General Employment

2006

Annual Report

General Employment Enterprises, Inc. and its wholly-owned subsidiary, Triad Personnel Services, Inc., provide professional staffing services through a network of 20 branch offices located in 10 states. The Company specializes in information technology, accounting and engineering placements and offers its clients a choice of three staffing options — contracting for the services of the Company's employees who are placed on temporary contract assignments at clients' premises; hiring the Company's contract employees as their own regular full-time employees through the Company's contract-to-hire option; or filling their openings for regular full-time positions with candidates who have been recruited and referred by the Company.

The Company's offices operate under the trade names General Employment Enterprises, Omni One, Business Management Personnel, Triad Personnel Services or Generation Technologies.

For the 2006 fiscal year, the Company derived approximately 51% of its revenues from contract services and 49% from placement services.

General Employment's shares are traded on the American Stock Exchange under the trading symbol **JOB**.

Financial Highlights

(In Thousands, Except Per Share)	Year Ended September 30 2006	2005
Net revenues	$20,068	$20,348
Net income	1,002	671
Net cash provided by operating activities	1,002	857
Net income per share – basic and diluted	$ .19	$ .13
Book value per share	1.33	1.14
Net working capital	$ 6,051	$ 5,218
Shareholders' equity	6,852	5,850
Total assets	9,275	8,364
Rate of return on average equity	15.8%	12.2%

Market Information

The Company's common stock is traded on the American Stock Exchange under the trading symbol JOB. The high and low market prices per share of the Company's common stock were as follows:

	Fiscal 2006				Fiscal 2005			
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
High	$2.05	$1.72	$2.10	$2.75	$2.18	$1.67	$3.00	$3.05
Low	1.43	1.41	1.46	1.86	1.18	1.14	1.34	2.00

There were 741 holders of record on October 31, 2006. The Company declared no cash dividends on its common stock during the last two fiscal years.

Fellow Shareholders:

A Successful Year

Fiscal 2006 was another successful year for General Employment Enterprises, Inc. Both placement service revenues and operating income increased. We continued to have positive cash flow, a strong cash position, and no long-term debt. And, in May we announced the opening of our first new office in over five years.

During the year, the Company successfully shifted its focus from contract services to placement services in order to meet our clients' increasing demand for full-time personnel. Contract service revenues were down because of the change in demand. To help offset the diminished demand for contract services, the Company directed its attention to higher-paid contract positions. Our change in strategy resulted in a marked improvement in operating income due to the lower costs associated with placement services.

We've achieved our second consecutive year of improved profitability. Because of the Company's success, the Board of Directors deemed it appropriate to pay a special year-end cash dividend to shareholders.

The Company's Assets

In fiscal 2006, we began an upgrade of our computer system, both at our corporate headquarters and in our branch offices, to replace outdated technology which had become expensive and time-consuming to maintain. This new system will improve performance, allow more efficient maintenance and control over our network, and insure improved reliability and security. We anticipate that this project will be completed by mid-2007.

Our cash reserves increased because of the improvement in our business and our continued emphasis on cost containment. Our experience in the staffing industry has taught us the importance of having cash reserves available so we can address specific needs as they arise, including changes in the economy.

While some may view our cash as our biggest asset, I don't share that opinion. Our biggest assets can't be found as line items on the balance sheet. Our biggest assets are our employees – most importantly, our branch managers, who deserve most of the credit for our success. Our managers are a loyal and dedicated group of individuals, having an average of over 19 years of service with the Company. They have the responsibility of hiring, training and motivating their staff to increase sales, while at the same time, achieving their own personal performance goals. Without our branch managers and the work of the outstanding team of consultants and account executives who make the placements and arrange the contract assignments, the Company would be nothing more than empty desks and idle office equipment.

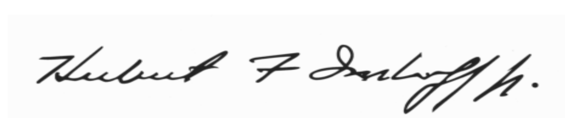
Ours is a service business which is highly dependent upon the relationships and trust we develop with our clients. Our branch office personnel are on the phones every day, working to establish new relationships and to maintain existing ones. Our goal is to provide our clients with more than just a business service. We provide the personal service they expect from us – listening, understanding and responding to their needs.

Looking Ahead

I'm looking forward to fiscal 2007, and believe it will be another successful year for General Employment. Given the current rate of unemployment and the increased number of business and professional positions that need to be filled, I believe we will continue to see improvements in our placement service performance and in our profitability.

