SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-QSB

☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2008

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission file number 001-14757

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

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

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

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

Not Applicable
(Former name)

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐.

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

State the number of shares outstanding of each of the issuer's classes of common equity as of the latest practicable date: Common Stock, $.025 par value per share – 7,034,307 shares outstanding as of May 9, 2008.

Transitional Small Business Disclosure Format: Yes ☐ No ☒.

PART 1. FINANCIAL INFORMATION

Item 1. Financial Statements

DRYCLEAN USA, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	For the nine months ended March 31,		For the three months ended March 31,	
	2008	2007	2008	2007
	(Unaudited)		(Unaudited)	
Net sales	$ 14,605,215	$ 16,944,641	$ 4,575,783	$ 4,987,424
Development fees, franchise and license fees, commissions and other	470,497	492,303	118,405	194,520
Total revenues	15,075,712	17,436,944	4,694,188	5,181,944
Cost of goods sold	11,121,243	13,068,747	3,458,501	3,771,022
Selling, general and administrative expenses	3,501,884	3,393,425	1,149,047	1,073,952
Research and development	2,640	32,770	—	8,695
Total operating expenses	14,625,767	16,494,942	4,607,548	4,853,669
Operating income	449,945	942,002	86,640	328,275
Interest income	131,243	114,101	32,727	33,522
Interest expense	(747)	—	—	—
Income before taxes	580,441	1,056,103	119,367	361,797
Provision for income taxes	212,213	403,017	43,449	138,669
Net income	$ 368,228	$ 653,086	$ 75,918	$ 223,128
Basic and diluted earnings per share	$ .05	$ .09	$ .01	$ .03
Weighted average number of shares				
Basic	7,034,307	7,034,418	7,034,307	7,034,355
Diluted	7,036,989	7,037,871	7,036,162	7,038,197

See Notes to Condensed Consolidated Financial Statements

ASSETS

	March 31, 2008 (Unaudited)	June 30, 2007
Current Assets		
Cash and cash equivalents	$ 4,148,718	$ 4,296,415
Accounts and trade notes receivable, net	1,579,557	1,454,987
Inventories	3,412,751	2,912,524
Deferred income taxes	104,948	99,140
Refundable income taxes	74,230	64,131
Other assets, net	170,042	98,353
Total current assets	9,490,246	8,925,550
Equipment and improvements, net	259,105	261,872
Franchise, trademarks and other intangible assets, net	201,174	246,812
Deferred tax asset	—	9,340
	$ 9,950,525	$ 9,443,574

See Notes to Condensed Consolidated Financial Statements

DRYCLEAN USA, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS

LIABILITIES AND SHAREHOLDERS' EQUITY

		March 31, 2008 (Unaudited)		June 30, 2007
Current Liabilities				
Accounts payable and accrued expenses	$	950,781	$	1,076,300
Accrued employee expenses		170,556		605,383
Unearned income		62,081		124,162
Customer deposits		2,397,365		1,365,623
Total current liabilities		3,580,783		3,171,468
Deferred tax liability		10,780		—
Total liabilities		3,591,563		3,171,468
Shareholders' Equity				
Preferred stock, $1.00 par value; Authorized shares – 200,000; none issued and outstanding		—		—
Common stock, $.025 par value; Authorized shares - 15,000,000; 7,065,500, shares issued and outstanding, including shares held in treasury		176,638		176,638
Additional paid-in capital		2,095,069		2,095,069
Retained earnings		4,090,568		4,003,712
Treasury stock, 31,193 shares at cost		(3,313)		(3,313)
Total shareholders' equity		6,358,962		6,272,106
	$	9,950,525	$	9,443,574

