UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-KSB

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2005

[_] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 0-9040

DRYCLEAN USA, Inc.

- ---

(Name of small business issuer in its charter)

Delaware	11-2014231
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
290 N.E. 68th Street, Miami, Florida	33138
(Address of principal executive offices)	(Zip Code)

Issuer's telephone number, including area code: 305-754-4551

Securities registered under Section 12(b) of the Exchange Act: Common Stock, $.025 par value

Securities registered under Section 12(g) of the Exchange Act: None

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 [_]

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [_] No [X]

The Company's revenues from continuing operations for its fiscal year ended June 30, 2005 were $18,389,009.

The aggregate market value as at September 23, 2005 of the Common Stock of the issuer, its only class of voting stock, held by non-affiliates was approximately $5,696,060 based on the closing price of the Company's Common Stock on the American Stock Exchange on that date. Such market value excludes shares owned by all executive officers and directors (and their spouses). This should not be construed as indicating that all such persons are affiliates.

The number of shares outstanding of the issuer's Common Stock as at September 23, 2005 was 7,024,450.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the issuer's Proxy Statement relating to its 2005 Annual Meeting of Stockholders are incorporated by reference into Items 10, 11, 12 and 14 in Part III of this Report.

Transitional Small Business Disclosure Format Yes [_] No [X]

FORWARD LOOKING STATEMENTS

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 and suppliers are located; industry conditions and trends; 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; the Company's ability to implement changes in its business strategies and development plans; and the availability, terms and deployment of debt and equity capital if needed for expansion. 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.

PART I

Item 1. Description of Business.

General

The Company was incorporated under the laws of the State of Delaware on June 30, 1963 under the name Metro-Tel Corp. and changed its name to DRYCLEAN USA, Inc. on November 7, 1999. Since November 1, 1998, when Steiner-Atlantic Corp. ("Steiner") was merged with and into, and therefore became, a wholly-owned subsidiary of the Company, the Company's principal business has been as a supplier of commercial and industrial dry cleaning equipment, laundry equipment and steam boilers and related activities.

Unless the context otherwise requires, as used in this Report, the "Company" includes DRYCLEAN USA, Inc. and its subsidiaries.

The Company, through Steiner, supplies commercial and industrial dry cleaning equipment, laundry equipment and steam boilers in the United States, the Caribbean and Latin American markets. This aspect of the Company's business services includes:

o distributing commercial and industrial laundry and dry cleaning machines and steam boilers manufactured by others;

o selling the Company's own proprietary lines of laundry and dry cleaning machines under its Aero-Tech(R), Multi-Jet(TM) and Green Jet(R) brand names;

o designing and planning "turn-key" laundry and/or dry cleaning systems to meet the layout, volume and budget needs of a variety of institutional and retail customers;

o supplying replacement equipment and parts to its customers;

o providing warranty and preventative maintenance through factory-trained technicians and service managers; and

o selling process steam systems and boilers.

The Company's wholly-owned subsidiary, Steiner-Atlantic Brokerage Corp. ("Steiner Brokerage"), acts as a business broker to assist others seeking to buy or sell existing dry cleaning stores and coin laundry businesses. Some of the Company's existing customers have become Steiner Brokerage clients, utilizing the Company's staff and ability to assist them in the sale of their businesses and associated real property.

The Company, through its DRYCLEAN USA LICENSE CORP. wholly-owned subsidiary, owns the worldwide rights to the name DRYCLEAN USA, along with existing franchise and license agreements. DRYCLEAN USA is one of the largest franchise and license operations in the dry cleaning industry, currently consisting of over 400 franchised and licensed locations in the United States, the Caribbean and Latin America.

Through DRYCLEAN USA Development Corp. ("DRYCLEAN USA Development"), a wholly-owned subsidiary, the Company also develops new turn-key dry cleaning establishments for resale to third parties.

Available Information

The Company files Annual Reports on Form 10-KSB and Quarterly Reports on Form 10-QSB, files or furnishes Current Reports on Form 8-K, files or furnishes amendments to those reports, and files proxy and information statements with the Securities and Exchange Commission (the "SEC"). These reports and statements may be read and copied at the SEC's Public Reference Room at 100 F Street, N.E., Room 580, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. These reports and statements, as well as beneficial ownership reports filed by the Company's officers, directors and beneficial owners of more than 10% of the Company's common stock, may be obtained without charge through the Company's Internet site http://www.drycleanusa.com as soon as reasonably practicable after such materials are filed with, or furnished to, the SEC.

Product Lines

The Company sells a broad line of commercial and industrial laundry and dry cleaning equipment and steam boilers, as well as parts and accessories therefor.

The commercial and industrial laundry equipment distributed by the Company features washers and dryers, including coin-operated machines, boilers, water reuse and heat reclamation systems, flatwork ironers, automatic folders and feeders. The Company's dry cleaning equipment includes commercial dry cleaning machines sold primarily under the Aero-Tech(R), Multi-Jet(TM) and Green Jet(R) names, as well as garment presses, finishing equipment, sorting and storage conveyors and accessories distributed for others.

The Company's proprietary environmentally friendly Green Jet(R) dry-wetcleaning(TM) machine not only cleans garments efficiently, but also eliminates the use of perchloroethylene (Perc) in the dry cleaning process, thereby eliminating the health and environmental concerns that Perc poses to customers and their landlords. It also alleviates flammability, odor and cost issues inherent in alternative solvents and cleaning processes. In May 2005 patents were granted to the Company from the United States to protect this innovative approach to garment cleaning. Patents from other countries are still pending. In

August 2003, the Company introduced its Multi-Jet(TM) dry cleaning machine which can use a number of environmentally safe solvents and will replace certain existing products.

The products sold by the Company are positioned and priced to appeal to customers in each of the high-end, mid-range and value priced markets. These products are offered under a wide range of price points to address the needs of a diverse customer base. Suggested prices for most of the Company's products range from approximately $5,000 to $100,000. The products supplied by the Company afford the Company's customers a "one-stop shop" for commercial and industrial laundry and dry cleaning machines, boilers and accessories. By providing "one-stop" shopping, the Company believes it is better able to attract and support potential customers who can choose from the Company's broad product line. Product sales accounted for approximately 96% of revenues in each of fiscal 2005 and 2004.

The Company seeks to establish customer satisfaction by offering:

- an on-site training and preventive maintenance program performed by factory trained technicians and service managers;

- design and layout assistance;

- maintenance of a comprehensive parts and accessories inventory and same day or overnight availability;

- competitive pricing; and

- a toll-free support line to resolve customer service problems.

In addition, the Company, under the name DRYCLEAN USA, currently franchises and licenses over 400 retail drycleaning stores in the United States, the Caribbean and Latin America, making it one of the largest retail drycleaning license and franchise operations in the dry cleaning industry. During fiscal 2005 and 2004, the Company's license and franchise segment contributed approximately 2.0% and 1.9%, respectively, of the Company's revenues.

Through its Steiner Brokerage subsidiary, the Company acts as a business broker to assist others seeking to buy or sell existing dry cleaning and laundry businesses. Some of the Company's existing customers have become Steiner Brokerage clients, utilizing the Company's staff and ability to assist them in the sale of their businesses and associated real property. This business contributed less than 1% of the Company's revenues during fiscal 2005 and 2004, respectively.

The Company, through its DRYCLEAN USA Development subsidiary, develops new turn-key dry cleaning establishments for resale to third parties. During each of fiscal 2005 and 2004, DRYCLEAN USA Development contributed less than 1% of the Company's revenues, respectively.

Sales, Marketing and Customer Support

The laundry and dry cleaning equipment products marketed by the Company are sold by it to its customers in the United States, the Caribbean and Latin America, as well as customers of its DRYCLEAN USA licensing subsidiary. The Company employs sales executives to market its proprietary and distributed products, including its Aero-Tech(R), Multi-Jet(TM) and Green Jet(R) products, in the United States and in international markets. The Company supports product sales by advertising in trade publications, participating in trade shows and engaging in regional promotions and sales incentive programs. A substantial portion of equipment and parts sales orders are obtained by telephone, e-mail and fax inquiries originated by the customer or by representatives of the Company, and significant repeat sales are derived from existing customers.

Additionally, the Company's Aero-Tech(R) machines are sold through distributors and dealers throughout the United States, the Caribbean and Latin America. The Company continues to develop distributor relationships in North America for the distribution of its Green Jet(R) dry-wetcleaning(TM) machine and its Multi-Jet(TM) drycleaning machine. To date, it has entered into distributorship arrangements for its Green Jet(R) dry-wetcleaning(TM) machines with approximately 12 distributors in North America.

The Company trains its sales and service employees to provide service and customer support. The Company uses specialized classroom training, instructional videos and vendor sponsored seminars to educate employees about product information. In addition, the Company's technical staff has prepared comprehensive training manuals, written in English and Spanish, relating to specific training procedures. The Company's technical personnel are continuously retrained as new technology is developed. The Company monitors service technicians' continued educational experience and fulfillment of requirements in order to evaluate their competence. All of the Company's service technicians receive service bulletins, service technicians' tips and continued training seminars.

Customers and Markets

The Company's customer base consists of approximately 750 customers in the United States, the Caribbean and Latin America, including independent and franchise dry cleaning stores and chains, hotels, motels, cruise lines, hospitals, nursing homes, government institutions and distributors. In June 2004, as another distributor ceased operations, the Company obtained an expansion of the territory in which it acts as a distributor for certain laundry products manufactured by certain manufacturers from southern Florida to encompass most of Florida, the Company's principal domestic market. No customer accounted for more than 10% of the Company's revenues during the years ended June 30, 2005 or June 30, 2004.

Foreign Sales

Export sales of laundry and dry cleaning equipment were approximately $2,833,000 and $2,209,000 during the years ended June 30, 2005 and June 30, 2004, respectively, and were made principally to Latin America and the Caribbean. See "Customers and Markets".

All of the Company's export sales require the customer to make payment in United States dollars. Accordingly, foreign sales may be affected by the strength of the United States dollar relative to the currencies of the countries in which their customers and competitors are located, as well as the strength of the economies of the countries in which the Company's customers are located.

Sources of Supply

The Company purchases laundry and dry cleaning machines, boilers and the other products supplied by it from a number of manufacturers, none of which accounted for more than 20% of the Company's purchases for the years ended June 30, 2005 or June 30, 2004. The Company's major suppliers are Pellerin Milnor Corporation, Chicago Dryer Company and Unipress Corporation. Historically, the Company has not experienced difficulty in purchasing products it distributes for others and believes it has good working relationships with its suppliers.

The supplier of a significant portion of the Company's laundry equipment and spare parts for their laundry equipment is located near New Orleans. This supplier has reported to us that its plant was slightly damaged by Hurricane Katrina with no water damage and limited wind damage; however, its power and employee availability have been disrupted. The Company has some inventory of this equipment and spare parts and has contacted customers with pending orders, who have expressed a willingness to cooperate with the Company. The Company expects some disruption in its business in the near term but believes that its full year results will not be materially effected thereby.

