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, 2004

[ ] 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]

The Company's revenues from continuing operations for its fiscal year ended June 30, 2004 were $14,672,265.

The aggregate market value as at September 24, 2004 of the Common Stock of the issuer, its only class of voting stock, held by non-affiliates was approximately $4,930,000 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 24, 2004 was 7,024,450.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the issuer's Proxy Statement relating to its 2004 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 "Merger"), 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. Effective July 31, 2002, the Company sold, to an unaffiliated third party, substantially all of the operating assets of its Metro-Tel telecommunications segment (which manufactured and sold telephone test and customer premise equipment), the Company's primary business until the Merger.

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:

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

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

- 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;

- supplying replacement equipment and parts to its customers;

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

- selling process steam systems and boilers.

In March 1999, the Company formed a subsidiary, Steiner-Atlantic Brokerage Corp. ("Steiner Brokerage"), to act 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.

In July 1999, the Company, through its DRYCLEAN USA LICENSE CORP. subsidiary, acquired certain assets of DRYCLEAN USA Franchise Company ("DRYCLEAN USA Franchise"), including, among other things, 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.

In February 2001, the Company formed DRYCLEAN USA Development Corp. ("DRYCLEAN USA Development") as a new subsidiary to develop new turn-key dry cleaning establishments for resale to third parties.

AVAILABLE INFORMATION

The Company files Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q, 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 450 Fifth Street, NW, 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 and automatic folders. 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.

In December 2001, the Company began shipping its proprietary environmentally friendly Green Jet(R) dry-wetcleaning(TM) machine. This new machine not only cleans garments efficiently, but it also eliminates the use of perchloroethylene (Perc) in the dry cleaning process, thereby eliminating the health and environmental concerns that Perc poses to our customers and their landlords. It also alleviates

flammability, odor and cost issues inherent in alternative solvents and cleaning processes. Patents have been applied for to protect this innovative approach to garment cleaning. 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 $50,000. 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 95% and 94% of fiscal year 2004 and 2003 revenues, respectively.

The Company seeks to establish customer satisfaction by offering:

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

o design and layout assistance;

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

o competitive pricing; and

o 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 2004 and 2003, the Company's license and franchise segment contributed approximately 1.9% and 2.4%, respectively, of the Company's revenues from continuing operations and 20.5% and 12.9%, respectively of operating income from continuing operations.

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 0.7% and 1.3% of revenue from continuing operations during fiscal 2004 and 2003, 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 2004 and 2003, DRYCLEAN USA Development contributed approximately 1% of revenues from continuing operations.

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 500 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, 2004 or June 30, 2003.

FOREIGN SALES

Export sales of laundry and dry cleaning equipment were approximately $2,209,000 and $2,596,000 during the years ended June 30, 2004 and June 30, 2003, 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, 2004 or June 30, 2003. 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 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, 2004 or 2003.

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 2004 and 2003.

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, 2004 and 2003 were $41,184 and $44,009, 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 have been applied for to protect the Company's new Green Jet(R) dry-wetcleaning(TM) machine in the United States and certain foreign countries.

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 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 generation and transportation of hazardous waste as well as its treatment, storage and disposal; and the Occupation 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 34 employees on a full-time basis, of whom 4 serve in executive management capacities, 12 are engaged in sales and marketing, 11 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:

Facility	Approximate Sq. Ft.	Expiration
Miami, Florida (1)	27,000	October 2004
Miami, Florida	8,000	March 2006 (2)
Miami, Florida	10,000	December 2005

(1) Leased from William K. Steiner, a director of the Company. The lease includes an option to renew the lease for a ten-year term at a rent to be agreed upon by the parties. The Company is in the process of negotiating a renewal of this lease.

(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 2003		
First Quarter	$ .65	$ .35
Second Quarter	.62	.31
Third Quarter	.97	.55
Fourth Quarter	.79	.57
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

As of September 24, 2004 there were approximately 490 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. No dividends were paid on the Company's Common Stock during fiscal 2003. On September 27, 2004, the Company's Board of Directors declared an annual dividend of $.06 per share, payable on November 1, 2004 to holders of the Company's Common Stock of record on October 15, 2004. 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, 2004 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

The Company's net earnings from continuing operations in fiscal 2004 approximated fiscal 2003 levels. However, primarily as a result of a $67,659 gain on the disposal of the Company's discontinued telecommunications segment recognized in fiscal 2003, net earnings for fiscal 2003 were $57,576 higher than in fiscal 2004.

Although aggregate revenues increased by approximately 1% in fiscal 2004 over fiscal 2003 as a result of a 2.6% increase in product sales, overall costs also increased slightly. While the Company was able to increase domestic sales of laundry equipment, steam boilers and spare parts, foreign sales continued to be adversely impacted by the continuing unstable economy in Latin America, a principal market for the Company's products. The Company does not foresee an improvement in the near future in the economy of Latin America and has, therefore, been focusing its efforts on the United States market.

In this regard, the Company:

- hired a new Executive Vice President and Chief Operating Officer in May 2004, who acquired a 21.5% equity position in the Company from the Company's two principal stockholders in July 2004;

- obtained an expansion of the territory beginning in June 2004 in which it acts as a distributor for certain laundry products to cover most of Florida as another distributor ceased operations; and

- added two experienced sales engineers in June 2004 to adequately cover the expanded territory and to expand sales of the other products marketed by the Company in that geographic area.

While expenses are expected increase in fiscal 2005 as a result of these actions, the Company believes these investments should generate increased sales and profitability over the long-term.

As a result of the increased sales in June 2004, accounts receivables, as well as inventories, increased significantly toward the end of fiscal 2004. A significant portion of the increase in receivables relates to invoices for sales made in June 2004 that had not yet become due. The Company believes that the level of receivables will stabilize as collections are received but nevertheless will continue to be higher than historical levels. Inventories are likely to further increase in fiscal 2005 to support this expansion.

Despite the use of cash to support this expansion and to pay a $.05 per share, or an aggregate of $350,723, annual cash dividend, the Company increased its cash position in the fiscal 2004 by $128,110. On September 27, 2004, the Company declared an annual cash dividend of $.06 per share (which will result in the expenditure of an aggregate of approximately $421,500), payable on November 1, 2004 to stockholders of record on October 15, 2004.

