UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

☒ QUARTERLY REPORT UNDER SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2012

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 1-05707

GENERAL EMPLOYMENT ENTERPRISES, INC

(Exact name of registrant as specified in its charter)

Illinois	36-6097429
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

One Tower Lane, Suite 2200, Oakbrook Terrace, Illinois 60181
(Address of principal executive offices)

(630) 954-0400
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

The number of shares outstanding of the registrant's common stock as of May 14, 2012 was 21,699,675.

GENERAL EMPLOYMENT ENTERRISES, INC.
Form 10-Q
For the Quarter Ended March 31, 2012
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CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

As a matter of policy, the Company does not provide forecasts of future financial performance. The statements made in this Form 10-Q Quarterly Report which are not historical facts are forward-looking statements. Such forward-looking statements often contain or are prefaced by words such as “will” and “expect.” As a result of a number of factors, our actual results could differ materially from those set forth in the forward-looking statements. Certain factors that might cause the Company’s actual results to differ materially from those in the forward-looking statements include, without limitation, general business conditions, the demand for the Company’s services, competitive market pressures, the ability of the Company to attract and retain qualified personnel for regular full-time placement and contract assignments, the possibility of incurring liability for the Company’s business activities, including the activities of its contract employees and events affecting its contract employees on client premises, and the ability to attract and retain qualified corporate and branch management. The Company is under no obligation to (and expressly disclaims any such obligation to) and does not intend to update or alter its forward-looking statements whether as a result of new information, future events or otherwise.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

GENERAL EMPLOYMENT ENTERPRISES, INC.
CONSOLIDATED BALANCE SHEETS

(In Thousands)	March 31 2012 (unaudited)	September 30 2011
ASSETS		
Current assets:		
Cash and cash equivalents	$ 95	$ 314
Accounts receivable, less allowances (March 31, 2012- $174; September 30, 2011 - $137)	6,484	6,604
Other	262	190
Total current assets	6,841	7,108
Property and equipment, net	540	409
Goodwill	1,280	1,280
Intangible assets, net	2,499	2,699
Total assets	$ 11,160	$ 11,496
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 295	$ 485
Accrued compensation	2,690	2,391
Short-term debt	2,299	1,938
Other	1,055	1,307
Total current liabilities	6,339	6,121
Long-term obligations	573	681
Total liabilities	6,912	6,802
Shareholders' equity:		
Preferred stock; authorized - 100 shares; issued and outstanding - none	—	—
Common stock, no-par value; authorized - 50,000 shares; issued and outstanding - 21,699 shares at March 2012 and at September 2011	10,077	10,031
Accumulated deficit	(5,829	(5,337
Total shareholders' equity	4,248	4,694
Total liabilities and shareholders' equity	$ 11,160	$ 11,496

See notes to consolidated financial statements.

GENERAL EMPLOYMENT ENTERPRISES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS (Unaudited)

	Three Months Ended March 31		Six Months Ended March 31	
(In Thousands, Except Per Share Amounts)	2012	2011	2012	2011
Net revenues:				
Contract services	$ 11,064	$ 6,626	$ 21,971	$ 11,512
Placement services	1,638	990	3,511	1,913
Management services	-	288	-	450
Net revenues	12,702	7,904	25,482	13,875
Cost of contract services	9,438	5,803	18,760	9,918
Selling, general and administrative expenses	3,624	2,025	6,907	3,760
Amortization of intangible assets	100	155	200	249
Loss from operations	(460)	(79)	(385)	(52)
Interest expense	55	25	107	38
Net loss and comprehensive loss	$ (515)	$ (104)	$ (492)	$ (90)
Average number of shares – basic and diluted	21,699	20,447	21,699	17,652
Net loss per share - basic and diluted	$ (0.02)	$ (0.01)	$ (0.02)	$ (.01)

See notes to consolidated financial statements.

GENERAL EMPLOYMENT ENTERPRISES, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (Unaudited)

(In Thousands)	Six Months Ended March 31 2012		Six Months Ended March 31 2011	
Common shares outstanding:				
Number at beginning of period		21,699		14,856
Issuance of common stock for acquisition		-		5,581
Issuance of common stock for options		-		12
Number at end of period		21,699		20,449
Common stock:				
Balance at beginning of period	$	10,031	$	7,287
Stock compensation expense		46		4
Issuance of common stock for options		-		5
Issuance of common stock for acquisition		-		2,400
Balance at end of period	$	10,077	$	9,696
Accumulated deficit:				
Balance at beginning of period	$	(5,337)	$	(5,695)
Net loss		(492)		(90)
Balance at end of period	$	(5,829)	$	(5,785)

See notes to consolidated financial statements.

