FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(Mark one)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For Quarterly Period Ended September 30, 2004

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from ___________ to ___________

Commission File Number 1-8462

GRAHAM CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE	16-1194720
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
20 FLORENCE AVENUE, BATAVIA, NEW YORK	14020
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including Area Code - 585-343-2216

(Former name, former address and former fiscal year, if changed since last report.)

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 __X__ NO _____

Indicate by check mark whether the registrant is an accelerated filer (as defined by Rule 12b-2 of the Act).

Yes __ __ No __X__

As of November 12, 2004, there were outstanding 1,665,667 shares of common stock, $.10 per share.

Graham Corporation and Subsidiaries
Index to Form 10-Q
As of and for the Three and Six Month Periods Ended September 30, 2004

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GRAHAM CORPORATION AND SUBSIDIARIES

FORM 10-Q

SEPTEMBER 30, 2004

PART I - FINANCIAL INFORMATION

(Dollar amounts in thousands except per share data)

Unaudited condensed consolidated financial statements of Graham Corporation (the Company) and its subsidiaries as of September 30, 2004 and for the three month and six month periods ended September 30, 2004 and 2003 are presented on the following pages. The financial statements have been prepared in accordance with the Company's usual accounting policies, are based in part on approximations and reflect all normal and recurring adjustments which are, in the opinion of management, necessary to a fair presentation of the results of the interim periods. The March 31, 2004 Consolidated Balance Sheet was derived from the

Company's audited Balance Sheet for the year ended March 31, 2004.

This part also includes management's discussion and analysis of the Company's financial condition as of September 30, 2004 and its results of operations for the three and six month periods ended September 30, 2004.

GRAHAM CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

<Table>
<Caption>

<S>	September 30, 2004 <C>	March 31, 2004 <C>
Assets		
Current Assets:		
Cash and cash equivalents	$ 611	$ 467
Investments	3,098	5,296
Trade accounts receivable, net of allowances ($117 and $75 at September 30 and March 31, 2004, respectively)	6,681	8,950
Inventories, net	8,147	6,984
Domestic and foreign income taxes receivable	943	972
Deferred income tax asset	1,663	1,521
Prepaid expenses and other current assets	398	217
Total current assets	21,541	24,407
Property, plant and equipment, net	8,808	9,227
Deferred income tax asset	2,259	2,048
Other assets	50	58
Total assets	$32,658	$35,740
Liabilities and Shareholders' Equity		
Current liabilities:		
Short-term debt	$ 2,112	$ 1,925
Current portion of long-term debt	46	44
Accounts payable	3,124	3,230
Accrued compensation	3,307	3,866
Accrued expenses and other liabilities	1,251	1,562
Customer deposits	458	2,128
Total current liabilities	10,298	12,755
Long-term debt	70	93
Accrued compensation	172	239
Deferred income tax liability	76	77
Other long-term liabilities	45	61
Accrued pension liability	2,159	1,873
Accrued postretirement benefits	2,477	2,540
Total liabilities	15,297	17,638

</Table>

GRAHAM CORPORATION
CONSOLIDATED BALANCE SHEETS (CONCLUDED)
(UNAUDITED)

<Table>
<Caption>

<S>	September 30, 2004 <C>	March 31, 2004 <C>
Shareholders' equity:		
Preferred Stock, $1 par value - Authorized, 500,000 shares		

Common stock, $.10 par value - Authorized, 6,000,000 shares Issued, 1,764,790 shares at September 30, 2004 and 1,757,450 shares at March 31, 2004	176	176
Capital in excess of par value	5,153	5,097
Retained earnings	16,560	17,322
Accumulated other comprehensive loss		
Minimum pension liability adjustment	(1,456)	(1,456)
Cumulative foreign currency translation adjustment	(1,502)	(1,452)
	18,931	19,687
Less:		
Treasury Stock (99,123 shares at September 30, and March 31, 2004)	(1,385)	(1,385)
Notes receivable from officers and directors	(185)	(200)
Total shareholders' equity	17,361	18,102
Total liabilities and shareholders' equity	$32,658	$35,740

</Table>

See Notes to Consolidated Financial Statements.

GRAHAM CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

(Unaudited)

<Table>
<Caption>

	Three Months Ended September 30, 2004	Three Months Ended September 30, 2003	Six Months Ended September 30, 2004	Six Months Ended September 30, 2003
<S>	<C>	<C>	<C>	<C>
Net Sales	$10,927	$12,554	$20,843	$21,124
Cost and expenses:				
Cost of products sold	9,461	9,718	18,385	17,356
Selling, general and administrative	2,439	2,515	4,920	4,922
Interest expense	26	21	51	58
Other Income	(1,592)		(1,592)	(522)
Total costs and expenses	10,334	12,254	21,764	21,814
Income (loss) before income taxes	593	300	(921)	(690)
Provision (benefit) for income taxes	212	91	(325)	(194)
Net income (loss)	381	209	(596)	(496)
Retained earnings at beginning of period	16,262	18,023	17,322	18,810
Dividends	(83)	(80)	(166)	(162)
Retained earnings at				

end of period	$16,560	$18,152	$16,560	$18,152
Per Share Data:				
Basic:				
Net income (loss)	$.23	$.13	$(.36)	$(.30)
Diluted:				
Net income (loss)	$.22	$.13	$(.36)	$(.30)

</Table>

See Notes to Consolidated Financial Statements.