With the pre-payment of its term loan in fiscal 2003, the Company has been debt free. The Company does not presently anticipate borrowing to fund its expansion.

LIQUIDITY AND CAPITAL RESOURCES

During fiscal 2004, the Company continued to add to its financial strength with cash increasing by $128,110 (after the payment of a $350,722 cash dividend) and by $349,784 in fiscal 2003 (after the payment of the $800,000 balance of the Company's term loan enabling the Company to become debt free). The following table summarizes the Company's Consolidated Statement of Cash Flows:

	Years Ended June 30, 2004	2003
Net cash provided (used) by:		
Operating activities	$391,611	$787,620
Investing activities	69,221	362,164
Financing activities	(332,722)	(800,000)

Cash provided by operating activities decreased by $396,009 in fiscal 2004 compared to cash provided by operating activities in fiscal 2003. Among the primary components of the change was a significant reduction in bad debt expense ($42,782 in fiscal 2004 compared to 126,210 in fiscal 2003)

attributable to tighter controls on accounts receivable coupled with an improving economy. Above average sales at year end resulting from sales in the additional territory in Florida added in June 2004 accounted for the increase in accounts and lease receivables of $251,761 during fiscal 2004 compared to a decrease of $18,172 in fiscal 2003. In addition, inventories increased by $394,865 during fiscal 2004 as the Company geared up to supply a larger geographical sales territory. Commensurate with the higher inventory levels was an increase in accounts payable and accrued expenses of $161,212 during fiscal 2004. These components of operating activities are expected to stabilize during fiscal 2005. However, receivables are expected to continue to be higher than historical levels and inventories are expected to further increase. Customer deposits increased by $214,836 in fiscal 2004 from a decrease of $204,280 in fiscal 2003 reflecting the increase in the number of customers associated with the larger territory. Income taxes payable decreased by $111,054 as the Company increased its tax deposits during the year.

Investing activities provided cash of $69,221 in fiscal 2004 compared to $362,164 provided in fiscal 2003. Payments received on an outstanding note associated with the sale of the telecommunications segment were less in fiscal 2004 due to a $50,000 pre-payment in fiscal 2003. All monthly payments were current at fiscal 2004 year end. In addition, in fiscal 2004, the Company increased its capital spending for equipment and patents to $74,826 from $28,788 in fiscal 2003. Patent protection is shortly expected covering our Green-Jet(R) innovations.

Financing activities used cash of $332,723 in fiscal 2004, substantially less then the $800,000 used in fiscal 2003. In fiscal 2004, the Company declared and paid a dividend of $.05 per share (an aggregate of $350,722), while in fiscal 2003, the Company prepaid its bank term loan using $800,000 to become debt free. The expenditures in fiscal 2004 were partially offset by $18,000 from the proceeds of the exercise of stock options to purchase 18,000 shares of Common Stock by two employees.

On September 27, 2004, the Company's Board of Directors declared a $.06 per share annual dividend (or an aggregate of $422,000) payable on November 1, 2004 to shareholders of record on October 15, 2004.

The Company has a $2,250,000 revolving line of credit facility which, as extended in October 2002 and October 2003, is presently scheduled to expire on October 30, 2004. Revolving credit borrowings, which bear interest at 2.50% per annum above the Adjusted LIBOR Market Index Rate, are limited by a borrowing base of 60% of eligible accounts receivable and 60% of certain, and 50% of other, eligible inventories. As of June 30, 2004, the Company had no outstanding borrowings under the line of credit. 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>

<S>	Year Ended June 30, 2004 <C>	2003 <C>	<C>
Net sales	$14,020,703	$13,671,187	+2.6%
Development fees, franchise and license fees, commissions and other	651,562	846,280	-23.0%
Total revenues	$14,672,265	$14,517,467	+1.0%

</TABLE>

Revenues for the year ended June 30, 2004 increased by $154,798 (1.0%) over fiscal 2003. Net sales of the commercial laundry and dry cleaning segment increased by $349,516 (2.6%) due primarily to an increase of 13.1% in parts sales as a result of more equipment being in service, combined with the Company's expansion into most of Florida beginning in June 2004 under a distribution arrangement for certain products. In fiscal 2004, the Company had increased sales of 1.6% and 4.0% of laundry equipment and boiler sales, respectively, which were offset, in part, by a decrease of 2.1% in sales of dry cleaning equipment. A 14.9% decrease in foreign sales attributable to the continuing unstable economy in Latin America was offset by the increases in domestic sales.

Development fees, franchise and license fees and commission revenues decreased by $194,711 (23.0%), principally due to an 18.0% decrease in the License and Franchise segment caused by the troubled Latin American economy. The revenues of each of the Steiner Development division and the Brokerage division are less than 1% of total Company revenues.

Overall expenses of the Company, including costs of sales, were 94.3% of total revenues in fiscal 2004, compared to 94.0% in fiscal 2003, reflecting relatively stable overall costs.

<TABLE>
<CAPTION>

<S>	Year Ended June 30, 2004 <C>	2003 <C>
As a percentage of net sales:		
Cost of sales	72.3%	72.2%
As a percentage of revenues:		
Selling, general and administrative expenses	25.0%	25.6%
Research and development	.3%	.3%
Total expenses	94.3%	94.0%

</TABLE>

Cost of sales, expressed as a percentage of net sales, remained essentially flat. The slight fluctuation was the result of the relative mix of products sold in the periods.

Selling, general and administrative expenses decreased by $56,763 (1.5%) and improved as a percentage of revenues to 25.0% in fiscal 2004 from 25.6% in fiscal 2003. A significant reduction in bad debt expense of $83,428, due to tighter controls on accounts receivable coupled with an improving economy, was partially offset by increased commission expense of $93,323 primarily related to an independent sales representative, who served until May 2004, related to the distribution of the Company's Green-Jet(R) machine. All other expenses in this category experienced slight year to year fluctuations in the normal course of business.

