UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2012

OR

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

Commission file number 001-14757

EnviroStar, Inc.
(Exact name of Registrant as Specified in Its charter)

DELAWARE (State of Other Jurisdiction of Incorporation or Organization)	11-2014231 (I.R.S. Employer Identification No.)

290 N.E. 68 Street, Miami, Florida 33138
(Address of Principal Executive Offices)

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

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☒

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: Common Stock, $.025 par value per share – 7,033,732 shares outstanding as of November 9, 2012.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

EnviroStar, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations

	For the three months ended September 30,	
	2012	2011
	(Unaudited)	(Unaudited)
Net sales	**$ 6,458,651**	$ 6,234,500
Development fees, franchise and license fees, commission income and other revenue	**54,463**	73,371
Total revenues	**6,513,114**	6,307,871
Cost of sales, net	**5,115,426**	4,787,981
Selling, general and administrative expenses	**1,155,264**	1,147,485
Total operating expenses	**6,270,690**	5,935,466
Operating income	**242,424**	372,405
Interest income	**4,599**	3,877
Earnings before provision for income taxes	**247,023**	376,282
Provision for income taxes	**95,184**	142,784
Net earnings	**$ 151,839**	$ 233,498
Net earnings per share – basic and diluted	**$ .02**	$ .03
Weighted average number of basic and diluted common shares outstanding:	**7,033,732**	7,033,732

See Notes to Condensed Consolidated Financial Statements

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EnviroStar, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets

ASSETS

	September 30, 2012 (Unaudited)	June 30, 2012 (Audited)
Current assets		
Cash and cash equivalents	**$ 10,397,999**	$ 6,527,940
Accounts and trade notes receivable, net of allowance for doubtful accounts	**2,425,975**	1,400,773
Inventories, net	**2,570,904**	2,371,444
Lease and mortgage receivables, net	**24,343**	33,073
Deferred income taxes	**116,408**	119,463
Refundable income taxes	—	18,700
Other current assets	**623,303**	84,225
Total current assets	**16,158,932**	10,555,618
Lease and mortgage receivables-due after one year	38,323	38,323
Equipment and improvements, net	**197,767**	185,703
Intangible assets, net	**62,595**	65,890
Deferred income taxes	**38,789**	27,063
Total assets	**$ 16,496,406**	$ 10,872,597

See Notes to Condensed Consolidated Financial Statements

EnviroStar, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets

LIABILITIES AND SHAREHOLDERS' EQUITY

	September 30, 2012 (Unaudited)	June 30, 2012 (Audited)
Current liabilities		
Accounts payable and accrued expenses	**$ 2,639,366**	$ 922,371
Accrued employee expenses	**310,678**	564,734
Income taxes payable	**85,155**	—
Deferred income	**14,999**	20,000
Customer deposits	**4,997,704**	1,068,827
Total current liabilities	**8,047,902**	2,575,932
Total liabilities	**8,047,902**	2,575,932
Shareholders' equity		
Preferred stock, $1.00 par value: authorized shares – 200,000; none issued and outstanding	**—**	—
Common stock, $0.025 par value: authorized shares – 15,000,000; 7,065,500, shares issued and outstanding, including shares held in treasury	**176,638**	176,638
Additional paid-in capital	**2,095,069**	2,095,069
Retained earnings	6,180,735	6,028,896
Treasury stock, 31,768 shares at cost	**(3,938)**	(3,938)
Total shareholders' equity	8,448,504	8,296,665
Total liabilities and shareholders' equity	**$ 16,496,406**	$ 10,872,597

