OCEAN BIO CHEM INC
Form 10-Q
August 14, 2009

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

|X| QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2009

OR

|_| TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________ to ________

Commission file number 0-11102

OCEAN BIO-CHEM, INC.
(Exact name of registrant as specified in its charter)

Florida 59-1564329
(State or other jurisdiction (I.R.S. Employer Identification Number)
of incorporation or organization)

4041 SW 47 Avenue, Ft. Lauderdale, Florida 33314-4023
(Address of principal executive offices)

954-587-6280
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ].

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or such shorter period that the registrant has been required to submit and post such files). Yes [X] No [ ].

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated file. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	[ ]	Accelerated filer	[ ]
Non-accelerated filer	[ ]	Smaller reporting company	[x]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ? No.|X|

The number of shares of the Registrant's common stock outstanding as of August 12, 2009, was 7,702,313.

OCEAN BIO-CHEM, INC. AND SUBSIDIARIES
INDEX

Description	Page
Part I - Financial Information:	
Item 1.- Financial Statements:	
Condensed consolidated balance sheets as of June 30, 2009 and December 31, 2008	3
Condensed consolidated statements of operations for the three months and six months periods ended June 30, 2009 and 2008	4
Condensed consolidated statements of cash flows for the six months ended June 30, 2009 and 2008	5
Notes to condensed consolidated financial statements	6-15
Item 2. - Management's Discussion and Analysis of Financial Condition and Results of Operations	16-19
Item 3 - Quantitative and Qualitative Disclosures about Market Risk	19
Item 4 - Controls and Procedures	19
Part II - Other Information:	
Item 1. - Legal Proceedings	20
Item 1A. - Risk Factors	20
Item 2. - Unregistered Sales of Equity Securities and Use of Proceeds	20
Item 3. - Defaults upon Senior Securities	20
Item 4. - Submission of Matters to a Vote by Security Holders	20
Item 5. - Other Matters	20
Item 6. - List of Exhibits	20
Signatures	21
Certifications	22-24

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

OCEAN BIO-CHEM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	JUNE 30, 2009	DECEMBER
	(UNAUDITED)	

ASSETS

Current Assets:		
Cash	$ 674,600	$ 5
Trade accounts receivable net of allowance for doubtful accounts of approximately $186,600 and $117,600 at June 30, 2009 and December 31, 2008 respectively	2,366,860	1,9
Inventories, net	7,208,122	6,5
Prepaid expenses and other current assets	181,663	3
Total current assets	10,431,245	9,4
Property, plant and equipment, net	5,570,184	5,7
Other assets:		
Trademarks, trade names and patents, net of accumulated amortization	330,439	3
Due from affiliated companies, net	194,503	9
Deposits and other assets	122,550	1
Total Other Assets	647,492	1,4
Total Assets	$ 16,648,921	$ 16,6

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities:		
Accounts payable - trade	$ 1,155,581	$ 8
Notes payable - bank	2,300,000	2,8
Current portion of long term debt	562,522	5
Accrued expenses payable	1,026,822	8
Total Current Liabilities	5,044,925	5,1
Long term debt, less current portion	3,163,652	3,4
Commitments and contingencies	-	
Shareholders' Equity:		
Common stock - $.01 par value, 10,000,000 shares authorized; 8,051,316 and 7,886,816 shares issued and outstanding at June 30, 2009 and December 31, 2008, respectively	80,513	7
Additional paid in capital	8,074,424	7,9
Less cost of common stock in treasury, 351,503 shares at JUne 30, 2009 and December 31, 2008, respectively	(288,013)	(2
Foreign currency translation adjustment	(280,476)	(2
Retained earnings	853,896	5
Total Shareholders' Equity	8,440,344	8,0
Total Liabilities and Shareholders' Equity	$ 16,648,921	$ 16,6

The accompanying notes are an integral part of these unaudited condensed consolidated financia

OCEAN BIO-CHEM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	FOR THE THREE MONTHS ENDED JUNE 30,	
	2009	2008
Gross Sales	$5,969,103	$ 5,205,221
Allowances	253,734	214,255
Net sales	5,715,369	4,990,966
Cost of goods sold	3,750,912	3,285,957
Gross profit	1,964,457	1,705,009
Advertising and promotion	576,434	467,724
Selling and administrative	992,770	1,149,478
Interest expense	57,306	95,246
Total expenses	1,626,510	1,712,448
Operating Income (Loss)	337,947	(7,439)
Other Income (Expense)	-	(822)
Income (Loss) before income taxes	337,947	(8,261)
Income tax expense (benefit)	204,520	9,453
Net Income (Loss)	133,427	(17,714)
Other comprehensive Income (Loss), net of tax		
Foreign currency translation adjustment	(30,520)	(62,480)

Comprehensive Income (Loss)	$ 102,907	($ 80,194)
Income (Loss) per common share - basic	$ 0.02	($ 0.00)
Income (Loss) per common share - diluted	$ 0.02	($ 0.00)
Weighted average shares - basic	7,699,813	7,871,816
Weighted average shares - diluted	7,754,205	7,871,816

The accompanying notes are an integral part of these unaudited condensed consolidated financia

4

OCEAN BIO-CHEM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2009 AND 2008
(UNAUDITED)

	2009	2008
Cash flows from operating activities:		
Net income (loss)	$ 259,287	($ 224,004
Adjustment to reconcile net income (loss) to net cash used in operations:		
Depreciation and amortization	358,539	394,598
Stock based compensation	147,800	59,738
Other operating non-cash items	113,435	88,429
Changes in assets and liabilities:		
Accounts receivable	(469,253)	26,516
Inventory	(690,583)	(1,687,424
Deposits and other assets	62,078	102,117
Prepaid expenses	184,319	132,417
Accounts payable and accrued taxes and other	404,856	368,158
Net cash provided by (used in) operating activities	370,478	(739,455
Cash flows from investing activities:		
Purchases of property, plant and equipment	(148,328)	(178,391
Net cash (used in) investing activities	(148,328)	(178,391