Our market is dynamic. We are poised to take advantage of the fluctuations in the marketplace and have the talent and resources to adapt to those changes. And we are well-positioned to expand our business when the conditions warrant growth and it is in the best interest of the Company to do so.

In closing, I would like thank you, our shareholders, for your support and your continuing confidence in the Company. With a favorable economy in 2007 and ongoing demand for the Company's services, I hope to be able to provide you with another good report next year.



Herbert F. Imhoff, Jr.
Chairman of the Board and
Chief Executive Officer

December 18, 2006

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 September 30, 2006, the Company operated 20 offices located in 10 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 4.6% in September 2006 and 5.1% in September 2005. The change indicates a trend toward fuller employment over the last twelve months.

During the 2006 fiscal year, the Company experienced stronger demand for its placement services, but weaker demand for its contract services, compared with the prior year. These conditions led to an increase in the number of placements, while the number of billable contract hours decreased. Increased emphasis on higher-paid contract positions resulted in a higher average hourly billing rate for contract services this year.

Consolidated net revenues for the year ended September 30, 2006 decreased 1% compared with the prior year. As a result of the changed demand, placement service revenues were up 14%, while contract service revenues were down 13%. Although overall revenues were essentially flat, the change in mix resulted in a 37% increase in income from operations.

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 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.

The Company had net cash flow of $668,000 for the 2006 fiscal year, and the balance of cash and cash equivalents increased to $5,904,000 as of September 30, 2006.

Results of Operations

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

	Year Ended September 30	
	2006	2005
Net revenues		
Contract services	51.1%	57.8%
Placement services	48.9	42.2
Net revenues	100.0	100.0
Operating expenses		
Cost of contract services	36.2	41.0
Selling	30.4	25.8
General and administrative	29.5	30.4
Total operating expenses	96.1	97.2
Income from operations	3.9%	2.8%

Net Revenues
Consolidated net revenues for the year ended September 30, 2006 were down $280,000 (1%) from the prior year. Placement service revenues increased $1,221,000 (14%), while contract service revenues decreased $1,501,000 (13%).

National employment levels increased during fiscal 2006. As a result of the stronger overall demand for placement services, the Company experienced a 12% increase in the number of placements and a 2% increase in the average placement fee.

The decrease in contract service revenues was due to a 19% decrease in the number of billable hours that was partially offset by a 7% increase in the average hourly billing rate.

Operating Expenses
Total operating expenses for the year ended September 30, 2006 were down $492,000 (2%) compared with the prior year.

The cost of contract services was down $1,079,000 (13%) as a result of the lower volume of contract business. The gross profit margin on contract business was 29.2% for the year ended September 30, 2006, which was slightly higher than 29.1% for the prior year. There are no direct costs associated with placement service revenues.

Management's Discussion Continued

Selling expenses increased $848,000 (16%) for the year, primarily due to higher commission expense resulting from the higher placement service revenues. Selling expenses represented 30.4% of consolidated net revenues, which was up 4.6 points from the prior year because of the change in revenue mix.

General and administrative expenses decreased $261,000 (4%) for the year ended September 30, 2006. Compensation in the operating divisions decreased 12%, due to lower salaries and lower advance expense resulting from the higher commissions. All other general and administrative expenses were down 1%. General and administrative expenses represented 29.5% of consolidated revenues, and that was down slightly 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 September 30, 2006, the Company had cash and cash equivalents of $5,904,000, which was an increase of $668,000 from September 30, 2005. Net working capital at September 30, 2006 was $6,051,000, which was an increase of $833,000 from September 30, 2005, and the current ratio was 3.5 to 1. The Company had no long-term debt. Shareholders' equity as of September 30, 2006 was $6,852,000, which represented 74% of total assets.

During the fiscal year ended September 30, 2006, the net cash provided by operating activities was $1,002,000. Net income for the period, together with depreciation and other non-cash charges, provided $1,167,000, while working capital items used $165,000.

Expenditures for the acquisition of property and equipment were $334,000 in fiscal 2006. The major expenditures were for computer equipment and software purchased in connection with a program to upgrade the Company's operational and administrative computer systems. Additional expenditures of approximately $300,000 are expected to be incurred during fiscal 2007 to complete the project.

In November 2006, the Company's board of directors declared a special year end cash dividend in the amount of $.10 per common share, payable in January 2007, which is expected to result in a total payout 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.

