BOLD ENERGY INC.
Form 10-K
November 13, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **July 31, 2012**

Commission File Number: 000-54816

BOLD ENERGY INC.

Nevada	26-2940624
(state or other jurisdiction of incorporation or organization)	(I.R.S. Employer I.D. No.)

112 North Curry Street

Carson City, Nevada 89703

(775) 333-1198

Securities registered under Section 12(b) of the Exchange Act: **None**

Securities registered under Section 12(g) of the Exchange Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o **No þ**

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o **No þ**

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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. **Yes þ** No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. **þ**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definition of "large accelerated filer and "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o Accelerated filer o Non-accelerated filer o **Smaller reporting company þ**

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act) Yes o **No þ**

Aggregate market value of the voting and non-voting stock of the registrant held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter: $0.00.

As of October 18, 2012, there were 57,053,138 shares of the registrant's Common Stock issued and outstanding.

BOLD ENERGY INC.

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PART I

ITEM 1. DESCRIPTION OF BUSINESS

Bold Energy Inc. ("Bold Energy", "we", the "Company") was incorporated in the State of Nevada as a for-profit company on June 27, 2008 and established a fiscal year end of July 31. We are a development stage company that intends to develop a wide range loyalty program based on "Global Club points" awarded for all purchases made in associated establishments. These points will be exchangeable for products, trips or discounts. We intend to partner with various retailers, so that the cardholders will be able to collect points on their everyday expenses, such as in grocery shops, gas stations, restaurants, electronic stores, travel agencies, etc.

Our strategy is to recruit a large number of retail outlets as participating Global Club partners. We plan to do this by having our sales representatives negotiate membership deals with many large retail outlets and chains across North America. We also plan to advertise Global Club to retail outlets in various trade magazines as part of our sales campaign. Our planned website will also play a central role in recruiting customers.

General Overview

Global Club is a new concept of a traditional loyalty program. The concept is simple: on every purchase it will be awarded points to be printed on a card. These points can be exchanged for products, such as video-games, gift cards, trips, etc., according to the number of points on the card: more points, better prize. We intend to have a wide variety of partners so that the cardholders will be able to collect points on their everyday expenses from a broad selection of retailers, such as grocery shops, gas stations, restaurants, electronic stores, travel agencies, etc.

We intend to begin initial operations by purchasing a limited number of samples of the RW Terminal and PET cards in order to develop and test our system. Once we obtain these samples, we plan to hire hi-tech consultants to develop the software to run the systems. Once our system is operational, we expect to start our marketing efforts. We will then develop our website, www.globalclubloyalty.com, and contact possible partners.

PET Card

An important part of the program will be a recyclable PET card that is similar in size to a debit/credit PVC card, but thinner (0.22mm). The card will be color printed by applying special UV (ultra-violet) inks in thin (less than 0.04 mm) coats with our logo and a serial number on the face and product information on the obverse side. The obverse side of the card will also contain a magnetic layer upon which the information (data) about the customer, including his accumulated points will be recorded by a specialized device, called the “Readwriter Terminal.” The points will be printed thermally in a way that the magnetic reader head of the terminal will read the information recorded on it. In addition, we could also use face side of card for advertising and product promotions.

The estimated cost price is US$0.80 per unit.

Read Writer Terminal – RWT

We intend to import this equipment from a specialized company from Japan. We expect that this company will be able to manufacture this equipment according to our design specifications. We expect to install terminals in each venue that is a part of the Global Club. The terminal is the technology that we expect to use as a means to recognize each card and print the points on it after each of the cardholder’s transactions.

At the present time, we have not made any arrangements to raise additional cash. We will need additional cash, but if we are unable to raise the necessary level of funding, we will either have to suspend marketing operations until we do raise the cash necessary to continue our business plan or we will have to cease operations entirely.

If we are unable to complete any phase of our business plan or marketing efforts because we do not have enough funding, we will cease our development and/or marketing activities until we raise enough funds to continue. If we fail in any phase of our business plan, it would become more difficult to raise capital because such failures discourage additional investment. As a consequence, if we cannot secure additional funding, we will have to cease operations and our current investors may lose their entire investment.

Plan of Operation

We plan to begin initial operations by purchasing a limited number of samples of the RW Terminal from a Japanese company that specializes in the manufacture of this product. We also plan to obtain a limited number of PET cards as well. Once we are able to secure samples of the RW Terminal and the PET cards, we expect to be able to begin developing and testing our system. We expect to complete this stage after we are able to raise enough capital to implement our plan of operations.

After acquiring the RW Terminals and PET cards, we plan to hire hi-tech consultants to develop the software to run the systems. We intend to use the terminals and cards acquired prior to this stage to test the system and make any necessary adjustments to the software so that it runs to our specifications.

Once our system is operational, we expect to begin our marketing efforts. We will develop our website, www.globalclubloyalty.com, and contact malls, grocery stores, gas stations and other retailers to be our partners. We intend to be fully operational once we are able to raise enough capital to implement our plan of operations.

We plan on charging a monthly rental fee that will include the maintenance of the equipment. The Company also plans to generate revenue by charging approximately US$0.01 for each issued point and by selling advertisement space on the cards. The consumer will not pay bear any additional costs for the points because these costs will be already included in the final price of the product. In addition, we may also sell specially designed PET cards as collector’s items.

Management does not plan to hire additional employees at this time. Our President will be responsible for the initial product sourcing. Initially, weintend to hire sales representatives on a commission-only basis to in order to minimize administrative and labor costs overhead . We plan to use third party web designers to build and maintain our website.

We do not expect to be purchasing or selling plant or any significant equipment during the next twelve months.

Research and Development

We have not spent any money on research and development activities during the year ended July 31, 2012. We anticipate that we will not incur any expenses on research and development over the next 12 months. Our planned expenditures on our operations or business combination are summarized under the section of this annual report entitled “Management’s Discussion and Analysis of Financial Position and Results of Operations.”

Recent Developments

The Company has evaluated its developments over the fiscal year and has determined that there are no events to disclose because we have not had any significant business developments since the date of our last annual report.

Employees and Employment Agreements

At present, we do not have any employees other than our officer and director, Eden Clark and our Secretary, Patrick De Blois. Ms. Clark currently devotes approximately 10 to15 hours a week to our business. Mr. DeBlois currently devotes approximately 5 hours a week to our business. We presently do not have pension, health, annuity, insurance, stock options, profit sharing or similar benefit plans; however, we may adopt such plans in the future. There are presently no personal benefits available to any officers, directors or employees.

Item 1A. Risk Factors

Not applicable to smaller reporting companies.

Item 2. Description of Property

We do not own any real estate or other properties. The Company’s office is located at 112 North Curry Street, Carson City, Nevada, 89703.

Item 3. Legal Proceedings

We are currently unaware of any legal matters pending or threatened against us.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Market for Common Equity, Related Stockholder Matters and Small Business Issuer Purchases of Equity Securities

Market Information

There is a limited public market for our common shares. Our common shares are quoted on the OTC Bulletin Board under the symbol “BOLD.OB”. Trading in stocks quoted on the OTC Bulletin Board is often thin and is characterized by wide fluctuations in trading prices due to many factors that may be unrelated to a company’s operations or business prospects. We cannot assure you that there will be a market in the future for our common stock.

OTC Bulletin Board securities are not listed or traded on the floor of an organized national or regional stock exchange. Instead, OTC Bulletin Board securities transactions are conducted through a telephone and computer network connecting dealers in stocks. OTC Bulletin Board issuers are traditionally smaller companies that do not meet the financial and other listing requirements of a regional or national stock exchange.

The following table sets forth the high and low closing prices quoted on the Over the Counter Bulletin Board for the last two fiscal years, without retail mark-up, mark-down or commission and may not be reflective of actual transactions:

Fiscal Year Ending July 31, 2012

Quarter Ended	High $	Low $
July 31, 2012	.15	.13
April 30, 2012	.55	.13
January 31, 2012	.61	.52
October 31, 2011	.55	.31

Fiscal Year Ending July 31, 2011

Quarter Ended	High $	Low $
July 31, 2011	30.00	0.31
April 30, 2011	30.00	1.20
January 31, 2011	1.95	1.95
October 31, 2010	1.95	1.95

Number of Holders

As of October 18, 2012, 57,053,138 issued and outstanding shares of common stock were held by a total of 171 shareholders of record.

Dividends

No cash dividends were paid on our shares of common stock during the fiscal years ended July 31, 2012 and 2011. We have not paid any cash dividends since our inception and do not foresee declaring any cash dividends on our common stock in the foreseeable future. We issued a share dividend of 149 shares for every share owned as of March 23, 2010

Recent Sales of Unregistered Securities

None.

Purchase of our Equity Securities by Officers and Directors

None.

Other Stockholder Matters

None.

Item 6. Selected Financial Data

Not applicable to smaller reporting companies.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial statements and related notes included elsewhere in this report.

This report contains forward looking statements relating to our Company's future economic performance, plans and objectives of management for future operations, projections of revenue mix and other financial items that are based on the beliefs of, as well as assumptions made by and information currently known to, our management. The words "expects", “intends”, “believes”, “anticipates”, “may”, “could”, “should" and similar expressions and variations thereof are intended to identify forward-looking statements. The cautionary statements set forth in this section are intended to emphasize that actual results may differ materially from those contained in any forward looking statement.

Our auditor’s report on our July 31, 2012 financial statements expresses an opinion that substantial doubt exists as to whether we can continue as an ongoing business. Since our officer and director may be unwilling or unable to loan or advance the Company additional capital, we believe that if we do not raise additional capital over the next 12 months, we may be required to suspend or cease the implementation of our business plans. See “July 31, 2012 Audited Financial Statements – Report of Independent Registered Public Accounting Firm.”

Management believes that the amount of cash on hand and in the bank on behalf of Bold Energy will not satisfy our cash requirements for the next twelve months or until such time that additional proceeds are raised. We plan to satisfy our future cash requirements - primarily the working capital required for the development of our course guides and marketing campaign and to offset legal and accounting fees - by obtaining additional equity financing. This will likely be in the form of private placements of common stock.

Management believes that if subsequent private placements are successful, we will be able to generate sales revenue within the following twelve months thereof. However, additional equity financing may not be available to us on acceptable terms or at all, and thus we could fail to satisfy our future cash requirements.

If Bold Energy is unsuccessful in raising additional funding through a private placement offering, it will then have to seek additional funds through debt financing, which would be highly difficult for a new development stage company to secure. Therefore, the Company is highly dependent upon the success of the anticipated private placement offering and failure thereof would result in Bold Energy having to seek capital from other sources, such as debt financing, which may not even be available to the company. However, if we were able to obtain such financing, we would likely have to pay additional costs associated with high risk loans and be subject to an above market interest rate because we are a development stage company with no operations to date. At such time these funds are required, management would evaluate the terms of such debt financing and determine whether the business could sustain operations and growth as well as manage its debt. If Bold Energy cannot raise additional proceeds via a private placement of its common stock or secure debt financing, it would be required to cease business operations. As a result, investors in Bold Energy common stock would lose all of their investment.

The development and marketing of our products will start over the next 12 months. Bold Energy does not anticipate obtaining any additional products or services.

Results of Operations

We did not generate any revenues for the fiscal year ended July 31, 2012 nor did we generate any revenues for the fiscal year ended July 31, 2011. We incurred operating expenses of $3,941,359 and $47,486, respectively, for the fiscal years ended July 31, 2012 and July 31, 2011.

Our comprehensive net loss for the fiscal year ended July 31, 2012 was $3,941,613 compared to $7,771,913 for the fiscal year ended July 31, 2011. Since the date of inception, we have incurred a comprehensive net loss of $11,767,719. We do not currently have sufficient capital to fund our estimated expenditures for the fiscal year and we intend to fund the expenditures through equity and/or debt financing. There can be no assurance that financing will be available to the Company on acceptable terms, if at all.

Liquidity and Capital Resources

At July 31, 2012, we had $293 in cash in the bank.

Our accounts payable at July 31, 2012 was $11,518 and loan payable at July 31, 2012 was $72,037.

Our stockholders' deficit was (82,181) at July 31, 2012, as compared to ($40,568) at July 31, 2011.

In the next 12 months, we do not intend to expend any substantial funds on research and development and do not intend to purchase any major equipment.

We do not anticipate any material commitments for capital expenditures in the near term. While we continue to work towards 100% capacity, we feel that current cash on hand is insufficient to satisfy our cash requirements. If we are unable to continue to develop and implement a profitable business plan, we will be required to seek additional avenues to obtain the funds necessary to sustain operations, including equity and/or debt financing. There can be no assurance that financing will be available to the Company on acceptable terms, if at all.

Given that we have not achieved significant profitable operations to date, our cash requirements are subject to numerous contingencies and risk factors beyond our control, including operational and development risks, competition from well-funded competitors and our ability to manage growth. We are not able to offer any assurances that we will be able to generate cash flow sufficient to achieve profitable operations or that our expenses will not exceed our projections. If our expenses exceed estimates, we will require additional funds during the next twelve months.

<u>Off-Balance Sheet Arrangements</u>

We have no off-balance sheet arrangements.

<u>Critical Accounting Policies</u>

Management's discussion and analysis of our financial condition and results of operations are based on the financial statements, which are prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of such financial statements requires Management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. On an ongoing basis, Management will evaluate its estimates and will base its estimates on historical experience, as well as on various other assumptions in light of the circumstances surrounding the estimate. The results of this evaluation will form the basis of our judgments about the carrying values of our assets and liabilities, which are not readily apparent from other sources. It should be noted, however, that actual results could materially differ from the amount derived from Management's estimates under different assumptions or conditions.

Loss per share is computed using the weighted average number of common stock outstanding during the period. Diluted loss per share is computed using the weighted average number of common and potentially dilutive common stock outstanding during the period reported. Our Management does not believe that any recently issued, but not yet effective accounting standards if currently adopted, would have a material effect on our current financial statements.

Because we are a small, development stage company with only one director, we have not yet appointed an audit committee or any other committee of our Board of Directors.

ITEM 7A. Quantitative and Qualitative Disclosures about Market Risk

Not applicable to smaller reporting companies.

ITEM 8. Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders

Bold Energy Inc.

We have audited the accompanying balance sheets of Bold Energy Inc.(A Development Stage Company) (the "Company") as of July 31, 2012 and 2011 and the related statements of operations, stockholders' deficit and cash flows for each of the years then ended and for the period from inception (June 27, 2008) through July 31, 2012. Bold Energy Inc's management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bold Energy Inc. (A Development Stage Company) as of July 31, 2012 and 2011 and the results of its operations and its cash flows for each of the years then ended and for the period from inception (June 27, 2008) through July 31, 2012 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 3 to the financial statements, the Company has suffered losses from operations, which raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ De Joya Griffith, LLC

Henderson, Nevada

November 12, 2012

BOLD ENERGY INC.

(fka: Global Club, Inc.)

(A Development Stage Company)

Audited

July 31, 2012 and 2011

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Bold Energy, Inc.
(fka: Global Club, Inc.)
(A Development Stage Company)
BALANCE SHEETS
Audited

	July 31, 2012	July 31, 2011
ASSETS		
CURRENT ASSETS		
Cash	$293	$4,413
TOTAL CURRENT ASSETS	-	4,413
OTHER ASSETS		
Web design, net	1,081	1,877
TOTAL OTHER ASSETS	1,081	1,877
TOTAL ASSETS	$1,374	$6,290
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$11,518	$7,491
Loans	5,000	-
Due to related party	67,037	34,367
TOTAL CURRENT LIABILITIES	83,555	41,858
LONG TERM LIABILITIES		
Loans	-	5,000
TOTAL LIABILITIES	83,555	46,858
STOCKHOLDERS' EQUITY (DEFICIT)		
Common Stock, $0.001 par value		
Authorized		
75,000,000 shares of common stock, $0.001 par value,		
Issued and outstanding		
57,053,138 shares of common stock (27,053,138 at July 31, 2011)	$57,052	$27,052
Additional Paid in Capital	12,352,736	8,482,736
Deficit accumulated during the development stage	(12,491,969)	(8,550,356)
TOTAL STOCKHOLDER'S EQUITY/(DEFICIT)	$(82,181)	$(40,568)
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY/(DEFICIT)	$1,374	$6,290

The accompanying notes are an integral part of these financial statements.

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Bold Energy, Inc.
(fka: Global Club, Inc.)
(A Development Stage Company)

STATEMENTS OF OPERATIONS
Audited

	Year ended July 31, 2012	Year ended July 31, 2011	Cumulative results from inception (June 27, 2008) to July 31, 2012
REVENUE			
Revenues	$-	$-	$-
Total revenues	-	-	-
EXPENSES			
Office and general	$(8,304)	$(29,330)	$(69,781)
Director and consulting fee	(3,906,000)	-	(3,906,000)
Professional Fees	(27,055)	(18,156)	(71,684)
Total expenses	(3,941,359)	(47,486)	(4,047,465)
Other income (expense)			
Interest expense & financing cost	(254)	(7,724,427)	(7,725,254)
Gain on debt forgiveness	-	-	5,000
Total other income (expense)	(254)	(7,724,427)	(7,720,254)
NET LOSS	$(3,941,613)	$(7,771,913)	$(11,767,719)
BASIC LOSS PER COMMON SHARE	$(0.11)	$(1.04)	
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	34,920,990	7,494,384	

The accompanying notes are an integral part of these financial statements

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Bold Energy, Inc.

