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DIANA SHIPPING INC.
Form 6-K
August 09, 2006

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of August 2006

DIANA SHIPPING INC.
(Translation of registrant's name into English)

Diana Shipping Inc.
Pendelis 16
175 64 Palaio Faliro
Athens, Greece

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

INFORMATION CONTAINED IN THIS FORM 6-K REPORT

Attached to this Report on Form 6-K as Exhibit 1 is a press release issued by Diana Shipping Inc. (the "Company") announcing the Company's financial results for the quarter and six months ended June 30, 2006 and announcing a cash dividend with respect to the second quarter of 2006.

Exhibit 1

For Immediate Release

Corporate Contact:
Ioannis Zafirakis
Director and Vice-President
Telephone: + 30-210-9470100
Email: izafirakis@dianashippinginc.com

Investor and Media Relations:
Edward Nebb
Euro RSCG Magnet

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Telephone: + 1-212-367-6848
Email: ed.nebb@eurorscg.com

DIANA SHIPPING INC. REPORTS FINANCIAL RESULTS
FOR THE SECOND QUARTER AND SIX MONTHS ENDED JUNE 30, 2006

DECLARES CASH DIVIDEND OF 35.5 CENTS PER SHARE
FOR THE SECOND QUARTER

ATHENS, GREECE, August 9, 2006 - Diana Shipping Inc. (NYSE: DSX), a global shipping transportation company specializing in dry bulk cargoes, today reported net income of \$13.2 million for the second quarter of 2006, compared to net income of \$20.1 million reported in the second quarter of 2005.

The results for the 2006 second quarter also include a non-recurring preferential deemed dividend in the amount of \$20.3 million, relating to the purchase of Diana Shipping Services S.A., the fleet management company that Diana Shipping Inc. acquired on April 1, 2006. Taking into account this amount, the Company recorded a net loss available to common stockholders for the second quarter of 2006 of \$7.1 million. The accounting treatment of the acquisition of the fleet manager was first described in the Company's initial public offering prospectus.

Voyage and time charter revenues were \$26.1 million for the second quarter of 2006, compared to \$29.4 million for the same period of 2005, due to a decrease in prevailing time charter rates offset by an increase in the number of vessels in the Company's fleet. Voyage and time charter revenues and net income reported for the second quarter of 2006 have been reduced by \$0.8 million, reflecting the non-cash amortization of the prepaid time charter revenue of the vessel Thetis to apply for the entire duration of the time charter contract.

Net income for the six months ended June 30, 2006, amounted to \$24.9 million compared to net income of \$34.7 million for the same period of 2005. Net income available to common stockholders during the period was \$4.6 million. Voyage and time charter revenues were \$50.3 million for the first six months of 2006, compared to \$53.3 million for the same period of 2005. Voyage and time charter revenues and net income reported for the six months ended June 30, 2006 have been reduced by \$1.6 million, reflecting the non-cash amortization of the prepaid time charter revenue of the vessel Thetis to apply for the entire duration of the time charter contract.

"We are pleased to announce that we have increased earnings per share, prior to the preferential deemed dividend, to US\$0.28 from US\$0.26 as compared with the first quarter, an increase of 7.7%. Our business strategy and successful chartering policy have resulted in our being able to increase our dividend for the second quarter of 2006 to 35.5 cents per share, more than we paid for the first quarter of 2006. Since our Company became public, we have declared US\$95.8 million in dividends for our shareholders," said Simeon Palios, Chairman and Chief Executive Officer of Diana Shipping Inc.

Mr. Palios also cited the Company's low debt, high dividend payout policy and prudent chartering strategy. He noted, "The time charter contracts we entered into for four of our vessels earlier this year, which adjust their earnings based on the daily average time charter rates on four established routes, together with the vessels whose employment contracts are due for renewal in 2006, should enable our Company to take advantage of favorable freight market conditions going forward."

Dividend declaration

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The Company has declared a cash dividend on its common stock of \$0.355 per share, based on the Company's results from operations during the second quarter ended June 30, 2006. The cash dividend will be payable on or about August 31, 2006 to shareholders of record as of August 18, 2006. The Company has 53.05 million shares of common stock outstanding.

