ACMAT CORPORATION AND SUBSIDIARIES
MARCH 31, 2008

TABLE OF CONTENTS

ACMAT CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets

Assets	March 31, 2008 (Unaudited)	December 31, 2007
Investments:		
Fixed maturities-available for sale at fair value (Cost of $62,269,333 in 2008 and $65,672,276 in 2007)	$62,406,230	64,211,281
Equity securities, at fair value (Cost of $3,963,359 in 2008 and $3,463,359 in 2007)	3,547,092	2,928,649
Short-term investments, at cost which approximates fair value	14,432,380	28,088,375
Total investments	80,385,702	95,228,305
Cash and cash equivalents	15,783,901	6,239,190
Accrued interest receivable	417,264	235,923
Receivables, net of allowance for doubtful accounts of $101,231 in 2008 and 2007	1,583,284	2,193,739
Reinsurance recoverable:		
Unpaid losses	3,224,092	3,298,783
Paid losses	--	--
Prepaid expenses	223,017	191,511
Property & equipment, net	10,331,859	10,409,649
Income taxes receivable	114,329	340,865
Deferred policy acquisition costs	1,043,606	1,011,123
Other assets	666,842	703,790
Intangibles	1,920,360	1,920,360
	$115,694,256	121,773,239

Liabilities & Stockholders' Equity		
Accounts payable	$ 2,084,149	2,456,855
Reserves for losses and loss adjustment expenses	23,154,490	22,845,815
Unearned premiums	3,308,108	3,574,057
Collateral held	28,258,509	30,718,628
Deferred income taxes	145,940	111,225
Accrued liabilities	1,866,401	4,438,842
Long-term debt	7,990,294	8,662,232
Total liabilities	66,807,891	72,807,654
Stockholders' Equity:		
Common Stock (No par value; 3,500,000 shares authorized; 476,552 and 478,692 shares issued and outstanding)	476,552	478,692
Class A Stock (No par value; 10,000,000 shares authorized; 1,232,985 and 1,315,960 shares issued and outstanding)	1,232,985	1,315,960
Retained earnings	47,546,960	49,188,831
Accumulated other comprehensive income	(370,132)	(2,017,899)
Total stockholders' equity	48,886,365	48,965,584
	$115,694,256	$121,773,238

See Notes to Unaudited Consolidated Financial Statements.

ACMAT CORPORATION AND SUBSIDIARIES
Consolidated Statements of Earnings (Unaudited)
Three Months Ended March 31, 2008 and 2007

	2008	2007
Earned premiums	$2,137,112	2,922,525
Contract revenues	505,712	1,094,867
Investment income, net	1,115,501	1,334,539
Net realized capital gains (losses)	(121,986)	(14,052)
Other income	199,081	181,609
	3,835,420	5,519,488
Cost of contract revenues	659,573	1,083,692
Losses and loss adjustment expenses	534,278	584,505
Amortization of policy acquisition costs	484,678	748,380
General and administrative expenses	1,166,619	1,272,622
Interest expense	140,832	196,271
	2,985,980	3,885,470
Earnings before income taxes	849,440	1,634,018
Income taxes	304,372	561,181
Net earnings	$545,068	1,072,837
Basic Earnings Per Share	$.31	.56
Diluted Earnings Per Share	$.28	.53

See Notes to Unaudited Consolidated Financial Statements.

ACMAT CORPORATION AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity (Unaudited)
March 31, 2008 and 2007

