

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 June 30, 1995

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
(State or other jurisdiction of
incorporation or organization)

11-1893410
(I.R.S. Employer
Identification No.)

100 JERICHO QUADRANGLE, JERICHO, NEW YORK
(Address of principal executive offices)

11753
(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. 30,908,378 shares of Common
Stock as of July 21, 1995.

FORM 10-Q

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GRIFFON CORPORATION AND SUBSIDIARIES
 CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 1995 ----- (Unaudited)	September 30, 1994 ----- (Note 1)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 15,097,000	\$ 28,659,000
Marketable securities	3,288,000	29,727,000
Accounts receivable, less allowance for doubtful accounts	64,621,000	59,191,000
Contract costs and recognized income not yet billed	27,505,000	29,194,000
Inventories (Note 2)	80,358,000	68,918,000
Prepaid expenses and other current assets	8,330,000	6,987,000
Total current assets	----- 199,199,000	----- 222,676,000
PROPERTY, PLANT AND EQUIPMENT at cost, less accumulated depreciation and amortization of \$50,035,000 at June 30, 1995 and \$44,843,000 at September 30, 1994	49,847,000	49,890,000
OTHER ASSETS	24,002,000	20,649,000
	----- \$273,048,000 =====	----- \$293,215,000 =====

<FN> See notes to condensed consolidated financial statements.
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GRIFFON CORPORATION AND SUBSIDIARIES
 CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 1995 ----- (Unaudited)	September 30, 1994 ----- (Note 1)
--	--	--

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES (Note 4):

Accounts and notes payable	\$ 47,418,000	\$ 33,704,000
Other current liabilities	45,924,000	67,924,000
	-----	-----
Total current liabilities	93,342,000	101,628,000
	-----	-----
LONG-TERM DEBT (Note 5)	15,966,000	15,538,000
	-----	-----

SHAREHOLDERS' EQUITY (Note 6):

Preferred stock, par value \$.25 per share, authorized 3,000,000 shares -- Second Preferred Stock, Series I, authorized 1,950,000 shares, issued 1,669,862 shares at June 30, 1995 and 1,677,129 shares at September 30, 1994 (liquidation value \$16,699,000 and \$16,771,000, respectively)	417,000	419,000
Common Stock, par value \$.25 per share, authorized 85,000,000 shares, issued 31,061,174 shares at June 30, 1995 and 33,887,739 shares at September 30, 1994, and 162,794 shares and 34,500 shares in treasury at June 30, 1995 and September 30, 1994, respectively	7,765,000	8,472,000
Other shareholders' equity	155,558,000	167,158,000
	-----	-----
Total shareholders' equity	163,740,000	176,049,000
	-----	-----
	\$273,048,000	\$293,215,000
	=====	=====

<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 JUNE 30,	
	1995	1994
	-----	-----
Net sales	\$135,238,000	\$125,287,000
Cost of sales	100,981,000	88,666,000
	-----	-----
Gross profit	34,257,000	36,621,000
Selling, general and administrative expenses	26,020,000	24,129,000
	-----	-----
Income from operations	8,237,000	12,492,000
	-----	-----
Other income (expense):		
Interest expense	(542,000)	(428,000)
Interest income	221,000	448,000
Other, net	137,000	(19,000)
	-----	-----
	(184,000)	1,000
	-----	-----
Income before income taxes	8,053,000	12,493,000
	-----	-----
Provision for income taxes:		
Federal	2,396,000	4,223,000
State and other	605,000	899,000
	-----	-----

	3,001,000	5,122,000
	-----	-----
Net income	\$ 5,052,000	\$ 7,371,000
	=====	=====
Net income per share of common stock (Note 3)	\$.15	\$.20
	=====	=====

<FN>

See notes to condensed consolidated financial statements.

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GRIFFON CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

NINE MONTHS ENDED JUNE 30,

	1995	1994
	-----	-----
Net sales	\$388,949,000	\$347,299,000
Cost of sales	285,031,000	245,012,000
	-----	-----
Gross profit	103,918,000	102,287,000
Selling, general and administrative expenses	77,435,000	69,993,000
	-----	-----
Income from operations	26,483,000	32,294,000
	-----	-----
Other income (expense):		
Interest expense	(1,589,000)	(1,319,000)
Interest income	1,059,000	1,294,000
Other, net	389,000	107,000
	-----	-----
	(141,000)	82,000
	-----	-----
Income before income taxes	26,342,000	32,376,000
	-----	-----
Provision for income taxes:		
Federal	8,389,000	10,923,000
State and other	1,928,000	2,351,000
	-----	-----
	10,317,000	13,274,000
	-----	-----
Net income	\$ 16,025,000	\$ 19,102,000
	=====	=====
Net income per share of common stock (Note 3)	\$.47	\$.51
	=====	=====

<FN>

See notes to condensed consolidated financial statements.

