

Edgar Filing: OCEAN BIO CHEM INC - Form 10-Q

OCEAN BIO CHEM INC
Form 10-Q
November 12, 2009

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

FORM 10-Q

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

For the quarterly period ended September 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 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 No .

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

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

The number of shares of the Registrant's common stock outstanding as of November 11, 2009, was 7,702,313.

Edgar Filing: OCEAN BIO CHEM INC - Form 10-Q

OCEAN BIO-CHEM, INC. AND SUBSIDIARIES INDEX

Description -----	Page ----
Part I - Financial Information:	
Item 1.- Financial Statements:	
Condensed consolidated balance sheets as of September 30, 2009 and December 31, 2008	3
Condensed consolidated statements of operations for the three months and nine months periods ended September 30, 2009 and 2008	4
Condensed consolidated statements of cash flows for the nine months ended September 30, 2009 and 2008	5
Notes to condensed consolidated financial statements	6-12
Item 2. - Management's Discussion and Analysis of Financial Condition and Results of Operations	12-15
Item 3 - Quantitative and Qualitative Disclosures about Market Risk	15
Item 4 - Controls and Procedures	15
Part II - Other Information:	
Item 1. - Legal Proceedings	15
Item 1A. - Risk Factors	15
Item 2. - Unregistered Sales of Equity Securities and Use of Proceeds	15
Item 3. - Defaults upon Senior Securities	15
Item 4. - Submission of Matters to a Vote by Security Holders	15
Item 5. - Other Matters	15
Item 6. - List of Exhibits	15
Signatures	16
Certifications	17-19

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

SEPTEMBER 30, 2009

DECEMBER

Edgar Filing: OCEAN BIO CHEM INC - Form 10-Q

(UNAUDITED)

ASSETS

Current Assets:

Cash	\$ 416,957	\$ 5
Trade accounts receivable net of allowance for doubtful accounts of approximately \$259,000 and \$117,600 at September 30, 2009 and December 31, 2008 respectively	4,739,688	1,9
Inventories, net	7,185,668	6,5
Prepaid expenses and other current assets	440,384	3

Total current assets	12,782,697	9,4
----------------------	------------	-----

Property, plant and equipment, net	5,511,874	5,78
------------------------------------	-----------	------

Other assets:

Trademarks, trade names and patents, net of accumulated amortization	330,439	3
Due from affiliated companies, net	59,981	9
Deposits and other assets	160,097	1

Total Other Assets	550,517	1,4
--------------------	---------	-----

Total Assets	\$ 18,845,088	\$ 16,6
--------------	---------------	---------

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities:

Accounts payable - trade	\$ 2,404,352	\$ 8
Notes payable - bank	2,000,000	2,8
Current portion of long term debt	540,718	5
Accrued expenses payable	1,735,393	8

Total Current Liabilities	6,680,463	5,16
---------------------------	-----------	------

Long term debt, less current portion	3,056,163	3,4
--------------------------------------	-----------	-----

Commitments and contingencies	-	
-------------------------------	---	--

Shareholders' Equity:

Common stock - \$.01 par value, 10,000,000 shares authorized; 8,053,816 and 7,886,816 shares issued and outstanding at September 30, 2009 and December 31, 2008, respectively	80,538	
Additional paid in capital	8,169,466	7,9
Less cost of common stock in treasury, 351,503 shares at September 30, 2009 and December 31, 2008, respectively	(288,013)	(2
Foreign currency translation adjustment	(278,918)	(2
Retained earnings	1,425,389	

Total Shareholders' Equity	9,108,462	8,
----------------------------	-----------	----

Total Liabilities and Shareholders' Equity	\$ 18,845,088	\$ 16,
--	---------------	--------