GENERAL EMPLOYMENT ENTERPRISES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(In Thousands)	Six Months Ended March 31 2012	2011
Operating activities:		
Net loss	$ (492)	$ (90)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	275	345
Stock compensation expense	46	4
Other non-cash items	-	18
Changes in current assets and current liabilities -		
Accounts receivable	120	(2,597)
Accounts payable	(190)	28
Accrued compensation	299	758
Other, net	(232)	(82)
Net cash used in operating activities	(174)	(1,616)
Investing activities:		
Acquisition of property and equipment	(206)	(1)
Acquisition of Ashley Ellis	(200)	-
Net cash used in investing activities	(406)	(1)
Financing activities:		
Net proceeds from short-term debt	361	1,266
Exercises of stock options	-	5
Net cash provided by financing activities	361	1,271
Decrease in cash and cash equivalents	(219)	(346)
Cash and cash equivalents at beginning of period	314	945
Cash and cash equivalents at end of period	$ 95	$ 599
Supplemental Disclosure of Cash Flow Information:		
Interest paid	$ 96	$ 25

Supplemental Disclosure of Non-Cash Investing Activities:

- In November 2010, the Company purchased certain assets of DMCC Staffing, LLC and RFFG of Cleveland, LLC in exchange for the issuance of 5,581 shares of common stock valued at $2,400.

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. Basis of Presentation

The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") for interim information and the rules of the United States Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the financial statements have been included. Interim results are not necessarily indicative of results for a full year. The September 30, 2011 consolidated balance sheet was derived from audited financial statements. These financial statements should be read in conjunction with the financial statements included in the annual report on Form 10-K for the year ended September 30, 2011 of General Employment Enterprises, Inc. (the "Company").

2. Entry into Asset Purchase Agreements

Ashley Ellis, LLC

On August 31, 2011, General Employment Enterprises, Inc. (the "Company") entered into an asset purchase agreement with Ashley Ellis LLC, an Illinois limited liability company ("Ashley Ellis"), and Brad A. Imhoff (the "Ashley Ellis Asset Purchase Agreement"), for the purchase of certain assets of Ashley Ellis, primarily customer lists, comprising Ashley Ellis' services business. Ashley Ellis' services business was operated from offices in Illinois, Texas and Georgia and provided services related to the recruitment and placement of technical personnel. The Ashley Ellis Asset Purchase Agreement was deemed effective on September 1, 2011.

Brad A. Imhoff is the brother of Herbert F. Imhoff, Jr., a director and President of the Company. Brad A. Imhoff and Ashley Ellis, an entity of which Brad A. Imhoff is the sole member and Chief Executive Officer, were parties to the transaction. As consideration for the assets, the Company paid Ashley Ellis $200,000 on the date of closing and paid an additional $200,000 in February 2012. The Company also issued Ashley Ellis 1,250,000 restricted shares of the Company's common stock valued at $331,000.

Acquisition of DMCC Staffing, LLC and RFFG of Cleveland, LLC

Effective November 1, 2010, the Company, through its wholly-owned subsidiary, Triad Personnel Services, Inc. (Triad), entered into an asset purchase agreement (the "Asset Purchase Agreement"), dated as of October 29, 2010, with DMCC Staffing, LLC ("DMCC"), RFFG of Cleveland, LLC ("RFFG of Cleveland"), and Thomas J. Bean, for the purchase of certain assets of DMCC and RFFG of Cleveland, primarily customer lists, comprising DMCC's and RFFG of Cleveland's services business. Thomas Bean was the beneficial owner of approximately 9.9% of the Company's outstanding shares prior to acquisition. The business is operated from offices in Ohio and provides labor and human resource solutions, including temporary staffing, human resources and payroll outsourcing services, labor and employment consulting and workforce solutions. RFFG of Cleveland has one customer.

In conjunction with the acquisition, the Company entered into a definitive management and services agreement for the management of the businesses of certain affiliates of DMCC, RFFG of Cleveland and Mr. Bean (the "Management Agreement"), as described in Note 3. On November 30, 2010, Business Management Personnel, Inc. ("BMP"), a wholly-owned subsidiary of the Company, entered into the Management Agreement, effective as of November 1, 2010, with RFFG, LLC ("RFFG").

Pursuant to the Asset Purchase Agreement, the Company issued $2,400,000 in shares of its common stock (5,581,395 shares based on the December 30, 2010 closing date) to DMCC and RFFG of Cleveland.

If the aggregate EBITDA of the businesses acquired, plus any management fees paid to the Company under the Management Agreement meets certain targets (each, an "EBITDA Target") over a four-year period ending December 31, 2014 (the "Earnout Period"), the Company will be required to make earn-out payments to DMCC and RFFG of Cleveland, each payable in three equal installments. In the event that an EBITDA Target for a certain period is not met, the earn-out payment in respect to such period will be reduced proportionately. Starting in the calendar year ending December 31, 2012, the EBITDA Targets are adjusted annually to reflect the EBITDA for the twelve-month period ending on December 31st of the most recently completed fiscal year (each, an "Annual EBITDA Target") and earn-out payments for the year will be adjusted to equal 50% of the relevant Annual EBITDA Target divided by four. At the end of each fiscal year during the Earnout Period, if the aggregate EBITDA for the 12-month period then ended is greater than the Annual EBITDA Target for such year, then the Company will pay to DMCC and RFFG of Cleveland the amount of such excess, 50% in cash and 50% in shares of common stock. As of March 31, 2012, the Company has accrued approximately $1 million of estimated earn-out payments, of which $585,000 is currently due and is included in other liabilities and long-term obligations on the consolidated balance sheets.

Pro forma Information

The following unaudited pro forma information represents the Company's results of operations as if the acquisitions described above had occurred on the first day of the earliest period presented.

