SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-QSB

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2000

OR

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

Commission file number 0-9040

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

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

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

(305) 754-4551
(Issuer's Telephone Number, Including Area Code)

Not Applicable
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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

State the number of shares outstanding of each of the issuer's classes of common equity as of the latest practicable date: Common Stock, $.025 par value per share - 6,975,000 shares outstanding as of May 1. 2000.

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

	For the nine months ended March 31,		For the three months ended March 31,	
	2000	1999	2000	1999
	(Unaudited)		(Unaudited)	
<S>	<C>	<C>	<C>	<C>
Sales	$13,726,000	$13,447,294	$5,085,375	$4,846,630
Management fees, commissions and other income	584,386	390,791	184,589	101,258
Total revenues	14,310,386	13,838,085	5,269,964	4,947,888
Cost of goods sold	9,696,738	9,977,613	3,571,508	3,563,432
Selling, general and administrative expenses	3,266,310	2,758,449	1,127,686	920,539
Research and development	198,537	105,249	69,716	64,343
	13,161,585	12,841,311	4,768,910	4,548,314
Operating income	1,148,801	996,774	501,054	399,574
Other income and expenses				
Other expense	(2,000)	-	(2,000)	-
Interest income	21,092	48,090	5,999	16,613
Interest expense	(124,461)	(128,748)	(40,233)	(44,643)
	(105,369)	(80,658)	(36,234)	(28,030)
Earnings before taxes	1,043,432	916,116	464,820	371,544
Provision for income taxes (3)	417,373	253,017	185,928	148,618
Net earnings	$ 626,059	$ 663,099	$ 278,892	$ 222,926

Basic earnings per share (4)	$ .09	$ .11	$ .04	$ .03
Diluted earnings per share (4)	$ .09	$ .10	$ .04	$ .03
Weighted average number of shares outstanding (4)				
Basic	6,940,556	5,917,646	6,958,333	6,875,000
Diluted	7,338,037	6,414,632	7,431,297	7,371,986

PRO FORMA AMOUNTS (Unaudited)		
Earnings before taxes	$ 916,116	$ 371,544
Provision for income taxes (3)	366,446	148,618
Proforma net earnings	$ 549,670	$ 222,926
Proforma basic earnings per share	$ .09	$ .03
Weighted average number of shares of common stock outstanding	5,917,646	6,875,000

</TABLE>

DRYCLEAN USA, Inc.

CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

	March 31, 2000 (Unaudited)	June 30, 1999
ASSETS		
CURRENT ASSETS		
<S>	<C>	<C>
Cash and cash equivalents	$ 617,222	$ 964,768
Accounts receivable, net	1,918,778	1,741,698
Inventories	4,271,107	4,243,348
Current portion of lease receivables	117,774	116,927
Deferred income taxes	43,141	43,141
Prepaid expenses and other	174,718	143,885
Total current assets	7,142,740	7,253,767
Lease receivables due after one year	61,868	90,882
Equipment and improvements - at cost	1,045,493	924,116
Less accumulated depreciation	598,406	590,411
	447,087	333,705
Franchise, trademarks and other intangible assets, net of accumulated amortization of $45,117	521,681	-
Deferred tax asset	22,884	22,884
	$8,196,260	$7,701,238

</TABLE>

DRYCLEAN USA, Inc.

CONSOLIDATED BALANCE SHEETS

LIABILITIES AND SHAREHOLDERS' EQUITY

<TABLE>
<CAPTION>

	March 31, 2000 (Unaudited)	June 30, 1999
CURRENT LIABILITIES		
<S>	<C>	<C>
Accounts payable and accrued expenses	$ 1,307,423	$ 1,266,838
Current portion of bank loan	480,000	440,000
Customer deposits	276,338	278,008

Income taxes payable	220,722	80,674
	------------	------------
Total current liabilities	2,284,483	2,065,520
Long term loan less current portion	1,280,000	1,680,000
	------------	------------
Total liabilities	3,564,483	3,745,520
SHAREHOLDER'S EQUITY		
Common stock, $.025 par value, 15,000,000 shares authorized; 7,001,250 and 6,951,250 shares issued, including shares held in treasury	175,031	173,781
Additional paid-in capital	2,022,977	1,974,227
Retained earnings	2,433,769	1,807,710
Treasury shares, 26,250 shares at cost	-	-
	------------	------------
Total shareholder's equity	4,631,777	3,955,718
	------------	------------
	$ 8,196,260	$ 7,701,238
	===========	===========