Fleet Employment Profile

Currently Diana's fleet is employed as follows:

Name	Sister ships(3)	Year Built	DWT	Employment (1)	Expiration(2)
Nirefs	A	2001	75,311	4TCs Average(4) + 4.5%	Oct 23, 2007
Alcyon	A	2001	75,247	\$22,582	Oct 15, 2007
Triton	A	2001	75,336	\$17,000	Sep 14, 2006
Oceanis	A	2001	75,211	\$17,000	Apr 19, 2007
Dione	A	2001	75,172	\$17,000	Oct 7, 2006
Danae	A	2001	75,106	\$30,000	Jan 13, 2007
Protefs	B	2004	73,630	4TCs Average(4)	Jan 04, 2007
Calipso	B	2005	73,691	4TCs Average(4)	Dec 21, 2007
Clio	B	2005	73,691	4TCs Average(4) +\$850	Jan 02, 2007
Thetis	B	2004	73,583	\$25,000	Jul 19, 2007
Naias(5)	B	2006	73,546	\$21,000	Jul 11, 2007
Erato	C	2004	74,444	\$21,000	Oct 22, 2006
Coronis	C	2006	74,381	\$21,000	Dec 27, 2006
Pantelis SP	-	1999	169,883	\$47,500	Jan 25, 2008
Total:			1,138,232		

- (1) Gross time charter rate per day.
(2) Estimated dates assuming earliest redelivery by charterers.
(3) Each vessel is a sister ship of the other vessels that have the same letter.
(4) Adjustable every 15 days based on the average of four main pre-determined time charter routes, as published by the Baltic Exchange.
(5) Expected to be delivered on August 11, 2006.

Summary of Selected Financials & Other Data

	Three Months Ended June 30,		
	2006 (unaudited)	2005 (unaudited)	
INCOME STATEMENT DATA (in thousands of US Dollars):			
Voyage and time charter revenues	\$ 26,142	\$ 29,391	\$ 50,000
Voyage expenses	1,155	2,004	2,000
Vessel operating expenses	5,348	3,448	10,000
Net income	13,198	20,116	24,000
Net income/(loss) available to common stockholders	(7,069)	20,116	4,000
FLEET DATA			
Average number of vessels	13.0	9.6	10.0
Number of vessels	13.0	10.0	10.0
Weighted average age of fleet (in years)	4.0	3.7	3.7
Ownership days	1,183	872	2,000

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Available days	1,176	872	2
Operating days	1,175	871	2
Fleet utilization	99.9%	99.9%	
AVERAGE DAILY RESULTS			
Time charter equivalent (TCE) rate (1)	\$ 21,247	\$ 31,407	\$ 20
Daily vessel operating expenses (2)	\$ 4,521	\$ 3,954	\$ 4

(1) Time charter equivalent rates, or TCE rates, are defined as our voyage and time charter revenues less voyage expenses during a period divided by the number of our available days during the period, which is consistent with industry standards. Voyage expenses include port charges, bunker (fuel) expenses, canal charges and commissions. TCE rate is a standard shipping industry performance measure used primarily to compare daily earnings generated by vessels on time charters with daily earnings generated by vessels on voyage charters, because charter hire rates for vessels on voyage charters are generally not expressed in per day amounts while charter hire rates for vessels on time charters are generally expressed in such amounts.

(2) Daily vessel operating expenses, which include crew wages and related costs, the cost of insurance, expenses relating to repairs and maintenance, the costs of spares and consumable stores, tonnage taxes and other miscellaneous expenses, are calculated by dividing vessel operating expenses by ownership days for the relevant period.

Conference Call and Webcast Information

Diana Shipping Inc. will conduct a conference call and simultaneous Internet webcast to review financial results at 9:00 A.M. (Eastern Time) on Thursday, August 10, 2006. Investors may access the webcast by visiting the Company's website at www.dianashippinginc.com, and clicking on the webcast link. The webcast also is accessible at www.viaavid.net, by clicking on the Diana Shipping link under "Events". The conference call also may be accessed by telephone by dialing 1-877-692-2086 (for U.S.-based callers) or 1-973-935-8599 (for international callers).

A replay of the webcast will be available soon after the completion of the call and will be accessible on both www.dianashippinginc.com and www.viaavid.net. A telephone replay will be available by dialing 1-877-519-4471 (for U.S.-based callers) or 1-973-341-3080 (for international callers); callers must use the PIN number 7673476.

About the Company

Diana Shipping Inc. is a global provider of shipping transportation services. The Company specializes in transporting dry bulk cargoes, including such commodities as iron ore, coal, grain and other materials along worldwide shipping routes. Diana Shipping Inc. priced its initial public offering of common stock on March 17, 2005.