The Company's proprietary Green Jet(R) dry-wetcleaning(TM) machines are currently manufactured exclusively for the Company by one manufacturer in the United States. Substantially all of the

Company's dry cleaning equipment sold under the Aero-Tech(R) and Multi-Jet(TM) labels is currently manufactured exclusively for the Company by two manufacturers in Italy.

The Company has established long-standing relationships with these manufacturers. The Company's management believes its supplier relationships for the products it distributes for others and its proprietary products provide the Company with a substantial competitive advantage, including exclusivity for certain products and certain areas and favorable prices and terms. Therefore, the loss of certain of these vendor relationships could adversely affect the Company's business.

The Company has a formal contract with a few of its equipment suppliers and manufacturers and relies on its long-standing relationship with its other suppliers and manufacturers. The Company collaborates in the design and closely monitors the quality of its manufactured product. The Company must place its orders with its United States manufacturer of the Green Jet(R) dry-wetcleaning(TM) machine and with its Italian manufacturers of its Aero-Tech(R) and Multi-Jet(TM) dry cleaning machines prior to the time the Company has received all of its orders and, in certain instances, places orders for products it distributes in advance of its receipt of sales orders. However, because of the Company's close working relationship with its suppliers and manufacturers, the Company can usually adjust orders rapidly and efficiently to reflect a change in customer demands. The Company believes that if, for any reason, its arrangements with the manufacturers of its proprietary products were to cease, or in the event the cost of these products were to be adversely affected, it will be able to have these products manufactured by other suppliers.

Under its arrangement with one of its Italian manufacturers, the Company purchases dry cleaning machines in Euros. The Company's current bank revolving credit facility includes a $250,000 foreign exchange subfacility for the purpose of enabling the Company to mitigate its currency exposure in connection with its import activities through spot foreign exchange and forward exchange contracts. There were no open foreign exchange contracts at either June 30, 2005 or 2004.

Imports into the United States are also affected by the cost of transportation, the imposition of import duties and increased competition from greater production demands abroad. The United States, Italy and the European Union may, from time to time, impose quotas, duties, tariffs or other restrictions or adjust prevailing quotas, duties or tariff levels, which could affect the Company's margins on its Aero-Tech(R) and Multi-Jet(TM) machines. Customs duties, imposed by the United States, were less than 1% of invoice cost for the Company's imported dry cleaning machines during each of fiscal 2005 and 2004.

Competition

The commercial and industrial laundry and dry cleaning equipment distribution business is highly competitive and fragmented with over 100 full-line or partial-line equipment distributors in the United States. The Company's management believes that no one distributor has a major share of the market and that substantially all distributors are independently owned and, with the exception of several regional distributors, operate primarily in local markets. Competition is based primarily on price, product quality, delivery and support services provided to the customer. In Florida, the Company's principal domestic market, the Company's primary competition is derived from a number of full line distributors, which operate throughout Florida. In the export market, the Company competes with several distributors and anticipates increased competition as the export market grows. The Company's proprietary dry cleaning equipment competes with over a dozen manufacturers of dry cleaning equipment whose products are distributed nationally. In all geographic areas, the Company competes by offering an extensive product selection, value-added services, such as product inspection and quality assurance, a toll-free customer support line, reliability, warehouse location, price, competitive special features and, with respect to certain products, as to which the Company acts as distributor, exclusivity.

As a franchisor/licensor of retail dry cleaning stores, DRYCLEAN USA competes with several other franchisors and turn-key suppliers of dry cleaning stores primarily on the basis of trademark recognition and reputation. As a broker in the purchase and sale of retail dry cleaning stores and coin laundry businesses, Steiner Brokerage competes with business brokers generally, as well as with other

professionals with contacts in the retail dry cleaning and coin laundry business. Competition in this latter area is primarily based on reputation, advertising and, to a lesser degree, on the level of fees charged.

Research and Development

The Company has designed and introduced its new Green Jet(R) dry-wetcleaning(TM) and Multi-Jet(TM) drycleaning machines and continues to improve these products. The amounts of research and development expenses for the years ended June 30, 2005 and 2004 were $44,825 and $41,184 respectively.

Patents and Trademarks

The Company is the owner of United States service mark registrations for the names Aero-Tech(R) and Green Jet(R), which are used in connection with its laundry and dry cleaning equipment, and of DRYCLEAN USA(R), which is licensed by it to retail dry cleaning establishments. The Company has applied for registration of its Multi-Jet(TM) tradename. The Company intends to use and protect these or related service marks, as necessary. The Company believes its trademarks and service marks have significant value and are an important factor in the marketing of its products. Patents were granted in May 2005 for the protection of the Company's new Green Jet(R) dry-wetcleaning(TM) machine in the United States which will expire in May 2021 and patents have been applied for in certain foreign countries.

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 exclusive license through December 31, 2008, Whirlpool paid the Company $350,000, of which $331,100 was for the exclusive license fee. 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.

Compliance with Environmental and Other Government Laws and Regulations

Over the past several decades in the United States, federal, state and local governments have enacted environmental protection laws in response to public concerns about the environment, including with respect to perchloroethylene (Perc), the primary cleaning agent historically used in the commercial and industrial dry cleaning process. A number of industries, including the commercial and industrial dry cleaning and laundry equipment industries, are subject to these evolving laws and implementing regulations. As a supplier to the industry, the Company serves customers who are primarily responsible for compliance with environmental regulations. Among the federal laws that the Company believes are applicable to the industry are the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), which provides for the investigation and remediation of hazardous waste sites; the Resource Conservation and Recovery Act of 1976, as amended ("RCRA"), which regulates the generation and transportation of hazardous waste as well as its treatment, storage and disposal; and the Occupational Safety and Health Administration Act ("OSHA"), which regulates exposure to toxic substances and other health and safety hazards in the workplace. Most states and a number of localities have laws that regulate the environment which are at least as stringent as the federal laws. In Florida, for example, in which a significant amount of the Company's dry cleaning and laundry equipment sales are made, environmental matters are regulated by the Florida Department of Environmental Protection which generally follows the Environmental Protection Agency's ("EPA") policy in the EPA's implementation of CERCLA and RCRA and closely adheres to OSHA's standards.

The Company believes its Aero-Tech(R), Multi-Jet(TM) and Green Jet(R) dry cleaning machines exceed environmental regulation standards set by safety and environmental regulatory agencies.

The Company does not believe that compliance with Federal, state and local environmental and other laws and regulations which have been adopted have had, or will have, a material effect on its capital expenditures, earnings or competitive position.

The Company is also subject to Federal Trade Commission (the "FTC") regulations and various state laws regulating the offer and sale of franchises. The FTC and various state laws require the Company to, among other things, furnish to prospective franchisees a franchise offering circular containing prescribed information. Certain states in the United States require separate filings in order to offer and sell franchises in those states. The Company believes that it is in compliance in all material respects with these laws.

Employees

The Company currently employs 35 employees on a full-time basis, of whom 4 serve in executive management capacities, 11 are engaged in sales and marketing, 13 are administrative and clerical personnel, and 7 serve as warehouse support. None of the Company's employees are subject to a collective bargaining agreement, nor has the Company experienced any work stoppages. The Company believes that its relations with employees are satisfactory.

Item 2. Description of Properties.

The Company's executive offices and the main distribution center for its products are housed in three leased adjacent facilities totaling approximately 45,000 square feet in Miami, Florida. The Company believes its facilities are adequate for its present and anticipated future needs. The following table sets forth certain information concerning the leases at these facilities:

<TABLE>
<CAPTION>

Facility	Approximate Sq. Ft.	Expiration
<S>	<C>	<C>
Miami, Florida (1)	27,000	October 2008
Miami, Florida	8,000	March 2006 (2)
Miami, Florida	10,000	December 2005

</TABLE>

- --------------

(1) Leased from William K. Steiner, a director of the Company. The Company and Mr. Steiner entered into a new lease on September 9, 2005 for a three-year period beginning November 1, 2005. The new lease contains two three-year renewal options in favor of the Company.

(2) The Company has a two-year renewal option.

Item 3. Legal Proceedings.

The Company is not a party to any material pending legal proceedings.

Item 4. Submission of Matters to a Vote of Security Holders.

Not applicable.

PART II

Item 5. Market for the Common Equity and Related Stockholder Matters.

The Company's Common Stock is traded on the American Stock Exchange (the "Amex") and on the Chicago Stock Exchange, each under the symbol "DCU." The following table sets forth, for the Company's Common Stock, the high and low sales prices on the Amex, as reported by Amex, for the periods reflected below.

	High	Low
Fiscal 2004		
First Quarter	$ 1.46	$ .60
Second Quarter	2.04	1.03
Third Quarter	2.10	1.50
Fourth Quarter	1.95	1.55
Fiscal 2005		
First Quarter	$ 3.30	$ 1.40
Second Quarter	2.54	1.80
Third Quarter	3.50	2.25
Fourth Quarter	3.19	2.23

As of September 23, 2005, there were approximately 488 holders of record of the Company's Common Stock.

The Company paid a $.05 per share annual dividend on October 31, 2003 to stockholders of record on October 17, 2003; an annual dividend of $.06 per share on November 1, 2004 to stockholders of record on October 15, 2004; and a $.035 per share semi-annual dividend on May 2, 2005 to stockholders of record on April 15, 2005. On September 23, 2005 the Board of Directors declared a $.04 per share semi-annual dividend payable on November 1, 2005 to stockholders of record on October 14, 2005. The Company is a party to a Loan and Security Agreement with a commercial bank, which, among other things, provides that the Company may declare or pay dividends only to the extent that the dividend payment would not reasonably likely result in a failure by the Company to maintain specified consolidated debt service or short-term debt to equity ratios.

The Company did not sell any equity securities during the year ended June 30, 2005 that were not registered under the Securities Act of 1933, as amended.

Item 6. Management's Discussion and Analysis or Plan of Operation.

General

The following discussion should be read in conjunction with the Consolidated Financial Statements and Notes thereto which appear in Item 7 of this Report.

Overview

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

During the twelve month period ended June 30, 2005, in which the Company has operated with the expanded territory, sales increased by 25.3% over last year. Gross margins, however, were reduced by 2.6 percentage points due to the larger volume of sales and the increased size of each order, which carry smaller margins in order to remain competitive. The increased sales volume more than offset the decrease in margins. Selling, general and administrative expenses increased by 10.9% for the twelve-month period of fiscal 2005 mostly due to the larger sales staff and increased volume of sales.

The supplier of a significant portion of the Company's laundry equipment and spare parts for their laundry equipment is located near New Orleans. This supplier has reported to us that its plant was slightly damaged by Hurricane Katrina with no water damage and limited wind damage; however, its power and employee availability have been disrupted. The Company has some inventory of this equipment and spare parts and has contacted customers with pending orders, who have expressed a willingness to cooperate with the Company. The Company expects some disruption in its business in the near term but believes that its full year results will not be materially effected thereby.