	Common Stock par value	Class A Stock par value	Retained earnings	Accumulated other comprehensive income (loss)	Total stockholders' equity
Balance as of December 31, 2006	$481,585	1,422,273	47,913,873	169,103	49,986,834
Comprehensive income:					
Net unrealized losses on debt and equity securities, net of reclassification	-	-	-	134,349	134,349
Net unrealized gain on derivatives qualifying as hedges	-	-	-	(18,705)	(18,705)
Net earnings	-	-	1,072,837	-	1,072,837
Total comprehensive income					1,188,481
Stock based compensation	-	-	35,244	-	35,244
Acquisition and retirement of 2,275 shares of Common Stock	(2,275)	-	(52,492)	-	(54,767)
Acquisition and retirement of 12,405 shares of Class A Stock	-	(12,405)	(278,584)	-	(290,989)
Balance as of March 31, 2007	$479,310	1,409,868	48,690,878	284,747	50,864,803
Balance as of December 31, 2007	$478,692	1,315,960	49,188,831	(2,017,899)	48,965,584
Comprehensive income:					
Net unrealized gains on debt and equity securities	-	-	-	1,716,323	1,716,323
Net unrealized loss on derivatives qualifying As hedges	-	-	-	(68,556)	(68,556)
Net earnings	-	-	545,068	-	545,068
Total comprehensive income					2,192,835
Stock based compensation	--	--	21,946	--	21,946
Acquisition and retirement of 2,140 shares of Common Stock	(2,140)	-	(55,011)	-	(57,151)
Acquisition and retirement of 82,975 shares of Class A Stock	--	(82,975)	(2,153,874)	--	(2,236,849)
Balance as of March 31, 2008	$476,552	1,232,985	47,546,960	(370,132)	48,886,365

See Notes to Unaudited Consolidated Financial Statements.

ACMAT CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Unaudited)
Three Months Ended March 31, 2008 and 2007

	2008	2007
Cash flows from operating activities:		
Net earnings	$545,068	1,072,837
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	66,426	67,390
Stock option expense	21,946	35,244
Net realized capital (gains) losses	121,986	14,052
Changes in:		
Accrued interest receivable	(181,341)	(70,012)
Reinsurance recoverable	74,691	(87,472)
Receivables, net	610,455	(591,301)
Deferred policy acquisition costs	(32,483)	141,630
Prepaid expenses and other assets	5,442	858,676
Accounts payable and accrued liabilities	(3,013,703)	(353,129)
Cash collateral held	(2,460,119)	(3,900,034)
Reserves for losses and loss adjustment expenses	308,675	260,564
Income taxes, net	261,250	332,571
Unearned premiums	(265,949)	(759,407)
Net cash used for operating activities	(3,937,656)	(2,978,391)
Cash flows from investing activities:		
Proceeds from investments sold or matured:		
Fixed maturities–sold	6,930,495	2,824,855
Fixed maturities-matured	--	500,000
Purchases of:		
Fixed maturities	(3,853,813)	(1,906,250)
Equity securities	(250,000)	(2,250,000)
Short-term investments, (purchases) sales, net	13,655,995	12,629,717
Capital expenditures	(34,372)	(589)
Net cash provided by investing activities	16,448,305	11,797,733
Cash flows from financing activities:		
Repayments on long-term debt	(671,938)	(655,046)
Payments for acquisition & retirement of stock	(2,294,000)	(345,756)
Net cash used for financing activities	(2,965,938)	(1,000,802)
Net change in cash and cash equivalents	9,544,711	7,818,540
Cash and cash equivalents at beginning of period	6,239,190	7,584,783
Cash and cash equivalents at end of period	$15,783,901	15,403,323

See Notes to Unaudited Consolidated Financial Statements.

ACMAT CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(1) Financial Statements

The consolidated financial statements include the accounts of ACMAT Corporation ("ACMAT" or the "Company") and its subsidiaries. The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and are unaudited.

The interim financial information contained in this report has been prepared from the books and records of the Company and its subsidiaries and reflects, in the opinion of the management of the Company, all adjustments (consisting of normal and recurring accruals) necessary to fairly present results of operations for the periods indicated. All significant intercompany accounts and transactions have been eliminated in consolidation.

These statements should be read in conjunction with the financial statements and notes thereto included in the Company's annual report for the year ended December 31, 2007.