See Notes to Condensed Consolidated Financial Statements

EnviroStar, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows

	For the three months ended September 30,	
	2012	2011
	(Unaudited)	(Unaudited)
Operating activities:		
Net earnings	**$ 151,839**	$ 233,498
Adjustments to reconcile net earnings to net cash and cash equivalents provided (used) by operating activities:		
Depreciation and amortization	**14,771**	12,545
Bad debt expense	**—**	450
Inventory reserve	**—**	4,337
(Benefit) for deferred income taxes	**(8,671)**	(102)
(Increase) decrease in operating assets:		
Accounts and trade notes receivables	**(1,025,202)**	(789,433)
Inventories	**(199,460)**	(183,326)
Lease and mortgage receivables	**8,730**	22,675
Other current assets	**(539,078)**	(39,033)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	**1,716,995**	115,866
Accrued employee expenses	**(254,056)**	(321,670)
Income taxes payable	**103,855**	64,885
Unearned income	**(5,001)**	—
Customer deposits	**3,928,877**	763,453
Net cash provided (used) by operating activities	**3,893,599**	(115,855)
Investing activities:		
Capital expenditures	**(23,540)**	—
Net cash used by investing activities	**(23,540)**	—
Net increase (decrease) in cash and cash equivalents	**3,870,059**	(115,855)
Cash and cash equivalents at beginning of period	**6,527,940**	6,907,020
Cash and cash equivalents at end of period	**$ 10,397,999**	$ 6,791,165
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Income taxes	**$ —**	$ 78,000

See Notes to Condensed Consolidated Financial Statements

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EnviroStar, Inc. and Subsidiaries
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2012
(Unaudited)

Note (1) - General: The accompanying unaudited condensed consolidated financial statements include the accounts of EnviroStar, Inc. and its subsidiaries (the "Company"). All material intercompany balances and transactions have been eliminated in consolidation.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial statements and the instructions to Form 10-Q and Article 10 of Regulation S-X related to interim period financial statements. Accordingly, these condensed consolidated financial statements do not include certain information and footnotes required by GAAP for complete financial statements. However, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting only of normal recurring accruals) which, in the opinion of management, are necessary in order to make the financial statements not misleading. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. The condensed consolidated financial statements should be read in conjunction with the Summary of Significant Accounting Policies and other footnotes included in the Company's Annual Report on Form 10-K for the year ended June 30, 2012. The June 30, 2012 balance sheet information contained herein was derived from the audited consolidated financial statements included in the Company's Annual Report on Form 10-K as of that date.

The preparation of the condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Note (2) - Earnings Per Share: Basic earnings per share for the three months ended September 30, 2012 and 2011 are computed as follows:

	For the three months ended September 30,	
	2012 (Unaudited)	2011 (Unaudited)
Net income	**$ 151,839**	$ 233,498
Weighted average shares outstanding	**7,033,732**	7,033,732
Basic and fully diluted earnings per share	**$ .02**	$ .03

At September 30, 2012, the Company had no outstanding options to purchase shares of the Company's common stock or other dilutive securities.

Note (3) - Lease and Mortgage Receivables: Lease and mortgage receivables result from customer leases of equipment under arrangements which qualify as sales type leases. At September 30, 2012, future lease payments, (net of deferred interest of $16,687 at September 30, 2012), due under these leases was $62,666. At June 30 2012, future lease payments, (net of deferred interest of $18,694 at June 30, 2012), due under these leases was $71,396.

EnviroStar, Inc. and Subsidiaries
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2012
(Unaudited)

Note (4) - Revolving Credit Line: Effective November 1, 2012, the Company's existing $2,250,000 revolving line of credit facility was extended to November 1, 2013. The Company's obligations under the credit facility are guaranteed by the Company's subsidiaries and collateralized by substantially all of the Company's assets. No amounts were outstanding under this facility at September 30, 2012 or June 30, 2012, nor were there any amounts outstanding at any time during fiscal 2012 or the first quarter of fiscal 2013. The loan agreement requires maintenance of certain debt service coverage and leverage ratios and contained other restrictive covenants, including limitations on the extent to which the Company and its subsidiaries could incur additional indebtedness, pay dividends, guarantee indebtedness of others, grant liens, sell assets and make investments. The Company was in compliance with these covenants at September 30, 2012 and 2011 and June 30, 2012.

Note (5) - Income Taxes: Income tax expense varies from the federal corporate income tax rate of 34%, primarily due to state income taxes, net of federal income tax effect, and permanent differences.

