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Apogee Reports 2007 Second Quarter Results

NORWOOD, Mass. (Aug 15, 2007) — Apogee Technology, Inc. (AMEX: ATA), a biotechnology company developing drug delivery and sensor systems, today reported its results for the second quarter ended June 30, 2007. Revenue for the three months ended June 30, 2007 was \$65,000 compared with \$341,000 for the same period in 2006. The Company's net loss for the second quarter of 2007 was \$775,000 or (\$0.06) per share, compared to net loss of \$932,000 or (\$0.08) per share for the second quarter of 2006.

For the six-month period ended June 30, 2007, the Company reported revenue of \$119,000 and a loss of \$1.5 million or (\$0.12) per share. This compares to revenue of \$1.3 million and net loss of \$1.7 million or (\$0.14) per share for the same period in 2006. Approximately \$889,000 of the revenue in the six-month period of 2006 was related to the recognition of previously deferred revenue.

Research and Development expenditures were \$375,000 for the second quarter of 2007, compared to \$606,000 for the second quarter of 2006. Selling, General and Administrative expenditures were \$488,000 in the second quarter of 2007, compared to \$532,000 for the same period last year.

David Meyers, Apogee's Chief Operating Officer said:

“We have made significant accomplishments in our Medical Products Group in the last several months and we intend to increase our investments in research, development and marketing to build this business.

The principal focus of our Medical Products Group is PyraDerm™, a proprietary system that has the potential to deliver drugs directly into the skin for the treatment and prevention of local and systemic conditions. PyraDerm™ incorporates an array of microneedles containing a solid-state

macromolecular/drug formulation intended to dissolve in the skin releasing active ingredients to achieve optimal delivery performance. It is designed to be painless, low cost, self-administered, and easily stored, transported and disposed – all of which are important needs for patients, health insurers, companies developing pharmaceuticals, as well as, governmental and international health organizations.

We believe PyraDerm™ is ideal for the delivery of vaccines, because improved efficacy may be achieved by taking advantage of the skin's natural immune mechanisms. High potency biotech or protein and peptide drugs, which are typically delivered by injection by health care professionals, may also benefit from PyraDerm™ because of its capability for painless self-administration. We also believe that our delivery system can enhance the delivery of cosmeceutical and nutraceutical active ingredients by increasing delivery efficiency compared to topical formulations.

We intend to pursue licensing/development or partnership agreements with pharmaceutical companies for vaccines and protein drug delivery products due to the significant cost associated with the FDA approval process. In addition, we may sell the rights to our designs for specific applications. For the delivery of compounds having lesser regulatory requirements, we intend to develop and sell complete products to end-users or through distribution channels.

In order to support our licensing/partnership business strategy we have been working to develop a strong intellectual property position and a comprehensive pre-clinical technical data package. In July, we filed two U.S. patent applications that describe advanced macromolecular formulations and coating methodologies. These applications are intended to protect our rights for drug delivery formulations, as well as, methods and systems for precise dose control. We believe that if these patents are issued we will have a competitive advantage in the fields of intradermal delivery and potentially other drug delivery applications, such as stents.

We also have been working to generate a pre-clinical data package that will include in vitro and in vivo studies, system stability, toxicology, chemistry, manufacturing, control and other necessary pre-clinical information. One of the important components of this package is feasibility data from the evaluation of

our delivery systems in vivo, or in a living system. Our first target application is vaccines and we are working with prestigious medical research institutions to conduct in vivo studies. When completed, this proof of concept data will build upon the results obtained by researchers at Emory University using our technology. This preliminary data indicated an enhanced immune response in animals when using multiple vaccine antigens as compared to conventional delivery methods. The data supports our belief that PyraDerm™ has the potential to be a safe and painless method of mass immunization, while providing improved immune response compared to conventional hypodermic vaccine delivery.

We now have in place patent applications to begin to protect our drug delivery technologies, developed PyraDerm™ prototypes and macromolecular formulation coating processes, completed our internal laboratories and hired the human resources necessary to execute on our business strategy. Additional funding will be required to support these businesses activities and we are currently reviewing our capital needs and exploring alternatives to accomplish our funding goals.

