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ARKADOS DECLARES 40th ANNUAL CES AN “UNQUALIFIED SUCCESS”

Company to Benefit from Apple iPod’s Success

Chipmaker Foresees Explosion Of Demand To Run Accessories

PISCATAWAY, NJ, January 25, 2007 – Arkados (OTC BB: AKDS), “the HomePlug® Applications Company,” declared its participation at the 40th Annual Consumer Electronics Show in Las Vegas “an unqualified success.” Arkados showcased several “reference designs” including a video solution, audio endpoints for speakers, and the first-ever connected iPod dock that uses HomePlug technology to create whole-house music.

Oleg Logvinov, President and CEO of Arkados, said, “We had a very successful show at CES this year. We believe that the electronics environment we see developing favors our chips and our approach to connectivity using technology from the HomePlug Powerline Alliance.”

He added, “In particular, we believe that the success of Apple’s iPod is creating a huge market for accessories, many of them which will require chip technology similar to ours. Apple shipped 21 million iPods in the most recently reported quarter, and predicted that 2007 will see the shipment of the 100-millionth unit. This represents a significant shift toward a digitally networked environment. For Arkados, Apple customers represent potential purchasers of connected iPod docks, home speakers and countless other accessories to distribute the music on an iPod to every speaker in a home.

“Apple’s branding has effectively created a ready-made customer base for anybody who can cater to the needs and desires of iPod owners. We are in a position, as chip suppliers, of being able to sell into this market through manufacturers who produce electronics for sale under various names.”

Logvinov added, “Beyond Apple, other manufacturers of personal portable music and video sources will require accessories that serve the same purpose if they are to remain in the game. Once again, as vendors of the chips that will make their products function, we are positioned to capitalize on the market demand for simple networking solutions that can deliver the audio and video throughout the user’s home.”

See <http://www.arkados.com/ces2007.html> for pictures and further details.

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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™, 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.

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