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, 2000

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

Commission file number 0-9040

DRYCLEAN USA, Inc.

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(Name of small business issuer in its charter)

<TABLE>
<CAPTION>

<S>	<C>
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

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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 aggregate market value as at September 15, 2000 of the Common Stock of the issuer, its only class of voting stock, held by non-affiliates was approximately $3,336,000, calculated on the basis of the mean between the high and low sales prices 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 15, 2000 was 6,990,000.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the issuer's Proxy Statement relating to its 2000 Annual Meeting of Stockholders are incorporated by reference into Items 10, 11 and 12 in Part III of this Report.

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

FORWARD LOOKING STATEMENTS

Certain statements in this Report under the captions "Item 1. Business," "Item 2. Properties" and "Item 6. Management's Discussion and Analysis of Financial Condition or Plan of Operation," are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). When used in this Report, words such as "may," "should," "seek," "believe," "expect," anticipate," "estimate," "project," "intend," "strategy" and "pro forma" 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, as well as industry conditions and trends, including supply and demand; changes in business strategies or development plans; the availability, terms and deployment of debt and equity capital; technology changes; competition and other factors which may affect prices which the Company may charge for its products and its profit margins; the availability and cost of the equipment and raw materials 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; availability of qualified personnel; and changes in, or the failure to comply with, government regulation, principally environmental regulations. 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. BUSINESS.

GENERAL

On November 1, 1998, Steiner-Atlantic Corp. ("Steiner") was merged (the "Merger") with and into, and therefore became, a wholly-owned subsidiary of Metro-Tel Corp. ("Metro-Tel" and collectively with Steiner and Steiner's wholly-owned subsidiaries, the "Company"). As a result of the Merger, the Company added Steiner's operations as a supplier of dry cleaning, industrial laundry equipment and steam boilers to Metro-Tel's operations as a manufacturer and seller of telephone test and customer premise equipment.

For financial accounting (but not corporate law) purposes, the Merger is treated as a "reverse acquisition" of Metro-Tel by Steiner, utilizing the "purchase" method of accounting. As a result, all financial statements of the Company included in this Report covering periods prior to November 1, 1998 reflect only the results of operations, financial position and cash flows of Steiner on a stand-alone basis. All consolidated financial statements of the Company for periods commencing

November 1, 1998, in addition, include the results of operations, financial position and cash flows of Metro-Tel from and after November 1, 1998.

Steiner 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. This aspect of Steiner's services includes: (1) 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, (2) supplying replacement equipment and parts to its customers, (3) providing warranty and preventative maintenance through factory-trained technicians and service managers, (4) selling its own line of dry cleaning systems under its Aero-Tech brand name; and (5) selling process steam systems and boilers.

In March 1999, Steiner formed a new 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 Steiner's existing customers have become Steiner Brokerage clients, utilizing Steiner's staff and ability to assist them in the sale of their businesses and associated real property.

In July 1999, Steiner acquired certain assets of DRYCLEAN USA Franchise Company, 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 approximately 400 franchised and licensed locations in the United States, the Caribbean and Latin America. Steiner expects to aggressively increase the number of existing franchisees and licensees of DRYCLEAN USA through proven sales and advertising methods with an expanded sales staff. In fiscal 2000, area franchises were sold for Charlotte, North Carolina and Puerto Rico. In addition, it has begun to advertise its franchise and license program on an internet website. The website is also expected to provide interactive information and solutions to clothing and textile problems in the home and office.

Metro-Tel is engaged in the manufacture and sale of telephone test and customer premise equipment utilized by telephone and telephone interconnect companies in the installation and maintenance of telephone equipment. Through internal research and development and through acquisition, Metro-Tel has added various product lines to its telephone test and customer premise product lines.

STEINER'S OPERATIONS
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History. Steiner was founded in 1960 by William K. Steiner, initially operating as a distributor of dry cleaning systems and boilers, and as a rebuilder of laundry, dry cleaning and boiler equipment. Steiner expanded in 1972, when it began distributing institutional laundry equipment to hotels, motels and hospitals. In 1980, Steiner began importing dry cleaning systems from an English manufacturer and, four years later, Steiner replaced this manufacturer with a relationship with an Italian manufacturer of dry cleaning systems. In 1990, Steiner established its own branded product line with the introduction of an updated dry cleaning system under the Aero-Tech label, substantially all of which is currently manufactured exclusively for Steiner in Italy. In fiscal 2000, Steiner's Aero-Tech division entered into a license agreement with Green Earth Solutions to use the Great Earth cleaning system in Steiner's Green Jet(TM) dry cleaning machines.

Product Lines. Steiner offers a broad line of laundry and dry cleaning equipment and steam boilers, as well as a comprehensive parts and accessories inventory. Steiner's laundry equipment features washers and dryers, including coin-operated machines, boilers, water reuse and heat reclamation systems, flatwork ironers and automatic folders. Steiner's dry cleaning equipment includes dry cleaning machines, garment presses, finishing equipment, and sorting and distributing conveyors.

Steiner's product lines are positioned and priced to appeal to customers in each of the high-end, mid-range and value priced markets. Steiner's product lines are offered under a wide range of price points to address the needs of a diverse customer base. Suggested prices for most of Steiner's products range from approximately $5,000 to $50,000. Steiner's product line offers its customers a "one-stop shop" for laundry and dry cleaning systems, boilers and accessories. By providing "one-stop" shopping, Steiner believes it is better able to attract and support potential customers who can choose from Steiner's broad product line.

Steiner seeks to establish customer satisfaction by offering (1) an on-site training and preventive maintenance program performed by factory trained technicians and service managers; (2) design and layout assistance; (3) maintenance of a comprehensive parts and accessories inventory and same day or overnight availability; and (4) competitive pricing. Steiner provides a toll-free support line to resolve customer service problems.

In March 1999, Steiner formed Steiner Brokerage as a new subsidiary to act as a business broker to assist others seeking to buy or sell existing dry cleaning and laundry businesses. Some of Steiner's existing customers have become Steiner Brokerage clients, utilizing Steiner's staff and ability to assist them in the sale of their businesses and associated real property.

In July 1999, Steiner acquired certain assets of DRYCLEAN USA Franchise Company, including the worldwide rights to the name DRYCLEAN USA along with existing franchisees and licensees and associated annual revenues. DRYCLEAN USA is one of the largest franchise and license operations in the dry cleaning industry, currently consisting of approximately 400 franchised and licensed locations in the United States, the Caribbean and Latin America.

Sales, Marketing and Customer Support. Steiner's laundry and dry cleaning equipment products are marketed in the United States, the Caribbean and Latin America. Steiner employs sales executives to market its products, including its Aero-Tech products, in the United States and in international markets. Steiner supports its products by representative advertising in trade publications, participating in trade shows and engaging in regional promotions and sales incentive programs. A substantial portion of Steiner's equipment sales orders are obtained by telephone, e-mail and fax inquiries originated by the customer or by Steiner and significant repeat sales are derived from existing customers.

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

Customers and Markets. Steiner's customer base consists of approximately 500 customers in the United States, the Caribbean and Latin America, including independent and franchise dry cleaning chains and institutions, hotels, motels, hospitals, cruise lines, nursing homes, government institutions and distributors. No customer accounted for more than 10% of Steiner's revenues during the years ended June 30, 2000 or June 30, 1999.

Sources of Supply. Steiner purchases laundry and dry cleaning systems, boilers and other products from a number of manufacturers, none of which accounted for more than 20% of Steiner's purchases for the years ended June 30, 2000 or June 30, 1999. Steiner has established long-standing relationships with many of the leading laundry, dry cleaning and boiler manufacturers. Steiner's management believes these supplier relationships provide Steiner with a substantial competitive advantage, including exclusivity in certain products and areas and favorable prices and terms. Therefore, the loss of a major vendor relationship could adversely affect Steiner's business. Historically, Steiner has not experienced difficulty in purchasing desired products from its suppliers and believes it has good working relationships with its suppliers.

