

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the fiscal year ended December 31, 2001

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from _____ to _____

Commission file number: 0-10909

CORNICHE GROUP INCORPORATED
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

22-2343568
(I.R.S. Employer Identification No.)

610 South Industrial Boulevard
Suite 220
Euless, Texas
(Address of principal executive offices)

76040
(Zip Code)

Registrant's telephone number, including area code:

(817) 283-4250

Securities registered pursuant to Section 12(b) of the Act:

None.

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, \$.001 par value

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

The aggregate market price of the voting and nonvoting common equity held by non-affiliates of the Registrant as of March 12, 2002 was approximately \$3.0 million. (For purposes of determining this amount, only directors, executive officers, and 10% or greater stockholders have been deemed affiliates).

On March 12, 2002, 22,290,710 shares of the Registrant's common stock, par value \$0.001 per share, were outstanding.

This Annual Report on Form 10-K and the documents incorporated herein contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this Annual Report, statements that are not statements of current or historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words "plan", "intend" "may," "will," "expect," "believe", "could," "anticipate," "estimate," or "continue" or similar expressions or other variations or comparable terminology are intended to identify such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Except as required by law, the Company undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I

ITEM 1. BUSINESS

Corniche Group Incorporated ("the Company") is a provider of extended warranties and service contracts via the internet through its web site warrantysuperstore.com.

HISTORY

The Company was incorporated under the laws of the State of Delaware in September 1980 under the name Fidelity Medical Services, Inc. From its inception through March 1995, the Company was engaged in the development and sale of medical imaging products through a wholly-owned subsidiary. As a result of a reverse merger on March 2, 1995 with Corniche Distribution Limited and its subsidiaries the Company was engaged in the retail sale and wholesale distribution of stationery and related office products in the United Kingdom. Effective March 25, 1995 the Company sold its medical imaging products subsidiary. On September 28, 1995 the Company changed its name to Corniche Group Incorporated. In February 1996, the Company's United Kingdom operations were placed in receivership by their creditors. Thereafter through March 1998 the Company was inactive. On March 4, 1998, the Company entered into a Stock Purchase Agreement with certain individuals (the "Initial Purchasers") whereby the Initial Purchasers acquired in aggregate 765,000 shares of a newly created Series B Convertible Redeemable Preferred Stock. Thereafter the Initial Purchasers endeavored to establish for the Company new business operations in the property and casualty specialty insurance and warranty/service contracts markets. On September 30, 1998 the Company acquired all of the capital stock of Stamford Insurance Company Limited. ("Stamford"). On April 30, 2001 the Company sold Stamford and is no longer involved in property and casualty specialty insurance. See "Discontinued Operations" below.

RECENT DEVELOPMENTS

On January 7, 2002, the Company entered into a Stock Contribution Exchange Agreement (the "Exchange Agreement") and a Supplemental Disclosure Agreement (together with the Exchange Agreement, the "Agreements") with StrandTek International, Inc., a Delaware corporation ("StrandTek"), certain of StrandTek's principal shareholders and certain non-shareholder loan holders of StrandTek (the "StrandTek Transaction"). The Exchange Agreement was amended on February 11, 2002 and the parties are currently negotiating a further amendment and extension. Accordingly, no assurances can be given that the transaction will be consummated or the precise terms of the amendment. All descriptions of the StrandTek Transaction herein are based on the Company's current assumptions as to the final terms. Assuming the consummation of the transactions contemplated by the Agreements, StrandTek will become a majority owned subsidiary of the Company and the former shareholders of StrandTek will control the Company.

StrandTek is a high-tech manufacturer with proprietary technology producing melt-blown polypropylene for acoustical and thermal insulation applications. StrandTek produces on a commercial scale, through a patented process, a lofted thermal insulation wadding material as a replacement for cotton shoddy and fiberglass used for

acoustical and insulation applications. StrandTek believes that its material is technically superior to existing materials, 100% recyclable, lighter, easier to use and handle in commercial applications and provides significant cost savings over cotton shoddy and fibreglass for engineered parts.

The main applications for the material are in the automotive, appliance, home and office building markets. StrandTek has achieved acceptance for its product with a number of Fortune 100 companies, which are already switching from traditional materials to the StrandTek product. Following extensive evaluation and testing by several potential major customers StrandTek now supplies companies such as GE, Maytag and Daimler Chrysler. Additionally, GM has approved a specification for the StrandTek product and StrandTek is in discussions with several other major OEM's within these industries. Given the global nature of the industries and companies StrandTek is supplying, management is actively evaluating the potential for a European plant to meet demand of existing customers in their European manufacturing facilities.

StrandTek currently has a plant in excess of 200,000 square feet based in Chicago, with four manufacturing lines and two die-cutting lines and is in the process of building one new line. Plans are well in hand for additional lines to meet the anticipated increase in demand for its product. Given that StrandTek has been in ongoing development of its extrusion technology, not all of the lines have the same output capacity. However, within the existing factory there is scope to build four more full-scale extrusion lines, which would have a significant impact on the total revenue generation of the business.

Pursuant to the terms of the Agreements, as amended to date and as expected to be further amended, the Company will acquire approximately 178,000,000 shares or approximately 98% of the common stock, \$.0001 par value per share, of StrandTek from certain principal shareholders of StrandTek. Such principal shareholders will exchange their shares of StrandTek common stock for approximately 8,606,000 shares of the Company's common stock, par value \$.0001 ("Common Stock") and approximately 1,355,000 shares of the Company's Series D Convertible Preferred Stock convertible into 135,500,000 common shares, as adjusted pursuant to the Agreements. In addition, such principal shareholders and certain non-shareholder loan holders have agreed to exchange certain of their outstanding loans due from StrandTek, in the amount of \$22 million in the aggregate, and the Company will issue 220,000 shares of its Series C 7% Convertible Preferred Stock. Upon the consummation of the transaction contemplated by the Agreements, the principal shareholders and the non-shareholder loan holders will own more than a majority of the outstanding shares and voting power of the Company.

In January 2002 the Company advanced to StrandTek a loan of \$1 million on an unsecured basis, which is personally guaranteed by certain of the principal shareholders of StrandTek and a further loan of \$250,000 on February 19, 2002 on an unsecured basis. Such loans are due on the earlier of March 31, 2002 (subject to extension if the agreements are amended) or forty five days after the termination of the Agreements.

The transaction is expected to close during April 2002 and is contingent upon certain closing conditions, including, obtaining financing of approximately \$11 million and a number of other financial, legal and business conditions. The Company is attempting to secure this financing through an unregistered private placement of its securities. Upon the closing of the transaction, Jerome Bauman, President of StrandTek, will be appointed Chairman and Chief Executive Officer of the Company and William Buckles, Chief Financial Officer of StrandTek, will be appointed Chief Financial Officer, Treasurer and Secretary of the Company and Ronald Basar will be appointed Vice President. There can be no assurance given at this time that the financing can be satisfied on terms reasonably acceptable to the parties or that the other financial, legal and business conditions can be met or that a transaction can be consummated. Further information about StrandTek is available in its Form 10-K for its fiscal year ended September 30, 2001 and in its Form 10-Q for the fiscal quarter ended December 31, 2001 on file with the SEC.

The following summarizes the terms of the Series C 7% Convertible Preferred Stock. The Series C Preferred Stock shall rank senior to the Company's Series D Preferred Stock and Common Stock with respect to the payment of dividends and to the distribution of assets upon liquidation, dissolution or winding up. Commencing July 1, 2002, the holders of shares of Series C Preferred Stock shall be entitled to receive, when and as declared

by the Board of Directors of the Company, cumulative dividends at the rate of 7% per annum on each share of Series C Preferred Stock, subject to appropriate adjustment. The holder of any share of Series C Preferred Stock shall have the right, at such holder's option, to convert each share of the Series C Preferred Stock into one hundred shares of the Company's Common Stock, plus additional shares for accrued and unpaid dividends, subject to certain adjustments.

The following summarizes the terms of the Series D Preferred Stock. The Series D Preferred Stock shall rank junior to the Company's Series C 7% Convertible Preferred Stock with respect to the payment of dividends and to the distribution of assets upon liquidation, dissolution or winding up, and pari passu with the Common Stock. So long as any shares of the Series D Preferred Stock are outstanding, no dividend shall be declared or paid upon the Common Stock or upon any other stock ranking junior to, or on a parity with, the Series D Preferred Stock. The holder of any share of Series D Preferred Stock shall have the right, at such holder's option, to convert each share of the Series D Preferred Stock into one hundred shares of the Company's Common Stock, subject to certain adjustments. The holders of shares of the Series C Preferred Stock and Series D Preferred Stock shall have the same voting rights as the holder of that number of shares of Common Stock into which a share of Series C or Series D Preferred Stock could be converted.

The Company and StrandTek anticipate that the contribution and exchange of stock and cash for capital stock of the Company shall constitute a nontaxable transfer of property and the transaction is contingent upon StrandTek receiving a tax opinion to that effect.

The securities being exchanged in the transaction have not been registered under the Securities Act of 1933 and may not be offered or sold in the United States without the effectiveness of a resale registration statement or an applicable exemption from the registration requirements. The principal shareholders and the non-shareholder loan holders shall be entitled to demand registration rights for the Common Stock issued to them and the Common Stock issuable upon the conversion of the Series C and Series D Preferred Stock.

CURRENT BUSINESS OPERATIONS

The business of the Company today comprises the sale of extended warranties and service contracts via the Internet at www.warrantysuperstore.com. No decision has been made about the future of the warranty and service contract business. It is anticipated that the new Board of Directors will consider the contraction, sale or termination of the warranty and service contract business after the consummation of the StrandTek Transaction. There can be no assurance, if a decision to sell is made, that the Company will be able to complete the sale of such business on terms favorable to the Company or at all.

WarrantySuperstore.com Internet Business

The Company's primary business focus is the sale of extended warranties and service contracts over the Internet covering automotive, home, office, personal electronics, home appliances, computers and garden equipment. The Company offers its products and services in the United States in states that permit program marketers to be the obligor on service contracts. Currently this represents approximately 37 states for automobile service contracts and approximately 43 states for other product categories. While the Company manages most functions relating to its extended warranty and service contracts, it does not bear the economic risk to repair or replace products nor does it administer the claims function. The obligation to repair or replace products rests with the Company's appointed insurance carriers. During fiscal 2001 Great American Insurance Company and American Home Shield were the Company's appointed carriers, Great American Insurance Company providing contractual liability insurance covering the obligation to repair or replace products under the Company's automobile and consumer products extended warranties and service contracts and American Home Shield covering all home warranty contracts. In March 2002 National Casualty Company (a member of Nationwide Group) replaced Great American Insurance Company and Home Warranty of America (a division of Near North National Group) replaced American Home Shield. The Company is responsible for the marketing, recording sales, collecting payment and reporting contract details and paying premiums to the insurance carriers. In addition the Company provides

information to the insurance carriers' appointed claims administrators who handle all claims under the Company's contracts, including the payment of claims.

The Company commenced operations initially by marketing its extended warranty products directly to the consumer through its web site. During fiscal 2000 the Company developed enhanced proprietary software to facilitate more efficient processing and tracking of online warranty transactions. This provided the Company with the ability to deliver its products over the Internet through a number of distribution channels by enabling it to supply a number of different extended warranty service contracts on a co-branded or private label basis to corporations, by embedding the Company's suite of products on such corporations web sites. This new capability was launched in January 2001. As a result the Company now has four distinct distribution channels: (i) direct sales to consumers, (ii) co-branded distribution, (iii) private label distribution and (iv) manufacturer/retailer partnerships.

Direct Sales to Consumers

Consumers can purchase extended warranties and service contracts directly at www.warrantysuperstore.com by inputting on-line the relevant data. By purchasing online the consumer saves typically 30-50% of the normal price charged by traditional off-line retail dealers. The Company also provides via a third party financing company, at no additional cost to the consumer, an interest free payment option on the more expensive warranty contracts.

Co-Branded Distribution

Consumers can purchase the Company's extended warranty and service contract products via a corporate partners own web site by clicking on the Company's icon which has been put onto the partners web site. This allows the Company to take advantage of its partner's brand strength and market positioning. The Company's strategic plan identified key market segments where the Company believes this strategy will be effective. These include, but are not limited to, Banking, Insurance, Financial Services, Telecommunications, Utilities and Consumer Goods suppliers. This channel has been developed to provide the Company with a means of reaching a substantially larger consumer base, without incurring direct advertising expense.

Private Label Distribution

This channel represents the next step on from co-branded marketing. Under private label distribution the Company provides the corporate partner with the ability to supply a complete suite of extended warranty and service contract products as if they were their own by embedding the Company's software and products on the corporate partners own web site but without the Company's branding. For larger corporations already offering a range of branded products, such as in the banking or financial service industries, the ability to add a new range of value added products that are consistent with the look and feel of their established branding is important. Such entities have been increasingly reluctant to allow click-through partners onto their web sites in the fear of losing their customer when he moves to purchase a product on a different site. Additionally, the Company's new software allows it to provide its private label partners with a very flexible and manageable package, whereby the partner can chose how much of the fulfillment of the extended warranty contract they wish to take. For example, a large insurance company that already had its own underwriting capability but does not have a range of extended warranty products can utilize the Company's products and processing and billing capability to create these products under their own label while underwriting the obligations themselves as opposed to utilizing the Company's insurance carriers. By enabling private label partners to pick and chose from "a complete turnkey solution" to utilizing only a sub-component of the Company's proprietary software, the Company believes that it can gain access to a much larger portion of the extended warranty/service contract market.

Manufacture / Retail Partnerships

Utilizing its processing capability, the Company has gained access to a fourth distribution channel by providing extended warranty/service contracts directly to consumers through retail and manufacturer partnerships. The Company intends to develop business relationships with retailers and manufacturers pursuant to which the Company will enable a product manufacturer or retailer to offer additional and/or extended warranty coverage over and above their normal manufacturers warranty.

DISCONTINUED OPERATIONS

Through April 2001 the Company also operated in the reinsurance market through Stamford. On April 30, 2001 the Company sold Stamford for a total consideration of \$372,000. Stamford was chartered under the Laws of, and is licensed to conduct business as an insurance company by the Cayman Islands. Although Stamford had incurred losses since its inception, it first generated revenues in the fourth quarter of 1999. Stamford was a "property and casualty" reinsurance company writing reinsurance coverage for one domestic carrier's consumer product service contracts. In the fourth quarter of 2000, the relationship with the carrier was terminated. Stamford was not able to obtain additional reinsurance business relationships. In light of the inability of Stamford to write new business and difficulty in forecasting future claim losses in the run off of its prior reinsurance contract, management decided to sell Stamford. In the six months ended June 30, 2001 the Company recorded a loss of approximately \$479,000 on the sale which was effective May 1, 2001. The closing and transfer of funds was completed on July 6, 2001.

COMPETITION

The extended warranty and service contract industry is highly competitive. The Company competes with a number of on-line and off-line operators. The Company's competitors range from small private companies to major corporations and include automobile distributors and retailers of electrical consumer products.

INTELLECTUAL PROPERTY

WARRANTYSUPERSTORE is a registered trademark in the United States. The Company's internet business operates using proprietary software developed in-house.

EMPLOYEES

As of December 31, 2001, the Company employed three full-time personnel.

RISK FACTORS

CORNICHE HAS A HISTORY OF OPERATING LOSSES AND A SUBSTANTIAL ACCUMULATED EARNINGS DEFICIT AND IT MAY CONTINUE TO INCUR LOSSES.

Since its inception in 1980, the Company has generated only limited revenues from sales and has incurred substantial net losses of approximately \$2.1 million, \$2.1 million and \$1.2 million for the years ended December 31, 2001, 2000 and 1999, respectively. At December 31, 2001, the Company had an accumulated deficit of approximately \$8.5 million. The Company expects to incur additional operating losses as well as negative cash flow from operations of the warranty and service contract business. It is anticipated that the Board of Directors of the Company, after the consummation of the StrandTek Transaction, will review and consider its alternatives which include the contraction, disposition or termination of such business. There can be no assurance that the Company will be able to dispose of such business, if a decision to sell is made, on terms favorable to the Company or at all.

FUTURE SALES OF CORNICHE'S COMMON STOCK MAY DEPRESS ITS STOCK PRICE.

Sales of a substantial number of shares of the Company's Common Stock in the public market could cause a reduction in the market price of its Common Stock. The Company had 22,290,710 shares of Common Stock issued and outstanding as of March 12, 2002. As of that date, all of those shares were eligible for sale under Rule

144 or are otherwise freely tradable. In addition, 380,500 options and warrants were outstanding as of March 12, 2002. As of March 12, 2002, 84,000 of those stock options and warrants were vested and the remainder will vest within the next five years. The Company also has 681,171 shares of Series A Preferred Stock issued and outstanding as of March 12, 2002, which are convertible, at the option of the holders or automatically, in certain instances, into 130,989 shares of its Common Stock. The Company's Series A Preferred Stock is expected to be redeemed simultaneously with the closing of the StrandTek Transaction. The Company may also issue additional shares in connection with its business and may grant additional stock options to its employees, officers, directors and consultants.

In January 2002, Corniche entered into the Agreements which require it to exchange approximately 35,208,000 shares of its Common Stock, approximately 626,000 shares of its yet to be created Series D Convertible Preferred Stock, subject to adjustment, and 220,000 shares of Series C Preferred Stock in connection with the closing of the StrandTek Transaction. In addition, under the terms of the Agreements, the number of shares of Series D Preferred Stock exchanged in the transaction is subject to adjustment based upon the number of shares of Corniche Common Stock issued and outstanding at the closing, including the shares of Common Stock being offered hereunder. Assuming that (i) the private placement is concluded at \$0.40 per share of Common Stock; (ii) the minimum of 28,875,000 shares of Common Stock offered in the private placement are sold and; (iii) such number of shares satisfies the Financing Condition Amount, the adjustments to the Series D Preferred Stock would increase the number of shares of Series D Preferred Stock to be issued to approximately 1,355,000 shares (convertible into approximately 135,500,000 shares of Common Stock) (as adjusted based on the number of issued and outstanding shares of Common Stock and based on the lack of authorized shares of Common Stock). No further adjustment would be required for the sale of additional shares in this private placement above the number of shares of Common Stock necessary to satisfy the Financing Condition Amount. Such shares of Series C and Series D Preferred Stock are convertible into approximately 157,500,000 shares of Common Stock in the aggregate, subject to the satisfaction of certain conditions and to certain adjustments. In addition, the principal shareholders and the non-shareholder loan holders of StrandTek are receiving demand registration rights in connection with the shares of Common Stock and the shares of Common Stock issuable upon the conversion of the Series C and Series D Preferred Stock.

RISKS RELATING TO THE STRANDTEK TRANSACTION

CORNICHE WILL BE CHANGING ITS PRINCIPAL BUSINESS AND ITS MANAGEMENT IN CONNECTION WITH THE STRANDTEK TRANSACTION.

Prior to its proposed acquisition of StrandTek, the Company's business has been (i) the sale of extended warranties and service contracts via the Internet at www.warrantysuperstore.com and (ii) reinsurance activities, on a limited basis. The reinsurance activities have been sold and terminated in April 2001. After the consummation of the StrandTek Transaction, the Company's business will be the production and marketing of melt-blown polypropylene for acoustical and thermal insulation applications which is a new business for the Company. Immediately after the consummation of the StrandTek Transaction, the officers, directors and principal shareholders of StrandTek will assume control of Corniche and the Company's current officers and directors will resign. The Company will be relying on the management of StrandTek to operate the business after the StrandTek Transaction. StrandTek's management has limited experience with managing a public company.

CORNICHE WILL HAVE NO RECOURSE AGAINST STRANDTEK AND ITS PRINCIPAL SHAREHOLDERS AND LOAN HOLDERS WHO EXCHANGE THEIR STRANDTEK COMMON STOCK AND LOANS TO STRANDTEK FOR ITS COMMON STOCK.

StrandTek has made certain representations and warranties to the Company concerning StrandTek's business, capitalization, and other matters. These representations and warranties do not survive the closing. After the closing of the StrandTek Transaction, the Company has virtually no recourse against StrandTek and principal shareholders and loan holders who are parties to the StrandTek Transaction if these representations prove to be untrue absent fraud. If these representations and warranties are untrue, the value of its Common Stock may be materially and adversely affected.

FOLLOWING THE STRANDTEK TRANSACTION, THE PRINCIPAL STOCKHOLDERS OF STRANDTEK WILL HAVE CONTROLLING VOTING POWER.

In connection with the acquisition of StrandTek, certain principal stockholders will receive approximately 35,208,000 shares of the Company's Common Stock and approximately 626,000 shares of the Company's Series D Preferred Stock, subject to further adjustment as discussed below. Assuming that (i) the private placement is concluded at \$0.40 per share of Common Stock; (ii) the minimum of 28,875,000 shares of Common Stock offered in the private placement are sold and; (iii) such number of shares satisfies the Financing Condition Amount, the adjustments would increase the number of shares of Series D Preferred Stock to be issued to approximately 1,355,000 (convertible into approximately 135,500,000 shares of Common Stock) (as adjusted based on the number of issued and outstanding shares of Common Stock and based on the lack of authorized shares of Common Stock). No further adjustment would be required for the sale of additional shares in this private placement above the number of shares of Common Stock necessary to satisfy the Financing Condition Amount. In addition, such principal shareholders and certain non-shareholder loan holders have agreed to exchange certain of their outstanding loans due from StrandTek, in the amount of \$22 million in the aggregate, for 220,000 shares of the Company's Series C Preferred Stock. As a result, upon the consummation of the StrandTek Transaction, the principal shareholders and the non-shareholder loan holders will hold substantially more than a majority of the Company's issued and outstanding Common Stock and will be in a position to control the actions that require stockholder approval, including:

- o the election of Corniche's directors; and
- o the outcome of mergers, sales of assets or other corporate transactions or matters submitted for stockholder approval.

It is anticipated that simultaneous with or shortly after the Closing of the StrandTek Transaction at least a majority of the Company's Board of Directors will be reconstituted with StrandTek board members, including Jerome Bauman, David M. Veltman, Greg Veltman, William G. Buckles, Jr., Philip Palm and Ken Arsenault.

STRANDTEK IS AN EARLY STAGE COMPANY.

StrandTek has a limited operating history upon which an evaluation of its business and its prospects can be based. StrandTek's prospects must be considered in light of the risks, expenses and difficulties frequently encountered by such companies in the early stage of product launch post-development, particularly companies in new and rapidly evolving industries. To address these risks and achieve profitability and increased sales levels, StrandTek must, among other things:

- o establish and increase market acceptance of its products as a replacement for cotton shoddy, fiberglass, polyester fiber and polyether and polyethylene foams as well as other fibrous media;
- o respond effectively to competitive pressures;
- o introduce on a timely basis products incorporating its technologies; and
- o successfully market and support its products.

There can be no assurance that StrandTek will achieve or sustain significant sales or profitability in the future.

STRANDTEK HAS A HISTORY OF OPERATING LOSSES AND A SUBSTANTIAL ACCUMULATED EARNINGS DEFICIT AND MAY CONTINUE TO INCUR LOSSES.

StrandTek has generated only limited revenues from sales and has incurred substantial net losses of approximately \$16.2 million, \$9.7 million, and \$5.5 million for the years ended September 30, 2001, 2000, and 1999, respectively and \$3.8 million for the quarter ended December 31, 2001. At September 30, 2001, StrandTek had an accumulated stockholders' deficit of approximately \$22.3 million and \$26.1 million at December 31, 2001. StrandTek's ability to generate revenues and achieve profitability and positive cash flows from operations will depend on increased market acceptance and sales of its products. StrandTek may not achieve profitability and positive cash flows from operations. There can be no assurance that any prior losses may be used to offset future income, if any, earned by StrandTek.

STRANDTEK OPERATES IN A BUSINESS WHICH IS HIGHLY COMPETITIVE.

As reported by StrandTek, StrandTek faces significant competition in the acoustical and thermal insulation applications business. StrandTek competes with many established companies, who vary widely in size and expertise. Many of its existing and potential competitors in the acoustical and thermal insulation applications business have far greater financial, marketing, technical and research resources, name recognition, distribution channels and market presence than StrandTek. One significant manufacturer, 3M, produces meltblown acoustic media for automotive acoustic applications, office panel acoustic applications and appliance applications. StrandTek needs to obtain a material market share from such competitors for it to operate profitably.

ITEM 2. PROPERTIES

The Company leases approximately 4,100 square feet of office space at 610 South Industrial Boulevard, Euless, Texas at an annual rental of approximately \$51,144. The lease expires on July 31, 2002.

ITEM 3. LEGAL PROCEEDINGS

The Company is not aware of any material pending legal proceedings or claims against the Company or its subsidiary.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of the Company's stockholders during the fourth quarter of 2001.

PART II

ITEM 5. MARKET FOR REGISTRANTS COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

(a) Market Information. The Company's Common Stock is traded on the OTC Bulletin Board under the symbol "CNGI." The following table sets forth the high and low bid prices of the Company's Common Stock for each full quarterly period within the two most recent fiscal years, as reported by Nasdaq Trading and Market Services. On March 12, 2002, the closing bid price for the Common Stock was \$0.45. Information set forth in the table below represents prices between dealers in securities, does not include retail mark-ups, mark-downs, or commissions, and does not necessarily represent actual transactions.

2000	HIGH	LOW
First Quarter	\$3.34	\$ 2.93
Second Quarter	3.03	1.81
Third Quarter	2.31	1.38
Fourth Quarter	1.81	0.44

2001	HIGH	LOW
First Quarter	\$ 0.63	\$ 0.22
Second Quarter	0.50	0.19
Third Quarter	0.82	0.30
Fourth Quarter	0.74	0.35

(b) Holders. As of February 26, 2002, there were approximately 1,074 holders of record of the Company's Common Stock.

(c) Dividends. Holders of Common Stock are entitled to dividends when, as, and if declared by the Board of Directors out of funds legally available therefore. The Company has not paid any cash dividends on its Common Stock and, for the foreseeable future, intends to retain future earnings, if any, to finance the operations, development and expansion of its business. Future dividend policy is subject to the discretion of the Board of Directors.

SERIES A PREFERRED STOCK

The Certificate of Designation for the Company's Series A Preferred Stock provides that at any time after December 1, 1999 any holder of Series A Preferred Stock may require the Company to redeem his shares of Series A Preferred Stock (if there are funds with which the Company may legally do so) at a price of \$1.00 per share. Notwithstanding the foregoing redemption provisions, if any dividends on the Series A Preferred Stock are past due, no shares of Series A Preferred Stock may be redeemed by the Company unless all outstanding shares of Series A Preferred Stock are simultaneously redeemed. The holders of Series A Preferred Stock may convert their Series A Preferred Stock into shares of Common Stock of the Company at a price of \$5.20 per share. At December 31, 2001, 681,174 shares of Series A Preferred Stock were outstanding.

On January 29, 2002 notice was given that, pursuant to the Company's Restated Certificate of Incorporation, as amended (the "Certificate of Incorporation"), the Company has called for redemption and will redeem (the "Redemption") on the date of the closing of the StrandTek Transaction (the "Redemption Date"), all shares of the Company's Series A Convertible Preferred Stock outstanding on that date at a redemption price of \$1.05, plus accrued and unpaid dividends from July 1, 1995 through and including the Redemption Date of \$0.47 per share (the "Redemption Price"). Holders will not be entitled to interest on the Redemption Price and the Series A Preferred Stock will cease to accrue dividends on the Redemption Date. The Redemption, among other financial, legal and business conditions, is a condition precedent to the closing of the StrandTek Transaction, which is expected to close during April 2002. See "Business - Recent Developments". Similarly, completion of the Redemption is subject to closing the StrandTek Transaction. As a result, Letters of Transmittal in connection with the redemption will be held in escrow pending the closing of the StrandTek Transaction. Simultaneous with the closing of the StrandTek Transaction, the holders of the Series A Preferred Stock shall receive the Redemption Price. In the event that the StrandTek Transaction is not consummated, the Company will rescind the Notice of Redemption. Pursuant to the Certificate of Incorporation, each share of Series A Preferred Stock, may be converted into 0.193 shares of Common Stock at any time prior to the close of business on the tenth (10) day preceding the Redemption Date.

RECENT SALES OF UNREGISTERED SECURITIES

On February 12, 2002 the Company commenced a private placement offering, as later amended, to sell a minimum of 28,875,000 shares and a maximum of 41,125,000 shares of its Common Stock. Only selected investors which qualify as "accredited investors" as defined in Rule 501(a) under the Securities Act of 1933, as amended (the "Securities Act"), are eligible to purchase these shares. The shares of Common Stock are being offered to enable the Company to satisfy one of the conditions precedent to consummating the StrandTek Transaction described in "Business - Recent Developments". The shares being offered in the private placement have not been registered under the Securities Act and such investors are being granted demand registration rights. The private placement is being made pursuant to the exemption provided by Section 4(2) of the Securities Act and certain rules and regulations promulgated under that section.

ITEM 6. SELECTED FINANCIAL DATA

The selected statements of operations and balance sheet data set forth below are derived from audited financial statements of the Company. The information set forth below should be read in conjunction with the Company's audited consolidated financial statements and notes thereto. See Item 8 "Financial Statements and Supplemental Data" and Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations". On February 4, 1999 the Company changed its fiscal year-end from March 31 each year to December 31 each year. On April 30, 2001 the Company sold Stamford and accordingly the Statement of Operations data presented reflects the Stamford operations as discontinued operations as reported in the financial statements of the Company.

STATEMENT OF OPERATIONS: (\$'000 EXCEPT NET LOSS PER SHARE WHICH IS STATED IN \$)	YEAR ENDED DECEMBER 31, 2001	YEAR ENDED DECEMBER 31, 2000	YEAR ENDED DECEMBER 31, 1999	NINE MONTHS ENDED DECEMBER 31, 1998	YEAR ENDED MARCH 31, 1998
Earned Revenues	\$ 107	\$ 27	\$ -	\$ -	\$ -
Direct Costs	(70)	(33)	-	-	-
Gross Profit	37	(6)	-	-	-
Operating Loss	(1,606)	(2,516)	(1,023)	(344)	(222)
Loss before discontinued operations and preferred dividends	(1,792)	(2,296)	(1,084)	(403)	(204)
Net Loss Attributable to Common Stockholders Basic and diluted earnings per share:	(2,081)	(2,075)	(1,170)	(448)	(264)
Loss from continuing operations	(0.08)	(0.16)	(0.16)	(0.07)	(0.05)
Income (loss) from discontinued operations	(0.01)	0.02	-	-	-
Net loss attributable to common stockholders	(0.09)	(0.14)	(0.17)	(0.07)	(0.05)
Weighted Average Number of Shares Outstanding	22,284,417	14,902,184	6,905,073	6,367,015	5,166,272

BALANCE SHEET DATA: \$'000	AS OF DECEMBER 31, 2001	AS OF DECEMBER 31, 2000	AS OF DECEMBER 31, 1999	AS OF DECEMBER 31, 1998
Working Capital	\$ 1,085	\$ 2,079	\$ 3,192	\$ 541
Total Assets	1,836	3,757	4,905	750
Current Liabilities	489	458	868	138
(Accumulated Deficit)	(8,486)	(6,405)	(4,330)	(3,077)
Stockholders' Equity	374	2,450	3,112	(308)

SELECTED QUARTERLY FINANCIAL DATA

\$'000 (EXCEPT NET LOSS PER SHARE WHICH IS STATED IN\$)	QUARTER ENDED 12/31/01	QUARTER ENDED 9/30/01	QUARTER ENDED 6/30/01	QUARTER ENDED 3/31/01	QUARTER ENDED 12/31/00	QUARTER ENDED 9/30/00	QUARTER ENDED 6/30/00	QUARTER ENDED 3/31/00
Earned Revenues	\$ 42	\$ 33	\$ 21	\$ 11	\$ 19	\$ (28)	\$ 34	\$ 2
Direct Costs	17	31	15	7	10	(13)	27	9
Gross profit	25	2	6	4	9	(15)	7	(7)
Operating Loss	(449)	(386)	(353)	(418)	(669)	(1,057)	(483)	(307)
Net Loss Attributable to Common Stockholders	(725)*	(374)	(329)	(653)	(546)	(948)	(382)	(199)
Net loss per share	(0.03)	(0.02)	(0.01)	(0.03)	(0.07)	(0.03)	(0.03)	(0.01)

* Includes write-off of unamortized capitalized software.
See Management's Discussion and Analysis.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the audited consolidated financial statements and notes thereto, included in Item 8 of this report, and is qualified in its entirety by reference thereto.

GENERAL

During the first half of fiscal 2001 management became concerned by the slow progress being made by its warrantysuperstore.com business. As a result, alternative strategies for the Company were evaluated and on January 7, 2002 the Company entered into the StrandTek Transaction. After the consummation of the StrandTek Transaction, Strandtek will become a majority owned subsidiary of the Company and the former shareholders of Strandtek will control the Company. Strandtek is a high-tech manufacturer with proprietary technology producing melt-blown polypropylene for acoustical and thermal insulation applications. The transaction is expected to close during April 2002 and is contingent upon certain closing conditions, including, obtaining financing and a number of other financial, legal and business conditions. There can be no assurance given however that the financing can be satisfied on terms reasonably acceptable to the parties or that the other financial, legal and business conditions can be met or that a transaction can be consummated.

No decision has been made about the future of the warranty and service contract business. It is anticipated that the Board of Directors will consider the contraction, sale or termination of the warranty and service contract business after the consummation of the StrandTek Transaction. There can be no assurance that the Company will be able to complete the sale of such business, if a decision to sell is made, on terms favorable to the Company or at all.