GRAHAM CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

<Table>
<Caption>

	Six Months Ended September 30, 2004	Six Months Ended September 30, 2003
<S>	<C>	<C>
Operating activities:		
Net loss	$ (596)	$ (496)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	499	521
Discount accretion on investments	(19)	(33)
Loss on sale of property, plant and equipment	1	
(Increase) decrease in operating assets:		
Accounts receivable	2,234	1,036
Inventory, net of customer deposits	(2,875)	1,062
Prepaid expenses and other current and non-current assets	(183)	(328)
Increase (decrease) in operating liabilities:		
Accounts payable, accrued compensation, accrued expenses and other current and non-current liabilities	(541)	(2,393)
Non-current accrued compensation, accrued pension liability and accrued postemployment benefits	(270)	(120)
Domestic and foreign income taxes	29	129
Deferred income taxes	(364)	(113)
Total adjustments	(1,489)	(239)
Net cash used by operating activities	(2,085)	(735)
Investing activities:		
Purchase of property, plant and equipment	(91)	(120)
Collection of notes receivable from officers and directors	15	35
Purchase of investments	(4,585)	(5,421)
Redemption of investments at maturity	6,802	6,472
Net cash provided by investing activities	2,141	966
Financing activities:		
Increase (Decrease) in short-term debt	218	(27)
Proceeds from issuance of long-term debt		5,350
Principal repayments on long-term debt	(21)	(5,401)
Issuance of common stock	57	94
Dividends paid	(166)	(162)
Acquisition of treasury stock		(20)
Net cash provided (used) by financing activities	88	(166)

</Table>

<Table>
<Caption>

Six Months Ended
September 30,

	2004	2003
Effect of exchange rate changes on cash		(2)
Net increase in cash and cash equivalents	144	63
Cash and cash equivalents at beginning of period	467	217
Cash and cash equivalents at end of period	$ 611	$ 280

See Notes to Consolidated Financial Statements.

GRAHAM CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

NOTE 1 - CHANGE IN ACCOUNTING FOR REVENUE RECOGNITION

During the second quarter of fiscal year 2005, the Company changed its method of recognizing revenue for certain contracts from the completed contract to the percentage-of-completion method. Formerly, only contracts with a planned manufacturing process in excess of three months and with revenue of at least $1,000 and 500 pounds sterling, in the USA and UK operating segments, respectively, were accounted for under the percentage-of-completion method. Now all contracts with a planned manufacturing process of four weeks or more (575 hours) and without a dollar threshold are accounted for using the percentage-of-completion method. The Company believes this is a preferable accounting method for these contracts because it measures revenue, costs of products sold and related income on construction type contracts based on progress on the contracts, thus providing a better measure of the earnings process on a more timely basis. The Company extended its scope of contracts accounted for using the percentage-of-completion method at this time because management believes that the effects on the financial statements of applying the completed contract method on these contracts could begin to vary materially from the effects of applying the percentage-of-completion method. The majority of the Company's contracts have a planned manufacturing process of less than four weeks (575 hours), and are accounted for using the completed contract method. Prior period financial results have been restated to reflect this change. The impact of the change on net sales, cost of products sold, provision for income taxes and net income for all periods presented is as follows:

<Table>
<Caption>

	Three Months Ended September 30,					
	2004			2003		
	Amounts Reported Using			Amounts Reported Using		
<S>	Percentage of Completion Method <C>	Completed Contract Method <C>	Difference <C>	Percentage of Completion Method <C>	Completed Contract Method <C>	Difference <C>
Net Sales	10,927	10,292	635	12,554	12,457	97
Cost of products sold	9,461	8,930	531	9,718	9,697	21
Provision for income taxes	212	177	35	91	68	23
Net income	381	312	69	209	156	53
Net income per share						
Basic	.23	.19	.04	.13	.09	.04
Diluted	.22	.18	.04	.13	.09	.04

</Table>
<Page>10
<Table>
<Caption>

	Six Months Ended September 30,						
	2004			2003			
	Amounts Reported Using			Amounts Reported Using			
<S>	Percentage of Completion Method <C>	Completed Contract Method <C>	Difference <C>	Percentage of Completion Method <C>	Completed Contract Method <C>	Difference <C>	Difference
Net Sales	20,843	19,689	1,154	21,124	20,892	232	
Cost of products sold	18,385	17,478	907	17,356	17,137	219	
(Benefit) for income taxes	(325)	(382)	57	(194)	(201)	7	
Net (loss)	(596)	(786)	190	(496)	(502)	6	
Net (loss) per share							
Basic	(.36)	(.47)	.11	(.30)	(.31)	.01	
Diluted	(.36)	(.47)	.11	(.30)	(.31)	.01	

</Table>

The effect of this change on retained earnings is as follows:

<Table>
<Caption>

	Three Months Ended September 30,		Six Months Ended September 30,	
	2004	2003	2004	2003
<S>	<C>	<C>	<C>	<C>
Balance at beginning of period as previously reported	$16,189	$18,027	$17,370	$18,767
Add adjustment for the cumulative effect on prior periods of applying retroactively the change in accounting method	73	(4)	(48)	43
Balance at beginning of period, as adjusted	16,262	18,023	17,322	18,810
Net income (loss)	381	209	(596)	(496)
Dividends	(83)	(80)	(166)	(162)
Balance at end of period	$16,560	$18,152	$16,560	$18,152

</Table>

NOTE 2 - INVENTORIES

Major classifications of inventories are as follows:

<Table>
<Caption>

<S>	September 30, 2004 <C>	March 31, 2004 <C>
Raw materials and supplies	$ 1,918	$ 1,745
Work in process	7,044	6,169
Finished products	2,480	2,500
	11,442	10,414
Less - progress payments	3,154	3,309
- inventory reserve	141	121
	$ 8,147	$ 6,984

</Table>

NOTE 3 - STOCK-BASED COMPENSATION:

The Company accounts for stock-based compensation in accordance with SFAS No. 123, "Accounting for Stock-Based Compensation". As permitted by SFAS No. 123, the Company continues to measure compensation for such plans using the intrinsic value based method of accounting, prescribed by Accounting Principles Board (APB), Opinion No. 25, "Accounting for Stock Issued to Employees". Accordingly, compensation cost for stock options is measured as the excess, if any, of the quoted market price of the Company's stock at the date of grant over the amount an employee must pay to acquire the stock. Compensation cost for share equivalent units is recorded based on the quoted market price of the Company's stock at the end of the period.

