TELENOR ASA
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934

Date: 30th October, 2003, for the 3Q of 2003

TELENOR ASA

(Registrant s Name)

Snaroyveien 30,
1331 Fornebu,
Norway
(Registrant s Address)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F [X] Form 40-F [ ]

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes [ ] No [X]

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):

30.10.03 08:11 TEL **TELENOR ASA THIRD QUARTER 2003 RESULTS**

Telenor s revenues increased by 10% to NOK 13,491 million. EBITDA was NOK 4,892 million for the quarter. Operating profit was NOK 2,300 and profit before taxes and minority interests was NOK 2.0 billion. Capex was NOK 1,460 million. Net interest-bearing liabilities were NOK 21.6 billion at the end of the quarter. The Board will consider to propose that an increased share of net income is paid as dividend and will also consider to repurchase shares.

Telenor s revenues increased by 10% to NOK 13,491 million. Adjusted for the effect of businesses acquired and disposed of and changes in foreign exchange rates, the growth in revenues was approximately 9%. Telenor s EBITDA margin increased from 31% to 36% and EBITDA was NOK 4,892 million in the third quarter of 2003. The increase was primarily due to good underlying operations in the form of cost savings and increased revenues. The consolidation of Kyivstar also contributed to the increase. Telenor s consolidated operating profit increased from NOK 488 million to NOK 2,300 million. The increase was affected by the above-mentioned factors as well as write-downs in 2002 of NOK 614 million. Profit before taxes and minority interests increased by NOK 2.1 billion to NOK 2.0 billion. Telenor s program for improving the efficiency of operations, Delta 4, is progressing better than originally expected. EBITDA in Mobile increased by 23% and operating profit by 33%, to NOK 2,601 million and NOK 1,507 million respectively. The EBITDA margin increased by 1.5 percentage points to 41% in the third quarter of 2003. The EBITDA margin in Telenor Mobile - Norway was 41% in the third quarter of 2003. The EBITDA margin in Fixed increased by 4 percentage points to 34%. The EBITDA margin in Fixed - Norway increased by 4.5

percentage points to 37%. Telenor s market share of mobile services in Norway is estimated to be 57% at the end of the third quarter 2003 measured in number of subscriptions. The number of mobile subscriptions increased compared to the end of the second quarter. The market share in the fixed line operations was just above 69% measured in traffic minutes. Broadcast had an operating profit compared to an operating loss in the third quarter of 2002. Capital expenditure was reduced to NOK 1,460 million, compared to NOK 2,169 million in the third quarter of 2002. Net interest-bearing liabilities were NOK 21.6 billion at the end of the third quarter of 2003, a decrease of NOK 3.7 billion since the second quarter.

Outlook: For Telenor as a whole, continued growth is expected in the fourth quarter in revenues and a slight improvement in the EBITDA margin compared to the fourth quarter of 2002. For the year as a whole, this will mean a considerable improvement both in EBITDA and in the operating profit compared to 2002, excluding special items. For 2003 the level of capital expenditure is expected to be significantly lower than in 2002, in spite of the consolidation of Kyivstar, Canal Digital and Pannon GSM. Increased results and lower capital expenditure are expected to give a significant improvement in Telenor s cash flow from operations (EBITDA-Capex) for 2003 compared to 2002. For the Norwegian fixed network operations the EBITDA margin in the fourth quarter is expected to be in line with the first nine months of the year. Telenor expects that increased revenues from ADSL will be offset by reduced revenues from traffic and Internet. At the same time, it is expected that wholesale of subscriptions will result in reduced revenues as a result of a shift from end user to wholesale revenues, while other services are expected to have a moderate growth. For the Norwegian mobile activities continued strong competitive pressure is expected. Telenor will emphasize securing our current market position. The margin development will in the short run be influenced by the competition and the growth in the market. Telenor will continue to focus on increasing efficiency. For Telenor s international operations, continued growth in

revenues is expected in the fourth quarter compared to the fourth quarter of 2002, but this growth is expected to slow down compared to the growth in the first nine months of 2003 as against the same period in 2002. The markets in some of Telenor s international mobile companies are beginning to mature, and the growth is no longer influenced by the consolidation of new operations. In the separate markets there are different growth and competition, and Telenor seeks to balance the focus on profitability and market share. Compared to the fourth quarter of 2002, it is expected that in the fourth quarter of 2003 the EBITDA margin will improve, but that it will stabilize at a level corresponding approximately to the first nine months of the year. Based on improved earnings and lower investments, the Board of Telenor will consider to propose for the General Meeting that an increased share of net income is paid as dividend and will consider to repurchase shares according to an authority provided by the General Meeting.

30.10.03 08:53 **TEL CLARIFICATION OF OUTLOOK Q4 2003** delårsresultat

In the released outlook for Q4 2003 the statement of slight improvement in EBITDA-margin , relates to the adjusted EBITDA-margin of 31.5% in Q4 2002.

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Telenor:

Results for the third quarter of 2003

(Oslo/Fornebu, 30 October 2003) Telenor s revenues increased in the third quarter of 2003 compared to the third quarter of 2002. Capital expenditure and debt were once again reduced and the programme for operational efficiency, Delta 4, progressed better in the third quarter than originally expected. Mobile operations (Mobile) showed an overall good growth, and in the Norwegian market there was a positive development in the number of subscriptions compared to the previous quarter. Fixed network operations (Fixed) showed increased margins and in Broadcast an operating loss in the third quarter of 2002 was turned to an operating profit in the third quarter of 2003.

Telenor s revenues in the third quarter of 2003 increased by 10 per cent to close to NOK 13.5 billion compared to the corresponding period last year. Operating profit increased from NOK 488 million to NOK 2,300 million. Profit before taxes increased by NOK 2.1 billion to NOK 2.0 billion.

Compared to the third quarter of 2002, the EBITDA margin increased from 31 per cent to 36 per cent in the third quarter of 2003 while EBITDA (operating profit before depreciation, amortization and write-downs) increased from NOK 3,767 billion to near NOK 4,892 billion. The increase is primarily due to improved underlying development in the form of cost reductions and increased revenues. The consolidation of the Ukraine mobile company Kyivstar also contributed positively.

Capital expenditure decreased to NOK 1,460 million in the third quarter compared to NOK 2,169 million in the same period last year. Net interest-bearing liabilities at the end of the third quarter this year was NOK 21.6 billion, which is NOK 3.7 billion lower than at the end of the second quarter this year.

In Mobile, EBITDA increased by 23 per cent and operating profit by 33 per cent to NOK 2,601 million and NOK 1,507 respectively in the third quarter of 2003 compared to the same period last year. This growth came from international mobile operations. In Norway, the estimated market share measured in terms of number of mobile subscriptions was 57 per cent by the end of the third quarter this year.

In Fixed the EBITDA margin increased by four percentage points to 34 per cent while it increased by 4.5 percentage points to 37 per cent in Norway compared to the third quarter last year. The estimated market share for fixed network operations in Norway measured in traffic minutes was just above 69 per cent.

Broadcast reported a positive operating profit, compared to an operating loss in the third quarter of 2002.

The results after the third quarter are pleasing and we are now beginning to see clear evidence of the effects of our programme for operational efficiency, Delta 4, which progresses better than

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originally expected. We are also pleased to note a good underlying development in both Fixed and Mobile. Telenor has a balance, which puts us in a solid position for further development. On basis of improved revenues and lower capex, the Board of Telenor ASA will consider to propose for the General Meeting to increase the share of net income to be paid as dividend and consider to repurchase shares, says Telenor CEO Jon Fredrik Baksaas.

Contact:

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To the editorial staff:

Joint press and analyst s presentation

Telenor will present their financial results for the second quarter in a joint press and analyst s presentation, which will be held in the auditorium at the Telenor Expo Visitor Centre at Fornebu on Thursday 30 October at 9:00 am local Norwegian time. Jon Fredrik Baksaas (CEO), Arve Johansen (Senior Executive Vice President) and Torstein Moland (Senior Executive Vice President/CFO) will present the results.

Via Internet

The press and analyst s presentation will be streamed live via the Internet, and as a recording after the presentation at www.telenor.com/ir

International conference call

On the same day at 3:00 pm local Norwegian time, an international telephone conference pertaining to the second quarter results will take place, intended for investors and analysts. For more information about the conference call, please go to www.telenor.com/ir

Material

The second quarter report and the materials used during the press and analyst presentation will be available at www.telenor.com/ir

The third quarter of 2003 showed a growth in revenues for the Telenor Group of 10% to NOK 13.5 billion. Profit before taxes and minority interests increased to NOK 2.0 billion.

Telenor ASA third quarter of 2003

KEY POINTS FROM THE THIRD QUARTER OF 2003
COMPARED TO THE THIRD QUARTER OF 2002

Telenor s revenues increased by 10% to NOK 13,491 million. Adjusted for the effect of businesses acquired and disposed of and changes in foreign exchange rates, the growth in revenues was approximately 9%.

Telenor s EBITDA margin increased from 31% to 36% and EBITDA was NOK 4,892 million in the third quarter of 2003. The increase was primarily due to good underlying operations in the form of cost savings and increased revenues. The consolidation of Kyivstar also contributed to the increase.

Telenor s consolidated operating profit increased from NOK 488 million to NOK 2,300 million. The increase was affected by the above-mentioned factors as well as write-downs in 2002 of NOK 614 million. Profit before taxes and minority interests increased by NOK 2.1 billion to NOK 2.0 billion.

Telenor s program for improving the efficiency of operations, Delta 4, is progressing better than originally expected.

EBITDA in Mobile increased by 23% and operating profit by 33%, to NOK 2,601 million and NOK 1,507 million respectively. The EBITDA margin increased by 1.5 percentage points to 41% in the third quarter of 2003. The EBITDA margin in Telenor Mobile Norway was 41% in the third quarter of 2003.

The EBITDA margin in Fixed increased by 4 percentage points to 34%. The EBITDA margin in Fixed Norway increased by 4.5 percentage points to 37%.

Telenor s market share of mobile services in Norway is estimated to be 57% at the end of the third quarter 2003 measured in number of subscriptions. The number of mobile subscriptions increased compared to the end of the second quarter. The market share in the fixed line operations was just above 69% measured in traffic minutes.

Broadcast had an operating profit compared to an operating loss in the third quarter of 2002.

Capital expenditure was reduced to NOK 1,460 million, compared to NOK 2,169 million in the third quarter of 2002.

Net interest-bearing liabilities were NOK 21.6 billion at the end of the third quarter of 2003, a decrease of NOK 3.7 billion since the second quarter.

KEY FIGURES

(NOK in millions)	3rd quarter 2003	3rd quarter 2002	First three quarters 2003	First three quarters 2002	Year 2002
Revenues	13,491	12,210	39,320	35,784	48,826
Revenues excluding gains	13,469	12,209	39,218	35,666	48,668
Revenues excluding gains growth (%)	10.3	21.9	10.0	20.0	19.9
EBITDA[1]	4,892	3,767	13,419	9,879	13,469
EBITDA/Revenues (%)	36.3	30.9	34.1	27.6	27.6
EBITDA excluding gains and losses [2]	4,886	3,778	13,518	9,859	13,458
Operating profit (loss)	2,300	488	5,387	1,781	(320)
Operating profit/Revenues (%)	17.0	4.0	13.7	5.0	(0.7)
Associated companies	62	(126)	1,410	(304)	(2,450)
Profit (loss) before taxes and minority interests	2,005	(105)	5,542	309	(5,136)
Net income (loss)	1,281	(1,046)	3,561	278	(4,298)
Net interest-bearing liabilities			21,584	27,645	26,872
Investments:					
- Capex [3]	1,460	2,169	4,004	6,209	8,889
- Investments in businesses[4]	9	493	300	11,639	12,411

[1] Operating profit before depreciation, amortization and write-downs of tangible and intangible assets.

[2] See table special items at the end of this report for further details.

[3] Capex is investments in tangible and intangible assets.

[4] Consists of acquisition of shares and participations including acquisition of subsidiaries and businesses not organized as separate companies.

The table below shows key figures adjusted for special items (gains and losses, expenses for workforce reductions, loss contracts, exit from activities and write-downs) [1]

(NOK in millions)	3rd quarter 2003	3rd quarter 2002	3rd quarter Growth	First three quarters 2003	First three quarters 2002	First three quarters Growth	Year 2002	Year
Revenues	13,469	12,209	10.3%	39,218	35,666	10.0%	48,668	19,9%
EBITDA	5,004	3,891	28.6%	13,722	10,377	32.2%	14,506	52,7%
EBITDA/Revenues (%)	37,2	31,9		35.0	29.1		29.8	
Operating profit	2,425	1,226	97.8%	5,766	3,028	90.4%	4,270	89,7%
Operating profit/Revenues (%)	18,0	10,0		14.7	8.5		8.8	
Associated companies	62	(52)	nm	(98)	(230)	nm	(205)	nm
Profit before taxes and minority interests	2,168	757	186.4%	4,541	1,725	163.2%	2,488	nm

[1] See table special items at the end of this report for further details.

KEY FIGURES FOR THE BUSINESS AREAS

With effect from 1 January 2003, Telenor has reorganized into three business areas, consisting of mobile operations (Mobile), fixed network operations Fixed) and TV operations (Broadcast), as well as other activities. The figures presented in this report for 2002 are restated to reflect the new structure, as if it had been in place as of 1 January 2002.

Revenues

	3rd quarter			First three quarters			Year	
(NOK in millions)	2003	2002	Growth	2003	2002	Growth	2002	Growth
Mobile	6,322	5,320	18.8%	17,499	14,680	19.2%	20,346	62.0%
Fixed	5,152	4,869	5.8%	15,334	14,937	2.7%	20,022	1.7%
Broadcast	1,203	1,059	13.6%	3,510	2,445	43.6%	3,605	37.3%
Other activities	2,495	2,605	(4.2%)	8,014	8,753	(8.4%)	11,640	(39.2%)
Eliminations	(1,681)	(1,643)	2.3%	(5,037)	(5,031)	0.1%	(6,787)	(14.8%)
Total revenues	**13,491**	**12,210**	**10.5%**	**39,320**	**35,784**	**9.9%**	**48,826**	**6.1%**

EBITDA

	3rd quarter				First three quarters				Year	
(NOK in millions)	2003	Margin[1)]	2002	Margin[1)]	2003	Margin[1)]	2002	Margin[1)]	2002	Margin[1)]
Mobile	2,601	41.1%	2,107	39.6%	7,073	40.4%	5,398	36.8%	7,482	36.8%
Fixed	1,761	34.2%	1,471	30.2%	5,043	32.9%	4,238	28.4%	5,597	28.0%
Broadcast	319	26.5%	181	17.1%	850	24.2%	381	15.6%	499	13.8%
Other activities	186	7.5%	90	3.5%	453	5.7%	(9)	nm	(43)	nm
Eliminations	25	nm	(82)	5.0%		0.0%	(129)	2.6%	(66)	1.0%
Total EBITDA	**4,892**	**18.3%**	**3,767**	**15.6%**	**13,419**	**34.1%**	**9,879**	**27.6%**	**13,469**	**27.6%**
Special items[2)]	112	nm	124	nm	303	nm	498	nm	1,037	1.0%
EBITDA adjusted for special items	**5,004**	**37.2%**	**3,891**	**31.9%**	**13,722**	**35.0%**	**10,377**	**29.1%**	**14,506**	**29.8%**

[1)] EBITDA as a percentage of total revenues.

[2)] Gains, losses, expenses for workforce reductions, loss contracts and exit from activities. See table special items at the end of the report for further details.

[3)] Margin is EBITDA adjusted as a percentage of revenues excluding gains.

Operating profit (loss)

	3rd quarter				First three quarters				Year	
(NOK in millions)	2003	Margin[1)]	2002	Margin[1)]	2003	Margin[1)]	2002	Margin[1)]	2002	Margin[1)]
Mobile	1,507	23.8%	1,134	21.3%	3,792	21.7%	2,720	18.5%	1,414	6.9%
Fixed	792	15.4%	9	0.2%	1,963	12.8%	594	4.0%	731	3.7%
Broadcast	63	5.2%	(134)	nm	49	1.4%	(234)	nm	(475)	nm
Other units	(121)	nm	(516)	nm	(482)	nm	(1,293)	nm	(2,076)	nm

Eliminations	59	nm	(5)	0.3%	65	nm	(6)	0.1%	86	nm
Total operating profit	**2,300**	**8.6%**	**488**	**2.0%**	**5,387**	**13.7%**	**1,781**	**5.0%**	**(320)**	**nm**

[1)] Operating profit as a percentage of total revenues.

BUSINESS AREAS
MOBILE

(NOK in millions)	3rd quarter 2003	3rd quarter 2002	First three quarters 2003	First three quarters 2002	Year 2002
External revenues					
Telenor Mobil	2,511	2,481	7,288	7,094	9,441
Pannon GSM	1,408	1,250	3,904	3,160	4,502
DiGi.Com	825	648	2,290	1,980	2,702
GrameenPhone	424	386	1,102	1,210	1,589
Kyivstar	760	190	1,833	190	708
Other	38	36	103	96	137
Total external revenues	**5,966**	**4,991**	**16,520**	**13,730**	**19,079**
Internal revenues	356	329	979	950	1,267
Gains on disposal					
Total revenues	**6,322**	**5,320**	**17,499**	**14,680**	**20,346**
EBITDA	2,601	2,107	7,073	5,398	7,482
Depreciation and amortization	1,092	973	3,252	2,565	3,779
Write-downs	2		29	113	2,289
Operating profit	**1,507**	**1,134**	**3,792**	**2,720**	**1,414**
EBITDA/Total revenues (%)	41.1	39.6	40.4	36.8	36.8
Operating profit/Total revenues (%)	23.8	21.3	21.7	18.5	6.9
Investments:					
- Capex	881	853	2,246	2,332	3,731
- Investments in businesses		481	5	8,431	8,894

Underlying improvements in profit and margins in the international mobile operations contributed to an increase in the EBITDA margin to 41.1% compared to 39.6% in the third quarter of 2002. At the same time revenues increased by 18.8%.

Kyivstar was consolidated from 1 September 2002 and Pannon GSM from 4 February 2002.

In the third quarter Telenor Mobile, together with eight leading independent European mobile operators formed a Mobile Alliance to provide seamless, enhanced voice and data solutions for business and residential customers across Europe.

