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, 2002

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. 33,188,407 shares of Common Stock as of July 31, 2002.

FORM 10-Q

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GRIFFON CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2002 (Unaudited)	September 30, 2001 (Note 1)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 41,776,000	$ 40,096,000
Accounts receivable, less allowance for doubtful accounts	138,588,000	146,425,000
Contract costs and recognized income not yet billed	58,681,000	66,116,000
Inventories (Note 2)	102,967,000	98,044,000
Prepaid expenses and other current assets	22,271,000	18,148,000
Total current assets	364,283,000	368,829,000
PROPERTY, PLANT AND EQUIPMENT at cost, less accumulated depreciation and amortization of $121,082,000 at June 30, 2002 and $104,231,000 at September 30, 2001	152,071,000	145,931,000
OTHER ASSETS:		
Costs in excess of fair value of net assets of businesses acquired (Note 5)	49,339,000	60,232,000
Other	12,610,000	10,001,000
	61,949,000	70,233,000
	$578,303,000	$584,993,000

See notes to condensed consolidated financial statements.

GRIFFON CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2002	September 30, 2001
	(Unaudited)	(Note 1)
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts and notes payable	$ 62,672,000	$ 63,740,000
Other current liabilities	115,323,000	99,211,000
Total current liabilities	177,995,000	162,951,000
LONG-TERM DEBT	82,230,000	108,615,000
MINORITY INTEREST AND OTHER	22,735,000	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 36,322,842 shares at June 30, 2002 and 35,023,437 shares at September 30, 2001; 3,128,785 shares and 2,284,802 shares in treasury at June 30, 2002 and September 30, 2001, respectively	9,081,000	8,756,000
Other shareholders' equity	286,262,000	285,097,000
Total shareholders' equity	295,343,000	293,853,000
	$578,303,000	$584,993,000

See notes to condensed consolidated financial statements.

GRIFFON CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	THREE MONTHS ENDED JUNE 30,	
	2002	2001
Net sales	$297,335,000	$289,384,000
Cost of sales	212,227,000	213,468,000
Gross profit	85,108,000	75,916,000
Selling, general and administrative expenses	68,189,000	58,153,000
Income from operations	16,919,000	17,763,000
Other income (expense):		
Interest expense	(1,185,000)	(2,494,000)
Interest income	311,000	434,000
Other, net	1,063,000	(256,000)
	189,000	(2,316,000)
Income before income taxes	17,108,000	15,447,000
Provision for income taxes (Note 8)	3,920,000	6,333,000
Income before minority interest	13,188,000	9,114,000
Minority interest	(1,751,000)	(1,383,000)
Net income	$ 11,437,000	$ 7,731,000
Basic earnings per share of common stock (Note 3)	$ .34	$ .23
Diluted earnings per share of common stock (Note 3)	$ .32	$ .23

See notes to condensed consolidated financial statements.

GRIFFON CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	NINE MONTHS ENDED JUNE 30,	
	2002	2001
Net sales	$866,545,000	$841,768,000
Cost of sales	622,822,000	623,332,000
Gross profit	243,723,000	218,436,000
Selling, general and administrative expenses	193,849,000	172,011,000
Income from operations (Note 6)	49,874,000	46,425,000
Other income (expense):		
Interest expense	(3,723,000)	(9,217,000)
Interest income	889,000	1,602,000
Other, net	807,000	(625,000)
	(2,027,000)	(8,240,000)
Income before income taxes	47,847,000	38,185,000
Provision for income taxes (Note 8)	16,215,000	15,656,000
Income before minority interest and cumulative effect of a change in accounting principle	31,632,000	22,529,000
Minority interest	(4,798,000)	(4,318,000)
Income before cumulative effect of a change in accounting principle	26,834,000	18,211,000
Cumulative effect of a change in accounting principle, net of income taxes of $2,457,000 (Note 5)	(24,118,000)	---
Net income	$ 2,716,000	$ 18,211,000
Basic earnings per share of common stock (Note 3):		
Income before cumulative effect of a change in accounting principle	$ .81	$ .55
Cumulative effect of a change in accounting principle	(.73)	---
	$ .08	$ .55
Diluted earnings per share of common stock (Note 3):		
Income before cumulative effect of a change in accounting principle	$ .76	$ .55
Cumulative effect of a change in accounting principle	(.68)	---
	$ .08	$ .55

See notes to condensed consolidated financial statements.