Under the intrinsic value method, no compensation expense has been recognized for the Company's stock option plans. Had compensation cost for the Company's stock option plans been determined based on the fair value at the grant date for awards under those plans in accordance with the optional methodology prescribed under SFAS No. 123, the Company's net income (loss) and net income (loss) per share would have been the pro forma amounts indicated below:

<Table>
<Caption>

<S>	Three Months Ended September 30, 2004 <C>	Three Months Ended September 30, 2003 <C>	Six Months Ended September 30, 2004 <C>	Six Months Ended September 30, 2003 <C>
Net income (loss) as reported	$381	$209	$(596)	$(496)
Stock-based employee compensation cost net of related tax benefits				(11)
Pro forma net income (loss)	$381	$209	$(596)	$(507)

Basic income (loss)

per share	As reported	$.23	$.13	$(.36)	$(.30)
	Pro forma	$.23	$.13	$(.36)	$(.31)
Diluted income (loss) per share	As reported	$.22	$.13	$(.36)	$(.30)
	Pro forma	$.22	$.13	$(.36)	$(.31)

</Table>

For purposes of the disclosure above, the fair value of each option grant is estimated on the date of the grant using the Black-Scholes option-pricing model. During the six months ended September 30, 2004, no options were granted. The following weighted-average assumptions were used for grants in fiscal year 2004:

Expected life	5 years
Volatility	50.06%
Risk-free interest rate	2.25%
Dividend yield	2.40%

NOTE 4 - INCOME (LOSS) PER SHARE:

Basic income (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding for the period. Common shares outstanding include share equivalent units which are contingently issuable shares. Diluted income (loss) per share is calculated by dividing net income (loss) by the weighted average number of common and, when applicable, potential common shares outstanding during the period. A reconciliation of the numerators and denominators of basic and diluted income (loss) per share is presented below:

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<Table>
<Caption>

	Three Months Ended September 30, 2003	Three Months Ended September 30, 2004	Six Months Ended September 30, 2003	Six Months Ended September 30, 2004
<S>	<C>	<C>	<C>	<C>
Basic income (loss) per share				
Numerator:				
Net income (loss)	$ 381	$ 209	$ (596)	$ (496)
Denominator:				
Weighted common shares outstanding	1,662,432	1,628,454	1,660,391	1,623,562
Share equivalent units (SEU) outstanding	16,735	16,437	16,587	16,297
Weighted average shares and SEUs outstanding	1,679,167	1,644,891	1,676,978	1,639,859
Basic income (loss) per share	$.23	$.13	$(.36)	$(.30)
Diluted income (loss) per share				
Numerator:				
Net income (loss)	$ 381	$ 209	$ (596)	$ (496)
Denominator:				
Weighted average shares and SEUs outstanding	1,679,167	1,644,891	1,676,978	1,639,859
Stock options outstanding	22,388	11,774		
Contingently issuable SEUs	140	172		
Weighted average common and potential common shares outstanding	1,701,695	1,656,837	1,676,978	1,639,859
Diluted income (loss) per share	$.22	$.13	$(.36)	$(.30)

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</Table>

Options to purchase shares of common stock which totaled 71,350 and 136,250 for the three months ended September 30, 2004 and 2003, respectively, were not included in the computation of diluted earnings per share as the effect would be antidilutive due to the options' exercise price being greater than the average market price of the common shares.

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All options to purchase shares of common stock at various exercise prices were excluded from the computation of diluted loss per share for the six month periods ended September 30, 2004 and 2003 as the effect would be antidilutive due to the net losses for the periods.

NOTE 5 - PRODUCT WARRANTY LIABILITY

The reconciliation of the changes in the product warranty liability is as follows:

<Table>
<Caption>

	Three Months Ended September 30,		Six Months Ended September 30,	
	2004	2003	2004	2003
<S>	<C>	<C>	<C>	<C>
Balance at beginning of period	$ 266	$ 386	$ 242	$592
Expense for product warranties	(6)	45	56	120
Product warranty claims paid	(35)	(72)	(73)	(353)
Balance at end of period	$ 225	$ 359	$ 225	$ 359

</Table>

The decrease in expense for product warranties in the second quarter of fiscal year 2005 resulted from the reversal of provisions made that are no longer required based upon historical claims history.

NOTE 6 - CASH FLOW STATEMENT

Interest paid was $51 and $56 for the six months ended September 30, 2004 and 2003, respectively. In addition, income taxes refunded were $10 and $210 for the six months ended September 30, 2004 and 2003, respectively.

Non-cash activities during the six months ended September 30, 2004 and 2003 included dividends of $83 and $80, respectively, which were recorded but not paid. In addition, in the six months ended September 30, 2003, capital expenditures totaling $11 were financed through the issuance of capital leases.

NOTE 7 - COMPREHENSIVE INCOME

Total comprehensive income was $365 and $207 for the three months ended September 30, 2004 and 2003, respectively. Other comprehensive income for the three months ended September 30, 2004 and 2003 included foreign currency translation adjustments of $(16) and $(2), respectively. Total comprehensive loss for the six months ended September 30, 2004 and 2003 was $646 and $363, respectively. Other comprehensive (loss) income for the six months ended September 30, 2004 and 2003 included foreign currency translation adjustments of $(50) and $133, respectively.

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NOTE 8 - EMPLOYEE BENEFIT PLANS

The components of pension cost are as follows:

<Table>
<Caption>

	Three Months Ended September 30,		Six Months Ended September 30,	
	2004	2003	2004	2003

	----	----	----	----
<S>	<C>	<C>	<C>	<C>
Service cost	$ 118	$ 110	$ 236	$ 220
Interest cost	244	223	488	444
Expected return on assets	(226)	(182)	(452)	(363)
Amortization of:				
Transition asset	(4)	(10)	(8)	(20)
Unrecognized prior service cost	1	1	2	2
Actuarial loss	76	67	152	133
Net pension cost	$ 209	$ 209	$ 418	$ 416

</Table>

The Company made contributions of $270 and $572 to the defined benefit pension plan in the three and six months ended September 30, 2004, respectively. The Company expects its contributions to the plan for the balance of 2005 to be approximately $398.

The components of the postretirement benefit income are as follows:

<Table>
<Caption>

	Three Months Ended September 30, 2004	Three Months Ended September 30, 2003	Six Months Ended September 30, 2004	Six Months Ended September 30, 2003
<S>	<C>	<C>	<C>	<C>
Service cost	$ 0	$ 3	$ 0	$ 6
Interest cost	18	17	36	33
Amortization of prior service cost	(42)	(31)	(83)	(62)
Amortization of actuarial loss	6	2	12	4
Net postretirement benefit income	$ (18)	$ (9)	$ (35)	$ (19)

</Table>

The Company paid benefits of $13 and $28 related to its postretirement benefit plan in the three and six months ended September 30, 2004, respectively. The Company expects to pay benefits of approximately $128 for the balance of 2005.

