UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K/A

CURRENT REPORT

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

Date of Report (Date of earliest event reported): December 30, 2010

GENERAL EMPLOYMENT ENTERPRISES, INC

(Exact name of registrant as specified in its charter)

Illinois	1-05707	36-6097429
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification Number)

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

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

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

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

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

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

EXPLANATORY NOTE

This Current Report on Form 8-K/A ("Amendment No. 1") amends and supplements the Current Report on Form 8-K of General Employment Enterprises, Inc. (the "Company") previously filed with the Securities and Exchange Commission on January 5, 2011. The initial Current Report on Form 8-K disclosed the Company's completion of the acquisition of certain assets of DMCC Staffing, LLC and, RFFG of Cleveland, LLC ("together "Sellers") on December 30, 2010, effective as of November 1, 2010, pursuant to an asset purchase agreement, dated as of October 29, 2010, by and among the Sellers, Thomas J. Bean, the Company and Triad Personnel Services, Inc. This Amendment No. 1 is being filed to include the financial statements and the pro forma financial information required by Item 9.01(a) and (b) of Form 8-K.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

Filed herein as Exhibit 99.1 to this Amendment No.1 are the audited financial statements of the Sellers as of and for the fiscal year ended December 31, 2009 and the ten months ended October 31, 2010.

(b) Pro Forma Financial Information.

Filed herein as Exhibit 99.2 to this Amendment No. 1 are the unaudited pro forma condensed combined financial statements of the Company and the Sellers for the twelve months ended September 30, 2010 and the three months ended December 31, 2010.

(d) Exhibits

Exhibit No.	Exhibits
99.1	Audited financial statements as of and for the year ended December 31, 2009 and the ten months ended October 31, 2010 for DMCC Staffing, LLC and, RFFG of Cleveland, LLC.
99.2	Unaudited pro forma condensed combined financial statements for the twelve months ended September 30, 2010 and the three months ended December 31, 2010 for General Employment Enterprises, Inc., DMCC Staffing, LLC and, RFFG of Cleveland, LLC.

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.

Date: March 16, 2011

By: /s/ James R. Harlan
Name: James R. Harlan
Title: Chief Financial Officer
and Treasurer

Exhibit 99.1

DMCC Staffing, LLC and, RFFG of Cleveland, LLC.
Audited Financial Statements
as of and for the year ended December 31, 2009
and the ten months ended October 31, 2010

RFFG of
CLEVELAND, LLC
AND
DMCC
STAFFING, LLC

CARVE-OUT
FINANCIAL
STATEMENTS

FOR THE
PERIOD FROM
JANUARY 1, 2010
TO OCTOBER 31, 2010
AND FOR THE
YEAR ENDED
DECEMBER 31, 2009

RFFG OF CLEVELAND, LLC AND DMCC STAFFING, LLC

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INDEPENDENT AUDITORS' REPORT

To the Parent Company
Cleveland, Ohio

We have audited the accompanying carve-out balance sheets of RFFG of Cleveland, LLC and DMCC Staffing, LLC (components of RFFG, LLC; collectively, the Divisions) as of October 31, 2010 and December 31, 2009, and the related carve-out statements of income and due from parent and cash flows for the period from January 1, 2010 to October 31, 2010 and for the year ended December 31, 2009. These carve-out financial statements are the responsibility of the Divisions' management. Our responsibility is to express an opinion on these carve-out financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the carve-out financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Divisions' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the carve-out financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall carve-out financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The carve-out financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Divisions as of October 31, 2010 and December 31, 2009, and the results of its operations and cash flows for the period from January 1, 2010 to October 31, 2010 and for the year ended December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

