SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 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 March 31, 2005

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 0-9040

DRYCLEAN USA, Inc.
(Exact name of small business issuer as specified in its charter)

DELAWARE	11-2014231
(State of other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

290 N.E. 68 Street, Miami, Florida 33138
(Address of principal executive offices)

(305) 754-4551
(Issuer's telephone number)

Not Applicable
(Former name)

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
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State the number of shares outstanding of each of the issuer's classes of common equity as of the latest practicable date: Common Stock, $.025 par value per share - 7,024,450 shares outstanding as of May 2, 2005.

Transitional Small Business Disclosure Format: Yes No X
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DRYCLEAN USA, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

<TABLE>
<CAPTION>

	For the nine months ended March 31, 2005 (Unaudited)	For the nine months ended March 31, 2004 (Unaudited)	For the three months ended March 31, 2005 (Unaudited)	For the three months ended March 31, 2004 (Unaudited)
<S>	<C>	<C>	<C>	<C>
Sales	$ 13,145,479	$ 10,500,193	$ 4,254,976	$ 3,391,164
Development, franchise and license fees, commissions and other income	647,881	502,682	163,589	170,539
Total revenues	13,793,360	11,002,875	4,418,565	3,561,703
Cost of goods sold	9,835,990	7,608,745	3,127,459	2,459,083
Selling, general and administrative expenses	3,044,125	2,766,009	1,009,418	946,247
Research and development	34,250	32,934	18,925	14,059
Total operating expenses	12,914,365	10,407,688	4,155,802	3,419,389
Operating income	878,995	595,187	262,763	142,314
Interest income	8,751	19,436	2,314	6,897
Earnings before taxes	887,746	614,623	265,077	149,211
Provision for income taxes	355,098	245,845	106,031	59,680
Net earnings	$ 532,648	$ 368,778	$ 159,046	$ 89,531
Basic and diluted earnings per share	$ .08	$ .05	$ .02	$ .01

Weighted average number of shares				
Basic	7,022,711	7,007,446	7,024,450	7,014,450
Diluted	7,036,942	7,033,314	7,041,717	7,028,696

</TABLE>

See Notes to Condensed Consolidated Financial Statements

DRYCLEAN USA, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

	March 31, 2005 (Unaudited)	June 30, 2004
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 1,970,837	$ 1,742,251
Accounts and trade notes receivable, net	1,681,429	1,600,087
Inventories	3,094,164	2,971,803
Note receivable	107,143	157,143
Lease receivables	21,375	35,172
Deferred income taxes	97,618	97,618
Other assets, net	270,124	112,375
Total current assets	7,242,690	6,716,449
Lease receivables, due after one year	1,000	10,000
Note receivable, less current portion	-	67,857
Equipment and improvements - net of accumulated depreciation and amortization	227,758	217,200
Franchise, trademarks and other intangible assets, net	374,580	385,756
Deferred tax asset	26,859	26,859
	$ 7,872,887	$ 7,424,121

</TABLE>

See Notes to Condensed Consolidated Financial Statements

DRYCLEAN USA, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS

LIABILITIES AND SHAREHOLDERS' EQUITY

<TABLE>
<CAPTION>

	March 31, 2005 (Unaudited)	June 30, 2004
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 1,166,418	$ 1,228,062
Income taxes payable	11,970	1,871
Customer deposits and unearned income	929,172	550,042
Dividends payable	245,857	-
Total current and total liabilities	2,353,417	1,779,975
SHAREHOLDERS' EQUITY		
Common stock, $.025 par value; 15,000,000 shares authorized; 7,055,500 and 7,045,500 shares issued and outstanding at March 31, 2005 and June 30, 2004, respectively, including shares held in treasury	176,388	176,138
Additional paid-in capital	2,075,870	2,066,120
Retained earnings	3,270,232	3,404,908

Treasury stock, 31,050 shares at cost	(3,020)	(3,020)
Total shareholders' equity	5,519,470	5,644,146
	$ 7,872,887	$ 7,424,121