</TABLE>

DRYCLEAN USA, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

	Nine months ended March 31, 2000 (Unaudited)	Nine months ended March 31, 1999 (Unaudited)
<S>	<C>	<C>
Operating activities:		
Net earnings	$ 626,059	$ 663,099
Adjustments to reconcile net earnings to net cash provided (used) by operating activities:		
Bad debt expense	3,641	4,145
Depreciation and amortization	98,229	27,042
Net changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts and lease receivables	(152,554)	(203,569)
Inventories	(27,759)	326,434
Prepaid expenses and other assets	(30,833)	(55,106)
Increase (decrease) in:		
Accounts payable and accrued expenses	40,585	(1,416,136)
Customer deposits	(1,670)	(89,501)
Income taxes payable	140,048	119,079
	-------	-------
Net cash provided (used) by operating activities	695,746	(624,513)
	-------	-------
Investing activities:		
Capital expenditures	(733,292)	(60,204)
Cash of acquired company	-	384,888
	-------	-------
Net cash provided (used) by investing activities	(733,292)	324,684
	-------	-------
Financing activities:		
Repayments under line of credit	-	(1,000,000)
Payments on term loan	(360,000)	(576,613)
Borrowings under new term loan	-	2,400,000
Proceeds from exercise of stock options	50,000	
Cash distribution to shareholders	-	(727,394)
	-------	-------
Net cash provided (used) in financing activities	(310,000)	95,993
	-------	-------
Net decrease in cash and cash equivalents	(347,546)	(203,836)
Cash and cash equivalents at beginning of period	964,768	828,390
	-------	-------
Cash and cash equivalents at end of period	$ 617,222	$ 624,554
Supplemental information:		
Cash paid for interest	$ 124,461	$ 128,748
Cash paid for income taxes	277,325	125,000
Non-cash transactions		
Acquisition of net assets of acquired company	-	$ 1,541,807

</TABLE>

DRYCLEAN USA Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note (1) - General: The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and the instructions to Form 10-QSB related to interim period financial statements. Accordingly, these financial statements do not include certain information and footnotes required by generally accepted accounting principles for complete financial statements. However, the accompanying unaudited financial statements contain all adjustments (consisting only of normal recurring accruals) which, in the opinion of management, are necessary in order to make the financial statements not misleading. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. For further information, refer to the Company's financial statements and footnotes thereto included in the Company's Annual Report on Form 10-KSB for the year ended June 30, 1999. The June 30, 1999 balance sheet was derived from audited financial statements as of that date.

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

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

For financial accounting (but not corporate law) purposes, the Merger is treated as a "reverse" acquisition of the Company by Steiner utilizing the "purchase" method of accounting. As a result, all financial statements of the Company included in reports filed by the Company following the Merger covering periods prior to November 1, 1998 reflect only the results of operations, financial position and cash flows of Steiner on a stand alone basis. All consolidated financial statements of the Company for periods commencing November 1, 1998 in addition include the results of operations, financial position and cash flows of the Company's telecommunications operations from and after November 1, 1998. Accordingly, the results for the nine month period ended March 31, 1999 include only five months of operations of the telecommunications division.

Note (3) - Proforma Income Tax: Prior to November 1, 1998, Steiner was a Subchapter S corporation under the Internal Revenue Code of 1986, as amended (the "Code"), and accordingly, its shareholders, rather than it, were subject to income taxation on Steiner's earnings. The proforma provision for income taxes represents the provision for income taxes that would have been recorded had Steiner been taxed under Subchapter C of the Code for the periods shown.

Note (4) - Earnings Per Common Share: In 1997, the FASB issued Statement No. 128, "Earnings per share." Statement No. 128 replaced the calculation of primary and fully diluted earnings per share. Unlike primary earnings per share, basic earnings per share excludes any dilutive effects of stock options. Diluted earnings per share is very similar to the previously reported fully diluted earnings per share. All earnings per share amounts for all periods have been presented to conform to the Statement No. 128 requirements.

