

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report: September 24, 1999

Commission File No. 001-13783

INTEGRATED ELECTRICAL SERVICES, INC.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

76-0542208
(I.R.S. Employer Identification No.)

515 Post Oak Boulevard
Suite 450
Houston, Texas 77027-9408
(Address of principal executive offices) (zip code)

Registrant's telephone number, including area code: (713) 860-1500

ITEM 5. OTHER EVENTS

Integrated Electrical Services, Inc., a Delaware corporation (the "Company") is a leading national provider of electrical contracting and maintenance services, focusing primarily on the commercial, industrial, residential, powerline and information technology markets. In order to comply with the disclosure requirements of the Securities and Exchange Commission regarding the financial statements of businesses acquired or to be acquired, the Company is filing this Current Report containing the following audited and pro forma financial statements.

- (a) Financial Statements of Business Acquired
See Pages 1 through 15
- (b) Pro Forma Financial Statements
See Pages 16 through 20

INDEPENDENT AUDITORS' REPORT

To The Stockholders and Board of Directors of
Federal Communications Contractors, Inc.

We have audited the accompanying balance sheet of Federal Communications Contractors, Inc. as of December 31, 1998, and the related statements of operations, changes in stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Federal Communications Contractors, Inc. as of December 31, 1998, and the results of its operations, changes in stockholders' equity, and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

Semple & Cooper, LLP
Certified Public Accountants

Phoenix, Arizona
August 5, 1999

FEDERAL COMMUNICATIONS CONTRACTORS, INC.
BALANCE SHEETS
December 31, 1998 and March 31, 1999

ASSETS

	December 31, 1998	(UNAUDITED) March 31, 1999
	-----	-----
Current Assets:		
Cash and cash equivalents (Note 1)	\$ 14,387	\$ 48,624
Accounts receivable - trade, net of allowance for doubtful accounts (Notes 1 and 2)	3,606,737	3,677,122
Accounts receivable - other	3,324	48,687
Inventory (Note 1)	443,259	477,612
Prepaid expenses	44,595	81,501
Costs and estimated earnings in excess of billings on uncompleted contracts (Notes 1 and 3)	306,561	542,020
	-----	-----
Total Current Assets	4,418,863	4,875,566
	-----	-----
Property and Equipment:		
(Notes 1, 4 and 6)		
Equipment and tools	400,847	400,847
Leasehold improvements	87,240	87,240
Office furniture and equipment	516,459	547,422
Vehicles	40,805	40,805
Construction in progress	34,878	127,059
	-----	-----
	1,080,229	1,203,373
Less: accumulated depreciation	(704,577)	(735,098)
	-----	-----
	375,652	468,275
	-----	-----
Other Assets:		
Cash surrender value of life insurance	15,073	15,073
Refundable deposits	37,231	22,150
Notes receivable	22,009	22,009
	-----	-----
	74,313	59,232
	-----	-----
Total Assets	\$ 4,868,828	\$ 5,403,073
	=====	=====

The Accompanying Notes are an Integral Part
of the Financial Statements

FEDERAL COMMUNICATIONS CONTRACTORS, INC.
BALANCE SHEETS (Continued)
December 31, 1998 and March 31, 1999
LIABILITIES AND STOCKHOLDERS' EQUITY

	December 31, 1998	(UNAUDITED) March 31, 1999
	-----	-----
Current Liabilities:		
Notes payable (Note 4)	\$ 941,565	\$ 1,320,494
Capital lease obligations - current portion (Notes 1 and 6)	34,456	33,103
Accounts payable - trade	1,008,411	1,062,600
Accrued wages and vacation pay	545,134	594,092
Deferred revenue	59,522	25,900
Other accrued expenses	67,288	99,251
Income taxes payable - current (Note 1)	6,067	5,212
Billings in excess of costs and estimated earnings on uncompleted contracts (Notes 1 and 3)	191,205	203,360
Accrued interest	436	940
	-----	-----
Total Current Liabilities	2,854,084	3,344,952
Long-Term Liabilities:		
Notes payable to stockholders (Note 5)	240,000	240,000
Capital lease obligations - long-term portion (Notes 1 and 6)	8,629	5,795
	-----	-----
Total Liabilities	3,102,713	3,590,747
	-----	-----
Commitments and Contingency: (Note 7)	--	--
Stockholders' Equity: (Note 9)		
Common stock - no par value; 1,000,000 shares authorized; 200 shares issued and outstanding	200	200
Retained earnings	1,765,915	1,812,126
	-----	-----
Total Stockholders' Equity	1,766,115	1,812,326
	-----	-----
Total Liabilities and Stockholders' Equity	\$ 4,868,828	\$ 5,403,073
	=====	=====