(2) Adoption of New Accounting Standards

Accounting by Insurance Enterprises for Deferred Acquisition Costs in Connection with Modifications or Exchanges of Insurance Contracts

In September 2005, the Accounting Standards Executive Committee (AcSEC) issued Statement of Position 05-1, Accounting by Insurance Enterprises for Deferred Acquisition Costs in Connection with Modifications or Exchanges of Insurance Contracts (SOP 05-1). SOP 05-1 provides guidance on accounting by insurance enterprises for deferred acquisition costs on internal replacements of insurance and investment contracts other than those specifically described in FAS 97, “Accounting and Reporting by Insurance Enterprises for Certain Long Duration Contracts and for Realized Gains and Losses from the Sale of Investments”. SOP 05-1 defines an internal replacement as a modification of product benefits, features, rights, or coverages that occurs by the exchange of a contract for a new contract, or by amendment, endorsement, or order to a contract, or by the election of a feature or coverage within a contract. The adoption of SOP 05-1 effective January 1, 2007 did not have a material effect on operations, financial condition or liquidity.

Accounting for Uncertainty in Income Taxes

In July 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement No. 109* (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in a company’s financial statements and prescribes the recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

Under FIN 48, evaluation of a tax position is a two-step process. The first step is to determine whether it is more-likely-than-not that a tax position will be sustained upon examination, including the resolution of any related appeals or litigation based on the technical merits of the position. The second step is to measure a tax position that meets the more-likely-than-not threshold to determine the amount of benefit to be recognized in the financial statements. A tax position is measured at the largest amount of benefit that is greater that 50 percent likely of being realized upon ultimate settlement.

Tax positions that previously failed to meet the more-likely-than not recognition threshold should be recognized in the first subsequent period in which the threshold is met. Previously recognized tax positions than no longer meet the more-likely-than-not criteria should be de-recognized in the first subsequent financial reporting period in which the threshold is no longer met.

The Company recognizes accrued interest and penalties, if any, related to unrecognized tax benefits in income taxes.

The Company does not have a liability nor does it expect any significant changes in unrecognized tax benefits during the next twelve months.

In May 2007, the FASB issued FASB Staff Position (FSP) FIN 48-1, Definition of Settlement in FASB Interpretation No. 48 (FSP FIN 48-1). The FSP addressed whether it is appropriate for a company to recognize a previously unrecognized tax benefit when the only factor that has changed, since determining that a benefit should not be recognized, was the completion of an examination or audit by a taxing authority. The FSP is effective January 1, 2007, the date the Company’s initial adoption of FIN 48. The adoption of FSP Fin 48-1 did not have a material effect on the Company’s results of operations, financial position or liquidity.

Accounting for Corporate-Owned Life Insurance

In September 2006, the FASB issued Emerging Issues Task Force Issue No. 06-5, Accounting for Purchase of Life Insurance – Determining the Amount That Could Be Realized in Accordance with FASB Technical Bulleting No. 85-4 (EITF06-5). EIFT 06-5 provides additional guidance on determining the amount that can be realized under a corporate-owned life insurance contract (that is, converted to cash) based upon how the contract is assumed to be hypothetically settled. The adoption of EITF 06-5 effective January 1, 2007 did not have a material effect on the Company's results of operations, financial position or liquidity.

Fair Value Measurements

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (FAS 157). FAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosure about fair value measurement. It applies to other pronouncements that require or permit fair value but does not require any new fair value measurements. The statement defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

FAS 157 establishes a fair value hierarchy to increase consistency and comparability in fair value measurements and disclosures. The hierarchy is based on the input used in valuation and gives the highest priority to quoted prices in active markets. The highest possible level should be used to measure fair value.

In February 2008, FASB issued FSP FAS 157-2, Effective Date of FASB Statement No. 157 (FSP FAS 157-2), which permits a one-year deferral of the application of FASB Statement No. 157, Fair Value Measurements for all non-financial assets and non-financial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually).

The Company adopted FAS 157 and FSP FAS 157-2 effective January 1, 2008. Accordingly, the provisions of FAS 157 were not applied to goodwill and other intangible assets held by the Company and will be measured annually for impairment testing purposes only. The adoption of FAS 157, for all other assets and liabilities held by the Company did not have a material effect on the Company's results of operations, financial position of liquidity.

