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, 2000

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 ---

14,226,620 SHARES, $.001 PAR VALUE, AS OF OCTOBER 1, 2000

(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, 2000
(Unaudited)

INDEX

CORNICHE GROUP INCORPORATED AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
(Unaudited)

ASSETS

	September 30, 2000	December 31, 1999
Current assets:		
Cash and equivalents	$ 1,144,755	$ 1,639,473
Marketable securities	2,980,292	2,733,319
Prepaid expenses and other current assets	240,721	71,622
Total current assets	4,365,768	4,444,414
Property and equipment, net	547,533	655,002
Deferred acquisition costs	43,048	41,946
License, net of accumulated amortization	15,862	16,777
Other assets	4,175	12,525
	$ 4,976,386	$ 5,170,664

See accompanying notes to financial statements.

CORNICHE GROUP INCORPORATED AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS (Continued)
(Unaudited)

LIABILITIES AND STOCKHOLDERS' EQUITY

	September 30, 2000	December 31, 1999
Current liabilities:		
Dividends payable - preferred stock	$ 278,751	$ 288,334
Accounts payable, accrued expenses and other current liabilities	201,520	561,870
Current portion of long-term debt	23,227	22,662
Total current liabilities	503,498	872,866
Unearned revenues	740,283	298,801
Long-term debt	58,609	76,591
Series A Convertible Preferred Stock:		
Series A $0.07 cumulative convertible preferred stock - stated value - $1.00 per share, authorized - 1,000,000 shares, outstanding - 681,174 shares at September 30, 2000 and 810,054 shares at December 31, 1999	681,174	810,054
Convertible Redeemable Preferred Stock, Common Stock, Other Stockholders' Equity and Accumulated Deficit:		
Preferred stock - authorized - 5,000,000 shares Series B convertible redeemable preferred stock, $0.1 par value, authorized, issued and outstanding - 825,000 shares	8,250	8,250
Common stock, $.001 par value, authorized - 75,000,000 shares, issued and outstanding - 14,226,620 shares at September 30, 2000 and 12,513,127 shares at December 31, 1999	14,229	12,513
Additional paid-in capital	8,829,438	7,421,944
Accumulated deficit	(5,859,095)	(4,330,355)
Total convertible redeemable preferred stock, common stock, other stockholders' equity	2,992,822	3,112,352
	$ 4,976,386	$ 5,170,664

See accompany notes to financial statements

CORNICHE GROUP INCORPORATED AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Nine Months Ended September 30, 2000	For the Nine Months Ended September 30, 1999	For the Three Months Ended September 30, 2000	For the Three Months Ended September 30, 1999
Earned revenues	$ 331,756	$ 60	$ 56,207	$ 60
Direct costs	163,841	5	57,261	5
Gross profit (loss)	167,915	55	(1,054)	55
General and administrative expenses	1,831,321	1,429,602	1,007,280	429,839
Operating loss	(1,663,406)	(1,429,547)	(1,008,334)	(429,784)
Other income (expense):				
Unrealized gain on marketable securities	14,408		2,748	--
Realized gain on marketable securities	14,986	--	14,986	
Interest income	148,433	7,752	57,174	1,787
Interest expense	(6,870)	--	(2,231)	--
Total other income (expense)	170,957	7,752	72,677	1,787
Loss before preferred dividend	(1,492,449)	(1,421,795)	(935,657)	(427,997)
Preferred dividend	36,291	42,706	11,921	13,992
Net loss	$ (1,528,740)	$ (1,464,501)	$ (947,578)	$ (441,989)
Net loss per share of common stock	$ (0.11)	$ (0.22)	$ (0.07)	$ (0.06)
Weighted average number of common shares outstanding	13,954,840	6,577,012	13,954,840	6,944,924

See accompanying notes to financial statements.