As of September 30, 2012 and June 30, 2012, the Company had deferred tax assets of $155,197 and $146,526, respectively. Consistent with the guidance of the Financial Accounting Standards Board (the "FASB") regarding accounting for income taxes, the Company regularly estimates its ability to recover deferred tax assets and establishes a valuation allowance against deferred tax assets to reduce the balance to amounts expected to be recoverable. This evaluation considers several factors, including an estimate of the likelihood of generating sufficient taxable income in future periods over which temporary differences reverse, the expected reversal of deferred tax liabilities, past and projected taxable income and available tax planning strategies. As of September 30, 2012 and June 30, 2012, management believes that it is more-likely-than not that the results of future operations will generate sufficient taxable income to realize the net amount of the Company's deferred tax assets over the periods during which temporary differences reverse.

The Company follows Accounting Standards Codification ("ASC") Topic 740-10-25, "Accounting for Uncertainty in Income Taxes" ("ASC 740"). ASC 740 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. During the three months ended September 30, 2012, this standard did not result in any adjustment to the Company's provision for income taxes.

As of September 30, 2012, the Company was subject to potential Federal and State tax examinations for the tax years 2009 through 2012.

EnviroStar Inc and Subsidiaries.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2012
(Unaudited)

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

	For the three months ended September 30,	
	2012 (Unaudited)	2011 (Unaudited)
Revenues:		
Commercial and industrial laundry and dry cleaning equipment and boilers	**$ 6,460,340**	$ 6,260,324
License and franchise operations	**52,774**	47,547
Total revenues	**$ 6,513,114**	$ 6,307,871
Operating income (loss):		
Commercial and industrial laundry and dry cleaning equipment and boilers	**$ 313,642**	$ 458,354
License and franchise operations	**19,678**	12,518
Corporate	**(90,896)**	(98,467)
Total operating income	**$ 242,424**	$ 372,405

	September 30, 2012 (Unaudited)	June 30, 2012 (Audited)
Identifiable assets:		
Commercial and industrial laundry and dry cleaning equipment and boilers	**$ 16,114,468**	$ 10,105,561
License and franchise operations	**219,143**	594,242
Corporate	**162,795**	172,824
Total assets	**$ 16,496,406**	$ 10,872,597

Note (7) - Recently Adopted Accounting Guidance:

In January 2010, the FASB issued ASU 2010-06, "Fair Value Measurements and Disclosures (ASC 820): Improving Disclosures about Fair Value Measurements" ("ASU 2010-06"). ASU 2010-06 amends ASC Topic 820 and clarifies and provides additional disclosure requirements on the transfers of assets and liabilities between Level 1 (quoted prices in active market for identical assets or liabilities) and Level 2 (significant other observable inputs) of the fair value measurement hierarchy, including the reasons for and the timing of the transfers. Additionally, the guidance requires a roll forward of activities on purchases, sales, issuance, and settlements of the assets and liabilities measured using significant unobservable inputs (Level 3 fair value measurements). ASU 2010-06 became effective for the Company beginning July 1, 2010, except for the gross presentation of the Level 3 roll forward, which was required for annual reporting periods beginning July 1, 2011 and for interim reporting periods thereafter. Early application was permitted and comparative disclosures were not required in the period of initial adoption. The adoption of ASU 2010-06 did not have a material impact on the Company's consolidated financial statements.

In July 2010, the FASB issued ASU 2010-20, "Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Loss" ("ASU 2010-20"). ASU 2010-20 amends ASC 310, "Receivables" to enhance disclosures about the credit quality of financing receivables and the allowance for credit losses by requiring an entity to provide a greater level of disaggregated information and to disclose credit quality indicators, past due information, and modifications of its financing receivables. ASU 2010-20 is effective for interim or annual fiscal years for the Company beginning January 1, 2011. The Company's adoption of ASU 2010-20 did not have a material impact on its consolidated financial statements.

In April 2011, the FASB issued ASU 2011-02, "Receivables (Topic 310): A Creditor's Determination of Whether a Restructuring Is a Troubled Debt Restructuring" ("ASU 2011-02"). ASU 2011-02 provides additional guidance clarifying when the restructuring of a receivable should be considered a troubled debt restructuring. The additional guidance provided by ASU 2011-02 is for determining whether a creditor has granted a concession and whether the debtor is experiencing financial difficulty. ASU 2011-02 also ends the deferral of activity-based disclosures related to troubled debt restructurings. The Company adopted ASU 2011-02 in the third quarter of 2011. The adoption of ASU 2011-02 did not impact the Company's consolidated financial statements.