Steiner has a formal contract with only one of its equipment manufacturers and relies on its long-standing relationship with its other suppliers. Steiner collaborates in the design, closely monitors the quality of the manufactured product and believes its Aero-Tech systems exceed the environmental regulations set by safety and environmental regulatory agencies. Steiner must place its orders with its Italian manufacturer of its Aero-Tech product line prior to the time Steiner has received all of its orders. However, because of Steiner's close working relationship with the Italian manufacturer, Steiner can usually adjust orders rapidly and efficiently to reflect a change in customer demands.

According to its arrangement with the Italian manufacturer, Steiner purchases dry cleaning systems in Italian lira. 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 and Italy may, from time to time, impose new quotas, duties, tariffs or other restrictions or adjust prevailing quotas, duties or tariff levels, which could affect Steiner's margins on its Aero-Tech systems. United States customs duties presently are approximately 1% of invoice cost on dry cleaning systems. However, in the case of a substantial decline in the value of the U.S. dollar against the Italian lira or the implementation of significant custom duties import controls or trade barriers with Italy, Steiner believes it has the ability to have its Aero-Tech line manufactured by other international suppliers.

Competition. The 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. Steiner's management believes that no distributor supplies more than 6% of the market and that substantially all such distributors are independently owned and, with the exception of several regional distributors, operate primarily in local markets. Competition is based on price, product quality, delivery and support services provided by the distributor to the customer. In South Florida, Steiner's principal domestic market, Steiner's primary competition is derived from two full-line distributors which operate out of the Miami area. In the export market, Steiner competes with several distributors and anticipates increased competition as the export market grows. As Steiner expands the sale of its Aero-Tech line to its distributors on a national level, it competes with over a dozen manufacturers of dry cleaning equipment whose products are distributed nationally. Steiner competes by offering an extensive product selection, value-added services, such as product inspection and quality assurance, toll-free customer support line, reliability, warehouse location, price and, with the Aero-Tech line, competitive special features and 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 business, 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.

METRO-TEL'S OPERATIONS.
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History. Metro-Tel was incorporated under the laws of the State of Delaware on June 30, 1963. Since its inception, Metro-Tel has been engaged in the manufacture and sale of telephone test and customer premise equipment utilized by telephone and telephone interconnect companies in the installation and maintenance of telephone equipment. Through internal research and development and through acquisition, Metro-Tel has added various product lines to its telephone test and customer premise product lines.

Product Lines. Metro-Tel is primarily engaged in the manufacture and sale of telephone test equipment and customer premise equipment.

Telephone Test Equipment. Most of Metro-Tel's sales are of telephone test equipment and transmission test equipment. Metro-Tel's telephone test equipment includes portable test sets designed for use in locating high resistance faults resulting from moisture in exchange cables and by cable splicers on exchange and toll cables for identification of cable wires and other tone-testing purposes; linemen's rotary and/or touch-tone testing handsets and portable line test sets for use by telephone installers, repairmen and central office personnel; hand and pole exploring coils which are used in cable fault finding; solid state conversion amplifier kits; Volt-Ohmmeter test sets; and Cable Hound(R), a portable electronic unit that locates and determines the depth of underground cable and metal pipes primarily for the telephone, utility and construction industries.

Metro-Tel's transmission test equipment is used in telephone company central office installations by operating companies, long distance telephone resellers and large companies who own their own networks. Among these products are digital and analog rack-mounted test systems, portable transmission test sets, remote test systems and fiber optic test sets.

Customer Premise Equipment. Metro-Tel also manufactures and markets a line of telephone station and peripheral products, including telephone call sequencers (which answer calls on up to 12 incoming unattended lines, provide the caller with an appropriate message and place the calls in queue until answered by an attendant) and a line of digital announcers (which provide a pre-programmed message with the ability to ring through at the end of the message if so desired by the caller). This product line also includes a series of specialty telephone products, including call diverters (call forwarding devices used both by end-users and in telephone company central offices), speed dialers, specialty telephones and amplified handsets for the hearing impaired.

In addition, Metro-Tel distributes a line of Channel Service Units/Data Service Units (CSU/DSU) for the data industry. These devices are used to terminate a digital channel on a customer's premises and enable computer data to be transmitted and received at high speeds over the telephone line without the use of a modem.

Other Products and Services. Additionally, Metro-Tel sells spare parts for its product lines and provides repair services for its products.

Methods of Distribution. Metro-Tel presently sells its products through its own regional sales managers and sales representatives who assist Metro-Tel's national telephone equipment distributors. Sales managers are presently based in Georgia and California. In addition, Metro-Tel maintains an in-house sales staff at its facilities in Milpitas, California.

Principal Customers. Metro-Tel is not dependent upon any single customer. However, North Supply Company, a national distributor of telephone products, accounted for approximately 13% and 11% of Metro-Tel's net sales for the years ended June 30, 2000 and June 30, 1999, respectively, but less than 10% of the Company's consolidated revenues for those years. Walker Associates, a national distributor of telephone products, accounted for 12.7% of Metro-Tel's net sales for the year ended June 30, 2000 but less than 10% of the Company's consolidated revenues for that year. Metro-Tel believes that, should it for any reason lose either

of these distributors, Metro-Tel could be adversely impacted although these sales would normally be absorbed by other Metro-Tel distributors.

Sources of Supply. The basic materials used in the manufacture of Metro-Tel's telephone test equipment and telephone station and peripheral telephone equipment consist of electronic components. Metro-Tel utilizes many suppliers and is not dependent on any supplier. Its raw materials generally are readily available from numerous suppliers.

Competition. Competition is high with respect to each of Metro-Tel's product lines. However, as the products contained in such lines are varied and similar products contain varying features, neither Metro-Tel nor any of its competitors is a dominant factor in any product line market, except for linemen's test sets for which Dracon, a division of Harris Corporation, is dominant.

The principal method of competition for each of Metro-Tel's products is price and product features, with service and warranty having a relatively less significant impact. Metro-Tel believes its product lines are competitively priced. Many of Metro-Tel's competitors have greater financial resources and have more extensive research and development and marketing staffs than Metro-Tel.

Research and Development. Metro-Tel is regularly engaged in the design of new products and improvement of existing products for all of its telecommunication equipment products lines. The amounts specifically allocated to research and development activities for the years ended June 30, 2000 and 1999 was $231,219 and $171,354, respectively. All research and development is internally generated, except for products designed for Metro-Tel by unaffiliated third parties compensated by either a lump-sum payment or on a royalty basis.

PATENTS AND TRADEMARKS
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The Company is the owner of United States service mark registrations for the names Aero-Tech, Logitrol, Petro-Star, Aqua Star and Enviro-Star, which are used in connection with its laundry and dry cleaning business lines, and of

DRYCLEAN USA, which is licensed by it to retail dry cleaning establishments. 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.

The Company has obtained a number of trademarks which are used to identify its telephone test and customer premise product lines. None of these trademarks is considered to be material to the Company's telecommunication's product lines. The Company also pays royalties to third parties under arrangements permitting the Company to manufacture various items in its product lines.

COMPLIANCE WITH ENVIRONMENTAL AND OTHER GOVERNMENT LAWS AND REGULATIONS
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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. A number of industries, including the dry cleaning and laundry equipment industry, 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.

Certain of the Company's customer premise equipment products that connect to public telephone networks need Federal Communications Commission (or, in the case of foreign sales, the equivalent agency in the foreign country in which they will be sold) approval prior to their sale.

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.

EMPLOYEES
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The Company currently employs 58 employees on a full-time basis, of whom three are in executive management, 17 are engaged in sales and marketing, 16 are administrative and clerical, two are engineers and technicians, 15 are engaged in production and five are in warehouse support. Of the Company's employees, 36 are employed exclusively with respect to the Company's laundry and dry cleaning equipment operations, 20 are employed exclusively with respect to the Company's telecommunications equipment operations and 2 currently divide their time between the two operations. 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.