NOTE 9 - OTHER INCOME

In September 2004, the Company settled a contract dispute with a customer regarding cancellation charges. This settlement agreement was executed prior to the end of the quarter, and the unpaid settlement amount due of $183 was received on October 13, 2004. As a result of the settlement, other income of $1,592 was recorded.

On February 4, 2003, the Company irrevocably terminated postretirement health care benefits for current U.S. employees. Benefits payable to retirees of record on April 1, 2003 remained unchanged. As a result of the plan change, a curtailment gain of $522 was recognized. This gain is included in the caption "Other Income" in the Consolidated Statement of Operations and Retained Earnings for the six months ended September 30, 2003.

NOTE 10 - SEGMENT INFORMATION

The Company's business consists of two operating segments based upon geographic area. The United States segment designs and manufactures heat transfer and vacuum equipment and the operating segment located in the United Kingdom manufactures vacuum equipment. Operating segment information is presented below:

<Table>
<Caption>

	Three Months Ended September 30, 2004	Three Months Ended September 30, 2003	Six Months Ended September 30, 2004	Six Months Ended September 30, 2003
<S>	<C>	<C>	<C>	<C>
Sales to external customers				

U.S.	$ 9,070	$11,226	$17,351	$18,972
U.K.	1,857	1,328	3,492	2,152
Total	$10,927	$12,554	$20,843	$21,124
Intersegment sales				
U.S.	$ 94	$ 10	$ 118	$ 38
U.K.	157	725	358	1,066
Total	$ 251	$ 735	$ 476	$ 1,104
Segment net income (loss)				
U.S.	$ 410	$ 346	$ (320)	$ (213)
U.K.	(44)	22	(351)	(276)
Total segment net income (loss)	$ 366	$ 368	$ (671)	$ (489)

</Table>

The segment net income (loss) above is reconciled to the consolidated totals as follows:

<Table>
<Caption>

<S>	Three Months Ended September 30, 2004 <C>	2003 <C>	Six Months Ended September 30, 2004 <C>	2003 <C>
Total segment net income (loss)	$ 366	$ 368	$ (671)	$ (489)
Eliminations	15	(159)	75	(7)
Net income (loss)	$ 381	$ 209	$ (596)	$ (496)

</Table>

NOTE 11 - RELATED PARTY TRANSACTION

On April 1, 2003, the Company acquired 30,800 shares of common stock previously issued under the Long-Term Stock Ownership Plan from two former officers. This transaction was accounted for as a purchase. The shares were redeemed at the original issue price of $7.25, as compared to a market price at the time of the closing of $7.55. This transaction resulted in a $224,000 increase to treasury stock, a $204,000 reduction in notes receivable from officers and directors and cash payments to former officers. The cash payments of $20 approximate amounts previously paid on the notes.

NOTE 12 - CONTINGENCIES

The Company has been named as a defendant in certain lawsuits wherein the respective plaintiffs allege personal injury from exposure to asbestos contained in products made by the Company. The Company is a co-defendant with numerous other defendants in these suits. The Company has retained litigation counsel to defend these claims. The claims are similar to previous asbestos suits naming the Company as defendant, which either were dismissed when it was shown that the Company had not supplied products to the plaintiffs' places of work or were settled for minimal amounts below the expected defense costs. The lawsuits are at a very early stage, where the potential for liability is not determinable.

From time to time, the Company is subject to legal proceedings arising in the ordinary course of business. The Company believes there is no other litigation pending against it that could have, individually or in the aggregate, a material adverse effect on its financial statements.

GRAHAM CORPORATION AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS
September 30, 2004

OVERVIEW

Graham Corporation consists of two operating segments as determined by geographic areas (USA: Graham Corporation, UK: Graham Vacuum and Heat Transfer Limited and its wholly-owned subsidiary, Graham Precision Pumps Limited).

In the quarter ended September 30, 2004, the Corporation modified its method of recognizing revenue for certain contracts from the completed contract to the percentage-of-completion method. Formerly, only contracts with a planned manufacturing process in excess of three months and with revenue of at least $1,000 and 500 pounds sterling, in the USA and UK operating segments, respectively, were accounted for under the percentage-of-completion method. Now all contracts with a planned manufacturing process of four weeks or more (575 hours) and without a dollar threshold are accounted for using the percentage-of-completion method. The Company believes this is a preferable accounting method for these contracts because it measures revenue, costs of products sold and related income on construction type contracts based on progress on the contracts, thus providing a better measure of the earnings process on a more timely basis. The Company extended its scope of contracts accounted for using the percentage-of-completion method at this time because management believes that the effects on the financial statements of applying the completed contract method on these contracts could begin to vary materially from the effects of applying the percentage-of-completion method. The majority of the Company's contracts have a planned manufacturing process of less than four weeks (575 hours), and are accounted for using the completed contract method. Prior period financial results have been restated to reflect this change. The impact of the change on net sales, cost of products sold, provision for income taxes and net income for all periods presented is as follows:

<Table>
<Caption>

	Three Months Ended September 30,					
	2004			2003		
	Amounts Reported Using			Amounts Reported Using		
	Percentage of Completion Method	Completed Contract Method	Difference	Percentage of Completion Method	Completed Contract Method	Difference
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net Sales	10,927	10,292	635	12,554	12,457	97
Cost of products sold	9,461	8,930	531	9,718	9,697	21
Provision for income taxes	212	177	35	91	68	23
Net income	381	312	69	209	156	53
Net income per share						

Basic	.23	.19	.04	.13	.09	.04
Diluted	.22	.18	.04	.13	.09	.04

</Table>

<Table>
<Caption>

	Six Months Ended September 30,						
	2004			2003			
	Amounts Reported Using			Amounts Reported Using			
	Percentage of Completion Method	Completed Contract Method	Difference	Percentage of Completion Method	Completed Contract Method	Difference	Difference
<S>	<C>	<C>	<C>	<C>	<C>	<C>	
Net Sales	20,843	19,689	1,154	21,124	20,892	232	
Cost of products sold	18,385	17,478	907	17,356	17,137	219	
(Benefit) for income taxes	(325)	(382)	57	(194)	(201)	7	
Net (loss)	(596)	(786)	190	(496)	(502)	6	
Net (loss) per share							
Basic	(.36)	(.47)	.11	(.30)	(.31)	.01	
Diluted	(.36)	(.47)	.11	(.30)	(.31)	.01	

