

B+H OCEAN CARRIERS LTD.
UNAUDITED CONSOLIDATED BALANCE SHEETS

| Assets | June 30, | |
|--|-----------------------|----------------------|
| | 2005 | 2004 |
| Current assets: | | |
| Cash and cash equivalents | \$ 62,970,459 | \$ 8,740,776 |
| Marketable securities | 207,941 | - |
| Trade accounts receivable, less allowance for doubtful accounts of \$137,000 and \$108,000 in 2005 and 2004, respectively. | 500,108 | 1,554,880 |
| Cash on deposit | 3,325,000 | - |
| Inventories | 453,920 | 770,026 |
| Prepaid expenses and other current assets | 1,159,963 | 1,064,598 |
| Total current assets | 68,617,391 | 12,130,280 |
| Vessels, at cost: | | |
| Vessels | 206,923,330 | 103,026,448 |
| Less - Accumulated depreciation | (36,818,471) | (31,341,132) |
| | 170,104,859 | 71,685,316 |
| Investments and other assets | 1,362,785 | 343,295 |
| Total assets | \$ 240,085,035 | \$ 84,158,891 |
| Liabilities and Shareholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 3,635,941 | \$ 4,741,916 |
| Accrued liabilities | 1,911,898 | 1,971,694 |
| Accrued interest | 468,935 | 205,175 |
| Current portion of mortgage payable | 29,650,000 | 10,800,000 |
| Deferred income | 3,033,811 | 1,726,017 |
| Other liabilities | 312,470 | 96,961 |
| Total current liabilities | 39,013,055 | 19,541,763 |
| Note payable to related party | - | 1,006,601 |
| Mortgage payable | 91,315,472 | 25,165,472 |
| Total liabilities | 130,328,527 | 45,713,836 |
| Commitments and contingencies | | |
| Shareholders' equity: | | |
| Preferred stock, \$0.01 par value; 20,000,000 shares authorized; no shares issued and outstanding | - | - |
| Common stock, \$0.01 par value; 30,000,000 shares authorized; 7,557,268 shares issued, 7,152,091 and 3,839,242 shares outstanding as of June 30, 2005 and 2004, respectively | 75,572 | 43,140 |
| Paid-in capital | 94,336,805 | 38,142,343 |
| Retained earnings | 18,308,057 | 3,333,430 |
| | 112,720,434 | 41,518,913 |
| Less - Treasury stock | 2,963,926 | 3,073,858 |
| Total shareholders' equity | 109,756,508 | 38,445,055 |
| Total liabilities and shareholders' equity | \$ 240,085,035 | \$ 84,158,891 |

B+H OCEAN CARRIERS LTD.
UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS

| | For the three months ending June 30, | |
|--|---|-----------------------|
| | 2005 | 2004 |
| Revenues: | | |
| Voyage, time and bareboat charter revenues | \$ 19,114,679 | \$ 11,999,787 |
| Other income | - | - |
| Total revenues | <u>19,114,679</u> | <u>11,999,787</u> |
| Operating expenses: | | |
| Voyage expenses | 1,191,931 | 1,993,788 |
| Vessel operating expenses, drydocking and survey costs | 6,069,116 | 4,794,550 |
| Depreciation and amortization | 3,090,370 | 1,915,018 |
| Loss on sale of vessels | - | 4,085,165 |
| General and administrative: | | |
| Management fees to related party | 199,010 | - |
| Consulting and professional fees, and other expenses | <u>795,759</u> | <u>703,302</u> |
| Total operating expenses | <u>11,346,186</u> | <u>13,491,823</u> |
| Income (loss) from vessel operations | <u>7,768,493</u> | <u>(1,492,036)</u> |
| Other income (expense): | | |
| Interest expense | (1,493,349) | (293,242) |
| Interest income | 200,272 | 242 |
| Other income | 6,943 | - |
| Total other expenses, net | <u>(1,286,134)</u> | <u>(293,000)</u> |
| Net income (loss) | <u>\$ 6,482,359</u> | <u>\$ (1,785,036)</u> |
| Basic earnings (loss) per common share | <u>\$ 1.25</u> | <u>\$ (0.46)</u> |
| Diluted earnings (loss) per common share | <u>\$ 1.19</u> | <u>\$ (0.46)</u> |
| Weighted average number of common shares outstanding: | | |
| Basic | <u>5,191,888</u> | <u>3,839,242</u> |
| Diluted | <u>5,428,346</u> | <u>3,839,242</u> |