CORNICHE GROUP INCORPORATED AND SUBSIDIARY

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

FOR THE NINE MONTHS ENDED September 30, 2000
(Unaudited)

	Series B Convertible Preferred Stock		Common Stock		Additional Paid-In	Accumulated	
	Shares	Amount	Shares	Amount	Capital	Deficit	Total
Balance - January 1, 2000	825,000	$ 8,250	12,513,127	$ 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 rendered	--	--	12,500	13	25,488	--	25,501
Conversion of Series A Convertible Preferred Stock into Common Stock	--	--	24,743	25	174,725	--	174,750
Series A Convertible Stock dividends	--	--	--	--	--	(36,291)	(36,291)
Net loss before preferred stock dividend	--	--	--	--	--	(1,492,449)	(1,492,449)
Shares to be issued for services rendered	--	--	1,750	2	2,187	--	2,189
Balance - September 30, 2000	825,000	$ 8,250	14,228,370	$ 14,229	$ 8,829,438	$(5,859,095)	$ 2,992,822

See accompanying notes to financial statements.

CORNICHE GROUP INCORPORATED AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Nine Months Ended September 30, 2000	1999
Cash flows from operating activities:		
Net loss	$ (1,528,740)	$ (1,464,501)
Adjustments to reconcile net loss to net cash used in operating activities:		
Unrealized gain on marketable securities	(14,408)	--
Realized gain on marketable securities	(14,986)	
Issuance of common stock for services rendered	27,690	
Series A preferred stock dividends	36,291	42,706
Depreciation and amortization	115,123	16,145
Unearned revenues	441,482	1,350
Deferred acquisition costs	(1,102)	--
Increase (decrease) in cash flows as a result of changes in asset and liability account balances:		
Prepaid expenses and other current assets	(169,099)	(16,176)
Other Assets	8,350	
Accounts payable, accrued expenses and other current liabilities	(360,350)	265,927
Total adjustments	68,991	309,952
Net cash used in operating activities	(1,459,749)	(1,154,549)
Cash flows from investing activities:		
(Increase) decrease in marketable securities	(217,579)	595,140
Acquisition of property assets	(6,739)	(103,618)
Net cash provided by (used in) investment activities	(224,318)	491,522
Cash flows from financing activities:		
Net proceeds from issuance of capital stock - net	1,206,766	574,527
Payments of capital lease obligations	(4,505)	(8,817)
Proceeds from notes payable	--	98,659
Repayments of notes payable	(12,912)	--
Net cash provided by financing activities	1,189,349	664,369
Net increase (decrease) in cash	(494,718)	1,342
Cash and cash equivalents at beginning of period	1,639,473	206,313
Cash and cash equivalents at end of period	$ 1,144,755	$ 207,655

See notes to financial statements.

CORNICHE GROUP INCORPORATED AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(Unaudited)

	For the Nine Months Ended September 30, 2000	1999
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the period:		
Income taxes	$ --	$ --
Interest paid	$ 6,870	$ 2,100
Supplemental Schedules of Noncash Financing Activities:		
Series A Preferred Stock and dividends thereon converted to common stock and additional paid-in capital upon conversion	$ 161,603	$ 28,714
Issuance of common stock for services rendered	$ 27,690	$ --

See notes to financial statements.

CORNICHE GROUP INCORPORATED AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2000
(Unaudited)

NOTE 1 - THE COMPANY.

Corniche Group Incorporated (hereinafter referred to as the "Company" or "CGI") as a result of a reverse acquisition with Corniche Distribution Limited and its Subsidiaries ("Corniche"), was engaged in the retail sale and wholesale distribution of stationery products and related office products, including office furniture, in the United Kingdom. In February 1996, the Company was placed in receivership by its creditors. Through March 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 have been endeavoring 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 for $37,000 in cash in a transaction accounted for as a purchase. Warrantech's chairman is the former chairman of the Company. Stamford was charted under the Laws of, and is licensed to conduct business as an insurance company by, the Cayman Islands. Although Stamford has incurred expenses since its inception, it first generated revenues in the fourth quarter of 1999.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

(a) 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, 2000 and the results of operations and cash flows for the nine and three months ended September 30, 2000 and 1999. The results of operations for the nine and three months ended September 30, 2000 and 1999 are not necessarily indicative of the results to be expected for the full year.