The Accompanying Notes are an Integral Part
of the Financial Statements

FEDERAL COMMUNICATIONS CONTRACTORS, INC.
 STATEMENTS OF OPERATIONS AND RETAINED EARNINGS
 For The Year Ended December 31, 1998 and
 For The Three Month Periods Ended March 31, 1999 and 1998

	December 31, 1998	March 31, 1999	March 31, 1998
	-----	-----	-----
Revenues	\$ 23,287,315	\$ 4,459,099	\$ 5,239,646
Cost of Revenues	18,297,216	3,443,403	4,353,155
	-----	-----	-----
Gross Profit	4,990,099	1,015,696	886,491
Selling and Administrative Expenses	3,479,540	781,887	872,936
	-----	-----	-----
Income from Operations	1,510,559	233,809	13,555
	-----	-----	-----
Other Income (Expense):			
Interest expense	(130,174)	(26,161)	(21,798)
Interest income	4,897	602	1,610
Gain (loss) on sale of assets	(400)	1,000	--
Other income	36,713	1,052	11,898
	-----	-----	-----
	(88,964)	(23,507)	(8,290)
	-----	-----	-----
Net Income before Provision for Income Taxes	1,421,595	210,302	5,265
	-----	-----	-----
Provision for Income Tax Expense - current (Note 1)	22,896	2,089	--
	-----	-----	-----
Net Income	1,398,699	208,213	5,265
Retained Earnings at Beginning of Period	1,451,081	1,765,915	1,451,081
Dividends paid	(1,083,865)	(162,002)	(48,000)
	-----	-----	-----
Retained Earnings at End of Period	\$ 1,765,915	\$ 1,812,126	\$ 1,408,346
	=====	=====	=====

The Accompanying Notes are an Integral Part
of the Financial Statements

FEDERAL COMMUNICATIONS CONTRACTORS, INC.
 STATEMENTS OF CASH FLOWS
 For The Year Ended December 31, 1998 and
 For The Three Month Periods Ended March 31, 1999 and 1998

	December 31, 1998	March 31, 1999	March 31, 1998
	-----	-----	-----
Increase (Decrease) in Cash and Cash Equivalents:			
Cash flows from operating activities:			
Cash received from customers	\$ 23,544,651	\$ 4,366,818	\$ 5,040,031
Cash paid to suppliers and employees	(22,608,287)	(4,395,179)	(5,156,014)
Interest paid	(130,898)	(25,657)	(22,059)
Interest received	4,897	602	1,610
Income taxes paid	(21,503)	(2,944)	(16,364)
	-----	-----	-----
Net cash provided (used) by operating activities	788,860	(56,360)	(152,796)
	-----	-----	-----
Cash flows from investing activities:			
Proceeds from sale of property and equipment	1,200	1,000	--
Purchase of property and equipment	(114,781)	(123,144)	(15,140)
Collections on notes receivable	29,875	--	7,135
	-----	-----	-----
Net cash used by investing activities	(83,706)	(122,144)	(8,005)
	-----	-----	-----
Cash flows from financing activities:			
Proceeds from notes payable	11,452,006	2,089,874	2,353,201
Repayment of notes payable to stockholders	(240,000)	--	--
Repayment of notes payable	(10,883,344)	(1,710,944)	(2,235,868)
Repayment of capital lease obligations	(53,102)	(4,187)	(13,081)
Dividends paid	(1,083,865)	(162,002)	(48,000)
	-----	-----	-----
Net cash provided (used) by financing activities	(808,305)	212,741	56,252
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents	(103,151)	34,237	(104,549)
Cash and cash equivalents at beginning of period	117,538	14,387	117,538
	-----	-----	-----
Cash and cash equivalents at end of period	\$ 14,387	\$ 48,624	\$ 12,989
	=====	=====	=====

The Accompanying Notes are an Integral Part
of the Financial Statements

FEDERAL COMMUNICATIONS CONTRACTORS, INC.
 STATEMENTS OF CASH FLOWS (Continued)
 For The Year Ended December 31, 1998 and
 For The Three Month Periods Ended March 31, 1999 and 1998

