



Arcadia Resources Announces Fiscal 2010 Second Quarter Results

- Fifth Consecutive Quarter of DailyMed™ Revenue Growth; Pharmacy Margins Increase 400 Basis Points
- \$11.1 Million Equity Financing to Close by November 17
- Enrollment in Virginia WellPoint Program Consistent with Estimates; California Pharmacy Operations Commence

INDIANAPOLIS, Nov. 16, 2009 – Arcadia Resources, Inc. (NYSE Amex: KAD), a leading provider of home care, medical staffing and pharmacy services under the Arcadia HealthCareSM brand, today announced results for its fiscal second quarter ended September 30, 2009.

For the second quarter of fiscal 2010, Arcadia reported net revenues of \$25.6 million, compared with net revenues of \$26.7 million for the same period last year. In its Pharmacy segment, Arcadia reported a \$2.2 million, or 181% increase in sales for its DailyMed™ medication management system for the current quarter compared to the same period a year ago, and a 6% increase over the first quarter of fiscal 2010. Additionally, Pharmacy gross margins increased to 15.1% during the second quarter compared to 11.1% in the first quarter of fiscal 2010. Revenue in the Services segment decreased by \$3.1 million or 12.5% compared to the same quarter of the previous year, due primarily to a decrease in medical staffing revenue.

Arcadia reported a net loss from continuing operations of \$4.1 million, or \$0.03 per share, in the current quarter compared to a net loss from continuing operations of \$3.8 million, or \$0.03 per share, for the fiscal 2009 second quarter. The consolidated net loss, including discontinued operations, was \$4.1 million in the current quarter, or \$0.03 per share, compared to a net loss of \$3.2 million, or \$0.02 per share, for the same period a year ago.

“We remain dually focused on growth and operational improvements in our two core businesses,” said Marvin R. Richardson, President and CEO of Arcadia. “In the Pharmacy segment, we successfully launched the DailyMed program in Virginia, the first market in our five-state agreement with WellPoint. We are also pleased to record our fifth consecutive period of quarter-over-quarter revenue growth, and we are confident this trend will continue as we realize the benefits of our expanding DailyMed footprint. Operationally, we improved our Pharmacy segment margins by 400 basis points, and we should continue to see margin improvements over the next several quarters.”

“While our overall Home Care and Medical Staffing revenues declined year over year, this was largely the result of industry-wide softness in demand for temporary medical staffing. Our Home Care revenues remained stable even with budget cuts in some state programs and challenging economic conditions,” Richardson said.

Arcadia said that the enrollment of WellPoint patients in Virginia, which began in September, will continue in full force over the next several months. In a separate press release today, Arcadia announced that it has commenced pharmacy operations in California as part of a joint agreement with Carlsbad, California-based SUPERVALU's ALBERTSONS Sav-On Pharmacy division.

“California represents the most significant revenue opportunity for DailyMed to date, and our experience with the Virginia roll-out will ensure a strong market entry,” noted Richardson. “The DailyMed program

will improve patient care and should result in significant member healthcare cost savings for WellPoint for its members in California.”

Fiscal 2010 Second Quarter Results

Arcadia reported \$25.6 million in revenue from continuing operations during the quarter, down slightly from \$26.7 million during the same period a year ago. The Company's gross margin was 28.9% during the second quarter, a 1.8% decline from the same period a year ago. The reduction in gross margin was driven by a shift in mix towards Pharmacy revenue, which has lower margins than the Company's Services segment.

- **Pharmacy:** Pharmacy segment revenues increased 181% to \$3.4 million for the first quarter of fiscal 2010, compared to \$1.2 million in revenues for the same quarter of fiscal 2009. On a sequential quarter basis, second quarter prescription volumes grew by 6% over the fiscal 2010 first quarter. In the Indianapolis DailyMed pharmacy, prescription volumes grew 14% over the prior quarter, which was offset by a 9% decline in prescription volumes at the Company's Minnesota pharmacy as one non-DailyMed client moved to a long-term care pharmacy. Additionally, the increased use of generic drugs resulted in a slight reduction in average revenue per prescription.

Gross margins declined from 16.6% in the second quarter of fiscal 2009, to 15.1% in the current quarter. However, margins were 400 basis points higher sequentially when compared to the fiscal 2010 first quarter margins of 11.1%. Arcadia said the gross margin improvement within the Pharmacy segment was due to improved generic pricing from its primary vendor, improved pricing and additional manufacturer and wholesaler rebates obtained through a new agreement with a pharmacy group purchasing organization, and improvements in inventory management and billing procedures. Additionally, the increased use of generic drugs improved margins as generics have a higher margin percentage.