Note (5) - Segment Information: The Company's reportable segments are strategic businesses that offer different products and services. They are managed separately because each business requires different technology and marketing strategies. The Company primarily evaluates the operating performance of its segments based on the categories noted in the table below. The Company has no sales between segments.

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

	For the nine months ended March 31,		For the nine months ended March 31,	
	2000	1999	2000	1999
	(Unaudited)		(Unaudited)	
<S>	<C>	<C>	<C>	<C>
Revenues:				
Commercial and industrial laundry and drycleaning	$11,788,615	$12,647,550	$4,313,165	$4,281,005
Manufacturing and sales of telephone test equipment	2,521,771	1,190,535	956,799	666,883

Total revenues	$14,310,386	$13,838,085	$5,269,964	$4,947,888
Operating income (loss)				
Commercial and industrial laundry and drycleaning	$1,176,292	$1,183,049	$ 421,972	$ 514,500
Manufacturing and sales of telephone test equipment	(27,491)	(186,275)	79,082	(114,926)
Total operating income (loss)	$1,148,801	996,774	$ 501,054	$ 399,574

	March 31, 2000 (Unaudited)	June 30, 1999
Identifiable assets:		
Commercial and industrial laundry and drycleaning	$ 5,559,634	$ 5,585,195
Manufacturing and sales of telephone test equipment	2,636,626	2,116,043
Total assets	$ 8,196,260	$ 7,701,238

</TABLE>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

LIQUIDITY AND CAPITAL RESOURCES

For the nine month period ended March 31, 2000, cash decreased by $347,546. Operating activities provided cash of $695,746, of which $626,059 was generated by net income and $98,229 and $3,641 was derived from non-cash expenses for depreciation and amortization and from bad debts, respectively. Of the cash generated by operating activities, $152,554 was used to support an increase in accounts receivable, $27,759 was used to increase inventories and $30,883 was used to increase prepaid expenses. Additional cash was generated by an increase in accounts payables ($40,585) and the liability for income taxes payable ($140,048) offset in part by a decrease in customer deposits ($1,670). Investing activities used cash of $733,292, primarily to fund the acquisition of the worldwide rights to the name DRYCLEAN USA, along with existing franchise and license agreements, for $550,000 and $91,341 for transaction costs. Cash of $80,000 was used to acquire the rights to certain products already marketed by Metro Tel under a royalty agreement and the balance of $11,951 was used to purchase other capital assets. Financing activities used cash of $310,000 to make required monthly installments of principal under the Company's term loan ($360,000) partially offset by proceeds from the exercise of stock options ($50,000). The Company believes that its present cash, cash it expects to generate from operations and cash available against its $2,250,000 line of credit, will be sufficient to meet its operational needs.

RESULTS OF OPERATIONS

The results for the nine month period ended March 31, 1999 reflect the results of drycleaning and laundry equipment and steam boiler supplier operations for the full period along with five months of operations of the telecommunications division. Both operations are fully included in the results for all of the other reported periods.

Net sales for the nine and three month periods ended March 31, 2000 increased by $278,706 (2.0%) and $238,745 (4.9%), respectively, when compared to the same periods of fiscal 1999. The increase in sales for the nine month period was principally due to the inclusion of the telecommunication operations for the entire period compared to five months in the prior comparable period. For the three month period in fiscal 2000, telecommunication operations sales increased by 43.5% over the prior year's comparable period which offset a slight decrease in the sales of Steiner (2.5%). Sales of new products and an increase in sales of core telecommunication products accounted for the strong performance of the telecommunication division over the comparable period of fiscal 1999.

Management fees, commissions and other income increased by $193,595 (49.5%) and $83,331 (82.3%) for the nine and three month periods, respectively, in fiscal 2000 over the same periods of fiscal 1999. The increases in each fiscal 2000 period were mainly due to commissions and license fees generated by the Company's new drycleaning brokerage and licensing subsidiaries which offset a reduction in drycleaning management fees from an affiliated company.

