

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-QSB

Quarterly Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2007

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 small business issuer as specified in its charter)

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

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

(630) 954-0400
(Issuer's telephone number)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares outstanding of the issuer's common stock as of June 30, 2007 was 5,153,265.

Transitional small business disclosure format: Yes No

PART I - FINANCIAL INFORMATION

Item 1, Financial Statements.

GENERAL EMPLOYMENT ENTERPRISES, INC.
CONSOLIDATED BALANCE SHEET

	June 30 2007	September 30 2006
(In Thousands)		(Unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$6,072	\$5,904
Accounts receivable, less allowances (June 2007--\$250; Sept. 2006--\$280)	1,786	1,978
Other current assets	756	592

Total current assets	8,614	8,474
Property and equipment, net	962	801
Total assets	\$9,576	\$9,275

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Accrued compensation	\$2,130	\$1,791
Other current liabilities	487	632
Total current liabilities	2,617	2,423

Shareholders' equity:

Preferred stock, authorized -- 100 shares; issued and outstanding -- none	--	--
Common stock, no-par value; authorized -- 20,000 shares; issued and outstanding -- 5,153 shares in June 2007 and 5,148 shares in September 2006	4,891	4,839
Retained earnings	2,068	2,013
Total shareholders' equity	6,959	6,852
Total liabilities and shareholders' equity	\$9,576	\$9,275

See notes to consolidated financial statements.

2

GENERAL EMPLOYMENT ENTERPRISES, INC.

CONSOLIDATED STATEMENT OF INCOME (Unaudited)

	Three Months Ended June 30		Nine Months Ended June 30	
(In Thousands, Except Per Share)	2007	2006	2007	2006

Net revenues:

Contract services	\$1,942	\$2,566	\$ 6,255	\$ 7,889
Placement services	2,922	2,755	8,413	7,145

Net revenues	4,864	5,321	14,668	15,034
--------------	-------	-------	--------	--------

Operating expenses:

Cost of contract services	1,306	1,848	4,224	5,606
Selling	1,856	1,664	5,308	4,354
General and administrative	1,601	1,453	4,791	4,509

Total operating expenses	4,763	4,965	14,323	14,469
--------------------------	-------	-------	--------	--------

Income from operations	101	356	345	565
Investment income	83	44	225	138

Net income	\$ 184	\$ 400	\$ 570	\$ 703
------------	--------	--------	--------	--------

Average number of shares:

Basic	5,151	5,148	5,149	5,148
Diluted	5,399	5,313	5,372	5,340

Net income per share:

Basic	\$.04	\$.08	\$.11	\$.14
Diluted	\$.03	\$.08	\$.11	\$.13

Cash dividends declared per share	\$ --	\$ --	\$.10	\$ --
-----------------------------------	-------	-------	--------	-------

See notes to consolidated financial statements.

3

GENERAL EMPLOYMENT ENTERPRISES, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

(In Thousands)	Nine Months Ended June 30	
	2007	2006
Operating activities:		
Net income	\$ 570	\$ 703
Depreciation and other noncurrent items	220	120
Accounts receivable	192	(40)
Accrued compensation	339	(38)
Other current items, net	(309)	(214)
Net cash provided by operating activities	1,012	531
Investing activities:		
Acquisition of property and equipment	(334)	(223)
Financing activities:		
Exercises of stock options	5	--
Cash dividends paid	(515)	--
Net cash used by financing activities	(510)	--
Increase in cash and cash equivalents	168	308
Cash and cash equivalents at beginning of period	5,904	5,236
Cash and cash equivalents at end of period	\$6,072	\$5,544

See notes to consolidated financial statements.

4

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

(In Thousands)	Nine Months Ended June 30	
	2007	2006
Common shares outstanding:		
Number at beginning of period	5,148	5,148
Exercises of stock options	5	--
Number at end of period	5,153	5,148
Common stock:		
Balance at beginning of period	\$4,839	\$4,839
Stock option expense	47	--
Exercises of stock options	5	--
Balance at end of period	\$4,891	\$4,839
Retained earnings:		
Balance at beginning of period	\$2,013	\$1,011
Net income	570	703
Cash dividends declared	(515)	--
Balance at end of period	\$2,068	\$1,714

See notes to consolidated financial statements.