(fka: Global Club, Inc.)
(A Development Stage Company)
STATEMENT OF STOCKHOLDERS' EQUITY(DEFICIT)
From inception (June 27, 2008) to July 31, 2012
Audited

	Common Stock Number of shares	Amount	Additional Paid-in Capital	Deficit accumulated during the development stage	Total
Inception (June 27, 2008) Common stock issued for cash at $0.001 per share on July 22, 2008	906,000	$906	$711,594	$(707,750)	$4,750
Net loss				(2,723)	(2,723)
Balance, July 31, 2008	906,000	906	711,594	(710,473)	2,027
Common stock issued for cash at $0.04 per share on April 23,2009	900,000	900	21,600	(16,500)	6,000
Net loss				(12,801)	(12,801)
Balance, July 31, 2009	1,806,000	$1,806	$733,194	$(739,774)	$(4,774)
Forgiveness of debt from former director (officer)			4,788		4,788
Common stock issued for cash at $0.001 per share on April 6,2010	200,000	200	4,800		5,000
Cancellation of Stock Redeemed at $0.001 per share on July 15, 2010	(1,250)	(2)	2		-
Net loss				(38,669)	(38,669)
Balance, July 31, 2010	2,004,750	$2,004	$742,784	$(778,443)	$(33,655)
Common Stock issued for services at $0.001 per share on May 12,2011	48,388	48	14,952		15,000
Common Stock issued as loan repayment at $0.001 per share on May 12,2011	25,000,000	25,000	7,725,000		7,750,000
Net loss				(7,771,913)	(7,771,913)
Balance, July 31, 2011	27,053,138	$27,052	$8,482,736	$(8,550,356)	$(40,568)
Common Stock issued for services at $0.13					

per share on April 27, 2012	30,000,000	30,000	3,870,000		3,900,000
Net Loss				(3,941,613)	(3,941,613)
Balance, July 31, 2012	57,053,138	$57,052	$12,352,736	$(12,491,969)	$(82,181)

The accompanying notes are an integral part of these financial statements

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Bold Energy, Inc.
(fka: Global Club, Inc.)
(A Development Stage Company)
STATEMENTS OF CASH FLOW
Audited

	Year ended July 31, 2012	Year ended July 31, 2011	Cumulative results from June 27, 2008 (inception date) to July 31, 2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	$(3,941,613)	$(7,771,913)	$(11,767,719)
Adjustment to reconcile net loss to net cash used in operating activities:			
Non-cash net gain on settlement	-		(5,000)
Stock based compensation	3,900,000	(15,000)	3,915,000
Depreciation	796	775	2,102
Interest & financing cost		7,723,256	7,723,256
Change in operating assets and Liabilities:			
Increase(decrease) in Accounts payable and accrued expenses	4,027	872	18,261
NET CASH USED IN OPERATING ACTIVITIES	(36,790)	(32,010)	(114,100)
CASH FLOWS FROM INVESTING ACTIVITIES			
Web Design	-	-	(3,182)
NET CASH USED IN INVESTING ACTIVITIES	-	-	(3,182)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of common stock	-	-	15,750
Redemption of common stock	-	-	30,000
Due to related party	32,670	23,267	71,825
NET CASH PROVIDED BY FINANCING ACTIVITIES	32,670	23,267	117,575
NET INCREASE (DECREASE) IN CASH	(4,120)	(8,743)	293
CASH, BEGINNING OF PERIOD	4,413	13,156	-
CASH, END OF PERIOD	$293	$4,413	$293
Supplemental cash flow information and noncash financing activities:			
Cash paid for:			
Cancellation of shares	$-	$-	$689,892
Forgiveness of debt from former director	$-	$-	$4,788
Shares issued related to prepaid expenses	$ -	$26,774	$26,774

The accompanying notes are an integral part of these financial statements

Bold Energy, Inc.
(fka: Global Club, Inc.)
(A Development Stage Company)
NOTES TO THE AUDITED FINANCIAL STATEMENTS

July 31, 2012

NOTE 1 – NATURE OF OPERATIONS AND BASIS OF PRESENTATION
The Company was incorporated in the State of Nevada as a for-profit Company on June 27, 2008 and established a fiscal year e

On November 10, 2009, a change in control occurred when the Company received a resignation notice from Orlando J. Narita f

On November 30, 2009, the Company appointed Eden Clark as its new President, CEO, Principal Executive Officer, Treasurer

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
Basis of Presentation
The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in th

Cash and Cash Equivalents
The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash e

Use of Estimates and Assumptions
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of Am

Financial Instruments
The carrying value of the Company's financial instruments approximates their fair value because of the short maturity of these i

Basic and Diluted Net Loss per Share
The Company computes loss per share in accordance with “ASC-260”, “Earnings per Share” which requires presentation of bo

NOTE 3 – GOING CONCERN
The Company’s financial statements are prepared using generally accepted accounting principles in the United States of Ameri

In order to continue as a going concern, the Company will need, among other things, additional capital resources. Management
The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plans de

NOTE 4 – RELATED PARTY TRANSACTIONS
As of July 31, 2012 the Company received advances from a Director in the amount of $67,037, to pay for general operating exp

On November 26, 2009, the former director forgave a loan in the amount of $4,788, which was owed to him from the Company

NOTE 5 - RECLASSIFICATION: STOCK SPLIT ADJUSTMENT
Effective March 23, 2011, the President voluntarily cancelled 27,594,000 shares of her outstanding common stock of the Comp
paid-in capital.

NOTE 6 – CAPITAL STOCK
The Company is authorized to issue an aggregate of 75,000,000 common shares with a par value of $0.001 per share. No prefe

On July 22, 2008, the sole Director purchased 906,000 shares of the common stock in the Company for $4,750.

On April 23, 2009, the Company issued 900,000 Common shares for $6,000.

On November 26, 2009, the former director forgave a loan in the amount of $4,788, which was owed to him from the Company

On March 2, 2010, the Company affected a 150:1 forward split of the Company's stock through the issuance of a stock dividend

On March 2, 2010, the President of the Company requested that the Company cancel 27,594,000 common shares that she owns

On April 6, 2010, the Company issued an aggregate of 200,000 common shares to various stockholders at $0.025 per share for

On July 15, 2010, various stockholders requested that the Company cancel 1,250 common shares.

On March 31, 2011, the Company affected a 1 for 25 reverse split of the Company's issued and outstanding common stock.

On May 12, 2011 the company issued an aggregate of 25,000,000 common shares to various stockholders @$0.31 per share. T

In addition on May 12, 2011, the company issued 48,388 shares @$0.31 per share to Ms. Eden Clark as compensation for servi

During the year ended July 31, 2012, the Company issued 30,000,000 shares to an officer and a director 15,000,000 to each. Th
As of July 31, 2012, there are a total of 57,053,138 shares of common stock outstanding.

As of July 31, 2012, the Company has not granted any stock options

All references in these financial statements to number of common shares, price per share and weighted number of common sha

NOTE 7 - SUBSEQUENT EVENTS
The Company has evaluated subsequent events from the balance sheet date through the date the financial statements were avail

On November 9, 2012, Bold Energy, Inc., a Nevada corporation (the "Company"), entered into a voluntary share exchange tran

At the closing of the transactions contemplated by the Exchange Agreement (the "Closing"), the Company will issue 30,954,38

The Exchange Agreement contains customary representations, warranties, and conditions to Closing. The foregoing description

End of Notes to the Financial Statements

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Our auditors are De Joya Griffith, LLC, Certified Public Accountants & Consultants, operating from their offices in Henderson, NV. There have not been any changes in or disagreements with our accountants on accounting, financial disclosure or any other matter.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Company management, including our chief executive officer and chief financial officer, have evaluated our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") as of the end of the period covered by this Form 10-K. Based on that evaluation, our chief executive officer and chief financial officer have concluded that our disclosure controls and procedures are effective to ensure that the information we are required to disclose in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time period specified in Securities and Exchange Commission rules and forms. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including cost limitations, the possibility of human error, judgments and assumptions regarding the likelihood of future events, and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

Changes in Internal Controls over Financial Reporting

There have been no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Rule 13a-15 or 15d-15 promulgated under the Exchange Act that occurred during the last fiscal quarter of the fiscal year ended July 31, 2012 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. Management is aware that there is a lack of segregation of duties at our company due to the limited number of employees dealing with general administrative and financial matters. At this time management believes that, given the individuals involved and the control procedures in place, the risks associated with such lack of segregation are insignificant, and that the potential benefits of adding additional employees to segregate duties more clearly do not justify the associated added expense. Management will continue to evaluate this segregation of duties. In addition, management is aware that many of our currently existing internal controls are undocumented. Our management will be working to document such internal controls over the coming year.

Item 9B. Other Information.

None.

Item 10. Directors, Executive Officers, Promoters and Control Persons; Compliance With Section 16(a) of the Exchange Act

Directors, Executive Officers and Key Employees

The following table sets forth certain information regarding our directors, executive officers and key employees as of July 31, 2012 and as of the date of the filing of this report:

Name	Age	Position(s) Held
Eden Clark	34	President, CEO, Treasurer, Principal Executive Officer, Chairman of the Board of Directors, and Secretary
Patrick DeBlois	36	Secretary

Background of Directors and Executive Officers

Eden Clark has been the President, CEO, Treasurer, CFO, Secretary and a Director of our company since November 30, 2010. From 1997 to 2001, Ms. Clark was a founding team member of Onvia.com Inc., a publicly traded company on NASDAQ, assisting it in the growth from a small start-up to more than 300 employees and $140 million in revenue. From 2002 to 2008 she was founder and CEO of Be Jane, Inc., a media and web company focused on the niche segment of women’s home improvement and décor, leading breakthrough partnerships on new initiatives with such companies as MSN and Bank of America, and was featured in hundreds of national TV and print media such as

TIME, Entrepreneur, People Magazine, Wall St Journal, CNN, The Today Show, and more. From 2008 until present, Ms. Clark became President of eDivvy.com Inc., a private payment technology company, leading the company's strategic initiatives, branding, and business development efforts. Ms. Clark devotes approximately 10 hours a week to our business.

Patrick DeBlois has been our Secretary since January 12, 2010. Since 1999, Mr. DeBlois has been a Director and is the Proprietor of the Minakwa Lodge located in Northern Ontario. Mr. DeBlois has grown his resort from a grassroots venture to a global success story. Mr. DeBlois holds a diploma in Wildlife Management and GIS mapping from Cambrian College. Mr. DeBlois devotes approximately 5 hours a week to our business.

Term of Office of Directors

Our directors are appointed for a one-year term to hold office until the next annual general meeting of our stockholders or until removed from office in accordance with our bylaws. Our officers are appointed by our Board of Directors and hold office until the officer dies or resigns or the Board elects a successor or removes the officer.

Key Employees

None.

Family Relationships

None.

Compliance With Section 16(A) Of The Securities Exchange Act Of 1934

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers and persons who beneficially own more than ten percent of a registered class of our equity securities to file with the SEC initial reports of ownership and reports of change in ownership of Common Stock and other equity securities of the Company. Officers, directors and greater than ten percent stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. Based solely upon a review of Forms 3 and 4 and amendments thereto furnished to us under Rule 16a-3(e) during the fiscal year ended July 31, 2012, Forms 5 and any amendments thereto furnished to us with respect to the fiscal year ended July 31, 2012, and the representations made by the reporting persons to us, we believe that during the fiscal year ended July 31, 2012, our executive officers and directors and all persons who own more than ten percent of a registered class of our equity securities complied with all Section 16(a) filing requirements

Involvement in Certain Legal Proceedings

None.

Audit Committee

We have not established a separately designated standing audit committee. However, the Company intends to establish a new audit committee of the Board of Directors that shall consist of independent directors. The audit committee's duties will be to recommend to the Company's board of directors the engagement of an independent registered public accounting firm to audit the Company's financial statements and to review the Company's accounting and auditing principles. The audit committee will review the scope, timing and fees for the annual audit and the results of audit examinations performed by the internal auditors and independent registered public accounting firm, including their recommendations to improve the system of accounting and internal controls. The audit committee shall at all times be composed exclusively of directors who are, in the opinion of the Company's board of directors, free from any relationship which would interfere with the exercise of independent judgment as a committee member and who possess an understanding of financial statements and generally accepted accounting principles.

Code of Ethics

We have adopted an informal Code of Ethics that applies to our officers, directors, which we feel is sufficient at this time, given we are still in the start-up, development stage and have no employees, other than our officers and directors.

Item 11. Executive Compensation.

The following table sets forth the compensation paid to our executive officers during the years ended July 31, 2012 and 2011.

SUMMARY COMPENSATION TABLE

Name and	Year	Salary	Bonus	Stock	Option	Non-Equity	Nonqualified	All Other	Total

Principal Position		**($)**	**($)**	**Awards ($)**	**Awards ($)**	**Incentive Plan Compensation ($)**	**Deferred Compensation Earnings ($)**	**Compens-ation ($)**	**($)**
Eden Clark (1)	2012	0	0	4,650,000	0	0	0	6,000	4,656,000
President, CEO, CFO, Treasurer and Director	2011	0	0	15,000	0	0	0	6,000	21,000
Patrick DeBlois (2)	2012	0	0	4,650,000	0	0	0	0	4,650,000
Secretary	2011	0	0	0	0	0	0	0	0

(1) Ms. Eden Clark, President, CEO, CFO, Treasurer and sole Director of the Company is paid $500 per month for her time devoted to the Company. Additionally, during the year ended July 31, 2011, the Company issued 48,388 shares to Ms. Eden Clark at $0.31 per share. During the year ended July 31, 2012, the Company issued 15,000,000 shares to Ms. Eden Clark at $0.31 per share.

During the year ended July 31, 2012, the Company issued 15,000,000 shares to Patrick DeBlois at $0.31 per share.

Narrative Disclosure to Summary Compensation Table

There are no employment contracts, compensatory plans or arrangements, including payments to be received from the Company with respect to any executive officer, that would result in payments to such person because of his or her resignation, retirement or other termination of employment with the Company, or its subsidiaries, any change in control, or a change in the person's responsibilities following a change in control of the Company.

Outstanding Equity Awards at Fiscal Year-End

There are no current outstanding equity awards to our executive officers as of July 31, 2012.

Long-Term Incentive Plans

There are no arrangements or plans in which we provide pension, retirement or similar benefits for directors or executive officers.

Compensation Committee

We currently do not have a compensation committee of the Board of Directors. The Board of Directors as a whole determines executive compensation.

Compensation of Directors

Eden Clark, the sole Director of the Company, receives no extra compensation for her services on our Board of Directors.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Security Ownership of Certain Beneficial Owners and Management

The following table provides certain information regarding the ownership of our common stock, as of July 31, 2012 and as of the date of the filing of this annual report by:

- each of our executive officers;
- each director;
- each person known to us to own more than 5% of our outstanding common stock; and
- all of our executive officers and directors and as a group.

As of the date of this report, we had a total of 57,053,138 shares of common stock issued and outstanding, 0 shares issuable upon the exercise of stock purchase options within 60 days, and 0 shares issuable upon the exercise of stock purchase warrants within 60 days. Except as indicated in footnotes to this table, the persons named in this table have sole voting and investment power with respect to all shares of common stock indicated below. Except where noted, the address of all listed beneficial owners is in care of our office address.

Name and Address of Beneficial Owner	Title of Class	**Amount & Nature of**	**Percent of Class**

		Beneficial Ownership (1)	(2)(%)
Eden Clark (3) 112 N Curry St. Carson City, NV 89703	Common	15,954,388	27.964%
Patrick DeBlois (4) 112 N Curry St. Carson City, NV 89703	Common	15,000,000	26.291%
All Officers and Directors as a Group	Common	30,954,388	54.255%

(1) The number and percentage of shares beneficially owned is determined under rules promulgated by the SEC and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which the individual has sole or shared voting power or investment power and also any shares which the individual has the right to acquire within 60 days through the exercise of any stock option or other right. The persons named in the table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them, subject to community property laws where applicable and the information contained in the footnotes to this table.

(2) Based on 57,053,138 common shares issued and outstanding, 0 shares issuable upon the exercise of stock purchase options within 60 days, and 0 shares issuable upon the exercise of stock purchase warrants within 60 days as of the Record Date.

(3) Eden Clark is the Company's President, CEO, CFO, Treasurer and Chairman of the Board of Directors. Her beneficial ownership includes 15,954,388 common shares.

(4) Patrick DeBlois is the Company’s Secretary. His beneficial ownership includes 15,000,000 common shares.

Changes in Control

None.

Item 13. Certain Relationships, Related Transactions and Director Independence

Currently, there are no contemplated transactions that the Company may enter into with our officers, directors or affiliates. If any such transactions are contemplated, we will file such disclosure in a timely manner with the Commission on the proper form so that any such transaction is available for the public to view.

The Company has no formal written employment agreement or other contracts with our current officers and director and there is no assurance that the services to be provided by them will be available for any specific length of time in the future. Ms. Clark anticipates devoting at a minimum of ten to fifteen percent of her available time to the Company's affairs. The amounts of compensation and other terms of any full time employment arrangements would be determined, if and when, such arrangements become necessary.

Item 14. Principal Accountant Fees and Services

For the fiscal year ended July 31, 2012, we expect to incur approximately $4,500 and in July 31, 2011 we incurred $4,000 in fees to our principal independent accountants for professional services rendered in connection with the audit of financial statements.

During the fiscal year ended July 31, 2012, we did not incur any other fees for professional services rendered by our principal independent accountants for all other non-audit services which may include, but are not limited to, tax related services, actuarial services or valuation services.

Item 15. Exhibits

The following exhibits are being filed as part of this Annual Report on Form 10-K; all other exhibits required to be filed herein are incorporated by reference and can be found in their entirety in our original Form SB-2 registration statement filing on the SEC website at www.sec.gov.

Exhibit	Description
Exhibit 2.1	Share Exchange Agreement
Exhibit 31.1	Certification of the Principal Executive Officer pursuant to Rule 13a-14
Exhibit 31.2	Certification of the Principal Financial Officer pursuant to Rule 13a-14

Exhibit 32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Exhibit 32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Exchange Act, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

	BOLD ENERGY INC.
	By: /s/ *Eden Clark*
Date: November 13 , 2012	Eden Clark
	President, Chief Executive Officer
	Chief Financial Officer, Director, Secretary, Treasurer

Pursuant to the requirements of the Exchange Act this Report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ *Eden Clark* Eden Clark	President, Chief Executive Officer, Chief Financial Officer, Director, Secretary, Treasurer	November 13 , 2012

fy;font-size:10pt;">On November 6, 2017, AMES acquired 100% of the outstanding stock of Harper Brush Works ("Harper"), a division of Horizon Global, for $4,383, inclusive of post-closing adjustments. Harper is a leading U.S. manufacturer of cleaning products for professional, home, and industrial use. The acquisition expanded AMES' long-handled tool offering in North America to include brooms, brushes, and other cleaning tools and accessories. The purchase price was primarily allocated to intangible assets of $2,300, inventory and accounts receivable of $3,900 and fixed assets of $900.