In May 2011, the FASB issued ASU 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs" ("ASU 2011-04"). ASU 2011-04 amends ASC 820, providing a consistent definition and measurement of fair value, as well as similar disclosure requirements between U.S. GAAP and International Financial Reporting Standards. ASU 2011-04 changes certain fair value measurement principles, clarifies the application of existing fair value measurement and expands the ASC 820 disclosure requirements, particularly for Level 3 fair value measurements. ASU 2011-04 is effective for interim and annual periods beginning after December 15, 2011. The adoption of ASU 2011-04 did not have a material impact on the Company's consolidated financial statements.

EnviroStar Inc and Subsidiaries.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2012
(Unaudited)

Note (8) – Subsequent Events: On November 9, 2012, the Board of Directors declared a $.60 per share special dividend, payable on December 12, 2012 to shareholders of record on November 28, 2012. The Company also renewed the Company's bank revolving line of credit facility on November 1, 2012 as discussed in Note 4. There were no other recognizable or non-recognizable subsequent events in its evaluation of events and transaction that occurred after September 30, 2012.

Item 2. Management's Discussion and Analysis of Financial Conditions and Results of Operations.

Overview

Total revenues for the first quarter of fiscal 2013 increased by 3.3% over the same period of fiscal 2012, however, lower margins caused a decrease of 35.0% in net earnings for the first quarter of fiscal 2013 when compared to the same period of fiscal 2012. A 3.6% increase in equipment sales in the first quarter of fiscal 2013 when compared to the same period in 2012 was offset by a 2.6% decrease in spare parts sales in the first quarter of fiscal 2013 when compared to the same period in 2012. Spare parts carry higher margins than equipment sales. Selling, general and administrative expenses, which included a reorganized sales and support staff that was completed in fiscal 2012, remained stable, increasing by .7% in the first quarter of fiscal 2013 from the same period of fiscal 2012. Foreign shipments increased by 48.4 % when comparing the first quarter of fiscal 2013 to the first quarter of fiscal 2012.

During the first quarter of fiscal 2013, the Company received a number of large orders for shipment during fiscal 2013. These orders have increased the Company's backlog to historic levels and customer deposits associated with these orders have increased our cash by $3,870,059 to $10,397,999

Inventories increased by 8.4%, during the first quarter of fiscal 2013 when compared to the same period in 2012 to support the increased orders.

Liquidity and Capital Resources

During the first quarter of fiscal 2013, cash increased by $3,870,059 compared to a decrease of $115,855 during the same period of fiscal 2012. The following summarizes the Company's Consolidated Statement of Cash Flows.

	Three Months Ended September 30, **2012** **(Unaudited)**	2011 (Unaudited)
Net cash provided (used) by:		
Operating activities	**$ 3,893,599**	$ (115,855)
Investing activities	**(23,540)**	—
Net increase (decrease) in cash	**$ 3,870,059**	$ (115,855)

For the three months ended September 30, 2012, operating activities provided cash of $3,893,599 compared to $115,855 of cash used during the same period of fiscal 2012. The increase in cash is primarily attributed to an increase of $3,928,877 in customer deposits associated with a number of large orders received by the Company during the first quarter of fiscal 2013. In addition, $1,716,995 of cash was provided by an increase in accounts payable and accrued expenses, representing equipment received and shipped but not yet paid for. Additional cash was provided by the Company's net earnings of $151,839 and non-cash expenses for depreciation and amortization of $14,771. Offsetting these increases in cash was an increase in accounts and trade notes receivables which used cash of $1,025,202 reflecting heavy shipments in September 2012, which were not yet due for payment. Other assets used cash of $539,078 mostly for prepayments to vendors for specialized equipment on order. In addition, cash of $254,056 was used to decrease accrued employee expenses as year-end bonuses were paid out during the first quarter of fiscal 2013. An increase in inventories used cash of $199,460 to support current orders. Also, $103,855 of cash was provided by an increase in income taxes payable as tax deposits were made after the quarter ended. Other factors affecting cash in the normal course of business was a benefit of $8,671 for deferred income taxes, an $8,730 decrease in leases and mortgages receivables and a decrease of $5,001 in unearned income.