Telenor Mobil Norway

(NOK in millions)	3rd quarter 2003	3rd quarter 2002	First three quarters 2003	First three quarters 2002	Year 2002
Subscriptions and connections	289	331	911	1,000	1,350
Traffic	1,457	1,497	4,120	4,190	5,489
SMS and content services	379	398	1,166	1,123	1,530
Other revenues	386	255	1,091	781	1,072
Total external revenues	**2,511**	**2,481**	**7,288**	**7,094**	**9,441**
Internal revenues	323	328	952	940	1,254
Gains on disposal					
Total revenues	**2,834**	**2,809**	**8,240**	**8,034**	**10,695**
EBITDA	1,157	1,239	3,280	3,323	4,330
Depreciation and amortization	284	304	871	899	1,207
Write-downs				96	115
Operating profit	**873**	**935**	**2,409**	**2,328**	**3,008**
EBITDA/Total revenues (%)	40.8	44.1	39.8	41.4	40.5
Operating profit/Total revenues (%)	30.8	33.3	29.2	29.0	28.1
Capex	79	170	264	618	750
ARPU (GSM) monthly (NOK)	354	359	343	348	346
No. of subscriptions (in thousand)			2,364	2,409	2,382

Increased revenues compared to the third quarter of 2002 was largely due to increased sales to other service providers and a slight increase in terminated traffic. Revenues from subscriptions and connections were reduced due to a reduction in the number of mobile subscriptions and changes in composition of the various subscription types. Revenues from SMS and content services, as well as outgoing voice traffic were reduced, primarily as a result of price reductions in the second quarter of 2003. Compared to the third quarter of 2002 internal revenues decreased due to the net reporting of Directory Enquiry services from the third quarter of 2003.

From 16 June 2003 Telenor Mobil introduced simplified pricing plans and lower average traffic fees. SMS prices were reduced as of 6 May 2003. These reductions are equivalent to approximately NOK 240 million in annual reduced revenues based on unchanged volumes. As of 1 July 2003 Telenor Mobil reduced end user prices further as a result of reduced prices of traffic terminated in NetCom s network.

Average revenue per GSM subscription (ARPU) decreased compared to the third quarter of 2002 as a result of lower prices for traffic and SMS, the effect of net reporting as described above and changed composition of various subscription types. This was partially offset by increased traffic minutes and increased use of SMSs per subscription.

Competition was also strong in the third quarter. Increased marketing efforts by Telenor contributed to an increase in the number of subscriptions by 34,000 compared to the second quarter of 2003, of which 10,000 were GSM contract subscriptions. The estimated market share for GSM measured in the number of subscriptions at the end of the third quarter of 2003 was approximately 57% compared to 58% in the second quarter of 2003. Mobile penetration was estimated to approximately 89% and 87% in the second quarter of 2003.

The reduced EBITDA margin compared to the third quarter of 2002 was primarily a result of increased costs for marketing activities due to the competitive situation, higher traffic costs as a result of increased traffic to other mobile networks and changed subscription composition and price reductions. This was partially offset by

cost reductions in other areas, especially costs related to consultants and external personnel as well as salaries and personnel costs.

Depreciation and amortization decreased compared to the third quarter of 2002, primarily as a result of lower investments in recent years.

Reduced capital expenditure compared to the third quarter of 2002 was primarily due to lower investments in coverage and capacity in the GSM network. There was no significant capital expenditure related to UMTS expansion in 2003.

In July 2003 the Norwegian Post and Telecommunications Authority (NPT) recommended that the mobile operators in Norway reduce their termination charges by January 2004. For Telenor s part this means a reduction from NOK 0.68 to NOK 0.63 per minute. Telenor has agreed to the recommendation under certain conditions.

Pannon GSM Hungary

(NOK in millions)	3rd quarter 2003	3rd quarter 2002	First three quarters 2003	First three quarters 2002	Year 2002
Mobile related revenues	1,308	1,165	3,679	2,955	4,187
Other revenues	101	85	227	206	318
Total revenues	**1,409**	**1,250**	**3,906**	**3,161**	**4,505**
EBITDA	508	427	1,489	1,132	1,586
Depreciation and amortization	230	192	658	497	700
Write-downs			6		15
Operating profit	**278**	**235**	**825**	**635**	**871**
EBITDA/Total revenues (%)	36.1	34.2	38.1	35.8	35.2
Operating profit/Total revenues (%)	19.7	18.8	21.1	20.1	19.3
Capex	195	189	444	564	825
ARPU (GSM) monthly (NOK)	170	177	163	181	180
No. of subscriptions (in thousand)			2,564	2,311	2,450

The table above shows figures from the time of consolidation as of 4 February 2002. Telenor s ownership interest in Pannon GSM is 100%.

Pannon GSM s estimated market share was 37% at the end of the third quarter of 2003, compared to 39% at the end of the third quarter of 2002. Compared to the third quarter of 2002, the estimated mobile penetration in Hungary increased from 63% to 75%.

The increased number of subscriptions contributed to a growth measured in local currency of 9% in revenues and 14% in EBITDA compared to the third quarter of 2002. The number of subscriptions increased by 11% from the third quarter of 2002. ARPU dropped by 6% compared to the third quarter of 2002, primarily due to price reductions and changes in the calling pattern.

Increased EBITDA compared to the third quarter of 2002 was related to increased revenues and lower provisions for Universal Services Funds.

Pannon GSM has increased its total number of subscriptions in a highly competitive market. Compared to the second quarter of 2003 the number of subscriptions increased by 50,000, of which 12,000 were GSM contract subscriptions. Related costs contributed to a reduction in the EBITDA margin compared to the second quarter of 2003.

Depreciation and amortization increased compared to the third quarter of 2002, as a result of higher investments in the subsequent quarters.

In the first quarter of 2003, Pannon GSM was determined to have a significant market power in the national interconnection market. Pannon GSM has appealed the decision, which for the time being has been suspended until a final decision is made. The hearing before the Supreme Court in Hungary is scheduled for November 2003. The effect of an unfavorable decision in the case is difficult to quantify, but may lead to a requirement to reduce interconnection fees. As of 1 October 2003 Pannon GSM has reduced its interconnection fees by approximately 6%.

Digi.Com Malaysia

(NOK in millions)	3rd quarter 2003	3rd quarter 2002	First three quarters 2003	First three quarters 2002	Year 2002
Mobile related revenues	707	531	1,961	1,646	2,273
Other revenues	119	119	333	343	442
Total revenues	**826**	**650**	**2,294**	**1,989**	**2,715**
EBITDA	319	222	909	707	1,022
Depreciation and amortization	202	179	579	358	579
Write-downs	5		15	13	12
Operating profit	**112**	**43**	**315**	**336**	**431**
EBITDA/Total revenues (%)	38.6	34.2	39.6	35.5	37.6
Operating profit/Total revenues (%)	13.6	6.6	13.7	16.9	15.9
Capex	240	302	513	832	1,457
ARPU (GSM) monthly (NOK)	117	138	117	155	152
No. of subscriptions (100% in thousand)			2,055	1,454	1,616

Telenor s ownership interest in DiGi.Com was 61.0% at the end of the third quarter of 2003.

DiGi.Com s estimated market share was 19% at the end of the third quarter of 2003, compared to 17% at the end of the third quarter of 2002. Compared to the third quarter of 2002, the estimated mobile penetration in Malaysia increased from 34% to 45%.

Measured in local currency revenues increased by 35% compared to the third quarter of 2002, primarily as a result of an increased number of subscriptions. ARPU measured in local currency fell by 5% compared to the third quarter of 2002, primarily because new subscriptions on average generated lower traffic, and price reductions in the form of free calltime and loyalty programmes.

Increased EBITDA margin was due to the increased revenues and more efficient operations. Measured in local currency EBITDA increased by 52% compared to the third quarter of 2002, and by 44% measured in Norwegian Kroner.

Depreciation and amortization increased compared to the third quarter of 2002, as a result of higher capital expenditure in the subsequent quarters.

Capital expenditure (capex) increased compared to the level in the first half of 2003, primarily as a result of postponed activities in previous quarters. A further increase in the level of capital expenditure is expected in the fourth quarter.

DiGi.Com has been granted temporary relief to the end of the year from the required 25% level of free flow of shares on the Kuala Lumpur Stock Exchange.

Kyivstar Ukraine

(NOK in millions)	3rd quarter 2003	3rd quarter 2002	First three quarters 2003	First three quarters 2002	Year 2002
Mobile related revenues	744	183	1,783	183	681
Other revenues	16	7	50	7	27
Total revenues	**760**	**190**	**1,833**	**190**	**708**
EBITDA	465	118	1,066	118	403
Depreciation and amortization	90	26	248	26	98
Write-downs					
Operating profit	**375**	**92**	**818**	**92**	**305**
EBITDA/Total revenues (%)	61.2	62.1	58.2	62.1	56.9
Operating profit/Total revenues (%)	49.3	48.4	44.6	48.4	43.1
Capex	290	94	720	94	329
ARPU (GSM) monthly (NOK)	106	113	93	113	107
No. of subscriptions (100% in thousand)			2,512	1,659	1,856

The table above shows figures from the time of consolidation as of 1 September 2002. Telenor s ownership interest at the end of the third quarter of 2003 was 55.35%. The discussion and analysis presented below for Kyivstar is based upon Kyivstar s own profit and loss statement for the third quarter of 2002, adjusted to comply with Telenor s accounting principles, as Kyivstar was not consolidated for the whole of the third quarter of 2002.

The number of subscriptions in Kyivstar increased by 51% compared to the third quarter of 2002. Kyivstar s estimated market share was 48% at the end of the third quarter of 2003, compared to 49% at the end of the third quarter of 2002. The reduction was a result of increased competition, especially in the prepaid segment. Compared to the third quarter of 2002, the estimated mobile penetration in the Ukraine increased from 7% to 11%.

Measured in US Dollars, revenues in Kyivstar increased by 50% compared to the third quarter of 2002, as a result of an increase in the number of subscriptions. At the same time EBITDA increased by 48% measured in US Dollars. Increased revenues compared to the previous quarters in 2003 was related to more subscriptions and higher ARPU.

Despite strong growth in the number of subscriptions and the increased share of prepaid subscriptions, Kyivstar maintained ARPU at the same level as in the third quarter of 2002 measured in US Dollars. Compared to the second quarter of 2003 ARPU increased by 12% measured in US Dollars as a result of increased traffic minutes per subscription, primarily related to seasonal variations.

Continued high EBITDA margin reflected cost effective operations and a low level of sales and acquisition costs.

Depreciation and amortization measured in US Dollars increased compared to the third quarter of 2002, as a result of higher capital expenditure in the subsequent quarters.

From 19 September 2003 it is no longer permitted to charge own customers for incoming calls from other networks. In accordance with guidelines set by the authorities Kyivstar has entered into interconnection agreements with the fixed network operators. Overall this is a positive development for the mobile operators.

GrameenPhone Bangladesh

(NOK in millions)	3rd quarter 2003	3rd quarter 2002	First three quarters 2003	First three quarters 2002	Year 2002
Mobile related revenues	424	314	1,097	891	1,203
Other revenues[1]		72	6	319	386
Total revenues	**424**	**386**	**1,103**	**1,210**	**1,589**
EBITDA	274	208	692	584	757
Depreciation and amortization	43	35	117	114	126
Write-downs					
Operating profit	**231**	**173**	**575**	**470**	**631**
EBITDA/Total revenues (%)	64.6	53.9	62.7	48.3	47.6
Operating profit/Total revenues (%)	54.5	44.8	52.1	38.8	39.7
Capex	77	96	240	203	342
ARPU (GSM) monthly (NOK)	143	167	137	177	172
No. of subscriptions (100% in thousand)			1,047	704	769

The ownership interest was 46.4% and Telenor owned 51% of the voting shares at the end of the third quarter of 2003.

[1] With effect from the third quarter of 2002, fees collected by GrameenPhone on behalf of the authorities have been deducted from revenues. With effect from the first quarter of 2003, sales of handsets in GrameenPhone are treated as commission sales, and are therefore excluded from revenues and cost of materials from this time. These effects contributed to low other revenues and cost of materials in 2003, but had no effect on profits.

GrameenPhone s estimated market share was 67% at the end of the third quarter of 2003, compared to 71% at the end of the third quarter of 2002, while the estimated mobile penetration in Bangladesh increased from 0.7% to 1.2%.

Increased numbers of subscriptions contributed to an increase measured in local currency in mobile related revenues by 46%, compared to the third quarter of 2002, and by 35% measured in Norwegian Kroner.

Measured in Norwegian Kroner ARPU decreased by 14% while the reduction measured in local currency was only 1% compared to the third quarter of 2002, despite the strong growth in the number of prepaid subscriptions. ARPU increased compared to previous quarters in 2003.

Measured in local currency EBITDA increased by 42% compared to the third quarter of 2002, primarily due to increased mobile related revenues and more efficient operations. The increase was 32% measured in Norwegian Kroner.

Other units in Mobile (including eliminations and amortization and write-downs of net excess values)[1]

(NOK in millions)	3rd quarter 2003	3rd quarter 2002	First three quarters 2003	First three quarters 2002	Year 2002
EBITDA	(122)	(107)	(363)	(466)	(616)
Depreciation and amortization[1]	243	237	779	671	1,069
Write-downs[2]	(3)		8	4	2,147
Operating (loss)	**(362)**	**(344)**	**(1,150)**	**(1,141)**	**(3,832)**
[1] Includes amortization of Telenor s net excess values by	239	203	713	568	935
[2] Includes write-downs of Telenor s net excess values by					2,138
Capex		2	65	21	28

*) Net excess values are the differences between Telenor s acquisition cost and Telenor s share of equity at acquisition of subsidiaries.

Other units in Mobile include the mobile activities in Sweden, costs related to the management and administration of the company s international mobile operations, and amortization and write-downs of Telenor s net excess values.

The EBITDA loss increased somewhat in relation to the third quarter of 2002 primarily due to increased activity in Sweden. The EBITDA loss in Sweden was NOK 37 million compared to a loss of NOK 6 million in the third quarter of 2002. Net costs related to management and administration of the company s international mobile portfolio decreased compared to the third quarter of 2002.

Increased amortization of Telenor s net excess values compared to the third quarter of 2002 was due to the consolidation of Kyivstar and allocation of excess values in Pannon GSM completed as of 31 December 2002. This was partially offset by lower amortization of goodwill related to DiGi.Com, as a result of the write-down recorded as of 31 December 2002.

Associated companies and joint ventures in Mobile

(NOK in millions)	3rd quarter 2003	3rd quarter 2002	First three quarters 2003	First three quarters 2002	Year 2002
Telenors share of[1]					
Net income after taxes	252	214	533	696	612
Amortization of Telenor s net excess values	(157)	(199)	(457)	(617)	(798)
Write-downs of Telenor s excess values		(3)		(3)	(1,884)
Gains on disposal of ownership interests			1,580		40
Net result from associated companies	**95**	**12**	**1,656**	**76**	**(2,030)**

[1] The figures are partly based on management s estimates in connection with the preparation of the consolidated financial statements. The consolidated profit and loss statement contains only the line net result from associated companies . The table includes Telenor s share of the results in Pannon GSM up to 4 February 2002 and Kyivstar up to 1 September 2002. Subsequent to these dates these companies are consolidated as subsidiaries. Cosmote was included as an associated company through April 2003. Net excess values are the differences between Telenor s acquisition cost and Telenor s share of equity at acquisition of associated companies.

From the end of the second quarter there has been a significant growth in the overall subscription base for the associated companies. The growth was especially high in VimpelCom in Russia and DTAC in Thailand. In Sonofon in Denmark however, there was a reduction in the number of subscriptions due to strong competition.

The reduction in profits due to companies that are no longer associated companies was more than offset by the positive development in several of the remaining associated companies, primarily VimpelCom.

Reduced amortization of Telenor s net excess values compared to the third quarter of 2002 was due to write-downs made in 2002 and to associated companies that have become subsidiaries.

FIXED

	3rd quarter		First three quarters		Year
(NOK in millions)	**2003**	**2002**	**2003**	**2002**	**2002**
External revenues					
Norway	4,087	4,054	12,349	12,354	16,532
Sweden	393	220	1,086	761	983
Russia	204	167	556	500	677
Other countries	40	35	118	108	146
Total external revenues	**4,724**	**4,476**	**14,109**	**13,723**	**18,338**
Internal revenues	428	393	1,224	1,214	1,670
Gains on disposal			1		14
Total revenues	**5,152**	**4,869**	**15,334**	**14,937**	**20,022**
EBITDA	1,761	1,471	5,043	4,238	5,597
Depreciation and amortization [1)]	969	1,111	3,073	3,275	4,366
Write-downs [2)]		351	7	369	500
Operating profit	**792**	**9**	**1,963**	**594**	**731**
[1)] Includes amortization of Telenor s net excess values by	(74)	33	(52)	128	157
[2)] Includes write-downs of Telenor s net excess values by		89		89	160
EBITDA/Total revenues (%)	34.2	30.2	32.9	28.4	28.0
Operating profit/Total revenues (%)	15.4	0.2	12.8	4.0	3.7
Investments:					
- Capex	438	978	1,283	2,472	3,260
- Investments in businesses	1		218	12	270

Reduced operating expenses contributed to the increase in the EBITDA margin to 34.2% while at the same time capital expenditure was significantly reduced compared to the third quarter of 2002.

Fixed Norway

(NOK in millions)	3rd quarter 2003	3rd quarter 2002	First three quarters 2003	First three quarters 2002	Year 2002
Subscriptions and connections PSTN and ISDN	1,069	1,132	3,269	3,251	4,361
ADSL and Internet subscriptions	277	187	766	533	737
Internet traffic	126	147	432	512	690
Other traffic	1,204	1,326	3,837	4,175	5,564
Total PSTN/ISDN, ADSL and Internet	**2,676**	**2,792**	**8,304**	**8,471**	**11,352**
Leased lines	88	97	249	267	341
Datacommunication (frame relay, atm, lan-lan, datapak)	209	197	618	625	828
Managed services	168	171	535	487	679
Other retail products	115	67	303	277	388
Total other retail revenues	**580**	**532**	**1,705**	**1,656**	**2,236**
Total retail revenues	**3,256**	**3,324**	**10,009**	**10,127**	**13,588**
Domestic interconnect	227	163	635	542	736
International interconnect	94	94	255	258	340
Transit traffic	275	265	778	797	1,027
Leased lines	158	149	474	492	647
Other wholesale revenues	77	59	198	138	194
Total wholesale market revenues	**831**	**730**	**2,340**	**2,227**	**2,944**
Total external revenues	**4,087**	**4,054**	**12,349**	**12,354**	**16,532**
Internal revenues	446	412	1,279	1,265	1,749
Gains on disposal			1		
Total revenues Norway	**4,533**	**4,466**	**13,629**	**13,619**	**18,281**
EBITDA	1,677	1,450	4,904	4,162	5,489
Depreciation and amortization [1)	940	1,010	2,811	2,929	3,919
Write-downs [2)		349		367	413
Operating profit	**737**	**91**	**2,093**	**866**	**1,157**
[1) Includes amortization of Telenor s net excess values by	6	7	7	19	23
[2) Includes write-downs of Telenor s net excess values by		89		89	89
EBITDA/Total revenues (%)	37.0	32.5	36.0	30.6	30.0
Operating profit/Total revenues (%)	16.3	2.0	15.4	6.4	6.3
Investments:					
- Capex	365	902	1,086	2,203	2,919
- Investments in businesses				10	11

External revenues from PSTN and ISDN subscriptions and connections were reduced compared to the third quarter of 2002 due to the transition to wholesale of subscriptions and a drop in the number of subscriptions in the market. Increased external revenues from ADSL and Internet subscriptions was due to the growth in the number of ADSL subscriptions. The number of ADSL subscriptions (residential and business) at the end of the third quarter of 2003 was approximately 150,000, an increase of nearly 87,000 compared to the third quarter of 2002 and 16,000 compared to the end of the second quarter of 2003. Telenor maintained its market leading position.