On October 2, 2017, Griffon Corporation completed the acquisition of 100% of the outstanding stock of ClosetMaid, a market leader in home storage and organization products, for approximately $185,700, inclusive of certain post-closing adjustments and excluding the present value of net tax benefits from the transaction. The acquisition of ClosetMaid expanded Griffon's Home and Building Products segment into the highly complementary home storage and organization category with a leading brand and product portfolio.

ClosetMaid's accounts, affected for adjustments to reflect fair market values assigned to assets purchased and liabilities assumed, and results of operations, are included in the Company's consolidated financial statements from the date of acquisition. The Company has recorded an allocation of the purchase price to the Company's tangible and identifiable intangible assets acquired and liabilities assumed based on their fair market values (level 3 inputs) at the acquisition date. The excess of the purchase price over the fair value of the net tangible and intangible assets was recorded as goodwill and is deductible for tax purposes. Goodwill recognized at the acquisition date represents the other intangible benefits that the Company will derive from the ownership of ClosetMaid, however, such intangible benefits do not meet the criteria for recognition of separately identifiable intangible assets.

The calculation of the final purchase price allocation is as follows:

Accounts receivable [1]	$32,234
Inventories [2], [3]	28,411
Property, plant and equipment	47,464
Goodwill	70,159
Intangible assets	74,580
Other current and non-current assets	3,852
Total assets acquired	256,700
Accounts payable and accrued liabilities	68,251
Long-term liabilities	2,720
Total liabilities assumed	70,971
Total	$185,729

[1] Includes $32,956 of gross accounts receivable of which $722 was not expected to be collected. The fair value of accounts receivable approximated book value acquired.
[2] Includes $29,079 of gross inventory of which $668 was reserved for obsolete inventory. The fair value of inventory approximated book value acquired.
[3] Includes $1,500 in inventory basis step-up, which was charged to cost of goods sold over the inventory turns of the acquired entity.

The amounts assigned to goodwill and major intangible asset classifications, all of which are tax deductible, for the ClosetMaid acquisition are as follows:

		Average Life (Years)
Goodwill	$70,159	N/A
Indefinite-lived intangibles	47,740	N/A
Definite-lived intangibles	26,840	21
Total goodwill and intangible assets	$144,739	

The Company did not incur any acquisition costs during the three months ended December 31, 2018. During the three months ended December 31, 2017, SG&A and Cost of goods and services included acquisition costs of $1,685 and $1,500, respectively.

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NOTE 5 – INVENTORIES

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

The following table details the components of inventory:

	At December 31, 2018	At September 30, 2018
Raw materials and supplies	$ 99,993	$ 97,645
Work in process	112,914	83,578
Finished goods	239,455	217,136
Total	$ 452,362	$ 398,359

NOTE 6 – PROPERTY, PLANT AND EQUIPMENT

The following table details the components of property, plant and equipment, net:

	At December 31, 2018	At September 30, 2018
Land, building and building improvements	$ 130,007	$ 130,296
Machinery and equipment	550,336	544,875
Leasehold improvements	50,272	50,111
	730,615	725,282
Accumulated depreciation and amortization	(394,125)	(382,790)
Total	$ 336,490	$ 342,492

Depreciation and amortization expense for property, plant and equipment was $12,667 and $10,702 for the quarters ended December 31, 2018 and 2017, respectively. Depreciation included in SG&A expenses was $4,681 and $3,472 for the quarters ended December 31, 2018 and 2017, respectively. Remaining components of depreciation, attributable to manufacturing operations, are included in Cost of goods and services.

No event or indicator of impairment occurred during the three months ended December 31, 2018 which would require additional impairment testing of property, plant and equipment.

NOTE 7 – GOODWILL AND OTHER INTANGIBLES

The following table provides changes in the carrying value of goodwill by segment during the nine months ended December 31, 2018:

	At September 30, 2018	Goodwill from acquisitions	Other adjustments including currency translations	At December 31, 2018
Home & Building Products	$ 420,850	$ 300	$ (1,267)	$ 419,883
Telephonics	18,545	—	—	18,545
Total	$ 439,395	$ 300	$ (1,267)	$ 438,428

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The following table provides the gross carrying value and accumulated amortization for each major class of intangible assets:

	At December 31, 2018			At September 30, 2018	
	Gross Carrying Amount	**Accumulated Amortization**	**Average Life (Years)**	**Gross Carrying Amount**	**Accumulated Amortization**
Customer relationships & other	$183,841	$ 51,473	23	$186,031	$ 49,822
Technology and patents	19,358	6,517	13	19,004	6,238
Total amortizable intangible assets	203,199	57,990		205,035	56,060
Trademarks	220,172	—		221,883	—
Total intangible assets	$423,371	$ 57,990		$426,918	$ 56,060

Amortization expense for intangible assets was $2,418 and $2,256 for the quarters ended December 31, 2018 and 2017, respectively. Amortization expense for the remainder of 2019 and the next five fiscal years and thereafter, based on current intangible balances and classifications, is estimated as follows: 2019 - $6,900; 2020 - $8,825; 2021 - $8,825; 2022 - $8,825; 2023 - $8,746; 2024 - $8,700; thereafter $94,388.

No event or indicator of impairment occurred during the three months ended December 31, 2018 which would require impairment testing of long-lived intangible assets including goodwill.

NOTE 8 – INCOME TAXES

During the three months ended December 31, 2018, the Company recognized a tax provision of $5,212 on income before taxes from continuing operations of $13,965, compared to a tax benefit of $24,904 on a Loss before taxes from continuing operations of $2,073 in the comparable prior year period. The three month period ended December 31, 2018 included net tax provisions that affect comparability of $467. The three month period ended December 31, 2017 included net tax benefits that affect comparability of $23,018 primarily from approximately $23,941 related to the December 22, 2017 tax reform bill associated with the revaluation of deferred tax liabilities, $3,185 ($2,348 net of tax) of acquisition costs and $2,614 ($248 net of tax) charges related to cost of life insurance benefits. Excluding these items, the effective tax rates for the three months ended December 31, 2018 and 2017 were 34.0% and 35.4%, respectively.
On December 22, 2017, the “Tax Cuts and Jobs Act” (“TCJA”) was signed into law, and, among other changes, reduced the federal statutory tax rate from 35.0% to 21.0%. In accordance with U.S. GAAP for income taxes, as well as SEC Staff Accounting Bulletin No. 118 (“SAB 118”), the Company made a reasonable estimate of the impacts of the TCJA and recorded this estimate in its results for the year ended September 30, 2018. SAB 118 allows for a measurement period of up to one year, from the date of enactment, to complete the Company’s accounting for the impacts of the TCJA. As of December 31, 2018, our analysis under SAB 118 is complete and resulted in no material adjustments to the provision amounts recorded as of September 30, 2018.

NOTE 9 – LONG-TERM DEBT

		At December 31, 2018					At September 30, 2018				
		Outstanding Balance	**Original Issuer Premium**	**Capitalized Fees & Expenses**	**Balance Sheet**	**Coupon Interest Rate**	**Outstanding Balance**	**Original Issuer Premium**	**Capitalized Fees & Expenses**	**Balance Sheet**	**Coupon Interest R**
Senior notes due 2022	(a)	$1,000,000	$1,131	$(12,017)	$989,114	5.25 %	$1,000,000	$1,220	$(12,968)	$988,252	5.25
Revolver due 2021	(b)	57,500	—	(1,272)	56,228	Variable	25,000	—	(1,413)	23,587	Variabl
ESOP Loans	(d)	34,125	—	(155)	33,970	Variable	34,694	—	(186)	34,508	Variabl
Capital lease - real estate	(e)	6,743	—	(74)	6,669	5.00 %	7,503	—	(80)	7,423	5.00
Non US lines of credit	(f)	14,084	—	(12)	14,072	Variable	7,951	—	(16)	7,935	Variabl
Non US term loans	(f)	49,573	—	(204)	49,369	Variable	53,533	—	(148)	53,385	Variabl
Other long term debt	(g)	5,548	—	(19)	5,529	Variable	6,011	—	(19)	5,992	Variabl
Totals		1,167,573	1,131	(13,753)	1,154,951		1,134,692	1,220	(14,830)	1,121,082	
less: Current portion		(12,872)	—	—	(12,872)		(13,011)	—	—	(13,011)	
Long-term debt		$1,154,701	$1,131	$(13,753)	$1,142,079		$1,121,681	$1,220	$(14,830)	$1,108,071	

		Three Months Ended December 31, 2018					Three Months Ended December 31, 2017				
		Effective Interest Rate (1)	**Cash Interest**	**Amort. Debt Discount**	**Amort. Debt Issuance Costs & Other Fees**	**Total Interest Expense**	**Effective Interest Rate**	**Cash Interest**	**Amort. Debt Premium**	**Amort. Debt Issuance Costs & Other Fees**	**Total Interest Expense**
Senior notes due 2022	(a)	5.7 %	$13,125	$ 68	$951	$14,144	5.6 %	$13,125	$ 67	$939	$14,131
Revolver due 2021	(b)	Variable	933	—	141	1,074	Variable	1,356	—	141	1,497
Real estate mortgages	(c)	n/a	—	—	—	—	2.4 %	185	—	17	202
ESOP Loans	(d)	5.5 %	488	—	31	519	3.3 %	413	—	31	444
Capital lease - real estate	(e)	5.6 %	115	—	6	121	5.4 %	164	—	6	170
Non US lines of credit	(f)	Variable	7	—	4	11	Variable	7	—	8	15
Non US term loans	(f)	Variable	448	—	27	475	Variable	334	—	33	367
Other long term debt	(g)	Variable	182	—	3	185	Variable	115	—	1	116
Capitalized interest			—	—	—	—		(103)	—	—	(103)
Totals			$15,298	$ 68	$1,163	$16,529		$15,596	$ 67	$1,176	$16,839

(1) n/a = not applicable

(a) On October 2, 2017, in an unregistered offering through a private placement under Rule 144A, Griffon completed the add-on offering of $275,000 principal amount of its 5.25% senior notes due 2022, at 101.00% of par, to Griffon's previously issued $125,000 principal amount of its 5.25% senior notes due 2022, at 98.76% of par, completed on May 18, 2016 and $600,000 5.25% senior notes due 2022, at par, completed on February 27, 2014 (collectively the “Senior Notes”). As of December 31, 2018, outstanding Senior Notes due totaled $1,000,000; interest is payable semi-annually on March 1 and September 1. The net proceeds of the $275,000 add-on offering were used to acquire ClosetMaid with the remaining proceeds used to pay down outstanding loan borrowings under Griffon's Revolving Credit Facility (the "Credit Agreement"). The net proceeds of the previously issued $125,000 add-on offering were used to pay down outstanding revolving loan borrowings under the Credit Agreement.

The Senior Notes are senior unsecured obligations of Griffon guaranteed by certain domestic subsidiaries, and subject to certain covenants, limitations and restrictions. On February 5, 2018, July 20, 2016 and June 18, 2014, Griffon exchanged all of the $275,000, $125,000 and $600,000 Senior Notes, respectively, for substantially identical Senior Notes registered under the Securities Act via an exchange offer. The fair value of the Senior Notes approximated $910,000 on December 31, 2018 based upon quoted market prices (level 1 inputs). In connection with the issuance and exchange of the $275,000 senior notes, Griffon capitalized $8,472 of underwriting fees and other expenses; in addition to the $13,329 capitalized under previously issued $600,000 Senior Notes. All capitalized fees for the Senior notes will amortize over the term of the notes and, at December 31, 2018, $12,017 remained to be amortized.

(b) On March 22, 2016, Griffon amended the Credit Agreement to increase the commitments under the credit facility from $250,000 to $350,000, extend its maturity date from March 13, 2020 to March 22, 2021 and modify certain other provisions of the facility. On October 2, 2017 and on May 31, 2018, Griffon amended the Credit Agreement in connection with the ClosetMaid and CornellCookson acquisitions, respectively, to among other things, modify the net leverage covenant. The facility includes a letter of credit sub-facility with a limit of $50,000 and a multi-currency sub-facility of $100,000. The Credit Agreement provides for same day borrowings of base rate loans. Borrowings under the Credit Agreement may be repaid and re-borrowed at any time, subject to final maturity of the facility or the occurrence of an event of default under the Credit Agreement. Interest is payable on borrowings at either a LIBOR or base rate benchmark rate, in each case without a floor, plus an applicable margin, which adjusts based on financial performance. Current margins are 1.75% for base rate loans and 2.75% for LIBOR loans. The Credit Agreement has certain financial maintenance tests including a maximum total leverage ratio, a maximum senior secured leverage ratio and a minimum interest coverage ratio, as well as customary affirmative and negative covenants and events of default. The negative covenants place limits on Griffon's ability to, among other things, incur indebtedness, incur liens, and make restricted payments and investments. Borrowings under the Credit Agreement are guaranteed by Griffon’s material domestic subsidiaries and are secured, on a first priority basis, by substantially all domestic assets of the Company and the guarantors, and a pledge of not greater than 65% of the equity interest in Griffon’s material, first-tier foreign subsidiaries (except that a lien on the assets of Griffon's material domestic subsidiaries securing a limited amount of the debt under the Credit Agreement relating to Griffon's Employee Stock Ownership Plan ("ESOP") ranks pari passu with the lien granted on such assets under the Credit Agreement; see footnote (c) below). At December 31, 2018, under the Credit Agreement, there were $57,500 outstanding borrowings; outstanding standby letters of credit were $14,667; and $277,833 was available, subject to certain loan covenants, for borrowing at that date.

(c) In September 2015 and March 2016, Griffon entered into mortgage loans in the amounts of $32,280 and $8,000, respectively, and were due to mature in September 2025 and April 2018, respectively. The mortgage loans were secured and collateralized by four properties occupied by Griffon's subsidiaries and were guaranteed by Griffon. The loans had an interest rate of LIBOR plus 1.50%. The loans were paid off during the year ended September 30, 2018.

(d)

In August 2016, Griffon’s ESOP entered into an agreement that refinanced the existing ESOP loan into a new Term Loan in the amount of $35,092 (the "Agreement"). The Agreement also provided for a Line Note with $10,908 available to purchase shares of Griffon common stock in the open market. During 2017, Griffon's ESOP purchased 621,875 shares of common stock for a total of $10,908 or $17.54 per share, under a borrowing line that has now been fully utilized. On June 30, 2017, the Term Loan and Line Note were combined into a single Term Loan. The Term Loan bears interest at LIBOR plus 3.00%. The Term Loan requires quarterly principal payments of $569 with a balloon payment due at maturity on March 22, 2020. As a result of the special cash dividend of $1.00 per share, paid on April 16, 2018, the outstanding balance of the Term Loan was reduced by $5,705. As of December 31, 2018, $33,970, net of issuance costs, was outstanding under the Term Loan. The Term Loan is secured by shares purchased with the proceeds of the loan and with a lien on a specific amount of Griffon assets (which lien ranks pari passu with the lien granted on such assets under the Credit Agreement) and is guaranteed by Griffon.

(e) Two Griffon subsidiaries have capital leases outstanding for real estate located in Troy, Ohio and Ocala, Florida. The leases mature in 2021 and 2022, respectively, and bear interest at fixed rates of approximately 5.0% and 8.0%, respectively. The Troy, Ohio lease is secured by a mortgage on the real estate and is guaranteed by Griffon. The Ocala, Florida lease contains two five-year renewal options. At December 31, 2018, $6,669 was outstanding, net of issuance costs.

(f) In November 2012, Garant G.P. (“Garant”) entered into a CAD $15,000 ($11,018 as of December 31, 2018) revolving credit facility. The facility accrues interest at LIBOR (USD) or the Bankers Acceptance Rate (CDN) plus 1.3% per annum (4.11% LIBOR USD and 3.50% Bankers Acceptance Rate CDN as of December 31, 2018). The revolving facility matures in October 2019. Garant is required to maintain a certain minimum equity. At December 31, 2018, there were no borrowings under the revolving credit facility with CAD 15,000 ($11,018 as of December 31, 2018) available for borrowing.

In July 2016, Griffon Australia Holdings Pty Ltd and its Australian subsidiaries ("Griffon Australia") entered into an AUD 30,000 term loan and an AUD 10,000 revolver. The term loan refinanced two existing term loans and the revolver replaced two existing lines. In December 2016, the amount available under the revolver was increased from AUD 10,000 to AUD 20,000 and, in March 2017, the term loan commitment was increased by AUD 5,000. In September 2017, the term commitment was increased by AUD 15,000. The term loan requires quarterly principal payments of AUD 1,250 plus interest with a balloon payment of AUD 37,125 due upon maturity in October 2019, and accrues interest at Bank Bill Swap Bid Rate “BBSY” plus 2.00% per annum (4.11% at December 31, 2018). As of December 31, 2018, the term loan had an outstanding balance of AUD 39,625 ($27,904 as of December 31, 2018). The revolving facility matures in March 2019, but is renewable upon mutual agreement with the lender, and accrues interest at BBSY plus 2.0% per annum (4.06% at December 31, 2018). At December 31, 2018, the revolver had an outstanding balance of AUD 20,000 ($14,084 as of December 31, 2018). The revolver and the term loan are both secured by substantially all of the assets of Griffon Australia and its subsidiaries. Griffon guarantees the term loan. Griffon Australia is required to maintain a certain minimum equity level and is subject to a maximum leverage ratio and a minimum fixed charges cover ratio.