FOREIGN AND GOVERNMENT SALES
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Steiner's export sales of the Company's laundry and dry cleaning business were approximately $3,387,149 and $3,276,000 during the years ended June 30, 2000 and June 30, 1999, respectively. Such export sales were made principally to Latin America and the Caribbean. See "--Steiner's

Operations-Customers and Markets".

Metro-Tel's export sales of telephone test and customer premise equipment were approximately $265,000 and $167,000 for the year ended June 30, 2000 and the eight months ended June 30, 1999, respectively. Such export sales were made principally to Europe, Canada and South America. Some of Metro-Tel's export sales are made through distributors and agents.

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.

Revenues from sales to the United States government (none of the contracts relating thereto being subject to renegotiation of profits or termination at the election of the government) are immaterial.

ITEM 2. PROPERTIES.

The Company's executive offices and the main distribution center for its laundry and dry cleaning equipment products are housed in three leased adjacent facilities totaling approximately 47,000 square feet in Miami, Florida, and the manufacturing and distribution facility for its telephone test and customer premise equipment operations is located in approximately 21,500 square feet of leased space in Milpitas, California. 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	Month to Month
Miami, Florida	12,000	Month to Month
Milpitas California	21,500	March 2002

(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.

ITEM 3. LEGAL PROCEEDINGS.

Not applicable.

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 has been traded on the American Stock Exchange (the "Amex") under the symbol "DCU" since November 10, 1999 and on the Chicago Stock Exchange under the symbol "MTF" from January 11, 1999 until November 9, 1999 and thereafter under the symbol "DCU." From January 11, 1999 until November 9, 1999, the Company's Common Stock was also quoted on the Nasdaq Electronic Bulletin Board and prior thereto on The Nasdaq Stock Market Small Cap Market, each under the symbol "MTRO." The following table sets forth the high and low sales prices on the Amex since November 10, 1999, as reported by Amex, and high and low bid prices prior thereto for the Company's Common Stock, as reported by Nasdaq, for each quarterly period reflected. The Nasdaq quotations are without retail markups, markdowns or commissions and may not represent actual transactions.

	HIGH	LOW
Fiscal 1999		
First Quarter	1 3/8	7/8
Second Quarter	3 9/16	5/8
Third Quarter	3 3/16	2 1/2
Fourth Quarter	2 3/4	1 11/16
Fiscal 2000		
First Quarter	3 3/8	1 3/4
Second Quarter	2 7/8	1
Third Quarter	5 7/8	1 1/4
Fourth Quarter	3 7/8	1 5/16

As of September 15, 2000 there were approximately 910 holders of record of the Company's Common Stock.

Except for S Corporation distributions prior to the Merger, no dividends have been paid on the Company's Common Stock during either of the last two fiscal years. Steiner is a party to a Loan and Security Agreement with a commercial bank, loans under which are guaranteed by Metro-Tel and secured by substantially all of the assets of the Company. Among other things, this agreement provides that the Company may not declare or pay dividends if such payment would likely cause it to fail to maintain a specified consolidated debt service ratio or a specified ratio of consolidated liabilities to tangible net worth. The Company does not intend to pay cash dividends in the foreseeable future.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

GENERAL

On November 1, 1998, Steiner-Atlantic Corp. ("Steiner") was merged (the "Merger") with and into, and therefore became, a wholly owned subsidiary of Metro-Tel Corp. ("Metro-Tel" and collectively with Steiner and Steiner's wholly owned subsidiaries, the "Company"). As a result of the Merger, the Company added Steiner's operations as a supplier of dry cleaning, industrial laundry equipment and steam boilers to Metro-Tel's telecommunications operations as a manufacturer and seller of telephone test and customer premise equipment.

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

In March 1999 Steiner formed a new subsidiary to act as a business broker to assist others seeking to buy or sell existing drycleaning stores and coin laundry businesses. In July 1999, Steiner acquired certain assets, including the worldwide rights to the name "DRYCLEAN USA" along with existing franchise and licensing agreements from an unaffiliated third party.

For financial accounting (but not corporate law) purposes, the Merger is treated as a "reverse acquisition" of Metro-Tel by Steiner utilizing the "purchase" method of accounting. As a result, all financial statements of the Company included in this Report covering periods prior to November 1, 1998 reflect only the results of operations, financial position and cash flows of Steiner on a stand-alone basis. All consolidated financial statements of the Company for periods commencing November 1, 1998, in addition, include the results of operations, financial position and cash flows of Metro-Tel from and after November 1, 1998. The consolidated results for the year ended June 30, 1999 include eight months of telecommunications operations.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2000, the Company had cash and cash equivalents of $982,588. Net cash provided by operating activities was $1,200,432 for 2000 and $152,191 for 1999. Cash provided by operating activities in 2000 was principally the result of net income of $965,449, a decrease in inventories of $139,668, a decrease in income taxes payable of $201,270, and an increase in customer deposits of $96,388, which were partially offset by an increase of $287,783 in accounts and lease receivables and an increase in other assets of $126,285. Non-cash adjustments to net income, principally resulting from depreciation and amortization amounted to $177,023. Cash provided by operating activities in 1999 was principally the result of net income of $761,476, a decrease in inventories of $289,954, a decrease in other assets of $63,136 and an increase in income taxes payable of $80,674. These increases in cash flow were offset by a $285,451 increase in accounts and lease receivables, a decrease in accounts payable and accrued expenses of $792,618 and an decrease in customer deposits of $111,363. Non-cash adjustments to net income, principally resulting from depreciation and amortization and deferred income taxes amounted to $146,383 in 1999.

Net cash used in investing activities in 2000 amounted to $767,612, and was principally due to capital expenditures for equipment of $137,612 and the acquisition of a franchise license for $550,000, and other licenses amounting to $80,000. Net cash provided by investing activities in 1999 amounted to $154,631, and was principally the result of the Company's capital expenditures for equipment of $143,687, offset by cash acquired from the Metro-Tel acquisition of $298,318.

Net cash used in financing activities amounted to $415,000 in 2000, and principally resulted from payments on the term loan of $480,000, offset by the proceeds from the exercise of stock options of $65,000. Net cash used in financing activities in 1999 amounted to $170,444, and principally resulted from repayments of the line of credit of $1,000,000, payments on the term loan of $696,613, advances to affiliates of $198,000, cash distributions to shareholders of $727,394, offset by borrowings under the term loan of $2,400,000 and proceeds from the exercise of stock options of $51,563.

The Company believes that its present cash, cash it expects to generate from operations and borrowings available under its $2,250,000 line of credit will be sufficient to meet its operational needs. The Company has no present borrowings outstanding under this line of credit (which, as extended, matures on October 30, 2000, subject to renewal at the discretion of the lender). As to the $1,600,000 principal amount outstanding under its term loan, the Company is required to make monthly payments of $40,000 until January 2002, when the remaining $960,000 will become due. The Company believes it will be able to refinance such debt at that time.

RESULTS OF OPERATIONS

Total revenues for the fiscal year ended June 30, 2000 increased by $1,049,701 (5.7%) over fiscal 1999. Sales of the laundry and dry cleaning equipment business segment decreased by $938,706 (5.7%), principally due to a decrease in the number of units sold. In July 1999, the license and franchise operations business segment commenced operations. Revenues from the sale of such licenses and franchises of retail dry cleaning establishments under the name DRYCLEAN, USA aggregated $536,340 for the year ended June 30, 2000. Sales of the Company's telephone test equipment business segment increased $1,452,067 (70.9%), principally due to the inclusion of a full year of operations versus eight months in fiscal 1999.

Costs of goods sold, expressed as a percentage of net sales, improved to 71.6% in fiscal 2000 from 73.3% in fiscal 1999. The improvement for the year is attributable to the inclusion of a full year in fiscal 2000, in lieu of only eight months in fiscal 1999, of telecommunication operations, which historically carry a higher margin.