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January 28, 2011

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RFFG OF CLEVELAND, LLC AND DMCC STAFFING, LLC

CARVE-OUT BALANCE SHEETS

	OCTOBER 31, 2010	DECEMBER 31, 2009
ASSETS		
CURRENT ASSETS		
Cash	**$ 149,581**	$ 153,180
Accounts receivable – trade, net of allowance for doubtful accounts of $25,054 and $13,132 at October 31, 2010 and December 31, 2009, respectively	**1,131,753**	819,661
Accounts receivable – related parties	**53,873**	50,000
Prepaid expenses	**1,530**	1,198
TOTAL CURRENT ASSETS	**1,336,737**	1,024,039
PROPERTY AND EQUIPMENT, net	**5,316**	5,629
OTHER ASSETS		
Customer lists, net of accumulated amortization of $73,353 and $40,011 at October 31, 2010 and December 31, 2009, respectively	**126,701**	160,043
Trade name	**205,056**	205,056
	331,757	365,099
	$ 1,673,810	$ 1,394,767
LIABILITIES AND DUE FROM PARENT		
CURRENT LIABILITIES		
Bank overdraft	**$ 57,933**	$ -
Line of credit	**761,413**	518,747
Accounts payable and accrued expenses	**148,576**	169,619
Accrued workers' compensation	**130,359**	115,923
Current portion of contingent consideration	**159,820**	79,459
Related part payables	**900,808**	1,192,437
TOTAL CURRENT ASSETS	**2,158,909**	2,076,185
CONTINGENT CONSIDERATION, net of current portion	**27,411**	95,730
DUE FROM PARENT	**(512,510)**	(777,148)
	$ 1,673,810	$ 1,394,767

See accompanying notes to financial statements.

RFFG OF CLEVELAND, LLC AND DMCC STAFFING, LLC

CARVE-OUT STATEMENTS OF INCOME DUE FROM PARENT

	FOR THE PERIOD FROM JANUARY 1, 2010 TO, OCTOBER 31, 2010	FOR THE YEAR ENDED DECEMBER 31, 2009
REVENUES	**$ 5,923,929**	$ 4,778,483
COST OF OPERATIONS		
Payroll	**4,369,322**	3,481,850
Payroll taxes	**458,956**	393,022
Workers' compensation	**247,308**	192,463
Other	**34,591**	75,952
	5,110,177	4,143,287
GROSS PROFIT	**813,752**	635,196
GENERAL AND ADMINISTRATIVE EXPENSES	**439,348**	624,769
OTHER EXPENSE, net		
Bad debt expense	**(12,049)**	(16,240)
Interest expense	**(53,349)**	(48,938)
Gain on acquisition	**-**	60,966
Miscellaneous income	**1,444**	1,050
	(62,954)	(3,162)
NET INCOME	**311,450**	7,265
DUE FROM PARENT, beginning of the period/year	**(777,148)**	-
NET CASH TRANSFERRED FROM PARENT	**(46,812)**	(784,413)
DUE FROM PARENT, end of the period/year	**$ (512,510)**	$ (777,148)

See accompanying notes to financial statements.

RFFG OF CLEVELAND, LLC AND DMCC STAFFING, LLC

CARVE-OUT STATEMENTS OF CASH FLOWS

INCREASE (DECREASE) IN CASH

	FOR THE PERIOD FROM JANUARY 1, 2010 TO, OCTOBER 31, 2010	FOR THE YEAR ENDED DECEMBER 31, 2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	**$ 311,450**	$ 7,265
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	**35,515**	42,082
Amortization of imputed interest	**12,042**	14,282
Bad debt expense	**12,049**	16,240
Gain on acquisition	**-**	(60,966)
(Increase) decrease in:		
Accounts receivable - trade	**(324,141)**	(835,901)
Accounts receivable – related parties	**(3,873)**	(50,000)
Prepaid expenses	**(332)**	(1,198)
Increase (decrease) in:		
Accounts payable, accrued workers' compensation and other accrued expenses	**(6,607)**	285,542
Related party payables	**(291,629)**	1,192,437
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	**(255,526)**	609,783
CASH FLOWS FORM INVESTING ACTIVITIES		
Acquisitions of property and equipment	**(1,860)**	-
NET CASH USED IN INVESTING ACTIVITIES	**(1,860)**	-

See accompanying notes to financial statements.