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.

As of September 30, 2006 there were approximately $3,000,000 of losses available to reduce federal taxable income in future years through 2024, and there were approximately $5,800,000 of losses available to reduce state and local taxable income in future years, expiring from 2007 through 2024.

Off-Balance Sheet Arrangements

As of September 30, 2006, and during the year 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.

Critical Accounting Policies

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States.

Management makes estimates and assumptions that can affect the amounts of assets and liabilities reported as of the date of the financial statements, as well as the amounts of reported revenues and expenses during the

Management's Discussion Concluded

periods presented. Those estimates and assumptions typically involve expectations about events to occur subsequent to the balance sheet date, and it is possible that actual results could ultimately differ from the estimates. If differences were to occur in a subsequent period, the Company would recognize those differences when they became known. Significant matters requiring the use of estimates and assumptions include deferred income tax valuation allowances, accounts receivable allowances, and valuations of property and equipment. Management believes that its estimates and assumptions are reasonable, based on information that is available at the time they are made.

The following accounting policies are considered by management to be "critical" because of the judgments and uncertainties involved, and because different amounts would be reported under different conditions or using different assumptions.

Income Taxes
Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities, and are measured using the enacted tax rates and laws that are expected to be in effect when the differences reverse. A valuation allowance is recorded to reduce deferred tax assets to the amount that is more likely than not to be realized as a tax benefit in the future. Judgment is required in assessing the likelihood that tax assets will be realized. These judgments are based on estimates about future taxable income, which is inherently uncertain. The Company maintained a full valuation allowance as of September 30, 2006, because there was not sufficient assurance that future tax benefits would be realized.

Accounts Receivable Allowances
An allowance for placement falloffs is recorded, as a reduction of revenues, for estimated losses due to applicants not remaining employed for the Company's guarantee period. An allowance for doubtful accounts is recorded, as a charge to bad debt expense, where collection is considered to be doubtful due to credit issues. These allowances reflect management's estimate of potential losses inherent in the accounts receivable balances, based on historical loss statistics.

Property and Equipment
Property and equipment are recorded at cost. Depreciation expense is calculated on a straight-line basis over estimated useful lives of five years for computer equipment and two to ten years for office equipment, furniture and fixtures. The Company capitalizes computer software purchased or developed for internal use, and amortizes it over an estimated useful life of five years. The carrying value of property and equipment is reviewed for impairment whenever events or changes in circumstances indicate that it may not be recoverable. If the carrying amount of an asset group is greater than its estimated future undiscounted cash flows, the carrying value is written down to the estimated fair value. These processes require the use of estimates and assumptions about the future.

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 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.

Consolidated Statement of Income

(In Thousands, Except Per Share)	Year Ended September 30 2006	2005
Net revenues		
Contract services	$ 10,253	$ 11,754
Placement services	9,815	8,594
Net revenues	20,068	20,348
Operating expenses		
Cost of contract services	7,256	8,335
Selling	6,098	5,250
General and administrative	5,925	6,186
Total operating expenses	19,279	19,771
Income from operations	789	577
Investment income	213	94
Net income	$ 1,002	$ 671
Average number of shares		
Basic	5,148	5,142
Diluted	5,338	5,355
Net income per share — basic and diluted	$ .19	$ .13

See notes to consolidated financial statements.

Consolidated Balance Sheet

(In Thousands)	As of September 30 2006	2005
ASSETS		
Current assets		
Cash and cash equivalents	$ 5,904	$ 5,236
Accounts receivable, less allowances (2006 – $280; 2005 – $270)	1,978	2,028
Other current assets	592	468
Total current assets	8,474	7,732
Property and equipment, net	801	632
Total assets	$ 9,275	$ 8,364
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accrued compensation	$ 1,791	$ 1,834
Other current liabilities	632	680
Total current liabilities	2,423	2,514
Shareholders' equity		
Preferred stock; authorized – 100 shares; issued and outstanding – none	—	—
Common stock, no-par value; authorized – 20,000 shares; issued and outstanding – 5,148 shares	4,839	4,839
Retained earnings	2,013	1,011
Total shareholders' equity	6,852	5,850
Total liabilities and shareholders' equity	$ 9,275	$ 8,364

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

	Year Ended September 30	
(In Thousands)	2006	2005
Operating activities		
Net income	$1,002	$ 671
Depreciation and amortization	165	238
Accounts receivable	50	(195)
Accrued compensation	(43)	590
Other current items, net	(172)	(447)
Net cash provided by operating activities	1,002	857
Investing activities		
Acquisition of property and equipment	(334)	(69)
Financing activities		
Exercises of stock options	—	11
Increase in cash and cash equivalents	668	799
Cash and cash equivalents at beginning of year	5,236	4,437
Cash and cash equivalents at end of year	$5,904	$5,236

See notes to consolidated financial statements.

