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**ARKADOS SEES STRONG DEMAND FOR WIDE VARIETY OF
HOMEPLUG APPLICATIONS**

*Top three sought-after applications: Internet radio,
video surveillance and whole-house audio*

Piscataway, N.J., October 24, 2006 – Arkados, Inc., the HomePlug® Applications Company™, today reported that feedback from the recent Intel Developer’s Forum and HomePlug Powerline Technology Conferences reinforced the company’s belief that networking and consumer electronics OEM/ODMs demand an application-centric approach. Arkados has long focused on the delivery of application-centric designs with its universal System-on-Chip (SoC) platform and patented powerline technology. The company is seeing the most interest in the following main categories of powerline communications applications: Internet radio, video surveillance and IPTV, and whole-house audio. Arkados is a wholly owned subsidiary of Arkados Group, Inc. (OTCBB:AKDS).

“It’s rewarding to see such great response to not only our recently granted patent for some of the ingredient technologies used in powerline communications, but also for our ‘one chip-many applications’ approach,” said Oleg Logvinov, Arkados president and CEO. “We developed our versatile chip to support the intelligent connected-home applications that are coming to market, and this approach may be the fundamental starting point that brings HomePlug applications to the broad consumer electronics marketplace.”

Recently, Arkados displayed its Internet radio, video surveillance and whole-house audio applications at the Intel Developer’s Forum and HomePlug Powerline Technology Conference in San Francisco.

Internet Radio

The Arkados Direct-to-Speaker™ Internet Radio Reference Design (AI1100-DTS-INTR) demonstrates the capabilities of the Arkados AI-1100 SOC and its associated firmware by offering a way to stream Internet Radio stations without using a personal computer. The device acts as a bridge between the digital music programming and a stereo receiver or powered speakers.

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Video Surveillance

Analog Devices' Blackfin® processors provide the video power, and Arkados' AI-1100 SOC provides the management, network intelligence and connectivity for a 'simply smart' video surveillance system (reference design AI1100-S4). By incorporating the HomePlug standard, components of the video surveillance system can instantly connect to one another through a home's electrical wires. End users enjoy that the components require no installation of new wiring.

Whole-house Audio

The whole-house audio reference design (AI1100-DTS-MRAS) from Arkados creates a complete audio experience, as MP3 players, CD players, or even Internet radio streams can all be tapped into as an audio source. With Arkados Powered™ devices, all audio content can be accessed from anywhere you keep it, and played in synch throughout the home. This creates a whole-house music experience that is instantly connected through the home's electrical wires.

Powerline communications uses the existing electrical wiring within a residence as a networking infrastructure and enables the digital home without the requirement for new wires. The HomePlug specifications are industry standards for implementing powerline communications technology. Arkados' recently patented approach, announced earlier this month along with the company's HomePlug AV interoperability roadmap, overcomes the inherent limitations of carrying higher frequency signals over a home's power lines and utilizes the limited available bandwidth in the most efficient way, thereby maximizing the range of audio and video services that can be offered to the consumer.

Availability

The AI1100-DTS-INTR, AI1100-S4, and AI1100-DTS-MRAS reference designs and the cornerstone AI-1100 SoC are all currently available from Arkados. Arkados expects that these reference designs will be incorporated into consumer products in the near future. Please visit www.arkados.com for more details and contact information.

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

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*Arkados Sees Strong Demand for Wide Variety of
Powerline Applications / Page 3*

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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