On April 30, 2001 the Company sold Stamford. The disposition was completed in the third quarter of 2001, effective as of May 1, 2001. The consolidated financial data relating to Stamford is classified as discontinued operations in the financial statements of the Company for all periods presented.

RESULTS OF CONTINUING OPERATIONS

The Company recognizes revenue from its warranty service contracts business over the life of contracts executed and direct costs associated with the sale of such service contracts are also recognized pro rata over the life of the contracts.

FISCAL 2001 COMPARED TO FISCAL 2000

The sale of extended warranties and service contracts via the Internet generated gross revenues of \$225,000 in fiscal 2001 as compared to \$124,000 in fiscal 2000 of which \$107,000 were recognized as earned revenues in the year ended December 31, 2001 as compared to \$27,000 in fiscal 2000. The balance of these revenues is being deferred over the life of the contracts. Similarly, direct costs associated with the sale of service contracts are being recognized pro rata over the life of the contracts.

Selling, general and administrative expenses totaled \$1,643,000 during the year ended December 31, 2001 as compared to \$2,510,000 for fiscal 2000, a decrease of \$867,000 or 34.5%. The decrease is primarily due to a decrease in advertising costs (\$1,027,000), offset by increases in professional fees (\$166,000) and staff costs (\$48,000). The reduction in advertising is due to the Company focusing on strategic partnerships and co-op advertising programs as compared to Internet banner ads and media promotions. The increase in professional fees was due primarily to legal costs associated with the proposed StrandTek Transaction and the additional staff cost was due to the hiring of a Marketing Manager in the second half of 2001.

As a result of the uncertainty over the future of the Company's extended warranty and service contract business the Company recorded an impairment charge of \$305,333 in the fourth quarter of 2001. This charge represented the unamortized balance of capitalized software.

Interest income decreased by \$29,000 for the fiscal year 2001 as compared to fiscal 2000. The decrease is primarily due to lower cash and cash investments balances in 2001 as a result of cash being applied to funding operating losses. Interest expense decreased from \$10,000 in the twelve months ended December 31, 2000 to \$6,000 in fiscal 2001.

For the reasons cited above, loss before discontinued operations and preferred dividend for the fiscal year 2001 decreased by 21.9% to \$1,792,000 from the comparable loss of \$2,296,000 for fiscal 2000.

FISCAL 2000 COMPARED TO FISCAL 1999

The Company commenced the sale of its extended warranty/service contract products over the Internet in the last quarter of 1999, initially for new and used automobiles. The Company's Internet business recorded gross revenues in fiscal 1999 of \$11,000 resulting in earned revenues of \$400 with the balance deferred over the life of the related contracts.

Selling, general and administrative expenses totaled \$2,510,000 during the year ended December 31, 2000 as compared to \$1,023,000 for the twelve months ended December 31, 1999, an increase of \$1,487,000 or 145.4%. The increase is primarily due to increases in advertising costs (\$881,000), staff costs and director fees (\$191,000), professional fees (\$89,000), and depreciation and amortization (\$73,000). The increase in advertising expense is due to "Internet banner advertising" promotions. The increase in payroll costs is primarily due to the appointment of a Chief Executive Officer in February 1999 and the increase in professional fees resulted from the Company filing a registration statement on Form S-1 to raise additional financing.

Interest income totaled \$136,000 in fiscal 2000 as compared to \$4,400 in the twelve months ended December 31, 1999. The increase in interest income is due to higher cash, cash equivalents and investments in fiscal 2000. Interest expense decreased from \$65,000 in the twelve months ended December 31, 1999 to \$10,000 in fiscal 2000.

LIQUIDITY AND CAPITAL RESOURCES

The following chart represents the net funds provided by or used in operating, financing and investment activities for each period as indicated:

	Twelve Months Ended -----	
	December 31, 2001	December 31, 2000
Cash used in operating activities	\$ (373,843)	\$ (2,327,046)
Cash provided by (used in) investing activities	362,939	(25,285)
Cash provided by (used in) financing activities	(23,432)	1,183,311

The Company incurred a net loss attributable to common stockholders of \$2,080,714 in fiscal 2001. This loss adjusted for the loss on sale of Stamford and discontinued operations totaled \$1,839,368. Such loss adjusted for non-cash items such as capitalized software impairment charge \$305,333, depreciation charges \$155,436, deferred revenues (net

of deferred acquisition costs) \$38,342, preferred stock dividend accrual \$47,684 and other non-cash items totaling \$4,542 resulted in cash used in operating activities totaling \$373,483 for the year ended December 31, 2001, net of working capital movements.

To meet its cash requirement during the twelve months ended December 31, 2001 the Company relied on the sale of marketable securities (\$872,840) and the proceeds from the sale of Stamford (\$372,000) to fund the Company's operations. Additionally, the Company generated cash from its Internet business, both earned and unearned, of approximately \$160,000.

The Company significantly improved its operating cash flow in fiscal 2001 by reducing its advertising spending from approximately \$1,134,000 in fiscal 2000 to \$107,000 in fiscal 2001 and by focusing on strategic partnerships and co-op advertising programs to promote its products and services and customer awareness. The Company expended approximately \$215,000 for the year ended December 31, 2001 to maintain and promote its web site. However, the Company has no contracted capital expenditure commitments in place.

As of December 31, 2001 the Company had cash totaling \$51,268. Additionally, it had Treasury Bills and Federal Home Loan Mortgage notes totaling \$1,503,374. The Company will continue to rely on its cash reserves and its investments to fund its operations.

Subsequent to December 31, 2001 the Company made advances to StrandTek totalling \$1,250,000 in advance of completing the StrandTek Transaction. The advances bear interest at 7% per annum and \$1,000,000 of the advances are guaranteed by certain principal stockholders of StrandTek. Additionally, on February 12, 2002 the Company commenced a private placement offering to sell, as amended a minimum of 28,875,000 shares and a maximum of 41,125,000 shares of its Common Stock. The shares of Common Stock are being offered to enable the Company to satisfy one of the conditions precedent to consummating the StrandTek Transaction described in "Item 1 Business - Recent Developments". The shares being offered in the private placement have not been registered under the Securities Act but investors are being granted demand registration rights.

INFLATION

The Company does not believe that its operations have been materially influenced by inflation in the fiscal year ended December 31, 2001, a situation which is expected to continue for the foreseeable future.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA

This information is submitted in a separate section of this Report. See pages F-1, et. seq.

ITEM 9. CHANGES IN AND DISAGREEMENTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

The Company engaged Weinick Sanders Leventhall & Co., LLP ("Weinick") as its independent accountants as of August 12, 1998. The Company had not consulted with Weinick regarding any matters or events set forth in Item 304(a)(2)(i) and (ii) of Regulation S-K.

On May 7, 2001, the Company and Weinick terminated their client-auditor relationship. The reports of Weinick on the financial statements of the Company for the prior two fiscal years contained no adverse opinion or

disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles. The Company's Audit Committee and its Board of Directors participated in and approved the decision to change the Company's independent accountants. In connection with its audits for the prior two fiscal years and through May 7, 2001, there were no disagreements with Weinick on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Weinick, would have caused Weinick to make reference thereto in its report on the financial statements for such years. During the prior two fiscal years and through May 7, 2001 there were no "reportable events" as describe under Item 304(a)(1)(v) of Regulation S-K.

The Company engaged Travis, Wolff & Company, LLP ("Travis Wolff") as its new independent accountants as of May 7, 2001. Such appointment was approved by the Company's Audit Committee and its Board of Directors. During the two most recent fiscal years and through May 7, 2001 the Company had not consulted with Travis Wolff regarding any matters or events set forth in Item 304(a)(2)(i) and (ii) of Regulation S-K.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF REGISTRANT

The following table sets forth certain information regarding the directors and executive officers of the Company as of March 12, 2002:

NAME - - - - -	AGE - - -	POSITION - - - - -
James J. Fyfe(1)	47	Chairman of the Board of Directors
Robert F. Benoit(2)	44	Director and Chief Executive Officer
Robert H. Hutchins	73	Director
David H. Boltz	49	Vice President, Chief Information Officer
Paul L. Harrison(1)(2)	40	Director
Joseph P. Raftery(1)(2)	58	Director

=====
 (1) Member of the Compensation Committee
 (2) Member of the Audit Committee

James J. Fyfe
 Chairman of the Board of Directors

Mr. Fyfe has served as a director of the Company since May 1995. He became Chairman of the Board in April 2000. From May 1995 until May 1998, Mr. Fyfe served as Vice President and Chief Operating Officer of the Company. Mr. Fyfe has been a director of Machine Vision Holdings, Inc., an intelligent automation and control software technology company, since January 1998 and of Transmedia Asia Pacific, Inc., a member benefit loyalty marketing company, since October 1999. From August 1996 to August 1997, Mr. Fyfe was an outside director of Medical Laser Technologies, Inc.

Robert F. Benoit
 Director and Chief Executive Officer

Mr. Benoit has served as Chief Executive Officer of the Company since September 1999 and Secretary since June 1999. He was Executive Vice President and Chief Operating Officer from February 1999 to September 1999. From May 1996 to February 1999, Mr. Benoit was a business analyst at Warrantech Automotive, Inc., a service contract provider, in Euless, Texas, where he served as project leader for Internet applications. From October 1995 to May 1996, Mr. Benoit served as the corporate accounting manager responsible for the non-bank subsidiaries of Shawmut Bank, National Association.

Robert H. Hutchins
 Director

Mr. Hutchins has served as director and the President and Principal Financial Officer of the Company since May 1998. Effective December 31, 2000 Mr. Hutchins retired as President and Principal Financial Officer. Mr. Hutchins was employed by Warrantech Automotive, Inc. as National Claims Manager, from May 1995 to May 1998. Prior to joining Warrantech, he spent 45 years in the property and casualty reinsurance industry in various executive and management positions.

David H. Boltz, PHD
Vice President and Chief Information Officer

Mr. Boltz has served as Vice President, Chief Information Officer of the Company since June 2000. From May 1991 to June 2000, Dr. Boltz was an independent business consultant operating as Language Engineering Services, where he was engaged in providing business technology consulting services and information management services to numerous firms in the Dallas/Ft. Worth metroplex.

Paul L. Harrison
Director

Mr. Harrison was elected as a director of the Company in June 2000. He has been a director of Transmedia Europe, Inc., a "member-benefit" loyalty marketing company, since June 1996. Mr. Harrison was also President, Principal Financial and Accounting Officer and Secretary of Transmedia Asia Pacific, Inc., also a "member-benefit" loyalty marketing company, until October 1999. From May 1994 until June 1997, he was a business and financial consultant to Transmedia Europe, Inc.

Joseph P. Raftery
Director

Mr. Raftery was elected as a director of the Company in June 2000. He has been an independent business consultant since 1998. From 1990 to 1998, Mr. Raftery was Chairman and a member of the Board of Directors and President of BankAmerica Insurance Group, Inc., a subsidiary of BankAmerica Corp. based in San Diego, California.

SECTION 16 BENEFICIAL OWNERSHIP COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and officers, and persons who own more than 10% of a registered class of the Company's equity securities, to file initial reports of ownership and reports of changes in ownership with the Securities and Exchange Commission. These persons are required by the Securities and Exchange Commission to furnish the Company with copies of all Section 16(a) reports that they file. Based solely on the Company's review of these reports and written representations furnished to the Company, management believes that in 2001 each of the reporting persons complied with these filing requirements.

ITEM 11. EXECUTIVE COMPENSATION

The following table sets forth the aggregate compensation paid during the three years ended December 31, 2001 to the Company's Chief Executive Officer. No other executive officer of the Company earned in excess of \$100,000 for services rendered during fiscal 2001.

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	NOTES	FISCAL YEAR	ANNUAL	LONG-TERM	OTHER
			COMPENSATION	COMPENSATION	COMPENSATION
			SALARY	OPTIONS/SAR'S	ALL OTHER COMPENSATION
Robert F. Benoit Chief Executive Officer (Appointed March 1, 2000)	(1)(2)	2001	\$109,960	--	\$ 6,000
		2000	96,154	75,000	5,800
		1999	62,019	125,000	4,000

Notes:

- (1) All other compensation comprises monthly automobile allowances.
- (2) Fiscal 1999 relates to the period from February 15, 1999, when Mr. Benoit first joined the Company to December 31, 1999.

OPTIONS/SAR GRANTS IN LAST FISCAL YEAR

None.

AGGREGATE OPTIONS/SAR EXERCISES IN LAST FISCAL YEAR AND FY-END OPTIONS/VALUES

The following table sets forth information as of December 31, 2001 concerning exercisable and non-exercisable options held by the Company's Chief Executive Officer and any other executive officer of the Company earning in excess of \$100,000 for services rendered during fiscal 2001. The table includes the value of "in-the-money" options which represents the spread between the exercise price of the existing stock options and the year end price of the Common Stock which was \$0.41.

NAME	SHARES	VALUE	NUMBER OF SECURITIES	VALUE OF UNEXERCISED IN-
	ACQUIRED		UNDERLYING UNEXERCISED	
	ON	REALIZED	OPTIONS AT	FISCAL YEAR END (\$)
	EXERCISE	(\$)	FISCAL YEAR END (#)	FISCAL YEAR END (\$)
	(#)		EXERCISABLE/UNEXERCISABLE	EXERCISABLE/UNEXERCISABLE
Robert F. Benoit	0	0	43,750/131,250	0/0

EMPLOYMENT AGREEMENTS

- (1) On February 15, 2000, and as amended on May 8, 2001, Mr. Benoit and the Company entered into an employment agreement for a term ending on February 15, 2003 ("Employment Agreement") with the Company. The Employment Agreement provides for a salary of \$100,000 per annum and an annual auto allowance of \$6,000 per annum. In addition, Mr. Benoit is entitled to participation in the Company's health care and dental plans and all other employee benefit plans. Pursuant to the terms of the Employment Agreement, Mr. Benoit was granted non-qualified options to purchase 75,000 shares of Common Stock at an exercise price of \$1.097 per share and 100,000 shares of Common Stock at an exercise price of \$1.00 per share. Such options vest over a three-year period commencing June 1, 2000. The Employment Agreement also provides for the acceleration of vesting of such options in the event of a change in control of the Company. Additionally, upon a change in control Mr. Benoit has the option, exercisable in writing within 30 days after the effective date of the change in control, to terminate the Employment Agreement and to receive as a severance payment an amount equal to 18 months base salary and require the Company to pay the cost of continuing medical insurance for the severance period. The Employment Agreement includes confidentiality and non-compete restrictions during the term of the Employment Agreement and for a period of two years thereafter. Mr. Benoit may be discharged for cause including failure or refusal to perform his duties, dishonesty, conviction of a felony or fraud, material breach of any provision of the Employment Agreement, disability or death.
- (2) On June 26, 2000 Mr. Boltz and the Company entered into an employment agreement for a term ending on June 26, 2003 ("Employment Agreement") with the Company. The Employment Agreement provides for a salary of \$75,000 per annum. In addition, Mr. Boltz is entitled to participation in the Company's health care and dental plans and all other employee benefit plans. The Employment Agreement includes confidentiality and non-compete restrictions during the term of the Employment Agreement and for a period of two years thereafter. Mr. Boltz may be discharged for cause including failure or refusal to perform his duties, dishonesty, conviction of a felony or fraud, material breach of any provision of the Employment Agreement, disability or death. The Employment Agreement also provides for a grant of non-qualified options to purchase 100,000 shares of Common Stock at an exercise price of \$1.94. Such options vest over a three-year period commencing June 26, 2001 with the vesting of such options accelerating upon a change in control of the Company. Additionally, upon a change in control Mr. Boltz has the option, exercisable in writing within 30 days after the effective date of the change in control, to terminate the Employment Agreement and to receive as a severance payment an amount equal to 18 months base salary and require the Company to pay the cost of continuing medical insurance for the severance period.

STOCK OPTION PLANS

In April 1992 the Company adopted the 1992 Stock Option Plan to provide for the granting of options to directors. According to the terms of the plan, each director is granted options to purchase 1,500 shares of Common Stock each year. The maximum number of options to purchase shares of Common Stock that may be granted under this plan is 20,000 shares.

In May 1998, the Company adopted the 1998 Employee Incentive Stock Option Plan ("1998 Plan"). The 1998 Plan was established to attract and retain high caliber personnel and to offer an incentive for officers and employees to promote the business of the Company. Officers, employees and other independent contractors who perform services for the Company or any of its subsidiaries are eligible to receive incentive stock options under the 1998 Plan. The maximum aggregate number of shares that may be issued under options is 300,000 shares of Common Stock, subject to adjustment in the event of stock splits, stock dividends, recapitalizations, mergers, reorganizations, exchanges of shares and other similar changes affecting the Company's Common Stock. Unless terminated earlier, the 1998 Plan expires in May 2008. The aggregate fair market value (determined at the time the option is granted) of the shares for which incentive stock options are exercisable for the first time under the terms of the 1998 Plan by any eligible employee during any calendar year cannot exceed \$100,000. Options are exercisable at the fair market value of the common stock on the date of grant and have five-year terms. The exercise price of each option is 100% of the fair market value of the underlying stock on the date the options are granted, except that no option will be granted to any employee who, at the time the option is granted, owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any subsidiary unless (a) at the time the options are granted, the option exercise price is at least 110% of the fair market value of the shares of common stock subject to the options and (b) the option by its terms is not exercisable after the expiration of five years from the date such option is granted. The Board of Directors' Compensation Committee administers the 1998 Plan. As of March 31, 2002 300,000 options have been granted under the 1998 Plan.

DIRECTOR COMPENSATION

Pursuant to the 1998 Independent director Compensation Plan, each director who is not an officer or employee of the Company is entitled to receive compensation of \$2,500 per calendar quarter plus 500 shares of common stock per calendar quarter of board service, in addition to reimbursement of travel expenses. Outside directors are entitled to be compensated for committee service at \$500 per calendar quarter plus 125 shares of common stock per calendar quarter.

All directors are entitled to receive options to purchase 1,500 shares of common stock each May under the Company's 1992 Stock Option Plan for Directors. The Company deferred the grant of such options that otherwise would have been granted in May 1999, 2000 and 2001.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information as to the number of shares of Common Stock beneficially owned, as of March 12, 2002, by (i) each beneficial owner of more than five percent of the outstanding Common Stock, (ii) each current named executive officer and director and (iii) all current executive officers and directors of the Company as a group. All shares are owned both beneficially and of record unless otherwise indicated. Unless otherwise indicated, the address of each beneficial owner is c/o Corniche Group Incorporated, 610 South Industrial Boulevard Suite 220, Euless, Texas 76040.

NUMBER AND PERCENTAGE OF SHARES OF COMMON STOCK OWNED

NAME AND ADDRESS OF BENEFICIAL OWNER	NOTES	# OF SHARES BENEFICIALLY OWNED	PERCENTAGE OF COMMON STOCK BENEFICIALLY OWNED (SEE NOTE 1)
Pictet & Cie Nominees Cie 29 Blvd. Georges Favon 1204 Geneva Switzerland		2,670,000	11.98%
Joel San Antonio 56 North Stanwich Road Greenwich, CT 06831		3,752,500	16.83%
James J. Fyfe	(2)	109,500	0.49%
Robert F. Benoit	(3)	76,750	0.34%
Robert H. Hutchins	(4)	152,000	0.68%
David H. Boltz	(5)	50,000	0.22%
Paul L. Harrison		4,250	0.02%
Joseph P. Raftery		4,250	0.02%
All current directors and officers as a group (six persons)		396,750	1.77%

Notes:

- (1) Based on 22,290,710 shares of common stock outstanding on March 12, 2002.
- (2) Includes currently exercisable options to purchase 1,500 shares of Common Stock at \$0.40625 per share.
- (3) Includes currently exercisable options to purchase 33,750 shares of Common Stock at \$1.097 per share and 25,000 shares of Common Stock at \$1.00 per share.
- (4) Includes 150,000 shares of Common Stock held by Mr. Hutchins as co-trustee for a living trust, with Mr. and Mrs. Hutchins as the beneficiaries.
- (5) Includes currently exercisable options to purchase 50,000 shares of Common Stock at \$1.94 per share

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In May 1998, the Company issued 765,000 shares of Series B Preferred Stock to certain of the Company's executive officers and directors in exchange for \$76,500 in cash and issued 10,000 shares of Series B Preferred Stock to James J. Fyfe a director of the Company in consideration for services rendered to the Company.

In September 1998, the Company purchased Stamford from Warrantech Corporation ("Warrantech") for \$37,000 in cash. Joel San Antonio, then Acting Chairman of the Board of Directors of the Company and a principal stockholder of the Company, is also a significant stockholder and Chief Executive Officer, President and Chairman of the Board of Directors of Warrantech Corporation.

Through November 2001 Warrantech also acted as claims administrator for the Company's extended warranty and service contracts business and was paid administrative fees of \$48,506 and \$29,611 in fiscal 2001 and 2000 respectively. No administrative fees were paid in fiscal 1999.

In addition, during fiscal 1998 the Company paid Warrantech approximately \$42,000 for reimbursement of expenses incurred in connection with the preliminary development of the Company's Web site.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

The following documents are being filed as part of this Report:

(a)(1) Financial Statements:

Corniche Group Incorporated
See "Index to Financial Statements" contained in Part II, Item 8

(a)(3) Exhibits:

3	(a)	Certificate of Incorporation filed September 18, 1980(1)	3
	(b)	Amendment to Certificate filed September 29, 1980(1)	3
	(c)	Amendment to Certificate of Incorporation filed July 28, 1983(2)	3(b)
	(d)	Amendment to Certificate of Incorporation filed February 10, 1984(2)	3(d)
	(e)	Amendment to Certificate of Incorporation filed March 31, 1986(3)	3(e)
	(f)	Amendment to Certificate of Incorporation filed March 23, 1987(4)	3(g)
	(g)	Amendment to Certificate of Incorporation filed June 12, 1990(5)	3.8
	(h)	Amendment to Certificate of Incorporation filed September 27, 1991(6)	3.9
	(i)	Certificate of Designation filed November 12, 1994(7)	3.8
	(j)	Amendment to Certificate of Incorporation filed September 28, 1995(9)	3(j)
	(k)	Certificate of Designation for the Series B Preferred Stock dated May 18, 1998	C3(f)
	(l)	By-laws of the Corporation, as amended on April 25, 1991(6)	
	(m)	Amendment to Certificate of Incorporation dated May 18, 1998	A
4	(a)	Form of Underwriter's Warrant(6)	4.9.1
	(b)	Form of Promissory Note - 1996 Offering(9)	4(b)
	(c)	Form of Promissory Note - 1997 Offering(9)	4(c)
	(d)	Form of Common Stock Purchase Warrant - 1996 Offering(9)	4(d)
	(e)	Form of Common Stock Purchase Warrant - 1997 Offering(9)	4(e)
10	(a)	1986 Stock Option Plan, as amended(7)	10.6
	(b)	1992 Stock Option Plan(8)	B
	(c)	Stock Purchase Agreement, dated as of March 4, 1998, between the Company and the Initial Purchasers named therein(9)	B
	(d)	1998 Employees Stock Option Plan(9)	D
	(e)	Stock Contribution Exchange Agreement with StrandTek International, Inc. dated January 7, 2002, as amended on February 11, 2002(10)	10(o)
	(f)	Supplemental Disclosure Agreement to Stock Contribution Exchange Agreement with StrandTek International, Inc. dated January 7, 2002(10)	10(p)

Notes:

- (1) Filed with the Securities and Exchange Commission as an exhibit, numbered as indicated above, to the Company's registration statement on Form S-18, File No. 2-69627, which exhibit is incorporated here by reference.

- (2) Filed with the Securities and Exchange Commission as an exhibit, numbered as indicated above, to the Company's registration statement on Form S-2, File No. 2-88712, which exhibit is incorporated here by reference.
- (3) Filed with the Securities and Exchange Commission as an exhibit, numbered as indicated above, to the Company's registration statement on Form S-2, File No. 33-4458, which exhibit is incorporated here by reference.
- (4) Filed with the Securities and Exchange Commission as an exhibit, numbered as indicated above, to the Company's annual report on Form 10-K for the year ended September 30, 1987, which exhibit is incorporated here by reference.
- (5) Filed with the Securities and Exchange Commission as an exhibit, numbered as indicated above, to the Company's registration statement on Form S-3, File No. 33-42154, which exhibit is incorporated here by reference.
- (6) Filed with the Securities and Exchange Commission as an exhibit, numbered as indicated above, to the Company's registration statement on Form S-1, File No. 33-42154, which exhibit is incorporated here by reference.
- (7) Filed with the Securities and Exchange Commission as an exhibit, numbered as indicated above, to the Company's annual report on Form 10-K for the year ended September 30, 1994, which exhibit is incorporated here by reference.
- (8) Filed with the Securities and Exchange Commission as an exhibit, as indicated above, to the Company's proxy statement dated March 30, 1992, which exhibit is incorporated here by reference.
- (9) Filed with the Securities and Exchange Commission as an exhibit, as indicated above, to the Company's proxy statement dated April 23, 1998, which exhibit is incorporated here by reference.
- (10) Filed herewith.

REPORTS ON FORM 8-K

No reports on Form 8-K were filed by the Company during the fourth quarter of fiscal 2001.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CORNICHE GROUP INCORPORATED

By: /s/ Robert F. Benoit

Robert F. Benoit, Chief Executive Office

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Company and in the capacities and on the dates indicated:

Signatures -----	Title -----	Date -----
/s/ Robert F. Benoit ----- ROBERT F. BENOIT	Director and Chief Executive Officer (Principal executive officer)	April 9, 2002
/s/ James J. Fyfe ----- JAMES J. FYFE	Chairman of the Board and Director	April 9, 2002
/s/ Paul L. Harrison ----- PAUL L. HARRISON	Director	April 9, 2002
/s/ Joseph P. Raftery ----- JOSEPH P. RAFTERY	Director	April 9, 2002
/s/ Robert H. Hutchins ----- ROBERT H. HUTCHINS	Director	April 9, 2002

CORNICHE GROUP INCORPORATED

Table of Contents

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Report of Independent Certified Public Accountants - Travis, Wolff & Company, LLP	F-2
Independent Auditors' Report - Weinick Sanders Leventhal & Co., LLP	F-3
Financial Statements:	
Consolidated Balance Sheets at December 31, 2001 and 2000	F-4
Consolidated Statements of Operations For the Years Ended December 31, 2001, 2000 and 1999	F-5
Consolidated Statement of Stockholders' Equity For the Years Ended December 31, 2001, 2000 and 1999	F-6
Consolidated Statements of Cash Flows For the Years Ended December 31, 2001, 2000, and 1999	F-7
Notes to Consolidated Financial Statements	F-8 to F-25

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
Corniche Group Incorporated
Euless, Texas

We have audited the accompanying consolidated balance sheet of Corniche Group Incorporated (the "Company") as of December 31, 2001 and the related consolidated statements of operations, stockholders' equity, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Corniche Group Incorporated as of December 31, 2001 and the consolidated results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming Corniche Group Incorporated will continue as a going concern. As discussed in the accompanying financial statements, the Company sold its insurance subsidiary in July 2001. Additionally, the Company temporarily discontinued sales of its extended warranty service contracts through its web site in December 2001. As more fully disclosed in Note 13 to the financial statements, the Company has entered into an agreement to acquire StrandTek International, Inc. The acquisition is conditioned on among other things, the private placement of shares of Company stock for approximately \$11.55 million. There can be no assurances that the private placement will be successful or that the acquisition will be completed. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 13. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ TRAVIS WOLFF & COMPANY, LLP

Dallas, Texas
February 1, 2002
(except for Note 13, as to which
the date is February 19, 2002)

INDEPENDENT AUDITORS' REPORT

To the Stockholders and Board of Directors
Corniche Group Incorporated

We have audited the accompanying consolidated balance sheet of Corniche Group Incorporated and Subsidiary as at December 31, 2000, and the related consolidated statements of operations, redeemable preferred stock, common stock, other stockholders' equity and accumulated deficit, and cash flows for the years ended December 31, 2000 and 1999. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Corniche Group Incorporated and Subsidiary as at December 31, 2000, and the results of their operations and their cash flows for the years ended December 31, 2000 and 1999, in conformity with accounting principles generally accepted in the United States of America.

/s/ WEINICK SANDERS LEVENTHAL & CO., LLP

New York, New York
February 8, 2001

CORNICHE GROUP INCORPORATED

Consolidated Balance Sheets

	December 31,	
	2001	2000

ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 51,268	\$ 85,604
Marketable securities	1,503,374	2,376,214
Prepaid expenses and other current assets	19,734	75,291
	-----	-----
Total current assets	1,574,376	2,537,109
PROPERTY AND EQUIPMENT, NET	74,159	525,866
DEFERRED ACQUISITION COSTS	183,579	76,950
NET ASSETS OF SUBSIDIARY	--	613,344
OTHER ASSETS	4,175	4,175
	-----	-----
	\$ 1,836,289	\$ 3,757,444
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Dividends payable - preferred stock	\$ 337,827	\$ 290,143
Accounts payable, accrued expenses and other current liabilities	130,617	144,823
Current portion of long-term debt	21,051	23,459
	-----	-----
Total current liabilities	489,495	458,425
UNEARNED REVENUES	259,779	114,808
LONG-TERM DEBT	32,108	53,132
Series A Convertible Preferred Stock:		
\$0.07 cumulative convertible preferred stock; liquidation value, \$1.00 per share; authorized, 1,000,000 shares; outstanding, 681,174 shares	681,174	681,174
STOCKHOLDERS' EQUITY:		
Preferred stock; authorized, 5,000,000 shares Series B convertible redeemable preferred stock, liquidation value, 10 shares of common stock per share, \$.01 par value; authorized, 825,000 shares; outstanding, 20,000 shares	200	200
Common stock, \$.001 par value; authorized, 75,000,000 shares; issued and outstanding, 22,290,710 shares at December 31, 2001 and 22,280,210 shares at December 31, 2000	22,291	22,280
Additional paid-in capital	8,837,687	8,833,156
Accumulated deficit	(8,486,445)	(6,405,731)
	-----	-----
Total stockholders' equity	373,733	2,449,905
	-----	-----
	\$ 1,836,289	\$ 3,757,444
	=====	=====

The accompanying notes are an integral part of
the consolidated financial statements.

CORNICHE GROUP INCORPORATED
Consolidated Statements of Operations

	Years Ended December 31,		
	2001	2000	1999
Earned revenues	\$ 107,447	\$ 27,175	\$ 398
Direct costs	70,674	33,339	445
GROSS PROFIT	36,773	(6,164)	(47)
Selling, general and administrative expenses	1,642,874	2,510,492	1,022,560
OPERATING LOSS	(1,606,101)	(2,516,656)	(1,022,607)
OTHER INCOME (EXPENSE):			
Unrealized gain on marketable securities	18,779	37,710	--
Realized gain on marketable securities	--	56,307	--
Capitalized software impairment charge	(305,333)	--	--
Interest income	107,183	136,353	4,431
Interest expense	(6,212)	(10,136)	(65,326)
	(185,583)	220,234	(60,895)
LOSS BEFORE DISCONTINUED OPERATIONS AND PREFERRED DIVIDEND	(1,791,684)	(2,296,422)	(1,083,502)
DISCONTINUED OPERATIONS:			
Income (loss) from operations	237,898	269,257	(28,834)
Loss on disposal	(479,244)	--	--
	(241,346)	269,257	(28,834)
NET LOSS	(2,033,030)	(2,027,165)	(1,112,336)
PREFERRED DIVIDEND	(47,684)	(48,211)	(57,172)
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ (2,080,714)	\$ (2,075,376)	\$ (1,169,508)
BASIC EARNINGS PER SHARE			
Loss before discontinued operations	\$ (0.08)	\$ (0.16)	\$ (0.17)
Income (loss) from discontinued operations	(0.01)	0.02	--
Net loss attributable to common stockholders	\$ (0.09)	\$ (0.14)	\$ (0.17)
Weighted average common shares outstanding	22,284,417	14,902,184	6,905,073

The accompanying notes are an integral part of the consolidated financial statements.

CORNICHE GROUP INCORPORATED

Consolidated Statement of Stockholders' Equity
 Years Ended December 31, 2001, 2000 and 1999

	Series B Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount			
BALANCE AT DECEMBER 31, 1998	825,000	\$ 8,250	6,370,058	\$ 6,370	2,838,420	\$(3,160,847)	\$ (307,807)
Issuance of common stock for interest and services rendered	--	--	55,000	55	57,664	--	57,719
Issuance of common stock for indebtness	--	--	208,738	209	252,973	--	253,182
Issuance of common stock for cash, net of offering costs	--	--	5,875,835	5,876	4,248,360	--	4,254,236
Conversion of Series A convertible preferred stock into common stock	--	--	3,586	3	24,527	--	24,530
Series A convertible stock dividends	--	--	--	--	--	(57,172)	(57,172)
Net loss	--	--	--	--	--	(1,112,336)	(1,112,336)
BALANCE AT DECEMBER 31, 1999	825,000	8,250	12,513,217	12,513	7,421,944	(4,330,355)	3,112,352
Issuance of common stock for cash net of offering costs	--	--	1,676,250	1,676	1,205,094	--	1,206,770
Issuance of common stock for services	--	--	16,000	16	28,194	--	28,210
Conversion of Series B convertible preferred stock into common stock	(805,000)	(8,050)	8,050,000	8,050	--	--	--
Conversion of Series A convertible preferred stock into common stock	--	--	24,743	25	175,257	--	175,282
Compensatory effect of stock options	--	--	--	--	2,667	--	2,667
Series A convertible stock dividends	--	--	--	--	--	(48,211)	(48,211)
Net loss	--	--	--	--	--	(2,027,165)	(2,027,165)
BALANCE AT DECEMBER 31, 2000	20,000	200	22,280,210	22,280	8,833,156	(6,405,731)	2,449,905
Issuance of common stock to directors	--	--	10,500	11	4,531	--	4,542
Series A convertible stock dividends	--	--	--	--	--	(47,684)	(47,684)
Net loss	--	--	--	--	--	(2,033,030)	(2,033,030)
BALANCE AT DECEMBER 31, 2001	20,000	\$ 200	22,290,710	\$ 22,291	\$ 8,837,687	\$(8,486,445)	\$ 373,733

The accompanying notes are an integral part of
 the consolidated financial statements.