Selling, general and administrative expenses increased by $558,704 (14.5%) in fiscal 2000 over fiscal 1999, of which $337,000 was due to the inclusion of Metro-Tel's expenses in this category for the full year versus eight months in fiscal 1999. Additionally, amortization expense of the newly acquired franchise, trademark and other intangible assets amounted to $74,000. The balance of the increase was substantially all attributable to the license and franchise business segment which commenced operations in July 1999.

Research and development expenses, which relate solely to telecommunications operations increased by $59,865 (34.9%) in fiscal 2000 mainly due to the fact that only eight months of telecommunications operations were included in fiscal 1999.

Interest income decreased by $26,086 (42.0%) in fiscal 2000 over 1999 as a result of fewer customer leases of laundry and dry cleaning equipment (which qualify as sales-type leases) being outstanding.

In fiscal 2000, interest expense decreased by $7,267 (4.2%) from fiscal 1999 due to a reduction in outstanding debt, which was partially offset by higher interest rates.

The provision for income taxes increased by $173,510 (44.4%) in fiscal 2000 over fiscal 1999 due primarily to the increase in pre-tax profit and a higher effective tax rate than in fiscal 1999 when, for the first four months of that fiscal year, Steiner was taxed as a Subchapter S Corporation under the Internal Revenue Code of 1986, as amended, and accordingly its shareholders, rather than it, were subject to income taxation on Steiner's earnings.

INFLATION
- ---------

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

NEW ACCOUNTING PRONOUNCEMENTS
- -----------------------------

In March 2000, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 44 (Interpretation 44), Accounting for Certain Transactions Involving Stock Compensation. Interpretation 44 provides criteria for the recognition of compensation expense in certain stock-based compensation arrangements that are accounted for under Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees. Interpretation 44 is effective July 1, 2000, with certain provisions that are effective retroactively to December 15, 1998 and January 12, 2000. Interpretation 44 is not expected to have an impact on the Company's future consolidated financial statements.

In June 1998, the FASB issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. SFAS No. 133 requires companies to recognize all derivatives contracts as either assets or liabilities in the balance sheet and to measure them at fair value. If certain conditions are met, a derivative may be specifically designated as a hedge, the objective of which is to match the timing of gain or loss recognition on the hedging derivative with the recognition of (i) the changes in the fair value of the hedged assets or liability that are attributable to the hedged risk or (ii) the earnings effect of the hedged forecasted transaction. For a derivative not designated as a hedging instrument, the gain or loss is recognized in the period of change. SFAS No. 133 is effective for all fiscal quarters of fiscal years beginning after June 15, 2000. Historically, the Company has not entered into derivative contracts either to hedge existing risks or for speculative purposes. Accordingly, the Company does not expect adoption of the new standard to materially affect its financial statements.

ITEM 7. FINANCIAL STATEMENTS.

Metro-Tel Corp. And Subsidiaries

Index to Consolidated Financial statements

<TABLE>
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Page No.

Report of Independent Certified Public Accountants

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, 2000 and 1999, and the related consolidated statements of income, 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 generally accepted auditing standards. 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, 2000 and 1999, and the consolidated results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

Miami, Florida BDO Seidman, LLP
August 11, 2000

DRYCLEAN USA, Inc. and Subsidiaries

Consolidated Balance Sheets

<TABLE>
<CAPTION>

June 30,	2000	1999
<S>	<C>	<C>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 982,588	$ 964,768
Accounts receivable, net of allowance for doubtful accounts of $36,000 and $25,000 at 2000 and 1999, respectively	2,065,761	1,741,698
Lease receivables (Note 2)	105,394	116,927
Inventories (Note 3)	4,103,680	4,243,348
Deferred income tax asset (Note 5)	46,135	43,141

Other current assets (Note 7)	270,170	143,885
Total current assets	7,573,728	7,253,767
LEASE RECEIVABLES - due after one year (Note 2)	45,519	90,882
EQUIPMENT AND IMPROVEMENTS, at cost - net of accumulated depreciation and amortization (Note 4)	340,342	333,705
FRANCHISE, TRADEMARKS AND OTHER INTANGIBLE ASSETS - net of accumulated amortization of $74,327 (Notes 1 and 9)	621,941	-
DEFERRED INCOME TAX ASSET (Note 5)	2,514	22,884
	$ 8,584,044	$ 7,701,238
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 1,301,537	$ 1,266,838
Income taxes payable	281,944	80,674
Customer deposits	374,396	278,008
Current portion of term loan (Note 6)	480,000	440,000
Total current liabilities	2,437,877	2,065,520
TERM LOAN, less current portion (Note 6)	1,160,000	1,680,000
Total liabilities	3,597,877	3,745,520
COMMITMENTS (Notes 7, 9 and 10)		
SHAREHOLDERS' EQUITY (Notes 1, 11 and 12) Common stock, $0.025 par value: Authorized shares - 15,000,000; 7,016,250 and 6,951,250 shares issued and outstanding at 2000 and 1999, respectively, including shares held in treasury	175,406	173,781
Additional paid-in capital	2,037,602	1,974,227
Retained earnings	2,773,159	1,807,710
Treasury shares, 26,250 shares in 2000 and 1999, at cost	-	-
Total shareholders' equity	4,986,167	3,955,718
	$ 8,584,044	$ 7,701,238

</TABLE>

DRYCLEAN USA, Inc. and Subsidiaries

Consolidated Statements of Income

<TABLE>
<CAPTION>

Year ended June 30,	2000	1999
<S>	<C>	<C>
REVENUES:		
Net sales	$ 18,447,560	$ 17,985,847
Management fee, franchise and license fees, commissions and other income (Note 7)	1,076,939	488,951
Total	19,524,499	18,474,798
COST OF SALES	13,213,440	13,178,610
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Notes 7 and 9)	4,422,131	3,863,427
RESEARCH AND DEVELOPMENT EXPENSES	231,219	171,354
Total	17,866,790	17,213,391

OPERATING INCOME	1,657,709	1,261,407
OTHER INCOME (EXPENSE):		
Interest income	35,994	62,080
Interest expense	(164,254)	(171,521)
Total Other Expense	(128,260)	(109,441)
EARNINGS BEFORE INCOME TAXES	1,529,449	1,151,966
PROVISION FOR INCOME TAXES (Note 5)	564,000	390,490
NET EARNINGS	$ 965,449	$ 761,476
Basic earnings per share	$0.14	$0.12
Diluted earnings per share	$0.13	$0.12
Weighted average number of shares of common stock outstanding:		
Basic	6,952,083	6,165,318
Diluted	7,305,931	6,491,450
PRO FORMA AMOUNTS (UNAUDITED) (NOTE 5):		
Earnings before income taxes		$ 1,151,966
Provision for income taxes (Notes 1 and 5)		493,490
PRO FORMA NET EARNINGS		$ 658,476
Pro forma basic earnings per share		$0.11
Pro forma diluted earnings per share		$0.10

</TABLE>

DRYCLEAN USA, Inc. and Subsidiaries

Consolidated Statements of Shareholders' Equity
(Note 1)

<TABLE>
<CAPTION>

<S>	Common Stock Shares <C>	Common Stock Amount <C>	Additional Paid-in Capital <C>	Treasury Stock Shares	Treasury Stock Amount <C>	Retained Earnings <C>	Undistributed Shareholders Earnings <C>	Total <C>
Balance at June 30, 1998	4,720,954	$ 118,024	$ 51,726	-	$ -	$ 1,448,950	$ 324,678	$ 1,943,378
Year ended June 30, 1999:								
Distributions	-	-	-	-	-	-	(727,394)	(727,394)
Reclassification of cumulative undistributed earnings applicable to the Company's S corporation status	-	-	-	-	-	(402,716)	402,716	-
Stock exchanged in acquisition of business	2,180,296	54,507	1,872,188	26,250	-	-	-	1,926,695
Stock options exercised	50,000	1,250	50,313	-	-	-	-	51,563

