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**ARKADOS AND GIGAFAST TO PRESENT CONNECTED-HOME PRODUCTS
AT CES 2007**

*HomePlug chip supplier and international ODM demonstrate compelling applications of
HomePlug technology*

PISCATAWAY, NJ, January 4, 2007 – Arkados (OTC BB: AKDS), known as “the HomePlug® Applications Company” and GigaFast, a leading manufacturer of networking products for home-based and small to medium-sized businesses, are using the occasion of the 40th Annual Consumer Electronics Show (CES) in Las Vegas to demonstrate a variety of solutions incorporating Arkados chips and software, and GigaFast’s product design expertise.

In this relationship, Arkados supplies chips and software to GigaFast, an Original Design Manufacturer (ODM). GigaFast, in turn, designs and manufactures products for OEMs – large companies who bring products to market under their own brand. This relationship allows all companies in the chain to leverage the specialization and the expertise of the partners.

“It is the flexibility of the Arkados solution that is so striking,” said Jay Cheng, president of GigaFast. “Their total solution includes chips and software, working as a platform that enables quick creation of a variety of products. There is ample flexibility within that platform to build products in a variety of forms, ranging from basic to extensive feature lists.”

The products being shown in GigaFast’s booth (LVCC South 2 #26919) include solutions for distributing both video and audio throughout a house.

“Arkados solutions are designed to reduce time to market, with a lower cost for the final product,” said Oleg Logvinov, CEO and president of Arkados. “In this regard, Arkados and GigaFast have a common goal. GigaFast’s team is highly experienced in powerline

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communications. Their dedication and early involvement with us ensures that a variety of OEMs can achieve better time to market with high-quality proven products.”

The video platform frees internet video services from the computer monitor in the home office, and allows viewing on any existing television in a home. The same video platform can be used for home security applications and internet-based slide shows.

Another design also includes a breakthrough method of using HomePlug® technology to transfer audio from a single iPod® to a number of speakers throughout the house – creating whole-house music playing completely synchronized.

The video solution, the connected iPod dock and audio endpoints for speakers, are available now as reference designs from Arkados, or as ready-to-manufacture designs from GigaFast in Q1/07.

Since the solutions are based on the international HomePlug standard for powerline communications technology, installation is as easy as plugging each device into the electrical socket.

About GigaFast

Founded in 1997, GigaFast, is a leading manufacturer of networking products for home-based and small to medium sized businesses. The company provides easy to use, innovative networking solutions by designing and developing products that enable users to easily share not only internet access, peripherals and digital content, but also applications among multiple PCs and other internet-enabled devices. Since 2001, GigaFast has been a world leader in manufacturing and developing power line networking solutions for data, audio, video and security applications. GigaFast is an Adopter Member of the HomePlug Powerline Alliance.

About Arkados Group, 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™, ArkTIC™ and Direct to Speaker™ are trademarks of Arkados Inc., a wholly owned subsidiary of the Arkados Group, Inc. HomePlug is a registered trademark of the HomePlug Powerline Alliance, of which

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Arkados is a member. Other names and brands may be claimed as the property of others. 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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