CORNICHE GROUP INCORPORATED

Consolidated Statements of Cash Flows

	Years Ended December 31,		
	2001	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	\$ (2,033,030)	\$ (2,027,165)	\$ (1,112,336)
Adjustments to reconcile net loss to net cash used in operating activities:			
Net income (loss) from discontinued operations	(237,898)	(269,257)	28,834
Loss on sale of subsidiary	479,244	--	--
Capitalized software impairment charge	305,333	--	--
Common shares and Series B preferred shares issued for interest expense and for services rendered	4,542	30,877	57,719
Depreciation	155,436	154,421	81,118
Unearned revenues	144,971	104,093	10,715
Deferred acquisition costs	(106,629)	(70,572)	(6,378)
Changes in operating assets and liabilities:			
Marketable securities	872,840	169,071	(2,105,144)
Prepaid expenses and other current assets	55,557	(3,669)	(71,620)
Other assets	--	8,350	--
Accounts payable, accrued expenses and other current liabilities	(14,209)	(423,195)	446,822
Net cash used in operating activities	(373,843)	(2,327,046)	(2,670,270)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of property and equipment	(9,061)	(25,285)	(464,442)
Proceeds from sale of subsidiary	372,000	--	--
Net cash provided by (used in) investment activities	362,939	(25,285)	(464,442)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net proceeds from issuance of capital stock	--	1,206,770	4,254,236
Net proceeds from long-term debt	--	--	89,264
Repayment of long-term debt	(23,432)	(23,459)	(4,671)
Net cash (used in) provided by financing activities	(23,432)	1,183,311	4,338,829
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(34,336)	(1,169,020)	1,204,117
Cash and cash equivalents at beginning of year	85,604	1,254,624	50,507
Cash and cash equivalents at end of year	\$ 51,268	\$ 85,604	\$ 1,254,624
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid during the period for:			
Income taxes	\$ --	\$ --	\$ --
Interest	\$ 6,212	\$ 10,136	\$ 38,443
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Issuance of preferred stock and common stock for services rendered	\$ 4,542	\$ 28,210	\$ 30,000
Compensatory element of stock options	\$ --	\$ 2,667	\$ --
Net accrual of dividends on Series A preferred stock	\$ 47,684	\$ 48,211	\$ 57,172
Series A preferred stock and dividends thereon converted to common stock and additional paid-in capital upon conversion	\$ --	\$ 175,282	\$ 24,530
Issuance of common stock for indebtedness	\$ --	\$ --	\$ 253,182
Issuance of common stock for interest	\$ --	\$ --	\$ 27,719

The accompanying notes are an integral part of the consolidated financial statements.

CORNICHE GROUP INCORPORATED

Notes to the Consolidated Financial Statements

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NOTE 1 - THE COMPANY

Corniche Group Incorporated (hereinafter referred to as the "Company" or "CGI") was incorporated in Delaware on September 18, 1980 under the name Fidelity Medical Services, Inc. From its inception through March 1995, the Company was engaged in the development, design, assembly, marketing, and sale of medical imaging products. As a result of a reverse merger with Corniche Distribution Limited and its Subsidiaries ("Corniche") the Company was engaged in the retail sale and wholesale distribution of stationery products and related office products, including office furniture, in the United Kingdom. Effective March 25, 1995, the Company sold its wholly-owned medical imaging products subsidiary. On September 28, 1995 the Company changed its name to Corniche Group Incorporated. In February 1996, the Company's United Kingdom operations were placed in receivership by their creditors. Thereafter, through May 1998, the Company had no activity. On March 4, 1998, the Company entered into a Stock Purchase Agreement ("Agreement"), approved by the Company's stockholders on May 18, 1998, with certain individuals (the "Initial Purchasers") whereby the Initial Purchasers acquired an aggregate of 765,000 shares of a newly created Series B Convertible Redeemable Preferred Stock, par value \$0.01 per share. Thereafter the Initial Purchasers endeavored to establish for the Company new business operations in the property and casualty specialty insurance and the service contract markets. On September 30, 1998, the Company acquired all of the capital stock of Stamford Insurance Company, Ltd. ("Stamford") from Warrantech Corporation ("Warrantech") for \$37,000 in cash in a transaction accounted for as a purchase. On April 30, 2001, the Company sold Stamford for a consideration of \$372,000. During 2001 the Company recorded a loss of approximately \$479,000 on the sale of Stamford. The closing was effective May 1, 2001 and transfer of funds was completed on July 6, 2001.

CORNICHE GROUP INCORPORATED

Notes to the Consolidated Financial Statements

NOTE 1 - THE COMPANY - (CONTINUED)

At April 30, 2001 and December 31, 2000, Stamford's total net assets consisted of the following:

	April 30, ----- 2001 -----	December 31, ----- 2000 -----
ASSETS:		
Cash and equivalents	\$ 836,979	\$ 387,402
Restricted cash	493,451	817,265
Accounts receivable	--	160,757
Deferred acquisition costs	56,074	92,871
Licenses, net of accumulated Amortization	15,150	15,557
	----- 1,401,654 -----	----- 1,473,852 -----
LIABILITIES:		
Current liabilities	24,572	5,222
Loss reserve	77,247	112,318
Unearned premiums	448,592	742,968
	----- 550,411 -----	----- 860,508 -----
Net assets	\$ 851,243 =====	\$ 613,344 =====

Cash and restricted cash of \$1,072,431 and \$923,405 were on deposit in a United States domestic bank at April 30, 2001 and December 31, 2000, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (a) Basis of consolidation: The accompanying consolidated financial statements include the accounts of the Company and its subsidiary. All intercompany amounts and balances have been eliminated in consolidation.
- (b) Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- (c) Cash Equivalents: Short-term cash investments, which have a maturity of ninety days or less when purchased, are considered cash equivalents in the statement of cash flows.

CORNICHE GROUP INCORPORATED

Notes to the Consolidated Financial Statements

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

- (d) Concentrations of Credit-Risk: Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and marketable securities. The Company places its domestic operations cash accounts with high credit quality financial institutions, which at times may be in excess of the FDIC insurance limit. The Company's marketable securities are primarily comprised of investments in U. S. Treasury Bills and Federal Home Loan Mortgage notes.
- (d) Marketable Securities: Marketable securities are classified as trading securities and are reported at market value. At December 31, 2001, marketable securities are comprised of U.S. Treasury Bills and Federal Home Loan Mortgage notes whose cost approximated their market value. At December 31, 2000, marketable securities were comprised of state and local municipal bonds whose cost approximated their market value.
- (e) Property and Equipment: The cost of property and equipment is depreciated over the estimated useful lives of the related assets of 3 to 5 years. The cost of computer software programs is amortized over their estimated useful lives of five years. Depreciation is computed on the straight-line method. Repairs and maintenance expenditures that do not extend original asset lives are charged to income as incurred.
- (f) Income Taxes: The Company adopted SFAS 109, "Accounting for Income Taxes", which recognizes (a) the amount of taxes payable or refundable for the current year and, (b) deferred tax liabilities and assets for the future tax consequences of events that have been recognized in an enterprise's financial statement or tax returns.
- (g) Accounting for Long-Lived Assets: The Company adopted Statement of Financial Accounting Standards No. 121 ("SFAS No. 121"), "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of". The statement requires that the Company recognizes and measures impairment losses of long-lived assets, certain identifiable intangibles, the value of long-lived assets to be disposed of and long-term liabilities. At December 31, 2001 the Company recognized as impaired, the book value of certain capitalized software costs resulting in an impairment charge of \$305,333.
- (h) Advertising Costs: The Company expenses advertising costs as incurred. Advertising costs amounted to \$107,117, \$1,133,987 and \$252,983 for the years ended December 31 2001, 2000 and 1999, respectively.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

(i) Earnings Per Share: The Company adopted Statement of Financial Accounting Standards No. 128, "Earnings Per Share". Basic earnings per share is based on the weighted effect of all common shares issued and outstanding, and is calculated by dividing net income available to common stockholders by the weighted average shares outstanding during the period. Diluted earnings per share, which is calculated by dividing net income available to common stockholders by the weighted average number of common shares used in the basic earnings per share calculation plus the number of common shares that would be issued assuming conversion of all potentially dilutive securities outstanding, is not presented as it is anti-dilutive in all periods.

(k) Recently Issued Accounting Pronouncements: In July 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 141 (SFAS 141), "Business Combinations", which eliminates the pooling method of accounting for business combinations initiated after June 30, 2001. In addition, SFAS 141 addresses the accounting for intangible assets and goodwill acquired in a business combination. This portion of SFAS 141 is effective for business combinations completed after June 30, 2001. The Company does not expect SFAS 141 to have a material effect on the Company's financial position or results of operations.

In July 2001, the FASB issued Statement of Financial Accounting Standards No. 142 (SFAS 142), "Goodwill and Intangible Assets", which revises the accounting for purchased goodwill and intangible assets. Under SFAS 142, goodwill and intangible assets with indefinite lives will no longer be amortized, but will be tested for impairment annually, and also in the event of an impairment indicator. SFAS 142 is effective for fiscal years beginning after December 15, 2001. The Company does not expect the adoption of SFAS 142 to have a material effect on the financial statements. The Company will adopt SFAS 142 on January 1, 2002.

In August 2001, the FASB issued Statement of Financial Accounting Standards No. 144 (SFAS 144), "Accounting for the Impairment or Disposal of Long-lived Assets", which revises the accounting for long-lived assets and superceded SFAS 121. The Company will be required to implement SFAS 144 on January 1, 2002. The Company has not yet determined the impact of this implementation on its financial statements.

Notes to the Consolidated Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

(1) Revenue Recognition: Stamford's reinsurance premiums are recognized on a pro rata basis over the policy term. The deferred policy acquisition costs are the net cost of acquiring new and renewal insurance contracts. These costs are charged to expense in proportion to net premium revenue recognized. The provisions for losses and loss-adjustment expenses include an amount determined from loss reports on individual cases and an amount based on past experience for losses incurred but not reported. Such liabilities are necessarily based on estimates, and while management believes that the amount is adequate, the ultimate liability may be in excess of or less than the amounts provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed, and any adjustments are reflected in earnings currently.

The Company sells via the Internet through partnerships and directly to consumers, extended warranty service contracts for seven major consumer products or stores. The Company recognizes revenue ratably over the length of the contract. The Company purchases insurance to fully cover any losses under the service contracts from a domestic carrier. The insurance premium and other costs related to the sale are amortized over the life of the contract.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	December 31,	
	----- 2001 -----	----- 2000 -----
Computer equipment	\$ 131,014	\$ 124,690
Furniture and fixtures	23,829	23,829
Equipment under capital lease	17,806	17,806
Computer software	602,014	599,277
	-----	-----
	774,663	765,602
Less: Accumulated depreciation	700,504	239,736
	-----	-----
	\$ 74,159	\$ 525,866
	=====	=====

Depreciation and amortization charged to operations were \$155,436, \$154,421 and \$81,118 for the years ended December 31, 2001, 2000, and 1999, respectively.

CORNICHE GROUP INCORPORATED

Notes to the Consolidated Financial Statements

NOTE 4 - ACCOUNTS PAYABLE, ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accounts payable, accrued expenses and other current liabilities are as follows:

	December 31,	
	2001	2000
Accrued professional fees	\$ 83,014	\$ 75,824
Director fees	12,500	8,500
Other	6,250	29,521
Payroll related	13,853	24,277
Travel & entertainment	15,000	6,701
	<u>\$ 130,617</u>	<u>\$ 144,823</u>

NOTE 5 - NOTES PAYABLE

In October 1999, the Company sold to accredited investors 10 units of its promissory notes and common stock for \$25,025 each. Each unit was comprised of a 5% interest bearing \$25,000 note and 25,000 shares. The variance between the fair market value of the 25,000 common shares issued in the aggregate of \$27,969 and the cash received of \$250 was deemed to be additional interest and was charged to operations over the life of the notes. The notes were repaid in full by December 31, 1999. At December 31, 1999, accrued interest on the notes of \$3,025 remained outstanding and was repaid in January, 2000. The effective weighted average interest rate of the notes during the period they were outstanding was 49.2%.

NOTE 6 - LONG-TERM DEBT

Long-term debt consists of the following:

	December 31,	
	2001	2000
Capital lease obligations	\$ 343	\$ 4,591
Bank note payable in equal monthly installments of \$2,043 including interest at 8.75%, collateralized by computer equipment having an undepreciated cost of \$47,665	52,816	72,000
Current maturities	53,159	76,591
	21,051	23,459
	<u>\$ 32,108</u>	<u>\$ 53,132</u>

CORNICHE GROUP INCORPORATED

Notes to the Consolidated Financial Statements

NOTE 6 - LONG-TERM DEBT - (CONTINUED)

The aggregate scheduled future maturities of the obligations are as follows:

Years Ending December 31, -----	
2002	\$ 21,051
2003	22,595
2004	9,513

	\$ 53,159
	=====

NOTE 7 - SERIES A CONVERTIBLE PREFERRED STOCK

In connection with the settlement of a securities class action litigation in 1994, the Company issued 1,000,000 shares of Series A \$0.07 Convertible Preferred Stock (the "Series A Preferred Stock") with an aggregate value of \$1,000,000. The following summarizes the terms of Series

A Preferred Stock as more fully set forth in the Certificate of Designation. The Series A Preferred Stock has a liquidation value of \$1 per share, is non-voting and convertible into common stock of the Company at a price of \$5.20 per share. Holders of Series A Preferred Stock are entitled to receive cumulative cash dividends of \$0.07 per share, per year, payable semi-annually. Until November 30, 1999 the Series A Preferred Stock was callable by the Company at a price of \$1.04 per share, plus accrued and unpaid dividends, and thereafter at a price of \$1.05 per share, plus accrued and unpaid dividends. In addition, if the closing price of the Company's common stock exceeds \$13.80 per share for a period of 20 consecutive trade days, the Series A Preferred Stock is callable by the Company at a price equal to \$0.01 per share, plus accrued and unpaid dividends.

The Certificate of Designation for the Series A Preferred Stock also states that at any time after December 1, 1999 the holders of the Series A Preferred Stocks may require the Company to redeem their shares of Series A Preferred Stock (if there are funds with which the Company may do so) at a price of \$1.00 per share. Notwithstanding any of the foregoing redemption provisions, if any dividends on the Series A Preferred Stock are past due, no shares of Series A Preferred Stock may be redeemed by the Company unless all outstanding shares of Series A Preferred Stock are simultaneously redeemed. During the years ended December 31, 2000 and 1999, 128,880 and 18,711, respectively, shares of Series A Preferred Stock were converted into 24,743 and 3,586, respectively, shares of common stock. At December 31, 2001, 681,174 shares of Series A Preferred Stock were outstanding, and accrued dividends on these outstanding shares were \$337,827. See Note 13 - Subsequent Events

CORNICHE GROUP INCORPORATED

Notes to the Consolidated Financial Statements

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NOTE 8 - STOCKHOLDERS' EQUITY

(a) Series B Convertible Redeemable Preferred Stock:

On March 4, 1998, the Company entered into a Stock Purchase Agreement ("Agreement"), approved by the Company's stockholders on May 18, 1998, with certain individuals (the "Initial Purchasers") whereby the Initial Purchasers and two other persons acquired an aggregate of 825,000 shares of a newly created Series B Convertible Redeemable Preferred Stock ("Series B Stock"), par value \$0.01 per share. Pursuant to the Agreement and subsequent transactions, the Initial Purchasers acquired 765,000 shares of Series B Stock for \$76,500 in cash. The Company incurred certain legal expenses of the Initial Purchasers equaling approximately \$50,000 in connection with the transaction. In addition, the Company issued 50,000 shares of Series B Stock to a consultant as compensation valued at \$5,000 for his assistance to the Company in the identification and review of business opportunities and this transaction and for his assistance in bringing the transaction to fruition. Additionally, the Company issued 10,000 shares of Series B Stock to James Fyfe as compensation valued at \$1,000 for his work in bringing this transaction to fruition. These issuances diluted the voting rights of the then existing stockholders by approximately 57%. The total authorized shares of Series B Convertible Redeemable Preferred Stock is 825,000. The following summarizes the terms of the Series B Stock whose terms are more fully set forth in the Certificate of Designation. The Series B Stock carries a zero coupon and each share of the Series B Stock is convertible into ten shares of the Company's common stock. The holder of a share of the Series B Stock is entitled to ten times any dividends paid on the common stock and such stock has ten votes per share and votes as one class with the common stock.

The holder of any share of Series B Convertible Redeemable Preferred Stock has the right, at such holder's option (but not if such share is called for redemption), exercisable on or after September 30, 2000, to convert such share into ten (10) fully paid and non-assessable shares of common stock (the "Conversion Rate"). The Conversion Rate is subject to adjustment as stipulated in the Agreement. Upon liquidation, the Series B Stock would be junior to the Company's Series A Preferred Stock and would share ratably with the common stock with respect to liquidating distributions. During the year ended December 31, 2000, holders of 805,000 shares of the Series B Preferred Stock converted their shares into 8,050,000 shares of the Company's common stock. At December 31, 2001 and 2000, 20,000 Series B Preferred Shares were issued and outstanding. The Company's right to repurchase or redeem shares of Series B Stock was eliminated in fiscal 1999 pursuant to the terms of the Agreement and the Certificate of Designation.

(b) Common Stock:

At the 2000 annual meeting, the stockholders approved an amendment increasing the authorized common stock to 75 million shares from 30 million shares. Commencing in May 1999 through July 1999, the Company sold 688,335 shares of its common stock to accredited investors for \$538,492, net of offering costs. In December 1999, accredited

CORNICHE GROUP INCORPORATED

Notes to the Consolidated Financial Statements

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NOTE 8 - STOCKHOLDERS' EQUITY - (CONTINUED)

(b) Common Stock - Continued

investors purchased 5,187,500 shares of the Company's common stock for \$3,715,744, net of offering costs. From January 1, 2000 through February 15, 2000, additional investors acquired 1,676,250 shares of the Company's common stock for approximately \$1,206,000, net of offering costs. The Company in 1999 issued 5,000 shares of its common stock whose fair value was \$5,000 to its President as a signing bonus that was charged to operations at the time of issuance. The Company also issued in 1999, 25,000 shares of its common stock whose fair value was \$25,000 at the date of issuance to a public relations consultant for future services. The arrangement with the consultant was terminated in 1999 and the fair value of the shares was charged to operations in 1999. The Company in 2000 issued 3,000 shares of its common stock whose fair value was \$7,688 to a consultant for promotional activities.

The Company also issued 13,000 shares of its common stock whose fair value was \$20,522 to its past and present board members for director's fees from the second quarter of 1998 through the fourth quarter of 2000. See Note 13 - Subsequent Events.

(c) Warrants:

The Company has issued common stock purchase warrants from time to time to investors in private placements, certain vendors, underwriters, and directors and officers of the Company. A total of 101,308 shares of common stock were reserved for issuance upon exercise of warrants as of December 31, 1998. Of these outstanding warrants, warrants for 9,375 common shares at \$46.40 per share expired in April 1999. The remaining warrants to acquire 91,933 common shares at exercise prices ranging from \$3.20 to \$8.10 per share were granted in March 1995 to certain directors, officers and employees who converted previously outstanding stock options under the 1986 Plan into warrants on substantially the same terms as the previously held stock options, except the warrants were immediately vested. During fiscal 1999, warrants to acquire 22,308 common shares at prices ranging from \$3.90 to \$46.40 per share expired. No warrants were exercised during any of the periods presented. A total of 79,000 shares of common stock are reserved for issuance upon exercise of outstanding warrants as of December 31, 2001 at prices ranging from \$3.20 to \$27.50 and expiring through October 2004.

(d) Stock Option Plans:

The 1998 Employee Incentive Stock Option Plan provides for the grant of options to purchase shares of the Company's common stock to employees. Under the 1998 Plan, the maximum aggregate number of shares that may be issued under options is 300,000 shares of common stock. The aggregate fair market value (determined at the time the option is granted) of the shares for which incentive stock options are exercisable for the first time under the terms of the 1998 Plan by any eligible employee during any calendar year cannot

CORNICHE GROUP INCORPORATED

Notes to the Consolidated Financial Statements

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NOTE 8 - STOCKHOLDERS' EQUITY - (CONTINUED)

(d) Stock Option Plans - Continued

exceed \$100,000. Options are exercisable at the fair market value of the common stock on the date of grant and have five-year terms. The exercise price of each option is 100% of the fair market value of the underlying stock on the date the options are granted, except that no option will be granted to any employee who, at the time the option is granted, owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any subsidiary unless (a) at the time the options are granted, the option exercise price is at least 110% of the fair market value of the shares of common stock subject to the options and (b) the option by its terms is not exercisable after the expiration of five years from the date such option is granted. The Board of Directors' Compensation Committee administers the 1998 Plan. In April 1992, the Company adopted the 1992 Stock Option Plan to provide for the granting of options to directors. According to the terms of this plan, each director is granted options to purchase 1,500 shares each year. The maximum amount of the Company's common stock that may be granted under this plan is 20,000 shares.

In 1999, an option to acquire 100,000 common shares at \$1.00 per share was granted to an officer and an option to acquire 25,000 common shares at \$0.6875 per share was issued to a consultant under the 1998 Plan. In fiscal 2000, options to acquire 75,000 common shares at \$1.097 per share, 100,000 common shares at \$1.88 per share and 100,000 common shares at \$1.94 per share were granted to officers. In Fiscal 2001, options to acquire 75,000 and 100,000 common shares at \$0.37 and \$1.88, respectively, were cancelled.

CORNICHE GROUP INCORPORATED

Notes to the Consolidated Financial Statements

NOTE 8 - STOCKHOLDERS' EQUITY - (CONTINUED)

(d) Stock Option Plans: (continued)

Stock option activity under the 1992 and 1998 Stock Option Plans is as follows:

	Number of Shares -----	Weighted Average Exercise Price -----
Balances at December 31, 1998	\$ 3,000	\$ 0.36
Granted	125,000	0.94
Cancelled	--	--
	-----	-----
Balances at December 31, 1999	128,000	0.92
Granted	275,000	1.69
Cancelled	--	--
	-----	-----
Balances at December 31, 2000	403,000	1.45
Granted	75,000	0.37
Expired	(1,500)	0.31
Cancelled	(175,000)	1.23
	-----	-----
Balances at December 31, 2001	301,500	\$ 1.30
	=====	=====

The following table summarizes information about stock options outstanding at December 31, 2001:

Range of Exercise Prices -----	Shares Outstanding and Exercisable at December 31, 2001 -----	Weighted Average Remaining Life (Years) -----	Weight Average Exercise Price -----
\$ 0.31 to \$ 0.69	26,500	3.21	\$ 0.65
\$ 1.00 to \$ 1.94	275,000	8.18	1.37
	-----	-----	-----
Total	301,500	7.72	\$ 1.30
	=====	=====	=====

CORNICHE GROUP INCORPORATED

Notes to the Consolidated Financial Statements

NOTE 8 - STOCKHOLDERS' EQUITY - (CONTINUED)

(d) Stock Option Plans: (continued)

Outstanding options expire 90 days after termination of the holder's status as employee or director. All options were granted at an exercise price equal to the fair value of the common stock at the grant date. Therefore, in accordance with the provisions of APB Opinion No. 25 related to fixed stock options, no compensation expense is recognized with respect to options granted or exercised. Under the alternative fair-value based method defined in SFAS No. 123, the fair value of all fixed stock options on the grant date would be recognized as expense over the vesting period. Financial Accounting Standards Board Interpretation No. 44 is an interpretation of APB Opinion No. 25 and SFAS No. 123 which requires that effective July 1, 2000, all options issued to non-employees after January 12, 2000 be accounted for under the rules of SFAS No. 123. Options granted to non-employees after December 15, 1998 through January 12, 2000 are also required to follow SFAS No. 123 prospectively from July 1, 2000. The effect of adoption of the Interpretation was a charge to operations in 2000 of \$2,667 and an increase in additional paid in capital in the same amount.

Assuming the fair market value of the stock at the date of grant to be \$.3125 per share in May 1996, \$.40625 per share in May 1997, \$.6875 in January 1999 and \$1.00 per share in September 1999, and \$1.097 to \$1.94 in June 2000, the life of the options to be from three to ten years, the expected volatility at 200%, expected dividends are none, and the risk-free interest rate of 10%, the Company would have recorded compensation expense of \$59,129, \$57,842 and \$7,750, respectively, for the years ended December 31, 2001, 2000 and 1999 as calculated by the Black-Scholes option pricing model.

As such, proforma net loss and net loss per share attributable to common stockholders would be as follows:

	2001 -----	2000 -----	1999 -----
Net loss attributable to common stockholders:			
As reported	\$ (2,080,714)	\$ (2,075,376)	\$ (1,169,508)
Additional compensation	(59,129)	(57,842)	(7,750)
	-----	-----	-----
As adjusted	\$ (2,139,843)	\$ (2,133,218)	\$ (1,177,258)
	=====	=====	=====
Net loss per share attributable to common stockholders:			
As reported	\$ (0.09)	\$ (0.14)	\$ (0.17)
	=====	=====	=====
As adjusted	\$ (0.10)	\$ (0.14)	\$ (0.17)
	=====	=====	=====

CORNICHE GROUP INCORPORATED

Notes to the Consolidated Financial Statements

NOTE 9 - INCOME TAXES

Deferred tax assets consisted of the following as of December 31:

	2001	2000	1999
	-----	-----	-----
Net operating loss carryforwards	\$ 1,828,000	\$ 1,416,000	\$ 721,000
Property and equipment	126,000	48,000	--
Capital loss carryforward	166,000	--	--
Deferred revenue	88,000	--	--
Other, net	--	14,000	--
	-----	-----	-----
Net deferred tax assets	2,208,000	1,517,000	721,000
Deferred tax asset valuation allowance	(2,208,000)	(1,517,000)	(721,000)
	-----	-----	-----
	\$ --	\$ --	\$ --
	=====	=====	=====

The provision for income taxes is different than the amount computed using the applicable statutory federal income tax rate with the difference for each year summarized below:

	2001	2000	1999
	-----	-----	-----
Federal tax benefit at statutory rate	(34.0)%	(34.0)%	(34.00)%
Change in valuation allowance	33.0%	34.0%	34.0%
Permanent difference	1.0%	--	--
	-----	-----	-----
Provision for income taxes	0.00%	0.00%	0.00%
	=====	=====	=====

The Tax Reform Act of 1986 enacted a complex set of rules limiting the utilization of net operating loss carryforwards to offset future taxable income following a corporate ownership change. The Company's ability to utilize its NOL carryforwards is limited following a change in ownership in excess of fifty percentage points during any three-year period.

Upon receipt of the proceeds from the last foreign purchasers of the Company's common stock in January 2000, common stock ownership changed in excess of 50% during the three-year period then ended. The utilization of the Company's net operating loss carryforwards at December 31, 2001 of approximately \$5,370,000 has been limited by this ownership change. The future tax benefit of the net operating loss carryforwards aggregating approximately \$1,800,000 at December 31, 2001 has been fully reserved as it is not more likely than not that the Company will be able to use the operating loss in the future.

CORNICHE GROUP INCORPORATED

Notes to the Consolidated Financial Statements

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NOTE 10 - COMMITMENTS, CONTINGENCIES AND OTHER

- (a) Leases: Rent expense charged to operations for the year ended December 31, 2001 was \$51,144 and for 2000 and 1999 was \$50,100 in each year. Future minimum annual rent commitments under operating leases expiring in July 2002, amounts to \$30,443.
- (b) Investment Contract: The Company has terminated, effective January 1, 2001 its investment advisory agreement with AIG Global Investment Corporation ("AIG") under which AIG functioned as investment advisor and manager of all the Company's investment assets. The Company entered into an agreement with Bank One National Safekeeping Services Capital Markets effective January 17, 2001 to maintain its investment accounts, which consisted of Treasury Notes and Federal Home Loan Mortgages.

NOTE 11 - SEGMENT INFORMATION

Until April 30, 2001, the Company operated in two segments; as a reinsuror and as a seller of extended warranty service contracts through the Internet. The reinsurance segment has been discontinued with the sale of Stamford (see Note 1), and the Company now operates in one segment.

NOTE 12 - RELATED PARTY TRANSACTIONS

The Company processes claims on its warranty contracts through Warrantech Corporation (Warrantech), in which a principal shareholder of the Company is also a significant shareholder and Chief Executive Officer, President and Chairman of the Board of Directors. Warrantech receives an administration fee of \$50 per contract for processing the claim. Total administrative fees paid to Warrantech in 2001 and 2000 totaled \$48,506 and \$29,611, respectively. There were no administrative fees paid in 1999.

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NOTE 13 - SUBSEQUENT EVENTS

(a) StrandTek Transaction

On January 7, 2002, the Company entered into a Stock Contribution Exchange Agreement (the "Exchange Agreement") and a Supplemental Disclosure Agreement (together with the Exchange Agreement, the "Agreements") with Strandtek International, Inc., a Delaware corporation ("Strandtek"), certain of Strandtek's principal shareholders and certain non-shareholder loan holders of Strandtek (the "StrandTek Transaction"). The Exchange Agreement was amended on February 11, 2002. Strandtek is a high-tech manufacturer with proprietary technology producing melt-blown polypropylene for acoustical and thermal insulation applications. After the consummation of the transactions contemplated by the Agreements, Strandtek will become a majority owned subsidiary of the Company and the former shareholders of Strandtek will control the Company.

Pursuant to the terms of the Agreements, as amended, the Company will acquire approximately 178,000,000 shares or approximately 98% of the common stock, \$.0001 par value per share, of Strandtek from certain principal shareholders of Strandtek. Such principal shareholders will exchange their shares of Strandtek common stock for approximately 34,650,000 shares of the Company's Common Stock and approximately 750,000 shares of the Company's Series D Convertible Preferred Stock, as adjusted pursuant to the Agreements and subject to further adjustments currently being negotiated. In addition, such principal shareholders and certain non-shareholder loan holders have agreed to exchange certain of their outstanding loans due from Strandtek, in the amount of \$22 million in the aggregate, and the Company will issue 220,000 shares of its Series C 7% Convertible Preferred Stock. Upon the consummation of the transaction contemplated by the Agreements, the principal shareholders and the non-shareholder loan holders will own more than a majority of the outstanding shares and voting power of the Company.

In addition, in January 2002 the Company advanced to Strandtek a loan of \$1 million on an unsecured basis, which is personally guaranteed by certain of the principal shareholders of Strandtek and a further loan of \$250,000 on February 19, 2002 on an unsecured basis. Such loans are due on the earlier of March 31, 2002 or forty five days after termination of the agreements.

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NOTE 13 - SUBSEQUENT EVENTS - (CONTINUED)

(a) StrandTek Transaction - continued

The transaction is expected to close during April 2002 and is contingent upon certain closing conditions, including, obtaining financing of approximately \$11 million and a number of other financial, legal and business conditions. The Company is attempting to secure this financing through an unregistered private placement of its securities. Upon the closing of the transaction, Jerome Bauman, President of Strandtek, will be appointed Chairman and Chief Executive Officer of the Company and William Buckles, Chief Financial Officer of Strandtek, will be appointed Chief Financial Officer, Treasurer and Secretary and Ronald Basar will be appointed Vice President of the Company. There can be no assurance given at this time that the financing can be satisfied on terms reasonably acceptable to the parties or that the other financial, legal and business conditions can be met or that a transaction can be consummated.

The following summarizes the terms of the Series C 7% Convertible Preferred Stock. The Series C Preferred Stock shall rank senior to the Company's Series D Preferred Stock and Common Stock with respect to the payment of dividends and to the distribution of assets upon liquidation, dissolution or winding up. Commencing July 1, 2002, the holders of shares of Series C Preferred Stock shall be entitled to receive, when and as declared by the Board of Directors of the Company, cumulative dividends at the rate of \$7.00 per share of Series C Preferred Stock, subject to appropriate adjustment. The holder of any share of Series C Preferred Stock shall have the right, at such holder's option, to convert each share of the Series C Preferred Stock into one hundred shares of the Company's Common Stock, plus additional shares for accrued and unpaid dividends, subject to certain adjustments.

The following summarizes the terms of the Series D Preferred Stock. The Series D Preferred Stock shall rank junior to the Company's Series C 7% Convertible Preferred Stock with respect to the payment of dividends and to the distribution of assets upon liquidation, dissolution or winding up, and pari passu with the Common Stock. So long as any shares of the Series D Preferred Stock are outstanding, no dividend shall be declared or paid upon the Common Stock or upon any other stock ranking junior to, or on a parity with, the Series D Preferred Stock. The holder of any share of Series D Preferred Stock shall have the right, at such holder's option, to convert each share of the Series D Preferred Stock into one hundred shares of the Company's Common Stock, subject to certain adjustments. The holders of shares of the Series C Preferred Stock and Series D Preferred Stock shall have the same voting rights as the holder of that number of shares of Common Stock into which a share of Series C or Series D Preferred Stock could be converted.