See Notes to Condensed Consolidated Financial Statements

DRYCLEAN USA, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended	
	March 31, 2008 (Unaudited)	March 31, 2007 (Unaudited)
Operating activities:		
Net income	$ 368,228	$ 653,086
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Bad debt expense	6,369	10,538
Depreciation and amortization	99,259	89,706
Provision for deferred income taxes	14,312	14,458
(Increase) decrease in operating assets:		
Accounts and trade notes receivables	(130,939)	378,204
Inventories	(500,227)	(155,821)
Other current assets	(71,689)	139,167
Refundable income taxes	(10,099)	—
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(125,519)	(4,406)
Accrued employee expenses	(434,827)	(200,595)
Unearned income	(62,081)	(62,081)
Customer deposits	1,031,742	(107,927)
Income taxes payable	—	(64,592)
Net cash provided by operating activities	184,529	689,737
Investing activities:		
Capital expenditures	(50,854)	(83,525)
Net cash used by investing activities	(50,854)	(83,525)
Financing activities:		
Dividends paid	(281,372)	(281,378)
Purchase of treasury stock	—	(293)
Net cash used by financing activities	(281,372)	(281,671)
Net (decrease) increase in cash and cash equivalents	(147,697)	324,541
Cash and cash equivalents at beginning of period	4,296,415	3,106,703
Cash and cash equivalents at end of period	$ 4,148,718	$ 3,431,244
Supplemental information:		
Cash paid for income taxes	$ 208,000	$ 453,151
Dividend declared but not paid	$ —	$ 281,372

See Notes to Condensed Consolidated Financial Statements

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note (1) - General: The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial statements and the instructions to Form 10-QSB related to interim period financial statements. Accordingly, these condensed consolidated financial statements do not include certain information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. However, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting only of normal recurring accruals) which, in the opinion of management, are necessary in order to make the financial statements not misleading. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. For further information, refer to the Company's financial statements and footnotes thereto included in the Company's Annual Report on Form 10-KSB for the year ended June 30, 2007. The June 30, 2007 balance sheet information contained herein was derived from the audited consolidated financial statements included in the Company's Annual Report on Form 10-KSB as of that date.

Note (2) - Earnings Per Share: Basic and diluted earnings per share for the nine and three months ended March 31, 2008 and 2007 are computed as follows:

	For the nine months ended March 31,		For the three months ended March 31,	
	2008 (Unaudited)	2007 (Unaudited)	2008 (Unaudited)	2007 (Unaudited)
Basic				
Net income	$ 368,228	$ 653,086	$ 75,918	$ 223,128
Weighted average common shares outstanding	7,034,307	7,034,418	7,034,307	7,034,355
Basic earnings per share	$ .05	$ .09	$ .01	$ .03
Diluted				
Net income	$ 368,228	$ 653,086	$ 75,918	$ 223,128
Weighted average common shares outstanding	7,034,307	7,034,418	7,034,307	7,034,355
Plus incremental shares from assumed exercise of stock options	2,682	3,453	1,855	3,842
Diluted weighted average common shares outstanding	7,036,989	7,037,871	7,036,162	7,038,197
Diluted earnings per share	$ .05	$ .09	$ .01	$ .03

At March 31, 2008 and 2007, there were outstanding options to purchase 10,000 shares of the Company's common stock which were excluded in the computation of earnings per share because the exercise price of the options was at least the average market price of the Company's common stock for the period.

Note (3) – Revolving Credit Line: On October 18, 2007, the Company received an extension until October 30, 2008 of its existing $2,250,000 revolving line of credit facility. The Company's obligations under the facility are guaranteed by the Company's subsidiaries and collateralized by substantially all of the Company's and its subsidiaries' assets. No amounts were outstanding at March 31, 2008 and June 30, 2007.

Note (4) - Stock-Based Compensation Plans: The Company's 2000 Stock Option Plan and 1994 Non-Employee Director Stock Option Plan are the Company's only stock-based compensation plans. The 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, of which no options were outstanding on March 31, 2008. The 1994 Non-Employee Director Stock Option Plan terminated as to future grants on August 23, 2004, but options to purchase 20,000 shares remain outstanding thereunder.