Net income		-	-	-	-	761,476	-	761,476
Balance at June 30, 1999	6,951,250	173,781	1,974,227	26,250	-	1,807,710	-	3,955,718
Year ended June 30, 2000:								
Stock options exercised	65,000	1,625	63,375	-	-	-	-	65,000
Net income	-	-	-	-	-	965,449	-	965,449
Balance at June 30, 2000	7,016,250	$ 175,406	$ 2,037,602	26,250	$ -	$ 2,773,159	$ -	$ 4,986,167

</TABLE>

DRYCLEAN USA, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

<TABLE>
<CAPTION>

Year ended June 30,	2000	1999
<S>	<C>	<C>
OPERATING ACTIVITIES:		
Net income	$965,449	$761,476
Adjustments to reconcile net income to net cash provided by operating activities, net of effect of acquisition:		
Bad debt expense	20,614	33,793
Depreciation and amortization	139,033	50,615
Deferred income taxes	17,376	61,975
(Increase) decrease in:		
Accounts and lease receivables	(287,783)	(285,451)
Inventories	139,668	289,954
Other assets	(126,285)	63,136
Increase (decrease) in:		
Accounts payable and accrued expenses	34,702	(792,618)
Income taxes payable	201,270	80,674
Customer deposits	96,388	(111,363)
Net cash provided by operating activities	1,200,432	152,191
INVESTING ACTIVITIES:		
Capital expenditures	(137,612)	(143,687)
Acquisition of franchise and license agreements	(630,000)	-
Cash of acquired company	-	298,318
Net cash (used in) provided by investing activities	(767,612)	154,631
FINANCING ACTIVITIES:		
Repayments under line of credit	-	(1,000,000)
Payments on term loans	(480,000)	(696,613)
Borrowings under term loan	-	2,400,000
Advances to affiliate	-	(198,000)
Cash distributions to shareholders	-	(727,394)
Proceeds from exercise of stock options	65,000	51,563
Net cash used in financing activities	(415,000)	(170,444)
Net increase in cash and cash equivalents	17,820	136,378
Cash and cash equivalents at beginning of year	964,768	828,390
Cash and cash equivalents at end of year	$982,588	$964,768

Supplemental Information:		
Cash paid for:		
Interest	$164,254	$171,521
Income taxes	$345,625	$239,311

Non-cash Transaction:		
Acquisition of business, net of cash of acquired company (Note 1)	$ -	$ 1,628,377

</TABLE>

DRYCLEAN USA, Inc. and Subsidiaries

Summary of Business and Significant Accounting Policies

NATURE OF BUSINESS DRYCLEAN USA, Inc. and Subsidiaries (collectively, the "Company") are engaged in the sale of commercial and industrial laundry and dry cleaning equipment, boilers and replacement parts, the sale of individual and area franchises under the DRYCLEAN USA name, acting as a business broker in connection with the purchase and sale of retail dry cleaning stores and coin laundries and the manufacture and sale of telephone test equipment and customer premise equipment, as well as related accessories.

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

PRINCIPALS 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. Commissions and management fees are recorded when earned. 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. Continuing services fees are recorded when earned.

INVENTORIES Inventories 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 which are amortized over 31 years for income tax purposes.

FRANCHISE LICENSE, TRADEMARK AND OTHER INTANGIBLE ASSETS The 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 (2-15 years). The Company reviews the recoverability of the franchise license, trademark and other intangible assets based primarily upon an analysis of undiscounted

cash flows 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.

ASSET IMPAIRMENTS The Company periodically reviews the carrying value of certain of its assets in relation to historical results, current business conditions and trends to identify potential situations in which the carrying value of assets may not be recoverable. If such reviews indicate that the carrying value of such assets may not be recoverable, the Company would estimate the undiscounted sum of the expected future cash flows of such assets or analyze the fair value of the asset, to determine if permanent impairment exists. If a permanent impairment exists, the Company would determine the fair value by using quoted market prices, if available, for such assets, or if quoted market prices are not available, the Company would discount the expected future cash flows of such assets. There were no asset impairments during 2000 and 1999.

INCOME TAXES For the purpose of the provision for income taxes, the Company has adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 109, Accounting for Income Taxes, for all periods presented. Under the asset and liability method of SFAS No. 109, deferred taxes are recognized for differences between consolidated financial statement and income tax bases of assets and liabilities.

STATEMENT OF CASH FLOWS For purposes of this statement, 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 generally accepted accounting principles 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 The Company recognizes compensation expense

COMPENSATION for its stock option incentive plans using the intrinsic value method of accounting. Under the terms of the intrinsic value method, compensation cost is the excess, if any, of the quoted market price of the stock at the grant date, or other measurement date, over the amount an employee must pay to acquire the stock. During 2000 and 1999, all stock options were granted with exercise prices at least equal to the market price of the stock at the grant date.

EARNINGS PER SHARE The Company has adopted the provisions of SFAS No. 128, Earnings Per Share, for all periods presented. SFAS No. 128 requires a dual presentation of basic and diluted earnings per share. See Note 11.

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 antidilutive effect on earnings per share are excluded from the calculation of diluted earnings per share.

The weighted average number of common shares outstanding for all periods presented retroactively reflects the effects of the recapitalization of the Company described in Note 1.

ADVERTISING COSTS The Company expenses the costs of advertising as of the first date the advertisements take place. The Company expensed approximately $200,000 and $185,000 of advertising costs for the years ended June 30, 2000 and 1999, respectively.

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

SEGMENTS The Company applies the provisions of Statement of Financial Accounting Standards No. 131 ("SFAS 131"), Segments of an Enterprise and Related Information, in determining its segments and reporting. SFAS 131 supercedes SFAS No. 14, Financial Reporting for Segments of a Business Enterprise. Information regarding the Company's segments is reported in Note 13.

NEW ACCOUNTING PRONOUNCEMENTS In June 1998, the Financial Accounting Standard Board issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. SFAS No. 133 requires companies to recognize all derivatives contracts as either assets or liabilities in the balance sheet and to measure them at fair value. If certain conditions are met, a derivative may be specifically designated as a hedge, the objective of which is to match the timing of gain or loss recognition on the hedging derivative with the recognition of (i) the changes in the fair value of the hedged assets or liability that are attributable to the hedged risk or (ii) the earnings effect of the hedged forecasted transaction. For a derivative not designated as a hedging instrument, the gain or loss is recognized in income in the period of change. SFAS No. 133 is effective for all fiscal quarters of fiscal years beginning after June 15, 2000. Historically, the Company has not entered into derivatives contracts either to hedge existing risks or for speculative purposes. Accordingly, the Company does not expect adoption of the new standard to materially affect its financial statements.

In March 2000, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 44 (Interpretation 44), Accounting for Certain Transactions Involving Stock Compensation. Interpretation 44 provides criteria for the recognition of compensation expense in certain stock-based compensation arrangements that are accounted for under Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees. Interpretation 44 is effective July 1, 2000, with certain provisions effective retroactively to December 15, 1998 and January 12, 2000. There was no effect of the retroactive provisions of Interpretation 44 on the Company's consolidated financial statements. Interpretation 44 is not expected to have a material effect on the Company's consolidated financial statements.

1. ACQUISITIONS AND REORGANIZATION

On July 9, 1999, the Company acquired DRYCLEAN USA Franchise Company and the worldwide rights to the name DRYCLEAN USA along with existing franchise and license agreements for $550,000 cash. In connection with this acquisition, the Company acquired $50,000 of current assets, $10,000 of fixtures and equipment, $610,000 of franchise license, trademark and other intangibles, and assumed $80,000 of current liabilities. The pro forma effect of the transaction was insignificant to the consolidated statement of income for 2000.