</TABLE>

See Notes to Condensed Consolidated Financial Statements

DRYCLEAN USA, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

	Nine months ended March 31, 2005 (Unaudited)	Nine months ended March 31, 2004 (Unaudited)
Operating activities:		
<S>	<C>	<C>
Net earnings	$ 532,648	$ 368,778
Adjustments to reconcile net earnings to net cash (used) provided by operating activities:		
Bad debt expense	21,181	10,296
Depreciation and amortization	87,861	86,811
(Increase) decrease in operating assets:		
Accounts, trade notes and lease receivables	(79,727)	138,782
Inventories	(122,362)	(324,814)
Other current assets	(157,750)	17,633
Refundable income taxes	-	(2,226)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(61,646)	(268,618)
Customer deposits and unearned income	379,129	60,228
Income taxes payable	10,098	(112,925)
Net cash provided (used) by operating activities	609,432	(26,055)
Investing activities:		
Proceeds from note receivable	117,857	104,761
Capital expenditures	(55,281)	(13,115)
Patent and trademark expenditures	(31,955)	(33,248)
Net cash provided by investing activities	30,621	58,398
Financing activities:		
Dividends paid	(421,467)	(350,723)
Proceeds from exercise of stock options	10,000	18,000
Net cash used by financing activities	(411,467)	(332,723)
Net increase (decrease) in cash and cash equivalents	228,586	(300,380)
Cash and cash equivalents at beginning of period	1,742,251	1,614,141
Cash and cash equivalents at end of period	$ 1,970,837	$ 1,313,761
Supplemental information:		
Cash paid for income taxes	$ 325,000	$ 361,000

</TABLE>

See Notes to Condensed Consolidated Financial Statements

DRYCLEAN USA INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE (1) - GENERAL: The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial statements and the instructions to Form 10-QSB related to interim period financial statements. Accordingly, these condensed consolidated financial statements do not include certain information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. However, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting only of normal recurring accruals) which, in the opinion of management, are necessary in order to make the financial statements not misleading. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. For further information, refer to the Company's financial statements and footnotes thereto included in the Company's Annual Report on Form 10-KSB for the year ended June 30, 2004. The June 30, 2004 balance sheet information contained herein was derived from the audited consolidated financial statements included in the Company's Annual Report on Form 10-KSB as of that date.

NOTE (2) - EARNINGS PER SHARE: Basic and diluted earnings per share for the three and nine months ended March 31, 2005 and 2004 are computed as follows:

	For the nine months ended March 31, 2005	2004	For the three months ended March 31, 2005	2004
Basic				
Net earnings	$ 532,648	$ 368,778	$ 159,046	$ 89,531
Weighted average shares outstanding	7,022,711	7,007,446	7,024,450	7,014,450
Basic earnings per share	$ .08	$ .05	$ .02	$ .01
Diluted				
Net earnings	$ 532,648	$ 368,778	$ 159,046	$ 89,531
Weighted average shares outstanding	7,022,711	7,007,446	7,024,450	7,014,450
Plus incremental shares from assumed exercise of stock options	14,231	25,868	17,267	14,246
Diluted weighted average common shares	7,036,942	7,033,314	7,041,717	7,028,696
Diluted earnings per share	$ .08	$ .05	$ .02	$ .01

There were 20,000 shares subject to outstanding stock options at March 31, 2004 that were excluded in the computations of earnings per share because the exercise prices of the options were at least the average market prices of the Company's common stock during these periods. No shares subject to stock options were excluded at March 31, 2005.

NOTE (3) - REVOLVING CREDIT LINE: On October 28, 2004, the Company received an extension, until October 30, 2005, of its existing $2,250,000 revolving line of credit facility. In addition, on October 28, 2004, the Loan Agreement, dated as of December 19, 2001, as amended, under which the revolving line of credit facility was established, was amended to eliminate the borrowing base restriction on borrowings under the revolving credit facility, thereby enabling the Company to borrow up to the full $2,250,000 amount available under the facility regardless of the Company's levels of accounts receivable and inventories. The Company's obligations under the facility continue to be guaranteed by the Company's subsidiaries and collateralized by substantially all the Company's and its subsidiaries' assets.

