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, 1998

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) 93 8-5544
(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. 30,434,237 shares of Common Stock as of January 31, 1999.

FORM 10-Q

CONTENTS

GRIFFON CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 1998 (Unaudited)	September 30, 1998 (Note 1)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 16,191,000	$ 19,326,000
Accounts receivable, less allowance for doubtful accounts	117,980,000	114,784,000
Contract costs and recognized income not yet billed	51,314,000	47,324,000
Inventories (Note 2)	104,116,000	104,517,000
Prepaid expenses and other current assets	21,404,000	20,675,000
Total current assets	311,005,000	306,626,000
PROPERTY, PLANT AND EQUIPMENT at cost, less accumulated depreciation and amortization of $67,019,000 at December 31, 1998 and $62,729,000 at September 30, 1998	134,814,000	132,214,000
OTHER ASSETS	51,253,000	49,098,000
	$497,072,000	$487,938,000

<FN>

See notes to condensed consolidated financial statements.

</FN>

GRIFFON CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 1998 (Unaudited)	September 30, 1998 (Note 1)

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:		
Accounts and notes payable	$ 65,428,000	$ 65,305,000
Other current liabilities	66,742,000	72,839,000
Total current liabilities	132,170,000	138,144,000
LONG-TERM DEBT	114,003,000	107,458,000
MINORITY INTEREST AND OTHER	12,424,000	12,247,000
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 31,721,239 shares at December 31, 1998 and 31,706,362 shares at September 30, 1998; 1,287,002 shares in treasury at December 31, 1998 and September 30, 1998	7,930,000	7,927,000
Other shareholders' equity	230,545,000	222,162,000
Total shareholders' equity	238,475,000	230,089,000
	$497,072,000	$487,938,000

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

GRIFFON CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	THREE MONTHS ENDED DECEMBER 31,	
	1998	1997
Net sales	$258,557,000	$229,031,000
Cost of sales	196,431,000	171,108,000
Gross profit	62,126,000	57,923,000
Selling, general and administrative expenses	49,334,000	43,618,000
Income from operations	12,792,000	14,305,000
Other income (expense):		
Interest expense	(1,498,000)	(965,000)
Interest income	61,000	207,000
Other, net	(3,000)	(31,000)
	(1,440,000)	(789,000)
Income before income taxes	11,352,000	13,516,000
Provision for income taxes:		
Federal	3,374,000	3,935,000
State and other	826,000	1,066,000
	4,200,000	5,001,000
Net income	$ 7,152,000	$ 8,515,000
Earnings per share of common stock (Note 3):		
Basic	$ .24	$ .28
Diluted	$ .23	$ .27

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

GRIFFON CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	THREE MONTHS ENDED DECEMBER 31, 1998	THREE MONTHS ENDED DECEMBER 31, 1997
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 7,152,000	$ 8,515,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	5,223,000	3,271,000
Provision for losses on accounts receivable	447,000	403,000
Change in assets and liabilities:		
(Increase)decrease in accounts receivable and contract costs and recognized income not yet billed	(7,633,000)	2,216,000
Decrease in inventories	401,000	5,051,000
Increase in prepaid expenses and other assets	(2,226,000)	(2,777,000)
Decrease in accounts payable and accrued liabilities	(5,975,000)	(14,605,000)
Other changes, net	1,258,000	877,000
Total adjustments	(8,505,000)	(5,564,000)
Net cash provided by (used in) operating activities	(1,353,000)	2,951,000
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net decrease in marketable securities	---	997,000
Acquisition of property, plant and equipment	(7,027,000)	(3,810,000)
Increase in equipment lease deposits and other, net	(1,430,000)	(1,834,000)
Net cash used in investing activities	(8,457,000)	(4,647,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Purchase of treasury shares	---	(1,181,000)
Proceeds from issuance of long-term debt	6,829,000	---
Payment of long-term debt	(297,000)	(408,000)
Other, net	143,000	544,000
Net cash provided by (used in) financing activities	6,675,000	(1,045,000)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,135,000)	(2,741,000)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	19,326,000	15,414,000
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$16,191,000	$12,673,000

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

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, 1998 are not necessarily indicative of the results that may be expected for the year ending September 30, 1999. The balance sheet at September 30, 1998 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, 1998.

(2) Inventories -

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

	December 31, 1998	September 30, 1998
Finished goods	$ 64,971,000	$ 58,176,000
Work in process	22,833,000	27,011,000
Raw materials and supplies	16,312,000	19,330,000
	$104,116,000	$104,517,000

(3) Earnings per share -

Basic EPS is calculated by dividing income available to common shareholders by the weighted average number of shares of common stock outstanding during the period. The weighted average number of shares of common stock used in determining basic EPS was 30,377,000 for the three months ended December 31, 1998 and 30,477,000 for the three months ended December 31, 1997.

Diluted EPS is calculated by dividing income available to common shareholders, adjusted to add back dividends or interest on convertible securities, 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 30,596,000 and 31,408,000 for the three months ended December 31, 1998 and 1997, respectively and reflects additional shares in connection with stock option and other stock-based compensation plans (219,000 shares for the three months ended December 31, 1998 and 931,000 shares for the three months ended December 31, 1997).

Options to purchase approximately 2,836,000 and 735,000 shares of common stock were not included in the computations of diluted earnings per share for the three months ended December 31, 1998 and 1997, respectively, because the effects would have been antidilutive.

