

**Arcadia Resources Announces Fiscal 2011 First Quarter Results
Net Loss per Share Narrows to \$0.02 in Fiscal 2011 from \$0.03 in Fiscal 2010**

INDIANAPOLIS, IN – August 9, 2010 – Arcadia Resources, Inc. (NYSE Amex: KAD), a leading provider of innovative consumer health care services under the Arcadia HealthCareSM brand, today announced fiscal 2011 first quarter net revenues of \$25.8 million and a net loss of \$4.0 million, or \$0.02 per share, which compares to net revenue of \$26.4 million and a net loss of \$4.6 million, or \$0.03 per share for the same period in the fiscal 2010.

“During our first quarter we continued to make substantial progress across both of our businesses”, said Marvin R. Richardson, President and Chief Executive Officer of Arcadia. “DailyMed generated solid top line growth, improved gross margins, due in part to our new prime vendor agreement with HD Smith and improved overall operations. Most recently, we moved our corporate headquarters and DailyMed central fill pharmacy operations in Indianapolis which sets the stage for future growth and improved efficiency. Our new agreement with WellPoint is further validation of the value proposition DailyMed offers our partners and patients. Our Services segment showed continued signs of stabilization, steady gross margins and strong positive operating contribution cash flow.”

First-Quarter and Recent Highlights

- Extended DailyMed agreement with WellPoint State Sponsored Business for three years
- Pharmacy revenues increased 57.1% over prior year quarter and 14.3% sequentially
- Pharmacy gross margins increased to 13.1% from 11.0% in the first quarter of fiscal 2010
- Services revenues of \$20.4 million, gross margins of 30.0% and segment operating contribution of \$1.1 million
- Opened new corporate headquarters and DailyMed Pharmacy operations in Indianapolis
- CK Cooper & Company initiated research coverage
- Awarded accreditation status by the ACHC for homecare services Arcadia provides across its 11 Michigan locations

For the first quarter of fiscal 2011, Arcadia reported net revenues of \$25.8 million, compared with net revenues of \$26.4 million for the same period last year. In its Pharmacy segment, Arcadia reported net revenues of \$5.1 million, or a 57.1% increase for its DailyMed medication management system for the fiscal 2011 first quarter, compared with the same period a year ago. Net revenue in the Services segment was \$20.4 million, a decrease of \$2.3 million, or 10.2%, compared to the same quarter last year.

Arcadia reported a net loss from continuing operations of \$4.8 million, or \$0.03 per share, in the first quarter of fiscal 2011, compared to a net loss from continuing operations of \$3.6 million, or \$0.02 per share, in the same period in fiscal 2010. The consolidated net loss, including discontinued operations, was \$4.0 million, or \$0.02, in the fiscal first quarter in 2011 compared to a net loss of \$4.6 million, or \$0.03 in the fiscal first quarter in 2010.

Fiscal 2011 First Quarter Results

Arcadia reported \$25.8 million in revenue from continuing operations during the quarter, down slightly from \$26.4 million during the same period a year ago. The Company's gross margin from continuing operations was 26.8% during the first quarter, a decline of 1.4% 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 to \$5.1 million for the first quarter of fiscal 2011, compared to \$3.2 million in revenues for the first quarter of fiscal 2010, an increase of 57.1%. This growth was driven by the Company's DailyMed program and the continued roll-out of the program to high-risk Medicaid members in California, South Carolina and Virginia. The program was launched in Virginia in August, and the Company began recognizing revenue from these patients in September. The program was rolled out to California patients during fiscal fourth quarter 2010, and in South Carolina in April 2010 and this roll-out continues in both States. Pharmacy gross margin increased to 13.1% in the first quarter of fiscal 2011 from 11.0% in the first quarter of fiscal 2010. The Company said margins would continue to improve in future quarters under its new prime vendor agreement with H.D. Smith and other purchasing and operational improvement being implemented.

Services: The Company's Services segment, which includes Arcadia's home care and medical staffing business, reported net revenues of \$20.4 million in the first quarter of fiscal 2011 compared to net revenues of \$22.7 million for the first quarter a year ago. Within the Services segment, home care revenues decreased by \$1.3 million, or 7.1%, to \$16.4 million from \$17.7 million in the same period last year. Medical staffing and travel staffing declined \$1.1 million to \$3.9 million in the first quarter of fiscal 2011 compared to \$5.0 million in the same period last year. Gross margin within the Services segment was 30.0% in the first quarter of fiscal 2011 compared to 30.5% in the same period last year.

Capital Resources and Liquidity

At June 30, 2010, the Company had total cash plus line-of-credit available of \$5.3 million.

Arcadia reported negative cash flow from total operations of \$4.9 million during the first quarter of fiscal 2011, compared to negative cash flow of \$1.6 million during the same period of fiscal 2010. The increase in negative cash flow was primarily due to working capital changes. Specifically, during the current year quarter, the Pharmacy segment transitioned to a new prime vendor for its drug purchases. As part of this conversion, the payment terms changed from semi-monthly with the former vendor to one-week prepayment with the new vendor. This transition and the increase in the California pharmacy's volume resulted in additional cash used for inventory. Additionally, during the prior year quarter, the Company collected more cash from receivables than during the current year quarter due to two factors: 1.) significant Home Care and Medical Staffing collections compared to new billings during a period of declining revenue; and 2.) the collection of retained receivables subsequent to certain business divestitures.

Conference Call Information

Arcadia will conduct a conference call and simultaneous Internet webcast to review these financial results on Monday, August 9, 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 Arcadia's website.

To participate in the live conference call, please dial 1-877-407-8031 (for U.S.-based callers) or 1-201-689-8031 (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 August 27, 2010. A telephone replay will be available by dialing 1-877-660-6853 (for US-based callers) or 1-201-612-7415 (for international callers). For telephone replay, callers must use Account number 286 and Conference ID number 354675.