Research and development expenses declined by $2,825 (6.4%) in fiscal 2004 from fiscal 2003. These expenses were associated with on going research on the Company's Green-Jet(R) dry-wetcleaning(TM) machine and the Company's new Multi-Jet(R) dry cleaning machine.

Interest income decreased by $4,915 (17.1%), primarily due to the lower outstanding principal balance of the note received by the Company as part of the consideration for the sale of the Metro-Tel telecommunications segment in July 2002.

There was no interest expense during fiscal 2004 as the Company's bank term loan was prepaid in full in May 2003 and there were no borrowings under the Company's line of credit during the period. Interest expense of $24,562 in fiscal 2003 related to the then outstanding term loan.

The Company's effective income tax rate of 37.2% in fiscal 2004 approximated its effective income tax rate of 37.9% in fiscal 2003.

Effective July 31, 2002, the Company sold substantially all of the operating assets of its Metro Tel telecommunications segment to an unaffiliated third party. This discontinued operation provided a non-cash gain of $57,659, net of taxes, for fiscal year 2003 as a result of the settlement of estimated liabilities accrued in fiscal 2002 for the sale of the assets of the segment. Savings were realized principally in lease termination expenses and transaction costs.

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, under a lease which is scheduled to expire in October 2004. Annual rental under this lease is approximately $83,200. The Company believes that the terms of the lease are comparable to terms that would be obtained from an unaffiliated third party for similar property in a similar locale. The Company is in the process of negotiating a renewal of this lease.

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

Sales of products are generally recorded as they are shipped. 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 such 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. 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 notes receivable are collateralized by the assets sold and are subject to personal guarantees by the principals of the debtor. All payments on such notes are current. Based on the information available to management, it believes the Company's allowance for doubtful accounts as of June 30, 2004 and 2003 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

During May 2003, the FASB issued SFAS 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity," effective for financial instruments entered into or modified after May 31, 2003, and otherwise effective at the beginning of the first interim period beginning after June 15, 2003. This Statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a freestanding financial instrument that is within its scope as a liability (or an asset in some circumstances). Many of those instruments were previously classified as equity or in a separate category between debt and equity in a balance sheet. Some of the provisions of this Statement are consistent with the current definition of liabilities in FASB Concepts Statement No. 6, "Elements of Financial Statements". The Company does not participate in such transactions.

In January 2003, the FASB issued FASB Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities." FIN 46 clarifies the application of Accounting Research Bulletin No. 51, "Consolidated Financial Statements," to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 applies immediately to variable interest entities ("VIE's") created after January 31, 2003, and to VIE's in which an enterprise obtains an interest after that date. On October 9, 2003, the FASB issued FASB Staff Position No. FIN 46-6 "Effective Date of FASB Interpretation No. 46 Consolidation of Variable Interest Entities," which defers the implementation date for public entities that hold an interest in a variable interest entity or potential variable interest entity from the first fiscal year or interim period beginning after June 15, 2003 to the end of the first interim or annual period ending after December 15, 2003. This deferral applies only if (i) the variable interest entity was created before February 1, 2003 and (ii) the public entity has not issued financial statements reporting that variable interest entity in accordance with FIN 46, other than disclosures required by paragraph 26 of FIN 46. The adoption of FIN 46 did not have a material impact on the Company's financial position, liquidity or results of operations.

ITEM 7. FINANCIAL STATEMENTS.

DRYCLEAN USA, Inc. and Subsidiaries

Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

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

We have audited the accompanying consolidated balance sheets of DRYCLEAN USA, Inc. and subsidiaries as of June 30, 2004 and 2003, and the related consolidated statements of operations, shareholders' equity and cash flows for the years 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 audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the 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 audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of DRYCLEAN USA, Inc. and subsidiaries as of June 30, 2004 and 2003, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

BDO Seidman, LLP

DRYCLEAN USA, Inc. and Subsidiaries

Consolidated Balance Sheets

<TABLE>
<CAPTION>

June 30,	2004	2003
ASSETS (Note 5)		
CURRENT ASSETS		
<S>	<C>	<C>
Cash and cash equivalents	$ 1,742,251	$ 1,614,141
Accounts and trade notes receivable, net of allowance for doubtful accounts of $130,000 and $205,000, respectively	1,600,087	1,382,386
Lease receivables (Note 2)	35,172	53,894
Inventories	2,971,803	2,576,938
Deferred income taxes (Note 4)	97,618	118,525
Note receivable-current (Note 13)	157,143	157,143
Other current assets	112,375	169,094
Total current assets	6,716,449	6,072,121
LEASE RECEIVABLES - due after one year (Note 2)	10,000	-

NOTE RECEIVABLE, LESS CURRENT PORTION (Note 13)	67,857	211,905
EQUIPMENT AND IMPROVEMENTS, net (Note 3)	217,200	233,767
FRANCHISE, TRADEMARKS AND OTHER INTANGIBLE ASSETS, net (Note 1)	385,756	409,308
DEFERRED INCOME TAXES (Note 4)	26,859	28,541
	$ 7,424,121	$ 6,955,642
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 1,228,062	$ 1,066,860
Income taxes payable	1,871	112,925
Customer deposits and other	550,042	335,206
Total current liabilities	1,779,975	1,514,991
Total liabilities	1,779,975	1,514,991
COMMITMENTS AND CONTINGENCIES (Notes 6, 8 and 9)		
SHAREHOLDERS' EQUITY (Notes 11 and 12)		
Common stock, $0.025 par value: Authorized shares - 15,000,000; 7,045,500 and 7,027,500, shares issued and outstanding, at 2004 and 2003, respectively, including shares held in treasury	176,138	175,688
Additional paid-in capital	2,066,120	2,048,570
Retained earnings	3,404,908	3,219,413
Treasury stock, 31,050 shares at cost	(3,020)	(3,020)
Total shareholders' equity	5,644,146	5,440,651
	$ 7,424,121	$ 6,955,642

