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**ARKADOS WILL REPORT FIRST REVENUES MARKING SHIFT TO COMMERCIAL ENTERPRISE
FROM DEVELOPMENT STAGE COMPANY**

Volume Shipments Begin; Chips to be Used in iPod® Dock, Other Applications

PISCATAWAY, NJ, March 26, 2007 – Arkados (OTC BB: AKDS), known as “the HomePlug® Applications Company,” announced today that it has shipped and will report revenue of \$60,000 from chip sales for the quarter ended February 28, 2007. The chips are to be used in an iPod® dock demonstrated at CES earlier this year, as well as in other applications. Arkados also has announced that it has \$60,000 in backlog, as of February 28, 2007.

Oleg Logvinov, president and CEO of Arkados, said, “This is a significant moment for Arkados, marking the beginning of our transition from a research and development entity to a commercial enterprise. We have gone through the long and arduous process of commercializing our technology, have recognized our first product revenues in the quarter ending February 2007 and anticipate continuation of further product revenues, much of which will be recognized in the later half of calendar year 2007. We have been actively pursuing contracts since the Consumer Electronics Show, at which we established a critical mass in terms of market presence and sales activity.”

The Arkados chips sold will be used for a next-generation iPod dock produced by one of the few companies manufacturing such docks today. The dock uses HomePlug technology to transfer audio from a single iPod to a number of speakers throughout the house — creating whole-house music playing in a completely synchronized fashion. Arkados believes that the almost 100 million consumers who have purchased an iPod from Apple represent a ready-made market for audio and video accessories and that by working with various accessory makers it can maximize its market penetration quickly and efficiently. The flexible Arkados system-on-chip solutions will also be used for other applications.

Logvinov stated, “As a chipmaker, we are positioned to service this demand from any major electronics or networking manufacturer. We have held discussions at various levels with household names in those industries, and we believe that many of these talks may lead to firm orders in the coming months.”

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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™, 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 Arkados is a member. Apple® and iPod® are registered trademarks of Apple Computer, Inc. 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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