UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-QSB

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

For the quarterly period ended December 31, 1996

or

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from __________ to __________

Commission File Number: 1-5707

GENERAL EMPLOYMENT ENTERPRISES, INC.
(Exact name of small business issuer 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, 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 X No __

As of January 31, 1997, there were 2,651,796 shares of common stock outstanding.

PART I. FINANCIAL INFORMATION

GENERAL EMPLOYMENT ENTERPRISES, INC.
CONDENSED CONSOLIDATED BALANCE SHEET (Unaudited)

(In Thousands)	December 31 1996	September 30 1996
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4,888	$ 6,064
Accounts receivable, less allowances (Dec. 1996--$321; Sept. 1996--$341)	2,613	2,746
Total current assets	7,501	8,810
Property and equipment, net	381	361
Other assets	456	410
Total assets	$ 8,338	$ 9,581

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Accrued compensation and payroll taxes	$ 2,036	$ 3,510
Other current liabilities	847	890
Total current liabilities	2,883	4,400
Long-term obligations	384	375
Shareholders' equity:		
Common stock, no-par value; authorized -- 20,000 shares; issued and outstanding -- 2,652 shares	27	27
Capital in excess of stated value of shares	4,228	4,228
Retained earnings	816	551
Total shareholders' equity	5,071	4,806
Total liabilities and shareholders' equity	$ 8,338	$ 9,581

See notes to condensed consolidated financial statements.

GENERAL EMPLOYMENT ENTERPRISES, INC.
CONDENSED CONSOLIDATED STATEMENT OF INCOME (Unaudited)

	Three Months Ended December 31	
(In Thousands, Except Per Share)	1996	1995
Net revenues:		
Permanent placement services	$ 4,259	$ 3,478
Contract services	1,645	1,519
Net revenues	5,904	4,997
Costs and expenses:		
Cost of services	4,282	3,635
General and administrative	918	848
Income before income taxes	704	514
Provision for income taxes	280	200
Net income	$ 424	$ 314
Net income per share	$ .16	$ .12
Average number of shares	2,677	2,601

See notes to condensed consolidated financial statements.

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

	Three Months Ended December 31	
(In Thousands)	1996	1995
Operating activities:		
Net income	$ 424	$ 314
Noncash costs and expenses	22	33
Changes in current assets and current liabilities -		
Accounts receivable	133	(458)
Accrued compensation and payroll taxes	(1,474)	(404)
Other current liabilities	(43)	19
Net cash used by operating activities	(938)	(496)
Net cash used by investing activities	(79)	(37)
Net cash used by financing activities	(159)	(110)
Decrease in cash and cash equivalents	(1,176)	(643)
Cash and cash equivalents at beginning of period	6,064	3,225

Cash and cash equivalents at end of period $ 4,888 $ 2,582
See notes to condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Interim Financial Statements

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. This financial information 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, 1996. Operating results for interim periods are not necessarily indicative of the results that may be expected for the entire year.

Common Stock

The Company declared a 15% stock dividend in September 1996, payable on November 1, 1996. All per share amounts have been adjusted to reflect the dividend.

The Company declared a special cash dividend on its common stock of $ .06 per share in the December 1996 quarter and $ .04 per share in the December 1995 quarter.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Corporate Strategies and Economic Factors

The Company provides permanent placement and contract temporary staffing services for business and industry, specializing in the placement of information technology, engineering, technical and accounting personnel. For the year ended September 30, 1996, the Company derived 70% of its revenues from permanent placements and 30% of its revenues from contract services. As of December 31, 1996, the Company operated 31 offices located in major metropoli tan and business centers in 12 states.

The demand for the Company's services has been strong in recent years. For the three fiscal years ended September 30, 1996, the Company's annual rate of revenue growth was 43% for contract services and 24% for permanent placement services. Management believes that this growth is attributable to three factors.
First, the Company specializes in the fast-growing information technology field. Second, it fills a growing need in the workplace for temporary help. And third, it offers its clients the alternative of either temporary or full-time staffing assistance.

The Company's business is also affected by the U.S. economy and national hiring levels. The last two years were characterized by relatively low, but stable, economic growth and historically low levels of unemployment. These economic conditions have contributed to the growing demand for the Company's services.

Management expects that this growth trend will continue in the future. To help generate this growth, the Company opened six new branch offices during fiscal 1996 and has plans to open an additional eight new offices during fiscal 1997. Generally, the

Company enters into short-term leases for new locations, initially using shared office facilities whenever possible; this approach minimizes costs during the start-up period.