External traffic revenues were lower than in the third quarter of 2002 due to an approximately 7% decline in total traffic measured in minutes in Telenor s network and reduced market share. The reduction in total traffic resulted from the migration of fixed voice traffic to mobile traffic and of data traffic from dial-up Internet to ADSL. Telenor s market share measured in traffic minutes was 69% at the end of the third quarter of 2003 compared to 73% at the end of the third quarter of 2002 and 70% at the end of the previous quarter.

Increased external wholesale revenues was primarily due to wholesale of subscriptions, increased national interconnection traffic and increased sales of operator access.

Increased EBITDA compared to the third quarter of 2002 was primarily related to an increased contribution margin (revenues less cost of materials and traffic charges) and reduced operating expenses. The increased contribution margin was related to revenue growth and change in the product mix towards products with higher margins. In the third quarter of 2003 provisions for workforce reductions initiated in 2002 totalling NOK 28 million were reversed, while in the third quarter of 2002 NOK 66 million was expensed, primarily related to loss contracts within operating services.

In the third quarter of 2002 write-downs totalling NOK 349 million were made, mainly within operating services. Depreciation and amortization was lower than in the third quarter of 2002 due to low levels of investment in 2002 and 2003, in addition to the effect of write-downs made in 2002. With effect from 1 July 2003 Telenor reduced the depreciation period for a billing system due to the decision to invest in a new system. This contributed to increased depreciation of NOK 25 million in the third quarter of 2003.

The reduction in capital expenditure compared to the third quarter of 2002 was due to the efficient utilization of earlier investments, lower demand for fixed network services and lower equipment prices.

Fixed Sweden

(NOK in millions)	3rd quarter 2003	3rd quarter 2002	First three quarters 2003	First three quarters 2002	Year 2002
External revenues	393	220	1,086	761	983
Internal revenues	19	18	62	60	76
Gains on disposal					14
Total revenues	**412**	**238**	**1,148**	**821**	**1,073**
EBITDA	14	(28)	(48)	(74)	(100)
Depreciation and amortization [1]	(25)	46	105	175	218
Write-downs [1]			4		15
Operating profit (loss)	**39**	**(74)**	**(157)**	**(249)**	**(333)**
[1] Include amortization and write-downs of Telenor s net excess values by	(97)	1	(108)	30	31
Investments:					
- Capex	7	20	26	68	84
- Investments in businesses					257

The activities in Fixed Sweden are significantly different compared to 2002. As of 31 December 2002, the customer base in Telenordia Privat AB was sold in exchange for 37.2% of the shares in the listed Swedish company Glocalnet AB. In December 2002 Telenor acquired 90% of the listed Swedish company Utfors AB, and the company was consolidated as a subsidiary as of 31 December 2002.

In addition to the effect of the consolidation of Utfors revenues increased compared to the third quarter of 2002 due to new wholesale agreements with the associated company Glocalnet AB. In the third quarter of 2002, Telenordia Privat had external revenues of NOK 57 million and an EBITDA loss of NOK 18 million.

In the third quarter of 2003 the allocation of net excess values related to the acquisition of Utfors AB was finalized. This resulted in negative goodwill. Part of this negative goodwill was related to expected losses at the time of the acquisition, and is taken to income in line with the losses. The rest of the negative goodwill is recognized as income over 14 years, and is included in depreciation and amortization.

Fixed Russia

(NOK in millions)	3rd quarter 2003	3rd quarter 2002	First three quarters 2003	First three quarters 2002	Year 2002
External revenues	204	167	556	500	677
Internal revenues		2	2	4	5
Gains on disposal					
Total revenues	**204**	**169**	**558**	**504**	**682**
EBITDA	79	59	207	170	228
Depreciation and amortization [1]	42	37	118	118	158
Write-downs		2		2	
Operating profit	**37**	**20**	**89**	**50**	**70**
[1] Include amortization of Telenor s net excess values by	17	17	49	56	73
EBITDA/Total revenues (%)	38.7	34.9	37.1	33.7	33.4
Operating profit/Total revenues (%)	18.1	11.8	15.9	9.9	10.3
Investments:					
- Capex	55	39	141	145	181
- Investments in businesses	1		218	2	2

Measured in Norwegian Kroner, revenues in Fixed Russia increased by 21% compared to the third quarter of 2002, which was an increase of 29% measured in US Dollars. The increase was related to increased voice traffic, increased number of ASDL subscriptions and increased sales of high-speed connections.

The increase in the operating profit was primarily related to the growth in revenues.

In the third quarter an agreement was entered into regarding the sale of the shares in Comincom in exchange for a 19.5% stake in the listed company Golden Telecom, Inc. The transaction is, among other things, dependent on approval by the authorities in both the USA and Russia. The transaction is expected to be completed this year.

Fixed other countries

Fixed Other Countries comprises activities in the Czech Republic and Slovakia. Revenues increased to NOK 41 million compared to NOK 36 million in the third quarter of 2002. EBITDA increased by NOK 10 million to zero in the third quarter of 2003.

BROADCAST

(NOK in millions)	3rd quarter 2003	3rd quarter 2002	First three quarters 2003	First three quarters 2002	Year 2002
External revenues					
Distribution	945	778	2,728	1,303	2,148
Transmission	202	211	609	882	1,110
Other	8	18	31	83	108
Total external revenues	**1,155**	**1,007**	**3,368**	**2,268**	**3,366**
Internal revenues	39	52	122	177	241
Gains on disposal	9		20		(2)
Total revenues	**1,203**	**1,059**	**3,510**	**2,445**	**3,605**
EBITDA	319	181	850	381	499
Depreciation and amortization [1)]	251	297	792	595	844
Write-downs [1)]	5	18	9	20	130
Operating profit (loss)	**63**	**(134)**	**49**	**(234)**	**(475)**
[1)] Include amortization of Telenor s net excess values by	67	84	194	121	161
EBITDA/Total revenues (%)	26.5	17.1	24.2	15.6	13.8
Investments:					
- Capex	56	74	119	215	384
- Investments in businesses	4	8	14	2,377	2,385

Canal Digital was consolidated as of 1 July 2002. The figures for the third quarter in all material respects include the same operations as for the third quarter of 2002, and reflects the development in these operations.

Broadcast Distribution

(NOK in millions)	3rd quarter 2003	3rd quarter 2002	First three quarters 2003	First three quarters 2002	Year 2002
Satellite dish	636	515	1,826	515	1,099
Cable-TV	226	191	655	549	742
Small antenna TV-networks	83	77	241	187	252
Other		(5)	6	52	55
Total external revenues	**945**	**778**	**2,728**	**1,303**	**2,148**
Internal revenues	3	1	9	4	16
Gains on disposal	9		20		(2)
Total revenues	**957**	**779**	**2,757**	**1,307**	**2,162**
EBITDA	174	45	458	(5)	19
Depreciation and amortization [1)]	189	226	578	372	541
Write-downs [1)]		7	2	8	56
Operating (loss)	**(15)**	**(188)**	**(122)**	**(385)**	**(578)**
[1)] Include amortization of Telenor s net excess values by	67	84	194	120	160
EBITDA/Total revenues (%)	18.2	5.8	16.6	(0.4)	0.9
Investments:					
- Capex	20	43	54	130	235
- Investments in businesses				2,369	2,369

Revenues in Distribution increased compared to the third quarter of 2002 due primarily to more subscriptions, foreign currency fluctuations, price increases for cable-TV, and changes in accruals of card fees for satellite dish which showed an effect between the third and fourth quarter in 2002. Gains on disposals were related to sales of local cable TV-networks.

EBITDA in Distribution increased compared to the third quarter of 2002 as a result of increased revenues and the effects of restructuring measures implemented in the fourth quarter of 2002. Towards the end of the third quarter customer acquisition costs increased, and is expected to increase further in the fourth quarter. The reduced EBITDA compared to the second quarter of 2003 was related to the fact that the second quarter was positively affected by items relating to previous periods.

A restructuring and workforce reduction will be carried out in Distribution in the fourth quarter.

Reduced depreciation and amortization compared to the third quarter of 2002 was mainly due to the reallocation of excess values in Canal Digital in the fourth quarter of 2002.

The reduction in capital expenditure compared to the third quarter of 2002 was related to the reduced investments in the network upgrade within cable-TV operations and the development of platforms within interactive TV.

Broadcast Transmission

(NOK in millions)	3rd quarter 2003	3rd quarter 2002	First three quarters 2003	First three quarters 2002	Year 2002
External revenues	202	211	609	882	1,110
Internal revenues	111	147	351	238	347
Gains on disposal					
Total revenues	**313**	**358**	**960**	**1,120**	**1,457**
EBITDA	144	148	410	454	581
Depreciation and amortization	60	70	206	213	290
Write-downs	5	11	5	12	41
Operating profit	**79**	**67**	**199**	**229**	**250**
EBITDA/Total revenues (%)	46.0	41.3	42.7	40.5	39.9
Operating profit/Total revenues (%)	25.2	18.7	20.7	20.4	17.2
Investments:					
- Capex	25	30	51	80	115
- Investments in businesses					

Reduced revenues in Transmission compared to the third quarter of 2002 was related to the reduced sales of analogue transmissions via satellite.

Increased operating profit in Transmission compared to the third quarter 2002 was related to reduced prices on the leasing of satellite capacity, costs reductions and lower depreciation and write-downs, which more than offset reduced revenues. Reduced depreciation and amortization was a result of fully depreciated fixed assets.

Broadcast Other

Reduced external revenues in Broadcast Other compared to the third quarter of 2002 was related to lower sales of access equipment in Conax.

OTHER ACTIVITIES
EDB BUSINESS PARTNER

(NOK in millions)	3rd quarter 2003	3rd quarter 2002	First three quarters 2003	First three quarters 2002	Year 2002
External revenues	768	741	2,380	2,466	3,383
Internal revenues	240	260	777	748	955
Gains on disposal			19	1	3
Total revenues	**1,008**	**1,001**	**3,176**	**3,215**	**4,341**
EBITDA	11	127	222	266	348
Depreciation and amortization	96	96	277	287	393
Write-downs	6		17	4	364
Operating profit (loss)	**(91)**	**31**	**(72)**	**(25)**	**(409)**
EBITDA/Total revenues (%)	1.1	12.7	7.0	8.3	8.0
Investments:					

/s/ ERNST & YOUNG LLP

We have served as the Company s auditor since 2002

Houston, Texas

December 7, 2018

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of IES Holdings, Inc. and subsidiaries

Opinion on Internal Control over Financial Reporting

We have audited IES Holdings Inc. and subsidiaries internal control over financial reporting as of September 30, 2018, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, IES Holdings Inc. and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of September 30, 2018, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of September 30, 2018 and 2017, the related consolidated statements of comprehensive income (loss), stockholders equity, and cash flows, for each of the three years in the period ended September 30, 2018, and the related notes and our report dated December 7, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

The Company s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ ERNST & YOUNG LLP

Houston, Texas

December 7, 2018

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IES HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

(In Thousands, Except Share Information)

	September 30, 2018	September 30, 2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 26,247	$ 28,290
Accounts receivable:		
Trade, net of allowance	151,578	142,946
Retainage	24,312	21,360
Inventories	20,966	16,923
Costs and estimated earnings in excess of billings	31,446	13,438
Prepaid expenses and other current assets	8,144	8,795
Total current assets	262,693	231,752
Property and equipment, net	25,364	24,643
Goodwill	50,702	46,693
Intangible assets, net	30,590	31,413
Deferred tax assets	46,580	86,211
Other non-current assets	6,065	3,782
Total assets	$ 421,994	$ 424,494
LIABILITIES AND STOCKHOLDERS EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	130,591	120,710
Billings in excess of costs and estimated earnings	33,826	29,918
Total current liabilities	164,417	150,628
Long-term debt, net of current maturities	29,564	29,434
Other non-current liabilities	4,374	4,457
Total liabilities	198,355	184,519
Noncontrolling interest	3,232	3,271
STOCKHOLDERS EQUITY:		
Preferred stock, $0.01 par value, 10,000,000 shares authorized, none issued and outstanding		
	220	220

Common stock, $0.01 par value, 100,000,000 shares authorized; 22,049,529 shares issued and 21,205,536 and 21,336,975 outstanding, respectively		
Treasury stock, at cost, 843,993 and 712,554 shares, respectively	(8,937)	(6,898)
Additional paid-in capital	196,810	196,955
Retained earnings	32,314	46,427
Total stockholders equity	220,407	236,704
Total liabilities and stockholders equity	$ 421,994	$ 424,494

The accompanying notes are an integral part of these Consolidated Financial Statements.

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IES HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income (Loss)

(In Thousands, Except Share Information)

	Year Ended September 30,		
	2018	2017	2016
Revenues	$ 876,828	$ 810,744	$ 695,993
Cost of services	726,866	670,246	569,013
Gross profit	149,962	140,498	126,980
Selling, general and administrative expenses	123,920	120,370	100,558
Contingent consideration	103	(145)	652
(Gain) loss on sale of assets	(15)	(69)	810
Operating income	25,954	20,342	24,960
Interest and other (income) expense:			
Interest expense	1,946	1,702	1,282
Other (income) expense, net	(340)	(165)	(83)
Income from operations before income taxes	24,348	18,805	23,761
Provision (benefit) for income taxes	38,151	5,211	(97,117)
Net income (loss)	(13,803)	13,594	120,878
Net income attributable to noncontrolling interest	(354)	(172)	(100)
Comprehensive income (loss) attributable to IES Holdings, Inc.	$ (14,157)	$ 13,422	$ 120,778
Earnings (loss) per share attributable to IES Holdings, Inc.:			
Basic	$ (0.67)	$ 0.62	$ 5.63
Diluted	$ (0.67)	$ 0.62	$ 5.62
Shares used in the computation of earnings (loss) per share:			
Basic	21,196,388	21,280,549	21,279,342
Diluted	21,196,388	21,533,254	21,492,339

The accompanying notes are an integral part of these Consolidated Financial Statements.

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IES HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Statements of Stockholders Equity

(In Thousands, Except Share Information)

	Common Stock		Treasury Stock				
	Shares	Amount	Shares	Amount	APIC	Retained Earnings	Total Stockholders Equity
BALANCE, September 30, 2015	22,049,529	$ 220	(573,788)	$ (4,401)	$ 193,628	$ (88,033)	$ 101,414
Grants under compensation plans			5,670	44	(44)		
Acquisition of treasury stock			(59,872)	(685)	95		(590)
Stock forfeitures			(7,500)	(72)	72		
Options exercised			42,500	333	(113)		220
Non-cash compensation					1,583		1,583
Net income attributable to IES Holdings, Inc.						120,778	120,778
BALANCE, September 30, 2016	22,049,529	$ 220	(592,990)	$ (4,781)	$ 195,221	$ 32,745	$ 223,405
Grants under compensation plans			1,803	15	(15)		
Cumulative effect adjustment from adoption of ASU 2016-09					59	304	363
Acquisition of treasury stock			(152,860)	(2,367)			(2,367)
Stock forfeitures			(2,257)	(40)	40		
Options exercised			33,750	275	(57)		218
Non-cash compensation					1,707		1,707
Increase in noncontrolling interest						(44)	(44)
Net income attributable to IES Holdings, Inc.						13,422	13,422
BALANCE, September 30, 2017	22,049,529	$ 220	(712,554)	$ (6,898)	$ 196,955	$ 46,427	$ 236,704
Grants under compensation plans			520	5	(5)		
Acquisition of treasury stock			(133,459)	(2,059)			(2,059)
Options exercised			1,500	15	(4)		11
Non-cash compensation					(136)		(136)
						44	44

Decrease in noncontrolling interest							
Net loss attributable to IES Holdings, Inc.						(14,157)	(14,157)
BALANCE, September 30, 2018	22,049,529	$ 220	(843,993)	$ (8,937)	$ 196,810	$ 32,314	$ 220,407

The accompanying notes are an integral part of these Consolidated Financial Statements.

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IES HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(In Thousands)

	Year Ended September 30,		
	2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ (13,803)	$ 13,594	$ 120,878
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Bad debt expense	421	296	360
Deferred financing cost amortization	288	294	345
Depreciation and amortization	8,860	9,634	5,664
Loss (gain) on sale of assets	(15)	(69)	810
Non-cash compensation expense	(136)	1,707	1,583
Deferred income taxes	38,151	6,899	(98,402)
Changes in operating assets and liabilities			
Accounts receivable	(7,574)	(7,621)	(22,439)
Inventories	(3,970)	(1,856)	3,897
Costs and estimated earnings in excess of billings	(17,840)	2,571	(3,236)
Prepaid expenses and other current assets	(2,250)	(6,798)	(1,716)
Other non-current assets	274	(510)	(1,500)
Accounts payable and accrued expenses	6,584	(2,829)	19,676
Billings in excess of costs and estimated earnings	3,570	5,898	(936)
Other non-current liabilities	(336)	1,139	(16)
Net cash provided by operating activities	12,224	22,349	24,968
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(4,563)	(4,589)	(3,417)
Proceeds from sales of assets	108	270	2,225
Cash paid in conjunction with business combinations	(7,406)	(20,213)	(59,544)
Net cash used in investing activities	(11,861)	(24,532)	(60,736)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings of debt	168	5,434	20,289
Repayments of debt	(177)	(5,432)	(290)
Contingent consideration payment		(448)	
Distribution to noncontrolling interest	(349)	(153)	
Purchase of treasury stock	(2,059)	(2,367)	(590)
Issuance of shares	11	218	220
Net cash provided by (used in) financing activities	(2,406)	(2,748)	19,629

NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,043)	(4,931)	(16,139)
CASH, CASH EQUIVALENTS, and RESTRICTED CASH beginning of period	28,290	33,221	49,360
CASH, CASH EQUIVALENTS, and RESTRICTED CASH end of period	$ 26,247	$ 28,290	$ 33,221
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid for interest	$ 1,684	$ 1,521	$ 1,009
Cash paid for income taxes (net)	$ 2,839	$ 2,429	$ 1,415

The accompanying notes are an integral part of these Consolidated Financial Statements.

