SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2001

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from _______________ to __________________

Commission file number 0-10909

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

DELAWARE	22-2343568
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
610 SOUTH INDUSTRIAL BLVD., SUITE 220 EULESS, TEXAS	76040
(Address of principal executive offices)	(zip code)

Registrant's telephone number, including area code: 817-283-4250

NOT APPLICABLE
(Former name, former address and former fiscal year, if changed since last report)

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 X No ---

22,288,085 SHARES, $.001 PAR VALUE, AS OF OCTOBER 31, 2001

(Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date)

CORNICHE GROUP INCORPORATED AND SUBSIDIARY

September 30, 2001
(Unaudited)

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CORNICHE GROUP INCORPORATED AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
(Unaudited)

ASSETS

	SEPTEMBER 30 2001	DECEMBER 31, 2000
Current assets:		
Cash and equivalents	$ 123,915	$ 85,604
Marketable securities	1,741,595	2,376,214
Prepaid expenses and other current assets	62,800	75,291
Total current assets	1,928,310	2,537,109
Property and equipment, net	417,972	525,866
Deferred Acquisition Costs	187,188	76,950
Net assets of subsidiary	--	613,344
Other assets	4,175	4,175
	$ 2,537,645	$ 3,757,444

See accompanying notes to financial statements.

CORNICHE GROUP INCORPORATED AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS (Continued)
(Unaudited)

LIABILITIES AND STOCKHOLDERS' EQUITY

	SEPTEMBER 30, 2001	DECEMBER 31, 2000
Current liabilities:		
Dividends payable - preferred stock	$ 325,906	$ 290,143
Accounts payable, accrued expenses and other current liabilities	108,356	144,823
Current portion of long-term debt	21,553	23,459
Total current liabilities	455,815	458,425
Unearned revenues	266,192	114,808
Long-term debt	37,455	53,132
Series A Convertible Redeemable Preferred Stock:		
Series A $0.07 convertible redeemable preferred stock - stated value - $1.00 per share, authorized - 1,000,000 shares, outstanding - 681,174 shares at September 30, 2001 and December 31, 2000, respectively	681,174	681,174
Convertible Preferred Stock, Common Stock, Other Stockholders' Equity and Accumulated Deficit:		
Preferred stock - authorized - 5,000,000 shares Series B convertible preferred stock, $0.1 par value, authorized - 825,000 shares - outstanding 20,000 shares at September 30, 2001 and December 31, 2000, respectively	200	200
Common stock, $.001 par value, authorized - 75,000,000 shares, issued and outstanding - 22,285,460 shares at September 30, 2001 and 22,280,120 shares at December 31, 2000	22,289	22,280
Additional paid-in capital	8,830,489	8,830,489
Additional paid-in capital - stock options	6,097	2,667
Accumulated deficit	(7,762,066)	(6,405,731)
Total convertible preferred stock, common stock, other stockholders' equity	1,097,009	2,449,905
	$ 2,537,645	$ 3,757,444

See accompanying notes to financial statements

CORNICHE GROUP INCORPORATED AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	FOR THE NINE MONTHS ENDED SEPTEMBER 30,		FOR THE THREE MONTHS ENDED SEPTEMBER 30,	
	2001	2000	2001	2000
Earned revenues	$ 65,090	$ 8,027	$ 32,866	$ (27,773)
Direct costs	52,871	22,765	31,147	(13,436)
Gross profit (loss)	12,219	(14,738)	1,719	(14,337)
General and administrative Expenses	1,168,848	1,822,553	387,360	1,043,036
Operating loss	(1,156,629)	(1,837,291)	(385,641)	(1,057,373)
Other income (expense):				
Unrealized gain on marketable securities	--	14,408	--	2,748
Realized gain on Marketable securities	--	14,986		14,986
Interest income	82,308	131,214	25,153	60,623
Interest expense	(4,905)	(6,870)	(1,472)	(2,231)
Total other income	77,403	153,738	23,681	76,126
Loss before preferred dividend	(1,079,226)	(1,683,553)	(361,960)	(981,247)
Preferred dividend	35,763	36,291	11,921	11,921
Net loss from Continuing Operations	$ (1,114,989)	$ (1,719,844)	$ (373,881)	$ (993,168)
Discontinued Operations:				
Income from Operations	237,898	191,104	--	45,590
Loss on Disposal	(479,244)	--	--	--
Net Loss	$ (1,356,335)	$ (1,528,740)	$ (373,881)	$ (947,578)
Earnings (Loss) per common share				
Loss for Continuing Operations	$ (0.05)	$ (0.12)	$ (0.02)	$ (0.07)
Discontinued Operations:				
Income from Operation	$ 0.01	$ 0.01	--	--
Loss on Disposal	$ (0.02)	--	--	--
Net Loss	$ (0.06)	$ (0.11)	$ (0.02)	$ (0.03)
Weighted average number of common shares outstanding	22,282,209	13,954,840	22,282,209	13,954,840

See accompanying notes to financial statements.