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NOTE 13 - SUBSEQUENT EVENTS - (CONTINUED)

(a) StrandTek Transaction - continued

The Company and Strandtek anticipate that the contribution and exchange of stock and cash for capital stock of the Company shall constitute a nontaxable transfer of property and the transaction is contingent upon Strandtek receiving a tax opinion to that effect.

The securities being exchanged in the transaction have not been registered under the Securities Act of 1933 and may not be offered or sold in the United States without the effectiveness of a resale registration statement or an applicable exemption from the registration requirements. The principal shareholders and the non-shareholder loan holders shall be entitled to demand registration rights for the Common Stock issued to them and the Common Stock issuable upon the conversion of the Series C and Series D Preferred Stock.

(b) Private Placement

On February 12, 2002 the Company commenced a private placement offering to sell a minimum of 16,500,000 shares and a maximum of 23,500,000 shares of its Common Stock. Only selected investors which qualify as "accredited investors" as defined in Rule 501(a) under the Securities Act of 1933, as amended (the "Securities Act"), are eligible to purchase these shares. The shares of Common Stock are being offered to enable the Company to satisfy one of the conditions precedent to consummating the StrandTek Transaction described in (a) above. The shares being offered in the private placement have not been registered under the Securities Act and the private placement is being made pursuant to the exemption provided by Section 4(2) of the Securities Act and certain rules and regulations promulgated under that section.

(c) Redemption of Series A Preferred Shares

On January 29, 2002 notice was given that, pursuant to the Company's Restated Certificate of Incorporation, as amended (the "Certificate of Incorporation"), the Company has called for redemption and will redeem (the "Redemption") on the date of the closing of the StrandTek Transaction (the "Redemption Date"), all shares of the Company's Series A Convertible Preferred Stock outstanding on that date at a redemption price of \$1.05, plus accrued and unpaid dividends from July 1, 1995 through and including the Redemption Date of \$0.47 per share (the "Redemption Price"). Holders will not be entitled to interest on the Redemption Price and the Series A Preferred Stock will cease to accrue dividends on the Redemption Date. The Redemption, among other financial, legal and business conditions, is a condition precedent to the closing of the StrandTek Transaction, which is expected to close during March 2002. See (a) above. Similarly, completion of the Redemption is subject to closing the StrandTek Transaction.

CORNICHE GROUP INCORPORATED

Notes to the Consolidated Financial Statements

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NOTE 13 - SUBSEQUENT EVENTS - (CONTINUED)

(c) Redemption of Series A Preferred Shares - continued

As a result, Letters of Transmittal in connection with the redemption will be held in escrow pending the closing of the StrandTek Transaction. Simultaneous with the closing of the StrandTek Transaction, the holders of the Series A Preferred Stock shall receive the Redemption Price. In the event that the StrandTek Transaction is not consummated, the Company will rescind the Notice of Redemption. Pursuant to the Certificate of Incorporation, each share of Series A Preferred Stock, may be converted into 0.193 shares of Common Stock at any time prior to the close of business on the tenth (10) day preceding the Redemption Date.

INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION	
3	(a) Certificate of Incorporation filed September 18, 1980(1)	3
	(b) Amendment to Certificate filed September 29, 1980(1)	3
	(c) Amendment to Certificate of Incorporation filed July 28, 1983(2)	3(b)
	(d) Amendment to Certificate of Incorporation filed February 10, 1984(2)	3(d)
	(e) Amendment to Certificate of Incorporation filed March 31, 1986(3)	3(e)
	(f) Amendment to Certificate of Incorporation filed March 23, 1987(4)	3(g)
	(g) Amendment to Certificate of Incorporation filed June 12, 1990(5)	3.8
	(h) Amendment to Certificate of Incorporation filed September 27, 1991(6)	3.9
	(i) Certificate of Designation filed November 12, 1994(7)	3.8
	(j) Amendment to Certificate of Incorporation filed September 28, 1995(9)	3(j)
	(k) Certificate of Designation for the Series B Preferred Stock dated May 18, 1998	C3(f)
	(l) By-laws of the Corporation, as amended on April 25, 1991(6)	
	(m) Amendment to Certificate of Incorporation dated May 18, 1998	A
4	(a) Form of Underwriter's Warrant(6)	4.9.1
	(b) Form of Promissory Note - 1996 Offering(9)	4(b)
	(c) Form of Promissory Note - 1997 Offering(9)	4(c)
	(d) Form of Common Stock Purchase Warrant - 1996 Offering(9)	4(d)
	(e) Form of Common Stock Purchase Warrant - 1997 Offering(9)	4(e)
10	(a) 1986 Stock Option Plan, as amended(7)	10.6
	(b) 1992 Stock Option Plan(8)	B
	(c) Stock Purchase Agreement, dated as of March 4, 1998, between the Company and the Initial Purchasers named therein(9)	B
	(d) 1998 Employees Stock Option Plan(9)	D
	(e) Stock Contribution Exchange Agreement with Strandtek International, Inc. dated January 7, 2002, as amended on February 11, 2002(10)	10(o)
	(f) Supplemental Disclosure Agreement to Stock Contribution Exchange Agreement with Strandtek International, Inc. dated January 7, 2002(10)	10(p)

Notes:

- (1) Filed with the Securities and Exchange Commission as an exhibit, numbered as indicated above, to the Company's registration statement on Form S-18, File No. 2-69627, which exhibit is incorporated here by reference.

- (2) Filed with the Securities and Exchange Commission as an exhibit, numbered as indicated above, to the Company's registration statement on Form S-2, File No. 2-88712, which exhibit is incorporated here by reference.
- (3) Filed with the Securities and Exchange Commission as an exhibit, numbered as indicated above, to the Company's registration statement on Form S-2, File No. 33-4458, which exhibit is incorporated here by reference.
- (4) Filed with the Securities and Exchange Commission as an exhibit, numbered as indicated above, to the Company's annual report on Form 10-K for the year ended September 30, 1987, which exhibit is incorporated here by reference.
- (5) Filed with the Securities and Exchange Commission as an exhibit, numbered as indicated above, to the Company's registration statement on Form S-3, File No. 33-42154, which exhibit is incorporated here by reference.
- (6) Filed with the Securities and Exchange Commission as an exhibit, numbered as indicated above, to the Company's registration statement on Form S-1, File No. 33-42154, which exhibit is incorporated here by reference.
- (7) Filed with the Securities and Exchange Commission as an exhibit, numbered as indicated above, to the Company's annual report on Form 10-K for the year ended September 30, 1994, which exhibit is incorporated here by reference.
- (8) Filed with the Securities and Exchange Commission as an exhibit, as indicated above, to the Company's proxy statement dated March 30, 1992, which exhibit is incorporated here by reference.
- (9) Filed with the Securities and Exchange Commission as an exhibit, as indicated above, to the Company's proxy statement dated April 23, 1998, which exhibit is incorporated here by reference.
- (10) Filed herewith.

STOCK CONTRIBUTION EXCHANGE AGREEMENT

This Stock Contribution Exchange Agreement (this "Agreement") is made and entered into as of the 7th day of January, 2002, by and among Corniche Group Incorporated, a Delaware corporation ("Corniche"), Strandtek International, Inc., a Delaware corporation ("Strandtek"), and Jerome Bauman, Jan Arnett, William G. Buckles, Jr., Phil Palm, David Veltman, Greg Veltman, Sheila Duffy, Craig Babcock, Ray Juska, Ron Basar and Mike Barody (collectively, the "Principal Shareholders"), and Preston Whaley and Clifford Chapman (collectively, the "Non-shareholder Loan Holders").

PRELIMINARY STATEMENTS

A. Corniche desires to acquire control of the business operated by Strandtek through the acquisition of substantially all of the common stock of Strandtek, and the Principal Shareholders, Non-shareholder Loan Holders, and Cash Investors (as hereinafter defined) desire to acquire control of Corniche through the transactions contemplated and referenced in this Agreement. The Principal Shareholders own approximately 97% of the outstanding capital stock of Strandtek. The Principal Shareholders and the Non-shareholder Loan Holders (collectively the "Investor Loan Holders") own all of the Non-Institutional Debt Securities owed by Strandtek ("Investor Loans"). Upon satisfaction of the conditions hereinafter specified, the Principal Shareholders have agreed to exchange their Strandtek capital stock for Corniche Common Stock and Corniche Series D Preferred Stock, as more fully provided herein, and the Investor Loan Holders have agreed to exchange the principal amount of, their Investor Loans for Corniche Series C Preferred Stock, as more fully provided herein. Strandtek thereby would become a majority owned subsidiary of Corniche, as more fully provided herein, and upon the simultaneous closing of the Private Placement Transaction (as hereinafter defined) the Principal Shareholders, Non-shareholder Loan Holders and Cash Investors (as hereinafter defined) would control Corniche.

B. The Board of Directors of Strandtek has determined that this Agreement is consistent with and in furtherance of the long-term business strategy of Strandtek and that it is in the best interests of all of the holders of shares of Strandtek's capital stock.

C. The respective Boards of Directors of Corniche and Strandtek have determined that this Agreement, structured in the manner contemplated herein, is desirable and in the best interests of their respective shareholders and, by resolutions duly adopted, have approved and adopted this Agreement.

D. The Parties intend that the contribution and exchange of stock and cash for capital stock of Corniche by the Principal Shareholders, Non-shareholder Loan Holders and Cash Investors shall constitute a nontaxable transfer of property pursuant to Section 351 of the Internal Revenue Code of 1986, as amended (the "Code") and that the stock for stock exchange described above shall constitute a "reorganization" within the meaning of Section 368(a) of the Code.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto (collectively, the "Parties" and each a "Party") hereby adopt this Agreement as and for a plan

(the "Plan") under Section 368(a) of the Code, and in order to implement the Plan, the Parties hereby represent, warrant, covenant and agree as follows:

ARTICLE I

DEFINITIONS

1.1 Specific Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

"Affiliate" shall mean, with respect to any entity (the "Subject Entity"), any Person which controls, is controlled by, or is under common control with, the Subject Entity.

"Cash Investors" shall mean those entities and/or individuals providing financing to Corniche pursuant to the Private Placement Transaction.

"Combined Material Adverse Effect" shall mean a material adverse effect on the business, operations, assets or financial condition of Corniche and its Subsidiaries (including Strandtek), taken as a whole.

"Corniche Common Stock" shall mean the common stock, par value \$0.001 per share, of Corniche.

"Corniche Disclosure Schedule" shall mean the schedule of disclosures separately delivered by Corniche to Strandtek simultaneously with the execution and delivery of this Agreement and the Supplemental Disclosure Agreement.

"Corniche Material Adverse Effect" shall mean a material adverse effect on the business, operations, assets or financial condition of Corniche and its Subsidiaries (excluding Strandtek), taken as a whole, provided, however, that (x) in no event shall any effect that results from (a) the public announcement or pendency of the transactions contemplated hereby or any actions taken in compliance with this Agreement, or (b) changes affecting the United States economy generally constitute a Corniche Material Adverse Effect and (y) a decrease in the market price of Corniche Common Stock will not constitute a Corniche Material Adverse Effect (except with respect to an effect which, independent of such decrease, would constitute an Corniche Material Adverse Effect).

"Corniche Series C Preferred Stock" shall mean the Series C 7% Convertible Preferred Stock, par value \$0.01 per share, of Corniche, consisting of 220,000 shares, carrying "as-if-converted" voting rights with the Corniche Common Stock and a cumulative dividend of 7% per annum times the liquidation preference hereinafter specified, with each share of Series C Preferred Stock being convertible at the holders' option into 100 shares of Corniche Common Stock (i.e., the liquidation preference of \$100 hereinafter established divided by a conversion price of \$1.00 per share (the "Conversion Price")), and which shall be automatically converted on the same terms if the Market Price (as defined in the Certificate of Designation therefor) of the Corniche Common Stock is equal to or higher than two times the Conversion Price for 20 consecutive Trading Days (as defined in the Certificate of Designation therefor); provided, however, in any such event the other conditions contained in the Certificate of Designation annexed hereto as Appendix 1.1 to any such conversion

are satisfied, with a liquidation preference of \$100 per share and otherwise containing the terms set forth in the Certificate of Designation annexed hereto as Appendix 1.1.

"Corniche Series D Preferred Stock" shall mean the Series D Convertible Preferred Stock, par value \$0.01 per share, of Corniche, consisting of 640,000 shares, carrying participating dividends and "as-if-converted" voting rights with the Corniche Common Stock as specified in the Certificate of Designation annexed hereto as Appendix 1.2 (the "Series D Designation"), convertible at the holder's option following satisfaction of certain conditions specified in the Series D Designation into Corniche Common Stock at the ratio of 100 shares of Corniche Common Stock for each share of Corniche Series D Convertible Preferred Stock and convertible at the option of Corniche if certain conditions specified in the Series D Designation are satisfied, and otherwise containing the terms set forth in the Series D Designation.

"DGCL" shall mean the Delaware General Corporation Laws.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"GAAP" shall mean United States generally accepted accounting principles, consistently applied.

"Liens" shall mean liens, encumbrances, security interests, pledges, title restrictions and other limitations on use, other than restrictions on transfer imposed by federal or state securities laws.

"Non-Institutional Debt Securities" shall mean the Investor Loans identified in Appendix 2.1 attached hereto.

"Person" means any individual, corporation, partnership, limited liability company, business trust, sole proprietorship or other entity.

"Private Placement Transaction" means that certain private placement of Corniche Common Stock to the Cash Investors by which Corniche will raise cash net proceeds to Corniche sufficient to allow Corniche to satisfy the conditions to Closing set forth herein, which Private Placement Transaction shall close simultaneously with the stock exchange transactions contemplated in this Agreement.

"SEC" shall mean the Securities and Exchange Commission.

"Securities Act" shall mean the Securities Act of 1933, as amended.

"Strandtek Capital Stock" shall mean the Strandtek Common Stock.

"Strandtek Common Stock" shall mean the common stock, par value \$0.0001 per share, of Strandtek.

"Strandtek Disclosure Schedule" shall mean the schedule of disclosures separately delivered by Strandtek to Corniche simultaneously with the execution and delivery of this Agreement and the Supplemental Disclosure Agreement.

"Strandtek Material Adverse Effect" shall mean a material adverse effect on the business, operations, assets or financial condition of Strandtek, provided, however, that in no event shall any effect that results from (a) the public announcement or pendency of the transactions contemplated hereby or any actions taken in compliance with this Agreement, or (b) changes affecting the United States economy generally constitute a Strandtek Material Adverse Effect.

"Subsidiary" when used with reference to a Person, shall mean any entity (i) the accounts of which would be consolidated with those of such Person in such Person's financial statements if such financial statements were prepared in accordance with GAAP or (ii) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests or more than 50% of the profits or losses are owned, controlled or held by such Person and/or one or more subsidiaries of such Person; provided, however, notwithstanding the foregoing, that certain entity known as Strandtek West, Inc., a Washington corporation ("Strandtek West") which has been dissolved by the Secretary of State of the State of Washington prior to the draft hereof prior to the date hereof shall not be deemed a "Subsidiary" of Strandtek.

"Supplemental Disclosure Agreement" shall mean the agreement among Strandtek, Corniche, the Principal Shareholders and the Non-shareholder Loan Holders executed this date with respect to the representations and warranties of the Parties to each other.

1.2 Terms Defined in Other Sections. The following terms have the respective meanings ascribed thereto in the following sections of this Agreement:

Term	Section
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Agreement	Lead-in
Business Combination Restraints	5.9.6
Cash Amount	5.9.4
Closing	2.2
Closing Date	2.2
Code	Recitals
Competing Transaction	5.13
Conversion Price	1.1
Corniche	Lead-in
Corniche Business	5.3
Corniche/Strandtek Loan	5.6
Defaulting Party	7.4
Guarantors	5.6
Investor Loan Holders	Recitals
Investor Loans	Recitals
Key Holders Percentage	2.1
Non-Defaulting Party	7.4
Non-shareholder Loan Holders	Lead-in
Note	2.4
Outside Date	7.3.3

Parties	Recitals
Plan	Recitals
Premises	5.14
Principal Shareholders	Lead-in
Registration Statement	5.4
Series D Designation	1.1
Strandtek	Lead-in
Strandtek Parties	7.2

1.3 Interpretation. Unless otherwise indicated to the contrary herein by the context or use thereof: (i) the words, "herein," "hereto," "hereof" and words of similar import refer to this Agreement as a whole and not to any particular Section or paragraph hereof; (ii) words importing the masculine gender shall also include the feminine and neutral genders, and vice versa; (iii) words importing the singular shall also include the plural, and vice versa; and (iv) the word "including" means "including without limitation".

ARTICLE II

THE STOCK EXCHANGE

2.1 Exchange of Stock and Investor Loans. Upon the terms and subject to the conditions of this Agreement, at the Closing, the Principal Shareholders shall sell, assign, and deliver to Corniche in the aggregate 178,030,131 shares of the Strandtek Common Stock constituting at least 97.8% (the "Key Holders Percentage") of the issued and outstanding, and presently issuable capital stock of Strandtek (treating stock options and warrants to purchase Strandtek Common Stock as not being issued and outstanding, or issuable capital stock of Strandtek), in exchange for (a) 640,000 times the Key Holders Percentage shares of the Corniche Series D Preferred Stock and (b) 36,000,000 times the Key Holders Percentage shares of the Corniche Common Stock, as further set forth on Appendix 2.1. The 640,000 amount is subject to further adjustment (up or down) pursuant to Section 2.5 below. Upon the terms and subject to the conditions of this Agreement, at the Closing, the Investor Loan Holders shall sell, assign, and deliver to Corniche the Non-Institutional Debt Securities in the aggregate principal amount of not more than \$22,000,000, in exchange for up to 220,000 shares of Corniche Series C Preferred Stock (i.e., 1 share of Corniche Series C Preferred Stock for each \$100 of Non-Institutional Debt Securities exchanged), as further set forth on Appendix 2.1. Provided, however, notwithstanding anything contained in this Agreement to the contrary, the Principal Shareholders, Non-shareholder Loan Holders and Cash Investors shall in all events receive as of the Closing at least eighty percent (80%) of the total combined voting power of all classes of stock of Corniche entitled to vote, and Corniche shall not have any other class of stock outstanding as of the Closing.

2.2 Closing Date. On the Closing Date, the Parties shall cause the contribution and exchange of shares and Non-Institutional Debt Securities for the Corniche Common Stock and Preferred Stock to be effected, along with the simultaneous closing on the Private Placement Transaction, such that on the Closing of such transactions, Corniche will own the shares of Strandtek Common Stock constituting at least 97% of the issued and outstanding, and presently issuable capital stock of Strandtek and the Principal Shareholders, Non-shareholder Loan Holders, and Cash

Investors shall own more than 80% of the total combined voting power of all classes of stock of Corniche entitled to vote. A closing (the "Closing") shall be held at the offices of Lowenstein Sandler PC, 65 Livingston Avenue, Roseland, New Jersey 07068 no later than the Outside Date, provided the conditions set forth in Article VI have been satisfied or waived at or prior to such date. The date on which the Closing takes place shall be mutually agreed to by Strandtek and Corniche and is referred to herein as the "Closing Date"

2.3 Tax Consequences. It is intended that the contribution and exchange of the Strandtek Common Stock, Non-Institutional Debt Securities, and cash in exchange for the Corniche Common Stock and Preferred Stock shall qualify as a non-taxable transfer of property pursuant to the provisions of Section 351 of the Code. It is further contemplated and intended that the exchange of shares shall constitute a "reorganization" within the meaning of Section 368(a) of the Code, and that this Agreement shall constitute a "plan of reorganization" for the purposes of the Code. All parties shall report, file, and treat the transaction contemplated in this Agreement in a manner consistent with this intent for all tax purposes.

2.4 Lost Certificates. In the event that any Certificate for Strandtek Common Stock held by a Principal Shareholder or any note representing an Investor Loan ("Note") held by a Principal Shareholder or Investor Loan Holder shall have been lost, stolen or destroyed, upon Corniche's receipt of an affidavit as to such loss, theft or destruction and as to the ownership of such Certificate or Note by the Person claiming such Certificate or Note to be lost, stolen or destroyed, and the receipt by Corniche of reasonably appropriate and customary indemnification (which shall be in the form of a personal agreement to indemnify but shall not include the posting of a bond or similar security), Corniche shall deliver, in exchange for such lost, stolen or destroyed Certificate or Note, shares of Corniche Common Stock and Series D Preferred Stock or Series C Preferred Stock, as applicable, deliverable in respect thereof as determined in accordance with the provisions of this Agreement.

2.5 Adjustment. The numbers 640,000 and 36,000,000 in Section 2.1 were determined on the assumption that there would be exactly 36 million shares of Corniche Common Stock issued and outstanding at the Closing. The 640,000 number (but not the 36,000,000 number) will be increased or decreased to reflect the entire proportionate adjustment due with respect to the 36,000,000 shares of Corniche Common Stock and 640,000 shares of Corniche Series D Preferred Stock that would occur if both amounts were proportionately increased or decreased to compensate for the effect caused if there are more or less than 36,000,000 shares of Corniche Common Stock issued and outstanding at Closing. Thus, by way of example and not in limitation, if there are 34,000,000 shares of Corniche Common Stock issued and outstanding at the Closing, the number 640,000 in Section 2.1 would be adjusted to 584,444 (computed as follows: (1) total "as if converted" shares of Corniche Common Stock to be issued at closing: $((64,000,000 + 36,000,000) \times (34,000,000 / 36,000,000)) = 94,444,444$, (2) Decrease in shares of Corniche Series D Preferred to be issued at closing: (a) Total decrease in "as if converted" shares: $100,000,000 - 94,444,444 = 5,555,556$ "as if converted" shares of Corniche Common Stock; (b) Decrease in Corniche Series D Preferred Shares: $5,555,556 / 100 = 55,556$ shares). Thus, under the aforementioned example, a total of 584,444 shares of Corniche Series D Preferred Stock and 36,000,000 shares of Corniche Common Stock times the Key Holders Percentage would be issued

to the Principal Shareholders at Closing. Corniche shall certify to the Strandtek Parties at Closing the number of shares of Corniche Common Stock then issued and outstanding.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Strandtek, the Principal Shareholders and the Investor Loan Holders, solely as to their individual interests and not jointly, represent and warrant to Corniche, and Corniche represents and warrants to Strandtek, the Principal Shareholders and the Investor Loan Holders, those matters specifically set forth as being represented and warranted by them in the Supplemental Disclosure Agreement being executed simultaneously with this Agreement in the form of Appendix 3.1.

ARTICLE IV

INTENTIONALLY OMITTED

ARTICLE V

COVENANTS OF THE PARTIES

5.1 Further Actions. Strandtek and Corniche agree to use all reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and each of the Parties agree to assist and cooperate with the other Parties in doing, all things necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable under the circumstances (after taking into effect all such factors as shall reasonably effect timing hereunder), the transactions contemplated by this Agreement, including (a) the obtaining of all other necessary actions or non-actions, waivers, consents, licenses, permits, authorizations, orders and approvals from governmental authorities and the making of all other necessary registrations and filings, (b) the obtaining of all consents, approvals or waivers from third parties related to or required in connection herewith that are necessary to consummate the transactions contemplated by this Agreement, (c) the closing of the Private Placement Transaction simultaneous with the closing of the property contribution and stock exchange transactions contemplated in this Agreement, (d) the taking of all action necessary to ensure that the transactions contemplated hereby and pursuant to the Private Placement Transaction constitute a non-taxable transfer of property pursuant to Section 351 of the Code, (e) the taking of all action necessary to ensure that the stock exchange transactions contemplated hereby constitutes a reorganization within the meaning of Section 368(a)(1)(B) of the Code, and (f) the execution and delivery of any additional instruments necessary to consummate the transactions contemplated by, and to fully carry out the purposes of, this Agreement. Each of the Principal Shareholders and Investor Loan Holders that is a resident of the State of Florida shall take such actions as are necessary to assure the expiration of any right of rescission of such Person prior to the Closing.

5.2 Indebtedness of Employees and Shareholders. Strandtek will cause any indebtedness in excess of an aggregate of \$200,000 owing to it by any of its employees (other than salespersons' normal draw) or by its shareholders (which \$200,000 amount will remain outstanding) to be paid in full at or before the Closing. Strandtek will not make any loans to employees or shareholders prior to the Closing that will result in the foregoing sentence being incorrect.

5.3 Public Announcements. Unless otherwise required by applicable law, the Parties shall not make any press release or other public announcement regarding the transactions contemplated hereby or this Agreement without the prior written consent of Corniche and Strandtek, provided that Corniche and Strandtek may make such announcements that they deem necessary to comply with applicable securities laws, after prior notice to the other Parties of such announcement and a fair opportunity to comment thereon.

5.4 Post-Closing Covenants of Corniche, Strandtek and the Principal Shareholders and Non-shareholder Loan Holders.

5.4.1 [Intentionally Omitted]

5.4.2 Strandtek shall timely provide Corniche with all audited, unaudited and pro forma financial information and other information required by Corniche (a) to timely file a current report on Form 8-K reporting its acquisition of the Strandtek Common Stock and securities from the Principal Shareholders and Non-shareholder Loan Holders, (b) to timely prepare and file its annual report on Form 10-K for its current fiscal year, and (c) to prepare and file a proxy statement with respect to the matters set forth in paragraph 5.4.4 below.

5.4.3 Corniche shall timely provide Strandtek with all audited, unaudited and pro forma financial information as well as all other information required by Strandtek (a) to timely file a current report on Form 8-K reporting Corniche's acquisition of the Strandtek Common Stock from the Principal Shareholders and (b) to timely prepare and file its annual report on Form 10-K for its fiscal year ended September 30, 2001.

5.4.4 Corniche shall, as promptly as practical following the Closing Date and in all cases within 15 days of the Closing Date, (1) schedule an annual or special shareholders meeting of the Corniche shareholders, for the purpose of (a) (i) increasing the authorized common stock of Corniche from 75,000,000 shares to 200,000,000 shares, or (ii) subject to the consent of a majority in number of the Principal Shareholders, effecting a reverse stock split to provide for sufficient authorized Corniche Common Stock to allow conversion of the Series D Preferred Stock and Series C Preferred Stock, and (b) to elect a new board of directors of Corniche. Each Principal Shareholder and Investor Loan Holder agrees to vote in favor of the matter referred to in (a) above at such meeting. Corniche agrees that it shall not issue any shares of Corniche Capital Stock, whether Corniche Common Stock or any series of preferred stock, during the time period subsequent to the Closing and prior to the holding of the aforementioned shareholders meeting and the election of a new board of directors of Corniche, except pursuant to the exercise of outstanding options and warrants.

5.4.5 Within 24 months after the Closing Date, Strandtek and Corniche shall take all action in accordance with the federal securities laws, the DGCL, Strandtek's Certificate of Incorporation, Strandtek's by-laws, Corniche's Certificate of Incorporation and Corniche's by-laws necessary to cause the shareholders of Strandtek other than the Principal Shareholders to receive, in exchange for all remaining Strandtek shares and options and warrants for Strandtek capital stock shares of Corniche Common Stock and options and warrants to acquire shares of Corniche Common Stock, at an exchange rate not less favorable than the exchange rate applicable to the Strandtek Common Stock under Section 2.1.

5.4.6 Registration Rights. The Principal Shareholders receiving Corniche Common Stock incident to the contribution and exchange transaction contemplated by this Agreement, and the Principal Shareholders and Investor Loan Holders receiving Series C Preferred Stock and Series D Preferred Stock incident to the contribution and exchange transaction contemplated herein will be entitled to demand registration of the Corniche Common Stock issued to them and the Corniche Common Stock issuable upon conversion of the Corniche Series C and Series D Preferred Stock as hereinafter set forth. At any time after the date that is six months following the Closing, the Principal Shareholders and Non-shareholder Loan Holders owning a majority of voting power of the Corniche Common Stock, Series C Preferred Stock and Series D Preferred Stock received at the Closing contemplated in this Agreement may deliver a notice to Corniche demanding the registration of the Corniche Common Stock received by the Principal Shareholders and the Corniche Common Stock underlying the Corniche Series C and Series D Preferred Stock. Upon the receipt of such notice, and to the extent permitted by SEC regulations, Corniche will cause a registration statement (the "Registration Statement") on the appropriate form to be promptly filed with the SEC covering the registration for resale of all of the shares of Corniche Common Stock issued (and issuable upon conversion) to the Principal Shareholders and/or Investor Loan Holders, as applicable. Corniche will use its best efforts to cause such Registration Statement to be declared effective as soon as reasonably possible after the filing thereof with the SEC, which filing shall take place no later than forty-five (45) days after Corniche's receipt of written demand requiring registration (but which shall not be required after a fiscal year end until the Form 10-K for such year has been filed.). Corniche agrees to use its best efforts to keep the Registration Statement continuously effective and current until at least two (2) years following the date the applicable Registration Statement is declared effective. Each Principal Shareholder and/or Investor Loan Holder desiring to include shares of Corniche Common Stock in such a Registration Statement agrees to provide Corniche with all information regarding such individual that Corniche may reasonably request to include such owner's shares in the Registration Statement. All obligations and agreements of Corniche contained in this Section 5.4.6 shall be performed at Corniche's sole cost and expense.

5.5 Affiliates of Strandtek. Strandtek shall provide Corniche with a letter specifying all of the persons or entities who, in Strandtek's opinion, may be deemed to be "affiliates" of Strandtek and who will continue to be affiliates of Corniche after the Closing. Corniche shall be entitled to place legends on the certificates evidencing any shares of the Corniche Common Stock to be received by any such "affiliate" specified in such letter and to issue appropriate stop transfer instructions to the transfer agent for the Corniche Common Stock owned by such affiliate.

5.6 Interim Loan. Within five (5) business days after the execution of this Agreement, Corniche shall advance to Strandtek a loan of \$1.0 million (\$1,000,000) on an unsecured basis but personally guaranteed by Jerome Bauman, William Buckles, Jan Arnett and David Veltman (collectively, the "Guarantors") and otherwise possessing the terms set forth in Appendix 5.6 attached hereto. The guaranty by each Guarantor shall be a fractional guaranty (and not joint and several) in the amount of \$250,000 each. (Such loan may be referred to hereinafter as the "Corniche/Strandtek Loan"). Such loan shall be evidenced by the note included in Appendix 5.6 and such other loan documentation as is reasonably requested by Corniche. Notwithstanding anything contained in this Agreement to the contrary, the failure of Corniche to timely fund this interim loan shall give Strandtek, the Principal Shareholders and the Investor Loan Holders the right to terminate this Agreement upon written notice to Corniche.

5.7 Non-Taxable Treatment. Each of the Parties shall use its best efforts to cause the contribution and exchange of cash, shares, and Investor Loans hereunder to qualify as a nontaxable transfer of property to a controlled corporation under Section 351 of the Code and as a "reorganization" under Section 368(a) of the Code. No Party shall take any action inconsistent with the treatment of the contribution of cash, Strandtek Shares and Investor Loans in exchange for Corniche Shares as a nontaxable transfer of property to a controlled corporation under Section 351 of the Code and the acquisition of Strandtek shares in exchange for Corniche voting shares as a "reorganization" under Section 368(a) of the Code.

5.8 Access and Information. Prior to the Closing, Corniche and Strandtek shall (with personnel acceptable to the other Party as the disclosing party, which acceptance shall not be unreasonably withheld) be entitled to make or cause to be made such reasonable investigation of the disclosing party, and the financial and legal condition thereof, as it reasonably deems necessary or advisable, and each of Corniche and Strandtek, as the disclosing party, shall cooperate with any such investigation. In furtherance of the foregoing, but not in limitation thereof, each of Strandtek and Corniche, as the disclosing party, shall (a) permit the other Party and its agents and representatives to have reasonable access to the premises, operating systems, computer systems (hardware and software), computer equipment and books and records of the disclosing party upon reasonable notice during regular business hours, (b) furnish or cause to be furnished to the other Party such financial and operating data, forecasts, business plans, strategic plans and other data relating to Corniche, Strandtek and their businesses as the other Party shall reasonably request from time to time and (c) cause its accountants to furnish to the other Party and its accountants access to all work papers relating to any of the periods covered by financial statements provided by the disclosing party to the other Party hereunder, subject to the execution by the other Party of such reasonable and customary documentation as the disclosing party accountants shall request to be executed. Prior to the Closing, neither Corniche nor its representatives shall use any information provided to it in confidence by Strandtek for any purpose unrelated to this Agreement, and in no event shall such persons use the information provided by Strandtek competitively. Prior to the Closing, neither Strandtek nor its representatives shall use any information provided to it in confidence by Corniche for any purposes unrelated to this Agreement, and in no event shall such persons use the information provided by Corniche competitively. Except with respect to publicly available documents, in the event that this Agreement is terminated, (a) Corniche will deliver to Strandtek all documents obtained by it from Strandtek in confidence or otherwise and any copies thereof in the possession of Corniche or its agents and representatives or, at the option of Corniche, Corniche shall cause all of such documents and all of such copies to be destroyed and shall certify the destruction thereof to Strandtek and (b) Strandtek will deliver to Corniche all documents obtained by it from Corniche in confidence or otherwise and any copies thereof in the possession of Strandtek or its agents and representatives or, at the option of Strandtek, Strandtek shall cause all of such documents and all of such copies to be destroyed and shall certify the destruction thereof to Corniche. No investigation by Corniche or Strandtek heretofore or hereafter made shall modify or otherwise affect the conditions to the obligations of Corniche and Strandtek to consummate the transactions contemplated hereby.