Cash flows from financing activities:		
Borrowings line of credit, net	(500,000)	1,150,000
Amounts due from affiliates	716,050	(101,634
Payments of long-term debt	(292,854)	(283,724
Net cash provided by (used in)financing activities	(76,804)	764,642
Change in cash prior to effect of exchange rate on cash	145,346	(153,204
Effect of foreign exchange rate on cash	2,198	401
Net increase(decrease)in cash	147,544	(152,803
Cash at beginning of period	527,056	750,901
Cash at end of period	$ 674,600	$ 598,098
Supplemental disclosure of cash transactions:		
Cash paid for interest during period	$ 128,231	$ 159,933
Cash paid for income taxes during period	$ 239,000	$ -

The accompanying notes are an integral part of these unaudited condensed consolidated financia

5

1. SUMMARY OF ACCOUNTING POLICIES

Interim Reporting

The accompanying unaudited consolidated financial statements include the accounts of Ocean Bio-Chem, Inc. and its subsidiaries ("the Company"). All significant inter-company transactions and balances have been eliminated. The unaudited consolidated financial statements have been prepared in conformity with Article 8 of Regulation S-X of the Securities and Exchange Commission and, therefore, do not include information or footnotes necessary for a complete presentation of financial position, results of operations and cash flows in conformity with accounting principles generally accepted in the United States of America. However, all adjustments (consisting of normal recurring accruals) that, in the opinion of management, are necessary for a fair presentation of the financial statements have been included.

Operating results for the period ended June 30, 2009 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2009 due to seasonal fluctuations in the Company's business, changes in economic conditions and other factors.

For further information, please refer to the Consolidated Financial

Statements and Notes thereto contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2008.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the reported amount of assets, liabilities, revenues, and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain items in the accompanying consolidated financial statements for the year 2008 that had an immaterial amount may have been reclassified to conform to the 2009 presentation.

Revenue recognition

Revenue from product sales is recognized when persuasive evidence of an arrangement exists, delivery to customer has occurred, the sales price is fixed and determinable, and collectability of the related receivable is probable. For customers for whom the Company manages the inventory, at their location, revenue is recognized when the products are sold to a third party. Reported net sales are net of customer prompt pay discounts, contractual allowances, authorized customer returns, consumer rebates, and other allowable deductions from our invoices. Cooperative advertising deductions, based on our customers' promotion of our products is recognized as an advertising cost and charged against operations as an operating expense. The Company follows the policy of reporting sales taxes as a net amount - receipt and payments recorded in a liability account.

Collectability of accounts receivable

Included in the consolidated balance sheets as of June 30, 2009 and December 31, 2008 are allowances for doubtful accounts aggregating approximately $186,600 and $117,600, respectively. Such amounts are based on management's estimates of the creditworthiness of its customers, current economic conditions and other historical information. Consolidated bad debt expense charged against operations for the six months periods ended June 30, 2009, and 2008 aggregated approximately a net expense of $68,600 and a net credit of $8,100 respectively.

6

The recession is expected to increase the Company's risk related to sales and collection of accounts receivable. At the time of this filing we have incurred, in 2009, one significant customer filing for bankruptcy (Boater's World), representing a maximum risk of loss on unrecoverable receivables of approximately $210,000 in total, from which approximately $144,000 was reserved at June 30, 2009. We do not know yet and cannot predict if we will be able to collect accounts receivable with more or less difficulty than in the past in our business. The Company's Management understands that the economic conditions in the industry may result in additional difficulties for our customers, but is unable to qualify this risk at this time.

Cost of goods sold and Selling, general and administrative expenses:

Cost of goods sold includes all of the direct and indirect costs of manufacturing our products. Included therein specifically are warehousing costs of both raw and finished materials, in-bound freight, out-bound freight (in those instances that we absorb such costs), purchasing, receiving, and inspection costs. Other costs of the distribution network are reflected in Selling, General, and Administrative expenses. Also included therein are

managerial and clerical wages and related expenses, office and administrative occupancy costs, taxes, professional fees, insurance coverages and other related expenses.

Inventories

Inventories are comprised of raw materials, work-in process and finished goods and are stated at the lower of cost or market. Cost is determined by the first-in, first-out method. At June 30, 2009 and December 31, 2008, approximately $248,300 and $231,200 respectively is reflected in the accompanying consolidated financial statements as a reserve for excess, obsolete, slow moving and shrinkage inventory adjustments.

Share Based Compensation

On January 1, 2006, the Company adopted Statement of Financial Accounting Standards No. 123R (revised 2004), "Share Based Payment" ("SFAS No. 123R"), which requires the measurement and recognition of compensation cost for all share-based payment awards made to employees and directors based on estimated fair values. The impact of forfeitures that may occur prior to vesting is also estimated and considered in the amount recognized. In December 2007, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin (SAB) No. 110. This guidance allows companies, in certain circumstances, to utilize a simplified method in determining the expected term of stock option grants when calculating the compensation expense to be recorded under Statement of Financial Accounting Standards (SFAS) No. 123(R), Share-Based Payment. The simplified method can be used after December 31, 2007 only if a company's stock option exercise experience does not provide a reasonable basis upon which to estimate the expected option term. Through 2008, we utilized the simplified method to determine the expected option term, based upon the vesting and original contractual terms of the option. During 2009, we continued to use the simplified method in accordance with SAB No. 110.

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRONOUNCEMENTS THAT BECAME EFFECTIVE IN 2009

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities" ("SFAS No. 161"). SFAS No. 161 amends and expands the disclosure requirement for FASB Statement No. 133, "Derivative Instruments and Hedging Activities" ("SFAS No. 133"). It requires enhanced disclosure about (i) how and why an entity uses derivative instruments, (ii) how derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations, and (iii) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. SFAS No. 161 is effective for the Company as of January 1, 2009, and its impact was immaterial on Company's consolidated financial position and results of operations.

In September 2008, the FASB issued FSP FAS No. 133-1, "Disclosures about Credit Derivatives and Certain Guarantees: An Amendment of FASB Statement No. 133 and FASB Interpretation No. 45; and Clarification of the Effective Date of FASB Statement No. 161." This FSP amends FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities," to require disclosures by sellers of credit derivatives, including credit derivatives embedded in a hybrid instrument. The FSP also amends FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect

Guarantees of Indebtedness of Others," to require and additional disclosure

about the current status of the payment/performance risk of a guarantee. Finally, this FSP clarifies the Board's intent about the effective date of FASB Statement No. 161, "Disclosures about Derivative Instruments and Hedging Activities." FSP FAS No. 133-1 is effective for fiscal years ending after November 15, 2008. The impact of FSP FAS No. 133-1 was immaterial on Company's consolidated financial position and results of operations.

