SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-QSB

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 1999

OR

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

Commission file number 0-9040

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

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

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

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

METRO-TEL CORP.
(Former name)

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

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 - 6,945,000 shares outstanding as of November 9, 1999.

DRYCLEAN USA, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS
<TABLE>
<CAPTION>

	For the six months ended December 31, 1999 (Unaudited)	1998	For the three months ended December 31, 1999 (Unaudited)	1998
<S>	<C>	<C>	<C>	<C>
Sales	$8,640,625	$8,600,664	$4,080,815	$5,106,250
Management fees, commissions and other income	399,797	289,533	224,839	237,317
Total revenues	9,040,422	8,890,197	4,305,654	5,343,567
Cost of goods sold	6,125,230	6,414,181	2,809,284	3,793,986
Selling, general and administrative expenses	2,138,625	1,837,910	1,128,206	1,027,622
Research and development	128,821	40,906	66,410	40,906
	8,392,676	8292,997	4,003,900	4,862,514
Operating income	647,746	597,200	301,754	481,053
Other income and expenses:				
Interest income	15,093	31,477	5,715	17,616
Interest expense	(84,228)	(84,105)	(41,585)	(59,854)
	(69,135)	(52,628)	(35,870)	(42,238)
Earnings before taxes	578,611	544,572	265,884	438,815
Provision for income taxes (4)	231,444	104,399	106,354	104,399
Net earnings	$ 347,167	$ 440,173	$ 159,530	$ 334,416
Basic earnings per share (3)	$ .05	$ .08	$ .02	$. 05
Diluted earnings per share(3)	$ .05	$ .07	$ .02	$ .05

Weighted average number of shares outstanding (3)				
Basic	6,931,667	5,438,969	6,938,333	6,156,985
Diluted	7,281,210	5,940,892	7,314,559	6,658,908
PRO FORMA AMOUNTS				
Earnings before taxes		$ 544,572		$ 438,815
Provision for income taxes (4)		217,829		175,526
Pro forma net earnings		$ 326,743		$ 263,289
Proforma basic earnings per share		$ .06		$ .04
Weighted average number of shares of common stock outstanding		5,438,969		6,156,985

</TABLE>

DRYCLEAN USA, Inc.

CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

	December 31, 1999 (Unaudited)	June 30, 1999
ASSETS		
<S>	<C>	<C>
CURRENT ASSETS		
Cash and cash equivalents	$ 362,506	$ 964,768
Accounts receivable, net	1,371,174	1,741,698
Inventories	4,651,396	4,243,348
Current portion of lease receivables	93,321	116,927
Deferred income taxes	43,141	43,141
Prepaid expenses and other	137,915	143,885
Total current assets	6,659,453	7,253,767
Lease receivables due after one year	49,263	90,882
Equipment and improvements - at cost	953,542	924,116
Less accumulated depreciation	622,918	590,411
	330,624	333,705
Franchise, trademarks and other intangible assets, net	581,844	
Deferred tax asset	22,884	22,884
	$7,644,068	$7,701,238

</TABLE>

DRYCLEAN USA, Inc.

CONSOLIDATED BALANCE SHEETS

LIABILITIES AND SHAREHOLDERS' EQUITY

<TABLE>
<CAPTION>

	December 31, 1999 (Unaudited)	June 30, 1999
CURRENT LIABILITIES		
<S>	<C>	<C>
Accounts payable and accrued expenses	$ 987,422	$1,266,838
Line of credit	64,000	
Current portion of bank loan	480,000	440,000
Customer deposits	354,968	278,008
Income taxes payable	34,793	80,674
Total current liabilities	1,921,183	2,065,520
Long term loan less current portion	1,400,000	1,680,000

Total liabilities	3,321,183	3,745,520
SHAREHOLDER'S EQUITY		
Common stock, $.025 par value, 15,000,000 shares authorized; 6,971,250 shares issued, including 26,250 shares held in treasury	174,281	173,781
Additional paid-in capital	1,993,727	1,974,227
Retained earnings	2,154,877	1,807,710
Total shareholder's equity	4,322,885	3,955,718
	$7,644,068	$7,701,238

</TABLE>

DRYCLEAN USA, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

	Six months ended December 31 1999 (Unaudited)	Six months ended December 31 1998 (Unaudited)
Operating activities:		
<S>	<C>	<C>
Net earnings	$347,167	$ 440,173
Adjustments to reconcile net earnings to net cash provided (used) by operating activities:		
Bad debt expense	3,641	4,145
Depreciation and amortization	62,578	15,624
Net changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts and lease receivables	432,108	(391,685)
Inventories	(408,048)	252,217
Prepaid expenses and other assets	5,970	(96,487)
Increase (decrease) in:		
Accounts payable and accrued expenses	(279,416)	(807,661)
Customer deposits	76,960	(44,786)
Income taxes payable	(48,881)	41,008
Net cash (used in) provided by operating activities	195,079	(587,452)
Investing activities:		
Capital expenditures	(641,341)	(31,459)
Cash of acquired company		384,888
Net cash (used in) provided by investing activities	(641,341)	353,429
Financing activities:		
(Repayments) borrowings under line of credit	64,000	(1,000,000)
Payments on term loan (net)	(240,000)	(456,613)
Borrowings under new term loan		2,400,000
Proceeds from exercise of stock options	20,000	
Cash distribution to shareholders		(727,394)
Net cash (used in) provided by financing activities	(156,000)	215,993
Net (decrease) in cash and cash equivalents	(602,262)	(18,030)
Cash and cash equivalents at beginning of period	964,768	828,390
Cash and cash equivalents at end of period	$ 362,506	$ 810,360
Supplemental information:		
Cash paid for interest	$ 84,228	$ 84,105
Cash paid for income taxes	277,325	
Non-cash transactions		
Acquisition of net assets of acquired company		$ 1,541,807

