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 March 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. 29,695,407 shares of Common Stock as of April 30, 2001.

FORM 10-Q

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PART II - OTHER INFORMATION

GRIFFON CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2001 (Unaudited)	September 30, 2000 (Note 1)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 40,673,000	$ 26,616,000
Accounts receivable, less allowance for doubtful accounts	129,203,000	144,259,000
Contract costs and recognized income not yet billed	68,871,000	77,513,000
Inventories (Note 2)	97,202,000	98,440,000
Prepaid expenses and other current assets	17,937,000	18,891,000
Total current assets	353,886,000	365,719,000
PROPERTY, PLANT AND EQUIPMENT at cost, less accumulated depreciation and amortization of $95,909,000 at March 31, 2001 and $87,533,000 at September 30, 2000	138,861,000	142,944,000
OTHER ASSETS	73,840,000	73,363,000
	$566,587,000	$582,026,000

<FN>
See notes to condensed consolidated financial statements.
</FN>

GRIFFON CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2001	September 30, 2000
	(Unaudited)	(Note 1)
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts and notes payable	$ 76,857,000	$ 90,435,000
Other current liabilities	91,203,000	83,621,000
Total current liabilities	168,060,000	174,056,000
LONG-TERM DEBT	103,011,000	125,916,000
MINORITY INTEREST AND OTHER	19,406,000	18,093,000
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 31,763,409 shares at March 31, 2001 and 31,749,199 shares at September 30, 2000; 2,068,002 shares in treasury at March 31, 2001 and September 30, 2000	7,941,000	7,937,000
Other shareholders' equity	268,169,000	256,024,000
Total shareholders' equity	276,110,000	263,961,000
	$566,587,000	$582,026,000

<FN>
See notes to condensed consolidated financial statements.
</FN>

GRIFFON CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	THREE MONTHS ENDED MARCH 31,	
	2001	2000
Net sales	$264,189,000	$258,889,000
Cost of sales	196,870,000	195,440,000
Gross profit	67,319,000	63,449,000
Selling, general and administrative expenses	56,522,000	57,345,000
Income from operations (Note 6)	10,797,000	6,104,000
Other income (expense):		
Interest expense	(3,258,000)	(2,744,000)
Interest income	597,000	211,000
Other, net	(385,000)	3,000
	(3,046,000)	(2,530,000)

Income before income taxes	7,751,000	3,574,000
Provision for income taxes	3,178,000	1,470,000
Income before minority interest	4,573,000	2,104,000
Minority interest	(1,596,000)	(801,000)
Net income	$ 2,977,000	$ 1,303,000
Basic and diluted earnings per share of common stock (Note 3)	$ .10	$ .04

<FN>
See notes to condensed consolidated financial statements.
</FN>

GRIFFON CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	SIX MONTHS ENDED MARCH 31,	
	2001	2000
Net sales	$552,384,000	$539,650,000
Cost of sales	409,864,000	404,349,000
Gross profit	142,520,000	135,301,000
Selling, general and administrative expenses	113,858,000	112,782,000
Income from operations (Note 6)	28,662,000	22,519,000
Other income (expense):		
Interest expense	(6,723,000)	(5,099,000)
Interest income	1,168,000	514,000
Other, net	(369,000)	(10,000)
	(5,924,000)	(4,595,000)
Income before income taxes	22,738,000	17,924,000
Provision for income taxes	9,323,000	7,170,000
Income before minority interest and cumulative effect of a change in accounting principle	13,415,000	10,754,000
Minority interest (Note 5)	(2,935,000)	281,000
Income before cumulative effect of a change in accounting principle	10,480,000	11,035,000
Cumulative effect of a change in accounting principle, net of income taxes (Note 5)	---	(5,290,000)
Net income	$ 10,480,000	$ 5,745,000
Basic and diluted earnings per share of common stock (Note 3):		
Income before cumulative effect of a change in accounting principle	$ .35	$ .36
Cumulative effect of a change in accounting principle	---	(.17)
	$ .35	$ .19