For the three months ended September 30, 2011, operating activities used cash of $115,855 compared to $880,876 of cash provided during the same period of fiscal 2011. The cash used by operating activities in the fiscal 2012 period was primarily due to an increase of $789,433 in accounts and trade notes receivable caused by heavy shipments in September 2011 that had not been paid for by September 30, 2011. This use of cash was largely offset by an increase of $763,453 in customer deposits as orders increased during the period. Cash of $321,670 was used in the first quarter of fiscal 2012 as a result of a decrease in accrued employee expenses as year-end accrued bonuses were paid out during the first quarter of fiscal 2012. In addition, inventories increased by $183,326 to support the current level of orders. These uses of cash were partially offset predominantly by cash provided by the Company's net income of $233,498 and non cash expenses for depreciation and amortization of $12,545, an increase in accounts payable and accrued expenses of $115,866 and an increase in income taxes payable of $64,885.

Investing activities used cash of $23,540 during the first quarter of fiscal 2013 for capital expenditures. There were no expenditures for investing activities during the first quarter of fiscal 2012.

There were no financing activities during the first quarters of fiscal 2013 and 2012.

Effective November 1, 2012, the Company's existing $2,250,000 revolving line of credit facility was extended to November 1, 2013. The Company's obligations under the credit facility are guaranteed by the Company's subsidiaries and collateralized by substantially all of the Company's and its subsidiaries' assets. No amounts were outstanding under this facility at September 30, 2012 or June 30, 2012, nor were there any amounts outstanding at any time during fiscal 2012 or the first quarter of fiscal 2013.

The Company believes that its existing cash, cash equivalents and net cash from operations will be sufficient to fund its operations and anticipated capital expenditures for at least the next twelve months and to meet its long-term liquidity needs.

Off-Balance Sheet Financing

The Company has no off-balance sheet financing arrangements within the meaning of Item 303(a)(4) of Regulation S-K.

Results of Operations

Revenues

	Three Months Ended September 30,		
	2012 (Unaudited)	2011 (Unaudited)	%
Net sales	**$ 6,458,651**	$ 6,234,500	+3.6%
Development fees, franchise and license fees, commissions and other income	**54,463**	73,371	-25.8%
Total revenues	**$ 6,513,114**	$ 6,307,871	+3.3%

Net sales for the three month period ended September 30, 2012 increased by $224,151 (3.6%) from the same period of fiscal 2012. The increase in sales was primarily attributed to an improvement in equipment sales, which increased by 3.6%. This increase was offset by a 2.6% decrease in spare parts sales. However, foreign sales continued their improvement increasing by 48.4% during the first quarter of fiscal 2013.

Revenues of development fees, franchise and license fees, commissions and other income decreased by $18,908 (25.8%) primarily due to a reduction in commissions paid to the Company by other distributors.

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Operating expenses

	Three Months Ended September 30, **2012** **(Unaudited)**	2011 (Unaudited)
As a percentage of net sales:		
Cost of sales	**79.2%**	76.8%
As a percentage of revenues:		
Selling, general and administrative expenses	**17.7%**	18.2%
Total expenses	**96.3%**	94.1%

Costs of goods sold, expressed as a percentage of sales, increased to 79.2% in the first quarter of fiscal 2013 from 76.8% for the same period of fiscal 2012. The increase was due mainly to shipments of large equipment orders which normally carry lower margins and a slight reduction in spare parts shipments which generally carry higher margins.

Selling, general and administrative expenses increased by $7,779 (.7%) in the first quarter of fiscal 2013 over the first quarter of fiscal 2012, but as a percentage of revenues improved to 17.7% from 18.2% for the same comparable periods. The improvement as a percentage of revenues, despite a slight increase in dollar amount, was due to the absorption of selling, general and administrative expenses over higher revenues.

Interest income increased by $722 (18.6%) in the first quarter of fiscal 2013 from the same period of fiscal 2012, primarily due to slightly higher interest rates.

The Company's effective income tax rate for the first quarter of fiscal 2013 increased to 38.5% from 37.9% for the same period of fiscal 2012. The slight variation reflects changes in permanent and temporary adjustments to taxable income.

