OCEAN BIO CHEM INC
Form 10-K
March 30, 2010

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO SECTIONS 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

x ANNUAL REPORT PURSUANT TO SECTIONS 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2009

o TRANSITION REPORT PURSUANT TO SECTIONS 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 000-11102

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

FLORIDA	59-1564329	2842,2899,2891
(State Or Other Jurisdiction Of Incorporation Or Organization)	(I.R.S. Employer Identification No.)	(Primary Standard Industrial Classification Code Number)

Address
4041 SW 47 AVENUE
FORT LAUDERDALE, FLORIDA 33314

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

Securities registered pursuant to Section 12(b) of the Act:
None.

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, $0.01 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Act. Yes o No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No x

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 o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer o
Non-accelerated filer o	Smaller reporting company x

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

As of March 18, 2010, the number of shares of the registrant's Common Stock outstanding was 7,702,313. The aggregate market value of the Common Stock held by non-affiliates of the registrant as of March 06, 2010 was approximately $3,466,263 based on a closing sale price of $1.35 for the Common Stock on such date

For purposes of the foregoing computation, all executive officers, directors and 5 percent beneficial owners of the registrant are deemed to be affiliates.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this Form 10-K incorporates information from portions of our Definitive Proxy Statement, which will be filed within 120 days of December 31, 2009 covering our Annual Meeting which will be held on or about June 04, 2010.

OCEAN BIO-CHEM, INC. AND SUBSIDIARIES

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Forward-looking Statements:

Certain statements contained in this Annual Report on Form 10-K, 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 Litigation 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 "believe", "may", "will", "expect", "anticipate", "intend", "could" including the negative or 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 our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Factors, which may affect these results include, but are not limited to, the highly competitive nature of our industry, reliance on certain key customers, consumer demand for marine recreational vehicle and automotive products, advertising and promotional efforts, exposure to market risks for changes in interest rates and in foreign exchange rates, and other factors.

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Part I

Item 1. Business

General: We were organized on November 13, 1973 under the laws of the state of Florida. We are principally engaged in the manufacturing, marketing and distribution of a broad line of appearance and maintenance products for boats, recreational vehicles, automobile and aircraft under the Star brite® and other trademarks within the United States of America and Canada. In addition, we produce private label formulations of many of our products for various customers as well as provide custom blending and packaging services of these and other products. Ocean Bio-Chem, Inc., is referenced as "the Company, we or our" in the foregoing document.

Products:

Set forth below is a general description of the products that we manufacture and market:

Marine: Our Marine line consists of polishes, cleaners, protectants and waxes of various formulations under the Star brite® brand name, StarTron® enzyme fuel treatment, as well as private label products. The line also includes motor oils, various vinyl protectants, cleaners, teak cleaners, teak oils, bilge cleaners, hull cleaners, silicone sealants, polyurethane sealants, polysulfide sealants, gasket materials, lubricants, antifouling additives and anti-freeze coolants. In addition, we manufacture a line of brushes, poles and tie-downs and other related marine accessories.

Automotive: We manufacture a line of automotive products under the Star brite® brand name including StarTron® enzyme fuel treatment for both diesel and gas engines, hydraulic, gear and motor oils, and related items. In addition, anti-freeze and windshield washes are produced in varying formulations both under the Star brite® brand as well as under private labels for customers. We also produce a line of automotive polishes, cleaners and associated appearance items.

Recreational Vehicle/Power Sports: We also market StarTron® to the recreational vehicle market, including Snow Mobiles, ATV's and Motorcycles. With the inclusion of E-10 (ethanol) into the fuel, Power Sports enthusiasts have found StarTron® a viable solution to a number of problems associated with E-10 fuel. Other recreational vehicle products are cleaners, polishes, detergents, fabric cleaners and protectors, silicone sealants, water proofers, gasket materials, degreasers, vinyl cleaners, protectors, toilet treatment fluids and anti-freeze coolants.

Contract filling and blow molded bottles: We blend and package a variety of chemical formulations to our customers' specifications. In addition, we manufacture for sale to various customers assorted styles of both PVC and HDPE blow molded bottles.

Although the above products are utilized for different types of vehicles, boats, aircrafts and household purposes, it is management's view that they all constitute one industry segment.

Manufacturing: We produce the majority of our products at our manufacturing facility in Montgomery, Alabama. In addition, we contract with various unrelated companies located in the northeastern and mid-western areas of the country to package other products, which are manufactured to our specifications, using our provided formulas. Each third party packager enters into a confidentiality agreement with us.

We purchase raw materials from a wide variety of suppliers, none of which is significant to our operations and all raw materials used in manufacturing are readily available. We design our own packaging and supply our outside manufacturers with the appropriate design and packaging. We believe that our internal manufacturing capacity and our arrangements with our current outside manufacturers are adequate for our present needs.

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In the event that these arrangements are discontinued with any manufacturer, we believe that substitute facilities can be found without substantial adverse effect on our manufacturing and distribution.

Our in-house manufacturing is primarily performed by our wholly owned subsidiary, Kinpak Inc, an Alabama corporation ("Kinpak"). On February 27, 1996, we acquired certain assets of Kinpak, Inc., and assumed two (2) leases of land and facilities leased by Kinpak from the Industrial Development Board of the City of Montgomery, Alabama and the Alabama State Docks Department. On December 20, 1996, we entered into a new agreement with the Industrial Development Board of the City of Montgomery, Alabama to issue Industrial Development Bonds in the amount of $4,990,000 to repay certain financial costs and to expand the capacity of the Alabama facility. The underlying premises, at that time, consisted of a manufacturing and distribution facility containing approximately 110,000 square feet located on approximately 20 acres of real property and a docking facility located on the Alabama River. In addition, we purchased the machinery, equipment, and inventory located on the leased premises. Subsequent to the acquisition, we changed the name of our subsidiary to Kinpak Inc.