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IES HOLDINGS, INC.

Notes to Consolidated Financial Statements

(All Amounts in Thousands Except Share Amounts)

1. BUSINESS

Description of the Business

IES Holdings, Inc. is a holding company that owns and manages operating subsidiaries in business activities across a variety of end-markets. Our operations are currently organized into four principal business segments, based upon the nature of our current services:

Commercial & Industrial   Provider of electrical and mechanical design, construction, and maintenance services to the commercial and industrial markets in various regional markets and nationwide in certain areas of expertise, such as the power infrastructure market.

Communications   Nationwide provider of technology infrastructure products and services to large corporations and independent businesses.

Infrastructure Solutions   Provider of electro-mechanical solutions for industrial operations, including apparatus repair and custom-engineered products.

Residential   Regional provider of electrical installation services for single-family housing and multi-family apartment complexes.

The words IES , the Company , we , our , and us refer to IES Holdings, Inc. and, except as otherwise specified here our consolidated subsidiaries.

Controlling Shareholder

At September 30, 2018, Tontine Associates, L.L.C. and its affiliates (collectively, Tontine), was the controlling shareholder of the Company s common stock. Accordingly, Tontine has the ability to exercise significant control over our affairs, including the election of directors and most actions requiring the approval of shareholders, including the approval of any potential merger or sale of all or substantially all assets or segments of the Company, or the Company itself. For a more complete discussion on our relationship with Tontine, please refer to Note 3, Controlling Shareholder in the notes to our Consolidated Financial Statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying Consolidated Financial Statements include the accounts of IES Holdings, Inc. and its consolidated subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Asset Impairment

During the fiscal years ended September 30, 2018, 2017 and 2016, the Company recorded no asset impairment charges.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires the use of estimates and assumptions by management in determining the reported amounts of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could

IES HOLDINGS, INC.

Notes to Consolidated Financial Statements

(All Amounts in Thousands Except Share Amounts)

differ from those estimates. Estimates are primarily used in our revenue recognition of construction in progress, fair value assumptions in accounting for business combinations and analyzing goodwill, investments, intangible assets and long-lived asset impairments and adjustments, allowance for doubtful accounts receivable, stock-based compensation, reserves for legal matters, realizability of deferred tax assets, unrecognized tax benefits and self-insured claims liabilities and related reserves.

Cash and Cash Equivalents

We consider all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Inventories

Inventories consist of raw materials, work in process, finished goods, and parts and supplies held for use in the ordinary course of business. Inventory is valued at the lower of cost or net realizable value generally using the historical average cost or first-in, first-out (FIFO) method. When circumstances dictate, we write down inventory to its estimated net realizable value based on assumptions about future demand, market conditions, plans for disposal, and physical condition of the product. Where shipping and handling costs on inventory purchases are borne by us, these charges are included in inventory and charged to cost of services upon use in our projects or the providing of services.

Securities and Equity Investments

Our investments in entities where we do not have the ability to exercise significant influence are accounted for using the cost method of accounting. Each period, we evaluate whether an event or change in circumstances has occurred that may indicate an investment has been impaired. If, upon further investigation of such events, we determine the investment has suffered a decline in value that is other than temporary, we write down the investment to its estimated fair value.

Property and Equipment

Additions of property and equipment are recorded at cost, and depreciation is computed using the straight-line method over the estimated useful life of the related asset. Leasehold improvements are capitalized and depreciated over the lesser of the life of the lease or the estimated useful life of the asset.

Expenditures for repairs and maintenance are charged to expense when incurred. Expenditures for major renewals and betterments, which extend the useful lives of existing property and equipment, are capitalized and depreciated. Upon retirement or disposition of property and equipment, the capitalized cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in the statements of comprehensive income in the caption (gain) loss on sale of assets.

Goodwill

Goodwill attributable to each reporting unit is tested for impairment either by comparing the fair value of each reporting unit with its carrying value or by a qualitative assessment. These impairment tests are required to be performed at least annually. On an ongoing basis (absent any impairment indicators), we perform an impairment test annually using a measurement date of September 30. In evaluating goodwill for impairment, we have the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a

IES HOLDINGS, INC.

Notes to Consolidated Financial Statements

(All Amounts in Thousands Except Share Amounts)

reporting unit is greater than its carrying value. If we determine that it is more likely than not that the carrying value of a reporting unit is greater than its fair value, then we perform an impairment test by calculating the fair value of the reporting unit and comparing this calculated fair value with the carrying value of the reporting unit.

We estimate the fair value of the reporting unit based on both a market approach and an income approach, using discounted estimated future cash flows. The market approach uses market multiples of enterprise value to earnings before interest, taxes, depreciation and amortization for comparable publicly traded companies. The income approach relies on significant estimates for future cash flows, projected long-term growth rates, and the weighted average cost of capital.

Intangible Assets

Intangible assets with definite lives are amortized over their estimated useful lives based on expected economic benefit with no residual value.

Debt Issuance Costs

Debt issuance costs are included as a reduction of our debt outstanding, and are amortized to interest expense over the scheduled maturity of the debt. Amortization expense of debt issuance costs was $288, $294 and $345, respectively, for the years ended 2018, 2017 and 2016. Remaining unamortized capitalized debt issuance costs were $912 and $1,115 at September 30, 2018, and 2017, respectively.

Revenue Recognition

Revenue is generally recognized once the following four criteria are met: (i) persuasive evidence of an arrangement exists, (ii) delivery of the product has occurred or services have been rendered, (iii) the price of the product or service is fixed and determinable, and (iv) collectability is reasonably assured. Costs associated with these services are recognized within the period they are incurred.

We recognize revenue on project contracts using the percentage of completion method. Project contracts generally provide that customers accept completion of progress to date and compensate us for services rendered measured in terms of units installed, hours expended or some other measure of progress. We recognize revenue on both signed contracts and change orders. A discussion of our treatment of claims and unapproved change orders is described later in this section. Percentage of completion for construction contracts is measured principally by the percentage of costs incurred and accrued to date for each contract to the estimated total cost for each contract at completion. We generally consider contracts to be substantially complete upon departure from the work site and acceptance by the customer. Contract costs include all direct material, labor and insurance costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs and depreciation costs. Changes in job performance, job conditions, estimated contract costs and profitability and final contract settlements may result in revisions to costs and income and the effects of these revisions are recognized in the period in which the revisions are determined.

Provisions for total estimated losses on uncompleted contracts are made in the period in which such losses are determined. The balances billed but not paid by customers pursuant to retainage provisions in project contracts are typically due upon completion of the contracts and acceptance by the customer. Based on our experience, the retention balance at each balance sheet date will be collected within the subsequent fiscal year.

Certain divisions in the Residential and Infrastructure Solutions segments use the completed contract method of accounting because the duration of their contracts are short in nature. We recognize revenue on completed contracts when the project is complete and billable to the customer. Provisions for estimated losses on these contracts are recorded in the period such losses are determined.

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The current asset Costs and estimated earnings in excess of billings represents revenues recognized in excess of amounts billed which management believes will generally be billed and collected within the next twelve months. Also included in this asset, from time to time, are claims and unapproved change orders which are amounts we are in the process of collecting from our customers or agencies for changes in contract specifications or design, contract change orders in dispute or unapproved as to scope and price, or other related causes of unanticipated additional contract costs. Claims are limited to costs incurred and are recorded at estimated realizable value when collection is probable and can be reasonably estimated. We do not recognize profits on project costs incurred in connection with claims. Claims made by us involve negotiation and, in certain cases, litigation. Such litigation costs are expensed as incurred. As of September 30, 2018, 2017 and 2016, there were no material revenues recorded associated with any outstanding claims or unapproved change orders. The current liability Billings in excess of costs and estimated earnings represents billings in excess of revenues recognized. Billings in excess of costs and estimated earnings are amounts considered recoverable from customers based on different measures of performance, including achievement of specific milestones or completion of specified units designated within the contract.

Accounts Receivable and Allowance for Doubtful Accounts

We record accounts receivable for all amounts billed and not collected. Generally, we do not charge interest on outstanding accounts receivable; however, from time to time we may believe it necessary to charge interest on a case by case basis. Additionally, we provide an allowance for doubtful accounts for specific accounts receivable where collection is considered doubtful as well as for general unknown collection issues based on historical trends. Accounts receivable not determined to be collectible are written off as deemed necessary in the period such determination is made. As is common in our industry, some of these receivables are in litigation or require us to exercise our contractual lien rights in order to collect. These receivables are primarily associated with a few branches within our Commercial & Industrial segment. Certain other receivables are slow-pay in nature and require us to exercise our contractual or lien rights. Our allowance for doubtful accounts at September 30, 2018 and 2017 was $868 and $650, respectively. We believe that our allowance for doubtful accounts is sufficient to cover uncollectible receivables as of September 30, 2018.

Comprehensive Income (Loss)

Comprehensive income (loss) includes all changes in equity during a period except those resulting from investments by and distributions to stockholders.

Income Taxes

We follow the asset and liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are recorded for the future income tax consequences of temporary differences between the financial reporting and income tax bases of assets and liabilities, and are measured using enacted tax rates and laws.

We regularly evaluate valuation allowances established for deferred tax assets for which future realization is uncertain. We perform this evaluation on a quarterly basis. The estimation of required valuation allowances includes estimates of future taxable income. In assessing the realizability of deferred tax assets at September 30, 2018, we concluded, based upon the assessment of positive and negative evidence, that it is more likely than not that the Company will generate sufficient taxable income within the applicable NOL carryforward periods to realize its net deferred tax assets of $46,580. We considered the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. If actual future taxable income is different from these estimates, our results could be affected.

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In December 2017, the Tax Cuts and Jobs Act (the Act) was enacted, which, among other changes, reduced the federal statutory corporate tax rate from 35% to 21%, effective January 1, 2018. As a result of this change, the Company s statutory tax rate for fiscal 2018 will be a blended rate of 24.53% and will decrease to 21% thereafter. For the twelve months ended September 30, 2018, our effective tax rate differed from the statutory tax rate as a result of a charge of $31,333 to re-measure our deferred tax assets and liabilities to reflect the estimated impact of the new statutory tax rate, slightly offset by a benefit of $1,908 related to the reversal of an uncertain tax position. This benefit differs from the expected recognition of $3,284 as disclosed in our Annual Report on Form 10-K for the year ended September 30, 2017, as a result of the decrease in the statutory tax rate.

On May 12, 2006, we had a change in ownership as defined in Internal Revenue Code Section 382. Internal Revenue Code Section 382 limits the utilization of net operating losses that existed as of the change in ownership in tax periods subsequent to the change in ownership. As such, our utilization after the change date of net operating losses in existence as of the change in ownership is subject to Internal Revenue Code Section 382 limitations for federal income taxes and some state income taxes.

Risk Management

We retain the risk for workers compensation, employer s liability, automobile liability, construction defects, general liability and employee group health claims, as well as pollution coverage, resulting from uninsured deductibles per accident or occurrence which are generally subject to annual aggregate limits. Our general liability program provides coverage for bodily injury and property damage. In many cases, we insure third parties, including general contractors, as additional insureds under our insurance policies. Losses are accrued based upon our known claims incurred and an estimate of claims incurred but not reported. Each year, we compile our historical data pertaining to the insurance experiences and actuarially develop the ultimate loss associated with our insurance programs other than pollution coverage for our Infrastructure Solutions segment. We believe that the actuarial valuation provides the best estimate of the ultimate losses to be expected under these programs.

The undiscounted ultimate losses of our workers compensation, auto and general liability insurance reserves at September 30, 2018, and 2017, was $5,286 and $5,306, respectively. Based on historical payment patterns, we expect payments of undiscounted ultimate losses to be made as follows:

Year Ended September 30:	
2019	$ 1,748
2020	1,144
2021	746
2022	429
2023	216
Thereafter	1,003

Total	$ 5,286

We elect to discount the ultimate losses above to present value using an approximate risk-free rate over the average life of our insurance claims. For the years ended September 30, 2018 and 2017, the discount rate used was 2.9 percent and 1.9 percent, respectively. The present value of all insurance reserves for the employee group health claims, workers compensation, auto and general liability recorded at September 30, 2018, and 2017 was $6,202 and $6,204, respectively. Our employee group health claims are anticipated to be resolved within the year ended September 30, 2019.

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We had letters of credit totaling $6,101 outstanding at September 30, 2018 to collateralize certain of our high deductible insurance obligations.

Realization of Long-Lived Assets

We evaluate the recoverability of property and equipment and other long-lived assets as facts and circumstances indicate that any of those assets might be impaired. If an evaluation is required for our assets we plan to hold and use, the estimated future undiscounted cash flows associated with the asset are compared to the asset s carrying amount to determine if an impairment of such property has occurred. The effect of any impairment would be to expense the difference between the fair value of such property and its carrying value. Estimated fair values are determined based on expected future cash flows discounted at a rate we believe incorporates the time value of money, the expectations about future cash flows and an appropriate risk premium.

For the years ended September 30, 2018, 2017 and 2016, no indicators of impairments were identified, and no impairment charges were recorded.

Risk Concentration

Financial instruments, which potentially subject us to concentrations of credit risk, consist principally of cash deposits and accounts receivable. Through delayed payment terms, we at times grant credit, usually without collateral, to our customers, who are generally large public companies, contractors and homebuilders throughout the United States. Consequently, we are subject to potential credit risk related to changes in business and economic factors throughout the United States, specifically, within the construction, homebuilding and mission critical facility markets. However, we are entitled to payment for work performed and generally have certain lien rights in that work. Further, management believes that its contract acceptance, billing and collection policies are adequate to manage potential credit risk. We routinely maintain cash balances in financial institutions in excess of federally insured limits. We periodically assess the financial condition of these institutions where these funds are held and believe the credit risk is minimal. We maintain the majority of our cash and cash equivalents in money market mutual funds. There can be no assurance, however, that we will not be adversely affected by credit risks we face.

No single customer accounted for more than 10% of our consolidated revenues for the years ended September 30, 2018, 2017 and 2016.

Fair Value of Financial Instruments

Our financial instruments consist of cash and cash equivalents, accounts receivable, investments, accounts payable, and a loan agreement. We believe that the carrying value of financial instruments, with the exception of our cost method investment in EnerTech Capital Partners II L.P. (Enertech), a private investment fund classified as other non-current assets in the accompanying Consolidated Balance Sheets, approximates their fair value due to their short-term nature. The carrying value of our debt approximates fair value, as debt incurs interest at a variable rate.

We estimate the fair value of our investment in EnerTech (Level 3) using quoted market prices for underlying publicly traded securities, and estimated enterprise values determined using cash flow projections and market multiples of the underlying non-public companies. For additional information, please refer to Note 6, Detail of Certain Balance Sheet Accounts *Securities and Equity Investments.*

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IES HOLDINGS, INC.

Notes to Consolidated Financial Statements

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Stock-Based Compensation

We measure and record compensation expense for all share-based payment awards based on the fair value of the awards granted at the date of grant. The fair value of restricted stock awards and phantom stock unit awards is determined based on the number of shares granted and the closing price of IES s common stock on the date of grant. For awards vesting upon achievement of a market condition, the likelihood of achieving that market condition is considered in determining the fair value of the grant, which we expense ratably over the vesting period. For awards vesting upon achievement of a performance condition, we record expense based on the grant date fair value when it becomes probable the performance condition will be achieved. Forfeitures are recorded in the period in which they occur. The resulting compensation expense from discretionary awards is recognized on a straight-line basis over the requisite service period, which is generally the vesting period.

Deferred Compensation Plans

The Company maintains a rabbi trust to fund certain deferred compensation plans. The securities held by the trust are classified as trading securities. The investments are recorded at fair value and are classified as other non-current assets in the accompanying Consolidated Balance Sheets as of September 30, 2018, and 2017. The changes in fair values are recorded as a component of other income (expense) in the Consolidated Statements of Comprehensive Income (Loss).

The corresponding deferred compensation liability is included in other non-current liabilities on the Consolidated Balance Sheets and changes in this obligation are recognized as adjustments to compensation expense in the period in which they are determined.

Noncontrolling Interest

In connection with our acquisitions of STR Mechanical, LLC (STR Mechanical) in fiscal 2016 and NEXT Electric, LLC (NEXT Electric) in fiscal 2017, we acquired 80 percent interests in these entities, and the remaining 20 percent was retained by the third party sellers. The interests retained by those third party sellers are identified on our Consolidated Balance Sheets as noncontrolling interest, classified outside of permanent equity. Under the terms of the operating agreements governing these entities, after five years from the dates of the acquisitions, we may elect to purchase, or the third party sellers may require us to purchase, part of all of the remaining 20 percent interests in these entities. The purchase price is variable, based on a multiple of earnings as defined in the operating agreements. Therefore, this noncontrolling interest is carried at the greater of the balance determined under ASC 810 and the redemption amounts assuming the noncontrolling interests were redeemable at the balance sheet date. If all of these interests had been redeemable at September 30, 2018, the redemption amount would have been $2,579. See Note 18, Business Combinations and Divestitures for further discussion. For the year ended September 30, 2018, we recorded an increase to retained earnings of $44 to offset an increase to noncontrolling interest recorded in fiscal 2017, decreasing the carrying amount of the noncontrolling interest in STR to the balance determined under ASC 810, as if it had been redeemable at September 30, 2018, as the redemption amount would have been less than the carrying amount.

Accounting Standards Not Yet Adopted

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, Revenue from Contracts with Customers (ASU 2014-09), a comprehensive new revenue recognition standard which will supersede previous existing revenue recognition guidance. The standard creates a five-step model for revenue recognition that requires companies to exercise judgment when considering contract terms and relevant facts and

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IES HOLDINGS, INC.

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circumstances. The standard also requires expanded disclosures surrounding revenue recognition. The effective date will be the first quarter of our fiscal year ended September 30, 2019. The standard allows for either full retrospective or modified retrospective adoption, and we plan to use the modified retrospective basis on the adoption date. Under the new standard, we have identified a limited number of arrangements that will no longer qualify for percentage of completion accounting, and revenue will be recognized on a completed contract basis. We do not expect that this standard will have a material impact on our consolidated financial statements.

In January 2016, the FASB issued ASU No. 2016-01, Financial Instruments (ASU 2016-01). This standard is associated with the recognition and measurement of financial assets and liabilities, with further clarifications made in February 2018 with the issuance of ASU 2018-03. The amended guidance requires certain equity investments that are not consolidated and not accounted for under the equity method to be measured at fair value with changes in fair value recognized in net income rather than as a component of accumulated other comprehensive income (loss). It further states that an entity may choose to measure equity investments that do not have readily determinable fair values using a quantitative approach, or measurement alternative, which is equal to its cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. This update is effective for annual financial reporting periods, and interim periods within those annual periods, beginning after December 15, 2017, although early adoption is permitted.