</TABLE>

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

DRYCLEAN USA, Inc. and Subsidiaries

Consolidated Statements of Operations

<TABLE>
<CAPTION>

Year ended June 30,	2004	2003
<S>	<C>	<C>
REVENUES:		
Net sales	$ 14,020,703	$ 13,671,187
Development fees, franchise and license fees, commissions and other	651,562	846,280
Total	14,672,265	14,517,467
COST OF SALES	10,137,623	9,876,994
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Notes 8 and 9)	3,663,641	3,720,404
RESEARCH AND DEVELOPMENT EXPENSES	41,184	44,009
Total	13,842,448	13,641,407
OPERATING INCOME	829,817	876,060
OTHER INCOME (EXPENSE):		
Interest income	23,810	28,725
Interest expense	-	(24,562)
Earnings from continuing operations before income taxes	853,627	880,223
Provision for income taxes (Note 4)	317,410	334,089

EARNINGS FROM CONTINUING OPERATIONS	536,217	546,134
Estimated gain on disposal of discontinued operations, net of income tax expense of $34,788 (Note 13)	-	57,659
Net earnings	$ 536,217	$ 603,793
Earnings per share from continuing operations, basic and diluted	$ .08	$ .08
Earnings per share from discontinued operations, net of taxes, basic and diluted	-	.01
Net earnings per share, basic and diluted (Note 10)	$ .08	$ .09
Weighted average number of shares of common stock outstanding:		
Basic	7,009,188	6,996,450
Diluted	7,032,060	6,996,450

</TABLE>

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

DRYCLEAN USA, Inc. and Subsidiaries

Consolidated Statements of Shareholders' Equity

<TABLE>
<CAPTION>

	Common Stock		Additional	Treasury Stock			
	Shares	Amount	Paid-in Capital	Share	Cost	Retained Earnings	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	
Balance at July 1, 2002	7,027,500	$ 175,688	$ 2,048,570	31,050	$ (3,020)	$ 2,615,620	$ 4,836,858
Net earnings						603,793	603,793
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

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

DRYCLEAN USA, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

<TABLE>
<CAPTION>

YEAR ENDED JUNE 30,	2004	2003
<S>	<C>	<C>
OPERATING ACTIVITIES:		
Net earnings from continuing operations	$ 536,217	$ 546,134
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	114,946	114,941
Bad debt expense	42,782	126,210
Provision for deferred income taxes	22,589	102,154
(Increase) decrease in operating assets:		
Accounts, notes and lease receivables	(251,761)	18,172
Inventories	(394,865)	341,534
Refundable income taxes	-	225,167
Other current assets	56,719	16,537
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	161,202	(577,086)
Income taxes payable	(111,054)	78,137
Customer deposits and other	214,836	(204,280)
Net cash provided by continuing operations	391,611	787,620
Net income from discontinued operations	-	57,659
Adjustments:		
Estimated gain on disposal of assets	-	(92,447)
Decrease in net operating assets	-	34,788
Net cash provided by discontinued operations	-	-
Net cash provided by operating activities	391,611	787,620
INVESTING ACTIVITIES:		
Net proceeds upon disposal of business		210,000
Payments received on note receivable	144,048	180,952
Capital expenditures	(40,905)	(15,634)
Patent expenditures	(33,922)	(13,154)
Net cash provided by investing activities	69,221	362,164
FINANCING ACTIVITIES:		
Payments on term loan	-	(800,000)
Proceeds from exercise of stock options	18,000	-
Dividends paid	(350,722)	
Net cash used in financing activities	(332,722)	(800,000)
Net increase in cash and cash equivalents	128,110	349,784
Cash and cash equivalents at beginning of year	1,614,141	1,264,357
Cash and cash equivalents at end of year	$ 1,742,251	$ 1,614,141
Supplemental Information:		
Cash paid for:		
Interest	$ -	$ 24,562
Income taxes	406,000	24,000

</TABLE>

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 recorded as they are shipped. Shipping, delivering and handling fee income of approximately $245,000 and $317,000 for the years ended June 30, 2004 and 2003, respectively, are included as sales and other revenues 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, as well as continuing royalty fees. Initial franchise fees are generally recorded upon the opening of the franchise store. Continuing royalty fees are recorded when earned. Customer deposits represent primarily amounts received from customers for future delivery of equipment or services.

ACCOUNTS AND 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. 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, 2004 and 2003 is adequate. However, actual write-offs might exceed the recorded allowance.

INVENTORIES Inventories consist principally of finished goods and are valued at the lower of cost or market determined on the first-in first-out method.

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 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.

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, 2004 and 2003.

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 year 2004 or 2003. 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,	2004	2003
<S>	<C>	<C>
Earnings from continuing operations, as reported	$ 536,217	$ 546,134
Less: Total stock-based employee compensation expense determined under fair value based method for all awards	(4,500)	(14,377)
Pro forma earnings from continuing operations	$ 531,717	$ 531,757
Earnings per common share from continuing operations:		
Basic - As reported	$ .08	$ .08
Pro forma	.08	.08
Diluted - As reported	.08	.08
Pro forma	.08	.08
Earnings per common share:		
Basic - As reported	$ .08	$ .09
Pro forma	.08	.08
Diluted - As reported	.08	.09
Pro forma	.08	.08

</TABLE>

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 $157,000 and $179,000 of advertising costs for the years ended June 30, 2004 and 2003, respectively.

FAIR VALUE OF FINANCIAL INSTRUMENTS The Company's financial instruments consist principally of cash and cash equivalents, accounts receivable, lease receivables, notes receivable, accounts payable and accrued expenses and debt. 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.

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 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 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.

NEW ACCOUNTING PRONOUNCEMENTS During May 2003, the FASB issued SFAS 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity," effective for financial instruments entered into or modified after May 31, 2003, and otherwise effective at the beginning of the first interim period beginning after June 15, 2003. This Statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a freestanding financial instrument that is within its scope as a liability (or an asset in some circumstances). Many of those instruments were previously classified as equity or in a separate category between debt and equity in a balance sheet. Some of the provisions of this Statement are consistent with the current definition of liabilities in FASB Concepts Statement No. 6, "Elements of Financial Statements". The Company does not participate in such transactions.