During July 2002, we completed an additional $3.5 million Industrial Development Bond financing through the City of Montgomery, Alabama. Such transaction funded an approximate 70,000 square foot addition to the manufacturing facility as well as the requisite machinery and equipment additions required therein. Such project was substantially completed during the year ended December 31, 2003.

Marketing: Our marine and recreational vehicle products are sold through national retailers such as Wal-mart, West Marine and Bass Pro Shops. We also sell to national and regional distributors who in turn sell our products to specialized retail outlets for that specific market. Currently we have two customers to whom sales exceeded 10% of consolidated net revenues for the year ended December 31, 2009. Sales to our five largest customers for the year ended December 31, 2009 amounted to approximately 63% of consolidated net revenues and outstanding accounts receivable balances due us at December 31, 2009 from our five largest customers aggregated approximately 58% of consolidated trade receivables.

We market our products through internal salesmen and approximately 125 sales representatives who work on an independent contractor-commission basis. Our personnel also participate in sales presentations and trade shows. In addition, we market our brands and products through advertising campaigns in national magazines, TV advertising and product catalogs. Our products are distributed primarily from our manufacturing and distribution facility in Alabama. Since 2008, the Company agreed to a vendor managed inventory program with one major customer.

Backlog, seasonality, and selling terms: We had no significant backlog of orders as of December 31, 2009. We do not give customers the absolute right to return product. The majority of our products is non-seasonal and is sold throughout the year. Normal trade terms offered to credit customers range from 30 to 60 days. However, at times special dating and/or discount arrangements are offered as purchasing incentives to customers. Such programs do not materially distort normal margins.

Competition:

Marine: We have several national and regional competitors in the marine marketplace. The principal elements of competition are brand recognition, price, service and the ability to deliver products on a timely basis. In the opinion of management no one or few competitors holds a dominant market share. We believe that we can increase or maintain our market share through our present methods of advertising and distribution.

Automotive: There are many companies, both national and regional, which represent competition to us. Many are more established and have greater financial resources than we do. However, the market is so large that even a minimal market share could be significant to us. The principal elements of competition are brand recognition, price, service and the ability to deliver products on a timely basis. We believe that we can establish a reasonable market share with unique products and through our present methods of advertising and distribution.

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Recreational Vehicle: Our recreational vehicle appearance and maintenance market is parallel to that of the marine marketplace. In this market we compete with national and regional competitors, none of which singly or as a few have a dominant market share. The principal elements of competition are brand recognition, price, service and the ability to deliver products on a timely basis. Management is of the opinion that it can increase or maintain our market share by utilizing similar methods as those employed in the marine market.

Trademarks: We have obtained registered trademarks for Star brite® and other trade names used on our products. We view our trademarks as significant assets because they provide product recognition. We believe that our intellectual property is significantly protected, but there are no assurances that these rights can be successfully asserted in the future or will not be invalidated, circumvented or challenged.

Patents: We hold two patents which we believe are valuable in limited product lines, but not material to our success or competitiveness in general.

New Product Development: We continue to develop specialized products for the marine, automotive, and recreational vehicle marketplace. We believe that our current operations and working capital financing arrangement are sufficient to meet development expenditures without securing external funding. The amounts expended toward this effort in any fiscal period have not been significant and are charged to operations in the year incurred.

Environmental Costs: We adhere to a policy of compliance with applicable regulatory mandates on environmental issues. On January 28, 2010, the Company received notice for non compliance in the filing of certain statutory reports for the years 2006 to 2008. The Company is now current in its' reporting and the determination of fines and penalties, if any, has not been determined as of March 15, 2010.

Personnel: We employed at December 31, 2009 a total of 94 full time employees. Of these, 23 full time employees are located at our corporate office in Fort Lauderdale, Florida. These employees are engaged in administration, sales, marketing and accounting functions. In addition, we employ 71 manufacturing, fabrication and warehouse personnel in both Florida and Alabama.

The following is a tabulation of the full time number of personnel working for the Company and its subsidiaries as of December 31, 2009:

Location	Description	Full-time Employees
Fort Lauderdale, Florida	Administrative	23
Fort Lauderdale, Florida	Manufacturing and distribution	8
Montgomery, Alabama	Manufacturing and distribution	63
		94

Item 1A. Risk factors

Not Applicable

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Item 2. Properties

Our executive offices and warehouse located in Fort Lauderdale, Florida are held under a lease with an entity controlled by our President. The lease covers approximately 12,700 square feet of office and warehouse space. See Item 13 and Note 9 for terms of lease.

Our Alabama facility currently contains approximately 183,000 square feet of office, plant, and warehouse space located on 20 acres of land (the "Plant") and also includes a leased 1.5 acre docking facility on the Alabama River located approximately eleven miles from the Plant. This plant has undergone two separate expansions of 60,000 and 70,000 square feet in 1998 and 2002, respectively. We financed the facility's enhancements and related equipment needs with Industrial Development Bonds issued through the city of Montgomery, AL. Our manufacturing facility and our manufacturing equipment serves as collateral to a financial institution, which issued letters of credit to secure the Company's municipal bonds.

Item 3. 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 expense of litigation.

On March 15, 2010, Ocean Bio-Chem, Inc. reported that its subsidiary Star brite Distributing Inc., and ValveTect Petroleum (Kop-Coat) have amicably settled their lawsuit in the United States District Court in the Southern District of Florida.

Item 4. Submission of Matters to a Vote of Security Holders

No matter was submitted for a vote of shareholders during the 4th quarter 2009.

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Part II

Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters

Our common stock was sold to the public initially on March 26, 1981. The common stock of the Company is traded on the NASDAQ Capital Market System under the symbol OBCI. A summary of the trading ranges during each quarter of 2009 and 2008 is presented below.