B+H OCEAN CARRIERS LTD.
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

| | For the three months ending June 30, | |
|--|---|---------------------|
| | 2005 | 2004 |
| Cash flows from operating activities: | | |
| Net income (loss) | \$ 6,482,359 | \$ (1,785,036) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | |
| Depreciation and amortization | 3,090,370 | 1,915,018 |
| Loss on sale of vessels | | 4,085,165 |
| Changes in assets and liabilities: | | |
| Decrease (increase) in trade accounts receivable | 496,139 | (108,233) |
| Decrease in inventories | 71,074 | 157,218 |
| (Increase) decrease in prepaid expenses and other assets | (548,638) | 331,021 |
| Decrease in accounts payable | (1,816,833) | (2,010,322) |
| Decrease in accrued liabilities | (1,532,008) | (656,850) |
| (Decrease) increase in accrued interest | (85,774) | 21,323 |
| Increase in deferred income | 547,702 | 471,118 |
| Increase in other liabilities | 138,780 | 96,961 |
| Total adjustments | <u>360,812</u> | <u>4,302,419</u> |
| Net cash provided by operating activities | <u>6,843,171</u> | <u>2,517,383</u> |
| Cash flows from investing activities: | | |
| Purchase and investment in vessels | (50,140) | (17,315,000) |
| Cash on deposit for vessel acquisition | (3,325,000) | - |
| Proceeds from sale of vessels | - | 3,713,500 |
| Loss on trading of marketable securities | 9,531 | - |
| Net cash used in investing activities | <u>(3,365,609)</u> | <u>(13,601,500)</u> |
| Cash flows from financing activities: | | |
| Payments for debt issuance costs | (138,149) | - |
| Proceeds from issuing stocks | 56,830,568 | - |
| Proceeds from vessel financing | - | 19,000,000 |
| Related party loan | - | 15,262 |
| Payments of mortgage principal | <u>(7,600,000)</u> | <u>-</u> |
| Net cash provided by financing activities | <u>49,092,419</u> | <u>19,015,262</u> |
| Net decrease in cash and cash equivalents | 52,569,981 | 7,931,145 |
| Cash and cash equivalents, beginning of period | 10,400,478 | 809,631 |
| Cash and cash equivalents, end of period | <u>\$ 62,970,459</u> | <u>\$ 8,740,776</u> |

B+H OCEAN CARRIERS LTD.
UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS

| | For the six months ending June 30, | |
|--|---|-----------------------|
| | 2005 | 2004 |
| Revenues: | | |
| Voyage, time and bareboat charter revenues | \$ 32,956,689 | \$ 22,133,360 |
| Other income | - | - |
| Total revenues | <u>32,956,689</u> | <u>22,133,360</u> |
| Operating expenses: | | |
| Voyage expenses | 3,435,928 | 4,254,504 |
| Vessel operating expenses, drydocking and survey costs | 11,959,297 | 9,925,291 |
| Depreciation and amortization | 5,311,012 | 3,818,725 |
| Loss on sale of vessels | - | 4,085,165 |
| General and administrative: | | |
| Management fees to related party | 374,488 | 149,617 |
| Consulting and professional fees, and other expenses | <u>1,466,825</u> | <u>1,374,162</u> |
| Total operating expenses | <u>22,547,550</u> | <u>23,607,464</u> |
| Income (loss) from vessel operations | <u>10,409,139</u> | <u>(1,474,104)</u> |
| Other income (expense): | | |
| Interest expense | (2,157,334) | (577,578) |
| Interest income | 222,813 | 1,833 |
| Other income | 26,145 | - |
| Total other expenses, net | <u>(1,908,376)</u> | <u>(575,745)</u> |
| Net income (loss) | <u>\$ 8,500,763</u> | <u>\$ (2,049,849)</u> |
| Basic earnings (loss) per common share | <u>\$ 1.88</u> | <u>\$ (0.53)</u> |
| Diluted earnings (loss) per common share | <u>\$ 1.78</u> | <u>\$ (0.53)</u> |
| Weighted average number of common shares outstanding: | | |
| Basic | <u>4,523,317</u> | <u>3,839,242</u> |
| Diluted | <u>4,784,193</u> | <u>3,839,242</u> |