	December 31, 1998	(UNAUDITED) March 31, 1999	March 31, 1998
	-----	-----	-----
Reconciliation of Net Income to Net Cash Provided by Operating Activities:			
Net Income	\$ 1,398,699	\$ 208,213	\$ 5,265
	-----	-----	-----
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	128,228	30,520	31,084
(Gain) loss on sale of assets	400	(1,000)	--
Changes in Assets and Liabilities:			
Accounts receivable			
- trade	245,512	(70,385)	(94,793)
- other	9,618	(45,363)	(95,229)
Inventory	6,665	(34,353)	(15,312)
Prepaid expenses	40,898	(36,906)	76,156
Costs and estimated earnings in excess of billings on uncompleted contracts	(15,468)	(235,459)	(8,678)
Cash surrender value of life insurance	(1,393)	--	--
Refundable deposits	(6,219)	15,081	1,047
Accounts payable - trade	(402,950)	54,189	175,927
Accrued wages and vacation pay	(222,440)	48,958	(136,709)
Deferred revenue	(31,603)	(33,622)	(8,392)
Other accrued expenses	(87,837)	31,963	(53,176)
Accrued interest	(724)	504	(261)
Income taxes payable - current	1,393	(855)	(16,364)
Billings in excess of costs and estimated earnings on uncompleted contracts	(273,919)	12,155	(13,361)
	-----	-----	-----
	(609,839)	(264,573)	(158,061)
	-----	-----	-----
Net cash provided (used) by operating activities	\$ 788,860	\$ (56,360)	\$ (152,796)
	=====	=====	=====

The Accompanying Notes are an Integral Part
of the Financial Statements

FEDERAL COMMUNICATIONS CONTRACTORS, INC.
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies, Nature of Operations and Use of Estimates:

Operations:

Federal Communications Contractors, Inc. is a Corporation which was duly formed and organized under the laws of the State of Arizona on June 21, 1984. The principal business purpose of the Corporation is to sell, service and install computer and telephone cabling. The Company operates throughout the southwestern United States.

Pervasiveness of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue and Cost Recognition:

Revenues from fixed-price and modified fixed-price contracts are recognized on the percentage-of-completion method, using the cost-to-cost method applied to major job categories (labor, material, overhead) of individual contracts. Direct costs include, amongst other things, direct labor, supervision, equipment, rent, subcontracting, direct materials, and direct overhead. General and administrative expenses are accounted for as period costs and are, therefore, not included in the calculation of the estimate to complete contracts in progress. Material project losses are provided for in their entirety without reference to their percentage of completion. As contracts can extend over one or more accounting periods, revisions in costs and earnings estimated during the course of the work are reflected during the accounting period in which the facts that require such revisions become known.

Cash and Cash Equivalents:

The Company considers all highly liquid debt instruments purchased with an initial maturity of three (3) months or less to be cash equivalents.

Accounts Receivable - Trade:

The Company provides for potentially uncollectible accounts receivable by use of the allowance method. The allowance is provided based upon a review of the individual accounts outstanding, and prior history of uncollectible accounts receivable. At December 31, 1998 and March 31, 1999, allowances in the amounts of \$55,750, and \$66,895 (unaudited), respectively, have been provided for potentially uncollectible accounts receivable. Unbilled accounts receivable represent incurred costs under cost-reimbursement type contracts and amounts arising from routine lags in billing.

FEDERAL COMMUNICATIONS CONTRACTORS, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies, Nature of Operations and Use of Estimates: (Continued)

Inventory:

Inventory consists primarily of materials and supplies not charged to specific installations or service contracts. Inventory is stated at the lower of cost, first-in, first-out method, or market. Inventory quantities are maintained on a perpetual system with periodic physical counts of inventory on hand.

Property and Equipment:

Property and equipment are recorded at cost. Depreciation is provided based on the accelerated and straight-line methods over the estimated useful lives of the assets. Maintenance and repairs that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Betterments or renewals are capitalized as incurred. For the year ended December 31, 1998 and for the three month periods ended March 31, 1999 and 1998, depreciation expense was \$128,228, \$30,520 (unaudited) and \$31,084 (unaudited), respectively.

Capital Lease Obligations:

The Company is the lessee of equipment under various capital lease agreements. The assets and liabilities under the capital leases are recorded at the lower of the present value of the minimum lease payments or the fair market value of the assets. The assets are depreciated over their estimated productive lives. Depreciation of the assets under the capital lease agreements is included in depreciation expense for the year ended December 31, 1998 and for the three month periods ended March 31, 1999 (unaudited) and 1998 (unaudited).

Income Taxes:

Effective July 1, 1997, the Company elected to be treated as an S corporation for income tax purposes. As an S corporation, all income is taxable to the stockholders, and the corporation incurs no federal income tax liability. The income tax liability at December 31, 1998 and March 31, 1999 (unaudited), consists of state income taxes due to states that assess income taxes on S Corporations.