Consolidated Statement of Shareholders' Equity

(In Thousands)	Year Ended September 30 2006	2005
Common shares outstanding		
Number at beginning of year	5,148	5,136
Exercises of stock options	—	12
Number at end of year	5,148	5,148
Common stock		
Balance at beginning of year	$ 4,839	$ 4,828
Exercises of stock options	—	11
Balance at end of year	$ 4,839	$ 4,839
Retained earnings		
Balance at beginning of year	$ 1,011	$ 340
Net income	1,002	671
Balance at end of year	$ 2,013	$ 1,011

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

The Company

General Employment Enterprises, Inc. (the "Company") operates in one industry segment, providing staffing services through a network of branch offices located in major metropolitan areas throughout the United States. The Company specializes in providing information technology, engineering and accounting professionals to clients on either a regular placement basis or a temporary contract basis. The Company has a diverse customer base, and no single customer accounted for more than 5% of its revenues during either of the last two fiscal years.

Significant Accounting Policies and Estimates

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States. The more significant accounting policies that are followed by the Company are summarized below.

Principles of Consolidation
The consolidated financial statements include the accounts and transactions of the Company and its wholly-owned subsidiary. All significant intercompany accounts and transactions are eliminated in consolidation.

Estimates and Assumptions
Management makes estimates and assumptions that can affect the amounts of assets and liabilities reported as of the date of the financial statements, as well as the amounts of reported revenues and expenses during the periods presented. Those estimates and assumptions typically involve expectations about events to occur subsequent to the balance sheet date, and it is possible that actual results could ultimately differ from the estimates. If differences were to occur in a subsequent period, the Company would recognize those differences when they became known. Significant matters requiring the use of estimates and assumptions include deferred income tax valuation allowances, accounts receivable allowances, and valuations of property and equipment. Management believes that its estimates and assumptions are reasonable, based on information that is available at the time they are made.

Revenue Recognition
Placement service revenues are recognized when applicants accept offers of employment, less a provision for estimated losses due to applicants not remaining employed for the Company's guarantee period. Contract service revenues are recognized when services are rendered.

Cost of Contract Services
The cost of contract services includes the wages and the related payroll taxes and benefits of the Company's employees while they work on contract assignments.

Income Taxes
Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities, and are measured using the enacted tax rates and laws that are expected to be in effect when the differences reverse. A valuation allowance is recorded to reduce deferred tax assets to the amount that is more likely than not to be realized as a tax benefit in the future.

Income Per Share
Basic income per share is based on the average number of common shares outstanding. Diluted income per share is based on the average number of common shares and the dilutive effect of stock options. Diluted income per share does not include the effect of 50,000 stock options in fiscal 2006 and 2005, because the exercise price of those options was greater than the average market value of the common stock during the year and including them would have had an anti-dilutive effect on income per share.

Cash Equivalents
Highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

Accounts Receivable Allowances
An allowance for placement falloffs is recorded, as a reduction of revenues, for estimated losses due to applicants not remaining employed for the Company's guarantee period. An allowance for doubtful accounts is recorded, as a charge to bad debt expense, where collection is considered to be doubtful due to credit issues. These allowances together reflect management's estimate of the potential losses inherent in the accounts receivable balances, based on historical loss statistics.

Property and Equipment
Property and equipment are recorded at cost. Depreciation expense is calculated on a straight-line basis over

Notes Continued

estimated useful lives of five years for computer equipment and two to ten years for office equipment, furniture and fixtures. The Company capitalizes computer software purchased or developed for internal use, and amortizes it over an estimated useful life of five years. The carrying value of property and equipment is reviewed for impairment whenever events or changes in circumstances indicate that it may not be recoverable. If the carrying amount of an asset group is greater than its estimated future undiscounted cash flows, the carrying value is written down to the estimated fair value.

Disposal Activities
A liability is recorded for the cost of exit or disposal activities in the period when the liability is incurred.