The December 31, 1999 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.

(b) 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.

(c) Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(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 subsidiary places its cash in the Cayman Island subsidiaries of domestic banks whose net worth exceeds $100,000,000. The Company's marketable securities are primarily comprised of investments in treasury note bank funds. The Company employs the services of an investment advisor to assist in monitoring its investments.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

(e) Marketable Securities:

Marketable securities are classified as trading securities and are reported at market value. At September 30, 2000, the market value of securities exceeded their cost by $14,408. The market value of the\ investment approximated cost at December 31, 1999.

(f) Property and Equipment:

The cost of property and equipment is depreciated over the estimated useful lives of the related assets of 5 to 7 years. The cost of computer software programs is amortized over their estimated useful lives of seven years. Depreciation is computed on the straight-line method. Repairs and maintenance expenditures which do not extend original asset lives are charged to income as incurred.

(g) Intangibles:

The excess of the purchase price for the capital stock of Stamford over the net assets acquired has been attributed to the subsidiary's license to conduct business as an insurance carrier in the Cayman Islands. Amortization charged to operations in the nine months ended September 30, 2000 and 1999 was $915, in each period, and for the three months ended September 30, 2000 and 1999 was $305, in each period.

(h) 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. There is no difference as to financial and tax basis of assets and liabilities.

(i) Fair Value of Financial Statements:

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, value long-lived assets to be disposed of and long-term liabilities. At September 30, 2000 and December 31, 1999, the carrying values of the Company's other assets and liabilities approximate their estimated fair values.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

(j) Advertising Costs:

The Company expenses advertising costs as incurred. Advertising costs amounted to $782,902 and $500,381 for the nine and three months ended September 30, 2000 and none for the nine and three months ended September 30, 1999.

(k) 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 that would be issued assuming conversion of all potentially dilutive securities outstanding, is not presented as it is anti-dilutive in all periods.

(l) Recently Issued Accounting Pronouncements:

The Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 130 - "Reporting Comprehensive Income", No. 131 - "Disclosures about Segments of an Enterprise and Related Information", No. 132 - "Employer's Disclosures about Pension and Other Postretirement Benefits" and No. 133 - "Accounting for Derivative Instruments and Hedging Activities". Management does not believe that the effect of implementing these new standards will be material to the Company's financial position, results of operations and cash flows.

(m) Revenue Recognition:

Stamford is a property and casualty reinsurance company writing reinsurance coverages for one domestic carrier's consumer products service contracts. The domestic carrier is rated Excellent by A.M. Best.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

(m) Revenue Recognition: (Continued)

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 parent company sells via the Internet directly to consumers extended warranty service contracts for seven major consumer products. 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 the domestic carrier referred to above. The insurance premium and other costs related to the sale are amortized over the contract.

NOTE 3 - PROPERTY AND EQUIPMENT.

Property and equipment consists of the following:

	September 30, 2000	December 31, 1999
Computer equipment	$ 116,660	$ 116,660
Furniture and fixtures	23,266	23,266
Computer software	589,324	582,585
	729,250	722,511
Less: Accumulated depreciation	187,653	77,896
	541,597	644,615
Lease property under capital lease:		
Office equipment	17,806	17,806
Less: Accumulated depreciation	11,870	7,419
	5,936	10,387
	$ 547,533	$ 655,002

Depreciation and amortization charged to operations was $115,123 and $16,145 for the nine months ended September 30, 2000 and 1999, respectively, and $38,546 and $5,279 for the three months ended September 30, 2000 and 1999, respectively.

