

DRD AND ARKADOS TO DRAMATICALLY ENHANCE WHOLE-HOUSE AUDIO QUALITY AND REACH

DRD audio technology used by Sharp, Panasonic and other electronics leaders to be combined with Arkados HomePlug connectivity for connected home applications

PISCATAWAY, NJ, December __, 2006 – Arkados, Inc., known as “the HomePlug® Applications Company” and a wholly owned subsidiary of Arkados Group, Inc. (OTC BB: AKDS), and Dedekind R&D (DRD), a Japanese professional audio enhancement DSP provider with a 30-year history, announced today that they are collaborating to create a number of product designs for digital audio applications.

Arkados, Inc. provides chips and software that enable whole-house music without running new wires. Several reference designs are planned that will couple DRD’s patented DSP technology with Arkados solutions for the two companies’ collective OEM and ODM customers.

DRD audio technology has a proven track record and has been used extensively by a number of top-tier consumer electronics powerhouses, such as Sharp, Panasonic, Fujisuten, Alpine, Clarion, and car manufacturers like Toyota and Mazda. DRD’s audio processor significantly enhances the sound quality of digital audio by substantially enhancing the dynamic range and generating **pure, natural, and powerful** acoustics by optimizing the performance of speakers.

Arkados is incorporating this technology into product blueprints for synchronized whole-house audio. Arkados provides chips and software that enable distribution of multi-channel whole-house music without running new wires. Based on HomePlug technology that transmits audio and video signals using a home’s existing electrical wires, the solution is free from interference due to various radio frequencies that may exist throughout the home.

“Pairing DRD technology with our whole-house synchronized audio connectivity is just one of the ways consumers will benefit from the strategic partnerships we’ve struck this year with industry leaders in a variety of consumer electronics markets,” said Oleg Logvinov, CEO and president of Arkados, Inc. “This collaboration will drive not only the sound quality for digital audio in the home, but also the ease with which users can access and listen to their favorite music anywhere in the house. Consumers will find extraordinary value in these products.”

Arkados has already demonstrated its ability to enable key audio and video applications with the easy-to-use HomePlug technology. Audio applications include transmitting a single audio stream to multiple loudspeakers located throughout a home so that end-users can set up whole-home music systems with great ease.

“This is a great leap forward in the delivery of high-quality sound to multiple speakers throughout a home,” said Mr. Kakumoto, president and director of DRD. “We anticipate there will be a wide audience for products of this type, and we are pleased to be part of this revolution in digital music. DRD technology brings a new life of enjoyable sounds to every room in the house.”

The new reference designs will be made available to ODM and OEM manufacturers in the first quarter of 2007.

About Dedekind R&D Co. Ltd.

Dedekind R&D has been developing the leading algorithm in audio signal processing and focusing in the area of interface between human auditory sense and machine since 1977. “With our technology, you can hear each sound and enjoy the music like an aroma from a fine perfume,” says the President of DRD – Mr. Kakumoto. Many acoustic engineers have discovered for years that the valuable DRD functions solve the problem of Audio Acoustic design. The DRD technology has been widely applied in Hi-Fi system, Car Audio, LCD TV, Home Theater Systems, Portable Audio, by leading brands in the world. More information can be found at <http://www.drdaudio.com>

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 Inc. is a wholly owned subsidiary of the Arkados Group, Inc. (OTC BB:AKDS).