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ARKADOS FIRMWARE DELIVERS ON WHOLE-HOUSE AUDIO

New release expands feature set and retains focus on high-growth consumer segments

Piscataway, NJ, August 14, 2007 -- Arkados (OTC BB: AKDS), known as “the HomePlug® Applications Company,” announces the delivery of a new firmware version which allows their OEM and ODM customers to design and build a digital audio system with more robust and reliable audio streaming, and an increase in the number of receivers that can play uninterrupted high-quality music throughout the whole house. The new audio streaming firmware enhances the advantages of Arkados solutions over current other wireless distribution systems available in the market.

Arkados’ approach greatly broadens the market for in-home applications by supplying highly integrated solutions that form an engine for revolutionary new products in the consumer electronics space. Specifically, with its embedded audio synchronization technology, Arkados enables exciting new ways to create whole-house music at a fraction of the cost of professionally installed wired systems.

Arkados solutions offer better coverage, virtually interference-free performance, and a greater number of receivers (in any home, regardless of size of home or construction material) compared to radio-frequency wireless solutions for networked audio. With greater efficiency of channel use, and resilience against noise on the power lines, embedded HomePlug powerline networking technology makes connecting system components as easy as plugging them into a power outlet.

This release is especially timely because several noted analysts have recently commented on the growing market for whole-house music. In an April report, ABI Research® estimated that the networked home audio market will reach \$7.2B by 2012. Additionally, the Consumer Electronics Association (CEA)® recently released a study showing that nearly three quarters of U.S. online adults now listen to audio on their home computers instead of through traditional stereo systems. Arkados is focused on combining the traditional functions of computers with in-home consumer electronics.

“Reliable connectivity is key to enabling in-home audio and video applications that will satisfy consumers,” stated Oleg Logvinov, CEO and president of Arkados. “Coupled with the proven reliability of HomePlug technology, our embedded synchronization method is delivering on these whole-house applications now, even when it is still a challenge for the fastest networking technologies.”

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Updates to Arkados' media streaming firmware include enhancements and new technologies that improve the reliability of time-sensitive data. Based in part on intellectual property obtained through the recent acquisition of Aster Wireless, the "adaptive delivery protocol" contains technology that was developed through years of R&D under the guidance of industry giants such as Kodak®. This patent-pending technology delivers a best-in-class platform for media-centric applications.

Along with robust, reliable data delivery, Arkados' streaming firmware takes advantage of the integration made possible by the ArkTIC™ family of System-on-Chip semiconductors, enabling intelligent synchronization of all receivers within microseconds. The result is precise audio imaging without "smudging" and "echo" effects from speaker-to-speaker and room-to-room. In addition, a "codec agnostic" environment supports multiple media codecs, which makes the Arkados solution an ideal component for whole-house audio/video applications, and the answer for many connected-home product developers.

The new firmware contains updates to many components of the application support, QoS, traffic management, and TCP/IP functions. Support for applications includes audio and video, media content directories, infrared remote controls, and user interface (event-driven and graphical) components. The QoS engine intelligently handles asynchronous and isochronous data, bandwidth allocation, synchronization, and authentication. Traffic management components are designed to support application-aware traffic shaping and routing, and to integrate with SNMP- and DLNA®-based architectures. The firmware also includes HTTP server, Ethernet bridging and switching, telnet, and a developer's interface.

Logvinov continued, "Our plan is to continue to develop silicon and software that follows a common path. Our current software will be instantly and seamlessly portable to future HomePlug AV based chipsets when we bring them to market, enabling an entire ecosystem of products, and providing solutions for all segments of the marketplace."

More information can be found at <http://www.arkados.com/products.html>.

About Arkados, Inc.

Arkados, "the HomePlug Applications Company," delivers a universal platform that enables 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. 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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