5.8 Strandtek's Affirmative Covenants. Prior to the Closing, except as otherwise expressly provided herein or except as would not result in a Strandtek Material Adverse Effect, Strandtek shall and the Principal Shareholders shall cause Strandtek to:

5.8.1 conduct its business only in the ordinary and regular course of business consistent with past practices;

5.8.2 use reasonable commercial efforts to keep in full force and effect its corporate existence and all material rights, franchises, the Strandtek Proprietary Rights (as defined in the Supplemental Disclosure Agreement) and other intellectual property rights and goodwill relating or obtaining to the business;

5.8.3 use reasonable commercial efforts to retain its employees and preserve its present relationships with customers, suppliers, contractors, distributors and employees, and, except as previously disclosed to Corniche, continue to compensate its employees consistent with past practices;

5.8.4 use reasonable commercial efforts to maintain the Strandtek Proprietary Rights (as defined in the Supplemental Disclosure Agreement) and other intellectual property so as not to affect adversely the validity or enforcement thereof; maintain its other assets in customary repair, order and condition and maintain insurance reasonably comparable to that in effect on the date of this Agreement; and in the event of any casualty, loss or damage to any of its assets, repair or replace such assets with assets of comparable quality;

5.8.5 maintain its books, accounts and records in accordance with GAAP;

5.8.6 use reasonable commercial efforts to obtain all authorizations, consents, waivers, approvals or other actions and to make all filings and applications necessary or desirable to consummate the transactions contemplated hereby and to cause the other conditions to Corniche's obligation to close to be satisfied; and

5.8.7 promptly notify Corniche in writing if, prior to the consummation of the Closing, to its knowledge (a) any of the representations and warranties of Strandtek or the Principal Shareholders contained in the Supplement Disclosure Agreement cease to be accurate and complete in all material respects other than for changes in the ordinary course of business prior to closing or (b) Strandtek or a Principal Shareholder or Investor Loan Holder fails to comply with or satisfy any material covenant, condition or agreement to be complied with or satisfied by it hereunder; provided, however, that the delivery of any notice pursuant to this Section 5.8.7 shall not limit or otherwise affect the remedies available hereunder to Corniche.

5.9 Corniche's Affirmative Covenants. Prior to the Closing, except as otherwise expressly provided herein or except as would not result in an Corniche Material Adverse Effect, Corniche shall (and Corniche shall cause each of its Subsidiaries to):

5.9.1 use reasonable commercial efforts to keep in full force and effect its corporate existence;

5.9.2 maintain its books, accounts and records in accordance with GAAP;

5.9.3 use reasonable commercial efforts to obtain all authorizations, consents, waivers, approvals or other actions and to make all filings and applications necessary or desirable to

consummate the transactions contemplated hereby and to cause the other conditions to Strandtek's and the Parties' obligation to close to be satisfied; and

5.9.4 subject to obtaining all required information for disclosure, use all reasonable commercial efforts to obtain additional capital from the Cash Investors pursuant to the Private Placement Transaction such that at the simultaneous Closing of the transactions contemplated hereunder and the closing of the Private Placement Transaction, Corniche has \$10 million of unencumbered cash (counting advances from Corniche to Strandtek pursuant to Section 5.6 as Corniche cash) (the "Cash Amount") in excess of all of Corniche's liabilities, actual or contingent, accrued or nonaccrued, and all amounts required to be paid by Corniche to redeem all of the shares of Series A Preferred Stock and Series B Preferred Stock as contemplated in Section 5.9.6 hereinafter (such that, by way of example and not in limitation, if Corniche's sole liabilities, actual or contingent, accrued or nonaccrued, at Closing are a future lease obligation in the amount of \$50,000 and attorneys fees due in connection with this transaction/Agreement in the amount of \$100,000 and all amounts due to redeem the Series A Preferred Stock and the Series B Preferred Stock shall have been paid, Corniche would be required to have cash in the amount of \$10,150,000 at Closing to satisfy this condition).

5.9.5 if any "control share acquisition", "business combination", voting restriction or other form of takeover statute or regulation (collectively, "Business Combination Restraint(s)") is or shall become applicable to the transactions contemplated hereby or any shares of Corniche Common Stock, Series C Preferred Stock or Series D Preferred Stock to be issued pursuant to the stock contribution and exchange transaction, Corniche and its board of directors shall grant such approvals and take all such actions as are reasonably necessary so that the transactions contemplated hereby, including, without limitation, the conversion of the Series D Preferred Shares and Series C Preferred Shares, may be consummated as promptly as practical on the terms contemplated hereby and thereby and otherwise act to eliminate the effects of such Business Combination Restraints on the transactions contemplated hereby and thereby.

5.9.6 cause the conversion into Corniche Common Stock or redemption of all shares of Corniche Series A Preferred Stock and Corniche Series B Preferred Stock outstanding, such that the only Corniche Preferred Stock to be issued and outstanding at and subsequent to Closing shall be the Series C Preferred Stock and Series D Preferred Stock to be issued to the Principal Shareholders and Investor Loan Holders as contemplated in this Agreement.

5.9.7 promptly notify Strandtek in writing if, prior to the consummation of the Closing, to its knowledge (a) any of the representations and warranties of Corniche contained in the Supplemental Disclosure Agreement cease to be accurate and complete in all material respects or (b) Corniche fails to comply with or satisfy any material covenant, condition or agreement to be complied with or satisfied by it hereunder; provided, however, that the delivery of any notice pursuant to this Section 5.9.7 shall not limit or otherwise affect the remedies available hereunder to Strandtek.

Corniche may in its discretion sell or agree to sell all or substantially all of the assets comprising the business currently being conducted by Corniche (the "Corniche Business") provided the foregoing conditions remain satisfied and adhered to.

5.10 Strandtek's Negative Covenants. Prior to the Closing, without the prior written consent of Corniche (which consent will not be unreasonably or untimely withheld) or as otherwise expressly provided herein, Strandtek will not (and each of the Principal Shareholders will use their reasonable best efforts to prevent Strandtek from taking any such action) and Strandtek will cause its subsidiary not to:

5.10.1 except as previously disclosed to Corniche, take any action or omit to take any action which would result in Strandtek's (a) incurring any trade accounts payable outside of the ordinary course of business or making any commitment to purchase quantities of any item of inventory in excess of quantities normally purchased in the ordinary course of business; (b) increasing any of its indebtedness for borrowed money except in the ordinary course of business and including the expansion thereof; (c) guaranteeing the obligations of any entity not a Subsidiary of Strandtek; (d) making any purchases of products other than from entities authorized to sell or distribute such products; (e) merging or consolidating with, purchasing substantially all of the assets of, or otherwise acquiring any business or any proprietorship, firm, association, limited liability company, corporation or other business organization; (f) increasing the rate of compensation of or paying any unusual compensation to any officer, employee or consultant (other than regularly scheduled increases in base salary and annual bonuses consistent with prior practice); (g) entering into or amending any collective bargaining agreement, or creating or modifying any pension or profit-sharing plan, bonus, deferred compensation, death benefit, or retirement plan, or any other employee benefit plan, or increasing the level of benefits under any such plan, or extending or accelerating the exercisability of any outstanding stock option or increasing or decreasing any severance or termination pay benefit or any other fringe benefit; (h) making any representation to anyone indicating any intention of Corniche to retain, institute, or provide any employee benefit plans; (i) declaring or paying any dividend or making any distribution with respect to, or purchasing or redeeming, shares of Strandtek capital stock; (j) selling, licensing or disposing of any assets otherwise than in the ordinary course of business; (k) taking any other action, or omitting to take any action, to the extent that such action or omission is outside of the ordinary course of business; (l) granting or issuing any stock, stock option, warrant or other right to purchase any Strandtek securities (other than stock issued upon exercise of outstanding disclosed options or warrants or certificates evidencing outstanding shares already reflected on the schedules to the Supplemental Disclosure Agreement, which actions shall be permissible hereunder notwithstanding any contrary provisions of this Agreement); (m) organizing any subsidiary;

5.10.2 change any method or principle of accounting in a manner that is inconsistent with past practice, except to the extent required by GAAP as advised by Strandtek's regular independent accountants;

5.10.3 take any action that would likely result in the representations and warranties of Strandtek or the Principal Shareholders or the Investor Loan Holders set forth in the Supplemental Disclosure Agreement (other than representations made as of a particular date) becoming false or inaccurate in any material respect;

5.10.4 incur or create any Liens on any of its assets other than Liens which are incurred in the ordinary course of business;

5.10.5 except as contemplated herein, take any action or omit to take any action which would prejudice Corniche's rights to consummate each of the transactions contemplated by

this Agreement or to compel performance of each of the obligations of Strandtek under this Agreement;

5.10.6 take or omit to be taken any action, or permit any of its Affiliates to take or to omit to take any action, which would reasonably be expected to result in a Strandtek Material Adverse Effect;

5.10.7 take any action or issue any shares of Strandtek capital stock that would result in the Principal Shareholders owning less than the Key Holders Percentage of the capital stock of Strandtek;

5.10.8 consummate the acquisition of any entity; or

5.10.9 agree or commit to take any action precluded by this Section 5.10.

5.11 Corniche's Negative Covenants. Prior to the Closing, without the prior written consent of Strandtek (which consent will not be unreasonably or untimely withheld) or as otherwise expressly provided herein, including in the last sentence of Section 5.9, Corniche will not and Corniche will cause its Subsidiaries not to:

5.11.1 except as previously disclosed to Strandtek, take any action or omit to take any action which would result in Corniche's (a) incurring any trade accounts payable outside of the ordinary course of business or making any commitment to purchase quantities of any item of inventory in excess of quantities normally purchased in the ordinary course of business; (b) increasing any of its indebtedness for borrowed money except in the ordinary course of business; (c) guaranteeing the obligations of any entity; (d) making any purchases of products other than from entities authorized to sell or distribute such products; (e) merging or consolidating with, purchasing substantially all of the assets of, or otherwise acquiring any business or any proprietorship, firm, association, limited liability company, corporation or other business organization; (f) increasing the rate of compensation of or paying any unusual compensation to any officer, employee or consultant (other than regularly scheduled increases in base salary and annual bonuses consistent with prior practice); (g) entering into or amending any collective bargaining agreement, or creating or modifying any pension or profit-sharing plan, bonus, deferred compensation, death benefit, or retirement plan, or any other employee benefit plan, or increasing the level of benefits under any such plan, or extending or accelerating the exercisability of any outstanding stock option or increasing or decreasing any severance or termination pay benefit or any other fringe benefit; (h) making any representation to anyone indicating any intention of Corniche to retain, institute, or provide any employee benefit plans; (i) declaring or paying any dividend or making any distribution with respect to, or purchasing or redeeming, shares of Corniche capital stock, other than the redemption of Corniche Series A Preferred Stock and Corniche Series B Preferred Stock; (j) making any capital expenditures; (k) taking any other action, or omitting to take any action, to the extent that such action or omission is outside of the ordinary course of business; (l) granting or issuing any stock, stock option, warrant or other right to purchase any Strandtek securities (other than stock issued upon exercise of outstanding disclosed options or warrants or certificates evidencing outstanding shares already reflected on the schedules to the Supplemental Disclosure Agreement); or (m) organizing any subsidiary;

5.11.2 change any method or principle of accounting in a manner that is inconsistent with past practice, except to the extent required by GAAP as advised by Corniche's regular independent accountants;

5.11.3 take any action that would likely result in the representations and warranties of Corniche set forth in the Supplemental Disclosure Agreement (other than representations made as of a particular date) becoming false or inaccurate in any material respect;

5.11.4 except as contemplated herein, take any action or omit to take any action which would prejudice Strandtek's or the Principal Shareholders' rights to consummate each of the transactions contemplated by this Agreement or to compel performance of each of the obligations of Corniche under this Agreement;

5.11.5 take or omit to be taken any action, or permit any of its Affiliates to take or to omit to take any action, which would reasonably be expected to result in an Corniche Material Adverse Effect;

5.11.6 incur or create any Liens on any of its assets;

5.11.7 consummate the acquisition of any entity (by merger, combination, purchase of more than a majority of the equity of such entity or purchase 15% or more of the assets of such entity);

5.11.8 agree or commit to take any action precluded by this Section 5.11; or

5.11.9 take any action or issue any shares of Corniche Common Stock that would result in there being more than 39,000,000 shares of Corniche Common Stock issued and outstanding as of the Closing.

5.12 Closing Documents. Strandtek, the Principal Shareholders and the Non-shareholder Loan Holders shall, prior to or on the Closing Date, execute and deliver, or cause to be executed and delivered, to Corniche the documents or instruments described in Section 6.2, and all other documents contemplated in this Agreement to be delivered incident to the Closing or reasonably required incident to the Closing. Corniche shall, prior to or on the Closing Date, execute and deliver, or cause to be executed and delivered, to Strandtek, the Principal Shareholders and the Non-shareholder Loan Holders the documents or instruments described in Section 6.3, and all other documents contemplated in this Agreement to be delivered incident to the Closing or reasonably required incident to the Closing. All such closing documents shall be in a form reasonably acceptable to the respective legal counsel of the Parties.

5.13 No Solicitation. Strandtek and each of the Principal Shareholders agrees that, during the term of this Agreement, it shall not, and it, and Strandtek shall cause its officers, employees, agents or representatives, not to, directly or indirectly, solicit, initiate, encourage or facilitate, or furnish or disclose non-public information in furtherance of, any inquiries or the making of any proposal with respect to any recapitalization, merger, consolidation or other business combination involving Strandtek, or acquisition of any capital stock of Strandtek (other than upon exercise of options or warrants heretofore disclosed to Corniche by Strandtek) or 15% or more of the assets of

Strandtek in a single transaction or a series of related transactions, or any acquisition by Strandtek of any material assets or capital stock of any other Person, or any combination of the foregoing (a "Competing Transaction"), or negotiate, explore or otherwise engage in discussions with any Person (other than Corniche, or its respective directors, officers, employees, agents and representatives) with respect to any Competing Transaction or enter into any agreement, arrangement or understanding requiring it to abandon, terminate or fail to consummate the stock exchange or any other transactions contemplated by this Agreement. Strandtek will immediately cease all existing activities, discussions and negotiations with any parties conducted heretofore with respect to any proposal for a Competing Transaction. Notwithstanding any of the foregoing provisions of this Section 5.13 to the contrary, nothing contained in this Section 5.13 shall prohibit or inhibit the Board of Directors of Strandtek from discharging its fiduciary duties vis-a-vis Strandtek in their role as directors as determined in good faith after consultation with its outside legal counsel; but, provided all terms and conditions contained in this Agreement to the Principal Shareholders' and Non-shareholder Loan Holders' obligations to close have been satisfied, the Principal Shareholders and Non-shareholder Loan Holders must nonetheless proceed with the stock exchange regardless of any position taken by such persons in their capacities as directors, and Strandtek may not hinder the individuals from exchanging their Strandtek stock and notes with Corniche or otherwise seek to cause the Principal Shareholders of Non-shareholder Loan Holders to breach their obligations hereunder.

5.14 Environmental Matters. Prior to the Closing, Corniche shall have the right, at its expense, to make such environmental studies of each of the premises at which Strandtek conducts business (the "Premises"), including reviewing records, inspecting the properties and testing the air, subsoil, groundwater and building materials at the Premises, or otherwise obtain environmental data from Strandtek as it deems necessary to determine whether the Premises are in compliance with all applicable Environmental Laws and whether any Regulated Substances are present at the Premises, and Corniche shall indemnify and hold Strandtek and its Subsidiaries harmless from any loss, cost or damage proximately caused by such inspection.

ARTICLE VI

CONDITIONS

6.1 Conditions to the Obligations of Each Party. The obligations of each Party to consummate the stock exchange contemplated hereby shall be subject to the satisfaction of the following conditions:

6.1.1 No governmental authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, judgment, decree, injunction or other order which is in effect, which would prohibit consummation of the transactions contemplated by this Agreement or would result in a Combined Material Adverse Effect upon consummation of such transactions.

6.1.2 There shall not be pending any legal proceeding by any governmental authority or other third party (i) challenging or seeking to restrain or prohibit the consummation of this Agreement, (ii) seeking to prohibit or limit the ownership or operation by Strandtek, Corniche or any Subsidiary of Corniche or Strandtek of, or to compel Strandtek, Corniche or any Subsidiary

of Corniche or Strandtek to dispose of or hold separate, any material portion of the business or assets of Strandtek, Corniche or any Subsidiary of Corniche or Strandtek, as a result of the transactions contemplated by this Agreement, (iii) seeking to impose limitations on the ability of Corniche to acquire or hold, or exercise full rights of ownership of, any shares of capital stock of Strandtek, including the right to vote such capital stock on all matters properly presented to the shareholders of Strandtek, (iv) seeking to impose limitations on the ability of the Principal Shareholders and/or Non-shareholder Loan Holders to acquire or hold, or exercise full rights of ownership of, any shares of capital stock of Corniche, including the right to vote such capital stock on all matters properly presented to the shareholders of Corniche, (v) seeking to prohibit Corniche or any Subsidiary of Corniche or Strandtek from effectively controlling in any material respect the business or operations of Corniche or the Subsidiaries of Corniche or Strandtek or (vi) threatening the imposition of any action which would result in a Combined Material Adverse Effect upon consummation of the transactions contemplated by this Agreement.

6.2 Conditions to Corniche's Obligations. The obligations of Corniche to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment prior to or at Closing of each of the following conditions:

6.2.1 The representations and warranties of Strandtek, the Principal Shareholders and the Investor Loan Holders as applicable, set forth in the Supplemental Disclosure Agreement shall be true and correct in all material respects (other than representations and warranties which are qualified as to materiality, which representations and warranties shall be true in all respects) on the date hereof and on and as of the Closing Date as though made on and as of the Closing Date (except for representations and warranties made as of a specified date, which shall be measured only as of such specified date).

6.2.2 Strandtek, the Principal Shareholders and the Investor Loan Holders shall have performed in all material respects each obligation and agreement and shall have complied in all material respects with each covenant to be performed and complied with by it under this Agreement at or prior to the Closing.

6.2.3 Strandtek shall have (a) filed with the SEC its Annual Reports on Form 10-K for the years ended September 30, 1998, 1999, 2000 and 2001 and all Quarterly Reports on Form 10-Q for the quarters ended December 31, 2000, March 31, 2001 and June 30, 2001 and any other reports required to be filed for periods after September 30, 2001, and (b) filed all federal and state tax returns due as of or prior to the Closing Date, which returns shall show no material liabilities due to any taxing authority and net operating losses consistent with prior disclosures to Corniche. Since September 30, 2000, there shall not have occurred, nor shall Corniche have discovered in its continued due diligence any act, event or omission resulting in an Strandtek Material Adverse Effect, nor any loss or damage to the assets of Strandtek, whether or not insured, which materially affects the ability of Strandtek to conduct its businesses. Corniche shall have received a certificate (executed by the President or a Vice-President of Strandtek to such officer's best knowledge), dated as of the Closing Date, to the foregoing effect and to the further effect that any liabilities of Strandtek at the date hereof which were not reflected on the Current Balance Sheet (as defined in the Supplemental Disclosure Agreement) are either (a) liabilities or obligations incurred in the ordinary course of business and consistent with past practice since the date of the Current Balance Sheet that would not,

singly or in the aggregate, be reasonably expected to have an Strandtek Material Adverse Effect or (b) liabilities contemplated by this Agreement.

6.2.4 All material authorizations, consents, waivers, approvals or other actions required in connection with the execution, delivery and performance of this Agreement by Strandtek and Corniche and the consummation by Strandtek and Corniche of the transactions contemplated hereby shall have been obtained and shall be in full force and effect. Strandtek and Corniche shall have obtained any authorizations, consents, waivers, approvals or other actions required to prevent a material breach or default by Strandtek, Corniche or any Subsidiary of Corniche or Strandtek under any material contract to which Strandtek, Corniche or any Subsidiary of Corniche or Strandtek is a party or for the continuation of any material agreement to which Strandtek, Corniche or any Subsidiary of Corniche or Strandtek is a party. In particular, Strandtek shall have obtained the consent of all customers, lenders and lessors, including those listed on Schedule 3.19.2 to the Supplemental Disclosure Agreement, without any material cost or adverse change in contract terms, including but not limited to any acceleration of the obligations owed to any such Persons.

6.2.5 There shall not be pending any legal proceedings relating to Strandtek which have a reasonable likelihood of being determined adversely to Strandtek and, if so determined, would be reasonably likely to have an Combined Material Adverse Effect after the Closing.

6.2.6 Prior to or at the Closing, Strandtek, the Principal Shareholders and the Investor Loan Holders shall have delivered such other closing documents as shall be reasonably requested by Corniche in form and substance acceptable to Corniche (which acceptance shall not be unreasonably withheld), including the following:

6.2.6.1 a certificate of the President or Vice-President of Strandtek, dated the Closing Date, to the effect that (1) the person signing such certificate is familiar with this Agreement, (2) with respect to Strandtek, the conditions specified in Section 6.2.1, 6.2.2 and 6.2.9 have been satisfied or identifying any exceptions (in which case Corniche may refuse to close based on any such exceptions), and (3) with respect to the Principal Shareholders and Investor Loan Holders, to the knowledge of such person, the conditions specified in Section 6.2.1 and 6.2.2 have been satisfied or identifying any exceptions (in which case Corniche may refuse to close based on such exceptions);

6.2.6.2 a certificate of the Secretary or Assistant Secretary of Strandtek, dated the Closing Date, as to the incumbency of any officer of such entity executing this Agreement;

6.2.6.3 a certified copy of (1) the Certificate of Incorporation and by-laws of Strandtek and all amendments thereto, and (2) the resolutions of Strandtek's Board of Directors authorizing the execution, delivery and consummation of this Agreement and the transactions contemplated hereby;

6.2.6.4 good standing certificates with respect to Strandtek from such jurisdictions as Corniche shall reasonably designate;

6.2.6.5 share certificates for the shares being exchanged hereunder, free and clear of all Liens, duly endorsed by the Principal Shareholders and accompanied by duly executed stock powers in form sufficient to permit transfer of all such shares to Corniche;

6.2.6.6 evidence of the Investor Loans duly surrendered for cancellation by the Investor Loan Holders; and

6.2.6.7 a certificate of each Principal Shareholder and Investor Loan Holder, which certificates shall not survive Closing, to the effect that the conditions specified in Sections 6.2.1 and 6.2.2 with respect to such Principal Shareholder or Investor Loan Holder have been satisfied or identifying any exceptions (in which case Corniche may refuse to close based on any such exceptions).

6.2.7 Strandtek Loans.

6.2.7.1 The aggregate indebtedness of Strandtek at the Closing Date to banks and other financial institutions (including interest owed and unpaid thereon) and the principal amount of "Investor Loans" (excluding the Corniche/Strandtek Loans, accrued and unpaid interest on the Investor Loans, accounts payable, accrued expenses and the like) shall be less than \$34 million in the aggregate. Strandtek and the Investor Loan Holders represent that the current amount due with respect to the Investor Loans described above is as set forth on Appendix 2.1.

6.2.7.2 The aggregate principal indebtedness (excluding accrued and unpaid interest on the Investor Loans) of Strandtek due at the Closing Date to the Investor Loan Holders (the "Investor Loans") shall be equal to or less than \$22 million (after the Strandtek repayments contemplated in Section 6.3.9). Strandtek and the Investor Loan Holders represent that the current indebtedness of Strandtek to such individuals is as set forth in Section 3.2.3 of the Strandtek Disclosure Schedules.

6.2.8 Options and Warrants:

6.2.8.1 Except for Ron Basar, who will continue to own 150,000 Strandtek Series B Warrants and 150,000 Strandtek Series C Warrants, each Principal Shareholder and Investor Loan Holder shall have exercised or canceled all options, warrants, or other securities convertible into, or exchangeable or exercisable for Strandtek Capital Stock.

6.2.8.2 There shall be outstanding no options, warrants, or other securities convertible into, or exchangeable or exercisable for Strandtek Capital Stock, except as set forth on Schedule 3.2.2 to the Supplemental Agreement, as follows -- up to 500,000 Series A Warrants exercisable at \$.41 per share (with an expiration date of no later than September 30, 2004), up to 300,000 Series B warrants exercisable at \$.81 per share, and up to 300,000 Series C warrants exercisable at \$1.22 per share.

6.2.9 Affiliate Agreements. All transactions and agreements between Strandtek and its Affiliates (including the Principal Shareholders and their Affiliates) have been terminated except the Management Agreement fully described in Schedule 3.3.3 to the Supplemental Disclosure Agreement and the group insurance trust, each of which shall continue and annual salaries of

\$25,000, \$45,000 and \$45,000 shall continue to be paid to Messrs. Bauman, Buckles and Veltman until new chief executive and chief financial officers are elected.

6.3 Conditions to Strandtek's, the Principal Shareholders' and Investor Loan Holders' Obligations. The obligations of the Strandtek, the Principal Shareholders and the Investor Loan Holders to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment at or prior to the Closing of each of the following conditions:

6.3.1 The representations and warranties of Corniche set forth in Supplemental Disclosure Agreement shall be true and correct in all material respects (other than representations and warranties which are qualified as to materiality, which representations and warranties shall be true in all respects) on the date hereof and on and as of the Closing Date as though made on and as of the Closing Date (except for representations and warranties made as of a specified date, which shall be measured only as of such specified date).

6.3.2 Corniche shall have performed in all material respects each obligation and agreement and shall have complied in all material respects with each covenant to be performed and complied with by Corniche under this Agreement at or prior to the Closing, including, without limitation, the redemption of the Corniche Series A Preferred Stock and the redemption and/or conversion into Corniche Common Stock of the Corniche Series B Preferred Stock, and the delivery to the Principal Shareholders and the Investor Loan Holders of the Corniche Common Stock, Corniche Series D Preferred Stock, and Corniche Series C Preferred Stock, respectively, to which they are entitled to pursuant to the terms hereof, such that the only capital stock of Corniche outstanding as of the Closing Date shall be shares of stock determined under Section 351 of the Code to be voting stock of Corniche.

6.3.3 Since September 30, 2001 (the date of Corniche's most recent filed Form 10-Q) there shall not have occurred, nor shall the Strandtek Parties have discovered in their continued due diligence, any act, event or omission resulting in an Corniche Material Adverse Effect, nor any loss or damage to the assets of Corniche, whether or not insured, which materially affects the ability of Corniche to conduct its business. Strandtek shall have received a certificate (executed by the President or a Vice-President of Corniche to such officer's best knowledge), dated as of the Closing Date, to the foregoing effect and to the further effect that there are no liabilities, actual or contingent, accrued or unaccrued, of Corniche at the Closing Date which were not reflected on the Current Balance Sheet (as defined in the Supplemental Disclosure Agreement), or disclosing any such liabilities, actual or contingent, accrued or unaccrued, not reflected on the Current Balance Sheet of Corniche.

6.3.4 All material authorizations, consents, waivers, approvals or other actions required in connection with the execution, delivery and performance of this Agreement by Strandtek and Corniche and the consummation by Strandtek and Corniche of the transactions contemplated hereby shall have been obtained and shall be in full force and effect. Strandtek and Corniche shall have obtained any authorizations, consents, waivers, approvals or other actions required to prevent a material breach or default by Strandtek, Corniche or any Subsidiary of Corniche or Strandtek under any material contract to which Strandtek, Corniche or any Subsidiary of Corniche or Strandtek is a party or for the continuation of any material agreement to which Strandtek, Corniche or any Subsidiary of Corniche or Strandtek is a party.

6.3.5 There shall not be pending any legal proceedings relating to Corniche which have a reasonable likelihood of being determined adversely to Corniche and, if so determined, would be reasonably likely to have an Combined Material Adverse Effect after the Closing.

6.3.6 Prior to or at the Closing, Corniche shall have delivered such other closing documents as shall be reasonably requested by Strandtek in form and substance acceptable to Strandtek (which acceptance shall not be unreasonably withheld), including the following:

6.3.6.1 a certificate of the President or a Vice President of Corniche, dated the Closing Date, to the effect that (1) the person signing such certificate is familiar with this Agreement and (2) the conditions specified in Sections 6.3.1 and 6.3.2 have been satisfied or identifying any exceptions (in which case Strandtek, the Principal Shareholders and the Investor Loan Holders each may refuse to close based on any such exceptions);

6.3.6.2 a certificate of the Secretary or Assistant Secretary of Corniche dated the Closing Date, as to the incumbency of any officer of Corniche executing this Agreement;

6.3.6.3 a certified copy of (1) the Restated Certificate of Incorporation and by-laws of Corniche and all amendments thereto, and (2) the resolutions of Corniche's Board of Directors authorizing the execution, delivery and consummation of this Agreement and the transactions contemplated hereby;

6.3.6.4 good standing certificates with respect to Corniche from such jurisdictions as Strandtek shall reasonably designate; and

6.3.6.5 share certificates for the shares being issued hereunder, free and clear of all Liens, duly authorized and issued, fully paid and non-assessable, and free from any voting limitations and/or restrictions and/or Business Combination Restraints.

6.3.7 Corniche shall simultaneously close the Private Placement Transaction and as a result thereof shall have unencumbered cash and cash equivalents in excess of all Corniche liabilities, actual or contingent, accrued or unaccrued, and after payment of all amounts required to be paid to redeem to Corniche Series A Preferred Stock and Corniche Series B Preferred Stock, of not less than the Cash Amount as of the Closing Date (such that, by way of example and not in limitation, if Corniche's sole liabilities, actual or contingent, accrued or unaccrued, at Closing are a future lease obligation in the amount of \$50,000 and attorney fees due in connection with this transaction/Agreement in the amount of \$100,000 and all amounts due to redeem the Series A Preferred Stock and the Series B Preferred Stock have been paid, Corniche would be required to have cash in the amount of \$10,150,000 at Closing to satisfy this condition).

6.3.8 There shall be no Corniche preferred stock issued or outstanding at or subsequent to the Closing Date other than the Series C Preferred Stock and Series D Preferred Stock to be issued to the Principal Shareholders and Investor Loan Holders as contemplated in this Agreement. The Principal Shareholders, Non-shareholder Loan Holders and Cash Investors shall receive as of the Closing at least eighty percent (80%) of the total combined voting power of all

classes of stock of Corniche entitled to vote, and Corniche shall not have any other class of stock outstanding as of the Closing.

6.3.9 The Investor Loan Holders and the Principal Shareholders and/or their affiliates shall have received payment from Strandtek for all accrued and unpaid interest owed to them and Mssrs. Bauman, Buckles and Veltman shall have received payment for all compensation owed to them, in an aggregate amount not to exceed \$2.5 million for such interest and compensation, and, Mr. Buckles (as to \$21,000) and Mr. David Veltman (as to the remainder) shall have received payment of the amount by which the principal balance of the Investor Loans exceeds \$22 million.

6.3.10 Strandtek, the Principal Shareholder and the Investor loan Holders shall have received a tax opinion from Ernst & Young, LLP in form and content acceptable to them opining that the stock exchange transactions contemplated by this Agreement constitute a non-taxable transfer of property to a controlled corporation pursuant to the provisions of Section 351 of the Code.

6.3.11 There shall be outstanding no more than 780,500 options, warrants or other securities convertible into, or exchangeable for Corniche capital stock, common or preferred. No such options, warrants or securities have an exercise conversion or exchange price less than \$.31.

6.3.12 There shall be no more than 39,000,000 shares of Corniche Common Stock issued and outstanding as of the Closing Date.

6.4 By closing, each Party shall be deemed to have irrevocably represented and warranted that they have, with respect to any (a) covenants to be performed by other Parties prior to Closing (but not with respect to covenants or agreements to be performed post Closing) and (b) conditions applicable to their obligation to close, waived or verified compliance with all such covenants to be performed prior to Closing and such closing conditions, and no such matters shall be a basis for any subsequent claims by any such Party, except for claims based on fraud. All such covenants and agreements to be performed post Closing shall survive the Closing for an indefinite period of time.

ARTICLE VII

AMENDMENT AND TERMINATION

7.1 Amendment. This Agreement may be amended by the Parties, in the case of Corniche or Strandtek, by action taken or authorized by their respective Boards of Directors (or authorized Executive Committees thereof). Notwithstanding the foregoing, this Agreement may not be amended except by an instrument in writing signed on behalf of each of the Parties.

7.2 Extension; Waiver. At any time prior to the Closing Date, Corniche (with respect to Strandtek, the Principal Shareholders and the Investor Loan Holders (collectively, the "Strandtek Parties") and the Strandtek Parties (with respect to Corniche) by action taken or authorized individually by them, or by their respective Boards of Directors (or authorized Executive Committees thereof) in the case of Corniche and Strandtek, may, to the extent legally allowed, (a) extend the time for the performance of any of the obligations or other acts of such Party, (b) waive any inaccuracies

in the representations and warranties contained herein or in any document delivered pursuant hereto and (c) waive compliance with any of the agreements or conditions contained herein. Any agreement on the part of a Party to any such extension or waiver shall be valid only if set forth in a written instrument signed on behalf of such Party except as otherwise provided to the contrary in this Agreement.