Effective January 1, 2006, the Company adopted Statement of Financial Accounting Standards No. 123 (revised), "Share-Based Payment" ("SFAS 123(R)"), utilizing the modified prospective approach. Under the modified prospective approach, SFAS 123(R) applies to new grants after December 15, 2005 and to grants that were outstanding on December 31, 2005 to the extent not yet vested. Since no new options were granted during the nine months ended March 31, 2008 and 2007 and all outstanding options were fully vested at December 31, 2005, no compensation cost for share-based payments was recognized under SFAS 123(R) during the three and nine months ended March 31, 2008 and 2007.

Note (5) - Cash Dividends: The following table sets forth information concerning the cash dividends declared by the Company's Board of Directors during the periods covered by this Report:

Declaration Date	Payment Date	Record Date	Per Share Amount	Total Amount
September 25, 2007	November 1, 2007	October 12, 2007	$.04	$281,372
March 29, 2007	May 1, 2007	April 13, 2007	$.04	$281,372
September 26, 2006	November 1, 2006	October 13, 2006	$.04	$281,378

On February 8, 2008, the Company announced that it was eliminating the payment of dividends.

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

	For the nine months ended March 31,		For the three months ended March 31,	
	2008	2007	2008	2007
	(Unaudited)		(Unaudited)	
Revenues:				
Commercial and industrial laundry and dry cleaning equipment	$ 14,837,248	$ 17,217,903	$ 4,633,811	$ 5,133,402
License and franchise operations	238,464	219,041	60,377	48,542
Total revenues	$ 15,075,712	$ 17,436,944	$ 4,694,188	$ 5,181,944
Operating income (loss):				
Commercial and industrial laundry and dry cleaning equipment	$ 536,767	$ 1,015,523	$ 136,328	$ 368,633
License and franchise operations	176,283	156,184	41,085	23,241
Corporate	(263,105)	(229,705)	(90,773)	(63,599)
Total operating income	$ 449,945	$ 942,002	$ 86,640	$ 328,275

	March 31, 2007	June 30, 2007
	(Unaudited)	
Identifiable assets:		
Commercial and industrial laundry and dry cleaning equipment	$ 9,577,210	$ 8,712,151
License and franchise operations	185,224	554,518
Corporate	188,091	176,905
Total assets	$ 9,950,525	$ 9,443,574

New Accounting Pronouncements

In September 2006, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurement" ("SFAS 157") which defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and provides for additional fair value disclosures. SFAS 157 is effective for fiscal years beginning after November 15, 2007. The Company does not believe SFAS 157 will have a material effect on its consolidated financial statements.

In September 2006, the Staff of the Securities and Exchange Commission issued Staff Accounting Bulletin No. 108, "Considering the Effect of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" ("SAB 108"). SAB 108 requires the use of two approaches in quantitatively evaluating the materiality of misstatements. If the misstatement as quantified under either approach is material to the current year financial statements, the misstatement must be corrected. If the effect of correcting a prior year misstatement in the current year income statement is material, the prior year financial statements should be corrected. The Company does not expect SAB 108 to have an impact on the Company's consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" which permits, at specified election dates, all entities to choose to measure eligible items at fair value. SFAS 159 is effective as of the beginning of an entity's fiscal year beginning on or after November 15, 2007 with early application permitted as of the beginning of a fiscal year beginning on or before November 15, 2007 if an entity also elects to apply the provisions of SFAS 159. The Company did not elect early application of SFAS No. 159. Retrospective application is not permitted unless early adoption is adopted. The Company is evaluating the effect, if any, the adoption of SFAS 159 will have on the Company's consolidated financial statements.

Item 2: Management's Discussion and Analysis or Plan of Operations

Overview

Revenues for the nine month and three month periods ended March 31, 2008 decreased by 13.5% and 9.4%, respectively, from the corresponding periods of fiscal 2007. Most of the reductions for both periods was attributable to lower laundry equipment sales caused by the slowing domestic economy and difficult credit conditions experienced in financing large dollar installations. However, foreign sales increased 31.1% during the nine month period of fiscal 2008, which partially offset the sales reduction in that period.

During the third quarter of fiscal 2008, the Company increased its backlog by obtaining a number of large contract orders, most of which the company expects to ship in fiscal 2009. These orders have substantially increased customer deposits, enabling the Company to maintain its cash position at a level that is more than adequate to support the increase in inventories.