CORNICHE GROUP INCORPORATED AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CONVERTIBLE PREFERRED STOCK, COMMON STOCK, OTHER STOCKHOLDERS' EQUITY AND ACCUMULATED DEFICIT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001
(Unaudited)

	SERIES B CONVERTIBLE PREFERRED STOCK		COMMON STOCK		ADDITIONAL ADDITIONAL PAID-IN CAPITAL	PAID-IN CAPITAL STOCK OPTIONS
	SHARES	AMOUNT	SHARES	AMOUNT		
Balance - January 1, 2001	20,000	$ 200	22,280,210	$ 22,280	$ 8,830,489	$ 2,667
Issuance of common stock to directors	--	--	7,875	9	--	3,430
Series A Convertible Stock dividends	--	--	--	--	--	
Net loss before preferred stock dividend	--	--	--	--	--	
Balance-September 30, 2001	20,000	$ 200	22,288,085	$ 22,289	$ 8,830,489	$ 6,097

	ACCUMULATED DEFICIT	TOTAL
Balance - January 1, 2001	$ (6,405,731)	$ 2,449,905
Issuance of common stock to directors		3,439
Series A Convertible Stock dividends	(35,763)	(35,763)
Net loss before preferred stock dividend	(1,320,572)	(1,350,572)
Balance-September 30, 2001	$ (7,762,066)	$ 1,097,009

See accompanying notes to financial statements.

CORNICHE GROUP INCORPORATED AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001	2000
Cash flows from operating activities:		
Net loss from continuing operations	$ (1,114,989)	$ (1,719,844)
Adjustments to reconcile net loss to net cash used in operating activities:		
Unrealized gain on marketable securities	--	(14,408)
Realized gain on marketable securities	--	(14,966)
Issuance of common stock for services rendered	3,439	27,690
Series A preferred stock dividends	35,763	36,291
Depreciation and amortization	116,955	114,208
Unearned revenues	151,384	74,487
Deferred acquisition costs	(110,238)	(18,509)
Increase (decrease) in cash flows as a result of changes in asset and Liability account balances:		
Prepaid expenses and other current assets	12,491	(22,691)
Accounts payable, accrued expenses and other current liabilities	(38,375)	(335,646)
Other Assets	--	8,250
Total adjustments	171,419	(145,294)
Net cash used in operating activities	(943,570)	(1,865,138)
Cash flows from investing activities:		
(Increase) decrease in marketable securities	634,619	(246,973)
(Investment) / sale of subsidiary	372,000	(200,000)
Acquisition of fixed assets	(9,061)	(6,739)
Net cash provided by (used in) investment activities	997,558	(453,712)
Cash flows from financing activities:		
Net proceeds from issuance of capital stock	--	1,206,770
Repayment of long term debt	(15,677)	(17,982)
Net cash provided by (used in) financing activities	(15,677)	1,188,788
Net increase (decrease) in cash	38,311	(1,130,062)
Cash and cash equivalents at beginning of period	85,604	1,254,624
Cash and cash equivalents at end of period	$ 123,915	$ 124,562

See notes to financial statements.

CORNICHE GROUP INCORPORATED AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(Unaudited)

Supplemental Disclosure of Cash Flow Information:		
Interest paid	$ 4,905	$ 6,870
Supplemental Schedules of Noncash Financing Activities:		
Series A Preferred Stock and dividends thereon converted to common stock and additional paid-in capital upon conversion	$ 35,763	$ 161,603
Issuance of common stock to directors at September 30, 2001 And to directors and consultants at September 30, 2000	$ 3,439	$ 27,690

See notes to financial statements.

CORNICHE GROUP INCORPORATED AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2001
(Unaudited)

NOTE 1 - THE COMPANY.

Corniche Group Incorporated (hereinafter referred to as the "Company" or "CGI") is a company engaged in the sale of extended warranties 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 obligator on service contracts. Currently this represents approximately 37 states for automotive service contracts and most 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.