In July 2018, the AMES Companies UK Ltd and its subsidiaries ("AMES UK") entered into a GBP 14,000 term loan, GBP 4,000 mortgage loan and GBP 5,000 revolver. The term loan and mortgage loan require quarterly principal payments of GBP 350 and GBP 83 plus interest, respectively, and have balloon payments due upon maturity, July 2023, of GBP 7,000 and GBP 2,333, respectively. The Term Loan and Mortgage Loans accrue interest at the GBP LIBOR Rate plus 2.25% and 1.8%, respectively (3.16% and 2.71% at December 31, 2018, respectively). The revolving facility matures in July 2019, but is renewable upon mutual agreement with the lender, and accrues interest at the Bank of England Base Rate plus 1.5% (2.25% as of December 31, 2018). The revolver and the term loan are both secured by substantially all of the assets of AMES UK and its subsidiaries. AMES UK is subject to a maximum leverage ratio and a minimum fixed charges cover ratio. The invoice discounting arrangement was canceled and replaced by the above loan facilities. As of December 31, 2018, outstanding borrowings on these facilities totaled GBP 17,132 ($21,669 as of December 31, 2018).

(g) Other long-term debt consists primarily of a loan with the Pennsylvania Industrial Development Authority, with the balance consisting of capital leases.

At December 31, 2018, Griffon and its subsidiaries were in compliance with the terms and covenants of all credit and loan agreements.

NOTE 10 — SHAREHOLDERS’ EQUITY

During the quarter ended December 31, 2017, the Company paid a quarterly cash dividend of $0.0725 per share. During 2018, the Company paid a quarterly cash dividend of $0.07 per share. Dividends paid on shares in the ESOP were used to offset ESOP loan payments and recorded as a reduction of debt service payments and compensation expense. A dividend payable was established for the holders of restricted shares; such dividends will be released upon vesting of the underlying restricted shares.

On January 31, 2019, the Board of Directors declared a quarterly cash dividend of $0.0725 per share, payable on March 21, 2019 to shareholders of record as of the close of business on February 21, 2019.

Compensation expense for restricted stock is recognized ratably over the required service period based on the fair value of the grant, calculated as the number of shares granted multiplied by the stock price on the date of grant and, for performance shares, the likelihood of achieving the performance criteria. Compensation cost related to stock-based awards with graded vesting, generally over a period of three to four years, is recognized using the straight-line attribution method and recorded within SG&A expenses.

On January 29, 2016, shareholders approved the Griffon Corporation 2016 Equity Incentive Plan ("Incentive Plan") under which awards of performance shares, performance units, stock options, stock appreciation rights, restricted shares, restricted stock units, deferred shares and other stock-based awards may be granted. On January 31, 2018, shareholders approved Amendment No. 1 to the Incentive Plan pursuant to which, among other things, 1,000,000 shares were added to the Incentive Plan. Options granted under the Incentive Plan may be either “incentive stock options” or nonqualified stock options, generally expire ten years after the date of grant and are granted at an exercise price of not less than 100% of the fair market value at the date of grant. The maximum number of shares of common stock available for award under the Incentive Plan is 3,350,000 (600,000 of which may be issued as incentive stock options), plus (i) any shares reserved for issuance under the 2011 Equity Incentive Plan as of the effective date of the Incentive Plan, and (ii) any shares underlying awards outstanding on such effective date under the 2011 Incentive Plan that are canceled or forfeited. As of December 31, 2018, there were 324,326 shares available for grant.

All grants outstanding under former equity plans will continue under their terms; no additional awards will be granted under such plans.

During the first quarter of 2019, Griffon granted 1,194,538 shares of restricted stock and restricted stock units. This included 666,538 shares of restricted stock and restricted stock units, subject to certain performance conditions, with vesting periods of three years, with a total fair value of $8,105, or a weighted average fair value of $12.16 per share. This also included 528,000 shares of restricted stock granted to two senior executives with a vesting period of four years and a two year post-vesting holding period, subject to the achievement of certain absolute and relative performance conditions relating to the price of Griffon's common stock. So long as the minimum performance condition is attained, the amount of shares that can vest will range from 384,000 to 528,000. The total fair value of these restricted shares is approximately $3,576, or a weighted average fair value of $6.77.

For the quarters ended December 31, 2018 and 2017, stock based compensation expense totaled $2,933 and $2,555, respectively.

On each of August 3, 2016 and August 1, 2018, Griffon’s Board of Directors authorized the repurchase of up to $50,000 of Griffon’s outstanding common stock. Under this share repurchase program, the Company may purchase shares in the open market, including pursuant to a 10b5-1 plan, or in privately negotiated transactions. During the quarter ended December 31, 2018, Griffon purchased 29,300 shares of common stock under these repurchase programs, for a total of $290 or $9.91 per share. As of December 31, 2018, an aggregate of $58,037 remains under Griffon's Board authorized repurchase programs.

In addition, during the quarter ended December 31, 2018, 83,133 shares, with a market value of $1,011, or $12.16 per share, were withheld to settle employee taxes due upon the vesting of restricted stock, and were added to treasury stock. An additional 3,861 shares, with a market value of $47, or $12.16 per share, were withheld from common stock issued upon the vesting of restricted stock units to settle employee taxes due upon vesting.

NOTE 11 – EARNINGS PER SHARE (EPS)

Basic EPS (and diluted EPS in periods when a loss exists) was calculated by dividing income available to common shareholders by the weighted average number of shares of common stock outstanding during the period. Diluted EPS was calculated by dividing income available to common shareholders by the weighted average number of shares of common stock outstanding.

The following table is a reconciliation of the share amounts (in thousands) used in computing earnings per share:

	Three Months

	Ended December 31,	
	2018	**2017**
Weighted average shares outstanding - basic	40,750	41,923
Incremental shares from stock based compensation	1,138	1,413
Weighted average shares outstanding - diluted	41,888	43,336

NOTE 12 – BUSINESS SEGMENTS

Griffon's reportable segments from continuing operations are as follows:

- HBP is a global provider of long-handled tools and landscaping products for homeowners and professionals; a leading North American manufacturer and marketer of wood and wire closet organization, general living storage and wire garage storage products to home center retail chains, mass merchandisers, and direct-to builder professional installers; a leading manufacturer and marketer of residential and commercial garage doors to professional dealers and to some of the largest home center retail chains in North America; as well as a leading U.S. manufacturer and marketer of rolling steel door and grille products designed for commercial, industrial, institutional, and retail use.

- Defense Electronics segment consists of Telephonics a globally recognized leading provider of highly sophisticated intelligence, surveillance and communications solutions for defense, aerospace and commercial customers.

On November 16, 2017, Griffon announced it entered into a definitive agreement to sell Clopay Plastics Products Company, Inc. ("PPC") and on February 6, 2018, completed the sale to Berry Global Group, Inc. ("Berry") for $475,000 in cash, subject to certain post-closing adjustments. As a result, Griffon classified the results of operations of the PPC business as discontinued operations in the Consolidated Statements of Operations for all periods presented and classified the related assets and liabilities associated with the discontinued operations in the consolidated balance sheets. All results and information presented exclude PPC unless otherwise noted. See Note 15, Discontinued Operations to the Notes of the Financial Statements.

On June 4, 2018, CBP acquired CornellCookson, a leading US manufacturer and marketer of rolling steel door and grille products designed for commercial, industrial, institutional and retail use. The accounts, affected for preliminary adjustments to reflect fair market values assigned to assets purchased and liabilities assumed, and results of operations of CornellCookson, are included in the Company's consolidated financial statements from the date of acquisition. Information on Griffon's reportable segments from continuing operations is as follows:

	For the Three Months Ended December 31,	
REVENUE	**2018**	**2017**
Home & Building Products:		
AMES	$216,474	$216,742
CBP	223,295	154,236
Home & Building Products	439,769	370,978
Defense Electronics	70,753	66,325
Total consolidated net sales	$510,522	$437,303

Disaggregation of Revenue

Revenue from contracts with customers is disaggregated by end markets, segments and geographic location, as it more accurately depicts the nature and amount of the Company's revenue.

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The following table presents revenue disaggregated by end market and segment:

	For the Three Months Ended December 31, 2018
Residential repair and remodel	$ 140,525
Retail	113,365
Commercial construction	84,376
Residential new construction	39,824
Industrial	9,758
International excluding North America	51,921
Total Home and Building Products segment	439,769
U.S. Government	45,560
International	22,099
Commercial	3,094
Total Defense Electronics segment	70,753
Total Consolidated Revenue	$ 510,522

The following table presents revenue disaggregated by geography based on the location of the Company's customer:

	For the Three Months Ended December 31, 2018		
Revenue by Geographic Area - Destination	**Home & Building Products**	**Defense Electronics**	**Total**
United States	$352,743	$ 48,295	$401,038
Europe	7,882	10,311	18,193
Canada	30,347	2,629	32,976
Australia	44,222	609	44,831
All other countries	4,575	8,909	13,484
Consolidated revenue	$439,769	$ 70,753	$510,522

The following table reconciles segment operating profit to Income (loss) before taxes from continuing operations:

	For the Three Months Ended December 31,	
INCOME BEFORE TAXES FROM CONTINUING OPERATIONS	**2018**	**2017**
Segment operating profit:		
Home & Building Products	$39,545	$27,751
Defense Electronics	2,149	1,480
Segment operating profit from continuing operations	41,694	29,231
Net interest expense	(16,331)	(16,642)
Unallocated amounts	(11,398)	(10,436)
Acquisition costs	—	(1,612)
Cost of life insurance benefit	—	(2,614)
Income before taxes from continuing operations	$13,965	$(2,073)

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Griffon evaluates performance and allocates resources based on each segment's operating results before interest income and expense, income taxes, depreciation and amortization, unallocated amounts (mainly corporate overhead), restructuring charges, loss on debt extinguishment and acquisition related expenses, as well as other items that may affect comparability, as applicable (“Segment adjusted EBITDA”). Griffon believes this information is useful to investors for the same reason.

The following table provides a reconciliation of Segment adjusted EBITDA to Income (loss) before taxes from continuing operations:

	For the Three Months Ended December 31,	
	2018	**2017**
Segment adjusted EBITDA:		
Home & Building Products	$51,860	$39,457
Defense Electronics	4,785	4,199
Total Segment adjusted EBITDA	56,645	43,656
Net interest expense	(16,331)	(16,642)
Segment depreciation and amortization	(14,951)	(12,852)
Unallocated amounts	(11,398)	(10,436)
Acquisition costs	—	(3,185)
Cost of life insurance benefit	—	(2,614)
Income (loss) before taxes from continuing operations	$13,965	$(2,073)

Unallocated amounts typically include general corporate expenses not attributable to a reportable segment.

	For the Three Months Ended December 31,	
DEPRECIATION and AMORTIZATION	**2018**	**2017**
Segment:		
Home & Building Products	$12,315	$10,133
Defense Electronics	2,636	2,719
Total segment depreciation and amortization	14,951	12,852
Corporate	134	106
Total consolidated depreciation and amortization	$15,085	$12,958
CAPITAL EXPENDITURES		
Segment:		
Home & Building Products	$7,145	$6,658
Defense Electronics	1,234	1,943
Total segment	8,379	8,601
Corporate	18	2,184
Total consolidated capital expenditures	$8,397	$10,785

ASSETS	**At December 31, 2018**	**At September 30, 2018**
Segment assets:		
Home & Building Products	$ 1,647,069	$ 1,631,631
Defense Electronics	324,567	346,907
Total segment assets	1,971,636	1,978,538
Corporate	99,919	103,112
Total continuing assets	2,071,555	2,081,650
Assets of discontinued operations	3,234	3,240
Consolidated total	$ 2,074,789	$ 2,084,890

NOTE 13 – EMPLOYEE BENEFIT PLANS

In March 2017, the FASB issued ASU 2017-07, Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost, which changed certain presentation and disclosure requirements for employers that sponsor defined benefit and post-retirement pension plans. The new standard requires the service cost component of the net benefit cost to be in the same line item as other compensation in operating income and the other components of net benefit cost, including interest costs, amortization of prior service cots, recognized actuarial costs, to be presented outside of operating income on a retrospective basis. The standard was effective for fiscal years beginning after December 15, 2017. The Company adopted the requirements of the standard in the first quarter of 2019 on a retrospective basis reclassifying the other components of the net periodic benefit costs from Selling, general and administrative expenses to a non-service expense within Other income (expense). The defined benefit and post-retirement pension plans did not have a service cost component. The Company utilized a practical expedient included in the accounting guidance which allowed the Company to use amounts previously disclosed in its pension and other post-retirement benefits note for the prior period as the estimation basis for applying the required retrospective presentation requirements.

The Company’s non-service cost components of net periodic benefit cost was a benefit of $787 and $882 during the three months

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(US dollars and non US currencies in thousands, except per share data)
(Unaudited)
(Unless otherwise indicated, references to years or year-end refer to Griffon's fiscal period ending September 30)

ended December 31, 2018 and 2017, respectively. The impact of this adoption resulted in a reclassification to the Company's Consolidated Statements of Operations and Comprehensive Income (Loss) for the three months ended December 31, 2017, in which previously reported selling, general and administrative expenses was increased by $882, with a corresponding decrease to Other income (expense). Defined benefit pension expense (income) was as follows:

The remaining provisions of the standard did not have a material impact on our financial position, results of operations or liquidity.

Defined benefit pension expense (income) was as follows:

	Three Months Ended December 31,	
	2018	**2017**
Interest cost	$1,570	$1,407
Expected return on plan assets	(2,583)	(2,639)
Amortization:		
Prior service cost	4	4
Recognized actuarial loss	222	346
Net periodic expense (income)	$(787)	$(882)

As a result of the recent passing of our Chairman of the Board, who participated in a Supplemental Executive Retirement Plan relating to his tenure as Chief Executive Officer (a position from which he retired in 2008), the pension benefit liability was reduced by $13,715 at December 31, 2017, with the offset, net of tax, recorded in Other Comprehensive Income.

NOTE 14 – RECENT ACCOUNTING PRONOUNCEMENTS

In May 2017, the FASB issued guidance to address the situation when a company modifies the terms of a stock compensation award previously granted to an employee. This guidance is effective, and should be applied prospectively, for fiscal years beginning after December 15, 2017. Early adoption is permitted as of the beginning of an annual period. The new guidance is effective for the Company beginning in fiscal 2019. The Company adopted this guidance as of October 1, 2018 and it did not have a material impact on the Company's financial condition, results of operations and related disclosures.

In March 2017, the FASB issued amendments to the Compensation - Retirement Benefits guidance which requires companies to retrospectively present the service cost component of net periodic benefit cost for pension and retiree medical plans along with other compensation costs in operating income and present the other components of net periodic benefit cost below operating income in the income statement. The guidance also allows only the service cost component of net periodic benefit cost to be eligible for capitalization within inventory or fixed assets on a prospective basis. This guidance was effective for fiscal years beginning after December 15, 2017. The Company adopted the requirements of the standard in the first quarter of 2019 on a retrospective basis reclassifying the other components of the net periodic benefit costs from Selling, general and administrative expenses to a non-service expense within Other (income) expense, net. This guidance did not have a material impact on the Company's results of operations. See Note 13 - Employee Benefit Plans for further information on the implementation of this guidance.

In January 2017, the FASB issued guidance that clarifies the definition of a business, which will impact many areas of accounting including acquisitions, disposals, goodwill, and consolidation. The new standard is intended to help companies and other organizations evaluate whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. This guidance is effective for annual periods beginning after December 15, 2017, including interim periods within those periods and will be effective for the Company beginning in fiscal 2019. The Company adopted the requirements of the standard in the first quarter of 2019 and it did not have a material impact on the Company's financial condition, results of operations and related disclosures.

In August 2016, the FASB issued guidance on the Statement of Cash Flows Classification of certain cash receipts and cash payments (a consensus of the FASB Emerging Issues Task Force). This guidance addresses the following eight specific cash flow issues: Debt prepayment or debt extinguishment costs; settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing; contingent consideration payments made after a business combination; proceeds from the settlement of insurance claims; proceeds from the settlement of corporate-owned life insurance policies (including bank-owned life insurance policies); distributions received from equity method investees; beneficial interests in securitization transactions; and separately identifiable cash flows and application of the predominance principle. This guidance will be effective for the Company beginning in fiscal 2019. The Company adopted the requirements of the standard in the first quarter of 2019 and it did not have a material impact on the Company's financial condition, results of operations and cash flows.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606) which supersedes nearly all existing revenue recognition guidance. Subsequent to the issuance of Topic 606, the FASB clarified the guidance through several ASUs; hereinafter the collection of revenue guidance is referred to as “ASC 606”. The core principle of ASC 606 is that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. On October 1, 2018, the Company adopted ASC 606 using the modified retrospective method for all contracts. Results for reporting periods beginning October 1, 2018 are presented under ASC 606, while prior period amounts were not adjusted and continue to be reported in accordance with the Company’s historic accounting under Topic 605, Revenue Recognition. The Company recorded a net increase to beginning retained earnings of approximately $5,673 as of October 1, 2018 due to the cumulative impact of adopting ASC 606. The impact to beginning retained earnings primarily related to certain contracts in the Defense Electronics Segment containing provisions for radar and communication products that have an alternative use and/or no right to payment. The adoption of ASC 606 did not have a material impact on the Company’s Consolidated Condensed Financial Statements as of and for the three month period ended December 31, 2018. See Note 3 - Revenue for additional disclosures required by ASC 606.

Issued but not yet effective accounting pronouncements

In February 2018, the FASB issued guidance that allows companies to reclassify stranded tax effects resulting from the 2017 Tax Cuts and Jobs Act (the Tax Act), from accumulated other comprehensive income to retained earnings. This guidance is effective for all entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years, with early adoption permitted. The new standard is effective for the Company beginning in 2020, with early adoption permitted. We are currently evaluating the effects that the adoption of this guidance will have on our consolidated financial statements and the related disclosures.

In January 2017, the FASB issued guidance that simplifies how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. Step 2 measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. This guidance is effective for annual periods beginning after December 15, 2019, including interim periods within those periods and will be effective for the Company beginning October 1, 2020. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. We are currently evaluating the impact of the guidance on the Company's financial condition, results of operations and related disclosures.