In January 2003, the FASB issued FASB Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities." FIN 46 clarifies the application of Accounting Research Bulletin No. 51, "Consolidated Financial Statements," to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 applies immediately to variable interest entities ("VIE's") created after January 31, 2003, and to VIE's in which an enterprise obtains an interest after that date. On October 9, 2003, the FASB issued FASB Staff Position No. FIN 46-6 "Effective Date of FASB Interpretation No. 46 Consolidation of Variable Interest Entities," which defers the implementation date for public entities that hold an interest in a variable interest entity or potential variable interest entity from the first fiscal year or interim period beginning after June 15, 2003 to the end of the first interim or annual period ending after December 15, 2003. This deferral applies only if (i) the variable interest entity was created before February 1, 2003 and (ii) the public entity has not issued financial statements reporting that variable interest entity in accordance with FIN 46, other than disclosures required by paragraph 26 of FIN 46. The adoption of FIN 46 did not have a material impact on the Company's financial position, liquidity or results of operations.

1. INTANGIBLE ASSETS Franchise, trademark and other intangible assets consist of the following:

<TABLE>
<CAPTION>

<S>	Estimated Useful Lives (in years) <C>	JUNE 30, 2004 <C>	June 30, 2003 <C>
Franchise license agreements	10	$ 529,500	$ 529,500
Trademarks, patents and tradename	10-15	139,864	105,944
		669,364	635,444
Less accumulated amortization		(283,608)	(226,136)
		$ 385,756	$ 409,308

</TABLE>

Amortization expense amounted to $57,472 in 2004 and $55,951 in 2003. Amortization expense is expected to remain relatively consistent during the next five years.

2. LEASE RECEIVABLES Lease receivables result from customer leases of equipment under arrangements which qualify as sales-type leases. At June 30, 2004 and 2003, future lease payments, net of deferred interest ($891 and $3,212 at June 30, 2004 and 2003, respectively), due under these leases amounted to $45,172 and $53,894, respectively.

3. EQUIPMENT AND IMPROVEMENTS Major classes of equipment and improvements consist of the following:

<TABLE>
<CAPTION>

June 30, <S>	2004 <C>	2003 <C>
Furniture and equipment	$ 695,836	$ 670,262
Leasehold improvements	330,914	322,514
	1,026,750	992,776
Less accumulated depreciation and amortization	(809,550)	(759,009)
	$ 217,200	$ 233,767

</TABLE>

Depreciation and amortization of equipment and improvements amounted to $57,474 and $55,991 for the years ended June 30, 2004 and 2003, respectively.

4. INCOME TAXES Income taxes included in the consolidated statements of operations is as follows:

<TABLE>
<CAPTION>

Year ended June 30, <S>	2004 <C>	2003 <C>
Continuing operations	$ 317,410	$ 334,089
Gain on discontinued operations	-	34,788
	$ 317,410	$ 368,877

</TABLE>

DRYCLEAN USA, Inc. and Subsidiaries
Notes to Consolidated Statement

The following are the components of income taxes (benefit):

<TABLE>
<CAPTION>

Year ended June 30,	2004	2003
<S>	<C>	<C>
Current		
Federal	$ 252,183	$ 227,828
State	42,638	38,895
	294,821	266,723
Deferred		
Federal	19,309	87,134
State	3,280	15,020
	22,589	102,154
	$ 317,410	$ 368,877

</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>

Year ended June 30,	2004	2003
<S>	<C>	<C>
Tax at the statutory rate	$ 290,233	$ 330,708
State income taxes, net of federal benefit	31,086	35,584
Other	(3,909)	2,585
	$ 317,410	$ 368,877

</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>

Year ended June 30,	2004	2003
<S>	<C>	<C>
Current deferred tax asset (liability):		
Allowance for doubtful accounts	$ 48,919	$ 77,142
Inventory capitalization	63,742	47,454
Loss on sale of assets	-	753
Other	(15,043)	(6,824)
	97,618	118,525
Noncurrent deferred tax asset (liability):		
Depreciation	(12,825)	(5,075)
Amortization	39,684	33,616
	26,859	28,541
Total net deferred income tax asset	$ 124,477	$ 147,066

</TABLE>

5. CREDIT AGREEMENT AND TERM LOAN In December 2001, the Company entered into a bank loan agreement with 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. At June 30, 2002, the Company owed $800,000 under the term loan. In May 2003, the Company prepaid the then outstanding balance ($533,333) of its term loan. Revolving credit borrowings are limited by a borrowing base of 60% of eligible accounts receivable and 60% of certain, and 50% of other, eligible 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, 2004. At June 30, 2004 and 2003, there were no outstanding borrowings under the line of credit. The loan agreement requires maintenance of certain earnings based and other financial ratios and contains other restrictive covenants. The loan agreement also contains 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 which expires in October 2004. Annual rental expense under this lease approximates $83,200. The lease is renewable for a ten-year term at an amount to be agreed upon by the parties. The Company is in the process of renegotiating this lease.

In addition, in fiscal 2004, the Company paid a law firm, in which a director is of counsel, $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. Trade and lease receivables are generally collateralized with equipment sold. The note receivable is collateralized by the assets sold and subject to personal guarantees by the principals of the debtor. From time to time, the Company purchases inventory from manufacturers in Europe. As a result, the Company is exposed to foreign currency risk in Europe. To mitigate such risk, the Company may enter into foreign exchange forward contracts to reduce its risk to foreign exchange losses associated with commitments to purchase equipment denominated in Euros. The Company does not designate such contracts as hedges and, accordingly, all changes in fair value associated with its forward contracts are recorded in cost of sales. At June 30, 2004 and 2003, the Company had no outstanding commitments to purchase foreign currency.

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 under operating leases expiring in December 2005 and March 2006. As of June 30, 2004, the Company is also obligated under seven leases for future dry cleaning stores that aggregate $252,000 to $275,000 in annual base rent per year for the next five years. The Company anticipates assigning such 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, 2004 approximates the following:

<TABLE>
<CAPTION>
Years ending June 30,

<S> <C> <C>

2005	$ 343,000
2006	296,000
2007	262,000
2008	269,000
2009	275,000
Thereafter	12,000
Total	1,457,000

</TABLE>

Rent expense aggregated $157,387 and $153,841 for the years ended June 2004 and 2003, respectively.