NOTE 2 - DISCONTINUED OPERATIONS

Through April 2001 the Company operated a property and casualty reinsurance business through its wholly owned subsidiary, Stamford Insurance Company, Ltd. ("Stamford"). Stamford is chartered under the laws of, and is licensed to conduct business as an insurance company by, the Cayman Islands. Stamford provided reinsurance coverage for one domestic insurance company until the fourth quarter of 2000 when the relationship with the carrier was terminated. Stamford continued to receive premiums through April 2001 for business written prior to termination. Stamford was not able to obtain any additional reinsurance relationships. In light of the inability of Stamford to write new business and difficulty in forecasting future claims losses in the run off of its prior reinsurance contract, on April 30, 2001 the Board of Directors of the Company approved the sale of Stamford to Butler Financial Solutions, LLC for a consideration totaling approximately $372,000. In the nine months ended September 30, 2001 the Company recorded a loss of approximately $479,000 on the sale of Stamford. The closing and transfer of funds was completed on July 6, 2001.

The net assets of Stamford as of April 30, 2001 totaled approximately $851,000.

The revenues and net income of Stamford for the periods indicated was as follows:

	FOUR MONTHS ENDED APRIL 30, 2001	NINE MONTHS ENDED SEPTEMBER 30, 2000
Revenues	$ 297,696	$ 323,729
Net Income	237,898	191,104

NOTE 3 BASIS OF PRESENTATION.

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions for Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, the statements contain all adjustments (consisting only of normal recurring accruals) necessary to present fairly the financial position as of September 30, 2001, the results of operations for the nine months and three months ended September 30, 2001 and 2000 and the cash flows for the nine months ended September 30, 2001. The results of operations for the nine and three months ended September 30, 2001 and 2000 are not necessarily indicative of the results to be expected for the full year.

The December 31, 2000 balance sheet has been derived from the audited financial statements at that date included in the Company's annual report on Form 10-K. These unaudited financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's annual report on Form 10-K.

NOTE 4 - PROPERTY AND EQUIPMENT.

Property and equipment consists of the following:

	SEPTEMBER 30, 2001	DECEMBER 31, 2000
Computer equipment	$ 133,751	$ 124,690
Furniture and fixtures	41,635	41,635
Computer software	599,277	599,277
	774,663	765,602
Less: Accumulated depreciation	356,691	239,736
	$ 417,972	$ 525,866

Depreciation and amortization charged to operations was $116,955 and $114,208 for the nine months ended September 30, 2001 and 2000, respectively and was $39,322 and $38,241 for the three months ended September 30, 2001 and 2000, respectively.

NOTE 5 - LONG-TERM DEBT.

Long-term debt consists of the following at September 30, 2001 and December 31, 2000:

	SEPTEMBER 30, 2001	DECEMBER 31, 2000
Capital lease obligations	$ 1,291	$ 4,591
Note payable - bank - in equal monthly installments of $2,043 including interest at 8-3/4%. The notes are collateralized by computer equipment with a net book value of $57,034	57,717	72,000
	59,008	76,591
Less current maturities	21,553	23,459
	$ 37,455	$53,132

NOTE 6 - STOCKHOLDERS' EQUITY.

(a) Common Stock:

The 2000 annual meeting of stockholders approved an increase in the authorized common stock of the Company from 30 million shares to 75 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 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.

During the nine months ended September 30, 2001, the Company issued 7,875 shares of its common stock whose fair value was $3,439 to its board members for director's fees.

(b) 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..

Information with respect to Warrants is summarized as follows:

	FOR THE NINE MONTHS ENDED 2001		FOR THE NINE MONTHS ENDED 2000	
	SHARES	PRICES	SHARES	PRICES
Outstanding at beginning of period	79,000	$3.20 to $27.50	79,000	$3.20 to $27.50
Granted	300,000	.62 to 1.50	--	
Expired	--	$3.90 to $46.40	--	
Outstanding at end of period	379,000	$0.62 to $27.50	79,000	$3.20 to $27.50

In September 2001, the Company issued warrants for services exercisable at prices ranging from $.62 to $1.50 per share for shares totaling 300,000 shares.

NOTE 6 - STOCKHOLDERS' EQUITY. (Continued)

(c) Stock Options Plans:

The Company has two stock option plans The 1998 Employee Incentive Stock Option Plan and The 1992 Stock Option Plan. The 1998 Employee Incentive Stock Option Plan provides for the grant of options to purchase shares of the Company's common stock to employees. The 1992 Stock Option Plan provides for the grant of options to directors.

Information with respect to options under the 1992 and 1998 Stock Option Plans is summarized as follows:

	FOR THE NINE MONTHS ENDED 2001		FOR THE NINE MONTHS ENDED 2000	
	SHARES	PRICES	SHARES	PRICES
Outstanding at beginning of period	403,000	$0.31 to $1.94	128,000	$0.31 to $1.00
Granted	75,000	$0.37	275,000	$1.097 to $1.94
Expired	(1,500)	$0.31	--	
Cancelled	(175,000)	$0.37 to $1.91		
Outstanding at end of period	301,500	$0.41 to $1.94	403,000	$0.31 to $1.94

Outstanding options expire 90 days after termination of 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 the 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, $1.00 per share in September 1999, and $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 for the nine months ended September 30, 2001.