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GRIFFON CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

NINE MONTHS ENDED JUNE 30,

	1995	1994
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$16,025,000	\$19,102,000
	-----	-----
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	6,310,000	7,241,000
Provision for losses on accounts receivable	822,000	588,000
Change in assets and liabilities:		
(Increase) decrease in accounts receivable and		

contract costs and recognized income not yet billed	(1,066,000)	8,104,000
Increase in inventories	(7,966,000)	(5,036,000)
Increase in prepaid expenses and other assets	(892,000)	(51,000)
Decrease in accounts payable and accrued liabilities	(11,061,000)	(8,064,000)
Other changes, net	260,000	(33,000)
Total adjustments	(13,593,000)	2,749,000
Net cash provided by operating activities	2,432,000	21,851,000
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net (increase) decrease in marketable securities	26,439,000	(10,001,000)
Acquisition of property, plant and equipment	(5,864,000)	(7,369,000)
Proceeds from sale of stock of affiliate	---	11,615,000
Acquired businesses	(7,758,000)	(1,877,000)
Decrease in equipment lease deposits and other	279,000	1,202,000
Net cash provided by (used in) investing activities	13,096,000	(6,430,000)

GRIFFON CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(Unaudited)

NINE MONTHS ENDED JUNE 30,

1995 1994

CASH FLOWS FROM FINANCING ACTIVITIES:

Purchase of common shares	(28,233,000)	(13,361,000)
Proceeds from issuance of long-term debt	500,000	5,100,000
Payment of long-term debt	(9,396,000)	(8,304,000)
Increase in short-term borrowings	8,500,000	---
Other, net	(461,000)	(129,000)
Net cash used in financing activities	(29,090,000)	(16,694,000)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(13,562,000)	(1,273,000)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	28,659,000	26,466,000
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$15,097,000	\$25,193,000

<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. The balance sheet at September 30, 1994 has been derived from the audited financial statements at that date. 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 nine-month periods ended June 30, 1995 are not necessarily indicative of the results that may be expected for the year ended September 30, 1995. 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, 1994. The Company adopted Statement of Financial Accounting Standards No. 115, "Accounting for

Certain Investments in Debt and Equity Securities," for the year beginning October 1, 1994. Adoption of this standard did not have a material effect on the Company's financial position or results of operations.

At the February 8, 1995 Annual Meeting of Stockholders, the stockholders approved changing the Company's name from "Instrument Systems Corporation" to "Griffon Corporation." The name change became effective in March 1995.

(2) Inventories -

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

	June 30, 1995	September 30, 1994
	-----	-----
Finished goods	\$20,982,000	\$16,664,000
Work in process	30,163,000	26,674,000
Raw materials and supplies	29,213,000	25,580,000
	-----	-----
	\$80,358,000	\$68,918,000
	=====	=====

(3) Net Income Per Share -

Net income per share is calculated using the weighted average number of shares of common stock, and where dilutive, common stock equivalents outstanding during each period. Shares used in computing per share results were 33,057,000 and 36,814,000 for the three months ended June 30, 1995 and 1994 and 33,821,000 and 37,408,000 for the nine months ended June 30, 1995 and 1994, respectively.

(4) Notes Payable -

In December 1994, outstanding borrowings under a long-term debt agreement were refinanced under a short-term line of credit. Interest on this obligation is at approximately the prime rate.

(5) Long-Term Debt -

During the quarter ended June 30, 1995, the Company entered into an eight-year loan agreement with two banks. The agreement provides for up to \$60 million of revolving credit for three years after which outstanding borrowings may be converted into a five-year term loan. Borrowings bear interest at rates based upon the London Interbank Offered Rate or at the prime rate.

(6) Self-Tender Offer -

In December 1994, the Company completed a self-tender offer for 3,002,840 shares of the Company's Common Stock, which were then retired, at a price of \$8.75 per share. During the nine months ended June 30, 1995, approximately \$28,200,000 was used to acquire 3,128,050 shares of Common Stock.

(7) Acquisitions -

During the quarter ended December 31, 1994, the Company acquired two companies for the building products business for an aggregate price of \$7,758,000. The acquisitions have been accounted for as purchases.