Stock Options
Compensation expense is recorded for the fair value of stock options issued to employees. The expense is measured as the estimated fair value of the stock options on the date of grant and is amortized over the vesting periods.

Income Taxes

The components of the provision for income taxes are as follows:

(In Thousands)	2006	2005
Current tax provision	$ —	$ —
Deferred tax provision (credit) related to		
Temporary differences	17	143
Loss carryforwards	378	81
Valuation allowance	(395)	(224)
Provision for income taxes	$ —	$ —

The differences between income taxes calculated at the 34% statutory U.S. federal income tax rate and the Company's provision for income taxes are as follows:

(In Thousands)	2006	2005
Income tax provision at statutory federal tax rate	$ 341	$ 228
Federal valuation allowance	(333)	(217)
Other	(8)	(11)
Provision for income taxes	$ —	$ —

The net deferred income tax asset balance as of September 30 related to the following:

(In Thousands)	2006	2005
Temporary differences	$ 249	$ 266
Net operating loss carryforwards	1,349	1,727
Valuation allowance	(1,598)	(1,993)
Net deferred income tax asset	$ —	$ —

As of September 30, 2006, there were approximately $3,000,000 of losses available to reduce federal taxable income in future years through 2024, and there were approximately $5,800,000 of losses available to reduce state and local taxable income in future years, expiring from 2007 through 2024.

In fiscal 2006 and 2005, the Company reduced the valuation allowance to the extent that net income tax benefits were realized. As of September 30, 2006, an evaluation was performed to determine whether the remaining deferred tax assets were likely to be realized in the future, considering such factors as profits and losses in recent years, the market environment in which the Company operates, and projected future taxable income. It was determined that there was not sufficient assurance that future tax benefits would be realized, and a full valuation allowance was maintained.

Property and Equipment

Property and equipment consisted of the following as of September 30:

(In Thousands)	2006	2005
Computer equipment and software	$ 2,427	$ 2,266
Office equipment, furniture and fixtures	1,596	1,684
Total property and equipment, at cost	4,023	3,950
Accumulated depreciation and amortization	(3,222)	(3,318)
Property and equipment, net	$ 801	$ 632

During fiscal 2005, the Company disposed of leasehold improvements, furniture and equipment having an original cost of $1,194,000 and negligible book value.

Notes Continued

Other Current Liabilities

Other current liabilities consisted of the following as of September 30:

(In Thousands)	2006	2005
Accounts payable	$151	$ 89
Accrued expenses	252	329
Deferred rent	229	262
Total other current liabilities	$632	$680

Lease Obligations

The Company leases space for all of its branch offices, which are located either in downtown or suburban metropolitan business centers, and space for its corporate headquarters. Branch offices are generally leased over periods from three to five years. The corporate office lease expires in 2015, and it may be cancelled by the Company in 2012 under certain conditions. The leases generally provide for payment of basic rent plus building real estate taxes, maintenance costs and utilities.

Rent expense was $985,000 in fiscal 2006 and $964,000 in fiscal 2005. As of September 30, 2006, future minimum lease payments under lease agreements having initial terms in excess of one year totaled $3,148,000, as follows: fiscal 2007 - $894,000, fiscal 2008 - $773,000, fiscal 2009 - $571,000, fiscal 2010 - $447,000, fiscal 2011 - $325,000 and thereafter - $138,000.

Commitments

As of September 30, 2006, the Company had contractual obligations to purchase approximately $460,000 of recruitment advertising through December 2007.

Retirement Plans

The Company has a 401(k) retirement plan in which all full-time employees may participate after one year of service. Under the plan, eligible participants may contribute a portion of their earnings to a trust, and the Company makes matching contributions, subject to certain limitations. In addition, the Company has a deferred compensation plan for certain officers. Under the plan, the Company contributes a percentage of each participant's earnings to a trust under a defined contribution arrangement. The participants direct the investments of the trust, and the Company does not guarantee investment performance. Participant account balances are payable upon retirement or termination from the Company, subject to certain vesting requirements. The investments in the trust are included in other current assets on the consolidated balance sheet, and an offsetting obligation is included in accrued compensation. The cost of retirement plans was $170,000 in fiscal 2006 and $129,000 in fiscal 2005.