RFFG OF CLEVELAND, LLC AND DMCC STAFFING, LLC

CARVE-OUT STATEMENTS OF CASH FLOWS

INCREASE (DECREASE) IN CASH

	FOR THE PERIOD FROM JANUARY 1, 2010 TO, OCTOBER 31, 2010	FOR THE YEAR ENDED DECEMBER 31, 2009
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings on line of credit	$ 242,666	$ 518,747
Repayment of note payable	-	(125,033)
Repayment of contingent consideration	-	(65,904)
Increase in bank overdraft	57,933	-
Change in due to parent	46,812	(784,413)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	253,787	(456,603)
NET (DECREASE) INCREASE IN CASH	(3,599)	153,180
CASH, beginning of period/year	153,180	-
CASH, end of period/year	$ 149,581	$ 153,180
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period/year for:		
Interest	$ 40,307	$ 34,656

See accompanying notes to financial statements.

NOTE A – Nature of operations and summary of significant accounting policies

Nature of operations
RFFG of Cleveland, LLC (RFFG) and DMCC Staffing, LLC (DMCC) supply the office, industrial and technical trade markets in northeast Ohio with temporary help.

Basis of presentation
The accompanying carve-out financial statements include the accounts of RFFG and DMCC (the Divisions), which are wholly-owned subsidiaries of RFFG, LLC (the Parent). The carve-out financial statements include all expenses incurred by the Parent on the Divisions' behalf. All other operations of the Parent have been excluded herein, including the operations of RFFG's 80%-owned subsidiary, Premier Healthcare Professionals, Inc. (PHP), which was purchased in March 2009 and sold in March 2010.

Concentrations of credit risk
Financial instruments that potentially subject the Divisions to concentrations of credit risk consist principally of cash and accounts receivable. The Divisions place its temporary cash investments with financial institutions and, at times during the period from January 1, 2010 to October 31, 2010 and for the year ended December 31, 2009, they had invested amounts in excess of federal insurance limits. In addition, at October 31, 2010 and December 31, 2009, the Divisions had accounts receivable from three customers and two customers that amounted to 75% and 77% of total accounts receivable, respectively. In addition, for the period from January 1, 2010 to October 31, 2010 and for the year ended December 31, 2009, the Divisions had sales to two and three customers that represented 69% and 80% of total sales for the period or year, respectively. At October 31, 2010 and December 31, 2009, the Divisions had no other concentrations of credit risk.

Accounts receivable - trade
The Divisions report trade receivables at net realizable value. Management determines the allowance for doubtful accounts based on historical losses and current economic conditions. On a continuing basis, management analyzes delinquent receivables and, once these receivables are determined to be uncollectible, they are written off through a charge against an existing allowance account or against earnings.

Property and equipment
Property and equipment are recorded at cost. Depreciation is calculated using the straight-line method over the following estimated useful lives of the assets:

Office equipment	7 years
Computer equipment	3 – 5 years

Routine expenditures for repairs and maintenance are expensed as incurred.

NOTE A – Nature of operations and summary of significant accounting policies, continued

Customer lists and trade name
The Divisions account for intangible assets in accordance with the Intangibles – Goodwill and Other Topic of the Financial Accounting Standards Board (FASB) Codification. As a result, the customer lists are amortized over their finite life on a straight-line basis. For the period from January 1, 2010 to October 31, 2010 and for the year ended December 31, 2009, amortization expense was $33,342 and $40,011, respectively. Estimated future amortization expense at October 31, 2010 is as follows:

From November 1, 2010 to December 31, 2011	**$ 6,669**
For the Years Ending December 31:	
2011	**40,011**
2012	**40,011**
2013	**40,010**
	$ 126,701

In addition, the trade name is not being amortized but rather is measured annually for impairment. As of October 31, 2010 and December 31, 2009, management has determined that there is no impairment of the trade name.

Revenue recognition
The Divisions recognize revenue when services are rendered to customers.

Advertising costs
Advertising costs are expensed as incurred. Advertising expense was $863 and $1,280 for the period from January 1, 2010 to October 31, 2010 and for the year ended December 31, 2009, respectively.

Income taxes
The Divisions operate as limited liability companies and pass all income and loss to its Parent, which is also a limited liability company. Accordingly, no provision for federal and state local income taxes has been made in these carve-out financial statements.