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

3

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

	FOR THE THREE MONTHS ENDED SEPTEMBER 30,		FOR THE NINE ENDED SEPTEMBER 30,	
	2009	2008	2009	2008
Gross Sales	\$ 9,629,794	\$ 8,911,090	\$19,940,251	\$ 18,731,204
Discounts, returns and allowances	723,942	690,082	1,209,047	1,209,047
Net sales	8,905,852	8,221,008	18,731,204	17,522,157
Cost of goods sold	6,186,477	5,905,666	12,597,488	12,597,488
Gross profit	2,719,375	2,315,342	6,133,716	5,024,669
Expenses:				
Advertising and promotion	380,276	409,365	1,278,689	1,278,689
Selling and administrative	1,406,472	877,022	3,250,775	3,250,775
Interest expense	41,463	71,949	169,694	169,694
Total operating expenses	1,828,211	1,358,336	4,699,158	4,709,158
Operating income	891,164	957,006	1,434,558	3,315,511
Other income	12,134	10,846	23,705	23,705
Income before Income Taxes	903,298	967,852	1,458,263	3,339,216
Income Taxes	331,805	366,493	627,483	627,483
Net income	571,493	601,359	830,780	2,711,733
Other comprehensive income (loss), net of taxes				
Foreign currency translation adjustment	1,558	(2,365)	1,205	(2,365)
Comprehensive income	\$ 573,051	\$ 598,994	\$ 831,985	\$ 2,709,368

Edgar Filing: OCEAN BIO CHEM INC - Form 10-Q

Income per common share - basic	\$ 0.07	\$ 0.08	\$ 0.11
Income per common share - diluted	\$ 0.07	\$ 0.07	\$ 0.11
Weighted average shares - basic	7,704,813	7,886,816	7,665,757
Weighted average shares - diluted	7,777,101	8,051,744	7,682,452

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

4

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

	2009	
Cash flows from operating activities:		
Net income	\$ 830,780	\$
Adjustment to reconcile net income to net cash provided by (used in) operations:		
Depreciation and amortization	535,297	
Stock based compensation	244,917	
Other operating non-cash items	297,922	
Changes in assets and liabilities:		
Accounts receivable	(2,926,678)	(
Inventory	(765,983)	(
Deposits and other assets	24,531	
Prepaid expenses	(74,402)	(
Accounts payable and other accrued liabilities	2,360,148	
Net cash provided by (used in) operating activities	526,532	(
Cash flows from investing activities:		
Purchases of property, plant and equipment	(266,776)	(
Net cash used in investing activities	(266,776)	(
Cash flows from financing activities:		

Edgar Filing: OCEAN BIO CHEM INC - Form 10-Q

Borrowings (repayment) line of credit, net	(800,000)	
Amounts due from (repaid to) affiliates		850,572	(
Principal payments - Long-term debt	(422,147)	(
		-----	-----
Net cash provided by (used in) financing activities	(371,575)	
		-----	-----
Change in cash prior to effect of exchange rate	(111,819)	(
Effect of exchange rate on cash		1,720	
		-----	-----
Net decrease in cash	(110,099)	(
Cash at beginning of period		527,056	
		-----	-----
Cash at end of period	\$	416,957	\$
		=====	=====
Supplemental disclosure of cash transactions:			
Cash paid for interest during period	\$	169,694	\$
		=====	=====
Cash paid for income taxes during period	\$	364,000	\$
		=====	=====

The company had no cash equivalents at September 30, 2009 and 2008

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

5

OCEAN BIO CHEM, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Edgar Filing: OCEAN BIO CHEM INC - Form 10-Q

financial statements have been included.

Operating results for the period ended September 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 September 30, 2009 and December 31, 2008 are allowances for doubtful accounts aggregating approximately \$259,000 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 nine months periods ended September 30, 2009, and 2008 aggregated approximately a net expense of \$153,200 and a net credit of \$2,000 respectively. At September 30, 2009 the Company had a concentration of accounts receivable with two customers totaling 52% of total outstanding accounts receivable.