On November 1, 1998, Metro-Tel Corp. ("Metro-Tel") completed a merger in which a wholly-owned subsidiary was merged with and into Steiner-Atlantic Corp. ("Steiner"). In connection therewith, Metro-Tel issued 4,720,954 shares of its common stock to the shareholders of Steiner and Steiner became a wholly-owned subsidiary of the Company. In addition, Metro-Tel granted options for the purchase of up to 500,000 shares of its common stock to employees of Steiner. Subsequently, on November 7, 1999, the Company changed its name to DRYCLEAN USA, Inc.

For financial accounting purposes, this transaction was accounted for as a reverse acquisition of Metro-Tel by Steiner. In this connection, historical amounts, shares and per share amounts for Steiner have been retroactively adjusted to reflect the foregoing transactions.

The purchase of Metro-Tel was valued at approximately $1,926,000, an amount equal to the fair market value of the Metro-Tel's outstanding common shares. This acquisition was accounted for under the purchase method, whereby the purchase price was allocated to the underlying assets and liabilities of Metro-Tel based upon their estimated fair values. The transaction was recorded as follows:

<TABLE>
<CAPTION>

<S>	<C>
Fair value of net assets acquired:	
Current assets	$ 2,520,898
Other assets	150,278
Total	2,671,176
Less liabilities assumed	(744,481)
Net	$ 1,926,695

</TABLE>

The consolidated statements of income include the results of operations of the acquired business (Metro-Tel) from November 1, 1998.

The following unaudited pro forma summary presents the consolidated results of operations of the Company as if the acquisition had occurred on July 1, 1998, and the Company's S Corporation status had been terminated as of that date:

<TABLE>
<CAPTION>

<S> <C>	<C>
Year ended June 30,	1999
Pro forma revenues	$ 19,751,668
Pro forma net earnings	$ 917,275
Pro forma basic earnings per share	$ 0.15
Pro forma diluted earnings per share	$ 0.14

</TABLE>

2. LEASE RECEIVABLES Lease receivables result from customer

leases of equipment under arrangements which qualify as sales-type leases. At June 30, 2000, annual future lease payments, net of deferred interest ($17,714 at June 30, 2000), due under these leases are as follows:

<TABLE>
<CAPTION>

Years ending June 30,	
<S> <C>	<C>
2001	$ 105,394
2002	39,567
2003	4,262
2004	1,690
	$ 150,913

</TABLE>

<TABLE>
<CAPTION>

3. INVENTORIES The components of inventories are summarized as follows:

<S> <C>	<C>	<C>
June 30,	2000	1999
Raw materials	$ 709,606	$ 713,867
Work-in-process	311,384	180,947
Finished goods	3,082,690	3,348,534
	$ 4,103,680	$ 4,243,348

</TABLE>
<TABLE>
<CAPTION>

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

<S> <C>	<C>	<C>
June 30,	2000	1999
Furniture and equipment	$ 696,728	$ 661,407
Leasehold improvements	298,764	262,714
Total	995,492	924,121
Less accumulated depreciation and amortization	655,150	590,416
	$ 340,342	$ 333,705

</TABLE>

Depreciation and amortization amounted to $64,734 and $50,617 for the years ended June 30, 2000 and 1999, respectively.

5. INCOME TAXES Through October 31, 1998, Steiner, the source of its income which, as explained in Note 1, represented the Company's entire reportable income for financial reporting purposes for periods prior to November 1, 1998, with the consent of its shareholders, elected to be taxed as an S Corporation under the provisions of Subchapter S of the Internal Revenue Code of 1986, as amended (the "Code"). Shareholders of an S Corporation are taxed on their proportionate share of the company's taxable income.

Accordingly, no provision for federal or state income tax is required for periods prior to October 31, 1998. Had the Company been treated as a C Corporation, the Company would have incurred approximately $103,000 of additional income taxes during the year ended June 30, 1999.

The following are the components of income tax expense:

<TABLE>
<CAPTION>

<S> <C> <C> <C>

Year ended June 30,	2000	1999
Current		
Federal	$ 466,729	$ 280,499
State	79,895	48,016
	546,624	328,515
Deferred		
Federal	15,803	50,087
State	1,573	11,888
	17,376	61,975
Total	$ 564,000	$ 390,490

</TABLE>

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

<TABLE>
<CAPTION>

<S> <C> <C>

Year ended June 30,	Pro Forma 2000	1999
Tax at the statutory rate	$ 520,013	$ 391,668
Tax effect of S Corporation status	-	(103,000)
State income taxes, net of federal benefit	53,769	50,222
Income taxes attributable to termination of S Corporation status	-	21,427
Other	(9,782)	30,173
Total	$ 564,000	$ 390,490

</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>
<S> <C> <C> <C>

Year ended June 30,	2000	1999
Current deferred tax asset (liability):		
Allowance for doubtful accounts	$ 13,680	$ 9,408
Inventory capitalization	18,414	25,174
Compensation	21,845	14,129
Other	(7,804)	(5,570)
	46,135	43,141
Noncurrent deferred tax asset (liability):		
Depreciation	(9,452)	16,271
Amortization	11,966	-
Other	-	6,613
	2,514	22,884
Total net deferred tax asset	$ 48,649	$ 66,025

</TABLE>

6. CREDIT AGREEMENT The Company is a party to a loan agreement facility consisting of a line of credit of $2,250,000 and a term loan of $2,400,000. Borrowings under the agreement are guaranteed by the Company, bear interest at the Adjusted LIBOR Market Index Rate (9.40% at June 30, 2000) and are collateralized by substantially all of the Company's assets. The line of credit is due on demand. The term loan is due January 2002. At June 30, 2000 and 1999, there were no outstanding borrowings under the line of credit and, therefore, the Company could borrow $2,250,000. At June 30, 2000 and 1999, the Company owed $1,640,000 and $2,120,000, respectively, under the term loan. The term loan requires monthly payments of $40,000 plus interest, with a $960,000 balloon payment in January 2002. The agreement requires maintenance of certain financial ratios and contains other restrictive covenants. The Company was in compliance with these ratios and covenants at June 30, 2000.

7. RELATED PARTY TRANSACTIONS During the years ended June 30, 2000 and 1999, the Company charged management fees of $118,391 and $265,000, respectively, to an entity controlled by one of the principal shareholders of the Company. At June 30, 2000 and 1999, $86,391 and $23,000, respectively, was due from that company and is included in other current assets in the

accompanying balance sheets. Advances to or from that affiliate are non-interest bearing and are due on demand.

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 commitments under this lease approximate $83,200.

8. 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 Company is exposed to foreign currency risk in Italy. To mitigate such risk, the Company enters into foreign exchange forward contracts to hedge transactions related to firm commitments to purchase equipment denominated in Italian Lira. Gains and losses are deferred and accounted for as part of the underlying transactions. At June 30, 2000, the Company has foreign exchange contracts to purchase approximately 675 million Italian Lira, for delivery in July and August 2000.

9. COMMITMENTS

Rent

The Company leases additional office and warehouse space under operating leases, including two leases on a monthly basis. The leases expire in March 2002 and October 2004 (the latter has an option to renew for a period of ten years at a rent to be agreed upon). Minimum future rental commitment for leases in effect at June 30, 2000, including leases to related parties, approximates the following:

Years ending June 30,	
2001	$ 261,000
2002	219,000
2003	83,000
2004	83,000
2005	28,000

Rent expense, including rentals paid to a related party (see Note 7), aggregated $309,794 and $232,013 for the years ended June 2000 and 1999, respectively.

License Agreements

The Company is a party to a license agreement under which it is obligated to pay 10% of annual sales of certain products. The agreement may be canceled by the Company annually upon sixty days notice. In February 2000, the Company acquired, for $80,000, all the manufacturing rights under another license agreement under which it was obligated to pay the greater of 10% of sales of certain products or $75,000 per year. The Company recorded the license as an intangible asset for $80,000 as of June 30, 2000, and is amortizing the license on a straight-line basis over 5 years. During the years ended June 30, 2000 and 1999, royalty expense aggregated $40,677 and $54,640, respectively.

