SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K/A

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 13, 2013

Integrated Electrical Services, Inc.

(Exact name of registrant as specified in Charter)

Delaware	001-13783	76-0542208
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification Number)

5433 Westheimer Road, Suite 500, Houston, Texas 77056
(Address of Principal Executive Offices)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))

Item 2.01. Completion of Acquisition or Disposition of Assets

On September 13, 2013, pursuant to that certain Agreement and Plan of Merger dated as of March 13, 2013, as amended by that certain First Amendment to Agreement and Plan of Merger dated as of July 10, 2013 (the “Merger Agreement”), by and among Integrated Electrical Services, Inc., a Delaware corporation (the “Company”), IES Subsidiary Holdings, Inc., a Delaware corporation and wholly-owned subsidiary of the Company (“Merger Sub”), and MISCOR Group, Ltd., an Indiana corporation (“MISCOR”), MISCOR merged with and into Merger Sub, with Merger Sub surviving the merger as a wholly-owned subsidiary of the Company (the “Merger”).

The foregoing description of the Merger Agreement does not purport to be complete and is qualified in its entirety by reference to the Agreement and Plan of Merger, which is attached as Exhibit 2.1 to the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission (the “SEC”) on March 13, 2013, and the First Amendment to Agreement and Plan of Merger, which is attached as Exhibit 2.1 to the Company’s Current Report on Form 8-K filed with the SEC on July 10, 2013.

This Current Report on Form 8-K/A, which is filed solely to furnish pro forma information with respect to the Merger, amends the Company’s Current Report on Form 8-K filed on September 16, 2013.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired.

The audited consolidated financial statements of MISCOR, as of December 31, 2012 and 2011 and for each of the years then ended, the notes thereto and the related independent auditors’ report of BDO USA, LLP, are filed as Exhibit 99.1 to this Current Report on Form 8-K/A.

The unaudited consolidated financial statements of MISCOR, as of June 30, 2013 and July 1, 2012 and for the three and six months ended June 30, 2013 and July 1, 2012 and the notes thereto are filed as Exhibit 99.2 to this Current Report on Form 8-K/A.

(b) Pro Forma Financial Information.

The unaudited pro forma condensed combined balance sheet data as of June 30, 2013 and the unaudited pro forma condensed combined statements of operations data for the nine months ended June 30, 2013 and the year ended September 30, 2012, and the notes related thereto, are filed as Exhibit 99.3 to this Current Report on Form 8-K/A.

(d) Exhibits.

Exhibit Number	Description
Exhibit 23.1	Consent of BDO USA, LLP
Exhibit 99.1	Audited consolidated financial statements of MISCOR Group, Ltd., as of December 31, 2012 and 2011 and for each of the years then ended.
Exhibit 99.2	Unaudited consolidated financial statements of MISCOR Group, Ltd., as of June 30, 2013 and July 1, 2012 and for the three and six months ended June 30, 2013 and July 1, 2012.
Exhibit 99.3	Unaudited pro forma condensed combined financial statements of Integrated Electrical Services, Inc.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

INTEGRATED ELECTRICAL SERVICES, INC.

Date: November 27, 2013

/s/ Gail D. Makode

Gail D. Makode

Senior Vice President and General Counsel

EXHIBIT INDEX

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Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

Integrated Electrical Services, Inc.
Houston, Texas

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-186786) and Form S-8 (No. 333-134100) of Integrated Electrical Services, Inc. of our report dated March 15, 2013 relating to the financial statements of MISCOR Group, Ltd. and Subsidiaries, which appears in this Form 8-K/A.

/s/ BDO USA, LLP
Kalamazoo, Michigan

November 27, 2013

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
MISCOR Group, Ltd. and Subsidiaries
Massillon, Ohio

We have audited the accompanying consolidated balance sheets of MISCOR Group, Ltd. and Subsidiaries as of December 31, 2012 and 2011 and the related consolidated statements of income, stockholders' equity, and cash flows for the years 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 audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of MISCOR Group, Ltd. and Subsidiaries as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ BDO USA, LLP

Kalamazoo, Michigan
March 15, 2013

MISCOR GROUP, LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share data)

	December 31, 2012	December 31, 2011
ASSETS		
CURRENT ASSETS		
Accounts receivable, net of allowance for doubtful accounts of $9 and $136, respectively	$ 6,526	$ 5,664
Inventories	5,767	6,173
Other current assets	922	673
Total current assets	13,215	12,510
PROPERTY AND EQUIPMENT, net	4,935	5,460
OTHER ASSETS		
Customer relationships, net	5,764	6,150
Deferred income taxes	1,942	—
Technical library, net	522	555
Deposits and other assets	67	109
Total other assets	8,295	6,814
Total assets	$ 26,445	$ 24,784
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Revolving credit line	$ 3,722	$ 2,439
Current portion of long-term debt	1,478	431
Current portion of long-term debt, officers and affiliates	—	1,053
Accounts payable	3,336	4,051
Accrued expenses and other current liabilities	1,293	1,786
Total current liabilities	9,829	9,760
LONG-TERM LIABILITIES		
Long-term debt, less current portion	2,029	1,611
Long-term debt, officers and affiliates, less current portion	—	2,930
Total long-term liabilities	2,029	4,541
Total liabilities	11,858	14,301
Commitments and contingencies		
STOCKHOLDERS' EQUITY		
Preferred stock, no par value; 800,000 shares authorized; no shares issued and outstanding	—	—
Common stock, no par value; 30,000,000 shares authorized; 11,807,826 and 11,785,826, shares issued, repsectively, and 11,683,987 and 11,785,826 shares outstanding, respectively	59,346	59,344
Treasury stock, 123,839 and 0 shares, at cost, respectively	(74)	—
Accumulated deficit	(44,685)	(48,861)
Total stockholders' equity	14,587	10,483
Total liabilities and stockholders' equity	$ 26,445	$ 24,784

The accompanying notes are an integral part of these consolidated financial statements.

MISCOR GROUP, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Amounts in thousands, except share and per share data)

	Years ended December 31, 2012	Years ended December 31, 2011
REVENUES		
Service revenue	$ 27,990	$ 30,651
Product sales	21,712	15,236
Total revenues	49,702	45,887
COST OF REVENUES		
Cost of service revenue	24,262	24,884
Cost of product sales	13,570	11,559
Total cost of revenues	37,832	36,443
GROSS PROFIT	11,870	9,444
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	8,796	8,247
INCOME FROM OPERATIONS	3,074	1,197
OTHER (INCOME) EXPENSE		
Interest expense	737	969
Other expense (income)	24	(426)
Total other expense	761	543
NET INCOME BEFORE INCOME TAX BENEFIT	2,313	654
Income tax benefit	(1,863)	—
NET INCOME	$ 4,176	$ 654
BASIC INCOME PER COMMON SHARE	$ 0.35	$ 0.06
BASIC WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	11,785,750	11,785,826
DILUTED INCOME PER COMMON SHARE	$ 0.35	$ 0.06
DILUTED WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	12,050,500	11,785,826

The accompanying notes are an integral part of these consolidated financial statements.

MISCOR GROUP, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Amounts in thousands, except share data)

	Outstanding Shares	Common Stock	Treasury Stock	Accumulated Deficit	Total
Balances, December 31, 2010	**11,785,826**	**$ 59,344**	**$ —**	**$ (49,515)**	**$ 9,829**
Income—2011	—	—	—	654	654
Balances, December 31, 2011	**11,785,826**	**59,344**	**—**	**(48,861)**	**10,483**
Stock based compensation	22,000	2	—	—	2
Purchase of treasury stock	(123,839)	—	(74)	—	(74)
Income—2012	—	—	—	4,176	4,176
Balances, December 31, 2012	**11,683,987**	**$ 59,346**	**$ (74)**	**$ (44,685)**	**$14,587**

The accompanying notes are an integral part of these consolidated financial statements.

MISCOR GROUP, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands, except share and per share data)

	Year Ended December 31,	
	2012	2011
OPERATING ACTIVITIES		
Net income	$ 4,176	$ 654
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,665	2,024
Deferred income tax credit	(1,942)	—
Stock-based compensation	2	—
Bad debt provision (recovery)	(71)	58
(Gain) loss on sale of equipment	13	(15)
Changes in operating assets and liabilities:		
Accounts receivable	(791)	886
Inventories	406	(243)
Other current assets	(249)	(4)
Deposits and other non-current assets	50	(3)
Accounts payable	(715)	(509)
Accrued expenses and other current liabilities	(493)	(205)
Net cash provided by operating activities	2,051	2,643
INVESTING ACTIVITIES		
Acquisition of property and equipment	(749)	(279)
Proceeds from disposal of property and equipment	15	18
Net cash utilized by investing activities	(734)	(261)
FINANCING ACTIVITIES		
Payments on capital lease obligations	(33)	(32)
Short-term debt borrowings, net	1,283	(824)
Borrowings of long-term debt	2,500	1,072
Repayments of long-term debt	(4,985)	(2,548)
Purchase of treasury shares	(74)	—
Debt issuance costs paid	(8)	(50)
Net cash utilized by financing activities	(1,317)	(2,382)
CHANGE IN CASH	—	—
Cash, beginning of period	—	—
Cash, end of period	$ —	$ —
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	$ 726	$ 953

The accompanying notes are an integral part of these consolidated financial statements.

NOTE A – BUSINESS OVERVIEW

MISCOR Group, Ltd. ("MISCOR"), an Indiana Corporation, was organized in April 2004 as a holding company for Magnetech Industrial Services, Inc. ("MIS") and its wholly owned subsidiary Martell Electric, LLC. In 2006, Martell Electric, LLC became a wholly owned subsidiary of MISCOR. MISCOR, with its wholly-owned subsidiaries, is referred to as the "Company".

MIS, an Indiana corporation, is an Industrial Services company which, through its seven operating facilities, provides maintenance and repair services to the electric motor industry, repairs and manufactures industrial lifting magnets, provides engineering and repair services for electrical power distribution systems within industrial plants and commercial facilities, provides on-site services related to all services offered by MIS, and provides custom and standardized training in the area of industrial maintenance.

Martell Electric, LLC, provided electrical contracting services to institutions and commercial businesses.

HK Engine Components ("HKEC") is a diesel engine components business comprised of two operating facilities, manufactures and remanufactures power assemblies for large diesel engines used in the rail, marine and power industries. HKEC also engineers, manufactures and sell other related components parts for these large engines. HKEC customers include companies that use, manufacture or distribute diesel engines and related components for the railroad, utilities, maritime and offshore drilling industries.

The Company's customers are primarily located throughout the United States of America. As of December 31, 2012, the Company operated from nine locations in Alabama, Indiana, Ohio, West Virginia, Maryland, and California.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The consolidated financial statements include the accounts of MISCOR and its wholly owned subsidiaries, MIS and HKEC. All significant intercompany balances and transactions have been eliminated.

Reclassifications

Certain amounts from the prior year financial statements have been reclassified to conform to the current year presentation.

Cash equivalents

The Company considers all highly liquid investments with maturities of three months or less from the purchase date to be cash equivalents. The Company did not have any cash equivalents at December 31, 2012 and 2011.

Concentration of credit risk

The Company maintains its cash and cash equivalents primarily in bank deposit accounts. The Federal Deposit Insurance Corporation insures these balances up to certain limits per bank. The Company has not experienced any losses on its bank deposits and management believes these deposits do not expose the Company to any significant credit risk.

