ACMAT CORPORATION AND SUBSIDIARIES
JUNE 30, 2011

TABLE OF CONTENTS

ACMAT CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets

Assets	June 30, 2011 (Unaudited)	December 31, 2010
Investments:		
Fixed maturities-available for sale at fair value (Cost of $65,854,353 in 2011 and $68,673,253 in 2010)	66,735,498	69,091,471
Equity securities, at fair value (Cost of $9,899,770 in 2011 and $5,330,369 in 2010)	9,970,678	5,858,523
Short-term investments, at cost which approximates fair value	4,774,549	5,625,451
Total investments	81,480,725	80,575,445
Cash and cash equivalents	7,638,621	7,058,631
Accrued interest receivable	619,422	662,445
Receivables, net of allowance for doubtful accounts of $48,266 in 2011 and 2010	828,838	786,082
Reinsurance recoverable:		
Unpaid losses	3,752,216	3,718,182
Paid losses	-	36,492
Prepaid expenses	120,546	76,435
Property & equipment, net	978,802	3,635,467
Deferred income taxes	1,746,249	1,808,332
Income taxes receivable	218,651	179,297
Deferred policy acquisition costs	600,157	508,850
Other assets	918,137	897,479
Intangibles	1,920,360	1,920,360
	100,822,724	101,863,497
Liabilities & Stockholders' Equity		
Accounts payable	408,520	377,964
Reserves for losses and loss adjustment expenses	18,580,283	20,157,801
Unearned premiums	1,396,212	1,270,749
Collateral held	30,278,460	29,203,374
Accrued liabilities	1,281,620	1,789,445
Long-term debt	7,857,143	8,571,429
Total liabilities	59,802,238	61,370,762
Stockholders' Equity:		
Common Stock (No par value; 3,500,000 shares authorized; 468,546 and 468,546 shares issued and outstanding)	468,546	468,546
Class A Stock (No par value; 10,000,000 shares authorized; 898,655 and 898,655 shares issued and outstanding)	898,655	898,655
Retained earnings	39,050,849	38,459,801
Accumulated other comprehensive	602,436	665,733
Total stockholders' equity	41,020,486	40,492,735
	$100,822,724	101,863,497

See Notes to Unaudited Consolidated Financial Statements.

ACMAT CORPORATION AND SUBSIDIARIES
Consolidated Statements of Earnings (Unaudited)

	Three months ended June 30		Six months ended June 30	
	2011	2010	2011	2010
Earned premiums	$ 648,498	794,957	1,258,455	1,680,967
Investment income, net	681,390	751,494	1,325,280	1,540,443
Net realized capital gains	198,714	566,241	531,256	999,758
Contract revenues	--	--	--	20,788
Other income	35,704	157,374	131,642	329,136
	1,564,306	2,270,066	3,246,633	4,571,092
Losses and loss adjustment expenses	64,850	(12,534)	150,091	164,668
Amortization of policy acquisition costs	238,127	228,142	479,702	554,572
Cost of contract revenues	--	45,153	--	89,527
General and administrative expenses	796,838	1,230,173	1,698,329	2,175,625
Interest expense	67,255	76,553	136,491	155,841
	1,167,070	1,567,487	2,464,613	3,140,233
Earnings before income taxes	397,236	702,579	782,020	1,430,859
Income taxes	101,805	216,034	194,788	442,235
Net earnings	$295,431	486,545	587,232	988,624
Basic earnings per share	$ .22	.36	.43	.72
Diluted earnings per share	$ .20	.33	.40	.66

See Notes to Unaudited Consolidated Financial Statements.

ACMAT CORPORATION AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity (Unaudited)
June 30, 2011 and 2010

	Common Stock Par Value	Class A Stock Par Value	Retained Earnings	Accumulated Other Comprehensive Income(Loss)	Total Stockholders' Equity
Balance as of December 31, 2009	$468,546	898,655	37,502,210	257,846	39,127,257
Comprehensive income:					
Net unrealized losses on debt and equity securities, net of reclassification	--	--	--	(148,985)	(148,985)
Net earnings	--	--	988,624	--	988,624
Total comprehensive income					839,639
Stock based compensation	--	--	13,082	--	13,082
Balance as of June 30, 2010	468,546	898,655	38,503,916	108,861	39,979,978
Balance as of December 31, 2010	$468,546	898,655	38,459,801	665,733	40,492,735
Comprehensive income:					
Net unrealized losses on debt and equity securities, net of reclassification	--	--	--	(63,297)	(63,297)
Net earnings	--	--	587,232	--	587,232
Total comprehensive income					523,935
Stock based compensation	--	--	3,816	--	3,816
Balance as of June 30, 2011	$468,546	898,655	39,050,849	602,436	41,020,486

See Notes to Unaudited Consolidated Financial Statements.