7.3 Termination. This Agreement may be terminated at any time prior to the Closing Date:

7.3.1 by mutual written consent of Corniche and the Strandtek Parties;

7.3.2 by either Corniche or the Strandtek Parties if there shall be any law or regulation that, as supported by the written opinion of legal counsel, makes consummation of the transactions contemplated hereby illegal or otherwise prohibited, or if any judgment, injunction, order or decree of a court or other competent governmental authority enjoining Corniche or any of the Strandtek Parties from consummating the transactions contemplated hereby shall have been entered and such judgment, injunction, order or decree shall have become final and nonappealable;

7.3.3 by either Corniche or the Strandtek Parties if the transactions hereunder shall not have been consummated on or before January 30, 2002 (the "Outside Date");

7.3.4 by Corniche or the Strandtek Parties if, at or before the completion of the Closing, it shall have discovered that any representation or warranty made in this Agreement or in the Supplemental Disclosure Agreement for its benefit, or in any certificate, exhibit or document furnished to it pursuant to this Agreement, is untrue in any material respect (other than representations and warranties which are qualified as to materiality, which representations and warranties will give rise to termination if untrue in any respect); provided, however, that in order to terminate this Agreement under this Section 7.3.4, the terminating Party shall, upon discovery of such a breach or default, give written notice thereof to the breaching or defaulting Party and the latter shall fail to cure the breach or default by the earlier of thirty (30) calendar days after receipt of such notice or the day immediately prior to the Outside Date;

7.3.5 by Corniche if any of the Strandtek Parties shall have defaulted in the performance of any material obligation under this Agreement; provided, however, that in order to terminate this Agreement under this Section 7.3.5, Corniche shall, upon discovery of such a breach or default, give written notice thereof to Strandtek and the Principal Shareholders and Strandtek or the Principal Shareholders shall fail to cure the breach or default by the earlier of thirty (30) calendar days after receipt of such notice or the day immediately prior to the Outside Date;

7.3.6 by the Strandtek Parties, if Corniche shall have defaulted in the performance of any material obligation under this Agreement; provided, however, that in order to terminate this Agreement under this Section 7.3.6 with respect to any breach other than a breach of Section 5.6, the Strandtek Parties shall, upon discovery of such a breach or default, give written notice thereof to Corniche and Corniche shall fail to cure the breach or default by the earlier of thirty (30) calendar days after receipt of such notice or the day immediately prior to the Outside Date;

7.3.7 by Corniche or the Strandtek Parties if any authorization, consent, waiver or approval required for the consummation of the transactions contemplated hereby shall require the divestiture or cessation of any of the present business or operations conducted by Corniche, its Subsidiaries or Strandtek or its Subsidiaries, or shall impose any other condition or requirement, which divestiture, cessation, condition or requirement would constitute a Combined Material Adverse Effect upon consummation of the transactions contemplated by this Agreement;

7.3.8 by Corniche, in the event that any of the conditions to its obligations set forth in Article VI have not been satisfied or waived by the Outside Date or in the event that any such condition cannot possibly be satisfied prior to the Outside Date; or

7.3.9 by the Strandtek Parties, in the event that any of the conditions to its obligations set forth in Article VI have not been satisfied or waived by the Outside Date or in the event that any such condition cannot possibly be satisfied prior to the Outside Date.

7.4 Effect of Non-compliance or Failure to Satisfy Conditions. In the event any Party fails to comply or satisfy any of its covenants and agreements to be performed prior to the Closing Date as herein provided, or if any Party's representations and warranties hereunder or pursuant to the Supplemental Disclosure Agreement shall be inaccurate in any respect, (hereinafter, any such Party whose covenants, agreements, representations or warranties may not be satisfied or accurate at the Closing Date may be referred to as a "Defaulting Party" and all other Parties may be hereinafter referred to as the "Non-Defaulting Party"), or if any conditions to a Party's obligation to close the transactions contemplated in this Agreement are not satisfied prior to the Closing Date, the Non-Defaulting Party's sole rights and remedies (or the applicable Party's sole rights and remedies, in the case of a failure to satisfy any condition to such Party's obligation to close) shall be either to (a) waive any such non-compliance with such covenants, agreements, representations, warranties and conditions and any claim to damages on account thereof and complete the transactions contemplated in this Agreement subject to all such waivers, inaccuracies and defects and without any liability for such inaccuracies or defects and without any abatement of the consideration to be exchanged hereunder, or (b) notify the Defaulting Party and other Parties that it elects not to complete the transactions contemplated by this Agreement, in which event of termination all rights and liabilities of the Parties each to the other pursuant to this Agreement and any documents executed in connection herewith, except for any provisions relating to the confidentiality obligations of the Parties to each other and the provisions of Section 9.9, shall end and terminate without liability to the others. The aforementioned options provided to a Non-Defaulting Party, or a Party whose conditions to Closing have not been satisfied, in the event of any such defect, matter, condition or item are the sole and exclusive remedy of such Non-Defaulting Party (or Party whose conditions to Closing have not been satisfied) with respect to any such matters, and in no event shall a Party have the right to seek damages or specific performance from another Party on account thereof, all such rights and claims being hereby irrevocably waived and released. Notwithstanding any of the provisions of this Section 7.4 to the contrary, if Closing occurs, all covenants and agreements to be performed post-Closing shall survive the Closing for an indefinite period of time and shall be enforceable by the applicable Parties.

ARTICLE VIII

SURVIVAL OF REPRESENTATIONS AND WARRANTIES

8.1 Survival of Representations and Warranties. Other than the representations of the Principal Shareholders and the Investor Loan Holders contained in Sections 4.1 through 4.14 of the Supplemental Disclosure Agreement, the representations of Strandtek pursuant to Section 3.2.1 and 3.2.2 of the Supplemental Disclosure Agreement, and the representations of Corniche pursuant to Section 5.2.1 and 5.2.2, and 5.26 of the Supplemental Disclosure Agreement, as such representations are modified and updated as of the Closing Date, which representations shall survive the Closing for an indefinite period, all representations and warranties provided for herein or in the Supplemental Disclosure Agreement shall not survive the Closing, and by Closing each Party shall be deemed to have satisfied itself as to the accuracy of any such other representations and warranties made by other Parties and/or waived any inaccuracies contained therein, and no such other representations or warranties shall be the basis for any claim by a Party against the others subsequent to the Closing Date except for claims based on fraud.

ARTICLE IX

MISCELLANEOUS

9.1 Notices. All notices or other communications required or permitted hereunder shall be in writing and shall be delivered personally, by telecopy, by overnight courier or sent by certified or registered mail, postage prepaid, and shall be deemed given when so delivered personally, or when so received by facsimile or courier, or if mailed, three calendar days after the date of mailing, as follows (or at such other address for a Party as shall be specified by like notice):

9.1.1 if to Corniche:

Mr. James Fyfe
Corniche Group Incorporated
22 James's Square
London, England SW1Y4LB
Telephone: (44) 207-839-2042

with a copy (which shall not constitute notice) to:

Alan Wovsaniker, Esq.
Lowenstein Sandler PC
65 Livingston Avenue
Roseland, NJ 07068
Telephone: 973-597-2500
Telecopy: 973-597-2400

9.1.2 if to Strandtek:

Strandtek International, Inc.
2294 Northwest 55th Street
Boca Raton, FL 33496
Attention: Jerome Bauman
Telephone: 561-997-9525
Telecopy:

and

Strandtek International, Inc.
455 N. Indian Rocks Road
Belleair Bluffs, FL 33770
Attention: William G. Buckles, Jr.
Telephone: 727-585-6333
Telecopy: 727-581-6107

with a copy (which shall not constitute notice) to:

Morris LeCompte, Esq.
Morris A. LeCompte, P.A.
100 Second Avenue South
St. Petersburg, FL 33701
Telephone: 727-823-5000 x 1011
Telecopy: 727-894-1023

9.1.3 if to the Principal Shareholders or the Non-shareholder

Loan Holders:

To their respective addresses indicated on the
signature pages hereto with a copy (which shall not
constitute notice) to:

Morris A. LeCompte, Esq.
Morris A. LeCompte, P.A.
100 Second Avenue South
St. Petersburg, FL 33701
Telephone: 727-823-5000 x 1011
Telecopy: 727-894-1023

9.2 Interpretation. When a reference is made in this Agreement to an Article, Section or Paragraph, such reference shall be to an Article, Section or Paragraph of this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

9.3 Counterparts; Telecopied Signatures. This Agreement may be executed in counterparts, which together shall constitute one and the same Agreement. The Parties may execute more than one copy of the Agreement, each of which shall constitute an original. A signed signature page telecopied by one Party to another Party shall be deemed to constitute an original.

9.4 Entire Agreement. This Agreement (including the appendices, documents and other instruments referred to herein), the Supplemental Disclosure Agreement and the Confidentiality and Non-Disclosure Agreements between Strandtek and Corniche dated on or about July 16, 2001 previously executed and delivered by the Parties constitute the entire agreement among the Parties and supersede all prior agreements and understandings, arrangements or representations by or among the Parties, written and oral, with respect to the subject matter hereof and thereof.

9.5 No Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended or shall be construed to create any third party beneficiaries.

9.6 Governing Law. Except to the extent that the laws of the jurisdiction of organization of any Party, or any other jurisdiction, are mandatorily applicable to matters arising under or in connection with this Agreement, this Agreement shall be governed by the laws of the State of Delaware without regard to conflicts of laws principles.

9.7 No Trial by Jury.

9.7.1 Each of the Parties irrevocably consents to the service of any summons and complaint and any other process in any action or proceeding relating to the transactions contemplated hereby, on behalf of itself or its property, by the delivery of copies of such process to such Party in the same manner as notice is to be provided pursuant to Section 9.1. Nothing in this Section 9.7.1 shall affect the right of any Party hereto to serve legal process in any other manner permitted by law.

9.7.2 Each Party acknowledges and agrees that any controversy which may arise under this Agreement is likely to involve complicated and difficult issues, and therefore each Party hereby irrevocably and unconditionally waives any right such Party may have to a trial by jury in respect to any litigation directly or indirectly arising out of or relating to this Agreement or the transactions contemplated by this Agreement. Each Party certifies and acknowledges that (i) no representative, agent or attorney of any other Party has represented, expressly or otherwise, that such other Party would not, in the event of litigation, seek to enforce the foregoing waiver, (ii) each such Party understands and has considered the implications of this waiver, (iii) each such Party makes this waiver voluntarily, and (iv) each such Party has been induced to enter into this Agreement by the waivers and certifications in this Section 9.7.2.

9.8 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the Parties (whether by operation of law or otherwise) without the prior written consent of the other Parties. Subject to the preceding sentence, this Agreement shall

be binding upon, inure to the benefit of and be enforceable by the Parties and their respective successors and assigns.

9.9 Expenses. All costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby and thereby shall be paid by the Party incurring such expenses.

9.10 Severability. The invalidity of any portion hereof shall not affect the validity, force or effect of the remaining portions hereof. If it is ever held that any restriction hereunder is too broad to permit enforcement of such restriction to its fullest extent, such restriction shall be enforced to the maximum extent permitted by law.

9.11 No Strict Construction. Each of Corniche and the Strandtek Parties acknowledge that this Agreement has been prepared jointly by the Parties and that there shall not be a presumption that ambiguities shall be construed against any Party by virtue of this Agreement's preparation.

9.12 Knowledge. Any representation made herein or in the Supplemental Disclosure Agreement which is qualified by the knowledge of, or notice given to, Strandtek shall refer to the actual knowledge of, or notice actually given to, any of the executive officers of Strandtek, after reasonable inquiry by such executive officers. Any representation made herein or in the Supplemental Disclosure Agreement which is qualified by the knowledge of, or notice given to, Corniche shall refer to the actual knowledge of, or notice actually given to, any of the executive officers of Corniche, after reasonable inquiry by such executive officers. Any representation made herein or pursuant to any document or certificate contemplated herein which is qualified by the knowledge of, or notice given to, the Principal Shareholders or Non-shareholder Loan Holders shall refer to the actual knowledge of such individual, without any duty of inquiry.

(Signature Page Follows)

IN WITNESS WHEREOF, Corniche, Strandtek, each of the Principal Shareholders and the Non-shareholder Loan Holders have signed this Agreement as of the date first written above.

CORNICHE GROUP INCORPORATED

By: /s/ James Fyfe

Name: James Fyfe
Title: Chairman

STRANDTEK INTERNATIONAL, INC.

By: /s/ Jerome Bauman

Name: Jerome Bauman
Title: President

PRINCIPAL SHAREHOLDERS:

/s/ David Veltman

David Veltman
455 N. Indian Rocks Road
Belleair Bluffs, FL 33770

/s/ Greg Veltman

Greg Veltman
455 N. Indian Rocks Road
Belleair Bluffs, FL 33770

/s/ Sheila Duffy

Sheila Duffy
455 N. Indian Rocks Road
Belleair Bluffs, FL 33770

/s/ Craig Babcock

Craig Babcock
c/o Desert Institute of Physical Therapy
15953 Greenway Hayden
Scottsdale, AZ 85260

/s/ Jerome Bauman

Jerome Bauman
2294 Northwest 55th Street
Boca Raton, FL 33496

/s/ Jan Arnett

Jan Arnett
Longwood Road
Sands Point, NJ 11050

/s/ William G. Buckles, Jr.

William G. Buckles, Jr.
455 N. Indian Rocks Road
Belleair Bluffs, FL 33770

/s/ Phil Palm

Phil Palm
455 N. Suite A
Belleair Bluffs, FL 33770

First signature page to Stock Contribution Exchange Agreement

/s/ Ray Juska

Ray Juska
17 Marion Drive
East Lynne, CT 06333

/s/ Mike Barody

Mike Barody
5 Surcingle Road
Queensbury, NY 12804

/s/ Ron Basar

Ron Basar
912 Shambliiss Lane
Buffalo Grove, IL

NON-SHAREHOLDER LOAN HOLDERS

/s/ Preston Whaley

Preston Whaley
2043 79th Street W.
Bradenton, FL 34209

/s/ Clifford Chapman

Clifford Chapman
P. O. Box 14760
Bradenton, FL 34280-4760

Second signature page to Stock Contribution Exchange Agreement

LIST OF APPENDICES

Certificate of Designation for Corniche Series C Preferred Stock	Appendix 1.1
Certificate of Designation for Corniche Series D Preferred Stock	Appendix 1.2
Security Holdings of Strandtek and Exchange Ratios	Appendix 2.1
Form of Supplemental Disclosure Agreement	Appendix 3.1
Form of Guaranteed Note	Appendix 5.6

February 11, 2002

Mr. James Fyfe
Corniche Group Incorporated
22 James's Square
London, England

Re: Amendment and Waiver
Stock Contribution Exchange Agreement

Dear Mr. Fyfe:

This will confirm our conversations with respect to the Stock Contribution Exchange Agreement dated January 7, 2002 between Corniche Group Incorporated ("Corniche"), StrandTek International, Inc. ("StrandTek") and the Principal Shareholders and Non-shareholder Loan Holders (the "Agreement"). Capitalized terms used in this letter without definition shall have the respective meanings given to them in the Agreement, and references to Section (s) without further definition shall be to the applicable Section(s) of the Agreement.

You have advised us that to satisfy the financing contingency in the Agreement, you intended to commence a private placement seeking to sell 16,500,000 shares of Corniche Common Stock at a price of 70(cent) per share. You have also shown us a draft of your private placement memo. Based on those numbers, and the time needed to complete the private placement and redeem the Corniche Series A Preferred Stock, you would not have been able to satisfy the following conditions in the Agreement:

- o the condition in Section 6.3.12 that there be no more than 39 million shares of Corniche Common Stock outstanding as of the Closing Date (excluding shares to be issued to the StrandTek Parties under the Agreement); and
- o the condition that the closing occur by January 30, 2002.

You have indicated that you do not want to include in the private placement memorandum a risk that the transaction may not be consummated on account of the failure of these conditions to be satisfied, and we would not want that result either, as we still desire to proceed with the transaction contemplated by the Agreement. In light of the delay in the closing, we have further discussed and agreed that certain other modifications to the Agreement are appropriate, and Corniche and the StrandTek Parties have agreed to execute this letter agreement to evidence our

agreement in regard to such modifications and changes. Accordingly, Corniche and the StrandTek Parties have agreed to the following modifications and changes to the Agreement:

1. Corniche shall attempt to raise additional equity financing to better capitalize the combined enterprise after closing and accordingly the private placement shall be for a minimum of 16,500,000 shares and a maximum of 23,500,000 shares of Corniche Common Stock, all at a price of \$.70 per share.
2. Any shares of Corniche Common Stock sold under the private placement at \$.70 per share in excess of the amount necessary for Corniche to satisfy Sections 5.9.4 and 6.3.7 as reflected in the Agreement will not cause any increase in the number of shares of Corniche Common Stock or Corniche Series D Preferred Stock to be received by the StrandTek Parties under the Agreement, nor in any way be used or factored into the adjustment formula of Section 2.5 of the Agreement. Of course, such issued and outstanding shares of Corniche Common Stock for purposes of the Section 2.5 adjustment shall include all shares of Corniche Common Stock issued or issuable in connection with the Agreement (other than those shares of Corniche Common Stock to be issued to the StrandTek Parties) and pursuant to the private placement (other than those shares of Corniche Common Stock sold under the private placement at \$.70 per share in excess of the amount of such shares sold that are necessary to satisfy Sections 5.9.4 and 6.3.7 as reflected in the Agreement), and shall specifically include, without limitation, those shares of Corniche Common Stock to be issued at Closing to Messrs. Fyfe, Harrison and Cohen as reflected in Section 5.2 of the Corniche Disclosure Schedule and those shares of Corniche Common Stock contemplated to be issued to Cash Investors (but only in the amount of shares sold necessary for Corniche to satisfy Sections 5.9.4 and 6.3.7 as reflected in the Agreement) and Corniche's broker incident to the private placement. Corniche further agrees that it shall also possess at Closing all of the net proceeds received from the sale of shares of Corniche Common Stock that are not used or factored into the adjustment formula of Section 2.5 of the Agreement pursuant to the foregoing provisions of this paragraph.
3. The Outside Date shall be extended to March 15, 2002, in order to allow enough time to consummate the private placement and effect the redemption of the Series A Preferred Stock. The StrandTek Parties also agree to waive any default or condition precedent under Sections 5.11.9 and 6.3.12 (and other like provisions of the Agreement and Supplemental Disclosure Agreement), so long as at Closing there are no more than 47.5 million shares of Corniche Common Stock outstanding (as computed after the issuance of all shares of Corniche Common Stock as contemplated in the Agreement and private placement, other than the StrandTek Parties under the terms of the Agreement).
4. Corniche and the StrandTek Parties have further agreed that:
 - (a) Corniche shall provide an additional \$250,000 of interim financing to StrandTek promptly after the date of execution of this letter agreement, to be evidenced by a promissory note in mutually agreeable form. StrandTek shall use the proceeds of the loan for working capital and not for the repayment of any sums due to Investor Loan Holders.

(b) The existing promissory note executed by StrandTek, among others, in favor of Corniche in the amount of \$1,000,000 pursuant to Section 5.6 shall not be due or payable until 45 days after the termination of the Agreement.

(c) StrandTek shall not be required by reason of the Agreement to file a Form 10-KSB for its fiscal year ended September 30, 1998, and StrandTek shall be required to file a Form 10-Q for its fiscal quarter ending December 31, 2000 only in the event the Closing occurs and it is reasonably determined that StrandTek is required to file such Form 10-Q.

(d) Corniche agrees to waive any default or condition precedent under Section 6.2.7 (and other like provisions of the Agreement and Supplemental Disclosure Agreement) so long as the aggregate indebtedness at Closing of StrandTek referenced in Section 6.2.7.1 is less than \$35.5 million in the aggregate. Corniche further agrees that the StrandTek Parties shall be entitled to adjust the respective amount of principal to be repaid to each of the Investor Loan Holders at Closing and contributed by each of the Investor Loan Holders in exchange for shares of Corniche Series C Preferred Stock, and the provisions of Section 6.3.9 and Appendix 2.1 and like provisions of the Agreement and Supplemental Disclosure Agreement accordingly, so long as the aggregate principal amount of Investor Loans contributed to Corniche in exchange for shares of Corniche Series C Preferred Stock equals \$22 million.

(e) Corniche agrees to waive any default or condition precedent under Sections 5.10 and 6.2.8 (and other like provisions of the Agreement and Supplemental Disclosure Agreement), caused by StrandTek's issuance of additional Series A Warrants exercisable at \$.41 per share (with an expiration date no later than three (3) years from the date of issuance) to the Principal Shareholders, Non-shareholder Loan Holders and others, so long as the aggregate number of StrandTek Series A Warrants outstanding at the Closing is not more than 2,000,000 in the aggregate. Corniche further acknowledges and agrees that such additional StrandTek Series A Warrants may be owned by the Principal Shareholders, Non-shareholder Loan Holders and others at and subsequent to the Closing, and waives any default or condition precedent under the Agreement and Supplemental Disclosure Agreement associated therewith.

(f) The last sentence of Section 6.2.7.1 shall be modified to now read as follows:

"StrandTek and the Investor Loan Holders represent that the current amount due with respect to the Investor Loans described above is as set forth in Section 3.2.3 of the StrandTek Disclosure Schedules."

(g) Section 6.3.9 shall be modified by substituting the amount of \$2.7 million in place of the amount of \$2.5 million referenced therein.

5. The StrandTek Parties further recognize that the additional stock issuances permitted above would not leave sufficient authorized Corniche Common Stock available for Corniche to issue the "Key Holder's Percentage" of the 36,000,000 shares to be issued to the StrandTek Parties pursuant to the Agreement at Closing. Accordingly, the StrandTek Parties and Corniche agree to decrease the number of shares of Corniche Common Stock to be received by the StrandTek Parties under the Agreement by such number as they mutually determine at the Closing to be

reasonable, and the number of shares of Corniche Series D Preferred Stock to otherwise be received by the StrandTek Parties at Closing shall be appropriately increased by 1% of the amount of any reduction of Corniche Common Stock under this paragraph. Thus, by way of example and not in limitation, if the StrandTek Parties receive 33,000,000 shares of Corniche Common Stock at Closing instead of 36,000,000, the shares of Corniche Series D Preferred Stock to be received by the StrandTek Parties as otherwise determined under the Agreement (as modified by this letter), would be further increased by the amount of 30,000 shares.

It would be appreciated if Corniche would likewise execute and return a copy of this letter to Mr. Bauman on behalf of the StrandTek Parties to evidence Corniche's agreement to the foregoing terms and provisions.
Very truly yours,

STRANDTEK INTERNATIONAL, INC.

By: /s/ Jerome Bauman

Jerome Bauman, President

/s/ William G. Buckles, Jr.

William G. Buckles, Jr.

/s/ Jerome Bauman

Jerome Bauman

/s/ David Veltman

David Veltman

/s/ Greg Veltman

Greg Veltman

/s/ Jan Arnett

Jan Arnett

/s/ Phil Palm

Phil Palm

/s/ Shiela Duffy

Sheila Duffy

/s/ Craig Babcock

Craig Babcock

/s/ Mike Barody

Mike Barody

/s/ Ron Basar

Ron Basar

/s/ Ray Juska

Ray Juska

/s/ Preston Whaley

Preston Whaley

/s/ Clifford Chapman

Clifford Chapman

Reviewed and agreed to this 11th day of Febraury, 2002

CORNICHE GROUP INCORPORATED

By: /s/ James Fyfe

James Fyfe, Chairman

SUPPLEMENTAL DISCLOSURE AGREEMENT

This Supplemental Disclosure Agreement (this "Agreement") is made and entered into as of the 7th day of January, 2002, by and among Corniche Group Incorporated, a Delaware corporation ("Corniche"), Strandtek International, Inc., a Delaware corporation ("Strandtek"), and Jerome Bauman, Jan Arnett, William G. Buckles, Jr., Phil Palm, David Veltman, Greg Veltman, Sheila Duffy, Craig Babcock, Ray Juska, Ron Basar and Mike Barody (collectively, the "Principal Shareholders") and Preston Whaley and Clifford Chapman (the "Non-shareholder Loan Holders"). For purposes of this Agreement, Jerome Bauman, William G. Buckles, Jr., David Veltman and Phil Palm may be collectively referred to as the "Representing Shareholders".

PRELIMINARY STATEMENTS

A. Corniche has entered into a Stock Contribution Exchange Agreement as of the date hereof (the "Exchange Agreement"), with Strandtek, the Principal Shareholders and the Non-shareholder Loan Holders whereby Corniche shall acquire control of Strandtek through the acquisition of substantially all of the common stock of Strandtek from the Principal Shareholders and the Investor Loans from the Investor Loan Holders on the terms set forth in the Exchange Agreement, and whereby the Principal Shareholders, Non-shareholder Loan Holders, and Cash Investors shall acquire control of Corniche through the transactions contemplated and referred to in the Exchange Agreement.

B. The representations and warranties of Strandtek, the Principal Shareholders and the Investor Loan Holders set forth in this Agreement are incorporated in and made a part of the Exchange Agreement.

C. The representations and warranties of Corniche set forth in this Agreement are incorporated in and made a part of the Exchange Agreement.

1.0 Incorporation By Reference. The preliminary statements are incorporated in and made a part of this Agreement. This Agreement and the Exchange Agreement shall be read together as one agreement. The capitalized terms used but not defined in this Agreement shall have the same meaning as set forth in the Exchange Agreement.

2.0 Disclosure Documents. Prior to and simultaneous with the execution of this Agreement, Strandtek, on behalf of itself and its Subsidiary, Strandtek International, Inc., a Florida corporation ("Strandtek FL") (Strandtek FL, together with Strandtek, may be referred to herein collectively as the "Companies" and each individually as a "Company"), the Principal Shareholders and the Investor Loan Holders have separately delivered and provided access to Corniche to various schedules, documents, information and agreements listed and/or summarized on the Strandtek Disclosure Schedule that was or is being separately delivered to Corniche (all such schedules, documents, information, agreements and disclosures set forth or listed on the Strandtek Disclosure Schedule may be hereinafter collectively referred to as the "Strandtek Disclosure Documents"), and all of the various items, matters, information, agreements and documents reflected or disclosed as a part of the Strandtek Disclosure Documents shall be deemed Previously Disclosed (as further hereinafter defined) to Corniche. Prior to and simultaneous with the execution of this Agreement, Corniche has separately delivered and provided access to various schedules, documents, information and agreements listed and/or summarized on the Corniche Disclosure Schedule that was or is being separately delivered to Corniche (all such schedules, documents, information, agreements and disclosures set forth in this Corniche Disclosure Schedule may be hereinafter collectively referred to as the "Corniche Disclosure Documents") and all of the various items, matters, information, agreements and documents reflected or disclosed as a part of the Corniche Disclosure Documents shall be

deemed Previously Disclosed (as further hereinafter defined) to Strandtek, the Principal Shareholders and the Investor Loan Holders. Any item, matter, disclosure, information, schedule, agreement or document (including matters reflected in any such documents and agreements) listed and/or set forth in the Strandtek Disclosure Schedule or Corniche Disclosure Schedule, regardless of what section, if any, of this Agreement is referenced by such item, matter, disclosure, information, schedule, agreement or document, shall be deemed "Previously Disclosed" for all purposes of this Agreement and the Exchange Agreement, notwithstanding anything contained in this Agreement or the Exchange Agreement to the contrary, and shall not be a basis for any claimed breach of any representation, warranty, covenant or agreement made by the Companies, the Principal Shareholders, the Investor Loan Holders or Corniche, as applicable, pursuant to this Agreement and/or the Exchange Agreement, provided however, if a section of the Strandtek Disclosure Schedule or Corniche Disclosure Schedule is provided in response to a specific representation contained herein, such section of the Strandtek Disclosure Schedule or the Corniche Disclosure Schedule, as applicable, must identify with reasonable specificity (including by cross-reference) all disclosures required to make such representation accurate notwithstanding any documents or information "Previously Disclosed." Further, any item, matter, disclosure, information, agreements and documents contained in the Strandtek SEC Documents (including the draft SEC Documents provided to Corniche that are contemplated to be filed by Strandtek) or the Corniche SEC Documents (including the draft of the SEC Document provided to Strandtek that is contemplated to be filed by Corniche) (each as further defined below) shall be deemed Previously Disclosed, and likewise shall not be a basis for any claimed breach of any representation or warranty made by the Companies, the Principal Shareholders, the Investor Loan Holders, or Corniche pursuant to this Agreement.

3.0 Representations and Warranties Regarding Strandtek. Subject to the foregoing terms and provisions of this Agreement and the Previously Disclosed information, Strandtek and the Representing Shareholders, severally and not jointly, hereby represent and warrant to Corniche as follows:

3.1 Organization and Qualification.

3.1.1 Strandtek is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and Strandtek FL is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida. Each of the Companies has the power and authority to own, lease and operate their properties and to conduct their business as presently conducted (the "Business"). Each of the Companies are duly qualified to transact business as foreign corporations and are in good standing in each jurisdiction in which the conduct of such Company's business or the ownership, leasing or operation of their property requires such qualification, except for failures to be so qualified or in

good standing which would not, singly or in the aggregate with all such other failures, have a Strandtek Material Adverse Effect. None of the Companies is in violation of any of the provisions of such Company's Articles of Incorporation, as amended, or by-laws, as amended, or similar governing documents. True and complete copies of each of the Companies' Articles of Incorporation and by-laws, as currently in effect, have previously been delivered to Corniche.

3.1.2 Prior to the date hereof, Corniche has been given access to true and complete copies of all of each of the Companies' minute books, including minutes of meetings of and resolutions adopted by the Board of Directors and shareholders of each of the Companies to the extent the same are available to such Company. There are no other material minutes or resolutions which have been adopted by the Board or shareholders of either of the Companies. Copies of any material minutes or resolutions adopted after the date of execution of the Exchange Agreement and prior to the Closing contemplated therein shall be provided to Corniche prior to the Closing.

3.1.3 Except as listed in Section 3.1.3 of the Strandtek Disclosure Schedule, none of the Companies is a party to any stock purchase agreement, registration rights agreement, shareholders' agreement, voting rights agreement, investor agreement, stock option agreement, warrant or other agreement requiring the issuance of any shares of such Company's capital stock (other than certificates for shares reflected on Appendix 2.1 of the Exchange Agreement that remain to be issued). To each of the Companies' and Representing Shareholder's knowledge, there are no shareholder or voting agreements or similar agreements among the shareholders of such Company in their capacities as such.

3.2 Capitalization; Funded Debt.

3.2.1 Section 3.2.1 of the Strandtek Disclosure Schedule sets forth (a) the number of shares of each class and series of capital stock of each of the Companies which are authorized for issuance, (b) as of the date hereof, the number of such shares that are outstanding and (c) a copy of such Company's shareholder list, as well as a list of shares of capital stock of each of the Companies issuable to any Person that is not reflected on such shareholder list. All of such outstanding and issuable shares are presently, or when issued will be, validly issued, fully paid and non-assessable. No shares of any of the Companies' capital stock possess or are subject to preemptive rights or rights of first refusal and no shares have been issued in violation of any preemptive rights or rights of first refusal. Except as Previously Disclosed, no shares of either of the Companies' capital stock are held in such Company's treasury. It is recognized and agreed that certificates for certain shares of capital stock of Strandtek may be issued subsequent to the date of execution of this Agreement for shares reflected on Appendix 2.1 of the Exchange Agreement that remain to be issued and it is agreed that Section 3.2.1 of the Strandtek Disclosure Schedule shall be updated for such issuances immediately prior to the Closing if necessary (in other words, to the extent such shares are not already reflected in Section 3.2.1 of the Strandtek Disclosure Schedule).

3.2.2 Section 3.2.2 of the Strandtek Disclosure Schedule lists, for each Person and benefit plan adopted by each of the Companies who owns any warrants, options or rights to purchase any shares of the capital stock of such Company, the number owned and a description thereof, the class and series of shares issuable upon exercise of such warrants, options or rights,

and the number of shares subject to such warrants, options or rights, the vesting date (if applicable), expiration date, and exercise price applicable thereto. Except as set forth in Section 3.2.2 of the Strandtek Disclosure Schedule, none of the Companies has outstanding any subscriptions, options, rights, warrants, convertible securities or other agreements or commitments to issue, or contracts or any other agreements obligating such Company to issue, or to transfer from treasury, any shares of capital stock of such Company of any class or kind, or securities convertible into such capital stock of such Company. It is recognized and agreed that certain changes may occur in the information initially contained in Section 3.2.2 of the Strandtek Disclosure Schedule, and accordingly Section 3.2.2 of the Strandtek Disclosure Schedule shall be updated to reflect any change in the information contained thereon immediately prior to the Closing.

3.2.3 Except as reflected on the Current Balance Sheet (as defined in Section 3.22.1 hereafter), and for changes occurring after September 30, 2001, none of the Companies have any term or funded debt, debt to banks or debt to Affiliates. To each of the Companies' knowledge, except as Previously Disclosed, if applicable, no event has occurred which (whether with or without notice, lapse of time or the happening or occurrence of any other event) would constitute a default by such Company which has not been cured or waived under any agreement or other instrument relating to any funded debt, bank loan or debt to Affiliates. Section 3.2.3 of the Strandtek Disclosure Schedule accurately sets forth the Companies' debt to banks, debt for borrowed money and debt to Affiliates as of the date hereof.

3.2.4 None of the Companies is a guarantor of the obligations of any Person (other than the other Company) except as set forth on Section 3.2.4 of the Strandtek Disclosure Schedule.

3.2.5 There are no accrued, declared, or unpaid dividends on any shares of any of the Companies' capital stock.

3.3 Subsidiaries; Acquisitions; Dispositions.

3.3.1 Except for Strandtek's ownership and control of Strandtek FL, none of the Companies currently, directly or indirectly own or control any Subsidiary; provided, however, for purposes of the foregoing and this Agreement, it is recognized and agreed that Strandtek owns a controlling interest in that certain entity known as Strandtek West, Inc., a Washington corporation, that has been involuntarily dissolved and is no longer engaged in active business. For purposes of this Agreement, Strandtek West, Inc. shall not be deemed a Subsidiary or otherwise affect or be involved in any of the representations and warranties contained in this Agreement.