</TABLE>

DRYCLEAN USA Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note (1) General: The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and the instructions to Form 10-QSB related to interim period financial statements. Accordingly, these financial statements do not include certain information and footnotes required by generally accepted accounting principles for complete financial statements. However, the accompanying unaudited 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, 1999. The June 30, 1999 balance sheet was derived from audited financial statements as of that date.

NOTE (2) Basis of Presentation: On November 1, 1998, Steiner-Atlantic Corp. ("Steiner") was merged (the "Merger") with and into, and became a wholly-owned subsidiary of, the Company. As a result of the Merger, the Company added Steiner's operations as a supplier of dry cleaning, industrial laundry equipment and steam boilers to its own telecommunications operations as a manufacturer and seller of telephone test sets and customer premise equipment.

On November 5,1999, the Company filed an amendment to its Certificate of Incorporation pursuant to which, effective November 7, 1999, the Company's name was changed from Metro-Tel Corp. to DRYCLEAN USA, Inc.

For financial accounting (but not corporate law) purposes, the Merger is treated as a "reverse" acquisition of the Company by Steiner, utilizing the "purchase" method of accounting. As a result, all financial statements of the Company included in periodic reports filed by the Company following the Merger covering periods prior to November 1, 1998 reflect only the results of operations, financial position and cash flows of Steiner on a stand alone basis. All consolidated financial statements of the Company for periods commencing November 1, 1998, in addition. include the results of operations, financial position and cash flows of the Company's telecommunications operations from and after November 1, 1998. Accordingly, the results for the six month and three month periods ended December 31, 1998 includes two months of operations of the telecommunications operations.

NOTE (3) Earnings Per Common Share: In 1997, the FASB issued Statement No. 128, "Earnings per share". Statement No. 128 replaced the calculation of primary and fully diluted earnings per share. Unlike primary earnings per share, basic earnings per share excludes any dilutive effects of stock options. Diluted earnings per share is very similar to the previously reported fully diluted earnings per share. All earnings per share amounts for all periods have been presented to conform to the Statement No. 128 requirements.

Note (4) - Proforma Income Tax: Prior to November 1, 1998, Steiner was a Subchapter S corporation under the Internal Revenue Code of 1986, as amended (the "Code"), and accordingly, its shareholders, rather than it, were subject to income taxation on Steiner's earnings. The proforma provision for income taxes represents the provision for income taxes that would have been recorded had Steiner been taxed under Subchapter C of the Code for the periods shown.

Note (5) - 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. The Company primarily evaluates the operating performance of its segments based on the categories noted in the table below. The Company has no sales between segments.

Financial information for the Company's business segments is as follows:
<TABLE>
<CAPTION>

	For the six months ended December 31, 1999 (Unaudited)	1998	For the three months ended December 31, 1999 (Unaudited)	1998
Revenues:				
<S>	<C>	<C>	<C>	<C>
Commercial and industrial laundry and drycleaning	$7,475,450	$8,366,545	$3,495,475	$4,819,915
Manufacturing and sales of telephone test equipment	1,564,972	523,652	810,179	523,652
Total revenues	$9,040,422	$8,890,197	$4,305,654	$5,343,567
Operating income (loss)				
Commercial and industrial	$ 754,320	$ 668,549	$ 377,469	$ 552,402

laundry and drycleaning				
Manufacturing and sales of telephone test equipment	(106,574)	(71,349)	(75,715)	(71,349)
Total operating income (loss)	$ 647,746	$ 597,200	$ 301,754	$ 481,053

	December 31, 1999 (Unaudited)	June 30, 1999
Identifiable assets:		
Commercial and industrial laundry and drycleaning	$ 5,916,040	$ 6,016,193
Manufacturing and sales of telephone test equipment	1,728,028	1,685,045
Total assets	$ 7,644,068	$ 7,701,238

</TABLE>

Note (6) - Acquisition of DRYCLEAN USA Assets: On July 9,1999, the Company acquired the worldwide rights to the name DRYCLEAN USA, along with existing franchise and license agreements, from Dryclean USA Franchising Company for $550,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