Cautionary Statement Regarding Forward-Looking Statements

Matters discussed in this press release may constitute forward-looking statements. The Private Securities Litigation Reform Act of 1995 provides safe harbor protections for forward-looking statements in order to encourage companies to provide prospective information about their business. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts.

The Company desires to take advantage of the safe harbor provisions of the

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Private Securities Litigation Reform Act of 1995 and is including this cautionary statement in connection with this safe harbor legislation. The words "believe," "except," "anticipate," "intends," "estimate," "forecast," "project," "plan," "potential," "will," "may," "should," "expect" "pending and similar expressions identify forward-looking statements.

The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, our management's examination of historical operating trends, data contained in our records and other data available from third parties. Although we believe that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control, we cannot assure you that we will achieve or accomplish these expectations, beliefs or projections.

In addition to these important factors, other important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include the strength of world economies and currencies, general market conditions, including fluctuations in charter rates and vessel values, changes in demand for dry bulk shipping capacity, changes in our operating expenses, including bunker prices, drydocking and insurance costs, the market for our vessels, availability of financing and refinancing, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents or political events, vessels breakdowns and instances of off-hires and other factors. Please see our filings with the Securities and Exchange Commission for a more complete discussion of these and other risks and uncertainties.

(See financial tables attached)

DIANA SHIPPING INC.

FINANCIAL TABLES

Expressed in thousands of U.S. Dollars, except share, per day and fleet data

CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended June 30,	
	2006	2005
	(unaudited)	(unaudited)
REVENUES:		
Voyage and time charter revenues	\$ 26,142	\$ 29,391
EXPENSES:		
Voyage expenses	1,155	2,004
Vessel operating expenses	5,348	3,448
Depreciation and amortization of deferred charges	3,986	2,459
Management fees	-	431
Executive management services and rent	-	37
General and administrative expenses	1,705	904
Foreign currency losses (gains)	(28)	(10)
	13,976	20,118
Operating income	13,976	20,118

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OTHER INCOME (EXPENSES):		
Interest and finance costs	(1,084)	(228)
Interest income	306	226
	-----	-----
Total other income (expenses), net	(778)	(2)
	-----	-----
Net Income	\$ 13,198	\$ 20,116
	=====	=====
Preferential deemed dividend(1)	(20,267)	-
	-----	-----
Net income/(loss) available to common stockholders	\$ (7,069)	\$ 20,116
	=====	=====
Earnings/(losses) per common share, basic and diluted	\$ (0.15)	\$ 0.50
	=====	=====
Weighted average number of common shares, basic and diluted	46,888,462	40,000,000
	=====	=====

(1) The amount presented as a preferential deemed dividend relates to the purchase price in excess of the historical book value of Diana Shipping Services S.A., the management company that was acquired on April 1, 2006 and as of that date became a wholly owned subsidiary. Please refer to the Company's registration statements filed with the Securities and Exchange Commission for a description of the preferential deemed dividend.

BALANCE SHEET DATA

	June 30, 2006	December 31, 2005
	-----	-----
	(unaudited)	
ASSETS		
Cash and cash equivalents	18,715	21,230
Other current assets	5,049	5,367
Advances for vessels under construction and acquisitions and other vessel costs	3,963	4,221
Vessels' net book value	342,091	307,305
Other fixed assets, net	925	-
Other non-current assets	3,039	3,826
	-----	-----
Total assets	373,782	341,949
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities	5,296	4,667
Long-term debt	-	12,859
Other non-current liabilities	1,479	265
Total stockholders' equity	367,007	324,158
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Total liabilities and stockholders' equity	373,782	341,949
	=====	=====

OTHER FINANCIAL DATA

	Three Months Ended June 30,		Six Months June
	2006	2005	2006
	-----	-----	-----
	(unaudited)	(unaudited)	(unaudited)
Net cash provided by operating activities	\$ 18,926	\$ 22,529	\$ 34,531
Net cash used in investing activities	(3,963)	(14,785)	(41,880)
Net cash provided by / (used in) financing activities	(15,666)	(4,400)	4,834

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DIANA SHIPPING INC.
(registrant)

Dated: August 9, 2006

By: /s/ Anastassis Margaronis

Anastassis Margaronis
President

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