



COLONIAL COMMERCIAL CORP. REPORTS FIRST QUARTER FINANCIAL RESULTS

HAWTHORNE, New Jersey (May 15, 2008) – Colonial Commercial Corp. (“Colonial”) (OTC Bulletin Board: “CCOM,” “CCOMP”), today announced financial results for the first quarter ended March 31, 2008.

Sales increased by 13.6%, or \$2,178,896, to \$18,221,128 for the quarter ended March 31, 2008 from \$16,042,232 for the same period in 2007. Sales by new branches acquired or started after March 31, 2007 were \$2,810,343 for the quarter ended March 31, 2008, while sales from continuing branches declined by 3.9%, or \$631,447, from \$16,042,232 to \$15,410,785. The decline in sales reflects a reduction in new residential construction and renovations and unfavorable weather conditions.

Gross profit increased by 9.9%, or \$484,084, to \$5,355,586 for the quarter ended March 31, 2008 from \$4,871,502 for the same period in 2007. Gross profit from new branches was \$813,290 for the quarter, while gross profit from continuing branches declined by 6.8%, or \$329,206, from \$4,871,502 to \$4,542,296. The decline in gross profit from continuing branches reflects the decrease in sales as well as reduced earned vendor rebates and reduced cash on purchases.

Net loss increased by \$1,109,730 to \$1,499,670 for the quarter ended March 31, 2008, compared to a net loss of \$389,940 for the same period in 2007. The increase in net loss is primarily the result of the \$329,206 decrease in gross margins, a \$132,069 increase in bad debt expense, and a \$185,162 increase in accounting, bank and professional fees from continuing branches, and \$397,298 in losses incurred by our new branches.

William Pagano, Chief Executive Officer of the Company, said, “In general, our results for the quarter reflect the economic downturn in our region, the seasonality of our business that makes the first quarter our weakest quarter, and ramp up costs for our new Albany and S&A branches. We’re responding to current economic conditions by reducing our expenses and increasing product offerings, while Peter Gasiewicz, our new Vice President of Sales, is focusing on increasing sales and market penetration.

We think that our response to the current difficult environment will give us a strong advantage once the economy revives.”

About Colonial Commercial Corp.

Colonial distributes heating, ventilating and air conditioning, (“HVAC”), equipment, parts and accessories, climate control systems, and plumbing and electrical supplies and equipment in the states of New York, New Jersey, Massachusetts, Connecticut and eastern Pennsylvania through its Universal Supply Group, Inc., www.usginc.com, American/Universal Supply Inc., www.ausupplyinc.com, The RAL Supply Group, Inc., www.ralsupply.com, and S&A Supply, Inc., www.sasupplyinc.com, subsidiaries to professional contractors. These contractors purchase and install equipment and systems for residential, commercial and industrial users. Colonial also provides control system design, custom control panel fabrication, technical field support, in-house training and climate control consultation for engineers and installers. The Company is a leader in the design of direct digital control systems and systems that control multi-location facilities through the Internet.



The Company also distributes home appliances to dealer groups and appliance stores through its Goldman Universal division, and water filtration systems, parts and accessories and other products through its e-commerce store, www.procontractorstore.com, operated by RAL. The Company is headquartered in New Jersey, and, with its affiliates, operates out of 20 locations in its geographic trading area. For more information on Colonial's operations, products and/or services, please visit www.colonialcomm.com.

Safe Harbor Statement

The foregoing press release may contain statements concerning Colonial Commercial Corp.'s financial performance, markets and business operations that may be considered "forward-looking" under applicable securities laws. Colonial cautions readers of this press release that actual results might differ materially from those projected in any forward-looking statements. Factors which might cause actual results to differ materially from any results that are projected in the forward-looking statements include the following: continued acceptance of the company's products in the marketplace, competitive factors, dependence upon third-party vendors, and other risks detailed in the company's periodic report filings with the Securities and Exchange Commission. These and certain other factors which might cause actual results to differ materially from those projected are detailed from time to time in Colonial's periodic reports and registration statements filed with the Securities and Exchange Commission, which important factors are incorporated herein by reference. Colonial undertakes no obligation to update forward looking statements to reflect changed assumptions, the occurrence of unanticipated events, or changes in future operating results, financial condition or business over time.

For further information, please contact William Pagano, Chief Executive Officer, or William Salek, Chief Financial Officer, at (973) 427-8224.

