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, 2001

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. 32,870,510 shares of Common Stock as of January 31, 2002.

FORM 10-Q

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PART II - OTHER INFORMATION

GRIFFON CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 2001 (Unaudited)	September 30, 2001 (Note 1)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 46,313,000	$ 40,096,000
Accounts receivable, less allowance for doubtful accounts	135,340,000	146,425,000
Contract costs and recognized income not yet billed	67,120,000	66,116,000
Inventories (Note 2)	93,453,000	98,044,000
Prepaid expenses and other current assets	15,942,000	18,148,000
Total current assets	358,168,000	368,829,000
PROPERTY, PLANT AND EQUIPMENT at cost, less accumulated depreciation and amortization of $108,931,000 at December 31, 2001 and $104,231,000 at September 30, 2001	145,852,000	145,931,000
OTHER ASSETS:		
Costs in excess of fair value of net assets of businesses acquired (Note 5)	33,600,000	60,232,000
Other	12,530,000	10,901,000
	46,130,000	70,233,000
	$550,150,000	$584,993,000

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

CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 2001	September 30, 2001
	(Unaudited)	(Note 1)
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts and notes payable	$ 54,468,000	$ 63,740,000
Other current liabilities	98,933,000	99,211,000
Total current liabilities	153,401,000	162,951,000
LONG-TERM DEBT	97,923,000	108,615,000
MINORITY INTEREST AND OTHER	17,798,000	19,574,000
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 35,138,437 shares at December 31, 2001 and 35,023,437 shares at September 30, 2001; 2,286,802 and 2,284,802 shares in treasury at December 31, 2001 and September 30, 2001, respectively	8,785,000	8,756,000
Other shareholders' equity	272,243,000	285,097,000
Total shareholders' equity	281,028,000	293,853,000
	$550,150,000	$584,993,000

<FN>

See notes to condensed consolidated financial statements.

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GRIFFON CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	THREE MONTHS ENDED DECEMBER 31, 2001	2000
Net sales	$301,902,000	$288,195,000
Cost of sales	218,062,000	212,994,000
Gross profit	83,840,000	75,201,000
Selling, general and administrative expenses	62,412,000	57,336,000
Income from operations	21,428,000	17,865,000
Other income (expense):		
Interest expense	(1,361,000)	(3,465,000)
Interest income	300,000	571,000
Other, net	(73,000)	16,000
	(1,134,000)	(2,878,000)
Income before income taxes	20,294,000	14,987,000
Provision for income taxes	8,117,000	6,145,000
Income before minority interest and cumulative effect of a change in accounting principle	12,177,000	8,842,000
Minority interest	(1,595,000)	(1,339,000)
Income before cumulative effect of a change in accounting principle	10,582,000	7,503,000
Cumulative effect of a change in accounting principle, net of income taxes of $2,457,000 (Note 5)	(24,118,000)	---
Net income (loss)	$(13,536,000)	$ 7,503,000
Basic earnings (loss) per share of common stock (Note 3):		
Income before cumulative effect of a change in accounting principle	$ .32	$ .23
Cumulative effect of a change in accounting principle	(.73)	--
	$ (.41)	$ .23
Diluted earnings (loss) per share of common stock (Note 3):		
Income before cumulative effect of a change in accounting principle	$ .31	$ .23
Cumulative effect of a change in accounting principle	(.70)	--
	$ (.39)	$ .23

<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, 2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$(13,536,000)	$ 7,503,000
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	5,329,000	6,007,000
Minority interest	1,595,000	1,339,000
Cumulative effect of a change in accounting principle	24,118,000	---
Provision for losses on accounts receivable	672,000	778,000
Change in assets and liabilities:		
Decrease in accounts receivable and contract costs and recognized income not yet billed	9,949,000	7,276,000
Decrease in inventories	4,434,000	3,497,000
(Increase) decrease in prepaid expenses and other assets	667,000	(1,342,000)
Decrease in accounts payable, accrued liabilities and income taxes	(9,183,000)	(14,200,000)
Other changes, net	712,000	2,790,000
Total adjustments	38,293,000	6,145,000
Net cash provided by operating activities	24,757,000	13,648,000
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	(6,029,000)	(4,011,000)
Decrease in equipment lease deposits	555,000	2,150,000
Other, net	---	22,000
Net cash used in investing activities	(5,474,000)	(1,839,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of long-term debt	2,000,000	1,406,000
Payments of long-term debt	(10,503,000)	(1,936,000)
Decrease in short-term borrowings	(1,800,000)	---
Other, net	(2,763,000)	(769,000)
Net cash used in financing activities	(13,066,000)	(1,299,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,217,000	10,510,000
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	40,096,000	26,616,000
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 46,313,000	$ 37,126,000

