

**COLONIAL COMMERCIAL CORP. REPORTS**  
**SECOND QUARTER FINANCIAL RESULTS**

HAWTHORNE, New Jersey (August 11, 2006) – Colonial Commercial Corp. (“Colonial”) (OTC Bulletin Board: “CCOM,” “CCOMP”) today announced its results for the second quarter of 2006.

For the quarter ended June 30, 2006, sales increased by 3.7%, or \$653,970, to \$18,155,812 from \$17,501,842 for the same period in 2005. Net income was \$341,833 for the quarter ended June 30, 2006, compared to net income of \$520,182 for the same period in 2005. Gross profit increased by 6.0%, or \$308,814, to \$5,440,933 from \$5,132,119 for the same period in 2005. Gross profit expressed as a percentage of sales increased by 0.7% to 30.0% in 2006 compared to 29.3% for the comparable period in 2005.

For the six months ended June 30, 2006, sales increased by 7.1%, or \$2,190,864, to \$33,040,025 from \$30,849,161 for the same period in 2005. The Company incurred a loss of \$81,256 in the six months ended June 30, 2006, compared to net income of \$321,249 for the same period in 2005. Gross profit increased by 6.8%, or \$642,510, to \$10,027,700 for the six months ended June 30, 2006 from \$9,385,190 for the same period in 2005. Gross profit expressed as a percentage of sales remained at 30.4% in 2006 compared to the same period in 2005.

William Pagano, the Company’s Chief Executive Officer, said, “We have continued our long-term approach to ‘business building’ by adding engineering and sales staff and capabilities to our control systems business. We see this as a unique opportunity to expand our penetration in that market and to capitalize on the more complicated, commercial, energy-saving control systems business. This expansion continues to enable us to offer proprietary products and systems that are not readily available through competitive distributors. We also added staff to improve our customer service levels and efficiencies. These investments in additional personnel provide the base for our next level of growth and profitability.”

Colonial distributes heating, ventilating and air conditioning, (“HVAC”), equipment, parts and accessories, climate control systems, and plumbing supplies to HVAC contractors, primarily in the New York metropolitan area through its Universal Supply Group, Inc. (“Universal”), American/Universal Supply Inc. (“American”) and The RAL Supply Group, Inc. (“RAL”) subsidiaries. These contractors purchase and install equipment and systems for residential, commercial and industrial users. Universal also provides control system design, custom control panel fabrication, technical field support, in-house training and climate control consultation for engineers and installers. It is a leader in the design of direct digital control systems and systems that control multi-location facilities through the Internet. Universal is headquartered in New Jersey, and, with its affiliates, operates out of seven locations in New Jersey; nine in New York and one in Pennsylvania. For more information on Colonial Commercial Corp.’s operations, products and/or services, please visit [www.colonialcomm.com](http://www.colonialcomm.com).

Safe Harbor Statement: The foregoing press release contains statements concerning Colonial Commercial Corp.'s financial performance, markets and business operations that may be considered "forward-looking" under applicable securities laws. Colonial wishes to caution 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 those projected in the forward-looking statements contained herein 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**

(Financials Highlights Follow)

COLONIAL COMMERCIAL CORP. AND SUBSIDIARIES  
Condensed Consolidated Balance Sheets

	June 30, 2006 (Unaudited)	December 31, 2005
Assets		
Current assets:		
Cash	\$ 970,012	\$ 613,456
Accounts receivable, net of allowance for doubtful accounts of \$193,636 2006 and \$185,971 in 2005	9,122,694	8,489,717
Inventory	13,666,179	12,214,261
Prepaid expenses and other current assets	993,110	1,066,658
Deferred tax asset - current portion	637,500	637,500
Total current assets	25,389,495	23,021,592
Property and equipment	1,642,971	1,669,484
Goodwill	1,628,133	1,628,133
Other intangibles	4,500	11,334
Other assets - noncurrent	132,679	135,832
Deferred tax asset - noncurrent	1,071,000	1,071,000
	\$ 29,868,778	\$ 27,537,375
Liabilities and Stockholders' Equity		
Current liabilities:		
Trade payables	\$ 6,089,099	\$ 5,991,946
Accrued liabilities	2,020,377	2,047,159
Income taxes payable	971	12,772
Borrowings under credit facility - revolving credit	13,562,196	11,183,008
Borrowings under credit facility - term loan/overadvance	562,977	562,977
Notes payable - current portion; includes related party notes of \$30,000 in 2006 and \$60,389 in 2005	133,395	165,112
Total current liabilities	22,369,015	19,962,974
Notes payable, excluding current portion; includes related party notes of \$1,010,000 in 2006 and \$1,000,625 in 2005	1,399,452	1,400,834
Total liabilities	23,768,467	21,363,808
Commitments and contingencies		
Stockholders' equity:		
Redeemable convertible preferred stock, \$.05 par value, 2,500,000 shares authorized, 468,924 in 2006 and 484,721 in 2005 shares issued and outstanding, liquidation preference of \$2,344,620 in 2006 and \$2,423,605 in 2005	23,446	24,236
Common stock, \$.05 par value, 20,000,000 shares authorized, 4,592,256 in 2006 and 4,544,459 in 2005 shares issued and outstanding	229,613	227,223
Additional paid-in capital	10,633,259	10,626,859
Accumulated deficit	(4,786,007)	(4,704,751)
Total stockholders' equity	6,100,311	6,173,567
	\$ 29,868,778	\$ 27,537,375

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

	For The Three Months Ended	
	June 30,	
	2006	2005
Sales	\$ 18,155,812	\$ 17,501,842
Cost of sales	12,714,879	12,369,723
Gross profit	5,440,933	5,132,119
Selling, general and administrative expenses, net	4,793,206	4,368,437
Operating income	647,727	763,682
Other income	63,467	87,557
Interest expense, net; includes related party interest of \$25,765 in 2006 and \$22,721 in 2005	(336,240)	(250,029)
Income before income taxes	374,954	601,210
Income tax expense	33,121	81,028
Net income	\$ 341,833	\$ 520,182
Income per common share:		
Basic	\$ 0.07	\$ 0.12
Diluted	\$ 0.06	\$ 0.10
Weighted average shares outstanding:		
Basic	4,579,846	4,185,505
Diluted	5,302,026	5,287,577

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

	For The Six Months Ended June 30,	
	2006	2005
Sales	\$ 33,040,025	\$ 30,849,161
Cost of sales	<u>23,012,325</u>	<u>21,463,971</u>
Gross profit	10,027,700	9,385,190
Selling, general and administrative expenses, net	<u>9,550,068</u>	<u>8,619,062</u>
Operating income	477,632	766,128
Other income	129,256	149,435
Interest expense, net; includes related party interest of \$51,393 in 2006 and \$44,541 in 2005	<u>(635,902)</u>	<u>(493,590)</u>
(Loss) income before income taxes	(29,014)	421,973
Income tax expense	<u>52,242</u>	<u>100,724</u>
Net (loss) income	\$ <u><u>(81,256)</u></u>	\$ <u><u>321,249</u></u>
(Loss) income per common share:		
Basic	<u>\$ (0.02)</u>	<u>\$ 0.08</u>
Diluted	<u>\$ (0.02)</u>	<u>\$ 0.06</u>
Weighted average shares outstanding:		
Basic	<u>4,578,606</u>	<u>4,175,422</u>
Diluted	<u>4,578,606</u>	<u>5,287,377</u>