Fair Value Option for Financial Assets and Financial Liabilities

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (FAA 159). FAS 159 permits an entity to irrevocably elect fair value on a contract-by-contract basis as the initial and subsequent measurement attributed for many financial assets and liabilities and certain other items including property and casualty insurance contracts. Entities electing the fair value option would be required to recognize changes in fair value in earnings and to expense upfront costs and fees associated with the item for which the fair value option is elected. Entities electing the fair value option are required to distinguish on the face of the statement of financial position, the fair value of assets and liabilities for which the fair value option has been elected and similar assets and liabilities measured using another measurement attribute. An entity can accomplish this by either reporting the fair value and non-fair value carrying amounts as separate line items or aggregate those amounts and disclose parenthetically the amount of fair value included in the aggregate amount.

FAS 159 is effective for fiscal years beginning after November 15, 2007. Upon adoption, an entity is permitted to elect the fair value option irrevocably for any existing asset or liability within the scope of the standard. The adjustment to reflect the difference between the fair value and the carrying amount would be accounted for as a cumulative-effect adjustment to retained earnings as of the date of initial adoption. Retrospective application would not be permitted. The Company did not elect the fair value option for assets and liabilities currently held upon its adoption of FAS 159 effective January 1, 2008. Therefore FAS 159 did not have an impact on the Company's results of operations, financial condition or liquidity.

Collateral Assignment Split-Dollar Life Insurance Arrangements

In March 2007, the FASB issued Emerging Issues Task Force Issue No. 06-10, *Accounting for Deferred Compensation and Postretirement Benefit Aspects of Collateral Assignment Split-Dollar Life Insurance Arrangements* (EITF 06-10). EITF 06-10 provides guidance on the recognition and measurement of assets related to collateral assignment split-dollar life insurance arrangements. The Company adopted provisions of EITF 06-10 effective January1, 2008, EITF 06-10 did not have a material effect on its results of operations, financial condition or liquidity.

(4) Earnings Per Share

The following is a reconciliation of the numerators and denominators of the basic and diluted earnings per share ("EPS") computations for the three-month periods ended March 31, 2008 and 2007:

2008:	Earnings	Average Shares Outstanding	Per-Share Amount
Basic EPS:			
Earnings available to stockholders	$545,068	1,777,345	$.31
Effect of Dilutive Securities:			
Stock options	--	144,549	
Diluted EPS:			
Earnings available to stockholders	$545,068	1,921,894	$.28
2007:			
Basic EPS:			
Earnings available to stockholders	$1,072,837	1,899,062	$.56
Effect of Dilutive Securities:			
Stock options	---	140,136	
Diluted EPS:			
Earnings available to stockholders	$1,072,837	2,039,198	$.53

(5) Supplemental Cash Flow Information

Income tax paid during the three months ended March 31, 2008 and 2007 was $43,122 and $228,610, respectively. Interest paid for the three months ended March 31, 2008 and 2007 was $141,117 and $197,615, respectively.

(6) Comprehensive Income

The following table summarizes reclassification adjustments for other comprehensive income (loss) and the related tax effects for the three months ended March 31, 2008 and 2007:

	2008	2007
Unrealized gains (losses) on investments:		
Unrealized holding gain (loss) arising during period, net of income tax	$1,796,834	143,623
Less reclassification adjustment for gains (losses) included in net earnings, net of income tax (benefit) expense of ($41,475) and ($4,778) in 2008 and 2007, respectively	80,511	9,274
Unrealized loss on derivatives qualifying as cash flow hedges	(68,556)	(18,705)
Other comprehensive income (loss)	$1,647,767	115,644

(7) Stock-Based Compensation

The Company periodically grants non-qualified stock options giving such individuals the right to purchase restricted shares of the Company's Common Stock and Class A Stock. The majority of the options outstanding to officers generally vest evenly over a five to ten year period and generally have a term of 10 years. The exercise price is equal to the fair value at the date of grant. The Company uses a variation of the Black-Scholes option pricing model to value stock options.

The Company applied the recognition and measurement principles of SFAS 123R, Share Based Payment beginning January 1, 2006. Compensation expense of $21,946 and $35,244 is reflected in net earnings for the first quarter of 2008 and 2007, respectively.

As of March 31, 2008 there were 359,000 stock options outstanding of which 121,735 were not yet vested. The compensation costs related to non-vested share compensation arrangements granted but not yet recognized was approximately $106,000 as of March 31, 2008. The Company expects to recognize that cost over a weighted average period of 2.1 years.