<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, 2001 are not necessarily indicative of the results that may be expected for the year ending September 30, 2002. The balance sheet at September 30, 2001 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, 2001.

(2) Inventories -

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

	December 31, 2001	September 30, 2001
Finished goods........................	$53,647,000	$53,613,000
Work in process.......................	25,597,000	27,809,000
Raw materials and supplies............	14,209,000	16,622,000
	$93,453,000	$98,044,000

(3) Earnings per share (EPS)-

Earnings per share amounts and the weighted average number of shares used in their calculation for the three-month period ended December 31, 2000 have been restated to reflect the effect of a fiscal 2001 10% Common Stock dividend.

Basic EPS is calculated by dividing income by the weighted average number of shares of common stock outstanding during the period. The weighted average number of shares of common stock used in determining basic EPS was 33,056,000 for the three months ended December 31, 2001 and 32,968,000 for the three months ended December 31, 2000.

Diluted EPS is calculated by dividing income by the weighted average number of shares of common stock outstanding plus additional common shares that could be issued in connection with potentially dilutive securities. The weighted average number of shares of common stock used in determining diluted EPS was 34,573,000 and 33,152,000 for the three months ended December 31, 2001 and 2000, respectively, and reflects additional shares in connection with stock option and other stock-based compensation plans.

Options to purchase approximately 1,019,000 and 6,489,000 shares of common stock were not included in the computations of diluted earnings per share for the three months ended December 31, 2001 and 2000, respectively, because the effects would have been antidilutive.

(4) Business segments -

The company's reportable business segments are as follows - Garage Doors (manufacture and sale of residential and commercial/industrial garage doors, and related products); Installation Services (sale and installation of building products primarily for new construction, such as garage doors, garage door openers, manufactured fireplaces and surrounds, and cabinets); Electronic Information and Communication Systems (communication and information systems for government and commercial markets); and Specialty Plastic Films (manufacture and sale of plastic films and film laminates for baby diapers, adult incontinence care products, disposable surgical and patient care products and plastic packaging).

Information on the company's business segments is as follows:

	Garage Doors	Installation Services	Specialty Plastic Films	Electronic Information and Communication Systems	Totals
Revenues from external customers -					
Three months ended December 31, 2001	$112,616,000	$ 71,033,000	$ 72,566,000	$ 45,687,000	$301,902,000
Three months ended December 31, 2000	102,916,000	67,807,000	72,710,000	44,762,000	288,195,000
Intersegment revenues -					
Three months ended December 31, 2001	$ 7,121,000	$ 77,000	$ ---	$ ---	$ 7,198,000
Three months ended December 31, 2000	6,452,000	55,000	---	---	6,507,000
Segment profit -					
Three months ended December 31, 2001	$ 9,245,000	$ 2,384,000	$ 9,820,000	$ 2,440,000	$ 23,889,000
Three months ended December 31, 2000	4,935,000	1,188,000	9,712,000	4,279,000	20,114,000

Following is a reconciliation of segment profit to amounts reported in the consolidated financial statements:

	Three Months Ended December 31, 2001	Three Months Ended December 31, 2000
Profit for all segments	$23,889,000	$20,114,000
Unallocated amounts	(2,534,000)	(2,233,000)
Interest expense, net	(1,061,000)	(2,894,000)
Income before income taxes	$20,294,000	$14,987,000