In February 2016, the FASB issued ASU No. 2016-02, Leases (ASU 2016-02). Under ASU 2016-02, lessees will need to recognize a right-of-use asset and a lease liability for all of their leases, other than those that meet the definition of a short-term lease. For income statement purposes, leases must be classified as either operating or finance. Operating leases will result in straight-line expense, similar to current operating leases, while finance leases will result in a front-loaded expense pattern, similar to current capital leases. ASU 2016-02 becomes effective for the fiscal year ended September 30, 2020. We are currently evaluating the expected impact it will have on our Consolidated Financial Statements.

In January 2017, the FASB issued ASU 2017-01, Business Combinations. This standard clarifies the definition of a business to assist entities with evaluation of whether transactions should be accounted for as acquisitions or disposals of assets or businesses. The new standard is effective for annual financial reporting periods, and interim periods within those annual periods, beginning after December 15, 2017. The prospective transition method will be required for this new guidance.

In May 2017, the FASB issued ASU 2017-09, Compensation Stock Compensation (ASU 2017-09), to reduce the diversity in practice and the cost and complexity when changing the terms or conditions of a share-based payment award. This update is effective for annual financial reporting periods, and interim periods within those annual periods, beginning after December 15, 2017, although early adoption is permitted. The prospective transition method will be required for this new guidance.

In June 2018, the FASB issued ASU No. 2018-07, Compensation Stock Compensation, to simplify the accounting for share-based payments to nonemployees by aligning it with the accounting for share-based payments for employees,

with certain exceptions. Under the new guidance, the cost for nonemployee awards may be lower and less volatile than under current US GAAP because the measurement generally will occur earlier and will be fixed at the grant date. This update is effective for annual financial reporting periods, and interim periods within those annual periods, beginning after December 15, 2018, although early adoption is permitted.

In August 2018, the FASB issued ASU No. 2018-13, Fair Value Measurement Disclosure Framework, to modify certain disclosure requirements for fair value measurements. Under the new guidance, registrants will need to disclose weighted average information for significant unobservable inputs for all Level 3 fair value

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measurements. The guidance does not specify how entities should calculate the weighted average, but requires them to explain their calculation. The new guidance also requires disclosing the changes in unrealized gain and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements of instruments held at the end of the reporting period. This guidance is effective for fiscal years beginning after December 15, 2019 and for interim periods within those fiscal years, although early adoption is permitted for either the entire standard or only the provisions that eliminate or modify the requirements.

We do not expect ASU 2016-01, ASU 2017-01 ASU 2017-09, ASU 2018-07, or 2018-13 to have a material effect on our Consolidated Financial Statements.

3. CONTROLLING SHAREHOLDER

At September 30, 2018, Tontine was the controlling shareholder, owning approximately 59 percent of the Company s outstanding common stock according to a Form 4 filed with the SEC by Tontine on October 3, 2018. Accordingly, Tontine has the ability to exercise significant control over our affairs, including the election of directors and most actions requiring the approval of shareholders.

While Tontine is subject to restrictions under federal securities laws on sales of its shares as an affiliate, the Company has filed a shelf registration statement to register all of the shares of IES common stock owned by Tontine at the time of registration. As long as the shelf registration statement remains effective and the Company remains eligible to use it, Tontine has the ability to resell any or all of its registered shares from time to time in one or more offerings, as described in the shelf registration statement and in any prospectus supplement filed in connection with an offering pursuant to the shelf registration statement.

Should Tontine sell or otherwise dispose of all or a portion of its position in IES, a change in ownership of IES could occur. A change in ownership, as defined by Internal Revenue Code Section 382, could reduce the availability of the Company s net operating losses (NOLs) for federal and state income tax purposes. On November 8, 2016, the Company implemented a new tax benefit protection plan (the NOL Rights Plan). The NOL Rights Plan was designed to deter an acquisition of the Company s stock in excess of a threshold amount that could trigger a change of control within the meaning of Internal Revenue Code Section 382. There can be no assurance that the NOL Rights Plan will be effective in deterring a change of ownership or protecting the NOLs. Furthermore, a change in control would trigger the change of control provisions in a number of our material agreements, including our credit facility, bonding agreements with our sureties and our severance arrangements.

Jeffrey L. Gendell was appointed as a member of the Board of Directors and as non-executive Chairman of the Board in November 2016. He is the managing member and founder of Tontine, and the brother of David B. Gendell, who has served as a member of the Board of Directors since February 2012 and as Interim Director of Operations of the Company since November 2017, and who previously served as non-executive Vice Chairman of the Board from November 2016 to November 2017 and as non-executive Chairman of the Board from January 2015 to November 2016. David B. Gendell was an employee of Tontine from 2004 until December 31, 2017.

The Company is party to a sublease agreement with Tontine Associates, LLC, an affiliate of Tontine, for corporate office space in Greenwich, Connecticut. The lease was renewed for a three-year term in April 2016 with an increase in the monthly rent to $8, reflecting the increase paid by Tontine Associates, LLC to its landlord and the Company s increased use of the corporate office space. The lease has terms at market rates and payments by the Company are at a rate consistent with that paid by Tontine Associates, LLC to its landlord.

On December 6, 2018, the Company entered into a Board Observer Letter Agreement with Tontine Associates, L.L.C. in order to assist Tontine in managing its investment in the Company. Subject to the terms and conditions

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set forth in the Agreement, the Company granted Tontine the right, at any time that Tontine holds at least 20% of the outstanding common stock of the Company, to appoint a representative to serve as an observer to the Board (the Board Observer). The Board Observer, who shall serve at the discretion of and must be reasonably acceptable to those members of the Board who are not affiliates of Tontine, shall have no voting rights or other decision making authority. Subject to the terms and conditions set forth in the Agreement, so long as Tontine has the right to appoint a Board Observer, the Board Observer will have the right to attend and participate in meetings of the Board and the committees thereof, subject to confidentiality requirements, and to receive reimbursement for reasonable out-of-pocket expenses incurred in his or her capacity as a Board Observer and such rights to coverage under the Company s directors and officers liability insurance policy as are available to other directors.

4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	Estimated Useful Lives in Years	Year Ended September 30, 2018	2017
Land	N/A	$ 1,348	$ 1,076
Buildings and Improvements	5-20	12,479	11,675
Machinery and equipment	3-10	27,443	23,190
Information systems [1]	2-8	7,854	14,318
Furniture and fixtures	5-7	1,579	1,693
		$ 50,703	$ 51,952
Less-Accumulated depreciation		(25,613)	(27,862)
Construction in progress		274	553
Property and equipment, net		$ 25,364	$ 24,643

(1) During the fiscal year ended September 30, 2018, we retired $6,651 in fully depreciated assets.
Depreciation expense was $4,759, $3,840 and $2,727, respectively, for the years ended September 30, 2018, 2017 and 2016.

5. PER SHARE INFORMATION

Basic earnings per share is calculated as income (loss) available to common stockholders, divided by the weighted average number of common shares outstanding during the period. If the effect is dilutive, participating securities are included in the computation of basic earnings per share. Our participating securities do not have a contractual obligation to share in the losses in any given period. As a result, these participating securities will not be allocated any losses in the periods of net losses, but will be allocated income in the periods of net income using the two-class method.

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The following table reconciles the components of the basic and diluted earnings (loss) per share for the years ended September 30, 2018, 2017 and 2016:

	Year Ended September 30,		
	2018	2017	2016
Numerator:			
Net income (loss) attributable to common shareholders of IES Holdings, Inc.	$ (14,113)	$ 13,275	$ 119,722
Increase (decrease) in noncontrolling interest	(44)	44	
Net income attributable to restricted shareholders of IES Holdings, Inc.		103	1,056
Net income (loss) attributable to IES Holdings, Inc.	$ (14,157)	$ 13,422	$ 120,778
Denominator:			
Weighted average common shares outstanding basic	21,196,388	21,280,549	21,279,342
Effect of dilutive stock options and non-vested restricted stock		252,705	212,997
Weighted average common and common equivalent shares outstanding diluted	21,196,388	21,533,254	21,492,339
Earnings (loss) per share attributable to IES Holdings, Inc.:			
Basic	$ (0.67)	$ 0.62	$ 5.63
Diluted	$ (0.67)	$ 0.62	$ 5.62

When an entity has a net loss, it is prohibited from including potential common shares in the computation of diluted per share amounts. Accordingly, we have utilized basic shares outstanding to calculate both basic and diluted loss per share for the year ended September 30, 2018. The number of potential anti-dilutive shares excluded from the calculation was 301,879 shares for the year ended September 30, 2018. For the years ended September 30, 2017 and 2016, the average price of our common shares exceeded the exercise price of all of our outstanding options; therefore, all of our outstanding stock options were included in the computation of fully diluted earnings per share.

6. DETAIL OF CERTAIN BALANCE SHEET ACCOUNTS

Activity in our allowance for doubtful accounts on accounts receivable consists of the following:

	Year Ended September 30,	
	2018	2017
Balance at beginning of period	$ 650	$ 736
Additions to costs and expenses	515	294
Deductions for uncollectible receivables written off, net of recoveries	(297)	(380)
Balance at end of period	$ 868	$ 650

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Accounts payable and accrued expenses consist of the following:

	Year Ended September 30,	
	2018	2017
Accounts payable, trade	$ 75,293	$ 63,246
Accrued compensation and benefits	34,058	33,561
Accrued insurance liabilities	6,202	6,204
Other accrued expenses	15,038	17,699
	$ 130,591	$ 120,710

Contracts in progress are as follows:

	Year Ended September 30,	
	2018	2017
Costs incurred on contracts in progress	$ 476,609	$ 486,950
Estimated earnings	62,617	55,606
	539,226	542,556
Less Billings to date	(541,606)	(559,036)
Net contracts in progress	$ (2,380)	$ (16,480)
Costs and estimated earnings in excess of billings	31,446	13,438
Less Billings in excess of costs and estimated earnings	(33,826)	(29,918)
Net contracts in progress	$ (2,380)	$ (16,480)

Other non-current assets are comprised of the following:

	Year Ended September 30,	
	2018	2017
Executive Savings Plan assets	747	641
Securities and equity investments	558	558
Other	4,760	2,583
Total	$ 6,065	$ 3,782

Securities and Equity Investments

At September 30, 2018, and 2017, we held an investment in EnerTech, a private investment fund. As our investment was 2.21% of the overall ownership in EnerTech at September 30, 2018, and 2017, we account for this investment using the cost method of accounting. EnerTech s investment portfolio from time to time results in unrealized losses reflecting a possible, other-than-temporary, impairment of our investment. The carrying value of our investment in EnerTech at both September 30, 2018, and 2017 was $558.

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The following table presents the reconciliation of the carrying value and unrealized gains to the fair value of the investment in EnerTech as of September 30, 2018, and 2017:

	Year Ended September 30,	
	2018	2017
Carrying value	$ 558	$ 558
Unrealized gains	224	171
Fair value	$ 782	$ 729

At each reporting date, the Company performs an evaluation of impairment for securities to determine if any unrealized losses are other-than-temporary. For equity securities, this evaluation considers a number of factors including, but not limited to, the length of time and extent to which the fair value has been less than cost, the financial condition and near term prospects of the issuer and management s ability and intent to hold the securities until fair value recovers. The assessment of the ability and intent to hold these securities to recovery focuses on liquidity needs, asset and liability management objectives and securities portfolio objectives. Based on the results of this evaluation, we believe the unrealized gain at September 30, 2018 indicated our investment was not impaired.

7. DEBT

Debt consists of the following:

	Year Ended September 30,	
	2018	2017
Revolving loan (long-term debt)	$ 30,247	$ 30,257
Debt issuance costs	(912)	(1,115)
Other long-term debt	229	292
Total debt	$ 29,564	$ 29,434

At September 30, 2018, we had $48,144 available to us under our revolving credit facility, $6,609 in outstanding letters of credit with Wells Fargo and $30,247 outstanding borrowings on our term loan facility under our revolving

credit facility (our revolving loan). All amounts outstanding under our Revolving Loan are due and payable in 2021, upon expiration of our revolving credit facility, and all amounts described as available are available without triggering our financial covenant under the credit facility.

Our weighted-average annual interest rate on these borrowings was 3.86% at September 30, 2018, and 3.04% at September 30, 2017. For the years ended September 30, 2018, 2017 and 2016, we incurred interest expense of $1,946, $1,702 and $1,282, respectively.

The Revolving Credit Facility

We maintain a $100,000 revolving credit facility with Wells Fargo Bank, N.A., that matures in August 2021 (as amended, the Credit Facility), pursuant to a Second Amended and Restated Credit and Security Agreement with Wells Fargo Bank, N.A., which was further amended on July 14, 2017, August 2, 2017, and July 23, 2018 (as amended, the Amended Credit Agreement).

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Pursuant to the July 23, 2018 amendment, we are required to comply with the minimum EBITDA financial covenant of the Credit Agreement in a given quarter only if our Excess Availability (as defined in the Amended Credit Agreement) in the immediately following quarter, as tested monthly during that quarter, falls below $30,000. If, in a subsequent quarter, Excess Availability levels return to or exceed the contractual threshold, then the Company will no longer be required to comply with the minimum EBITDA financial covenant, so long as Excess Availability remains above threshold.

Terms of the Amended Credit Agreement

The Credit Facility contains other customary affirmative, negative and financial covenants, as well as events of default.

As of September 30, 2018, we were in compliance with the financial covenants under the Amended Credit Agreement, requiring that we maintain:

- a Fixed Charge Coverage Ratio (as defined in the Amended Credit Agreement), measured quarterly on a trailing four-quarter basis at the end of each quarter, of at least 1.1 to 1.0; and

- minimum Liquidity (as defined in the Amended Credit Agreement) of at least thirty percent (30%) of the Maximum Revolver Amount (as defined in the Amended Credit Agreement), or $30,000; with, for purposes of this covenant, at least fifty percent (50%) of our Liquidity comprised of Excess Availability (as defined in the Amended Credit Agreement).

At September 30, 2018, our Liquidity was $74,391 and our Excess Availability was $48,144 (or greater than 50% of minimum Liquidity), our Fixed Charge Coverage Ratio was 7.9:1.0. As our Excess Availability at September 30, 2018, exceeded $30,000, we were not required to meet the minimum EBITDA financial covenant of $35,000 for the four quarters ended September 30, 2018. However, our EBITDA, as defined in the Amended Credit Agreement for the four quarters ended September 30, 2018 was $36,964.

Our Fixed Charge Coverage Ratio is calculated as follows (with capitalized terms as defined in the Amended Credit Agreement): (i) our trailing twelve month EBITDA, less non-financed capital expenditures (other than capital expenditures financed by means of an advance under the credit facility), cash taxes and all Restricted Junior Payments consisting of certain pass-through tax liabilities, divided by (ii) the sum of our cash interest (other than interest paid-in-kind, amortization of financing fees, and other non-cash interest expense) and principal debt payments (other than repayment of principal on advances under the credit facility and including cash payments with respect to capital leases), any management, consulting, monitoring, and advisory fees paid to an affiliate, and all Restricted Junior Payments (other than pass-through tax liabilities) and other cash distributions; provided, that if any acquisition is consented to by lender after the date of the Amended Credit Agreement, the components of the Fixed Charge

Coverage Ratio will be calculated for such fiscal period after giving *pro forma* effect to the acquisition assuming that such transaction has occurred on the first day of such period (including *pro forma* adjustments arising out of events which are directly attributable to such acquisition, are factually supportable, and are expected to have a continuing impact, in each case to be reasonably agreed to by the lender).

As defined in the Amended Credit Agreement, EBITDA is calculated as consolidated net income (or loss), less extraordinary gains, interest income, non-operating income and income tax benefits and decreases in any change in LIFO reserves, plus stock compensation expense, non-cash extraordinary losses (including, but not limited to, a non-cash impairment charge or write-down), interest expense, income taxes, depreciation and amortization, increases in any change in LIFO reserves and losses from the wind-down of our Denver and Roanoke branches,

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up to a maximum exclusion of $5,000 for a given measurement period, in each case, determined on a consolidated basis in accordance with GAAP; provided, that if any acquisition is consented to by lender after the date of the Amended Credit Agreement, EBITDA for such fiscal period shall be calculated after giving *pro forma* effect to the acquisition assuming that such transaction has occurred on the first day of such period (including *pro forma* adjustments arising out of events which are directly attributable to such acquisition, are factually supportable, and are expected to have a continuing impact, in each case to be reasonably agreed to by Lender).

If in the future our Liquidity falls below $30,000 (or Excess Availability falls below 50% of our minimum Liquidity), our Fixed Charge Coverage Ratio is less than 1.1:1.0, we fail to meet our minimum EBITDA requirement, or if we otherwise fail to perform or otherwise comply with certain of our covenants or other agreements under the Amended Credit Agreement, it would result in an event of default under the Amended Credit Agreement, which could result in some or all of our indebtedness becoming immediately due and payable.

At September 30, 2018, the carrying value of amounts outstanding on our revolving credit facility approximated fair value, as debt incurs interest at a variable rate. The fair value of the debt is classified as a Level 2 measurement.

8. LEASES

We enter into operating leases for many of our facilities, vehicle and equipment needs. These leases allow us to retain cash, and we pay a monthly lease rental fee. At the end of the lease, we have no further obligation to the lessor. We may cancel or terminate a lease before the end of its term. Typically, we would be liable to the lessor for various lease cancellation or termination costs and the difference between the fair market value of the leased asset and the implied book value of the leased asset as calculated in accordance with the lease agreement.

For a discussion of leases with certain related parties which are included below, see Note 12 Related-Party Transactions.

Rent expense was $7,680, $6,990 and $5,868 for the years ended September 30, 2018, 2017 and 2016, respectively.