Accounts receivable and allowance for doubtful accounts

The Company carries accounts receivable at sales value less an allowance for doubtful accounts. The Company periodically evaluates accounts receivable and establishes an allowance for doubtful accounts based on a combination of specific customer circumstances, credit conditions and the history of write-offs and collections. The Company evaluates items on an individual basis when determining accounts receivable write-offs. The Company's policy is not to charge interest on trade receivables after the invoice becomes past due. A receivable is considered past due if payment has not been received within agreed upon invoice terms.

The following is a summary of the allowance for doubtful accounts at December 31,

	2012	2011
Balance at beginning of year	$(136)	$(261)
Charges to expense/(recovery)	71	(58)
Deductions	56	183
Balance at end of year	$ (9)	$(136)

Inventory

The Company values inventory at the lower of cost or market. Cost is determined by the first-in, first-out method. The Company periodically reviews its inventories and makes provisions as necessary for estimated obsolescence and slow-moving goods. The amount of such markdown is equal to the difference between cost of inventory and the estimated market value based upon assumptions about future demands, selling prices and market conditions.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed over the estimated useful lives of the related assets using the straight-line method. Useful lives of property and equipment are as follows:

Buildings	30 years
Leasehold improvements	Shorter of lease term or useful life
Machinery and equipment	5 to 10 years
Vehicles	3 to 5 years
Office and computer equipment	3 to 10 years

The Company performs reviews for impairment of property and equipment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss is recognized when estimated future cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount. When impairment is identified, the carrying amount of the asset is reduced to its estimated fair value. Assets to be disposed of are recorded at the lower of net book value or fair market value less cost to sell at the date management commits to a plan of disposal.

Debt issue costs

Costs incurred by the Company to secure senior debt financing are capitalized and amortized, as a charge to interest expense, over the term of the related financing agreement (See Note F, Senior Credit Facility).

With new financing obtained during 2012, the Company wrote off $47 in amortization during 2012 related to the debt issue costs associated with the 2011 refinancing with Wells Fargo.

As of December 31, 2012 and 2011, debt issuance costs were $8 and $47, net of accumulated amortization of $0 and $3, respectively.

Other intangible assets

Other intangible assets, consisting mainly of customer relationships and a technical library, were all determined to have a definite life and are amortized over the shorter of the estimated useful life or contractual life of the these assets, which range from 15 to 20 years. These intangible assets are being amortized under the straight-line method. Intangible assets with definite useful lives are periodically reviewed to determine if facts and circumstances indicate that the useful life is shorter than originally estimated or that the carrying amount of assets may not be recoverable. If such facts and circumstances do exist, the recoverability of intangible assets is assessed by comparing the projected undiscounted net cash flows associated with the related asset or group of assets over their remaining lives against their respective carrying amounts. Impairments, if any, are based on the excess of the carrying amount over the fair value of those assets.

Revenue recognition

Revenue consists primarily of sales and service of industrial magnets, electric motors, electrical power distribution systems, and diesel power assemblies. Product sales revenue is recognized when products are shipped and both title and risk of loss transfer to the customer. Service revenue is recognized when all work is completed and the customer’s property is returned. For services to a customer’s property provided at the Company’s site, property is considered returned when the customer’s property is shipped back to the customer and risk of loss transfers to the customer. For service to a customer’s property provided at the customer’s site, property is considered returned upon completion of work. However, for service sales in which the contract price exceeds $75 and takes longer than 13 weeks to complete, the Company utilizes the percentage of completion methodology for revenue recognition.

Advertising costs

Advertising costs consist mainly of product advertisements and announcements published in trade publications, and are expensed when incurred. Advertising expense was $48 and $41 for the years ended December 31, 2012 and 2011, respectively.

Warranty costs

The Company warrants workmanship after the sale of its products and services, generally for a period of one year. An accrual for warranty costs is recorded based upon the historical level of warranty claims and management’s estimates of future costs.

Product warranty activity is as follows:

	December 31, 2012	December 31, 2011
Balance at beginning of period	$ 84	$ 217
Warranty claims paid	(92)	(64)
Warranty expense (recovery)	171	(69)
Balance at end of period	$ 163	$ 84

Income taxes

The Company accounts for income taxes using the asset and liabilities method. The Company classifies interest and penalties, if any, associated with its uncertain tax positions as a component of income tax expense. There were no interest or penalties recorded for the years ended December 31, 2012 and 2011 (See Note I, Income Taxes).

In recording deferred income tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred income tax assets will be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those deferred income tax assets would be realizable. The Company considers the scheduled reversal of deferred income tax liabilities and projected future taxable income for this determination.

The Company is subject to audits by various taxing authorities, and the audits may result in proposed assessments where the ultimate resolution results in the Company owing additional taxes. The Company is required to establish reserves when the Company believes there is uncertainty with respect to certain positions and the Company may not succeed in realizing the tax benefit. The Company believes that its tax return positions are appropriate and supportable under relevant tax law. The Company has evaluated its tax positions for items of uncertainty and has determined that its tax positions are highly certain. The Company believes the estimates and assumptions used to support its evaluation of tax benefit realization are reasonable. Accordingly, no adjustments have been made to the consolidated financial statements for the years ended December 31, 2012 and 2011.

Other income

Other income is predominantly attributed to the recovery in various legal matters and a $100 non-refundable deposit which was recognized as income when a potential buyer of HKEC did not complete a transaction during 2011.

Stock based compensation

The cost of all share-based payments to employees, including grants of employee stock options, are recognized in the financial statements based upon their fair values at grant date, or the date of later modification, over the requisite service period.

Earnings per share

Basic earnings per common share excludes dilution and is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding for the year. Diluted earnings per common share are computed assuming the conversion of common stock equivalents, when dilutive.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Significant estimates are required in accounting for inventory costing, asset valuations, costs to complete and depreciation. Actual results could differ from those estimates.

New accounting standards

The Company does not expect the adoption of recently issued accounting pronouncements to have a significant impact on the Company's results of operations, financial position, or cash flow.

NOTE C – INVENTORIES

Inventories consist of the following:

	December 31, 2012	December 31, 2011
Raw materials	$ 2,457	$ 2,725
Work-in-progress	1,879	2,144
Finished goods	1,431	1,304
	$ 5,767	$ 6,173

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2012	2011
Land and Buildings	$ 1,815	$ 1,800
Leasehold Improvements	620	499
Machinery and Equipment	8,972	8,624
Construction in Progress	308	232
Vehicles	959	927
Office and Computer Equipment	2,482	2,395
	15,156	14,477
Less: Accumulated Depreciation	(10,221)	(9,017)
	$ 4,935	$ 5,460

Depreciation expense was $1,246 and $1,591 for years ended December 31, 2012 and 2011, respectively.

NOTE E – OTHER INTANGIBLE ASSETS

Other intangible assets consist of a technical library and customer relationships, and are reported net of accumulated amortization. The Company amortizes the cost of intangible assets over their expected useful lives

which range from 15 to 20 years. The Company does not believe there is any significant residual value associated with intangible assets. Other intangible assets consist of the following:

		December 31, 2012			December 31, 2011		
	Estimated Useful Lives (in Years)	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Customer Relationships	15-20	$ 7,722	$ (1,958)	$5,764	$ 7,722	$ (1,572)	$6,150
Technical Library	20	700	(178)	522	700	(145)	555
Total		$ 8,422	$ (2,136)	$6,286	$ 8,422	$ (1,717)	$6,705

Amortization of intangible assets was $419 and $430 for the years ended December 31, 2012 and 2011, respectively.

The estimated future amortization expense related to intangible assets at December 31, 2012 is as follows:

Years Ending December 31,	
2013	$ 421
2014	421
2015	421
2016	421
2017	421
Thereafter	4,181
Total	$ 6,286

NOTE F – SENIOR CREDIT FACILITY

Senior credit Facility with PNC Bank

On December 24, 2012, the Company executed the Loan Agreement and Security Agreement ("PNC credit facility") with its new primary lender, PNC Bank, National Association ("PNC"). There are two components to the PNC credit facility: A Committed Line of Credit Note ("Line of Credit") and a Term Note.

The Line of Credit allows for borrowings up to $6,500 which are collateralized by 85% of eligible accounts receivable and 50% of eligible inventory. Additionally, the Line of Credit allows for Letter(s) of Credit in the aggregate at any time outstanding not to exceed $1,500. The Line of Credit bears interest at a rate per annum equal to the Daily LIBOR Rate plus the applicable "LIBOR Margin" as set based on certain metrics (effectively 2.96% at December 31, 2012). At December 31, 2012, $3,722 is outstanding on the Line of Credit, with $2,379 of availability on the Line of Credit.

The Term Note is for the amount of $2,500, together with interest accruing on the outstanding principal balance from December 24, 2012. This loan is collateralized by various real estate and equipment. The Term Note bears interest at a rate per annum equal to the Daily LIBOR Rate plus the applicable "LIBOR Margin" as set based on certain metrics (effectively 3.21% at December 31, 2012).

The Company is obligated to make equal monthly installments of $42, commencing on January 24, 2013, and continuing on the same day of each month thereafter. Interest shall be payable at the same time as the principal payments. Any outstanding principal and accrued interest shall be due and payable in full on December 24, 2017.

The provisions of the PNC credit facility include a lock-box arrangement and certain provisions that could potentially be interpreted as a subjective acceleration clause. More specifically, PNC, in its reasonable credit judgment, can assess additional reserves to the borrowing base calculation or reduce the advance rate against accounts receivable and inventories to account for changes in the nature of the Company's business that alters the underlying base borrowing calculation. The reserve requirements may result in an over-advance borrowing position that could require an accelerated repayment of the over-advance portion. The Company does not anticipate any changes in its business practices that would result in any material adjustments to the borrowing base calculation. However, management cannot be certain that additional reserves will not be assessed by PNC to the borrowing base calculation. As a result, the Company classifies borrowings under the revolving note as a short-term obligation.

The Company paid a closing fee of $4 on the Line of Credit and a closing fee of $4 on the Term Note.

Senior credit facility with Wells Fargo – Terminated December 24, 2012

As of December 31, 2012, the Company no longer has a $5,000 secured revolving credit agreement ("WFB credit agreement") with Wells Fargo Bank National Association ("Wells Fargo"). Borrowings under the WFB credit agreement were paid off with initial funding under the PNC credit facility. Interest under the WFB credit agreement was due monthly at LIBOR plus 3.50% (effectively 3.81% at December 24, 2012). The WFB credit agreement was amended several times over its term to adjust interest rates, maturity dates and covenants. The Company paid interest expense of approximately $156 for the year ended December 31, 2012, including debt issue cost amortization of $47. For the year ended December 31, 2011, the Company paid interest expense of approximately $211, including debt issue costs amortization of $3.

Additionally, under a machinery and equipment term loan ("M&E Loan") with Wells Fargo, the Company has outstanding $0 at December 31, 2012 and $972 at December 31, 2011. Under the loan agreement, the Company made monthly installments of $27 plus interest. The Company paid interest expense of approximately $43 and $18 for the years ended December 31, 2012 and 2011, respectively. This loan was paid off early with initial funding under the PNC credit facility.