GRIFFON CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	NINE MONTHS ENDED JUNE 30,	
	2002	2001

CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 2,716,000	$18,211,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	16,510,000	18,270,000
Gain on sale of real estate	(1,974,000)	---
Pension curtailment gain	---	(3,156,000)
Minority interest	4,798,000	4,318,000
Cumulative effect of a change in accounting principle	24,118,000	---
Provision for losses on accounts receivable	1,996,000	2,469,000
Change in assets and liabilities:		
Decrease in accounts receivable and contract costs and recognized income not yet billed	15,132,000	29,192,000
(Increase) decrease in inventories	(3,913,000)	1,581,000
(Increase) decrease in prepaid expenses and other assets	502,000	(2,274,000)
Decrease in accounts payable, accrued liabilities and income taxes	(3,652,000)	(1,131,000)
Other changes, net	3,092,000	5,016,000
Total adjustments	56,609,000	54,285,000
Net cash provided by operating activities	59,325,000	72,496,000
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	(18,681,000)	(19,560,000)
Acquired business (Note 7)	(4,598,000)	---
Proceeds from sale of real estate	2,638,000	---
(Increase) decrease in equipment lease deposits and other	(434,000)	231,000
Net cash used in investing activities	(21,075,000)	(19,329,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Purchase of treasury shares	(10,142,000)	---
Proceeds from issuance of long-term debt	4,000,000	1,406,000
Payments of long-term debt	(31,633,000)	(28,665,000)
Decrease in short-term borrowings	(1,271,000)	(4,260,000)
Exercise of stock options	6,695,000	152,000
Other, net	(4,219,000)	(4,907,000)
Net cash used in financing activities	(36,570,000)	(36,274,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,680,000	16,893,000
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	40,096,000	26,616,000
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$41,776,000	$43,509,000

See notes to condensed consolidated financial statements.

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 nine-month periods ended June 30, 2002 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:

	June 30, 2002	September 30, 2001
Finished goods........................	$ 47,623,000	$53,613,000
Work in process.......................	34,555,000	27,809,000
Raw materials and supplies............	20,789,000	16,622,000
	$102,967,000	$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 and nine-month periods ended June 30, 2001 have been restated to reflect the effect of a 10% Common Stock dividend paid in September 2001.

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 33,428,000 and 33,007,000 for the three months ended June 30, 2002 and 2001, respectively, and 33,231,000 and 32,988,000 for the nine months ended June 30, 2002 and 2001, 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 35,514,000 and 33,505,000 for the three months ended June 30, 2002 and 2001, respectively, and 35,121,000 and 33,276,000 for the nine months ended June 30, 2002 and 2001, respectively, and reflects additional shares issuable in connection with stock option and other stock-based compensation plans.

Options to purchase approximately 3,296,000 shares of common stock were not included in the computation of diluted earnings per share for the three months ended June 30, 2001, and options to purchase approximately 3,806,000 shares of common stock were not included in the computation of diluted earnings per share for the nine months ended June 30, 2001, 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					
June 30, 2002	$103,902,000	$ 70,596,000	$ 74,830,000	$ 48,007,000	$297,335,000
June 30, 2001	102,758,000	68,213,000	75,709,000	42,704,000	289,384,000
Nine months ended					
June 30, 2002	304,738,000	205,094,000	216,344,000	140,369,000	866,545,000
June 30, 2001	287,735,000	198,419,000	225,463,000	130,151,000	841,768,000
Intersegment revenues -					
Three months ended					
June 30, 2002	$ 6,307,000	$ 50,000	$ ---	$ ---	$ 6,357,000
June 30, 2001	6,469,000	78,000	---	---	6,547,000
Nine months ended					
June 30, 2002	18,510,000	182,000	---	---	18,692,000
June 30, 2001	18,717,000	212,000	---	---	18,929,000
Segment profit -					
Three months ended					
June 30, 2002	$ 6,420,000	$ 2,181,000	$ 8,722,000	$ 3,433,000	$ 20,756,000
June 30, 2001	5,766,000	2,030,000	9,076,000	2,931,000	19,803,000
Nine months ended					
June 30, 2002	16,001,000	5,286,000	28,606,000	8,959,000	58,852,000
June 30, 2001	9,266,000	3,945,000	30,702,000	9,059,000	52,972,000