</Table>

The effect of this change on retained earnings is as follows:

<Table>
<Caption>

	Three Months Ended September 30,		Six Months Ended September 30,	
	2004	2003	2004	2003
<S>	<C>	<C>	<C>	<C>
Balance at beginning of period as previously reported	$16,189	$18,027	$17,370	$18,767
Add adjustment for the cumulative effect on prior periods of applying retroactively the change in accounting method	73	(4)	(48)	43
Balance at beginning of period, as adjusted	16,262	18,023	17,322	18,810
Net income (loss)	381	209	(596)	(496)
Dividends	(83)	(80)	(166)	(162)
Balance at end of period	$16,560	$18,152	$16,560	$18,152

</Table>

Graham Corporation designs and builds vacuum and heat transfer equipment for the process industries throughout the world. The Company is a leader in vacuum technology. The principal markets for our equipment are the chemical, petrochemical, petroleum refining and electric power generating industries, including cogeneration and geothermal plants. Other markets served include metal refining, pulp and paper processing, shipbuilding, water heating, refrigeration, desalination, food processing, drug manufacturing, heating, ventilating and air conditioning.

Ejectors, liquid ring and dry vacuum pumps, condensers, heat exchangers and other products we sell, sold either as components or as complete systems, are used by our customers to produce synthetic fibers, chemicals, petroleum products (including gasoline), electric power, processed food (including canned, frozen and dairy products), pharmaceutical products, paper, steel, fertilizers and numerous other products used everyday by people throughout the world.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this document, including in this Management's Discussion and Analysis of Financial Condition and Results of Operations, that are not historical facts, constitute "Forward-Looking Statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements, in general, predict, forecast, indicate or imply future results, performance or achievements and generally use words so indicative. The Company wishes to caution the reader that numerous important factors which involve risks and uncertainties, including but not limited to economic, competitive, governmental and technological factors affecting the Company's operations, markets, products, services and prices, and

other factors discussed in the Company's filings with the Securities and Exchange Commission, in the future, could affect the Company's actual results and could cause its actual consolidated results to differ materially from those expressed in any forward-looking statement made by, or on behalf of, the Company.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Critical accounting policies are defined as those that are reflective of significant judgments and uncertainties, and could potentially result in materially different results under different assumptions and conditions. Management has discussed each of these critical accounting policies and estimates with the Audit Committee of the Board of Directors.

Revenue Recognition - The Corporation recognizes revenue on all contracts with a planned manufacturing process in excess of four weeks (575 hours) using the percentage-of-completion method. The percentage-of-completion method is determined by relating actual labor incurred to-date to management's estimate of total labor to be incurred on each contract. Contracts in progress are reviewed monthly, and sales and earnings are adjusted in current accounting periods based on revisions in the contract value and estimated costs at completion. (For additional information, refer to page 7, Note 1 of Notes to Condensed Consolidated Financial Statements and to page 14, Overview, Management's Discussion and Analysis of Financial Condition and Operations).

Revenue not accounted for using the percentage-of-completion method is accounted for on the completed contract method because the majority of the Company's contracts have a planned manufacturing process of less than four weeks (575 hours) and the results reported under this method do not vary materially from the use of the percentage-of-completion method. The Company recognizes revenue and all related costs on the completed contract method upon substantial completion or shipment to the customer. Substantial completion is consistently defined as at least 95% complete with regard to direct labor hours. Customer acceptance is generally required throughout the construction process and the Company has no further material obligations under the contract after the revenue is recognized.

Pension and Postretirement Benefits - The Company's defined benefit pension and other postretirement benefit costs and obligations are dependent on actuarial assumptions used in calculating such amounts. These assumptions, which are reviewed annually by the Company, include the discount rate, long-term expected rate of return on plan assets, salary growth, healthcare cost trend rate and other economic and demographic factors. The Company bases the discount rate assumption for its plans on the AA-rated corporate long-term bond yield rate. The long-term

expected rate of return on plan assets is based on the plan's asset allocation, historical returns and management's expectation as to future returns that are expected to be realized over the estimated remaining life of the plan liabilities that will be funded with the plan assets. The salary growth assumptions are determined based on the Company's long-term actual experience and future and near-term outlook. The healthcare cost trend rate assumptions are based on historical cost and payment data, the near-term outlook, and an assessment of the likely long-term trends.

To the extent that actual results differ from our assumptions, the differences are reflected as unrecognized gains and losses and are amortized to earnings over the estimated future service period of the plan participants to the extent such total net recognized gains and losses exceed 10% of the greater of the plan's projected benefit obligation or the market-related value of assets. Significant differences in actual experience or significant changes in future assumptions would affect the Company's pension and postretirement benefit costs and obligations.

Use of Estimates - The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosure of contingent assets and liabilities at the date of our financial statements. Actual results may differ from these estimates under different assumptions or conditions. Use of estimates include the recording of revenue, pension obligations, and the underlying assumptions and valuation reserves for uncollectible accounts, inventory obsolescence, deferred taxes, warranty and liquidated damages.

Results of Operations

For an understanding of the significant factors that influenced the Company's performance, the following discussion should be read in conjunction with the quarterly consolidated financial statements and the notes to consolidated financial statements.

	Three Months Ended			
	September 30, 2004		September 30, 2003	
	USA	UK	USA	UK
Sales	$ 9,164	$ 2,014	$11,236	$ 2,053
Net Income (Loss)	$ 410	$ (44)	$ 346	$ 22
Diluted Income (Loss)Per Share	$ 0.24	$ (0.03)	$ 0.21	$ 0.01
Identifiable Assets	$30,474	$ 6,019	$33,588	$ 5,626

	Six Months Ended			
	September 30, 2004		September 30, 2003	
	USA	UK	USA	UK
Sales	$17,469	$ 3,850	$19,010	$ 3,218
Net Income (Loss)	$ (320)	$ (351)	$ (213)	$ (276)
Diluted Income (Loss)Per Share	$ (0.19)	$ (0.21)	$ (0.13)	$ (0.17)

Amounts above are inclusive of intercompany amounts.