As of June 30, 2004, 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 $9,000 and $10,000 to the Plan during 2004 and 2003, 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, 2004	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER SHARE AMOUNT
<S>	<C>	<C>	<C>
Earnings from continuing operations	$ 536,217	$ 7,009,188	$ .08
Effect of dilutive securities:			
Stock options	-	22,872	-
Earnings plus assumed dilution	$ 536,217	$ 7,032,060	$ .08

YEAR ENDED JUNE 30, 2003	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER SHARE AMOUNT
Earnings from continuing operations	$ 546,134	$ 6,996,450	$ .08
Effect of dilutive securities:			
Stock options	-	-	-
Earnings plus assumed dilution	$ 546,134	$ 6,996,450	$ .08

</TABLE>

There were outstanding stock options to purchase 20,000 and 439,000, shares of the Company's common stock at June 30, 2004 and 2003, respectively, that were excluded in the computation of earnings per share for such years because the exercise prices of the options were at least the average market price of the Company's common stock for that year.

11. DIVIDENDS The Company paid a $.05 per share annual dividend on October 31, 2003 to shareholders of record on October 17, 2003. No dividends were paid on the Company's Common Stock during fiscal 2003. On September 27, 2004,

the Company's Board of Directors declared a dividend of $.06 per share, payable on November 1, 2004 to holders of the Company's Common Stock of record on October 15, 2004

12. STOCK OPTIONS The Company has stock option plans that authorize the grant of options to purchase up to 500,000 shares (until May 2010) of the Company's common stock to employees and consultants and options to purchase 100,000 shares (until August 2004) of the Company's common stock to new directors of the Company.

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 equals or exceeds 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.

Pursuant to the plans, the Company may grant incentive stock options and nonqualified stock options. All options under the director plan are nonqualified stock options. Options 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 common stock on the date of grant. 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 employee 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 terminate three months following termination of service (except generally one year in the case of termination of service by reason of death or disability).

Generally, options granted to date have been exercisable, on a cumulative basis, as to one-fourth of the shares covered thereby on the first anniversary of grant and one-fourth on the next three anniversaries of grant. There were no stock options granted in fiscal 2004. Options granted under the plans 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.

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
Options available for future grant at year-end (a)	500,000	

</TABLE>

(a) Excludes shares subject to Stock Option Plan which expired as to future grants in August 2004.

DRYCLEAN USA, Inc. and Subsidiaries
Notes to Consolidated Statement

A summary of options under the Company's stock option plans as of June 30, 2003, and changes during the year then ended is presented below:

<TABLE>
<CAPTION>

	SHARES	WEIGHTED AVERAGE EXERCISE PRICE
<S>	<C>	<C>
Outstanding at beginning of year	522,750	$ 1.04
Granted	-	-
Expired	(83,750)	1.05
Outstanding at end of year	439,000	$ 1.02
Options exercisable at year-end	436,500	$ 1.02

</TABLE>

The following table summarizes information about stock option plan and non-plan options outstanding at June 30, 2004:

<TABLE>
<CAPTION>

Range of Exercise Prices	Number Outstanding at 6/30/04	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable at 6/30/04	Weighted Average Exercise Price
<S> <C>	<C>	<C>	<C>	<C>	<C> <C>
$ .91-$1.00	30,000	.57 YEARS	$ .94	30,000	$ .94
$ 2.00	20,000	.35 YEARS	$ 2.00	20,000	$ 2.00

</TABLE>

13. DISCONTINUED OPERATIONS

In May 2002, the Company initiated a plan to sell 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 sale, to an unaffiliated purchaser, closed July 31, 2002. The purchase price was $800,000 which was payable $250,000 in cash and a $550,000 promissory note, bearing interest at prime + 1%, (5.25% at June 30, 2004) and payable monthly over 42 months commencing October 1, 2002. Transaction costs were approximately $40,000. 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, 2004, there was $225,000 outstanding under this note. Principal payments on this note are scheduled to be collected as follows:

<TABLE>

<CAPTION>

Years ending June 30	
2005	$ 157,143
2006	67,857
	$ 225,000

</TABLE>

The Company retained all of the segment's accounts receivable, cash and liabilities existing at the time of closing and agreed to a three-year covenant not to compete with the purchaser.

In connection with the sale, the Company accrued costs, including estimated lease termination costs, aggregating approximately $184,000 at June 30, 2002. Additionally, the Company recorded a provision of $718,000 to reduce the carrying value of assets sold to their estimated net realizable value at June 30, 2002. The estimated loss on sale of the discontinued operation, net of income tax benefit, recorded as of June 30, 2002 was $555,000.

During the year ended June 30, 2003, the Company settled certain of these estimated costs, including lease termination fees and professional fees for amounts less than previously estimated. Accordingly, the Company recognized a gain on disposal of approximately $58,000, net of taxes in fiscal 2003.

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. is 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,	2004	2003
Revenues:		
Commercial and industrial laundry and dry cleaning equipment	$ 14,396,031	$ 14,180,799
License and franchise operations	276,234	336,668
Total revenues	$ 14,672,265	$ 14,517,467
Operating income (loss):		
Commercial and industrial laundry and dry cleaning equipment	$ 904,640	$ 1,013,611
License and franchise operations	170,207	112,893
Corporate	(245,030)	(250,444)
Total operating income	$ 829,817	$ 876,060

Identifiable assets:		
Commercial and industrial laundry and dry cleaning equipment	$ 6,325,915	$ 5,498,438
License and franchise operations	655,744	759,750
Corporate	442,462	737,454
Total assets	$ 7,424,121	$ 6,995,642

</TABLE>

For the years ended June 30, 2004 and 2003, export revenues, principally to the Caribbean and Latin America, aggregated approximately $2,340,000 and $2,720,000, respectively, of which approximately $2,209,000 and $2,596,000, 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 2004 or 2003.

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.

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, 48, has been President, Chief Executive Officer and a director of the Company since the effectiveness of the Merger on November 1, 1998 and of Steiner since 1988.