On February 7, 2008, in light of the tightening economy, the Board of Directors felt it prudent to eliminate the dividend that the Company had been paying semi-annually.

Liquidity and Capital Resources

Cash decreased by $147,697 during the first nine months of fiscal 2008 compared to an increase of $324,541 during the corresponding period of fiscal 2007. The following summarizes the Company's Condensed Consolidated Statement of Cash Flows:

	Nine Months Ended March 31,	
	2008 (Unaudited)	2007 (Unaudited)
Net cash (used) provided by:		
Operating activities	$ 184,529	$ 689,737
Investing activities	(50,854)	(83,525)
Financing activities	(281,372)	(281,671)

For the nine months ended March 31, 2008, operating activities provided cash of $184,529 compared to $689,737 provided during the first nine months fiscal 2007.

In the nine month period of fiscal 2008, an increase in customer deposits of $1,031,742 due to the increased backlog was partially offset by increases in inventories of $500,227 to support the higher backlog. Cash provided by the Company's net earnings of $368,228 and non-cash expenses for depreciation and amortization of $99,259 and bad debt expense of $6,369, was more than offset by cash used to support an increase in accounts and trade notes receivable of $130,929 and a decrease in accrued employee expenses of $434,827 due to the payment of accrued fiscal 2007 executive bonuses without a similar accrual during fiscal 2008. Other uses of cash were caused by increases in other assets of $71,689 and refundable income taxes of $10,199 and reductions in accounts payable and accrued expenses of $125,519 and unearned income of $62,081.

Cash generated from operating activities during the first nine months of fiscal 2007 was provided by the Company's net earnings of $653,086 and non-cash expenses for depreciation and amortization of $89,706 and bad debts of $10,538. This was partially offset, in addition to the $107,927 reduction in customer deposits, by a net $63,593 use of cash as a result of changes in other operating assets and liabilities. An increase in inventories of $155,821 and decreases in accrued employee expenses of $200,595, unearned income of $62,081 and income taxes payable of $64,592 were other principal uses of cash. These uses of cash were offset by cash generated by reductions in accounts and trade notes receivable of $378,204, other current assets of $139,167 and deferred taxes of $14,458.

Investing activities for the first nine months of fiscal 2008 used cash of $50,854 compared to $83,525 used in the same period of fiscal 2007, in both periods mostly for capital expenditures for machinery and equipment and leasehold improvements.

Financing activities used cash of $281,372 and $281,671 for the nine months ended March 31, 2008 and 2007, respectively, to pay cash dividends. On February 8, 2008 the Company announced that its Board of Directors has determined to eliminate the semi-annual dividend in light of economic conditions. A table of declared dividends is set forth in Note 5 of the "Notes to Condensed Consolidated Financial Statements."

On October 18, 2007, the Company received an extension until October 30, 2008 of its existing $2,250,000 revolving line of credit facility. 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. No amounts were outstanding under this facility at March 31, 2008 or June 30, 2007.

The Company believes that its present cash position and cash it expects to generate from operations, as well as, if needed, cash borrowings available under its $2,250,000 revolving line of credit facility, are sufficient to meet its operational needs.

Off-Balance Sheet Financing

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

Results of Operations

The following table sets forth certain information with respect to changes in the Company's revenues for the periods presented:

Revenues

	Nine months ended March 31,			Three months ended March 31,		
	2008 (Unaudited)	2007 (Unaudited)	% Change	2008 (Unaudited)	2007 (Unaudited)	% Change
Net sales	$ 14,605,215	$ 16,944,641	-13.8%	$ 4,575,783	$ 4,987,424	-8.3%
Development fees, franchise and license fees, commissions and other	470,497	492,303	-4.4%	118,405	194,520	-39.1%
Total revenues	$ 15,075,712	$ 17,436,944	-13.5%	$ 4,694,188	$ 5,181,944	-9.4%