Consolidated sales (net of intercompany sales) for the quarter were $10,927, as compared to $12,554 for the quarter ended September 30, 2003. This represents a 13% decrease in sales. Sales in the USA were down 18% from one year ago. Sales from UK operations were down 2%.

Consolidated sales (net of intercompany sales) for the six months were $20,843, as compared to $21,124 for the six months ended September 30, 2003. This represents a 1% decrease in sales. Sales in the USA were down 8% from one year ago. Sales from UK operations were up 20%.

The decrease in USA and UK sales for the quarter and USA sales for the six months ended September 30, 2004, as compared to sales for the quarter and six months ended September 30, 2003, reflected unusually low order volume for condensers and large ejectors in prior quarters due to the lack of major project work. Sales from UK operations were up for the six months due to an increase in sales of vacuum pumps for offshore oil extraction and for pump systems shipped in the quarter ended June 30, 2004.

The consolidated gross profit margin for the quarter was 13%, as compared to 23% for the quarter ended September 30, 2003. By segment, USA operation's gross profit decreased from 22% for the second quarter ended September 30, 2003 to 10% for the current quarter and the UK's gross profit margin decreased from 27% for the quarter ended September 30, 2003 to 24% for the current quarter.

The consolidated gross profit margin for the current six months was 12%, as compared to 18% for the six months ended September 30, 2003. By segment, USA operations' gross profit decreased from 16% for the six months ended September 30, 2003 to 10% for the six months ended September 30, 2004, and the UK's gross profit margin decreased from 20% to 16% for the six months ended September 30, 2004.

Gross profit margins in both the USA and UK operations for the current quarter and six months were down from the comparative quarter and six months one year ago due to the inability to fully recover increasing material costs and one major pump system project bearing a very low profit margin. The Company is addressing rising material costs through selling price increases. Also, USA gross profit margins decreased due to lower sales for the three and six months ended September 30, 2004 as compared to

September 30, 2003.

Selling, General and Administrative expenses (SG&A) were 22% of sales for the current quarter, as compared to 20% for the quarter ended September 30, 2003 and 24% of sales for the six months ended September 30, 2004, as compared to 23% for the six month period ended one year earlier. Percentage variances in SG&A expenses are due to changes in sales levels in both the quarterly and six-month comparative periods.

Interest expense was $21 for the quarter ended September 30, 2003 and $26 for the current quarter. For the six-month periods ended September 30, 2004 and 2003, interest expense was $51 and $58, respectively. Interest expense for the current fiscal year to date decreased significantly in the USA, which resulted in a consolidated decrease of interest expense.

Other income for the current quarter and six months ended September 30, 2004 was $1,592 compared to $522 for the first quarter ended June 30, 2003 and six months ended September 30, 2003. Other income of $1,592 recorded in the current quarter resulted from a settlement of a contract dispute over cancellation charges. The settlement of this matter ended a complaint filed in April 2004 in the United States District Court for the Northern District of California alleging breach of contract by a customer and a counterclaim filed by the customer seeking specific performance of the contract or money damages. Other income recognized for the six months ended September 30, 2003 represents a non-recurring curtailment gain resulting from the discontinuation of postretirement medical benefits.

The effective income tax rate for the quarter was 36%, as compared to 30% at September 30, 2003. The effective income tax rate for the six months ended September 30, 2004 was 35%, as compared to 28% at September 30, 2003. The lower effective income tax rates for the three and six-month periods ended September 30, 2003 were attributable to a larger extra territorial income exclusion benefit due to higher foreign shipments.

Net income for the quarter was $381 or $0.22 per diluted share. This compares to a net income of $209 or $0.13 per diluted share for the quarter ended September 30, 2003. Net losses for the six-month periods ended September 30, 2004 and 2003 were $596, or $0.36 per diluted share, and $496, or $.30 per diluted share, respectively.

Liquidity and Capital Resources
<Table>
<Caption>
As of and for the Six Months Ended

	September 30, 2004		September 30, 2003	
	USA	UK	USA	UK
<S>	<C>	<C>	<C>	<C>
Working Capital	$ 9,810	$ 1,746	$10,487	$ 1,726
Cash (Deficit) Flow from Operations	$(2,102	$ 17	$ (816)	$ 81
Cash and Investments	$ 3,698	$ 11	$ 5,654	$ 54
Capital Expenditures	$ 40	$ 51	$ 97	$ 23
Long-Term Bank Borrowings	$ 0	$ 0	$ 0	$ 0
Capital Leases	$ 116	$ 0	$ 165	$ 2
Working Capital Ratio(1)	2.4	1.5	2.1	1.6
Long-Term Debt/Equity(1)	0.6%	0.0%	0.8%	0.0%

(1)As of September 30
</Table>

Consolidated cash flow from operations was negative $2,085 for the six months ended September 30, 2004 compared to negative cash flow from operations of $735 for the six months ended September 30, 2003. Negative cash flows for the six months ended September 30, 2004 and 2003 were due to operating losses before the reduction of losses for non-cash Other Income items of $1,592 and $522, respectively. The cash related to the income recognized in the second quarter ended September 30, 2004 was collected in a prior reporting period.

The Company expects to consume cash in excess of amounts generated from operations over the next several months to cover a significant increase in work-in-process inventory for greater shipments scheduled in future quarters.

The primary source of liquidity is cash flow from operations, investments in short-term treasury bills and secured credit agreements.

Orders and Backlog

Orders for the current quarter were $10,355 as compared to $7,854 for the quarter ended September 30, 2003, representing a 32% increase. Prior to intercompany elimination, orders in the USA were $9,101 compared to $4,971 in the quarter ended September 30, 2003. Orders in the UK were $1,504, as compared to $3,004 one year ago.

Orders for the six months ended September 30, 2004 were $25,513, as compared to $19,087 for the six months ended September 30, 2003. This represents a 34% increase and is due to the continuing recovery in the refinery and chemical markets.