- **Services:** The Company's Services segment, which includes Arcadia's home health care and medical staffing business, reported net revenues of \$21.7 million for the quarter compared to net revenues of \$24.8 million for the same period a year ago. Within the Services segment, home health care revenues decreased by \$0.2 million, or 1.1%, to \$17.2 million, compared to net revenue of \$17.5 million in the same period last year. The primary driver of the decrease in the Services segment was a decline in medical staffing and travel nursing staffing revenue to \$4.5 million in the current quarter, compared with \$7.4 million during the second quarter of fiscal 2009. Per Diem staffing revenue and travel nurse staffing revenue declined 37% and 44%, respectively, compared to the same period a year ago. Gross margins within the Services segment were down slightly at 30.8% compared with 31.1% for the same period last year.

Commenting on the fiscal second quarter results, Richardson said: “Our modest shortfall in second quarter pharmacy revenue compared to our prior outlook was the result of three factors: the higher level of difficulty in reaching a portion of the WellPoint Virginia patient population due to lack of telephone contact information, lower revenue per prescription filled due to a higher generic mix, and the loss of a non-DailyMed client in Minnesota. Due to the nature of the Medicaid population being served in Virginia, we found it was more difficult than we anticipated contacting some of the target population through our initial telephone outreach. When we make contact, our enrollment rate is exceeding previous estimates. We have worked with WellPoint over the past few weeks to intensify our field and grassroots outreach efforts. Despite some of these challenges, we are already close to reaching our initial 10% enrollment target. We believe we will increase that to 15% to 20% of the target population over the next several months.”

“Based on our experience in the initial Virginia market roll-out, we will commence our California roll-out in December, which is slightly later than we originally projected,” Richardson continued. “However, we expect to see enrollment levels in California similar to those in Virginia, but at an accelerated enrollment



rate. In light of all of these factors, we expect third quarter revenue to grow 10% to 20% over second quarter revenue. We expect to see significant growth in the fourth quarter based on the California roll-out. While we are unlikely to meet our \$25 million to \$35 million Pharmacy revenue estimates for fiscal 2010, we now have better visibility into our patient population and the factors influencing the enrollment process.”

“Our WellPoint program represents a significant revenue growth opportunity for us over the next 12 months. We also continue to have discussions with other payers who are interested in the DailyMed program. The only issue is the timing of this revenue growth, not traction with the DailyMed program,” Richardson said.

Capital Resources and Liquidity

As previously announced on November 9, 2009, the Company entered into definitive agreements in connection with an \$11.1 million common stock equity financing. Following the closing, after fees and debt extinguishment, the Company will have an additional \$7.8 million of cash to fund future operations.

At September 30, 2009, the Company had total cash plus line-of-credit availability of \$3.4 million, compared to \$2.95 million at June 30, 2009 and \$4.5 million at March 31, 2009

Arcadia reported negative cash flow from total operations of \$3.2 million for the first half of fiscal 2010, compared to negative cash flow of \$27,000 for the same period a year ago. Negative cash flow from operations for the second quarter was \$1.7 million compared to \$1.6 million for the first quarter of the current fiscal year.

Conference Call Information

Arcadia will conduct a conference call and simultaneous Internet webcast to review these financial results on Monday, November 16, 2009, at 11:00 a.m. Eastern Time.

To access the webcast, visit the Company’s website at www.arcadiahealthcare.com, 5-10 minutes prior to the start time and click on the webcast link. The Company’s press release, which contains financial information to be discussed in the presentation, will also be available on the Company’s website.

To participate in the live conference call, please dial 1-800-860-2442 (for U.S.-based callers) or 1-412-858-4600 (for international callers). The call can also be accessed (listen-only mode) via the Company’s web site at www.arcadiahealthcare.com through the “Investors” page.

A replay of the webcast will be available approximately one hour after the completion of the call and will be accessible at www.arcadiahealthcare.com until November 16, 2010. A telephone replay will be available by dialing 1-877-344-7529 (for US-based callers) or 1-412-317-0088 (for international callers). For telephone replay, callers must use the Conference ID number 435316. The telephone replay will be available until December 1, 2009.