Stock Options

As of September 30, 2006, there were stock options outstanding under the Company's 1995 Stock Option Plan, 1997 Stock Option Plan and 1999 Stock Option Plan. All three plans were approved by the shareholders. The 1995 Stock Option Plan expired during fiscal 2006, and no further options may be granted under that plan. The plans granted specified numbers of options to non-employee directors, and they authorized the Compensation and Stock Option Committee of the Board of Directors to grant either incentive or non-statutory stock options to employees. All stock options outstanding as of September 30, 2006 were non-statutory stock options, had exercise prices equal to the market price on the date of grant, and had expiration dates ten years after the date of grant.

A summary of stock option activity is as follows:

(Number of Options in Thousands)	2006	2005
Number of options outstanding		
Beginning of year	435	458
Granted	80	—
Exercised	—	(12)
Terminated	—	(11)
End of year	515	435
Number of options exercisable at end of year	435	435
Number of options available for grant at end of year	203	416
Weighted average option prices per share		
Granted during the year	$1.63	$ —
Exercised during the year	—	.86
Terminated during the year	—	1.42
Outstanding at end of year	1.16	1.07
Exercisable at end of year	1.07	1.07

Notes Concluded

The average fair value of stock options granted was estimated to be $0.75 per share in fiscal 2006. This estimate was made using the Black-Scholes option pricing model and the following weighted average assumptions: expected option life of four years, stock price volatility of 54%, risk-free interest rate of 4.5% and no stock dividends. There was no stock option expense in fiscal 2006 because the options were granted at the end of the year. They vest ratably over two years.

Stock options outstanding as of September 30, 2006 were as follows (number of shares in thousands):

Range of Exercise Prices	Number Outstanding	Weighted Average Price	Number Exercisable	Weighted Average Price	Average Remaining Life (Years)
At $.86	353	$ .86	353	$ .86	6
$1.25 to $2.45	162	1.81	82	2.00	7

Severance Arrangements

The Company has an employment agreement with the chief executive officer that provides for the continuation of salary and benefits for a period of three years following the officer's termination of employment by the Company for any reason other than "cause." The Company also has arrangements covering certain other officers and key employees that would become effective if their employment terminated under certain conditions following a change in control of the Company. Under these circumstances, the Company would be obligated to continue salary for a period of one year in certain cases, to make lump sum payments ranging from $20,000 to $50,000 in other cases, and to provide continued welfare plan benefits for up to one year. As of September 30, 2006, the potential, aggregate obligation under these arrangements, if all such officers and employees were terminated, was approximately $2,700,000.

Shareholder Rights Plan

On February 4, 2000, the Company adopted a shareholder rights plan, and the Board of Directors declared a dividend of one share purchase right for each share of outstanding common stock.

The rights will become exercisable if any person or affiliated group (other than certain "grandfathered" shareholders) acquires, or offers to acquire, 10% or more of the Company's outstanding common shares. Each exercisable right entitles the holder (other than the acquiring person or group) to purchase, at a price of $21.50 per share, common stock of the Company having a market value equal to two times the purchase price. The purchase price and the number of common shares issuable on exercise of the rights are subject to adjustment in accordance with customary anti-dilution provisions.

The Board of Directors may authorize the Company to redeem the rights at a price of $.01 per right at any time before they become exercisable. After the rights become exercisable, the Board of Directors may authorize the Company to exchange any unexercised rights at the rate of one share of common stock for each right. The rights are nonvoting and will expire on February 22, 2010.

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
General Employment Enterprises, Inc.
Oakbrook Terrace, Illinois

We have audited the accompanying consolidated balance sheets of General Employment Enterprises, Inc. and subsidiary as of September 30, 2006 and 2005 and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the 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 Company's 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 financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of General Employment Enterprises, Inc. and subsidiary at September 30, 2006 and 2005, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