ACMAT CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Unaudited)
Six Months Ended June 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Net earnings	$587,232	988,624
Adjustments to reconcile net earnings to net cash used for operating activities:		
Stock based compensation	3,816	13,082
Depreciation and amortization	325,025	694,114
Net realized capital gains	(531,256)	(999,758)
Changes in:		
Accrued interest receivable	43,023	29,254
Reinsurance recoverable	2,458	(56,836)
Receivables, net	(42,756)	(144,649)
Deferred policy acquisition costs	(91,307)	7,405
Prepaid expenses and other assets	(64,769)	35,392
Accounts payable and other accrued liabilities	(477,269)	(358,415)
Reserves for losses and loss adjustment expenses	(1,577,518)	(967,007)
Collateral held	1,075,086	(887,794)
Income taxes, net	(250)	113,792
Unearned premiums	125,463	5,447
Net cash provided by (used for) operating activities	(623,022)	(1,527,349)
Cash flows from investing activities:		
Proceeds from investments sold or matured:		
Fixed maturities-sold	8,340,715	13,028,035
Fixed maturities-matured	1,830,000	5,227,500
Equity securities	5,573,611	1,847,798
Purchases of:		
Fixed maturities	(7,624,053)	(17,233,589)
Equity securities	(9,683,523)	(4,234,472)
Short-term investments, net	850,902	1,194,623
Purchases of property and equipment	(102,924)	(629,333)
Sale of building, net of commission	2,732,570	--
Net cash provided by (used for) investing activities	1,917,298	(799,438)
Cash flows from financing activities:		
Repayments on long-term debt	(714,286)	(714,286)
Net cash used for financing activities	(714,286)	(714,286)
Net change in cash	579,990	(3,041,073)
Cash at beginning of period	7,058,631	10,074,955
Cash at end of period	$7,638,621	7,033,882

See Notes to Unaudited Consolidated Financial Statements.

NOTES TO 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, 2010.

(2) Accounting Standards

In June 2009, the FASB issued updated guidance on the accounting for variable interest entities that eliminates the concept of a qualifying special-purpose entity and the quantitative-based risks and rewards calculation of the previous guidance for determining which company, if any, has a controlling financial interest in a variable interest entity. The guidance requires an analysis of whether a company has: (1) the power to direct the activities of a variable interest entity that most significantly impact the entity’s economic performance and (2) the obligation to absorb the losses that could potentially be significant to the entity or the right to receive benefits from the entity that could potentially be significant to the entity. An entity is required to be re-evaluated as a variable interest entity when the holders of the equity investment at risk, as a group, lose the power from voting rights or similar rights to direct the activities that most significantly impact the entity’s economic performance. Additional disclosures are required about a company’s involvement in variable interest entities and an ongoing assessment of whether a company is the primary beneficiary.

The guidance is effective for all variable interest entities owned on or formed after January 1, 2010. The Company adopted this guidance and there has been no material impact as result of adoption.

(3) Subsequent Events

The Company has evaluated subsequent events since the date of these consolidated financial statements through the issuance date of August 19, 2011.

(4) Earnings Per Share

The following is a reconciliation of the numerators and denominators of the basic and diluted EPS computations for the three-month periods ended June 30, 2011 and 2010:

2011:	Earnings	Weighted Average Shares Outstanding	Per-Share Amount
Basic EPS:			
Earnings available to stockholders	$ 295,431	1,367,200	$.22
Effect of Dilutive Securities:			
Stock options	--	107,345	
Diluted EPS:			
Earnings available to stockholders	$295,431	1,474,545	$.20
2010:			
Basic EPS:			
Earnings available to stockholders	$486,545	1,367,200	$.36
Effect of Dilutive Securities:			
Stock options	--	124,498	
Diluted EPS:			
Earnings available to stockholders	$486,545	1,491,698	$.33