In December 2007, the FASB issued SFAS No. 141 (R), Business Combinations, and SFAS No. 160, Non-controlling Interests in Consolidated Financial Statements. SFAS No. 141 (R) requires an acquirer to measure the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree at their fair values on the acquisition date, with goodwill being the excess value over the net identifiable assets acquired. SFAS No. 160 clarifies that a non-controlling interest in a subsidiary should be reported as equity in the consolidated financial statement. The calculation of earnings per share will continue to be based on income amounts attributable to the parent. SFAS No. 141 (R) and SFAS No. 160 are effective for financial statements issued for fiscal years beginning after December 15, 2008. Early adoption was prohibited. SFAS No. 141 (R) and SFAS No. 160 did not impact Company's consolidated financial position and results of operations.

In April 2008, the FASB issued FSP 142-3, "Determination of the Useful Life of Intangible Assets", (FSP 142-3). FSP 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, "Goodwill and Other Intangible Assets". FSP 142-3 is effective for fiscal years beginning after December 15, 2008. The FSP142-3 had no impact on Company's consolidated financial position and results of operations.

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles." SFAS No. 162 identifies the sources of accounting principles and provides entities with a framework for selecting the principles used in preparation of financial statements that are presented inconformity with GAAP. The hierarchical guidance provided by FAS 162 was effective for the Company on January 1st, 2009 and did not have a significant impact on the Company's financial statements.

In May, 2008 the FASB issued FASB Staff Position (FSP) APB 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)." APB 14-1 requires the issuer to separately account for the liability and equity components of convertible debt instruments in a manner that reflects the issuer's nonconvertible debt borrowing rate. The guidance results in companies recognizing higher interest expense in the statement of operations due to amortization of the discount that results from separating the liability and equity components. APB 14-1 was effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Adopting APB 14-1 did not impact Company's consolidated financial statements.

In June 2008, the FASB issued FSP No. EITF 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities". This FASB Staff Position (FSP) addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting and, therefore, need to be included in the earnings allocation in computing earnings per share (EPS) under the two-class method described in paragraphs 60 and 61 of FASB Statement No. 128, Earnings per Share. This FSP provides that unvested share-based payment awards that contain non forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of EPS pursuant to the two-class method. The provisions of FSP No. 03-6-1 shall be effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those years. All prior-period EPS

data presented shall be adjusted retrospectively (including interim financial statements, summaries of earnings, and selected financial data) to conform to the provisions of this FSP. Early application is not permitted. The provisions of FSP No. 03-6-1 were effective for the Company retroactively in the first quarter ended March 31, 2009. The impact of adoption of FSP No. EITF 03-6-1 on the calculation and presentation of earnings per share in its consolidated financial statements was immaterial.

8

In October 2008, the FASB issued FASB Staff Position (FSP) FAS No. 157-3, "Determining the Fair Value of a Financial Asset When the Market for That Asset is Not Active." This FSP clarifies the application of SFAS No. 157, "Fair Value Measurements," in a market that is not active. The FSP also provides examples for determining the fair value of a financial asset when the market for that financial asset is not active. FSP FAS No. 157-3 was effective upon issuance, including prior periods for which financial statements have not been issued. The impact of adoption of FSP FAS No. 157-3 was not material to the Company's consolidated financial condition or results of operations.

In September 2008, the FASB issued EITF Issue No. 08-5 ("EITF No. 08-5"), "Issuer's Accounting for Liabilities Measured at Fair Value with a Third-Party Credit Enhancement." This FSP determines an issuer's unit of accounting for a liability issued with an inseparable third-party credit enhancement when it is measured or disclosed at fair value on a recurring basis. FSP EITF No. 08-5 is effective on a prospective basis in the first reporting period beginning on or after December 15, 2008. The impact of FSP EITF No. 08-5 was immaterial on Company's consolidated financial position and results of operations.

3. RECENT ACCOUNTING PRONOUNCEMENTS

In April 2009, the FASB issued FASB Staff Position FAS-157-4, "Determining Whether a Market Is Not Active and a Transaction Is Not Distressed" ("FSP FAS 157-4"). FSP FAS 157-4 provides guidelines for making fair value measurements more consistent with the principles presented in SFAS 157. FSP FAS 157-4 provides additional authoritative guidance in determining whether a market is active or inactive and whether a transaction is distressed. FSP FAS 157-4 is applicable to all assets and liabilities (i.e. financial and non -financial) and will require enhanced disclosures. FSP FAS 157-4 is required to be adopted no later than the periods ending after June 15, 2009. We are currently assessing the potential impact of the adoption of FSP FAS 157-4 on our consolidated financial statement disclosures.

In April 2009, the FASB issued FASB Staff Position FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments" ("FSP FAS 115-2") and ("FSP FAS 124-2"). FSP FAS 115-2 and FSP FAS 124-2 provide additional guidance to provide greater clarity about the credit and noncredit component of another-than-temporary impairment event and to improve presentation and disclosure of other than temporary impairments in the financial statements. FSP FAS 115-2 and FSP FAS 124-2 are required to be adopted no later than the periods ending after June 15, 2009. We are currently assessing the potential impact of the adoption of FSP FAS 115-2 on our consolidated financial statement disclosures.

In April 2009, the FASB issued FASB Staff Position FAS 107-1 and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments" ("FSP FAS 107-1") and ("APB 28-1"). FSP FAS 107-1 amends FASB Statement No. 107, "Disclosures about Fair Value of Financial Instruments", to require disclosures about fair value of financial instruments in interim as well as in annual financial statements and amends APB Opinion No. 28 "Interim Financial Reporting", to require those disclosures in interim financial statements. FSP

FAS 107-1 and APB 28-1 are required to be adopted no later than the periods ending after June 15, 2009. We are currently assessing the potential impact of the adoption of FSP FAS 107-1 on our consolidated financial statement disclosures.