(5) Changes in accounting principles -

Effective October 1, 2001, the company adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," (SFAS 142). SFAS 142 addresses accounting and reporting for acquired goodwill. It eliminates the previous requirement to amortize goodwill and establishes new requirements with respect to the recognition and valuation of goodwill. With the assistance of a third-party valuation expert, the company ascertained the fair value of its reporting units as part of adopting SFAS 142 and determined that goodwill of the installation services segment was impaired pursuant to the new standard. The fair value of the installation services segment used in computing the impairment loss was determined through a combination of market based approaches and present value techniques. Results for the quarter ended December 31, 2001 include the related cumulative effect of a change in accounting principle in the amount of $24,118,000 (net of an income tax benefit of $2,457,000) to reflect the impairment.

Had SFAS 142 been in effect for the quarter ended December 31, 2000, the related elimination of goodwill amortization would have increased the company's net income for that quarter by $473,000 to $7,976,000 from $7,503,000. Basic and diluted earnings per share for last year's first quarter would both have increased $.01 from $.23 per share to $.24 per share.

The Financial Accounting Standards Board has also issued Statement of Financial Accounting Standards Nos. 143, "Accounting for Asset Retirement Obligations" and 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS 143 addresses accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs, and will become effective in fiscal 2003. SFAS 144 addresses accounting and reporting for the impairment or disposal of long-lived assets and also becomes effective in fiscal 2003. The company anticipates that adoption of these new standards will not have a material effect on its financial position and results of operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Operating results (in thousands) by business segment were as follows for the quarters ended December 31:

	Net Sales		Segment Operating Profit	
	2001	2000	2001	2000
Garage doors	$119,737	$109,368	$ 9,245	$ 4,935
Installation services	71,110	67,862	2,384	1,188
Specialty plastic films	72,566	72,710	9,820	9,712
Electronic information and communication systems	45,687	44,762	2,440	4,279
Intersegment revenues	(7,198)	(6,507)	-	-
	$301,902	$288,195	$23,889	$20,114

Garage Doors

Net sales of the garage door segment increased by $10.4 million or 9.5% compared to last year primarily due to higher unit sales ($7.1 million) and improved product mix ($1.0 million). Service level improvements that began in the latter half of fiscal 2001 continued into the first quarter, driving the unit sales increase.

Operating profit of the garage doors segment increased $4.3 million compared to last year. Gross margin percentage increased to approximately 30.5% in 2001 from 26.6% last year. The increased margin was due primarily to the sales growth, increased manufacturing efficiencies and lower raw material costs. Selling, general and administrative expenses increased as a percentage of sales to 22.8% from 22.0% last year. Lower expense levels in fiscal 2002 due to cost reduction programs were offset by the effect of including freight costs billed to customers in net sales; previously such recoverable costs were treated as a reduction of freight expense. This change in classification had no effect on segment net profit.

Installation Services

Net sales of the installation services segment increased by $3.2 million or 4.8% compared to last year. The increase was principally due to the segment's expanded product offering and stronger new construction markets.

Operating profit of the installation services segment increased $1.2 million compared to last year. Gross margin percentage increased to 27.7% from approximately 26.6% last year. The increased margin was due to the sales increase and improved product mix compared to the prior year. Selling, general and administrative expenses as a percentage of sales decreased to approximately 24.4% from 24.9% last year due to the effect of cost reduction programs.

Specialty Plastic Films

Net sales of the specialty plastic films segment were approximately the same as in the prior year. Increased domestic and European unit sales and the impact of a weaker U.S. dollar on translated foreign sales were offset by selling price adjustments to pass through raw material cost decreases to customers and lower pricing on certain high volume products.

Operating profit of the specialty plastic films segment was approximately the same as last year. Gross margin percentage decreased to 24.6% from 24.9%

last year, reflecting the selling price adjustments and costs associated with a production line being installed in one of our European operations, partly offset by the effect of lower raw material costs. Selling, general and administrative expenses as a percentage of sales decreased to approximately 11.0% from 11.4% last year, offsetting the effect of the lower gross margins.