Advertising Expense:

Advertising costs are expensed as incurred. For the year ended December 31, 1998 and for the three month periods ended March 31, 1999 and 1998, advertising expense was \$30,647, \$5,303 (unaudited) and \$9,637 (unaudited).

FEDERAL COMMUNICATIONS CONTRACTORS, INC.
 NOTES TO FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies, Nature of Operations and Use of Estimates: (Continued)

Interim Financial Information:

The interim financial statements for the three month periods ended March 31, 1999 and 1998 are unaudited. In the opinion of management, such statements reflect all adjustments (consisting only of normal recurring adjustments) necessary for a fair representation of the results of the interim period. The results of operations for the three month period ended March 31, 1999, are not necessarily indicative of the results for the entire year.

Year 2000 Issue:

Like other companies, Federal Communications Contractors, Inc. could be adversely affected if the computer systems we, our suppliers or customers use do not properly process and calculate date-related information and data from the period surrounding and including January 1, 2000. This is commonly known as the "Year 2000" issue. Additionally, this issue could impact non-computer systems and devices such as production equipment, elevators, etc. At this time, because of the complexities involved in the issue, management cannot provide assurances that the Year 2000 issue will not have an impact on the Company's operations.

2. Accounts Receivable - Trade:

At December 31, 1998 and March 31, 1999 (unaudited), accounts receivable - trade consist of the following:

	December 31, 1998	(UNAUDITED) March 31, 1999
	-----	-----
Contracts in progress	\$ 944,194	\$ 457,616
Completed contracts	1,990,593	2,150,919
Retentions receivable	26,865	31,860
Unbilled accounts receivable	700,835	1,103,622
	-----	-----
	3,662,487	3,744,017
Less: allowance for doubtful accounts receivable	(55,750)	(66,895)
	-----	-----
	\$ 3,606,737	\$ 3,677,122
	=====	=====

FEDERAL COMMUNICATIONS CONTRACTORS, INC.
 NOTES TO FINANCIAL STATEMENTS (Continued)

3. Contracts in Progress:

At December 31, 1998 and March 31, 1999 (unaudited), billings in excess of costs and estimated earnings and costs and estimated earnings in excess of billings on uncompleted contracts consist of the following:

	December 31, 1998	(UNAUDITED) March 31, 1999
	-----	-----
Costs incurred on uncompleted contracts	\$ 1,798,181	\$ 2,178,318
Profit earned to date	358,233	393,216
	-----	-----
	2,156,414	2,571,534
Less: billings to date	(2,041,058)	(2,232,874)
	-----	-----
	\$ 115,356	\$ 338,660
	=====	=====

Included in the accompanying balance sheet under the following captions:

	December 31, 1998	(UNAUDITED) March 31, 1999
	-----	-----
Costs and estimated earnings in excess of billings on uncompleted contracts	\$ 306,561	\$ 542,020
Billings in excess of costs and estimated earnings on uncompleted contracts	(191,205)	(203,360)
	-----	-----
	\$ 115,356	\$ 338,660
	=====	=====

4. Notes Payable:

At December 31, 1998 and March 31, 1999 (unaudited), notes payable consist of the following:

	December 31, 1998	(UNAUDITED) March 31, 1999
	-----	-----
Note payable to Heritage Bank on a \$2,000,000 revolving line of credit, with interest at prime plus one-half percent (.5%), expiring May 31, 1999; collateralized by various corporate assets and guaranteed by corporate stockholders	\$ 894,330	\$ 1,274,203

FEDERAL COMMUNICATIONS CONTRACTORS, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

4. Notes Payable: (Continued)

	December 31, 1998	(UNAUDITED) March 31, 1999
	-----	-----
Note payable to Heritage Bank on a \$300,000 line of credit, with interest at prime plus one percent (1.0%), expiring March 31, 1999; collateralized by various corporate assets and guaranteed by corporate stockholders.	45,000	45,000
8.5% note payable to Safeway Credit Union in monthly installments of \$329, including principal and interest through July, 1999; collateralized by a vehicle.	2,235	1,291
	-----	-----
	941,565	1,320,494
Less: current portion of long-term notes payable	(941,565)	(1,320,494)
	-----	-----
	\$ -	\$ -
	=====	=====

5. Related Party Transactions:

Notes Payable to Stockholders:

At December 31, 1998 and March 31, 1999 (unaudited), notes payable to stockholders consist of the following:

	December 31, 1998	(UNAUDITED) March 31, 1999
	-----	-----
7% note payable to a stockholder, due September 1, 2002, interest payable annually	\$ 120,000	\$ 120,000
7% note payable to a stockholder, due September 1, 2002, interest payable annually	120,000	120,000
	-----	-----
	\$ 240,000	\$ 240,000
	=====	=====

FEDERAL COMMUNICATIONS CONTRACTORS, INC.
 NOTES TO FINANCIAL STATEMENTS (Continued)

6. Capital Lease Obligations:

The Company is the lessee of equipment with an aggregate cost of \$179,649 under various capital lease agreements which expire through September, 2000.