B+H OCEAN CARRIERS LTD.
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

| | For the six months ending June 30, | |
|--|---|---------------------|
| | 2005 | 2004 |
| Cash flows from operating activities: | | |
| Net income (loss) | \$ 8,500,763 | \$ (2,049,849) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | |
| Depreciation and amortization | 5,311,012 | 3,818,725 |
| Loss on sale of vessels | - | 4,085,165 |
| Changes in assets and liabilities: | | |
| Decrease in trade accounts receivable | 5,045,397 | 269,129 |
| Decrease in inventories | 316,461 | 137,920 |
| Increase in prepaid expenses and other assets | (393,136) | (169,742) |
| Decrease in accounts payable | (1,695,087) | (2,704,964) |
| (Decrease) increase in accrued liabilities | (386,926) | 205,394 |
| Increase in accrued interest | 201,093 | 16,306 |
| Increase in deferred income | 1,734,397 | 995,762 |
| Increase in other liabilities | 236,384 | 2,519 |
| Total adjustments | <u>10,369,595</u> | <u>6,656,214</u> |
| Net cash provided by operating activities | <u>18,870,358</u> | <u>4,606,365</u> |
| Cash flows from investing activities: | | |
| Purchase and investment in vessels | (112,217,837) | (19,350,000) |
| Cash on deposit for vessel acquisition | (3,325,000) | - |
| Gain on trading of marketable securities | (9,671) | - |
| Proceeds from sale of vessel | - | 3,713,500 |
| Net cash used in investing activities | <u>(115,552,508)</u> | <u>(15,636,500)</u> |
| Cash flows from financing activities: | | |
| Payments for debt issuance costs | (1,002,521) | - |
| Issuance of common stock, net of issuance costs | 56,830,568 | - |
| Proceeds from exercise of stock options | 61,540 | - |
| Proceeds from vessel financing | 102,000,000 | 19,000,000 |
| Related party loan | - | 61,915 |
| Payments of mortgage principal | (10,300,000) | (2,199,828) |
| Net cash provided by financing activities | <u>147,589,587</u> | <u>16,862,087</u> |
| Net increase in cash and cash equivalents | 50,907,437 | 5,831,952 |
| Cash and cash equivalents, beginning of period | 12,063,022 | 2,908,824 |
| Cash and cash equivalents, end of period | <u>\$ 62,970,459</u> | <u>\$ 8,740,776</u> |

B+H OCEAN CARRIERS LTD.
UNAUDITED CONSOLIDATED BALANCE SHEETS

| Assets | March 31, | |
|---|----------------|---------------|
| | 2005 | 2004 |
| Current assets: | | |
| Cash and cash equivalents | \$ 10,400,478 | \$ 809,631 |
| Marketable securities | 217,472 | - |
| Trade accounts receivable, less allowance for doubtful accounts of \$137,000 and \$108,000 in 2005 and 2004, respectively. | 996,247 | 1,446,647 |
| Cash on deposit | - | 2,035,000 |
| Inventories | 524,994 | 927,244 |
| Prepaid expenses and other current assets | 611,325 | 1,395,619 |
| Total current assets | 12,750,516 | 6,614,141 |
| Vessels, at cost: | | |
| Vessels | 206,873,197 | 97,148,430 |
| Less - Accumulated depreciation | (33,796,268) | (35,144,127) |
| | 173,076,929 | 62,004,303 |
| Investments and other assets | 1,292,796 | 387,988 |
| Total assets | \$ 187,120,241 | \$ 69,006,432 |
| Liabilities and Shareholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 5,452,774 | \$ 6,752,237 |
| Accrued liabilities | 3,443,906 | 2,628,544 |
| Accrued interest | 554,709 | 183,852 |
| Current portion of mortgage payable | 30,400,000 | 4,800,000 |
| Deferred income | 2,486,109 | 1,254,899 |
| Other liabilities | 173,690 | - |
| Total current liabilities | 42,511,188 | 15,619,532 |
| Note payable to related party | - | 991,337 |
| Mortgage payable | 98,165,472 | 12,165,472 |
| Total liabilities | 140,676,660 | 28,776,341 |
| Commitments and contingencies | | |
| Shareholders' equity: | | |
| Preferred stock, \$0.01 par value; 20,000,000 shares authorized; no shares issued and outstanding | - | - |
| Common stock, \$0.01 par value; 30,000,000 shares authorized; 4,314,025 shares issued, 3,908,847 and 3,839,242 shares outstanding as of March 31, 2005 and 2004, respectively | 43,140 | 43,140 |
| Paid-in capital | 37,538,669 | 38,142,343 |
| Retained earnings | 11,825,698 | 5,118,466 |
| | 49,407,507 | 43,303,949 |
| Less - Treasury stock | 2,963,926 | 3,073,858 |
| Total shareholders' equity | 46,443,581 | 40,230,091 |
| Total liabilities and shareholders' equity | \$ 187,120,241 | \$ 69,006,432 |