Covenants

Terms of the PNC Credit Facility require the Company to meet two financial covenants:

- Maintain as of the end of each fiscal quarter, on a rolling four quarters basis, a ratio of Funded Debt to EBITDA of less than or equal to 2.50 to 1.00 at close and at December 31, 2012; and 2.25 to 1.00 at December 31, 2013 and thereafter,
- Maintain as of the end of each fiscal quarter, on a rolling four quarters basis, a Fixed Charge Coverage Ratio of greater than or equal to 1.25 to 1.00.

As part of this agreement, certain bank covenants have been put into effect. In the event the Company is unable to attain the results established in the bank covenants, the Company may have future debt covenant violations and the lender could claim a default and demand repayment. If PNC demands immediate repayment of the outstanding borrowings under the credit agreement; currently, the Company may not have the means to repay or refinance the amounts that would be due. If demanded, and if the Company was unable to repay or refinance the

amounts due under the credit agreement, PNC could exercise its remedies there under, including foreclosing on substantially all assets, which the Company has pledged as collateral to secure obligations under the credit agreement. As of December 31, 2012, the Company is not in violation of any covenants with PNC.

NOTE G – LONG-TERM DEBT

Long-term debt consists of the following:

	December 31, 2012	December 31, 2010
Term Note, as described above (See Note F—Senior Credit Facility)	$ 2,500	$ —
Note payable to bank in monthly installments of $3 through November 16, 2014, plus interest at 8% secured by a security interest in certain equipment	63	94
Three notes payable to John Martell (the Company's chairman) and BDeWees, Inc. and Xgen III, Ltd. (prior owners of acquired business) payable monthly at varying interest rates (effectively 7.5%, 10.5% and 10.5%, respectively, as of December 31, 2011) and due in 2013. Paid off early with intial funding from the PNC credit facility.	—	3,982
Machinery and equipment loan described above (See Note F—Senior Credit Facility)	—	972
Capital lease obligations	944	977
	3,507	6,025
Less: current portion	1,478	1,484
	$ 2,029	$ 4,541

See Note K, Related Party Transactions.

Capital lease obligations

The Company leases certain equipment under agreements that are classified as capital leases. The following is a summary of assets under capital leases:

	December 31, 2012	December 31, 2011
Machinery and equipment	$ 746	$ 746
Vehicles and trailers	84	84
Computer equipment and software	240	240
Furniture and office equipment	91	91
Less accumulated depreciation	(713)	(541)
	$ 448	$ 620

Minimum future lease payments required under capital leases as of December 31, 2012 are:

Year Ending December 31,	Amount
2013	$1,050
Less imputed interest	(106)
Present value of net minimum lease payments	$ 944

Maturities of long term debt

Aggregate maturities of long term debt, including capital leases, subsequent to December 31, 2012 are as follows:

Years Ending December 31,	Amount
2013	$1,478
2014	529
2015	500
2016	500
2017	500
	$3,507

Following is a summary of interest expense for the years ended December 31, 2012 and 2011:

	Years ended December 31,	
	2012	2011
Interest expense on principal	$ 690	$ 966
Amortization of debt issue costs	47	3
	$ 737	$ 969

Warrants associated with debt

The Company has outstanding warrants to purchase common stock. These warrants were issued in connection with certain financing transactions initiated prior to 2006, are all currently exercisable and have standard anti-dilution features. A summary of the Company's warrant activity in 2012 and 2011 follows:

	Number of Warrant Shares	Weighted-Average Exercise Price
Outstanding at January 1, 2011	308,197	$ 8.28
Granted	—	—
Exercised	—	—
Forfieted	—	—
Outstanding at December 31, 2011	308,197	$ 8.28
Granted	—	—
Exercised	—	—
Forfieted	(300,118)	(8.50)
Outstanding at December 31, 2012	8,079	$ 0.25

The following table summarizes information about the outstanding warrants as of December 31, 2012:

Exercise Price	Number of Warrant Shares	Weighted-Average Remaining Contractual Life (Years)
$ 0.25	8,079	0.42

NOTE H – STOCK BASED COMPENSATION

2005 Stock Option Plan

In August 2005, the board of directors adopted the 2005 Stock Option Plan (the "Plan"). The Plan provides for the grant of up to 80,000 shares of Incentive Stock Options ("ISO"), within the meaning of Section 422 of the Internal Revenue Code, or non-statutory stock options ("NQSO") to the Company's executive employees who are materially responsible for the management and operation of its business, and to the Company's directors. In February 2008, the board of directors adopted an amendment to the Plan to increase the number of shares available under the Plan to 200,000. These options, which expire in five years after grant date, are exercisable in 25% cumulative increments on and after the first four anniversaries of their grant date. The exercise price of the ISOs and NQSOs granted under the Plan must be at least equal to 100% of the fair market value of the common stock of the Company at the date of grant. Also, ISOs may be granted to persons owning more than 10% of the voting powers of all classes of stock, at a price no lower than 110% of the fair market value of the common stock at the date of grant.

During 2011, no options were granted under the Plan. During 2012, options to acquire 31,000 shares of common stock were granted under the Plan. As of December 31, 2012, options to acquire a total of 220,000 options have been granted to participants, of which 138,000 have been forfeited or exercised, leaving 118,000 shares available for future option grants under the Plan.

The fair value of the options granted was estimated using the Black-Scholes valuation model. The Company has elected to use the simplified method of determining the expected term since it does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate expected term. The computation of expected volatility for stock-based awards is based on the historical volatility of comparable companies from a representative peer group selected based on industry and market capitalization data. The risk-free interest rates for the periods within the expected life of the option are based on the U.S. Treasury yield in effect at the date of the option grant. No dividend yield is assumed as the Company does not expect to pay dividends. The Company recorded compensation cost based on the grant date fair value of each option award. The total cost of each grant is recognized on a straight line basis over the four year period during which the employees are required to provide services in exchange for the award – the requisite service period.

The following table summarizes the weighted-average assumptions that were used to value the Company's option grants along with the weighted-average fair value of options awards for 2012:

Expected volatility	48.89%
Risk free interest rate	0.60%
Expected term	3.75 years
Vesting period	4 years
Contractual term	5 years
Weighted average fair value	$ 0.11

The Company recorded compensation expense related to stock options of $2 and $0 for the years ended December 31, 2012 and 2011, respectively.

The activity in the Company's stock option plan for the years ended December 31, 2012 and 2011 is as follows:

2012

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value in 000's
Outstanding at beginning of year	53,000	$ 0.76		
Granted	31,000	$ 0.35		$ 4
Exercised	—	$ —		$ —
Forfeited	(2,000)	$ 5.38		$ —
Outstanding at December 31, 2012	82,000	$ 0.47	2.69	$ 13
Vested and Exercisable at December 31, 2012	31,472	$ 0.62	1.36	$ 9

2011

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at beginning of year	72,200	$ 2.19		
Granted	—	$ —		$ —
Exercised	—	$ —		$ —
Forfeited	(19,200)	$ 6.15		$ —
Outstanding at December 31, 2011	53,000	$ 0.76	3.31	$ —
Vested and Exercisable at December 31, 2011	14,500	$ 1.30	2.36	$ —

2005 Restricted Stock Purchase Plan

In August 2005, the board adopted the 2005 Restricted Stock Purchase Plan. The plan provides for the grant of offers to purchase up to 100,000 shares of restricted stock to the Company's directors, officers and key employees. During 2012, the Company issued 12,000 shares of restricted stock to officers and key employees. As of December 31, 2012, 78,000 shares remain available to be issued.

A participant may not transfer shares acquired under the plan except in the event of the sale or liquidation of the Company. If within three years after shares are acquired under the plan, a participant terminates employment for any reason other than death, disability, retirement or good reason, the Company is required to purchase the participant's shares for the same price the participant paid. If the participant terminates employment after three years or as a result of death, disability or retirement or for good reason, the Company is required to purchase the shares for a price equal to their fair market value.

Activity in the Company's restricted stock plan for the years ended December 31, 2012 and 2011 is as follows:

	2012		2011	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Non-vested at Beginning of Year	10,000	$ 0.35	12,000	$ 1.33
Granted	12,000	0.39	—	—
Vested	—	—	—	—
Forfeited	—	—	(2,000)	6.23
Non-vested at End of Year	22,000	$ 0.37	10,000	$ 0.35

No restricted stock is vested as of December 31, 2012.

The issuance of restricted stock is intended to lock-up key employees for a three year period. Restricted stock was valued based on the closing price of the Company's common stock on the date of the grant, and the related expense is amortized on a straight line basis over the three year term of the restriction period.

NOTE I – INCOME TAXES

Deferred income taxes result primarily from net operating loss ("NOL") carryforwards and temporary differences in the bases of certain assets and liabilities for financial and income tax reporting purposes. Significant components of the Company's deferred tax assets and liabilities are as follows:

	December 31, 2012	December 31, 2011
Deferred Tax Assets:		
Net Operating Loss Carryforwards	$ 6,866	$ 7,418
Capital Loss Carryforwards	2,432	2,432
Tax Credit Carryforwards	131	124
Accounts Receivable	4	55
Inventory	361	431
Warranty Reserve	65	34
Property, Equipment and Intangibles	1,176	1,451
Accrued Expenses and Other	—	17
Total Gross Deferred Tax Assets	11,035	11,962
Valuation Allowance	(9,093)	(11,962)
	$ 1,942	$ —

The significant elements contributing to the differences between the United States federal statutory tax rate and the Company's effective tax rate are as follows:

	December 31,	
	2012	2011
Statutory U.S. federal income tax rate	34.0%	34.0%
State taxes, net of federal benefit	5.6%	5.6%
Permanent differences	1.3%	8.5%
Change in valuation allowance	-121.4%	-48.1%
Effective tax rate	-80.5%	0.0%

At December 31, 2012, there are $17,164 in tax NOL carryforwards available to the Company, which expire at various dates from 2023 through 2030. At December 31, 2012, the Company had unused capital loss carryforwards of $6,080 available to be applied against future capital gains that expire in 2015. In addition, at December 31, 2012 unused work opportunity credits of $124 and employers affected by hurricanes credits of $7 were available to be applied against future income taxes that expire from 2026 to 2029.

The Company had previously recorded valuation allowances on all of its net deferred income tax assets, tax credit carryforwards, and NOL carryforwards as it was not more likely than not that a future benefit would be realized. By the end of 2012, the cumulative taxable losses were offset by recent operating performance, which included positive taxable income for both 2011 and 2012. The improvement in profitability has been driven by the complete refinancing of the Company's debt with significant reductions in borrowing costs and improved operational performance through restructuring and cost control. The Company concluded that the trend in earnings, the elimination of substantial costs through the restructuring, and its aligned cost structures results in the more likely than not realization of certain of the deferred future benefits. Due to economic uncertainty beyond the immediate future, the Company has only reversed $1,942 of the valuation allowance, which the Company reasonably estimates to be realizable in 2013.

For the year ended December 31, 2012, there was current income tax expense of $79, due to alternative minimum tax NOL limitations. For the year ended December 31, 2011, there was no current income tax expense.

The Company did not identify any uncertain tax positions taken or expected to be taken in a tax return which would require adjustment to the consolidated financial statements. The Company is subject to U.S. federal income tax as well was income tax in multiple state and local jurisdictions. Currently, no federal or state or local income tax returns are under examination. The tax years 2008 through 2012 remain open to examination by the major taxing jurisdictions to which the Company is subject.