NOTE 6 - STOCKHOLDERS' EQUITY. (Continued)

(c) Stock Options Plans (continued):

months ended September 30, 2001 as calculated by the Black-Scholes option pricing model.

As such, pro-forma net loss and loss per share would be as follows:

	FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001	FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2001
Net loss as reported	$(1,356,335)	$ (373,881)
Additional compensation	59,129	(400)
Adjusted net loss	$(1,415,464)	$ (373,481)
Loss per share as reported	$ (0.06)	$ (0.02)
Adjusted loss per share	$ (0.06)	$ (0.02)

NOTE 7 - INDUSTRY AND GEOGRAPHICAL SEGMENTAL INFORMATION

The Company is engaged in the sale of extended warranties and service contracts over the Internet. The Company's operations are currently conducted entirely in the United States. The Company is authorized to sell its automotive extended warranties and service contracts in 37 states, its home extended warranties and service contracts in 49 states and its other products in 43 states.

NOTE 8 - POTENTIAL MERGER TRANSACTION

The Company is currently engaged in merger discussions with Strandtek International, Inc.

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

This Quarterly Report on Form 10-Q 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 Quarterly 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.

GENERAL

The Company is engaged in the sale of extended warranties over the Internet through its website at www.warrantysuperstore.com 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 obligator on service contracts. Currently this represents approximately 37 states for automotive service contracts and most 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. The Company is responsible 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.

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 has provided the Company with the ability to deliver its products over the Internet through a number of distribution channels by enabling it to supply 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.

Through July 2001 the direct sales to consumers distribution channel operated by consumers purchasing extended warranties and service contracts directly at www.warrantysuperstore.com by inputting on-line the relevant data. During the second quarter of 2001, management refined its "direct to consumer" marketing strategy based on revenue generation opportunities, transaction patterns and return on investment from previous marketing endeavors. As a result of this further analysis, the Company is aggressively focusing its marketing efforts to build partnerships with companies and individuals who in the normal course of doing their business come into direct contact with the Company's targeted customer base. In this way the Company's extended warranty and service contract products will be sold to consumers through face-to-face contact although transaction processing will still be through the Company's Internet software. The new marketing initiatives are in the early stages. The Company is continuing to pursue business relationship opportunities by providing private label capability.

The company will continue to rely on its cash reserves and Treasury Bill investments during fiscal 2001 to fund its operations. Management anticipates that sufficient funds will be provided by ongoing operations during the second quarter of fiscal 2002 to enable the Company to achieve break-even operating cash flow and positive cash flow for the year ending December 31, 2002.

RECENT DEVELOPMENTS

On July 16, 2001 the Company executed a non-binding Letter of Intent with Strandtek International, Inc. ("Strandtek") to acquire in a stock for stock merger transaction all of the issued and outstanding equity interests of Strandtek. Strandtek is a high-tech manufacturer of melt blown polypropylene used for acoustical and thermal insulation applications currently used in the automotive and appliance industries. Its manufacturing facilities are located in Chicago, Illinois. Negotiations are at an advanced stage but no definitive agreement has been signed as of the date hereof and the transaction is subject to completion of satisfactory due diligence by the Company and Strandtek, and a number of other financial, legal and business conditions. There can be no assurance given at this time that all of the conditions can be met or that a transaction can be consummated on terms satisfactory to the Company.

DISCONTINUED OPERATIONS

Through April 2001 the Company operated a property and casualty reinsurance business through its wholly owned subsidiary, Stamford Insurance Company, Ltd. ("Stamford"). Stamford is charted under the laws of, and is licensed to conduct business as an insurance company by, the Cayman Islands. Stamford provided reinsurance coverage for one domestic insurance company until the fourth quarter of 2000 when the relationship with the carrier was terminated. Stamford continued to receive premiums through April 2001 for business written prior to termination. Stamford was not able to obtain any additional reinsurance relationships. In light of the inability of Stamford to write new business and difficulty in forecasting future claims losses in the run off of its prior reinsurance contract, on April 30, 2001 the Board of Directors of the Company approved the sale of Stamford to Butler Financial Solutions, LLC for a consideration totaling approximately $372,000. In the nine months ended September 30, 2001 the Company recorded a loss of approximately $479,000 on the sale of Stamford. The closing and transfer of funds was completed on July 6, 2001.