NOTE (4) - STOCK OPTIONS: The Company accounts for its stock-based compensation plans under Accounting Principles Board ("APB") Opinion No. 25, Accounting for Stock Issued to Employees. See Note 7. The pro forma information below is based on provisions of Statement of Financial Accounting Standard ("FAS") No. 123, Accounting for Stock-Based Compensation, as amended by FAS 148, Accounting for Stock-Based Compensation-Transition and Disclosure, issued in December 2002:

	For the nine months ended March 31, 2005	2004	For the three months ended March 31, 2005	2004
Net earnings, as reported	$ 532,648	$ 368,778	$ 159,046	$ 89,531

Less: Fair value of employee stock compensation	-	(4,500)	-	(1,500)
Pro forma net earnings	$ 532,648	$ 364,278	$ 159,046	$ 88,031
Earnings per common share:				
Net earnings as reported - Basic and diluted	$ .08	$ .05	$ .02	$ .01
Net earnings, pro forma - Basic and diluted	$ .08	$ .05	$ .02	$ .01

</TABLE>

There were no options granted during the three and nine months ended March 31, 2005 and 2004. In August 2004, a director exercised an option to purchase 10,000 shares of the Company's common stock at an exercise price of $1.00 per share. In January 2005, 10,000 options expired unexercised. In October 2003, two employees exercised options to purchase 18,000 shares of the Company's common stock for $1.00 per share. In November 2003, 389,000 stock options expired unexercised.

NOTE (5) - CASH DIVIDENDS: On March 23, 2005, the Company's Board of Directors declared a $.035 per share cash dividend (an aggregate of $245,857) payable on May 2, 2005 to shareholders of record on April 15, 2005. On September 27, 2004, the Company's board of Directors declared a $.06 per share cash dividend (an aggregate of approximately $421,467) which was paid on November 1, 2004 to shareholders of record on October 15, 2004. On September 26, 2003, the Company's Board of Directors declared a $.05 per share cash dividend (an aggregate of approximately $350,000) which was paid on October 31, 2003 to shareholders of record on October 17, 2003.

NOTE (6) - SEGMENT INFORMATION: The Company's reportable segments are strategic businesses that offer different products and services. They are managed separately because each business requires different marketing strategies. The Company primarily evaluates the operating performance of its segments based on the categories noted in the table below. The Company has no sales between segments.

Financial information for the Company's business segments is as follows:

<TABLE>
<CAPTION>

	For the nine months ended March 31,		For the three months ended March 31,	
	2005	2004	2005	2004
	(Unaudited)		(Unaudited)	
<S>	<C>	<C>	<C>	<C>
Revenues:				
Commercial and industrial laundry and dry cleaning equipment	$ 13,476,732	$ 10,776,790	$ 4,334,304	$ 3,512,029
License and franchise operations	316,628	226,085	84,261	49,674
Total revenues	$ 13,793,360	$ 11,002,875	$ 4,418,565	$ 3,561,703
Operating income (loss)				
Commercial and industrial laundry and dry cleaning equipment	$ 884,233	$ 643,505	$ 280,785	$ 181,876
License and franchise operations	244,380	146,808	65,515	29,242
Corporate	(249,618)	(195,126)	(83,537)	(68,804)
Total operating income	$ 878,995	$ 595,187	$ 262,763	$ 142,314

	March 31, 2005 (Unaudited)	June 30, 2004
Identifiable assets:		
Commercial and industrial laundry and dry cleaning equipment	$ 6,810,384	$ 6,348,504
License and franchise operations	798,100	655,744
Corporate	264,403	419,873
Total assets	$ 7,872,887	$ 7,424,121

</TABLE>

NOTE (7) - NEW ACCOUNTING PRONOUNCEMENTS: In December 2004, the FASB issued SFAS

No. 123 (Revised 2004) (SFAS 123(R)) "Share-based payment". SFAS 123(R) will require compensation costs related to share-based payment transactions to be recognized in the financial statements. With limited exceptions, the amount of compensation cost will be measured based on the grant-date fair value of the equity or liability instruments issued. In addition, liability awards will be re-measured each reporting period. Compensation cost will be recognized over the period that an employee provides service in exchange for the award. FASB 123(R) replaces FASB 123, Accounting for Stock-Based Compensation and supersedes APB Opinion No. 25, Accounting for Stock Issued to Employees. This guidance is effective as of the first interim or annual reporting period beginning after December 15, 2005 for Small Business filers such as the Company.