5

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Basis of Presentation

The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America and the rules of the United States Securities and Exchange Commission. 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. These financial statements should be read in conjunction with the financial statements included in the Company's annual report on Form 10-KSB for the year ended September 30, 2006.

Income Taxes

There was no provision for income taxes in either year, because of the availability of operating losses carried forward from prior years.

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

Overview

The Company provides contract and placement staffing services for business and industry, specializing in the placement of information technology, engineering and accounting professionals. As of June 30, 2007 the Company operated 19 offices located in 9 states.

The Company's 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 4.5% in June 2007 and 4.6% in June 2006. These statistics indicate a relatively full level of employment in the United States during the last twelve months.

During the nine months ended June 30, 2007, the Company experienced stronger demand for its placement services, compared with the same period of the prior year. Because of the stronger demand, and because placements have a higher profit margin than contract services, the Company focused its marketing efforts on the placement business during the period. As a result, the Company achieved increases in both the number of placements and the average placement fee, while the number of billable contract hours declined.

During the same period, the Company experienced greater challenges in finding well-qualified candidates for both placement and contract assignments than it had last year. This factor constrained revenue growth in both divisions.

Consolidated net revenues for the nine months ended June 30, 2007 decreased 2% compared with the prior year. Placement service revenues were up 18%, while contract service revenues were down 21%. As a result of the decline in consolidated net revenues, income from operations was down 39% from the same period last year.

Because long-term contracts are not a significant part of the Company's business, future results cannot be reliably predicted by considering past trends or by extrapolating past results. While it is difficult to accurately

6

predict future hiring patterns or the demand for staffing services, management believes that the Company is well positioned for growth of its operations. Existing branch offices have the capacity to accommodate additional consulting staff and a higher volume of business.

Results of Operations

A summary of operating data, expressed as a percentage of consolidated net revenues, is presented below.

	Nine Months Ended June 30	
	2007	2006

Net revenues:

Contract services	42.6%	52.5%
-------------------	-------	-------

Placement services	57.4	47.5
Net revenues	100.0	100.0
Operating expenses:		
Cost of contract services	28.8	37.3
Selling	36.2	29.0
General and administrative	32.7	30.0
Total operating expenses	97.6	96.2
Income from operations	2.4%	3.8%

Net Revenues

Consolidated net revenues for the nine months ended June 30, 2007 were down \$366,000 (2%) from the prior year. Placement service revenues increased \$1,268,000 (18%), while contract service revenues decreased \$1,634,000 (21%).

During the first nine months of this year, the Company experienced stronger demand for its placement services. As a result, the number of placements grew by 6% and the average placement fee was up 11% over the same period last year.

Because of a shift in the Company's marketing focus toward the placement business, the contract service business declined. The decrease in contract service revenues reflects a 23% decrease in the number of billable hours, which was partially offset by a 1% increase in the average hourly billing rate.

Operating Expenses

Total operating expenses for the nine months ended June 30, 2007 were down \$146,000 (1%) compared with the prior year.

The cost of contract services was down \$1,382,000 (25%) as a result of the lower volume of contract business. However, margins improved. The gross profit margin on contract business was 32.5% for the nine months ended June 30, 2007, which was 3.6 points higher than 28.9% for the prior year. There are no direct costs associated with placement service revenues.

Selling expenses increased \$954,000 (22%) for the period. Commission expense was up 20% because of the higher volume of placement business. Recruitment advertising expense was up 35% because of a higher number of internet job

7

postings needed to attract qualified candidates. Selling expenses represented 36.2% of consolidated net revenues, which was up 7.2 points from the prior year.

General and administrative expenses increased \$282,000 (6%) for the nine months ended June 30, 2007. They represented 32.7% of consolidated revenues, which was up 2.7 points from the prior year.

There was no provision for income taxes in either year, because of the availability of operating losses carried forward from prior years.

Financial Condition

As of June 30, 2007, the Company had cash and cash equivalents of \$6,072,000, which was an increase of \$168,000 from September 30, 2006. Net working capital at June 30, 2007 was \$5,997,000, which was a decrease of \$54,000 from September 30, 2006, and the current ratio was 3.3 to 1. The Company had no long-term debt. Shareholders' equity as of June 30, 2007 was \$6,959,000, which represented 73% of total assets.