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 September 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/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 coverage's 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 September 30, 2009 and December 31, 2008, approximately \$322,400 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

The Company measures and recognizes 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 May 2009, the Financial Accounting Standard Board revised accounting standards to establish general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. These revised standards require the disclosure of the date through which subsequent events have been evaluated and whether that date is the date the financial statements were issued or were available to be issued. The Company adopted the provisions of these revised standards during the second quarter of 2009. The adoption did not have an impact on the Company's statements of operations or statement of financial position. The Company has evaluated all subsequent events that occurred through November 11, 2009, the date the financial statements were issued.

In June 2009, FASB issued FASB Accounting Standards Codification ("Codification"). The Codification will become the single source for all authoritative Generally Accepted Accounting Principles ("GAAP") recognized by FASB to be applied for financial statements issued for periods ending after September 15, 2009. The Codification does not change GAAP and will not have an effect on the Company's financial position or results of operations. The Company

Edgar Filing: OCEAN BIO CHEM INC - Form 10-Q

adopted this accounting standard during the three month period ending September 30, 2009.

3. RECENT ACCOUNTING PRONOUNCEMENTS

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.

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 September 30, 2009 and December 31, 2008 are as follows:

	2009 -----	2008 -----
Raw materials	\$3,696,378	\$3,254,212
Finished goods	3,811,709	3,541,908
	-----	-----
	7,508,087	6,796,120
Less Inventory Reserve	(322,419)	(231,211)
	-----	-----
Inventory - net	\$7,185,668	\$6,564,909
	=====	=====

7

At September 30, 2009 and December 31, 2008, inventory reserves included approximately \$322,400 and \$231,200 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 September 30, 2009 and December 31, 2008:

	Estimated Useful Life- Years	2009	2008
		-----	-----
Land	N/A	\$ 278,325	\$ 278,325
Building	30	4,396,410	4,389,154
Manufacturing and warehouse equipment	6-20	6,790,478	6,592,558
Office equipment and furniture	3-5	537,786	525,734
Leasehold Improvements	10-15	122,644	122,644
Construction in process	N/A	83,454	71,929
		-----	-----
Less Accumulated depreciation		12,209,097	11,980,344
		6,697,223	6,199,949
		-----	-----
Total property, plant and equipment - net		\$ 5,511,874	\$ 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,

Edgar Filing: OCEAN BIO CHEM INC - Form 10-Q

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 is collateralized by the Company's inventory, trade receivables, and intangible assets.

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 2.7% at September 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 September 30, 2009 the Company was in compliance with its debt covenants. As of September 30, 2009, we were obligated under this arrangement in the amount of \$2,000,000.

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. The bonds were tendered in early 2009 and currently bear interest at current market rates. 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 September 30, 2009, \$850,000 and \$2,630,000 were outstanding attributable to the 1997 and 2002 series, respectively. During the nine months ended September 30, 2009 interest rates ranged between 3.3% and 5.3%.

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, 2010, 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 September 30, 2009, \$850,000 and \$2,630,000 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 or approximately 3.3% at September 30, 2009.

8

Interest expense on such long term debt for the nine months ending September 30, 2009 was approximately \$116,000. Principal and accrued interest retiring the underlying bonds are payable quarterly through March 2012 and July 2017 for the 1997 and 2002 series, respectively.

Edgar Filing: OCEAN BIO CHEM INC - Form 10-Q

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 \$41,000 at September 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 September 30, 2009 was approximately \$58,400. Interest rate is calculated at LIBOR plus 2.5% per annum, respectively 2.7% at September 30, 2009, through the maturity on April 15, 2010. Interest incurred for the nine months period ended on September 30, 2009 was approximately \$2,000.

