

ARCADIA RESOURCES, INC.  
CONSOLIDATED BALANCE SHEETS

	<b>September 30, 2007</b>	<b>March 31, 2007</b>
	(Unaudited)	(Audited)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$1,748,027	\$ 2,994,322
Accounts receivable, net of allowance of \$8,672,000 and \$8,310,000, respectively	31,852,146	33,427,284
Inventories, net	1,653,746	2,732,533
Prepaid expenses and other current assets	2,780,470	2,768,231
Total current assets	<u>38,034,389</u>	<u>41,922,370</u>
Property and equipment, net	7,230,047	12,606,480
Assets held for sale	210,819	-
Goodwill	33,894,693	33,335,921
Acquired intangible assets, net	25,680,369	28,982,628
Other assets	195,760	380,374
	<u>\$105,246,077</u>	<u>\$ 117,227,773</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Lines of credit, current portion	\$1,648,035	\$ 2,612,996
Accounts payable	3,189,274	6,861,262
Accrued expenses:		
Compensation and related taxes	4,939,889	4,462,726
Commissions	416,560	359,401
Accrued interest	659,423	818,655
Other	1,394,175	1,049,065
Liabilities of operations held for sale	793,419	-
Payable to affiliated agencies, current portion	1,863,246	1,548,827
Long-term obligations, current portion	16,823,308	21,320,198
Capital lease obligations, current portion	76,736	1,020,421
Deferred revenue	326,080	659,258
Total current liabilities	<u>32,130,145</u>	<u>40,712,809</u>
Other liabilities	457,161	457,161
Lines of credit, less current portion	16,429,789	20,342,796
Payable to affiliated agencies, less current portion	-	37,848
Long-term obligations, less current portion	373,596	896,870
Capital lease obligations, less current portion	143,357	696,787
Total liabilities	<u>49,534,048</u>	<u>63,144,271</u>
Commitments and contingencies		
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock, \$.001 par value, 5,000,000 shares authorized, none outstanding	-	-
Common stock, \$.001 par value, 200,000,000 shares authorized; 126,126,685 shares and 121,059,177 shares issued and outstanding, respectively	126,127	121,059
Additional paid-in capital	128,569,059	110,342,704
Accumulated deficit	(72,983,157)	(56,380,261)
Total stockholders' equity	<u>55,712,029</u>	<u>54,083,502</u>
	<u>\$105,246,077</u>	<u>\$ 117,227,773</u>

ARCADIA RESOURCES, INC.  
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three-Month Period Ended September 30,		Six-Month Period Ended September 30,	
	2007	2006	2007	2006
Revenues, net	\$38,721,330	\$38,323,885	\$77,852,181	\$74,302,920
Cost of revenues	26,473,563	26,281,586	52,990,111	50,335,068
Gross profit	12,247,767	12,042,299	24,862,070	23,967,852
Selling, general and administrative	14,830,748	12,075,238	29,202,376	23,417,698
Depreciation and amortization	989,507	601,469	1,949,276	1,083,169
Total operating expenses	15,820,255	12,676,707	31,151,652	24,500,867
Operating loss	(3,572,488)	(634,408)	(6,289,582)	(533,015)
Other expenses:				
Interest expense, net	963,239	912,529	2,122,500	1,317,656
Total other expenses	963,239	912,529	2,122,500	1,317,656
Loss from continuing operations before income taxes	(4,535,727)	(1,546,937)	(8,412,082)	(1,850,671)
Current income tax expense	6,914	44,650	22,602	83,450
Loss from continuing operations	(4,542,641)	(1,591,587)	(8,434,684)	(1,934,121)
Discontinued operations:				
(Loss) earnings from discontinued operations	(2,472,939)	855,968	(6,008,500)	1,040,569
Net loss on disposal	(2,159,712)	-	(2,159,712)	-
	(4,632,651)	855,968	(8,168,212)	1,040,569
NET LOSS	\$(9,175,292)	\$(735,619)	\$(16,602,896)	\$(893,552)
Weighted average number of common shares outstanding	123,455,814	90,130,314	119,249,723	88,238,312
Basic and diluted net loss per share:				
Loss from continuing operations	\$(0.03)	\$(0.02)	\$(0.07)	\$(0.02)
(Loss) earnings from discontinued operations	\$(0.04)	0.01	(0.07)	0.01
	\$(0.07)	\$(0.01)	\$(0.14)	\$(0.01)

**SUPPLEMENTAL INFORMATION:****EBITDA from Continuing Operations Comparisons**

The Company's EBITDA from continuing operations for the fiscal second quarter 2008 and 2007 periods is presented below.

Reconciliation of EBITDA from Continuing Operations to Net Loss from Continuing Operations:	Quarter Ended September <u>30</u> , <u>2007</u>	Quarter Ended September <u>30</u> , <u>2006</u>
Net loss from continuing operations	\$(4,542,641)	\$(1,591,587)
Income tax expense	6,914	44,650
Interest expense	963,239	912,529
Depreciation and amortization (including depreciation expense in cost of revenues)	1,600,393	1,086,680
EBITDA from Continuing Operations	\$(1,972,095)	\$452,272

The Company's EBITDA from continuing operations for the six month periods ended September 30, 2007 and 2006 is presented below.

Reconciliation of EBITDA from Continuing Operations to Net Loss from Continuing Operations:	Six Months Ended September <u>30</u> , <u>2007</u>	Six Months Ended September <u>30</u> , <u>2006</u>
Net loss from continuing operations	\$(8,434,684)	\$(1,934,121)
Income tax expense	22,602	83,450
Interest expense	2,122,500	1,317,656
Depreciation and amortization (including depreciation expense in cost of revenues)	3,189,399	1,956,781
EBITDA from Continuing Operations	\$(3,100,183)	\$1,423,766

*This press release includes presentations of EBITDA, which is commonly used by management and investors as a measure of leverage capacity, debt service and general liquidity, but is not considered as a measure of financial performance under U.S. generally accepted accounting principles (GAAP). EBITDA may not be compatible to similarly titled measures used by other companies. Furthermore, net loss per share and EBITDA loss have been presented in this press release excluding financial information from discontinued operations. EBITDA and financial information with respect to continuing operations are presented as supplemental performance measures and are not intended as an alternative to net income or any other measure calculated in accordance with GAAP.*

*The presentation above bridges from Net Loss from continuing operations to EBITDA from continuing operations. Management has chosen to present the tables above to enable the reader to more readily understand the Company's EBITDA measurement due to the requirement to reclassify the depreciation and amortization related to certain revenue-producing fixed assets as a component of the cost of goods sold, while presenting the remainder of depreciation and amortization on the corresponding line of the statement of operations.*