Market Range of Common Stock Bid:		1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.
2009	High	$ 0.75	$ 1.05	$ 1.17	$ 1.14
	Low	$ 0.42	$ 0.46	$ 0.78	$ 0.81
2008	High	$ 1.50	$ 1.50	$ 1.18	$ 0.95
	Low	$ 1.24	$ 1.09	$ 0.93	$ 0.62

A. The quotations reflect inter-dealer prices without retail mark-up, mark-down or commission and may not represent actual transactions.

B. The number of record holders of our Common Stock owners was approximately 175 at December 31, 2009. In addition, we believe that there are approximately 600 beneficial holders based on information obtained from our Transfer Agent and Registrar and indications from broker dealers of shares held by them as nominee for actual shareholders.

C. We have not paid any cash dividends since the Company has been organized. However, during the years ended December 31, 2002 and 2000, the Company declared and distributed a 10% and a 5% stock dividend, respectively. The Company has no other dividend policy except as stated herein.

D. Securities authorized for issuance at December 31, 2009 under equity compensation plans

	Number of securities to be issued upon exercise of outstanding options, warrants & rights	Weighted average exercise price of outstanding options, warrants & rights	Number of securities remaining available for future issuance under equity com-pensation plans
Equity compensation plans approved by security holders:			
Plan stock options granted (1)	839,000	1.21	464,000
Non plan stock options granted (2)	115,000	0.55	0
Warrants (3)	1,000,000	0.99	0

Total equity compensation plans approved and not approved by security holders	1,954,000	1.06	464,000

(1) Includes 118,000 options granted under the 2002 Qualified Incentive Stock Option Plan, 185,000 options under the 2002 Non-Qualified Stock Option Plan, no options under the 1994 Qualified Stock Option Plan (this plan has expired and no further awards can be made under its provisions), 326,500 options under the 2007 qualified incentive stock option plan, 159,500 options under the 2008 qualified incentive stock option plan, and 50,000 options under the 2008 Non-Qualified Stock Option Plan.

(2) Includes 115,000 options granted to Peter G. Dornau in conjunction with a loan made to the Company by an entity owned by him.

(3) Includes 1,000,000 warrants issued to Peter G. Dornau in connection with a $ 1.5 million Subordinated Revolving Line of Credit he extended to the Company during 2005. Such warrants are exercisable 500,000 at $ 1.13 per share and 500,000 exercisable at $ .863 per share. The exercise price is equal to 110% of the fair value of the underlying security at the close of business one day prior to the date of grant.

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Item 6. Selected Financial Data

N/A

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our consolidated financial statements contained herein as Item 15.

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:

Principles of consolidation – Our consolidated financial statements include the accounts of the parent company and its wholly controlled subsidiaries. All significant inter-company accounts and transactions are eliminated in consolidation.

Collectability of accounts receivable – Trade receivables are recognized on our accompanying consolidated balance sheets at fair value. We perform ongoing credit evaluations of our customers and adjust credit limits based upon payment history and customers' credit worthiness, as determined by our review of their current credit information. We continuously monitor collections and payments from our customers and maintain a provision for estimated credit losses based upon our historical experience, specific customer collection issues that we have identified and reviews of agings of trade receivables based on contractual terms. We generally do not require collateral on trade accounts receivable. No single customer's receivable balance is considered to be large enough to pose a significant credit risk to us.

Revenue recognition – Revenue from product sales is recognized when persuasive evidence of a contract 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.

Inventories – Inventories are primarily composed of raw materials and finished goods and are stated at the lower of cost or market, using the first-in, first-out method.

Prepaid advertising and catalog costs - The Company capitalizes the direct cost of producing and distributing its catalogs. Capitalized catalog costs are amortized, once a catalog is distributed, over the expected net sales period, which is generally from one month to 12 months. Advertising costs, which are included in advertising and promotion ("A&P") expense, are expensed as incurred and were $1.7 million and $1.3 million in 2009 and 2008 respectively.

Property, plant and equipment – Property, plant and equipment are stated at cost. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method.

Stock based compensation – At December 31, 2009, the Company had options outstanding under four stock-based compensation plans and two non-qualified plans, which are described below. The Company follows, Share-Based Payment, now codified within FASC 718-20-10 Compensation - Stock Compensation, which establishes standards surrounding the accounting for transactions in which an entity exchanges its equity instruments for goods or services. Under FASC 718-20-10, we recognize an expense for the fair value of our outstanding stock options as they vest, whether held by employees or others.

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 FASC 718-20-10 Compensation - Stock Compensation. The simplified method can be used after December 31, 2007 only if a company's stock options exercise experience does not provide a reasonable basis upon which to estimate the expected option term. In 2008 and 2009, we utilized the simplified method to determine the expected option term, based upon the vesting and original contractual terms of the option.

Concentration of cash – At various times of the year and at December 31, 2009, we had a concentration of cash in one bank in excess of prevailing insurance offered through the Federal Deposit Insurance Corporation at such institution. Management does not consider the excess deposits to be a significant risk.

Fair value of financial instruments – In April 2009, the FASB issued FSP 107-1 and Accounting Principles Board 28-1, Interim Disclosures about Fair Value of Financial Instruments, now codified within FASC 825, Financial Instruments ("FASC 825"). FASC 825 requires disclosures about fair value of financial instruments in interim financial statements as well as in annual financial statements. FASC 825 is effective for interim periods ending after June 15, 2009. The adoption of FASC 825 did not have a material impact on our consolidated results of operations or financial position. Refer to Note 1, Financial Statement Policies, of this Form 10-K for the enhanced disclosures required by the adoption of FASC 825.

The carrying amounts of the Company's short-term financial instruments, including accounts receivable, due from factors, accounts payable, customer credits on account, accrued expenses and loans payable to related parties approximates the fair value due to the relatively short period to maturity for these instruments.