Revenues for the nine month and three month periods ended March 31, 2008 decreased by $2,361,232 (13.5%) and $487,756 (9.4%), respectively, from the corresponding periods of fiscal 2007. Most of the decrease was in the commercial and industrial laundry and dry cleaning segment, which experienced reduced revenues of $2,380,655 (13.8%) and $499,571 (9.7%) for the nine and three month periods, respectively, of fiscal 2008 from the corresponding periods of fiscal 2007. For the nine month period commercial laundry equipment sales decreased by 27.5%, while dry cleaning equipment sales were basically flat, decreasing .1%, compared to the comparable fiscal 2007 period. These decreases were offset by a 5.8% increase in boiler sales and a 2.2% increase in spare parts sales. The reduction in commercial laundry equipment sales was attributable to the soft domestic market and the absence of large contracts. However, foreign sales during the nine month period increased by 31.1% over the comparable fiscal 2007 period. For the three month period, sales of commercial laundry equipment decreased 28.3% and boiler sales decreased 23.9% from the comparable fiscal 2007 period. These reductions were partially offset by a 15.4% increase in dry cleaning equipment sales and an 8.5% increase in spare parts sales.

Revenues of the license and franchise operations segment increased by $19,423 (8.9%) and $11,835 (24.4%) for the nine and three month periods, respectively, of fiscal 2008 over the same periods of fiscal 2007. Revenues from this segment are a small part of the overall Company revenues and consist mainly of royalty and license fees paid to the Company by licensees.

Operating Expenses

	Nine months ended March 31,		Three months ended March 31,	
	2008 (Unaudited)	2007 (Unaudited)	2008 (Unaudited)	2007 (Unaudited)
As a percentage of sales:				
Cost of goods sold	76.1%	77.1%	75.6%	75.6%
As a percentage of revenue:				
Selling, general and administrative expenses	23.2%	19.5%	24.5%	20.7%
Research and development	-	.2%	-	.2%
Total expenses	97.0%	94.6%	98.2%	93.7%

Costs of goods sold, expressed as a percentage of sales, decreased to 76.1% from 77.1% for the first nine months of fiscal 2008 from the same period of fiscal 2007. For the three month comparative periods margins remained unchanged. The improved margins, as a percentage of sales, for the nine month period were due to the absence of large contracts which normally carry lower margins.

Selling, general and administrative expenses increased by $108,459 (3.2%) and $75,095 (7.0%) for the nine and three month periods, respectively, of fiscal 2008 from the same periods of fiscal 2007, primarily as a result of increased payroll expenses and professional fees. The increase, as a percentage of revenues, in both periods of fiscal 2008 was due to the decreased level of revenues, which effected the absorption of fixed and semi-variable expenses.

Research and development expenses are a small part of the Company’s total operating expenses and relate to upgrading existing product lines. This category of expense has become minimal as most of the

Company's products are distributed for other manufacturers, which perform their own research and development

Other Income/Expenses

Interest income increased by $17,142 (15.0%) for the nine months ended March 31, 2008 but decreased by $795 (2.4%) for the three months ended March 31, 2008 compared to the corresponding periods of fiscal 2007. For the nine month period higher outstanding bank balances offset lower interest rates. For the three month period interest rates continued to decline when compared to the same period of fiscal 2007.

The Company's effective income tax rate decreased to 36.5% from 38.2% and 36.4% from 38.3% for the nine and three month periods of fiscal 2008, respectively, compared to the same periods of fiscal 2007 due to changes in deferred tax assets.

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 Sheila Steiner, the wife of William K. Steiner, a principal shareholder, Chairman of the Board of Directors and a director of the Company. The lease provides for a three-year term that commenced on 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 bears real estate taxes, utilities, maintenance, non-structural repairs and insurance. The 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.

Critical Accounting Policies

The accounting policies that the Company has identified as critical to its business operations and to an understanding of the Company's results of operations remain unchanged from those described detail in the Management's Discussion and Analysis or Plan of Operation section of the Company's Annual Report on Form 10-KSB for the fiscal year ended June 30, 2007. The Company makes estimates and assumptions that affect the reported amount of assets and liabilities, contingent assets and liabilities, and the reported amounts of revenues and expenses during the reported period. Therefore, there can be no assurance that the actual results will not differ from those estimates.