Use of Non-GAAP Financial Information

In addition to reporting financial results in accordance with generally accepted accounting principles, or GAAP, Arcadia reports non-GAAP financial results. Arcadia’s management believes these non-GAAP measures are useful to investors because they provide supplemental information that facilitates

comparisons to prior periods. Management uses these non-GAAP measures to evaluate its financial results, develop budgets and manage expenditures. The method Arcadia uses to produce non-GAAP results is likely to differ from the methods used by other companies and should not be regarded as a replacement for corresponding GAAP measures. Investors are encouraged to review the reconciliation of these non-GAAP financial measures to the comparable GAAP results, which are attached to this release.

About Arcadia HealthCare

Arcadia HealthCare is a service mark of Arcadia Resources, Inc. (NYSE Amex: KAD), and is a leading provider of home care, medical staffing and pharmacy services under its proprietary DailyMed program. The Company, headquartered in Indianapolis, Indiana, has 65 locations in 20 states. Arcadia HealthCare's comprehensive solutions and business strategies support the Company's vision of "Keeping People at Home and Healthier Longer."

DailyMed™ Pharmacy dispenses a monthly cycle of a patient's prescriptions, over-the-counter medications and vitamins, and organizes them into pre-sorted packets clearly marked with the date and time the medications should be taken. In the dispensing process, a DailyMed pharmacist reviews each patient's medication profile and utilizes state-of-the-art medication therapy management tools in order to improve the safety and efficacy of the medications being dispensed. A DailyMed pharmacist provides routine communication with the patient, the primary care physician, caregivers and payers in order to maximize the pharmaceutical care administered. The DailyMed program improves patient care and drug utilization while reducing drug and hospitalization costs for private and government payers.

Forward Looking Statements

Any statements contained in this release that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21A of the Securities Exchange Act of 1934, as amended and otherwise within the meaning of court opinions construing such forward-looking statements. The Company claims all safe harbor and other legal protections provided to it by law for all of its forward-looking statements. Forward-looking statements are not guarantees of future performance and involve known and unknown risks, estimates, uncertainties and other factors, which could cause actual financial or operating results, performances or achievements expressed or implied by such forward-looking statements not to occur or be realized, including our estimates of consumer demand for our services and products, required capital investment, competition, and other factors. Actual events and results may differ materially from those expressed, implied or forecasted in forward-looking statements due to a number of factors. Important factors that could cause actual results, developments and business decisions to differ materially from forward-looking statements are described in the Company's filings with the Securities and Exchange Commission from time to time, including the section entitled "Risk Factors" and elsewhere in the Company's most recent Annual Report on Form 10-K and subsequent periodic reports. Among the factors that could cause future results to differ materially from those provided in our press release are: (i) we cannot be certain of our ability to generate sufficient cash flow to meet our obligations on a timely basis; (ii) we may be required to make significant business investments that do not produce offsetting increases in revenue; (iii) we may be unable to execute and implement our growth strategy; (iv) we may be unable to achieve our targeted performance goals for our business segments; and (v) other unforeseen events may impact our business. The forward-looking statements speak only as of the date hereof. The Company disclaims any obligation to update or alter its forward-looking statements, except as may be required by law.

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ARCADIA RESOURCES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

	September 30, 2009	March 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ -	\$ 1,522
Accounts receivable, net of allowance of \$3,609 and \$3,386, respectively	14,454	15,679
Inventories, net	575	863
Prepaid expenses and other current assets	1,154	1,764
Current assets of discontinued operations	117	5,458
Total current assets	16,300	25,286
Property and equipment, net	1,822	2,308
Goodwill	17,053	17,053
Acquired intangible assets, net	7,987	8,305
Other assets	626	590
Restricted cash	500	-
Assets of discontinued operations	29	5,850
Total assets	\$ 44,317	\$ 59,392
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Lines of credit, current portion	\$ -	\$ 437
Accounts payable	2,101	2,765
Accrued expenses:		
Compensation and related taxes	2,904	2,986
Interest	69	89
Health insurance	511	545
Other	1,112	917
Payable to affiliated agencies	852	1,284
Long-term obligations, current portion	3,434	596
Capital lease obligations, current portion	67	59
Current liabilities of discontinued operations	590	2,037
Total current liabilities	11,640	11,715
Other liabilities	-	-
Lines of credit, less current portion	6,715	10,889
Payable to affiliated agencies, less current portion	-	-
Long-term obligations, less current portion	24,242	26,918
Capital lease obligations, less current portion	55	37
Total liabilities	42,652	49,559
Commitments and contingencies		
STOCKHOLDERS' EQUITY		
Preferred stock, \$.001 par value, 5,000,000 shares authorized, none outstanding	-	-