Over the past several months, our Sensor Products Group has expanded from a component focus to a systems application focus in order to develop solutions targeting rapidly growing health monitoring opportunities. By combining our expertise in MEMS-based sensors, low power electronics, signal processing, wireless communications and our emerging medical device business, we plan to develop health monitoring systems that have a high level of performance and perceived value, thereby surpassing other products in the marketplace today.”

About Apogee Technology, Inc.

Apogee Technology, Inc. is a biotechnology company developing proprietary systems for the delivery of drugs into the skin for the treatment and prevention of local and systemic conditions. The Company’s PyraDerm™ intradermal delivery system incorporates an array of microneedles containing a solid-state macromolecular/drug formulation that dissolves in the skin releasing drugs to achieve optimal delivery performance. It is designed to be painless, low cost, self-administered and easily stored, all of which are important needs in the drug delivery market. The Company is also developing and commercializing sensors and sensor systems with a specialized focus on health monitoring. For more information please visit our web site at: <http://www.apogeebio.com>.

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PyraDerm™ and Sensilica® 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," "may," "hope," "estimate," "project," "will," "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 the design, development and production efforts of our PyraDerm™ and Sensilica® technologies, 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, as amended, for the year ended December 31, 2006 and 10-QSB for the quarter ended June 30, 2007.

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

	JUNE 30, 2007 (Unaudited)	DECEMBER 31, 2006 (Audited)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,537,074	\$ 3,051,420
Accounts receivable, net of allowance for doubtful accounts of \$11,320 in 2007 and \$13,245 in 2006, respectively	10,962	11,196
Inventories, net	—	—
Prepaid expenses and other current assets	32,837	69,465
Total current assets	<u>1,580,873</u>	<u>3,132,081</u>
Property and equipment, net	<u>203,941</u>	<u>117,217</u>
Other assets		
Patents	277,837	208,703
Exclusive licensing, net	30,426	22,574
Construction in progress	—	90,642
	<u>\$ 2,093,077</u>	<u>\$ 3,571,217</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	\$ 666,529	\$ 710,187
Total current liabilities	<u>666,529</u>	<u>710,187</u>
Commitments and Contingencies	—	—
Stockholders' equity		
Common stock, \$.01 par value; 20,000,000 shares authorized, 11,968,332 issued and outstanding at June 30, 2007 and December 31, 2006	119,683	119,683
Additional paid-in capital	18,450,616	18,396,909
Accumulated deficit	(17,143,751)	(15,655,562)
Total stockholders' equity	<u>1,426,548</u>	<u>2,861,030</u>
	<u>\$ 2,093,077</u>	<u>\$ 3,571,217</u>

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

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	June 30,		June 30,	
	2007	2006	2007	2006
Revenues				
Product sales	\$ 64,997	\$ 339,549	\$ 118,666	\$ 1,324,947
Royalties	—	1,250	—	1,250
	<u>64,997</u>	<u>340,799</u>	<u>118,666</u>	<u>1,326,197</u>
Costs and expenses				
Product sales	1,199	271,844	1,415	997,089
Research and development	375,245	605,738	619,505	1,000,313
Selling, general and administrative	487,979	531,884	1,041,870	1,158,593
	<u>864,423</u>	<u>1,409,466</u>	<u>1,662,790</u>	<u>3,155,995</u>
Operating loss	(799,426)	(1,068,667)	(1,544,124)	(1,829,798)
Other (expense) income				
SigmaTel earn-out	—	84,108	—	84,108
Interest/other expense	—	(864)	—	(22,451)
Interest income	24,068	53,790	55,935	107,506
	<u>24,068</u>	<u>137,034</u>	<u>55,935</u>	<u>169,163</u>
Net loss	(775,358)	(931,633)	(1,488,189)	(1,660,635)
Accumulated deficit - beginning	(16,368,393)	(13,413,561)	(15,655,562)	(12,684,559)
Accumulated deficit - ending	\$ (17,143,751)	\$ (14,345,194)	\$ (17,143,751)	\$ (14,345,194)
Basic and diluted loss per common share	\$ (0.06)	\$ (0.08)	\$ (0.12)	\$ (0.14)
Weighted average common shares outstanding - basic and diluted	11,968,332	11,968,332	11,968,332	11,968,332