Backlog was $21,225 at September 30, 2004 as compared to $15,707 at September 30, 2003, representing a 35% increase. Prior to intercompany eliminations, USA unfilled orders were $18,894 and UK unfilled orders were $2,665 at September 30, 2004. At September 30, 2003, USA and UK backlog amounts were $13,338 and $3,410, respectively. The prior year backlog amounts have been restated to reflect contract cancellations and the restatement of sales due to the change in the revenue recognition accounting method. All orders in backlog represent orders from traditional markets in the Company's established product lines.

Market Risk (Quantitative and Qualitative Disclosures)

The principal market risks (i.e., the risk of loss arising from changes in market rates and prices) to which Graham is exposed are:

- foreign exchange rates
- equity price risk
- material availability and price risk

The assumptions applied in preparing quantitative disclosures regarding interest rate, foreign exchange rate and equity price risk are based upon volatility ranges experienced in relevant historical periods, management's current knowledge of the business and market place, and management's judgment of the probability of future volatility based upon the historical trends and economic conditions of the business.

Graham's international consolidated sales for the past three years approximates 43% of total sales. Operating in world markets involves exposure to movements in currency exchange rates. Currency movements can affect sales in several ways, the foremost being the ability to compete for orders against competition having a relatively weaker currency. Business lost due to this cannot be quantified. Secondly, cash can be adversely impacted by the conversion of sales in foreign currency to U.S. dollars. The substantial portion of Graham's sales is collected in the local currency (USA - dollars; UK - pounds sterling). For the quarters ended September 30, 2004 and 2003, sales in foreign currencies were 4% and 3% of sales, respectively. For the six months ended September 30, 2004 and 2003, sales in foreign currencies were 4% and 2% of total sales, respectively. At certain times, the Company may enter into forward foreign exchange agreements to hedge its exposure against unfavorable changes in foreign currency values on significant sales contracts negotiated in foreign currencies.

Graham has limited exposure to foreign currency purchases. For the three month periods ended September 30, 2004 and 2003, purchases in foreign currencies were 7% and 13% of cost of goods sold, respectively. For the six month periods ended September 30, 2004 and 2003, purchases in foreign currencies were 7% and 10% of cost of goods sold, respectively. In FYE 2004 and 2005, USA operations recorded an unusually significant dollar volume of orders utilizing UK subsidiary products in conjunction with USA equipment. At certain times, forward foreign exchange contracts may be utilized to limit currency exposure.

UK operations experienced a current quarter net loss of $44, as compared to a quarterly net income of $22 for September 30, 2003. For the six months ended September 30, 2004 and 2003, foreign operations produced net losses of $351 and $276. respectively. As currency exchange rates change, translations of the income statements of the UK business into US dollars affect year-over-year comparability of operating results. The increase in the foreign currency translation rate to convert pounds sterling to US dollars increased all UK income statement items and order amounts by 12% and all UK balance sheet and backlog amounts by 9% for the six months ended September 30, 2004 over 2003. The Company does not hedge translation risks because cash flows from UK operations are mostly reinvested in the UK. A 10% change in foreign exchange rates would have impacted the UK reported net loss by approximately $5 and $2 for the three months ended September 30, 2004 and 2003, and $35 and $28 for the six month periods, respectively.

The Company has a Long-Term Incentive Plan, which provides for awards of share equivalent units (SEUs) for outside directors based upon the Company's performance. The outstanding SEUs are recorded at fair market value thereby exposing the Company to equity price risk. Gains and losses recognized due to market price changes are included in the Company's results of operations. Based upon the SEUs outstanding at September 30, 2004 and 2003 and a $12 per share price, a 50-75% change in the respective year end market price of the Company's common stock would positively or negatively impact the Company's operating results by $100 to $151 for the three and six months ended September 30, 2004 and $99 to $148 for the three and six months ended September, 2003. Assuming required net income of $500 is met, and based upon a market price of the Company's stock of $12 per share, a 50-75% change in the stock price would positively or negatively impact the Company's operating results by $155 to $233 in 2006, $173 to $260 in 2007, $186 to $279 in 2008, $200 to $299 in 2009 and $203 to $304 in 2010.

The risks associated with materials include availability and price increases. Material shortages have affected the Company's ability to meet delivery requirements for certain orders. The Company has identified alternative vendors in such cases and seeks to negotiate escalation provisions in its sales contracts in the event that costs of materials increase. Profit margins on sales would be reduced to the extent rising material costs could not be passed on to Graham's customers.

Contingencies

The Company is a co-defendant with numerous other defendants in matters of litigation alleging personal injury from exposure to asbestos contained in some of the Company's products previously manufactured. To date, it has been the Company's experience that upon investigation the cases have been dismissed or settled for minimal amounts. However, the magnitude of potential damages on unsettled current claims is not determinable.

GRAHAM CORPORATION AND SUBSIDIARIES
FORM 10-Q
SEPTEMBER 30, 2004
PART II - OTHER INFORMATION

Item 4. Controls and Procedures

The Company's President and Chief Executive Officer and its Vice President-Finance and Chief Financial Officer each have independently evaluated the Company's disclosure controls and procedures as defined in Exchange Act Rules 13a-14(c) and 15d-14(c) as of the end of the period covered by this quarterly report on Form 10-Q and each regards such controls as effective.

There have been no significant changes to any such controls or in other factors that could significantly affect such controls, subsequent to the date of their evaluation by each of the CEO and the CFO.

Item 5. Other Information

The Company's chief executive officer and chief financial officer have furnished to the SEC the certification with respect to this Form 10-Q that is required by Section 906 of the Sarbanes-Oxley Act of 2002.

Item 6. Exhibits

a. See index to exhibits.

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.

GRAHAM CORPORATION

/s/ J. R. Hansen
J. R. Hansen
Vice President Finance and
Administration / CFO (Principal
Accounting Officer)

Date 11/18/04

INDEX OF EXHIBITS

(2) Plan of acquisition, reorganization, arrangement, liquidation or succession

Not applicable.

(3)(i) Articles of Incorporation of Graham Corporation (filed as Exhibit 3(b) to the Registrant's annual report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference.)

(3)(ii) By-laws of registrant, as amended (filed as Exhibit 3(ii) to the Registrant's quarterly report on Form 10-Q for the quarter ended June 30, 2004, and incorporated herein by reference).

