

FOR IMMEDIATE RELEASE

Apogee Investor Contact:
Paul Murphy
Apogee Technology, Inc.
781-551-9450
pmurphy@apogeemems.com

APOGEE REPORTS SECOND QUARTER RESULTS

NORWOOD, Mass. (August 15, 2006) — Apogee Technology, Inc. (AMEX: ATA), an emerging micro-systems and nanotechnology company that designs, develops and commercializes medical devices and sensor products, today reported its results for the second quarter ended June 30, 2006. Revenue for the three months ended June 30, 2006 was \$341,000 compared with \$1.3 million for the same period in 2005. The Company's net loss for the second quarter of fiscal year 2006 was \$932,000 or (\$0.08) per share, compared to net loss of \$1.6 million or (\$0.14) per share for the second quarter of 2005.

For the six-month period ended June 30, 2006, the Company reported revenue of \$1.3 million and a loss of \$1.7 million or (\$0.14) per share. This compares to revenue of \$2.4 million and net loss of \$3.0 million or (\$0.26) per share for the same period in 2005. The decline in revenue is directly related to the selling of certain assets of the audio division, including the DDX® technology and the associated royalties to SigmaTel in October 2005.

Research and Development ("R&D") expenditures were \$606,000 for the second quarter of 2006, compared to \$733,000 for the second quarter of 2005. Selling, General and Administrative expenditures were \$532,000 in the second quarter of 2006, compared to \$1.3 million for the same period last year. The decrease in expenses reflects a reduction in the Company's human resource expenses in connection with the SigmaTel transaction and one-time costs associated with the restatement of the Company's financial statements, which was completed in 2005.

David Meyers, Apogee's Chief Operating Officer said, "In the last several months our Medical Group has focused on the development of proprietary drug coatings for our PyraDerm™ intradermal delivery system. The goal is to develop proprietary coating formulations and manufacturing processes that will enable us to deliver large molecule therapeutics in a controlled manner. In order to support this effort, in June we signed an exclusive license agreement with the University of Akron Research Foundation for patents, patent applications and know-how related to drug preservation technologies. We believe this technology has the potential to provide the means to stabilize large molecule drugs in order to meet delivery system shelf life requirements. We also signed a one-

year research agreement with Akron to optimize the licensed technology and to further develop the coating manufacturing process.

“In the Sensor Group, we focused our efforts during the last quarter on the qualification and marketing of Sensilica™ sensor products. In June we exhibited our Sensilica™ pressure sensor products at industry trade shows in the US and Europe. As a result of this effort, we established contacts with a broad potential customer base and with independent sensor representatives and distributors to support our US and European marketing and sales efforts. We initiated the product sales cycle by shipping die samples to customers developing sensing solutions for consumer weather stations, automotive hydraulic systems and industrial pressure measurement applications. As these potential customers move from the product qualification phase into the pre-production phase, we anticipate generating nominal revenue from sensor related products by the end of 2006. We also exhibited our packaged sensor products and we are currently working with several customers to customize our solutions to meet their specific requirements. Our strategy is to have a vertically integrated sensor product line to support customer applications and reduce our time to market.”

Dr. Nevenka Golubovic-Liakopoulos, Apogee’s Director of Medical Products said, “Our Medical Products Group is accelerating its progress in creating value added products to address unmet medical needs by commercializing nanotechnology based drug delivery systems. After demonstrating the feasibility of our intradermal technology with model drugs in laboratory tests, we have advanced the development of novel formulations that strengthen our intellectual property position and support the implementation of our state-of-the-art drug delivery systems. We are currently implementing manufacturing and regulatory strategies to support the commercialization of our intradermal patch for both FDA - regulated and non-regulated applications.

“Our combination device technology has two key components, the device and the formulation. On the device side we are evaluating mechanical integrity of the micropyramid arrays and on the formulation side we are characterizing the strength and stability of our drug coatings. We are optimizing our formulations to enable increased drug loadings and better control of drug release characteristics. In order to support this effort, we expect to complete the installation in the fourth quarter of 2006 of a Good Laboratory Practice (GLP) facility. We are also establishing key relationships to support scale-up of our technologies into current Good Manufacturing Practice (cGMP) manufacturing. Our development strategies are consistent with Chemistry, Manufacturing, Control (CMC) requirements in order to support potential business arrangements with pharmaceutical companies and the government.

“Large molecule drugs such as proteins and peptides are among the most effective available treatments today. However, the lack of an appropriate drug delivery system often limits their safe and effective transfer to medical practice. With our intradermal delivery system we believe we can successfully partner with pharmaceutical companies to enable these therapies. This will allow pharmaceutical companies to focus on their core competencies of drug discovery and approval, while we focus on the customization of our intradermal patch to fit multiple products in their pipeline. We believe that the implementation of our drug delivery system will have an economic impact by addressing key commercial needs such as, 1) protecting market share by extending drug patent life and/or 2) reducing development cost and time by reviving late stage development drugs that were not previously commercially viable. In collaboration with large pharmaceutical companies, we believe we can support the commercialization of products that address large markets such as auto-immune diseases, osteoporosis, obesity, anti-infectives, cancer, and hormone therapies.