NOTE J – OPERATING LEASE COMMITMENTS

The Company leases its Hammond, Indiana, and Boardman, Ohio facilities from companies controlled by its Chairman under agreements expiring in August 2015. Renewal options are available for each property. The Company leases the Hagerstown, Maryland facility from a partnership, one partner of which is an officer of HKEC, under an agreement expiring in July 2016. The Company leases the Massillon, Ohio facility from a partnership, one partner of which is a former officer of MIS, under an agreement expiring in November 2017. The Company leases its Merrillville, Indiana, Huntington, West Virginia, and Visalia, California facilities from unrelated parties under agreements expiring before November 2016. Total rent expense for all facility leases was

approximately $1,388 and $1,226 for the years ended December 31, 2012 and 2011, respectively, including $968 and $1,020, respectively to related parties.

The Company leased a facility in South Bend for its previous corporate offices from its Chairman of the Board and stockholder. This lease expired in August 2012. As a result of the closure and relocation of the corporate office to Massillon in 2010, the Company no longer uses this office space.

The Company also leases other manufacturing and office equipment and vehicles under operating leases with varying terms expiring through April 2017. Total rent expense under these leases was approximately $446 and $401 for years ended December 31, 2012 and 2011, respectively.

Future minimum lease payments required under the operating leases in effect as of December 31, 2012 are as follows, including $3,244 due to affiliates over the indicated years:

Years Ending December 31,	
2013	$1,528
2014	1,504
2015	1,388
2016	999
2017	679
	$6,098

NOTE K – RELATED PARTY TRANSACTIONS

As described in Note F – Senior Credit Facility, the Company retired three subordinated notes due to related parties in late 2012 with initial funding under the PNC credit facility. Outstanding aggregate balances on these notes were $2,180 and $3,982 as of December 24, 2012 and December 31, 2011, respectively. Interest expense related to these notes was $354 and $596 for the years ended December 31, 2012 and 2011, respectively.

See Note J – Operating Lease Commitments regarding related party leases.

NOTE L – FAIR VALUE MEASUREMENTS

Fair value is defined 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. The fair value hierarchy distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity’s own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- Level 1—Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2—Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs

other than quoted prices that are observable for the asset or liability (e.g., interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

- Level 3—Inputs that are both significant to the fair value measurement and unobservable.

Assets measured at fair value

The Company's non-financial assets, such as intangible assets and property and equipment, are measured at fair value when an impairment charge is recorded. Such impairment charges incorporate fair value measurements based on Level 3 inputs. No impairment indicators existed for the years ended December 31, 2012 and 2011.

Cash, accounts receivable, accounts payable and accrued expenses

The carrying amounts of these items are a reasonable estimate of their fair values (generally based on Level 3 inputs) because of the current maturities of these instruments.

Debt

As of December 31, 2012, rates currently available to the Company for long-term borrowings with similar terms and remaining maturities are used to estimate the fair value of existing borrowings at the present value of expected cash flows. Interest rates associated to the Company's debt are now at variable rates, based on market rates, thus the debts fair value (generally based on Level 3 inputs) approximates its carrying value.

NOTE M – RETIREMENT PLANS

In connection with its collective bargaining agreements with various unions, the Company does not participate with other companies in the unions' multi-employer pension plans. In 2002, the Company adopted two defined contribution profit-sharing plans covering substantially all of its full-time employees. The plans contain deferred-salary arrangements under Internal Revenue Code Section 401(k). One plan is for all employees not covered under collective bargaining agreements. Employer contributions may be made at the discretion of the board of directors. Under the second plan, which is for all employees covered by collective bargaining agreements, there is no provision for employer contributions. A particular subsidiary adopted a defined contribution profit-sharing plan covering substantially all of its full-time employees. The plan contains deferred-salary arrangements under Internal Revenue Code Section 401(k). Employer contributions may be made at the discretion of the board of directors. During the years ended December 31, 2012 and 2011, the Company contributed $26 and $0, respectively.

NOTE N – CONCENTRATIONS OF CREDIT RISK

Customers

The Company grants credit, generally without collateral, to its customers, which are primarily in the steel, metal working, scrap, rail services and power industries. Consequently, the Company is subject to potential credit risk related to changes in economic conditions within those industries. However, management believes that its billing and collection policies are adequate to minimize the potential credit risk. At December 31, 2012 and 2011, approximately 36% and 25% of gross receivables were due from entities in the rail industry, 22% and 36% of gross accounts receivable were due from entities in the steel, metal working and scrap industries, and 6% and 10% of gross receivables were due from entities in the power industry. At December 31, 2012 and December 31,

2011, one customer accounted for 13% of gross accounts receivable. Two customers accounted for 18% and 17%, respectively, of sales for the year ended December 31, 2012 and one customer accounted for 21% of sales for the year ended December 31, 2011.

NOTE O – COMMITMENTS AND CONTINGENCIES

Collective bargaining agreements

At December 31, 2012 and 2011, approximately 12% and 14% of the Company's employees were covered by a multi-employer collective bargaining agreement which expires in December 2014.

Potential lawsuits

The Company is involved in disputes or legal actions arising in the ordinary course of business. Management does not believe the outcome of such legal actions will have a material adverse effect on the Company's financial position or results of operations.

Employment agreements

On June 18, 2010, the Company entered into an employment agreement with its newly appointed President and CEO, Michael P. Moore. The agreement was for an initial one-year term, subject to earlier termination as provided in the agreement. At each contract year-end, the agreement will automatically renew for successive one-year periods unless either party, at least three months before the end of the initial term or any renewal term, requests termination or renegotiation of the agreement. The employment agreement provides for certain benefits to the executive if employment is terminated by the Company for cause, by the executive with good reason, or due to death or disability. The benefits include continuation of the executive's base salary for six months, any earned but unpaid profit-sharing or incentive bonus, stock option and company-paid health insurance for six months.

NOTE P – SEGMENT INFORMATION

The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies in Note B. The Company evaluates the performance of its reportable segments based on net income or loss. Summarized financial information concerning the Company's reportable segments as of and for the years ended December 31, 2012 and 2011 is shown in the following tables:

2012	Industrial Services	Rail Services	Corporate	Intersegment Eliminations	Year ended December 31, 2012 Consolidated
External revenue:					
Service revenue	$27,990	$ —	$ —	$ —	$ 27,990
Product sales	4,184	17,528	—	—	21,712
Deprecation included in the cost of revenues	908	182	—	—	1,090
Gross profit	6,578	5,292	—	—	11,870
Other depreciation & amortization	464	2	109	—	575
Interest expense	139	7	591	—	737
Net income (loss)	(250)	3,238	1,188	—	4,176
Total assets	18,951	4,681	2,813	—	26,445
Capital expenditures	493	206	50	—	749

2011	Industrial Services	Rail Services	Corporate	Intersegment Eliminations	Year ended December 31, 2011 Consolidated
External revenue:					
Service revenue	$30,651	$ —	$ —	$ —	$ 30,651
Product sales	3,198	12,038	—	—	15,236
Deprecation included in the cost of revenues	1,066	361	—	—	1,427
Gross profit	6,720	2,724	—	—	9,444
Other depreciation & amortization	474	3	120	—	597
Interest expense	134	9	826	—	969
Net income (loss)	44	1,264	(654)	—	654
Total assets	20,396	3,643	745	—	24,784
Capital expenditures	134	8	137	—	279

NOTE Q – SUPPLEMENTAL DISCLOSURES ON NON-CASH FINANCING ACITIVITIES

	Years ended December 31, 2012	2011
Reduction of note payable through offset ofreceivable from a related party	$ —	$ 379

NOTE R – INCOME PER SHARE

The following table details the computation of basic and diluted earnings per common share for the years presented:

	December 31, 2012	2011
Net income	$ 4,176	$ 654
Weighted-average common shares outstanding (basic)	11,785,750	11,785,826
Effect of dilutive securities from equity awards	264,750	—
Weighted-average common shares outstanding (diluted)	12,050,500	11,785,826
Basic earnings per common share	$ 0.35	$ 0.06
Dilutive earnings per common share	$ 0.35	$ 0.06

The weighted-average common shares outstanding (diluted) computation is not impacted during any period where the exercise price of a stock option is greater than the average market price because their effects were anti-dilutive. Excluded from the computation of diluted earnings per share are 1,000 stock options for the year ended December 31, 2012 and 53,000 stock options and 308,197 warrants for the year ended December 31, 2011.

NOTE S – SUBSEQUENT EVENTS

As previously disclosed on the Company's current report on Form 8-K filed with the Securities and Exchange Commission on March 13, 2013, the Company entered into a plan of merger by and among Integrated Electrical Services, Inc. ("IES") and the Company, dated as of March 13, 2013 (the "Merger Agreement"), whereby the Company will merge with and into IES, with IES as the surviving entity. Stockholders of the Company will have the right to elect to receive a guaranteed $1.415 per share or have their shares converted to shares of IES or a mix of cash consideration and stock consideration, depending if certain conditions are met.

Exhibit 99.2

MISCOR GROUP, LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share data)

	June 30, 2013 (Unaudited)	December 31, 2012
ASSETS		
CURRENT ASSETS		
Accounts receivable, net of allowance for doubtful accounts of $17 and $9, respectively	$ 5,596	$ 6,526
Inventories	6,193	5,767
Other current assets	853	922
Total current assets	12,642	13,215
PROPERTY AND EQUIPMENT, net	4,667	4,935
OTHER ASSETS		
Customer relationships, net	5,571	5,764
Deferred income taxes	1,942	1,942
Technical library, net	505	522
Deposits and other assets	67	67
Total other assets	8,085	8,295
Total assets	$ 25,394	$ 26,445
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Revolving credit line	$ 3,486	$ 3,722
Current portion of long-term debt	538	1,478
Accounts payable	3,319	3,336
Accrued expenses and other current liabilities	1,435	1,293
Total current liabilities	8,778	9,829
LONG-TERM LIABILITIES		
Long-term debt, less current portion	1,761	2,029
Total long-term liabilities	1,761	2,029
Total liabilities	10,539	11,858
STOCKHOLDERS' EQUITY		
Preferred stock, no par value; 800,000 shares authorized; no shares issued and outstanding	—	—
Common stock, no par value; 30,000,000 shares authorized; 11,807,826 shares issued and 11,684,987 shares outstanding	59,346	59,346
Treasury stock, 123,839 shares, at cost	(74)	(74)
Accumulated deficit	(44,417)	(44,685)
Total stockholders' equity	14,855	14,587
Total liabilities and stockholders' equity	$ 25,394	$ 26,445

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

MISCOR GROUP, LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Amounts in thousands, except share and per share data)