Inflation

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

Transactions with Related Parties

The Company leases warehouse and office space under an operating lease from the Sheila Steiner Revocable Trust. The trustees of this trust are Sheila Steiner, her husband, William K. Steiner, and her son, Michael S. Steiner. William K. Steiner, is Chairman of the Board of Directors and a director of the Company, and Michael S. Steiner, is President and a director of the Company. Michael Steiner, individually, is also a principal shareholder of the Company.

The lease was for an original three year term which commenced on November 1, 2005, with two three-year renewal options in favor of the Company. The Company has exercised the second renewal option, extending the lease until October 31, 2014. The lease provides for annual rent increases commencing November 1, 2006 of 3% over the rent in the prior year. The Company bears the cost of real estate taxes, utilities, maintenance, non-structural repairs and insurance. The Company believes that the terms of the lease are comparable to terms that would be obtained from an unaffiliated third party for similar property in a similar locale. Rental expense under this lease was approximately $30,200 and $29,300 in the first three months of fiscal 2013 and 2012, respectively.

Critical Accounting Policies

The accounting policies that the Company has identified as critical to its business operations and to an understanding of the Company's results of operations remain unchanged from those described in the Management's Discussion an Analysis of Financial Condition and Results of Operations section of the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2012. The Company makes estimates and assumptions that affect the reported amount of assets and liabilities, contingent assets and liabilities, and the reported amounts of revenues and expenses during the reported period. Therefore, there can be no assurance that the actual results will not differ from those estimates.

Recently Adopted Accounting Guidance

In January 2010, the FASB issued ASU 2010-06, "Fair Value Measurements and Disclosures (ASC 820): Improving Disclosures about Fair Value Measurements" ("ASU 2010-06"). ASU 2010-06 amends ASC Topic 820 and clarifies and provides additional disclosure requirements on the transfers of assets and liabilities between Level 1 (quoted prices in active market for identical assets or liabilities) and Level 2 (significant other observable inputs) of the fair value measurement hierarchy, including the reasons for and the timing of the transfers. Additionally, the guidance requires a roll forward of activities on purchases, sales, issuance, and settlements of the assets and liabilities measured using significant unobservable inputs (Level 3 fair value measurements). ASU 2010-06 became effective for the Company beginning July 1, 2010, except for the gross presentation of the Level 3 roll forward, which was required for annual reporting periods beginning July 1, 2011 and for interim reporting periods thereafter. Early application was permitted and comparative disclosures were not required in the period of initial adoption. The adoption of ASU 2010-06 did not have a material impact on the Company's consolidated financial statements.

In July 2010, the FASB issued ASU 2010-20, "Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Loss" ("ASU 2010-20"). ASU 2010-20 amends ASC 310, "Receivables" to enhance disclosures about the credit quality of financing receivables and the allowance for credit losses by requiring an entity to provide a greater level of disaggregated information and to disclose credit quality indicators, past due information, and modifications of its financing receivables. ASU 2010-20 is effective for interim or annual fiscal years for the Company beginning January 1, 2011. The Company's adoption of ASU 2010-20 did not have a material impact on its consolidated financial statements.

In April 2011, the FASB issued ASU 2011-02, "Receivables (Topic 310): A Creditor's Determination of Whether a Restructuring Is a Troubled Debt Restructuring" ("ASU 2011-02"). ASU 2011-02 provides additional guidance clarifying when the restructuring of a receivable should be considered a troubled debt restructuring. The additional guidance provided by ASU 2011-02 is for determining whether a creditor has granted a concession and whether the debtor is experiencing financial difficulty. ASU 2011-02 also ends the deferral of activity-based disclosures related to troubled debt restructurings. The Company adopted ASU 2011-02 in the third quarter of 2011. The adoption of ASU 2011-02 did not impact the Company's consolidated financial statements.

In May 2011, the FASB issued ASU 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs" ("ASU 2011-04"). ASU 2011-04 amends ASC 820, providing a consistent definition and measurement of fair value, as well as similar disclosure requirements between U.S. GAAP and International Financial Reporting Standards. ASU 2011-04 changes certain fair value measurement principles, clarifies the application of existing fair value measurement and expands the ASC 820 disclosure requirements, particularly for Level 3 fair value measurements. ASU 2011-04 is effective for interim and annual periods beginning after December 15, 2011. The adoption of ASU 2011-04 did not have a material impact on the Company's consolidated financial statements.