The fair value of long-term debt is based on current rates at which we could borrow funds with similar remaining maturities, and their carrying amount approximates fair value.

Income taxes - We file consolidated federal and state income tax returns. In the accompanying consolidated financial statements we apply FASC 740. The temporary differences included therein are attributable to differing methods of reflecting depreciation and stock based compensation for financial statement and income tax purposes.

Trademarks, trade names and patents - The Star brite trade name and trademark were purchased in 1980 for $880,000. The cost of such intangible assets was amortized on a straight-line basis over an estimated useful life of 40 years through December 31, 2001. Effective January 1, 2002 and pursuant to Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets (now codified in FASC 350, Intangibles - Goodwill and Other), we have determined that these intangible assets have indefinite lives and therefore, we no longer recognize amortization expense. In addition, we own other patents that we believe are valuable in limited product lines, but not material to our success or competitiveness in general. There are no capitalized costs of such patents.

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Foreign currency - Translation adjustments result from translating foreign subsidiaries' financial statements into U.S. dollars. The Company's' Canada's functional currency is the Canadian dollar. Balance sheet accounts are translated at exchange rates in effect at the balance sheet date. Income statement accounts are translated at average exchange rates during the year. Resulting translation adjustments are included as a component of Other Comprehensive Income in the Consolidated Statement of Shareholders' Equity. Gains (losses) from foreign currency transactions included in G&A expense.

Performance Comparisons

N/A

Liquidity and Capital Resources:

Cash was approximately $495 thousand dollars at December 31, 2009 compared to approximately $527 thousand dollars at December 31, 2008. The amount of short-term borrowings outstanding at December 31, 2009 was approximately $250 thousand dollars. This is a decrease of $2.5 million dollars from the December 31, 2008 balance of approximately $2.8 million dollars. The positive cash flow from operating activities at December 31, 2009 of $2.8 million dollars compared to approximately $706 thousand at December 31, 2008.

During the year ended December 31, 2009 the Company continued to focus on programs to effectively manage trade accounts receivable. In 2009, accounts receivable remained close to their prior year level based on an increase in net sales of 17.8%. Net trade accounts receivable aggregated approximately $2.1 million dollars at December 31, 2009 and $2.0 million at 2008. The Company increased its collection efforts to limit its financial exposure in accounts receivable.

Inventory was approximately $6.7 million dollars and $6.6 million dollars, comparing December 31, 2009 and 2008, an increase of approximately $100 thousand dollars or 1.5%. With a net sales increase of 17.8% and inventory remaining relatively constant, it reflects management's efforts to manage inventories.

Accounts payable at December 31, 2009 increased to approximately $1.7 million dollars from $0.9 million dollars an increase of $0.8 million dollars. The increase primarily reflects year end purchasing of inventory.

The Company has an asset based line of credit, aggregating $6 million with Regions Bank. In 2007, the line carried interest based on the 30 day LIBOR rate plus 275 basis points (approximately 6.0% at December 31, 2007) payable monthly, and was 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 December 31, 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 December 31, 2009 and 2008 the Company was in compliance with its' debt covenants. As of December 31, 2009 and 2008 we were obligated under this arrangement in the amount of $250 thousand dollars and $2.8 million dollars, respectively.

The Company signed a Letter of Intent to form a joint venture with - Odor Star Technology LLC., on January 10, 2010. The Company believes it currently has adequate working capital to meet the financial requirements of the joint venture. However, at this time we cannot quantify unforeseen investment requirements.

In connection with the purchase and expansion of the Alabama facility, we closed on 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, Alabama. 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.

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In order to market the Industrial Development Bonds (IDB's) at favorable rates, we obtained a substitute irrevocable letter of credit for the 1997 issue and a new irrevocable letter of credit for the 2002 issue. 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 equipment.

In the first quarter of 2009, both IDB's were tendered. As of December 31, 2009, the bonds have not been remarketed (Reference subsequent events for update). The bonds interest rate is the prime rate. Principal and interest are payable quarterly. We believe current operations are sufficient to meet these obligations. The bonds maturity dates are March 2012 and July 2017 for the 1997 and 2002 series bonds. In September and October 2008 both bond issues were tendered due to the volatility of the credit markets, remarketed and again tendered in February 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.

In the year ended December 31, 2009 the Company recorded approximately $3,100 in foreign currency translation adjustments (decreasing shareholders equity by $3,100) as a result of the weakening of the Canadian dollar in relationship to the US dollar, in the conversion of the Company's Canadian subsidiary balance sheet to US dollars.

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 cost of petroleum and related products, major components in many of our products, which were already in an increasing cost spiral, became even more unstable in 2008. The practical dynamics of our business do not afford us the same pricing flexibility with our customers, available to our suppliers. We cannot as immediately as our suppliers pass along the price increases to our national retailers and distributors.

As of December 31, 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.

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Results of Operations:

Net sales increased to $24.6 million dollars from $20.9 million dollars, an increase of $3.7 million dollars or 17.8%. The $3.7 million dollar increase is a result of increased sales to existing and new customers in both our core marine market as well as new markets. The Company increased its sales of winterizing products, StarTron® as well as other marine products.

Cost of Sales and Gross Margins - For the year, gross profit increased approximately $1.9 million dollars or 31.2%, from approximately $6.0 million dollars in 2008, to approximately $7.9 million dollars in 2009. Gross margin percentages also increased from approximately 29% to 32%, a change of approximately 3%. This was a result of improved plant utilization and improved sales mix of higher margin products.

Operating Expenses - For the year, total operating expenses aggregated approximately $5.9 million dollars, an increase of approximately $559 thousand dollars from 2008. As a percentage of net sales, operating expenses decreased from 25.4% to 23.9%. This is a result of higher sales.

