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 June 30 1998

(   ) 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 of other jurisdiction of incorporation or organization)	(IRS employer Identification No.)
601 South Industrial Blvd. Suite 220 Euless, Texas	76040
(Address of principal executive office)	(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 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 registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

6,355,231 shares, $.001 par value, as of June 1, 1998 (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

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CORNICHE GROUP INCORPORATED
BALANCE SHEET

ASSETS

	June 30, 1998 (unaudited)	March 31, 1998 (audited)
Current Assets:		
Cash	$1,126,383	$1,129,064
Other receivables and prepaid expenses	13,365	179
Total current assets	1,139,748	1,129,243
Other Assets:		
Property and equipment, net	269	359
Total Assets	$1,140,017	$1,129,602

LIABILITIES AND STOCKHOLDERS' EQUITY

	June 30, 1998 (unaudited)	March 31, 1998 (audited)
Current Liabilities:		
Trade accounts payable	$ 21,649	$ 21,362
Dividends payable - preferred stock	224,107	208,464
Accrued liabilities	85,050	29,850
Total current liabilities	330,806	259,676
Stockholders' Equity:		
Preferred Stock, $.01 par value, authorized 5,000,000 shares including 1,000,000 shares of Series A 7% cumulative convertible preferred stock, issued and outstanding 893,908 shares of Series A preferred stock at June 30, 1998 and March 31, 1998.	893,908	893,908
Series B convertible redeemable preferred stock $.01 par value authorized 825,000 shares issued 825,000 shares June 30, 1998, zero shares March 31, 1998.	76,500	-
Common Stock $.001 par value, June 30, 1998, $0.10 par value, March 31, 1998, authorized 30,000,000 shares, issued 6,355,231 shares at June 30, 1998 and 6,355,231 shares at March 31, 1998	6,355	635,522
Additional paid-in capital	2,682,917	2,053,750
(Accumulated deficit) retained earnings	(2,850,469)	(2,713,254)
Total stockholders' equity	809,211	869,926
Total Liabilities and Stockholders' Equity	$1,140,017	$1,129,602

See Accompanying Notes

CORNICHE GROUP INCORPORATED
STATEMENT OF OPERATIONS
(UNAUDITED)

	3 Months ended June 30, 1998	3 Months ended June 30, 1997
Net Sales	$ -	$ -
Cost of Sales	-	-
Gross Profit	-	-
Selling, General and Administrative Expenses	(134,237)	(120,816)
Operating Loss	(134,237)	(120,816)
Interest (net)	12,666	(4,181)
Net Loss before Preferred Dividend	(121,571)	(124,997)
Preferred Dividend	(15,643)	(13,689)
Net Loss	(137,214)	(138,686)
Loss per share of Common Stock	(0.02)	(0.04)
Weighted average number of common shares Outstanding	5,916,146	3,083,159

See Accompanying Notes

CORNICHE GROUP INCORPORATED
STATEMENT OF CASH FLOWS
(UNAUDITED)

	3 Months ended June 30, 1998	3 Months ended June 30, 1997
Cash Flows from Operations:		
Net Loss from Continuing Operations	$(121,571)	$(124,997)
Adjustments to reconcile net loss from continuing operations to net cash used in operating activities:		
Depreciation	90	97
Changes in Assets and Liabilities:		
(Increase)/Decrease in Other Receivables	(5,400)	50
(Increase) in Prepaid Expenses	(7,787)	(137)
Increase/(Decrease) in Accounts Payable	287	(4,355)
Increase/(Decrease) in Accrued Liabilities	55,200	(93,397)
Net Cash Used in Continuing Operations	(79,181)	(222,739)
Cash Flows from Financing Activities:		
Net Proceeds from Issuance of Preferred Stock	76,500	-
Net Proceeds from Issuance of Common Stock for Cash	-	873,000
Payment of Notes Payable	-	(450,000)
Additional Borrowings	-	50,000
Net Cash Provided by Financing Activities	76,500	473,000
Net (Decrease) Increase in Cash	(2,681)	250,261
Cash at Beginning of Period	1,129,064	13,167
Cash at End of Period	$1,126,383	$ 263,428

During the three months ended June 30, 1998 and 1997, the Company accrued Preferred Stock dividends of $15,643 and $13,689, respectively, which are non-cash items.