(8) Investments

The Company's portfolio is comprised primarily of fixed maturity securities rated AA or better by Standard and Poor's and includes mostly U.S. Treasuries and tax-free municipal securities.

The Company makes investments in collateralized mortgage obligations (CMOs). CMOs typically have high credit quality, offer good liquidity, and provide a significant advantage in yield and total return compared to U.S. Treasury securities. The Company's investment strategy is to purchase CMO tranches which offer the most favorable return given the risks involved. One significant risk evaluated is prepayment sensitivity. This drives the investment process to generally favor prepayment protected CMO tranches including planned amortization classes and last cash flow tranches. The Company does invest in other types of CMO tranches if a careful assessment indicates a favorable risk/return tradeoff. The Company does not purchase residual interests in CMOs.

An investment in debt or equity security is impaired if its fair value falls below its book value and the decline is considered to be other-than temporary. Factors considered in determining whether a decline is other-than-temporary include the length of time and the extent to which fair value has been below cost, the financial condition and the near-term prospects of the issuer; and the Company's ability and intent to hold the investment for a period of time sufficient to allow for any anticipated recovery. Additionally, for certain securitized financial assets with contractual cash flows (including asset backed securities), EITF 99-20 requires the Company to periodically update its best estimate of cash flows over the life of the security. If management determines that the fair value of its securitized financial asset is less than its carrying amount and there has been a decrease in the present value of the estimated cash flows since the last revised estimate, considering both timing and amount, then an other-than-temporary impairment charge is recognized. A debt security is impaired if it is probable that the Company will not be able to collect all amounts due under the security's contractual terms. Equity investments are impaired when it becomes apparent that the Company will not recover its cost over the expected holding period and consideration is given to the financial condition of the issue. Further, for securities expected to be sold, an other-than-temporary impairment charge is recognized if the Company does not expect the fair value of a security to recover the cost prior to the expected date of sale.

The Company's process for reviewing invested assets for impairments during any quarter includes the following:

- Identification and evaluation of investments which have possible indications of impairment;
- Analysis of investments with gross unrealized investment losses that have fair value less than 80% of amortized cost during successive quarterly periods over a rolling one-year period;
- Management review of for other-than-temporary impairments based on the investee's current financial condition, liquidity, near term recovery prospects and other factors, as well as consideration of other investments that were not recommended for other-than-temporary impairments;
- Consideration of evidential matter, including an evaluation of factors or triggers that would or could cause individual investments to qualify as having other-than-temporary impairment and those that would not support other-than-temporary impairments; and
- Determination of the status of each analyzed investment as other-than-temporary or not.

The gross unrealized investment losses and related fair value for fixed maturities and equity securities at March 31, 2007 and 2006 were as follows:

	Less than 12 months		12 months or longer		Total	
	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss
2008:						
Fixed maturities:						
States, municipalities and political subdivisions	$262,670	1,645	524,370	2,564	787,040	4,209
United States government and government agencies	--	--	--	--	--	--
Mortgage-backed securities	8,830,656	203,742	7,474,519	140,549	17,105,175	344,291
Industrial and miscellaneous	--	--	494,005	5,995	494,005	5,995
Redeemable preferred stock	7,088,900	798,600	792,400	207,600	7,881,300	1,006,200
Total fixed maturities	15,982,226	1,003,987	9,285,294	356,708	25,267,520	1,360,695
Equity securities – common stocks:	--	--	--	--	--	--
Equity securities – perpetual preferred:	3,415,580	467,220	--	--	3,415,580	467,220
Total equity	3,415,580	467,220	--	--	3,415,580	467,220
Total temporarily impaired securities	$19,397,806	1,471,207	9,285,294	356,708	28,683,100	1,827,915
2007:						
Fixed maturities:						
States, municipalities and political subdivisions	$ --	--	729,488	12,803	729,488	12,803
United States government and government agencies	486,990	10,579	4,165,115	51,367	4,652,105	61,946
Mortgage-backed securities	1,492,544	15,874	20,204,161	191,338	21,696,705	207,212
Industrial and miscellaneous	1,468,215	31,785	987,120	12,880	2,455,335	44,665
Total fixed maturities	3,447,749	58,238	26,085,884	268,388	29,533,633	326,626
Equity securities – common stocks:	--	--	--	--	--	--
Equity securities – redeemable preferred:	996,000	4,000	1,996,600	3,400	2,992,600	7,400
Equity securities – perpetual preferred:	--	--	--	--	--	--
Total equity	996,000	4,000	1,996,600	3,400	2,992,600	7,400
Total temporarily impaired securities	$4,443,749	62,238	28,082,484	271,788	32,526,233	334,026