As of October 31, 2010, the Divisions had no uncertain tax positions that qualify for either recognition or disclosure in the carve-out financial statements. Tax years that remain subject to examination are the period from January 1, 2010 to October 31, 2010 and the year ended December 31, 2009.

Taxes collected from customers
The Divisions collect sales tax from its customers on certain sales which is remitted to various state governmental authorities when due. The Divisions' policy is to record taxes collected from customers as a component of other current liabilities on its balance sheet and not in its statement of income.

NOTE A – Nature of operations and summary of significant accounting policies, continued

Use of estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Events occurring after the reporting date
The Divisions' management has evaluated events and transactions that occurred between October 31, 2010 and January 28, 2011, which is the date that the carve-out financial statements were available to be issued, for possible recognition or disclosure in the carve-out financial statements.

NOTE B – Property and equipment

Property and equipment consisted of the following at October 31, 2010 and December 31, 2009:

	2010	2009
Office equipment	**$ 1,550**	$ 1,550
Computer equipment	**8,010**	6,150
	9,560	7,700
Less: accumulated depreciation	**(4,244)**	(2,071)
	$ 5,316	$ 5,629

For the period from January 1, 2010 to October 31, 2010 and for the year ended December 31, 2009, depreciation expense amounted to $2,173 and $2,071, respectively.

NOTE C – Line of credit

The Parent and two affiliated entities have a joint line of credit agreement with a bank that allows for borrowings of up to 85% of the face amount of each company's acceptable accounts receivable, as defined, not to exceed a maximum credit facility of $6,000,000. At October 31, 2010 and December 31, 2009, interest charged on the line of credit was 8.125%. In conjunction with the agreement, the companies assign their receivables to the bank as collateral. However, the companies remain the lawful owners of and have good and undisputed title to all accounts. In addition, the line of credit agreement is guaranteed by WTS Acquisition Corporation, the parent company of the Parent.

As of October 31, 2010 and December 31, 2009, the outstanding borrowings allocated to the Divisions amounted to $761,413 and $518,747, respectively.

NOTE D – Related party transactions

The Divisions are related to other entities through common ownership. For the period from January 1, 2010 to October 31, 2010 and for the year ended December 31, 2009, the Divisions loaned and received funds for operations.

At October 31, 2010 and December 31, 2009, accounts receivable – related parties is comprised of the following:

	2010	2009
Onsite	**$ 3,873**	$ -
Trinity	**50,000**	50,000
	$ 53,873	$ 50,000

Accounts payable – related parties is comprised of the following at October 31, 2010 and December 31, 2009:

	2010	2009
Workers' Temporary Staffing, Inc.	**$ 869,808**	$ 857,906
WTS Risk, LLC	**21,000**	21,000
WTS Space Coast, LLC	**10,000**	10,000
Oxygen	**-**	303,531
	$ 900,808	$ 1,192,437

The accompanying carve-out financial statements do not necessarily reflect what the Divisions' financial position, results of its operations and cash flows would have been had the Divisions operated without its association with the Parent. The Parent incurred certain corporate expenses that have been allocated to the Divisions based on net sales. For the period from January 1, 2010 to October 31, 2010 and for the year ended December 31, 2009, the Parent has allocated $142,950 and $136,173, respectively, in such expenses to the Divisions.

NOTE E – Leases

The Divisions lease office facilities and equipment under various long-term and month-to-month leases. These leases are accounted for as operating leases. Following is a schedule of future minimum payments allocated to the Divisions under agreements that have initial or remaining noncancellable terms in excess of one year as of October 31, 2010:

2011	**$ 12,028**
2012	**12,460**
2013	**2,089**
	$ 26,577

Total rent expense for the period from January 1, 2010 to October 31, 2010 and for the year ended December 31, 2009 allocated to the Divisions amounted to $21,485 and $25,317 respectively.