See Accompanying Notes

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. The operating subsidiaries of Corniche were Chessbourne International Limited ("Chessbourne") and The Stationery Company Limited ("TSCL").

Corniche experienced large operating losses and net cash outflows from operating activities in fiscal 1995 and 1996 resulting in a significant reduction in working capital during the period. The Company was unsuccessful in its efforts to raise interim financing to resolve its liquidity problems. Additionally, the Company was not able to convert a significant portion of its bank debt to equity. As a result, receivers were appointed to Corniche's subsidiaries, Chessbourne and TSCL on February 7, 1996 by their primary bankers and secured lender, Bank of Scotland and Corniche Distribution Limited was placed in receivership on February 28, 1996. Since then the Company has been inactive.

On March 4, 1998, the Company entered into a Stock Purchase Agreement ("Agreement"), approved by the Company' stockholders on May 18, 1998, with Mr. Joel San Antonio and certain other 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 insurance sector, more specifically the property and casualty specialty insurance markets. Management is exploring a number of specialty insurance opportunities for the development of new business operations.

NOTE 2 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 June 30, 1998 and 1997 and the results of operations and cash flows for the three months ended June 30, 1998 and 1997. The results of operations for the three months ended June 30, 1998 are not necessarily indicative of the results to be expected for the full year.

The March 31, 1998 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 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash Equivalents

Short term cash investments which have a maturity of ninety days or less are considered cash equivalents in the statement of cash flows.

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.

Office Furniture and Equipment

Office furniture and equipment are depreciated by the straight-line method over the estimated useful lives of the assets, which range principally from three to ten years.

Income Taxes

Effective October 1993, 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 reporting; as such, there are no deferred taxes.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Accounting Standards

Effective fiscal 1996, the Company adopted Statement of Financial Accounting Standards No. 107, "Disclosure About Fair Value of Financial Instruments", and Statement of Position 94-6, "Disclosure of Certain Significant Risks and Uncertainties".

NOTE 4 STOCKHOLDERS' EQUITY

On May 15, 1997, the Company commenced a private securities offering pursuant to Rule 506 of Regulation D of the Securities Act of 1933, as amended. The offering of up to 400 units, each unit consisting of 10,000 shares of common stock being offered at a price of $5,000 per unit. Robert M. Cohen & Co., Inc. ("RMCC") was the placement agent for such offering and is entitled to receive a sales commission equal to 10% of the offering price for each unit sold. The first 50 units were offered on a "best efforts, all or none" basis. The remaining 350 units were offered on a "best efforts" basis. In connection with the offering 369 units were sold for gross receipts of $1,845,000. RMCC was paid a commission $184,500 for net of $1,660,500 to the Company. The proceeds of such offering are intended to be utilized to enable the Company to attempt to effect the acquisition of an operating business entity, for working capital and to pay off the promissory notes and to redeem the common stock purchase warrants issued in the Company's private securities offering which was completed on April 30, 1997.

In March 1998, the Company sold 250,000 shares of Common Stock at $0.50 per share realizing $125,000.

NOTE 5 OTHER EVENTS

The following actions of the Board of Directors were approved by a vote of the Corporation's stockholders at the annual meeting on May 18, 1998.

A. Amendment to the Corporation's Certificate of Incorporation to reduce the par value of the Common Stock.

The par value of the Common Stock will be reduced from $0.10 per share to $0.001 per share. The par value is being reduced to $0.001 per share to conform with the new Series B Convertible Redeemable Preferred Stock, as each share of the Series B Convertible Redeemable Preferred Stock par value $0.01 per share, is convertible into ten (10) shares of Common Stock (see B below).

