



Colonial Commercial Corp. Reports 2007 Third Quarter Results

Record Third Quarter Sales and Gross Profit

HAWTHORNE, New Jersey (November 14, 2007) – Colonial Commercial Corp. (“Colonial”) (OTC Bulletin Board: “CCOM,” “CCOMP”), today announced financial results for the third quarter ended September 30, 2007.

Third Quarter Results

Sales increased by 6.8%, or \$1,304,652, to a record \$20,522,208 for the quarter ended September 30, 2007 from \$19,217,556 for the same period in 2006. Sales from new operations for this period were \$2,000,089. These new operations consisted of sales from our new branch in the Albany, New York area, sales from the acquisition of S&A Supply, Inc. from September 10, 2007 through September 30, 2007, and added appliance sales. Sales from continuing operations for this period declined by 3.6%, or \$695,437, from \$19,217,556 to \$18,522,119.

Gross profit increased by 5.7%, or \$321,742, to a record \$5,981,163 for the quarter ended September 30, 2007 from \$5,659,421 for the same period in 2006. Gross profit expressed as a percentage of sales decreased by 0.3% to 29.1% in 2007 compared to 29.4% for the comparable period in 2006, reflecting a more competitive marketplace and increased sales of lower margin appliances and air conditioning products.

Operating income decreased by 40.8%, or \$327,156, to \$474,732 for the quarter ended September 30, 2007 from \$801,888 for the same period in 2006. Selling, general and administrative expenses increased by \$648,898. This increase reflects primarily staffing, marketing and advertising expenses for our appliance sales, our new branch in the Albany, New York area and our newly acquired S&A subsidiary, an increase in the provision for doubtful accounts, and an increase in accounting and professional fees for the implementation of Sarbanes Oxley controls and procedures.

The Company’s net income decreased by 71.9%, or \$341,697, to \$133,845 for the quarter ended September 30, 2007, compared to net income of \$475,542 for the same period in 2006.

Nine Month Results

Sales increased by 12.3%, or \$6,435,428, to \$58,693,009 for the nine months ended September 30, 2007 from \$52,257,581 for the same period in 2006. Sales from new operations for this period were \$4,344,824. These new operations consisted of sales from our new branch in the Albany, New York area, sales from the acquisition of S&A Supply, Inc. from September 10, 2007 through September 30, 2007, and added appliance sales. Sales from continuing operations for this period increased by 4.0%, or \$2,090,604, from \$52,257,581 to \$54,348,185.

Gross profit increased by 7.4%, or \$1,173,888, to \$16,956,101 for the nine months ended September 30, 2007 from \$15,782,213 for the same period in 2006. Gross profit expressed as a percentage of sales decreased by 1.3% to 28.9% in 2007 compared to 30.2% for the comparable period in 2006, reflecting a more competitive marketplace, inclusive of appliance sales which are typically at lower margins.

Operating income decreased by 20.2%, or \$277,992, to \$1,096,620 for the nine months ended September 30, 2007 from \$1,374,612 for the same period in 2006. Selling, general and administrative expenses increased by \$1,451,880. This increase reflects primarily staffing, marketing and advertising expenses for our appliance sales, our new branch in the Albany, New York area and our newly acquired S&A subsidiary, an increase in the provision for doubtful

accounts, and an increase in accounting and professional fees for the implementation of Sarbanes Oxley controls and procedures.

The Company's net income decreased by 69.2%, or \$338,478, to \$150,900 for the nine months ended September 30, 2007, compared to net income of \$489,378 for the same period in 2006.

Financial information for 2006 includes the adjustments to our accounting for vendor rebates that are described in our Form 8-K/A filed with the SEC on July 25, 2007.

William Pagano, Chief Executive Officer of the Company, said, "We continue to increase market penetration with our air conditioning equipment and are realizing increased sales from our recently introduced appliance offerings, sales from our new branch location in the Albany, New York area, which opened on April 10, 2007 and sales from our latest acquisition of the assets of S&A Supply, Inc., completed on September 10, 2007. We expect continued sales growth in spite of a weakening residential construction market, slowing economy and uncertain climatic conditions. We are pleased with these accomplishments and are looking forward to an improving 2008."

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 distributes home appliances to dealer groups and appliance stores through its Goldman Universal division. The Company also offers 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 21 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