NOTE 3 - PROPERTY AND EQUIPMENT. (Continued)

The estimated present value of the capital lease obligations at September 30, 2000 reflects imputed interest calculated at 12.7% and 19.32%. The obligations are payable in equal monthly installments through February 2002 as follows:

Year Ending September 30,		
2001	$	5,750
2002		650
		6,400
Amount representing interest		921
Present value of minimum lease payments		5,479
Present value of minimum lease payments due within one year		3,244
Present value of minimum lease payments due after one year	$	2,235

The aggregate maturities of the present value of the minimum lease obligation is as follows:

Year Ending September 30,		
2001	$	4,656
2002	$	823
	$	5,479

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

Accounts payable, accrued expenses and other current liabilities consist of the following at:

	September 30, 2000	December 31, 1999
Accrued offering costs	$ --	$ 419,120
Accrued professional fees	68,643	41,534
Advertising	11,375	69,427
Insurance	25,612	--
Other	85,890	26,789
Accrued claims losses	10,000	5,000
	$ 201,520	$ 561,870

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 principal on the notes were repaid in full on December 31, 1999. At December 31, 1999, accrued interest on the notes of $3,025 remained outstanding and was repaid in January, 2000.

NOTE 6 - LONG-TERM DEBT.

Long-term debt consists of the following at September 30, 2000 and December 31, 1999:

	September 30 2000	December 31, 1999
Capital lease obligations	$ 5,479	$ 9,983
Note payable - bank - in equal monthly installments of $2,043 including interest at 8-3/4%. The notes are collateralized by computer equipment having an undepreciated cost of $65,259	$ 76,357	89,270
	81,836	99,253
Portion payable within one year	23,227	22,662
	$ 58,609	$ 76,591

The aggregate maturities of the obligations are as follows:

Years Ending September 30,	
2001	$ 23,227
2002	21,085
2003	22,108
2004	15,416
	$ 81,836

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 the Series A Preferred Stock as more fully set forth in the Certificates 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 one 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 year ended December 31, 1999, 18,711 shares of Series A Preferred Stock were converted into 3,586 shares of common stock. During the nine months ended September 30, 2000, holders of 128,800 shares of the Series A Preferred Stock converted such shares into 24,743 shares of the Company's common stock. At September 30, 2000 and December 31, 1999, 681,174 and 810,054 shares of Series A Preferred Stock were outstanding, respectively. At September 30, 2000 and 1999, and accrued dividends on these outstanding shares were $278,751 and $274,198, respectively.

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.

(b) NOTE 8 - STOCKHOLDERS' EQUITY. (Continued)

(a) Series B Convertible Redeemable Preferred Stock: (Continued)

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 bring 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 vote as one class with the common stock. Accordingly, the Initial Purchasers have sufficient voting power to elect all of the Board of Directors.

The holder of any share of Series B Convertible Redeemable Preferred Stock has the right, at such holder's option, 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 Corporation's Series A Preferred Stock and would share ratably with the common stock with respect to liquidating distributions.

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.

NOTE 8 - STOCKHOLDERS' EQUITY. (Continued)

(b) Common Stock:

In March 1998, the Company sold 250,000 shares of common stock at $.50 per share realizing $125,000.

The stockholders at the 1998 annual meeting approved the reduction of the par value of the common stock from $0.10 per share to $0.001 per share.

The stockholders at the 2000 annual meeting approved amending 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 investors purchased 5,187,500 shares of the Company's common stock for $3,715,744, net of offering costs. During the nine months ended September 30, 2000, the Company sold 1,676,250 shares of common stock at $.80 per share realizing $1,206,770, 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, which 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.

During the quarter ended June 30, 2000, the Company issued 2000 shares of its common stock to a consultant for promotional activities amounting to $5,875. During the quarter ended September 30, 2000, the Company issued 10,500 shares of its common stock to its past and present board members for director's fees from the second quarter of 1998 through the second quarter of 2000 amounting to $19,625.

NOTE 8 - STOCKHOLDERS' EQUITY. (Continued)

(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 are reserved for issuance upon exercise of warrants as of December 31, 1998 and March 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 a now-expired stock option 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, 1999 at prices ranging from $3.20 to $27.50 and expiring through October 2004.

(d) Stock Options Plans:

The Company has two 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. The 1992 Stock Option Plan provides for the grant of options to directors.