As of December 31, 1998 and March 31, 1999 (unaudited), minimum future lease payments due under the capital lease agreements for the next two (2) years, are as follows:

	Years Ending December 31, -----	(UNAUDITED) Years Ending March 31, -----
1999	\$ 36,368	\$ --
2000	8,841	34,806
2001	--	5,894
	-----	-----
Total minimum lease payments	45,209	40,700
Less: amount representing interest	(2,124)	(1,802)
	-----	-----
Present value of net minimum lease payments	43,085	38,898
Less: current maturities of capital lease obligations	(34,456)	(33,103)
	-----	-----
Non-current maturities of capital lease obligations	\$ 8,629 =====	\$ 5,795 =====

The interest rates under the capital leases are imputed based on the lower of the Company's incremental borrowing rate at the inception of the lease or the lessor's implicit rate of return. The interest rates for the capital lease agreements range between six percent (6%) and twenty-five percent (25%).

7. Commitments and Contingency:

Commitments:

The Company is currently leasing office and warehouse space in Tempe, Arizona and Salt Lake City, Utah under non-cancellable operating lease agreements expiring through December, 2001.

FEDERAL COMMUNICATIONS CONTRACTORS, INC.
 NOTES TO FINANCIAL STATEMENTS (Continued)

7. Commitments and Contingency: (Continued)

A schedule of future minimum lease payments due on the above non-cancellable operating lease agreements for each of the next four (4) years, is as follows:

	Years Ending December 31, -----	(UNAUDITED) Years Ending March 31, -----
1999	\$ 113,050	\$ --
2000	110,545	133,534
2001	9,328	119,316
2002	--	26,508
	-----	-----
	\$ 232,923	\$ 279,358
	=====	=====

Rent expense under the aforementioned operating lease agreements for the year ended December 31, 1998 and for the three month periods ended March 31, 1999 and 1998 (unaudited) was \$126,959, \$32,674 and \$31,318, respectively.

In addition, the Company is currently leasing nineteen (19) vehicles and various office equipment under non-cancellable operating lease agreements expiring through July, 2002.

A schedule of future minimum lease payments due on the above vehicles and various office equipment operating lease agreements for each of the next five (5) years, is as follows:

	Years Ending December 31, -----	(UNAUDITED) Years Ending March 31, -----
1999	\$ 86,228	\$ --
2000	86,228	98,023
2001	82,258	95,819
2002	39,341	83,637
2003	--	20,940
	-----	-----
	\$ 294,055	\$ 298,419
	=====	=====

Rental expense under the aforementioned operating lease agreements for the year ended December 31, 1998 and for the three month periods ended March 31, 1999 and 1998 (unaudited) was \$82,371, \$12,194, and \$7,950, respectively.

FEDERAL COMMUNICATIONS CONTRACTORS, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

7. Commitments and Contingency: (Continued)

Contingency:

The Company has a contingent tax liability arising from the conversion to a Sub-Chapter S corporation, pursuant to the built in gain provisions of Internal Revenue Code Section 1374. It is management's opinion that the Company is unlikely to incur any such liability.

8. Profit Sharing Plan:

The Company implemented a profit sharing plan effective July 1, 1987, covering substantially all full-time employees. The Plan is designed as a 401(K) profit sharing plan, in which employees are permitted to make voluntary contributions to the Plan. The Company can make an additional contribution to the Plan, which amount is at the discretion of the Board of Directors, and is subject to certain limitations.

For the year ended December 31, 1998 and for the three month periods ended March 31, 1999 and 1998 (unaudited), discretionary contributions of \$48,842, \$29,704, and \$0, respectively, were made to the Plan.

9. Stock Purchase Agreement:

On November 4, 1987, the Corporation and the corporate stockholders entered into a Stock Purchase Agreement providing for the purchase of the corporate stock in the event of the death of a stockholder. The acquisition price will be based upon the most recent annual certificate of valuation, as adjusted. The Stock Purchase Agreement is to be partially funded by the proceeds from life insurance policies.

10. Significant Customers:

For the year ended December 31, 1998, the Company had four (4) customers which accounted for forty-nine percent (49%) of total sales volume. At December 31, 1998, the accounts receivable due from these customers represented thirty percent (30%) of total accounts receivable.

