



Form 8-K

COLONIAL COMMERCIAL CORP - CCOM

Filed: April 03, 2008 (period: March 31, 2008)

Report of unscheduled material events or corporate changes.

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

FORM 8-K

CURRENT REPORT

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

MARCH 31, 2008
Date of Report (Date of earliest event reported)

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

NEW YORK (State or other Jurisdiction of Incorporation)	1-6663 (Commission File Number)	11-2037182 (IRS Employer Identification No.)
275 WAGARAW HAWTHORNE, NEW JERSEY (Address of Principal Executive Offices)		07506 (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 stocktickerCFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 stocktickerCFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 stocktickerCFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 stocktickerCFR 240.13e-4(c))

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On March 31, 2008 Colonial Commercial Corp. (the "Company") issued a press release announcing its financial results for the fiscal quarter and year ended December 31, 2007. 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 March 31, 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.

(Registrant)

Date: April 3, 2008

/s/ William Salek

William Salek

Chief Financial Officer

INDEX TO EXHIBITS

Exhibit No.
99.1

Description
Press Release dated March 31, 2008

COLONIAL COMMERCIAL CORP. REPORTS 2007 FOURTH QUARTER AND

YEAR-END RESULTS

RECORD QUARTERLY AND ANNUAL SALES

HAWTHORNE, New Jersey (March 31, 2008) - Colonial Commercial Corp. ("Colonial") (OTC Bulletin Board: "CCOM," "CCOMP"), today announced financial results for the fourth quarter and year ended December 31, 2007.

FOURTH QUARTER RESULTS

Sales increased by 23.4%, or \$4,495,785, to \$23,732,856 for the quarter ended December 31, 2007 from \$19,237,071 for the same period in 2006. The Company incurred a net loss for the quarter ended December 31, 2007 of \$202,538 (\$-0.04 per diluted share) compared to net income of \$326,393 (\$0.06 per diluted share) for the same period in 2006. The decrease in net income reflects, among other things, increases in expenses related to the implementation of the Sarbanes Oxley Act of 2002 requirements in the amount of \$93,816, increases in the expense for doubtful accounts in the amount of \$342,078 and an increase in interest and depreciation related to the September 10, 2007 acquisition of the assets of S&A Supply, Inc. in the amount of \$146,527.

YEAR-END RESULTS

Sales increased by 15.3%, or \$10,931,213, to \$82,425,865 for the year ended December 31, 2007 from \$71,494,652 for the same period in 2006. The Company's net income decreased by \$867,409, to a net loss of \$51,637 (\$-0.01 per diluted share) for the year ended December 31, 2007, compared to net income of \$815,772 (\$0.16 per diluted share) for the same period in 2006. This was caused by an increase in expenses for accounting and professional fees related to the implementation of controls and procedures required under the Sarbanes Oxley Act and additional required filings with the Securities and Exchange Commission in the amount of \$239,000, an increase in bad debt expense related to the declining economic conditions within the construction industry in the amount of \$486,000 and a non-cash expense related to the death benefit due to the estate of the Company's founder in December 2007 in the amount of \$45,000. Additional expenses were incurred for the operation of our new Albany, New York location, which opened on April 10, 2007, and the acquisition of the assets of S&A Supply, Inc.

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 new branch location in the Albany, New York area and sales from our latest acquisition of the assets of S&A Supply, Inc. We are disappointed with our year end results, but remain committed to continued growth in 2008 and beyond in spite of a weakening residential construction market and slowing economy."

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 placeStateNew 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
Consolidated Balance Sheets

	December 31, 2007	December 31, 2006
Assets		
Current assets:		
Cash	\$ 622,723	\$ 482,251
Accounts receivable, net of allowance for doubtful accounts of \$478,857 in 2007 and \$212,043 in 2006	11,364,038	9,069,301
Inventory	17,282,661	12,854,317
Prepaid expenses and other current assets	1,107,623	1,057,099
Deferred tax asset - current portion	532,500	420,000
	30,909,545	23,882,968
Property and equipment	1,799,689	1,512,666
Goodwill	1,628,133	1,628,133
Other intangibles	366,376	3,500
Other assets - noncurrent	227,478	202,177
Deferred tax asset - noncurrent	1,176,000	1,288,500
	\$ 36,107,221	\$ 28,517,944
Liabilities and Stockholders' Equity		
Current liabilities:		
Trade payables	\$ 7,774,988	\$ 4,719,160
Accrued liabilities	1,970,396	1,975,175
Income taxes payable	2,576	1,630
Borrowings under credit facility - revolving credit	18,027,055	13,615,696
Convertible notes payable, includes related party notes of \$62,500 in 2007 and \$0 in 2006	137,500	-
Notes payable - current portion; includes related party notes of \$30,000 in 2007 and \$30,000 in 2006	158,827	136,539
	28,071,342	20,448,200
Convertible notes payable, includes related party notes of \$262,500 in 2007 and \$325,000 in 2006	337,500	525,000
Notes payable, excluding current portion; includes related party notes of \$750,000 in 2007 and \$683,125 in 2006	929,814	792,394
	29,338,656	21,765,594
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, 4,637,530 and 4,593,680 shares issued and outstanding in 2007 and 2006, respectively	231,876	229,684
Additional paid-in capital	10,773,451	10,707,791
Accumulated deficit	(4,260,137)	(4,208,500)
	6,768,565	6,752,350
	\$ 36,107,221	\$ 28,517,944