The composition of these obligations at September 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	\$3,020,000	\$3,365,000
Notes payable	58,351	99,996	-	33,352
Capitalized equipment leases	22,367	24,541	36,163	36,139
	-----	-----	-----	-----
	\$540,718	\$584,537	\$3,056,163	\$3,434,491
	=====	=====	=====	=====

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

Twelve month period ending September 30,

2010	\$ 540,718
2011	478,234
2012	465,004
2013	442,925
2014	440,000
Thereafter	1,230,000

Total	\$3,596,881
	=====

8. RELATED PARTY TRANSACTIONS

At September 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 a receivable of approximately \$60,000 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. The sales and transfers to

Edgar Filing: OCEAN BIO CHEM INC - Form 10-Q

affiliates aggregated approximately \$754,900 and \$680,000 during the nine months ended September 30, 2009 and 2008, and \$153,600 and \$202,000 for the three months ended September 30, 2009 and 2008, respectively. In addition, the affiliates are charged for their allocable share of administrative expenses of the Company. Allocable administrative fees aggregated \$175,000 for the nine months period ended September 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. These related party sales are for distribution in markets that the Company does not normally sell into, and serves to increase volume and absorption of overhead in our manufacturing facility. 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 \$22,500 during the nine months periods ended September 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.

9

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 annually on 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 nine months period ended September 30, 2009, and 2008 amounted to approximately \$90,900 and \$80,400 respectively.

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

Twelve month period ending September 30,

2010	\$103,352
2011	105,419
2012	107,527
2013	109,678
2014	111,871
Thereafter	419,273

	\$957,120
	=====

10. EARNINGS PER SHARE

	Three months ended September 30, -----	Ni ended ---
2009	2008	2009

Edgar Filing: OCEAN BIO CHEM INC - Form 10-Q

	----	----	----
Weighted-average common shares outstanding	7,704,813	7,886,816	7,665,757
Dilutive effect of stock plans, other options & conversion rights	72,288	164,928	16,695
	-----	-----	-----
Diluted weighted-average shares outstanding	7,777,101	8,051,744	7,682,452
	=====	=====	=====

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, for a total of 50,000 non-qualified options. 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, pursuant to the Corporation's Non Plan - Incentive Stock Options 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 1.1% to 1.7%, no dividend yield for all years, expected life from three years to five years and volatility of approximately 97%. Compensation cost recognized during the nine months period ended September 30, 2009 attributable to stock options amounted to approximately \$157,600. Compensation costs to be recognized over 2009 is approximately \$25,500. As of September 30, 2009, there was approximately \$284,000 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.

10

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 September 30, 2009, is presented below:

Plan	Options Outstanding	Options Available for Grant
	-----	-----
NON-PLAN:	115,000 shares	N/A

Edgar Filing: OCEAN BIO CHEM INC - Form 10-Q

1994 PLAN	129,500 shares	None
2002 PLAN	118,000 shares	None
2007 PLAN	326,500 shares	73,500 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	1,083,500 shares	479,000 shares
	=====	=====

The following schedule reflects the detailed status of outstanding options under the Company's four stock option qualified and two non-qualified plans as of September 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	129,500	103,600	1.05	10/25/2009
2002	11/06/2006	118,000	47,200	0.93	11/05/2011
2007	05/17/2007	167,500	67,000	1.66	05/16/2012
2007	10/08/2007	2,500	500	1.87	10/07/2012
2007	12/17/2007	156,500	31,300	1.32	12/16/2012
2008	08/25/2008	159,500	31,900	.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	30,000	30,000	1.46	05/24/2014
2002NQ	04/03/2006	40,000	40,000	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
		-----	-----	-----	
		1,083,500	631,500	1.12	
		=====	=====	=====	

A summary of the Company's stock options as of September 30, 2009, and changes during the nine months period ended September 30, 2009, is presented below:

	Shares	Weighted Average Exercise Price
	-----	-----
Plan options outstanding at January 1, 2009	1,090,000	\$1.26
Options granted	50,000	.69
Options exercised	-	-
Options forfeited or expired	(171,500)	1.49
	-----	-----
Plan options outstanding at September 30, 2009	968,500	1.19
Non plan options	115,000	.55

Edgar Filing: OCEAN BIO CHEM INC - Form 10-Q

Totals	----- 1,083,500 =====	----- \$1.12 =====
--------	-----------------------------	--------------------------

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

11

Restricted Stock Awards as Compensation

During February 2009 and in August 2009 we issued 167,000 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)	92,000 shares

Total restricted shares awarded	167,000 =====

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

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

Edgar Filing: OCEAN BIO CHEM INC - Form 10-Q

servicing 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 2.7% at September 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 September 30, 2009 the Company was in compliance with its debt covenants, and was obligated under this arrangement in the amount of \$2,000,000.