Inventory levels at June 30, 2005 increased by $118,214 or 4.0% from June 30, 2004 and are expected to increase to a higher level in order to maintain increased sales and the greater number of customers associated with the expanded territory.

Cash on hand has been adequate to fund the expansion although cash decreased by $160,135 at June 30, 2005 from a year ago. The Company paid a $.06 per share annual dividend (an aggregate of $421,467) paid on November 1, 2004 and the $.035 per share semi-annual dividend (an aggregate of $245,857) paid on May 2, 2005.

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. Whirlpool paid to the Company $350,000, including $331,100 as a one time up front fee for the exclusive license, 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. The $331,100 fee for the exclusive license was classified as unearned income and is being amortized over 48 months, the life of the contract.

Liquidity and Capital Resources

For the twelve month period ended June 30, 2005, cash decreased by

$160,135 compared to an increase of $128,110 for the same period of 2004. The primary reason for the decrease was dividend payments in November of 2004 and May 2005 aggregating $667,324. This use of cash was partially offset by a $350,000 one-time payment received from Whirlpool in accordance with the license agreement and the Company's net earnings of $706,263. The increase in fiscal 2004 was primarily attributable to the Company's net earnings of $536,217 offset, in part, by a dividend payment of $350,722.

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

<TABLE>
<CAPTION>

	Years Ended June 30, 2005	2004
Net cash provided (used) by:		
<S>	<C>	<C>
Operating activities	$460,462	$391,611
Investing activities	36,727	69,221
Financing activities	(657,324)	(332,722)

</TABLE>

Cash provided by operating activities increased by $68,851 in fiscal 2005 compared to cash provided by operating activities in fiscal 2004. Continued surveillance of our accounts receivable kept

bad debts in line when compared to fiscal 2004. Accounts, notes and lease receivables and inventories increased by $369,333 and $118,214, respectively, in fiscal 2005 mostly attributable to the expanded territory and the increased number of customers. There were also increases in these components at year end in fiscal 2004 due to the start up and support of the expanded territory which began in June 2004. Accounts payable and accrued expenses decreased in fiscal 2005 by $231,875 as the Company took advantage of any discounts available. This compared to an increase of $34,918 in fiscal 2004 due to the increased inventory purchased in June to support the expanded territory. The Whirlpool payment of $331,100 received in January 2005 for a four-year exclusive license to employ the Company's technology in Whirlpool products was treated as unearned income and is being amortized over 48 months. Accrued employee expenses decreased by $23,113 due to a reduction in employee bonus expense.

Investing activities provided cash of $36,727 in fiscal 2005 compared to $69,221 provided in fiscal 2004. Fiscal 2005 contained an extra monthly payment on the outstanding note associated with the sale of the telecommunications segment compared to fiscal 2004. All monthly payments were current at fiscal 2005 year end. The Company increased its capital expenditures in fiscal 2005 for renovating and restructuring its main offices and acquiring updated software licenses for its business programs. Patent expenditures remained substantially the same for both fiscal years.

Financing activities used cash of $657,324 in fiscal 2005, mostly due to increased dividend payments compared to fiscal 2004 ($667,324 compared to $350,722). Expenditures for both years were partially offset by the exercise of stock options to purchase 10,000 shares in fiscal 2005 and 18,000 shares in fiscal 2004 at $1.00 per share.

On September 27, 2004, the Company's Board of Directors declared a $.06 per share annual dividend (or an aggregate of $421,467) payable on November 1, 2004 to shareholders of record on October 15, 2004. On March 23, 2005, the Company's Board of Directors declared a $.035 per share semi-annual dividend (or an aggregate of $245,857) payable on May 2, 2005 to shareholders of record on April 15, 2005. On September 23, 2005 the Board of Directors declared a $.04 per share semi-annual dividend (or an aggregate of $280,978) payable on November 1, 2005 to stockholders of record on October 14, 2005.

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, the Loan Agreement 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 it will be able to renew this facility with the same lender on similar terms.

The Company believes that its present cash position, the cash it expects to generate from operations and cash borrowings available under its line of credit will be sufficient to meet its presently contemplated 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>

	Year Ended June 30, 2005	2004	
<S>	<C>	<C>	<C>
Net sales	$17,564,559	$14,020,703	+25.3%
Development fees, franchise and license fees, commissions and other	824,450	651,562	+26.5%
Total revenues	$18,389,009	$14,672,265	+25.3%

</TABLE>

Revenues for the year ended June 30, 2005 increased by $3,716,744 (25.3%) over 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 and the increased number of sales staff. Increased revenues of 8.9% were also reported by the Company's development business, which develops turn-key cleaning establishments for resale to third parties; however, the broker business experienced a reduction of 31.3% in revenues. Both these subsidiaries account for less than 1% of the Company's revenues. For fiscal 2005, sales of parts increased by 11.1%, laundry equipment sales increased 75.8%, boiler sales increased 26.9% and dry cleaning equipment sales increased 3.3%.

Franchise and license fees increased by $89,656 (32.5%) in fiscal 2005 compared to fiscal 2004, attributable to an improved domestic economy.

Overall expenses of the Company, including costs of sales, were 93.9% of total revenues in fiscal 2005, compared to 94.3% in fiscal 2004. The decrease, as a percentage of revenues, reflects relatively stable overall costs spread over increased revenues.

<TABLE>
<CAPTION>

	Year Ended June 30, 2005	2004
As a percentage of net sales:		
<S>	<C>	<C>
Cost of sales	74.9%	72.3%
As a percentage of revenues:		
Selling, general and administrative expenses	22.1%	25.0%
Research and development	.2%	.3%
Total expenses	93.9%	94.3%

</TABLE>

Cost of goods sold, expressed as a percentage of sales, increased to 74.9% in fiscal 2005 compared to 72.3% in fiscal 2004. The increased costs were due to the larger volume of sales and the increased size of each order, which carry smaller margins in order to remain competitive.

Selling, general and administrative expenses increased by $399,499 (10.9%), but improved as a percentage of revenues to 22.1% in fiscal 2005 from 25.0% in fiscal 2004. Most of the increase was due to a 9.8% increase in payroll expenses associated with the increased sales staff. Increases were also experienced in insurance (13.2%), professional fees (40.3%) and supplies (26.2%), but were offset by decreases in commissions (20.5%) and telephone expenses (15.2%). Most other expenses in this category showed slight increases in line with inflation and to support the increased volume of sales.

Research and development expenses remained essentially flat and are a small part of the Company's total operating expenses. These expenses relate to ongoing research on the Company's Green-Jet(R) technologies and the application of these technologies to smaller dry-cleaning machines.

Interest income decreased by $13,118 (55.1%), primarily due to the lower outstanding principal balance of the note received by the Company as part of the consideration for the sale of its telecommunications segment in July 2002, offset by the rise in interest rates.

The Company's effective income tax rate of 37.7% in fiscal 2005 approximated its effective income tax rate of 37.2% in fiscal 2004.

Inflation

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

Transactions with Related Parties

The Company leases 27,000 square feet of warehouse and office space from William K. Steiner, a principal shareholder, Chairman of the Board of Directors and a director of the Company. The Company and Mr. Steiner entered into a new lease on September 9, 2005 for a three-year period beginning November 1, 2005 at an annual rental of $94,500, with annual increases commencing November 1, 2006 of 3% over the rent in the prior year. The Company is to bear real estate taxes, utilities, maintenance, non-structural repairs and insurance. The new lease contains two three-year renewal options in favor of the Company. 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.

In addition, in fiscal 2005, the Company paid two law firms, in which a director is of counsel, an aggregate of $81,500 for legal services performed.

Critical Accounting Policies

Securities and Exchange Commission Financial Reporting Release No. 60 encourages all companies to include a discussion of critical accounting policies or methods used in the preparation of financial statements. Management believes the following critical accounting policies affect the significant judgments and estimates used in the preparation of the Company's financial statements:

Revenue Recognition and Accounts and Notes Receivable

Equipment and replacement parts are generally shipped FOB from the Company's warehouse or drop shipped FOB factory at which time risk of loss and title passes to the purchaser and the sale is recorded. Commissions and development fees are recorded when earned, generally when the services are performed or the transaction is closed. Individual franchise arrangements include a license and provide for payment of initial fees, as well as continuing service fees. Initial franchise fees are generally recorded upon the opening of the franchised store, which is evidenced by a certificate from the franchisee, indicating that the store has opened, and collectibility is reasonably assured. Continuing services fees represent regular contractual payments received for the use of the "Dryclean USA" marks, which are recognized as revenue when earned, generally on a straight line basis.

Accounts and trade notes receivable are customer obligations due under normal trade terms. The Company sells its products primarily to independent dryclean and laundry stores. The Company's note receivable represents the amounts due from the sale of the telecommunications business. The Company performs continuing credit evaluations of its customers' financial condition and depending on the term of credit, the amount of the credit granted and management's past history with a customer, the Company may require the debtor to pledge the purchased equipment as collateral for the receivable. Senior management reviews accounts and notes receivable on a regular basis to determine if any such amounts will potentially be uncollectible. The Company includes any balances that are determined to be uncollectible, along with a general reserve based on older aged amounts, in its overall allowance for doubtful accounts. After all attempts to collect a receivable have failed, the receivable is written off. The Company's non-trade note receivable is collateralized by the assets sold and is subject to personal guarantees by the principals of the debtor. All payments on that note are current. Based on the information available to management, it believes the Company's allowance for doubtful accounts as of June 30, 2005 is adequate. However, actual write-offs might exceed the recorded allowance.

Franchise License Trademark and Other Intangible Assets

The franchise license, trademark, patents and trade name are stated at cost less accumulated amortization. Those assets are amortized on a straight-line basis over the estimated future periods to be benefited (10-15 years). The patents are amortized over the shorter of the patents' useful life or legal life from the date such patents are granted. The Company reviews the recoverability of intangible assets based primarily upon an analysis of undiscounted cash flows from the intangible assets. In the event the expected future net cash flows should become less than the carrying amount of the assets, an impairment loss will be recorded in the period such determination is made, based on the fair value of the related assets.

Use of Estimates

The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, management evaluates these estimates, including those related to allowances for doubtful accounts receivable, the carrying value of inventories and long-lived assets, the timing of revenue recognition for initial license and franchise fees from sales of franchise arrangements and continuing license and franchise service fees, as well as sales returns. Management bases these estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the recognition of revenues and expenses and the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

New Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("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. SFAS 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. SFAS 123(R) does not affect the Company at the present time but may effect the Company if it issues share-based compensation in the future.

In December 2004, the FASB issued FASB Statement No.151, "Inventory Costs," which clarifies the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). Under this Statement, such items will be recognized as current-period charges. In addition, the Statement requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. This Statement is effective for inventory costs incurred during fiscal years beginning after June 15, 2005 and must be applied prospectively. Adoption of this statement is not expected to impact the Company's financial position or results of operations because the Company does not manufacture inventory.