<FN>
See notes to condensed consolidated financial statements.
</FN>

GRIFFON CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	SIX MONTHS ENDED MARCH 31, 2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$10,480,000	$ 5,745,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	12,084,000	11,437,000
Minority interest	2,935,000	(281,000)
Pension curtailment gain	(3,156,000)	---
Cumulative effect of a change in accounting principle	---	5,290,000
Provision for losses on accounts receivable	1,767,000	1,235,000
Change in assets and liabilities:		
(Increase) decrease in accounts receivable and contract costs and recognized income not yet billed	21,888,000	(2,762,000)
(Increase) decrease in inventories	1,255,000	(12,371,000)
(Increase) decrease in prepaid expenses and other assets	1,648,000	(6,123,000)
Decrease in accounts payable, accrued liabilities and federal income taxes	(12,147,000)	(1,874,000)
Other changes, net	4,374,000	1,707,000
Total adjustments	30,648,000	(3,742,000)
Net cash provided by operating activities	41,128,000	2,003,000
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	(8,650,000)	(22,687,000)
Acquired businesses	---	(12,112,000)
Decrease in equipment lease deposits	2,491,000	2,431,000
Other, net	(53,000)	2,147,000
Net cash used in investing activities	(6,212,000)	(30,221,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Purchase of treasury shares	---	(3,620,000)
Proceeds from issuance of long-term debt	1,406,000	34,000,000
Payments of long-term debt	(18,122,000)	(6,665,000)
Increase (decrease) in short-term borrowings	(2,240,000)	2,500,000
Other, net	(1,903,000)	(1,401,000)
Net cash provided by (used in) financing activities	(20,859,000)	24,814,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	14,057,000	(3,404,000)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	26,616,000	21,242,000
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$40,673,000	$17,838,000

<FN>

See notes to condensed 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 and six-month periods ended March 31, 2001 are not necessarily indicative of the results that may be expected for the year ending September 30, 2001. The balance sheet at September 30, 2000 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, 2000.

(2) Inventories -

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

	March 31, 2001	September 30, 2000
Finished goods........................	$54,605,000	$58,390,000
Work in process.......................	25,142,000	20,842,000
Raw materials and supplies............	17,455,000	19,208,000
	$97,202,000	$98,440,000

(3) Earnings per share (EPS) -

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 29,990,000 and 30,010,000 for the three months ended March 31, 2001 and 2000, respectively and 29,980,000 and 30,238,000 for the six months ended March 31, 2001 and 2000, respectively.

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 30,155,000 and 30,190,000 for the three months ended March 31, 2001 and 2000, respectively and 30,147,000 and 30,409,000 for the six months ended March 31, 2001 and 2000, respectively, and reflects additional shares in connection with stock option and other stock-based compensation plans.

Options to purchase approximately 4,733,000 and 4,195,000 shares of common stock were not included in the computations of diluted earnings per share for the three and six-month periods ended March 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					
March 31, 2001	$82,061,000	$62,399,000	$77,044,000	$42,685,000	$264,189,000
March 31, 2000	84,941,000	65,099,000	65,370,000	43,479,000	258,889,000
Six months ended					
March 31, 2001	184,977,000	130,206,000	149,754,000	87,447,000	552,384,000
March 31, 2000	196,031,000	133,783,000	126,211,000	83,625,000	539,650,000
Intersegment revenues -					
Three months ended					
March 31, 2001	$ 5,796,000	$ 79,000	$ ---	$ ---	$ 5,875,000
March 31, 2000	6,879,000	85,000	---	---	6,964,000
Six months ended					
March 31, 2001	12,248,000	134,000	---	---	12,382,000
March 31, 2000	15,644,000	254,000	---	---	15,898,000
Segment profit -					
Three months ended					
March 31, 2001	$(1,435,000)	$ 727,000	$11,914,000	$ 1,849,000	$13,055,000
March 31, 2000	(78,000)	936,000	3,617,000	3,939,000	8,414,000
Six months ended					
March 31, 2001	3,500,000	1,915,000	21,626,000	6,128,000	33,169,000
March 31, 2000	7,902,000	3,318,000	8,275,000	7,690,000	27,185,000