Under the 1998 Plan, the maximum aggregate number of shares which may be issued under options has been amended to 3,000,000 from 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 exceed $100,000. The option 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 Corporation 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 fifth anniversary of the date on which the option is granted.

The 1998 Plan is administered by the Compensation Committee of the Board of Directors. In 1999, options to acquire 100,000 common shares at $1.00 per share was granted to an officer. Additionally, an option to acquire 25,000 common shares at $0.6875 per share was issued to a consultant. In February 2000, options to acquire 75,000 common shares at $1.097 was granted to an officer. In June 2000, options to acquire 100,000 common shares at $1.88 per share and

Note 8 - STOCKHOLDERS' EQUITY. (Continued)

(d) Stock Options Plans: (Continued)

options to acquire 100,000 common shares at $1.94 per share were granted to two officers.

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

	For the Nine Months Ended September 30 2000		1999	
	Shares	Prices	Shares	Prices
Outstanding at beginning of period	128,000	$ 0.31 to $ 1.00	3,000	$ 0.31 to $0.41
Options issued	275,000	$1.097 to $ 1.94	125,000	$0.6875 to $1.00
Outstanding at end of period	403,000	$ 0.31 to $ 1.94	128,000	$ 0.31 to $1.00

NOTE 8 - STOCKHOLDERS' EQUITY. (Continued)

(d) Stock Options Plans: (Continued)

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. 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, 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 $32,172 for the nine months ended September 30, 2000 and $21,649 for the three months ended September 30, 2000 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, 2000	For the Three Months Ended September 30, 2000
Net loss as reported	$ (1,528,740)	$ (947,578)
Additional compensation	32,172	21,649
	$ (1,560,912)	$ (969,227)
Loss per share as reported	$ (0.11)	$ (0.07)
Adjusted loss per share	$ (0.11)	$ (0.07)

As the number of options granted at December 31, 1998 and March 31, 1998 is immaterial, recognizing the expense would not have a material effect on the Company's financial statements for the three months and nine months ended September 30, 1999.

NOTE 9 - INCOME TAXES.

The Company has received permission from the Internal Revenue Service to change its taxable year-end from March 31, to December 31, effective with the December 31, 1998 period.

The differences between income taxes computed using the statutory federal income tax rate and that shown in the financial statements are summarized as follows:

	For the Nine Months Ended September 30,			
	2000	%	1999	%
Loss before income taxes and preferred dividend	$ (1,492,449)	--	$ (1,421,795)	--
Computed tax benefit at statutory rate	$ (507,400)	(34.0)	$ (483,410)	(34.0)
Foreign subsidiary income not subject to U.S. taxes	(65,286)	(4.4)	--	--
Net operating loss valuation reserve	(572,686)	(38.4)	(483,410)	(34.0)
Total tax benefits	$ --	--	$ --	--

There are no significant differences between the financial statement and tax basis of assets and liabilities and, accordingly, no deferred tax provision/benefit is required.

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 carryforward at December 31, 1999 of $2,063,000 was not negatively impacted by this ownership change. The future tax benefit of the net operating loss carryforward aggregated $701,000 at December 31, 1999 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.

NOTE 10 - COMMITMENTS, CONTINGENCIES AND OTHER.

(a) Leases:

Commencing in August 1998, the Company entered into short-term operating leases for its general office space and certain office equipment. Prior to August 1998, the Company did not incur rent expense as it was inactive. Rent expense charged to operations for the nine and three months ended September 30, 2000 and 1999 was $37,575 and $12,525, respectively in each period. Future minimum annual rent commitments under operating leases as of September 30, 2000 are as follows:

Year Ending September 30	
2001	$ 41,642

(b) Investment Contract:

The Corporation has entered into an investment advisory agreement with AIG Global Investment Corporation ("AIG") under which AIG will function as investment advisor and manager of all the Corporation's investable assets. AIG provides management services to all affiliated insurance companies of American International Group and other third-party institutions on a world-wide basis.