NOTE F – Acquisition

On January 1, 2009, WTS Acquisition Corporation, and its wholly-owned subsidiary, the Parent (collectively, WTS), purchased certain assets of the Ohio operations of AmeriTemps, Inc. (the Ohio Operations). WTS subsequently divided the Ohio Operations into six wholly-owned subsidiaries, which included RFFG and DMCC. Consideration paid by WTS for the entire Ohio Operations amounted to $1,000,000 in cash and up to $2,750,000 in contingent consideration based upon the Ohio Operations meeting certain gross billing amounts, as defined.

The transaction was accounted for in accordance with the Business Combinations Topic of the FASB Codification. The assignment of total consideration on the date of acquisition was based upon fair values. The allocation of the intangible assets and contingent consideration to RFFG and DMCC was based upon the Divisions' anticipated gross billings to the total anticipated gross billings of the entire Ohio Operations, and was as follows:

ASSETS	
Office and computer equipment	$ 7,700
Customer list	200,054
Trade name	205,056
	$ 412,810
LIABILITIES	
Note payable	$ 125,033
Contingent consideration	226,811
	$ 351,844

NOTE F – Acquisition, continued

Fair value methods used for the identifiable net assets and liabilities acquired in the acquisition make use of quoted market prices in active markets and discounted cash flows using current interest rates.

As a result of the acquisition, the Divisions recognized a gain of $60,966 for the year ended December 31, 2009. This amount is included as a separate line item in other expense, net, in the accompanying carve-out statements of income.

NOTE G – Commitments and contingencies

In conjunction with WTS's acquisition of the Ohio Operations (see Note F), the contract of sale included a provision that AmeriTemps, Inc. (the Seller) would be responsible for workers' compensation liabilities related to retrospectively rated workers' compensation programs entered into by the Seller over a nine-year period of time. The claims in the programs have continued to mature, and, currently, the monies owed by the Seller, of which the Divisions were a component, exceed $2,800,000.

The Ohio Bureau of Workers' Compensation (OBWC) reviewed the transaction and ruled that WTS's acquisition of the Ohio Operations constituted a transfer in whole of the Ohio Operations. Accordingly, OBWC is holding WTS responsible for the retrospective rating charges should the Seller be unable to pay. In the event that WTS would pay the retrospective rating charges, the Divisions could potentially be responsible for a portion of the total retrospective rating bill. The amount allocated to the Divisions would be based upon claim and payroll transfer. In addition, WTS will deduct any such amounts paid related to the OBWC from the remaining contingent consideration owed to the Seller. Accordingly, WTS has not paid the seller any contingent consideration since November 2009.

While the results of litigation proceedings cannot be predicted with certainty, the Divisions believe that the disposition of these matters will not have a material adverse effect on the financial position of the Divisions.

NOTE H – Subsequent events

Effective November 1, 2010, General Employment Enterprises, Inc. and its wholly-owned subsidiary, Triad Personnel Services, Inc. (collectively, General Employment) entered into an asset purchase agreement with RFFG and DMCC for the purchase of certain assets of RFFG and DMCC for $2,400,000 of General Employment's stock and contingent consideration of up to another $2,400,000 in cash based upon the Divisions' meeting certain earnings before interest, taxes, depreciation and amortization (EBITDA) targets, as defined, during 2011 to 2014. The closing of the asset purchase agreement was subject to certain conditions, including entry into a definitive management and services agreement by General Employment of the business of certain affiliates of RFFG and DMCC. General Employment executed that management agreement on November 30, 2010, with an effective date of November 1, 2010.

Exhibit 99.2

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The General Employment Enterprises, Inc. (“GEE”) unaudited pro forma condensed combined financial statements set forth below are based on the Company’s historical financial statements and the assumption that business combination between GEE, On-Site and DMCC & RFFG of Cleveland occurred as of October 1, 2009:

- An unaudited pro forma balance sheet is not included in the following financial statements as the financial position of the Company as of December 31, 2010, which was disclosed in the Company’s 10Q filing, includes the acquired entities.