During the nine months ended June 30, 2007, the net cash provided by operating activities was \$1,012,000. Net income for the period, together with depreciation and other non-cash charges, provided \$790,000, while working capital items provided an additional \$222,000.

Expenditures for the acquisition of property and equipment were \$334,000 for

the nine months ended June 30, 2007. The major expenditures were for computer equipment and software purchased in connection with a program to upgrade the Company's computer systems. During the period the Company paid cash dividends of \$515,000.

All of the Company's office facilities are leased. Information about future minimum lease payments and other commitments is presented in the notes to consolidated financial statements on Form 10-KSB for the fiscal year ended September 30, 2006.

The Company's primary source of liquidity is from its operating activities. The Company's philosophy regarding the maintenance of cash balances reflects management's views on potential future needs for liquidity. Management believes that funds generated by operations, together with existing cash balances, will be adequate to finance current operations and capital expenditures for the foreseeable future.

Off-Balance Sheet Arrangements

As of June 30, 2007, and during the nine months then ended, 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.

Forward-Looking Statements

As a matter of policy, the Company does not provide forecasts of future financial performance. However, the Company and its representatives may from time to time make written or verbal forward-looking statements, including

8

statements contained in press announcements, reports to shareholders and filings with the Securities and Exchange Commission. All statements which address expectations about future operating performance and cash flows, future events and business developments, and future economic conditions are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management's then-current expectations and assumptions. Actual outcomes could differ significantly. The Company and its representatives do not assume any obligation to provide updated information.

Some of the factors that could affect the Company's future performance include, but are not limited to, 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.

Item 3, Controls and Procedures.

As of June 30, 2007, 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 (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 adequate as of June 30, 2007 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.

There was no change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that has

materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 6, Exhibits.

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

No. Description of Exhibit

- 31.01 Certification of the principal executive officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
- 31.02 Certification of the principal financial officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
- 32.01 Certifications required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code.

9

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GENERAL EMPLOYMENT ENTERPRISES, INC.
(Registrant)

Date: August 1, 2007 By: /s/ Kent M. Yauch
Kent M. Yauch
Vice President, Chief Financial Officer
and Treasurer (Principal financial and
accounting officer and duly authorized
officer)

10

CERTIFICATION

I, Herbert F. Imhoff, Jr., certify that:

1. I have reviewed this Form 10-QSB quarterly report for the period ended June 30, 2007 of General Employment Enterprises, Inc.;
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 small business issuer as of, and for, the periods presented in this report;
4. The small business issuer's other certifying officer(s) 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)) for the small business issuer 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 small business issuer, 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) Evaluated the effectiveness of the small business issuer'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
 - (c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer'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 small business issuer'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 small business issuer's internal control over financial reporting.

Date: August 1, 2007 /s/ Herbert F. Imhoff, Jr.
Herbert F. Imhoff, Jr.
Chairman of the Board, Chief
Executive Officer and President

(Principal executive officer)

CERTIFICATION

I, Kent M. Yauch, certify that:

1. I have reviewed this Form 10-QSB quarterly report for the period ended June 30, 2007 of General Employment Enterprises, Inc.;
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 small business issuer as of, and for, the periods presented in this report;
4. The small business issuer's other certifying officer(s) 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)) for the small business issuer 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 small business issuer, 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) Evaluated the effectiveness of the small business issuer'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
 - (c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer'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 small business issuer'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 small business issuer's internal control over financial reporting.

Date: August 1, 2007

/s/ Kent M. Yauch

Kent M. Yauch
Vice President, Chief Financial
Officer and Treasurer

(Principal financial officer)

CERTIFICATIONS PURSUANT TO SECTION 1350
OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

In connection with the Quarterly Report of General Employment Enterprises, Inc. (the "Company") on Form 10-QSB for the quarter ended June 30, 2007 filed with the Securities and Exchange Commission (the "Report"), each of the undersigned hereby certifies, in his capacity as an officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of the operations of the Company.

Date: August 1, 2007 By: /s/ Herbert F. Imhoff, Jr.
Herbert F. Imhoff, Jr.
Chairman of the Board, Chief
Executive Officer and President
(Chief executive officer)

Date: August 1, 2007 By: /s/ Kent M. Yauch
Kent M. Yauch
Vice President, Chief Financial
Officer and Treasurer
(Chief financial officer)