10. DEFERRED COMPENSATION PLAN

The Company has a participatory deferred compensation plan wherein it matches employee contributions up to, at the Company's option, for all employees determined annually, 1% or 2% of an eligible employee's yearly compensation. Employees are eligible to participate in the plan after three months of service. The Company contributed $23,926 and $18,657 in fiscal 2000 and 1999, respectively. The plan is tax exempt under Section 401(k) of the Internal Revenue Code.

The Company also maintains a profit-sharing plan which covers substantially all employees. Annual contributions are determined at the discretion of the Board of Directors. There were no contributions for fiscal years 2000 and 1999.

11. EARNINGS PER SHARE

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

<TABLE>
<CAPTION>

Year ended June 30,	2000		
	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER SHARE AMOUNT
<S>	<C>	<C>	<C>
Net earnings	$965,449	6,952,083	$0.14
Effect of dilutive securities:			
Stock options	-	353,848	(.01)
Net earnings plus assumed dilution	$965,449	7,305,931	$0.13

</TABLE>

<TABLE>
<CAPTION>

Year ended June 30,	1999		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
<S>	<C>	<C>	<C>
Net earnings	$761,476	6,165,318	$0.12

Effect of dilutive securities:			
Stock options	-	326,132	-
Net earnings plus assumed dilution	$761,476	6,491,450	$0.12

</TABLE>

There were no stock options outstanding at June 30, 2000 that were excluded in the computation of earnings per share for 2000 because the exercise prices of the options were less than the average market price of the common shares for that year.

12. STOCK OPTIONS At June 30, 2000 and 1999, the Company had in effect two stock option plans that authorize the grant of options to purchase 850,000 shares (until September, 2001) and 100,000 shares (until August, 2004), respectively, of the Company's common stock to employees and non-employee directors of the Company, respectively. In addition, the Company's board of directors authorized another plan, subject to shareholder approval, that would authorize the grant of options to purchase 500,000 shares to employees, directors and consultants. The Company applies APB Opinion 25, Accounting for Stock Issued to Employees, and related interpretations in accounting for stock options. Under APB Opinion 25, because the exercise price of the Company's stock options equals or exceeds the market price of the underlying stock on the date of grant, no compensation cost has been recognized.

Pursuant to the pre-existing and new employee plans, the Company may grant incentive stock options and nonqualified stock options. All options under the non-employee 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 equal to 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 plans 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 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. However, options granted under the non-employee directors plan become immediately exercisable upon certain events which are deemed to be a "change in control" of the Company. Options granted under the pre-existing employee plan terminate upon a merger in which the Company is not the surviving corporation, a capital reorganization in which more than 50% of the Company's common stock is exchanged, or the liquidation or dissolution of the Company, unless other provision is made by the board of directors.

In fiscal 2000, the Company granted 10,000 options to an employee, exercisable at a price of $2.00 per share.

In fiscal 1999, the Company granted a total of 565,000 options to employees, exercisable at prices of $1.00 or $2.00 per share. In addition, the Company granted a total of 30,000 options to directors, exercisable at prices of $0.91 or $2.00 per share.

SFAS No. 123, "Accounting for Stock-Based Compensation," requires the Company to provide pro forma information regarding net income and net income 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 with the following weighted-average assumptions used for grants in fiscal year 2000: no dividend yield percent; expected volatility of 46.1%; risk-free interest rates of approximately 6.36%, and expected lives of 5 years. Based on these assumptions, under the accounting provisions of SFAS No. 123, the Company's net income and net income per common share would have been as follows:.

<TABLE>
<CAPTION>
<S> <C> <C>

Year ended June 30,			2000
Net income	As reported	$	965,449
	Pro forma	$	957,649
Net income per common share:			
Basic	As reported	$	0.14
	Pro forma	$	0.14
Diluted	As reported	$	0.13
	Pro forma	$	0.13

Year ended June 30,		1999
Net income	As reported	$ 761,476
	Pro forma	$ 761,081
Net income per common share - basic and diluted	As reported	$ 0.12
	Pro forma	$ 0.12

</TABLE>

A summary of options under the Company's stock option plans and non-plan options as of June 30, 2000, and changes during the year then ended is presented below:

<TABLE>
<CAPTION>

<S> <C> <C>

	SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at beginning of year	720,000	$1.10
Granted	10,000	2.00
Exercised	(65,000)	1.00
Expired	(55,000)	1.42
Outstanding at end of year	610,000	1.09
Options exercisable at year-end	172,500	$1.01
Weighted-average fair value per share of options granted during the year	$2.00	

</TABLE>

A summary of the status of the Company's stock option plan and non-plan options as of June 30, 1999, and changes during the year then ended is presented below:

<TABLE>
<CAPTION>

<S> <C> <C>

	Shares	Weighted Average Exercise Price
Outstanding at beginning of year	225,000	$0.98
Granted	595,000	1.12
Exercised	(50,000)	1.03
Expired	(50,000)	0.97
Outstanding at end of year	720,000	1.10
Options exercisable at year-end	125,000	0.97
Weighted-average fair value per share of options granted during the year	$1.12	

</TABLE>

The following table summarizes information about stock option plan and non-plan options outstanding at June 30, 2000:

<TABLE>
<CAPTION>

Range of Exercise Prices	Number Outstanding at 6/30/00	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable at 6/30/00	Weighted Average Exercise Price
<C>	<C>	<C>	<C>	<C>	<C>
$ 0.81-2.00	610,000	3.30	$1.09	172,500	$1.01

<S>

</TABLE>

13. 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. and Steiner-Atlantic Brokerage Company, Inc. 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 Company, Inc. acts as a business broker to assist others seeking to buy or sell existing dry cleaning and laundry businesses. Metro-Tel Corp. comprises the manufacture and sale of telephone test equipment segment. This segment is engaged in the manufacture and sale of telephone test and customer premise equipment utilized

by telephone and telephone interconnect companies in the installation and maintenance of telephone equipment. DRYCLEAN USA License Corp. comprises the license and franchise operations segment. In July 1999, Steiner-Atlantic Corp. acquired certain assets of DRYCLEAN USA Franchise Company, 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 approximately 400 franchised and licensed locations in the United States, the Caribbean and Latin America. 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.

For the years ended June 30, 2000 and 1999, export sales, principally to the Caribbean and Latin America, aggregated approximately $3,652,000 and $3,443,000, respectively.

No single customer accounted for more than 10% of the Company's revenues.

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

<TABLE>
<CAPTION>

Year ended June 30,	2000	1999
<S>	<C>	<C>
Revenues:		
Commercial and industrial laundry and dry cleaning equipment	$15,487,499	$16,426,205
Manufacture and sale of telephone test equipment	3,500,660	2,048,593
License and franchise operations	536,340	-
Total revenues	$19,524,499	$18,474,798
Operating income (loss):		
Commercial and industrial laundry and dry cleaning equipment	$1,272,313	$1,556,895
Manufacture and sale of telephone test equipment	21,414	(295,488)
License and franchise operations	363,982	-
Total operating income	$1,657,709	$1,261,407
Identifiable assets:		
Commercial and industrial laundry and dry cleaning equipment	$5,043,287	$6,015,693
Manufacture and sale of telephone test equipment	2,559,252	1,685,545
License and franchise operations	981,505	-
Total assets	$8,584,044	$7,701,238

</TABLE>

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

On January 4, 1999, the Company selected BDO Seidman, LLP ("BDO Seidman") to replace Grant Thornton LLP ("Grant Thornton") as the Company's independent public accountants. BDO Seidman has acted as independent accountants for Steiner, which became a wholly-owned subsidiary of the Company pursuant to the Merger. The Company believes that the change to BDO Seidman as the Company's independent accountants will facilitate the audit of the Company's consolidated financial statements. The decision to change auditors was approved by the Audit Committee of the Board of Directors.