In April 2009, the FASB issued FASB Staff Position (FSP) No. 141(R) - 1 "Accounting for Assets Acquired and Liabilities Assumed in a Business Combination that Arise from Contingencies." This FSP deals with the initial recognition and measurement of an asset acquired or a liability assumed in a business combination that arises from a contingency provided the asset or liability's fair value on the date of acquisition can be determined. This is effective for assets or liabilities arising from contingencies in business combinations that occur following the start of the first fiscal year that begins on or after December 15, 2008. At this time, this FSP is not applicable to the Company

On June 29, 2009 the FASB issued SFAS No. 168, "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles", and, in doing so, authorized the Codification as the sole source for authoritative U.S. GAAP. SFAS No. 168 will be effective for financial statements issued for interim reporting periods that end after September 15, 2009. Once it's effective, it will supersede all accounting standards in U.S. GAAP, aside from those issued by the SEC. SFAS No. 168 replaces SFAS No. 162 to establish a new hierarchy of GAAP sources for non-governmental entities under the FASB Accounting Standards Codification. This SFAS is not expected to have a material impact on our consolidated financial position, results of operations, and cash flows.

The Company has reviewed all recently issued, but not yet effective, accounting pronouncements and does not believe the future adoption of any such pronouncements will cause a material impact on its financial condition or the results of its operations.

9

4. INVENTORIES

Inventories are comprised of raw materials and finished goods and stated at the lower of cost or market. Cost is determined by the first-in, first-out method. The composition of inventories at June 30, 2009 and December 31, 2008 are as follows:

	2009	2008
Raw Materials	$ 3,609,611	$ 3,254,212
Finished Goods	3,846,836	3,541,908
	7,456,447	6,796,120
Less: Inventory Reserve	(248,325)	(231,211)
Inventory - Net	$ 7,208,122	$ 6,564,909

At June 30, 2009 and December 31, 2008, inventory reserves included approximately $248,325 and $231,211 reserve for excess, obsolete, slow moving and shrinkage inventory adjustments.

5. PROPERTY, PLANT & EQUIPMENT

The Company's property, plant, and equipment consisted of the following at June 30, 2009 and December 31, 2008:

	Estimated Useful Life- Years	2009	2008
Land	N/A	$ 278,325	$ 278,325
Building	30	4,392,430	4,389,154
Manufacturing and warehouse equipment	6-20	6,759,574	6,592,558
Office equipment and furniture	3-5	533,879	525,734
Leasehold Improvements	10-15	122,644	122,644
Construction in process	N/A	41,820	71,929
		12,128,672	11,980,344
Less Accumulated depreciation		6,558,488	6,199,949
Total property, plant and equipment - net		$ 5,570,184	$ 5,780,395

6. NOTES PAYABLE TO BANK

The primary sources of our liquidity are our operations and short-term borrowings from Regions Bank pursuant to a revolving line of credit aggregating $6 million. During 2002, the Company secured this revolving line of credit, which provides a maximum of $6 million financing of working capital, in connection with the financing for the expansion of our facility in Montgomery, AL. The line carried interest based on the 30 day LIBOR rate plus 275 basis points payable monthly, and was collateralized by the Company's inventory, trade receivables, and intangible assets.

10

This financing matured on May 31, 2008, and was renewed for three years. Such line matures May 31, 2011, bears interest at the 30 Day LIBOR plus 250 basis points (approximately 2.8% at June 30, 2009) and is secured by our trade receivables, inventory, and intangible assets. The terms, including required financial covenants relating to maintaining minimum working capital levels, maintaining stipulated debt to tangible net worth, and adhering to debt coverage ratios, and collaterals were substantially unchanged. We are required to maintain a minimum working capital of $1.5 million and meet certain other financial covenants during the term of the agreement. At June 30, 2009 the Company was in compliance with its debt covenants. As of June 30, 2009, we were obligated under this arrangement in the amount of $2,300,000.

7. LONG-TERM DEBT

In connection with the purchase and expansion of the Alabama facility, the Company secured financing with Industrial Development Bonds during 1997. The proceeds were utilized for both the repayment of certain advances used to purchase the Alabama facility and to expand such facility for our future needs. During July 2002, we completed a second Industrial Development Bond financing aggregating $3.5 million through the City of Montgomery, AL. Such transaction funded an approximate 70,000 square foot addition to the manufacturing facility as well as the remaining machinery and equipment additions required therein. This project was substantially completed during 2003. Both bear interest at

tax-free rates that adjust weekly. Principal and accrued interest retiring the underlying bonds are payable quarterly through March 2012 and July 2017 for the 1997 and 2002 series, respectively. At June 30, 2009, $935,000 and $2,660,000 were outstanding attributable to the 1997 and 2002 series, respectively. During the six months ended June 30, 2009 interest rates ranged between 2.3% and 2.8%.

Repayment of the bonds is guaranteed by a substitute irrevocable letter of credit for the 1997 bonds and an irrevocable letter of credit for the 2002 bonds, both issued by Regions Bank, the Company's primary commercial bank. Security for the Letters of Credit is a priority first mortgage on the Kinpak facility and collateral on Kinpak manufacturing equipment. Under such letters of credit agreements maturing on July 31, 2009, renewable annually, we are required to maintain a stipulated level of working capital, a designated maximum debt to tangible ratio, and a required debt service coverage ratio. The Company has been in compliance with its debt covenants since the origination of such standby letters of credit. On February 10, 2009 the Company received notification that its City of Montgomery, AL Series 1997 and Series 2002 Industrial Revenue Bonds with an approximate balance of $1,105,000 and $2,720,000, respectively, were tendered by various bondholders. At June 30, 2009, $935,000 and $2,660,000 were outstanding, respectively. There has been no default on these bonds by the Company. It is the understanding of the Company that due to the tight credit markets, these bonds were tendered. As a result the Company is temporarily obligated to its primary commercial bank until the credit market improves sufficiently to remarket these bonds. The interest rate on the loans during this period was prime rate plus 2%, or approximately 5.25% at June 30, 2009.

Interest expenses on such long term debt for the six months ending June 30, 2009 were approximately $87,000. Principal and accrued interest retiring the underlying bonds are payable quarterly through March 2012 and July 2017 for the 1997 and 2002 series, respectively.

During 2009, the Company's subsidiary Kinpak Inc., was obligated pursuant to various capital lease agreements covering equipment utilized in the Company's Alabama plant. Such obligations, aggregating approximately $28,900 at June 30, 2009, have varying maturities through 2012 and carry interest rates ranging from 7% to 12%.