	Three Months Ended March 31		Six Months Ended March 31	
(In thousands)	2012	2011	2012	2011
Net revenues	$ 12,702	$ 8,610	$ 25,482	$ 15,900
Net loss	$ (565)	$ (10)	$ (542)	$ 14
Basic and diluted loss per share	$ (0.03)	$ (0.00)	$ (0.03)	$ 0.00

3. Entry into Management Service Agreement

In conjunction with the Asset Purchase Agreement for DMCC and RFFG of Cleveland, BMP, an Ohio corporation and a wholly-owned subsidiary of the Company, entered into a management service agreement (the "Management Agreement") with RFFG, LLC ("RFFG"), effective November 1, 2010.

Pursuant to the Management Agreement, BMP agreed to provide services to RFFG to operate its day-to-day business, including services related to accounting, sales, finance, workers' compensation, benefits, physical locations, information technologies and employees.

In consideration of the services provided under the Management Agreement, RFFG, LLC agreed to pay BMP monthly fees that approximate 6% of its gross revenues on an annual basis. For the three and six months ended March 31, 2011, approximately $288,000 and $450,000, respectively, of revenues were recorded related to this agreement.

Due to an unresolved issue with the Ohio Bureau of Workers Compensation, RFFG, LLC ceased operations as of July 15, 2011 and, as a result, the Management Service Agreement was effectively terminated. No future revenues are expected related to this agreement. At March 31, 2012, the Company has a $137,000 Management Fee Receivable related to this agreement.

4. Recent Accounting Developments:

In May 2011, the Financial Accounting Standards Board (FASB) and International Accounting Standards Board (IASB) issued Accounting Standards Update (ASU) No. 2011-04, Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in GAAP and International Financial Reporting Standards (ASU 2011-04). ASU 2011-04 created a uniform framework for applying fair value measurement principles for companies around the world and clarified existing guidance in GAAP. ASU 2011-04 is effective for interim and annual reporting periods beginning after December 15, 2011 and shall be applied prospectively. The adoption of ASU 2011-04 did not have a material effect on our consolidated financial statements.

In September 2011, the FASB issued ASU No. 2011-08, Intangibles – Goodwill and Other (Topic 350): Testing Goodwill for Impairment (ASU 2011-08). Under ASU 2011-08, a company has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the entity determines that this threshold is not met, then performing the two-step impairment test is unnecessary. ASU 2011-08 is effective for interim and annual impairment tests performed for fiscal years beginning after December 15, 2011; however, early adoption is permitted. The Company early adopted this provision in fiscal 2011 and it did not have a material impact on our consolidated financial statements.

Pursuant to FASB ASC Topic 220, *"Comprehensive Income"* ("ASC Topic 220"), the Company is required to classify items of other comprehensive income by their nature in a financial statement and display the accumulated balance of other comprehensive income separately from retained earnings and additional paid-in capital in the equity section of its condensed consolidated balance sheets. For the three and six months ending March 31, 2012 and 2011, comprehensive income consisted of net income only, and there were no items of other comprehensive income for any of the periods presented.

5. Segment Data

The Company's segments consist of the following: (a) direct hire placement services, (b) temporary professional services staffing in the fields of information technology, engineering, and accounting, (c) temporary staffing in the agricultural industry, (d) temporary light industrial staffing and (e) management services. Intersegment net service revenues are not significant. Revenues generated from the temporary professional services staffing, temporary staffing in the agricultural industry and light industrial staffing are classified as contract staffing services revenues in the statements of operations. Selling, general and administrative expenses are not separately allocated among agricultural, professional services or industrial staffing services within the contract staffing services sector for internal reporting purposes.

	Three Months Ended March 31		Six Months Ended March 31	
(In Thousands)	2012	2011	2012	2011
Direct Hire Placement Services				
Revenue - net	$ 1,638	$ 990	$ 3,511	$ 1,913
Placement services gross margin	100%	100%	100%	100%
Operating loss	(601)	(108)	(803)	(260)
Depreciation & amortization	61	49	125	96
Accounts receivable – net	795	599	795	599
Intangible assets - net	525	-	525	-
Goodwill	24	-	24	-
Total assets	3,817	4,997	3,817	4,997
Management Services				
Revenue - net	$ -	$ 288	$ -	$ 450
Operating income	-	201	-	363
Fee receivable	137	371	137	371
Contract Staffing Services				
Agricultural services revenue – net	$ 1,787	$ 3,035	$ 4,352	$ 5,412
Industrial services revenue – net	7,254	1,991	13,538	2,925
Professional services revenue – net	2,023	1,600	4,081	3,175
Agricultural services gross margin	3.1%	4.4%	4.6%	4.2%
Industrial services gross margin	13.2%	13.0%	12.9%	14.4%
Professional services gross margin	30.4%	26.9%	31.1%	29.9%
Operating income (loss)	$ 141	$ (172)	$ 418	$ (155)
Depreciation and amortization	80	164	150	249
Accounts receivable net – agricultural services	525	868	525	868
Accounts receivable net – industrial services	4,073	1,221	4,073	1,221
Accounts receivable net – professional services	954	897	954	897
Intangible assets - net	1,974	3,519	1,974	3,519
Goodwill	1,256	1,256	1,256	1,256
Total assets	7,206		7,206	
Consolidated				
Revenue -net	$ 12,702	$ 7,904	$ 25,482	$ 11,512
Operating income (loss)	(460)	(79)	(335)	(90)
Depreciation and amortization	141	204	275	345
Total accounts receivable – net	6,484	4,017	6,484	4,017
Intangible assets – net	2,499	3,519	2,499	3,519
Goodwill	1,280	1,256	1,280	1,256
Total assets	$ 11,160	$ 9,889	$ 11,160	$ 9,889

