

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

FORM 10-Q

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 1997

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: 1-6620

GRIFFON CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE

11-1893410

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

100 JERICHO QUADRANGLE, JERICHO, NEW YORK

11753

(Address of principal executive offices)

(Zip Code)

(516) 938-5544

(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, and (2) has been subject to such filing
requirements for the past 90 days.

X Yes No

Indicate the number of shares outstanding of each of the issuer's classes
of common stock, as of the latest practicable date. 30,684,712 shares of Common
Stock as of January 31, 1998.

FORM 10-Q

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GRIFFON CORPORATION AND SUBSIDIARIES

 CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 1997	September 30, 1997
	----- (Unaudited)	----- (Note 1)
ASSETS		

CURRENT ASSETS:		
Cash and cash equivalents	\$ 12,673,000	\$ 15,414,000
Marketable securities	382,000	1,379,000
Accounts receivable, less allowance for doubtful accounts	100,608,000	105,050,000
Contract costs and recognized income not yet billed	42,288,000	40,465,000
Inventories (Note 2)	83,072,000	88,123,000
Prepaid expenses and other current assets	16,193,000	13,676,000
Total current assets	----- 255,216,000	----- 264,107,000
PROPERTY, PLANT AND EQUIPMENT at cost, less accumulated depreciation and amortization of \$56,536,000 at December 31, 1997 and \$53,673,000 at September 30, 1997	76,962,000	77,080,000
OTHER ASSETS	46,437,000	43,572,000
	----- \$378,615,000	----- \$384,759,000
	=====	=====

<FN>

See notes to condensed consolidated financial statements.

</FN>

GRIFFON CORPORATION AND SUBSIDIARIES

 CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 1997	September 30, 1997
	----- (Unaudited)	----- (Note 1)
LIABILITIES AND SHAREHOLDERS' EQUITY		

CURRENT LIABILITIES:		
Accounts and notes payable	\$ 46,603,000	\$ 52,612,000
Other current liabilities	71,168,000	76,488,000
	-----	-----
Total current liabilities	117,771,000	129,100,000
	-----	-----
LONG-TERM DEBT AND OTHER LIABILITIES	49,819,000	53,854,000
	-----	-----
SHAREHOLDERS' EQUITY:		
Preferred stock, par value \$.25 per share, authorized 3,000,000 shares, no shares issued		
Common Stock, par value \$.25 per share, authorized 85,000,000 shares, issued 31,350,612 shares at December 31, 1997 and 31,278,830 shares at September 30, 1997, and 671,900 shares and 603,700 shares in treasury at December 31, 1997 and September 30, 1997, respectively		
	7,838,000	7,820,000
Other shareholders' equity	203,187,000	193,985,000
	-----	-----
Total shareholders' equity	211,025,000	201,805,000
	-----	-----
	\$378,615,000	\$384,759,000
	=====	=====

<FN>

See notes to condensed consolidated financial statements.

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GRIFFON CORPORATION AND SUBSIDIARIES

 CONDENSED CONSOLIDATED STATEMENTS OF INCOME

 (Unaudited)

	THREE MONTHS ENDED DECEMBER 31,	
	----- 1997	----- 1996
	-----	-----
Net sales	\$229,031,000	\$181,744,000
Cost of sales	171,108,000	135,761,000
	-----	-----
Gross profit	57,923,000	45,983,000

Selling, general and administrative expenses	43,618,000	33,257,000
Income from operations	14,305,000	12,726,000
Other income (expense):		
Interest expense	(965,000)	(775,000)
Interest income	207,000	323,000
Other, net	(31,000)	54,000
	(789,000)	(398,000)
Income before income taxes	13,516,000	12,328,000
Provision for income taxes:		
Federal	3,935,000	4,062,000
State and other	1,066,000	746,000
	5,001,000	4,808,000
Net income	\$ 8,515,000	\$ 7,520,000
Net income per share of common stock (Note 3):		
Basic	\$.28	\$.26
Diluted	\$.27	\$.24

<FN>

See notes to condensed consolidated financial statements.