	September 30, 2007	December 31, 2006
	<u>(Unaudited)</u>	
Assets		
Current assets:		
Cash	\$ 587,416	\$ 482,251
Accounts receivable, net of allowance for doubtful accounts of \$254,913 in 2007 and \$212,043 in 2006	11,249,619	9,069,301
Inventory	17,730,758	12,854,317
Prepaid expenses and other current assets	1,273,521	1,057,099
Deferred tax asset - current portion	<u>557,500</u>	<u>420,000</u>
Total current assets	31,398,814	23,882,968
Property and equipment	1,846,003	1,512,666
Goodwill	2,044,745	1,628,133
Other intangibles	12,000	3,500
Other assets - noncurrent	144,072	202,177
Deferred tax asset - noncurrent	<u>1,151,000</u>	<u>1,288,500</u>
	<u>\$ 36,596,634</u>	<u>\$ 28,517,944</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Trade payables	\$ 7,594,038	\$ 4,719,160
Accrued liabilities	1,991,811	1,975,175
Income taxes payable	20,443	1,630
Borrowings under credit facility - revolving credit	18,394,155	13,615,696
Notes payable - current portion; includes related party notes of \$30,000 in 2007 and 2006	<u>230,745</u>	<u>136,539</u>
Total current liabilities	28,231,192	20,448,200
Convertible notes payable, includes related party notes of \$325,000 in 2007 and 2006	525,000	525,000
Notes payable, excluding current portion; includes related party notes of \$711,250 in 2007 and \$703,750 in 2006	<u>900,504</u>	<u>792,394</u>
Total liabilities	<u>29,656,696</u>	<u>21,765,594</u>
Commitments and contingencies		
Stockholders' equity:		
Redeemable convertible preferred stock, \$.05 par value, 2,500,000 shares authorized, 467,500 shares issued and outstanding in 2007 and 2006, liquidation preference of \$2,337,500 in 2007 and 2006	23,375	23,375
Common stock, \$.05 par value, 20,000,000 shares authorized, 4,645,680 in 2007 and 4,593,680 in 2006 shares issued and outstanding	232,284	229,684
Additional paid-in capital	10,741,879	10,707,791
Accumulated deficit	<u>(4,057,600)</u>	<u>(4,208,500)</u>
Total stockholders' equity	<u>6,939,938</u>	<u>6,752,350</u>
	<u>\$ 36,596,634</u>	<u>\$ 28,517,944</u>

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

	For The Three Months Ended September 30,		For The Nine Months Ended September 30,	
	2007	2006	2007	2006
	(Restated)		(Restated)	
Net sales	\$ 20,522,208	\$ 19,217,556	\$ 58,693,009	\$ 52,257,581
Cost of sales	<u>14,541,045</u>	<u>13,558,135</u>	<u>41,736,908</u>	<u>36,475,368</u>
Gross profit	5,981,163	5,659,421	16,956,101	15,782,213
Selling, general and administrative expenses	<u>5,506,431</u>	<u>4,857,533</u>	<u>15,859,481</u>	<u>14,407,601</u>
Operating income	474,732	801,888	1,096,620	1,374,612
Other income	74,116	63,707	217,193	192,963
Interest expense, net; includes related party interest of \$25,632 and \$26,448 for the three months ended September 30, 2007 and 2006, respectively, and \$77,366 and \$77,858 for nine months ended September 30, 2007 and 2006, respectively	<u>(385,766)</u>	<u>(359,214)</u>	<u>(1,081,063)</u>	<u>(995,116)</u>
Income before income taxes	163,082	506,381	232,750	572,459
Income tax expense	<u>29,237</u>	<u>30,839</u>	<u>81,850</u>	<u>83,081</u>
Net Income	<u>\$ 133,845</u>	<u>\$ 475,542</u>	<u>\$ 150,900</u>	<u>\$ 489,378</u>
Income per common share:				
Basic	<u>\$ 0.03</u>	<u>\$ 0.10</u>	<u>\$ 0.03</u>	<u>\$ 0.11</u>
Diluted	<u>\$ 0.03</u>	<u>\$ 0.09</u>	<u>\$ 0.03</u>	<u>\$ 0.10</u>
Weighted average shares outstanding:				
Basic	<u>4,645,680</u>	<u>4,592,968</u>	<u>4,645,490</u>	<u>4,574,227</u>
Diluted	<u>5,131,371</u>	<u>5,301,782</u>	<u>5,131,748</u>	<u>5,125,467</u>

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

	For The Nine Months Ended	
	2007	2006 (Restated)
Cash flows from operating activities:		
Net income	\$ 150,900	\$ 489,378
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Stock-based compensation	23,688	-
Provision for doubtful accounts	260,292	116,035
Depreciation	387,642	340,216
Amortization of intangibles	1,500	7,334
Accretion of debt discount	28,125	28,125
Changes in operating assets and liabilities, net of effects of purchase acquisition		
Accounts receivable	(919,418)	(1,005,649)
Inventory	(1,312,503)	(1,950,571)
Prepaid expenses and other current assets	(200,731)	(190,328)
Other assets - noncurrent	58,105	17,780
Trade payables	1,927,201	731,864
Accrued liabilities	(2,248)	(41,299)
Income taxes payable	18,813	(106)
Net cash provided by (used in) operating activities	421,366	(1,457,221)
Cash flows from investing activities:		
Cash payments for acquisition of S&A Supply Inc., net of cash acquired	(4,703,375)	
Additions to property and equipment	(339,461)	(269,514)
Net cash used in investing activities	(5,042,836)	(269,514)
Cash flows from financing activities:		
Issuance of common stock and exercise of stock options	13,000	8,000
Repayments of notes payable: includes related party repayments of \$0.00 in 2007 and \$30,289 in 2006	(64,824)	(83,734)
Issuance of notes payable	-	13,073
Borrowings under credit facility - term loan/overadvance	-	(562,977)
Borrowings under credit facility - revolving credit, net	4,778,459	2,529,091
Net cash provided by financing activities	4,726,635	1,903,453
Increase in cash	105,165	176,718
Cash - beginning of period	482,251	613,456
Cash - end of period	\$ 587,416	\$ 790,174