6. Placement Service Revenues

The provision for falloffs and refunds, reflected in the consolidated statement of operations as a reduction of placement service revenue, was $159,000 and $170,000 for the three months ended March 31, 2012 and 2011, respectively, and $364,000 and $362,000 for the six months ended March 31, 2012 and 2011, respectively.

7. Customer Concentration

The portion of consolidated net revenues derived from the Company's largest customer was 10.4% for the three months ended March 31, 2012. The Accounts Receivable balance for this customer was $872,000 at March 31, 2012. No other customer accounted for more than 10% of net revenues during the quarter ended March 31, 2012. For the six months ended March 31, 2012, no one customer accounted for more than 10% of net revenue.

The portion of consolidated net revenues derived from the Company's largest customer was 21.4% for the three months ended March 31, 2011. The second largest customer accounted for 15.2% for the quarter ending March 31, 2011. No other customer accounted more than 10% of net revenues during the quarter ended March 31, 2011. For the six months ended March 31, 2011, the company's largest customer was 18.1% of net revenue with the second largest accounting for 12.2%. No other customer accounted for more than 10% of net revenues during the six months ended March 31, 2011.

8. Property and Equipment

Property and equipment, net consisted of the following:

(In thousands)	March 31 2012	September 30 2011
Computer software	$ 1,447	$ 1,447
Office equipment, furniture and fixtures	2,270	2,066
Total property and equipment, at cost	3,717	3,513
Accumulated depreciation and amortization	(3,177)	(3,104)
Property and equipment, net	$ 540	$ 409

9. Intangible Assets – finite life

As of March 31, 2012

(In Thousands)	Cost	Accumulated Amortization and Impairment	Net Book Value
Non-Compete	$ 89	$ 33	$ 56
Customer Relationships	2,913	485	2,428
Management Agreement	1,396	1,396	-
Trade Name	17	2	15
	$ 4,415	1,916	2,499

As of September 30, 2011

(In Thousands)	Cost	Accumulated Amortization and Impairment	Net Book Value
Non-Compete	$ 89	$ 24	$ 65
Customer Relationships	2,913	296	2,617
Management Agreement	1,396	1,396	—
Trade Name	17	—	17
	$ 4,415	$ 1,716	$ 2,699

Finite life intangible assets are comprised of a non-compete agreement, management agreement, trade name and customer relationships. The non-compete agreement and trade name are amortized on a straight – line basis over the estimated useful lives of 5 years. The customer relationships are amortized based on the future undiscounted cash flows over estimated remaining useful lives of three to 10 years. The management agreement intangible was previously being amortized over the five year term of the agreement. Amortization expense for these finite life intangible assets will be $193,000 for the remainder of fiscal 2012, $376,000 in fiscal 2013, $359,000 in fiscal 2014, $340,000 in fiscal 2015, $321,000 in fiscal 2016 and $910,000 thereafter.

Long-lived assets, such as purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company evaluates, regularly, whether events and circumstances have occurred that indicate possible impairment and relies on a number of factors, including operating results, business plans, economic projections, and anticipated future cash flows. The Company uses an estimate of the future undiscounted net cash flows of the related asset or asset group over the remaining life in measuring whether the assets are recoverable.

The Company recorded an impairment charge of $1,126,000 in September 2011 for the remaining unamortized amount of the Management Services Agreement intangible asset. The impairment charge represents the difference between the fair value and the carrying value of the intangible asset. No future cash flows associated with the Management Services Agreement are expected as the management agreement was effectively terminated as a result of the managed entity, RFFG, LLC, ceasing operations in July 2011.

10. Commitments

As of March 31, 2012, the Company had contractual obligations to purchase approximately $380,000 of recruitment advertising through December 31, 2012.

11. Line of Credit

The Company had a loan and security agreement with Crestmark Bank for financing of its accounts receivable which was terminated in December 2010. Interest expense under this agreement was $4,500 for the three months ended December 31, 2010. In addition, the agreement required a maintenance fee of $3,500 per month and an annual loan fee of 1% of the maximum borrowing amount under the agreement. The Company incurred $29,000 of fees related to this agreement during the three months ended December 31, 2010.

In December 2010, the Company entered into a two-year, $3,000,000 account purchase agreement ("AR Credit Facility") with Wells Fargo Bank N.A. ("Wells Fargo"). The AR Credit Facility provides for borrowings, on a revolving basis, of up to 85% of the Company's eligible accounts receivable less than 90 days old and bears interest at a rate equal to the three month LIBOR plus 5.25% (effective rate was 5.75% as of March 31, 2012).

In February 2012 the AR Credit Facility with Wells Fargo Bank N.A. was amended whereby the facility maximum increased to $4,500,000 from $3,000,000.