- The unaudited pro forma condensed combined statement of operations for the three months ended December 31, 2010, combines the December 31, 2010 historical statement of operations for GEE, which includes three months of operations of On-Site and two months of operations of DMCC & RFFG of Cleveland and one month of the October 31, 2010 historical statement of operations for DMCC & RFFG of Cleveland; and

- The unaudited pro forma condensed combined statement of operations for the twelve months ended September 30, 2010, combines the September 30, 2010 historical statement of operations for GEE, which includes four months of operation of On-Site and the September 30, 2010 historical statement of operations for DMCC & RFFG of Cleveland and eight months of the historical statements of operations for On-Site; and

- The unaudited pro forma condensed combined financial statements are presented for informational purposes only, and are based on certain assumptions that we believe are reasonable and do not purport to represent our financial condition or our results of operations had the business combination occurred on or as of the dates noted above or to project the results for any future date or period. In the opinion of management, all adjustments have been made that are necessary to present fairly the unaudited pro forma condensed combined financial information; and

- The unaudited pro forma condensed combined financial statements do not reflect any benefits from potential cost savings or expense synergies resulting from this business combination.

The acquisition of On-Site was treated as a purchase of a business for accounting purposes, and On-Site's assets acquired and liabilities assumed have been recorded at their fair value on the acquisition date of June 1, 2010.

In connection with the business combination, GEE acquired substantially all of On-Site's intangible assets, including its customer list for 1,476,015 shares of GEE common stock, valued at $487,000 based on the quoted market price of the GEE's common stock on the date of the closing of the transaction. In addition, the On-Site shareholder can receive additional consideration of up to $1,020,000 through a combination of cash and GEE's common stock if On-Site achieves certain revenue and earnings goals through 2014. The fair value of this contingent consideration has been initially assessed at zero, as it is not anticipated On-Site will meet the required financial performance targets. In the event the estimated fair value of this contingent consideration changes in future periods, the change in fair value will be recorded in the statement of operations.

Effective November 1, 2010, GEE and its wholly-owned subsidiary, Triad Personnel Services, Inc., entered into an asset purchase agreement, with DMCC Staffing, LLC, (“DMCC”), RFFG of Cleveland, LLC, (“RFFG of Cleveland”), and Thomas J. Bean (the “Asset Purchase Agreement”), for the purchase of certain assets of DMCC and RFFG of Cleveland, including customer lists, comprising DMCC and RFFG of Cleveland’s services business.

The assets purchased related to RFFG of Cleveland and DMCC constitute businesses and as such the acquisition of these assets was accounted for as a business combination. The assets acquired and liabilities assumed have been recorded at their fair value on the acquisition date of November 1, 2010. Pursuant to the Asset Purchase Agreement, GEE will issue $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 upon receipt of (a) stockholder approval of the transaction and of an increase to GEE’s authorized common stock and (b) approval of an additional listing application by the NYSE Amex Stock Exchange.

In addition, commencing in 2011, if the aggregate EBITDA of the business acquired, including any management fees earned by GEE under the Management Agreement, meets certain targets (each, an “EBITDA Target”) over a four-year period ending December 31, 2014 (the “Earnout Period”), GEE 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 of such period will be reduced proportionately. The EBITDA Targets will be $300,000, $600,000, $900,000 and $1,200,000 for each of the three-, six-, nine- and twelve-month periods, respectively, in the fiscal year ending December 31, 2011, and earn-out payments will consist of quarterly payments of $150,000, payable in three equal monthly installments, if the relevant EBITDA Targets are met. Starting in the fiscal year ending December 31, 2012, the EBITDA Targets will be 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 Earn-out Period, if the aggregate EBITDA for the 12-month period then ended is greater than the Annual EBITDA Target for such year, GEE will pay to DMCC and RFFG of Cleveland the amount of such excess, 50% in cash and 50% in shares of common stock. The estimated fair value of the earn-out to be paid under this agreement approximates $2,200,000.

In conjunction with the purchase agreement, effective November 1, 2010, GEE 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.

In consideration of the services provided under the management agreement, RFFG will pay the GEE approximately 6% of its gross revenues. Gross revenues of RFFG are expected to approximate $18,000,000 on an annual basis, resulting in an expected management fee of approximately $1,000,000 per year. GEE will need to add employees to provide the services required under the management agreement.

We have not completed a final assessment of the fair values of assets and liabilities of DMCC/RFFG of Cleveland. Accordingly, to the extent such assessments indicate different fair values as presented herein, such adjustments will be made but are not expected to be material.