For the three month period ended March 31, 1999 (unaudited), the Company had five (5) customers which accounted for fifty-four percent (54%) of total sales volume. At March 31, 1999, the accounts receivable due from these customers represented forty-seven percent (47%) of total accounts receivable.

For the three month period ended March 31, 1998 (unaudited), the Company had four (4) customers which accounted for sixty-five percent (65%) of total sales volume. At March 31, 1998, the accounts receivable due from these customers represented seventy percent (70%) of total accounts receivable.

FEDERAL COMMUNICATIONS CONTRACTORS, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

11. Subsequent Event:

On June 2, 1999, all of the outstanding stock of the Company was acquired by Integrated Electrical Services, Inc. Upon the sale of the stock, the Company was merged into FCG Acquisition Corporation, a Delaware corporation, which is a wholly-owned subsidiary of Integrated Electrical Services, Inc.

ITEM 7. (B) PRO FORMA FINANCIAL INFORMATION

INTEGRATED ELECTRICAL SERVICES, INC.

UNAUDITED PRO FORMA FINANCIAL STATEMENTS
BASIS OF PRESENTATION

The unaudited pro forma balance sheet reflects the acquisition by Integrated Electrical Services, Inc. ("IES"), of six electrical contracting and maintenance businesses acquired or which are probable of being acquired from July 1, 1999 through September 21, 1999 (the "September Quarter Acquisitions"), as if they had occurred on June 30, 1999. The unaudited pro forma statements of operations for the year ended September 30, 1998, presents the statement of operations data to give effect to the 75 electrical contracting and maintenance companies and related entities (including the 16 companies acquired concurrent with IES' IPO) acquired or which are probable of being acquired through September 21, 1999 (the "Previously Closed Acquisitions"), Federal Communications Contractors, Inc. ("FCG") and the related pro forma adjustments as if they had occurred on October 1, 1997. The unaudited pro forma statement of operations for the nine months ended June 30, 1999, presents the statement of operations data to give effect to the Previously Closed Acquisitions, FCG and the related pro forma adjustments as if they had occurred on October 1, 1998.

IES has analyzed the savings that it expects to realize from reductions in salaries, bonuses and certain benefits to the owners. To the extent the owners of the Acquisitions have contractually agreed to changes in salary, bonuses, benefits and lease payments, these changes have been reflected in the unaudited pro forma combined statement of operations.

Certain pro forma adjustments are based on preliminary estimates, available information and certain assumptions that Company management deems appropriate and may be revised as additional information becomes available. The pro forma financial data do not purport to represent what IES's combined financial position or results of operations would actually have been if such transactions in fact had occurred on these dates and are not necessarily representative of IES's combined financial position or results of operations for any future period. Since the acquired entities were not under common control or management prior to their acquisitions by IES, historical combined results may not be comparable to, or indicative of, future performance. The unaudited pro forma combined financial statements should be read in conjunction with the historical consolidated financial statements and notes thereto included in the company's Annual Report for the year ended September 30, 1998 filed on Form 10-K. See also "Risk Factors" included elsewhere therein.

INTEGRATED ELECTRICAL SERVICES, INC.

UNAUDITED PRO FORMA BALANCE SHEET
JUNE 30, 1999
(IN THOUSANDS)