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

	Three Months Ended March 31,		Six Months Ended March 31,	
	2001	2000	2001	2000
Profit for all segments	$13,055,000	$8,414,000	$33,169,000	$27,185,000
Unallocated amounts	(2,643,000)	(2,307,000)	(4,876,000)	(4,676,000)
Interest expense, net	(2,661,000)	(2,533,000)	(5,555,000)	(4,585,000)

Income before income taxes	$ 7,751,000	$3,574,000	$22,738,000	$17,924,000

(5) Start-up costs -

Effective October 1, 1999 the company adopted the provisions of the American Institute of Certified Public Accountants' Statement of Position No. 98-5 (SOP 98-5), "Reporting on the Costs of Start-Up Activities". SOP 98-5 requires that, at the date of adoption, costs of start-up activities previously capitalized be written-off as a cumulative effect of a change in accounting principle, and that after adoption, such costs are to be expensed as incurred.

Consequently, in the first quarter of fiscal 2000, the company's 60%-owned joint venture wrote-off costs that were previously capitalized in connection with the start-up of the venture and the implementation of additional production capacity. The cumulative effect of this change in accounting principle is $5,290,000 (net of $3,784,000 income tax effect). The minority interest's share of the net charge is $2,116,000 and is included as an offsetting credit in "Minority interest" in the accompanying Condensed Consolidated Statement of Income for the six months ended March 31, 2000.

(6) Pension curtailment gain -

Pursuant to the provisions of Statement of Financial Accounting Standards No. 88, "Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits," modifications to certain employee benefits and related benefit freezes resulted in the recognition of a pretax curtailment gain of approximately $3.1 million in the quarter ended March 31, 2001.

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

RESULTS OF OPERATIONS

Three months ended March 31, 2001

Net sales were $264.2 million for the three-month period ended March 31, 2001, an increase of $5.3 million or 2%.

Net sales of the garage doors segment were $87.9 million, a decrease of $4.0 million or 4.3% compared to last year due primarily to lower unit sales of residential garage doors. The decrease in sales was principally due to the continued effects of a slowing economy, competitive markets and winter weather conditions.

Net sales of the installation services segment were $62.5 million, a decrease of $2.7 million or 4.2% compared to last year. The decline was primarily a result of decreased demand due to softer housing markets, which offset sales growth due to expanded product offerings.

Net sales of the specialty plastic films segment were $77.0 million, an increase of $11.7 million or 17.9% compared to last year. Higher unit sales in both the segment's domestic and foreign operations, partly offset by the effect of a stronger U.S. dollar on foreign operations, was the principal reason for the increase.

Net sales of the electronic information and communication systems segment were $42.7 million compared to $43.5 million last year. The slight decrease in sales was principally due to delays in anticipated orders in connection with certain on-going programs.

Operating income for all business segments for the three months ended March 31, 2001 was $13.1 million, an increase of $4.6 million or 55.2% compared to last year. Operating results for the quarter ended March 31, 2001 included a pretax pension curtailment gain of approximately $3.1 million, which was evenly divided between the specialty plastic films and garage doors segments.

Operating loss of the garage doors segment was $1.4 million, compared to an essentially break-even quarter last year. Profitability was adversely impacted by the decreased sales and lower margins, partly offset by the effect of cost reduction programs. The segment also experienced a loss from a commercial door product line for which strategic alternatives are being explored. Although impacted by a slowing economy and competitive markets, the company is cautiously optimistic that garage doors' profitability will improve in the latter part of the year.