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Nonmonetary Assets," which amends APB Opinion No. 29, "Accounting for Nonmonetary Transactions." The amendments made by SFAS 153 are based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. Further, the amendments eliminate the narrow exception for nonmonetary exchanges of similar productive assets and replace it with a broader exception for exchanges of nonmonetary assets that do not have "commercial substance." Previously, Opinion 29 required that the accounting for an exchange of a productive asset for a similar productive asset or an equivalent interest in

the same or similar productive asset should be based on the recorded amount of the asset relinquished. The provisions in SFAS 153 are effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. Adoption of this pronouncement will not materially impact the Company's financial position or results of operations.

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections - A Replacement of APB No. 20 and FASB Statement No. 3." Among other changes, SFAS 154 requires that a voluntary change in accounting principle be applied retrospectively with all prior period financial statements presented on the new accounting principle, unless it is impracticable to do so. SFAS 154 also provides that (1) a change in method of depreciating or amortizing a long-lived nonfinancial asset be accounted for as a change in estimate (prospectively) that was effected by a change in accounting principle, and (2) correction of errors in previously issued financial statements should be termed a "restatement." The new standard is effective for accounting changes and correction of errors made in fiscal years beginning after December 15, 2005. Early adoption of this standard is permitted for accounting changes and correction of errors made in fiscal years beginning after June 1, 2005. Adoption of this pronouncement is not expected to materially impact the Company.

Item 7. Financial Statements.

<TABLE>
<CAPTION>

DRYCLEAN USA, Inc. and Subsidiaries

Index to Consolidated Financial Statements

Notes to Consolidated Financial Statements 28
</TABLE>

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
DRYCLEAN USA, Inc. and Subsidiaries:

We have audited the accompanying consolidated balance sheet of DRYCLEAN USA, Inc. and subsidiaries as of June 30, 2005, and the related consolidated statements of operations, shareholders' equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company was not required to have, nor were we engaged to perform, an audit of the Company's internal control over financial reporting. Our audit included 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 consolidated 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 audit provides 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 DRYCLEAN USA, Inc. and subsidiaries as of June 30, 2005 and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

MORRISON, BROWN, ARGIZ & FARRA LLP

Miami, Florida
September 2, 2005, except for the
second paragraph of Note 6 and
the second paragraph of Note 11 as to
which the date is September 23, 2005

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
DRYCLEAN USA, Inc.
Miami, Florida

We have audited the accompanying consolidated balance sheet of DRYCLEAN USA, Inc. and subsidiaries as of June 30, 2004, and the related consolidated statements of operations, shareholders' equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company

Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 DRYCLEAN USA, Inc. and subsidiaries as of June 30, 2004, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Miami, Florida BDO Seidman, LLP
September 1, 2004, except for
Note 11 as to which the date is
September 27, 2004

DRYCLEAN USA, Inc. and Subsidiaries

Consolidated Balance Sheets

<TABLE>
<CAPTION>

June 30,	2005	2004
<S>	<C>	<C>
Assets (Note 5)		
Current assets		
Cash and cash equivalents	$ 1,582,116	$ 1,742,251
Accounts and trade notes receivable, net of allowance for doubtful accounts of $130,000	1,949,750	1,600,087
Lease receivables (Note 2)	14,995	35,172
Inventories	3,090,017	2,971,803
Deferred income taxes (Note 4)	103,031	97,618
Note receivable-current (Note 13)	67,857	157,143
Other current assets	118,930	112,375
Total current assets	6,926,696	6,716,449
Lease receivables - due after one year (Note 2)	-	10,000
Note receivable, less current portion (Note 13)	-	67,857
Equipment and improvements, net (Note 3)	230,352	217,200
Franchise license, trademarks and other intangible assets, net (Note 1)	373,779	385,756
Deferred income taxes (Note 4)	10,248	26,859
	$ 7,541,075	$ 7,424,121
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued expenses	$ 679,505	$ 911,380
Accrued employee expenses	295,440	318,553
Unearned income	289,712	-
Customer deposits	577,440	550,042
Total current liabilities	1,842,097	1,779,975

Total liabilities	1,842,097	1,779,975
Commitments and contingencies (Notes 6, 8 and 9)		
Shareholders' equity (Notes 11 and 12)		
Preferred Stock, $1.00 par value:		
Authorized shares - 200,000; none issued and outstanding	-	-
Common stock, $0.025 par value:		
Authorized shares - 15,000,000; 7,055,500 and 7,045,500, shares issued and outstanding at 2005 and 2004, respectively, including shares held in treasury	176,388	176,138
Additional paid-in capital	2,075,870	2,066,120
Retained earnings	3,449,740	3,404,908
Treasury stock, 31,050 shares at cost	(3,020)	(3,020)
Total shareholders' equity	5,698,978	5,644,146
	$ 7,541,075	$ 7,424,121

See accompanying summary of accounting policies and notes to consolidated financial statements.
</TABLE>

DRYCLEAN USA, Inc. and Subsidiaries

Consolidated Statements of Operations

<TABLE>
<CAPTION>

Years ended June 30,	2005	2004
<S>	<C>	<C>
Revenues:		
Net sales	$17,564,559	$14,020,703
Development fees, franchise and license fees, commissions and other	824,450	651,562
Total	18,389,009	14,672,265
Cost of sales	13,157,427	10,137,623
Selling, general and administrative expenses	4,063,140	3,663,641
Research and development expenses	44,825	41,184
Total	17,265,392	13,842,448
Operating income	1,123,617	829,817
Other income:		
Interest income	10,692	23,810
Earnings before income taxes	1,134,309	853,627
Provision for income taxes (Note 4)	428,046	317,410
Net earnings	$ 706,263	$ 536,217
Net earnings per share (Note 10):		
Basic	$ .10	$ .08

Diluted	$ .10	$ .08
Weighted average number of shares of common stock outstanding:		
Basic	7,023,146	7,009,188
Diluted	7,037,921	7,032,060

</TABLE>
See accompanying summary of accounting policies and notes to consolidated financial statements.

DRYCLEAN USA, Inc. and Subsidiaries

Consolidated Statements of Shareholders' Equity

<TABLE>
<CAPTION>

	Common Stock		Additional Paid-in	Treasury Stock		Retained	
	Shares	Amount	Capital	Shares	Cost	Earnings	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at June 30, 2003	7,027,500	$ 175,688	$ 2,048,570	31,050	$ (3,020)	$ 3,219,413	$ 5,440,651
Stock options exercised	18,000	450	17,550	-	-	-	18,000
Dividends paid ($.05 per share)						(350,722)	(350,722)
Net earnings	-	-	-	-	-	536,217	536,217
Balance at June 30, 2004	7,045,500	176,138	2,066,120	31,050	(3,020)	3,404,908	5,644,146
Stock options exercised	10,000	250	9,750	-	-	-	10,000
Tax benefit from stock option exercise	-	-	-	-	-	5,893	5,893
Dividends paid ($.06 per share)	-	-	-	-	-	(421,467)	(421,467)
Dividends paid ($.035 per share)	-	-	-	-	-	(245,857)	(245,857)
Net earnings	-	-	-	-	-	706,263	706,263
Balance at June 30, 2005	7,055,500	$ 176,388	$ 2,075,870	31,050	$ (3,020)	$ 3,449,740	$ 5,698,978

</TABLE>
See accompanying summary of accounting policies and notes to consolidated financial statements.

DRYCLEAN USA, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

<TABLE>
<CAPTION>

Years ended June 30,	2005	2004
<S>	<C>	<C>
Operating activities:		
Net income	$ 706,263	$ 536,217
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	119,242	114,946
Bad debt expense	49,846	42,782
Provision for deferred income taxes	11,198	22,589
Tax benefit for stock option exercise	5,893	-
(Increase) decrease in operating assets:		
Accounts, trade notes and lease receivables	(369,333)	(251,761)
Inventories	(118,214)	(394,865)
Other current assets	(6,555)	56,719
Increase (decrease) in operating liabilities:		

Accounts payable and accrued expenses	(231,875)	34,918
Accrued employee expenses	(23,113)	15,230
Unearned income	289,712	-
Customer deposits	27,398	214,836
Net cash provided by operating activities	460,462	391,611
Investing activities:		
Payments received on note receivable	157,143	144,048
Capital expenditures	(88,461)	(40,905)
Patent expenditures	(31,955)	(33,922)
Net cash provided by investing activities	36,727	69,221
Financing activities:		
Proceeds from exercise of stock options	10,000	18,000
Dividends paid	(667,324)	(350,722)
Net cash used in financing activities	(657,324)	(332,722)
Net (decrease) increase in cash and cash equivalents	(160,135)	128,110
Cash and cash equivalents at beginning of year	1,742,251	1,614,141
Cash and cash equivalents at end of year	$ 1,582,116	$ 1,742,251
Supplemental Information:		
Cash paid for:		
Income taxes	$ 438,000	$ 406,000

</TABLE>

See accompanying summary of accounting policies and notes to consolidated financial statements.

DRYCLEAN USA, Inc. and Subsidiaries
Summary of Accounting Policies

Nature of Business

DRYCLEAN USA, Inc. and subsidiaries (collectively, the "Company") sell commercial and industrial laundry and dry cleaning equipment, boilers and replacement parts; sell individual and area franchises under the DRYCLEAN USA name; and act as a business broker in connection with the purchase and sale of retail dry cleaning stores and coin laundries.

The Company primarily sells to customers located in the United States, the Caribbean and Latin America.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of DRYCLEAN USA, Inc. and its wholly-owned subsidiaries. Intercompany transactions and balances have been eliminated in consolidation.

Revenue Recognition

Sales of products are generally shipped FOB origin and revenue is recorded as they are shipped. Shipping, delivering and handling fee income of approximately $303,000 and $245,000 for the years ended June 30, 2005 and 2004, respectively, are included as net sales in the consolidated financial statements. Shipping, delivering and handling costs are included in cost of sales. Commissions and development fees are recorded when earned. Individual franchise arrangements include a license and provide for the payment of initial fees for the granting of the franchise. Royalty fees are generated for the use of the name DRYCLEAN USA(R). Initial franchise fees are generally recorded upon the opening of the franchise store. Continuing royalty fees are recorded when earned. Royalty fees recognized in fiscal 2005 and 2004 were $223,350 and $207,402, respectively.

Customer deposits represent primarily amounts received from customers for future delivery of equipment or services. 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. Whirlpool Corporation paid to the Company $350,000, including $331,100 as a one time up front fee for the exclusive license, and is to pay royalties during the three year period following the introduction of Whirlpool Corporation manufactured products using the licensed technology. After this period, Whirlpool Corporation will retain a non-exclusive license and the Company is free to license its technology to other manufacturers. Unearned income represents the $331,100 fee for the exclusive license which is being amortized over 48 months, the life of the contract. At June 30, 2005, $289,712 remained to be amortized.