In February 2016, the FASB issued guidance on lease accounting requiring lessees to recognize a right-of-use asset and a lease liability for long-term leases. The liability will be equal to the present value of lease payments. This guidance must be applied using a modified retrospective transition approach to all annual and interim periods presented and is effective for the Company beginning in 2020. We are currently evaluating the impact of the guidance on the Company's financial condition, results of operations and related disclosures.

The Company has implemented all new accounting pronouncements that are in effect and that may impact its financial statements, and does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

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NOTE 15 – DISCONTINUED OPERATIONS

PPC

On November 16, 2017, Griffon announced it entered into a definitive agreement to sell PPC and on February 6, 2018, completed the sale to Berry for $475,000 in cash, subject to certain post-closing adjustments. As a result, Griffon classified the results of operations of the PPC business as discontinued operations in the Consolidated Statements of Operations for all periods presented and classified the related assets and liabilities associated with the discontinued operations in the consolidated balance sheets. All results and information presented exclude PPC unless otherwise noted. PPC is a global leader in the development and production of embossed, laminated and printed specialty plastic films for hygienic, health-care and industrial products and sells to some of the world's largest consumer products companies. In connection with the sale of PPC, the Company recorded a gain of $112,964 ($81,041, net of tax) during 2018. The tax computed on the PPC gain is preliminary and is subject to finalization.

Summarized results of the Company's discontinued operations are as follows:

	For the Three Months Ended December 31, 2017
Revenue	$ 120,430
Cost of goods and services	95,944
Gross profit	24,486
Selling, general and administrative expenses	12,108
Income (loss) from discontinued operations	12,378
Other income (expense)	
Gain on sale of business	—
Interest expense, net	(60)
Other, net	(852)
Total other income (expense)	(912)
Income from operations of discontinued operations	$ 11,466

Installation Services and Other Discontinued Activities

In 2008, as a result of the downturn in the residential housing market, Griffon exited substantially all operating activities of its Installation Services segment which sold, installed and serviced garage doors and openers, fireplaces, floor coverings, cabinetry
and a range of related building products, primarily for the new residential housing market. In 2008, Griffon sold eleven units, closed one unit and merged two units into CBP. Griffon substantially concluded its remaining disposal activities in 2009.

Installation Services operating results have been reported as discontinued operations in the Consolidated Statements of Operations and Comprehensive Income (Loss) for all periods presented; Installation Services is excluded from segment reporting.

In 2017, Griffon recorded $5,700 of reserves in discontinued operations related to historical environmental remediation efforts and to increase the reserve for homeowner association claims (HOA) related to the Clopay Services Corporation discontinued operations in 2008.

The following amounts summarize the total assets and liabilities of PPC and Installation Services and other discontinued activities which have been segregated from Griffon's continuing operations, and are reported as assets and liabilities of discontinued operations not held for sale in the Condensed Consolidated Balance Sheets:

	At December 31, 2018	**At September 30, 2018**
Assets of discontinued operations:		
Prepaid and other current assets	$ 325	$ 324
Other long-term assets	2,909	2,916
Total assets of discontinued operations	$ 3,234	$ 3,240
Liabilities of discontinued operations:		
Accrued liabilities, current	$ 6,882	$ 7,210
Other long-term liabilities	2,510	2,647
Total liabilities of discontinued operations	$ 9,392	$ 9,857

At December 31, 2018, Griffon's assets and liabilities for PPC and Installations Services and other discontinued operations primarily related to insurance claims, income tax and product liability, warranty and environmental reserves and stay and transaction bonuses totaling liabilities of approximately $9,392.

There was no PPC or Installation Services revenue or income for the quarter months ended December 31, 2018 or 2017.

NOTE 16 – OTHER INCOME (EXPENSE)

For the quarters ended December 31, 2018 and 2017, Other income (expense) includes $502 and ($437), respectively, of net currency exchange losses in connection with the translation of receivables and payables denominated in currencies other than the functional currencies of Griffon and its subsidiaries as well as $(77) and $(5), respectively, of net investment income (loss).

Additionally, during the quarters ended December 31, 2018 and 2017, Other income (expense) included net periodic benefit income of $787 and $882, respectively. Effective October 1, 2018, these benefits amounts are required to be included in other income; in the past these were in Selling, general and administrative expenses, as a result of implementation of the new accounting standard on pensions. All periods have been restated. See Note 13 - Employee Benefit Plans for further information on the implementation of this guidance.

NOTE 17 – WARRANTY LIABILITY

Telephonics offers warranties against product defects for periods generally ranging from one to two years, depending on the specific product and terms of the customer purchase agreement. CBP also offers warranties against product defects for periods generally ranging from one to ten years, with limited lifetime warranties on certain door models. Typical warranties require AMES, CBP and Telephonics to repair or replace the defective products during the warranty period at no cost to the customer. At the time revenue is recognized, Griffon records a liability for warranty costs, estimated based on historical experience, and periodically assesses its warranty obligations and adjusts the liability as necessary. AMES offers an express limited warranty for a period of ninety days on all products from the date of original purchase unless otherwise stated on the product or packaging from the date of original purchase.

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Changes in Griffon's warranty liability, included in Accrued liabilities, were as follows:

	Three Months Ended December 31,	
	2018	2017
Balance, beginning of period	$8,174	$6,236
Warranties issued and changes in estimated pre-existing warranties	4,061	1,475
Actual warranty costs incurred	(3,194)	(2,492)
Other warranty liabilities assumed from acquisitions	—	$836
Balance, end of period	$9,041	$6,055

NOTE 18 – OTHER COMPREHENSIVE INCOME (LOSS)

The amounts recognized in other comprehensive income (loss) were as follows:

	Three Months Ended December 31, 2018			Three Months Ended December 31, 2017		
	Pre-tax	Tax	Net of tax	Pre-tax	Tax	Net of tax
Foreign currency translation adjustments	$(5,736)	$—	$(5,736)	$(1,289)	$—	$(1,289)
Pension and other defined benefit plans	271	(87)	184	14,244	(4,685)	9,559
Cash flow hedges	157	(55)	102	130	(42)	88
Total other comprehensive income (loss)	$(5,308)	$(142)	$(5,450)	$13,085	$(4,727)	$8,358

The components of Accumulated other comprehensive income (loss) are as follows:

	December 31, 2018	September 30, 2018
Foreign currency translation adjustments	$ (28,560)	$ (22,824)
Pension and other defined benefit plans	(11,575)	(11,759)
Change in Cash flow hedges	573	471
	$ (39,562)	$ (34,112)

Amounts reclassified from accumulated other comprehensive income (loss) to income were as follows:

	For the Three Months Ended December 31,	
Gain (Loss)	2018	2017
Pension amortization	$(226)	$(529)
Cash flow hedges	682	(7)
Total gain (loss)	456	(536)
Tax benefit (expense)	(158)	161
Total	$298	$(375)

NOTE 19 — COMMITMENTS AND CONTINGENCIES

Legal and environmental

Department of Environmental Conservation of New York State ("DEC"), with ISC Properties, Inc. Lightron Corporation ("Lightron"), a wholly-owned subsidiary of Griffon, once conducted operations at a location in Peekskill in the Town of Cortlandt, New York (the "Peekskill Site") owned by ISC Properties, Inc. ("ISC"), a wholly-owned subsidiary of Griffon. ISC sold the Peekskill Site in November 1982.

Subsequently, ISC was advised by the DEC that random sampling at the Peekskill Site and in a creek near the Peekskill Site indicated concentrations of solvents and other chemicals common to Lightron's prior plating operations. ISC then entered into a consent order with the DEC in 1996 (the "Consent Order") to perform a remedial investigation and prepare a feasibility study. After completing the initial remedial investigation pursuant to the Consent Order, ISC was required by the DEC, and did accordingly conduct over the next several years, supplemental remedial investigations, including soil vapor investigations, under the Consent Order.

In April 2009, the DEC advised ISC's representatives that both the DEC and the New York State Department of Health had reviewed and accepted an August 2007 Remedial Investigation Report and an Additional Data Collection Summary Report dated January 30, 2009. With the acceptance of these reports, ISC completed the remedial investigation required under the Consent Order and was authorized, accordingly, by the DEC to conduct the Feasibility Study required by the Consent Order. Pursuant to the requirements of the Consent Order and its obligations thereunder, ISC, without acknowledging any responsibility to perform any remediation at the Site, submitted to the DEC in August 2009, a draft feasibility study which recommended for the soil, groundwater and sediment media, remediation alternatives having a current net capital cost value, in the aggregate, of approximately $5,000. In February 2011, DEC advised ISC it has accepted and approved the feasibility study. Accordingly, ISC has no further obligations under the consent order.

Upon acceptance of the feasibility study, DEC issued a Proposed Remedial Action Plan ("PRAP") that sets forth the proposed remedy for the site. The PRAP accepted the recommendation contained in the feasibility study for remediation of the soil and groundwater media, but selected a different remediation alternative for the sediment medium. After receiving public comments on the PRAP, the DEC issued a Record of Decision ("ROD") in June 2011 that set forth the specific remedies selected and responded to public comments. The remedies selected by the DEC in the ROD are the same remedies as those set forth in the PRAP. At the time of adoption of the ROD, the approximate cost of the remedy proposed by DEC in the PRAP was approximately $10,000.

Based on our periodic review of public records, we recently became aware of a letter that the United States Environmental Protection Agency (the "EPA") recently made available on its website. In this letter, dated August 2018, the DEC requested that the Peekskill Site be nominated by the EPA for inclusion on the National Priorities List. The DEC also indicated in this letter that it conducted subsequent investigative work that resulted in findings suggesting that the extent of contamination is greater than what was assumed at the time the ROD was issued.

We are unaware of any attempt by the EPA to contact Lightron, ISC or its advisors, and therefore we cannot assess or predict how the EPA will react to the letter from the DEC. Absent action by the EPA, we would expect that the DEC will enter into negotiations with potentially responsible parties ("PRPs") to request they undertake performance of the remedies selected in the ROD. The DEC might also begin a process in which it seeks to amend the ROD or issue a new ROD, in which case it may then seek to enter into negotiations with PRPs to request they undertake performance of the remedies selected in an amended or new ROD.

Griffon does not acknowledge any responsibility to perform any remediation at the Peekskill Site.

Improper Advertisement Claim involving Union Tools® Products. Beginning in December 2004, a customer of AMES had been named in various litigation matters relating to certain Union Tools products. The plaintiffs in those litigation matters asserted causes of action against the customer of AMES for improper advertisement to end consumers. The allegations suggested that advertisements led the consumers to believe that Union Tools' hand tools were wholly manufactured within boundaries of the United States. The complaints asserted various causes of action against the customer of AMES under federal and state law, including common law fraud. At some point, the customer may seek indemnity (including recovery of its legal fees and costs) against AMES for an unspecified amount. Presently, AMES cannot estimate the amount of loss, if any, if the customer were to seek legal recourse against AMES.

Union Fork and Hoe, Frankfort, NY site. The former Union Fork and Hoe property in Frankfort, NY was acquired by Ames in 2006 as part of a larger acquisition, and has historic site contamination involving chlorinated solvents, petroleum hydrocarbons and metals. AMES has entered into an Order on Consent with the New York State Department of Environmental Conservation. While the Order is without admission or finding of liability or acknowledgment that there has been a release of hazardous substances at the site, AMES is required to perform a remedial investigation of certain portions of the property and to recommend a remediation option. At the conclusion of the remediation phase to the satisfaction of the DEC, the DEC will issue a Certificate of Completion. AMES has performed significant investigative and remedial activities in the last few years under work plans approved by the DEC, and the DEC has approved the final remedial investigation and feasibility study reports. AMES' recommended remedial option of excavation and offsite disposal of lead contaminated soils, capping of other areas of the site impacted by other metals and performing limited groundwater monitoring was accepted by the DEC in a Record of Decision issued March 1, 2018. The Company has submitted a final design and implementation work plan to the State of New York and is awaiting approval. Implementation of the selected remedial alternative is expected to be completed in 2019. AMES has a number of defenses to liability in this matter, including its rights under a previous Consent Judgment entered into between the DEC and a predecessor of AMES relating to the site.

U.S. Government investigations and claims

Defense contracts and subcontracts, including Griffon's contracts and subcontracts, are subject to audit and review by various agencies and instrumentalities of the United States government, including among others, the Defense Contract Audit Agency, the Defense Criminal Investigative Service, and the Department of Justice which has responsibility for asserting claims on behalf of the U.S. Government.

In general, departments and agencies of the U.S. Government have the authority to investigate various transactions and operations of Griffon, and the results of such investigations may lead to administrative, civil or criminal proceedings, the ultimate outcome of which could be fines, penalties, repayments or compensatory or treble damages. U.S. Government regulations provide that certain findings against a contractor may lead to suspension or debarment from future U.S. Government contracts or the loss of export privileges for a company or an operating division or subdivision. Suspension or debarment could have a material adverse effect on Telephonics because of its reliance on government contracts.

General legal

Griffon is subject to various laws and regulations relating to the protection of the environment and is a party to legal proceedings arising in the ordinary course of business. Management believes, based on facts presently known to it, that the resolution of the matters above and such other matters will not have a material adverse effect on Griffon's consolidated financial position, results of operations or cash flows.

NOTE 20 — CONSOLIDATING GUARANTOR AND NON-GUARANTOR FINANCIAL INFORMATION

Griffon's Senior Notes are fully and unconditionally guaranteed, jointly and severally, on a senior secured basis by the domestic assets of Clopay Building Products Company, Inc., Telephonics Corporation, The AMES Companies, Inc., ATT Southern LLC, Clopay Ames True Temper Holding Corp., ClosetMaid, LLC, CornellCookson, LLC and Cornell Real Estate Holdings, LLC, all of which are indirectly 100% owned by Griffon. In accordance with Rule 3-10 of Regulation S-X promulgated under the Securities Act, presented below are condensed consolidating financial information as of December 31, 2018 and September 30, 2018 and for the three months ended December 31, 2018 and 2017. The financial information may not necessarily be indicative of the results of operations or financial position of the guarantor companies or non-guarantor companies had they operated as independent entities. The guarantor companies and the non-guarantor companies include the consolidated financial results of their wholly-owned subsidiaries accounted for under the equity method.

The indenture relating to the Senior Notes (the "Indenture") contains terms providing that, under certain limited circumstances, a guarantor will be released from its obligations to guarantee the Senior Notes. These circumstances include (i) a sale of at least a majority of the stock, or all or substantially all the assets, of the subsidiary guarantor as permitted by the Indenture; (ii) a public equity offering of a subsidiary guarantor that qualifies as a "Minority Business" as defined in the Indenture (generally, a business the EBITDA of which constitutes less than 50% of the segment adjusted EBITDA of the Company for the most recently ended four fiscal quarters), and that meets certain other specified conditions as set forth in the Indenture; (iii) the designation of a guarantor as an "unrestricted subsidiary" as defined in the Indenture, in compliance with the terms of the Indenture; (iv) Griffon exercising its right to defease the Senior Notes, or to otherwise discharge its obligations under the Indenture, in each case in accordance with the terms of the Indenture; and (v) upon obtaining the requisite consent of the holders of the Senior Notes.

CONDENSED CONSOLIDATING BALANCE SHEETS
At December 31, 2018

($ in thousands)	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidation
CURRENT ASSETS					
Cash and equivalents	$10,629	$32,096	$39,027	$—	$81,752
Accounts receivable, net of allowances	—	217,290	36,535	(474)	253,351
Contract costs and recognized income not yet billed, net of progress payments	—	88,019	1,213	—	89,232
Inventories, net	—	384,893	67,462	7	452,362
Prepaid and other current assets	8,067	22,507	6,668	2,373	39,615
Assets of discontinued operations	—	—	325	—	325
Total Current Assets	18,696	744,805	151,230	1,906	916,637
PROPERTY, PLANT AND EQUIPMENT, net	887	295,409	40,194	—	336,490
GOODWILL	—	394,008	44,420	—	438,428
INTANGIBLE ASSETS, net	93	279,849	85,439	—	365,381
INTERCOMPANY RECEIVABLE	67,780	621,995	58,690	(748,465)	—
EQUITY INVESTMENTS IN SUBSIDIARIES	1,542,276	508,267	3,029,840	(5,080,383)	—
OTHER ASSETS	6,708	17,057	(2,136)	(6,685)	14,944
ASSETS OF DISCONTINUED OPERATIONS	—	—	2,909	—	2,909
Total Assets	$1,636,440	$2,861,390	$3,410,586	$(5,833,627)	$2,074,789
CURRENT LIABILITIES					
Notes payable and current portion of long-term debt	$2,276	$3,448	$7,148	$—	$12,872
Accounts payable and accrued liabilities	27,556	280,395	32,424	7,195	347,570
Liabilities of discontinued operations	—	—	6,882	—	6,882
Total Current Liabilities	29,832	283,843	46,454	7,195	367,324
LONG-TERM DEBT, net	1,077,036	5,250	59,793	—	1,142,079
INTERCOMPANY PAYABLES	51,497	283,010	415,912	(750,419)	—
OTHER LIABILITIES	6,514	71,569	16,882	(3,650)	91,315
LIABILITIES OF DISCONTINUED OPERATIONS	—	—	2,510	—	2,510
Total Liabilities	1,164,879	643,672	541,551	(746,874)	1,603,228
SHAREHOLDERS' EQUITY	471,561	2,217,718	2,869,035	(5,086,753)	471,561
Total Liabilities and Shareholders' Equity	$1,636,440	$2,861,390	$3,410,586	$(5,833,627)	$2,074,789