	IES AND SUBSIDIARIES	SEPTEMBER QUARTER ACQUISITIONS	PRO FORMA ADJUSTMENTS	PRO FORMA TOTAL
	-----	-----	-----	-----
ASSETS				
CURRENT ASSETS:				
Cash.....	\$ 2,965	\$ 1,643	\$ 592	\$ 5,200
Receivables, net.....	238,674	12,900	--	251,574
Inventories, net.....	12,426	878	--	13,304
Cost and estimated earnings in excess of billings on uncompleted contracts.....	31,641	1,037	--	32,678
Prepaid expenses and other current assets...	3,742	420	--	4,162
	-----	-----	-----	-----
Total current assets.....	289,448	16,878	592	306,918
RECEIVABLES FROM RELATED PARTIES.....	157	10	--	167
GOODWILL, NET.....	448,334	183	25,167	473,684
PROPERTY AND EQUIPMENT, NET.....	43,721	2,774	--	46,495
OTHER NONCURRENT ASSETS.....	8,929	302	--	9,231
	-----	-----	-----	-----
Total assets.....	\$790,589	\$ 20,147	\$ 25,759	\$836,495
	=====	=====	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES:				
Short-term debt and current maturities of long-term debt.....	\$ 2,814	\$ 1,737	\$ (1,737)	\$ 2,814
Accounts payable and accrued expense.....	110,377	3,867	--	114,244
Billings in excess of costs and estimated earnings on uncompleted contracts.....	37,811	2,232	--	40,043
Income taxes payable.....	6,312	38	--	6,350
Other current liabilities.....	624	24	--	648
	-----	-----	-----	-----
Total current liabilities.....	157,938	7,898	(1,737)	164,099
	-----	-----	-----	-----
LONG-TERM BANK DEBT.....	42,500	--	--	42,500
OTHER LONG-TERM DEBT, net of current maturities.....	1,094	1,483	20,702	23,279
SENIOR SUBORDINATED NOTES, net of \$1,170 discount.....	148,830	--	--	148,830
OTHER NON-CURRENT LIABILITIES.....	1,624	28	--	1,652
	-----	-----	-----	-----
Total liabilities.....	351,986	9,409	18,965	380,360
STOCKHOLDERS' EQUITY:				
Preferred stock.....	--	--	--	--
Common stock.....	351	64	(50)	365
Restricted common stock.....	27	--	--	27
Treasury stock.....	--	--	--	--
Additional paid-in capital.....	395,002	58	17,460	412,520
Retained earnings.....	43,223	10,616	(10,616)	43,223
	-----	-----	-----	-----
Total stockholders' equity.....	438,603	10,738	6,794	456,135
	-----	-----	-----	-----
Total liabilities and stockholders' equity.....	\$790,589	\$ 20,147	\$ 25,759	\$836,495
	=====	=====	=====	=====

INTEGRATED ELECTRICAL SERVICES, INC.

UNAUDITED PRO FORMA STATEMENT OF OPERATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 1998
(IN THOUSANDS)

	IES AND SUBSIDIARIES	PREVIOUSLY CLOSED ACQUISITIONS	FCG	PRO FORMA ADJUSTMENTS	PRO FORMA TOTAL
REVENUES.....	\$ 386,721	\$ 755,744	\$ 24,002	\$ --	\$ 1,166,467
COST OF SERVICES.....	306,052	604,911	18,986	--	929,949
GROSS PROFIT.....	80,669	150,833	5,016	--	236,518
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES.....	47,390	115,451	3,738	(41,756) a	124,823
NON-CASH, NON-RECURRING COMPENSATION CHARGE.....	17,036	--	--	(17,036) b	--
GOODWILL AMORTIZATION.....	3,212	--	--	8,868 c	12,080
INCOME FROM OPERATIONS.....	13,031	35,382	1,278	49,924	99,615
OTHER INCOME (EXPENSE):					
Interest expense.....	(1,161)	(1,335)	(115)	(17,398) d	(20,009)
Interest income.....	433	1,583	4	(1,722) d	298
Other, net.....	335	1,129	55	(306) c	1,213
OTHER INCOME (EXPENSE), NET.....	(393)	1,377	(56)	(19,426)	(18,498)
INCOME BEFORE INCOME TAXES.....	12,638	36,759	1,222	30,478	81,117
PROVISION FOR INCOME TAXES.....	12,690	15,309	20	7,498 e	35,517
NET INCOME (LOSS).....	\$ (52)	\$ 21,450	\$ 1,202	\$ 23,000	\$ 45,600
EARNING (LOSS) PER SHARE -					
BASIC -	\$ 0.00				\$ 1.17
DILUTED -	\$ 0.00				\$ 1.16
SHARES USED IN THE COMPUTATION OF EARNINGS (LOSS) PER SHARE					
BASIC -	19,753,060				38,940,554
DILUTED -	19,753,060				39,340,387

INTEGRATED ELECTRICAL SERVICES, INC.
 UNAUDITED PRO FORMA STATEMENT OF OPERATIONS
 FOR THE NINE MONTHS ENDED JUNE 30, 1999
 (IN THOUSANDS)