Accounts and Trade Notes Receivable

Accounts and trade notes receivable are customer obligations due under normal trade terms. The Company sells its products primarily to independent drycleaning and laundry stores. The non-trade note receivable represents the amounts due from the sale of the telecommunications segment as further discussed in Note 13. The Company performs continuing credit evaluations of its customers' financial condition and, depending on the terms of credit, the amount of the credit granted and management's history with a customer, the Company may require the customer to pledge the purchased equipment as collateral for the receivable. Senior management reviews accounts and notes receivable on

a regular basis to determine if any such amounts will potentially be uncollectible. The Company includes any balances that are determined to be uncollectible, along with a general reserve, in its overall allowance for doubtful accounts. After all attempts to collect a receivable have failed, the receivable is written off. The Company's non-trade note receivable is collateralized by the assets sold and is supported by personal guarantees by the principals of the debtor. All payments on such note are current. Based on the information available, management believes the Company's allowance for doubtful accounts as of June 30, 2005 and 2004 is adequate. However, actual write-offs might exceed the recorded allowance.

Inventories

Inventories consist principally of equipment and spare parts. Equipment is valued at the lower of cost, determined on the specific identification method, or market. Spare parts are valued at the lower of average cost or market.

Equipment, Improvements and Depreciation

Property and equipment are stated at cost. Depreciation and amortization are calculated on accelerated and straight-line methods over lives of five to seven years for furniture and equipment and the lesser of ten years or the life of the lease for leasehold improvements for both financial reporting and income tax purposes, except that leasehold improvements are amortized over 31 years for income tax purposes. Repairs and maintenance costs are expensed as incurred.

Asset Impairments

The Company accounts for long-lived assets in accordance with the provisions of the Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standard ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." This statement requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less estimated costs to sell. The Company has determined that no assets had been impaired as of June 30, 2005 and 2004.

Income Taxes

The Company utilizes the asset and liability method wherein deferred taxes are recognized for differences between consolidated financial statement and income tax bases of assets and liabilities.

Cash Equivalents

Cash equivalents include all highly liquid investments with original maturities of three months or less.

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and

the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Stock Based Compensation

SFAS No. 123, "Accounting for Stock-Based Compensation," as amended by SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure - An Amendment of FASB Statement No. 123." requires the Company to provide pro forma information regarding net earnings and net earnings per share as if compensation cost for the Company's stock options had been determined in accordance with the fair value based method prescribed in SFAS No. 123. The Company estimates the fair value of each stock option at the grant date by using the Black-Scholes option-pricing model. No options were granted in fiscal years 2005 or 2004. Based on these assumptions, under the accounting provisions of SFAS No. 123, the Company's net earnings and net earnings per common share would have been as follows:

<TABLE>
<CAPTION>

Year ended June 30,	2005	2004
Net earnings, as reported	$ 706,263	$ 536,217
Less: Total stock-based employee compensation expense determined under fair value based method for all awards	-	(4,500)
Pro forma earnings from continuing operations	$ 706,263	$ 531,717
Earnings per common share:		
Basic - As reported	$ .10	$ .08
Pro forma	.10	.08
Diluted - As Reported	.10	.08
Pro forma	.10	.08

</TABLE>

All stock options were fully vested as of June 30, 2004. Thus, there was no pro forma compensation expense for 2005.

Earnings Per Share

Basic earnings per share are computed on the basis of the weighted average number of common shares outstanding during each year. Diluted earnings per share are computed on the basis of the weighted average number of common shares and dilutive securities outstanding during each year. Securities having an anti-dilutive effect on earnings per share are excluded from the calculations.

Advertising Costs

The Company expenses the cost of advertising as of the first date the advertisement is run. The Company expensed approximately

$145,000 and $157,000 of advertising costs for the years ended June 30, 2005 and 2004, respectively.

Fair Value of Financial Instruments

The Company's financial instruments consist principally of cash and cash equivalents, accounts and trade notes receivable, lease receivables, notes receivable, accounts payable and accrued expenses. Due to their relatively short-term nature or variable rates, the carrying amounts of such financial instruments, as reflected in the accompanying consolidated balance sheets, approximate their estimated fair value. Their estimated fair value is not necessarily indicative of the amounts the Company could realize in a

current market exchange or of future earnings or cash flows.

Customer Deposits

Customer deposits represent advances paid by certain customers when placing orders for equipment with the Company. These deposits are generally non-refundable.

Franchise License, Trademark and Other Intangible Assets

Franchise license, trademark, and other intangible assets are stated at cost less accumulated amortization. These assets are amortized on a straight-line basis over the estimated future periods to be benefited (10-15 years). Patents are amortized over the shorter of the patent's useful life or legal life from the date such patent is granted. The Company reviews the recoverability of intangible assets based primarily upon an analysis of undiscounted cash flows expected to be generated from the acquired assets. In the event the expected future net cash flows should become less than the carrying amount of the assets, an impairment loss will be recorded in the period such determination is made, based on the fair value of the related assets.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

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. SFAS 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. SFAS 123(R) does not affect the Company at the present time but may affect share-based compensation in the future.

In December 2004, the FASB issued FASB Statement No.151, "Inventory Costs," which clarifies the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). Under this Statement, such items will be recognized as current-period charges. In addition, the Statement requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. This Statement is effective for inventory costs incurred during fiscal years beginning after June 15, 2005 and must be applied prospectively. Adoption of this statement is not expected to impact the Company's financial position or results of operations because the Company does not manufacture inventory.

In December 2004, the FASB issued FASB Statement No. 153, "Exchanges of Nonmonetary Assets," which amends APB Opinion No. 29, "Accounting for Nonmonetary Transactions." The amendments made by Statement 153 are based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. Further, the amendments eliminate the narrow exception for nonmonetary

exchanges of similar productive assets and replace it with a broader exception for exchanges of nonmonetary assets that do not have "commercial substance." Previously, Opinion 29 required that the accounting for an exchange of a productive asset for a similar productive asset or an equivalent interest in the same or similar productive asset should be based on the recorded amount of the asset relinquished. The provisions in Statement 153 are effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. Adoption of this pronouncement will not materially impact the Company's financial position or results of operations.

In May 2005, the FASB issued FASB Statement No. 154, "Accounting Changes and Error Corrections - A Replacement of APB No. 20 and FASB Statement No. 3." Among other changes, Statement 154 requires that a voluntary change in accounting principle be applied retrospectively with all prior period financial statements presented on the new accounting principle, unless it is impracticable to do so. Statement 154 also provides that (1) a change in method of depreciating or amortizing a long-lived nonfinancial asset be accounted for as a change in estimate (prospectively) that was effected by a change in accounting principle, and (2) correction of errors in previously issued financial statements should be termed a "restatement." The new standard is effective for accounting changes and correction of errors made in fiscal years beginning after December 15, 2005. Early adoption of this standard is permitted for accounting changes and correction of errors made in fiscal years beginning after June 1, 2005. Adoption of this pronouncement is not expected to materially impact the Company.

1. Intangible Assets — Franchise license, trademark and other intangible assets consist of the following:

<TABLE>
<CAPTION>

<S>	Estimated Useful Lives (in years) <C>	June 30, 2005 <C>	June 30, 2004 <C>
Franchise license agreements	10	$ 529,500	$ 529,500
Trademarks, patents and tradenames	10-15	210,417	139,864
		739,917	669,364
Less accumulated amortization		(366,138)	(283,608)
		$ 373,779	$ 385,756

</TABLE>

Amortization expense amounted to $64,444 in fiscal 2005 and $57,472 in fiscal 2004.

2. Lease Receivables — Lease receivables result from customer leases of equipment under arrangements which qualify as sales-type leases. At June 30, 2005 and 2004, future lease payments, net of deferred interest ($312 and $891 at June 30, 2005 and 2004, respectively), due under these leases amounted to $14,995 and $45,172, respectively.

3. Equipment and Improvements — Major classes of equipment and improvements consist of the following:

<TABLE>
<CAPTION>

<S> June 30,	2005 <C>	2004 <C>
Furniture and equipment	$ 745,810	$ 695,836
Leasehold improvements	353,804	330,914
	1,099,614	1,026,750
Less accumulated depreciation and amortization	(869,262)	(809,550)
	$ 230,352	$ 217,200

</TABLE>

Depreciation and amortization of equipment and improvements amounted to $54,798 and

$57,474 for the years ended June 30, 2005 and 2004, respectively.

4. Income Taxes The following are the components of income taxes (benefit):

<TABLE>
<CAPTION>

Years ended June 30,	2005	2004
<S>	<C>	<C>
Current		
Federal	$ 353,100	$ 252,183
State	63,748	42,638
	416,848	294,821
Deferred		
Federal	9,561	19,309
State	1,637	3,280
	11,198	22,589
	$ 428,046	$ 317,410

</TABLE>

The reconciliation of income tax expense computed at the Federal statutory tax rate of 34% to income taxes (benefit) is as follows:

<TABLE>
<CAPTION>

Years ended June 30,	2005	2004
<S>	<C>	<C>
Tax at the statutory rate	$ 385,665	$ 290,233
State income taxes, net of federal benefit	41,176	31,086
Other	1,205	(3,909)
	$ 428,046	$ 317,410

</TABLE>

Deferred income taxes reflect the net tax effect of temporary differences between the bases of assets and liabilities for financial reporting purposes and the bases used for income tax purposes. Significant components of the Company's current and noncurrent deferred tax assets and liabilities are as follows:

<TABLE>
<CAPTION>

Years ended June 30,	2005	2004
<S>	<C>	<C>
Current deferred tax asset (liability):		
Allowance for doubtful accounts	$ 48,919	$ 48,919
Inventory capitalization	49,739	63,742
Other	4,373	(15,043)
	103,031	97,618

Noncurrent deferred tax asset (liability):		
Equipment and improvements	(31,300)	(12,825)
Franchise, trademarks and other intangible assets	41,548	39,684
	10,248	26,859
Total net deferred income tax asset	$ 113,279	$ 124,477

</TABLE>

5. Credit Agreement and Term Loan

In December 2001, the Company entered into a bank loan agreement for a facility consisting of a term loan of $960,000 and a revolving credit facility of $2,250,000, including a $1,000,000 letter of credit subfacility and $250,000 foreign exchange subfacility. In May 2003, the Company pre-paid the outstanding balance of the term loan. Prior to October 28, 2004, revolving credit borrowings were limited by a borrowing base of 60% of eligible accounts receivable and 60% of certain, and 50% of other, eligible inventories. On October 28, 2004, the Loan Agreement was amended to eliminate the borrowing base restriction 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. Borrowings under the revolving credit facility bear interest at 2.50% per annum above the Adjusted LIBOR Market Index Rate, are guaranteed by all of the Company's subsidiaries and are collateralized by substantially all of the Company's and its subsidiaries' assets. The revolving credit facility matures October 30, 2005. At June 30, 2005 and 2004, there were no outstanding borrowings, letters of credit or foreign exchange contracts outstanding under the line of credit. The loan agreement requires maintenance of certain debt service coverage and leverage ratios and contains other restrictive covenants, including limitations on the extent to which the Company and its subsidiaries may incur additional indebtedness, pay dividends, guarantee indebtedness of others, grant liens, sell assets and make investments.