On April 12, 2005 the Company entered into a financing obligation with Regions Bank whereby the bank advanced the Company $500,000 to finance equipment acquisitions at the Kinpak facility. Such obligation is due in monthly installments of principal aggregating approximately $8,300 plus interest. The outstanding balance on this obligation at June 30, 2009 was approximately $83,400. Interest rate is calculated at LIBOR plus 2.5% per annum, respectively 2.8% at June 30, 2009, through the maturity on April 15, 2010. Interest incurred for the six months period ended on June 30, 2009 was approximately $1,500.

The composition of these obligations at June 30, 2009 and December 31, 2008 were as follows:

	Current Portion		Long Term Portion	
	2009	2008	2009	2008
Industrial Development Bonds	$ 460,000	$ 460,000	$3,135,000	$3,365,000
Notes Payable	83,350	99,996	-	33,352
Capitalized equipment leases	19,172	24,541	28,652	36,139

	$ 562,522	$ 584,537	$3,163,652	$3,434,491

Required principal payment obligations attributable to the foregoing are tabulated below:

Twelve month period ending June 30,

2010	$ 562,522
2011	474,590
2012	467,789
2013	441,272
2014	440,000
Thereafter	1,340,000
Total	$3,726,173

8. RELATED PARTY TRANSACTIONS

At June 30, 2009 and December 31, 2008, the Company had amounts receivable from and payable to affiliated companies, which are directly or beneficially owned by the Company's president, aggregating on a net basis to a receivable of approximately $194,500 and $910,600 respectively. Such amounts result from sales and transfers to the affiliates, as well as allocations of management fees incurred by the Company on the affiliates' behalf, and funds advanced to or from the Company.

Sales to such affiliates were sold at cost of material and labor plus a profit covering manufacturing overhead costs. In addition, the affiliates are charged for their allocable share of administrative expenses of the Company. The sales and transfers to affiliates aggregated approximately $601,400 and $298,700 during the six months ended June 30, 2009 and 2008, and $285,000 and $103,300 for the three months ended June 30, 2009 and 2008, respectively. Allocable administrative fees aggregated $125,000 for the six months period ended June 30, 2009.

Such transactions were made in the ordinary course of business but were not made on substantially the same terms and conditions as those prevailing at the same time for comparable transactions with other customers. Management believes that the sales transactions did not involve more than normal credit risk or present other unfavorable features.

A subsidiary of ours currently uses the services of an entity that is owned by our president to conduct product research and development. Such entity received $15,000 during the six months periods ended June 30, 2009 and 2008 under such relationship.

Mr. Kolisch, a Director of the Company, sources most of the Company's insurance needs at an arm's length competitive basis.

12

9. COMMITMENTS

On May 1, 2008, the Company renewed for ten years the existing lease for approximately 12,700 square feet of office and warehouse facilities in Fort Lauderdale, Florida from an entity owned by certain officers of the Company, with unchanged conditions. The lease still requires a minimum rental of $94,800

plus applicable taxes for the first year and provides for a maximum 2% increase on the anniversary of the lease throughout the term. Additionally, the landlord is entitled to reimbursement of all taxes, assessments, and any other expenses that arise from ownership. The landlord reserves the right under the agreement to review the terms of the lease at 3, 6, and 9 year intervals in order to make modifications for market conditions. Total rent charged to operations during the six months period ended June 30, 2009, and 2008 amounted to approximately $54,600 and $55,200 respectively.

The following is a schedule of minimum future rentals on the non-cancelable operating leases:

Twelve month period ending June 30,

2010	$102,839
2011	104,896
2012	106,994
2013	109,134
2014	111,317
Thereafter	447,564
TOTAL	$982,744

10. EARNINGS PER SHARE

	Three months ended June 30,		Si end
	2009	2008	2009
Weighted-average common shares outstanding	7,699,813	7,871,816	7,644,980
Dilutive effect of stock plans, other options & conversion rights	54,392	-	41,957
Diluted weighted-average shares outstanding	7,754,205	7,871,816	7,686,937

11. SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Incentive Stock Options (ISO's)- Stock options are granted annually to selective executives, key employees, directors and others pursuant to the terms of the Company's various plans. Such grants are made at the discretion of the Board of Directors. Qualified options typically have a five-year life with vesting occurring at 20% per year on a cumulative basis with forfeiture at the end of the option, if not exercised.

Non-Qualified (NQ's) - Common Stock Options Awards as Compensation -On January 11, 2009 the Company's outside directors, received compensation in the form of non-qualified common stock options. Each outside director received 10,000 non-qualified common stock options which vest immediately, or a total of 50,000 non-qualified options were granted. Non qualified options granted to outside Directors have a 10 year life and are immediately exercisable.

Non Plan Stock Options - The Board of Directors granted 115,000 stock options of the Corporation' s common stock to Peter Dornau, the Company's CEO, priced at the closing market bid price plus 10%. At the date of grant, March 25,

2009, the shares had a market value of $0.50 each. Mr. Dornau's grant was at market price plus 10% or $0.55, and vesting immediately upon issue of options.

The fair value of each option grant was estimated using the Black-Scholes option pricing model with the following assumptions: risk free rate ranging from 1.51% to 1.69%, no dividend yield for all years, expected life from three years to five years and volatility of approximately 99.9%. Compensation cost recognized during the six months period ended June 30, 2009 attributable to stock options amounted to approximately $93,100. Compensation costs to be recognized over 2009 is approximately $93,300. As of June 30, 2009, there was approximately $361,900 of unrecognized compensation cost related to unvested share based compensation arrangements. That cost will be charged against operations as the respective options vest through December, 2013.