CONDENSED CONSOLIDATING BALANCE SHEETS
At September 30, 2018

($ in thousands)	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidation
CURRENT ASSETS					
Cash and equivalents	$15,976	$16,353	$37,429	$—	$69,758
Accounts receivable, net of allowances	—	234,885	69,729	(24,105)	280,509
Contract costs and recognized income not yet billed, net of progress payments	—	121,393	410	—	121,803
Inventories, net	—	332,067	66,373	(81)	398,359
Prepaid and other current assets	12,179	21,313	6,168	2,461	42,121
Assets of discontinued operations	—	—	324	—	324
Total Current Assets	28,155	726,011	180,433	(21,725)	912,874
PROPERTY, PLANT AND EQUIPMENT, net	936	299,920	41,636	—	342,492
GOODWILL	6,646	361,507	71,242	—	439,395
INTANGIBLE ASSETS, net	93	293,093	77,672	—	370,858
INTERCOMPANY RECEIVABLE	56,396	314,394	(121,445)	(249,345)	—
EQUITY INVESTMENTS IN SUBSIDIARIES	1,528,932	968,330	3,347,894	(5,845,156)	—
OTHER ASSETS	8,651	15,942	374	(8,612)	16,355
ASSETS OF DISCONTINUED OPERATIONS	—	—	2,916	—	2,916
Total Assets	$1,629,809	$2,979,197	$3,600,722	$(6,124,838)	$2,084,890
CURRENT LIABILITIES					
Notes payable and current portion of long-term debt	$2,276	$3,398	$7,337	$—	$13,011
Accounts payable and accrued liabilities	26,639	303,154	59,531	(16,474)	372,850
Liabilities of discontinued operations	—	(22,327)	29,537	—	7,210
Total Current Liabilities	28,915	284,225	96,405	(16,474)	393,071
LONG-TERM DEBT, net	1,044,071	6,110	57,890	—	1,108,071
INTERCOMPANY PAYABLES	66,058	(77,760)	263,227	(251,525)	—
OTHER LIABILITIES	16,374	73,391	20,592	(3,647)	106,710
LIABILITIES OF DISCONTINUED OPERATIONS	—	—	2,647	—	2,647
Total Liabilities	1,155,418	285,966	440,761	(271,646)	1,610,499
SHAREHOLDERS' EQUITY	474,391	2,693,231	3,159,961	(5,853,192)	474,391
Total Liabilities and Shareholders' Equity	$1,629,809	$2,979,197	$3,600,722	$(6,124,838)	$2,084,890

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
For the Three Months Ended December 31, 2018

($ in thousands)	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidation
Revenue	$—	$419,244	$ 98,240	$(6,962)	$ 510,522
Cost of goods and services	—	309,097	65,702	(7,323)	367,476
Gross profit	—	110,147	32,538	361	143,046
Selling, general and administrative expenses	5,060	84,976	23,817	(99)	113,754
Income (loss) from operations	(5,060)	25,171	8,721	460	29,292
Other income (expense)					
Interest income (expense), net	(6,307)	(9,130)	(894)	—	(16,331)
Other, net	(262)	687	1,041	(462)	1,004
Total other income (expense)	(6,569)	(8,443)	147	(462)	(15,327)
Income (loss) before taxes	(11,629)	16,728	8,868	(2)	13,965
Provision (benefit) for income taxes	(3,535)	5,974	2,775	(2)	5,212
Income (loss) before equity in net income of subsidiaries	(8,094)	10,754	6,093	—	8,753
Equity in net income (loss) of subsidiaries	16,847	6,050	10,754	(33,651)	—
Income from continuing operations	$ 8,753	$ 16,804	$ 16,847	$(33,651)	$ 8,753
Net Income (loss)	$ 8,753	$ 16,804	$ 16,847	$(33,651)	$ 8,753
Comprehensive income (loss)	$ 3,303	$ 53,569	$ (4,551)	$(49,018)	$ 3,303

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CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
For the Three Months Ended December 31, 2017

($ in thousands)	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidation
Revenue	$—	$351,312	$ 92,519	$(6,528)	$437,303
Cost of goods and services	—	262,640	60,779	(6,895)	316,524
Gross profit	—	88,672	31,740	367	120,779
Selling, general and administrative expenses	11,337	75,330	20,049	(92)	106,624
Income (loss) from operations	(11,337)	13,342	11,691	459	14,155
Other income (expense)					
Interest income (expense), net	(6,774)	(6,202)	(3,666)	—	(16,642)
Other, net	(5)	1,205	(324)	(462)	414
Total other income (expense)	(6,779)	(4,997)	(3,990)	(462)	(16,228)
Income (loss) before taxes	(18,116)	8,345	7,701	(3)	(2,073)
Provision (benefit) for income taxes	(29,692)	2,734	2,057	(3)	(24,904)
Income (loss) before equity in net income of subsidiaries	11,576	5,611	5,644	—	22,831
Equity in net income (loss) of subsidiaries	19,413	(652)	5,611	(24,372)	—
Income (loss) from continuing operations	30,989	4,959	11,255	(24,372)	22,831
Income (loss) from discontinued operations	—	4,360	3,798	—	8,158
Net Income (loss)	$30,989	$9,319	$ 15,053	$(24,372)	$30,989
Comprehensive income (loss)	$39,347	$22,769	$ 47,447	$(70,216)	$39,347

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
For the Three Months Ended December 31, 2018

($ in thousands)	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidation
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income (loss)	$8,753	$16,804	$ 16,847	$(33,651)	$ 8,753
Net cash provided by (used in) operating activities:	(23,532)	16,272	8,301	—	1,041
CASH FLOWS FROM INVESTING ACTIVITIES:					
Acquisition of property, plant and equipment	(18)	(6,935)	(1,444)	—	(8,397)
Acquired businesses, net of cash acquired	(9,219)	—	—	—	(9,219)
Proceeds from sale of assets	—	38	13	—	51
Net cash provided by investing activities	(9,237)	(6,897)	(1,431)	—	(17,565)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Purchase of shares for treasury	(1,348)	—	—	—	(1,348)
Proceeds from long-term debt	32,412	—	6,553	—	38,965
Payments of long-term debt	(569)	(855)	(2,898)	—	(4,322)
Change in short-term borrowings	—	38	—	—	38
Financing costs	(67)	—	—	—	(67)
Contingent consideration for acquired businesses	—	—	(1,686)	—	(1,686)
Dividends paid	(3,143)	—	—	—	(3,143)
Other, net	137	7,240	(7,240)	—	137
Net cash provided by (used in) financing activities	27,422	6,423	(5,271)	—	28,574
CASH FLOWS FROM DISCONTINUED OPERATIONS:					
Net cash used in discontinued operations	—	—	(458)	—	(458)
Effect of exchange rate changes on cash and equivalents	—	(55)	457	—	402
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(5,347)	15,743	1,598	—	11,994
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	15,976	16,353	37,429	—	69,758
CASH AND EQUIVALENTS AT END OF PERIOD	$10,629	$32,096	$ 39,027	$—	$ 81,752

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
For the Three Months Ended December 31, 2017

($ in thousands)	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidation
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income (loss)	$30,989	$9,319	$ 15,053	$(24,372)	$ 30,989
Net (income) loss from discontinued operations	—	(4,360)	(3,798)	—	(8,158)
Net cash provided by (used in) operating activities:	(68,932)	48,147	15,131	—	(5,654)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Acquisition of property, plant and equipment	(121)	(7,984)	(2,680)	—	(10,785)
Acquired businesses, net of cash acquired	(194,001)	(4,682)	—	—	(198,683)
Proceeds from sale of assets	—	7	432	—	439
Net cash provided by (used in) investing activities	(194,122)	(12,659)	(2,248)	—	(209,029)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Purchase of shares for treasury	(4,332)	—	—	—	(4,332)
Proceeds from long-term debt	326,094	976	(976)	—	326,094
Payments of long-term debt	(45,719)	(1,776)	(5,478)	—	(52,973)
Change in short-term borrowings	—	35	—	—	35
Financing costs	(7,392)	—	—	—	(7,392)
Dividends paid	(2,990)	—	—	—	(2,990)
Other, net	84	(10,524)	10,524	—	84
Net cash provided by (used in) financing activities	265,745	(11,289)	4,070	—	258,526
CASH FLOWS FROM DISCONTINUED OPERATIONS:					
Net cash used in discontinued operations	—	(827)	(5,592)	—	(6,419)
Effect of exchange rate changes on cash and equivalents	—	(1)	(684)	—	(685)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	2,691	23,371	10,677	—	36,739
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	3,240	8,066	36,375	—	47,681
CASH AND EQUIVALENTS AT END OF PERIOD	$5,931	$31,437	$ 47,052	$—	$ 84,420

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(Unless otherwise indicated, US dollars and non US currencies are in thousands, except per share data)

Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

BUSINESS

Overview

Griffon Corporation (the "Company" or "Griffon") is a diversified management and holding company that conducts business through wholly-owned subsidiaries. The Company was founded in 1959, is a Delaware corporation headquartered in New York, N.Y. and is listed on the New York Stock Exchange (NYSE:GFF).

Business Strategy

We own and operate, and seek to acquire, businesses in multiple industries and geographic markets. Our objective is to maintain leading positions in the markets we serve by providing innovative, branded products with superior quality and industry-leading service. We place emphasis on our iconic and well-respected brands, which helps to differentiate us and our offerings from our competitors and strengthens our relationship with our customers and those who ultimately use our products.

Through operating a diverse portfolio of businesses, we expect to reduce variability caused by external factors such as market cyclicality, seasonality, and weather. We achieve diversity by providing various product offerings and brands through multiple sales and distribution channels, and conducting business across multiple countries which we consider our home markets.

Griffon oversees the operations of its subsidiaries, allocates resources among them and manages their capital structures. Griffon provides direction and assistance to its subsidiaries in connection with acquisition and growth opportunities as well as in connection with divestitures. As long-term investors, having substantial experience in a variety of industries, our intent is to continue the growth and strengthening of our existing businesses, and to diversify further through investments in our businesses and through acquisitions.

Recent Highlights

On September 5, 2017, Griffon announced the acquisition of ClosetMaid LLC ("ClosetMaid") and the commencement of the strategic alternatives process for Clopay Plastic Products, beginning the transformation of Griffon.

In February 2018, we closed on the sale of our PPC business to Berry for $475,000, thus exiting the specialty plastics industry that the Company had entered when it acquired Clopay Corporation in 1986. This transaction provided immediate liquidity and positions the Company to improve its cash flow conversion given the historically higher capital needs of the PPC operations as compared to Griffon's remaining businesses.

In October 2017, we acquired ClosetMaid from Emerson Electric Co. (NYSE:EMR) for an effective purchase price of approximately $165,000. ClosetMaid, founded in 1965, is a leading North American manufacturer and marketer of wood and wire closet organization, general living storage and wire garage storage products, and sells to some of the largest home center retail chains, mass merchandisers, and direct-to-builder professional installers in North America.

In March 2018, we announced the combination of the ClosetMaid operations with those of AMES. ClosetMaid generated over $300,000 in revenue in the first twelve months after the acquisition, and we anticipate the integration with AMES will unlock additional value given the complementary products, customers, warehousing and distribution, manufacturing, and sourcing capabilities of the two businesses.

In June 2018, Clopay Building Products Company, Inc. acquired CornellCookson, Inc. ("CornellCookson"), a leading provider of rolling steel service doors, fire doors, and grilles, for an effective purchase price of approximately $170,000. This transaction strengthened CBP's strategic portfolio with a line of commercial rolling steel door products to complement the existing CBP sectional door offerings in the commercial industry, and expands the CBP network of professional dealers focused on the commercial market. CornellCookson is expected to contribute approximately $200,000 in annual sales to Griffon’s Home and Building Products Segment.

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During the past two fiscal years Griffon also completed a number of other acquisitions to expand and enhance The AMES Companies' global footprint. In the United Kingdom, Griffon acquired La Hacienda, an outdoor living brand of unique heating and garden décor products, in July 2017, and Kelkay, a manufacturer and distributor of decorative outdoor landscaping, in February 2018. These two businesses provided AMES with a platform for growth in the UK market and give access to leading garden centers, retailers, and grocers in the UK and Ireland.

In Australia, Griffon acquired Hills Home Living, the iconic brand of clotheslines and home products, from Hills Limited (ASX:HIL) in the first quarter of our fiscal 2017. In September 2017, Griffon acquired Tuscan Path, an Australian provider of pots, planters, pavers, decorative stone, and garden décor products. These acquisitions broadened AMES' outdoor living and lawn and garden business, strengthening AMES' market position in Australia and New Zealand.

In November 2017, Griffon acquired Harper Brush Works, a leading U.S. manufacturer of cleaning products for professional, home, and industrial use, from Horizon Global (NYSE:HZN). This acquisition expanded the AMES line of long-handle tools in North America to include brooms, brushes, and other cleaning products.

We believe these actions have established a solid foundation for continuing organic growth in sales, profit, and cash generation and bolsters Griffon's platforms for opportunistic strategic acquisitions.

Further Information

Griffon posts and makes available, free of charge through its website at *www.griffon.com*, its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) of the Securities Exchange Act of 1934, as well as press releases, as soon as reasonably practicable after such materials are published or filed with or furnished to the Securities and Exchange Commission (the "SEC"). The information found on Griffon's website is not part of this or any other report it files with or furnishes to the SEC.

For information regarding revenue, profit and total assets of each segment, see the Reportable Segments footnote in the Notes to Consolidated Financial Statements.

Reportable Segments:

Griffon currently conducts its operations through two reportable segments:

- Home & Building Products ("HBP") segment consists of two companies, The AMES Companies, Inc. ("AMES") and Clopay Building Products Company, Inc, ("CBP"):

AMES, founded in 1774, is the leading North American manufacturer and a global provider of branded consumer and professional tools, landscaping products, and outdoor lifestyle solutions. In 2018, we acquired ClosetMaid, a leader in wood and wire closet organization, general living storage and wire garage storage products for homeowners and professionals.

CBP, since 1964, is a leading manufacturer and marketer of residential and commercial garage doors and sells to professional dealers and some of the largest home center retail chains in North America. In 2018, we acquired CornellCookson, a leading U.S. manufacturer and marketer of rolling steel door and grille products designed for commercial, industrial, institutional, and retail use.

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Defense Electronics segment consists of Telephonics Corporation ("Telephonics"), founded in 1933, a globally recognized leading provider of highly sophisticated intelligence, surveillance and communications solutions for defense, aerospace and commercial customers.

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OVERVIEW

Revenue for the quarter ended December 31, 2018 was $510,522 compared to $437,303 in the prior year quarter, an increase of approximately 17%, primarily driven by increased revenue at Home & Building Products, from both recent acquisitions and organic growth, and increased revenue at Telephonics. Organic growth was 5%. Income from continuing operations was $8,753 or $0.21 per share, compared to $22,831 or $0.53 per share, in the prior year quarter. The current quarter results from continuing operations included discrete and certain other tax provisions, net, of $467 or $0.01 per share.

The prior year quarter results from continuing operations included the following.

– Acquisition costs of $3,185 ($2,348, net of tax, or $0.05 per share);
– Cost of life insurance benefit of $2,614 ($248, net tax, or $0.01 per share); and
– Discrete and certain other tax benefits, net, of $23,018 or $0.53 per share.

Excluding these items from the respective quarterly results, Income from continuing operations would have been $9,220 or $0.22 per share in the current quarter compared to $2,409 or $0.06 per share in the prior year quarter.

Griffon evaluates performance based on Income from Continuing operations and the related Earnings per share excluding restructuring charges, loss on debt extinguishment, acquisition related expenses and discrete and certain other tax items, as well as other items that may affect comparability, as applicable. Griffon believes this information is useful to investors for the same reason. The following table provides a reconciliation of Income from continuing operations to Adjusted income from continuing operations and Earnings per share from continuing operations to Adjusted earnings per share from continuing operations:

GRIFFON CORPORATION AND SUBSIDIARIES
RECONCILIATION OF INCOME FROM CONTINUING OPERATIONS
TO ADJUSTED INCOME FROM CONTINUING OPERATIONS
(Unaudited)

	For the Three Months Ended December 31,	
	2018	**2017**
Income from continuing operations	$8,753	$22,831
Adjusting items, net of tax:		
Acquisition costs	—	2,348
Cost of life insurance benefit	—	248
Discrete and certain other tax provisions (benefits)	467	(23,018)
Adjusted income from continuing operations	$9,220	$2,409
Diluted earnings per common share from continuing operations	$0.21	$0.53
Adjusting items, net of tax:		
Acquisition costs	—	0.05
Cost of life insurance benefit	—	0.01
Discrete and certain other tax benefits	0.01	(0.53)

Adjusted earnings per common share from continuing operations	$0.22	$0.06
Weighted-average shares outstanding (in thousands)	41,888	43,336

Note: Due to rounding, the sum of earnings per common share and adjusting items, net of tax, may not equal adjusted earnings per common share.

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RESULTS OF CONTINUING OPERATIONS

Three months ended December 31, 2018 and 2017

Griffon evaluates performance and allocates resources based on each segment's operating results before interest income and expense, income taxes, depreciation and amortization, and unallocated amounts (mainly corporate overhead), restructuring charges, loss on debt extinguishment and acquisition related expenses, as well as other items that may affect comparability, as applicable (“Segment adjusted EBITDA”). Griffon believes this information is useful to investors for the same reason. The following table provides a reconciliation of Segment operating profit from continuing operations to Income (loss) before taxes from continuing operations:

	For the Three Months Ended December 31,	
	2018	**2017**
Segment operating profit:		
Home & Building Products	$39,545	$27,751
Telephonics	2,149	1,480
Segment operating profit from continuing operations	41,694	29,231
Net interest expense	(16,331)	(16,642)
Unallocated amounts	(11,398)	(10,436)
Acquisition costs	—	(1,612)
Cost of life insurance benefit	—	(2,614)
Income before taxes from continuing operations	$13,965	$(2,073)

The following table provides a reconciliation of Segment adjusted EBITDA from continuing operations to Income (loss) before taxes from continuing operations:

	For the Three Months Ended December 31,	
	2018	**2017**
Segment adjusted EBITDA:		
Home & Building Products	$51,860	$39,457
Defense Electronics	4,785	4,199
Total Segment adjusted EBITDA	56,645	43,656
Net interest expense	(16,331)	(16,642)
Segment depreciation and amortization	(14,951)	(12,852)
Unallocated amounts	(11,398)	(10,436)
Acquisition costs	—	(3,185)
Cost of life insurance benefit	—	(2,614)
Income (loss) before taxes from continuing operations	$13,965	$(2,073)

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Home & Building Products

	For the Three Months Ended December 31,			
	2018		2017	
Revenue:				
AMES	$216,474		$216,742	
CBP	223,295		154,236	
Home & Building Products	$439,769		$370,978	
Segment operating profit	$39,545	9.0 %	$27,751	7.5 %
Depreciation and amortization	12,315		10,133	
Acquisition costs	—		1,573	
Segment adjusted EBITDA	$51,860	11.8%	$39,457	10.6%

For the quarter ended December 31, 2018, revenue increased $68,791 or 19%, compared to the prior year period. CBP benefited from the acquisition of CornellCookson on June 4, 2018, which delivered approximately $51,000 of revenue, as well as from favorable mix, pricing and volume. At AMES, increased US revenue driven by lawn and garden volume was offset by decreased non U.S. lawn and garden volume, mainly due to adverse weather conditions, and reduced storage and organization volume due to timing of orders. Organic growth was 5%.