6. Related Party Transactions

The Company leases warehouse and office space from a principal shareholder of the Company under an operating lease. Annual rental expense under this lease was $83,200 in each of fiscal 2005 and 2004.

The Company and the shareholder entered into a new lease on September 9, 2005 for a three-year period beginning November 1, 2005 at an annual rental of $94,500, with annual increases commencing November 1, 2006 of 3% over the rent in the prior year. The Company is to bear real estate taxes, utilities, maintenance, non-structural repairs and insurance. The new lease contains two three-year renewal options in favor of the Company. 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.

In addition, in fiscal 2005, the Company paid two law firms, in which a director is of counsel, an aggregate of $81,500 for legal services performed. In fiscal 2004, the Company paid one of these law firms $43,500 for legal services performed.

7. Concentrations of Credit Risk

The Company places its excess cash in overnight deposits with a large national bank. Concentration of credit risk with respect to trade and lease receivables is limited due to a large customer base. Based on the Company's credit evaluation, trade receivables may be collateralized by the equipment sold. The Company's lease receivable is collateralized by the equipment under lease. The note receivable is collateralized by the assets sold and supported by personal guarantees by the principals of the debtor.

8. Commitments

In addition to the warehouse and office space leased from a principal shareholder (see Note 6), the Company leases two additional office and warehouse spaces from unrelated third parties under operating leases expiring in December 2005 and March 2006. As of June 30, 2005, the Company is also obligated under two leases for future dry cleaning stores that aggregate $81,000 to $89,000 in annual base rent per year for the next five years. The Company anticipates assigning these leases to dry cleaning franchisees or other customers when the leased facilities are available for occupancy.

Minimum future rental commitments for leases in effect at June 30, 2005 approximates the following:

<TABLE>
<CAPTION>

Years ending June 30,	
<S>	<C>
2006	$ 211,000
2007	179,000
2008	184,000
2009	120,000
2010	89,000
Thereafter	12,000
Total	$ 795,000

</TABLE>

Rent expense aggregated $158,044 and $157,387 for the years ended June 2005 and 2004, respectively.

As of June 30, 2005, the Company had no outstanding letters of credit.

The Company, through its manufacturers, provides parts warranties for products sold. These warranties are the responsibility of the manufacturer. As such, warranty related expenses are insignificant to the consolidated financial statements.

9. Deferred Compensation Plan

The Company has a participatory deferred compensation plan wherein it matches employee contributions up to 1% of an eligible employee's yearly compensation. Employees are eligible to participate in the plan after three months of service. The Company contributed approximately $7,000 and $9,000 to the Plan during fiscal 2005 and fiscal 2004, respectively. The plan is tax deferred under Section 401(k) of the Internal Revenue Code.

10. Earnings Per Share

The following reconciles the components of the earnings per share computation:

<TABLE>
<CAPTION>

Year ended June 30, 2005	Income (Numerator)	Shares (Denominator)	Per Share Amount
<S>	<C>	<C>	<C>
Net earnings	$ 706,263	7,023,146	$ .10
Effect of dilutive securities:			
Stock options	-	14,775	-
Earnings plus assumed dilution	$ 706,263	7,037,921	$ .10
Year ended June 30, 2004	**Income (Numerator)**	**Shares (Denominator)**	**Per Share Amount**
Net earnings	$ 536,217	7,009,188	$ .08
Effect of dilutive securities:			
Stock options	-	22,872	-
Earnings plus assumed dilution	$ 536,217	7,032,060	$ .08

</TABLE>

There were outstanding stock options to purchase 20,000 shares of the Company's common stock at June 30, 2004 that were excluded in the computation of earnings per share for such year because the exercise prices of the options were at least the average market price of the Company's common stock for that year. No options were excluded in fiscal 2005.

11. Dividends The Company paid a $.05 per share annual dividend on October 31, 2003 to shareholders of record on October 17, 2003; a $.06 per share annual dividend on November 1, 2004 to shareholders of record on October 15, 2004 declared on September 27, 2004, and a $.035 per share semi-annual dividend on May 2, 2005 to shareholders of record on April 15, 2005.

On September 23, 2005 the Board of Directors declared a $.04 per share semi-annual dividend payable on November 1, 2005 to stockholders of record on October 14, 2005.

12. Stock Options The Company's 2000 Stock Option Plan authorizes the grant (until May 2, 2010) of options to purchase up to 500,000 shares of the Company's common stock to employees, directors and consultants. The Company also has a 1994 Non-Employee Director Stock Option Plan which terminated as to future grants on August 23, 2004, but under which options to purchase 30,000 shares remain outstanding.

The Company applies APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for stock options to employees and directors. Under APB Opinion No. 25, because the exercise price of the stock options equaled or exceeded the market price of

the underlying stock on the date of grant, no compensation cost has been recognized. No options have been granted to consultants.

SFAS 123(R), "Share-Based Payment," will require compensation costs related to share based payment transactions to be recognized directly in the Company's consolidated financial statements beginning January 1, 2006.

Pursuant to the Company's 2000 Stock Option Plan, the Company may grant incentive stock options and nonqualified stock options. All options outstanding under the director plan are nonqualified stock options. Options under the 2000 Stock Option Plan may have a maximum term of 10 years, are not transferable and must be granted at an exercise price of at least 100% of the market value of the Company's common stock on the date of grant. However, incentive stock options granted to an individual owning more than 10% of the total combined voting power of all classes of stock issued by the Company must have an exercise price of at least 110% of the fair market value of the shares issuable on the date of the grant and may not have a term of more than five years. Incentive stock options granted under the 2000 Stock Option Plan are subject to the limitation that the aggregate fair market value (determined as of the date of grant) of those options which may first become exercisable in any calendar year cannot exceed $100,000.

Generally, options granted to date have become exercisable, on a cumulative basis, as to one-fourth of the shares covered thereby on each of the first four anniversaries of grant. Generally, options terminate three months following termination of service (except generally one year in the case of termination of service by reason of death or disability). There were no stock options granted in fiscal 2005 and 2004. Options granted under the plans also terminate upon a merger in which the Company is not the surviving corporation or in which shareholders before the merger cease to own at least 50% of the combined voting power in the elections of directors of the surviving corporation, the sale of substantially all of the Company's assets or the liquidation or dissolution of the Company, unless other provision is made by the board of directors.

Options under the 1994 Non-Employee Director Stock Option Plan have a term of 10 years, are not transferable and are exercisable at a price equal to 100% of the market value of the Company's common stock on the date of grant. Options under this plan are exercisable as to one-fourth of the shares covered thereby on each of the first four anniversaries of grant. Vesting accelerates upon a change of control of the Company (as defined in the Plan). Options terminate three months following termination of service (except one year in the case of termination of service by reason of death or disability).

A summary of options under the Company's stock option plans as of June 30, 2005, and changes during the year then ended is presented below:

<TABLE>
<CAPTION>

<S>	Shares <C>	Weighted Average Exercise Price <C>
Outstanding at beginning of year	50,000	$1.36
Granted	-	-
Exercised	(10,000)	1.00
Expired	(10,000)	2.00
Outstanding at end of year	30,000	$1.27
Options exercisable at year-end	30,000	$1.27
Options available for future grant at year-end	500,000	

</TABLE>

A summary of options under the Company's stock option plans as of June 30, 2004, and changes during the year then ended is presented below:

<TABLE>
<CAPTION>

<S>	Shares <C>	Weighted Average Exercise Price <C>
Outstanding at beginning of year	439,000	$1.02
Granted	-	-
Exercised	(18,000)	1.00
Expired	(371,000)	1.00
Outstanding at end of year	50,000	$1.36
Options exercisable at year-end	50,000	$1.36

</TABLE>

The following table summarizes information about outstanding stock options at June 30, 2005:

<TABLE>
<CAPTION>

<S> Range of Exercise Prices	Number Outstanding at 6/30/05 <C>	Weighted Average Remaining Contractual Life <C>	Weighted Average Exercise Price <C>	Number Exercisable at 6/30/05 <C>	Weighted Average Exercise Price <C>
$ .91	20,000	3.3 years	$ .91	20,000	$ .91
$ 2.00	10,000	4.9 years	$ 2.00	10,000	$ 2.00

</TABLE>

13. Note Receivable

On July 31, 2002, the Company sold substantially all of the operating assets (principally inventory, equipment and intangible assets) of its Metro-Tel segment, which was engaged in the manufacture and sale of telephone test equipment. The purchase price was $800,000 which was payable $250,000 in cash and a $550,000 promissory note, bearing interest at prime + 1%, (7.25% and 5.25% at June 30, 2005 and 2004, respectively) and payable monthly over 42 months commencing October 1, 2002. The promissory note is guaranteed by certain companies affiliated with the purchaser and the purchaser's and the affiliates' principal shareholders and is collateralized by the operating assets of the purchaser and the affiliated companies. The Company has agreed to subordinate payment of the promissory note, obligations of the affiliated companies of the purchaser under their guarantees and the collateral granted by the purchaser and the affiliated companies to the obligations of the purchaser and the affiliated companies to two bank lenders. The purchaser prepaid $50,000 of the note in 2003. As of June 30, 2005, there was $67,857 outstanding under this note. The remaining principal is due during fiscal 2006.

14. 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 technology and marketing strategies.

Steiner-Atlantic Corp., Steiner-Atlantic Brokerage Corp. and DRYCLEAN USA Development Corp., wholly-owned subsidiaries of the Company, comprise the commercial and industrial laundry and dry cleaning equipment segment. Steiner-Atlantic Corp. is a supplier of dry cleaning equipment, industrial laundry equipment and steam boilers to customers in the United States, the Caribbean and Latin American markets. Steiner-Atlantic Brokerage Corp. acts as a business broker to assist others seeking to buy or sell existing dry cleaning and coin laundry businesses. DRYCLEAN USA Development Corp. develops turn-key dry cleaning establishments for resale to third parties.

DRYCLEAN USA License Corp. comprises the license and franchise operations segment.