Future minimum lease payments under these non-cancelable operating leases that had commenced as of September 30, 2018 with terms in excess of one year are as follows:

Year Ended September 30:	
2019	$ 9,460
2020	7,437
2021	4,925
2022	3,317
2023	1,805

Thereafter	3,229
Total	$ 30,173

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9. INCOME TAXES

Federal and state income tax provisions are as follows:

	Year Ended September 30,		
	2018	2017	2016
Federal:			
Current	$ (2,345)	$ (3,092)	$ 762
Deferred	38,744	6,384	(97,093)
State:			
Current	1,536	1,432	952
Deferred	216	487	(1,738)
Total provision for income taxes	$ 38,151	$ 5,211	$ (97,117)

Actual income tax expense differs from income tax expense computed by applying the U.S. federal statutory corporate rate to income (loss) before income taxes as follows:

	Year Ended September 30,		
	2018	2017	2016
Provision at the statutory rate [(1)]	$ 5,973	$ 6,582	$ 8,316
Increase resulting from:			
Non-deductible expenses	1,003	966	1,557
State income taxes, net of federal deduction	1,193	1,003	1,105
Change in valuation allowance	1,761	142	
Rate change	31,333		
Other	183	17	
Decrease resulting from:			
Change in valuation allowance			(108,987)
Contingent tax liabilities	(1,908)	(3,499)	(96)
State deferred true up	(1,387)		
Other			988
Total provision for income taxes	$ 38,151	$ 5,211	$ (97,117)

(1) A statutory rate of 24.53% was used in 2018 and 35% in both 2017 and 2016. The lower effective tax rate used in 2018 is related to the enactment of Tax Cuts and Jobs Act enacted on December 22, 2017.

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Deferred income tax provisions result from temporary differences in the recognition of income and expenses for financial reporting purposes and for income tax purposes. The income tax effects of these temporary differences, representing deferred income tax assets and liabilities, result principally from the following:

	Year Ended September 30,	
	2018	2017
Deferred income tax assets:		
Allowance for doubtful accounts	$ 207	$ 243
Accrued expenses	8,054	12,915
Net operating loss carryforward	46,881	77,497
Various reserves	1,172	1,807
Equity losses in affiliate	119	82
Share-based compensation	665	1,570
Capital loss carryforward	94	337
Other	712	3,195
Subtotal	57,904	97,646
Less valuation allowance	4,127	2,366
Total deferred income tax assets	$ 53,777	$ 95,280
Deferred income tax liabilities:		
Property and equipment	$ 1,122	$ 2,019
Intangible assets	5,499	6,548
Other	576	502
Total deferred income tax liabilities	7,197	9,069
Net deferred income tax assets	$ 46,580	$ 86,211

In fiscal 2018 and 2017, the valuation allowance on our deferred tax assets increased by $1,761 and $142, respectively, which is included in Provision (benefits) for income taxes in our Consolidated Comprehensive Income Statement.

In 2002, we adopted a tax accounting method change that allowed us to deduct goodwill for income tax purposes that had previously been classified as non-deductible. The accounting method change resulted in additional amortizable tax basis in goodwill. We believe the realization of the additional tax basis in goodwill is not more likely than not and

have not recorded a deferred tax asset. Although a deferred tax asset has not been recorded through September 30, 2018, we have derived a cumulative cash tax reduction of $11,487 from the change in tax accounting method and the subsequent amortization of the additional tax goodwill. We have a tax basis of $1,448 in additional tax goodwill from current year acquisitions.

As of September 30, 2018, we had available approximately $355,302 of federal net tax operating loss carry forward for federal income tax purposes, of which $133,291 resulting from the additional amortization of tax goodwill has not been recorded as a deferred tax asset. This carry forward, which may provide future tax benefits, will begin to expire in 2026. On May 12, 2006, we had a change in ownership as defined in Internal Revenue Code Section 382. As such, our utilization after the change in control date of our net operating loss in existence as of the change of control date was subject to Section 382 limitations for federal income taxes and some state income taxes. The annual limitation under Section 382 on the utilization of federal net operating losses was approximately $20,000 for the first five tax years subsequent to the change in ownership and $16,000 thereafter. Approximately $300,400 of federal net operating losses will not be subject to this limitation. Also,

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after applying the Section 382 limitation to available state net operating loss carry forwards, we had available approximately $100,772 state net tax operating loss carry forwards, including $8,806 resulting from the additional amortization of tax goodwill which begins to expire as of September 30, 2019. We have provided valuation allowances on all net operating losses where it is determined it is more likely than not that they will expire without being utilized.

In assessing the realizability of deferred tax assets at September 30, 2018, we considered whether it was more likely than not that some portion or all of the deferred tax assets will not be realized. Our realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which these temporary differences become deductible. We believe that $4,247 and $696 of federal and state deferred tax assets, respectively, will be realized by offsetting reversing deferred tax liabilities. In addition, we have $681 of net state deferred tax assets that we expect will be realized, and therefore valuation allowances were not provided for these assets. As a result, we have recorded a net deferred tax asset of $46,580 on our Consolidated Balance Sheets. We will continue to evaluate the appropriateness of our remaining deferred tax assets and need for valuation allowances on a quarterly basis. Further, any future reduction in the federal statutory tax rate could result in a charge to reduce the book value of the net deferred tax assets recorded on our Consolidated Balance Sheet.

As a result of the reorganization and related adjustment to the book basis in goodwill, we have tax basis in excess of book basis in amortizable goodwill of approximately $23,735. The tax basis in amortizable goodwill in excess of book basis is not reflected as a deferred tax asset. To the extent the amortization of the excess tax basis results in a cash tax benefit, the benefit will first go to reduce goodwill, then other long-term intangible assets, and then tax expense.

GAAP requires financial statement reporting of the expected future tax consequences of uncertain tax return reporting positions on the presumption that all relevant tax authorities possess full knowledge of those tax reporting positions, as well as all of the pertinent facts and circumstances, but it prohibits discounting of any of the related tax effects for the time value of money. The evaluation of a tax position is a two-step process. The first step is the recognition process to determine if it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authority, based on the technical merits of the position. The second step is a measurement process whereby a tax position that meets the more likely than not recognition threshold is calculated to determine the amount of benefit/expense to recognize in the financial statements. The tax position is measured at the largest amount of benefit/expense that is more likely than not of being realized upon ultimate settlement.

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A reconciliation of the beginning and ending balances of unrecognized tax benefit is as follows:

	Year Ended September 30,	
	2018	2017
Balance at October 1,	$ 51,968	$ 55,867
Additions for position related to current year	13	207
Additions for positions of prior years	272	
Reduction resulting from the lapse of the applicable statutes of limitations	3,361	3,707
Reduction resulting from rate change	18,636	
Reduction resulting from positions of prior years		399
Reduction resulting from settlement of positions of prior years		
Balance at September 30,	$ 30,256	$ 51,968

As of September 30, 2018, and 2017, $30,256 and $51,968, respectively, of unrecognized tax benefits would result in a decrease in the provision for income tax expense, of which $28,453 and $50,180 for each of those years, respectively, relates to net operating loss from additional goodwill resulting from the tax accounting method change discussed above for which a deferred tax asset has not been recorded. We anticipate that approximately $5,754 in liabilities for unrecognized tax benefits, including accrued interest, may be reversed in the next twelve months. The reversal is predominately due to the expiration of the statutes of limitation for unrecognized tax benefits.

We had approximately $35 and $14 accrued for the payment of interest and penalties at September 30, 2018, and 2017, respectively. We recognize interest and penalties related to unrecognized tax benefits as part of the provision for income taxes.

We are currently under federal audit by the Internal Revenue Service with respect to the year ended September 30, 2016. The tax years ended September 30, 2015, and forward are subject to federal audit as are tax years prior to September 30, 2015, to the extent of unutilized net operating losses generated in those years. The tax years ended September 30, 2014, and forward are subject to state audits as are tax years prior to September 30, 2014, to the extent of unutilized net operating losses generated in those years.

10. OPERATING SEGMENTS

We manage and measure performance of our business in four distinct operating segments: Commercial & Industrial, Communications, Infrastructure Solutions and Residential. These segments are reflective of how the Company s Chief

Operating Decision Maker (CODM) reviews operating results for the purposes of allocating resources and assessing performance. The Company s CODM is its President.

Transactions between segments, if any, are eliminated in consolidation. Our corporate office provides general and administrative, as well as support services, to our four operating segments. Management allocates certain shared costs between segments for selling, general and administrative expenses and depreciation expense.

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Segment information for the years ended September 30, 2018, 2017 and 2016 is as follows:

	Year Ended September 30, 2018					
	Commercial & Industrial	Communications	Infrastructure Solutions	Residential	Corporate	Total
Revenues	$ 274,299	$ 219,655	$ 97,163	$ 285,711	$	$ 876,828
Cost of services	244,656	179,518	75,337	227,355		726,866
Gross profit	29,643	40,137	21,826	58,356		149,962
Selling, general and administrative	27,031	26,003	18,293	41,401	11,192	123,920
Contingent consideration	(100)	(85)	288			103
Loss (gain) on sale of assets	(37)	(4)	18	8		(15)
Income (loss) from operations	$ 2,749	$ 14,223	$ 3,227	$ 16,947	$ (11,192)	$ 25,954
Other data:						
Depreciation and amortization expense	$ 2,197	$ 1,247	$ 4,672	$ 637	$ 107	$ 8,860
Capital expenditures	$ 2,216	$ 647	$ 735	$ 932	$ 33	$ 4,563
Total assets	$ 89,729	$ 80,528	$ 109,506	$ 55,176	$ 87,055	$ 421,994

	Year Ended September 30, 2017					
	Commercial & Industrial	Communications	Infrastructure Solutions	Residential	Corporate	Total
Revenues	$ 227,606	$ 225,275	$ 83,824	$ 274,039	$	$ 810,744
Cost of services	208,619	187,419	63,399	210,809		670,246
Gross profit	18,987	37,856	20,425	63,230		140,498
Selling, general and administrative	20,170	24,219	17,859	43,689	14,433	120,370
Contingent consideration			(145)			(145)
Loss (gain) on sale of assets	(32)	(1)	(79)	43		(69)
Income (loss) from operations	$ (1,151)	$ 13,638	$ 2,790	$ 19,498	$ (14,433)	$ 20,342
Other data:						
	$ 1,648	$ 740	$ 6,412	$ 565	$ 269	$ 9,634

Depreciation and amortization expense						
Capital expenditures	$ 1,241	$ 2,046	$ 538	$ 561	$ 203	$ 4,589
Total assets	$ 84,756	$ 63,917	$ 106,114	$ 51,994	$ 117,713	$ 424,494

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	Year Ended September 30, 2016					
	Commercial & Industrial	Communications	Infrastructure Solutions	Residential	Corporate	Total
Revenues	$ 222,466	$ 189,635	$ 58,003	$ 225,889	$	$ 695,993
Cost of services	197,679	157,104	42,356	171,874		569,013
Gross profit	24,787	32,531	15,647	54,015		126,980
Selling, general and administrative	17,169	20,839	12,404	37,585	12,561	100,558
Contingent Consideration			652			652
Loss (gain) on sale of assets	(17)		826	1		810
Income (loss) from operations	$ 7,635	$ 11,692	$ 1,765	$ 16,429	$ (12,561)	$ 24,960
Other data:						
Depreciation and amortization expense	$ 1,234	$ 577	$ 3,072	$ 509	$ 272	$ 5,664
Capital expenditures	$ 795	$ 1,102	$ 721	$ 704	$ 95	$ 3,417
Total assets	$ 59,763	$ 68,018	$ 89,447	$ 43,195	$ 133,917	$ 394,340

11. STOCKHOLDERS EQUITY

Equity Incentive Plan

The Company s 2006 Equity Incentive Plan, as amended and restated (the Equity Incentive Plan), provides for grants of stock options as well as grants of stock, including restricted stock. Approximately 3.0 million shares of common stock are authorized for issuance under the Equity Incentive Plan, of which approximately 1,113,476 shares were available for issuance at September 30, 2018.

Stock Repurchase Program

Our Board of Directors has authorized a stock repurchase program for the purchase from time to time of up to 1.5 million shares of the Company s common stock. Share purchases are made for cash in open market transactions at prevailing market prices or in privately negotiated transactions or otherwise. The timing and amount of purchases under the program are determined based upon prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. All or part of the repurchases may be implemented under a Rule 10b5-1 trading plan, which allows repurchases under pre-set terms at times when the Company might otherwise be prevented from purchasing under insider trading laws or because of self-imposed blackout periods. The program does not require the Company to purchase any specific number of shares and may be modified, suspended or reinstated at any time at the Company s discretion and without notice.

We repurchased 100,627 shares of our common stock during the year ended September 30, 2018, in open market transactions at an average price of $15.41 per share.

We repurchased 145,484 shares of our common stock during the year ended September 30, 2017, in open market transactions at an average price of $15.37 per share.

Treasury Stock

During the year ended September 30, 2018, we repurchased 32,832 shares of common stock from our employees to satisfy minimum tax withholding requirements upon the vesting of restricted stock under the Equity Incentive Plan and repurchased 100,627 shares of common stock on the open market pursuant to our stock repurchase

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program. During the year ended September 30, 2018, we issued 520 unrestricted shares of common stock from treasury stock to members of our Board of Directors as part of their overall compensation and 1,500 unrestricted shares to satisfy the exercise of outstanding options.

During the year ended September 30, 2017, we repurchased 7,376 shares of common stock from our employees to satisfy minimum tax withholding requirements upon the vesting of restricted stock issued under the Equity Incentive Plan, 145,484 shares of common stock were repurchased on the open market pursuant to our stock repurchase program, and 2,257 shares of common stock were forfeited by former employees and returned to treasury stock. During the year ended September 30, 2017, we issued 1,803 unrestricted shares of common stock from treasury stock to members of our Board of Directors as part of their overall compensation and 33,750 unrestricted shares to satisfy the exercise of outstanding options.

Restricted Stock

During the years ended September 30, 2018, 2017, and 2016, we recognized $256, $538, and $522, respectively, in compensation expense related to our restricted stock awards. At September 30, 2018, the unamortized compensation cost related to outstanding unvested restricted stock was zero. A summary of restricted stock awards for the years ended September 30, 2018, 2017, and 2016 is provided in the table below:

	Year Ended September 30,		
	2018	2017	2016
Unvested at beginning of year	140,668	174,334	207,166
Granted			
Vested	(140,668)	(31,409)	(25,332)
Forfeited		(2,257)	(7,500)
Unvested at end of year		140,668	174,334

The fair value of shares vesting during the years ended September 30, 2018, 2017 and 2016 was $2,201, $460 and $304, respectively. Fair value was calculated as the number of shares vested times the market price of shares on the date of vesting. At September 30, 2018, we had no unvested restricted stock.

All the restricted shares granted under the Amended Plan (vested or unvested) participate in dividends issued to common shareholders, if any.

Phantom Stock Units

Phantom stock units (PSUs) are primarily granted to the members of the Board of Directors as part of their overall compensation. These PSUs are paid via unrestricted stock grants to each director upon their departure from the Board of Directors. We record compensation expense for the full value of the grant on the date of grant. For the years ended September 30, 2018, 2017 and 2016, we recognized $189, $167, and $136, respectively, in compensation expense related to these grants.

Performance Based Phantom Stock Units

A performance based phantom stock unit (a PPSU) is a contractual right to receive one share of the Company s common stock upon the achievement of certain specified performance objectives and continued performance of services. At September 30, 2018, the Company had outstanding an aggregate of 399,027 three-year PPSUs. The

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vesting of these awards is subject to the achievement of specified levels of cumulative net income before taxes or specified stock price levels and continued performance of services through mid-December 2018. At September 30, 2018, redemption of a portion of the awards is deemed probable. During the year ended September 30, 2018, we recognized a benefit to compensation expense of $581 related to these grants. This benefit is a result of a reduction in the estimated number of units deemed probable of vesting, based on the projected achievement of specified performance objectives. During the year ended September 30, 2017, we recognized compensation expense of $959 related to these grants.

Performance Cash Units

Performance based phantom cash units (PPCUs) are a contractual right to a cash payment of $20 per PPCU. The PPCUs will generally become vested, if at all, upon achievement of certain specified performance objectives. During the year ended September 30, 2018, we recognized a benefit to compensation expense of $154 related to these grants. This benefit is a result of a reduction in the estimated number of units deemed probable of vesting, based on the projected achievement of specified performance objectives. During the year ended September 30, 2017, we recognized compensation expense of $331 related to these grants.

Stock Options

We did not issue stock options during the years ended September 30, 2018, 2017 and 2016.

Upon adoption of ASU 2016-09 in the quarter ended December 31, 2016, which required us to reflect any adjustments as of October 1, 2016, we elected to account for forfeitures as they occur to determine the amount of compensation cost to be recognized. This election resulted in a cumulative effect adjustment of $59 to reduce retained earnings for the increase to stock compensation expense.

The following table summarizes activity under our stock option plans.

	Shares	Weighted Average Exercise Price
Outstanding, September 30, 2015	133,000	$ 5.79
Options granted		
Exercised	42,500	5.17
Forfeited and Cancelled	11,000	3.60
Outstanding, September 30, 2016	79,500	$ 6.43

Options granted			
Exercised	33,750		6.46
Forfeited and Cancelled			
Outstanding, September 30, 2017	45,750	$	6.42
Options granted			
Exercised	1,500		7.21
Forfeited and Cancelled			
Outstanding, September 30, 2018	44,250	$	6.39

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The following table summarizes options outstanding and exercisable at September 30, 2018:

Exercise Prices	Outstanding as of September 30, 2018	Remaining Contractual Life in Years	Weighted-Average Exercise Price	Exercisable as of September 30, 2018	Weighted-Average Exercise Price
$5.76	25,500	4.58	$ 5.76	25,500	$ 5.76
$7.27	11,000	6.29	$ 7.27	11,000	$ 7.27
$7.21	7,750	6.34	$ 7.21	7,750	$ 7.21
	44,250		$ 6.39	44,250	$ 6.75

Our 2011 options vested over a three year period at a rate of one-third per year upon the annual anniversary date of the grant. Our 2013 and 2015 options cliff vested at the end of a two year period ending at the anniversary date of the grant. All options expire ten years from the grant date if they are not exercised. Upon exercise of stock options, it is our policy to first issue shares from treasury stock, then issue new shares. Unexercised stock options expire July 2021, May 2023, January 2025 and February 2025.

During the years ended September 30, 2018, 2017 and 2016, we recognized zero, $23 and $70, respectively, in compensation expense related to our stock option awards.

The intrinsic value of stock options outstanding and exercisable was $292 and $306 at September 30, 2018, and 2017, respectively. The intrinsic value is calculated as the difference between the fair value as of the end of the period and the exercise price of the stock options.

12. RELATED-PARTY TRANSACTIONS

The Company is a party to a sublease agreement with Tontine Associates, L.L.C., an affiliate of Tontine, for corporate office space in Greenwich, Connecticut. The lease was renewed for a three-year term in April 2016 with an increase in the monthly rent to $8, reflecting the increase paid by Tontine Associates, L.L.C. to its landlord and the Company s increased use of the corporate office space. The lease has terms at market rates and payments by the Company are at a rate consistent with that paid by Tontine Associates, L.L.C. to its landlord. See Note 3, Controlling Shareholder for additional information regarding Tontine.