For the quarter ended December 31, 2018, Segment operating profit increased 43% to $39,545 compared to $27,751 in the prior year period. Excluding the impact of acquisition related costs from the prior year period, Segment operating profit would have increased 35%, primarily driven by the increased revenue as noted above, partially offset by increased input costs and tariffs. Segment depreciation and amortization increased $2,182 from the prior year period primarily from acquisitions.

On January 31, 2019, CBP announced a $14,000 investment in facilities infrastructure and equipment at its CornellCookson location in Mountain Top, Pennsylvania. This project includes a 90,000 square foot expansion to the already existing 184,000 square foot facility, along with the addition of state of the art manufacturing equipment. Through this expansion, the CornellCookson Mountain Top location will improve its manufacturing efficiency and shipping operations, as well as increase manufacturing capacity to support full-rate production of new and core products. The project is expected to be completed by the end of calendar 2019.

Prior year's acquisitions

On June 4, 2018, CBP completed the acquisition of CornellCookson, a leading US manufacturer and marketer of rolling steel door and grille products designed for commercial, industrial, institutional and retail use, for $180,000, excluding certain post-closing adjustments primarily related to working capital. After taking into account the net of the estimated present value of tax benefits resulting from the transaction, the effective purchase price is approximately $170,000. The acquisition of CornellCookson substantially expanded CBP’s non-residential product offerings, and added an established professional dealer network focused on rolling steel door and grille products for commercial, industrial, institutional and retail use. CornellCookson is expected to generate approximately $200,000 in revenue in the first full year of operations.

On February 13, 2018, AMES acquired Kelkay, a leading United Kingdom manufacturer and distributor of decorative outdoor landscaping products sold to garden centers, retailers and grocers in the UK and Ireland for approximately $56,118 (GBP 40,452), subject to contingent consideration of up to GBP 7,000. This acquisition broadened AMES' product offerings in the market and increased its in-country operational footprint. Kelkay is expected to contribute approximately $40,000 in revenue in the first twelve months after the acquisition.

On November 6, 2017, AMES acquired Harper, a division of Horizon Global, for approximately $5,000. Harper is a leading U.S. manufacturer of cleaning products for professional, home, and industrial use. The acquisition will broaden AMES' long-handle tool offering in North America to include brooms, brushes, and other cleaning tools and accessories. Harper, as expected, generated approximately $10,000 in revenue in the first twelve months after the acquisition.

On October 2, 2017, Griffon completed the acquisition of ClosetMaid, a market leader in home storage and organization products, for approximately $185,700, inclusive of post-closing adjustments, or $165,000 net of the estimated present value of tax benefits resulting from the transaction. ClosetMaid adds to Griffon's Home and Building Products segment, complementing and diversifying Griffon's portfolio of leading consumer brands and products. ClosetMaid, as expected, generated over $300,000 in revenue in the first twelve months after the acquisition.

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Defense Electronics

	For the Three Months Ended December 31,			
	2018		**2017**	
Revenue	$70,753		$66,325	
Segment operating profit	$2,149	3.0%	$1,480	2.2%
Depreciation and amortization	2,636		2,719	
Segment adjusted EBITDA	$4,785	6.8%	$4,199	6.3%

For the quarter ended December 31, 2018, revenue increased $4,428 or 7% compared to the prior year quarter, primarily due to a $4,606 benefit from the adoption of revenue recognition guidance effective October 1, 2018. Additionally, increased airborne surveillance radar and wireless intercommunication systems revenue was offset by reduced dismounted Electronic Countermeasure system volume. The impact of the revenue recognition guidance is expected to be immaterial on the full year results.

For the quarter ended December 31, 2018, Segment operating profit increased $669 compared to the prior year quarter due to increased revenue, partially offset by unfavorable program mix and the impact of revised estimates to complete remaining performance obligations on certain radar and airborne intercommunication systems. Segment operating profit also benefited from the adoption of revenue recognition guidance effective October 1, 2018 by approximately $1,300. The impact of this revenue recognition guidance is expected to be immaterial on the full year results.

During the quarter ended December 31, 2018, Telephonics was awarded several new contracts and received incremental funding on existing contracts approximating $63,300. Contract backlog was $366,700 at December 31, 2018, with 70% expected to be fulfilled in the next 12 months. Backlog, restated for the adoption of revenue recognition guidance on October 1, 2018, was $374,200 at September 30, 2018. Backlog is defined as unfilled firm orders for products and services for which funding has been both authorized and appropriated by the customer or Congress, in the case of US government agencies.

Unallocated

For the quarter ended December 31, 2018, unallocated amounts totaled $11,398 compared to $10,436 in the prior year. The increase in the current quarter compared to the respective prior year period primarily relates to compensation and incentive costs.

Segment Depreciation and Amortization

Segment depreciation and amortization increased $2,099 for the quarter ended December 31, 2018, respectively, compared to the comparable prior year period, primarily due to depreciation and amortization on assets acquired in acquisitions.

Other Income (Expense)

For the quarters ended December 31, 2018 and 2017, Other income (expense) includes $502 and ($437), respectively, of net currency exchange losses in connection with the translation of receivables and payables denominated in currencies other than the functional currencies of Griffon and its subsidiaries as well as $(77) and $(5), respectively, of net investment income.

Additionally, during the quarters ended December 31, 2018 and 2017, Other income (expense) included net periodic benefit income of $787 and $882, respectively. Effective October 1, 2018, these benefits amounts are required to be included in other income; in the past these were in Selling, general and administrative expenses, as a result of implementation of the new accounting standard on pensions. All periods have been restated. See Note 13 - Employee Benefit Plans for further information on the implementation of this guidance.

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Provision for income taxes

During the three months ended December 31, 2018, the Company recognized a tax provision of $5,212 on Income before taxes from continuing operations of $13,965, compared to a tax benefit of $24,904 on a Loss before taxes from continuing operations of $2,073 in the comparable prior year period. The three month period ended December 31, 2018 included net tax provisions that affect comparability of $467. The three month period ended December 31, 2017 included net tax benefits that affect comparability of $23,018 primarily from approximately $23,941 related to the December 22, 2017 tax reform bill associated with the revaluation of deferred tax liabilities, $3,185 ($2,348 net of tax) of acquisition costs and $2,614 ($248 net of tax) charges related to cost of life insurance benefits. Excluding these items, the effective tax rates for the three months ended December 31, 2018 and 2017 were 34.0% and 35.4%, respectively.

On December 22, 2017, the “Tax Cuts and Jobs Act” (“TCJA”) was signed into law, and, among other changes, reduced the federal statutory tax rate from 35.0% to 21.0%. In accordance with U.S. GAAP for income taxes, as well as SEC Staff Accounting Bulletin No. 118 (“SAB 118”), the Company made a reasonable estimate of the impacts of the TCJA and recorded this estimate in its results for the year ended September 30, 2018. SAB 118 allows for a measurement period of up to one year, from the date of enactment, to complete the Company’s accounting for the impacts of the TCJA. As of December 31, 2018, our analysis under SAB 118 is complete and resulted in no material adjustments to the provision amounts recorded as of September 30, 2018.

Stock based compensation

For the quarters ended December 31, 2018 and 2017, stock based compensation expense totaled $2,933 and $2,555, respectively.

Comprehensive income (loss)

For the quarter ended December 31, 2018, total other comprehensive loss, net of taxes, of $5,450, included a loss of $5,736 from foreign currency translation adjustments primarily due to the weakening of the Euro, British pound, Canadian and Australian currencies, all in comparison to the US Dollar, a $184 benefit from pension amortization of actuarial losses and a $102 gain on cash flow hedges.

For the quarter ended December 31, 2017, total other comprehensive income, net of taxes, of $8,358, included a $1,289 loss from foreign currency translation adjustments primarily due to the weakening of the Australian and Canadian currencies, offset by the strengthening of the Euro currency, all in comparison to the US Dollar, a $9,559 benefit from pension amortization of actuarial losses and a $88 gain on cash flow hedges.

Discontinued operations

Plastic Products Company

On November 16, 2017, Griffon announced it entered into a definitive agreement to sell PPC and on February 6, 2018, completed the sale to Berry for $475,000 in cash, subject to certain post-closing adjustments. As a result, Griffon classified the results of operations of the PPC business as discontinued operations in the Consolidated Statements of Operations for all periods presented and classified the related assets and liabilities associated with the discontinued operations in the consolidated balance sheets. All results and information presented exclude PPC unless otherwise noted. PPC is a global leader in the development and production of embossed, laminated and printed specialty plastic films for hygienic, health-care and industrial products and sells to some of the world's largest consumer products companies. See Note 15, Discontinued Operations.

Installation Services and Other Discontinued Activities

In 2008, as a result of the downturn in the residential housing market, Griffon exited substantially all operating activities of its Installation Services segment which sold, installed and serviced garage doors and openers, fireplaces, floor coverings, cabinetry and a range of related building products, primarily for the new residential housing market. Griffon sold eleven units, closed one unit and merged two units into CBP. Operating results of substantially this entire segment have been reported as discontinued operations in the Consolidated Statements of Operations and Comprehensive Income (Loss) for all periods presented; Installation Services is excluded from segment reporting.

Griffon substantially concluded remaining disposal activities in 2009. There was no revenue or income from the Installation Services' business for the quarters ended December 31, 2018 and 2017.

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At December 31, 2018, Griffon's assets and liabilities for PPC and Installations Services and other discontinued operations primarily related to insurance claims, income tax and product liability, warranty and environmental reserves and stay and transaction bonuses totaling liabilities of approximately of $9,392.

LIQUIDITY AND CAPITAL RESOURCES

Management assesses Griffon’s liquidity in terms of its ability to generate cash to fund its operating, investing and financing activities. Significant factors affecting liquidity are: cash flows from operating activities, capital expenditures, acquisitions, dispositions, bank lines of credit and the ability to attract long-term capital under satisfactory terms. Griffon believes it has sufficient liquidity available to invest in its existing businesses and execute strategic acquisitions, while managing its capital structure on both a short-term and long-term basis.

The following table is derived from the Condensed Consolidated Statements of Cash Flows:

Cash Flows from Continuing Operations	**For the Three Months Ended December 31,**	
(in thousands)	**2018**	**2017**
Net Cash Flows Provided by (Used In):		
Operating activities	$1,041	$(5,654)
Investing activities	(17,565)	(209,029)
Financing activities	28,574	258,526

Cash provided by the operating activities of continuing operations for the three months ended December 31, 2018 was $1,041 compared to the $5,654 used in the prior year period. Cash provided by income of continuing operations, adjusted for non-cash expenditures, was offset by a net increase in working capital consisting of an increase in inventory and a decrease in accounts payable, offset by a decrease in accounts receivable and contract costs and recognized income not yet billed.

During the quarter ended December 31, 2018, Griffon used $17,565 of cash in investing activities from continuing operations compared to $209,029 used in the prior year. Payments for acquired businesses totaled $9,219 compared to $198,683 in the prior year comparable period. Payments for acquired businesses in the current quarter consisted of a final working capital adjustment for CornellCookson. Payments for acquired businesses in the prior year quarter were made to consummate the October 2, 2017, acquisition of ClosetMaid for approximately $185,700, inclusive of post-closing adjustments, or $165,000 net of the estimated present value of tax benefits under the current tax law. Additionally, on November 6, 2017, AMES acquired Harper for approximately $5,000. Capital expenditures for the quarter ended December 31, 2018 totaled $8,397, a decrease of $2,388 from the prior year.

During the quarter ended December 31, 2018, cash provided by financing activities from continuing operations totaled $28,574 compared to the $258,526 provided in the prior comparable quarter. Cash provided by financing activities from continuing operations in the current year quarter consisted primarily of net borrowings of long term debt, partially offset by payments of dividends. Cash provided by financing activities from continuing operations in the comparable prior year quarter included an add-on offering of $275,000 aggregate principal amount of 5.25% senior notes due 2022, which was completed on October 2, 2017 in connection with the purchase of ClosetMaid, as well as for general corporate purposes (including reducing the outstanding balance of Griffon's Revolving Credit Facility (the "Credit Agreement")). At December 31, 2018, there were $57,500 in outstanding borrowings under the Credit Agreement, compared to $147,743 in outstanding borrowings at the same date in the prior year.

During the quarter ended December 31, 2018, the Board of Directors approved a quarterly cash dividend of $0.0725 per share. On January 31, 2019, the Board of Directors declared a quarterly cash dividend of $0.0725 per share, payable on March 21, 2019 to shareholders of record as of the close of business on February 21, 2019.

Payments related to Telephonics revenue are received in accordance with the terms of development and production subcontracts; certain of such receipts are progress or performance based payments. With respect to HBP, there have been no material adverse impacts on payment for sales.

A small number of customers account for, and are expected to continue to account for, a substantial portion of Griffon’s consolidated revenue from continuing operations. For the quarter ended December 31, 2018:

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- The United States Government and its agencies, through either prime or subcontractor relationships, represented 9% of Griffon's consolidated revenue and 64% of Telephonics' revenue.
- The Home Depot represented 17% of Griffon's consolidated revenue and 19% of HBP's revenue.

No other customer exceeded 10% of consolidated revenue. Future operating results will continue to depend substantially on the success of Griffon's largest customers and our ongoing relationships with them. Orders from these customers are subject to change and may fluctuate materially. The loss of all or a portion of the volume from any one of these customers could have a material adverse impact on Griffon's liquidity and results of operations.

Cash and Equivalents and Debt	**December 31,**	**September 30,**
(in thousands)	**2018**	**2018**
Cash and equivalents	$81,752	$ 69,758
Notes payables and current portion of long-term debt	12,872	13,011
Long-term debt, net of current maturities	1,142,079	1,108,071
Debt discount/premium and issuance costs	12,622	13,610
Total debt	1,167,573	1,134,692
Debt, net of cash and equivalents	**$1,085,821**	**$ 1,064,934**

On October 2, 2017, in an unregistered offering through a private placement under Rule 144A, Griffon completed the add-on offering of $275,000 principal amount of its 5.25% senior notes due 2022, at 101.00% of par, to Griffon's previously issued $125,000 principal amount of its 5.25% senior notes due 2022, at 98.76% of par, completed on May 18, 2016 and $600,000 5.25% senior notes due 2022, at par, completed on February 27, 2014 (collectively the "Senior Notes"). As of December 31, 2018, outstanding Senior Notes due totaled $1,000,000; interest is payable semi-annually on March 1 and September 1. The net proceeds of the $275,000 add-on offering were used to acquire ClosetMaid with the remaining proceeds used to pay down outstanding loan borrowings under the Credit Agreement. The net proceeds of the previously issued $125,000 add-on offering were used to pay down outstanding revolving loan borrowings under the Credit Agreement.

The Senior Notes are senior unsecured obligations of Griffon guaranteed by certain domestic subsidiaries, and subject to certain covenants, limitations and restrictions. On February 5, 2018, July 20, 2016 and June 18, 2014, Griffon exchanged all of the $275,000, $125,000 and $600,000 Senior Notes, respectively, for substantially identical Senior Notes registered under the Securities Act via an exchange offer. The fair value of the Senior Notes approximated $910,000 on December 31, 2018 based upon quoted market prices (level 1 inputs). In connection with the issuance and exchange of the $275,000 senior notes, Griffon capitalized $8,472 of underwriting fees and other expenses; in addition to the $13,329 capitalized under previously issued $600,000 Senior Notes. All capitalized fees for the Senior Notes will amortize over the term of the notes and, at December 31, 2018, $12,017 remained to be amortized.

On March 22, 2016, Griffon amended and restated the Credit Agreement to increase the commitments under the credit facility from $250,000 to $350,000, extend its maturity from March 13, 2020 to March 22, 2021, and modify certain other provisions of the facility. On October 2, 2017 and on May 31, 2018, Griffon amended the Credit Agreement in connection with the ClosetMaid and the CornellCookson acquisitions, respectively, to, among other things, modify the net leverage covenant. The facility includes a letter of credit sub-facility with a limit of $50,000 and a multi-currency sub-facility of $100,000. The Credit Agreement provides for same day borrowings of base rate loans. Borrowings under the Credit Agreement may be repaid and re-borrowed at any time, subject to final maturity of the facility or the occurrence of an event of default under the Credit Agreement. Interest is payable on borrowings at either a LIBOR or base rate benchmark rate, in each case without a floor, plus an applicable margin, which adjusts based on financial performance. Current margins are 1.75% for base rate loans and 2.75% for LIBOR loans. The Credit Agreement has certain financial maintenance tests including a maximum total leverage ratio, a maximum senior secured leverage ratio and a minimum interest coverage ratio, as well as customary affirmative and negative covenants and events of default. The negative covenants place limits on Griffon's ability to, among other things, incur indebtedness, incur liens, and make restricted payments and investments. Borrowings under the Credit Agreement are guaranteed by Griffon’s material domestic subsidiaries and are secured, on a first priority basis, by substantially all domestic assets of the Company and the guarantors, and a pledge of not greater than 65% of the equity interest in Griffon’s material, first-tier foreign subsidiaries (except that a lien on the assets of Griffon's material domestic subsidiaries securing a limited amount of the debt under the Credit Agreement relating to Griffon's Employee Stock Ownership Plan ("ESOP") ranks pari passu with the lien granted on such assets under the Credit Agreement). At December 31, 2018, under the Credit Agreement, there were $57,500 outstanding borrowings; outstanding standby letters of credit were $14,667; and $277,833 was available, subject to certain loan covenants, for borrowing at that date.