Results of Operations

For the three months ended December 31, 1996, consolidated revenues were $5,904,000, up $907,000 (18%) from last year's $4,997,000. Permanent placement revenues increased $781,000 (22%), on 12% more placements and an 11% higher average placement fee. Although contract billable hours were down 7% for the period, contract service revenues increased $126,000 (8%), due to a 16% higher average hourly billing rate.

The consolidated cost of services for the three months ended December 31, 1996 was $4,282,000, up $647,000 (18%) from 1995. Branch manager and consultant compensation increased 24%, and the payroll for contract service workers increased 9%, as a result of the higher volume of business this year. Advertising expenses increased 33%, and all other operating costs increased by 10%. The cost of services as a percent of service revenues was 72.5%, about the same as last year.

General and administrative expenses for the three months ended December 31, 1996 were $918,000, which was a $70,000 (8%) increase from 1995.

Pretax income was $704,000 for the 1996 period, a $190,000 (37%) increase from 1995. After taxes, net income was $424,000, or $ .16 per share, for the three months ended December 31, 1996, a $110,000 (35%) improvement compared with net income of $314,000, or $ .12 per share, for the same period last year.

Financial Condition

During the three months ended December 31, 1996, the Company's cash and cash equivalents decreased by $1,176,000 to a balance of $4,888,000. The primary reason for this decrease was an expected use of funds to pay accrued compensation and payroll tax liabilities of $1,474,000. Net income for the quarter provided $424,000. As a result, the net cash used by operating activities was $938,000. During the period, the Company used $79,000 in investing activities, primarily for the acquisition of property and equipment, and $159,000 for the payment of cash dividends. The Company's net working capital was $4,618,000 as of December 31, 1996, compared with $4,410,000 at September 30, 1996, and shareholders' equity was $5,071,000 at December 31, 1996, compared with $4,806,000 last September.

As of December 31, the Company had no debt outstanding, and it had a $1,000,000 line of credit available for working capital purposes. Management believes that existing resources are adequate to meet the Company's current operating needs.

As of December 31, 1996, the Company had no commitments for the acquisition of property and equipment. All of its facilities are leased, and information about future minimum lease payments is presented in the notes to consolidated financial statements contained in the Company's annual report on Form 10-KSB for the year ended September 30, 1996.

PART II - OTHER INFORMATION

Item 6 Exhibits and Reports on Form 8-K

The following exhibits are filed as part of this report:

No. Description of Exhibit

10   Resolution of the Board of Directors adopted November 18, 1996, as amended, establishing a Senior Executive Bonus Pool for fiscal 1997.

27   Financial Data Schedule for the three months ended December 31, 1996.

There were no reports on Form 8-K filed during the quarter.

SIGNATURES

In accordance with the requirements of the Exchange Act, 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: February 10, 1997   By: /s/ Herbert F. Imhoff
Herbert F. Imhoff
Chairman of the Board
and President

Date: February 10, 1997   By: /s/ Kent M. Yauch
Kent M. Yauch
Chief Financial Officer
and Treasurer

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Exhibit 10

RESOLUTION OF THE BOARD OF DIRECTORS
ADOPTED NOVEMBER 21, 1995
(as amended December 26, 1996)

RESOLVED, that the Company establish a Senior Executive Bonus Pool for fiscal 1997 payable to HERBERT F. IMHOFF, the Company's Chairman of the Board and CEO, and to HERBERT F. IMHOFF, JR., the Company's Executive Vice President, with the total sum of the pool to be divided between the two executives, in proportion to each executive's base salary.

The executive Bonus Pool for fiscal 1997 would be equal to an aggregate amount based upon the following contingency formula:

No executive bonus will be earned unless the Company's consolidated pretax earnings, before executive bonuses, exceed $2,500,000.

If consolidated pretax earnings, before executive bonuses, exceed $2,500,000, but are less than $3,500,000, a bonus amount equal to 15% of the Company's pretax earnings, before executive bonuses, which exceed $2,500,000 will be added to the Executive Bonus Pool.

If consolidated pretax earnings, before executive bonuses, exceed $3,500,000, but are less than $4,500,000, a bonus amount equal to 20% of the Company's pretax earnings, before executive bonuses, which exceed $3,500,000 will be added to the Executive Bonus Pool. This bonus is in addition to bonuses earned on pretax income of less than $3,500,000.

If consolidated pretax earnings, before executive bonuses, exceed $4,500,000 a bonus amount equal to 25% of the Company's pretax earnings, before executive bonuses, which exceed $4,500,000 will be added to the Executive Bonus Pool. This bonus is in addition to bonuses earned on all pretax income of less than $4,500,000.