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

Results of Operations

Net sales were $258.6 million for the three-month period ended December 31, 1998, an increase of $29.5 million or 12.9% over last year.

Net sales of the building products business were $166.2 million, an increase of $12.6 million or 8.2% over last year. The increase was principally due to higher garage door unit sales due to stronger construction and related retail markets and internal growth in the installation services business attributable to market share growth and mild weather, partly offset by the effect of competitive pricing. Net sales of the specialty plastic films business were $50.3 million, an increase of $10.8 million or 27.3% over last year. Net sales of an acquired company accounted for $8.2 million of the sales increase. The remainder of the increase was due to higher unit volume, the effects of which were partly offset by price competition in the commodity end of the business and a pass-through to customers of lower resin prices. Net sales of the electronic information and communication systems business were $42.0 million, an increase of $6.1 million or 17.1% over last year due to new programs and increased funding levels on existing programs.

Income from operations for the three-month period ended December 31, 1998 was $12.8 million compared to $14.3 million last year. Operating income of the building products business decreased approximately $2 million compared to last year. The effect of the sales growth was offset by continued competitive pricing pressures and capacity constraints and related manufacturing inefficiencies due to delay in implementing an additional production line. Increased operating expenses associated with new distribution centers and certain manufacturing inefficiencies related to production of commercial doors also impacted profitability. Additional capacity is currently being implemented. Operating income of the specialty plastic films segment increased slightly compared to last year primarily due to earnings of an acquired business, partly offset by the effects of competitive pricing. Operating income of the electronic information and communication systems operation increased by approximately $.5 million due to the increased sales.

Net interest expense increased by $.7 million compared to last year due to higher levels of outstanding debt from an acquisition in late 1998, from borrowings to finance new production lines for specialty plastic films' joint venture and from lower investable balances.

Liquidity and Capital Resources

Cash flow used by operations for the quarter was $1.4 million and working capital was $178.8 million at December 31, 1998.

During the first quarter, the company had capital expenditures of approximately $7 million, including $2.6 million to upgrade and enhance strategic business systems and approximately $1.2 million for new production lines for its specialty plastic films joint venture in Germany. The balance of capital expenditures were principally made in connection with increasing production capacity.

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.

As described in the company's Annual Report for the year ended September 30, 1998, the company is taking actions in each of its businesses to address Year 2000 issues. These efforts in connection with the company's application software, hardware and related operating platforms ("IT Systems"), embedded technology such as microcontrollers used in production equipment or products, and third parties, principally suppliers and customers, are currently proceeding as planned. There are no significant changes from the information contained in the Annual Report with respect to the nature and extent of the company's Year 2000 remediation efforts, its state of readiness or the costs involved. However, there can be no assurance that information resulting from the company's remediation efforts or other changes in circumstances might not result in a different assessment of Year 2000 issues, readiness or related costs.

All statements other than statements of historical fact included in this report, including without limitation statements regarding the company's financial position, business strategy, Year 2000 readiness 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 and the impact of any disruption or failure in normal business activities at the company and its customers and suppliers as a consequence of Year 2000 related problems. 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.

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 4, 1999.

(b) Not applicable

(c)(i) Four directors were elected at the Annual Meeting to serve until the Annual Meeting of Stockholders in 2002. 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	24,635,567	3,671,084
Robert Bradley	24,529,090	3,677,561
Martin S. Sussman	24,536,612	3,670,039
Lester L. Wolff	24,527,404	3,679,247

Item 5 Other Information

None

Item 6 Exhibits and Reports on Form 8-K

(a) Exhibits

27 -- Financial Data Schedule (for electronic submission only)

(b) Reports on Form 8-K

Current report on Form 8-K dated November 5, 1998 containing Item 5, other events and Item 7, exhibits.

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
(Principal Financial Officer)

Date: February 8, 1999

<ARTICLE> 5
<LEGEND>
The schedule contains summary financial information extracted from the condensed consolidated financial statements for the period ended December 31, 1998 and is qualified in its entirety by reference to such statements.
</LEGEND>

<PERIOD-TYPE>	3-MOS	
<FISCAL-YEAR-END>		SEP-30-1999
<PERIOD-END>		DEC-31-1998
<CASH>		16,191,000
<SECURITIES>		0
<RECEIVABLES>		177,778,000
<ALLOWANCES>		8,484,000
<INVENTORY>		104,116,000
<CURRENT-ASSETS>		311,005,000
<PP&E>		201,833,000
<DEPRECIATION>		67,019,000
<TOTAL-ASSETS>		497,072,000
<CURRENT-LIABILITIES>		132,170,000
<BONDS>		114,003,000
<PREFERRED-MANDATORY>		0
<PREFERRED>		0
<COMMON>		7,930,000
<OTHER-SE>		230,545,000
<TOTAL-LIABILITY-AND-EQUITY>		497,072,000
<SALES>		258,557,000
<TOTAL-REVENUES>		258,557,000
<CGS>		196,431,000
<TOTAL-COSTS>		196,431,000
<OTHER-EXPENSES>		0
<LOSS-PROVISION>		447,000
<INTEREST-EXPENSE>		1,498,000
<INCOME-PRETAX>		11,352,000
<INCOME-TAX>		4,200,000
<INCOME-CONTINUING>		7,152,000
<DISCONTINUED>		0
<EXTRAORDINARY>		0
<CHANGES>		0
<NET-INCOME>		7,152,000
<EPS-PRIMARY>		.24
<EPS-DILUTED>		.23