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>

Year ended June 30,	2005	2004
<S>	<C>	<C>
Revenues:		
Commercial and industrial laundry and dry cleaning equipment	$ 18,023,119	$ 14,396,031
License and franchise operations	365,890	276,234
Total revenues	$ 18,389,009	$ 14,672,265
Operating income (loss):		
Commercial and industrial laundry and dry cleaning equipment	$ 1,178,238	$ 904,640
License and franchise operations	252,765	170,207
Corporate	(307,386)	(245,030)
Total operating income	$ 1,123,617	$ 829,817
Identifiable assets:		
Commercial and industrial laundry and dry cleaning equipment	$ 6,525,375	$ 6,325,915
License and franchise operations	781,416	655,744
Corporate	234,284	442,462
Total assets	$ 7,541,075	$ 7,424,121

</TABLE>

For the years ended June 30, 2005 and 2004, export revenues, principally to the Caribbean and Latin America, aggregated approximately $2,973,000 and $2,340,000, respectively, of which approximately $2,833,000 and $2,209,000, respectively, related to the commercial and industrial laundry and dry cleaning equipment segment. All such sales are denominated in U.S. Dollars and, accordingly, the Company is not exposed to risks of foreign currency fluctuations as a result of such sales.

No single customer accounted for more than 10% of the Company's revenues in fiscal 2005 or 2004.

Item 8. Changes In and Disagreements With Accountants on Accounting and Financial Disclosure.

Not applicable.

Item 8A. 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 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 the Company's management, including those officers, to allow timely decisions regarding required disclosure.

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.

Item 8B. Other Information.

None.

PART III

Item 9. Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act.

The following information is presented with respect to the background of each of the directors and executive officers of the Company:

Michael S. Steiner, 49, has been President, Chief Executive Officer and a director of the Company since November 1998 and of Steiner since 1988.

Alan I. Greenstein, 49, has been Executive Vice President and Chief Operating Officer of the Company since May 2004. From October 1995 until it was sold in 2000, he was President and principal stockholder of Professional Cleaners, Inc., an operator of a south Florida chain of drycleaning and laundry stores. From February 2001 to September 2004, Mr. Greenstein was Vice President and a principal shareholder of South Florida Transport, Inc., a south Florida thrifty Car rental franchise. In October 2004, South Florida Transport, Inc. filed for Chapter 11 Bankruptcy, which subsequently converted to Chapter 7 liquidation. Mr. Greenstein believes the heavy losses from the hurricanes that hit Florida in the summer of 2004 were the cause for South Florida Transport, Inc.'s financial problems. Since he joined the Company, Mr. Greenstein has been a full time employee of the Company.

William K. Steiner, 75, has been a director of the Company since November 1998 and Chairman of the Board of Steiner since he founded Steiner in 1960.

Venerando J. Indelicato, 72, was President of the Company from December 1967 until November 1998 and has been Treasurer and Chief Financial Officer of the Company since December 1969.

Lloyd Frank, 80, has been a director of the Company since 1977. Mr. Frank has been of counsel to the law firm of Troutman Sanders LLP since April 2005. Prior thereto, Mr. Frank was a member of the law firm of Jenkens & Gilchrist Parker Chapin LLP and its predecessor from 1977 until the end of 2003 and of counsel to that firm from January 2004 until March 2005. The Company retained

Troutman Sanders LLP and Jenkens & Gilchrist Parker Chapin LLP during the Company's last fiscal year and is retaining Troutman Sanders LLP during the Company's current fiscal year. Mr. Frank is also a director of Park Electrochemical Corp. and Volt Information Sciences, Inc.

David Blyer, 45, has served as a director of the Company since November 1998. Mr. Blyer was Chief Executive Officer and President of Vento Software, a developer of software for specialized business applications, from 1994, when he co-founded that company, until mid-2002. Since that time, Mr. Blyer has been an independent consultant.

Alan M. Grunspan, 45, has served as a director of the Company since May 1999. Since 2004, Mr. Grunspan has been a member of the law firm of Carlton Fields, PA. Prior thereto, Mr. Grunspan was a member of the law firm of Kaufman Dickstein & Grunspan P. A. from 1991 until 2004.

Stuart Wagner, 73, has served as a director of the Company since November 1998. Mr. Wagner has been retired since 1999. From 1975 to 1997, Mr. Wagner served as President of Wagner Products Corp., a manufacturer and distributor of products in the HVAC industry, a company which he founded, and served as a consultant to Diversified Corp., which acquired Wagner Products Corp., from 1997 until 1999 .

Mr. Michael S. Steiner is the son of Mr. William K. Steiner. There are no other family relationships among any of the directors and executive officers of the Company. All directors serve until the next annual meeting of stockholders and until the election and qualification of their respective successors. All officers serve at the pleasure of the Board of Directors.

The following information is presented with respect to the background of each person who is not an executive officer but who is expected to continue to make a significant contribution to the Company:

Ronald London, 72, has served as Vice President, and primarily oversees sales of the retail Dry Cleaning Equipment Department of Steiner since joining Steiner in September 1992.

The balance of the information called for by this Item will be contained in the Company's definitive Proxy Statement with respect to the Company's 2005 Annual Meeting of Stockholders to be filed pursuant to Regulation 14A under the Securities Exchange Act of 1934, and is incorporated herein by reference to such information.

Item 10. Executive Compensation.

The information called for by this Item will be contained in the Company's definitive Proxy Statement with respect to the Company's 2005 Annual Meeting of Stockholders to be filed pursuant to Regulation 14A under the

Securities Exchange Act of 1934, and is incorporated herein by reference to such information.

Item 11. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table sets forth certain information, as at June 30, 2005, with respect to the Company's equity compensation plans:

<TABLE>
<CAPTION>

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders..........	30,000 (a)	$1.27	500,000 (b)
Equity compensation plans not approved by security holders..	0	--	0
Total......................	30,000	$1.27	500,000

</TABLE>

(a) All options were granted under the Company's 1994 Non-Employee Director Stock Option Plan (the "1994 Plan") under which no future options may be granted.

(b) Represents shares available for future grant under the Company's 2000 Stock Option Plan (the "2000 Plan"), which permits the grant of options to employees and directors of, and consultants to, the Company. Upon the expiration, cancellation or termination of unexercised options, shares subject to options under the 2000 Plan will again be available for the grant of options under the 2000 Plan.

The balance of the information called for by this Item will be contained in the Company's definitive Proxy Statement with respect to the Company's 2005 Annual Meeting of Stockholders to be filed pursuant to Regulation 14A under the Securities Exchange Act of 1934, and is incorporated herein by reference to such information.

Item 12. Certain Relationships and Related Transactions.

The information called for by this Item will be contained in the Company's definitive Proxy Statement with respect to the Company's 2005 Annual Meeting of Stockholders to be filed pursuant to Regulation 14A under the Securities Exchange Act of 1934, and is incorporated herein by reference to such information.

Item 13. Exhibit.

3(a)(1) Certificate of Incorporation of the Company, as filed with the Secretary of State of the State of Delaware on June 30, 1963. (Exhibit 4.1(a) to the Company's Current Report on Form 8-K dated (date of earliest event reported) October 29, 1998, File No. 0-9040.)

3(a)(2) Certificate of Amendment to the Certificate of Incorporation of the Company, as filed with the Secretary of State of the State of Delaware on March 27, 1968. (Exhibit 4.1(b) to the Company's Current Report on Form 8-K dated (date of earliest event reported) October 29, 1998, File No. 0-9040.)

3(a)(3) Certificate of Amendment to the Certificate of Incorporation of the Company, as filed with the Secretary of State of the State of Delaware on November 4, 1983. (Exhibit 4.1(c) to the Company's Current Report on Form 8-K dated (date of earliest event reported) October 29, 1998, File No. 0-9040.)

3(a)(4) Certificate of Amendment to the Certificate of Incorporation of the Company, as filed with the Secretary of State of the State of Delaware on November 5, 1986.

(Exhibit 4.1(d) to the Company's Current Report on Form 8-K dated (date of earliest event reported) October 29, 1998, File No. 0-9040.)

3(a)(5) Certificate of Change of Location of Registered Office and of Agent, as filed with the Secretary of State of the State of Delaware on December 31, 1986. (Exhibit 4.1(e) to the Company's Current Report on Form 8-K dated (date of earliest event reported) October 29, 1998, File No. 0-9040.)

3(a)(6) Certificate of Ownership and Merger of Design Development Incorporated into the Company, as filed with the Secretary of State of the State of Delaware on June 30, 1998. (Exhibit 4.1(f) to the Company's Current Report on Form 8-K dated (date of earliest event reported) October 29, 1998, File No. 0-9040.)

3(a)(7) Certificate of Amendment to the Company's Certificate of Incorporation as filed with the Secretary of State of the State of Delaware on October 30, 1998. (Exhibit 4.1(g) to the Company's Current Report on Form 8-K dated (date of earliest event reported) October 29, 1998, File No. 0-9040.)

3(a)(8) Certificate of Amendment to the Company's Certificate of Incorporation, as filed with the Secretary of State of the State of Delaware on November 5, 1999. (Exhibit 4.1 to the Company's Quarterly Report on Form 10-QSB for the quarter ended September 30, 1999, File No. 0-9040.)

3(b) By-Laws of the Company, as amended. (Exhibit 4.2 to the Company's Quarterly Report on Form 10-QSB for the quarter ended September 30, 1999, File No. 0-9040.)

4(a)(1)(A) Loan and Security Agreement, dated as of December 19, 2001, from the Company in favor of First Union National Bank. (Exhibit 4.1(a) to the Company's Quarterly Report on Form 10-QSB for the quarter ended December 31, 2001, File No. 0-9040).

4(a)(1)(B) Letter agreement dated September 23, 2002 between the Company and First Union National Bank (Exhibit 4(a)(1)(B) to the Company's Annual Report on Form 10-KSB for the year ended June 30, 2002, File No. 0-0904.).

4(a)(1)(C) Letter agreement dated October 11, 2002 between the Company and Wachovia (Exhibit 4.01 to the Company's Quarterly Report on Form 10-QSB for the quarter ended September 30, 2002, File No. 0-9040).

4(a)(1)(D) Letter agreement dated October 22, 2003 between the Company and First Union National Bank (Exhibit 4.01 to the Company's Quarterly Report on Form 10-QSB for the quarter ended September 30, 2003. file No. 0-9040.)

4(a)(2) Revolving Credit Note, dated as of December 19, 2001, from the Company in favor of First Union National Bank. (Exhibit 4.1(c) to the Company's Quarterly Report on Form 10-QSB for the quarter ended December 31, 2001, File No. 0-9040).

4(a)(3) Guaranty and Security Agreement, dated as of December 19, 2001, from Steiner-Atlantic Corp., Steiner-Atlantic Brokerage Company, DRYCLEAN USA Development Corp. and DRYCLEAN USA License Corp., subsidiaries of the Company, in favor of First Union National Bank. (Exhibit 4.1(d) to the Company's Quarterly Report on Form 10-QSB for the quarter ended December 31, 2001, File No. 0-9040).

10(a)(1)(A) Lease dated October 6, 1995 between Steiner and William, K. Steiner with respect to Steiner's facilities located 290 N.E. 68th Street, 297 N.E. 67 St. and

277 N.E. 67 St., Miami, Florida. (Exhibit 10(a)(2) to the Company's Transition Report on Form 10-KSB for the transition period from January 1, 1998 to June 30, 1998, File No. 0-9040.)