The Company believes that the borrowing availability provided by the Wells Fargo agreement will be adequate to fund the increase in working capital needs resulting from the prior year acquisitions of certain assets.

The outstanding borrowings under this agreement, which are classified as short-term debt on the consolidated balance sheets were $2,299,000 and $1,938,000 as of March 31, 2012 and September 30, 2011, respectively. As of March 31, 2012, the borrowing base availability under this agreement was $639,000. Total interest expense related to the line of credit for the three months ended March 31, 2012 and 2011 was $50,000 and $18,000 respectively, and $88,000 and $19,000 for the six months ended March 31, 2012 and 2011, respectively.

The loan and security agreement with Wells Fargo Bank includes certain covenants which require compliance until termination of the agreement. As of March 31, 2012, the Company was in compliance with all such covenants.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Overview

General Employment Enterprises, Inc. (the "Company") was incorporated in the State of Illinois in 1962 and is the successor to employment offices doing business since 1893. The Company's segments consist of the following: (a) professional placement services specializing in the placement of information technology, engineering, and accounting professionals for direct hire and contract staffing, (b) temporary staffing services in the agricultural industry and (c) temporary staffing services in light industrial staffing.

The agricultural industry, light industrial staffing and management services segments are the direct result of acquisitions over the last two fiscal years. Onsite Services Inc. was acquired June 2010 which allowed us entry to the agricultural industry while the acquisition of RFFG of Cleveland, LLC and DMCC Staffing, LLC in November 2011 allowed entry into the light industrial market and management services. Lastly, Ashley Ellis, LLC was acquired in August 2011 and complemented the professional staffing segment.

The Company's professional staffing services business is highly dependent on national employment trends in general and on the demand for professional staff in particular. As an indicator of employment conditions, the national unemployment rate was 8.2% in March 2012 and 8.9% in March 2011.

Management has implemented a strategy which included cost reduction efforts as well as identifying strategic acquisitions, financed primarily through the issuance of common stock, to improve the overall profitability and cash flows of the Company. We believe our current segments complement one another and position us for future growth.

As of March 31, 2012, the Company operated eighteen branch offices located in eleven states.

Results of Operations – Three Months Ended March 31, 2012 Compared to the Three Months Ended March 31, 2011

Results of Operations

Net revenues

Consolidated net revenues comprised of the following:

(In thousands)	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011	$ change	% change
Placement Services	$ 1,638	$ 990	$ 648	65.5%
Management Services	-	288	(288)	(100.0)
Professional Contract Services	2,023	1,600	423	26.4
Agricultural Contract Services	1,787	3,035	(1,248)	(41.1)
Industrial Contract Services	7,254	1,991	5,263	264.5
Consolidated Net Revenues	$ 12,702	$ 7,904	$ 4,798	60.7%

Consolidated net revenues increased $4,798,000 or 60.7% from the same period last year primarily due to the acquisition of certain assets of Ashley Ellis, LLC in September 2011 and Industrial Contract start ups of BMCH Inc. and BMCHPA, Inc. in May 2011 and July 2011, respectively. The Ashley Ellis acquisition resulted in incremental Placement Services and Professional Contract Services revenue of $393,000 and $366,000 respectively. These increases were partially offset by decreases in Management Services revenue resulting from the termination of the management agreement with RFFG Inc. in July 2011 and by the loss of a major customer in the Agricultural Contract Services segment in January 2012.

Cost of contract services

The cost of services includes wages and the related payroll taxes and employee benefits of the Company's employees while they work on contract assignments. The cost of contract services for the three months ended March 31, 2012 increased $3,635,000 or 62.6% primarily due to revenue growth. Cost of contract services expressed as a percentage of net contract services revenue decreased to 85.3% for the three months ended March 31, 2012 from 87.6% for the three months ended March 31, 2011. See chart below for summary by segment:

Cost of contract services as % of net contract services revenue	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011
Direct hire placement services	0%	0%
Management services	n/a	0%
Agricultural contract services	96.9%	95.6%
Industrial contract services	86.8%	87.0%
Professional contract services	69.6%	73.1%
Total	85.3%	87.6%

Costs as a percentage of net revenue have increased in the Agricultural segment as we had to aggressively price business to offset lost revenue. Industrial contract costs as percentage of net revenue have decreased primarily due to growth in higher margin business while Professional contract service costs as a percentage of net revenue have decreased as a result of management initiatives implemented to drive profitable growth in this segment.

Selling, general and administrative expenses

Selling, general and administrative expenses include the following categories:

- Compensation in the operating divisions, which includes commissions earned by the Company's employment consultants and branch managers on permanent and temporary placements. It also includes salaries, wages, unrecovered advances against commissions, payroll taxes and employee benefits associated with the management and operation of the Company's staffing offices.
- Administrative compensation, which includes salaries, wages, payroll taxes and employee benefits associated with general management and the operation of the finance, legal, human resources and information technology functions.
- Occupancy costs, which includes office rent, depreciation and amortization, and other office operating expenses.
- Recruitment advertising, which includes the cost of identifying job applicants.
- Other selling, general and administrative expenses, which includes travel, bad debt expense, fees for outside professional services and other corporate-level expenses such as business insurance and taxes.