New Accounting Pronouncements:

New Accounting Pronouncements

In September 2006, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurement" ("SFAS 157") which defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and provides for additional fair value disclosures. SFAS 157 is effective for fiscal years beginning after November 15, 2007. The Company does not believe SFAS 157 will have a material effect on its consolidated financial statements.

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In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" which permits, at specified election dates, all entities to choose to measure eligible items at fair value. SFAS 159 is effective as of the beginning of an entity's fiscal year beginning on or after November 15, 2007 with early application permitted as of the beginning of a fiscal year beginning on or before November 15, 2007 if an entity also elects to apply the provisions of SFAS 159. The Company did not elect early application of SFAS No. 159. Retrospective application is not permitted unless early adoption is adopted. The Company is evaluating the effect, if any, the adoption of SFAS 159 will have on the Company's consolidated financial statements.

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 are located; industry conditions and trends, including supply and demand; changes in business strategies or development plans; the availability, terms and deployment of debt and equity capital; technology changes; competition and other factors which may affect prices which the Company may charge for its products and its profit margins; the availability and cost of the equipment purchased by the Company; relative values of the United States currency to currencies in the countries in which the Company's customers, suppliers and competitors are located; changes in, or the failure to comply with, government regulation, principally environmental regulations; and the Company's ability to successfully introduce, market and sell at acceptable profit margins its new Green Jet® dry-wetcleaning™ machine and Multi-Jet™ dry cleaning machine. These and certain other factors are discussed in this Report and from time to time in other Company reports filed with the Securities and Exchange Commission. The Company does not assume an obligation to update the factors discussed in this Report or such other reports.

Item 3. Controls and Procedures

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

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

PART II. OTHER INFORMATION

Item 6. Exhibits

(a) Exhibits:

31.01 Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 promulgated under the Securities Exchange Act of 1934.

31.02 Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 promulgated under the Securities Exchange Act of 1934.

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

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

SIGNATURES

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

Date: May 12, 2008 DRYCLEAN USA, Inc.

By: /s/ Venerando J. Indelicato
Venerando J. Indelicato,
Treasurer and Chief Financial Officer

Exhibit Index

31.01	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 promulgated under the Securities Exchange Act of 1934.
31.02	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 promulgated under the Securities Exchange Act of 1934.
32.01	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.02	Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

EXHIBIT 31.01

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

I, Michael S. Steiner, certify that:

1. I have reviewed this Quarterly Report on Form 10-QSB for the quarter ended March 31, 2008 of DRYCLEAN USA, Inc.;

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

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

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

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

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

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

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

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

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

Date: May 12, 2008

/s/ Michael S. Steiner
Michael S. Steiner
President and Principal
Executive Officer

EXHIBIT 31.02

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

I, Venerando J. Indelicato, certify that:

1. I have reviewed this Quarterly Report on Form 10-QSB for the quarter ended March 31, 2008 of DRYCLEAN USA, Inc.;

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

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

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

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

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

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

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

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

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

Date: May 12, 2008

/s/ Venerando J. Indelicato
Venerando J. Indelicato
Treasurer and Principal
Financial Officer

EXHIBIT 32.01

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

In connection with the Quarterly Report of DRYCLEAN USA, Inc. (the "Company") on Form 10-QSB for the quarter ended March 31, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael S. Steiner, Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that, to the best of my knowledge:

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

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

May 12, 2008

/s/ Michael S. Steiner
Michael S. Steiner
Principal Executive Officer

EXHIBIT 32.02

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

In connection with the Quarterly Report of DRYCLEAN USA, Inc. (the "Company") on Form 10-QSB for the quarter ended March 31, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Venerando J. Indelicato, Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that, to the best of my knowledge:

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

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

May 12, 2008

/s/ Venerando J. Indelicato
Venerando J. Indelicato
Principal Financial Officer