Management has determined that the above unrealized losses were temporary

(9) Segment Reporting

The Company has two reportable operating segments: ACMAT Contracting and ACSTAR Bonding. The Company's reportable segments are primarily the main legal entities of the Company which offer different products and services. The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

The Bonding operating segment provides surety bonds written for prime, specialty trade, environmental, asbestos and lead abatement contractors and miscellaneous obligations. ACSTAR also offers commercial and other miscellaneous surety such as workers' compensation bonds, supply bonds, subdivision bonds and license and permit bonds as well as some general liability insurance.

ACMAT Contracting provides construction contracting services to commercial and governmental customers. ACMAT Contracting also provides underwriting services to its insurance subsidiaries. In addition, ACMAT Contracting owns a commercial office building in New Britain Connecticut and leases office space to its subsidiaries as well as to third parties.

The Company evaluates performance based on earnings before income taxes and excluding interest expense. The Company accounts for intersegment revenue and expenses as if the products/services were to third parties. Information relating to the three segments for the three-month periods ended March 31, 2008 and 2007 is summarized as follows:

	2008	2007
Revenues:		
ACSTAR Bonding	$2,883,786	3,966,241
ACMAT Contracting	1,216,867	1,857,764
	$4,100,653	5,824,005
Operating Earnings (Loss):		
ACSTAR Bonding	$1,382,450	2,143,312
ACMAT Contracting	(392,178)	(313,023)
	$ 990,272	1,830,289
Depreciation and Amortization:		
ACSTAR Bonding	$(43,993)	(46,130)
ACMAT Contracting	110,419	113,520
	$ 66,426	67,390
Identifiable Assets:		December 31, 2007
ACSTAR Bonding	$93,186,888	98,413,539
ACMAT Contracting	22,507,368	26,456,370
	$115,694,256	124,869,909

The components of revenue for each segment for the three-month periods ended March 31, 2008 and 2007 are as follows:

	2008	2007
ACSTAR Bonding:		
Premiums	$2,137,112	2,922,525
Investment income, net	887,287	1,081,914
Capital gains (losses)	(140,891)	(14,052)
Other income (expense)	278	(24,146)
	$2,883,786	3,966,241
ACMAT Contracting:		
Contract revenues	$505,712	1,094,867
Investment income, net	156,497	176,289
Capital gains (losses)	18,905	--
Intersegment revenue:		
Rental income	79,149	79,149
Underwriting services and agency commissions	319,756	454,628
Other	136,848	52,831
	$1,216,867	1,857,764

The following is a reconciliation of segment totals for revenue and operating income to corresponding amounts in the Company's statement of earnings:

Revenue:	2008	2007
Total revenue for reportable segments	$4,100,653	5,824,005
Intersegment eliminations	(265,233)	(304,517)
	$3,835,420	5,519,488

The adjustments and eliminations required to arrive at consolidated amounts shown above consist principally of the elimination of the intersegment revenues related to the performance of certain services and rental charges. Identifiable assets are those assets that are used by each segment's operations.

Operating Earnings:	2008	2007
Total operating earnings for reportable segments	$990,272	1,830,289
Interest expense	(140,832)	(196,271)
	$849,440	1,634,018

Operating earnings for ACMAT contracting are operating revenues less cost of contract revenues and identifiable selling, general and administrative expenses. Operating earnings for the bonding and liability insurance segments are revenues less losses and loss adjustment expenses, amortization of policy acquisition costs and identifiable general and administrative expenses.