The following is a reconciliation of the numerators and denominators of the basic and diluted EPS computations for the six-month periods ended June 30, 2011 and 2010:

2011:	Earnings	Weighted Average Shares Outstanding	Per-Share Amount
Basic EPS:			
Earnings available to stockholders	$587,232	1,367,200	$ .43
Effect of Dilutive Securities:			
Stock options	--	107,851	
Diluted EPS:			
Earnings available to stockholders	$587,232	1,475,051	$.40
2010:			
Basic EPS:			
Earnings available to stockholders	$988,624	1,367,200	$.72
Effect of Dilutive Securities:			
Stock options	--	121,064	
Diluted EPS:			
Earnings available to stockholders	$988,624	1,488,264	$.66

(5) Supplemental Cash Flow Information

Income taxes paid during the six months ended June 30, 2011 and 2010 was $195,038 and $328,443, respectively. Interest paid for the six months ended June 30, 2011 and 2010 was $136,491 and $155,841, respectively.

(6) Comprehensive Income (Loss)

The following table summarizes reclassification adjustments for other comprehensive income (loss) and the related tax effects for the six months ended June 30, 2011 and 2010:

	2011	2010
Unrealized gains (losses) on investments:		
Unrealized holding gains (losses) arising during period	$287,332	510,855
Less reclassification adjustment for gains included in net income	350,629	659,840
Other comprehensive income (loss)	$(63,297)	(148,985)

(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.

As of June 30, 2011 there were 290,500 stock options outstanding of which all were vested. Compensation expense of $3,816 and $13,082 is reflected in net earnings for the six months ended June 30, 2011 and 2010, respectively.

(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. While prepayment risk (either shortening or lengthening of duration) and its effect on total return cannot be fully controlled, particularly when interest rates move dramatically, the investment process generally favors securities that control this risk within expected interest rate ranges. 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.

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 amortized cost and fair value of investments in fixed maturities classified as available for sale and equity securities were as follows:

	June 30, 2011			
	Amortized Cost	Gross Gains	Gross Losses	Fair Value
Fixed Maturities:				
States, municipalities and political subdivisions	$24,621,423	422,204	(104,229)	24,939,398
U.S. Government and government agencies	4,099,854	14,681	0	4,114,535
Mortgage-backed securities	24,713,081	660,058	(136,510)	25,236,629
Industrial and miscellaneous	10,972,795	164,328	(132,774)	11,004,349
Redeemable preferred securities	1,447,200	16,367	(22,980)	1,440,587
	$65,854,353	1,277,638	(396,493)	66,735,498
Equity Securities	$ 9,899,770	654,801	(583,893)	9,970,678

	December 31, 2010			
	Amortized Cost	Gross Gains	Gross Losses	Fair Value
Fixed Maturities:				
States, municipalities and political subdivisions	$23,445,912	248,005	(304,470)	23,389,447
U.S. Government and government agencies	4,105,455	30,959	(254)	4,136,160
Mortgage-backed securities	27,231,262	564,576	(223,043)	27,572,795
Industrial and miscellaneous	12,407,424	253,570	(70,523)	12,590,471
Redeemable preferred securities	1,447,200	6,513	(51,115)	1,402,598
	$68,637,253	1,103,623	(649,405)	69,091,471
Equity Securities	$ 5,320,369	784,696	(246,542)	5,858,523

Management has determined that the above unrealized losses were temporary.

(9) Fair Value Measurements

The Company's estimates of fair value for financial assets and financial liabilities are based on the framework established in FAS 157. The framework is based on the inputs used in valuation, gives the highest priority to quoted prices in active markets and requires that observable inputs be used in the valuations when available. The disclosure of fair value estimates in the FAS 157 hierarchy is based on whether the significant inputs into the valuation are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs that reflect the Company's significant market assumptions. The three levels of the hierarchy are as follows:

- Level 1 – Unadjusted quoted market prices for identical assets or liabilities in active markets that the Company has the ability to access.
- Level 2 – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or valuations based on models where the significant inputs are observable (e.g., interest rates, yield curves, prepayment speeds, default rates, loss severities, etc.) or can be corroborated by observable market data.
- Level 3 – Valuations based on models where significant inputs are not observable. The unobservable inputs reflect the Company's own assumptions about the assumptions that market participants would use.