	Three months ended		Six months ended	
	June 30, 2013 (Unaudited)	July 1, 2012 (Unaudited)	June 30, 2013 (Unaudited)	July 1, 2012 (Unaudited)
REVENUES				
Service revenue	$ 6,420	$ 7,705	$ 12,459	$ 14,627
Product sales	5,435	5,557	10,837	11,113
Total revenues	11,855	13,262	23,296	25,740
COST OF REVENUES				
Cost of service revenue	5,379	6,810	10,791	12,719
Cost of product sales	3,574	3,142	7,078	6,683
Total cost of revenues	8,953	9,952	17,869	19,402
GROSS PROFIT	2,902	3,310	5,427	6,338
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	2,436	2,333	5,014	4,347
INCOME FROM OPERATIONS	466	977	413	1,991
OTHER EXPENSE				
Interest expense	39	174	110	367
Other expense	33	20	27	11
Total other expense	72	194	137	378
NET INCOME BEFORE TAXES	394	783	276	1,613
Provision for Income Taxes	3	29	8	44
NET INCOME	$ 391	$ 754	$ 268	$ 1,569
BASIC INCOME PER COMMON SHARE	$ 0.03	$ 0.06	$ 0.02	$ 0.13
BASIC WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	11,684,800	11,785,826	11,684,395	11,785,826
DILUTED INCOME PER COMMON SHARE	$ 0.03	$ 0.06	$ 0.02	$ 0.13
DILUTED WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	11,775,065	12,177,023	11,775,065	12,167,023

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

MISCOR GROUP, LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)

	Six months ended	
	June 30, 2013 (Unaudited)	July 1, 2012 (Unaudited)
OPERATING ACTIVITIES		
Net income	$ 268	$ 1,569
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	807	813
Bad debt provision (recovery)	—	(11)
Loss on sale of equipment	22	13
Changes in operating assets and liabilities:		
Accounts receivable	930	(266)
Inventories	(426)	215
Other current assets	69	300
Deposits and other non-current assets	—	16
Accounts payable	(17)	(651)
Accrued expenses and other current liabilities	142	(365)
Net cash provided by operating activities	1,795	1,633
INVESTING ACTIVITIES		
Acquisition of property and equipment	(351)	(271)
Proceeds from disposal of property and equipment	—	14
Net cash utilized by investing activities	(351)	(257)
FINANCING ACTIVITIES		
Payments on capital lease obligations	(918)	(16)
Short-term debt payments	(236)	(249)
Repayments of long-term debt	(290)	(1,111)
Net cash utilized by financing activities	(1,444)	(1,376)
CHANGE IN CASH	—	—
Cash, beginning of period	—	—
Cash, end of period	$ —	$ —
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	$ 133	$ 349

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

MISCOR GROUP, LTD.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands, except share and per share data)

NOTE A—BASIS OF PRESENTATION

The unaudited interim condensed consolidated financial statements of MISCOR Group, Ltd. (the "Company") as of and for the three and six months ended June 30, 2013 and July 1, 2012, have been prepared in accordance with generally accepted accounting principles for interim information and the rules and regulations of the Securities and Exchange Commission for interim financial information. Accordingly, they do not contain all of the information and footnotes required by generally accepted accounting principles for complete financial statements. However, in the opinion of the Company's management, all adjustments, consisting of normal, recurring adjustments, considered necessary for a fair statement have been included. The results for the three and six months ended June 30, 2013 are not necessarily indicative of the results to be expected for the year ending December 31, 2013. Refer to our Annual Report on Form 10-K for the fiscal year ended December 31, 2012 for the most recent disclosure of the Company's accounting policies.

NOTE B—RECENT ACCOUNTING PRONOUNCEMENTS

The Company does not expect the adoption of recently issued accounting pronouncements to have a significant impact on the Company's results of operations, financial position or cash flows.

NOTE C—MERGER AGREEMENT

As previously disclosed on the Company's March 13, 2013 Form 8-K and July 11, 2013 Form 8-K, both filed with the Securities and Exchange Commission, the Company entered into a plan of merger by and among a subsidiary of Integrated Electrical Services, Inc. ("IES") and the Company, dated as of March 13, 2013 (the "Merger Agreement"), whereby the Company will merge with and into IES, with a subsidiary of IES as the surviving entity. Stockholders of the Company will have the right to elect to receive a guaranteed minimum of $1.415 per share in cash or have their shares converted to shares of IES, or to receive a mix of cash consideration and stock consideration, depending on whether certain conditions are met.

On April 26, 2013, a joint prospectus and proxy statement (Form S-4) was filed with the Securities and Exchange Commission ("SEC"). On August 8, 2013, the Form S-4 was declared effective by the SEC.

NOTE D—INVENTORY

Inventory consists of the following:

	June 30, 2013	December 31, 2012
Raw materials	$ 2,392	$ 2,457
Work-in-progress	2,233	1,879
Finished goods	1,568	1,431
	$ 6,193	$ 5,767

NOTE E—OTHER INTANGIBLE ASSETS

Intangible assets consist of the following:

	Estimated Useful Lives (in Years)	June 30, 2013 Gross Carrying Amount	June 30, 2013 Accumulated Amortization	June 30, 2013 Net	December 31, 2012 Gross Carrying Amount	December 31, 2012 Accumulated Amortization	December 31, 2012 Net
Customer Relationships	15-20	$ 7,722	$ (2,151)	$5,571	$ 7,722	$ (1,958)	$5,764
Technical Library	20	700	(195)	505	700	(178)	522
Total		$ 8,422	$ (2,346)	$6,076	$ 8,422	$ (2,136)	$6,286

The estimated future amortization expense related to intangible assets for the periods subsequent to June 30, 2013 on a calendar year basis is as follows:

Year Ending December 31—	
2013	$ 211
2014	421
2015	421
2016	421
2017	421
Thereafter	4,181
Total	$ 6,076

NOTE F—SENIOR CREDIT FACILITY

Senior Credit Facility with PNC Bank

As of June 30, 2013, the Company has a Loan Agreement and Security Agreement ("PNC credit facility") with PNC Bank, National Association ("PNC"). There are two components to the PNC credit facility: A Committed Line of Credit Note ("Line of Credit") and a Term Note.

The Line of Credit allows for borrowings up to $6,500 which are collateralized by 85% of eligible accounts receivable and 50% of eligible inventory. Additionally, the Line of Credit allows for Letter(s) of Credit in the aggregate at any time outstanding not to exceed $1,500. The Line of Credit bears interest at a rate per annum equal to the Daily LIBOR Rate plus the applicable "LIBOR Margin" based on certain metrics (effectively 1.95% at June 30, 2013). At June 30, 2013, $3,486 is outstanding on the Line of Credit, with $2,811 of availability on the Line of Credit. The termination date of the Line of Credit is December 24, 2014.

The Term Note is for the amount of $2,500, together with interest accruing on the outstanding principal balance from December 24, 2012. This loan is collateralized by various real estate and equipment. The Term Note bears interest at a rate per annum equal to the Daily LIBOR Rate plus the applicable "LIBOR Margin" based on certain metrics (effectively 2.20% at June 30, 2013). The Company is obligated to make equal monthly installments of $42, commencing on January 24, 2013, and continuing on the same day of each month thereafter. Interest shall be payable at the same time as the principal payments. Any outstanding principal and accrued interest shall be due and payable in full on December 24, 2017. At June 30, 2013, $2,250 is outstanding on the Term Note.

The Company paid a closing fee of $4 on the Line of Credit and a closing fee of $4 on the term loan. Debt issue costs amortized to interest expense were $1 and $2 for the three and six months ended June 30, 2013. Net debt issue costs at June 30, 2013 were $6.

Interest expense under the PNC credit facility, including the Line of Credit and Term note and excluding amortization of debt issue costs, was $30 and $73 for the three and six months ended June 30, 2013.

Covenants

Terms of the PNC Credit Facility require the Company to meet two financial covenants:

- Maintain as of the end of each fiscal quarter, on a rolling four quarters basis, a ratio of Funded Debt to EBITDA of less than or equal to 2.50 to 1.00 at close and at December 31, 2012; and 2.25 to 1.00 at December 31, 2013 and thereafter,
- Maintain as of the end of each fiscal quarter, on a rolling four quarters basis, a Fixed Charge Coverage Ratio of greater than or equal to 1.25 to 1.00.

At June 30, 2013 and December 31, 2012, the Company was in compliance with its covenants with PNC.

NOTE G—DEBT

Long-term debt

Long-term debt consists of the following:

	June 30, 2013	December 31, 2012
Term note, as described above (See Note F—Senior Credit Facility)	$2,250	$ 2,500
Note payable to bank in monthly installments of $3 through November 16, 2014, plus interest at 8% secured by a security interest in certain equipment	46	63
Capital lease obligations	3	944
	2,299	3,507
Less: current portion	538	1,478
	$1,761	$ 2,029

Aggregate maturities of long-term debt for the periods subsequent to June 30, 2013 on a calendar year basis are as follows:

Years Ending December 31,	Amount
2013	$ 279
2014	520
2015	500
2016	500
2017	500
	$2,299

Following is a summary of interest expense for the three and six months ended June 30, 2013 and July 1, 2012:

	Three Months Ended		Six Months Ended	
	June 30, 2013	July 1, 2012	June 30, 2013	July 1, 2012
Interest expense on principal	$ 38	$ 166	$ 108	$351
Amortization of debt issue costs	1	8	2	16
	$ 39	$ 174	$ 110	$367

NOTE H—OPERATING LEASES

The Company leases its Hammond, Indiana, and Boardman, Ohio facilities from companies controlled by its Chairman of the Board and stockholder under agreements expiring in August 2015. Renewal options are available for each property. The Company leases the Hagerstown, Maryland facility from a partnership, one partner of which is an officer of one of the Company's subsidiaries, under an agreement expiring in July 2016. The Company leases the Massillon, Ohio facility from a partnership, one partner of which is a former officer of one of the Company's subsidiaries, under an agreement expiring in November 2017. The Company leases its Merrillville, Indiana, Huntington, West Virginia, and Visalia, California facilities from unrelated parties under agreements expiring before November 2016. Total rent expense for all facility leases was approximately $317 and $347 for the three months ended June 30, 2013 and July 1, 2012, respectively, and $635 and $694 for the six months ended June 30, 2013 and July 1, 2012, respectively. Included in rent expense is rent that is paid to related parties. Total rent paid to related parties for the six months ended June 30, 2013 and July 1, 2012 was $452 and $468, respectively. Total rent paid to related parties for the three months ended June 30, 2013 and July 1, 2012 was $226 and $234, respectively.

The Company leased a facility in South Bend for its previous corporate offices from its Chairman of the Board and stockholder. This lease expired in August 2012. As a result of the closure and relocation of the corporate office to Massillon in 2010, the Company no longer uses this office space.

NOTE I—RELATED PARTY TRANSACTIONS

The Company retired three subordinated notes due to related parties in late 2012 with initial funding under the PNC credit facility. Outstanding aggregate balances on these notes were $2,180 as of December 24, 2012. Interest expense related to these notes was $80 and $173 for the three and six months ended July 1, 2012, respectively.

See Note H—Operating Lease Commitments regarding related party leases, which the Company believes to be on terms comparable to lease terms available in arms length transactions.

