

MC SHIPPING INC
Form 10-Q
May 14, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM 10-Q

**QUARTERLY REPORT UNDER SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

Quarter ended March 31, 2007

**Commission File Number:
1-10231**

MC SHIPPING INC.

(Exact name of the registrant as specified in its charter)

LIBERIA

State or other jurisdiction of incorporation or organization

98-0101881

(IRS Employer Identification No.)

Richmond House, 12 Par-la-ville Road, Hamilton HM CX, Bermuda

(Address of principal executive offices)

441-295-7933

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

yes no

Indicate by a check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act)

yes no

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

**Shares
outstanding
at
April 27,
2007**

Common stock, par value 9,510,017
\$.01

1

MC SHIPPING INC. AND SUBSIDIARIES**I N D E X**

Page

<u>PART 1 :</u>	<u>FINANCIAL INFORMATION</u>	
<u>Item 1.</u>	<u>Condensed Consolidated Financial Statements</u>	
	<u>Condensed Consolidated Balance Sheets - March 31, 2007 and December 31, 2006.</u>	3
	<u>Condensed Consolidated Statements of Income for the quarters ended March 31, 2007 and March 31, 2006</u>	5
	<u>Condensed Consolidated Statements of Cash Flows for the quarters ended March 31, 2007 and March 31, 2006.</u>	6
	<u>Notes to Condensed Consolidated Financial Statements</u>	7
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	16
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	24
<u>Item 4.</u>	<u>Controls and procedures</u>	25
<u>PART II:</u>	<u>OTHER INFORMATION</u>	
<u>Item 1.</u>	<u>Legal Proceedings</u>	26
<u>Item 1A.</u>	<u>Risk factors</u>	26
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	26
<u>Item 3.</u>	<u>Defaults upon Senior Securities</u>	26
<u>Item 4.</u>	<u>Submission of Matters to a Vote of Security Holders</u>	26
<u>Item 5.</u>	<u>Other Information</u>	26
<u>Item 6.</u>	<u>Exhibits and Reports on Form 8-K</u>	26
<u>Signatures</u>		27
	<u>Certifications provided by the Chief Executive Officer and the Chief Financial Officer of the Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>	28

Index**PART I: FINANCIAL INFORMATION****ITEM 1: CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****MC SHIPPING INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS****ASSETS**

	MARCH 31, 2007 (UNAUDITED)	DECEMBER 31, 2006
CURRENT ASSETS		
Cash	\$ 9,168,184	\$ 1,838,044
Restricted cash	10,068,767	4,594,402
Charterhire receivables	917,189	1,668,948
Recoverable from insurers, net	504,509	1,037,523
Inventories	1,597,561	1,592,890
Receivables from affiliates	317,876	-
Prepaid expenses and other current assets	1,805,367	1,301,757
TOTAL CURRENT ASSETS	24,379,453	12,033,564
VESSELS, AT COST		
VESSELS, AT COST	236,127,238	236,127,238
Less accumulated depreciation	(50,359,243)	(45,136,723)
	185,767,995	190,990,515
OTHER ASSETS		
Investments in associated companies	14,019,740	8,801,155
Furniture & equipment (net of accumulated depreciation of \$39,373 at March 31, 2007 and \$26,638 at December 31, 2006)	215,874	225,071
Dry-docking costs (net of accumulated amortization of \$3,982,406 at March 31, 2007 and \$3,457,217 at December 31, 2006)	7,538,420	8,056,312
Debt issuance costs (net of accumulated amortization of \$48,497 at March 31, 2007 and \$99,395 at December 31, 2006)	293,919	432,024
Other assets	666,317	790,748
TOTAL ASSETS	\$ 232,881,718	\$ 221,329,389

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART
OF THESE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

Index

MC SHIPPING INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

LIABILITIES AND SHAREHOLDERS' EQUITY

	MARCH 31, 2007 (UNAUDITED)	DECEMBER 31, 2006
CURRENT LIABILITIES		
Accounts payable	\$ 2,184,224	\$ 4,290,287
Charterhire received in advance	1,423,131	1,518,088
Accrued expenses	3,037,597	4,338,367
Payable to affiliates	96,062	369,423
Accrued interest	2,648,150	1,964,908
Dividend payable	594,376	594,259
Current portion of long term debt	27,708,419	26,167,176
Current portion of long-term charter obligations	8,729,915	-
TOTAL CURRENT LIABILITIES	46,421,874	39,242,508
LONG TERM DEBT		
Secured loans, net of current portion	97,023,150	124,269,936