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

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2002	2001	2002	2001
Profit for all segments	$20,756,000	$19,803,000	$58,852,000	$52,972,000
Unallocated amounts	(2,774,000)	(2,296,000)	(8,171,000)	(7,172,000)
Interest expense, net	(874,000)	(2,060,000)	(2,834,000)	(7,615,000)
Income before income taxes	$17,108,000	$15,447,000	$47,847,000	$38,185,000

(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 evaluating goodwill for impairment. 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 nine months ended June 30, 2002 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 three and nine months ended June 30, 2001, the related elimination of goodwill amortization would have increased the company's net income and earnings per share as follows:

	For the Three Months Ended June 30, 2001			For the Nine Months Ended June 30, 2001		
	As Reported	Increase	Pro Forma	As Reported	Increase	Pro Forma
Net income	$ 7,731,000	$414,000	$8,145,000	$18,211,000	$1,364,000	$19,575,000
Basic earnings per share of common stock	$.23		$.25	$.55		$.59
Diluted earnings per share of common stock	$.23		$.24	$.55		$.59

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.

(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 $3,100,000 in the nine months ended June 30, 2001.

(7) Acquisition -

In June 2002, the company acquired a 60% interest in a Brazilian manufacturer of plastic hygienic and specialty films. The unpaid balance of the purchase price, approximately $13 million, is expected to be settled in fiscal 2003. The acquired company's sales in the most recent year were approximately $15 million.

(8) Income taxes -

The provision for income taxes for the three and nine month periods ended June 30, 2002 includes a $2.0 million tax benefit to reflect the resolution of certain previously recorded tax liabilities.

(9) Comprehensive income -

Comprehensive income, which consists of net income and foreign currency translation adjustments, was $13.0 million and $7.3 million for the three month periods ended June 30, 2002 and 2001, respectively, and $3.1 million and $18.3 million for the nine month periods ended June 30, 2002 and 2001, respectively.

(10) Subsequent event -

In August 2002 the company adopted a plan to divest a peripheral operation that sells slatted steel coiling doors and related products for commercial users. A loss on disposal of this discontinued operation, estimated at $6 - $7 million after income tax effect, will be reflected in fourth quarter results. This unprofitable operation, which was included in the garage door segment, had revenues of $21.5 million for the nine months ended June 30, 2002, $28.3 million in 2001 and $25.9 million in 2000.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Operating results for the nine month period ended June 30, 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. Prior year operating results also included goodwill amortization of $.6 million and $1.8 million for the three and nine month periods.

THREE MONTHS ENDED JUNE 30, 2002

Following are operating results (in thousands) by business segment for the three-month periods ended June 30:

	Net Sales		Segment Operating Profit	
	2002	2001	2002	2001
Garage doors	$110,209	$109,227	$ 6,420	$ 5,766
Installation services	70,646	68,291	2,181	2,030
Specialty plastic films	74,830	75,709	8,722	9,076
Electronic information and communication systems	48,007	42,704	3,433	2,931
Intersegment revenues	(6,357)	(6,547)	-	-
	$297,335	$289,384	$20,756	$19,803

Garage Doors

Net sales of the garage doors segment increased by $1.0 million compared to last year. Favorable product mix and improved service levels resulted in the sales increase.

Operating profit of the garage doors segment increased $0.7 million compared to last year. Gross margin percentage increased to approximately 31.6% in 2002 from 27.2% last year. The increased margin was due primarily to lower raw material costs and increased manufacturing efficiencies. Selling, general and administrative expenses increased as a percentage of sales to 25.8% from 21.9% last year. Freight costs billed to customers were included in net sales; previously such recoverable costs were treated as a reduction of freight expense. This change in classification had no effect on segment operating profit. Excluding the classification of recoverable freight costs, higher selling, general and administrative expense levels reflected increased distribution and product development costs. Steel suppliers to the garage doors segment have begun to raise prices. It is anticipated that such increases will not have a significant effect on fiscal 2002 operating profit; at this time, we cannot predict the impact that raw material price increases and any related selling price adjustments will have on operating results thereafter.