The number of options outstanding and the number of shares available for grant under each Stock Options qualified and non-qualified plan options, as of June 30, 2009, is presented below:

Plan	Options Outstanding	Options Available for Grant
NON-PLAN:	115,000 shares	N/A
1994 PLAN	154,500 shares	None
2002 PLAN	133,000 shares	None
2007 PLAN	321,000 shares	79,000 shares
2008 PLAN	159,500 shares	240,500 shares
2002 PLAN NQ	185,000 shares	15,000 shares
2008 PLAN NQ	50,000 shares	150,000 shares
Total	1,118,000 shares	484,500 shares

The following schedule reflects the detailed status of outstanding options under the Company's four incentive stock option and two non-qualified plans and a non plan non qualified stock option as of June 30, 2009:

Plan	Date granted	Options outstanding	Exercisable options	Exercise price	Expiration date
Non Plan	03/25/2009	115,000	115,000	0.55	03/24/2014
1994	10/26/2004	154,500	123,600	1.05	10/25/2009
2002	11/06/2006	133,000	53,200	0.93	11/05/2011
2007	05/17/2007	162,500	65,000	1.66	05/16/2012
2007	10/08/2007	2,000	400	1.87	10/07/2012
2007	12/17/2007	156,500	31,300	1.32	12/16/2012
2008	08/25/2008	159,500	-	.97	08/21/2013
2002NQ	10/22/2002	35,000	35,000	1.26	10/21/2012
2002NQ	06/20/2003	30,000	30,000	1.03	06/19/2013

2002NQ	05/25/2004	40,000	40,000	1.46	05/24/2014
2002NQ	04/03/2006	30,000	30,000	1.08	04/02/2016
2002NQ	12/17/2007	50,000	50,000	1.32	12/16/2017
2008NQ	01/11/2009	50,000	50,000	.69	01/10/2019
		1,118,000	623,500	1.12	

A summary of the Company's stock options as of June 30, 2009, and changes during the six month period ended June 30, 2009, is presented below:

Plan options outstanding at January 1, 2009	1,090,000	$1.26
Options granted	50,000	.69
Options exercised	-	-
Options forfeited or expired	(137,000)	1.62
Plan options outstanding at March 31, 2009	1,003,000	1.18
Non plan options	115,000	.55
Totals	1,118,000	$1.12

Incentive Stock Options issued on March 2, 2004 with a five year vesting, expired on March 1, 2009.

Restricted Stock Awards as Compensation

During February 2009 we issued 164,500 shares of our common stock bearing a restricted legend to certain officers and other key employees as a component of their compensation. At the date of grant the shares had a market value of $0.69 each. Shares were granted as follows:

Officers:

Peter G. Dornau, President and CEO	20,000 shares
Jeffrey S. Barocas, Vice President and CFO	15,000 shares
William Dudman, Vice President	20,000 shares
Gregor M. Dornau, Vice President	20,000 shares
	75,000 shares
Other employees, as a group (16 individuals)	89,500 shares
Total restricted shares awarded	164,500 shares

These restricted stock awards have been approved by vote of our shareholders at our Annual Meeting of Shareholders held on June 12, 2009.

12. SUBSEQUENT EVENTS

Common stock trading: given exceptional market conditions, NASDAQ has determined to suspend enforcement of the bid price and market value of publicly held shares requirements. As extended, the suspension remained in effect through July 31, 2009. After this date, the Company has to regain compliance with the

$1.00 minimum bid price for continued listing as required in Marketplace Rule 4310 (c)(4).

The Company received a letter from Nasdaq on July 13, 2009. NASDAQ has reinstated the rules on Monday, August 3, 2009, for the minimum $1 closing bid price. Following the reinstatement of Marketplace Rule 4310 (c)(4), in accordance with Marketplace Rule 4310(c)(8)(D), the company will have until January 29, 2010, to regain compliance, by achieving a $1 closing bid price for a minimum of 10 consecutive trading days.

If compliance with this Rule cannot be demonstrated by January 29, 2010, Staff will determine whether the Company meets the NASDAQ Capital Market initial listing criteria as set forth in Marketplace Rule 4310(c), except for the bid price requirement. If it meets the initial listing criteria, Staff will notify the Company that it may be granted an additional 180 calendar day compliance period. If the Company is not eligible for an additional compliance period, Staff will provide written notification that the Company's securities will be delisted. At that time, the Company may appeal Staff's determination to delist its securities to a Listing Qualifications Panel.

Item 2. Management's Discussion and Analysis of Financial Conditions and Results of Operations

Forward-looking Statements:

Certain statements contained herein, including without limitation expectations as to future sales and operating results, constitute forward-looking statements pursuant to the safe harbor provisions of the Private Securities Litigations Reform Act of 1995. For this purpose, any statements contained in this report that are not statements of historical fact may be deemed forward-looking statements. Without limiting the generality of the foregoing, words such as "may", "will", "expect", "anticipate", "intend", "could" or the negative other variations thereof or comparable terminology are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Factors that may affect the Company's results include, but are not limited to, the highly competitive nature of the Company's industry, reliance on certain key customers, consumer demand for marine recreational vehicle and automotive products, advertising and promotional efforts, and other factors. The Company will not undertake and specifically declines any obligation to update or correct any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

Overview:

We are a leading manufacturer and distributor of chemical formulations serving the appearance and functional categories of the marine, automotive, recreational vehicle and home care markets. We were founded in 1973 and have conducted operations within the aforementioned categories since then. During 1984, we changed our corporate name to Ocean Bio-Chem, Inc. (the parent company) from our former name, Star Brite Corporation. Our operations were conducted as a privately owned company through March, 1981 when we completed our initial public offering of common stock.

Critical accounting policies and estimates:

See Note 1 "Summary of Accounting Policies" in the Notes to the Unaudited Condensed Consolidated Financial Statements for a discussion of recent accounting pronouncements and their effect, if any, on the Company.

Liquidity and Capital Resources:

The primary sources of our liquidity are our operations and borrowings from Regions Bank pursuant to a revolving line of credit aggregating $6 million. On May 31, 2008 this line of credit was renewed for three years. Such line matures May 31, 2011, bears interest at the 30 Day LIBOR plus 250 basis points (approximately 2.8% at June 30, 2009) and is secured by our trade receivables, inventory, and intangible assets. We are required to maintain a minimum working capital of $1.5 million and meet certain other financial covenants during the term of the agreement. At June 30, 2009 the Company was in compliance with its debt covenants, and was obligated under this arrangement in the amount of $2,300,000.

In connection with the purchase and expansion of the Alabama facility, the Company secured financing with Industrial Development Bonds during 1997. The proceeds were utilized for both the repayment of certain advances used to purchase the Alabama facility and to expand such facility for our future needs. During July 2002, we completed a second Industrial Development Bond financing aggregating $3.5 million through the City of Montgomery, AL. Such transaction funded an approximate 70,000 square foot addition to the manufacturing facility as well as the remaining machinery and equipment additions required therein. This project was substantially completed during 2003.

