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For Immediate Release

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**DIANA SHIPPING INC. REPORTS FINANCIAL RESULTS
FOR THE SECOND QUARTER AND SIX MONTHS ENDED JUNE 30, 2005**

DECLARES CASH DIVIDEND FOR THE SECOND QUARTER

ATHENS, GREECE, August 1, 2005 – Diana Shipping Inc. (NYSE: DSX), a global shipping transportation company specializing in dry bulk cargoes, today reported net income of \$20.1 million for the second quarter of 2005, compared to net income of \$12.4 million recorded in the second quarter of 2004, representing an increase of \$7.7 million or 62%. Voyage and time charter revenues were \$29.4 million for the second quarter of 2005, an increase of 64% from the \$17.9 million reported in the same period of 2004. The Company attributed the increase in net income and revenue from vessels primarily to the enlargement of its fleet and improved trading conditions in the second quarter of 2005 compared with the same period of 2004.

Net income for the six months ended June 30, 2005 increased by \$15.1 million or 77% to \$34.7 million compared to \$19.6 million in 2004. Voyage and time charter revenues were \$53.3 million for the first six months of 2005, compared to \$30.2 million for the same period of 2004, representing an increase of 76%.

Dividend declaration

The Company has declared a cash dividend on its common stock of \$0.54 per share, based on the Company's operations during the second quarter ended June 30, 2005. The cash dividend will be payable on August 31, 2005 to all shareholders of record as of August 16, 2005. The Company has 40 million shares of common stock outstanding.

During the second quarter of 2005, there were 9.6 vessels on average operating in the Company's fleet after the delivery of a newbuilding panamax bulk carrier, the Clio, on May 9, 2005.

Freight Market Commentary

The Company stated that it is continuing to pursue a policy of seeking short term time charters for its vessels whose charters will expire during the third quarter. Certain industry analysts have concluded that the strong chartering inquiries witnessed during the first weeks of the third quarter of 2005 should eventually lead to improved time charter rates later in the third quarter and for the remainder of 2005. Diana Shipping management concurs with this view that the current weakness in the charter market will be temporary, and has structured its chartering policy to be in position to take advantage of an eventual return to stronger earning opportunities.

Fleet Employment Profile

Currently Diana's fleet is employed as follows:

Name	Date of Built	Age	DWT	Employment¹	Expiration²
*NIREFS	31/1/2001	4.50	75,311	\$ 40,000	Aug. 5, 2005 ⁵
*ALCYON	9/2/2001	4.48	75,247	\$ 22,582	Oct. 15, 2007
*TRITON	28/3/2001	4.35	75,336	\$ 37,300	Nov. 27, 2005
*OCEANIS	30/5/2001	4.18	75,211	\$ 30,650	Aug. 23, 2005 ⁶
*DIONE	10/1/2001	4.56	75,172	\$ 32,500	Nov. 4, 2005
*DANAE	8/1/2001	4.57	75,106	\$ 30,000	Jan. 13, 2007
**PROTEFS	31/8/2004	0.92	73,630	\$ 31,000	Sep. 1, 2005 ⁶
**CALIPSO	3/2/2005	0.49	73,691	\$ 17,250	Oct. 2, 2005
**CLIO	09/05/2005	0.23	73,691	\$ 18,000 + \$200,000 ³	Aug. 8, 2005 ⁴
PANTELIS SP	26/2/1999	6.44	169,883	\$ 47,500	Jan. 25, 2008
	Weighted Average Age:	3.82			
		Total:	842,278		

¹Gross Time Charter Rate per day.

²Estimated dates assuming earliest redelivery by charterers.

³One-time payment to this fixture, and based on the estimated duration of 22 days, the effective gross time charter rate per day increases by approximately \$9,000 to approximately \$27,000.

⁴Based on "10 days approximate redelivery notice to owners" dated July 29, 2005.

⁵Based on the "5 days definite redelivery notice to owners" dated July 31, 2005.

⁶Based on the last scheduled voyage by charterers.

*,** Each denotes a fleet of sister ships.

Summary of Selected Financials & Other Data

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
INCOME STATEMENT DATA (in thousands of US Dollars):				
Voyage and time charter revenues	29,391	17,865	53,297	30,166
Voyage expenses	2,004	1,195	3,638	2,031
Vessel operating expenses	3,448	2,107	6,624	4,050
Net income	20,116	12,357	34,671	19,605
FLEET DATA				
Average number of vessels	9.6	6.0	8.8	6.0
Number of vessels	10.0	6.0	10.0	6.0
Weighted average age of fleet (in years)	3.7	3.3	3.7	3.3
Ownership days	872	546	1,595	1,092
Available days	872	546	1,595	1,092
Operating days	871	546	1,589	1,090
Fleet utilization	99.9%	100.0%	99.6%	99.8%
AVERAGE DAILY RESULTS				
Time charter equivalent (TCE) rate	31,407	30,531	31,134	25,765
Daily vessel operating expenses	3,954	3,859	4,153	3,709

Conference Call and Webcast Information

Diana Shipping Inc. will conduct a conference call and webcast at 10:30 A.M. Eastern Time on August 2, 2005, to discuss these financial results. Investors may access the webcast on the Company's website at www.dianashippinginc.com by clicking on the webcast link. The webcast also is accessible at www.viavid.net, by clicking on the Diana Shipping link under "Events". Listeners should allow extra time before the webcast begins to register for the webcast and download any necessary audio software. The conference call also may be accessed by telephone by dialing 1-888-858-4756 (for U.S.-based callers) or 1-973-935-2405 (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.viavid.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 enter the code number 6272718.

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 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.
CONSOLIDATED STATEMENTS OF INCOME

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
REVENUES:				
Revenue from vessels	\$ 29,391	\$ 17,865	\$ 53,297	\$ 30,166
EXPENSES:				
Voyage expenses	2,004	1,195	3,638	2,031
Vessel operating expenses	3,448	2,107	6,624	4,050
Depreciation	2,459	1,188	4,338	2,388
Management fees	431	216	794	432
General and administrative expenses	941	600	1,713	984
Foreign currency losses/(gains)	(10)	(6)	(18)	(6)
Operating income	20,118	12,565	36,208	20,287
OTHER INCOME (EXPENSES):				
Interest and finance costs, net	(228)	(230)	(1,905)	(719)
Interest Income	226	22	368	37
Total other income (expenses), net	(2)	(208)	(1,537)	(682)
Net Income	\$ 20,116	\$ 12,357	\$ 34,671	\$ 19,605
Earnings per common share	\$ 0.50	\$ 0.45	\$ 1.00	\$ 0.71
Weighted average number of common shares	40,000,000	27,625,000	34,803,867	27,625,000

BALANCE SHEET DATA

	June 30, 2005	December 31, 2004
<u>ASSETS</u>		
Cash and cash equivalents	38,673	1,758
Other current liabilities	1,647	1,791
Advances for vessels under construction and acquisitions and other vessel costs	-	19,234
Vessels' net book value	234,766	132,853
Other non-current assets	1,281	-
Total assets	276,367	155,636
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities, including current portion of long term debt	5,249	11,344
Long-term debt, net of current portion	-	85,168
Other non-current liabilities	240	72
Total stockholders' equity	270,878	59,052
Total liabilities and stockholders' equity	276,367	155,636

OTHER FINANCIAL DATA

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Net cash from operating activities	22,433	13,905	40,283	22,413
Net cash used in investing activities	(14,785)	(3,426)	(87,017)	(8,818)
Net cash from / (used in) financing activities	(4,220)	(913)	83,649	(2,844)