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FOR IMMEDIATE RELEASE

**Arkados and IOGEAR Introduce the Powerline Stereo Audio System**

*--System connects to iPod® for whole-house music distribution--*

Piscataway NJ September 4, 2008 – Arkados (OTCBB: AKDS) announces that it has joined with IOGEAR to introduce the Powerline Stereo Audio System, a multi-room home audio system that connects directly to an iPod® or other audio source and creates whole-house music. The Powerline Stereo Audio System will be displayed by IOGEAR at CEDIA 2008 in booth #468.

The Powerline Stereo Audio System uses existing electrical lines within the home to stream music to any room, creating a full-house multimedia network without the need for expensive audio cable installation. Arkados' HomePlug powerline technology and its Direct-to-Speaker™ software provide reliable connectivity and the highest quality digital sound from the audio source to the speakers for the system.

“We are pleased to have joined forces with IOGEAR, a leading connectivity manufacturer, to provide an affordable, high-quality solution to home audio networking,” said Oleg Logvinov, president and Chief Executive Officer of Arkados. “The Arkados HomePlug solution within IOGEAR’s Powerline Stereo Audio System allows consumers to install their own state-of-the-art home audio network at a significantly lower price point. We are looking forward to showcasing the system at CEDIA.”

**About Arkados**

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® and ArkTIC® are registered trademarks, and Direct to Speaker™ is a trademark 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 <http://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, the company's ability to raise necessary financing, retention of key personnel, timely delivery of inventory from the company's contract manufacturers, timely product development, product acceptance, and the impact of competitive services and products, in addition to general economic risks and uncertainties.*