Selling, general and administrative expenses for the three ended March 31, 2012 increased $1,599,000 or 79.0% compared to the same period last year. Increase can be attributed to a larger organization as the Company operated more branch offices with the acquisition of Ashley Ellis as well with the start up of BMCH Inc. and BMCHPA, Inc. Additionally, total compensation for our operating divisions has increased significantly more than the increases in net revenue primarily due to a compensation policy change in the Professional Services segment. In order to attract, retain and motivate the operating teams in a competitive marketplace, commission structures as well as base compensation were changed which resulted in a move away from advances and toward base salaries. While revenue growth is strong, the Company has not yet leveraged total compensation expense in this segment with this change.

Amortization of intangible assets

Amortization expense of $100,000 and $155,000 was recorded for the three months ended March 31, 2012 and 2011, respectively. Amount represents the amortization associated with the identifiable intangibles recorded for the Company's acquisitions of certain assets of Onsite, RFFG of Cleveland, DMCC and Ashley Ellis. The reduction is primarily due to a decrease in the amortization of the management agreement intangible asset as a result of the $1,126,000 impairment charge recorded in September 2011 upon the termination of the related management services agreement with RFFG, Inc.

Interest expense

Interest expense for the three months ended March 31, 2012 was $55,000 as compared to $25,000 for the three months ended March 31, 2011. The increase is the result of higher borrowings due to growth of business through acquisitions.

Other

There was no provision for income taxes recorded for the three months ended March 31, 2012 and March 31, 2011 as a result of current and historical net operating losses which offset any current tax liability.

Results of Operations – Six Months Ended March 31, 2012 Compared to the Six Months Ended March 31, 2011

Results of Operations

Net revenues

Consolidated net revenues comprised of the following:

(In thousands)	Six Months Ended March 31, 2012	2011	$ change	% change
Placement Services	$ 3,511	$ 1,913	$ 1,598	83.5%
Management Services	-	450	(450)	(100.0)
Professional Contract Services	4,081	3,175	906	28.5
Agricultural Contract Services	4,352	5,412	(1,060)	20.0
Industrial Contract Services	13,538	2,925	10,613	362.8
Consolidated Net Revenues	$ 25,482	$ 13,875	$ 11,607	83.7%

Consolidated net revenues increased $11,607,000 or 83.7% from the same period last year primarily due to the acquisition of certain assets of Ashley Ellis, LLC in September 2011 and Industrial Contract start ups of BMCH Inc. and BMCHPA, Inc. in May 2011 and July 2011, respectively. The Ashley Ellis acquisition resulted in incremental Placement Services and Professional Contract Services revenue of $992,000 and $683,000, respectively. These increases were partially offset by decreases in Management Services revenue resulting from the termination of the management agreement with RFFG Inc. in July 2011 and by the loss of a major customer in the Agricultural Contract Services segment in January 2012.

Cost of contract services

The cost of services includes wages and the related payroll taxes and employee benefits of the Company's employees while they work on contract assignments. The cost of contract services for the six months ended March 31, 2012 increased $8,842,000 or 89.2% primarily due to revenue growth. Cost of contract services expressed as a percentage of net contract services revenue decreased to 85.4% for the six months ended March 31, 2012 from 86.2% for the six months ended March 31, 2011. See chart below for summary by segment:

Cost of contract services as % of net contract services revenue	Six Months Ended March 31, 2012	Six Months Ended March 31, 2011
Direct hire placement services	0%	0%
Management services	n/a	0%
Agricultural contract services	95.4%	95.8%
Industrial contract services	87.1%	85.6%
Professional contract services	68.9%	70.1%
Total	85.4%	86.2%

Costs as a percentage of net revenue have remained constant in the Agricultural segment. Industrial contract costs as percentage of net revenue increased primarily to significant revenue growth in lower margin business while Professional contract service costs as a percentage of net revenue has decreased as the result of more profitable business with the Ashley Ellis acquisition coupled with management initiatives implemented to drive growth in this segment.

Selling, general and administrative expenses
Selling, general and administrative expenses include the following categories:

- Compensation in the operating divisions, which includes commissions earned by the Company's employment consultants and branch managers on permanent and temporary placements. It also includes salaries, wages, unrecovered advances against commissions, payroll taxes and employee benefits associated with the management and operation of the Company's staffing offices.
- Administrative compensation, which includes salaries, wages, payroll taxes and employee benefits associated with general management and the operation of the finance, legal, human resources and information technology functions.
- Occupancy costs, which includes office rent, depreciation and amortization, and other office operating expenses.
- Recruitment advertising, which includes the cost of identifying job applicants.
- Other selling, general and administrative expenses, which includes travel, bad debt expense, fees for outside professional services and other corporate-level expenses such as business insurance and taxes.

Selling, general and administrative expenses for the six months ended March 31, 2012 increased $3,147,000 or 83.7% compared to the same period last year. The increase can be attributed to a larger organization as the Company operated more branch offices with the acquisition of Ashley Ellis as well with the start up of BMCH Inc. and BMCHPA, Inc. Additionally, the previously discussed compensation change in the Professional Services segment also contributed to the increase.