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GRIFFON CORPORATION AND SUBSIDIARIES

 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

 (Unaudited)

	THREE MONTHS ENDED DECEMBER 31,	
	1997	1996
	----	----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 8,515,000	\$ 7,520,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,271,000	2,749,000
Provision for losses on accounts receivable	403,000	522,000
Change in assets and liabilities:		
Decrease in accounts receivable and contract costs and recognized income not yet billed	2,216,000	5,978,000
Decrease in inventories	5,051,000	1,535,000
Increase in prepaid expenses and other assets	(2,777,000)	(1,800,000)
Decrease in accounts payable and accrued liabilities	(14,605,000)	(6,355,000)
Other changes, net	877,000	(626,000)
Total adjustments	(5,564,000)	2,003,000
Net cash provided by operating activities	2,951,000	9,523,000
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net decrease in marketable securities	997,000	1,931,000
Acquisition of property, plant and equipment	(3,810,000)	(4,043,000)
Acquired business	---	(1,320,000)
Proceeds from sale of discontinued operation	---	2,771,000
Other, net	(1,834,000)	562,000
Net cash used in investing activities	(4,647,000)	(99,000)

CASH FLOWS FROM FINANCING ACTIVITIES:

Purchase of treasury shares	(1,181,000)	---
Payment of long-term debt	(408,000)	(129,000)
Decrease in short-term borrowings	(139,000)	(2,500,000)
Other, net	683,000	9,000
	-----	-----
Net cash used in financing activities	(1,045,000)	(2,620,000)
	-----	-----
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,741,000)	6,804,000
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	15,414,000	17,846,000
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$12,673,000	\$24,650,000
	=====	=====

<FN>
 See notes to condensed consolidated financial statements.
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GRIFFON CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

(1) Basis of Presentation -

 The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the three month period ended December 31, 1997 are not necessarily indicative of the results that may be expected for the year ended September 30, 1998. The balance sheet at September 30, 1997 has been derived from the audited financial statements at that date. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report to shareholders for the year ended September 30, 1997.

(2) Inventories -

 Inventories, stated at the lower of cost (first-in, first-out or average) or market, are comprised of the following:

	December 31, 1997	September 30, 1997
	-----	-----
Finished goods	\$43,840,000	\$43,722,000
Work in process	17,309,000	21,228,000
Raw materials and supplies	21,923,000	23,173,000
	-----	-----
	\$83,072,000	\$88,123,000
	=====	=====

(3) Net Income Per Share -

 Statement of Financial Accounting Standards No. 128, "Earnings per Share" which became effective for the fiscal year beginning October 1, 1997, establishes new standards for computing and presenting earnings per share (EPS). The new standard requires the presentation of basic EPS and diluted EPS. Basic EPS is calculated by dividing income available to common shareholders by the weighted average number of shares of common stock outstanding during the period. Diluted EPS is calculated by dividing income available to common shareholders by the weighted average number of common shares outstanding adjusted to reflect potentially dilutive securities. Previously reported EPS amounts have been

restated under the new standard.

Options to purchase 735,000 shares of Common Stock were not included in the computation of diluted net income per share for the three months ended December 31, 1997 because the effect would have been antidilutive. The following table sets forth the computation of basic and diluted net income per share:

	THREE MONTHS ENDED DECEMBER 31,	
	1997	1996
	----	----
Numerator:		
Net Income	\$ 8,515,000	\$ 7,520,000
Preferred Stock dividends	---	(98,000)
Numerator for basic net income	-----	-----
per share -- income available to		
common stockholders	8,515,000	7,422,000
Effect of dilutive securities:		
Preferred Stock dividends	---	98,000
	-----	-----
Numerator for diluted net income		
per share -- income available to		
common stockholders after		
assumed conversions	\$ 8,515,000	\$ 7,520,000
	=====	=====
Denominator:		
Denominator for basic net		
income per share -- weighted		
average shares	30,477,000	28,907,000
	-----	-----
Effect of dilutive securities:		
Convertible Preferred Stock	---	1,606,000
Employee stock options and other	931,000	727,000
	-----	-----
Dilutive potential common shares	931,000	2,333,000
	-----	-----
Denominator for diluted net		
income per share -- adjusted weighted		
average shares and assumed conversions	31,408,000	31,240,000
	=====	=====

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

AND RESULTS OF OPERATIONS

Results of Operations

Net sales were \$229.0 million for the three-month period ended December 31, 1997, an increase of \$47.3 million or 26.0% over last year.

