>\$ 264,282</u>
Net (loss) income per share applicable to common stockholders --				
Basic	<u>\$ (0.02)</u>	<u>\$ 0.01</u>	<u>\$ (0.03)</u>	<u>\$ 0.02</u>
Diluted	<u>\$ (0.02)</u>	<u>\$ 0.01</u>	<u>\$ (0.03)</u>	<u>\$ 0.02</u>

Weighted average shares outstanding and to be issued --

Basic	<u>15,046,728</u>	<u>14,795,432</u>	<u>15,005,260</u>	<u>14,778,134</u>
Diluted	<u>15,046,728</u>	<u>15,172,700</u>	<u>15,005,260</u>	<u>15,185,304</u>

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