NOTE (8) - On January 3, 2005, the Company entered into a Patent License Agreement with Whirlpool Corporation ("Whirlpool") in which the Company granted Whirlpool an exclusive license until December 31, 2008 and thereafter a non-exclusive license to make and sell laundry appliances incorporating the Company's patent applications and other intellectual property related to fabric treatment technology for improving the drying and refreshing of garments in home clothes dryers. In consideration for the grant of

the license, Whirlpool has paid the Company a $350,000 fee. Approximately $331,100 of the payment was classified as unearned income and is being amortized over 48 months, the life of the agreement. In addition, Whirlpool is to pay the Company a per unit royalty for dryers using the licensed technology that are sold during the three year period following the first sale following commercial production of dryers using the license technology, as well as a to-be-negotiated royalty with respect to the sale of licensed after market kits (to retrofit existing home dryers) for which the Company has retained marketing rights but granted Whirlpool a non-exclusive license.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

OVERVIEW
- --------

In June 2004, the Company obtained an expansion of the territory in which it acts as a distributor for certain laundry products to cover most of Florida. The Company added two experienced sales engineers to cover the expanded territory and to expand sales of the other products marketed by the Company in that geographical area.

During the nine and three month periods ended March 31, 2005, in which the Company has operated with the expanded territory, sales increased by 25.2% and 25.5%, respectively. For the nine and three month periods in fiscal 2005, gross profit margins were reduced by 2.3 and 1.0 percentage points, respectively, from the comparable periods of fiscal 2004 due to the larger volume of sales which carry smaller margins in order to remain competitive and obtain sales in the early part of our expansion into our new territory.

Inventory levels at March 31, 2005 increased by $122,361 from June 30, 2004; however, they are expected to increase to a higher level in order to maintain increased sales and the greater number of customers due to the expanded territory. Selling, general and administrative expenses increased by 10.0% for the nine month period, and 6.7% for the third quarter, of fiscal 2005 and are mostly attributable to the larger sales staff.

Cash on hand has been adequate to fund this expansion, having risen to $1,970,837 on March 31, 2005. The Company's Board of Directors declared a semi-annual dividend of $.035 per share (an aggregate of $245,857) paid on May 2, 2005 to shareholders of record on April 15, 2005. Although future inventory levels will absorb some of the cash, management does not expect to borrow against the Company's existing credit facility.

In January 2005, the Company signed an exclusive license agreement with Whirlpool Corporation, licensing the use of the Company's patent technology on home appliances. In February 2005, Whirlpool paid to the Company a $350,000 one time up front fee and is to pay royalties during the three year period following the introduction of Whirlpool manufactured products using the licensed technology. After this period, Whirlpool will retain a non-exclusive license and the Company is free to license its technology to other manufacturers. Approximately $331,100 of the payment was classified as unearned income and is being amortized over 48 months, the life of the contract.

LIQUIDITY AND CAPITAL RESOURCES

For the nine month period ended March 31, 2005, cash increased by $228,586 compared to a decrease in cash of $300,380 for the same period of fiscal 2004.

The primary reason for the increase was due to the one-time payment of $350,000 received from Whirlpool in accordance with the license agreement and the Company's net earnings of $532,648. This income was offset in part by the payment of $421,467 in dividends in November 2004. The decrease in cash in fiscal 2004 was attributable to the payment of $350,723 in cash dividends in October 2003.

The following summarizes the Company's Consolidated Statement of Cash Flows.

	Nine Months Ended March 31, 2005	2004
Net cash provided (used) by:		
Operating activities	$ 609,432	$ (26,055)
Investing activities	30,621	58,398
Financing activities	(411,467)	(332,723)

For the first nine months of fiscal 2005 operating activities provided cash of $609,432 as a result of the Company's net earnings of $532,648, the non-cash expenses for depreciation and amortization of $87,861 and the $21,181 provision for bad debts. Changes in operating assets and liabilities used cash of $32,258, mostly to support an increase in inventory ($122,362), accounts trade notes and lease receivables ($79,727), other current assets ($157,750) and a decrease in accounts payable and accrued expenses ($61,646). These uses were offset by an increase in customer deposits and unearned income of $379,129 due to the Whirlpool payment and income taxes payable of $10,098. Except for the unearned income resulting from the one time up front payment from Whirlpool, these fluctuations in assets and liabilities are the result of normal transactions and in supporting the expanded sales territory

