The present study examined the factors influencing the self-concept of physically handicapped children in integration. A sample of 72 primary school children formed 3 independent groups in this study. Out of the participants, 45 came from an ordinary school without any handicaps, 14 and 13 were integrated in ordinary schools and in a special school respectively with some forms of physical handicaps. The participants completed Self-Talk Inventory (STI), Significant Others Statements Inventory (SOSI), Piers-Harris Children's Self-Concept Scale (CSCS), and Feelings of Inadequacy Scale (FIS). Results indicated that integrated children showed the greatest FIS as well as the lowest CSCS. Additionally, negative statements made by significant others than self-talk were more influential to self-evaluations. Among all negative statements made by significant others, those made by peers were shown to have the greatest relations with self-evaluations of the physically handicapped children. In short, the low self-image of the integrated children is most likely due to the negative statements from peers. Factors contributing to the results were discussed and implications were then drawn.