Unaudited Pro Forma Condensed Combined Statements of Operations

Twelve months ended September 30, 2010

(In Thousands, Except Per Share Data)	GEE	DMCC/ RFFG of Cleveland	OnSite	Pro forma adjustments	Proforma
Net revenues:					
Contract services	$ 9,020	$ 5,332	$ 8,736	$ -	$ 23,088
Placement services	2,897	-	-	-	$ 2,897
Management Fees	-	-	-	1,041 a	$ 1,041
Net revenues	11,917	5,332	8,736	1,041	27,026
Operating expenses:					
Cost of contract services	7,111	4,505	8,303	-	$ 19,919
Selling, general and administrative expenses	6,126	527	286	141	$ 7,080
Amortization of intangibles	191	-	132	581 b	$ 904
Goodwill impairment loss	-	-	280	(280) c	$ -
Total operating expenses	13,428	5,032	9,001	442	$ 27,903
Income (loss) from operations	(1,511)	300	(265)	599	(877)
Other income (loss)	(45)	(212)	(3)	6 d	$ (254)
Net loss	(1,556)	88	(268)	605	(1,131)
Diluted loss per share	$ (0.11)		$ -	$ -	$ (0.06)
Weighted average common shares outstanding	13,874	0	-	7,057 e	20,437

See notes to unaudited pro forma condensed combined statement of operations.

Notes to Unaudited Pro Forma Condensed Combined Statements of Operations

(a) To record the revenue and expenses for the services provided under the management agreement for RFFG's companies. The estimated revenue , based on unaudited historical financial information, for the twelve months ending September 30, 2010 is $1,041 less estimated expenses for management labor and misc expense of $141 for a net of $900

(b) To record amortization on identifiable intangibles in the 2010 Statement of Operations and eight months of amortization expense related to OnSite's and twelve months of amortization expense related to the DMCC/RFFG of Cleveland identifiable intangible assets assuming the business combination occurred as of October 1, 2009.

(c) To reverse impairment loss on pre-acquisition goodwill of OnSite

(d) The adjustment for a change in the interest expense because a reduction in the interest rate

(e) Represents shares of General Employment common stock to be issued as consideration to the seller of OnSite and DMCC and RFFG of Cleveland.

Unaudited Pro Forma Condensed Combined Statements of Operations

Three months ended December 31, 2010

(In Thousands, Except Per Share Data)	GEE	DMCC/ RFFG of Cleveland	Pro forma adjustments	Proforma
Net revenues:				
Contract services	$ 4,887	$ 591	$ -	$ 5,478
Placement services	923	-	-	$ 923
Management Fees	162		153a	$ 315
Net revenues	5,972	591	153	6,716
Operating expenses:				
Cost of contract services	4,115	503	-	$ 4,618
Selling, general and administrative expenses	1,735	44	12	$ 1,791
Amortization of intangibles	94	-	43b	$ 137
Total operating expenses	5,944 -	547	55	$ 6,546
Income (loss) from operations	28 -	44	98	170
Other income (loss)	(13)	(3)	1c	$ (15)
Net loss	15 -	41	99	155
Diluted income per share	$ 0.00			$ 0.01
Weighted average common shares outstanding	14,921		5,581d	20,441

See notes to unaudited pro forma condensed combined statement of operations.

Notes to Unaudited Pro Forma Condensed Combined Statements of Operations

(a) To record the revenue and expenses for the services provided under the management agreement for RFFG's companies. The estimated revenue, based on unaudited historical financial information, for the one month of October 31, 2010 is $ 153 less estimated expenses for management labor and **misc expense of $12 for a net of $141**

(b) To record amortization on identifiable intangibles in the 2010 Statement of Operations and to record one month of amortization expense related to DMCC/RFFG of Cleveland identifiable intangible assets assuming the business combination occurred as of October 1, 2010.

(c) The adjustment for a change in the interest expense because a reduction in the interest rate

(d) Represents shares of General Employment common stock to be issued as consideration to the seller DMCC and RFFG of Cleveland