3.3.2 Except for Strandtek's ownership of the capital stock of Strandtek FL, none of the Companies currently, directly or indirectly (i) own of record or beneficially (A) any shares of capital stock or securities convertible into capital stock of any other corporation or (B) any equity interest in any partnership, joint venture, limited liability company or other business enterprise or (ii) own or control through any means any other entity.

3.3.3 Except for the Management Agreement (as described in Section 3.3.3 of the Strandtek Disclosure Schedule), the economic and various other terms of which are summarized

in Section 3.3.3 of the Strandtek Disclosure Schedule, there are no agreements between any of the Companies and any third party relating to the operation, governance, ownership or other material aspect of any other business enterprise.

3.4 Taxes.

3.4.1 Each of the Companies has previously provided to Corniche copies of all Tax (as hereinafter defined) returns filed by such Company and its Subsidiaries from January 1, 1997 through the date of execution of this Agreement. Except as Previously Disclosed, no Tax returns have been audited or are the current subject of an audit by any federal or state authority. It has been disclosed to Corniche that the Companies are not current with respect to all of their tax return filing obligations, and that the last federal income tax returns filed by the Companies was with respect to their fiscal year ended September 30, 1999.

3.4.2 For purposes of this Agreement, the terms "Tax" or "Taxes" shall include any of the following imposed by or payable to any Governmental Authority: any income, gross receipts, license, payroll, employment, excise, severance, stamp, business, occupation, premium, windfall profits, environmental (including taxes under Section 59A of the Code), capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, or value added tax, any alternative or add-on minimum tax, any estimated tax, and any levy, impost, duty, assessment, withholding or any other governmental charge of any kind whatsoever, in each case including any interest, penalty, or addition thereto, whether disputed or not.

3.4.3 Each of the Companies (i) has complied in all material respects with all applicable laws, rules and regulations relating to the payment and withholding of Taxes from the wages or salaries of employees and independent contractors, (ii) has paid over to the proper governmental authorities all amounts required to be so withheld and (iii) is not liable for any Taxes for failure to comply with such laws, rules and regulations.

3.4.4 None of the Companies is a party to any agreement that provides for the payment of any amount that, if paid, would be nondeductible (in whole or in part) pursuant to Section 280G of the Code in connection with the consummation of the transactions contemplated by the Exchange Agreement or otherwise.

3.4.5 Except as Previously Disclosed, all of any of the Companies' Taxes have been paid in full to the appropriate governmental authorities or fully accrued or provided for with respect to fiscal periods covered by the financial statements described in Section 3.22 of this Agreement other than any liability for unpaid Taxes that may have accrued since September 30, 2001 in connection with the operation of the Business by such Company in the ordinary course. Each of the Companies have or will prepare and file with the appropriate Governmental Authorities (as defined in Section 3.19.4) all returns and reports with respect to franchise, income and all other Taxes required to be filed by such Company at or before the Closing Date. All Tax returns were (or in the case of Tax returns to be filed subsequent to the date hereof, will be) correct and complete in all material respects when filed.

3.4.6 No assessments or additional Taxes have been proposed or threatened against any of the Companies or any of such Company's assets. To the best of each of the Companies' knowledge, there are no pending investigations of such Companies or their Tax returns by any taxing authority, and there are no Tax Liens on any of such Companies' assets other than Liens for Taxes not yet due and payable.

3.5 Other Business Names. Each of the Companies has Previously Disclosed each business name or registered trade name currently used by such Company in connection with such Company's business, and each jurisdiction, if any, in which any such name is registered.

3.6 Owned Real Property. None of the Companies owns any real property.

3.7 Leased Real Property. Each of the Companies has previously delivered to Corniche true and complete copies of all leases pursuant to which such Company leases any real estate (the "Strandtek Real Property Leases"). To each of the Companies' knowledge, such Company is not in default in any material respect under the Strandtek Real Property Leases, and such Company is not aware of any facts which, with notice and/or the passage of time, would constitute such a default. The possession of the applicable real property by each of the Companies under the Strandtek Real Property Leases has not been disturbed and, to each of the Companies' knowledge, no claim has been asserted against such Company which is materially adverse to its rights in such leasehold interests. Except as Previously Disclosed, none of the Companies is subletting any building under any of the Strandtek Real Property Leases or any part thereof. Except as reflected in the Strandtek Real Property Leases, consummation of the transactions contemplated by the Exchange Agreement will not constitute an assignment, sublease or default under the Strandtek Real Property Leases.

3.8 Proprietary Rights.

3.8.1 Each of the Companies has Previously Disclosed to Corniche all of such Company's (a) registrations of trademarks and other marks, rights to all other trademarks and other marks, trade names or other trade rights that relate to such Company's Business, (b) pending applications for any such registrations that relate to such Company's Business, (c) rights in or to patents and copyrights and all pending applications therefor that relate to such Company's Business and (d) rights, other than software licenses generally available to the public, to all other trade secrets, designs, plans, specifications, technology, methods, designs and other proprietary rights, whether or not registered, that relate to such Company's Business (all of the items in the preceding clauses (a) through (d), collectively, the "Strandtek Proprietary Rights"). To each of the Companies' knowledge, such Company has the perpetual right to use the Strandtek Proprietary Rights and no person or entity has a right to receive a royalty or similar payment in respect of any Strandtek Proprietary Rights whether pursuant to any contractual arrangements entered into by such Company or otherwise. Except as Previously Disclosed, none of the Companies has any licenses granted by or to it relating to any of the Strandtek Proprietary Rights, other than software licenses, each of which is generally available to the public for a fee, granted to such Company incident to the operation of its Business. To each of the Companies' knowledge, none of such Strandtek Proprietary Rights, nor such Company's use thereof, infringe or otherwise violate the rights of any third party. No proceedings have been instituted against or, notices received by either of the Companies that are presently outstanding alleging that such

Company's use of the Strandtek's Proprietary Rights infringe or otherwise violate any rights of a third party. None of the Companies has any knowledge of any infringement or violation of any of such Company's rights in or to the Strandtek Proprietary Rights used by either of the Companies or the production, provision or sale of any services or products by such Company, and, to such Company's knowledge, there is no basis for any such claim.

3.8.2 All employees of each of the Companies who have contributed to the development of any of the Strandtek intellectual property owned by such Company have entered into valid and binding agreements with such Company sufficient to vest title in such Company to all intellectual property created by such employee in the scope of his or her employment with such Company. The current template of the proprietary rights agreement that such Company uses in its Business has been Previously Disclosed to Corniche.

3.9 Brokerage. No broker or finder has rendered services to any of the Companies or to the knowledge of the Companies and Representing Shareholders, to any shareholder of Strandtek in connection with the Exchange Agreement or the transactions contemplated thereby. There are no other agreements executed by any of the Companies which will obligate such Company or any of its successors or Affiliates to pay any brokerage or finder's fee in the future with respect to any type of commercial, corporate, financial, acquisition, banking, borrowing or other business transaction, or to use any Person in connection with any of the foregoing. It is recognized and agreed that Corniche has retained and agreed to pay a fee to Bobby Cohen of Robert M. Cohen & Company, Inc. for services rendered to Corniche in connection with this transaction.

3.10 Accounts Receivable. All of the accounts receivable of each of the Companies has originated in the ordinary course of the business of such Company, are valid, and to such Company's knowledge, are fully collectible (subject to reserves reflected in the Current Balance Sheet as defined in Section 3.22) and are not subject to any defense, counterclaim or setoff, except to the extent of any such reserve. No such account receivable has been factored or pledged other than to banks providing loans to the Companies.

3.11 Title to Tangible Assets. Each of the Companies has good and marketable title in and to all of the tangible assets of such Company's Business reflected in the Current Balance Sheet plus all tangible assets purchased by such Company since the date of the Current Balance Sheet, less all tangible assets which such Company has disposed of in the ordinary course of business since the date of the Current Balance Sheet, which tangible assets are free and clear of any Liens except as otherwise disclosed in the next sentence. The only Liens of the Companies which exist and at the Closing will exist on the tangible assets of the Companies are Liens which either (a) secure liabilities disclosed in the Current Balance Sheet or arise in the ordinary course of Business subsequent to the date of the Current Balance Sheet, (b) secure the ownership interests of lessors of equipment used in the Business and Previously Disclosed, (c) are Liens for Taxes, assessments, governmental charges, or labor or material, (d) are Liens arising under the Strandtek Real Property Leases, or (e) as set forth on Section 3.11 of the Strandtek Disclosure Schedule.

3.12 Material Contracts; Related Parties.

3.12.1 Except as Previously Disclosed, as of the date hereof none of the Companies is bound by any material contract to be performed after the date hereof (including any employment, termination or consulting contract, agreement, arrangement or understanding (whether written or oral)). Except as Previously Disclosed, to each of the Company's knowledge, such Company has fulfilled all material obligations required pursuant to such contracts to have been performed by such Company on its part prior to the date of this Agreement, and all parties to such contracts with such Company are in substantial compliance and no event has occurred which, through the giving of notice or the passage of time or both, would cause or constitute a material default under any such contracts or would cause the acceleration of any obligation of any party thereto.

3.12.2 Except as Previously Disclosed, none of the Companies has any outstanding loans or advances to or from any Person or are obligated to make or to take any such loans or advances, except for advances to its employees in respect of reimbursable business expenses anticipated to be incurred by them in connection with their performance of services for such Company. Except for any obligation of one of the Companies for an obligation of another of the Companies, none of the Companies has assumed, guaranteed, endorsed or otherwise become directly or contingently liable on any indebtedness of any other Person (including liability by way of agreement, contingent or otherwise, to purchase, to provide funds for payment, to supply funds to or otherwise invest in the debt of another Person or otherwise to assure the creditor against loss), except for guarantees by endorsement of negotiable instruments for collection in the ordinary course of business.

3.12.3 Except as Previously Disclosed (including transactions reflected on the books and records of the Companies provided or made available to Corniche as part of the Strandtek Disclosure Documents), there have been no transactions during the last three years between either of the Companies and any director, officer, employee, shareholder or Affiliate of either Company other than transactions relating to the employment or shareholdings (including increases therein and any related share and warrant issuances and exercises) of any such Person.

3.13 Customers and Suppliers. Except as set forth on Section 3.13 of the Strandtek Disclosure Schedule, to each of the Companies' knowledge, none of the Companies' top ten customers for the fiscal years ended September 30, 2001 and 2000 has terminated or materially changed in an adverse manner, or given notice that it intends to terminate or materially change in an adverse manner, its relationship with such Company since September 30, 2001 or 2000, respectively.

3.14 Labor Matters.

3.14.1 None of the Companies is a party to any collective bargaining agreement. Since January 1, 1999, none of the Companies has had any strike, slowdown, picketing, work stoppage, material labor dispute or threat of a material labor dispute or any attempt or threat of an attempt by a labor union to organize its employees.

3.14.2 Each of the Companies has Previously Disclosed all current written employment or consulting contracts with, and covenants against competition by, any Person employed by such Company presently or within the last year. True and correct copies of all such written agreements have been delivered to Corniche prior to the date hereof.

3.14.3 No suit is currently pending, or to each of the Company's knowledge is being threatened, by any former employee alleging wrongful termination, breach of an employment agreement, discrimination or any claim for any payment from such Company.

3.15 Employee Benefit Plans.

3.15.1 All "employee benefit plans" within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), covering employees or former employees of each of the Companies (the "Strandtek Employees") have been Previously Disclosed, and true and complete copies thereof have been made available to Corniche.

3.15.2 Except as Previously Disclosed, (a) to each of the Companies' and the Representing Shareholders' knowledge, all employee benefit plans covering Strandtek Employees, to the extent subject to ERISA (the "Strandtek ERISA Plans"), are and have been in compliance with ERISA, including Section 404(a)(1) thereof; (b) to each of the Companies' and the Representing Shareholders' knowledge, each Strandtek ERISA Plan which is an "employee pension benefit plan" within the meaning of Section 3(2) of ERISA ("Pension Plan") and which is intended to be qualified under Section 401(a) of the Code, has either (1) received a favorable determination letter from the Internal Revenue Service (the "IRS"), or (2) is or will be the subject of an application for a favorable determination letter, and none of the Companies is aware of any circumstances likely to result in the revocation or denial of any such favorable determination letter, (c) there is no pending or, to each of the Companies' and the Representing Shareholders' knowledge, threatened litigation or administrative action relating to the Strandtek ERISA Plans, and (d) to each of the Companies' and the Representing Shareholders' knowledge, such Company has not engaged in a transaction with respect to any Strandtek ERISA Plan that, assuming the taxable period of such transaction expired as of the date hereof, would subject such Company to a tax or penalty imposed by either Section 4975 of the Code or Section 502(i) of ERISA.

3.16 Insurance. Each of the Companies has Previously Disclosed all insurance policies which such Company currently has in effect, and the status of any unpaid claims thereunder. True and correct copies of such insurance policies have been made available to Corniche. All premiums due and payable under all such policies have been paid and, to each of the Companies' and the Representing Shareholders' knowledge, such Company is otherwise in compliance in all material respects with the terms and conditions of all such policies.

3.17 Licenses and Permits. Each of the Companies have all licenses, permits, orders, approvals and authorizations required for the conduct of the Business as presently conducted and as contemplated to be conducted. None of the Companies has received any notice of investigation, evaluation or suspension of any such licenses, permits, orders, approvals or authorizations. To each of the Companies' and the Representing Shareholders' knowledge, no suspension or cancellation of any such licenses, permits, orders, approvals or authorizations has been threatened or is contemplated.

3.18 Authority Relative to the Exchange Agreement; Enforceability. The execution, delivery and performance of this Agreement and the Exchange Agreement by Strandtek are within the corporate power and authority of Strandtek and have been duly authorized by all requisite corporate action on the part of Strandtek. Assuming due authorization, execution and

delivery of this Agreement and the Exchange Agreement by Corniche, the Principal Shareholders and Non-shareholder Loan Holders, this Agreement and the Exchange Agreement are legal, valid and binding obligations of Strandtek, enforceable against Strandtek in accordance with their respective terms, except insofar as their enforcement may be limited by (a) bankruptcy, insolvency, moratorium or similar laws affecting the enforcement of creditors' rights generally and (b) equitable principles limiting the availability of equitable remedies. All persons who executed this Agreement or the Exchange Agreement on behalf of Strandtek have been duly authorized to do so.

3.19 Compliance with Other Instruments; Consents. All steps taken and to be taken by Strandtek and its Board of Directors in connection with the transactions contemplated by the Exchange Agreement, are in accordance with all applicable provisions of Strandtek's Certificate of Incorporation, by-laws and other corporate governance documents to which Strandtek is subject. Neither the execution and delivery of this Agreement or the Exchange Agreement by Strandtek, nor the consummation of the transactions contemplated hereby or thereby will:

3.19.1 conflict with, or result in a breach of any provision of, Strandtek's Certificate of Incorporation or by-laws;

3.19.2 to each of the Companies' and Representing Shareholders' knowledge (and assuming all required third party consents and approvals of contracts, loans, leases, etc. listed in response to Section 3.19.4 below and on Section 3.19.2 of the Strandtek Disclosure Schedule are obtained), violate, or conflict with, or result in a breach of any provision of, or constitute a default (or an event which, with the giving of notice, the passage of time or otherwise, would constitute a default) under, or entitle any party (with the giving of notice, the passage of time or otherwise) to terminate, accelerate, modify or call a default under, or result in the creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of such Company under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, contract, undertaking, agreement, lease or other instrument or obligation to which such Company is a party;

3.19.3 to each of the Companies' and Representing Shareholders' knowledge, violate any order, writ, injunction, decree, statute, rule or regulation applicable to such Company, its properties or its assets; or

3.19.4 require any action or consent or approval of, or review by, or registration or filing by any of the Companies or any of such Company's Affiliates with, any national, federal, state, provincial, county, municipal or local government, foreign or domestic, or the government of any political subdivision of any of the foregoing, or any entity, authority, agency, ministry or other similar body exercising executive, legislative, judicial, regulatory or administrative authority or functions of or pertaining to government and any authority or other quasi-governmental entity established to perform any of such functions (each a "Governmental Authority"), other than registrations, filings or other actions required under federal and state securities laws; except, in the case of Sections 3.19.2, 3.19.3 and 3.19.4, for any of the foregoing that, individually or in the aggregate, is or are not material to the Companies, taken as a whole, and would not materially and adversely affect the ability of the Parties hereto to consummate the transactions contemplated by the Exchange Agreement.

3.20 Compliance with Applicable Laws. Except as Previously Disclosed, to Strandtek's and the Representing Shareholder's knowledge, each of the Companies is in compliance in all material respects with all statutes, laws, rules, regulations, orders and ordinances relating to the conduct of its Business, and such Company has not received any notice or advice to the contrary.

3.21 Environmental Compliance.

3.21.1 There are no pending or, to each of the Companies' and the Representative Shareholder's knowledge, threatened actions or claims against either Company arising out of the presence or release into the environment of any chemicals, pollutants or contaminants relating to the operations of such Company or arising in connection with any properties owned by it or as to which such Company is or could be a potentially responsible party under applicable law, which individually or in the aggregate would have a Strandtek Material Adverse Effect.

3.21.2 Each of the Companies is in compliance in all material respects with all Environmental Laws. Each Company has not been alleged to be in violation of, nor has such Company been subject to any administrative or judicial proceeding pursuant to, any Environmental Laws (as hereinafter defined) at any time during the past three years.

3.21.3 Except as set forth on Section 3.21.3 of the Strandtek Disclosure Schedule, there are no facts or circumstances known to any of the Companies or Representative Shareholders that could reasonably form the basis for the assertion of any claim against such Company pursuant to any Environmental Laws, including any claim arising from such Company's past or present practices.

3.21.4 Each of the Companies has all material permits, approvals and consents under all applicable Environmental Laws to operate its businesses lawfully including water discharge permit.

3.21.5 There have been no Regulated Substances (as hereinafter defined) generated, transported, Released (as hereinafter defined) or disposed of by any of the Companies during the past three years except in the ordinary course of business in accordance with Environmental Laws.

3.21.6 For purposes of this Agreement:

3.21.6.1 "Regulated Substance" means any pollutant, chemical substance, hazardous waste, hazardous substance or contaminant regulated under any Environmental Law.

3.21.6.2 "Releasing" means releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing or dumping.

3.21.6.3 "Environmental Law" means all applicable laws and regulations relating to pollution control and environmental contamination, including laws and regulations governing the generation, use, collection, treatment, storage, transportation, recovery, removal, discharge, or disposal of Regulated Substances and all laws and regulations with regard to record-keeping, notification and reporting requirements respecting Regulated Substances.

3.22 Financial Statements.

3.22.1 The following annual and interim financial statements of the Companies have been previously delivered to Corniche: the audited consolidated balance sheets of the Companies as of September 30, 2000 and 1999, the related audited consolidated statements of income, changes in shareholders' equity and cash flows of the Companies for the fiscal years ended September 30, 2000 and 1999 (collectively, the "Audited Financial Statements"), the unaudited consolidated balance sheet of the Companies as of September 30, 2001 (the "Current Balance Sheet") and the unaudited consolidated statements of income of Strandtek for the year ended September 30, 2001 (the "Unaudited Financial Statement"). The Audited Financial Statements fairly present the financial condition of the Companies and the results of operations and cash flows as of the dates and for the periods to which they apply, as the case may be, and such statements have been prepared in conformity with GAAP. The Unaudited Financial Statements were prepared from the books and records of the Companies and are true, complete and correct in all material respects, and the normal audit adjustments required in connection therewith will not be material in amount or effect.

3.22.2 Since January 1, 1999 no unrecorded funds or assets of any of the Companies has been established for any purpose; no accumulation or use of such Company's funds has been made without being properly accounted for in such Company's books and records; all payments by or on behalf of any of the Companies have been duly and properly recorded and accounted for in its books and records; no false or artificial entry has been made in such Company's books and records for any reason; no payment has been made by or on behalf of any of the Companies with the understanding that any part of such payment is to be used for any purpose other than that described in the documents, if any, supporting such payment; and none of the Companies has made, directly or indirectly, any illegal contributions to any political party or candidate, either domestic or foreign, or any contribution, gift, bribe, rebate, payoff, influence payment or kickback, whether in cash, property or services, to any Person to secure business or to pay for business secured by such Company.

3.22.3 Except as set forth in Section 3.22.3, the Current Balance Sheet includes accruals for all amounts due but not paid as of the date thereof under all taxation laws (other than current year applicable franchise taxes) in accordance with GAAP, and accruals for vested vacation entitlement and for holiday and sick pay in accordance with GAAP.

3.22.4 None of the Companies has incurred any liabilities or obligations of any nature (whether accrued, unaccrued, absolute, contingent, threatened, unknown or otherwise) which would be required to be included in a balance sheet prepared in accordance with GAAP, except (a) as reflected on the Current Balance Sheet, (b) for liabilities and obligations incurred in the ordinary course of business consistent with past practice since the date of the Current Balance Sheet, (c) liabilities and obligations which have arisen in connection with the Exchange Agreement and this Agreement and the transactions contemplated therein and herein, and (d) additional loans from shareholders and Investor Loan Holders of Strandtek to the Companies, each as set forth on Section 3.2.3 of the Strandtek Disclosure Schedule as of the date hereof.

3.23 Litigation. Except as set forth on Section 3.23 of the Strandtek Disclosure Schedule, there are no legal, administrative, arbitration or other proceedings or claims pending or, to each of the Companies' and the Representative Shareholders knowledge, threatened,

against such Company, nor are any of the Companies subject to any existing judgment nor have any of the Companies received any inquiry from any Governmental Authority about the transactions contemplated by the Exchange Agreement, or about any violation or possible violation of any law or regulation. Prior to the date hereof, each of the Companies has provided to Corniche's counsel a copy of all letters received by such Company's accountants from counsel to such Company since December 31, 1998 with respect to pending or threatened legal, administrative, arbitration or other proceedings.

3.24 Adverse Business Changes. Except as set forth on Section 3.24 of the Strandtek Disclosure Schedule, since September 30, 2001, there has not been:

3.24.1 Any change in any of the Companies' Business that would be reasonably likely to have, individually or in the aggregate, a Strandtek Material Adverse Effect;

3.24.2 Any material damage or loss to any material asset or property of any of the Companies, regardless of insurance;

3.24.3 Except for additional loans by banks and shareholders to the Companies set forth on Section 3.2.3 of the Strandtek Disclosure Schedule as of the date hereof, any disposition, mortgage, pledge, or subjection to any Lien (other than as contemplated by the last sentence of Section 3.11), claim, charge or option on any property or asset of either of the Companies, any commitment made or liability incurred by either of the Companies, or any cancellation or compromise of any debt or claim of either of the Companies, otherwise than in the ordinary course of business;

3.24.4 Any dividend or distribution declared, set aside or paid in respect of any of the Companies' capital stock or any repurchase by such Company of shares of its capital stock;

3.24.5 Any employment contract not terminable at will without cost (except for normal salary) beyond the effective date of termination entered into by any of the Companies; or any increase or decrease in the rates of compensation payable by any of the Companies to any of its officers, directors, employees or agents, other than general increases to personnel made in accordance with past practices; or, any declaration, payment, commitment, or obligation of any kind for the payment by any of the Companies of any bonus, other than bonuses paid in the ordinary course of business; or any implementation, modification, amendment or termination of any retirement, termination, severance or other benefits to officers, directors, employees or agents of any of the Companies;

3.24.6 Any amendment, termination or threatened termination of any material contract, agreement, insurance policy, plan, lease, or license to which any of the Companies is a party or by which such Company may be bound, otherwise than in the ordinary course of business;

3.24.7 Any material change in any of the Companies' methods of doing business;

3.24.8 Any distribution or disposition of assets other than in the ordinary course of business;

3.24.9 Any loss or, to any of the Companies' knowledge, any threatened loss of a customer which is designated as a "large customer" pursuant to Section 3.13.1;

3.24.10 Any termination of any permit or license issued to any of the Companies upon which a material portion of the Business is dependent; or

3.24.11 Any statute, order, judgment, writ, injunction, decree, permit, rule or regulation of any court or any Governmental Authority adopted or entered or proposed to be adopted or entered which may reasonably be expected to materially and adversely affect any of the Companies' property or business, except as affects business generally in the United States or Illinois or Florida.

3.25 Strandtek SEC Documents and Other Public Disclosures. Strandtek has provided to Corniche drafts of its annual reports on Form 10-K for the fiscal years ended September 30, 2000, 1999 and 1998. Strandtek will file such documents along with the other documents contemplated in the Exchange Agreement, with the SEC within the time frame contemplated in the Exchange Agreement.

3.26 Full Disclosure. The Previously Disclosed information provided to Corniche by each of the Companies or any of such Company's representatives during Corniche's examination of the business, affairs, results of operations and financial condition of such Company and its Subsidiaries taken as a whole did not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances in which they were made, not misleading. No representation or warranty made in this Agreement, and no certification furnished or to be furnished by any of the Companies pursuant to this Agreement, contains or will contain any untrue statement of a material fact or omits, or will omit, to state a material fact necessary to make the statements contained herein or therein not misleading.

4.0 Each Principal Shareholder and Investor Loan Holder, severally and not jointly, and solely as to himself, represents and warrants to Corniche as follows:

4.1 Authorization. Such Principal Shareholder or Investor Loan Holder has full power and authority to execute and deliver this Agreement and the Exchange Agreement and to perform his obligations hereunder and thereunder. Assuming due authorization, execution and delivery of this Agreement and the Exchange Agreement by Corniche, StrandTek and the other parties, each of this Agreement and the Exchange Agreement has been duly executed and delivered by such Principal Shareholder or Investor Loan Holder and each constitutes a valid and binding agreement of such Principal Shareholder or Investor Loan Holder, enforceable against such Principal Shareholder or Investor Loan Holder in accordance with its terms, except insofar as their enforcement may be limited by (a) bankruptcy, insolvency, moratorium or similar laws affecting the enforcement of creditors' rights generally and (b) equitable principals limiting the availability of equitable remedies. Such Principal Shareholder or Investor Loan Holder is not suffering from an impairment or other disability, legal, physical, mental or otherwise, that would preclude or limit the ability of such Principal Shareholder or Investor Loan Holder to execute this Agreement or the Exchange Agreement or perform his respective obligations hereunder or thereunder.

4.2 Non-contravention. Neither the execution and delivery of this Agreement and the Exchange Agreement nor the performance by such Principal Shareholder or Investor Loan Holder of his obligations hereunder or thereunder will (i) violate or result in a breach (with or without the lapse of time, the giving of notice or both) of or constitute a default under (A) any contract, agreement, commitment, indenture, mortgage, lease, pledge, note, license, permit or other instrument or obligation applicable to such individual or (B) any judgment, order, decree, law, rule or regulation or other restriction of any Governmental Authority, in each case to which such Principal Shareholder or Investor Loan Holder is a party or by which such Principal Shareholder or Investor Loan Holder is bound or to which any of their respective assets or properties are subject, (ii) result in the creation or imposition of any Liens on such Principal Shareholders' or Investor Loan Holder's assets or properties or (iii) result in the acceleration of, or permit any Person to accelerate or declare due and payable prior to its stated maturity, any obligation of such Principal Shareholder or Investor Loan Holder.

4.3 No Consents. To each individual's knowledge, no prior notice to, filing with, or authorization, registration, consent or approval of any Governmental Authority or other Person is necessary for the execution, delivery or performance of this Agreement or the consummation of the transactions contemplated thereby by such Principal Shareholder or Investor Loan Holder.

4.4 Warrants. Such Principal Shareholder or Investor Loan Holder represents and warrants that, prior to Closing he will have exercised or terminated all warrants and options to purchase shares of Strandtek common stock held by such Principal Shareholder or Investor Loan Holder; provided, however, this Section 4.4 shall not apply to Ron Basar who will continue to own Strandtek warrants subsequent to Closing.

4.5 Ownership. Such Principal Shareholder owns his shares of Strandtek Capital Stock indicated on Appendix 2.1 to the Exchange Agreement (the "Shares") beneficially and of record, free and clear of any Liens, other than those arising under federal and state securities laws. Such Investor Loan Holder owns his Investor Loan beneficially and of record, free and clear of any Liens, other than those arising under federal and state securities laws. There are no voting trust arrangements, shareholder agreements or other agreements (i) granting any option, warrant or right of first refusal with respect to the Shares to any Person, (ii) restricting the right of such Principal Shareholder to transfer his Shares to Corniche in accordance with the Exchange Agreement or (iii) restricting any other right of such Principal Shareholder with respect to such Shares. Subject to the limitations imposed generally by applicable securities laws, such Principal Shareholder has the absolute and unrestricted right, power and capacity to assign and transfer his Shares to Corniche free and clear of any Liens (except for restrictions imposed generally by applicable securities laws). Upon delivery to Corniche of the certificates representing such Shares at Closing in exchange for the consideration to be paid by Corniche at the Closing, Corniche will acquire good, valid and marketable title to the Shares, free and clear of any Liens (except for Liens created by Corniche and restrictions imposed generally by applicable securities laws). There are no agreements restricting the right of such Investor Loan Holder to exchange his Investor Loans to Corniche in accordance with the Exchange Agreement or restricting any other right of the Investor Loan Holder with respect to such Shares, subject to the limitations imposed generally by applicable securities laws, such Investor Loan Holder has the absolute and unrestricted right, power and capacity to exchange his Investor Loans to Corniche free and clear of any Liens. The information provided by such Principal Shareholder or Investor Loan Holder regarding his or her state of residence is true and correct.

4.6 Brokers. No Person is or will be entitled to a broker's, finder's, investment banker's, financial adviser's or similar fee from such Principal Shareholder or Investor Loan Holder in connection with the Exchange Agreement or any of the transactions contemplated thereby.

4.7 Accredited Investor. Such Principal Shareholder or Investor Loan Holder is an "accredited investor" as such term is defined in Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act").

4.8 Experience. Such Principal Shareholder or Investor Loan Holder, alone or together with his advisors, has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of the transactions contemplated by the Exchange Agreement and the exchange of securities pursuant thereto.

4.9 Investment. Such Principal Shareholder or Investor Loan Holder is acquiring Corniche Common Stock, Corniche Series D Preferred Stock and/or Series C Preferred Stock ("Corniche Securities") for investment for his own account and not with a view to, or for resale in connection with, any distribution thereof in violation of applicable law, and such Principal Shareholder or Investor Loan Holder has no present intention to sell, convey, dispose of or otherwise distribute any interest in or risk related to Corniche Securities issued under the Exchange Agreement except pursuant to an effective registration statement or in a manner consistent with the requirements of the federal and state securities laws. Such Principal Shareholder or Investor Loan Holder confirms that such Principal Shareholder or Investor Loan Holder has no contract, understanding, agreement or arrangement with any Person to sell, assign, or otherwise transfer to such Person, or to any other Person, any or all of the Corniche Securities that such Principal Shareholder or Investor Loan Holder will receive in connection with the transactions contemplated by the Exchange Agreement. Such Principal Shareholder or Investor Loan Holder acknowledges that such Principal Shareholder or Investor Loan Holder understands that the Corniche Securities such Principal Shareholder or Investor Loan Holder shall receive under the Exchange Agreement have not been registered under the Securities Act by reason of a specific exemption from the registration provisions of the Securities Act which depends upon, among other things, the bona fide nature of the investment intent as expressed herein.

4.10 Risk Awareness. Such Principal Shareholder or Investor Loan Holder confirms that he understands and has fully considered for purposes of such Principal Shareholder's or Investor Loan Holder's investment in Corniche Securities in connection with the transactions contemplated by the Exchange Agreement (the "Investment") the risks of such Principal Shareholder's or Investor Loan Holder's Investment and that there are substantial restrictions on the transferability of Corniche Securities, and, accordingly, it may not be possible for such Principal Shareholder or Investor Loan Holder to liquidate his Investment in the case of emergency.

4.11 Ability to Bear Risk. Such Principal Shareholder or Investor Loan Holder confirms that he is able (i) to bear the economic risk of his Investment, (ii) to hold his Investment for an indefinite period of time, and (iii) presently to afford a complete loss of his Investment.

4.12 Opportunity to Investigate. Such Principal Shareholder or Investor Loan Holder confirms that he or his representatives and advisors have been given the opportunity to ask

questions of, and to receive answers from, persons acting on behalf of Corniche concerning the terms and conditions of the transactions contemplated by the Exchange Agreement and the business and prospects of Corniche, and to obtain any additional information, to the extent such persons possess such information or can acquire it without unreasonable effort or expense and without breach of confidentiality obligations, necessary to assist such Principal Shareholder or Investor Loan Holder in evaluating his Investment.

4.13 Reliance on Advisors. Such Principal Shareholder or Investor Loan Holder confirms that, with respect to his Investment, such Principal Shareholder or Investor Loan Holder is relying, if at all, solely upon the advice of such Principal Shareholder's or Investor Loan Holder's personal, legal, financial and tax advisors with respect to the tax and other aspects of such Principal Shareholder's or Investor Loan Holder's Investment, except as otherwise contemplated in the Exchange Agreement.

4.14 Reliance. The Principal Shareholder and Investor Loan Holder confirm that such Principal Shareholder and Investor Loan Holder is relying upon such due diligence review and the representations, warranties and agreements of Corniche made herein and in the documents referred to herein, and no other representations, warranties and agreements.