B+H OCEAN CARRIERS LTD.
UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS

| | For the three months ending March 31, | |
|--|--|---------------|
| | 2005 | 2004 |
| Revenues: | | |
| Voyage, time and bareboat charter revenues | \$ 13,842,010 | \$ 10,133,573 |
| Other income | - | - |
| Total revenues | 13,842,010 | 10,133,573 |
| Operating expenses: | | |
| Voyage expenses | 2,243,997 | 2,260,716 |
| Vessel operating expenses, drydocking and survey costs | 5,890,181 | 5,130,741 |
| Depreciation and amortization | 2,220,642 | 1,903,707 |
| General and administrative: | | |
| Management fees to related party | 175,478 | 149,617 |
| Consulting and professional fees, and other expenses | 671,066 | 670,860 |
| Total operating expenses | 11,201,364 | 10,115,641 |
| Income from vessel operations | 2,640,646 | 17,932 |
| Other income (expense): | | |
| Interest expense | (663,985) | (284,336) |
| Interest income | 22,541 | 1,591 |
| Other income | 19,202 | - |
| Total other expenses, net | (622,242) | (282,745) |
| Net income (loss) | \$ 2,018,404 | \$ (264,813) |
| Basic earnings (loss) per common share | \$ 0.52 | \$ (0.07) |
| Diluted earnings (loss) per common share | \$ 0.48 | \$ (0.07) |
| Weighted average number of common shares outstanding: | | |
| Basic | 3,895,359 | 3,839,242 |
| Diluted | 4,180,233 | 3,839,242 |

B+H OCEAN CARRIERS LTD.
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

| | For the three months ending March 31, | |
|--|--|--------------------|
| | 2005 | 2004 |
| Cash flows from operating activities: | | |
| Net income (loss) | \$ 2,018,404 | \$ (264,813) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | |
| Depreciation and amortization | 2,220,642 | 1,903,707 |
| Changes in assets and liabilities: | | |
| Decrease in trade accounts receivable | 4,549,257 | 377,363 |
| Decrease (increase) in inventories | 245,387 | (19,297) |
| Decrease (increase) in prepaid expenses and other assets | 155,501 | (500,763) |
| Increase (decrease) in accounts payable | 121,746 | (694,642) |
| Increase in accrued liabilities | 1,145,082 | 862,244 |
| Increase (decrease) in accrued interest | 286,867 | (5,017) |
| Increase in deferred income | 1,186,695 | 524,644 |
| Increase (decrease) in other liabilities | 97,604 | (94,442) |
| Total adjustments | <u>10,008,781</u> | <u>2,353,797</u> |
| Net cash provided by operating activities | <u>12,027,185</u> | <u>2,088,984</u> |
| Cash flows from investing activities: | | |
| Purchase and investment in vessels | (112,167,697) | (2,035,000) |
| Gain on trading of marketable securities | (19,202) | - |
| Net cash used in investing activities | <u>(112,186,899)</u> | <u>(2,035,000)</u> |
| Cash flows from financing activities: | | |
| Payments for debt issuance costs | (864,370) | - |
| Proceeds from exercise of stock options | 61,540 | - |
| Proceeds from vessel financing | 102,000,000 | - |
| Related party loan | - | 46,651 |
| Payments of mortgage principal | (2,700,000) | (2,199,828) |
| Net cash provided by (used in) financing activities | <u>98,497,170</u> | <u>(2,153,177)</u> |
| Net decrease in cash and cash equivalents | (1,662,544) | (2,099,193) |
| Cash and cash equivalents, beginning of period | <u>12,063,022</u> | <u>2,908,824</u> |
| Cash and cash equivalents, end of period | <u>\$ 10,400,478</u> | <u>\$ 809,631</u> |