Amortization of intangible assets
Amortization expense of $200,000 and $249,000 recorded for the six months ended March 31, 2012 and 2011 represents the amortization associated with the identifiable intangibles recorded for the Company's acquisitions of certain assets of Onsite, RFFG of Cleveland, DMCC and Ashley Ellis. The reduction is primarily due to a decrease in the amortization of the management agreement intangible assets as a result of the $1,126,000 impairment charge recorded in September 2011 upon the termination of the related management services agreement with RFFG, Inc.

Interest expense
Interest expense for the six months ended March 31, 2012 was $107,000 compared to $38,000 for the six months ended March 31, 2011 primarily as a result of higher borrowings. Borrowings have increased as we continue to grow the business through acquisitions.

Other
There was no provision for income taxes recorded for the six months ended March 31, 2012 and 2011 as a result of current and historical net operating losses of the Company which offset any current tax liability.

Liquidity and Capital Resources

The following table sets forth certain consolidated statements of cash flows data (in thousands):

	Six months ended March 31, 2012	Six months ended March 31, 2011
Cash flows used in operating activities	$ (174)	$ (1,616)
Cash flows used in investing activities	(406)	(1)
Cash flows provided by financing activities	361	1,271

As of March 31, 2012, the Company had cash and cash equivalents of approximately $95,000, which was a decrease of $219,000 from September 30, 2011. Net working capital (current assets less current liabilities) at March 31, 2012 was $502,000, which was a decrease of $485,000 from September 30, 2011. Current assets divided by current liabilities – current ratio - was 1.1 to 1. Net cash used in operating activities for the six months ended March 31, 2012 and the six months ended March 31, 2011 was ($174,000) and ($1,616,000), respectively. The improvement is primarily due to the timing of Accounts Receivable billings and collections as a result of the DMCC and RFFG acquisitions in the prior year offset by a larger operating loss and the change in payroll accruals.

Net cash used in investing activities for the six months ended March 31, 2012 was ($406,000) and ($1,000) for six months ended March 31, 2011. The change was the direct result of a $200,000 payment made to Ashley Ellis, LLC as required by the purchase agreement as well as vehicle purchases to support the Light Industrial segment.

Net cash flow provided by financing activities for the six months ended March 31, 2012 was $361,000 compared to $1,271 in the six months ended March 31, 2011. Fluctuations in financing activities are attributable to the level of borrowings on the AR Credit Facility with Wells Fargo.

Information about future minimum lease payments, purchase commitments and long-term obligations is presented in the notes to consolidated financial statements contained in the Company's annual report on Form 10-K for the fiscal year ended September 30, 2011. There have been no significant changes from the amounts presented in the Form 10-K.

On August 31, 2011, the Company entered into an asset purchase agreement with Ashley Ellis LLC, an Illinois limited liability company, and Brad A. Imhoff, for the purchase of certain assets of Ashley Ellis, including customer lists, comprising Ashley Ellis' services business. Ashley Ellis' services business was operated from offices in Illinois, Texas and Georgia and provided services related to the recruitment and placement of technical personnel. The asset purchase agreement was deemed effective on September 1, 2011. Brad A. Imhoff is the brother of Herbert F. Imhoff, Jr., a director and President of the Company.

As consideration for the assets, the Company paid Ashley Ellis $200,000 on the date of closing and paid Ashley Ellis an additional $200,000 in February 2012. The Company also issued 1,250,000 shares of the Company's common stock to Ashley Ellis.

In November 2010, the Company purchased certain assets of RFFG of Cleveland, LLC and DMCC Staffing, LLC ("DMCC") and entered into a management agreement with RFFG, LLC (the previous parent company of RFFG of Cleveland and DMCC Staffing, LLC) to provide services to RFFG to operate its day-to-day business, including services related to accounting, sales, finance, workers compensation, benefits, physical locations, IT, and employees. Thomas J. Bean, a 10% shareholder of the Company (prior to consideration of common shares issued in this transaction), is the owner of RFFG.

In consideration of the services provided under the management agreement, RFFG agreed to pay the Company approximately 6% of its gross revenues. The Company added employees to provide the services required under the management agreement. In July 2011, the management agreement was effectively terminated as a result of RFFG ceasing operations. There are no future revenues expected under this agreement. In consideration for the assets acquired and the rights under the management contract, the Company paid $2,400,000 through the issuance of its common stock. In addition, the purchase agreement requires the Company to make additional payments of up to a total of $2,400,000 over the four year period ending December 31, 2014 if certain performance targets are achieved. As of March 31, 2012, the Company has accrued approximately $1,000,000 of estimated payments, of which $585,000 is currently due.

In connection with the completion of the sale of shares of common stock to PSQ in fiscal 2009, the Company's Chairman, Chief Executive Officer and President (the "former CEO") resigned from those positions and his employment agreement with the Company was replaced by a new consulting agreement. Under the consulting agreement, the Company became obligated to pay an annual consulting fee of $180,000 over a five-year period and to issue 500,000 shares of common stock to the former CEO for no additional consideration, and the Company recorded a liability for the net present value of the future fee payments in the amount of $790,000. As of March 31, 2012, $381,000 remains payable under this agreement and is included in accrued compensation and long-term obligations on the Company's balance sheet. The agreement expires on June 30, 2014.