In August 2002 the company adopted a plan to divest a peripheral operation that sells slatted steel coiling doors and related products for commercial users. A loss on disposal of this discontinued operation, estimated at $6 - $7 million after income tax effect, will be reflected in fourth quarter results. This unprofitable operation, which was included in the garage door segment, had revenues of $21.5 million for the nine months ended June 30, 2002, $28.3 million in 2001 and $25.9 million in 2000.

Installation Services

Net sales of the installation services segment increased by $2.4 million 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 was approximately the same as last year. Gross margin percentage increased to 27.6% from 26.2% last year. Selling, general and administrative expenses as a percentage of sales increased to 24.6% from 23.3% last year to support the sales growth and due to costs associated with systems upgrades.

Specialty Plastic Films

Net sales of the specialty plastic films segment decreased $0.9 million compared to last year. Lower selling prices ($5.0 million), including selling price adjustments to pass through raw material cost decreases to customers, were partly offset by higher unit volumes ($1.6 million), the impact of a weaker U.S. dollar on translated foreign sales ($1.7 million) and sales of an acquired company ($0.5 million).

Operating profit of the specialty plastic films segment decreased by $0.4 million compared to last year. Gross margin percentage increased to 24.6% from 23.5% last year, reflecting lower raw material costs and the effect of selling price adjustments. Selling, general and administrative expenses as a percentage of sales increased to 13.8% from 11.3% last year due to the effect of the sales decrease, costs associated with settled litigation and increased distribution and information technology costs. This segment is now experiencing upward pressure on raw material (resin) costs. The segment is generally able to pass price increases on to some of its customers. Although there could be some impact on future operating results due to the extent of raw material price increases and the timing and amount of resultant selling price adjustments, we do not expect such impact to be significant.

Electronic Information and Communication Systems

Net sales of the electronic information and communication systems segment increased $5.3 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 increased $0.5 million compared to last year. The increase is principally attributable to the effect of higher sales, partly offset by increased expenditures of approximately $0.5 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 the latter part of 2003. Gross margin percentage increased to 25.2% from 24.1% last year due primarily to higher sales and margins in connection with certain defense programs.

Net Interest Expense

Net interest expense decreased by $1.2 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 $48 million from June 30, 2001 to June 30, 2002.

Other Income (Expense)

Other, net included a $1,974,000 gain on sale of real property, substantially offset by a $1.6 million charge to reflect estimated liabilities associated with the bankruptcy of a freight claims administrator.

Income Tax Expense

The company's provision for income taxes in the three months ended June 30, 2002 includes a $2.0 million tax benefit to reflect the resolution of certain previously recorded tax liabilities.

NINE MONTHS ENDED JUNE 30, 2002

Operating results (in thousands) by business segment were as follows for the nine-month periods ended June 30:

	Net Sales		Segment Operating Profit	
	2002	2001	2002	2001
Garage doors	$323,248	$306,452	$16,001	$ 9,266
Installation services	205,276	198,631	5,286	3,945
Specialty plastic films	216,344	225,463	28,606	30,702
Electronic information and communication systems	140,369	130,151	8,959	9,059
Intersegment revenues	(18,692)	(18,929)	-	-
	$866,545	$841,768	$58,852	$52,972

Garage Doors

Net sales of the garage doors segment increased by $16.8 million compared to last year primarily due to higher unit sales. The unit sales increase was attributable to service level improvements and mild weather conditions.

Excluding the fiscal 2001 pension curtailment gain, operating profit of the garage doors segment increased approximately $8.2 million compared to last year. Gross margin percentage increased to 30.5% in 2002 from 26.1% last year. The increased margin was due primarily to the sales growth, lower raw material costs and increased manufacturing efficiencies. Selling, general and administrative expenses increased as a percentage of sales to 25.5% from 23.0% last year. Freight costs billed to customers were included in net sales; previously such recoverable costs were treated as a reduction of freight expense. This change in classification had no effect on segment operating profit.