Forward Looking Statements

Certain statements in this Report are “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. When used in this Report, words such as “may,” “should,” “seek,” “believe,” “expect,” anticipate,” “estimate,” “project,” “intend,” “strategy” and similar expressions are intended to identify forward looking statements regarding events, conditions and financial trends that may affect the Company’s future plans, operations, business strategies, operating results and financial position. Forward-looking statements are subject to a number of known and unknown risks and uncertainties that may cause actual results, trends, performance or achievements of the Company, or industry trends and results, to differ materially from the future results, trends, performance or achievements expressed or implied by such forward-looking statements. These risks and uncertainties include, among others: general economic and business conditions in the United States and other countries in which the Company’s customers and suppliers are located; industry conditions and trends; technology changes; competition and other factors which may affect prices which the Company may charge for its products and its profit margins; the availability and cost of the inventory purchased by the Company; the relative value of the United States dollar to currencies in the countries in which the Company’s customers, suppliers and competitors are located; changes in, or the failure to comply with, government regulation, principally environmental regulations; the Company’s ability to implement changes in its business strategies and development plans; and the availability, terms and deployment of debt and equity capital if needed for expansion. These and certain other factors are discussed in this Report and from time to time in other Company reports filed with the Securities and Exchange Commission. The Company does not assume an obligation to update the factors discussed in this Report or such other reports.

Item 3. Quantitative and Qualitative Disclosures About Market Risks

All of the Company's export sales require the customer to make payment in United States dollars. Accordingly, foreign sales may be affected by the strength of the United States dollar relative to the currencies of the countries in which their customers and competitors are located, as well as the strength of the economies of the countries in which the Company's customers are located. The Company has, at times in the past, paid certain suppliers in Euros. The Company's bank revolving credit facility contains a $250,000 foreign exchange subfacility for this purpose. The Company had no foreign exchange contracts outstanding at September 30, 2012 or June 30, 2012.

The Company's cash and cash equivalents are maintained in interest-bearing bank accounts, including a money market account, each of which bear interest at prevailing interest rates.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

Changes in Internal Controls

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

PART II. OTHER INFORMATION

Item 6. Exhibits

(a) Exhibits:

Exhibit Number	Description
*31.01	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 promulgated under the Securities Exchange Act of 1934.
*31.02	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 promulgated under the Securities Exchange Act of 1934.
*32.01	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*32.02	Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*101.INS	XBRL Instance Document
*101.SCH	XBRL Taxonomy Extension Schema Document
*101.CAL	XBRL Taxanomy Extension Calculation Linkbase Document
*101.DEF	XBRL Taxanomy Extension Definition Linkbase Document
*101.LAB	XBRL Taxanomy Extension Label Linkbase Document
*101.PRE	XBRL Taxanomy Extension Presentation Linkbase Document

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* Filed with this Report.

XBRL (Extensible Business Reporting Language) information is furnished and not filed herewith, is not a part of a registration statement or Prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, and otherwise is not subject to liability under these sections.

SIGNATURES

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

Date: November 9, 2012

EnviroStar, Inc.

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

Exhibit Index

Exhibit Number	Description
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XBRL (Extensible Business Reporting Language) information is furnished and not filed herewith, is not a part of a registration statement or Prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, and otherwise is not subject to liability under these sections.

EXHIBIT 31.01

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

I, Michael S. Steiner, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2012 of EnviroStar, Inc.;

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

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

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

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

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting.

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

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

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

Date: November 9, 2012

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

EXHIBIT 31.02

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

I, Venerando J. Indelicato, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2012 of EnviroStar, Inc.;

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

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

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting.

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

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

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

Date: November 9, 2012

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

EXHIBIT 32.01

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

In connection with the Quarterly Report of EnviroStar, Inc. (the “Company”) on Form 10-Q for the quarter ended September 30, 2012, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Michael S. Steiner, Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that, to the best of my knowledge:

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

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

November 9, 2012

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

EXHIBIT 32.02

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

In connection with the Quarterly Report of EnviroStar, Inc. (the “Company”) on Form 10-Q for the quarter ended September 30, 2012, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Venerando J. Indelicato, Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that, to the best of my knowledge:

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

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

November 9, 2012

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