Operating income for the installation services segment was $.7 million compared to $.9 million last year. The decrease was principally due to the sales decline and higher distribution and selling costs.

Operating income of the specialty plastic films segment was $11.9 million, an increase of $8.3 million or 229.4% compared to last year. Increased volume and manufacturing efficiencies, both domestically and in Europe, were the primary reasons for the improvement in the segment's operating results, and further strong performance is anticipated.

Operating income of the electronic information and communication systems segment was $1.8 million, a decrease of $2.1 million or 53.1% compared to last year, primarily due to costs associated with its previously announced technology

initiatives, which are expected to total approximately $5 million for the year, and the effect of slightly lower sales. The company is optimistic that this segment's core operations will improve towards the end of the year, although near-term earnings will continue to be impacted by the increased research and development activities.

Six months ended March 31, 2001

Net sales were $552.4 million for the six-month period ended March 31, 2001, an increase of $12.7 million or 2.4%.

Net sales of the garage doors segment were $197.2 million, a decrease of $14.5 million or 6.8% compared to last year. Lower unit sales due to the continued effects of a slowing economy, competitive markets and winter weather conditions were the principal reasons for the decrease.

Net sales of the installation services segment were $130.3 million, a decrease of $3.7 million or 2.8% compared to last year. The adverse impact of softer housing markets was mitigated somewhat by growth from expanded product offerings.

Net sales of the specialty plastic films segment were $149.8 million, an increase of $23.5 million or 18.7% compared to last year. Higher unit sales volume at Finotech, the segment's European joint venture and domestically, partly offset by the effect of a stronger U.S. dollar on foreign operations, was the principal reason for the increase.

Net sales of the electronic information and communication systems segment were $87.4 million, an increase of $3.8 million or 4.6% compared to last year due to higher funding levels on existing programs and a full six months of operating results from the search and weather radar business acquired last year.

Operating income for all business segments for the six months ended March 31, 2001 was $33.2 million, an increase of $6.0 million or 22.0% compared to last year. Operating results for the six months ended March 31, 2001 included a pretax pension curtailment gain of approximately $3.1 million, which was evenly divided between the specialty plastic films and garage doors segments.

Operating income of the garage doors segment was $3.5 million, a decrease of $4.4 million or 55.7% compared to last year. Garage doors' lower sales and lower margins, partly offset by the effect of cost reduction programs, adversely impacted profitability in the first six months. Unprofitable operations in a commercial door product line and competitive pricing also contributed to the segment's reduced operating results for the six months.

Operating income of the installation services segment was $1.9 million, a decrease of $1.4 million or 42.3% compared to last year. Higher margins from improved product mix and expanded product offerings were offset by higher distribution and selling costs.

Operating income of the specialty plastic films segment was $21.6 million, an increase of $13.4 million or 161.3% compared to last year. The increase was primarily due to higher unit sales in both the segment's domestic and European operations and related manufacturing efficiencies.

Operating income of the electronic information and communication systems segment was $6.1 million, a decrease of $1.6 million or 20.3% compared to last year, primarily due to costs associated with its previously announced technology initiatives.

Net interest expense increased by $1.0 million principally due to higher levels of outstanding debt from acquisitions in 1999 and 2000.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow provided by operations for the six months ended March 31, 2001 improved to $41.1 million compared to $2.0 million last year, principally due to increased earnings and improved working capital management. Working capital was $185.8 million at March 31, 2001.

Net cash used in investing activities during the six months aggregated $6.2 million, including capital expenditures of approximately $8.7 million principally made in connection with increasing production capacity.

Net cash used in financing activities during the six months was approximately $20.9 million. Substantially all of these cash flows were in connection with the repayment of bank borrowings.

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.

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 are any material market risk exposures 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

None

Item 5 Other Information

None

Item 6 Exhibits and Reports on Form 8-K

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: May 10, 2001