Net sales of the building products business were \$153.6 million, an increase of \$37.4 million or 32.2% over last year. Net sales of acquired companies accounted for \$24.5 million of the increase with higher garage door unit sales due to stronger construction and related retail markets and internal growth in the service business accounting for the remainder of the increase. Net sales of the specialty plastic films business were \$39.5 million, approximately the same as last year. Net sales of the electronic information and communication systems business were \$35.9 million, an increase of \$9.4 million or 35.4% over last year due to new programs and increased funding levels on existing programs.

Income from operations for the three-month period ended December 31, 1997 was \$14.3 million, an increase of \$1.6 million or 12.4% over last year. Operating income of the building products business increased approximately \$.5 million compared to last year. The effect of the sales growth was offset in part by higher costs for hardware and packaging, increased operating expenses associated with new distribution centers and certain manufacturing inefficiencies related to production of commercial doors. Recent acquisitions have increased the number of production facilities in the building products

segment. Consequently, the company is reviewing its manufacturing structure with a view towards consolidating operations and expects to complete the review and implement related decisions in fiscal 1998. Operating income of the specialty plastic films segment increased approximately \$.4 million compared to last year due to increased manufacturing efficiencies. Operating income of the electronic information and communication systems operation increased by approximately \$.7 million due to the increased sales.

Liquidity and Capital Resources

Cash flow provided by operations for the quarter was \$3.0 million and working capital was \$137.4 million at December 31, 1997.

Programs to upgrade and enhance the company's strategic business systems were previously initiated in order to replace aging technologies and provide the infrastructure to support growth in each of our business segments. In addition to other benefits that are anticipated from these upgrades and enhancements, the new systems are designed to be Year 2000 compliant. The implementation of this new technology has already begun, and is planned to be completed in stages over the next three years. During the quarter the company had capital expenditures of \$2 million in connection with such upgrades and enhancements. Future capital expenditures of approximately \$15 million are expected in connection with these

ongoing programs.

During the quarter \$1.2 million was used to acquire approximately 74,000 shares of Common Stock.

Anticipated cash flows from operations, together with existing cash and marketable securities, bank lines of credit and lease line availability, should be adequate to finance presently anticipated working capital and capital expenditure requirements and to repay long-term debt as it matures.

The statements contained in this report that are not historical facts are forward-looking statements subject to risks and uncertainties that could cause actual results to differ materially from those set forth or implied, including the effect of business and economic conditions; the impact of competitive products and pricing; capacity and supply constraints or difficulties; and other risks and uncertainties.

PART II - OTHER INFORMATION

- Item 1 Legal Proceedings

 Atlantic Richfield Company (ARCO) v. Current Controls, et al.

 Without acknowledging any responsibility, fault or liability in connection with the Site, the Company has entered into an agreement with the plaintiff to settle the action for an insignificant amount.
- Item 2 Changes in Securities

 None
- Item 3 Defaults upon Senior Securities

 None
- Item 4 Submission of Matters to a Vote of Security Holders

 - (a) The Registrant held its Annual Meeting of Stockholders on February 5, 1998.
 - (b) Not applicable
 - (c)(i) Four directors were elected at the Annual Meeting to serve until the Annual Meeting of Stockholders in 2001. The names of these directors and votes cast in favor of their election and shares withheld are as follows:

Name	Votes For	Votes Withheld
-----	-----	-----

Henry A. Alpert	26,528,938	1,146,000
Abraham M. Buchman	26,561,863	1,113,075
Rear Admiral Clarence A. Hill, Jr.	26,887,199	787,639
William H. Waldorf	26,570,170	1,104,668

(ii) In addition to the election of directors, the stockholders (1) approved a proposal to adopt a 1998 Stock Option Plan; 17,674,904 shares were voted in favor of this proposal, 9,821,996 shares against and 178,138 shares abstained, and (2) approved a proposal to approve the company's Senior Management Incentive Compensation Plan; 21,523,278 shares were voted in favor this proposal, 2,195,592 shares against and 228,738 shares abstained.