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In September 2015 and March 2016, Griffon entered into mortgage loans in the amounts of $32,280 and $8,000, respectively, and were due to mature in September 2025 and April 2018, respectively. The mortgage loans were secured and collateralized by four properties occupied by Griffon's subsidiaries and were guaranteed by Griffon. The loans had an interest rate of LIBOR plus 1.50%. The loans were paid off during the year ended September 30, 2018.

In August 2016, Griffon’s ESOP entered into an agreement that refinanced the existing ESOP loan into a new Term Loan in the amount of $35,092 (the "Agreement"). The Agreement also provided for a Line Note with $10,908 available to purchase shares of Griffon common stock in the open market. During 2017, Griffon's ESOP purchased 621,875 shares of common stock for a total of $10,908 or $17.54 per share, under a borrowing line that has now been fully utilized. On June 30, 2017, the Term Loan and Line Note were combined into a single Term Loan. The Term Loan bears interest at LIBOR plus 3.00%. The Term Loan requires quarterly principal payments of $569 with a balloon payment due at maturity on March 22, 2020. As a result of the special cash dividend of $1.00 per share, paid on April 16, 2018, the outstanding balance of the Term Loan was reduced by $5,705. As of December 31, 2018, $33,970, net of issuance costs, was outstanding under the Term Loan. The Term Loan is secured by shares purchased with the proceeds of the loan and with a lien on a specific amount of Griffon assets (which lien ranks pari passu with the lien granted on such assets under the Credit Agreement) and is guaranteed by Griffon.

Two of Griffon's subsidiaries have capital leases outstanding for real estate located in Troy, Ohio and Ocala, Florida. The leases mature in 2021 and 2022, respectively, and bear interest at fixed rates of approximately 5.0% and 8.0%, respectively. The Troy, Ohio lease is secured by a mortgage on the underlying real estate and is guaranteed by Griffon. The Ocala, Florida lease contains two five-year renewal options. At December 31, 2018, $6,669 was outstanding, net of issuance costs.

In November 2012, Garant G.P. (“Garant”) entered into a CAD $15,000 ($11,018 as of December 31, 2018) revolving credit facility. The facility accrues interest at LIBOR (USD) or the Bankers Acceptance Rate (CDN) plus 1.3% per annum (4.11% LIBOR USD and 3.50% Bankers Acceptance Rate CDN as of December 31, 2018). The revolving facility matures in October 2019. Garant is required to maintain a certain minimum equity. At December 31, 2018, there were no borrowings under the revolving credit facility with CAD 15,000 ($11,018 as of December 31, 2018) available for borrowing.

In July 2016, Griffon Australia Holdings Pty Ltd and its Australian subsidiaries ("Griffon Australia") entered into an AUD 30,000 term loan and an AUD 10,000 revolver. The term loan refinanced two existing term loans and the revolver replaced two existing lines. In December 2016, the amount available under the revolver was increased from AUD 10,000 to AUD 20,000 and, in March 2017, the term loan commitment was increased by AUD 5,000. In September 2017, the term commitment was further increased by AUD 15,000. The term loan requires quarterly principal payments of AUD 1,250 plus interest, with a balloon payment of AUD 37,125 due upon maturity in October 2019, and accrues interest at Bank Bill Swap Bid Rate “BBSY” plus 2.00% per annum (4.11% at December 31, 2018). As of December 31, 2018, the term loan had an outstanding balance of AUD 39,625 ($27,904 as of December 31, 2018). The revolving facility matures in March 2019, but is renewable upon mutual agreement with the lender, and accrues interest at BBSY plus 2.0% per annum (4.06% at December 31, 2018). At December 31, 2018, the revolver had an outstanding balance of AUD 20,000 ($14,084 at December 31, 2018). The revolver and the term loan are both secured by substantially all of the assets of Griffon Australia and its subsidiaries. Griffon guarantees the term loan. Griffon Australia is required to maintain a certain minimum equity level and is subject to a maximum leverage ratio and a minimum fixed charges cover ratio.

In July 2018, the AMES Companies UK Ltd and its subsidiaries ("AMES UK") entered into a GBP 14,000 term loan, GBP 4,000 mortgage loan and GBP 5,000 revolver. The term loan and mortgage loan require quarterly principal payments of GBP 350 and GBP 83 plus interest, respectively, and have balloon payments due upon maturity, July 2023, of GBP 7,000 and GBP 2,333, respectively. The Term Loan and Mortgage Loans accrue interest at the GBP

LIBOR Rate plus 2.25% and 1.8%, respectively (3.16% and 2.71% at December 31, 2018, respectively). The revolving facility matures in July 2019, but is renewable upon mutual agreement with the lender, and accrues interest at the Bank of England Base Rate plus 1.5% (2.25% as of December 31, 2018). The revolver and the term loan are both secured by substantially all of the assets of AMES UK and its subsidiaries. AMES UK is subject to a maximum leverage ratio and a minimum fixed charges cover ratio. The invoice discounting arrangement was canceled and replaced by the above loan facilities. As of December 31, 2018, outstanding borrowings on these facilities totaled GBP 17,132 ($21,669 as of December 31, 2018).

Other long-term debt consists primarily of a loan with the Pennsylvania Industrial Development Authority, with the balance consisting of capital leases.

At December 31, 2018, Griffon and its subsidiaries were in compliance with the terms and covenants of its credit and loan agreements. Net Debt to EBITDA (Leverage), as calculated in accordance with the definition in the Credit Agreement, was 5.4x at December 31, 2018.

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On August 3, 2016 and August 1, 2018, Griffon's Board of Directors authorized the repurchase of up to $50,000 of Griffon's outstanding common stock. Under these share repurchase programs, the Company may, from time to time, purchase shares of its common stock in the open market, including pursuant to a 10b5-1 plan, or in privately negotiated transactions. During the quarter ended December 31, 2018, Griffon purchased 29,300 shares of common stock under these repurchase programs, for a total of $290 or $9.91. As of December 31, 2018, an aggregate of $58,037 remains under Griffon's Board authorized repurchase programs.

In addition, during the quarter ended December 31, 2018, 83,133 shares, with a market value of $1,011, or $12.16 per share, were withheld to settle employee taxes due upon the vesting of restricted stock and restricted stock units, and were added to treasury stock. An additional 3,861 shares, with a market value of $47, or $12.16 per share, were withheld from common stock issued upon the vesting of restricted stock units to settle employee taxes due upon vesting.

On November 17, 2011, the Company began declaring quarterly dividends. During 2018, the Company declared and paid regular cash dividends totaling $0.28 per share. In addition, on March 7, 2018, the Board of Directors declared a special cash dividend of $1.00 per share paid in April 2018. During the quarter ended December 31, 2018, the Board of Directors approved a quarterly cash dividend of $0.0725 per share. The Company currently intends to pay dividends each quarter; however, payment of dividends is determined by the Board of Directors at its discretion based on various factors, and no assurance can be provided as to the payment of future dividends.

On January 31, 2019, the Board of Directors declared a quarterly cash dividend of $0.0725 per share, payable on March 21, 2019 to shareholders of record as of the close of business on February 21, 2019.

During the quarter ended December 31, 2018 and 2017, Griffon used cash for discontinued operations from operating, investing and financing activities of $458 and $6,419, respectively, primarily related to the settling of certain liabilities and environmental costs associated with the PPC business and Installation Services.

CRITICAL ACCOUNTING POLICIES

The preparation of Griffon's consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires the use of estimates, assumptions, judgments and subjective interpretations of accounting principles that have an impact on assets, liabilities, revenue and expenses. These estimates can also affect supplemental information contained in public disclosures of Griffon, including information regarding contingencies, risk and its financial condition. These estimates, assumptions and judgments are evaluated on an ongoing basis and based on historical experience, current conditions and various other assumptions, and form the basis for estimating the carrying values of assets and liabilities, as well as identifying and assessing the accounting treatment for commitments and contingencies. Actual results may materially differ from these estimates. There have been no changes in Griffon's critical accounting policies from September 30, 2018.

Griffon's significant accounting policies and procedures are explained in the Management Discussion and Analysis section in the Annual Report on Form 10-K for the year ended September 30, 2018. In the selection of the critical accounting policies, the objective is to properly reflect the financial position and results of operations for each reporting period in a consistent manner that can be understood by the reader of the financial statements. Griffon considers an estimate to be critical if it is subjective and if changes in the estimate using different assumptions would result in a material impact on the financial position or results of operations of Griffon.

RECENT ACCOUNTING PRONOUNCEMENTS

The FASB issues, from time to time, new financial accounting standards, staff positions and emerging issues task force consensus. See the Notes to Condensed Consolidated Financial Statements for a discussion of these matters.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, especially “Management’s Discussion and Analysis”, contains certain “forward-looking statements” within the meaning of the Securities Act, the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. Such statements relate to, among other things, income (loss), earnings, cash flows, revenue, changes in operations, operating improvements, industries in which Griffon Corporation (the “Company” or “Griffon”) operates and the United States and global economies. Statements in this Form 10-Q that are not historical are hereby identified as “forward-looking statements” and may be indicated by words or phrases such as “anticipates,” “supports,” “plans,” “projects,” “expects,” “believes,” “should,” “would,” “could,” “ho “management is of the opinion,” “may,” “will,” “estimates,” “intends,” “explores,” “opportunities,” the negative of these expre use of the future tense and similar words or phrases. Such forward-looking

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statements are subject to inherent risks and uncertainties that could cause actual results to differ materially from those expressed in any forward-looking statements. These risks and uncertainties include, among others: current economic conditions and uncertainties in the housing, credit and capital markets; Griffon’s ability to achieve expected savings from cost control, restructuring, integration and disposal initiatives; the ability to identify and successfully consummate and integrate value-adding acquisition opportunities; increasing competition and pricing pressures in the markets served by Griffon’s operating companies; the ability of Griffon’s operating companies to expand into new geographic and product markets and to anticipate and meet customer demands for new products and product enhancements and innovations; reduced military spending by the government on projects for which Griffon’s Telephonics Corporation supplies products, including as a result of defense budget cuts or other government actions; the ability of the federal government to fund and conduct its operations; increases in the cost or lack of availability of raw materials such as resin, wood and steel, components or purchased finished goods, including any potential impact on costs or availability resulting from tariffs; changes in customer demand or loss of a material customer at one of Griffon’s operating companies; the potential impact of seasonal variations and uncertain weather patterns on certain of Griffon’s businesses; political events that could impact the worldwide economy; a downgrade in Griffon’s credit ratings; changes in international economic conditions including interest rate and currency exchange fluctuations; the reliance by certain of Griffon’s businesses on particular third party suppliers and manufacturers to meet customer demands; the relative mix of products and services offered by Griffon’s businesses, which impacts margins and operating efficiencies; short-term capacity constraints or prolonged excess capacity; unforeseen developments in contingencies, such as litigation, regulatory and environmental matters; unfavorable results of government agency contract audits of Telephonics Corporation; Griffon’s ability to adequately protect and maintain the validity of patent and other intellectual property rights; the cyclical nature of the businesses of certain of Griffon’s operating companies; possible terrorist threats and actions and their impact on the global economy; Griffon's ability to service and refinance its debt; and the impact of recent and future legislative and regulatory changes, including, without limitation, the TCJA. Additional important factors that could cause the statements made in this Quarterly Report on Form 10-Q or the actual results of operations or financial condition of Griffon to differ are discussed under the caption “Item 1A. Risk Factors” and “Special Notes Regarding Forward-Looking Statements” in Griffon’s Annual Report on Form 10-K for the year ended September 30, 2018. Readers are cautioned not to place undue reliance on these forward-looking statements. These forward-looking statements speak only as of the date made. Griffon undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Item 3 - Quantitative and Qualitative Disclosure About Market Risk

Griffon’s business’ activities necessitate the management of various financial and market risks, including those related to changes in interest rates, foreign currency rates and commodity prices.

Interest Rates

Griffon’s exposure to market risk for changes in interest rates relates primarily to variable interest rate debt and investments in cash and equivalents.

The Credit Agreement and certain other of Griffon’s credit facilities have a LIBOR-based variable interest rate. Due to the current and expected level of borrowings under these facilities, a 100 basis point change in LIBOR would not have a material impact on Griffon’s results of operations or liquidity.

Foreign Exchange

Griffon conducts business in various non-US countries, primarily in Canada, Australia, United Kingdom, Mexico and China; therefore, changes in the value of the currencies of these countries affect Griffon's financial position and cash flows when translated into US Dollars. Griffon has generally accepted the exposure to exchange rate movements relative to its non-US operations. Griffon may, from time to time, hedge its currency risk exposures. A change of 10% or less in the value of all applicable foreign currencies would not have a material effect on Griffon's financial position and cash flows.

Item 4 - Controls and Procedures

Under the supervision and with the participation of Griffon's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), Griffon's disclosure controls and procedures, as defined by Exchange Act Rule 13a-15(e) and 15d-15(e), were evaluated as of the end of the period covered by this report. Based on that evaluation, Griffon's CEO and CFO concluded that Griffon's disclosure controls and procedures were effective at the reasonable assurance level.

Griffon is continuing to integrate CornellCookson and ClosetMaid into its existing control procedures. Such integration may lead Griffon to modify certain controls for future periods, but Griffon does not expect changes, if any, to significantly affect its internal control over financial reporting.

During the period covered by this report, there were no changes in Griffon's internal control over financial reporting which materially affected, or are reasonably likely to materially affect, Griffon's internal control over financial reporting.

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Limitations on the Effectiveness of Controls

Griffon believes that a control system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the control system are met, and no evaluation of controls can provide absolute assurance that all controls issues and instances of fraud, if any, within a company have been detected. Griffon's disclosure controls and procedures, as defined by Exchange Act Rule 13a-15(e) and 15d-15(e), are designed to provide reasonable assurance of achieving their objectives.

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PART II - OTHER INFORMATION

Item 1 Legal Proceedings
None

Item 1A Risk Factors

In addition to the other information set forth in this report, carefully consider the factors discussed in Item 1A to Part I in Griffon’s Annual Report on Form 10-K for the year ended September 30, 2018, which could materially affect Griffon’s business, financial condition or future results. The risks described in Griffon’s Annual Report on Form 10-K are not the only risks facing Griffon. Additional risks and uncertainties not currently known to Griffon or that Griffon currently deems to be immaterial also may materially adversely affect Griffon’s business, financial condition and/or operating results.

Item 2 Unregistered Sales of Equity Securities and Use of Proceeds

(c) **ISSUER PURCHASES OF EQUITY SECURITIES**

Period	**(a) Total Number of Shares (or Units) Purchased**		**(b) Average Price Paid Per Share (or Unit)**	**(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs** (1)	**(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) That May Yet Be Purchased Under the Plans or Programs**(1)
October 1 - 31, 2018	83,133	(1)	$ 12.16	—	
November 1 - 30, 2018	—		—	—	
December 1 - 31, 2018	29,300	(2)	9.91	29,300	
Total	112,433		$ 11.57	29,300	$ 58,037

1. Shares acquired by the Company from holders of restricted stock upon vesting of the restricted stock, to satisfy tax-withholding obligations of the holders.
2. On each of August 3, 2016 and August 1, 2018, the Company’s Board of Directors authorized the repurchase of up to $50,000 of Griffon common stock; as of December 31, 2018, an aggregate of $58,037 remained available for the purchase of Griffon common stock under these repurchase programs. Amount consists of shares purchased by the Company in open market purchases pursuant to such Board authorized stock repurchase program.

Item 3 Defaults Upon Senior Securities
None

Item 4 Mine Safety Disclosures
None

Item 5 Other Information

Submission of Matters to a Vote of Security Holders.

On January 31, 2019, Griffon held its Annual Meeting. Of the 46,262,845 shares of common stock outstanding and entitled to vote, 44,201,489 shares, or 95.6%, were represented at the meeting in person or by proxy, and therefore a quorum was present. The final results for each of the matters submitted to a vote of stockholders at the Annual Meeting are as follows:

Item No. 1: All of the Board's nominees for Class III directors were elected to serve until Griffon's 2022 Annual Meeting of Stockholders, by the votes set forth below:

Nominee	For	Withheld	Broker Non-Votes
Louis J. Grabowsky	42,163,482	474,724	1,563,283
Robert F. Mehmel	41,015,169	1,623,037	1,563,283
Cheryl L. Turnbull	41,968,423	669,783	1,563,283
William H. Waldorf	41,639,890	998,316	1,563,283

Item No. 2: The stockholders approved, on an advisory basis, the compensation of the named executive officers as disclosed in Griffon's Proxy Statement, by the votes set forth below:

For	Against	Abstain	Broker Non-votes
26,093,652	15,107,406	1,437,148	1,563,283

Item No. 3: The stockholders ratified the appointment of Grant Thornton LLP as Griffon's independent registered public accounting firm for fiscal 2019, by the votes set forth below:

For	Against	Abstain
43,720,843	394,613	86,033

Item 6 Exhibits

31.1	Certification pursuant to Rule 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification pursuant to Rule 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certifications pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Document
101.DEF	XBRL Taxonomy Extension Definitions Document
101.LAB	XBRL Taxonomy Extension Labels Document
101.PRE	XBRL Taxonomy Extension Presentations Document
*	Indicates a management contract or compensatory plan or arrangement.

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SIGNATURES

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

/s/ Brian G. Harris
Brian G. Harris
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ W. Christopher Durborow
W. Christopher Durborow
Vice President, Controller and Chief Accounting Officer
(Principal Accounting Officer)

Date: January 31, 2019