13. EMPLOYEE BENEFIT PLANS

401(k) Plan

In November 1998, we established the IES Holdings, Inc. 401(k) Retirement Savings Plan. All full-time IES employees are eligible to participate on the first day of the month subsequent to completing sixty days of service and attaining age twenty-one. Participants become vested in our matching contributions following three years of service. We also maintain several subsidiary retirement savings plans. We recognized $1,895, $1,157, and $737 in matching expenses in fiscal years 2018, 2017 and 2016, respectively.

Executive Savings Plan

Under the Executive Deferred Compensation Plan adopted on July 1, 2004 (the Executive Savings Plan), certain employees are permitted to defer a portion (up to 75%) of their base salary and/or bonus for a plan year. The Human Resources and Compensation Committee of the Board of Directors may, in its sole discretion, credit one or more participants with an employer deferral (contribution) in such amount as the Committee may choose

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(Employer Contribution). The Employer Contribution, if any, may be a fixed dollar amount, a fixed percentage of the participant s compensation, base salary, or bonus, or a matching amount with respect to all or part of the participant s elective deferrals for such plan year, and/or any combination of the foregoing as the Committee may choose. No compensation earned during the years ended September 30, 2018, 2017 or 2016 was deferred under this plan.

Post Retirement Benefit Plans

Certain individuals at one of the Company s locations are entitled to receive fixed annual payments that reach a maximum amount, as specified in the related agreements, for a ten year period following retirement or, in some cases, the attainment of 62 years of age. We recognize the unfunded status of the plan in accrued expenses and other non-current liabilities in our Consolidated Balance Sheet. Benefits vest 50% after ten years of service, which increases by 10% per annum until benefits are fully vested after 15 years of service. We had an unfunded benefit liability of $755 and $815 recorded as of September 30, 2018 and 2017, respectively. We recognized compensation expense related to these agreements of zero, zero and $65 during the September 30, 2018, 2017 and 2016, respectively.

Multiemployer Pension Plan

Infrastructure Solutions participates in a multiemployer direct benefit pension plan for employees covered under our collective bargaining agreement. We do not administer the plan. We do not significantly participate in this plan. As of December 31, 2017, this plan was funded at 82.96%.

14. FAIR VALUE MEASUREMENTS

Fair value is considered the price to sell an asset, or transfer a liability, between market participants on the measurement date. Fair value measurements assume that the asset or liability is (1) exchanged in an orderly manner, (2) the exchange is in the principal market for that asset or liability, and (3) the market participants are independent, knowledgeable, able and willing to transact an exchange. Fair value accounting and reporting establishes a framework for measuring fair value by creating a hierarchy for observable independent market inputs and unobservable market assumptions and expands disclosures about fair value measurements. Considerable judgment is required to interpret the market data used to develop fair value estimates. As such, the estimates presented herein are not necessarily indicative of the amounts that could be realized in a current exchange. The use of different market assumptions and/or estimation methods could have a material effect on the estimated fair value.

Financial assets and liabilities measured at fair value on a recurring basis as of September 30, 2018, are summarized in the following table by the type of inputs applicable to the fair value measurements:

	September 30, 2018

	Total Fair Value	Quoted Prices (Level 1)	Significant Unobservable (Level 3)
Executive savings plan assets	$ 747	$ 747	$
Executive savings plan liabilities	(631)	(631)	
Contingent consideration liability	(680)		(680)
Total	$ (564)	$ 116	$ (680)

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Financial assets and liabilities measured at fair value on a recurring basis as of September 30, 2017, are summarized in the following table by the type of inputs applicable to the fair value measurements:

	September 30, 2017		
	Total Fair Value	Quoted Prices (Level 1)	Significant Unobservable (Level 3)
Executive savings plan assets	$ 641	$ 641	$
Executive savings plan liabilities	(529)	(529)	
Contingent consideration liability	(786)		(786)
Total	$ (674)	$ 112	$ (786)

In fiscal years 2016, 2017, and 2018, we entered into contingent consideration arrangements related to certain acquisitions. Please see Note 18, Business Combinations for further discussion. At September 30, 2018, we estimated the fair value of these contingent consideration liabilities at $680. The table below presents a reconciliation of the fair value of these obligations, which used significant unobservable inputs (Level 3).

	Contingent Consideration Agreement
Fair Value at September 30, 2017	$ 786
Issuances	182
Settlements	(391)
Net adjustments to fair value	103
Fair Value at September 30, 2018	$ 680

Below is a description of the inputs used to value the assets summarized in the preceding tables:

Level 1 Inputs represent unadjusted quoted prices for identical assets exchanged in active markets.

Level 2 Inputs include directly or indirectly observable inputs other than Level 1 inputs such as quoted prices for similar assets exchanged in active or inactive markets; quoted prices for identical assets exchanged in inactive markets; and other inputs that are considered in fair value determinations of the assets.

Level 3 Inputs include unobservable inputs used in the measurement of assets. Management is required to use its own assumptions regarding unobservable inputs because there is little, if any, market activity in the assets or related observable inputs that can be corroborated at the measurement date.

15. INVENTORY

Inventories consist of the following components:

	September 30,	
	2018	2017
Raw materials	$ 4,453	$ 4,104
Work in process	5,168	3,731
Finished goods	1,746	1,692
Parts and supplies	9,599	7,396
Total inventories	$ 20,966	$ 16,923

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16. GOODWILL AND INTANGIBLE ASSETS

Goodwill

The following is a progression of goodwill by segment for the years ended September 30, 2018, 2017 and 2016:

	Commercial & Industrial	Communications	Infrastructure Solutions	Residential	Total
Balance at September 30, 2016	$ 3,806	$	$ 27,499	$ 8,631	$ 39,936
Acquisitions Note 18	3,411		3,710		7,121
Divestitures Note 18			(51)		(51)
Purchase Accounting Adjustments	(41)		(272)		(313)
Balance at September 30, 2017	7,176		30,886	8,631	46,693
Acquisitions Note 18		2,892		1,348	4,240
Purchase Accounting Adjustments	(200)	(76)	45		(231)
Balance at September 30, 2018	$ 6,976	$ 2,816	$ 30,931	$ 9,979	$ 50,702

Based upon the results of our annual impairment analysis, the fair value of our each of our four segments exceeded the book value at September 30, 2018, and warranted no impairment.

Intangible Assets

Intangible assets consist of the following:

	September 30, 2018			
	Estimated Useful Lives (in Years)	Gross Carrying Amount	Accumulated Amortization	Net
Trademarks/trade names	5 - 20	$ 5,084	$ 831	$ 4,253
Technical library	20	400	101	299
Customer relationships	6 - 15	33,539	7,870	25,669
Non-competition arrangements	5	40	1	39
Backlog	1	378	176	202
Construction contracts	1	2,184	2,056	128

Total		$ 41,625	$ 11,035	$ 30,590

		September 30, 2017		
	Estimated Useful Lives (in Years)	Gross Carrying Amount	Accumulated Amortization	Net
Trademarks/trade names	5 - 20	$ 4,643	$ 440	$ 4,203
Technical library	20	400	81	319
Customer relationships	6 - 15	31,115	4,741	26,374
Non-competition arrangements	5			
Backlog	1	2,412	2,130	282
Construction contracts	1	2,399	2,164	235
Total		$ 40,969	$ 9,556	$ 31,413

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For the years ended September 30, 2018, 2017 and 2016, amortization expense of intangible assets was $4,101, $5,766 and $2,936, respectively. Our future amortization expense for years ended September 30 is as follows:

Year Ended September 30,	
2019	$ 3,944
2020	3,247
2021	3,515
2022	3,157
2023	2,780
Thereafter	13,947
Total	$ 30,590

17. COMMITMENTS AND CONTINGENCIES

Legal Matters

From time to time we are a party to various claims, lawsuits and other legal proceedings that arise in the ordinary course of business. We maintain various insurance coverages to minimize financial risk associated with these proceedings. None of these proceedings, separately or in the aggregate, are expected to have a material adverse effect on our financial position, results of operations or cash flows. With respect to all such proceedings, we record reserves when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. We expense routine legal costs related to these proceedings as they are incurred.

The following is a discussion of our significant legal matters:

USAMRIID Claim

On December 6, 2017, IES Commercial, Inc. filed suit in the United States District Court of Maryland in the matter *USA for the use and benefit of IES Commercial, Inc. and IES Commercial, Inc. v. Manhattan Construction Co., Torcon, Inc., Manhattan Torcon A Joint Venture, Federal Ins. Co., Fidelity & Deposit Co. of Maryland, Zurich American Ins. Co., and Travelers Casualty & Surety Co*. This suit related to a large project which has been ongoing since 2009, having originally been scheduled for completion in early 2013. As the Company has previously disclosed, the Company entered into a subcontract in 2009 with Manhattan Torcon A Joint Venture (MTJV) to perform subcontracting services at the U.S. Army Medical Research Institute for Infectious Diseases (USAMRIID) replacement facility project for a contract value of approximately $61,146, subject to additions or deductions. Because of delays on the project and additional work the Company performed, the Company had sought in the suit approximately $21,000 for claims incurred as of August 31, 2017, and had expected to seek to recover approximately

$4,500 of additional claims expected to be incurred following August 31, 2017, through completion of the project. On January 22, 2018 the defendants in this matter filed a motion to dismiss the suit, and on February 2, 2018, we filed our response. On September 26, 2018, the District Court ruled on the motion to dismiss, granting it in part and denying it in part. The ruling, were it to withstand an appeal, would likely have reduced the size of the Company s estimated damages claim by approximately 50%.

Following mediation on September 26, 2018, the parties entered into a binding memorandum of agreement to settle all claims brought in the suit. The parties are currently preparing a formalized settlement agreement. Pursuant to the memorandum of agreement, the parties have agreed that in exchange for IES Commercial, Inc. s dismissal of the suit and completion of a limited scope of subcontracting work, as well as mutual releases and parent guaranties by the parties, among other items, MTJV will make $2,500 in cash payments to IES Commercial, Inc., including $1,500 contingent upon completion of the remaining work.

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The Company recorded a charge of $1,895 for the quarter ended September 30, 2018, in order to adjust the remaining contract value and scope of work to reflect the terms of the settlement. The Company had not previously recorded any recovery in connection with this claim. At September, 30, 2018, based on our most current revised cost estimates, the Company estimates this project to be 99% complete. These estimated costs, and the revenue associated with them, will be recognized in future periods when the work is performed, and our estimates may be further adjusted in future periods as the work is completed.

Risk-Management

We retain the risk for workers compensation, employer s liability, automobile liability, construction defects, general liability and employee group health claims, as well as pollution coverage, resulting from uninsured deductibles per accident or occurrence which are generally subject to annual aggregate limits. Our general liability program provides coverage for bodily injury and property damage. In many cases, we insure third parties, including general contractors, as additional insureds under our insurance policies. Losses are accrued based upon our known claims incurred and an estimate of claims incurred but not reported. As a result, many of our claims are effectively self-insured. Many claims against our insurance are in the form of litigation. At September 30, 2018 and 2017, we had $6,202 and $6,204, respectively, accrued for insurance liabilities. We are also subject to construction defect liabilities, primarily within our Residential segment. As of September 30, 2018 and 2017, we had $171 and $218, respectively, reserved for these claims. Because the reserves are based on judgment and estimates, and involve variables that are inherently uncertain, such as the outcome of litigation and an assessment of insurance coverage, there can be no assurance that the ultimate liability will not be higher or lower than such estimates or that the timing of payments will not create liquidity issues for the Company.

Some of the underwriters of our casualty insurance program require us to post letters of credit as collateral. This is common in the insurance industry. To date, we have not had a situation where an underwriter has had reasonable cause to effect payment under a letter of credit. At September 30, 2018, $6,101 of our outstanding letters of credit was utilized to collateralize our insurance program.

Surety

As of September 30, 2018, the estimated cost to complete our bonded projects was approximately $50,170. We evaluate our bonding requirements on a regular basis, including the terms offered by our sureties. We believe the bonding capacity presently provided by our current sureties is adequate for our current operations and will be adequate for our operations for the foreseeable future. Posting letters of credit in favor of our sureties reduces the borrowing availability under our revolving credit facility.

Other Commitments and Contingencies

Some of our customers and vendors require us to post letters of credit, or provide intercompany guarantees, as a means of guaranteeing performance under our contracts and ensuring payment by us to subcontractors and vendors. If

our customer has reasonable cause to effect payment under a letter of credit, we would be required to reimburse our creditor for the letter of credit. At September 30, 2018, $508 of our outstanding letters of credit were to collateralize our vendors.

From time to time, we may enter into firm purchase commitments for materials, such as copper or aluminum wire, which we expect to use in the ordinary course of business. These commitments are typically for terms of less than one year and require us to buy minimum quantities of materials at specific intervals at a fixed price over the term. As of September 30, 2018, we had no such commitments.

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Some of the lease agreements entered into will not commence until the following fiscal year. The total future undiscounted cash flows related to lease agreements committed to but not yet commenced as of September 30, 2018, is $962.

18. BUSINESS COMBINATIONS AND DIVESTITURES

Business Combinations

2018

The Company completed two acquisitions in the year ended September 30, 2018, for a total aggregate consideration of $7,413, which includes cash consideration paid at closing of $7,091, cash consideration paid subsequent to closing of $125, cash consideration payable in the next fiscal year of $15, and contingent consideration payable in July 2019 and 2020 with aggregate acquisition date fair value estimated at $182.

Azimuth Communications, Inc. (Azimuth) On April 6, 2018, the Company s Communications segment acquired all of the outstanding capital stock of Azimuth, a Portland, Oregon-based provider of design and integration services for structured cabling, physical security, access control systems, distributed antenna systems, wireless access, and audio visual systems. Azimuth operates within the Company s Communications segment. The acquisition of Azimuth has accelerated our expansion into the Pacific Northwest market, which the Company believes to be an attractive market.

Electrical Contractors North, Inc. (ECNI) On July 31, 2018, the Company s Residential segment acquired substantially all of the assets of Electrical Contractors North, Inc. (ECNI), a Salt Lake City, Utah-based provider of electrical contracting for multi-family residential and hotel construction. We believe the acquisition of ECNI furthers our Residential segment s growth strategy by providing a foothold in the Salt Lake City market.

The Company accounted for these fiscal 2018 transactions under the acquisition method of accounting, which requires recording assets and liabilities at fair value (Level 3). The valuations derived from estimated fair value assessments and assumptions used by management are preliminary pending finalization of certain tangible and intangible asset valuations and assessment of deferred taxes. While management believes that its preliminary estimates and assumptions underlying the valuations are reasonable, different estimates and assumptions could result in different values being assigned to individual assets acquired and liabilities assumed. This may result in adjustments to the preliminary amounts recorded. The preliminary valuation of the assets and liabilities assumed for our fiscal 2018 acquisitions as of the acquisition dates is as follows:

Current assets	$ 1,767
Property and equipment	590
Intangible assets (primarily customer relationships)	3,182
Goodwill	4,164
Current liabilities	(1,580)
Long term liabilities	(14)
Deferred tax liability	(696)
Net assets acquired	$ 7,413

With regard to goodwill, the balance is attributable to the workforce of the acquired business and other intangibles that do not qualify for separate recognition. In connection with the Azimuth and ECNI acquisitions, we acquired goodwill of $4,164, of which $1,448 is tax deductible.

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In conjunction with these acquisitions, we acquired receivables totaling $1,478, of which we estimate none to be uncollectible at the date of acquisition. In aggregate, these two acquisitions contributed $4,965 in additional revenue and $532 in additional operating loss during the year ended September 30, 2018.

2017

The Company completed three acquisitions in the year ended September 30, 2017, for a total aggregate consideration of $20,979. See Note 18, Business Combinations and Divestitures in our Annual Report on Form 10-K for the year ended September 30, 2017, for further information.

Freeman Enclosure Systems, LLC (Freeman) We acquired 100% of the membership interests and associated real estate of Freeman and its affiliate Strategic Edge LLC on March 16, 2017. Strategic Edge LLC was subsequently merged into Freeman, with Freeman as the surviving entity. Freeman is included in our Infrastructure Solutions segment. Freeman s ability to manufacture custom generator enclosures has expanded our solutions offering.

Technical Services II, LLC (Technical Services) STR Mechanical, our 80% owned subsidiary which is consolidated, acquired all of the membership interests of Technical Services, a Chesapeake, Virginia-based provider of mechanical maintenance services, including commercial heating, ventilation and air conditioning, food service equipment, electrical and plumbing services, on June 15, 2017. Technical Services operates as a subsidiary of STR Mechanical within the Company s Commercial & Industrial segment. The acquisition of Technical Services has expanded our geographic reach and diversified our customer base for mechanical maintenance services.

NEXT Electric, LLC (NEXT Electric) On July 14, 2017, the Company acquired 80% of the membership interests of NEXT Electric, a Milwaukee, Wisconsin-based electrical contractor specializing in the design, installation and maintenance of electrical systems for commercial, industrial, healthcare, water treatment and education end markets. NEXT Electric operates within the Company s Commercial & Industrial segment.

The total purchase consideration for the Freeman, Technical Services and Azimuth acquisitions included contingent consideration payments based on the acquired company s earnings, as defined in the applicable purchase and sale agreement. The fair value of the total contingent consideration liability for all acquisitions, including Freeman, Technical Services, and Azimuth, was estimated at $680 as of September 30, 2018, and is accrued in accrued liabilities and other non-current liabilities on our Condensed Consolidated Balance Sheets.

The preliminary estimates for Freeman, Technical Services and NEXT Electric were finalized during the year ended September 30, 2018.

Noncontrolling Interest

Our agreements governing the operations of STR and NEXT Electric contain a provision where, at any time after five years from the acquisition date, we may purchase all or a portion of the 20% noncontrolling interest. Pursuant to this provision, we may purchase the noncontrolling interest, or, with notice, the noncontrolling interest holders may cause us to purchase their interests, for a contractually determined price based on the trailing 2 year earnings before interest, taxes, depreciation, and amortization of STR and NEXT Electric, calculated at the time of the purchase.

As of the acquisition date, the fair value of the noncontrolling interest in STR and NEXT Electric was equal to 20% of the overall fair value of STR and NEXT Electric.

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19. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

Quarterly financial information for the years ended September 30, 2018 and 2017 are summarized as follows:

	Year Ended September 30, 2018			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$ 198,300	$ 205,677	$ 232,576	$ 240,275
Gross profit	$ 33,064	$ 33,840	$ 42,537	$ 40,521
Net income (loss) attributable to IES Holdings, Inc.	$ (29,569)	$ 2,221	$ 8,516	$ 4,675
Earnings (loss) per share:				
Basic	$ (1.39)	$ 0.11	$ 0.40	$ 0.22
Diluted	$ (1.39)	$ 0.11	$ 0.40	$ 0.22

The sum of the individual quarterly earnings (loss) per share amounts may not agree with year-to-date earnings per share as each period s computation is based on the weighted average number of shares outstanding during the period.