For the first nine months of fiscal 2004, operating activities used cash of $26,055. The Company's net earnings of $368,778, coupled with non-cash expenses for depreciation and amortization of $86,811, provided most of the cash. This was offset by changes in operating assets and liabilities which used cash of $491,940 mostly to support an increase in inventories ($324,814) and a decrease in accounts payable and accrued expenses ($268,618). Additional cash was used by a decrease in income taxes payable ($112,925) which was offset by an increase in customer deposits and unearned income of $60,228 and a decrease in other assets of $17,633.

For the first nine months of fiscal 2005, investing activities provided cash of $30,621 mainly as a result of payments ($117,857) received on a note from the sale of the Company's telecommunications segment, offset, in large part, by capital expenditures of $55,281 and patent and trademark work ($31,955). For the same period of fiscal 2004, investing activities provided cash of $58,398, mostly as a result of payments received on the note ($104,761), offset, in part, by capital expenditures of $13,115 and $33,248 for patent and trademark work.

For the nine months ended March 31, 2005, financing activities used cash of $411,467, as the result of a $.06 per share cash dividend ($421,467) paid on November 1, 2004, slightly offset by $10,000 received from the exercise of a stock option to purchase 10,000 shares of the Company' common stock at the exercise price of $1.00 per share by a director of the Company. Financing activities during the first half of fiscal 2004 used cash of $332,723 to pay a $.05 per share cash dividend ($350,723) on October 31, 2003, partially offset by the receipt of $18,000 from the exercise of employee stock options in October 2003. On March 23, 2005, the Company's Board of Directors declared a $.035 semi-annual dividend, payable on May 2, 2005 to shareholders of record on April 15, 2005. The previous cash dividend of $.06 per share, distributed on November 1, 2004, was an annual dividend

On October 28, 2004, the Company received an extension until October 30, 2005 of its existing $2,250,000 revolving line of credit facility. In addition, on October 28, 2004, the Loan Agreement, dated as of December 19, 2001, as amended, under which the revolving line of credit facility was established, was amended to eliminate the borrowing base restriction on borrowings under the revolving credit facility, thereby enabling the Company to borrow up to the full $2,250,000 amount available under that facility regardless of the Company's levels of accounts receivable and inventories. The Company's obligations under the facility continue to be guaranteed by the Company's subsidiaries and collateralized by substantially all of the Company's and its subsidiaries' assets.

The Company believes that its present cash position and cash it expects to generate from operations and cash borrowings available under its $2,250,000 line of credit will be sufficient to meet its operational needs.

OFF-BALANCE SHEET FINANCING

The Company has no off-balance sheet financing arrangements within the meaning of item 303(c) of Regulation S-B

RESULTS OF OPERATIONS

<TABLE>
<CAPTION>

	Nine months ended March 31, 2005	2004	Percent increase	Three months ended March 31, 2005	2004	Percent increase
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net sales	$ 13,145,479	$ 10,500,193	25.2%	$ 4,254,976	$ 3,391,164	25.5%
Development fees, franchise and license fees, commissions and other income	647,881	502,682	28.9%	163,589	170,539	(4.1)%
Total revenues	$ 13,793,360	$ 11,002,875	25.4%	$ 4,418,565	$ 3,561,703	24.1%

</TABLE>

Revenues for the nine and three month periods ended March 31, 2005, increased by $2,790,485 (25.4%) and $856,862 (24.1%), respectively, from the same periods of fiscal 2004.

For the nine and three month periods of fiscal 2005, revenues of the commercial laundry and dry cleaning segment increased by $2,699,942 (25.1%) and $822,275 (23.4%), respectively, from the comparable periods of fiscal 2004. Increases in sales were experienced in commercial laundry and dry cleaning machines, mostly attributable to the expansion of the territory, since June 2004, in which the Company acts as a distributor for certain laundry products to cover most of Florida when another distributor ceased operations, and the increased number of sales staff. Increased revenues were also reported by the Company's development business which develops turn-key dry cleaning establishments for resale to third parties and broker business which assists others seeking to buy or sell dry cleaning stores and coin laundries. For the nine month period of fiscal 2005, sales of parts increased by 13.8%, laundry equipment increased 24.7%, boilers increased 28.4% and dry cleaning equipment increased 6.6%. Similar results were achieved for the three month period ended March 31, 2004, with increases of 11.9% in parts sales, coupled with increases in laundry equipment sales of 53.6%, and dry clean equipment of 20.6%; however, boiler sales decrease, by 11.5%.