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 70 locations in 18 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.

Contact:

Matthew Middendorf
Chief Financial Officer
mmiddendorf@arcadiahealthcare.com
317.569.8234

Bill Bunting
In-Site Communications, Inc.
(212) 759-3929 / (415) 517-7013
bbunting@insitecony.com

FINANCIAL TABLES FOLLOW

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

ASSETS	June 30, 2010	March 31, 2010
	(unaudited)	
Current assets:		
Cash and cash equivalents	\$ 4,737	\$ 5,444
Accounts receivable, net of allowance of \$2,627 and \$2,623, respectively	11,957	12,366
Inventories, net	1,496	934
Prepaid expenses and other current assets	1,900	1,632
Total current assets	<u>20,090</u>	<u>20,376</u>
Property and equipment, net	1,808	1,738
Goodwill	2,500	2,500
Acquired intangible assets, net	7,527	7,670
Other assets	404	412
Restricted cash	500	500
Total assets	<u>\$ 32,829</u>	<u>\$ 33,196</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	\$ 2,621	\$ 3,159
Accrued expenses:		
Compensation and related taxes	2,700	3,191
Interest	39	82
Health insurance	267	463
Other	1,534	1,508
Fair value of warrant liability	2,414	1,499
Payable to affiliated agencies	692	1,076
Long-term obligations, current portion	189	939
Capital lease obligations, current portion	54	69
Total current liabilities	<u>10,510</u>	<u>11,986</u>
Lines of credit	11,673	7,774
Long-term obligations, less current portion	25,820	25,192
Capital lease obligations, less current portion	18	19
Total liabilities	<u>48,021</u>	<u>44,971</u>
Commitments and contingencies		
STOCKHOLDERS' DEFICIT		
Preferred stock, \$.001 par value, 5,000,000 shares authorized, none outstanding	-	-
Common stock, \$.001 par value, 300,000,000 shares authorized; 177,974,919 shares and 177,918,044 shares issued, respectively	178	178
Additional paid-in capital	146,006	145,381
Accumulated deficit	(161,376)	(157,334)
Total stockholders' deficit	<u>(15,192)</u>	<u>(11,775)</u>
Total liabilities and stockholders' deficit	<u>\$ 32,829</u>	<u>\$ 33,196</u>

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

Three Month Period Ended June 30,

	(Unaudited)	
	2010	2009
Services	\$ 20,365	\$ 22,680
Pharmacy	5,054	3,218
Catalog	336	511
Revenues, net	<u>25,755</u>	<u>26,409</u>
Cost of revenues	<u>18,849</u>	<u>18,961</u>
Gross profit	6,906	7,448
Selling, general and administrative	9,908	9,666
Depreciation and amortization	308	411
Total operating expenses	<u>10,216</u>	<u>10,077</u>
Operating loss	(3,310)	(2,629)
Other expenses:		
Interest expense, net	844	838
Change in fair value of warrant liability	642	-
Other	-	36
Total other expenses	<u>1,486</u>	<u>874</u>
Loss from continuing operations before income taxes	(4,796)	(3,503)
Income tax expense	33	93
Loss from continuing operations	<u>(4,829)</u>	<u>(3,596)</u>
Discontinued operations:		
Loss from discontinued operations	-	(1,193)
Net gain on disposal	787	216
	<u>787</u>	<u>(977)</u>
NET LOSS	<u>\$ (4,042)</u>	<u>\$ (4,573)</u>
Weighted average number of common shares outstanding	177,239	160,552
Basic and diluted net income (loss) per share:		
Loss from continuing operations	\$ (0.03)	\$ (0.02)
Income (loss) from discontinued operations	0.01	(0.01)
Net loss per share	<u>\$ (0.02)</u>	<u>\$ (0.03)</u>

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

Three-Month Period Ended
June 30,
(Unaudited)

	2010	2009
Operating activities		
Net loss for the period	\$ (4,042)	\$ (4,573)
Adjustments to reconcile net loss to net cash used in operating activities:		
Provision for doubtful accounts	310	873
Depreciation of property and equipment	165	531
Amortization of intangible assets	143	246
Gain on business disposals	(787)	(216)
Non-cash interest expense	661	584
Amortization of deferred financing costs and debt discounts	69	52
Stock-based compensation expense	364	285
Change in fair value of warrant liability	642	-
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	81	1,750
Inventories	(561)	639
Other assets	(281)	233
Accounts payable	(535)	(547)
Accrued expenses	(723)	(1,146)
Due to affiliated agencies	(388)	(327)
Net cash used in operating activities	<u>(4,882)</u>	<u>(1,616)</u>
Investing activities		
Business acquisitions, net of cash acquired	(21)	(190)
Proceeds from business disposal	787	9,157
Increase in restricted cash	-	(500)
Purchases of property and equipment	(235)	(75)
Net cash provided by investing activities	<u>531</u>	<u>8,392</u>
Financing activities		
Lines of credit, net activity	4,409	(3,577)
Payments on notes payable and capital lease obligations	(766)	(4,204)
Proceeds from exercise of stock options	1	-
Net cash provided by (used in) financing activities	<u>3,644</u>	<u>(7,781)</u>
Net change in cash and cash equivalents	(707)	(1,005)
Cash and cash equivalents, beginning of period	5,444	1,522
Cash and cash equivalents, end of period	<u>\$ 4,737</u>	<u>\$ 517</u>
Supplementary information:		
Cash paid during the period for:		
Interest	\$ 116	\$ 209
Income taxes	96	14
Non-cash investing / financing activities:		
Capital lease	-	70
Accounts payable converted to notes payable	-	750
Accrued interest converted to notes payable	661	628