Advertising & Promotion increased $330 thousand dollars. Reduced cost of advertising space in trade magazines allowed the Company to continue to build brand and product awareness by advertising in a greater number of targeted publications. Marketing has pursued increased initiatives to promote and advertise StarTron/Starbrite products in TV, radio and newspapers as well as target advertising in industry magazines.

Selling, general & administrative expenses increased $229 thousand dollars. This increase is primarily variable selling expense including sales commissions, show expense and travel expenses. In addition, The Company has incurred unusually high legal expenses as a result of the lawsuit the Company brought against Kop-Coat Inc.

Interest expense decreased approximately $51 thousand dollars to $206 thousand in 2009, compared to $257 thousand in 2008. This principally resulted from lower outstanding loan balances throughout the year in partially offset by higher interest rates on the tendered industrial revenue bonds..

Operating Profit - Operating profits increased to approximately $1.8 million dollars in 2009 from an operating profit of approximately $423 thousand in 2008, an increase of $1.4 million dollars or 322%.

Income Taxes - The Company had a tax expense of $755 thousand dollars in 2009 or 41.8% of pretax income.

Net Income increased to approximately $1 million dollars in 2009, from a net income of approximately $154 thousand in 2008 an increase of $900 thousand dollars.

Contractual obligations:

The following table reflects our contractual obligations for the years ended December 31,

	Total	2010	2011-2014	2015 and thereafter
Long-term debt obligations	$3,398,352	$493,352	$1,785,000	$1,120,000
Line of credit	250,000	250,000		
Capital leases	51,907	19,701	32,206	-
Operating Leases	913,232	101,828	428,089	383,315

Total	$4,613,491	$864,881	$2,245,295	$1,503,315

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Item 7A. Quantitative and Qualitative Disclosure about Market Risk

N/A

Item 8. Financial Statements and Supplementary Data

The audited financial statements of the Company required pursuant to this Item 8 are included in this Annual Report on Form 10-K, as a separate section commencing on page F-1 and are incorporated herein by reference.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Management had no disagreements with its former or current Accountants. During the period ending August 20, 2008, there were no disagreements with former Accountants Berenfeld, Spritzer, Shechter & Sheer on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, that if not resolved to the satisfaction of Berenfeld, Spritzer, Shechter & Sheer, would have caused it to make reference to the subject matter of such disagreements in its reports on the Company's financial statements for such periods and reportable events (as defined in Item 304(a)(I)(v) of Regulation S-K).

Item 9A(T). 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 December 31, 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 Controls over Financial Reporting. No change in internal control over financial reporting (as defined in rule 13a-15(f) under the Exchange Act) occurred during the fourth quarter 2009 that has materially affected, or was reasonably likely to materially affect, our internal control over financial reporting.

Management's Annual Report on Internal Control over Financial Reporting. Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f). The Company's management, including the CEO and CFO, does not expect that our disclosure or internal controls will prevent all errors or fraud. A control, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. Despite these limitations, the Company's CEO and CFO have concluded that our disclosure controls and procedures (1) are designed to provide reasonable assurance of achieving their objectives and (2) do provide reasonable assurance of achieving their objectives.

Our management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2009. This Annual Report on Form 10-K does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our independent registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit us to provide only management's report in the Annual Report on Form 10-K.

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Part III

Item 10. Executive Officers and Directors of the Registrant

The following tables set forth the name and ages of our elected directors and officers, as of December 31, 2009.

All directors will serve until the next annual meeting of directors or until their successors are duly elected and qualified. Each officer serves at the discretion of the board of directors.

There are no arrangements or understandings between any of the officers or directors of our Company and the Company or any other persons pursuant to which any officer or director was or is to be selected as a director or officer.

NAME	OFFICER/DIRECTOR	AGE
Peter G. Dornau	President, Chief Executive Officer, and Director since 1973	70
Jeffrey S. Barocas	Vice President-Finance, Chief Financial Officer and Director since 2007	62
William W. Dudman	Vice President-Operations and Director since 2007	45
Gregor M. Dornau	Executive Vice President-Sales & Marketing and Director since 2007	41
Edward Anchel	Director since 1998	63
James M. Kolisch	Director since 1998	59
Laz L. Schneider	Director since 1998	71
John B. Turner	Director since 2000	63
Sonia B. Beard	Director since 2002	39

Peter G. Dornau is our co-founder and has served as our President, CEO, and Chairman of Board of Directors since 1973.

Jeffrey S. Barocas joined our company in December 2006 and was elected Vice President-Finance and Chief Financial Officer in April 2007. For the five years immediately preceding his employment, he was a Financial Officer of both public and privately owned companies. He was elected to serve as a Director of the Company in June 2007.

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William W. Dudman joined our company in February 2004 as our Vice President-Operations and Director in 2007. For the five years immediately preceding his employment he had held various management positions within the marine industry.

Gregor M. Dornau is the son of Peter G. Dornau, our President, and Chief Executive Officer. He has been employed by the Company as a salesman since 1990, in 2005 was elected to serve as Executive Vice President-Sales & Marketing, and as Director in 2007.

Edward Anchel was elected to serve as an outside Director of the Company in May 1998. He joined the Company as Vice President-Finance and Chief Financial Officer in March 1999, which he held until his retirement on April 1, 2007.

James M. Kolisch joined our Board of Directors as an outside director in May 1998. During the past seven years, Mr. Kolisch served as an executive of USI Insurance and provides most of our corporate insurance coverage. Mr. Kolisch serves on the Board of Directors' Audit Committee.

Laz L. Schneider is, and has been for the past seven years, an attorney in private practice and was elected to serve as an outside Director of the Company during May 1998. Mr. Schneider is a partner at Berger Singerman, P.A., a law firm that serves as our lead counsel in various corporate, SEC, litigation and general legal matters.