Franchise and license fees increased by $90,543 (40.0%) and $34,587 (69.6%) for the nine and three month periods, respectively, of fiscal 2005 when compared to the same periods of fiscal 2004. This improved performance was attributable to an improved domestic economy resulting in new licensees.

<TABLE>
<CAPTION>

	Nine months ended March 31, 2005	2004	Three months ended March 31, 2005	2004
<S>	<C>	<C>	<C>	<C>
As a percentage of sales				
Cost of goods sold	74.8%	72.5%	73.5%	72.5%
As a percentage of revenue				
Selling, general and administrative expenses	22.1%	25.1%	22.8%	26.6%
Research and development	.2%	.3%	.4%	.4%
Total expenses	93.6%	94.6%	94.1%	96.0%

</TABLE>

Cost of goods sold, expressed as a percentage of sales increased to 74.8% from 72.5% and 73.5% from 72.5% for the nine and three month periods, respectively, of fiscal 2005 compared to the same periods of fiscal 2004. The increased costs were due to larger sales which carry a smaller margin and a strategically planned sales campaign to increase the Company's market share in the new territory.

Selling, general and administrative expenses increased by $278,116 (10.1%) and $63,171 (6.7%) for the nine and three month periods, respectively, of fiscal 2005 when compared to the same periods in fiscal 2004 due to the increased sales and service expenses which were planned in connection with the increased sales.

However, as a percentage of revenue these categories of expenses decreased from 25.1% to 22.1% for the nine month period and from 26.6% to 22.8% for the three month period due to the significant sales increases.

Research and development expenses, as a percentage of revenues, remained essentially stable and are a very small part of the total company operating expenses. These expenses relate to the on-going research on the Green-Jet(R) technologies and the application of these technologies to smaller machines for the dry cleaning and hotel industry.

The overall expenses of the Company, as a percentage of revenues, decreased for the first nine months of fiscal 2005 to 93.6% from 94.6%. For the three month period these expenses decreased to 94.1% from 96.0%. Except for the increased sales and service expenses which were planned in connection with the increased sales, most expenses in this category did not increase to the same degree as the increase in sales.

Interest income declined for both periods of fiscal 2005 when compared to fiscal 2004 due to the lower outstanding balance on the note receivable received in connection with the sale of the telecommunications segment effective July 31, 2002. These reductions were partially offset by an increase in the interest rate applicable to this note.

The effective tax rate used in each period was 40%.

INFLATION
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Inflation has not had a significant effect on the Company's operations during any of the reported periods.

TRANSACTIONS WITH RELATED PARTIES
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The Company leases 27,000 square feet of warehouse and office space from William K. Steiner, a principal stockholder, Chairman of the Board of Directors and a director of the Company, under a lease which expires in October 2005. Annual rental under this lease is approximately $83,200. The Company

believes that the terms of the lease are comparable to terms that would be obtained from an unaffiliated third party for similar property in a similar locale.

CRITICAL ACCOUNTING POLICIES
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The accounting policies that the Company has identified as critical to its business operations and to an understanding of the Company's results of operations are described in detail in the Company's Annual Report on Form 10-KSB for the fiscal year ended June 30, 2004. In many cases, the accounting treatment of a particular transaction is specifically dictated by accounting principles generally accepted in the United States of America, with no need for management's judgment in their application. In other cases, preparation of the Company's unaudited condensed consolidated financial statements for interim periods requires us to make estimates and assumptions that effect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. There can be no assurance that the actual results will not differ from those estimates.

