

July 31, 2009



## **General Employment Enterprises, Inc. Reports Third Quarter Results**

OAKBROOK TERRACE, Ill., July 31 /PRNewswire-FirstCall/ -- General Employment Enterprises, Inc. (NYSE Amex: JOB) reported consolidated net revenues for the quarter ended June 30, 2009 of \$2,520,000, compared with consolidated net revenues of \$3,622,000 reported for the same period last year. It was the third quarter of the Company's 2009 fiscal year. Contract service revenues for the quarter were \$1,490,000, down 17% from the same period last year. Placement service revenues of \$1,030,000 decreased 43% from last year.

The Company had a net loss of \$2,295,000 or \$.44 per share, in the third fiscal quarter of this year, compared with a net loss of \$582,000, or \$.11 per share, in the third quarter last year.

As of June 30, 2009, the Company recorded the sale of 7,700,000 newly-issued shares of common stock to PSQ, LLC for \$1,925,000 in cash, pursuant to a Securities Purchase and Tender Offer Agreement that had been entered into by the Company on March 30, 2009. The net proceeds to the Company from the share issuance, after deducting related costs, were \$1,432,000. In connection with the completion of the sale of shares, 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 is obligated to make monthly payments over a five-year period and to issue 500,000 newly-issued shares of common stock to the former CEO. As of June 30, 2009, the Company recorded additional compensation expense under the consulting agreement in the amount of \$1,125,000, which is included in selling, general and administrative expenses on the consolidated statement of operations.

The third quarter results also include a provision for the cost of closing branch offices of \$350,000. During the period, the Company consolidated eight branch offices in three metropolitan areas.

Excluding the provision for additional compensation and the provision for the cost of closing offices, the Company's net loss for the third quarter was \$820,000, or \$.16 per share.

Commenting on the Company's performance, Ronald E. Heineman, CEO and President said, "On July 1st we implemented a major restructuring of General Employment's corporate and field operations. This strategic restructuring will provide us with a stable platform for future growth. The \$1,475,000 of one-time restructuring charges in June did not require the use of cash. I am looking forward to reporting on our progress in the future."

*Nine Months Results*

For the nine months ended June 30, 2009, the Company had a net loss of \$4,159,000, or \$.81 per share, compared with a net loss of \$1,332,000, or \$.26 per share, for the same period last year. Consolidated net revenues for the nine month period were \$7,879,000, down 31% compared with \$11,475,000 last year.

### *Business Information*

General Employment provides professional staffing services, and specializes in information technology, accounting and engineering placements.

The Company's business is highly dependent on national employment trends in general and on the demand for professional staff in particular. 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. 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 contract employees and events affecting its contract employees on client premises, and the ability of the Company to attract and retain qualified corporate and branch management.

### *Forward-Looking Statements*

The statements made in this press release 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 our actual results to differ materially from those in the forward-looking statements include, without limitation, those factors set forth under the heading "Forward-Looking Statements" in our annual report on Form 10-KSB for the fiscal year ended September 30, 2008, and in our other filings with the SEC. General Employment 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.

GENERAL EMPLOYMENT ENTERPRISES, INC.  
CONSOLIDATED STATEMENT OF OPERATIONS  
(In Thousands, Except Per Share)

	Three Months Ended June 30		Nine Months Ended June 30	
	2009	2008	2009	2008
Net revenues:				
Contract services	\$1,490	\$1,805	\$4,433	\$5,665
Placement services	1,030	1,817	3,446	5,810
	-----	-----	-----	-----
Net revenues	2,520	3,622	7,879	11,475
Cost of contract services	1,040	1,207	3,093	3,816
Selling, general and				

administrative expenses (1) (2)	3,809	3,011	8,895	9,055
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Loss from operations	(2,329)	(596)	(4,109)	(1,396)
Investment income (loss)	34	14	(50)	64
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Net loss (3)	\$ (2,295)	\$ (582)	\$ (4,159)	\$ (1,332)
	=====	=====	=====	=====
Average number of shares				
- basic and diluted	5,165	5,165	5,165	5,163
	=====	=====	=====	=====
Net loss per share				
- basic and diluted	\$ (.44)	\$ (.11)	\$ (.81)	\$ (.26)
	=====	=====	=====	=====