John B. Turner joined our Board of Directors in June 2002. During the past seven years, Mr. Turner has been retired. Prior to his retirement, he was an insurance executive. In addition to his insurance credentials, Mr. Turner held a Series 7 stock brokerage license. His professional experience in the aforementioned areas spans in excess of twenty-five years. Mr. Turner serves on the Board of Directors' Audit Committee.

Sonia B. Beard is a Florida Certified Public Accountant working for Walt Disney World since 1997. She currently holds the position as the Manager of Concept Development for the Revenue Lines of Business of Walt Disney World. Ms. Beard has in excess of thirteen years financial experience. She is an outside director and serves as the Chairperson and Financial Expert of the Board of Directors' Audit Committee.

Audit Committee

We have an Audit Committee, which consists of Sonia B. Beard, John B. Turner and James M. Kolisch as of December 31, 2009. The Board has designated Sonia B. Beard as the "audit committee financial expert," as defined by Item 401(h) of Regulation S-K of the Securities Exchange Act of 1934 and serves as its chairperson. The Board has determined that Sonia B. Beard, John B. Turner and James M. Kolisch are "independent directors" within the meaning of the listing standards of the NASDAQ Capital Market.

Nominating Committee

We do not have a standing Nominating Committee of the Board of Directors. During the past seven years we have had to conduct only one search for a new director and each member participated in that process. Accordingly, we have reached the decision that, given the size of our Company and Board, all members of the Board will actively participate in prospective searches rather than having this function performed by a few members.

Code of Ethics

We have adopted a Code of Business Conduct and Ethics, which is applicable to all directors, officers and employees of the company, including our principal executive officer, our principal financial officer, our principal accounting officer or controller or other persons performing similar functions. We filed our Code of Ethics as Exhibit 14.1 to our Annual Report on Form 10-K for the year ended December 31, 2004 and it is incorporated herein by reference. The Company will provide a copy of this Code of Ethics to any person on written request to our principal financial officer.

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Compliance with Section 16(a) of the Exchange Act

Based solely on reviews of Forms 3 and 4 furnished to us by the aforementioned individuals, it was determined that no reporting person failed to file a timely submission of ownership changes and that we were in compliance with Rule 16(a)3(e) of the Exchange Act during our most recent fiscal year.

Item 11. Executive Compensation

Executive Compensation is disclosed in various filings with the United States Securities and Exchange Commission and is submitted to our shareholders as a component of our annual Proxy materials for 2009. It is incorporated herein by reference.

Compensation Committee

We do not have a standing Compensation Committee of the Board of Directors. Our Company is controlled by one shareholder, our President and CEO, Peter G. Dornau. Mr. Dornau is actively involved in the recurring operations and has relied on setting compensation arrangements in consultation with other key executives of the Company. All decisions reached by this group are disclosed in various filings with the United States Securities and Exchange Commission and are submitted to our shareholders as a component of our annual Proxy materials. Accordingly, we have reached the decision that, given the size of our Company and Board, not to have a standing committee for this purpose.

Certain additional disclosures required under this section are incorporated by reference to portions of our Definitive Proxy Statement, which will be filed within 120 days of December 31, 2009 covering our Annual Meeting of Shareholders which will be held on or about June 4, 2010.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth information at December 31, 2009 with respect to the beneficial ownership of our common stock by holders of more than 5% of such stock and by all of our directors and officers as a group:

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership		Percent of Class	
Common	Peter G. Dornau, President, CEO, Chairman Board of Directors Fort Lauderdale, FL 33317	5,602,370	(1)	72.8	%
Common	Edward Anchel Director Boynton Beach, FL 33437	318,451	(2)	4.1	%
Common	Jeffrey S. Barocas Chief Financial Officer, Director	33,000	(3)	.4	%

	Weston, Fl 33326				
Common	William W. Dudman V. P.-Operations, Director Fort Lauderdale, Fl 32314	117,500	(4)	1.5	%
Common	Gregor M. Dornau V.P. Sales & Marketing, Director Fort Lauderdale, FL 33315	281,560	(5)	3.7	%
Common	James M. Kolisch Director Coral Gables, FL 33114	76,167	(6)	1.0	%
Common	Laz L. Schneider Director Fort Lauderdale, FL 33305	60,000	(7)	.8	%
Common	John B. Turner Director Miami, FL 33186	89,463	(8)	1.2	%
Common	Sonia B. Beard Director Merritt Island, FL 32952	30,000	(9)	.4	%
Common	All directors and officers as a group 9 individuals	6,608,511	(10)	85.9	%

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(1) Includes 1,144,000 shares that are issuable upon the exercise of stock options and/or warrants within 60 days of December 31, 2009.

(2) Includes 35,000 shares that are issuable upon the exercise of stock options within 60 days of December 31, 2009.

(3) Includes 13,000 shares that are issuable upon the exercise of stock options within 60 days of December 31, 2009.

(4) Includes 33,200 shares that are issuable upon the exercise of stock options within 60 days of December 31, 2009.

(5) Includes 32,600 shares that are issuable upon the exercise of stock options within 60 days of December 31, 2009.

(6) Includes 60,000 shares that are issuable upon the exercise of stock options within 60 days of December 31, 2009.

(7) Includes 60,000 shares that are issuable upon the exercise of stock options within 60 days of December 31, 2009.

(8) Includes 60,000 shares that are issuable upon the exercise of stock options within 60 days of December 31, 2009.

(9) Includes 30,000 shares that are issuable upon the exercise of stock options within 60 days of December 31, 2009.

(10) Includes 1,467,800 shares that are issuable upon the exercise of stock options and/or warrants within 60 days of December 31, 2009.

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Item 13. Certain Relationships and Related Transactions

Our executive offices and warehouse located in Fort Lauderdale, Florida are held under a lease with an entity owned by our President. The lease covers approximately 12,700 square feet of office and warehouse space. On May 1, 2008, the Company renewed for ten years the existing lease 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. Rent charged to operations during the years ended December 31, 2009 and 2008 amounted to approximately $100,500 each year.