(Financial Highlights Follow)



COLONIAL COMMERCIAL CORP. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets

	March 31, 2008 (unaudited)	December 31, 2007
Assets		
Current assets:		
Cash	\$ 628,524	\$ 622,723
Accounts receivable, net of allowance for doubtful accounts of \$325,355 in 2008 and \$478,857 in 2007	9,774,878	11,364,038
Inventory	17,380,821	17,282,661
Prepaid expenses and other current assets	943,868	1,107,623
Deferred tax asset - current portion	532,500	532,500
Total current assets	29,260,591	30,909,545
Property and equipment	1,782,271	1,799,689
Goodwill	1,628,133	1,628,133
Other intangibles	357,726	366,376
Other assets - noncurrent	208,295	227,478
Deferred tax asset – noncurrent	1,176,000	1,176,000
	\$ 34,413,016	\$ 36,107,221
Liabilities and Stockholders' Equity		
Current liabilities:		
Trade payables	\$ 8,849,068	\$ 7,774,988
Accrued liabilities	2,056,337	1,970,396
Income taxes payable	-	2,576
Borrowings under credit facility - revolving credit	16,699,245	18,027,055
Convertible notes payable, includes related party notes of \$162,500 in 2008 and \$62,500 in 2007	237,500	137,500
Notes payable - current portion; includes related party notes of \$780,000 in 2008 and \$30,000 in 2007	904,063	158,827
Total current liabilities	28,746,213	28,071,342
Convertible notes payable, includes related party notes of \$162,500 in 2008 and \$262,500 in 2007	237,500	337,500
Notes payable, excluding current portion; includes related party notes of \$0 in 2008 and \$750,000 in 2007	153,731	929,814
Total liabilities	29,137,444	29,338,656
Commitments and contingencies		
Stockholders' equity:		
Redeemable convertible preferred stock, \$.05 par value, 2,500,000 shares authorized, 467,500 shares issued and outstanding in 2008 and 2007, liquidation preference of \$2,337,500 in 2008 and 2007	23,375	23,375
Common stock, \$.05 par value, 20,000,000 shares authorized, 4,637,530 shares issued and outstanding in 2008 and 2007	231,876	231,876
Additional paid-in capital	10,780,128	10,773,451
Accumulated deficit	(5,759,807)	(4,260,137)
Total stockholders' equity	5,275,572	6,768,565
	\$ 34,413,016	\$ 36,107,221



COLONIAL COMMERCIAL CORP. AND SUBSIDIARIES
 Condensed Consolidated Statements of Operations
 (Unaudited)

	For The Three Months Ended	
	March 31,	
	2008	2007
Sales	\$ 18,221,128	\$ 16,042,232
Cost of sales	<u>12,865,542</u>	<u>11,170,730</u>
Gross profit	5,355,586	4,871,502
Selling, general and administrative expenses, net	<u>6,557,004</u>	<u>4,988,606</u>
Operating loss	(1,201,418)	(117,104)
Other income	84,785	64,598
Interest expense, net; includes related party interest of \$21,551 in 2008 and \$25,967 in 2007	<u>(379,149)</u>	<u>(334,042)</u>
Loss before income tax expense	(1,495,782)	(386,548)
Income tax expense	<u>3,888</u>	<u>3,392</u>
Net loss	<u>\$ (1,499,670)</u>	<u>\$ (389,940)</u>
Loss per common share:		
Basic	<u>\$ (0.32)</u>	<u>\$ (0.08)</u>
Diluted	<u>\$ (0.32)</u>	<u>\$ (0.08)</u>
Weighted average shares outstanding:		
Basic	<u>4,637,530</u>	<u>4,645,102</u>
Diluted	<u>4,637,530</u>	<u>4,645,102</u>



COLONIAL COMMERCIAL CORP. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	For The Three Months Ended	
	March 31,	
	2008	2007
Cash flows from operating activities:		
Net loss	\$ (1,499,670)	\$ (389,940)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Stock-based compensation	6,677	10,335
Provision for doubtful accounts	139,661	1,792
Depreciation	158,509	119,151
Amortization of intangibles	8,650	500
Accretion of debt discount	14,423	9,375
Changes in operating assets and liabilities		
Accounts receivable	1,449,499	611,563
Inventory	(98,160)	(1,770,569)
Prepaid expenses and other current assets	163,755	(214,181)
Other assets - noncurrent	19,183	11,437
Trade payables	1,074,080	2,203,625
Accrued liabilities	85,941	(66,844)
Income taxes payable	(2,576)	(1,321)
Net cash provided by operating activities	1,519,972	524,923
Cash flows from investing activities:		
Additions to property and equipment	(141,091)	(60,373)
Net cash used in investing activities	(141,091)	(60,373)
Cash flows from financing activities:		
Issuance of common stock and exercise of stock options	-	13,000
Repayments of notes payable	(45,270)	(19,102)
Repayments under credit facility - revolving credit, net	(1,327,810)	(340,313)
Net cash used in financing activities	(1,373,080)	(346,415)
Increase in cash	5,801	118,135
Cash - beginning of period	622,723	482,251
Cash - end of period	\$ 628,524	\$ 600,386