*10(a)(1)(B) Commercial lease dated September 9, 2005 between Steiner and William K. Steiner with respect to Steiner's facilities located at 290 NE 68 Street, 296 NE 67 Street and 277 NE 67 Street, Miami, Florida.

10(b)(1)+ The Company's 1994 Non-Employee Director Stock Option Plan. (Exhibit A to the Company's Proxy Statement dated October 14, 1994 used in connection with the Company's 1994 Annual Meeting of Stockholders, File No. 0-9040.)

10(b)(2)+ The Company's 2000 Stock Option Plan. (Exhibit 99.1 to the Company's Registration Statement on Form S-8, File No. 333-37582.)

14 Code of Ethics for Principal Executive Officer and Senior Financial Officers. (Exhibit 14 to the Company's Annual Report on Form 10-KSB for the year ended June 20, 2004, File No. 0-9040.)

21 Subsidiaries of the Company. (Exhibit 21 to the Company's Annual Report on Form 10-KSB for the year ended June 30, 2001, File No. 0-9040.)

*23(a) Consent of Morrison Brown, Argiz & Farra, LLP

*23(b) Consent of BDO Seidman, LLP, Independent Registered Public Accounting Firm.

*31(a) 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(b) 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(a) Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

*32(b) Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

----

* Filed with this Report. All other exhibits are incorporated herein by reference to the filing indicated in the parenthetical reference following the exhibit description.

+ Management contract or compensatory plan or arrangement.

Item 14. Principal Accountant Fees and Services.

The information called for by this Item will be contained in the Company's definitive Proxy Statement with respect to the Company's 2005 Annual Meeting of Stockholders to be filed pursuant to Regulation 14A under the Securities Exchange Act of 1934, and is incorporated herein by reference to such information.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

DRYCLEAN USA, Inc.

Dated: September 23, 2005

By: /s/ Michael S. Steiner

Michael S. Steiner
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<TABLE>
<CAPTION>

Signature	Capacity	Date
<S>	<C>	<C>
/s/ Michael S. Steiner - --- Michael S. Steiner	President, Chief Executive Officer (Principal Executive Officer) and Director	September 23, 2005
/s/ Venerando J. Indelicato - --- Venerando J. Indelicato	Chief Financial Officer (Principal Financial and Accounting Officer) and Director	September 23, 2005
/s/ David Blyer - --- David Blyer	Director	September 23, 2005
/s/ Lloyd Frank - --- Lloyd Frank	Director	September 23, 2005
/s/ Alan M. Grunspan - --- Alan M. Grunspan	Director	September 23, 2005
/s/ William K. Steiner - --- William K. Steiner	Director	September 23, 2005
/s/ Stuart Wagner - --- Stuart Wagner	Director	September 23, 2005

</TABLE>

EXHIBIT INDEX

Exhibit No. Description

3(a)(1) Certificate of Incorporation of the Company, as filed with the Secretary of State of the State of Delaware on June 30, 1963. (Exhibit 4.1(a) to the Company's Current Report on Form 8-K dated (date of earliest event reported) October 29, 1998, File No. 0-9040.)

3(a)(2) Certificate of Amendment to the Certificate of Incorporation of the Company, as filed with the Secretary of State of the State of Delaware on March 27, 1968. (Exhibit 4.1(b) to the

Company's Current Report on Form 8-K dated (date of earliest event reported) October 29, 1998, File No. 0-9040.)

3(a)(3) Certificate of Amendment to the Certificate of Incorporation of the Company, as filed with the Secretary of State of the State of Delaware on November 4, 1983. (Exhibit 4.1(c) to the Company's Current Report on Form 8-K dated (date of earliest event reported) October 29, 1998, File No. 0-9040.)

3(a)(4) Certificate of Amendment to the Certificate of Incorporation of the Company, as filed with the Secretary of State of the State of Delaware on November 5, 1986. (Exhibit 4.1(d) to the Company's Current Report on Form 8-K dated (date of earliest event reported) October 29, 1998, File No. 0-9040.)

3(a)(5) Certificate of Change of Location of Registered Office and of Agent, as filed with the Secretary of State of the State of Delaware on December 31, 1986. (Exhibit 4.1(e) to the Company's Current Report on Form 8-K dated (date of earliest event reported) October 29, 1998, File No. 0-9040.)

3(a)(6) Certificate of Ownership and Merger of Design Development Incorporated into the Company, as filed with the Secretary of State of the State of Delaware on June 30, 1998. (Exhibit 4.1(f) to the Company's Current Report on Form 8-K dated (date of earliest event reported) October 29, 1998, File No. 0-9040.)

3(a)(7) Certificate of Amendment to the Company's Certificate of Incorporation as filed with the Secretary of State of the State of Delaware on October 30, 1998. (Exhibit 4.1(g) to the Company's Current Report on Form 8-K dated (date of earliest event reported) October 29, 1998, File No. 0-9040.)

3(a)(8) Certificate of Amendment to the Company's Certificate of Incorporation, as filed with the Secretary of State of the State of Delaware on November 5, 1999. (Exhibit 4.1 to the Company's Quarterly Report on Form 10-QSB for the quarter ended September 30, 1999, File No. 0-9040.)

3(b) By-Laws of the Company, as amended. (Exhibit 4.2 to the Company's Quarterly Report on Form 10-QSB for the quarter ended September 30, 1999, File No. 0-9040.)

4(a)(1)(A) Loan and Security Agreement, dated as of December 19, 2001, from the Company in favor of First Union National Bank. (Exhibit 4.1(a) to the Company's Quarterly Report on Form 10-QSB for the quarter ended December 31, 2001, File No. 0-9040).

4(a)(1)(B) Letter agreement dated September 23, 2002 between the Company and First Union National Bank (Exhibit 4(a)(1)(B) to the Company's Annual Report on Form 10-KSB for the year ended June 30, 2002, File No. 0-0904.).

4(a)(1)(C) Letter agreement dated October 11, 2002 between the Company and Wachovia (Exhibit 4.01 to the Company's Quarterly Report on Form 10-QSB for the quarter ended September 30, 2002, File No. 0-9040).

4(a)(1)(D) Letter agreement dated October 22, 2003 between the Company and First Union National Bank (Exhibit 4.01 to the Company's Quarterly Report on Form 10-QSB for the quarter ended September 30, 2003. file No. 0-9040.)

4(a)(2) Revolving Credit Note, dated as of December 19, 2001, from the Company in favor of First Union National Bank. (Exhibit 4.1(c) to the Company's Quarterly Report on Form 10-QSB for the quarter ended December 31, 2001, File No. 0-9040).

4(a)(3) Guaranty and Security Agreement, dated as of December 19, 2001, from Steiner-Atlantic Corp., Steiner-Atlantic Brokerage Company, DRYCLEAN USA Development Corp. and DRYCLEAN USA License Corp., subsidiaries of the Company, in favor of First Union National Bank. (Exhibit 4.1(d) to the Company's Quarterly Report on Form 10-QSB for the quarter ended December 31, 2001, File No. 0-9040).

10(a)(1)(A) Lease dated October 6, 1995 between Steiner and William, K. Steiner with respect to Steiner's facilities located 290 N.E. 68th Street, 297 N.E. 67 St. and 277 N.E. 67 St. Miami, Florida. (Exhibit 10(a)(2) to the Company's Transition Report on Form 10-KSB for the transition period from January 1, 1998 to June 30, 1998, File No. 0-9040.)

*10(a)(1)(B) Commercial lease dated September 9, 2005 between Steiner and William K. Steiner with respect to Steiner's facilities located at 290 NE 68 Street, 296 NE 67 Street and 277 NE 67 Street, Miami, Florida.

10(b)(1)+ The Company's 1994 Non-Employee Director Stock Option Plan. (Exhibit A to the Company's Proxy Statement dated October 14, 1994 used in connection with the Company's 1994 Annual Meeting of Stockholders, File No. 0-9040.)

10(b)(2)+ The Company's 2000 Stock Option Plan. (Exhibit 99.1 to the Company's Registration Statement on Form S-8, File No. 333-37582.)

14 Code of Ethics for Principal Executive Officer and Senior Financial Officers. (Exhibit 14 to the Company's Annual Report on Form 10-KSB for the year ended June 20, 2004, File No. 0-9040.)

21 Subsidiaries of the Company. (Exhibit 21 to the Company's Annual Report on Form 10-KSB for the year ended June 30, 2001, File No. 0-9040.)

*23(a) Consent of Morrison Brown, Argiz & Farra, LLP

*23(b) Consent of BDO Seidman, LLP, Independent Registered Public Accounting Firm.

*31(a) 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(b) 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(a) Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

*32(b) Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

----

* Filed with this Report. All other exhibits are incorporated herein by reference to the filing indicated in the parenthetical reference following the exhibit description.

\+ Management contract or compensatory plan or arrangement.

EXHIBIT 23(a)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements on Form S-8 (File No. 333-37576 and 333-37582) of our report dated September 2, 2005, except for the second paragraph of Note 6 and the second paragraph of Note 11, as to which the date is September 23, 2005, relating to the consolidated financial statements of DRYCLEAN USA, Inc. appearing in the Company's Annual Report on Form 10-KSB for the fiscal year ended June 30, 2005.

MORRISON, BROWN ARGIZ & FARRA LLP

Miami, Florida
September 23, 2005

EXHIBIT 23(b)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

DRYCLEAN USA, Inc.
Miami, Florida

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (File No. 333-37576 and 333-37582) of our report dated September 1, 2004 except for Note 11, as to which the date is September 27, 2004, relating to the consolidated financial statements of DRYCLEAN USA, Inc. appearing in the Company's Annual Report on Form 10-KSB for the fiscal year ended June 30, 2005.

BDO SEIDMAN, LLP

Miami, Florida
September 23, 2005

Exhibit 31(a)

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 Annual Report on Form 10-KSB for the year ended June 30, 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: September 23, 2005

/s/ Michael S. Steiner

Michael S. Steiner
President and Principal
Executive Officer

Exhibit 31(b)

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 Annual Report on Form 10-KSB for the year ended June 30, 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: September 23, 2005

/s/ Venerando J. Indelicato

Venerando J. Indelicato
Treasurer and Principal
Financial Officer

EXHIBIT 32(a)

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 Annual Report of DRYCLEAN USA, Inc. (the "Company") on Form 10-KSB for the year ended June 30, 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.

September 23, 2005

/s/ Michael S. Steiner

Michael S. Steiner
Principal Executive Officer

EXHIBIT 32(b)

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 Annual Report of DRYCLEAN USA, Inc. (the "Company") on Form 10-KSB for the year ended June 30, 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.

September 23, 2005

/s/ Venerando J. Indelicato

Venerando J. Indelicato
Principal Financial Officer