Item 5 Other Information

None

Item 6 Exhibits and Reports on Form 8-K

27.1 -- Financial Data Schedule (for electronic submission only)
27.2 -- Financial Data Schedule (for electronic submission only)
27.3 -- Financial Data Schedule (for electronic submission only)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GRIFFON CORPORATION

By /s/ Patrick L. Alesia

Patrick L. Alesia
Vice President and Treasurer
(Chief Accounting Officer)

Date: February 11, 1998

<ARTICLE> 5

<LEGEND>

The schedule contains summary financial information extracted from the condensed consolidated financial statements for the period ended December 31, 1997 and is qualified in its entirety by reference to such statements.

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<NET-INCOME>		8,515,000
<EPS-PRIMARY>		.28
<EPS-DILUTED>		.27

<ARTICLE> 5

<LEGEND>

This schedule contains summary financial information extracted from the consolidated financial statements for the periods indicated and is qualified in its entirety by reference to such financial statements.

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<PERIOD-TYPE>	YEAR	9-MOS	6-MOS	3-MOS
<FISCAL-YEAR-END>	SEP-30-1997	SEP-30-1997	SEP-30-1997	SEP-30-1997
<PERIOD-END>	SEP-30-1997	JUN-30-1997	MAR-31-1997	DEC-31-1996
<CASH>	15,414,000	10,060,000	18,820,000	24,650,000
<SECURITIES>	1,379,000	1,379,000	1,379,000	2,367,000
<RECEIVABLES>	152,142,000	121,647,000	109,819,000	119,260,000
<ALLOWANCES>	6,627,000	5,643,000	5,382,000	4,977,000
<INVENTORY>	88,123,000	73,561,000	71,235,000	69,597,000
<CURRENT-ASSETS>	264,107,000	213,390,000	211,803,000	226,337,000
<PP&E>	130,753,000	121,204,000	113,215,000	104,782,000
<DEPRECIATION>	53,673,000	52,417,000	49,938,000	47,472,000
<TOTAL-ASSETS>	384,759,000	312,499,000	304,183,000	313,878,000
<CURRENT-LIABILITIES>	129,100,000	97,062,000	87,793,000	97,671,000
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<COMMON>	7,820,000	7,732,000	7,723,000	7,326,000
<OTHER-SE>	193,985,000	180,724,000	172,457,000	169,799,000
<TOTAL-LIABILITY-AND-EQUITY>	384,759,000	312,499,000	304,183,000	313,878,000
<SALES>	770,227,000	535,671,000	342,551,000	181,744,000
<TOTAL-REVENUES>	770,227,000	535,671,000	342,551,000	181,744,000
<CGS>	571,132,000	398,591,000	256,281,000	135,761,000
<TOTAL-COSTS>	571,132,000	398,591,000	256,281,000	135,761,000
<OTHER-EXPENSES>	0	0	0	0
<LOSS-PROVISION>	1,312,000	1,124,000	793,000	522,000
<INTEREST-EXPENSE>	3,475,000	2,061,000	1,479,000	775,000
<INCOME-PRETAX>	53,033,000	33,384,000	19,285,000	12,328,000
<INCOME-TAX>	19,869,000	12,599,000	7,382,000	4,808,000
<INCOME-CONTINUING>	33,164,000	20,785,000	11,903,000	7,520,000
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<EXTRAORDINARY>	0	0	0	0
<CHANGES>	0	0	0	0
<NET-INCOME>	33,164,000	20,785,000	11,903,000	7,520,000
<EPS-PRIMARY>	1.12	.70	.41	.26
<EPS-DILUTED>	1.06	.67	.38	.24

<FN>

<F1>EPS data have been restated in accordance with Statement of Financial Accounting Standards No. 128, "Earnings per Share"

</FN>

<ARTICLE> 5

<LEGEND>

This schedule contains summary financial information extracted from the consolidated financial statements for the periods indicated and is qualified in its entirety by reference to such financial statements.