- (1) As of June 30, 2009, the Company recorded additional compensation expense of \$1,125,000 under a consulting agreement with the Company's former Chairman, Chief Executive Officer and President (the "former CEO") that became effective on July 1, 2009. Under the consulting agreement, the former CEO resigned from those positions and his employment agreement with the Company was terminated, and the Company is obligated to make monthly payments over a five-year period and to issue 500,000 shares of common stock to the former CEO. The additional compensation expense is included in selling, general and administrative expenses for the three months and nine months ended June 30, 2009. At that date, the Company recorded a liability for the future payments in the amount of \$845,000 (\$665,000 due beyond one year) and recorded additional common stock in the amount of \$280,000.
- (2) Selling, general and administrative expenses for the three months and nine months ended June 30, 2009 include a provision for the cost of closing branch offices of \$350,000. During the period, the Company consolidated eight branch offices into three branch offices in three metropolitan areas.
- (3) There were no credits of income taxes as a result of the pretax losses during the periods, because there was not sufficient assurance that future tax benefits would be realized.

GENERAL EMPLOYMENT ENTERPRISES, INC.  
NON-GAAP RESULTS OF OPERATIONS AND RECONCILIATION  
(In Thousands, Except Per Share)

The Company's results of operations, excluding the additional compensation expense under the consulting agreement and excluding the provision for the cost of closing offices from selling, general and administrative expenses, are shown in the table below. Management believes that this information provides a meaningful measurement of the results of operations on an ongoing basis, without the one-time charges.

	Three Months Ended June 30		Nine Months Ended June 30	
	-----		-----	
	2009	2008	2009	2008
	----	----	----	----
Net revenues:				
Contract services	\$1,490	\$1,805	\$4,433	\$5,665

Placement services	1,030	1,817	3,446	5,810
	-----	-----	-----	-----
Net revenues	2,520	3,622	7,879	11,475
Cost of contract services	1,040	1,207	3,093	3,816
Selling, general and administrative expenses	2,334	3,011	7,394	9,055
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Loss from operations	(854)	(596)	(2,608)	(1,396)
Investment income (loss)	34	14	(50)	64
	--	--	---	--
Net loss	\$ (820)	\$ (582)	\$ (2,658)	\$ (1,332)
	=====	=====	=====	=====
Average number of shares - basic and diluted	5,165	5,165	5,165	5,163
	=====	=====	=====	=====
Net loss per share - basic and diluted	\$ (.16)	\$ (.11)	\$ (.51)	\$ (.26)
	=====	=====	=====	=====

A reconciliation of selling, general and administrative expenses is as follows:

	Three Months Ended June 30		Nine Months Ended June 30	
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	2009	2008	2009	2008
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Non-GAAP expenses	\$2,334	\$3,011	\$7,394	\$9,055
Additional compensation under consulting agreement	1,125	-	1,125	-
Provision for cost of closing offices	350	-	376	-
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As reported	\$3,809	\$3,011	\$8,895	\$9,055
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GENERAL EMPLOYMENT ENTERPRISES, INC.  
SUMMARIZED CONSOLIDATED BALANCE SHEET INFORMATION  
(In Thousands)

	June 30 2009	September 30 2008
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Assets:		
Cash and cash equivalents	\$3,081	\$4,165
Other current assets	1,602	1,627
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Total current assets	4,683	5,792
Property and equipment, net	629	791
Other assets	-	419
	-	---
Total assets	\$5,312	\$7,002

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Liabilities and shareholders' equity:		
Current liabilities	\$1,936	\$1,507
Other liabilities	665	419
Shareholders' equity (4)	2,711	5,076
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Total liabilities and shareholders' equity	\$5,312	\$7,002
	=====	=====

- (4) As of June 30, 2009, the Company recorded the sale of 7,700,000 newly-issued shares of common stock to PSQ, LLC for \$1,925,000 in cash, pursuant to a Securities Purchase and Tender Offer Agreement that had been entered into by the Company on March 30, 2009. The net proceeds to the Company from the share issuance, after deducting related costs, were \$1,432,000.

SOURCE General Employment Enterprises, Inc.