Alan I. Greenstein, 48, has been Executive Vice President and Chief Operating Officer of the Company since May 2004. Since February 2001, Mr. Greenstein has been Vice President and a principal shareholder of South Florida Transport, Inc., a south Florida Thrifty Car rental franchisee. 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, and, since August 2003, has been President and a principal shareholders of AIGTC, Inc., which reacquired this business. Since he joined the Company, Mr. Greenstein has been a full time employee of the Company.

William K. Steiner, 74, has been a director of the Company since the effectiveness of the Merger on November 1, 1998 and Chairman of the Board of Steiner since he founded Steiner in 1960.

Venerando J. Indelicato, 71, was President of the Company from December

1967 until the effectiveness of the Merger on November 1, 1998 and has been Treasurer and Chief Financial Officer of the Company since December 1969.

Lloyd Frank, 79, has been a director of the Company since 1977. 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 has been of counsel to that firm since January 2004. The Company retained Jenkens & Gilchrist Parker Chapin LLP during the Company's last fiscal year and is retaining that firm during the Company's current fiscal year. Mr. Frank is also a director of Park Electrochemical Corp. and Volt Information Sciences, Inc.

David Blyer, 44, has served as a director of the Company since the effectiveness of the Merger on November 1, 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, 44, has served as a director of the Company since May 1999. Mr. Grunspan has been a member of the law firm of Kaufman Dickstein & Grunspan P. A. since 1991.

Stuart Wagner, 72, has served as a director of the Company since the effectiveness of the Merger on November 1, 1998. 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:

Osvaldo Rubio, 41, has served as Vice President and Director of Sales for the Export Department of Steiner since joining Steiner in May 1993.

Ronald London, 71, has served as Vice President, 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 2004 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 2004 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, 2004, 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
<S>	<C>	<C>	<C>
Equity compensation plans approved by security holders.	50,000 (a)	$1.36	560,000 (b)
Equity compensation plans not approved by security			

holders.....................	0	--	0
Total.....................	50,000	$1.36	560,000

</TABLE>

(a) Includes 10,000 and 40,000 (10,000 of which have been exercised since June 30, 2004) shares subject to options granted under the Company's 1991 Stock Option Plan under which no future options may be granted and the Company's 1994 Non-Employee Director Stock Option Plan (the "1994 Plan"), respectively.

(b) Includes 500,000 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, and 60,000 shares available for grant to future non-employee directors under the 1994 Plan. Upon the expiration, cancellation or termination of unexercised options, shares subject to options under the 2000 and 1994 Plans will again be available for the grant of options under the applicable 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 2004 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 2004 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. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits

2(a) Agreement of Merger dated as of July 1, 1998 among the Company, Metro-Tel Acquisition Corp., Steiner-Atlantic Corp., William K. Steiner and Michael S. Steiner. (Exhibit A of the definitive Proxy Statement of the Company filed on October 5, 1998, File No. 0-9040.)

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

4(a)(3) 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)(4) 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) 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(b)(1)(i)+ Employment Agreement dated July 1, 1981 between the Company and Venerando J. Indelicato. (Exhibit 10(b)(1)(i) to the Company's Annual Report on Form 10-KSB for the year ended June 30,1995, File No. 0-9040.)

10(b)(1)(ii)+ Amendment No. 1 dated July 1, 1983 to the Employment Agreement dated July 1, 1981 between the Company and Venerando J. Indelicato. (Exhibit 10(b)(l)(ii) to the Company's Annual Report on Form 10-KSB for the year ended June 30, 1995, File No. 0-9040.)

10(b)(1)(iii)+ Amendment No. 2 dated October 30, 1998 to the Employment Agreement dated July 1, 1981 between the Company and Venerando J. Indelicato. (Exhibit 10(b)(1)(iii) 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(c)(l)+ The Company's 1991 Stock Option Plan, as amended. (Exhibit 99.3 to the Company's Current Report on Form 8-K dated (date of earliest event reported) October 29, 1998, File No. 0-9040.)

10(c)(2)+ 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(c)(3)+ 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.

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 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.

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* 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.

(b) Reports on Form 8-K

During the quarter ended June 30, 2004, the Company furnished one report on Form 8-K, dated (date of earliest event reported) May 13, 2004, reporting under Item 5, Other Events and Item 12, Results of Operations and Financial Condition. After the end of the quarter ended June 30, 2004, the Company filed a report on Form 8-K dated (date of earliest event reported) July 22, 2004 reporting under Item 5, Other Events, and Item 7, Financial Statements and Exhibits. No financial statements were filed with those reports.

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 2004 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 Company has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

DRYCLEAN USA, Inc.

Dated: September 27, 2004

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 day of September, 2004.

<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 27, 2004

/s/ Venerando J. Indelicato - -------------------------------- Venerando J. Indelicato	Chief Financial Officer (Principal Financial and Accounting Officer) and Director	September 27, 2004
/s/ David Blyer - -------------------------------- David Blyer	Director	September 27, 2004
/s/ Lloyd Frank - -------------------------------- Lloyd Frank	Director	September 27, 2004
/s/ Alan M. Grunspan - -------------------------------- Alan M. Grunspan	Director	September 27, 2004
/s/ William K. Steiner - -------------------------------- William K. Steiner	Director	September 27, 2004
/s/ Stuart Wagner - -------------------------------- Stuart Wagner	Director	September 27, 2004

</TABLE>

EXHIBIT INDEX

Exhibit No.	Description
2(a)	Agreement of Merger dated as of July 1, 1998 among the Company, Metro-Tel Acquisition Corp., Steiner-Atlantic Corp., William K. Steiner and Michael S. Steiner. (Exhibit A of the definitive Proxy Statement of the Company filed on October 5, 1998, File No. 0-9040.)
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) Term Note, dated as of December 19, 2001, from the Company in favor of First Union National Bank. (Exhibit 4.1(b) to the Company's Quarterly Report on Form 10-QSB for the quarter ended December 31, 2001, File No. 0-9040).