Valuation of Investments Reported at Fair Value in Financial Statements

The fair value of a financial instrument is the estimated amount at which the instrument could be exchanged in an orderly transaction between knowledgeable, unrelated willing parties, i.e., not in a forced transaction. The estimated fair value of a financial instrument may differ from the amount that could be realized if the security was sold in an immediate sale, e.g., a forced transaction. Additionally, the valuation of fixed maturity investments is more subjective when markets are less liquid due to the lack of market based inputs, which may increase the potential that the estimated fair value (i.e., the carrying amount) of an investment is not reflective of the price at which an actual transaction would occur.

For investments that have quoted market prices in active markets, the Company uses the quoted market prices as fair value and includes these prices in the amounts disclosed in Level 1 of the hierarchy. The Company receives the quoted market prices from a third party nationally recognized pricing service (pricing service). When quoted market prices are unavailable, the Company utilizes a pricing service to determine an estimate of fair value, which is mainly for its fixed maturity investments. The fair value estimates provided from this pricing service are included in the amount disclosed in Level 2 of the hierarchy. If quoted market prices and an estimate from a pricing service are unavailable, the Company produces an estimate of fair value based on internally developed valuation techniques, which, depending on the level of observable market inputs, will render the fair value estimate as Level 2 or Level 3. The Company bases all of its estimates of fair value for assets on the bid price as it represents what a third party market participant would be willing to pay in an arm's length transaction. The following section describes the valuation methods used by the Company for each type of financial instrument it holds that is carried at fair value.

Fixed Maturities

The Company utilizes a pricing service to estimate fair value measurements for all of its fixed maturities. The pricing service utilizes market quotations for fixed maturity securities that have quoted prices in active markets. Since fixed maturities other than U.S. Treasury securities generally do not trade on a daily basis, the pricing service prepares estimates of fair value measurements for these securities using its proprietary pricing applications which include available relevant market information, benchmark curves, benchmarking of like securities, sector groupings and matrix pricing.

The fair value estimates of most fixed maturity investments are based on observable market information rather than market quotes. Accordingly, the estimates of fair value for such fixed maturities, other than U.S. Treasury securities, provided by the pricing service are included in the amount disclosed in Level 2 of the hierarchy. The estimated fair value U.S. Treasury securities are included in the amount disclosed in Level 1 as the estimates are based on unadjusted market prices.

Equities

For public common and preferred stocks, the Company receives prices from a nationally recognized pricing service that are based on observable market transactions and includes these estimates in the amount disclosed in Level 1. Infrequently, current market quotes in active markets are unavailable for certain non-redeemable preferred stocks held by the Company. In these instances, the Company receives an estimate of fair value from the pricing service that provides fair value estimates for the Company's fixed maturities. The service utilizes some of the same methodologies to price the non-redeemable preferred stocks as it does for the fixed maturities. The Company includes the estimate in the amount disclosed in Level 2.

Fair Value Hierarchy

The following table presents the level within the fair value hierarchy at which the Company's financial assets and financial liabilities are measured on a recurring basis at June 30, 2011.

(in millions)	Total	Level 1	Level 2	Level 3
Invested assets;				
Fixed maturities	66,735,498	4,114,535	62,620,963	---
Equity securities	9,970,678	8,077,018	1,893,660	---
Short-term investments	4,774,549	4,774,549	---	---
Total	81,480,725	16,966,102	64,514,623	---

The gross unrealized investment losses and related fair value for fixed maturities and equity securities at June 30, 2011 and December 31, 2010 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
June 30, 2011:						
Fixed maturities:						
States municipalities and political subdivisions	$7,953,345	93,869	705,522	10,360	8,658,867	104,229
United States government and government agencies	--	--	--	--	--	--
Mortgage-backed securities	2,061,471	55,553	429,506	80,957	2,490,977	136,510
Industrial and miscellaneous	3,521,510	125,724	238,525	7,050	3,760,035	132,774
Redeemable preferred - securities	---	---	464,520	22,980	464,520	22,980
Total fixed maturities	13,536,326	275,146	1,838,073	121,347	15,374,399	396,493
Equity securities - common stocks:	4,540,851	419,127	581,600	118,526	5,122,451	537,653
- perpetual preferred	194,960	5,040	750,200	41,200	945,160	46,240
Total equity	4,735,811	424,167	1,331,800	159,726	6,067,611	583,893
Total temporarily impaired securities	$18,272,137	699,313	3,169,873	281,073	21,442,010	980,386