“With the support of our Medical Advisory Board, we continue to evaluate additional opportunities based on the differentiation of our intradermal technology. Our technology has a potential to enable more efficient uptake of vaccines, while also potentially solving storage, disposal and cross contamination issues associated with needle based delivery solutions. We are also in the process of evaluating compounds to combine with our proprietary delivery system for the cosmeceutical and nutraceutical markets, which may not require FDA approval. We believe that our focus on developing proprietary formulations and processes with our PyraDerm platform, in accordance with regulatory and manufacturing standards, represents a solid base for business in both regulated and non-regulated markets.”

About Apogee Technology, Inc.

Apogee Technology designs, develops and commercializes proprietary medical device and sensor products using its MEMS and nanotechnology for the medical, automotive, industrial and consumer markets. The Company is developing its PyraDerm™ solution for enhanced intradermal drug delivery and has introduced a family of pressure sensors under the Sensilica™ brand. Apogee’s goal is to provide value-added and cost-savings solutions for our customers and, in so doing, to become a global leader in the sensor and medical device fields. For more information please visit our web site at: <http://www.apogeemems.com>.

##

PyraDerm™, Sensilica™ and BlueSensor™ are trademarks of Apogee Technology, Inc. All other product names noted herein may be trademarks of their respective holders. Certain statements made herein that use the words "anticipate," "hope," "estimate," "project," "intend," "plan," "expect," "believe" and similar expressions are intended to identify forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve known and unknown risks and uncertainties, which could cause the actual results, performance or achievements of the Company to be materially different from those that

may be expressed or implied. Please refer to the company's risk factors as set forth in the Company's filings with the Securities and Exchange Commission, including its reports on Forms 10-KSB and 10-QSB.

**APOGEE TECHNOLOGY, INC. AND SUBSIDIARY
 CONSOLIDATED BALANCE SHEETS**

	JUNE 30, 2006 (Unaudited)	DECEMBER 31, 2005 (Audited)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,756,059	\$ 5,512,974
Accounts receivable, net of allowance for doubtful accounts of \$13,245 and \$145,000, in 2006 and 2005 respectively	102,349	152,837
Inventories, net	354,242	1,327,964
Prepaid expenses and other current assets	66,974	123,462
Total current assets	<u>4,279,624</u>	<u>7,117,237</u>
Property and equipment, net	<u>52,806</u>	<u>39,932</u>
Other assets		
Escrow account	417,463	409,480
Patents	155,862	149,536
	<u>\$ 4,905,755</u>	<u>\$ 7,716,185</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	\$ 423,033	\$ 766,930
Deferred distributor revenue	433,770	1,337,022
Deferred contract revenue	72,686	72,686
Total current liabilities	<u>929,489</u>	<u>2,176,638</u>
Commitments and Contingencies	—	—
Stockholders' equity		
Common stock, \$.01 par value; 20,000,000 shares authorized, 11,968,332 and 11,968,332 shares issued and outstanding at June 30, 2006 and December 31, 2005	119,683	119,683
Additional paid-in capital	18,104,423	18,104,423
Deferred stock compensation	97,354	—
Accumulated deficit	(14,345,194)	(12,684,559)
Total stockholders' equity	<u>3,976,266</u>	<u>5,539,547</u>
	<u>\$ 4,905,755</u>	<u>\$ 7,716,185</u>

APOGEE TECHNOLOGY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	June 30,		June 30,	
	2006	2005	2006	2005
Revenues				
Product sales	\$ 339,549	\$ 1,154,661	\$ 1,324,947	\$ 2,168,449
Royalties	1,250	159,978	1,250	260,931
	<u>340,799</u>	<u>1,314,639</u>	<u>1,326,197</u>	<u>2,429,380</u>
Costs and expenses				
Product sales	271,844	885,885	997,089	1,853,228
Research and development	605,738	732,868	1,000,313	1,523,007
Selling, general and administrative	531,884	1,293,144	1,158,593	2,093,084
	<u>1,409,466</u>	<u>2,911,897</u>	<u>3,155,995</u>	<u>5,469,319</u>
Operating loss	(1,068,667)	(1,597,258)	(1,829,798)	(3,039,939)
Other (expense) income				
SigmaTel earn-out	84,108	—	84,108	—
Interest/other expense	(864)	(3,452)	(22,451)	(3,452)
Interest income	53,790	1,728	107,506	6,125
	<u>137,034</u>	<u>(1,724)</u>	<u>169,163</u>	<u>2,673</u>
Net loss	(931,633)	(1,598,982)	(1,660,635)	(3,037,266)
Accumulated deficit - beginning	(13,413,561)	(17,075,230)	(12,684,559)	(15,636,946)
Accumulated deficit - ending	\$ (14,345,19)	\$ (18,674,21)	\$ (14,345,19)	\$ (18,674,21)
Basic and diluted loss per common share	\$ (0.08)	\$ (0.14)	\$ (0.14)	\$ (0.26)
Weighted average common shares outstanding - basic and diluted	11,968,332	11,838,332	11,968,332	11,838,332