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

RESULTS OF OPERATIONS

Three months ended June 30, 1995

Net sales -

Net sales were \$135.2 million for the three-month period ended June 30, 1995, an increase of \$10.0 million or 7.9% over last year's comparable quarter.

Net sales of the building products business were \$75.0 million, an increase of \$11.6 million or 18.3% over last year. Acquired businesses accounted for \$9.7 million of the higher sales.

Net sales of the specialty plastic films business were \$27.0 million compared to \$29.0 million last year. As previously reported, a major customer of the specialty plastic films business has made a design change which substantially phased out the specialty plastic's thin laminate program during the first half of 1995. During the quarter, decreased sales of thin laminate (\$6.3 million) were partially offset by the effect of higher selling prices (\$2.3 million) and increased sales of other film products (\$2.0 million).

Net sales of the electronic information and communication systems business were \$23.1 million compared to \$23.4 million last year.

Operating income -

Income from operations for the three-month period ended June 30, 1995 was \$8.2 million compared to \$12.5 million in last year's comparable quarter.

Operating income of the building products business was approximately the same as last year. Increases from acquired businesses' operating income and higher selling prices were offset by increased raw material and other manufacturing costs.

Operating income of the specialty plastic films business decreased by approximately \$5 million compared to last year primarily due to the phase-out of the thin laminate program, delays in receipt of anticipated orders related to ongoing development projects and substantial cost increases for polyethylene resin used in its business. The Company has generally been able to pass on such increases to its customers in the past. However, the specialty plastic film industry has experienced a period of soft demand and excess production capacity. As a result, although the Company has implemented selling price increases, due to the magnitude of the cost increases and the economic conditions, such selling price adjustments have not fully compensated for the cost increases. Although raw material costs recently decreased, it is not known at this time if there will be further decreases or the extent that such decreases will be retained by the business.

Operating income of the electronic information and communication systems business was approximately the same as last year.

Nine months ended June 30, 1995

Net sales -

Net sales were \$388.9 million in the nine-month period ended June 30, 1995, an increase of \$41.7 million or 12.0% over last year's comparable period.

Net sales of the building products business were \$213.5 million, an increase of \$46.4 million or 27.7% over last year. Acquired companies accounted for \$26.5 million of the increase, with the remainder of the increase principally attributable to increased unit sales of garage doors (\$14.4 million) and price increases.

Net sales of the specialty plastic films business were \$81.2 million compared to \$85.6 million last year, due primarily to the phase-out of the thin laminate program partially offset by the effect of higher selling prices (\$6.3 million) and increased unit sales of health care and other film products (\$5.8 million).

Net sales of the electronic information and communication systems business were \$63.9 million compared to \$66.3 million last year, principally due to decreased revenues on certain military programs that are nearing completion.

Operating income -

Income from operations for the nine-month period ended June 30, 1995 was \$26.5 million compared to \$32.3 million last year.

Operating income of the building products business increased approximately \$3.8 million over last year's comparable period primarily due to the increased sales.

Operating income of the specialty plastic films business decreased approximately \$10 million for the reasons discussed above.

Operating income of the electronic information and communication systems business decreased approximately \$1.0 million due to the lower sales.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow provided by operations was \$2.4 million after reflecting a reduction of current liabilities of approximately \$8.3 million.

In December 1994, the Company completed a self-tender offer for 3,002,840 shares of its Common Stock at a price of \$8.75 per share. During the nine months, a total of \$28.2 million was used to acquire 3,128,050 shares of Common Stock. These purchases were funded by existing cash and marketable securities, which decreased due to the stock purchases and \$7.8 million used for two acquisitions for the building products business.

In June 1995, the Company entered into a \$60 million eight-year loan agreement with two banks that provides revolving credit for three years after which outstanding borrowings may be converted into a five-year term loan. Borrowings bear interest at rates based upon the London Interbank Offered Rate or at the prime rate and may be used for general corporate purposes, including business acquisitions.

Anticipated cash flows from operations, together with existing cash and lease line availability, should be adequate to finance presently anticipated working capital and capital expenditure requirements.

PART II - OTHER INFORMATION

Item 1 Legal Proceedings

There are no material changes in the information previously reported under this item.

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

27 -- 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 Robert Balemian

Robert Balemian
President
(Principal Financial Officer)

Date: July 26, 1995

<ARTICLE> 5

<LEGEND>

THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 1995 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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