	Less than 12 months		12 months or longer		Total	
	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealize d Loss
December 31, 2010:						
Fixed maturities:						
States, municipalities and political subdivisions	$11,040,794	286,812	1,256,255	17,658	12,297,049	304,470
United States government and government agencies	276,623	254	--	--	276,623	254
Mortgage-backed securities	4,547,205	59,348	1,472,984	163,695	6,020,189	223,043
Industrial and miscellaneous	3,549,408	70,523	--	--	3,549,408	70,523
Redeemable preferred - securities	--	--	973,935	51,115	973,935	51,115
Total fixed maturities	19,414,030	416,937	3,703,174	232,468	23,117,204	649,405
Equity securities – common stocks:	896,900	156,622	--	--	896,900	156,622
Equity securities – perpetual preferred:	--	--	651,480	89,920	651,480	89,920
Total equity	$896,900	156,622	651,480	89,920	1,548,380	246,542
Total temporarily impaired securities	$20,310,930	573,559	4,354,654	322,388	24,665,584,	895,947

(10) Segment Reporting

The Company had two reportable operating segments: ACMAT Contracting and ACSTAR Bonding. The Company's reportable segments represent 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, primarily through ACSTAR, surety bonds written for prime, specialty trade, environmental, asbestos and lead abatement contractors and miscellaneous obligations. ACSTAR also offers 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 insurance subsidiaries as well as 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 two segments for the three and six-month periods ended June 30, 2011 and 2010 is summarized as follows:

	Three Months ended		Six Months ended	
	2011	2010	2011	2010
Revenues:				
ACSTAR Bonding	$1,390,769	1,941,313	2,604,889	3,951,253
ACMAT Contracting	316,725	518,082	914,319	992,243
	$1,707,494	2,459,395	3,519,208	4,943,496
Operating Earnings (Loss):				
ACSTAR Bonding	$815,900	1,245,396	1,430,285	2,407,554
ACMAT Contracting	(351,409)	(466,264)	(511,774)	(820,854)
	$464,491	779,132	918,511	1,586,700
Depreciation and Amortization:				
ACSTAR Bonding	$156,474	255,434	340,969	452,431
ACMAT Contracting	(11,200)	197,071	(15,944)	241,683
	$145,274	452,505	325,025	694,114

Identifiable Assets:	June 30, 2011	December 31, 2010
ACSTAR Bonding	$ 86,111,605	84,918,179
ACMAT Contracting	14,711,119	16,945,318
	$100,822,724	101,863,497

The components of revenue for each segment for the three and six-month periods ended June 30, 2011 and 2010 are as follows:

	Three Months ended		Six Months ended	
	2011	2010	2011	2010
ACSTAR Bonding:				
Premiums	$ 648,498	794,957	1,258,455	1,680,967
Investment income, net	558,662	637,083	1,078,868	1,325,190
Capital gains	182,455	499,711	266,047	933,228
Other	1,154	9,562	1,519	11,868
	$1,390,769	1,941,313	2,604,889	3,951,253
ACMAT Contracting:				
Contract revenues	$ --	--	--	20,788
Investment income, net	46,020	35,934	93,888	58,230
Intersegment revenue:				
Rental income	41,250	79,150	107,766	158,299
Underwriting services, agency commissions and funds administration services	213,196	204,248	356,927	408,890
Capital gains	16,259	66,530	265,209	66,530
Other	--	132,220	90,529	279,506
	$316,725	518,082	914,319	992,243

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

		Three Months ende		Six Months ende
	2011	2010	2011	2010
Revenue:				
Total revenue for reportable segments	$1,707,494	2,459,395	3,519,208	4,943,496
Intersegment eliminations	(143,188)	(189,329)	(272,575)	(372,404)
	$1,564,306	2,270,066	3,246,633	4,571,092

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. Foreign revenues are not significant.

		Three Months ende	Six Months ended	
	2011	2010	2011	2010
Operating Earnings:				
Total operating earnings for reportable segments	$464,491	779,132	918,511	1,586,700
Interest expense	(67,255)	(76,553)	(136,491)	(155,841)
	$397,236	702,579	782,020	1,430,859

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.