



Editorial Contact:

Karina Shaver, The Ardell Group
Email: karina@ardellgroup.com
Phone: 858-232-4590

Investor Relations Contact:

Andrew Berlin, Porter, LeVay & Rose, Inc.
Phone: (212) 564-4700

Jim Reeber, Arkados Group, Inc
Email: jreeber@arkados.com
Phone: 732-465-9300 x212

**ARKADOS SHOWCASES VERSATILE SOLUTIONS FOR HOMEPLUG
PRODUCT DESIGNS**

New “product blueprints” help consumer electronics companies build products more quickly at a lower cost

Piscataway, NJ, January 9, 2007 – Arkados (OTCBB:AKDS), known as “The HomePlug® Applications Company,” today announced an updated portfolio of “product blueprints” – known in the industry as “reference designs” – for a wide variety of audio and video products for the connected home. Arkados customers are showcasing many of these reference designs, each of which incorporates Arkados semiconductors and embedded software, in their booths at the 40th Annual Consumer Electronics Show (CES) in Las Vegas.

Arkados customers will be able to easily and quickly base their own products on these reference designs. Designed in compliance with HomePlug standards for powerline communications technology, final electronics products that incorporate the Arkados chip will be extraordinarily easy for consumers to set up and use. Along with an embedded ARM processor core, each reference design demonstrates the extraordinary flexibility of Arkados solutions, and highlights the rich complementary product features that are easily and cost-effectively enabled in the design process.

The Arkados Direct-to-Speaker™ reference designs for audio include the following solutions:

- Arkados Direct-to-Speaker MFi iPod Dock creates whole-house music from the world’s most popular digital music player
- Arkados Direct-to-Speaker Audio Receivers receive audio content and can display data (such as song title and artist information) and relay controls sent to the music source from any location
- Arkados Direct-to-Speaker Internet Radio is a HomePlug certified reference design that can tune into internet radio stations without the use of a computer

- more -

Arkados Group, Inc.
220 Old New Brunswick Road • 2nd Floor • Piscataway NJ 08854
732 465 9300 main • 732 465 9600 fax



*Arkados Showcases Versatile Solutions for
HomePlug Product Designs./ Cont'd*

- Arkados Direct-to-Speaker Virtual Audio Driver runs on Windows® platforms and adds an audio device driver, allowing users to transport audio to locations around the whole house
- Arkados Direct-to-Speaker Low-Latency Audio Transport is for applications such as intercoms, remote subwoofers, and public announcement systems

The Arkados Vid-Quick™ solutions, which utilize high performance Blackfin® processors from Analog Devices for their software programmable video codec processing capabilities, include the following reference designs for whole-house distribution of video:

- Arkados Vid-Quick IPTV Video Receiver is designed to serve as a low-cost IPTV set-top box, capable of receiving video streams using a broad range of compression codecs such as H.264, WMA, MPEG-4, etc.
- Arkados Vid-Quick Surveillance Video Receiver receives video data from a variety of HomePlug-certified video cameras and displays the output on an ordinary television
- Arkados Vid-Quick Digital Picture Frame is capable of displaying still images obtained through the HomePlug network from a variety of sources on a regular TV

“The Arkados chip works in concert with our Blackfin® processors to enable a wide variety of video applications,” said Jerry McGuire, General Manager, Convergent Platforms and Services Group, Analog Devices. “At CES, we are already demonstrating whole-house streaming video. But by using a variety of codecs that the Blackfin processors support, ADI and Arkados have created a technological platform that can be molded and shaped to enable a diverse collection of audio and video delivery systems.”

“Arkados is focused on accelerating the time between product concept and getting product on the shelves,” said Stephen Woodman, Vice President of Sales and Business Development for Arkados. “We help our customers by providing them with turnkey hardware and software platforms that are also very flexible. This allows them to create entire product lines – with a variety of products containing features ranging from basic to advanced – using essentially the same underlying components.”

Additional reference design details will be made available on the Arkados website in the coming weeks; please visit www.arkados.com for regular updates.

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

- more -

Arkados Group, Inc.
220 Old New Brunswick Road • 2nd Floor • Piscataway NJ 08854
732 465 9300 main • 732 465 9600 fax



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™, Vid-Quick™ and Direct to Speaker™ are trademarks of Arkados Inc., a wholly owned subsidiary of the Arkados Group, Inc. 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.

###