</LEGEND>

<RESTATED>

<PERIOD-TYPE>	YEAR	9-MOS	6-MOS	3-MOS	YEAR
<FISCAL-YEAR-END>	SEP-30-1996	SEP-30-1996	SEP-30-1996	SEP-30-1996	SEP-30-1995
<PERIOD-END>	SEP-30-1996	JUN-30-1996	MAR-31-1996	DEC-31-1995	SEP-30-1995
<CASH>	17,846,000	15,243,000	15,377,000	26,163,000	9,656,000
<SECURITIES>	4,297,000	3,307,000	3,311,000	5,294,000	12,197,000
<RECEIVABLES>	125,302,000	120,157,000	110,861,000	111,215,000	106,678,000
<ALLOWANCES>	4,519,000	5,182,000	5,109,000	5,790,000	3,727,000
<INVENTORY>	69,886,000	85,676,000	90,387,000	88,994,000	78,823,000
<CURRENT-ASSETS>	229,015,000	225,882,000	222,745,000	234,778,000	212,046,000
<PP&E>	100,716,000	114,752,000	111,426,000	108,462,000	96,734,000
<DEPRECIATION>	45,010,000	55,168,000	52,783,000	50,485,000	48,333,000
<TOTAL-ASSETS>	311,169,000	311,811,000	307,362,000	318,725,000	285,616,000
<CURRENT-LIABILITIES>	105,751,000	103,987,000	101,603,000	108,591,000	97,806,000
<BONDS>	32,458,000	39,872,000	45,475,000	33,225,000	16,074,000
<PREFERRED-MANDATORY>	0	0	0	0	0
<PREFERRED>	405,000	416,000	416,000	417,000	417,000
<COMMON>	7,313,000	7,305,000	7,302,000	7,774,000	7,770,000
<OTHER-SE>	165,242,000	160,231,000	152,566,000	168,718,000	163,549,000
<TOTAL-LIABILITY-AND-EQUITY>	311,169,000	311,811,000	307,362,000	318,725,000	285,616,000
<SALES>	655,063,000	461,329,000	292,472,000	153,363,000	506,116,000
<TOTAL-REVENUES>	655,063,000	461,329,000	292,472,000	153,363,000	506,116,000
<CGS>	489,460,000	345,217,000	220,289,000	114,959,000	368,794,000
<TOTAL-COSTS>	489,460,000	345,217,000	220,289,000	114,959,000	368,794,000
<OTHER-EXPENSES>	0	0	0	0	0
<LOSS-PROVISION>	1,166,000	866,000	547,000	239,000	858,000
<INTEREST-EXPENSE>	3,409,000	2,524,000	1,523,000	766,000	2,162,000
<INCOME-PRETAX>	45,957,000	28,539,000	15,754,000	9,548,000	38,046,000
<INCOME-TAX>	17,890,000	11,053,000	6,128,000	3,716,000	14,801,000
<INCOME-CONTINUING>	28,067,000	17,486,000	9,626,000	5,832,000	23,245,000
<DISCONTINUED>	(5,244,000)	246,000	103,000	31,000	562,000
<EXTRAORDINARY>	0	0	0	0	0
<CHANGES>	0	0	0	0	0
<NET-INCOME>	22,823,000	17,732,000	9,729,000	5,863,000	23,807,000
<EPS-PRIMARY> <F1>	.75	.58	.31	.19	.75
<EPS-DILUTED> <F1>	.72	.55	.30	.18	.71

<FN>

<F1>EPS data have been restated in accordance with Statement of Financial Accounting Standards No. 128, "Earnings per Share"

</FN>