

QUANTA CAPITAL HOLDINGS LTD
Form 10-Q
August 09, 2005
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2005
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 000-50885

QUANTA CAPITAL HOLDINGS LTD.
(Exact name of registrant as specified in its charter)

Bermuda
(State or other jurisdiction
of incorporation or organization)

N/A
(I.R.S. Employer
Identification No.)

1 Victoria Street, Fourth Floor
Hamilton HM11
Bermuda
(Address of principal executive offices and zip code)

441-294-6350
(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 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 No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes No

As of August 8, 2005 there were 56,810,020 common shares, \$0.01 par value per share, outstanding.

QUANTA CAPITAL HOLDINGS LTD.

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PART 1. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

QUANTA CAPITAL HOLDINGS LTD.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of U.S. dollars except for share and per share amounts)

	June 30, 2005 (unaudited)	December 31, 2004
Assets		
Investments at fair value (amortized cost: June 30, 2005, \$716,853; December 31, 2004, \$600,161)		

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Available for sale investments (Restricted at fair value: June 30, 2005: \$385,549; December 31, 2004: \$341,655)	\$ 675,035	\$ 559,430
Trading investments related to deposit liabilities	39,898	40,492
Total investments at fair value	714,933	599,922
Cash and cash equivalents	61,719	32,775
Restricted cash and cash equivalents	35,441	42,482
Accrued investment income	5,223	4,719
Premiums receivable	202,560	146,784
Losses and loss adjustment expenses recoverable	37,584	13,519
Other accounts receivable	9,136	11,575
Deferred acquisition costs, net	45,484	41,496
Deferred reinsurance premiums	74,353	47,416
Property and equipment, net of accumulated depreciation of \$3,055 (December 31, 2004: \$1,625)	5,830	4,875
Goodwill and other intangible assets	20,247	20,617
Other assets	30,005	14,553
Total assets	\$ 1,242,515	\$ 980,733
Liabilities		
Reserve for losses and loss expenses	\$ 260,314	\$ 159,794
Unearned premiums	348,036	247,936
Environmental liabilities assumed	20,805	6,518
Reinsurance balances payable	36,037	24,929
Accounts payable and accrued expenses	20,356	17,360
Net payable for investments purchased	8,515	3,749
Deposit liabilities	42,946	43,365
Deferred income and other liabilities	6,405	4,935
Junior subordinated debentures	61,857	41,238
Total liabilities	\$ 805,271	\$ 549,824
Commitments and contingencies (Note 9)		
Shareholders' equity		
Preferred shares (\$0.01 par value; 25,000,000 shares authorized; none issued and outstanding at June 30, 2005 and December 31, 2004)	\$ —	\$ —
Common shares (\$0.01 par value; 200,000,000 shares authorized; 56,810,020 and 56,798,218 issued and outstanding at June 30, 2005 and December 31, 2004)	568	568
Additional paid-in capital	523,843	523,771
Accumulated deficit	(85,171)	(93,058)
Accumulated other comprehensive loss	(1,996)	(372)
Total shareholders' equity	\$ 437,244	\$ 430,909
Total liabilities and shareholders' equity	\$ 1,242,515	\$ 980,733

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

QUANTA CAPITAL HOLDINGS LTD.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME (LOSS)

(Expressed in thousands of U.S. dollars except for share and per share amounts)

	Three Months Ended		Six Months Ended	
	June 30, 2005	June 30, 2004	June 30, 2005	June 30, 2004
Revenues				
Gross premiums written	\$ 168,548	\$ 134,971	\$ 341,274	\$ 253,700
Net premiums written	\$ 127,364	\$ 114,063	\$ 270,241	\$ 226,518
Change in net unearned premiums	(22,355)	(57,208)		