The bonds maturity dates are respectively March 2012 and July 2017 for the 1997 and 2002 series bonds.

16

In order to market the Industrial Development Bonds at favorable interest rates the Company obtained a substitute irrevocable letter of credit for the 1997 issue and a new irrevocable letter of credit for the 2002 issue from Regions Bank. Under such letters of credit agreements maturing on July 31, 2009, renewable annually, we are required to maintain a stipulated level of working capital, a designated maximum debt to tangible ratio, and a required debt service coverage ratio. Such letters of credit are secured by a first priority mortgage on the underlying Alabama facility and collateral on Kinpak manufacturing equipment.

The bonds are marketed weekly at the prevailing rates for such tax-exempt instruments. Principal and accrued interest retiring the underlying bonds are payable quarterly through March 2012 and July 2017 for the 1997 and 2002 series, respectively. At June 30, 2009, $935,000 and $2,660,000 were outstanding attributable to the 1997 and 2002 series, respectively. During the six months ended June 30, 2009 interest rates ranged between 2.3% and 2.8%.

Repayment of the bonds is guaranteed by a Letter of Credit issued by the Company's primary commercial bank - Regions Bank. Security for the Letter of Credit is a priority first mortgage on the Kinpak facility and collateral on Kinpak manufacturing equipment. On February 10, 2009 the Company received notification that its City of Montgomery, AL Series 1997 and Series 2002 Industrial Revenue Bonds with an approximate balance of $1,105,000 and $2,720,000, respectively, were tendered by various bondholders. At June 30, 2009, $935,000 and $2,660,000 were outstanding, respectively. There has been no default on these bonds by the Company. It is the understanding of the Company that due to the tight credit markets, these bonds were tendered. As a result the Company has been temporarily obligated to its primary commercial bank until the credit markets improve sufficiently to remarket these bonds. The interest rate

on the loans during this period was prime rate plus 2%, or approximately 5.25%. We believe current operations are sufficient to meet these obligations. Interest expenses on such notes were approximately $87,000 for the six months ending June 30, 2009 and $40,300 for the three months ending June 30, 2009.

On April 12, 2005 we entered into a financing obligation with Regions Bank whereby they advanced us $500,000 to finance equipment acquisitions at our Kinpak facility. Such obligation is due in monthly installments of principal aggregating approximately $8,300 plus interest at prevailing rates. The outstanding balance and interest rate on this obligation at June 30, 2009 was approximately $83,400 and interest rate is LIBOR plus 2.5% per annum (or approximately 2.8% at June 30, 2009).

We are involved in making sales in the Canadian market and must deal with the currency fluctuations of the Canadian currency. We do not engage in currency hedging and deal with such currency risk as a pricing issue.

During the past few years, we have introduced various new products to our customers. At times this has required us to carry greater amounts of overall inventory and has resulted in lower inventory turnover rates. The effects of such inventory turnover have not been material to our overall operations. We believe that all required capital to maintain such increases can continue to be provided by operations and current financing arrangements.

Many of the raw materials that we use in the manufacturing process are petroleum chemical based and commodity chemicals that are subject to fluctuating prices. The costs of petroleum and related products, major components in many of our products, have been increasingly unstable since 2008. The practical dynamics of our business do not afford us the same pricing flexibility with our customers that is available to our suppliers in that we cannot pass along price increases to our national retailers and distributors as promptly as our suppliers do.

As of June 30, 2009 and through the date hereof, we did not and do not have any material commitments for capital expenditures, nor do we have any other present commitment that is likely to result in our liquidity increasing or decreasing in any material way. In addition, except for our need for additional capital to finance inventory purchases, we know of no trend, additional demand, event, or uncertainty that will result in, or that is reasonably likely to result in, our liquidity increasing or decreasing in any material way.

17

Results of Operations:

For the Three Months Ended June 30, 2009 compared to the Three Months ended June 30, 2008

Net sales were approximately $5,715,000 for the three months ended June 30, 2009 compared to $4,991,000 for the comparative quarter 2008, an increase of approximately $724,000 or 14.5%. The Company increased its sales of private label marine products to existing customers as well as two newer customers. In addition the Company also increased sales of its fuel treatment product - StarTron, into newer markets - automotive, powers sports and hardware. The addition of up to 10% ethanol in gasoline has caused engine problems, which has created increased demand for StarTron. The increase in total sales was partially offset by a decrease in sales to Boater's World which filed for bankruptcy protection early in 2009.

Cost of goods sold as a percentage of sales were approximately the same for the comparative quarters 65.6% in 2009 and 65.8% for the comparative 2008 quarter. The Company sold a higher mix of lower margin private label products (higher cost as a percent of sales) in the 2nd quarter 2009 compared to 2008.

The decrease in margins were approximately offset by a decrease in raw material costs for the comparative quarters due to a decrease in the current cost of petroleum based raw materials.

Advertising and promotion expenses were approximately $576,000 compared to $468,000 for the comparative 2008 second quarter. The increase in expense of approximately $108,000 was a result of increased customer cooperative. and catalog allowances. In addition, the Company increased its brand awareness, advertising on TV, radio and print advertising for both trade and consumer publications.

Selling and administrative expenses decreased approximately $156,000 to $993,000 from $1,149,000, for the comparative second quarters. The Company has controlled its expense levels on a comparative basis, with lower operating expenses for travel and entertainment. This is a result of the utilization of current technologies and the use of video conferencing with customers, resulting in lower travel and related costs. In addition auditing and legal services were lower. These lower expenses were partially offset by higher non cash compensation expenses for stock awards and stock options, in addition to increased allowance for bad debt expense. The Company also had higher allocation of administrative expenses to affiliated companies for administrative services.

Interest expense decreased by approximately $38,000 for the quarter ended June 30, 2009 to $57,000 compared to the corresponding quarter of $95,000 in 2008. The lower interest expense is a result in lower overall interest rates on the Company's revolving line of credit, partially offset by higher interest cost in the Company's IRB's which were tended in the first quarter of this year.

Operating income increased to approximately $338,000 from a loss of $7,000, for the comparative 2008 second quarter, a change of $345,000 or 4643%. This is a result of higher sales volume and lower operating expenses.

Income taxes - the Company had income tax expense for the quarter of $204,500, as a result of the Company being in a tax paying position, as compared to the comparative quarter 2008 in which the Company was in a loss position.