For the six month period ended December 31, 1999, cash decreased by $602,262. Operating activities generated $195,079 of cash with $347,167 provided by net income and $62,578 and $3,641 derived from non-cash expenses for depreciation and amortization and from bad debts, respectively. Additional cash was generated by a decrease in accounts and lease receivables ($432,108), and pre-paid expenses ($5,970) which was substantially offset by an increase in inventories ($408,048) as a result of purchases made to achieve annual purchase discounts and as a result of delays in customers taking delivery. Cash was also provided by an increase in customer deposits ($76,960). Decreases in accounts payable and accrued expenses ($279,416) and income taxes payable ($48,881) resulted in the other uses of cash in operating activities. Investing activities used cash of $641,341 primarily to fund the acquisition by Steiner of the worldwide rights to the name DRYCLEAN USA, along with existing franchise and license agreements for $550,000 and $91,341 for transaction costs and to purchase capital assets. Financing activities used cash of $156,000 to make required monthly installments of principal under the Company's term loan ($240,000) partially offset by borrowing $64,000 under the Company's line of credit and proceeds from the exercise of stock options ($20,000). The Company believes that its present cash, cash it expects to generate from operations and borrowing available under its $2,250,000 line of credit will be sufficient to meet its operational needs.

Y2000 COMPLIANT

As part of its Year 2000 compliance program, the Company upgraded its software programs and carried out tests of its accounts receivable and accounts payable files prior to the end of 1999, and concluded that its internal management information systems, billing, payroll and other information services were Year 2000 compliant. Since January 1, 2000, the Company has not experienced any difficulties with its operating systems and does not contemplate any problems in the future associated with Year 2000 concerns.

RESULTS OF OPERATIONS

The results of both the six and three month periods ended December 31, 1998, reflect the results of drycleaning and laundry equipment and steam boiler supplier operations for the full periods along with two months of operations of the telecommunications division. Both operations are fully included in the results for the six and three month periods ended December 31, 1999.

Net sales for the six month period ended December 31, 1999 increased by $39,961 over the same period of fiscal 1999, but decreased by $1,025,435 (20.1%) during the second quarter of fiscal 2000 compared to the same period of fiscal 1999. The increase in sales in the six month period of fiscal 2000 was mainly due to the inclusion of the telecommunications operations for the entire period compared to two months in the prior comparable

period. Steiner experienced a reduction in sales across all product lines during the three month period of fiscal 2000, which the Company believes was due to deferred purchasing due to Year 2000 concerns. Price increases were immaterial.

Management fees, commissions and other income for the six month period ended

December 31, 1999 increased by $110,264 (38.1%) over the same period of a year ago, mainly due to commissions and license fees generated by new drycleaning brokerage and licensing subsidiaries. For the three month period ended December 31, 1999, other revenues decreased by $12,478 (5.3%) mainly due to a reduction in management fees which was partially offset by generated brokerage and license fees.

Costs of goods sold, expressed as a percentage of sales, improved to 70.9% and 68.9% for the six and three month periods, respectively, of fiscal 2000 from 74.6% and 74.3% for the respective comparable periods of fiscal 1999. The improvements were mainly due to the inclusion of telecommunication sales, which historically have a higher margin.

Selling, general and administrative expenses increased by $300,715 (16.4%) and $100,584 (9.8%) for the six and three month periods, respectively, in fiscal 2000 from the comparable periods of fiscal 1999. The increases in each period were attributed to the inclusion of the telecommunications division which offset a reduction in this category of expenses at Steiner caused by a decrease in executive compensation as a result of the merger.

Research and development expenses, which relate solely to telecommunications operations, increased by $87,915 (214.9%) and $25,504 (62.3%) for the six and three month periods, respectively, over the same periods of a year ago mainly due to the fact that only two months of telecommunication operations were included in both the six and three month periods ended December 31, 1998.

Interest income decreased by $16,384 (52.1%) and $11,901 (67.6%) during the six and three month periods, respectively, of fiscal 2000 from fiscal 1999, as a result of fewer customer equipment leases (which qualify as sales-type leases) being outstanding.

Interest expense was approximately the same during the first six months of fiscal 2000 and fiscal 1999. During the three month period of fiscal 2000 interest expense decreased by $18,269 (30.5%) from the comparable period of fiscal 1999 due to a reduction in outstanding debt.

The provision for income taxes increased by $127,045 (121.7%) in the first six months of fiscal 2000 over the same period of fiscal 1999 because, for the first four months of fiscal 1999, Steiner was a Subchapter S Corporation under the Internal Revenue Code of 1986, as amended, and accordingly its shareholders, rather than it, were subject to income taxation on Steiner's earnings. (See Note 4)

PART 11 - OTHER INFORMATION

Item 7. Exhibits and reports on Form 8-K

(a) Exhibits

27. Financial data schedule

(b) Reports on Form 8-K

No Reports on Form 8-K were filed during the quarter ended December 31, 1999.

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: February 11, 2000 DRYCLEAN USA, Inc.

By: /s/ Venerando J. Indelicato

Venerando J. Indelicato
Treasurer and Chief Financial
Officer

EXHIBIT INDEX

Exhibit Number	Description
27	Financial Data Schedule

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