

Flagstone Reinsurance Holdings Ltd  
Form 10-Q  
November 08, 2007

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**Form 10-Q**

þ Quarterly Report Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934  
For the quarterly period ended September 30, 2007

OR

o 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 001-33364

**Flagstone Reinsurance Holdings Limited**  
(Exact Name of Registrant as Specified in Its Charter)

Bermuda  
(State or Other Jurisdiction of  
Incorporation or Organization)

98-0481623  
(I.R.S. Employer  
Identification No.)

Crawford House  
23 Church Street  
Hamilton HM 11  
Bermuda  
(Address of Principal Executive Offices)

Registrant's telephone number, including area code:  
(441) 278-4300  
(Former Address)

Securities registered pursuant to Section 12(b) of the Act:  
Common Shares, par value 1 cent per share  
Name of exchange on which registered:  
New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:  
None

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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 a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" 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 Exchange Act). Yes  No

As of November 8, 2007 the Registrant had 85,297,891 common voting shares outstanding, with a par value of \$0.01 per share.

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**PART I - FINANCIAL INFORMATION**  
**Item 1. Financial Statements**

**FLAGSTONE REINSURANCE HOLDINGS LIMITED**  
**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Expressed in thousands of U.S. dollars, except share data)

	As at September 30, 2007	As at December 31, 2006
<b>ASSETS</b>		
Investments:		
Fixed maturities, at fair value (Amortized cost: 2007 - \$1,106,329; 2006 - \$686,288)	\$ 1,102,328	\$ 682,278
Short term investments, at fair value (Cost: 2007 - \$14,306; 2006 - \$nil)	14,242	-
Equity investments, at fair value (Cost: 2007 - \$22,156; 2006 - \$nil)	28,746	-
Other investments	289,340	74,496
<b>Total Investments</b>	<b>1,434,656</b>	<b>756,774</b>
Cash and cash equivalents	322,768	261,352
Reinsurance premium balances receivable	189,553	68,940
Unearned premiums ceded	22,491	8,224
Accrued interest receivable	7,534	6,331
Receivable for investments sold	-	3,599
Deferred acquisition costs	36,819	11,909
Funds withheld	6,606	-
Goodwill	11,556	5,624
Other assets	33,704	18,659
Due from related parties	1,009	3,090
<b>Total Assets</b>	<b>\$ 2,066,696</b>	<b>\$ 1,144,502</b>
<b>LIABILITIES</b>		
Loss and loss adjustment expense reserves	\$ 161,442	\$ 22,516
Unearned premiums	252,096	98,659
Insurance and reinsurance balances payable	22,728	-
Payable for investments purchased	8,248	9,531
Long term debt	264,469	137,159
Other liabilities	26,076	11,866
Due to related parties	-	252
<b>Total Liabilities</b>	<b>735,059</b>	<b>279,983</b>
<b>Minority Interest</b>	<b>172,704</b>	<b>-</b>
<b>SHAREHOLDERS' EQUITY</b>		
Common voting shares, 150,000,000 authorized, \$0.01 par value, issued and outstanding (2007 - 85,297,891; 2006 - 71,547,891)	853	715
Additional paid-in capital	903,220	728,378

Accumulated other comprehensive income (loss)

5,774