4(a)(3) 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)(4) 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) 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(b)(1)(i)+ Employment Agreement dated July 1, 1981 between the Company and Venerando J. Indelicato. (Exhibit 10(b)(1)(i) to the Company's Annual Report on Form 10-KSB for the year ended June 30,1995, File No. 0-9040.)

10(b)(1)(ii)+ Amendment No. 1 dated July 1, 1983 to the Employment Agreement dated July 1, 1981 between the Company and Venerando J. Indelicato. (Exhibit 10(b)(l)(ii) to the Company's Annual Report on Form 10-KSB for the year ended June 30, 1995, File No. 0-9040.)

10(b)(1)(iii)+ Amendment No. 2 dated October 30, 1998 to the Employment Agreement dated July 1, 1981 between the Company and Venerando J. Indelicato. (Exhibit 10(b)(1)(iii) 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(c)(l)+ The Company's 1991 Stock Option Plan, as amended. (Exhibit 99.3 to the Company's Current Report on Form 8-K dated (date of earliest event reported) October 29, 1998, File No. 0-9040.)

10(c)(2)+ 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(c)(3)+ 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.

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 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.

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* 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 14

DRYCLEAN USA, Inc.

CODE OF ETHICS
FOR
PRINCIPAL EXECUTIVE OFFICER AND SENIOR FINANCIAL OFFICERS

I. INTRODUCTION:

This Code of Ethics for principal executive officer (the "CEO"), principal financial officer and principal accounting officer or controller, or persons performing similar functions, (collectively, the "Covered Officers") (this "Code") has been adopted by the Company's Board of Directors (the "Board") of DRYCLEAN USA, Inc. (the "Company") to promote honest and ethical conduct, proper disclosure of financial information in the Company's periodic reports, compliance with applicable laws, rules and regulations, and the prompt reporting of violations of this Code, in each case by the Company's principal executive officer and senior officers who have financial responsibilities. This Code supplements, and is in addition to, the Company's Code of Business Conduct and Ethics which applies to all directors, officers and employees of the Company, including Covered Officers.

II. STANDARDS:

To the best of their knowledge and ability, each Covered Officer shall:

o Act with honesty and integrity, in an ethical manner;

o Act in good faith, with due care and diligence, without misrepresenting material facts;

o Exercise independent judgment;

o Avoid actual or apparent conflicts of interest in personal and professional relationships;

o Take measures to achieve responsible use of and control over the Company's assets, resources and information employed by, or entrusted to, them;

o Provide information that is accurate, complete, objective and relevant, in a timely and understandable manner, for reports and documents that the Company files with, or submits to, the Securities and Exchange Commission (the "SEC") and the public to ensure that such reports and documents contain full, fair, accurate, timely and understandable disclosures;

o Comply with applicable laws, rules and regulations of federal, state and local governments and other appropriate regulatory agencies governing the conduct or operations of the Company;

o Respect the confidentiality of information acquired in the course of employment with the Company, except when authorized or otherwise legally obligated to disclose such information; and

o Proactively promote ethical and honest behavior within the Company.

III. FINANCIAL RECORDS AND PERIODIC REPORTS:

Covered Officers shall establish and manage the Company's transactional and reporting systems and procedures to provide reasonable assurance that:

o Business transactions are properly authorized and completely, timely and accurately recorded on the Company's books and records in accordance with Generally Accepted Accounting Principles, rules promulgated by the SEC, regulatory requirements and established policies of the Company; and

o The retention or proper disposal of the Company's records are in accordance with established Company financial policies and applicable legal and regulatory requirements.

IV. REPORTING:

Each Covered Officer shall promptly, upon becoming aware thereof, bring to the attention of the CEO or the Chairman of the Audit Committee of the Board:

- Any act or any violation of this Code by any Covered Officer or any act by any other person or entity (whether or not subject to this Code) that would be a violation of this Code if such person or entity were a Covered Officer;

- Any recognized potential conflict of interest of the Covered Officer or any other employee or agent of the Company;

- Any information that indicates that any disclosures made or to be made by the Company in its public filings were materially false or misleading, omitted to state a material fact or omitted to state a material fact necessary in order to make a statement in such filing not false or misleading;

- Any information concerning a material violation by the Company or any employee or agent of the Company or by any other person or entity of laws, rules or regulations, including, without limitation, securities laws, rules and regulations, applicable to the Company or its business or operations;

- Any information concerning significant deficiencies in the design or operation of the Company's internal controls which could adversely affect the Company's ability to record, process, summarize or report financial data; and

- Any information concerning any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's financial reporting, disclosures or internal controls.

V. ENFORCEMENT:

Violations of this Code should be reported to the Chairman of the Board's Audit Committee. The Board shall determine appropriate actions to be taken in the event of violations of this Code. Such actions shall be reasonably designed to deter wrongdoing and to promote accountability for not adhering to this Code and may result in disciplinary action, up to and including suspension and/or termination of employment or association with the Company, as well as civil and criminal charges. A failure to report apparent violations, covering up violations or apparent violations, retaliating against or disciplining a person for reporting a violation or apparent violation, or obstructing an investigation of an alleged or apparent violation shall also be a violation of this Code.

VI. WAIVERS:

The Board of Directors and the Audit Committee shall have the sole and absolute discretionary authority to approve any amendment to, or waiver (including implicit waiver) from, any provision of this Code. Any change of this Code, and any waiver (including implicit waiver) and the grounds for such waiver for a Covered Officer, shall be timely disclosed through a filing with the SEC on Form 8-K or other method permitted by the rules of the SEC and the American Stock Exchange.

EXHIBIT 23

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. 333-37574, 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, 2004.

BDO Seidman, LLP

Miami, Florida
September 27, 2004

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, 2004 of DRYCLEAN USA, Inc.;

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

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

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

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

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

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

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

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

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

Date: September 27, 2004

/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, 2004 of DRYCLEAN USA, Inc.;

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

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

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

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

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

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

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

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

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

Date: September 27, 2004

/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, 2004, 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 27, 2004

/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, 2004, 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 27, 2004

/s/ Venerando J. Indelicato

Venerando J. Indelicato
Principal Financial Officer