Common stock, \$.001 par value, 200,000,000 shares authorized; 134,985,500 shares and 133,113,440 shares issued, respectively	162	161
Additional paid-in capital	136,470	135,920
Accumulated deficit	(134,967)	(126,248)
Total stockholders' equity	1,665	9,833
Total liabilities and stockholders' equity	\$ 44,317	\$ 59,392

ARCADIA RESOURCES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

	Three-Month Period Ended		Six-Month Period Ended	
	September 30,		September 30,	
	2009	2008	2009	2008
Services	\$ 21,709	\$ 24,824	\$ 44,389	\$ 49,831
Pharmacy	3,409	1,214	6,626	2,319
Catalog	498	681	1,010	1,347
Revenue, net	25,616	26,719	52,025	53,497
Cost of revenues	18,210	18,504	37,171	37,172
Gross profit	7,406	8,215	14,854	16,325
Selling, general and administrative	10,082	10,081	19,748	20,263
Depreciation and amortization	531	613	942	1,072
Total operating expenses	10,613	10,694	20,690	21,335
Operating loss	(3,207)	(2,479)	(5,836)	(5,010)
Other expenses:				
Interest expense, net	846	1,054	1,684	2,010
Loss on extinguishment of debt	-	-	-	248
Other	(6)	44	30	54
Total other expenses	840	1,098	1,714	2,312
Loss from continuing operations before income taxes	(4,047)	(3,577)	(7,550)	(7,322)
Current income tax expense	7	198	100	394
Loss from continuing operations	(4,054)	(3,775)	(7,650)	(7,716)
Discontinued operations:				
Income / (loss) from discontinued operations	(255)	540	(1,448)	1,195
Net gain on disposal	163	-	379	-
	(92)	540	(1,069)	1,195
NET LOSS	\$ (4,146)	\$ (3,235)	\$ (8,719)	\$ (6,521)
Weighted average number of common shares outstanding	161,201,000	133,019,000	160,709,000	132,357,000
Basic and diluted net loss per share:				
Loss from continuing operations	\$ (0.03)	\$ (0.03)	\$ (0.05)	\$ (0.06)
Income from discontinued operations	-	0.01	-	0.01
Net loss per share	\$ (0.03)	\$ (0.02)	\$ (0.05)	\$ (0.05)



ARCADIA RESOURCES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)
(UNAUDITED)

	Six-Month Period Ended September 30,	
	2009	2008
Operating activities		
Net loss for the period	\$ (8,719)	\$ (6,521)
Adjustments to reconcile net loss to net cash used in operating activities:		
Provision for doubtful accounts	1,155	1,654
Depreciation of property and equipment	912	2,297
Amortization of intangible assets	405	943
Gain on business disposals	(379)	-
Non-cash interest expense	1,224	1,102
Loss on sale of property and equipment	-	55
Amortization of deferred financing costs and debt discounts	121	492
Stock-based compensation expense	551	741
Loss on extinguishment of debt	-	248
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	2,440	(2,952)
Inventories	904	(611)
Other assets	821	689
Accounts payable	(1,449)	908
Accrued expenses	(956)	781
Due to affiliated agencies	(277)	166
Deferred revenue	-	(19)
Net cash used in operating activities	(3,247)	(27)
Investing activities		
Business acquisitions, net of cash acquired	(196)	(429)
Proceeds from business disposal	9,320	356
Increase in restricted cash	(500)	-
Proceeds from disposals of property and equipment	-	19
Purchases of property and equipment	(96)	(462)
Net cash provided by (used in) investing activities	8,528	(516)
Financing activities		
Net payments on lines of credit	(4,610)	(2,956)
Proceeds from note payable, net of fees	2,141	-
Payments on notes payable and capital lease obligations	(4,334)	(558)
Net cash used in financing activities	(6,803)	(3,514)
Net change in cash and cash equivalents	(1,522)	(4,057)
Cash and cash equivalents, beginning of period	1,522	6,351
Cash and cash equivalents, end of period	\$ -	\$ 2,294