Electronic Information and Communication Systems

Net sales of the electronic information and communication systems segment increased $.9 million compared to last year. The increase was primarily due to increased sales in connection with defense communications and systems integration programs, partly offset by lower sales in the segment's integrated circuit business.

Operating profit of the electronic information and communication systems segment decreased $1.8 million compared to last year. The decrease is principally attributable to increased expenditures of approximately $1.7 million associated with its previously announced technology initiatives. These development initiatives are expected to aggregate $5-6 million for 2002 with the objective of generating incremental revenue commencing in 2003. Profitability in the segment's core business was approximately the same as last year. Gross margin percentage decreased to 21.0% from 21.9% last year due primarily to lower margins in connection with certain development phase programs; reduced operating expenses substantially offset the effect of lower gross margins.

Net Interest Expense

Net interest expense decreased by $1.8 million compared to last year due to the effect of debt repayments and lower interest rates. Debt levels were reduced considerably compared to last year, with outstanding borrowings declining approximately $65 million from December 31, 2000 to December 31, 2001.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow generated by operations for the quarter was $24.6 million compared to $13.6 million last year and working capital was $204.8 million at December 31, 2001. Operating cash flows increased compared to last year due to increased earnings and improved working capital management.

During the quarter, the company had capital expenditures of approximately $6 million, principally made in connection with increasing production capacity.

Financing cash flows principally consisted of repayments of bank indebtedness of approximately $12.3 million during the quarter. If the anticipated level of operating cash flows is achieved, debt levels will be further reduced and purchases of the company's Common Stock under its stock buyback program will be made, depending upon market conditions, at prices deemed appropriate by management. At December 31, 2001, future minimum payments under noncancellable operating leases and payments to be made for notes payable and maturities of long-term debt over the next five years are as follows (000's omitted):

Year	Operating Leases	Debt Repayments	Total
2002	$18,700	$8,400	$27,100
2003	14,300	5,600	19,900
2004	10,900	8,700	19,600
2005	7,700	2,900	10,600
2006	4,400	9,600	14,000

Anticipated cash flows from operations, together with existing cash, 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.

CHANGES IN ACCOUNTING PRINCIPLES

See Note 5 of notes to condensed consolidated financial statements for a description of the effect of the company's adoption of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," and two other recently issued accounting standards.

FORWARD-LOOKING STATEMENTS

All statements other than statements of historical fact included in this report, including without limitation statements regarding the company's financial position, business strategy, and the plans and objectives of the company's management for future operations, are forward-looking statements. When used in this report, words such as "anticipate", "believe", "estimate", "expect", "intend" and similar expressions, as they relate to the company or its management, identify forward-looking statements. Such forward-looking statements are based on the beliefs of the company's management, as well as assumptions made by and information currently available to the company's management. Actual results could differ materially from those contemplated by the forward-looking statements as a result of certain factors, including but not limited to, business and economic conditions, competitive factors and pricing pressures, capacity and supply constraints. Such statements reflect the views of the company with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the operations, results of operations, growth strategy and liquidity of the company. Readers are cautioned not to place undue reliance on these forward-looking statements. The company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect future events or circumstances or to reflect the occurrence of unanticipated events.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Management does not believe that there is any material market risk exposure with respect to derivative or other financial instruments that are required to be disclosed.

PART II - OTHER INFORMATION

Item 1 Legal Proceedings

None

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 6, 2002

(b) Not applicable

(c) Four directors were elected at the Annual Meeting to serve until the Annual Meeting of Stockholders in 2005. The names of these directors and votes cast in favor of their election and shares withheld are as follows:

Name	Votes For	Votes Withheld
Bertrand M. Bell	28,742,143	1,378,665

Martin S. Sussman	28,723,347	1,397,461
Joseph J. Whalen	29,004,477	1,116,331
Lester L. Wolff	28,699,565	1,421,243

Item 5 Other Information

None

Item 6 Exhibits and Reports on Form 8-K

(a) Exhibits

None

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/ Robert Balemian

Robert Balemian
President and Chief Financial Officer
(Principal Financial Officer)

Date: February 12, 2002