NOTE J—INCOME PER SHARE

The following table details the computation of basic and diluted earnings per common share from continuing operations for the periods presented:

	Three months ended		Six months ended	
	June 30, 2013	July 1, 2012	June 30, 2013	July 1, 2012
Net income	$ 391	$ 754	$ 268	$ 1,569
Weighted-average common shares outstanding (basic)	11,684,800	11,785,826	11,684,395	11,785,826
Effect of dilutive securities from equity awards	90,265	391,197	90,670	381,197
Weighted-average common shares outstanding (diluted)	11,775,065	12,177,023	11,775,065	12,167,023
Basic earnings per common share	$ 0.03	$ 0.06	$ 0.02	$ 0.13
Diluted earnings per common share	$ 0.03	$ 0.06	$ 0.02	$ 0.13

The weighted-average common shares outstanding (diluted) computation is not impacted during any period where the exercise price of a stock option is greater than the average market price. As of June 30, 2013, there were no warrants and 1,000 stock options outstanding that were anti-dilutive. As of July 1, 2012 there were 308,197 warrants and 1,000 stock options outstanding that were anti-dilutive.

NOTE K—CONCENTRATIONS OF CREDIT RISK

The Company grants credit, generally without collateral, to its customers, which are primarily in the steel, metal working, scrap and rail industries. Consequently, the Company is subject to potential credit risk related to changes in economic conditions within those industries. However, management believes that its billing and collection policies are adequate to minimize the potential credit risk. At June 30, 2013 and December 31, 2012, approximately 32% and 36%, respectively, of gross accounts receivable were due from entities in the rail industry, respectively, and approximately 29% and 22%, respectively, of gross receivables were due from entities in the steel, metal working and scrap industries. Two customers, combined, doing business with the Company's Industrial Services and Rail Services segments, accounted for approximately 37% and 36% of total consolidated revenue for the three and six months ended June 30, 2013 and July 1, 2012, respectively. For the three and six months ended June 30, 2013, these two customers accounted for 21% and 16% of the total consolidated revenue, respectively. The loss of any of these customers would have a material adverse effect on the Company.

NOTE L—COMMITMENTS AND CONTINGENCIES

Collective bargaining agreements

At June 30, 2013 and December 31, 2012, approximately 12% of the Company's employees were covered by collective bargaining agreements.

Warranty reserves

The Company warrants workmanship after the sale of its products and services, generally for a period of one year. An accrual for warranty costs is recorded based upon the historical level of warranty claims and management's estimates of future costs.

Product warranty activity for the three and six months ended June 30, 2013 and July 1, 2012 is as follows:

	Three months ended		Six months ended	
	June 30, 2013	July 1, 2012	June 30, 2013	July 1, 2012
Balance at beginning of period	$ 118	$ 91	$ 163	$ 84
Warranty claims paid	(43)	(3)	(72)	(26)
Warranty expense	25	28	9	58
Balance at end of period	$ 100	$ 116	$ 100	$116

Employment Agreement

On June 18, 2010, the Company entered into an employment agreement with its President and CEO, Michael P. Moore. The agreement was for an initial one-year term, subject to earlier termination as provided in the agreement. At each year-end, the agreement will automatically renew for successive one-year periods unless either party, at least three months before the end of the initial term or any renewal term, requests termination or renegotiation of the agreement. The employment agreement provides for certain benefits to the executive if employment is terminated by the Company for cause, by the executive with good reason, or due to death or disability. The benefits include continuation of the executive's base salary for six months, any earned but unpaid profit-sharing or incentive bonus, stock option and company-paid health insurance for six months. As a result of the pending merger with a subsidiary of IES, no changes are anticipated to this agreement.

NOTE M—FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Cash and cash equivalents, accounts receivable, accounts payable and accrued expenses

The carrying amounts of these items are a reasonable estimate of their fair values because of the current maturities of these instruments.

Debt

As of June 30, 2013 and December 31, 2012, rates currently available to the Company for long term borrowings with similar terms and remaining maturities are used to estimate the fair value of existing borrowings at the present value of expected cash flows. Interest rates associated to the Company's debt are at variable rates, based on market rates, thus the debts' fair value (generally based on Level 3 inputs) approximates its carrying value.

NOTE N—SEGMENT INFORMATION

The Company operates in two segments: Industrial Services and Rail Services.

The Industrial Services segment is primarily engaged in providing maintenance and repair services to the electric motor industry and repairing, remanufacturing and manufacturing industrial lifting magnets for the steel and scrap industries. The Rail Services segment rebuilds and manufactures power assemblies, engine parts, and other components related to large diesel engines for the rail and marine industries.

The Company evaluates the performance of its business segments based on net income or loss. Corporate administrative and support services for the Company are allocated to the business segments, except for corporate depreciation and interest expense.

Summarized financial information concerning the Company's reportable segments as of and for the three and six months ended June 30, 2013 and July 1, 2012 is shown in the following tables:

2013	Industrial Services	Rail Services	Corporate	Intersegment Eliminations	Three months ended June 30, 2013
External revenue:					
Service revenue	$ 6,420	$ —	$ —	$ —	$ 6,420
Product sales	1,009	4,426	—	—	5,435
Deprecation included in the cost of revenues	222	48	—	—	270
Gross profit	1,849	1,053	—	—	2,902
Other depreciation & amortization	114	1	26	—	141
Interest expense	—	2	37	—	39
Net income (loss)	301	572	(482)	—	391
Capital expenditures	88	75	—	—	163
Total assets at June 30, 2013	18,280	4,473	2,641	—	25,394

2012	Industrial Services	Rail Services	Corporate	Intersegment Eliminations	Three months ended July 1, 2012
External revenue:					
Service revenue	$ 7,705	$ —	$ —	$ —	$ 7,705
Product sales	1,244	4,313	—	—	5,557
Deprecation included in the cost of revenues	224	44	—	—	268
Gross profit	1,890	1,420	—	—	3,310
Other depreciation & amortization	115	—	28	—	143
Interest expense	35	2	137	—	174
Net income (loss)	40	915	(201)	—	754
Capital expenditures	99	6	32	—	137
Total assets at December 31, 2012	18,951	4,681	2,813	—	26,445

2013	Industrial Services	Rail Services	Corporate	Intersegment Eliminations	Six months ended June 30, 2013
External revenue:					
Service revenue	$12,459	$ —	$ —	$ —	$12,459
Product sales	2,059	8,778	—	—	10,837
Deprecation included in the cost of revenues	440	95	—	—	535
Gross profit	3,200	2,227	—	—	5,427
Other depreciation & amortization	227	2	44	—	273
Interest expense	16	3	91	—	110
Net income (loss)	(22)	1,219	(929)	—	268
Capital expenditures	173	178	—	—	351
Total assets at June 30, 2013	18,280	4,473	2,641	—	25,394

2012	Industrial Services	Rail Services	Corporate	Intersegment Eliminations	Six months ended July 1, 2012
External revenue:					
Service revenue	$14,627	$ —	$ —	$ —	$14,627
Product sales	2,547	8,566	—	—	11,113
Deprecation included in the cost of revenues	445	88	—	—	533
Gross profit	3,710	2,628	—	—	6,338
Other depreciation & amortization	228	—	52		280
Interest expense	70	4	293	—	367
Net income (loss)	284	1,655	(370)		1,569
Capital expenditures	137	84	50	—	271
Total assets at December 31, 2012	18,951	4,681	2,813	—	26,445

Exhibit 99.3

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The unaudited pro forma condensed combined statements of income for the nine months ended June 30, 2013 and for the year ended September 30, 2012 combines the historical consolidated statements of income of Integrated Electrical Services, Inc. ("IES") and MISCOR Group Ltd. ("MISCOR"), giving effect to the transaction as if it had occurred on October 1, 2011. The unaudited pro forma condensed combined balance sheet as of June 30, 2013 combines the historical consolidated balance sheets of IES and MISCOR, giving effect to the transaction as if it had occurred on June 30, 2013. The historical consolidated financial information has been adjusted in the unaudited pro forma condensed combined financial statements to give pro forma effect to events that are (1) directly attributable to the transaction, (2) factually supportable, and (3) with respect to the statements of operations, expected to have a continuing impact on the combined results. The unaudited pro forma condensed combined financial information should be read in conjunction with the accompanying notes to the unaudited pro forma condensed combined financial statements. In addition, the unaudited pro forma condensed combined financial information was based on and should be read in conjunction with the:

- Separate historical financial statements of IES for the year ended September 30, 2012, which are incorporated by reference;
- Separate historical financial statements of MISCOR for the period ended September 30, 2012, which are not included herein;
- Separate historical financial statements of IES for the period ended June 30, 2013, which are incorporated by reference;
- Separate historical financial statements of MISCOR for the year ended December 31, 2012, which are included herein; and
- Separate historical financial statements of MISCOR for the period ended June 30, 2013, which are included herein.

IES' fiscal year end is September 30, 2012, whereas MISCOR's fiscal year end is December 31, 2012. In order to calculate the historical results for MISCOR in the unaudited pro forma condensed combined statements of income for the nine months ended June 30, 2013, we have deducted the nine months ended September 30, 2012 from the twelve months ended December 31, 2012 and added the remainder to the six months ended June 30, 2013. For the year ended September 30, 2012, we have added the nine months ended September 30, 2012 to the three months ended December 31, 2011.

The unaudited pro forma condensed combined financial information has been presented for informational purposes only. The unaudited pro forma condensed combined information is not necessarily indicative of what the combined company's financial position or results of operations actually would have been had the transactions been completed as of the dates indicated. In addition, the unaudited pro forma condensed combined financial information does not purport to project the future financial position or operating results of the combined company.

The unaudited pro forma condensed combined financial information has been prepared using the acquisition method of accounting under U.S. generally accepted accounting principles, and the applicable regulations of the SEC. There were no material transactions between IES and MISCOR during the periods presented in the unaudited pro forma condensed combined financial statements which would require elimination. IES has been treated as the acquirer in the transaction for accounting purposes.

The unaudited pro forma condensed combined financial information does not reflect any cost savings, operating synergies or revenue enhancements that the combined company may achieve as a result of the Merger, the costs to integrate the operations of IES and MISCOR assets, or the costs necessary to achieve these cost savings, operating synergies and revenue enhancements.

INTEGRATED ELECTRICAL SERVICES, INC. AND SUBSIDIARIES

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
As of June 30, 2013
(In thousands)

	IES	MISCOR	Pro Forma Adjustments (Note 5)	Pro Forma Combined
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	$ 15,134	$ —	$ 10,167(e)	$ 15,553
			(9,748)(Note 3)	
Restricted cash	7,052	—	—	7,052
Accounts receivable:				
Trade	67,547	5,596	—	73,143
Retainage	18,525	—	—	18,525
Inventories	12,280	6,193	585(i)	19,058
Costs and estimated earnings in excess of billings on uncompleted contracts	6,517	—	—	6,517
Assets held for sale	900	—	—	900
Prepaid expenses and other current assets	3,474	853	—	4,327
Total current assets	131,429	12,642	1,004	145,075
LONG-TERM RECEIVABLE, net	203	—	—	203
PROPERTY AND EQUIPMENT, net	5,433	4,667	688(d)	10,788
GOODWILL	8,631	—	4,347(Note 4)	12,978
INTANGIBLE ASSETS, net	561	6,076	(2,376)(c)	4,261
OTHER NON-CURRENT ASSETS, net	5,216	2,009	(817)(Note 4)	7,087
			309(i)	
			320(i)	
			50(e)	
Total assets	$ 151,473	$ 25,394	$ 3,525	$ 180,392
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES:				
Current maturities of long-term debt	$ 3,198	$ 4,024	$ (4,024)(a)	$ 5,793
			2,595(e)	
Accounts payable and accrued expenses	65,530	4,754	1,108(g)	71,932
			490(Note 4)	
			50(e)	
Billings in excess of costs and estimated earnings on uncompleted contracts	22,133	—	—	22,133
Total current liabilities	90,861	8,778	219	99,858
LONG-TERM DEBT	1,667	1,761	7,572(e)	9,239
			(1,761)(a)	
LONG-TERM DEFERRED TAX LIABILITY	285	—	1,605(Note 4)	1,890
OTHER NON-CURRENT LIABILITIES	6,617	—	—	6,617
Total liabilities	99,430	10,539	7,635	117,604
STOCKHOLDERS' EQUITY:				
Preferred stock	—	—	—	—
Common stock	154	59,346	(59,346)(a)	182
			28(Note 3)	
Treasury stock, at cost	(2,839)	(74)	74(a)	(2,839)
Additional paid-in capital	162,763	—	11,825(Note 3)	174,588
Accumulated other comprehensive income	19	—	—	19
Retained deficit	(108,054)	(44,417)	(1,108)(g)	(109,162)
			44,417(a)	
Total stockholders' equity	52,043	14,855	(4,110)	62,788
Total liabilities and stockholders' equity	$ 151,473	$ 25,394	$ 3,525	$ 180,392

The accompanying notes are an integral part of these unaudited pro forma condensed combined financial statements.