Costs of goods sold, expressed as a percentage of sales, improved to 70.6% and

70.2% for the nine and three month periods, respectively, of fiscal 2000 from 74.2% and 73.5% for the comparable periods of fiscal 1999. The improvement in the nine month period was mainly due to the inclusion of telecommunication sales, which historically have a higher margin. The improvement in the three month period was due to increased sales of the telecommunications division which enabled it to better absorb fixed costs.

Selling, general and administrative expenses increased by $507,861 (18.4%) and $207,147 (22.5%) for the nine and three month periods, respectively, in fiscal 2000 from the comparable periods of fiscal 1999. The increase in the nine month period was attributed to the inclusion of the telecommunications division which offset a reduction in this category of expenses at the commercial drycleaning and laundry division caused by a decrease in executive compensation as a result of the merger. For the three month period the increase was due to expenses attributable to the new drycleaning brokerage and licensing subsidiaries which offset a reduction in administrative expense in the telecommunications division.

Research and development expenses, which relate solely to telecommunications operations, increased by $93,288 (88.6%) and $5,373 (8.4%) for the nine and three month periods, respectively, over the same periods of a year ago mainly due to the fact that only five months of telecommunication operations were included in the nine month period ended March 31, 1999, while the increase for the three month period was attributable to increased salaries.

Interest income decreased by $26,998 (56.1%) and $10,614 (63.9%) during the nine and three month periods, respectively, of fiscal 2000 from the comparable periods in fiscal 1999 as a result of fewer customer equipment leases (which qualify as sales-type leases) being outstanding.

Interest expense decreased by $4,287 (3.3%) and $4,410 (9.9%) during the nine and three month periods, respectively, of fiscal 2000 from the comparable periods of fiscal 1999 due to a reduction in outstanding debt which was partially offset by higher interest rates.

The provision for income taxes increased by $164,356 (65.0%) in the first nine months of fiscal 2000 over the same period of fiscal 1999 because, for the first four months of fiscal 1999, Steiner was a Subchapter S Corporation under the Internal Revenue Code of 1986, as amended, and accordingly its shareholders, rather than it, were subject to income taxation on Steiner's earnings. (See Note 3.)

PART 11 - OTHER INFORMATION

Item 2. Changes in Securities

(a) On October 29, 1999 and November 17, 1999, Michael Epstein, a former director of the Company, exercised options to purchase 17,500 and 2,500 shares of the Company's Common Stock under the Company's 1984 Non-Employee Director Stock Option Plan (10,000 shares) and 1994 Non-Employee Director Stock Option Plan (10,000 shares). In connection with the exercise of those options, Mr. Epstein represented, among other things, that he was acquiring such shares for his own account, for investment only and not with a view to the resale or distribution thereof.

(b) On each of February 11, 2000 and March 13, 2000, Michael Michaelson, a former director of the Company, exercised an option to purchase 10,000 shares of the Company's Common Stock (an aggregate of 20,000 shares) granted to him on June 15, 1991 and May 4, 1993, respectively. In connection with the exercise of those options, Mr. Michaelson represented, among other things, that he was acquiring such shares for his own account, for investment only and not with a view to the resale or distribution thereof.

(c) On January 25, 2001, Simon Tam, an employee of the Company, exercised an option to purchase 10,000 shares of the Company's Common Stock granted to him on June 26, 1997 under the Company's 1991 Stock Option Plan. Mr. Tam has represented to the Company, among other things, that such shares were being acquired by him for investment, for his own account and not with a view to the distribution or resale thereof.

The Company believes that the exemption afforded by Section 4(2) of the Securities Act of 1933, as amended, is applicable to each of the above issuances as transactions by an issuer not involving any public offering.

Item 7. Exhibits and Reports on Form 8-K

(a) Exhibits

27. Financial data schedule

(b) Reports on Form 8-K

No Reports on Form 8-K were filed during the quarter ended

March 31, 2000.

SIGNATURES

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

Date: May 12, 2000 DRYCLEAN USA, Inc.

/s/ Venerando J. Indelicato

By: Venerando J. Indelicato
Treasurer and Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description
27	Financial Data Schedule

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