4.15 Reliance on Representations, Warranties and Acknowledgments. The representations, warranties and acknowledgments of each Principal Shareholder or Investor Loan Holder herein are made by such Principal Shareholder or Investor Loan Holder with the intent that they may be relied upon in determining such Principal Shareholder's or Investor Loan Holder's suitability as an investor in Corniche, and each Principal Shareholder or Investor Loan Holder acknowledges that certificates representing Corniche Securities to be received by such Principal Shareholder under the Exchange Agreement shall bear the following legend (which may be in addition to other legends applicable to such certificates) and that the transfer agent for Corniche may be given stop transfer instructions with respect to such shares:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION TO THE REGISTRATION REQUIREMENTS OF SUCH ACT OR SUCH LAWS.

5.0 Representations And Warranties Of Corniche. Subject to Sections 1.0 and 2.0 of this Agreement and the Previously Disclosed information, Corniche hereby represents and warrants to Strandtek, the Principal Shareholders and the Investor Loan Holders as follows:

5.1 Organization and Qualification.

5.1.1 Corniche is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has the power and authority to own, lease and operate its properties and to conduct its business as presently conducted (the "Corniche

Business"). Corniche is duly qualified to transact business as foreign corporations and is in good standing in each jurisdiction in which the conduct of its business or the ownership, leasing or operation of its property requires such qualification, except for failures to be so qualified or in good standing which would not, singly or in the aggregate with all such other failures, have a Corniche Material Adverse Effect. Corniche is not in violation of any of the provisions of its Articles of Incorporation, as amended or similar governing documents, or by-laws, as amended. True and complete copies of such Articles of Incorporation and by-laws, as currently in effect, have previously been delivered to Strandtek, the Principal Shareholders and the Non-shareholder Loan Holders.

5.1.2 Prior to the date hereof, Strandtek has been given access to true and complete copies of all of Corniche's minute books, including minutes of meetings of and resolutions adopted by the Board of Directors and shareholders of Corniche to the extent the same are available to Corniche. There are no other material minutes or resolutions which have been adopted by the Board or shareholders of Corniche.

5.1.3 Except as set forth on Schedule 5.1.3 of the Corniche Disclosure Schedule, Corniche is not a party to any stock purchase agreement, registration rights agreement, shareholders' agreement, voting rights agreement, investor agreement, stock option agreement, warrant, or other agreement requiring the issuance of any shares of Corniche's capital stock. To Corniche's knowledge, there are no shareholder or voting agreements or similar agreements among the shareholders of Corniche in their capacities as such.

5.2 Capitalization; Funded Debt.

5.2.1 Section 5.2.1 of the Corniche Disclosure Schedule sets forth the number of shares of each class and series of capital stock of Corniche which are authorized for issuance and, as of the date hereof, the number of shares that are outstanding. Corniche has Previously Disclosed a copy of such its shareholder list as maintained by the stock transfer agent (the "Corniche Shareholder List"), as well as a list of shares of capital stock of Corniche issuable to any Person that is not reflected on the Corniche Shareholder List. All of such outstanding and issuable shares are validly issued, fully paid and non-assessable. No shares of Corniche's capital stock possess or are subject to preemptive rights or rights of first refusal and no shares have been issued in violation of any preemptive rights or rights of first refusal. Except as Previously Disclosed, no shares of Corniche's capital stock are held by it as treasury shares.

5.2.2 Section 5.2.2 of the Corniche Disclosure Schedule lists, for each Person and benefit plan adopted by it who owns any warrants, options or rights to purchase any shares of the capital stock of Corniche, the number owned and a description thereof, the class and series of shares issuable upon exercise of such warrants, options or rights, and the number of shares subject to such warrants, options or rights, the vesting date (if applicable), expiration date, and exercise price applicable thereto. Except as set forth in Section 5.2.2 of the Corniche Disclosure Schedule, there are no outstanding subscriptions, options, rights, warrants, convertible securities or other agreements or commitments to issue, or contracts or any other agreements obligating Corniche to issue, or to transfer from treasury, any shares of capital stock of Corniche of any class or kind, or securities convertible into such capital stock of Corniche.

5.2.3 Except as reflected on the Current Balance Sheet (as defined in Section 5.22.1), and for changes occurring after September 30, 2001, Corniche does not have any term or funded debt, debt to banks or debt to Affiliates. To Corniche's knowledge, except as Previously Disclosed, if applicable, no event has occurred which (whether with or without notice, lapse of time or the happening or occurrence of any other event) would constitute a default by it which has not been cured or waived under any agreement or other instrument relating to any funded debt, bank loan or debt to Affiliates. Section 5.2.3 of the Corniche Disclosure Schedule accurately sets forth Corniche's debt to banks, debt for borrowed money and debt to Affiliates as of the date hereof.

5.2.4 Except as set forth on Section 5.2.4 of the Corniche Disclosure Schedule, Corniche is not a guarantor of the obligations of any Person.

5.2.5 Except as Previously Disclosed, there are no accrued, declared, or unpaid dividends on any shares of Corniche's capital stock. At Closing, there will be no accrued, declared or unpaid dividends on any shares of Corniche's capital stock.

5.3 Subsidiaries; Acquisitions; Dispositions.

5.3.1 Corniche does not currently, directly or indirectly own or control any Subsidiary.

5.3.2 Corniche currently, directly or indirectly (i) does not own of record or beneficially (A) any shares of capital stock or securities convertible into capital stock of any other corporation or (B) any equity interest in any partnership, joint venture, limited liability company or other business enterprise or (ii) does not own or control through any means any other entity.

5.3.3 There are no agreements between Corniche and any third party relating to the operation, governance, ownership or other material aspect of any other business enterprise.

5.4 Taxes.

5.4.1 Corniche has previously provided to Strandtek copies of all Tax returns filed by it and its Subsidiaries from January 1, 1997 through the date of execution of this Agreement. Except as Previously Disclosed, no tax returns have been audited or are the current subject of an audit by any federal or state authority.

5.4.2 Corniche (i) has complied in all respects with all applicable laws, rules and regulations relating to the payment and withholding of Taxes from the wages or salaries of employees and independent contractors, (ii) has paid over to the proper governmental authorities all amounts required to be so withheld and (iii) is not liable for any Taxes for failure to comply with such laws, rules and regulations.

5.4.3 Corniche is not a party to any agreement that provides for the payment of any amount that, if paid, would be nondeductible (in whole or in part) pursuant to Section 280G of the Code in connection with the consummation of the transactions contemplated by the Exchange Agreement or otherwise.

5.4.4 Except as Previously Disclosed, all of Corniche's Taxes have been paid in full to the appropriate governmental authorities or fully accrued or provided for with respect to fiscal periods covered by the financial statements described in Section 5.22 of this Agreement other than any liability for unpaid Taxes that may have accrued since September 30, 2001 in connection with the operation of the Corniche Business by it in the ordinary course. Corniche will prepare and timely file with the appropriate Governmental Authorities all returns and reports with respect to franchise, income and all other Taxes required to be filed by it at or before the Closing Date, taking into account any extension of time to file granted to or obtained on behalf of Corniche. All Tax returns were (or in the case of Tax returns to be filed subsequent to the date hereof, will be) correct and complete in all material respects when filed.

5.4.5 No assessments or additional Taxes have been proposed or threatened against Corniche or any of such Company's assets. To the best of Corniche's knowledge, there are no pending investigations of Corniche or its Tax returns by any taxing authority, and there are no Tax Liens on any of its assets other than Liens for Taxes not yet due and payable.

5.5 Other Business Names. Corniche has Previously Disclosed each business name or registered trade name currently used by it in connection with its business, and each jurisdiction, if any, in which any such name is registered.

5.6 Owned Real Property. Corniche does not own any real property.

5.7 Leased Real Property. Corniche has previously delivered to Strandtek true and complete copies of all leases pursuant to which its leases any real estate (the "Corniche Real Property Leases") which have been Previously Disclosed in the Corniche Disclosure Schedule. To Corniche's knowledge, it is not in default in any material respect under the Corniche Real Property Leases, and is not aware of any facts which, with notice and/or the passage of time, would constitute such a default. The possession of the applicable real property by Corniche under the Corniche Real Property Leases has not been disturbed and, to Corniche's knowledge, no claim has been asserted against it which is materially adverse to its rights in such leasehold interests. Except as Previously Disclosed, Corniche is not subletting any building under any of the Corniche Real Property Leases or any part thereof. Except as reflected in the Corniche Real Property Leases, consummation of the transactions contemplated by the Exchange Agreement will not constitute an assignment, sublease or default under the Corniche Real Property Leases.

5.8 Proprietary Rights.

5.8.1 Corniche has Previously Disclosed to Strandtek all of Corniche's (a) registrations of trademarks and other marks, rights to all other trademarks and other marks, trade names or other trade rights that relate to the Corniche Business, (b) pending applications for any such registrations that relate to the Corniche Business, (c) rights in or to patents and copyrights and all pending applications therefor that relate to the Corniche Business and (d) rights, other than software licenses generally available to the public, to all other trade secrets, designs, plans, specifications, technology, methods, designs and other proprietary rights, whether or not registered, that relate to the Corniche Business (all of the items in the preceding clauses (a) through (d), collectively, the "Corniche Proprietary Rights"). To Corniche's knowledge, it has the perpetual right to use the Corniche Proprietary Rights and no person or entity has a right to

receive a royalty or similar payment in respect of any Corniche Proprietary Rights whether pursuant to any contractual arrangements entered into by it or otherwise. Except as set forth on Section 5.8 of the Corniche Disclosure Schedule, Corniche does not have any licenses granted by or to it relating to any of the Corniche Proprietary Rights, other than software licenses, each of which is generally available to the public for a fee, granted to Corniche incident to the operation of the Corniche Business. To Corniche's knowledge, none of such Corniche Proprietary Rights, nor its use thereof, infringe or otherwise violate the rights of any third party. No proceedings have been instituted against or, notices received by Corniche that are presently outstanding alleging that its use of the Corniche Proprietary Rights infringe or otherwise violate any rights of a third party. Corniche has no knowledge of any infringement or violation of any of its rights in or to the Corniche Proprietary Rights used by it or the production, provision or sale of any services or products by it, and, to Corniche's knowledge, there is no basis for any such claim.

5.8.2 All employees of Corniche who have contributed to the development of any of the Corniche intellectual property owned by it have entered into valid and binding agreements with Corniche sufficient to vest title in it to all intellectual property created by such employee in the scope of his or her employment with Corniche.

5.9 Brokerage. Other than Bobby Cohen of Robert M. Cohen & Company, Inc. (who was retained solely by Corniche and whose fees shall be paid solely by Corniche), no broker or finder has rendered services to Corniche or to Corniche's knowledge, to any shareholder of Corniche in connection with the Exchange Agreement or the transactions contemplated thereby. There are no other agreements executed by Corniche which will obligate it or any of its successors or Affiliates to pay any brokerage or finder's fee in the future with respect to any type of commercial, corporate, financial, acquisition, banking, borrowing or other business transaction, or to use any Person in connection with any of the foregoing.

5.10 Accounts Receivable. Except as Previously Disclosed, all of the accounts receivable of Corniche has originated in the ordinary course of the Corniche Business, are valid, and to such Corniche's knowledge, are fully collectible (subject to reserves reflected in the Current Balance Sheet as defined in Section 5.22) and are not subject to any defense, counterclaim or setoff, except to the extent of any such reserve. Except as Previously Disclosed, no such account receivable has been factored.

5.11 Title to Tangible Assets. Corniche has good and marketable title in and to all of the tangible assets of the Corniche Business reflected in the Current Balance Sheet plus all tangible assets purchased by it since the date of the Current Balance Sheet, less all tangible assets which it has disposed of in the ordinary course of business since the date of the Current Balance Sheet, which tangible assets are free and clear of any Liens except as otherwise disclosed in the next sentence. The only Liens of Corniche which exist and, at the Closing, will exist on the tangible assets of Corniche are Liens which either (a) secure liabilities disclosed in the Current Balance Sheet or arise in the ordinary course of the Corniche Business subsequent to the date of the Current Balance Sheet, (b) secure the ownership interests of lessors of equipment used in the Corniche Business and Previously Disclosed, (c) are Liens for Taxes or assessments or governmental charges or (d) are as set forth on Section 5.11 of the Corniche Disclosure Schedule.

5.12 Material Contracts; Related Parties.

5.12.1 Except as Previously Disclosed, as of the date hereof Corniche is not bound by any material contract to be performed after the date hereof (including any employment, termination or consulting contract, agreement, arrangement or understanding (whether written or oral)). Except as Previously Disclosed, to Corniche's knowledge, it has fulfilled all material obligations required pursuant to such contracts to have been performed by it on its part prior to the date of this Agreement, and all parties to such contracts with Corniche are in substantial compliance and no event has occurred which through the giving of notice or the passage of time or both, would cause or constitute a material default under any such contracts or would cause the acceleration of any obligation of any party thereto.

5.12.2 Except as Previously Disclosed, Corniche does not have any outstanding loans or advances to or from any Person and is not obligated to make or to take any such loans or advances, except for advances to its employees in respect of reimbursable business expenses anticipated to be incurred by them in connection with their performance of services for Corniche. Corniche has not assumed, guaranteed, endorsed or otherwise become directly or contingently liable on any indebtedness of any other Person (including liability by way of agreement, contingent or otherwise, to purchase, to provide funds for payment, to supply funds to or otherwise invest in the debt of another Person or entity, or otherwise to assure the creditor against loss), except for guarantees by endorsement of negotiable instruments for collection in the ordinary course of business.

5.12.3 Except as Previously Disclosed (including transactions reflected on the books and records of Corniche provided or made available to Strandtek as part of the Corniche Disclosure Documents, such as with respect to the acquisition of the Stamford business), there have been no transactions during the last three years between Corniche and any director, officer, employee, shareholder or Affiliate of it other than transactions relating to the employment or shareholdings of any such Person. With respect to each such transaction Previously Disclosed, each such transaction has been on terms no less favorable to it than those which could have been obtained at the time from bona fide third parties. Since January 1, 1996, none of the officers, directors or employees of Corniche or any spouse or relative of any of such persons, has been a director or officer of, or has had any direct or indirect interest in, any firm, corporation, association of business enterprise which during such period has been a supplier, customer or sales agent of the Corniche Business or has competed with the Corniche Business, except for ownership of less than 5% of the outstanding stock of a publicly traded entity.

5.13 Corniche has no material customers.

5.14 Labor Matters.

5.14.1 Corniche is not a party to any collective bargaining agreement. Since January 1, 1999, Corniche has not had any strike, slowdown, picketing, work stoppage, material labor dispute or threat of a material labor dispute or any attempt or threat of an attempt by a labor union to organize its employees.

5.14.2 Corniche has Previously Disclosed, all current written employment or consulting contracts with, and covenants against competition by, any Person employed by it presently or within the last year. True and correct copies of all such written agreements have been delivered to Strandtek prior to the date hereof.

5.14.3 No suit is currently pending, or to Corniche's knowledge is being threatened, by any former employee alleging wrongful termination, breach of an employment agreement, discrimination or any claim for any payment from Corniche.

5.15 Employee Benefit Plans.

5.15.1 All "employee benefit plans" within the meaning of Section 3(3) of ERISA covering employees or former employees of Corniche (the "Corniche Employees") have been Previously Disclosed, and true and complete copies thereof have been made available to Strandtek.

5.15.2 Except as Previously Disclosed, (a) to Corniche's knowledge, all employee benefit plans covering Corniche Employees, to the extent subject to ERISA (the "Corniche ERISA Plans"), are and have been in compliance with ERISA, including Section 404(a)(1) thereof; (b) to Corniche's knowledge, each Corniche ERISA Plan which is a Pension Plan and which is intended to be qualified under Section 401(a) of the Code, has either (1) received a favorable determination letter from the IRS, or (2) is or will be the subject of an application for a favorable determination letter, and Corniche is not aware of any circumstances likely to result in the revocation or denial of any such favorable determination letter; (c) there is no pending or, to Corniche's knowledge, threatened litigation or administrative action relating to the Corniche ERISA Plans; and (d) to Corniche's knowledge, it has not engaged in a transaction with respect to any Corniche ERISA Plan that, assuming the taxable period of such transaction expired as of the date hereof, would subject it to a tax or penalty imposed by either Section 4975 of the Code or Section 502(i) of ERISA.

5.16 Insurance. Corniche has Previously Disclosed all insurance policies which it currently has in effect, and the status of any unpaid claims thereunder. True and correct copies of such insurance policies have been made available to Strandtek. All premiums due and payable under all such policies have been paid and, to Corniche's knowledge, it is otherwise in compliance in all material respects with the terms and conditions of all such policies.

5.17 Licenses and Permits. Corniche and its employees have all licenses, permits, orders, approvals and authorizations required for the conduct of the Corniche Business as presently conducted and as contemplated to be conducted. Corniche has not received any notice of investigation, evaluation or suspension of any such licenses, permits, orders, approvals or authorizations. To Corniche's knowledge, no suspension or cancellation of any such licenses, permits, orders, approvals or authorizations has been threatened or is contemplated.

5.18 Authority Relative to the Exchange Agreement; Enforceability. The execution, delivery and performance of this Agreement and the Exchange Agreement are within the corporate power and authority of Corniche and has been duly authorized by all requisite corporate action on its part. Assuming due authorization, execution and delivery of this Agreement and the Exchange Agreement by Strandtek, the Principal Shareholders, and Non-shareholder Loan Holders, this Agreement and the Exchange Agreement are legal, valid and binding obligations of Corniche, enforceable against it in accordance with their respective terms, except insofar as their enforcement may be limited by (a) bankruptcy, insolvency, moratorium or similar laws affecting the enforcement of creditors' rights generally and (b) equitable principles

limiting the availability of equitable remedies. All persons who executed this Agreement or the Exchange Agreement on behalf of Corniche have been duly authorized to do so.

5.19 Compliance with Other Instruments; Consents. All steps taken and to be taken by Corniche and its Board of Directors and its shareholders in connection with the transactions contemplated by the Exchange Agreement are and shall be in accordance with all applicable provisions of its Certificate of Incorporation, by-laws and other corporate governance documents to which it is subject. Neither the execution and delivery of this Agreement or the Exchange Agreement by Corniche, nor the consummation of the transactions contemplated hereby or thereby will:

5.19.1 conflict with, or result in a breach of any provision of, its Certificate of Incorporation or by-laws;

5.19.2 to Corniche's knowledge (and assuming all required third party consents and approvals of contracts listed in response to Section 5.19.4 below and set forth on Section 5.19.2 of the Corniche Disclosure Schedule are obtained), violate, or conflict with, or result in a breach of any provision of, or constitute a default (or an event which, with the giving of notice, the passage of time or otherwise, would constitute a default) under, or entitle any party (with the giving of notice, the passage of time or otherwise) to terminate, accelerate, modify or call a default under, or result in the creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of it under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, contract, undertaking, agreement, lease or other instrument or obligation to which it is a party;

5.19.3 to Corniche's knowledge, violate any order, writ, injunction, decree, statute, rule or regulation applicable to it, its properties or its assets; or

5.19.4 require any action or consent or approval of, or review by, or registration or filing by Corniche with, any third party or Governmental Authority, other than registrations, filings or other actions required under federal and state securities laws; except, in the case of Sections 5.19.2, 5.19.3 and 5.19.4, for any of the foregoing that, individually or in the aggregate, is or are not material to Corniche, taken as a whole, and would not materially and adversely affect the ability of the parties hereto to consummate the transactions contemplated by the Exchange Agreement.

5.20 Compliance with Applicable Laws. Except as Previously Disclosed, to Corniche's knowledge it is in compliance in all material respects with all statutes, laws, rules, regulations, orders and ordinances relating to the conduct of the Corniche Business, and it has not received any notice or advice to the contrary.

5.21 Environmental Compliance.

5.21.1 There are no pending or, to Corniche's knowledge, threatened, actions or claims against it arising out of the presence or release into the environment of any chemicals, pollutants or contaminants relating to the operations of the Corniche Business or arising in connection with any properties owned by it or as to which it is or could be a potentially responsible party under

applicable law, which individually or in the aggregate would have a Corniche Material Adverse Effect.

5.21.2 Corniche is in compliance in all material respects with all Environmental Laws. To Corniche's knowledge, it has not been alleged to be in violation of, nor has it been subject to any administrative or judicial proceeding pursuant to, any Environmental Laws at any time during the past three years.

5.21.3 There are no facts or circumstances known to Corniche that could reasonably form the basis for the assertion of any claim against it pursuant to any Environmental Laws, including any claim arising from its past or present practices.

5.21.4 Corniche has all material permits, approvals and consents under all applicable Environmental Laws to operate its businesses lawfully.

5.21.5 There have been no Regulated Substances generated, transported, Released or disposed of by Corniche during the past three years except in the ordinary course of business in accordance with Environmental Laws.

5.22 Financial Statements.

5.22.1 Corniche has previously delivered to Strandtek the following annual and interim financial statements of Corniche: the audited consolidated balance sheets of Corniche as of December 31, 2000 and 1999, the related audited consolidated statements of income, changes in shareholders' equity and cash flows of Corniche for the fiscal years ended December 31, 2000 and 1999 (collectively, the "Corniche Audited Financial Statements"), the unaudited consolidated balance sheet of Corniche as of September 30, 2001 (the "Current Balance Sheet") and the unaudited consolidated statements of income of Corniche for the nine months ended September 30, 2001 and 2000 (the "Corniche Unaudited Financial Statements"). The Corniche Audited Financial Statements fairly present the financial condition of Corniche and the results of operations and cash flows as of the dates and for the periods to which they apply, as the case may be, and such statements have been prepared in conformity with GAAP. The Corniche Unaudited Financial Statements were prepared from the books and records of Corniche and are true, complete and correct in all material respects, and the normal audit adjustments required in connection therewith will not be material in amount or effect.

5.22.2 Since January 1, 1999 no unrecorded funds or assets of Corniche have been established for any purpose; no accumulation or use of its funds has been made without being properly accounted for in its books and records; all payments by or on behalf of Corniche have been duly and properly recorded and accounted for in its books and records; no false or artificial entry has been made in its books and records for any reason; no payment has been made by or on behalf of Corniche with the understanding that any part of such payment is to be used for any purpose other than that described in the documents, if any, supporting such payment; and Corniche has not has made, directly or indirectly, any illegal contributions to any political party or candidate, either domestic or foreign, or any contribution, gift, bribe, rebate, payoff, influence payment or kickback, whether in cash, property or services, to any Person, to secure business or to pay for business secured by Corniche.

5.22.3 Except as set forth in Section 5.22.3 of the Corniche Disclosure Schedule, the Current Balance Sheet includes accruals for all amounts due but not paid as of the date thereof under all taxation laws (other than current year applicable franchise taxes) in accordance with GAAP, and accruals for vested vacation entitlement and for holiday and sick pay in accordance with GAAP.

5.22.4 Corniche has not incurred any liabilities or obligations of any nature (whether accrued, absolute, contingent, threatened, unknown or otherwise) which would be required to be included in a balance sheet prepared in accordance with GAAP, except (a) as reflected on the Current Balance Sheet, (b) for liabilities and obligations incurred in the ordinary course of business consistent with past practice since the date of the Current Balance Sheet and (c) liabilities and obligations which have arisen in connection with the Exchange Agreement and the transactions contemplated therein and herein.

5.22.5 Corniche has no actual, contingent or future liabilities, accrued or unaccrued, not Previously Disclosed to the Strandtek Parties. Corniche has no actual, contingent or future liabilities, accrued or unaccrued, or exposure regarding its prior reinsurance activities conducted directly or through its affiliates.

5.23 Litigation. There are no legal, administrative, arbitration or other proceedings or claims pending or, to Corniche's knowledge, threatened, against it, nor is Corniche subject to any existing judgment; nor has Corniche received any inquiry from any Governmental Authority about the transactions contemplated by the Exchange Agreement, or about any violation or possible violation of any law or regulation. Prior to the date hereof, Corniche has provided to Strandtek's counsel a copy of all letters received by its accountants from counsel since December 31, 1998 with respect to pending or threatened legal, administrative, arbitration or other proceedings.

5.24 Adverse Business Changes. Except as set forth on Section 5.24 of the Corniche Disclosure Schedule, since the date of the Current Balance Sheet, there has not been:

5.24.1 Any change in Corniche's Business that would be reasonably likely to have, individually or in the aggregate, a Corniche Material Adverse Effect;

5.24.2 Any material damage or loss to any material asset or property of Corniche, regardless of insurance;

5.24.3 Any disposition, mortgage, pledge, or subjection to any Lien, claim, charge or option of any property or asset of Corniche, any commitment made or liability incurred by Corniche, or any cancellation or compromise of any debt or claim of Corniche, otherwise than in the ordinary course of business;

5.24.4 Any dividend or distribution declared, set aside or paid in respect of any of Corniche's capital stock or any repurchase by it of shares of its capital stock;

5.24.5 Any employment contract not terminable at will without cost (except for normal salary) beyond the effective date of termination entered into by Corniche; or any increase or decrease in the rates of compensation payable by Corniche to any of its officers, directors,

employees or agents, other than general increases to personnel made in accordance with past practices; or, any declaration, payment, commitment, or obligation of any kind for the payment by Corniche of any bonus, other than bonuses paid in the ordinary course of business; or any implementation, modification, amendment or termination of any retirement, termination, severance or other benefits to officers, directors, employees or agents of Corniche;

5.24.6 Any amendment, termination or threatened termination of any material contract, agreement, insurance policy, plan, lease, or license to which Corniche is a party or by which it may be bound, otherwise than in the ordinary course of business;

5.24.7 Any material change in its methods of doing business;

5.24.8 Any distribution or disposition of assets other than in the ordinary course of business;

5.24.9 Any loss or, to Corniche's knowledge, any threatened loss of a material customer;

5.24.10 Any termination of any permit or license issued to Corniche or to any of its employees or agents upon which a material portion of the Corniche Business is dependent; or

5.24.11 Any statute, order, judgment, writ, injunction, decree, permit, rule or regulation of any court or Governmental Authority adopted or entered or proposed to be adopted or entered which may reasonably be expected to materially and adversely affect any of Corniche's property or business except as affects business generally in the United States.

5.25 Corniche SEC Documents and Other Public Disclosures. Corniche has filed with the SEC its annual reports on Form 10-K for the years ended December 31, 2000, 1999 and 1998 and its Forms 10-Q for the quarters through September 30, 2001 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (such documents, as supplemented and amended since the time of filing, collectively, the "Corniche SEC Documents"). The Corniche SEC Documents, including any financial statements or schedules included therein, at the time filed (a) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, and (b) complied in all material respects with the applicable requirements of the Exchange Act. Corniche has previously provided to Strandtek's counsel true and complete copies of the Corniche SEC Documents. The consolidated financial statements Corniche included in the Corniche SEC Documents at the time filed complied as to form in all material respects with applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto, were prepared in accordance with generally accepted accounting principles applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto or, in the case of unaudited statements, as permitted by Form 10-Q of the SEC), and fairly present (subject, in the case of unaudited statements, to normal, recurring audit adjustments) the consolidated financial position of Corniche and its consolidated subsidiaries as at the dates thereof and the consolidated results of their operations and cash flows for the periods then ended.

5.26 Investment Representations.

5.26.1 Sophistication. Corniche is an "accredited investor" as such term is defined in Regulation D promulgated under the Securities Act and, alone or together with its advisors, has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the transactions contemplated by the Exchange Agreement and the exchange of securities pursuant thereto.

5.26.2 Investment. Corniche is acquiring Strandtek Common Stock and Investor Loans (collectively, "Strandtek Securities") for its own account and not with a view to, or for resale in connection with, any distribution thereof in violation of applicable law, and Corniche has no present intention to sell, convey, dispose of or otherwise distribute any interest in or risk related to Strandtek Securities except pursuant to an effective registration statement or in a manner consistent with the requirements of the federal and state securities laws. Corniche confirms that it has no contract, understanding, agreement or arrangement with any Person to sell, assign, or otherwise transfer to such Person, or to any other Person, any or all of the Strandtek Securities that Corniche is acquiring in connection with the transactions contemplated by the Exchange Agreement. Corniche acknowledges that it understands that the Strandtek Securities it shall receive under the Exchange Agreement have not been registered under the Securities Act by reason of a specific exemption from the registration provisions of the Securities Act which depends upon, among other things, the bona fide nature of the investment intent as expressed herein.

5.26.3 Risk Awareness. Corniche confirms that it understands and has fully considered for purposes of its investment in Strandtek Securities in connection with the transactions contemplated by the Exchange Agreement (the "Corniche Investment") the risks of the Corniche Investment and that there are substantial restrictions on the transferability of Strandtek Common Stock, and, accordingly, it may not be possible for Corniche to liquidate the Corniche Investment in the case of emergency.

5.26.4 Ability to Bear Risk. Corniche is able (i) to bear the economic risk of the Corniche Investment, (ii) to hold the Corniche Investment for an indefinite period of time, and (iii) presently to afford a complete loss of the Corniche Investment.

5.26.5 Opportunity to Investigate. Corniche confirms that it or its representatives and advisors have been given the opportunity to ask questions of, and to receive answers from, persons acting on behalf of the Companies concerning the terms and conditions of the transactions contemplated by the Exchange Agreement and the business and prospects of the Companies, and to obtain any additional information, to the extent such persons possess such information or can acquire it without unreasonable effort or expense and without breach of confidentiality obligations, necessary to assist Corniche in evaluating the Corniche Investment.

5.26.6 Reliance on Advisors. Corniche confirms that, with respect to the Corniche Investment, it is relying, if at all, upon the advice of its legal, financial and tax advisors with respect to the tax and other aspects of the Corniche Investment, except as otherwise contemplated in the Exchange Agreement.

5.26.7 Reliance. Corniche confirms that its is relying upon such due diligence review and the representations, warranties and agreements of the Companies and the Principal

Shareholders and Investor Loan Holders made herein and in the documents referred to herein, and no other representations, warranties and agreements.

5.26.8 Reliance on Representations, Warranties and Acknowledgments. The representations, warranties and acknowledgments of Corniche herein are made by Corniche with the intent that they may be relied upon in determining such Corniche's suitability as an acquirer of Strandtek Securities, and Corniche acknowledges that certificates representing Strandtek Common Stock issued in exchange for the Strandtek Common Stock to be received by Corniche under the Exchange Agreement shall bear the following legend (which may be in addition to other legends applicable to such certificates):

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION TO THE REGISTRATION REQUIREMENTS OF SUCH ACT OR SUCH LAWS.

5.27 Full Disclosure. The Previously Disclosed information provided to Strandtek by Corniche or any of its representatives during Strandtek's examination of the business, affairs, results of operations and financial condition of Corniche and its Subsidiaries taken as a whole did not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances in which they were made, not misleading. No representation or warranty made in this Agreement, and no certification furnished or to be furnished by Corniche pursuant to this Agreement, contains or will contain any untrue statement of a material fact or omits, or will omit, to state a material fact necessary to make the statements contained herein or therein not misleading.

6.0 Knowledge. Any representation made herein which is qualified by the knowledge of, or notice given to, Strandtek or Corniche, as applicable, shall refer to the actual knowledge of, or notice actually given to, any of the executive officers of Strandtek or Corniche, after reasonable inquiry by such executive officers. Any representation made herein which is qualified by the knowledge of, or notice given to, the Principal Shareholders, or Non-shareholder Loan Holders shall refer to the actual knowledge of such individual, without any duty of inquiry. Any representation made herein which is qualified by the knowledge of, or notice given to, the Representing Shareholders shall refer to the actual knowledge of such Representing Shareholders, after reasonable inquiry commensurate with the representation being made.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Corniche, Strandtek, each of the Principal Shareholders and the Non-shareholder Loan Holders have signed this Agreement as of the date first written above.

CORNICHE GROUP INCORPORATED

By: /s/ James Fyfe

Name: James Fyfe
Title: Chairman

STRANDTEK INTERNATIONAL, INC.

By: /s/ Jerome Bauman

Name: Jerome Bauman
Title: President

PRINCIPAL SHAREHOLDERS:

/s/ David Veltman

David Veltman
455 N. Indian Rocks Road
Belleair Bluffs, FL 33770

/s/ Greg Veltman

Greg Veltman
455 N. Indian Rocks Road
Belleair Bluffs, FL 33770

/s/ Sheila Duffy

Sheila Duffy
455 N. Indian Rocks Road
Belleair Bluffs, FL 33770

/s/ Craig Babcock

Craig Babcock
c/o Desert Institute of Physical Therapy
15953 Greenway Hayden
Scottsdale, AZ 85260

/s/ Jerome Bauman

Jerome Bauman
2294 Northwest 55th Street
Boca Raton, FL 33496

/s/ Jan Arnett

Jan Arnett
Longwood Road
Sands Point, NJ 11050

/s/ William G. Buckles, Jr.

William G. Buckles, Jr.
455 N. Indian Rocks Road
Belleair Bluffs, FL 33770

/s/ Phil Palm

Phil Palm
455 N. Suite A
Belleair Bluffs, FL 33770

First signature page to Supplemental Disclosure Agreement

/s/ Ray Juska

Ray Juska
17 Marion Drive
East Lynne, CT 06333

/s/ Mike Barody

Mike Barody
5 Surcingle Road
Queensbury, NY 12804

/s/ Ron Basar

Ron Basar
912 Shambliss Lane
Buffalo Grove, IL

NON-SHAREHOLDER LOAN HOLDERS

/s/ Preston Whaley

Preston Whaley
2043 79th Street W.
Bradenton, FL 34209

/s/ Clifford Chapman

Clifford Chapman
P.O. Box 14760
Bradenton, FL 34280-4760