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**ARKADOS DEMONSTRATES WHOLE-HOUSE CONNECTIVITY AT
INTEL DEVELOPER FORUM**

*Arkados system-on-chip and firmware serve as the universal platform
for connected home applications*

SAN FRANCISCO, September 26, 2006 – Arkados, Inc., the HomePlug® Applications Company™, today demonstrated whole-house connectivity incorporating HomePlug powerline communications standards at the Intel Developer Forum (IDF) in San Francisco. The whole-house security and audio demonstrations include the popular Internet radio application, streaming music direct-to-speaker™ with no computer required. Arkados' AI-1100 system-on-chip (SoC) serves as the versatile platform upon which hundreds of HomePlug-compliant audio, video, security and home efficiency applications can be designed. The demonstration can be viewed at the HomePlug Alliance Community in the IDF Technology Showcase.

On the heels of receiving HomePlug Alliance certification last month for the company's dual-board Internet radio design, the company today also announced the availability of a single-board design. The Internet radio Direct-to-Speaker reference design improves the user experience by providing robust HomePlug connectivity and ease of use in one package. One side of the device connects to a stereo receiver or powered speakers, while the other side sends and receives data through the HomePlug powerline network.

“The beauty of our SoC solution lies in its versatility and programmability, not only for audio and security applications, as we're demonstrating here at IDF, but also for everything from IPTV to surveillance cameras to gaming,” said Oleg Logvinov, Arkados president and CEO. “From a single, universal platform, we're in effect enabling the entire powerline-driven connected home.”

IDF runs from September 26-28 at the Moscone West Convention Center in San Francisco, Calif.; more information can be found at www.intel.com/idf/us/fall2006. Product briefs on both the AI-1100 system-on-chip and the Internet radio reference design are available at <http://www.arkados.com/productbriefs.html>.

About Arkados, Inc.

Arkados, the HomePlug® Applications Company™, delivers a universal platform that enables the effortless networking of home entertainment and computer devices using standard electricity lines. The company's system-on-chip solutions are uniquely designed

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to drive a wide variety of powerline-enabled consumer electronics and home computing products, such as stereos, radios, speakers, mp3 players, computers, televisions, gaming consoles, security cameras, and cable and DSL modems. Arkados customers can bring numerous sophisticated, full-featured products to market faster at a lower overall development cost using a single platform: the company's versatile and programmable ArkTIC™ platform. Arkados solutions leverage the benefits of HomePlug Powerline Alliance specifications, and can also be used for in-building and to-the-home (BPL) applications. Arkados Inc. is a wholly owned subsidiary of the Arkados Group, Inc. (OTCBB:AKDS). More information can be found at www.arkados.com.

This release includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934 that are based upon assumptions that in the future may prove not to have been accurate and are subject to significant risks and uncertainties, including statements as to the future performance of the company and the risks and uncertainties detailed from time to time in reports filed by the company with the Securities and Exchange Commission. Although the company believes that the expectations reflected in its forward-looking statements are reasonable, it can give no assurance that such expectations or any of its forward-looking statements will prove to be correct. Factors that could cause results to differ include, but are not limited to, successful performance of internal plans, product development acceptance, and the impact of competitive services and pricing and general economic risks and uncertainties.

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