In December 2010, the Company entered into a two-year, $3,000,000 account purchase agreement ("AR Credit Facility") with Wells Fargo Bank N.A. ("Wells Fargo"). The AR Credit Facility provides for borrowings on a revolving basis of up to 85% of the Company's eligible accounts receivable less than 90 days old and bears interest at a rate equal to the three month LIBOR (minimum of .5%) plus 5.25% for a total interest rate of 5.75%. Upon the terms and subject to the conditions in the agreement, Wells Fargo may determine which receivables are eligible receivables, may determine the amount it will advance on any such receivables, and may require the Company to repay advances made on receivables and thereby repay amounts outstanding under the AR Credit Facility. Wells Fargo also has the right to require the Company to repurchase receivables that remain outstanding 90 days past their invoice date. The Company continues to be responsible for the servicing and administration of the receivables purchased. The Company will carry the receivables and any outstanding borrowings on its consolidated balance sheet. The outstanding borrowings at March 31, 2012 are $2,299,000 and the remaining borrowing availability is $639,000.

In February 2012 the AR Credit Facility with Wells Fargo Bank N.A. was amended whereby the facility maximum increased to $4,500,000 from $3,000,000.

The Company believes that the borrowing availability under its AR Credit Facility will be adequate to fund continuing operations and the increase in working capital due to growth in the business. In the event Wells Fargo elects not to advance us funds on our accounts receivable balance or the performance of the acquired entities do not meet our expectations, we could experience liquidity constraints.

Off-Balance Sheet Arrangements

As of March 31, 2012, there were no transactions, agreements or other contractual arrangements to which an unconsolidated entity was a party, under which the Company (a) had any direct or contingent obligation under a guarantee contract, derivative instrument or variable interest in the unconsolidated entity, or (b) had a retained or contingent interest in assets transferred to the unconsolidated entity.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

As of March 31, 2012, the Company's management evaluated, with the participation of its principal executive officer and its principal financial officer, the effectiveness of the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act"). Based on that evaluation, the Company's principal executive officer and its principal financial officer concluded that the Company's disclosure controls and procedures were effective as of March 31, 2012 to ensure that information required to be disclosed in reports filed or submitted by the Company under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting or in any other factors that could significantly affect these controls, during the Company's second quarter ended March 31, 2012, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

In March 2012 the Company became aware of a lien on the business by the Ohio Bureau of Workers Compensation for $229,000. The Company believes this claim represents unpaid workers compensation premium for a period prior to the acquisition of RFFG of Cleveland in November 2010. The Company is currently defending its position on this matter.

Item 1A. Risk Factors

Not required.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. (Removed and Reserved).

Item 5. Other Information

None.

Item 6. Exhibits.

The following exhibits are filed as a part of Part I of this report:

No.	Description of Exhibit
31.01	Certifications of the principal chief executive officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
31.02	Certifications of the principal financial officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
32.01	Certifications of the principal chief executive officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act and Section 1350 of Title 18 of the United States Code.
32.02	Certifications of the principal financial officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act and Section 1350 of Title 18 of the United States Code.
101.INS	Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

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

GENERAL EMPLOYMENT ENTERPRISES, INC.
(Registrant)

Date : May 14, 2012

By: /s/ Salvatore J. Zizza
Salvatore J. Zizza
Chairman of the Board and Chief Executive Officer

By: /s/ Jarett A. Misch
Jarett A. Misch
Chief Financial Officer and Treasurer

EXHIBIT 31.01

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO
RULE 13a-14(a) UNDER THE EXCHANGE ACT

I, Salvatore J. Zizza, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of General Employment Enterprises, Inc. for the quarterly period ended March 31, 2012;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2012

/s/ Salvatore J. Zizza
Salvatore J. Zizza
Chairman of the Board and Chief Executive Officer

EXHIBIT 31.02

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO
RULE 13a-14(a) UNDER THE EXCHANGE ACT

I, Jarett A. Misch, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of General Employment Enterprises, Inc. for the quarterly period ended March 31, 2012;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2012

/s/ Jarett A. Misch
Jarett A. Misch
Chief Financial Officer and Treasurer

EXHIBIT 32.01

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO
RULE 13a-14(b) UNDER THE EXCHANGE ACT AND 18 U.S.C. SECTION 1350
(as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)

As required by Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350, I, Salvatore J. Zizza, hereby certify that:

1. The Quarterly Report of Meritor, Inc. on Form 10-Q for the quarterly period ended March 31, 2012 fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, and

2. The information contained in that report fairly presents, in all material respects, the financial condition and results of operations of Meritor, Inc.

/s/Salvatore J. Zizza
Salvatore J. Zizza
Chairman of Board and Chief Executive Officer

Date: May 15, 2012

EXHIBIT 32.02

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO
RULE 13a-14(b) UNDER THE EXCHANGE ACT AND 18 U.S.C. SECTION 1350
(as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)

As required by Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350, I, Jarett A. Misch, hereby certify that:

1. The Quarterly Report of Meritor, Inc. on Form 10-Q for the quarterly period ended March 31, 2012 fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, and

2. The information contained in that report fairly presents, in all material respects, the financial condition and results of operations of Meritor, Inc.

/s/ Jarett A. Misch
Jarett A. Misch
Chief Financial Officer and Treasurer

Date: May 15, 2012