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.

12

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

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, 2010, 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 when reissued 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. During the nine months ended September 30, 2009 interest rates ranged between 3.3% and 5.25%.

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

Edgar Filing: OCEAN BIO CHEM INC - Form 10-Q

Industrial Revenue Bonds with an approximate balance of \$1,105,000 and \$2,720,000, respectively, were tendered by various bondholders. At September 30, 2009, \$850,000 and \$2,630,000 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 or approximately 3.3%. We believe current operations are sufficient to meet these obligations. Interest expense on such notes were approximately \$116,000 for the nine months ending September 30, 2009 and \$29,000 for the three months ending September 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 September 30, 2009 was approximately \$58,400 and interest rate is LIBOR plus 2.5% per annum (or approximately 2.8% at September 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 September 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.

Results of Operations:

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

Net sales were approximately \$8,906,000 for the three months ended September 30, 2009 compared to \$8,221,000 for the comparative quarter 2008, an increase of approximately \$685,000 or 8.3%. The Company increased its sales of private label marine products to existing as well as two newer customers. The Company started shipping in the 3rd quarter winterizing products, under the previously announced new contract. The increase in sales does not fully reflect the increase in sales volume of winterizing products, due to lower oil prices compared to last year and the resulting corresponding decrease in average selling prices of products. The Company has also continued to increase sales of its fuel treatment product - StarTron, into the marine markets and automotive,

Edgar Filing: OCEAN BIO CHEM INC - Form 10-Q

powers sports and small engine markets. The addition of up to 10% ethanol in fuel has caused engine problems, which has created increased demand for StarTron. The increase in total sales was partially offset on a comparative

13

basis by a decrease in sales to Boater's World, which filed for bankruptcy early in 2009.

Cost of goods sold as a percentage of net sales decreased to 69.5% in 2009 from 71.8% for the comparative 2008 quarter. With the increase in sales volume, the Company is beginning to realize the improved plant utilization at its Kinpak manufacturing facility, in addition to improved sales of higher margin items

Advertising and promotion expenses were approximately \$380,000 compared to \$409,000 for the comparative 2008 third quarter. On a comparative basis the advertising programs in place in 2008 were repeated in 2009. The decrease in expense of approximately \$29,000 was a result of decreased advertising rates in trade publications.

Selling and administrative expenses increased approximately \$529,500 to \$1,406,500 from \$877,000, for the comparative quarters. The largest increase was unusual legal expense for \$200,000, to sue a competitor, Valvtech for false and misleading advertising. The courts have imposed an injunction against Valvtech for their false and misleading marketing claims. It is anticipated the Company will prevail in a trial, scheduled for spring 2010. In addition the Company had an increase in non-cash expenses for allowances for doubtful accounts and stock awards granted earlier in the year. The Company also recognized performance related employee bonuses in the quarter.

Interest expense decreased by approximately \$30,500 for the quarter ended September 30, 2009 to \$41,500 compared to the corresponding quarter of \$72,000 in 2008. The lower interest expense is a result in lower overall borrowings on the Company's 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 was approximately \$891,000 compared to \$957,000, for the comparative 2008 third quarter, a change of (\$66,000) or (7.0%). This is a result of higher sales volume partially offset with higher selling and administrative expenses as detailed above.

Income taxes - the Company had income tax provision for the quarter of \$331,800 compared to the corresponding quarter of \$366,500 in 2008.

Net profit for the quarter ended September 30, 2009 was approximately \$571,500 compared to \$601,000 for the comparable period in 2008.