Net profit for the quarter ended June 30, 2009 was approximately $133,000 compared to a net loss of approximately $18,000 for the comparable period in 2008.

For the Six Months Ended June 30, 2009 Compared to the Six Months Ended June 30, 2008

Net sales were approximately $9,825,000 for the six months ended June 30, 2009 compared to $8,736,000 for the comparative 2008 period, an increase of approximately $1,089,000 or 12.5%. The Company increased its sales of private label marine products to new and existing customers. The Company also increased sales of its branded marine products, in addition to expanding sales of its higher quality oils and antifreeze. The increase in sales was partially offset by a decrease in sales to Boater's World which filed for bankruptcy protection in the 1st quarter 2009.

Cost of goods sold as a percentage of sales decreased to 65.2% of sales compared to 70.5% for the comparative 2008 period. This decrease in the cost of goods sold percentage of 5.3% was primarily a result of decreased oil prices and the resulting decrease in the Company's raw material costs. In addition, the Company's freight expense decreased as a result of lower petroleum costs and higher mix of customers with selling terms of FOB shipping point.

Advertising and promotion expenses were approximately $898,000 compared to $670,000 for the comparative 2008 period. The increase in advertising expense of approximately $228,000 was a result of increased customer cooperative, promotional, and catalog allowances. We also increased consumer and trade advertising in TV, radio and print. This year we also initiated advertising programs on the internet, on both Face Book and Twitter.

Selling and administrative expenses decreased approximately $232,000 to $1,844,000 from $2,076,000, for comparative periods. The Company has implemented cost control programs in 2008. This has resulted in lower expenses for salary and wages, audit and legal services, lower selling travel expenses, as the Company has implemented a program to utilize video conferencing reducing travel expense in certain instances. In addition the Company had higher allocation of administrative services charged to affiliated companies offset by additional allowance for bad debts and non cash compensation expense for both stock and stock options awards.

Interest expense decreased by approximately $32,000 for the six months ended June 30, 2009 to $128,000 from $160,000 for the corresponding 2008 period. The decrease is a result of the lower interest costs on the Company's revolving line of credit partially offset by higher interest costs on the Company's IRB loans which were tendered in February 2009. The interest rate on these obligations during this period was prime rate plus 2%, or approximately 5.25%.

Operating income increased to approximately $543,000 from a loss of $331,000 a change of $874,000 or 264%. This is a result of higher sales volume, higher gross margin percent, and lower operating expenses.

Income taxes - The Company had income tax expense for the six months for approximately $296,000, as a result of the Company being in a tax paying position as compared to the prior year in which the Company was in a loss position.

Net profit for the six months ended June 30, 2009 was approximately $259,000 compared to a net loss of $224,000 for the comparable period in 2008 an increase of $483,000 or 216%.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not Applicable

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures:

The Company has carried out an evaluation under the supervision of management, including the President and Chief Executive Officer ("CEO" and the Vice President - Finance and Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of its disclosure controls and procedures. Based on that evaluation, our CEO and CFO have concluded that, as of June 30, 2009, our disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in the reports filed or submitted by it under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and include controls and procedures designed to ensure that information required to be disclosed by us in such reports is accumulated and communicated to management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosures.

Changes in Internal Control Over Financial Reporting.

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. - Legal Proceedings

We are not a party to any material litigation presently pending nor, to the best knowledge of the Company, have any such proceedings been threatened.

Item 1A. - Risk Factors

Not Applicable

Item 2. - Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. - Defaults Upon Senior Securities

None.

Item 4 - Submission of Matters to Vote of Security Holders

	For	Against	Abstain
Proposal 1 Election of Directors			
Peter G. Dornau	5,796,770	-	302,335
Edward Anchel	5,745,831	-	353,267
Jeffrey S. Barocas	5,745,831	-	353,274
Sonia B. Beard	5,659,270	-	439,835
Gregor M. Dornau	6,069,169	-	29,937
William W. Dudman	5,745,287	-	353,817
James M. Kolisch	5,745,287	-	353,871
Laz L. Schneider	5,745,831	-	353,817
John B. Turner	5,775,012	-	324,093
Proposal 2. Shareholders ratifiation and approval for the issuance of previously issued restricted common stock issued to employees as compensation			
	5,753,371	4,299	320,061

Proposal 3.
Approval for the appointment of Kramer, Weisman & Associates, Certified Public Accountants & Consultants, as independent auditors for the year ending December 31, 2009.

	5,753,846	3,716	320,169

Item 5 - Other Matters

Not applicable

Item 6. - Exhibits

31.1 Certification of Chief Executive Officer pursuant to Section 302 of Sarbanes-Oxley Act.

31.2 Certification of Chief Financial Officer pursuant to Section 302 of Sarbanes-Oxley Act.

32.1 Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of Sarbanes-Oxley Act.

20

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on behalf by the Undersigned there unto duly authorized.

OCEAN BIO-CHEM, INC.

Date: August 13, 2009

/s/ Peter G. Dornau
Peter G. Dornau
Chairman of the Board of Directors
and Chief Executive Officer

/s/ Jeffrey S. Barocas
Jeffrey S. Barocas
Chief Financial Officer

21

Exhibit 31.1

CERTIFICATION

I, Peter G. Dornau certify that:

1. I have reviewed this Form 10-Q of Ocean Bio-Chem, Inc. as of and for the periods ended June 30, 2009;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 13, 2009

/s/ Peter G.Dornau
Peter G. Dornau
Chairman of the Board and
Chief Executive Officer

22

Exhibit 31.2

CERTIFICATION

I, Jeffrey S. Barocas certify that:

1. I have reviewed this Form 10-Q of Ocean Bio-Chem, Inc. as of and for the periods ended June 30, 2009;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 13, 2009

/s/ Jeffrey S. Barocas
Jeffrey S. Barocas
Chief Financial Officer

Exhibit 32.1

CERTIFICATION

Pursuant to 18U.S.C.Section 1350, the undersigned officers of Ocean Bio-Chem, Inc. (the "Company"), hereby certify that the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Dated: August 13, 2009

/s/ Peter G. Dornau
Peter G. Dornau
Chairman of the Board of Directors and Chief Executive Officer

/s/ Jeffrey S. Barocas
Jeffrey S. Barocas
Chief Financial Officer