	IES AND SUBSIDIARIES	PREVIOUSLY CLOSED ACQUISITIONS	FCG	PRO FORMA ADJUSTMENTS	PRO FORMA TOTAL
	-----	-----	-----	-----	-----
REVENUES.....	\$ 693,146	\$ 222,425	\$12,016	\$ --	\$ 927,587
COST OF SERVICES.....	544,798	178,120	9,350	(402) a	731,866
	-----	-----	-----	-----	-----
GROSS PROFIT.....	148,348	44,305	2,666	402	195,721
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES.....	77,610	34,557	2,862	(7,964) a	107,065
GOODWILL AMORTIZATION.....	6,457	--	--	2,603 c	9,060
	-----	-----	-----	-----	-----
INCOME FROM OPERATIONS.....	64,281	9,748	(196)	5,763	79,596
OTHER INCOME (EXPENSE):					
Interest expense.....	(9,156)	(824)	(109)	(4,917) d	(15,006)
Interest income.....	797	468	2	(470) d	797
Other, net.....	484	528	15	--	1,027
	-----	-----	-----	-----	-----
OTHER INCOME (EXPENSE), NET.....	(7,875)	172	(92)	(5,387)	(13,182)
INCOME BEFORE INCOME TAXES.....	56,406	9,920	(288)	376	66,414
PROVISION FOR INCOME TAXES.....	23,929	3,713	(5)	1,147 e	28,784
	-----	-----	-----	-----	-----
NET INCOME (LOSS).....	\$ 32,477	\$ 6,207	\$ (283)	\$ (771)	\$ 37,630
	=====	=====	=====	=====	=====
EARNING (LOSS) PER SHARE -					
BASIC -	\$ 0.99				\$ 0.97
	=====				=====
DILUTED -	\$ 0.97				\$ 0.95
	=====				=====
SHARES USED IN THE COMPUTATION OF EARNINGS (LOSS) PER SHARE					
BASIC -	32,832,083				38,940,554
	=====				=====
DILUTED -	33,318,447				39,433,998
	=====				=====

INTEGRATED ELECTRICAL SERVICES, INC.

NOTES TO UNAUDITED PRO FORMA FINANCIAL STATEMENTS

1. UNAUDITED PRO FORMA BALANCE SHEET:

The Unaudited Pro Forma Balance Sheet gives effect to the September Quarter Acquisitions which were acquired or are probable of being acquired for total consideration of \$37.6 million, including \$18.2 million in cash and 1.2 million shares of common stock and FCG which was acquired for total consideration of \$7.9 million, including \$3.6 million in cash and 0.3 million shares of common stock.

2. UNAUDITED PRO FORMA STATEMENT OF OPERATIONS:

The Unaudited Pro Forma Statement of Operations for the year ended September 30, 1998 for IES and Subsidiaries reflects the historical results of Houston-Stafford Electric, Inc. ("Houston-Stafford") as the accounting acquirer (restated for the effect of an acquisition accounted for as a pooling-of-interest combined) the other Founding Companies beginning February 1, 1998, and the Acquired Companies beginning on their respective dates of acquisition.

Pro Forma Adjustments consist of the following:

- (a) Reflects the reduction in salaries, bonuses and benefits and lease payments to the owners of the Acquisitions. These reductions in salaries, bonuses and benefits and lease payments have been agreed to in accordance with the terms of employment agreements executed as part of the acquisitions. Such employment agreements are for five years, contain restrictions related to competition and provide severance for termination of employment in certain circumstances.
- (b) Includes the reversal of the \$17.0 million non-cash, non-recurring compensation charge in connection with the acquisition of the Founding Companies.
- (c) Reflects the amortization of goodwill recorded as a result of these acquisitions over a 40-year estimated life, as well as a reduction in historical minority interest expense attributable to minority interests that were acquired as part of the related acquisitions.
- (d) Reflects the reduction of additional interest expense and income on borrowings which will be repaid and collected, respectively, subsequent to the acquisition and the reduction of certain non-recurring other income.
- (e) Reflects the incremental provision for federal and state income taxes at a 38.5% overall tax rate, before non-deductible goodwill and other permanent items, related to the other statements of operations adjustments and for income taxes on the pretax income of acquired companies that have historically elected S Corporation tax status.

ITEM 7.

(C) EXHIBITS

23.1 Consent of Semple & Cooper, LLP

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Current Report to be signed on its behalf by the undersigned, thereunto duly authorized.

INTEGRATED ELECTRICAL SERVICES, INC.

By: /s/ STANLEY H. FLORANCE

STANLEY H. FLORANCE
SENIOR VICE PRESIDENT AND
CHIEF FINANCIAL OFFICER

Dated: September 23, 1999

EXHIBIT INDEX

Exhibit No. -----	Description -----
23.1	Consent of Semple & Cooper, LLP

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

As independent certified public accountants, we hereby consent to the incorporation of our report, dated August 5, 1999, on the financial statements of Federal Communications Contractors, Inc., included in this Form 8-K, by reference into Integrated Electrical Services, Inc.'s previously filed Registration Statements on Form S-8 (File Nos. 333-67113, 333-45447 and 333-45449), previously filed Registration Statement on Amendment No. 3 to Form S-4 (File No. 333-75139) and on previously filed Post Effective Amendment No. 5 to Form S-1 on Form S-4 (File No. 333-50031).

/s/ SEMPLE & COOPER, LLP

Semple & Cooper, LLP
Phoenix, Arizona

September 22, 1999