Installation Services

Net sales of the installation services segment increased by $6.6 million compared to last year. The increase was principally due to the segment's expanded product offering, stronger new construction markets and increased market share.

Operating profit of the installation services segment increased $1.3 million compared to last year. Gross margin percentage increased to 27.5% from approximately 26.4% 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 was 24.5%, unchanged from last year.

Specialty Plastic Films

Net sales of the specialty plastic films segment were $216.3 million compared to $225.5 million last year. Lower selling prices ($13.9 million), including selling price adjustments to pass through raw material cost decreases to customers, partly offset by higher unit volume ($3.9 million) were the principal reasons for the decrease.

Excluding the fiscal 2001 pension curtailment gain, operating profit of the specialty plastic films segment decreased by $0.6 million compared to last year. Gross margin percentage increased to 25.5% from 24.7%, reflecting lower raw material costs and manufacturing efficiencies, partly offset by the effect of selling price adjustments and costs associated with a production line installed during the first quarter in one of our European operations. Selling, general and administrative expenses as a percentage of sales increased to approximately 12.4% from 10.8% due to the effect of the sales decrease; selling, general and administrative expenses were substantially the same as in the prior year.

Electronic Information and Communication Systems

Net sales of the electronic information and communication systems segment increased $10.2 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 was approximately the same as last year after increased expenditures of approximately $3.2 million associated with its previously announced technology initiatives. Gross margin percentage increased to 23.5% from 22.9% last year due primarily to higher margins in connection with the sales increase and manufacturing efficiencies.

Net Interest Expense

Net interest expense decreased by $4.8 million compared to last year due to the effect of debt repayments and lower interest rates.

Other Income (Expense)

Other, net included a $1,974,000 gain on sale of real property, substantially offset by a $1.6 million charge to reflect estimated liabilities associated with the bankruptcy of a freight claims administrator.

Income Tax Expense

The company's provision for income taxes for the nine months ended June 30, 2002 includes a $2.0 million tax benefit to reflect the resolution of certain previously recorded tax liabilities.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow generated by operations for the nine months ended June 30, 2002 was $59.3 million compared to $72.5 million last year and working capital was $186.3 million at June 30, 2002.

During the nine months ended June 30, 2002, the company had capital expenditures of approximately $18.7 million, principally made in connection with increasing production capacity. Capital expenditures for fiscal 2002 are expected to aggregate approximately $25 million; it is anticipated that fiscal 2003 capital expenditures will exceed $40 million. The increased capital expenditures are primarily in connection with new programs for the specialty plastic films segment.

As described in Note 7 to the condensed consolidated financial statements, in June 2002, the company acquired a 60% interest in a Brazilian manufacturer of plastic hygienic and specialty films. The unpaid balance of the purchase price, approximately $13 million, is expected to be settled in fiscal 2003.

Financing cash flows principally consisted of reductions of bank indebtedness of $28.9 million, treasury stock purchases of $10.1 million and proceeds from stock option exercises of $6.7 million. Additional 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 June 30, 2002, 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

2003	$20,700	$6,200	$26,900
2004	16,000	5,800	21,800
2005	11,500	6,600	18,100
2006	6,900	2,800	9,700
2007	4,200	9,300	13,500

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", "objective" 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 is 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

(a) Exhibit 99 - Certifications pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Current report on Form 8-K dated April 30, 2002 reporting a change in the registrant's certifying accountants.

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: August 12, 2002

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

I, Harvey R. Blau, Chief Executive Officer of Griffon Corporation, hereby certify that the Form 10-Q of Griffon Corporation for the period ended June 30, 2002 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Griffon Corporation.

/s/ Harvey R. Blau

Name: Harvey R. Blau
Date: August 13, 2002

I, Robert Balemian, Chief Financial Officer of Griffon Corporation, hereby certify that the Form 10-Q of Griffon Corporation for the period ended June 30, 2002 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Griffon Corporation.

/s/ Robert Balemian

Name: Robert Balemian
Date: August 13, 2002

These certifications are being furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and, except to the extent required by the Sarbanes-Oxley Act, shall not be deemed to be filed as part of the periodic report described herein nor shall they be deemed filed by Griffon Corporation for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.