

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934

MAY 15, 2008  
Date of Report (Date of earliest event reported)

COLONIAL COMMERCIAL CORP.  
(Exact name of Registrant as Specified in Charter)

|   |                                       |  |
|---|---------------------------------------|--|
| NEW YORK<br>(State or other Jurisdiction<br>of Incorporation) | 1-6663<br>(Commission File<br>Number) | 11-2037182<br>(IRS Employer<br>Identification No.) |
|---|---------------------------------------|--|

|  |                     |
|--|---------------------|
| 275 WAGARAW ROAD, HAWTHORNE,<br>NEW JERSEY<br>(Address of Principal Executive Offices) | 07506<br>(Zip Code) |
|--|---------------------|

Registrant's Telephone Number, Including Area Code: 973-427-8224

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On May 15, 2008 Colonial Commercial Corp. (the "Company") issued a press release announcing its financial results for the fiscal quarter ended March 31, 2008. A copy of this press release is furnished as Exhibit 99.1 to this report.

In accordance with General Instruction B.2 of Form 8-K, the information in this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

| Exhibit No. | Description                      |
|-------------|----------------------------------|
| 99.1        | Press Release dated May 15, 2008 |

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 hereunto duly authorized.

COLONIAL COMMERCIAL CORP.  
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(Registrant)

Date: May 15, 2008

/s/ William Salek  
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William Salek  
Chief Financial Officer

INDEX TO EXHIBITS

| Exhibit No. | Description                      |
|-------------|----------------------------------|
| 99.1        | Press Release dated May 15, 2008 |

## 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](http://www.usginc.com), American/Universal Supply Inc.,

[www.ausupplyinc.com](http://www.ausupplyinc.com), The RAL Supply Group, Inc., [www.ralsupply.com](http://www.ralsupply.com), and S&A Supply, Inc., [www.sasupplyinc.com](http://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](http://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](http://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,<br>2008 | December 31,<br>2007 |
|--|-------------------|----------------------|
|  | -----             | -----                |
|  | (unaudited)       |                      |
| 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   | 12,865,542     | 11,170,730    |
|   | -----          | -----         |
| Gross profit  | 5,355,586      | 4,871,502     |
| Selling, general and administrative expenses, net   | 6,557,004      | 4,988,606     |
|   | -----          | -----         |
| 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 | (379,149)      | (334,042)     |
|   | -----          | -----         |
| Loss before income tax expense  | (1,495,782)    | (386,548)     |
| Income tax expense  | 3,888          | 3,392         |
|   | -----          | -----         |
| Net loss  | \$ (1,499,670) | \$ (389,940)  |
|   | =====          | =====         |
| Loss per common share:  |                |               |
| Basic   | \$ (0.32)      | \$ (0.08)     |
|   | =====          | =====         |
| Diluted   | \$ (0.32)      | \$ (0.08)     |
|   | =====          | =====         |
| Weighted average shares outstanding:  |                |               |
| Basic   | 4,637,530      | 4,645,102     |
|   | =====          | =====         |
| Diluted   | 4,637,530      | 4,645,102     |
|   | =====          | =====         |

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

|   | For The Three Months Ended<br>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)     |

Source: COLONIAL COMMERCIAL , 8-K, May 15, 2008

|  |             |            |
|--|-------------|------------|
| 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 |
|  | =====       | =====      |