Grant Thornton's report on the financial statements of the Company for each of the past two fiscal years did not contain any adverse opinion or disclaimer of opinion and was not qualified or modified as to uncertainty, audit scope or accounting principles.

During the Company's two most recent fiscal years, and the subsequent interim period through January 4, 1999, there were no disagreements with Grant Thornton on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Grant Thornton, would have caused Grant Thornton to make reference to the subject matter of the disagreements in connection with their audit report with respect to financial statements of the Company either individually or consolidated with Steiner.

During the Company's two most recent fiscal years, and the subsequent interim period through January 4, 1999, Grant Thornton did not advise the

Company of any of the items listed in Item 304(a)(1)(iv)(B) of Regulation S-B.

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

William K. Steiner, 70, has been Chairman of the Board of Steiner since he founded Steiner in 1960. Mr. Steiner has been a director of the Company since the effectiveness of the Merger on November 1, 1998.

Venerando J. Indelicato, 67, 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, 75, has been a member of the law firm of Parker Chapin LLP since 1977. Mr. Frank has been a director of the Company since 1977. The Company retained Parker Chapin 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, 40, has served as a director of the Company since the effectiveness of the Merger on November 1, 1998. Mr. Blyer has been Chief Executive Officer and President of Vento Software, since he co-founded that company in 1994. Vento Software develops software for specialized business application. Before founding Vento Software, Mr. Blyer served as Senior Account Manager of the South Florida and Caribbean regions for Tandem Computers.

Alan M. Grunspan, 40, 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. The Company has retained Kaufman Miller Dickstein & Grunspan P.A. during the Company's last fiscal year and is retaining that firm during the Company's current fiscal year.

Stuart Wagner, 68, has served as a director of the Company since the effectiveness of the Merger on November 1, 1998 and has been retained as a consultant for Diversitech Corp. since 1997. 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.

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, 37, serves as Vice President and Director of Sales for the Export Department of Steiner since joining Steiner in May 1993.

Ronald London, 67, serves as Vice President and primarily overseas sales of the retail Dry Cleaning Equipment Department of Steiner since joining Steiner in September 1992.

Jon D. Robinette, 42, has, since July 1999, served as Vice President and General Manager of the Company's telecommunications operations, responsible for managing and coordinating operations in the Company's Milpitas, California facility. Prior thereto, Mr. Robinette served as Operations Manager for the Company's telecommunications operations from October 1984.

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 2000 Annual Meeting of Stockholders to be filed pursuant to Regulation l4A 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.
- -------- --

The information called for by this Item will be contained in the Company's definitive Proxy Statement with respect to the Company's 2000 Annual Meeting of Stockholders to be filed pursuant to Regulation l4A 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 2000 Annual Meeting of Stockholders to be filed pursuant to Regulation l4A 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 with the Commission 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.)

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.)

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.)

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.)

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.)

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.)

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.)

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) Loan and Security Agreement dated November 2, 1998 between Steiner-Atlantic Corp. and First Union National Bank. (Exhibit 4.2(a) to the Company's Current Report on Form 8-K dated (date of earliest event reported) October 29, 1998.)

4(a)(2) Guaranty and Security Agreement dated November 2, 1998 by the Company in favor of First Union National Bank. (Exhibit 4.2(b) to the Company's Current Report on Form 8-K dated (date of earliest event reported) October 29, 1998.)

10(a)(1)(i) Lease dated April 1, 1991 between the Company and CB Institutional Fund VII with respect to the Company's facilities at 240 South Milpitas Boulevard, Milpitas, California. (Exhibit 10(a)(2) to the Company's Annual Report on Form 10-K for the year ended June 30, 1991, File No. 0-9040.)

10(a)(1)(ii) Second Amendment to Lease dated November 1, 1998 between the Company and The Realty Associates Fund III, L.P. (successor-in-interest to CB Institutional Fund VII) with respect to the Company's facilities at 240 South Milpitas Boulevard, Milpitas, California. (Exhibit 10(a)(1)(ii) to the Company's Transition Report on Form 10-KSB for the transition period from January 1, 1998 to June 30, 1998, File No. 0-9040.)

10(a)(2) 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)(1)(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(b)(2)+ Letter agreement dated August 29, 1996 between the Company and Richard A. Wildman, a former executive officer of the Company. (Exhibit 10(b)(2) to the Company's Annual Report on Form 10-KSB for the year ended June 30, 1997, File No. 0-9040.)

10(c)(1)+ 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)(a)+ The Company's 1984 Non-Employee Director Stock Option Plan, as amended. (Exhibit 10(d)(2) to the Company's Annual Report on Form 10-K for the year ended June 30, 1987, File No. 0-9040.)

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

10(c)(3)+ Form of Stock Option Agreement dated June 25, 1991 entered into between the Company and each of Sheppard Beidler (option has since expired), Lloyd Frank and Michael Michaelson (option has since been exercised), together with a schedule identifying the details in which the actual agreements differ from the exhibit filed herewith. (Exhibit 10(c)(4) to the Company's Annual Report on Form 10-K for the year ended June 30, 1991, File No. 0-9040.)

10(c)(4)+ Form of Stock Option Agreement dated May 4, 1993 entered into between the Company and each of Sheppard Beidler (option has since expired), Lloyd Frank and Michael Michaelson (option has since been exercised), together with a schedule identifying the details in which the actual agreements differ from the exhibit filed herewith. (Exhibit 10(c)(4) to the Company's Annual Report on Form 10-KSB for the year ended June 30, 1993, File No. 0-9040.)

*27 Financial Data Schedule.

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

* 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

No Reports on Form 8-K were filed during the last quarter of the period covered by this Report.

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, 2000

By: /s/ Michael S. Steiner

Michael S. Steiner
President and Chief Executive Officer

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

<TABLE>
<CAPTION>

Signature	Capacity	Date
<S>	<C>	<C>
/s/ Michael S. Steiner - --- Michael S. Steiner	President, Chief Executive Officer (Principal Executive Officer) and Director	September 27, 2000
/s/ William K. Steiner - --- William K. Steiner	Director	September 27, 2000
/s/ Venerando J. Indelicato - --- Venerando J. Indelicato	Chief Financial Officer (Principal Financial and Accounting Officer) and Director	September 27, 2000
/s/ Lloyd Frank - --- Lloyd Frank	Director	September 27, 2000
/s/ Alan M. Grunspan - --- Alan M. Grunspan	Director	September 27, 2000
/s/ Stuart Wagner - --- Stuart Wagner	Director	September 27, 2000
/s/ David Blyer - --- David Blyer	Director	September 27, 2000

</TABLE>

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 with the Commission on October 5, 1998, File No. 0-9040.)

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10(c)(2)(a)+ The Company's 1984 Non-Employee Director Stock Option Plan, as amended. (Exhibit 10(d)(2) to the Company's Annual Report on Form 10-K for the year ended June 30, 1987, File No. 0-9040.)

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

10(c)(3)+ Form of Stock Option Agreement dated June 25, 1991 entered into between the Company and each of Sheppard Beidler (option has since expired), Lloyd Frank and Michael Michaelson (option has since been exercised), together with a schedule identifying the details in which the actual agreements differ from the exhibit filed herewith. (Exhibit 10(c)(4) to the Company's Annual Report on Form 10-K for the year ended June 30, 1991, File No. 0-9040.)

10(c)(4)+ Form of Stock Option Agreement dated May 4, 1993 entered into between the Company and each of Sheppard Beidler (option has since expired), Lloyd Frank and Michael Michaelson (option has since been exercised), together with a schedule identifying the details in which the actual agreements differ from the exhibit filed herewith. (Exhibit 10(c)(4) to the Company's Annual Report on Form 10-KSB for the year ended June 30, 1993, File No. 0-9040.)

*27 Financial Data Schedule.

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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.

<TABLE> <S> <C>

<ARTICLE> 5

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<CGS>	13,213,440
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