NOTE 5 OTHER EVENTS (Cont'd)

B. Issuance of Series B Convertible Redeemable Preferred Stock, change in control.

On March 4, 1998, the Company entered into a Stock Purchase Agreement ("Agreement"), approved by the Company's stockholders on May 18, 1998, with Mr. Joel San Antonio and certain other 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 ("Series B Stock"), par value $0.01 per share.

Pursuant to the Agreement and subsequent transactions, Mr. Joel San Antonio acquired 685,000 shares of Series B Stock at $68,500 and Messrs. Ronald Glime, Robert Hutchins and Glenn Aber acquired 50,000, 15,000 and 15,000 shares, respectively, of Series B Stock at the same price per share. Pursuant to the Agreement, the Company will pay 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 Alan Zuckerman as compensation 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 for his work in bringing this Transaction to fruition. These issuances diluted the voting rights of existing stockholders by approximately 57%. The total authorized shares of Series B Convertible Redeemable Preferred Stock are 825,000.

Terms of Series B Preferred Stock

The following summarizes the terms of the Series B Stock, which 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. However, the Initial Purchasers are required to vote in favor of Mr. Fyfe or his designee as a director of the Corporation through June 30, 2000.

NOTE 5 OTHER EVENTS (Cont'd)

Terms of Preferred Stock (Cont'd)

Pursuant to the terms of the Agreement and the Certificate of Designation, from March 31, 2000 to June 30, 2000, the Company has the right to repurchase or redeem such shares of Series B Stock from the holders for a total consideration of $0.10 per share ($76,500 in the aggregate) unless, during the period from the date of the closing of the Transaction through March 31, 2000;

(i) the Company's shares of common stock maintain a minimum closing bid price of not less than $2 per share on a public market during a period of any 10 consecutive trading days, and either

(ii) the Company raises a minimum of $2.5 million of new equity capital through a placement of Common Stock, or

(iii) the Company has net revenues of at least $1 million in any fiscal quarter through the fiscal quarter ending March 31, 2000 (collectively, the "Trigger Conditions").

Mr. Fyfe or the director designated by Mr. Fyfe will have the ability to determine if the Company will elect to exercise this redemption right on behalf of the Company.

Each Series B Stock is convertible into ten shares of Common Stock. 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.

NOTE 5 OTHER EVENTS (Cont'd)

B. Issuance of Series B Convertible Redeemable Preferred Stock, change in control and new business operations.

Conversion

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.

C. 1998 Employee Incentive Stock Option Plan

Under the 1998 Plan, the maximum aggregate number of shares which 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 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 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 granted, the option exercise price is at least 110% of the fair market value of the shares of Common Stock subject to the option and (b) the option by its terms is not exercisable after the expiration of five years from the date such option is granted.

The Plan will be administered by a committee of disinterested directors of the Board of Directors of the Corporation ("Option Committee").

D. Independent Directors Compensation Plan

In order to be able to attract qualified independent directors in the future, the Corporation has adopted the Independent Directors Compensation Plan, pursuant to which each director who is not an officer or employee would receive compensation of $2,500 plus 500 shares of the Corporation's Common Stock each quarter. The Plan was effective as of April 30, 1998.

Independent directors will also continue to be eligible to receive stock options each year under the Director Option Plan at the rate of 1,500 options per year at fair market value.

NOTE 5 OTHER EVENTS (Cont'd)

E. Lease of New Office Space

As of August 1, 1998, the Corporation has entered into a three year lease for business offices of 4,100 square feet in Euless, Texas.

F. 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.

CORNICHE GROUP INCORPORATED
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Unaudited Financial Statements and notes thereto.

Results of Operations

Prior to the change in control discussed below, the Company has not engaged in any operating activities nor generated any operating revenues since February 1996 when its then operating subsidiaries were placed in receivership in the UK.