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

The following discussion and analysis should be read in conjunction with the financial statements and notes contained elsewhere in this Form 10-Q. Certain statements under this caption "Management's Discussion and Analysis of Financial Conditions and Results of Operations," constitute "forward-looking statements" under the Private Securities Litigation Reform Act of 1995.

PLAN OF OPERATION

In December 1999 and during the nine months ended September 30, 2000, the Company sold 5,187,500 and 1,676,250 common shares for $3,691,000 and $1,206,000, respectively, which will be used to expand its businesses.

On September 30, 1998, the Company acquired Stamford Insurance Company Ltd., which was then an inactive foreign corporation that is licensed in the Cayman Islands as a casualty and property insurer. In the first quarter of 2000, Stamford commenced underwriting as a reinsurer generating premiums written of $716,000 of which $324,000 was earned by September 30, 2000. Also in the nine months ended September 30, 2000, the Company's sales of its automotive vehicle and consumer products service contracts through its website amounted to $81,937 of which $6,657 was earned in 2000.

The Company's plan of operations for the next twelve months is principally to continue its endeavors to establish itself in the vehicle and consumer products service contract business through its Internet website, www.warrantysuperstore.com, to establish business partnerships to include private labels with financial institutions, casualty and insurance carriers, etc., and to continue to seek additional property casualty reinsurance opportunities for its wholly owned insurance company, Stamford Insurance Co. Ltd.

RESULTS OF OPERATIONS

Nine Months Ended September 30, 2000, Compared To Nine Months Ended September 30, 1999.

Sales. We did not generate any operating revenues until the fourth quarter of fiscal 1999, when our reinsurance subsidiary commenced generating premium revenues and the Company began the sale of its service contracts.

Cost of Sales. In the nine months ended September 30, 2000 Stamford continued reinsuring contractual liability insurance policies from one United States carrier that is rated Excellent by A.M. Best. This insurance generated approximately $716,000 in premiums, of which $392,000 was unearned at September 30, 2000. Policy acquisition costs were $90,000 of which $72,000 was expensed in the nine months ended September 30, 2000. Income from operations in the nine months ended September 30, 2000 was $169,000 of which $10,000 is management's estimate of incurred but not reported losses at September 30, 2000. Our sales of extended service contracts for new and used automotive vehicles and consumer products in the first nine months of 2000 generated $81,937 in revenues of which $6,657 was recognized within the current year with the balance deferred over the life of the contract. Direct costs associated with the sale of the service contracts are being recognized pro rata over the length of the contract.

General and Administrative. General and administration costs increased by 28.0% to $1,831,000 for the nine months ended September 30, 2000 compared to $1,430,000 for the nine months ended September 30, 1999. For the three months ended September 30, 2000, general and administrative costs increased by 134.2% to $1,007,000 compared to $430,000 for the comparable period in 1999. The increases are primarily attributable to increased advertising costs offset in part to reduced website development costs.

Interest Income and Interest Expense. Interest income increased 1750% to $148,000 for the nine months ended September 30, 2000 compared to $8,000 for the nine months ended September 30, 1999. For the three months ended September 30, 2000 interest income increased 2750% to $57,000 compared to $2,000 for the comparable period in 1999. Interest expense increased $7,000 for the nine months and $2,200 for the three months ended September 30, 2000 from $-0- for the both periods in 1999. The increase in interest income and interest expense is the result of the cash, cash equivalents, and investments used to fund the Company's increased operating costs in the current period and the incidence of debt in a prior period.

Preferred Stock Dividend. The accrued preferred stock dividend of $36,000 in September 2000 is $7,000 less than the $43,000 accrued during the same period in 1999 principally because of the reduction of the average number of Series A preferred stock outstanding in the current year.

Net Loss. Net loss for the nine months ended September 30, 2000 increased 4.4% to $1,529,000 from the comparable loss of $1,465,000 incurred in 1999. For the three months ended September 30, 2000, the net loss increases 114.1% to $946,000 from the comparable loss of $442,000 in 1999. These increases are a result of the reasons cited above.