For the Nine Months Ended September 30, 2009 Compared to the Nine Months Ended September 30, 2008:

Net sales were approximately \$18,731,000 for the nine months ended September 30, 2009 compared to \$16,957,000 for the comparative 2008 period, an increase of approximately \$1,774,000 or 10.5%. The Company increased its sales of private label marine products to new and existing customers. The Company also increased sales of winterizing and StarTron products. The year to date sales increases was partially offset by a decrease in sales to Boater's World which filed for bankruptcy protection in the 1st quarter of 2009.

Cost of goods sold as a percentage of net sales decreased to 67.3% of sales compared to 71.1% for the comparative 2008 period. This decrease in the cost of goods sold percentage of 3.8% was primarily a result of a combination of lower raw material and freight costs as a result of lower oil prices, improved efficiency at the Company's manufacturing facility, Kinpak.

Edgar Filing: OCEAN BIO CHEM INC - Form 10-Q

Advertising and promotion expenses were approximately \$1,279,000 compared to \$1,079,000 for the comparative 2008 period. The increase in advertising expense of approximately \$200,000 was a result of increased customer cooperative, promotional, and catalog allowances in addition to increased expenditures for trade shows. The Company has increased its consumer advertising with increased expenditures in magazines, newspapers and television medias. We also increased consumer and trade advertising in TV, radio and print. This year the Company also initiated advertising programs on the internet, on both Face Book and Twitter.

Selling and administrative expenses increased approximately \$297,000 to \$3,251,000 from \$2,954,000, for comparative periods. The largest increase was unusual legal expense for \$200,000, to sue a competitor, Valvtect for false and misleading advertising. The courts have imposed an injunction against Valvtect for their false and misleading marketing claims. It is anticipated the Company will prevail in a trial, scheduled for spring 2010. 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 \$62,000 for the nine months ended September 30, 2009 to \$170,000 from \$232,000 for the corresponding 2008 period. The decrease in interest expense is a result of the lower outstanding borrowings for the comparative period partially offset by higher interest rates on the Company's IRB's which were tendered in February 2009 and held as a term loan by Regions Bank until the bonds are remarketed.

Operating income increased to approximately \$1,435,000 from \$626,000 a change of \$809,000 or 129%. This is a result of higher net sales volume, higher gross margin percent, and lower interest expenses partially offset by higher operating expenses.

14

Income taxes - The Company had income tax expense for the nine months for approximately \$627,000 compared to the comparative period of \$271,000.

Net profit for the nine months ended September 30, 2009 was approximately \$831,000 compared to \$377,000 for the comparable period in 2008 an increase of \$454,000 or 120%. The percentage return on net sales doubled to 4.4% from 2.2%.

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 September 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

Edgar Filing: OCEAN BIO CHEM INC - Form 10-Q

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

The Company is the Plaintiff in the United States District Court for the Southern District of Florida., in the matter of Star-brite Distributing, Inc., v. Kop-Coat, Inc., Case No. 09-60812-CIV-COHN/SELTZER.

The Company filed suit on May 29, 2009 to enjoin Kop-Coat, Inc. from engaging in a false and misleading advertising campaign against Star-brite Distributing, Inc. The Company is also seeking damages and attorney's fees.

A Preliminary Injunction was entered on August 31, 2009, enjoining Kop-Coat from placing the comparison ad that is the subject of this lawsuit. On November 4, 2009, Kop-Coat, Inc. filed an answer and Counterclaims against the Company. The Counterclaims make substantially the same types of claims against the Company as were made by the Company against Kop-Coat, Inc., which were the basis of the Preliminary Injunction granted by the Court against Kop-Coat, Inc. Trial is scheduled to commence in March 2010. The Company does not believe it has any significant financial exposure other than the expenses of litigation.

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

Not applicable

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.

Edgar Filing: OCEAN BIO CHEM INC - Form 10-Q

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: November 11, 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

16

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

Edgar Filing: OCEAN BIO CHEM INC - Form 10-Q

periods ended September 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: November 11, 2009

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

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 September 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

Edgar Filing: OCEAN BIO CHEM INC - Form 10-Q

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: November 11, 2009

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

18

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 September 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: November 11, 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

19

