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**ARKADOS CHAMPIONS HOMEPLUG INTEROPERABILITY ROADMAP,
DEMONSTRATES WHOLE-HOUSE MULTIMEDIA PLATFORM AT
HOMEPLUG TECHNOLOGY CONFERENCE**

*Arkados firmware to provide turnkey, seamless bridge from HomePlug 1.0 to
HomePlug AV platforms*

Burlingame, Calif., October 4, 2006 – Arkados, Inc., the HomePlug® Applications Company™, today reinforced its commitment to universal powerline solutions by announcing interoperability between the company’s existing HomePlug 1.0 and future Arkados HomePlug AV system-on-chip (SoC) solutions. The company this week is also demonstrating a whole-house multimedia platform incorporating powerline communications standards at the HomePlug Powerline Technology Conference in Burlingame, Calif.

There are hundreds of uses for HomePlug communication technology for connected home applications. Some demand high-speed and high performance, while others are very cost sensitive and can use lower speeds of communication. Today, the HomePlug Alliance is developing a portfolio of specifications that address applications ranging from command and control to HDTV video distribution. Arkados believes that interoperability among all of the devices deployed in a connected home is the key to the success of powerline communication technology.

The cornerstone of Arkados’ robust product roadmap lies in its applications software, providing a turnkey and worry-free platform for customers developing numerous consumer electronics devices, and seamless interoperability of HomePlug 1.0 and future HomePlug AV SoCs.

“At this stage of the industry’s development, interoperability between HomePlug 1.0 and AV devices is really what OEMs value and what will drive greater consumer adoption,” said Oleg Logvinov, Arkados president and CEO. “All of our application firmware is HomePlug AV ready and will be fully interoperable with our HomePlug 1.0 family of solutions, enabling a truly heterogeneous mix of devices, driven purely by application need.”

Mr. Logvinov continued, “This offers a cost-effective level of flexibility for consumers and an effortless migration path for our customers, who have already chosen our ArkTIC family of SoCs for its versatility and competitive advantages.”

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Arkados is showcasing whole-house multimedia platforms that are designed to support a broad range of services and applications that were traditionally enabled by hard-wired solutions. Some examples of these applications include whole-house audio, Internet radio, and digital video. Arkados' versatile AI-1100 system-on-chip platform is being displayed at the Annual HomePlug Powerline Technology Conference, being held in Burlingame, Calif. on October 4-5. Mr. Logvinov will be among the industry leaders presenting at the conference. More information can be found at <http://2006tc.homeplug.org/en/about/index.asp>.

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 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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