NEW ACCOUNTING PRONOUNCEMENTS:
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In December 2004, the FASB issued SFAS No. 123 (Revised 2004) (SFAS 123(R)) "Share-based payment". SFAS 123(R) will require compensation costs related to share-based payment transactions to be recognized in the financial statements. With limited exceptions, the amount of compensation cost will be measured based on the grant-date fair value of the equity or liability instruments issued. In addition, liability awards will be re-measured each reporting period. Compensation cost will be recognized over the period that an employee provides service in exchange for the award. FASB 123 (R) replaces FASB 123, Accounting for Stock-Based Compensation and supersedes APB Opinion No. 25, Accounting for Stock Issued to Employees. This guidance is effective as of the first interim or annual reporting period after December 15, 2005 for Small Business filers such as the Company.

FORWARD LOOKING STATEMENTS
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Certain statements in this Report are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. When used in this Report, words such as "may," "should," "seek," "believe," "expect," anticipate," "estimate," "project," "intend," "strategy" and similar expressions are intended to identify forward-looking statements regarding events, conditions and financial trends that may affect the Company's future plans, operations, business strategies, operating results and financial position. Forward-looking statements are subject to a number of known and unknown risks and uncertainties that may cause actual results, trends, performance or achievements of the Company, or industry trends and results, to differ materially from the future results, trends, performance or achievements expressed or implied by such forward-looking statements. Such risks and uncertainties include, among others: general economic and business conditions in the United States and other countries in which the Company's customers are located; industry conditions and trends, including supply and demand; changes in business strategies or development plans; the availability, terms and deployment of debt and equity capital; technology changes; competition and other factors which may affect prices which the Company may charge for its products and its profit margins; the availability and cost of the equipment purchased by the Company; relative values of the United States currency to currencies in the countries in which the Company's customers, suppliers and competitors are located; changes in, or the failure to comply with, government regulation, principally environmental regulations; and the Company's ability to successfully introduce, market and sell at acceptable profit margins its new Green Jet(R) dry-wetcleaning(TM) machine and Multi-Jet(TM) dry cleaning machine. These and certain other factors are discussed in this Report and from time to time in other Company reports filed with the Securities and Exchange Commission. The Company does not assume an obligation to update the factors discussed in this Report or such other reports.

ITEM 3. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, management of the Company, with the participation of the Company's President and principal executive officer and the Company's principal financial officer, evaluated the effectiveness of the Company's "disclosure controls and procedures," as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934. Based on that evaluation, these officers concluded that, as of the date of their evaluation, the Company's disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's periodic filings under the Securities Exchange Act of 1934 is accumulated and communicated to our management, including those officers, to allow timely decisions regarding required disclosure. It should be noted that a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that it will detect or uncover failures within the Company to disclose material information otherwise required to be set forth in the Company's periodic reports.

During the period covered by this Report, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS

31.01 Certification of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 promulgated under the Securities Exchange Act of 1934.

31.02 Certification of principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 promulgated under the Securities Exchange Act of 1934.

32.01 Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.02 Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

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

Date: May 16, 2005

DRYCLEAN USA, Inc.

By: /s/ Venerando J. Indelicato

Venerando J. Indelicato,
Treasurer and Chief Financial Officer

EXHIBIT INDEX

31.01 Certification of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 promulgated under the Securities Exchange Act of 1934.

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32.01 Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.02 Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

EXHIBIT 31.01

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael S. Steiner, certify that:

1. I have reviewed this Quarterly Report on Form 10-QSB for the quarter ended March 31, 2005, 2004 of DRYCLEAN USA, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: May 16, 2005

/s/ Michael S. Steiner

Michael S. Steiner
President and Principal
Executive Officer

EXHIBIT 31.02

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Venerando J. Indelicato, certify that:

1. I have reviewed this Quarterly Report on Form 10-QSB for the quarter ended March 31, 2005 of DRYCLEAN USA, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: May 16, 2005

/s/ Venerando J. Indelicato

Venerando J. Indelicato
Treasurer and Principal
Financial Officer

EXHIBIT 32.01

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of DRYCLEAN USA, Inc. (the "Company") on Form 10-QSB for the quarter ended March 31, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael S. Steiner, Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 16, 2005

/s/ Michael S. Steiner

Michael S. Steiner
Principal Executive Officer

EXHIBIT 32.02

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of DRYCLEAN USA, Inc. (the "Company") on Form 10-QSB for the quarter ended March 31, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Venerando J. Indelicato, Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 16, 2005

/s/ Venerando J. Indelicato

Venerando J. Indelicato
Principal Financial Officer