	Year Ended September 30, 2017			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$ 192,178	$ 203,662	$ 208,323	$ 206,581
Gross profit	$ 35,182	$ 31,814	$ 35,398	$ 38,104
Net income attributable to IES Holdings, Inc.	$ 3,872	$ 536	$ 5,868	$ 3,146
Earnings per share:				
Basic	$ 0.18	$ 0.02	$ 0.27	$ 0.15
Diluted	$ 0.18	$ 0.02	$ 0.27	$ 0.14

The sum of the individual quarterly earnings per share amounts may not agree with year-to-date earnings per share as each period s computation is based on the weighted average number of shares outstanding during the period.

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Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***
None.

Item 9A. ***Controls and Procedures***
Changes in Internal Control Over Financial Reporting

There have not been any changes in the Company s internal control over financial reporting (as such term is defined in Rules 13a-15 and 15d-15 under the Exchange Act) during the fiscal quarter ended September 30, 2018 that have materially affected, or are reasonably likely to materially affect, the Company s internal control over financial reporting.

Disclosure Controls and Procedures

In accordance with Rules 13a-15 and 15d-15 under the Exchange Act, we carried out an evaluation, under the supervision and with the participation of management, including our President and our Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on this evaluation, our President and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2018, to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms. Our disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our President and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management s Report on Internal Control over Financial Reporting

Management, including the Company s President and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. The Company s internal control system was designed to provide reasonable assurance to the Company s Management and Directors regarding the preparation and fair presentation of published financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an evaluation of the effectiveness of internal control over financial reporting based on the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013 framework). Based on this assessment, our management determined that our disclosure controls and procedures were effective as of September 30, 2018.

Ernst & Young LLP, an independent registered public accounting firm that has audited the Company s financial statements as of and for the three-year period ended September 30, 2018, has issued a report on their audit of management s internal control over financial reporting, which is included herein.

Item 9B. ***Other Information***

None.

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PART III

Item 10. *Directors, Executive Officers and Corporate Governance*
The information required to be included Item 10 of Part III of this Annual Report on Form 10-K is incorporated by reference from the sections entitled Security Ownership of Certain Beneficial Owners and Management; Section 16(a) Beneficial Ownership Reporting Compliance; Report of the Audit Committee and Election of Directors in the Company s definitive Proxy Statement for its 2019 Annual Meeting of Stockholders (the Proxy Statement) to be filed with the SEC no later than December 31, 2018.

Item 11. *Executive Compensation*
The information required to be included in Item 11 of Part III of this Annual Report on Form 10-K is incorporated by reference from the section entitled Executive Compensation in the Proxy Statement.

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*
Certain information required to be included in Item 12 of Part III of this Annual Report on Form 10-K is incorporated by reference from the section entitled Security Ownership of Certain Beneficial Owners and Management in the Proxy Statement.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Equity Compensation Plan Information

The following table provides information as of September 30, 2018 with respect to shares of our common stock that may be issued upon the exercise of options, warrants and rights granted to employees, consultants or members of the Board of Directors under the Company s existing equity compensation plans. For additional information about our equity compensation plans, see Note 11, Stockholders Equity in the notes to our Consolidated Financial Statements set forth in Item 8. *Financial Statements and Supplementary Data* of this Annual Report on Form 10-K.

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by security holders			1,113,476 [(1)]

Equity compensation plans not approved by security holders	443,277 [2]	$	6.39

(1) Represents shares available for issuance under the Company s 2006 Equity Incentive Plan, as amended and restated effective February 9, 2016 (the Amended Plan). This plan provides for the granting or awarding of stock options, stock, restricted stock and other forms of equity to employees (including officers), consultants and directors of the Company. This also includes 399,027 shares that may be issued pursuant to outstanding PPSUs and PCUs based on achievement of performance metrics, where applicable, and otherwise assuming the target award is met.

(2) Represents shares issuable upon exercise of outstanding options granted under the Company s 2006 Equity Incentive Plan (as amended and restated as of October 2007), which was in place prior to the Amended Plan. This includes 44,250 options with a weighted-average term of 5.32 years. This also includes 399,027 shares that may be issued pursuant to outstanding PPSUs, based on achievement of performance metrics, where applicable, and otherwise assuming the target award is met.

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Item 13. ***Certain Relationships and Related Transactions, and Director Independence***

The information required to be included in Item 13 of Part III of this Annual Report on Form 10-K is incorporated by reference from the section entitled Certain Relationships and Related Person Transactions in the Proxy Statement.

Item 14. ***Principal Accountant Fees and Services***

The information required to be included in Item 14 of Part III of this Form 10-K is incorporated by reference from the section entitled Audit Fees in the Proxy Statement.

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PART IV

Item 15. ***Exhibits, Financial Statement Schedules***

(a) Financial Statements and Supplementary Data, Financial Statement Schedules and Exhibits
See Index to Financial Statements under Item 8, *Financial Statements and Supplementary Data* of this From 10-K.

(b) Exhibits

Exhibit No.	Description
2.1	Agreement and Plan of Merger effective as of March 13, 2013, by and among Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.), IES Subsidiary Holdings, Inc. and MISCOR Group, Ltd. (Attached as part of Annex A to the joint proxy statement/prospectus that is part of this Registration Statement) (the schedules and annexes have been omitted pursuant to Item 601(b)(2) of Regulation S-K)
2.2	First Amendment to Agreement and Plan of Merger, dated as of July 10, 2013, by and among Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.), IES Subsidiary Holdings, Inc. and MISCOR Group, Ltd. (Attached as part of Annex A to the joint proxy statement/prospectus that is part of this Registration Statement)
2.3	Stock Purchase Agreement dated as of June 1, 2016, by and among IES Infrastructure Solutions, LLC, IES Holdings, Inc., Technibus, Inc. and Technibus, LLC. (Incorporated by reference to Exhibit 2.1 to the Company s Current Report on Form 8-K filed June 15, 2016)
3.1	Second Amended and Restated Certificate of Incorporation of IES Holdings, Inc., as amended by the Certificate of Amendment thereto, effective May 24, 2016 (composite). (Incorporated by reference to Exhibit 3.1 to the Company s Quarterly Report on Form 10-Q filed on August 8, 2016)
3.2	Certificate of Designations of Series A Junior Participating Preferred Stock (Incorporated by reference to Exhibit 3.1 to the Company s Current Report on From 8-K filed on January 28, 2013)
3.3	Amended and Restated Bylaws of IES Holdings, Inc., effective May 24, 2016 (Incorporated by reference to Exhibit 3.2 to the Company s Current Report on Form 8-K, filed on May 24, 2016)
4.1	Specimen common stock certificate. (Incorporated by reference to Exhibit 4.1 to the Company s Annual Report on Form 10-K filed on December 9, 2016)
4.2	Tax Benefit Protection Plan Agreement by and between IES Holdings, Inc. and American Stock Transfer & Trust Company, LLC, as Rights Agent, dated as of November 8, 2016, including the form of Rights Certificate and Summary of Stockholder Rights Plan attached thereto as Exhibits A and B, respectively (Incorporated by reference to Exhibit 4.1 to the Company s Current Report on Form 8-K filed on November 9, 2016)
4.3	

	Registration Rights Agreement, dated May 12, 2006, by and among Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.), Tontine Capital Partners, L.P. and certain of its affiliates and Southpoint Master Fund, L.P. (Incorporated by reference to Exhibit 10.5 to the Company s Current Report on Form 8-K filed on May 17, 2006)
4.4	First Amendment to Registration Rights Agreement, dated September 11, 2007, by and among Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.), Tontine Capital Partners, L.P. and certain of its affiliates. (Incorporated by reference to Exhibit 10.24 to the Company s Annual Report on Form 10-K filed on December 14, 2012)

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10.1	Restated Underwriting, Continuing Indemnity and Security Agreement, dated May 12, 2006, by Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.) and certain of its subsidiaries and affiliates in favor of Federal Insurance Company. (Incorporated by reference to Exhibit 10.4 to the Company s Current Report on Form 8-K filed May 17, 2006)
10.2	First Amendment, dated as of October 30, 2006, to the Restated Underwriting, Continuing Indemnity, and Security Agreement, dated May 12, 2006, by Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.), certain of its subsidiaries and Federal Insurance Company and certain of its affiliates. (Incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed November 6, 2006)
10.3	Third Amendment, dated May 1, 2007, to the Restated Underwriting, Continuing Indemnity and Security Agreement, dated May 12, 2006, by Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.), certain of its subsidiaries and Federal Insurance Company and certain of its affiliates. (Incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed October 12, 2007)
10.4	Fourth Amendment to the Restated Underwriting, Continuing Indemnity and Security Agreement, dated May 12, 2006, by Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.), certain of its subsidiaries and Federal Insurance Company and certain of its affiliates. (Incorporated by reference to Exhibit 10.2 to the Company s Current Report on Form 8-K filed October 12, 2007)
10.5	Rider to Add Principal/Indemnitor and Fifth Amendment, dated September 29, 2008, to Restated Underwriting, Continuing Indemnity, and Security Agreement, dated May 12, 2006, by Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.), certain of its subsidiaries and Federal Insurance Company and certain of its affiliates. (Incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed October 24, 2008)
10.6	Agreement of Indemnity, dated May 7, 2010, by Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.) and certain of its present and future subsidiaries and affiliates and Chartis Property Casualty Company, Chartis Insurance Company of Canada, American Home Assurance Company, Commerce and Industry Insurance Company, Granite State Insurance Company, Lexington Insurance Company, National Union Fire Insurance Company of Pittsburgh, Pa., New Hampshire Insurance Company and The Insurance Company of the State of Pennsylvania and any and all of their affiliates, subsidiaries, successors and assigns. (Incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed May 13, 2010)
10.7	Amendment No. 1 to Agreement of Indemnity, dated August 16, 2012, between Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.) and certain of its present and future subsidiaries and affiliates and Chartis Property Casualty Company, Chartis Insurance Company of Canada, American Home Assurance Company, Commerce and Industry Insurance Company, Granite State Insurance Company, Lexington Insurance Company, National Union Fire Insurance Company of Pittsburgh, Pa., New Hampshire Insurance Company and The Insurance Company of the State of Pennsylvania, and any and all of their affiliates, subsidiaries, successors and assigns (Incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed August 17, 2012)
10.8	Agreement of Indemnity, dated May 7, 2013, by Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.) and certain of its present and future subsidiaries and affiliates and XL Specialty Insurance Company, XL Reinsurance America, Inc. and Greenwich Insurance Company and their affiliates, subsidiaries, successors and assigns. (Incorporated by reference to Exhibit 10.1 to the Company s Quarterly Report on Form 10-Q filed May 13, 2013)
10.9	Agreement of Indemnity, September 9, 2016, by IES Holdings, Inc. and certain of its present and future subsidiaries and affiliates and Everest Reinsurance Company and Everest National Insurance Company,

and their affiliated, associated and subsidiary companies, successors and assigns. (Incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed September 13, 2016)

10.10	General Agreement of Indemnity, July 14, 2017, by IES Holdings, Inc. and certain of its present and future subsidiaries and affiliates and Travelers Casualty and Surety Company of America, St. Paul Fire and Marine Insurance Company, and their affiliated, associated and subsidiary companies, successors and assigns. (Incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed July 14, 2017)
10.11	Second Amended and Restated Credit and Security Agreement, dated as of April 10, 2017, by and among IES Holdings, Inc., each of the other Borrowers and Guarantors named therein and Wells Fargo Bank, National Association. (Incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed April 10, 2017)
10.12	Joinder, Limited Consent and First Amendment to Second Amended and Restated Credit and Security Agreement, dated as of July 14, 2017, by and among IES Holdings, Inc., each of the other Borrowers and Guarantors named therein and Wells Fargo Bank, National Association. (Incorporated by reference to Exhibit 10.2 to the Company s Quarterly Report on Form 10-Q filed on August 4, 2017)
10.13	Second Amendment to the Amended Credit Agreement, dated as of August 2, 2017, to Second Amended and Restated Credit and Security Agreement, dated as of April 10, 2017, by and among IES Holdings, Inc., each of the other Borrowers and Guarantors named therein and Wells Fargo Bank, National Association. (Incorporated by reference to Exhibit 10.4 to the Company s Quarterly Report on Form 10-Q filed on August 4, 2017)
10.14	Third Amendment to Second Amended and Restated Credit and Security Agreement, dated as of July 23, 2018, by and among IES Holdings, Inc., each of the other Borrowers and Guarantors named therein and Wells Fargo Bank, National Association. (Incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed on July 23, 2018)
10.15	Sublease Agreement between Tontine Associates, L.L.C. and IES Shared Services, Inc., dated March 29, 2012. (Incorporated by reference to Exhibit 3.1 to the Company s Quarterly Report on Form 10-Q filed on May 15, 2012)
10.16	First Amendment between Tontine Associates, L.L.C., IES Shared Services, Inc. and IES Management ROO, LP, dated as of March 31, 2016, to Sublease Agreement between Tontine Associates, L.L.C., and IES Shared Services, Inc., dated March 29, 2012. (Incorporated by reference to Exhibit 10.5 to the Company s Quarterly Report on Form 10-Q filed on May 9, 2016)
10.17	Board Observer Letter Agreement between Tontine Associates, L.L.C. and IES Holdings, Inc., dated December 6, 2018. (1)
*10.18	Term Life Insurance Plan. (Incorporated by reference to Exhibit 10.3 to the Company s Current Report on Form 8-K filed October 17, 2007)
*10.19	Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.) 2006 Equity Incentive Plan, as amended and restated through 2007. (Incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed October 17, 2007)
*10.20	Form of Performance-Based Phantom Stock Unit Award Agreement under the Company s 2006 Equity Incentive Plan, as amended and restated through 2007. (Incorporated by reference to Exhibit 10.1 to the Company s Quarterly Report on Form 10-Q filed February 8, 2016)
*10.21	Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.) Amended and Restated 2006 Equity Incentive Plan (as of February 9, 2016) (Incorporated by reference to Exhibit A to the Company s Definitive Proxy Statement filed on December 28, 2015)

*10.22	Form of Phantom Stock Unit Award under the Company s Amended and Restated 2006 Equity Incentive Plan (as of February 9, 2016). (Incorporated by reference to Exhibit 10.4 to the Company s Quarterly Report on Form 10-Q filed May 9, 2016)

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*10.23	Form of Stock Option Award Agreement under the Company s Amended and Restated 2006 Equity Incentive Plan (as of February 9, 2016). (Incorporated by reference to Exhibit 10.3 to the Company s Quarterly Report on Form 10-Q filed on May 9, 2016)
*10.24	Form of Restricted Stock Award Agreement under the Company s Amended and Restated 2006 Equity Incentive Plan (as of February 9, 2016). (Incorporated by reference to Exhibit 10.2 to the Company s Quarterly Report on Form 10-Q filed May 9, 2016)
*10.25	Performance-Based Phantom Stock Unit Award Agreement, dated as of June 6, 2016, by and between the Company and Mr. Santoni, under the Company s Amended and Restated 2006 Equity Incentive Plan (as of February 9, 2016). (Incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed June 7, 2016)
*10.26	Performance-Based Phantom Cash Unit Award Agreement, dated as of June 6, 2016, by and between the Company and Mr. Santoni, under the Company s Amended and Restated 2006 Equity Incentive Plan (as of February 9, 2016) (Incorporated by reference to Exhibit 10.2 to the Company s Current Report on Form 8-K filed June 7, 2016)
*10.27	Amended and Restated 2009 Deferred Compensation Plan. (Incorporated by reference to Exhibit 10.34 to the Company s Annual Report on Form 10-K filed December 15, 2008)
*10.28	Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.) Long Term Incentive Plan, as amended and restated. (Incorporated by reference to Exhibit 10.2 to the Company s Current Report on Form 8-K filed September 23, 2009)
*10.29	Amended and Restated Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.) Executive Severance Benefit Plan, effective January 12, 2016. (Incorporated by reference to Exhibit 10.30 to the Company s Annual Report on Form 10-K filed on December 9, 2016).
21.1	Subsidiaries of the Registrant (1)
23.1	Consent of Ernst & Young LLP (1)
31.1	Rule 13a-14(a)/15d-14(a) Certification of Robert W. Lewey, President (1)
31.2	Rule 13a-14(a)/15d-14(a) Certification of Tracy A. McLauchlin, Chief Financial Officer (1)
32.1	Section 1350 Certification of Robert W. Lewey, President (1)
32.2	Section 1350 Certification of Tracy A. McLauchlin, Chief Financial Officer (1)
(1)101.INS	XBRL Instance Document
(1)101.SCH	XBRL Schema Document
(1)101.LAB	XBRL Label Linkbase Document
(1)101.PRE	XBRL Presentation Linkbase Document
(1)101.DEF	XBRL Definition Linkbase Document
(1)101.CAL	XBRL Calculation Linkbase Document

* Management contracts or compensatory plans or arrangements required to be filed herewith pursuant to Item 15(a)(3) of this Annual Report on Form 10-K.

(1) Filed herewith.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on December 7, 2018.

IES HOLDINGS, INC.

By: /s/ Robert W. Lewey
Robert W. Lewey
President and Director

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned officers and directors of IES HOLDINGS, INC. hereby constitutes and appoints Robert W. Lewey and Gail D. Makode, and each of them individually, as his true and lawful attorneys-in-fact and agents, with full power of substitution, for him and on his behalf and in his name, place and stead, in any and all capacities, to sign, execute and file any or all amendments to this report, with any and all exhibits thereto, and all other documents required to be filed therewith, with the Securities and Exchange Commission or any regulatory authority, granting unto each such attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises in order to effectuate the same, as fully to all intents and purposes as he himself might or could do, if personally present, hereby ratifying and confirming all that said attorneys-in-fact and agents, or either of them, or their or his substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Robert W. Lewey	President and Director	December 7, 2018
Robert W. Lewey	(Principal Executive Officer)	
/s/ Tracy A. McLauchlin	Senior Vice President, Chief Financial Officer	December 7, 2018
Tracy A. McLauchlin	and Treasurer	
	(Principal Financial Officer)	
	(Principal Accounting Officer)	
/s/ Todd M. Cleveland	Director	December 7, 2018

Todd M. Cleveland		
/s/ Joseph L. Dowling III	Director	December 7, 2018
Joseph L. Dowling III		
/s/ David B. Gendell	Director	December 7, 2018
David B. Gendell		

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/s/ Jeffrey L. Gendell	Director and Chairman of the Board	December 7, 2018
Jeffrey L. Gendell		
/s/ Joe D. Koshkin	Director	December 7, 2018
Joe D. Koshkin		
/s/ Donald L. Luke	Director	December 7, 2018
Donald L. Luke		

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