</TABLE>

COLONIAL COMMERCIAL CORP. AND SUBSIDIARIES
Consolidated Statements of Operations

	For the Years Ended December 31,		
	2007	2006	2005
	-----	-----	-----
Sales	\$ 82,425,865	\$ 71,494,652	\$66,690,945
Cost of sales	58,870,973	50,057,446	46,560,548
	-----	-----	-----
Gross profit	23,554,892	21,437,206	20,130,397
Selling, general and administrative expenses, net	22,295,941	19,420,124	17,782,752
	-----	-----	-----
Operating income	1,258,951	2,017,082	2,347,645
Other income	297,218	277,866	272,597
Interest expense, net; includes related party interest of \$101,770 in 2007, \$104,485 in 2006 and \$93,154 in 2005	(1,502,319)	(1,354,785)	(1,044,454)
	-----	-----	-----
Income from operations before income tax expense (benefit)	53,850	940,163	1,575,788
Income tax expense (benefit)	105,487	124,391	(487,064)
	-----	-----	-----
Net (loss) income	\$ (51,637)	815,772	\$ 2,062,852
	=====	=====	=====
(Loss) income per common share:			
Basic	\$ (0.01)	\$ 0.18	\$ 0.48
	=====	=====	=====
Diluted	\$ (0.01)	\$ 0.16	\$ 0.40
	=====	=====	=====
Weighted average shares outstanding:			
Basic	4,645,186	4,579,129	4,295,697
	=====	=====	=====
Diluted	4,645,186	5,125,646	5,293,114
	=====	=====	=====

COLONIAL COMMERCIAL CORP. AND SUBSIDIARIES
Consolidated Statements of Cash Flows

	For The Year Ended		
	2007	2006	2005
Cash flows from operating activities:			
Net (loss) income	\$ (51,637)	\$ 815,772	\$ 2,062,852
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:			
Deferred tax benefit	-	-	(641,500)
Stock-based compensation	30,364	53,412	(74,450)
Provision for doubtful accounts	652,468	191,357	101,724
Depreciation	554,076	457,322	387,719
Amortization of intangibles	11,954	7,834	16,166
Accretion of debt discount	39,183	37,500	37,500
Tax effect of options exercised	34,320	21,120	(48,112)
Changes in operating assets and liabilities			
Accounts receivable	(1,426,013)	(701,615)	(816,853)
Inventory	(821,110)	(867,398)	(1,159,168)
Prepaid expenses and other current assets	(34,833)	(2,321)	(200,926)
Other assets - noncurrent	(25,301)	(66,345)	47,351
Trade payables	2,108,151	(1,272,786)	1,270,156
Accrued liabilities	(23,663)	(71,984)	303,153
Income taxes payable	946	(11,142)	(23,544)
	1,048,905	(1,409,274)	1,262,068
Cash flows from investing activities:			
Acquisition of S&A Supply Inc.	(4,703,375)	-	-
Acquisition of Speed Queen assets from Goldman Associates of NY, Inc.	-	(149,625)	-
Additions to property and equipment	(451,095)	(300,504)	(401,054)
	(5,154,470)	(450,129)	(401,054)
Cash flows from financing activities:			
Issuance of common stock and exercise of stock options	13,000	8,000	22,000
Retirement of preferred stock	-	-	(15,400)
Repurchase of common stock	(9,832)	-	-
Repayments of notes payable: includes related party repayments of \$30,000 in 2007, \$60,389 in 2006 and \$48,091 in 2005	(215,242)	(162,586)	(141,292)
Issuance of notes payable	46,752	13,073	155,699
Repayments under credit facility - term loan/overadvance	-	(562,977)	(1,103,690)
Borrowings under credit facility - revolving credit, net	4,411,359	2,432,688	524,466
	4,246,037	1,728,198	(558,217)
Increase (decrease) in cash	140,472	(131,205)	302,797
Cash - beginning of period	482,251	613,456	310,659
	\$ 622,723	\$ 482,251	\$ 613,456
	\$ 622,723	\$ 482,251	\$ 613,456

Source: COLONIAL COMMERCIAL , 8-K, April 03, 2008