We acquired the rights to the Star brite® trademark and related products for the United States and Canada in conjunction with our original public offering during March 1981. Peter G. Dornau, our president is the direct or beneficial owner of three companies that market Star brite® products outside the United States and Canada. These companies serve as distributors of our products and the terms of payment are the same as for our other customers. At December 31, 2009 and 2008, we had amounts due from affiliated companies, which are directly or beneficially owned by our president aggregating approximately $237,000 and $911,000, respectively. Such amounts result from sales to the affiliates, allocations of management fees incurred by the Company on the affiliates' behalf, and funds advanced to or from the Company.

Sales to such affiliates, which act as foreign distributors, were sold at cost of material and labor plus an amount to cover manufacturing overhead costs and profits. In addition, the affiliates are charged for their allocable share of administrative expenses of the Company. The sales and transfers to affiliates aggregated approximately $1,148,400 and $1,208,000 during the years ended December 31, 2009 and 2008, respectively; allocable administrative fees aggregated $325,000 and $275,000, respectively for such periods.

A subsidiary of ours currently uses the services of an entity that is owned an officer of the Company to conduct product research and development. Such entity received $30,000 per year during the year ended December 31, 2009 and 2008 under such relationship.

A Director of the Company sources most of the Company's insurance needs at an arm's length basis.

Item 14. Principal Accounting Fees and Services

The information required for this item is incorporated by reference to our Definitive Proxy Statement to be filed in conjunction with our upcoming annual shareholders' meeting which shall be filed with the United States Securities and Exchange Commission and sent out to shareholders prior to 120 days past our year-end of December 31, 2009.

Part IV

Item 15. Exhibits, Financial Statements, Schedules and Reports Filed on Form 8K

(A) Exhibits

Financial Statements F-1 to F-22

3.1 Articles of Incorporation (incorporated by reference to the Company's Registration Statement on Form S-18 filed with the United States Securities and Exchange Commission on March 26, 1981).

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3.2 Bylaws (incorporated by reference to the Company's Registration Statement on Form S-18 filed with the United States Securities and Exchange Commission on March 26, 1981).

4.1 Form of Certificate for Series 1997 Bonds*

4.2 Form of Certificate for Series 2002 Bond*

4.3 Trust Indenture dated as of December 1, 1996 between the IDB Board and Regions Bank, as Trustee and Registrar relating to the $4,000,000 1997 IDB Bonds*

4.4 Supplement to Trust Indenture for 1997 Bonds dated March 1, 1997*.

4.5 Trust Indenture dated as of July 22, 2002 between the IDB Board and Regions Bank, as Trustee and Registrar relating to the $3,500,000 Taxable IDB Bonds Series 2002*

10.1 Restated Lease Agreement dated as of December 1, 1996 between The Industrial Development Board of the City of Montgomery ("IDB Board") and Kinpak, Inc.*

10.2 First Supplemental Lease dated as of March 1, 1997 between the IDB Board and Kinpak, Inc.*

10.3 Second Supplemental Lease dated as of July 1, 2002 between the IDB Board and Kinpak, Inc.*

10.4 Credit Agreement dated as of July 1, 2002 by and among the Company, Star-Brite Distributing, Inc., Star Brite-Automotive, Inc., Star-Brite Distributing (Canada), Inc., Kinpak Inc. and Regions Bank*

10.5 Amendment to Credit Agreement dated June 1, 2004 by and among the Company, Star-Brite Distributing, Inc., Star-Brite Automotive, Inc., Star Brite Distributing (Canada), Inc., Kinpak, Inc. and Regions Bank*

10.6 Mortgage, Assignment of Leases and Security Agreement dated as of July 1, 2002 between Kinpak, Inc. and Regions Bank.*

10.7 Security Agreement dated as of July 22, 2002 between Kinpak, Inc. and Regions Bank.*

10.8 Irrevocable Letter of Credit dated July 22, 2002 issued by Regions Bank to secure the Series 1991 Bonds*

10.9 Irrevocable Letter of Credit dated July 22, 2002 issued by Regions Bank to secure the Series 2002 Bonds*

10.10 Extension to Credit Agreement dated March 31, 2003 by and among the Company, Star-Brite Distributing, Inc., Star-Brite Automotive, Inc., Star Brite Distributing (Canada), Inc., Kinpak, Inc. and Bank*

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10.11 Ocean Bio-Chem, Inc. 1992 Incentive Stock Option Plan (incorporated by reference to Form S-8 filed with the United States Securities and Exchange Commission on June 24, 1994).

10.12 Ocean Bio-Chem, Inc. 1994 Non-Qualified Stock Option Plan (incorporated by reference to Form S-8 filed with the United States Securities and Exchange Commission on June 24, 1994).

10.13 Ocean Bio-Chem, Inc. 2002 Incentive Stock Option Plan (incorporated by reference to an exhibit contained in the Company's proxy statement filed with the United States Securities and Exchange Commission on April 28, 2003).

10.14 Ocean Bio-Chem, Inc. 2007 Incentive Stock Option Plan (incorporated by reference to an exhibit contained in the Company's proxy statement filed with the United States Securities and Exchange Commission on June 20, 2007).

10.24 Lease dated May 1, 1998 between Star Brite Distributing, Inc. and PEJE, Inc *

10.26 Renewal of Lease dated May 1, 1998 between Star Brite Distributing, Inc. and PEJE, Inc. **

14.1 Code of Ethics (incorporated by reference to an exhibit contained in the Company's proxy statement filed with the United States Securities and Exchange Commission on April 13, 2004).

21. List of Subsidiaries **

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

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

32. Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of Sarbanes-Oxley **

* Incorporated by reference in our Annual Report on Form 10-K for the year ended December 31, 2009.