INTEGRATED ELECTRICAL SERVICES, INC. AND SUBSIDIARIES

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
For the nine months ended June 30, 2013
(In thousands, except share and per share amounts)

	IES	MISCOR	Pro Forma Adjustments (Note 5)	Pro Forma Combined
Revenues	$ 370,810	$35,436	$ —	$ 406,246
Cost of services	321,182	27,655	(822)(d)	348,451
			436(d)	
Gross profit	49,628	7,781	386	57,795
Selling, general and administrative expenses	48,104	7,181	(359)(c)	53,106
			190(c)	
			(105)(d)	
			47(d)	
			(1,952)(g)	
Gain on sale of assets	(56)	—	—	(56)
Income (loss) from operations	1,580	600	2,565	4,745
Interest and other (income) expense				
Interest expense	1,425	291	(291)(e)	1,834
			409(e)	
Interest income	(123)	—	—	(123)
Other (income) expense, net	1,048	39	—	1,087
Interest and other expense, net	2,350	330	118	2,798
(Loss) income from operations before income taxes	(770)	270	2,447	1,947
Provision (benefit) for income taxes	264	(1,855)	1,917(f)	326
Net (loss) income from continuing operations	$ (1,034)	$ 2,125	$ 530	$ 1,621
Earnings (loss) per share from continuing operations				
Basic	$ (0.07)			$ 0.09
Diluted	$ (0.07)			$ 0.09
Shares used in the computation of earnings (loss) per share				
Basic	14,882,687		2,795,577(Note3)	17,678,264
Diluted	14,958,659		2,795,577(Note 3)	17,754,236(h)

The accompanying notes are an integral part of these unaudited pro forma condensed combined financial statements.

INTEGRATED ELECTRICAL SERVICES, INC. AND SUBSIDIARIES

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
For the year ended September 30, 2012
(In thousands, except share and per share amounts)

	IES	MISCOR	Pro Forma Adjustments (Note 5)	Pro Forma Combined
Revenues	$ 456,115	$48,983	$ —	$ 505,098
Cost of services	398,063	37,495	(1,449)(d)	434,691
			582(d)	
Gross profit	58,052	11,488	867	70,407
Selling, general and administrative expenses	58,609	8,963	(422)(c)	67,316
			254(c)	
			(150)(d)	
			62(d)	
Gain on sale of assets	(168)	—	—	(168)
Income (loss) from operations	(389)	2,525	1,123	3,259
Interest and other (income) expense				
Interest expense	2,324	787	(787)(e)	2,870
			546(e)	
Interest (income)	(34)	—	—	(34)
Other (income), net	(62)	(162)	—	(224)
Interest and other expense (income), net	2,228	625	(241)	2,612
Income (loss) from operations before income taxes	(2,617)	1,900	1,364	647
Provision (benefit) for income taxes	38	—	— (f)	38
Net (loss) income from continuing operations	$ (2,655)	$ 1,900	$ 1,364	$ 609
Earnings (loss) per share from continuing operations				
Basic	$ (0.18)			$ 0.03
Diluted	$ (0.18)			$ 0.03
Shares used in the computation of earnings (loss) per share				
Basic	14,625,776		2,795,577(Note3)	17,421,353
Diluted	14,625,776		2,795,577(Note3)	17,543,228(h)

The accompanying notes are an integral part of these unaudited pro forma condensed combined financial statements.

Notes to Unaudited Pro Forma Condensed Combined Financial Statements
(All Dollar Amounts in Thousands Except Per Share Amounts)

Note 1: Description of the Transaction

On September 13, 2013, pursuant to that certain Agreement and Plan of Merger dated as of March 13, 2013, as amended by that certain First Amendment to Agreement and Plan of Merger dated as of July 10, 2013 (the "Merger Agreement"), by and among the Company, IES Subsidiary Holdings, Inc., a Delaware corporation and wholly-owned subsidiary of the Company ("Merger Sub"), and MISCOR Group, Ltd., an Indiana corporation ("MISCOR"), MISCOR merged with and into Merger Sub, with Merger Sub surviving the merger as a wholly-owned subsidiary of the Company (the "Merger").

Pursuant to the Merger Agreement, at the effective time of the Merger, each issued and outstanding share of MISCOR common stock, no par value, was converted into the right to receive, at the election of the holder, either stock consideration of 0.3118 shares of IES common stock, par value $0.01 per share, or cash consideration of $1.484, subject to the maximum amount of cash consideration payable under the Merger Agreement (the "Maximum Cash Amount"). As MISCOR shareholders did not, in the aggregate, elect to receive cash consideration in excess of the Maximum Cash Amount, all MISCOR shareholders electing to receive cash consideration were paid cash in exchange for their shares.

See Note 3 to these unaudited pro forma condensed combined financial statements for a discussion of the consideration transferred in connection with the Merger.

The descriptions of the Merger and the Merger Agreement set forth herein do not purport to be complete and are qualified in their entirety by reference to the Agreement and Plan of Merger, which is attached as Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission (the "SEC") on March 13, 2013, and the First Amendment to Agreement and Plan of Merger, which is attached as Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on July 10, 2013.

Note 2: Basis of Presentation

The transaction is reflected in the unaudited pro forma condensed combined financial statements as being accounted for under the acquisition method of accounting. Under the acquisition method, the total purchase price for the transaction as described in Note 3 is measured using the quoted market price of IES common stock at the closing date of the transaction. The assets and liabilities of MISCOR have been measured at fair value.

The process for estimating the fair values of identifiable intangible assets and certain tangible assets requires the use of significant estimates and assumptions, including estimating future cash flows. The excess of the purchase consideration over the amounts of identifiable assets and liabilities of MISCOR as of the effective date of the transaction has been allocated to Goodwill.

In accordance with the SEC's rules and regulations, the unaudited pro forma condensed combined financial statements do not reflect any cost savings, operating synergies or revenue enhancements that the combined company may achieve as a result of the transaction, the costs to integrate the operations of IES and MISCOR or the costs necessary to achieve these cost savings, operating synergies and revenue enhancements.

Certain reclassifications have been made to the historical presentation of MISCOR to conform to the presentation used in the unaudited pro forma condensed combined financial statements.

Note 3: Consideration Transferred

Pursuant to the Merger Agreement, at the effective time of the Merger, each issued and outstanding share of MISCOR common stock, no par value, was converted into the right to receive, at the election of the holder, either stock consideration of 0.3118 shares of IES common stock, par value $0.01 per share, or cash consideration of $1.484.

MISCOR shareholders holding approximately 76% of MISCOR's issued and outstanding shares of common stock immediately prior to the effective time of the Merger received shares of IES common stock in the merger and MISCOR shareholders holding approximately 24% of MISCOR's issued and outstanding shares of common stock as of such time

received cash consideration. Affiliates of Tontine Capital Management, L.L.C. (collectively, "Tontine") owned approximately 56.7% of the shares of IES common stock, and approximately 49.9% of MISCOR's shares of common stock, outstanding immediately prior to the effective time of the Merger. Tontine elected to receive stock consideration for 100% of its shares of MISCOR common stock, and John Martell elected to receive stock consideration for approximately 52.5% of his shares of MISCOR common stock (which accounted for 12.2% of MISCOR's shares of common stock outstanding immediately prior to the effective time of the Merger).

Based on the closing price of IES common stock as reported on the NASDAQ Global Market system on September 13, 2013, the aggregate value of the consideration received by MISCOR shareholders in connection with the Merger was $16,043, consisting of $4,190 in aggregate cash consideration, including cash consideration issued in exchange for shares of MISCOR restricted stock and cash paid in lieu of fractional shares, and 2,795,577 shares of IES common stock with an aggregate market value of $11,853. The shares of IES common stock issued to MISCOR shareholders in connection with the Merger represent approximately 15.6% of the shares of IES common stock issued and outstanding immediately after effectiveness of the Merger.

		Calculation of Consideration
Estimate of consideration to be transferred(a)	$	24,000
Less: MISCOR Net Debt as at August 22, 2013(a)(e)	$	6,539
Equals: Estimate of consideration after MISCOR Net Debt	$	$17,461
Allocation to: Cash consideration(a)(h)	$	4,190
Allocation to: IES common stock equity consideration(a)(c)(i)	$	13,306
IES 60 day VWAP as of August 22, 2013(a)(b)	$	4.747
Equals: IES shares issued as stock consideration(a)(i)		2,795,577
Number of shares of MISCOR common stock outstanding immediately prior to the effective time of the Merger		11,765,987
MISCOR equity units receiving stock consideration(a)(i)		8,966,043
MISCOR equity units receiving cash consideration(a)		2,799,944
Cash consideration per share(g)	$	1.484
Cash consideration(a)(h)	$	4,190
Exchange ratio(a)(b)		0.3118
Pro forma earnings per share for the year ended September 30, 2012	$	0.03
Pro forma earnings per share for the period ended June 30, 2013	$	0.09

		Actual Consideration
IES shares issued as stock consideration(a)(i)		2,795,577
IES common stock share price on September 13, 2013(a) (c)	$	4.24
IES common stock consideration(a) (c)	$	11,853(f)
Cash consideration(a)(h)	$	4,190(d)
MISCOR actual debt balance at September 13, 2013(a) (d)	$	5,558(d)
Total consideration transferred(a)	$	21,601

(a) Actual consideration varied from the estimate of $24,000 based on, among other factors, (i) the number of MISCOR equity units receiving cash consideration and the number of MISCOR equity units receiving stock consideration, (ii) the volume-weighted average of the sale prices per share of IES common stock for the 60 consecutive trading days (the "VWAP") ending on the Merger Consideration Determination Date (the "IES Common Stock Value"), (iii) the market price of IES common stock on the closing date, and (iv) fluctuations in MISCOR's Net Debt prior to the Merger Consideration Determination Date and actual debt prior to the closing date.

(b) Exchange ratio equal to (x) the cash consideration per share (see footnote (g) below), divided by (y) the IES Common Stock Value (see footnote (a) above).