During the period March 1996 through March 1998, the Company's primary activities have been to engage in three private securities offerings, and to settle and pay off certain of its outstanding liabilities.

At the Company's annual meeting of stockholders on May 18, 1998, the stockholders approved the issuance of Series B convertible redeemable preferred stock, change in control and new business operations. The new officers and directors are endeavoring to establish for the Company new business operations in the insurance sector, more specifically, the property and casualty specialty insurance markets. No assurance can be given that the Company will be able to obtain needed licenses, consummate planned acquisitions, or otherwise establish or development operations in this sector, or that, if it is successful in doing so, it will be able to operate profitably.

The Company recorded losses in the three months ended June 30, 1998 of $134,237 before interest expense and preferred stock dividends accrual ($120,816 in 1997). Such losses arose from general and administrative expenses which principally comprised professional fees, stockholder annual meeting, and general office costs. Compared to the three months ended June 30, 1997, such costs were $13,421 higher. The increase is primarily due to the change in corporate control, legal fees ($60,000) and higher professional fees and general corporate costs.

Liquidity and Capital Resources

During the three months ended June 30 1998 the Company relied on the net proceeds from its prior securities offering which was completed on September 30, 1997 (see Note 4 of the Company's unaudited financial statements included in Part I, Item I).

Liquidity and Capital resources (cont'd)

The Company sold 765,000 shares of its new Series B preferred stock on May 19, 1998 for $76,500.

The Company will need additional capital in order to implement its business plan, since it will have to meet capital and surplus requirements in order to become licensed in any state in which it hopes to do business, and its present capital would not be sufficient to meet any such licensing requirements. The Company intends to undertake a private placement of its equity securities to meet such needs as well as to provide capital for acquisitions in the insurance sector. There can be no assurance that the Company will be able to successfully complete such financing or that if it is unable to do so alternative source of capital will be available to it.

PART II
OTHER INFORMATION

ITEM 5 OTHER INFORMATION

Change of Accountants

On August 12, 1998, the Company and its former auditors, Simontacchi & Co. LLP ("Simontacchi") terminated their client-auditor relationship. The reports of Simontacchi 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 Board of Directors of the Company participated in and approved the decision to change the independent accountants. In connection with its audits for the prior two fiscal years and through August 12, 1998, there were no disagreements with Simontacchi 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 Simontacchi, would have caused Simontacchi to make reference thereto in its report on the financial statements for such years. No "reportable events" as described under Item 304(a)(1)(v) of Regulation S-K occurred during the prior two fiscal years. The Company requested that Simontacchi furnish it with a letter addressed to the Securities and Exchange Commission stating whether or not it agrees with the above statements. A copy of such letter, dated as of August 12, 1998, is filed as an Exhibit to this Form 10-Q.

The Company simultaneously engaged Weinick, Sanders & Co. ("Weinick") as its new independent accountants as of August 12, 1998. Such appointment was approved by the Company's Board of Directors. 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.

ITEM 6 EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits filed herewith

Letter from Simontacchi & Company, LLP

(27) Financial Data Schedule

(B) Forms 8-K filed during quarter

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 Hutchins, President and
Principal Financial Officer

Date: August 14, 1998

EXHIBIT

SIMONTACCHI & COMPANY, LLP
Certified Public Accountants

9 Law Drive
Fairfield, New Jersey 07004
Tel: (973) 575-5040
Fax: (973) 575-5044

August 12, 1998

Securities and Exchange Commission
Washington, D.C. 20549

RE: Corniche Group Incorporated

Dear Sir &/or Madam:

We are in agreement with the statement attached to the Corniche Group Incorporated's Form 10-Q for the quarter ended June 30, 1998 in relation to the Company's changing of its auditors.

Very truly yours,

David Miller, CPA, Partner
Simontacchi & Company, LLP

5
1,000
U.S. DOLLARS

3-MOS
MAR-31-1999
APR-1-1998
JUN-30-1998
1.000
1,127
0
13
0
0
1,140
1
1
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