(4) Instruments defining the rights of security holders, including indentures

(a) Equity securities

The instruments defining the rights of the holders of Registrant's equity securities are as follows:

Certificate of Incorporation, as amended of Registrant (filed as Exhibit 3(a) to the Registrant's annual report on Form 10-K for the fiscal year ended December 31, 1989, and incorporated herein by reference.)

Stockholder Rights Plan of Graham Corporation (filed as Item 5 to Registrant's current report filed on Form 8-K on August 23, 2000 and Registrant's Form 8-A filed on September 15, 2000, and incorporated herein by reference.)

(b) Debt securities

Not applicable.

(10) Material Contracts

1989 Stock Option and Appreciation Rights Plan of Graham Corporation (filed on the Registrant's Proxy Statement for its 1990 Annual Meeting of Stockholders and incorporated herein by reference.)

1995 Graham Corporation Incentive Plan to Increase Shareholder Value (filed on the Registrant's Proxy Statement for its 1996 Annual Meeting of Stockholders and incorporated herein by reference.)

2000 Graham Corporation Incentive Plan to Increase Shareholder Value (filed on the Registrant's Proxy Statement for its 2001 Annual Meeting of Stockholders and incorporated herein by reference.)

Graham Corporation Outside Directors' Long-Term Incentive Plan (filed as Exhibit 10.3 to the Registrant's annual report on Form 10-K for the fiscal year ended March 31, 1998, and is incorporated herein by reference.)

Employment Contracts between Graham Corporation and Named Executive Officers (filed as Exhibit 10.4 to the Registrant's annual report on Form 10-K for the fiscal year ended March 31, 1998, and is incorporated herein by reference.)

Senior Executive Severance Agreements with Named Executive Officers (filed as Exhibit 10.5 to the Registrant's annual report on Form 10-K for the fiscal year ended March 31, 1998, and is incorporated herein by reference.)

Long-Term Stock Ownership Plan of Graham Corporation (filed on the Registrant's Proxy Statement for its 2000 Annual Meeting of Stockholders and incorporated herein by reference.)

(11) Statement re-computation of per share earnings

Computation of per share earnings is included in Note 4 of the Notes to Financial Information.

(14) Code of Ethics

Not applicable.

(15) Letter re-unaudited interim financial information

Not applicable.

(18) Letter re-change in accounting principles

Preferability letter is included as Exhibit 18.

(19) Report furnished to security holders

None.

(22) Published report regarding matters submitted to vote of security holders

The 2004 Annual Meeting of Stockholders of Graham Corporation was held on July 29.

The individuals named below were reelected to serve on the Company's Board of Directors:

	Votes For	Votes Withheld
Jerald D. Bidlack	1,549,508	4,027
James J. Malvaso	1,546,339	7,196

Helen H. Berkeley, Alvaro Cadena, William C. Denninger, H. Russel Lemcke, and Cornelius S. Van Rees all continue as directors of the Company.

The appointment of Deloitte & Touche LLP as independent auditors was ratified, with 1,550,462 shares voting for, 1,140 shares voting against, and 1,933 shares abstaining.

(23) Consents of experts and counsel

Not applicable.

(24) Power of Attorney

Not applicable.

(31) Rule 13a-14(a)/15d-14(a) Certifications

(32) Section 1350 Certifications

(99) Additional exhibits

None.

Exhibit 18

Graham Corporation
20 Florence Avenue
Post Office Box 719
Batavia, NY 14020

Dear Sirs/Madams:

At your request, we have read the description included in your Quarterly Report on Form 10-Q to the Securities and Exchange Commission for the quarter ended September 30, 2004, of the facts relating to the change in accounting for certain construction-type contracts with a duration in excess of four weeks, which were not previously accounted for under the percentage of completion method, from the completed contract method to the percentage of completion method. We believe, on the basis of the facts so set forth and other information furnished to us by appropriate officials of the Company, that the accounting change described in your Form 10-Q is to an alternative accounting principle that is preferable under the circumstances.

We have not audited any consolidated financial statements of Graham Corporation (the "Company") and its consolidated subsidiaries as of any date or for any period subsequent to March 31, 2004. Therefore, we are unable to express, and we do not express, an opinion on the facts set forth in the above-mentioned Form 10-Q, on the related information furnished to us by officials of the Company, or on the financial position, results of operations, or cash flows of Graham Corporation and its consolidated subsidiaries as of any date or for any period subsequent to March 31, 2004.

/s/ Deloitte & Touche LLP

Deloitte & Touche LLP
Rochester, New York
November 9, 2004

CERTIFICATION OF
CHIEF EXECUTIVE OFFICER

I, Alvaro Cadena, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Graham Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e))for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this quarterly report based on such evaluation; and

c) Disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies in the design and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 18, 2004

/s/ Alvaro Cadena

Alvaro Cadena
President and
Chief Executive Officer

CERTIFICATION OF
CHIEF FINANCIAL OFFICER

I, J. Ronald Hansen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Graham Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this quarterly report based on such evaluation; and

c) Disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies in the design and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 18, 2004

/s/ J. Ronald Hansen

J. Ronald Hansen
Vice President-Finance &
Administration
Chief Financial Officer

Exhibit 32.1

GRAHAM CORPORATION AND SUBSIDIARIES

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

In connection with the Quarterly Report of Graham Corporation (the "Company") on Form 10-Q for the period ending September 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 18, 2004	/s/ Alvaro Cadena
Date	Alvaro Cadena President and Chief Executive Officer

A signed original of this written statement required by Section 906 or other document authenticating, acknowledging or otherwise adopting the signature that appears in the typed form within the electronic version of this written statement required by Section 906, has been provided to Graham Corporation and will be retained by Graham Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

GRAHAM CORPORATION AND SUBSIDIARIES

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

In connection with the Quarterly Report of Graham Corporation (the "Company") on Form 10-Q for the period ending September 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 18, 2004	/s/ J. Ronald Hansen
Date	J. Ronald Hansen Vice President-Finance and Administration and Chief Financial Officer

A signed original of this written statement required by Section 906 or other document authenticating, acknowledging or otherwise adopting the signature that appears in the typed form within the electronic version of this written statement required by Section 906, has been provided to Graham Corporation and will be retained by Graham Corporation and furnished to the Securities and Exchange Commission or its staff upon request.