



Colonial Commercial Corp.

COLONIAL COMMERCIAL CORP. REPORTS FOURTH QUARTER AND YEAR-END FINANCIAL RESULTS

HAWTHORNE, New Jersey (March 23, 2007) – Colonial Commercial Corp. (“Colonial”) (OTC Bulletin Board: “CCOM,” “CCOMP”), today announced financial results for the fourth quarter and year ended December 31, 2006.

Sales for the fourth quarter increased 4.2% to \$19,237,071 from \$18,464,129 in the fourth quarter of 2005. Net income decreased 60.7% to \$305,230 (\$0.06 per diluted share) from \$775,763 (\$0.15 per diluted share) in the 2005 period. The decrease in net income reflects, among other things, decreased sales of higher-profit margin replacement parts because of unusually warm weather, \$87,019 in increased non-cash charges and \$77,306 in increased interest expense, as well as a slowing economic climate in the building industry and a more competitive marketplace.

Sales for the full year increased 7.2% to \$71,494,652 from \$66,690,945 in 2005. Net income for 2006 decreased 64.4% to \$753,422 (\$0.14 per diluted share) from \$2,115,631 (\$0.40 per diluted share) in 2005. The decrease in net income for the year reflects, among other things, that no deferred tax benefits were recognized in 2006 while \$641,500 of deferred tax benefits was recognized in 2005, non-cash charges in 2006 were \$189,132 greater than in 2005, and interest expense in 2006 increased \$310,331 over interest expense in 2005. Additional factors in the decrease in net income were the slowing economic climate and the more competitive marketplace in the building industry.

William Pagano, Chief Executive Officer of the Company, said, “Through our Goldman Universal division we sell appliances to retail dealers and organizations in the New York metropolitan area and portions of Pennsylvania. In the fourth quarter we expanded this division to sell Speed Queen washers and dryers and Fedders room air conditioners.

“We have significant opportunities to grow our business in 2007 and to improve profitability. These opportunities include the sale of plumbing equipment and supplies through some of our existing locations that do not currently sell these items, the opening of a new location serving the Albany/Saratoga County, New York area, and the addition of new product lines for our appliance business. We also continue to seek acquisitions that make business sense for the Company’s continued growth.”

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., www.usginc.com, American/Universal Supply Inc., www.ausupplyinc.com, and The RAL Supply Group, Inc., www.ralsupply.com, subsidiaries. These contractors purchase and install equipment and systems for residential, commercial and industrial users. The Company 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. The Company also distributes home appliances to dealer groups and appliance stores through its Goldman Universal division. Additionally, the Company 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 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.

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 Statements of Operations

	(Unaudited)			
	3 Months Ended		12 Months Ended	
	December 31,		December 31,	
	2006	2005	2006	2005
Sales	\$ 19,237,071	\$ 18,464,129	\$ 71,494,652	\$ 66,690,945
Cost of sales	<u>13,603,241</u>	<u>12,758,598</u>	<u>50,119,796</u>	<u>46,507,769</u>
Gross profit	5,633,830	5,705,531	21,374,856	20,183,176
Selling, general and administrative expenses, net	<u>5,012,523</u>	<u>4,714,064</u>	<u>19,420,124</u>	<u>17,782,752</u>
Operating income	621,307	991,467	1,954,732	2,400,424
Other income	84,903	61,013	277,866	272,597
Interest expense, net;	<u>(359,670)</u>	<u>(282,364)</u>	<u>(1,354,785)</u>	<u>(1,044,454)</u>
Income before income taxes	346,540	770,116	877,813	1,628,567
Income tax expense (benefit)	<u>41,310</u>	<u>(5,647)</u>	<u>124,391</u>	<u>(487,064)</u>
Net income	\$ <u><u>305,230</u></u>	\$ <u><u>775,763</u></u>	\$ <u><u>753,422</u></u>	\$ <u><u>2,115,631</u></u>
Income per common share:				
Basic	\$ <u><u>0.07</u></u>	<u><u>0.17</u></u>	\$ <u><u>0.16</u></u>	\$ <u><u>0.49</u></u>
Diluted	\$ <u><u>0.06</u></u>	<u><u>0.15</u></u>	\$ <u><u>0.14</u></u>	\$ <u><u>0.40</u></u>
Weighted average shares outstanding:				
Basic	<u><u>4,593,624</u></u>	<u><u>4,528,024</u></u>	<u><u>4,579,129</u></u>	<u><u>4,295,697</u></u>
Diluted	<u><u>5,300,976</u></u>	<u><u>5,297,920</u></u>	<u><u>5,300,646</u></u>	<u><u>5,293,114</u></u>

COLONIAL COMMERCIAL CORP. AND SUBSIDIARIES

Consolidated Balance Sheets

	December 31, 2006	December 31, 2005
	<u>2006</u>	<u>2005</u>
Assets		
Current assets:		
Cash	\$ 482,251	\$ 613,456
Accounts receivable, net of allowance for doubtful accounts of \$212,043 in 2006 and \$185,971 in 2005	9,069,301	8,489,717
Inventory	13,111,488	12,214,261
Prepaid expenses and other current assets	1,057,099	1,066,658
Deferred tax asset - current portion	420,000	637,500
Total current assets	<u>24,140,139</u>	<u>23,021,592</u>
Property and equipment	1,512,666	1,669,484
Goodwill	1,628,133	1,628,133
Other intangibles	3,500	11,334
Other assets - noncurrent	202,177	135,832
Deferred tax asset - noncurrent	1,288,500	1,071,000
	<u>\$ 28,775,115</u>	<u>\$ 27,537,375</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Trade payables	\$ 4,719,160	\$ 5,991,946
Accrued liabilities	1,975,175	2,047,159
Income taxes payable	1,630	12,772
Borrowings under credit facility - revolving credit	13,615,696	11,183,008
Borrowings under credit facility - term loan/overadvance	-	562,977
Notes payable - current portion; includes related party notes of \$30,000 in 2006 and \$60,389 in 2005	136,539	165,112
Total current liabilities	<u>20,448,200</u>	<u>19,962,974</u>
Notes payable, excluding current portion; includes related party notes of \$1,008,125 in 2006 and \$1,000,625 in 2005	1,317,394	1,400,834
Total liabilities	<u>21,765,594</u>	<u>21,363,808</u>
Commitments and contingencies		
Stockholders' equity:		
Redeemable convertible preferred stock, \$.05 par value, 2,500,000 shares authorized, 467,500 in 2006 and 484,721 in 2005 shares issued and outstanding, liquidation preference of \$2,337,500 in 2006 and \$2,423,605 in 2005	23,375	24,236
Common stock, \$.05 par value, 20,000,000 shares authorized, 4,593,680 in 2006 and 4,544,459 in 2005 shares issued and outstanding	229,684	227,223
Additional paid-in capital	10,707,791	10,626,859
Accumulated deficit	(3,951,329)	(4,704,751)
Total stockholders' equity	<u>7,009,521</u>	<u>6,173,567</u>
	<u>\$ 28,775,115</u>	<u>\$ 27,537,375</u>