RESULTS OF OPERATIONS

The Company recognizes revenue from its warranty service contracts and reinsurance business over the life of contracts executed. Additionally, the Company amortizes the insurance premium expense and third party claims fees evenly over the life of these contracts.

Three Months Ended September 30 2001, Compared To Three Months Ended September 30, 2000.

The Company generated gross revenues of $57,000 from the sale of extended warranties and service contracts via the Internet during the three months ended September 2001 (three months ended September 2000: $50,000) of which $32,000 were recognized as earned (three months ended September 2000: $(28,000). 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.

General and administration expenses decreased 62.9% to $387,000 for the three months ended September 2001 as compared to $1,043,000 for the three months ended September 2000. This decrease is primarily due to advertising ($480,000), professional fees ($58,000), director and employment fees ($54,000) and miscellaneous expenses ($50,000). 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. Professional fees were lower legal and accounting fees. The director and employment fees represented payment of five quarters (in arrears) to three directors plus agency fee to hire a CFO.

Interest income decreased by $35,000 in the three months ended September 2001 as compared to the corresponding period in 2000. This decrease is primarily due lower cash and cash investment balances in 2001 as a result of cash being applied to funding operating losses.

For the reasons cited above, net loss for the three months ended September 2001 decreased by 62.3% to $374,000 from the comparable loss of $993,000 for the three months ended September 2000.

Nine Months Ended September 30 2001, Compared To Nine Months Ended September 30, 2000.

The sale of extended warranties and service contracts via the Internet generated gross revenues of $207,000 for the nine months ended September 2001 (nine months ended September 2000: $76,000) of which $65,000 were recognized as earned (nine months ended September 2000: $8,000). 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.

General and administration expenses decreased 35.8% to $1,169,000 for the nine months ended September 2001 as compared to $1,823,000 for the nine months ended September 2000. This decrease is primarily due to advertising ($678,000) offset by an increase in director fees ($35,000). 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 director fees represented payment for five quarters (in arrears) to three directors.

RESULTS OF OPERATIONS (CONTINUED)

Interest income from the U.S. investment account totaled $82,000 for the nine months ended September 2001 as compared to $131,000 the nine months ended September 2000 due to approximately $1,500,000 of net proceeds of the Company's equity placement in late February 2000 offset by approximately $2,000,000 used to fund ongoing operations during the last twelve months.

Net loss for the nine months ended September 2001 decreased 35.1% to $1,114,989 from the comparable loss of $1,719,844 for the nine months ended September 2000. This increase is a result of the reasons cited above.

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:

	NINE MONTHS ENDED	
	SEPTEMBER 30, 2001	SEPTEMBER 30, 2000
Cash used in Operating Activities	$(943,570)	$(1,865,138)
Cash provided by (used in) Investing Activities	997,558	(453,712)
Cash provided by (used in) Financing activities	(15,677)	1,188,788

The Company incurred a net loss from continuing operations of $1,114,989 for the nine months ended September 2001. Such losses adjusted for non-cash items such as depreciation and amortization charges ($116,955), deferred revenues (net of deferred acquisition costs) ($41,146), preferred stock dividend accrual ($35,763) and other non cash credits totaling $22,445 resulted in cash used in continuing operations totaling $943,570 for the nine months ended September 30, 2001, net of working capital movements.

To meet its cash requirements during the nine months ended September 30, 2001 the Company relied on its investment account of $634,619 plus $372,000 proceeds from the sale of its subsidiary Stamford Insurance Company to fund the Company's operating expenses. Additionally, the Company generated cash from its Internet business, both earned and unearned, of approximately $150,000.

The Company has no contracted capital expenditure commitments in place. However, the Company spent approximately $163,000 in the nine months ended September 30, 2001 and will need to invest approximately $50,000 during the remainder of fiscal 2001 to maintain and promote its web site.

As of September 30, 2001 the Company had cash and cash equivalents totaling $123,915. Additionally, it had Treasury Bills and Federal Home Loan Mortgage notes totaling $1,741,594. The Company will continue to rely on its cash reserves and its investments during the remainder of the fiscal year to fund its operations. Management anticipates that sufficient funds will be provided by ongoing operations to achieve break-even operating cash flow in the second quarter of fiscal 2002.

INFLATION

The Company does not believe that its operations have been materially influenced by inflation for the nine months ended September 2001, a situation which is expected to continue for the foreseeable future.

PART II

OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CORNICHE GROUP INCORPORATED (Registrant)

By /s/ Robert F. Benoit

Robert F. Benoit, Chief Executive Officer

Date: November 13, 2001