FINANCIAL CONDITION

The Company's cash condition decreased $494,000 to $1,145,000 at September 30, 2000 from $1,639,000 at December 31, 1999. The net decrease is primarily a result of advertising programs. The investments in marketable securities increased $247,000 to $2,980,000 from $2,733,000 during the same time period. The net increase is the result of proceeds from the sale of the Company's common stock.

Even though the acquisition of Stamford may enable the Company to generate limited reinsurance revenues, management's business plan requires additional funding through future sales of the Company's securities and/or other financing alternative. Management anticipates a continued deterioration in the Company's financial condition in the near term due to ongoing general and administrative costs, which will exceed the Company's revenues. This situation will continue until the Company raises the sufficient financing to fully capitalize its service contract sales and reinsurance business.

There can be no assurance that the Company will be successful in its efforts to raise any funds from any of the operations under evaluation or that it will avail itself of other alternative sources of funds.

LIQUIDITY AND CAPITAL RESOURCES

The Company has relied on the proceeds from the sales of its securities in October 1997, May 1998, and May 1999, December 1999 and during the nine months ended September 30, 2000 for the primary source of its funds. In the nine months ended September 30, 2000, the Company generated its revenues from its businesses, both earned and unearned, of $798,000. These funds were and will be utilized to fund the Company's operating expenses. Management anticipates it will require additional funds from future sales of its securities and/or other financing alternatives to fund its future operational costs and at the same time fully develop its insurance and service contract sales businesses.

At September 30, 2000 working capital was $3,860,000, an increase of $288,000 from working capital of $3,572,000 at December 31, 1999. The increase in working capital results primarily from the increase in capital through the sale of the Company's securities of $1,206,000 offset primarily by advertising costs.

The Company has committed to acquire computer hardware and software and to develop a website for approximately $1,500,000 of which $1,000,000 has been expended through September 30, 2000. Although the Company is not contractually obligated to fulfill the remaining $500,000 of the project, it intends to do so over the next year as and if funding permits. The project will enable the Company to fully utilize the Internet in the sales, advertising, marketing, collections and other functions of its extended service contract sales for automotive vehicles and other products such as brown and white consumer products. There can be no assurance that the Company will have the funds available to fund its hardware and/or software requirements required to successfully develop this project nor can there be assurance that if it is developed such project will aid in the intended results of additional revenues.

LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

The Certificate of Designation for the Series A Preferred Stock states that at any time after December 1, 1999 any holder of Series A Preferred Stock may require the Company to redeem his or her 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 September 30, 2000, 681,174 shares of Series A Preferred Stock were outstanding. If the Series A preferred shareholders do not convert their shares into common stock, and if the Company were required to redeem any significant number of shares of Series A Preferred Stock, the Company's financial condition would be materially affected.

INFLATION

Inflation has not had a significant effect on the Company's operations or financial position and management believes that the future effects of inflation on the Company's operations and financial position will be insignificant.

FORWARD-LOOKING AND CAUTIONARY STATEMENTS

Certain statements included in this report, including the words "believes", "anticipates", "expects" and similar expressions, are intended to identify forward-looking statements. Such statements are subject to certain risks and uncertainties, which could cause actual results to differ materially from those projected. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to republish revised forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrences of unanticipated events. Readers are also urged to carefully review and consider the various disclosures made by the Company in this report, as well as the Company's periodic reports on other fillings with the Securities and Exchange Commission.

CORNICHE GROUP INCORPORATED

PART II

OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) The following exhibit is filed as part of this report:

27 Financial Data Schedule

(b) No reports on Form 8-K were filed during the quarter ended September 30, 2000.

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 Hutchins

Robert Hutchins, President and
Principal Financial Officer

Date: November 10, 2000

INDEX TO EXHIBITS

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF CORNICHE GROUP INCORPORATED AND SUBSIDIARY AS AT AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2000 IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

9-MOS
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SEP-30-2000
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