BDO Seidman, LLP

Chicago, Illinois
November 9, 2006

Selected Financial Data

(Dollars In Thousands, Except Per Share)	Year Ended September 30 2006	2005	2004	2003	2002	2001
Operating Results						
Contract service revenues	$10,253	$ 11,754	$11,750	$11,477	$ 11,149	$13,483
Placement service revenues	9,815	8,594	6,231	5,488	6,591	16,217
Total revenues	20,068	20,348	17,981	16,965	17,740	29,700
Cost of contract services	7,256	8,335	8,520	7,875	7,358	8,835
Selling expenses	6,098	5,250	3,765	3,641	4,444	9,838
General and administrative expenses	5,925	6,186	6,508	8,946	10,723	13,412
Total operating expenses	19,279	19,771	18,793	20,462	22,525	32,085
Income (loss) from operations	789	577	(812)	(3,497)	(4,785)	(2,385)
Investment income	213	94	34	58	108	531
Income (loss) before income taxes	1,002	671	(778)	(3,439)	(4,677)	(1,854)
Credit for income taxes	—	—	—	—	(1,380)	(690)
Income (loss) from continuing operations	$ 1,002	$ 671	$ (778)	$ (3,439)	$ (3,297)	$ (1,164)
Net income (loss)	$ 1,002	$ 671	$ (1,397)	$ (3,506)	$ (3,214)	$ (1,066)
Per Share Data						
Average number of shares (thousands)						
Basic	5,148	5,142	5,131	5,121	5,116	5,087
Diluted	5,338	5,355	5,131	5,121	5,116	5,087
Per share — basic and diluted						
Income (loss) from continuing operations	$ .19	$ .13	$ (.15)	$ (.67)	$ (.64)	$ (.23)
Net income (loss)	.19	.13	(.27)	(.68)	(.63)	(.21)
Book value per share	1.33	1.14	1.01	1.27	1.95	2.57
Closing market price per share	1.69	2.08	2.09	0.85	0.72	1.47
Balance Sheet Data						
Net working capital	$ 6,051	$ 5,218	$ 4,630	$ 4,333	$ 7,038	$ 9,444
Shareholders' equity	6,852	5,850	5,168	6,524	9,989	13,077
Total assets	9,275	8,364	7,294	8,691	11,933	15,679
Ratio Analysis						
Current ratio	3.5	3.1	3.2	3.0	4.6	4.6
Gross profit margin on contract services	29.2%	29.1%	27.5%	31.4%	34.0%	34.5%
Profit margins						
Income (loss) from operations	3.9	2.8	(4.5)	(20.6)	(27.0)	(8.0)
Income (loss) from continuing operations	5.0	3.3	(4.3)	(20.3)	(18.6)	(3.9)
Rate of return from continuing operations on average equity	15.8	12.2	(13.3)	(41.7)	(28.6)	(8.6)
Shareholders' equity to total assets	73.9	69.9	70.9	75.1	83.7	83.4
Offices and Employees at End of Year						
Number of offices	20	19	19	22	32	37
Number of employees	320	330	340	340	310	430

The results of a business sold in 2004 are reflected as discontinued operations for all periods presented.

Corporate Data

Board of Directors

Herbert F. Imhoff, Jr.
Chairman of the Board and Chief Executive Officer
President and Chief Operating Officer
General Employment Enterprises, Inc.
Executive Committee Chairman

Kent M. Yauch
Vice President, Chief Financial Officer and Treasurer
General Employment Enterprises, Inc.

Sheldon Brottman
Attorney and real estate developer
President of SCB Development
Compensation and Stock Option Committee Chairman

Delain G. Danehey
Retired partner of the auditing firm of
Ernst & Young LLP
Audit Committee Chairman

Dennis W. Baker
Treasurer of CF Industries Holdings, Inc.
Nominating Committee Chairman

Joseph F. Lizzadro
Chairman Emeritus of L&H Company, Inc.

Corporate Officers

Herbert F. Imhoff, Jr.
Chairman of the Board and
Chief Executive Officer
President and Chief Operating Officer

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

Marilyn L. White
Vice President

Nancy C. Frohnmaier
Vice President and Corporate Secretary

Doris A. Bernar
Assistant Corporate Secretary

Jan V. Prieto-McCarthy
Assistant Treasurer

Independent Auditors

BDO Seidman, LLP
Chicago, IL

Counsel

Herbert F. Imhoff, Jr.
General Counsel

Transfer Agent and Registrar

Continental Stock Transfer & Trust Company
17 Battery Place
New York, NY 10004
Phone: (212) 509-4000
Website: www.continentalstock.com

Stock Listing

American Stock Exchange (AMEX)
Trading symbol: **JOB**

Note to Shareholders

Quarterly earnings releases and financial statements can be obtained by contacting:

Investor Relations Department
General Employment Enterprises, Inc.
One Tower Lane – Suite 2200
Oakbrook Terrace, IL 60181
Phone: (630) 954-0400
E-mail: invest@genp.com
Website: www.generalemployment.com

General Employment Enterprises, Inc.
One Tower Lane, Suite 2200, Oakbrook Terrace, IL 60181
630.954.0400   www.generalemployment.com
American Stock Exchange Symbol: JOB
invest@genp.com