(c) The fair value of the shares of IES common stock issued as part of the consideration transferred is required to be measured on the closing date of the transaction at the then-current market price of IES common stock of $4.24. This requirement resulted in the allocation of actual purchase consideration of $11,853 to the IES common stock issued in connection with the transaction.

(d) Cash adjustment in unaudited pro forma condensed combined balance sheet is $9,748, based on repayment of MISCOR's total actual debt outstanding on September 13, 2013 of $5,558.

(e) Net Debt, as defined in the Merger Agreement, is an average of the sum of MISCOR's funded debt and other debt, not including ordinary trade payables, for the 30-day period ending on the Merger Consideration Determination Date.

(f) Allocation on the unaudited pro forma condensed combined balance sheet between Common Stock and APIC is $28 and $11,825, respectively, based on par value of $0.01.

(g) Cash consideration per share equal to (x) the difference between $24,000 and MISCOR's Net Debt (see footnote (e) above) divided by (y) the number of MISCOR equity units outstanding as of the Merger Consideration Determination Date.

(h) Cash consideration paid in connection with the Merger includes cash consideration issued in exchange for shares of MISCOR restricted stock and cash paid in lieu of fractional shares (see footnote (i) below).

(i) No fractional shares of IES common stock were issued in the Merger. At the effective time of the Merger, each fractional share was converted into the right to receive an amount of cash to the nearest whole cent (without interest) determined by multiplying such fraction of a share of IES common stock by the IES Common Stock Value.

Note 4: Purchase Price Allocation

The following summarizes the assets acquired and liabilities assumed by IES in the Merger, reconciled to the consideration transferred:

Consideration transferred (see Note 3)	$21,601
Book value of net assets acquired at June 30, 2013	$14,855
Plus: Book value of debt at June 30, 2013 repaid in connection with the transaction	5,785
Equals: Adjusted book value of net assets acquired	20,640
Fair value and deferred tax adjustments to (see Note 5):	
Intangible assets(c)	(2,376)
Fixed assets(d)	688
Inventories(i)	894
Other long term assets(i)	320
Deferred tax assets(f)	(817)
Deferred tax liabilities(f)	(1,605)
Unfavorable leases(c)	(490)
Goodwill	4,347
Total fair value and deferred tax adjustments	961
Fair value of net assets acquired	$21,601

Note 5: Adjustments to Unaudited Pro Forma Condensed Combined Financial Statements

(a) Liabilities and Equity Not Acquired: Based on the terms of the Merger Agreement, MISCOR outstanding debt was retired commensurate with the Merger. The unaudited pro forma condensed combined financial statements have been adjusted to remove such debt as well as historical MISCOR equity at the respective historical carrying values.

(b) Intercompany Eliminations: There are no related transactions between IES and MISCOR for elimination purposes.

(c) Intangible Assets: The fair value of identifiable intangible assets is determined primarily using the "income approach," which requires a forecast of all of the expected future cash flows either through the use of the relief-from-royalty method or the multi-period excess earnings method. Some of the more significant assumptions inherent in the development of intangible asset values include: the amount and timing of projected future cash flows, the discount rate selected to measure the

risks inherent in the future cash flows, and the assessment of the asset's life cycle, as well as other factors. The fair value of the identifiable intangible assets, the related amortization expense and their weighted-average useful lives have been estimated as follows:

	Carrying Value	Fair Value	Step Up (Down)	Weighted Average Estimated Useful Life	Amortization Expense Year Ended September 30, 2012	Amortization Expense Nine Months Ended June 30, 2013
Trademarks	$ —	$ 1,200	$ 1,200	Indefinite	$ —	$ —
Technical library	505	400	(105)	20 Years	20	15
Customer relationships	5,571	2,100	(3,471)	6.3 Years	332	249
Total, intangible assets	$ 6,076	3,700	(2,376)		352	264
Unfavorable leases	—	(490)	(490)	5.0 Years	(98)	(74)
Total MISCOR, net(2)	$ 6,076	$ 3,210	$(2,866)		$ 254	$ 190

(1) Historical amortization of $359 and $422 for the nine months ended June 30, 2013 and the year ended September 30, 2012, respectively, is derecognized in the unaudited pro forma statements of operations.

(2) Unfavorable leases in a credit position have been included in accounts payable and accrued expenses for pro forma balance sheet presentation purposes.

(d) Fixed Assets: The below table calculates the step up adjustment and related depreciation expense recorded in the accompanying unaudited pro forma condensed combined financial statements:

	Carrying Value	Estimated Fair Value	Step Up (Down)	Remaining Useful Life (in years)	Depreciation Expense Year Ended September 30, 2012	Depreciation Expense Nine Months Ended June 30, 2013
Land	$ 250	$ 250	$ —	N/A	$ N/A	$ N/A
Buildings	1,319	1,740	421	20	87	65
Leasehold improvements	280	202	(78)	3	68	50
Machinery and equipment	2,528	1,864	(664)	7	266	200
Construction in process(1)	110	308	198	N/A	— (1)	— (1)
Vehicles	—	31	31	3	10	8
Office & computer equipment	180	960	780	4.5	213	160
Total	**$ 4,667**	**$ 5,355**	**$ 688**		**$ 644**	**$ 483**
Allocated to cost of services					582	436
Allocated to SG&A					62	47

(1) Carrying value expected to approximate fair value for construction in process and is not depreciated consistent with IES accounting policies.

Historical depreciation of $927 ($822 cost of services and $105 selling, general and administrative) and $1,599 ($1,449 cost of services and $150 selling, general and administrative) for the nine months ended June 30, 2013 and the year ended September 30, 2012, respectively, was derecognized in the unaudited pro forma condensed combined statements of operations.

(e) Debt and Interest: Based on the terms of the Merger Agreement, the MISCOR debt was assumed in the transaction by IES. Simultaneous with the closing of the transaction, IES refinanced the assumed debt with a new $10,167 fixed rate term loan with Wells Fargo bearing interest at LIBOR plus 5.0% per annum. Approximately $2,595 is due within the first year and $7,572 thereafter. Debt issue costs were $50, which will be amortized over approximately 4 years.

To reflect this refinancing and the related deal terms, there is an adjustment to remove the historical debt and related interest expense in the unaudited pro forma condensed combined financial statements. A summary of the pro forma adjustment to interest expense is as follows:

Year Ended September 30, 2012	**Total**
Annual interest expense on new term loan	$ 534
Annual amortization of debt issue costs	12
Total annual pro forma interest expense	546
Less: Historical annual interest expense	787
Net pro forma adjustment to interest expense	$(241)

Nine Months Ended June 30, 2013	**Total**
Pro forma interest expense on new term loan	$ 400
Annual amortization of debt issue costs	9
Total pro forma interest expense	409
Less: Historical interest expense	291
Net pro forma adjustment to interest expense	$ 118

(f) Deferred taxes: In assessing the recovery of net operating loss carryforwards, IES considers whether it is more likely than not that some portion or all of net operating loss carryforwards will be realized. The realization of net operating loss carryforwards is dependent upon the generation of taxable income during the periods the net operating loss carryforwards may be utilized. In assessing the likelihood of future taxable income, considerably more weight is placed upon historical results and less weight on future projections when there is negative evidence such as cumulative pretax loss in recent years. IES believes the future benefits of the transactions are not of sufficient weight to offset the historical cumulative pretax loss generated by IES. Accordingly, IES has provided a valuation allowance for the net operating loss carryforward resulting from the pretax loss for year ended September 30, 2012. The effect of the net operating loss carryfoward results in actual income tax expense from the pro forma adjustment differing from income tax expense computed by applying the statutory corporate tax rate. No income tax expense or benefit was recorded in the unaudited pro forma condensed combined statement of operations for the year ended September 30, 2012 as a result of the pro forma adjustments.

For the nine month period ended June 30, 2013, MISCOR recognized an income tax benefit of $1,942 related to reducing a valuation allowance for the utilization of future net operating loss carryforwards. IES believes on a combined basis it is not more likely than not that this is recoverable and has provided for $1,942 pro forma adjustment to reverse the income tax benefit of the valuation allowance adjustment. Additionally, IES recorded a $25 income tax benefit due to the effect of the pro forma adjustment resulting in a net pro forma income tax provision adjustment of $1,917. The net operating loss carryfoward results in actual income tax expense from the pro forma adjustment differing from income tax expense computed by applying the statutory corporate tax rate.

A summary of MISCOR deferred tax assets and deferred tax liabilities is as follows (in thousands):

	Deferred Tax Assets	Valuation Allowance	Deferred Tax Liabilities	Total
Historical MISCOR balances as of June 30, 2013	$ 11,035	$ (9,093)	$ —	$ 1,942
Pro forma Adjustments:				
To conform MISCOR presentation to IES	837		(837)	—
Revaluation of trademarks			(480)	(480)
Revaluation of customer relationships and technical library	1,390			1,390
Recharacterization of goodwill as non-deductible	(1,949)			(1,949)
Revaluation of property and equipment			(92)	(92)
Unfavorable operating leases			(196)	(196)
Adjust Valuation Allowance		(1,095)		(1,095)
Total pro forma adjustments	278(1)	(1,095)(1)	(1,605)	(2,422)
Pro forma deferred taxes	$ 11,313	$(10,188)	$ (1,605)	$ (480)

(1) Net adjustment is $817 as shown in Note 4.

A valuation allowance of $10,188 is provided for the deferred tax assets. IES believes $1,125 of deferred tax assets will be offset by deferred tax liabilities. The remaining deferred tax liability of $480 is related to an indefinite lived intangible asset. For purposes of these unaudited pro forma condensed combined financial statements, deferred tax assets are provided at the 35% U.S. federal statutory income tax rate and 5% state blended income tax rate.

(g) Reflects an estimate of the future costs of $1,108 directly attributable to the transaction, including directors and officers insurance, advisory and legal fees that are recorded as an adjustment to the unaudited pro forma condensed combined balance sheet only. These amounts will be expensed as incurred in the future and are not reflected in the unaudited pro forma condensed combined statement of operations because they have not yet been incurred for accompanying periods presented and they will not have a continuing impact. We incurred expenses of $1,952 in the period ended June 30, 2013, which is the amount of direct, incremental costs for the transaction recorded in these historical financial statements. There were no such expenditures incurred in the year ended September 30, 2012. For pro forma purposes, these expenditures have been removed from the unaudited pro forma condensed combined statements of operations as they will not have a continuing impact.

(h) For the nine months ended June 30, 2013 and the year ended September 30, 2012, for the transaction, IES on a pro forma basis has income from continuing operations. Therefore, 14,958,659 and 14,747,651 shares are the diluted number of shares, respectively, before issuing 2,795,577 pro forma shares in connection with the transaction, which in total, equal 17,754,236 and 17,543,228 shares, respectively.

(i) Inventories: The fair value of certain work in progress and finished goods was determined to exceed net book value by $894. Note that this inventory is expected to be consumed in a period that is less than 12 months. As this does not have a continuing impact, the unaudited pro forma condensed combined statements of operations do not include an expense to reflect the consumption of this stepped up inventory value. In addition, we recorded a $309 adjustment in the accompanying unaudited condensed pro forma balance sheet to reclassify resin used in the production process from inventory to other non-current assets to conform to IES' financial reporting policies. In addition, the fair value of this resin was determined to exceed net book value by $320.