** Attached hereto.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

OCEAN BIO-CHEM, INC.
Registrant

By:	/s/	Peter G. Dornau PETER G. DORNAU Chairman of the Board of Directors and Chief Executive Officer March 30, 2010
By:	/s/	Jeffrey S. Barocas Jeffrey S. Barocas Chief Financial Officer March 30, 2010

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Capacity	Date
/s/ Peter G. Dornau Peter G. Dornau	President, Chief Executive Officer and Director	March 30, 2010
/s/Jeffrey S. Barocas Jeffrey S. Barocas	Chief Financial Officer	March 30, 2010
/s/Greg M. Dornau Greg Dornau	Vice President Sales & Marketing	March 30, 2010
/s/William W. Dudman William Dudman	Vice President Operations	March 30, 2010
/s/ Edward Anchel Edward Anchel	Director	March 30, 2010
/s/ James M. Kolisch James M. Kolisch	Director	March 30, 2010
/s/ Laz L. Schneider Laz L. Schneider	Director	March 30, 2010
/s/ John B. Turner John B. Turner	Director	March 30, 2010

/s/ Sonia B. Beard Sonia B. Beard	Director	March 30, 2010

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has not sent an annual report or proxy material to security-holders as of this date. Subsequent to this filing the Registrant will produce an annual report and definitive proxy materials for its Annual Meeting of Shareholders. Copies of such shall be filed with the United States Securities and Exchange Commission pursuant to the current requirements.

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OCEAN BIO-CHEM, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2009 AND 2008

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OCEAN BIO-CHEM, INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Ocean Bio-Chem, Inc.

We have audited the accompanying consolidated balance sheets of Ocean Bio-Chem, Inc. and Subsidiaries as of December 31, 2009 and 2008 and the related consolidated statements of operations, changes in shareholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining on a test basis, evidence supporting the amount and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ocean Bio-Chem, Inc. and Subsidiaries as of December 31, 2009 and 2008, and the consolidated results of their operations and their consolidated cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Kramer Weisman and Associates, LLP
Certified Public Accountants

March 26, 2010
Davie, Florida

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OCEAN BIO-CHEM, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2009 AND 2008

		December 31, 2009		December 31, 2008
ASSETS				
Current Assets:				
Cash	$	494,973	$	527,056
Trade accounts receivable net of allowance for doubtful accounts of approximately $61,700 and $117,600 at December 31, 2009 and December 31, 2008, respectively		2,144,265		1,966,223
Inventories, net		6,663,246		6,564,909
Prepaid expenses and other current assets		504,384		365,982
Total Current Assets		9,806,868		9,424,170
Property, plant and equipment, net		5,464,356		5,780,395
Other Assets:				
Trademarks, trade names and patents, net		330,439		330,439
Due from affiliated companies, net		237,172		910,553
Deposits and other assets		153,224		184,628
Total Other Assets		720,835		1,425,620
Total Assets	$	15,992,059	$	16,630,185
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities:				
Accounts payable - trade	$	1,741,309	$	894,193
Line of Credit - bank		250,000		2,800,000
Current portion of long term debt		513,053		584,537
Accrued expenses payable		1,191,987		883,354
Total Current Liabilities		3,696,349		5,162,084
Long term debt, less current portion		2,937,206		3,434,491
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 December 31, 2009 and December 31, 2008, respectively		80,538		78,868
Additional paid in capital		8,194,917		7,928,269
Less cost of common stock in treasury, 351,503 shares at December 31, 2009 and 2008, respectively		(288,013)		(288,013)
Foreign currency translation adjustment		(277,025)		(280,123)
Retained earnings		1,648,087		594,609
Total Shareholders' Equity		9,358,504		8,033,610
Total Liabilities and Shareholders' Equity	$	15,992,059	$	16,630,185

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

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OCEAN BIO-CHEM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
Gross sales	$26,281,520	$22,898,989
Less: discounts, returns, and allowances	1,648,630	1,980,922
Net sales	24,632,890	20,918,067
Cost of goods sold	16,763,401	14,918,333
Gross profit	7,869,489	5,999,734
Operating Expenses:		
Advertising and promotion	1,661,948	1,331,568
Selling and administrative	4,216,824	3,988,028
Interest expense	205,626	257,020
Total operating expenses	6,084,398	5,576,616
Operating income	1,785,091	423,118
Other income	23,705	21,932
Income before income taxes	1,808,796	445,050
Provision for income taxes	755,318	291,132
Net income	1,053,478	153,918
Other comprehensive income, net of tax		
Foreign currency translation adjustment	3,098	(71,074)
Comprehensive income	$1,056,576	$82,844
Income per common share - basic	$0.14	$0.02
Income per common share - diluted	$0.14	$0.02
Weighted average shares - basic	7,673,438	7,814,466
Weighted average shares - diluted	7,697,100	7,814,466

The accompanying notes are an integral part of these financial statements

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OCEAN BIO-CHEM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2009 AND 2008

	Common Stock Shares	Amount	Additional paid-in capital	Foreign currency adjustment/ (deficit)	Retained earnings	Treasury stock	Total
January 1, 2008	7,871,816	$78,718	$7,780,547	$(209,049)	$440,691	$(8,195)	$8,082,712
Net Income					153,918		153,918
Bonus shares to employees	15,000	150	17,250				17,400
Stock based compensation			130,472				130,472
Foreign currency translation adjustment				(71,074)			(71,074)
Purchase of treasury stock 343,984 shares						(279,818)	(279,818)
December 31, 2008	7,886,816	$78,868	$7,928,269	$(280,123)	$594,609	$(288,013)	$8,033,610
Net Income					1,053,478		1,053,478
Bonus shares to employees	167,000	1,670	83,623				85,293
Stock based compensation			183,025				183,025
Foreign currency translation adjustment				3,098			3,098