

ITEM 3. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

PART II. OTHER INFORMATION AND SIGNATURES

</TABLE>

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PEACOCK FINANCIAL CORPORATION AND SUBSIDIARY
(Formerly Connectivity and Technology, Inc.)
Consolidated Balance Sheets

ASSETS

<TABLE>
<CAPTION>

	June 30, ----- 1998 ----- <C>	December 31, ----- 1997 ----- <C>
<S>		
CURRENT ASSETS		
Cash and cash equivalents	\$ (9,217)	\$ 14,777
Receivables - related parties	-	-
	-----	-----
Total Current Assets	(9,217)	14,777
	-----	-----
FIXED ASSETS, at cost, net of accumulated depreciation of \$68,858 and \$66,980, respectively	378,221	359,215
	-----	-----
OTHER ASSETS		
Construction-in-process	176	374,397
Notes receivable - related parties	10,246,522	230,067
Developer fees receivable	190,610	226,000
Development costs	1,216,036	1,216,036
Investments in limited partnerships	1,224,292	1,224,292
Deferred charges	655	-
Other assets	11,926	11,926
	-----	-----
Total Other Assets	12,890,217	3,282,718
	-----	-----
TOTAL ASSETS	\$13,259,221	\$3,656,710
	-----	-----

</TABLE>

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PEACOCK FINANCIAL CORPORATION AND SUBSIDIARY
(Formerly Connectivity and Technology, Inc.)
Consolidated Balance Sheets (Continued)

LIABILITIES AND STOCKHOLDERS' EQUITY

<TABLE>
<CAPTION>

	June 30, ----- 1998 ----- <C>	December 31, ----- 1997 ----- <C>
<S>		
CURRENT LIABILITIES		
Accounts payable	\$ 175,333	\$ 219,934
Other current liabilities	219,192	189,423
Lines of credit	43,226	50,585
Notes payable - current portion	965,541	1,147,871
Note payable to stockholder	15,996	23,869

Total Current Liabilities	1,419,288	1,631,682
LONG-TERM DEBT		
Notes payable - long term	513,953	523,217
Total Liabilities	1,933,241	2,154,899
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Preferred stock: 10,000,000 shares authorized at \$0.01 par value; 672,300 and 672,300 shares issued and outstanding, respectively	6,723	6,723
Common stock: 250,000,000 shares authorized at \$0.001 par value; 29,061,507 and 11,763,797 shares issued and outstanding, respectively	29,062	11,764
Additional paid-in capital	12,757,799	2,335,379
Accumulated deficit	(1,467,604)	(852,055)
Total Stockholders' Equity	11,325,980	1,501,811
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$13,259,221	\$3,656,710

</TABLE>

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

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PEACOCK FINANCIAL CORPORATION AND SUBSIDIARY
(Formerly Connectivity and Technology, Inc.)
Consolidated Statements of Operations

<TABLE>
<CAPTION>

	For 6 Months Ended		For 3 Months Ended	
	June 30,	June 30,	June 30,	June 30,
	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>
REVENUES				
Home building and development sales	\$ 313,868	\$ 1,040,985	\$ 80,196	\$ 336,697
Property management and administration income	2,100	3,867	1,200	1,900
Commissions income	-	5,447	-	633
Other income	9,586	16,199	500	14,072
Total Revenues	325,554	1,066,498	81,896	353,302
EXPENSES				
Home building and development costs	401,058	1,037,907	76,179	339,757
General and administrative	489,188	318,755	326,934	133,888
Depreciation and amortization	1,878	200	939	-
Total Expenses	892,124	1,356,862	404,052	473,645
LOSS FROM CONTINUING OPERATIONS	566,570	290,364	322,156	120,343
OTHER INCOME (EXPENSE)				
Interest expense	(48,179)	(83,256)	(23,735)	78,389
Other expense	(800)	(1,600)	-	-
Total Other Income (Expense)	(48,979)	(84,856)	(23,735)	78,389
(LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(615,549)	(375,220)	(345,891)	(198,732)
INCOME TAXES	-	-	-	-
NET (LOSS) FROM CONTINUING OPERATIONS	(615,549)	(375,220)	(345,891)	(198,732)

DISCONTINUED OPERATIONS (Note 12)

Income (Loss) from operations of discontinued segment	-	(10,953)	-	50,634
Gain on disposal of discontinued segment	-	135,677	-	135,677
	-----	-----	-----	-----
Total Discontinued Operations	-	124,724	-	186,311
	-----	-----	-----	-----

</TABLE>

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PEACOCK FINANCIAL CORPORATION AND SUBSIDIARY
(Formerly Connectivity and Technology, Inc.)
Consolidated Statements of Operations (Continued)

<TABLE>
<CAPTION>

	For 6 Months Ended		For 3 Months Ended	
	June 30,	June 30,	June 30,	June 30,
	1998	1997	1998	1997
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
NET INCOME (LOSS)	\$ (615,549)	\$ (250,496)	\$ (345,891)	\$ (12,421)
	-----	-----	-----	-----
EARNINGS (LOSS) PER SHARE				
Continued operations	(0.03)	(.03)	(0.01)	(.02)
Discontinued operations	0.00	.01	0.00	0.02
	-----	-----	-----	-----
EARNINGS (LOSS) PER SHARE	(0.03)	(.02)	(0.01)	0.00
	-----	-----	-----	-----
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	20,412,652	10,831,295	27,912,652	10,831,295
	-----	-----	-----	-----

</TABLE>

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PEACOCK FINANCIAL CORPORATION AND SUBSIDIARY
(Formerly Connectivity and Technology, Inc.)
Consolidated Statements of Stockholders' Equity

<TABLE>
<CAPTION>

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit
	Shares	Amount	Shares	Amount		
	-----	-----	-----	-----	-----	-----
-	<C>	<C>	<C>	<C>	<C>	<C>
Balance, March 31, 1995	-	\$ -	3,256,150	\$ 3,256	\$2,326,899	\$ (1,214,867)
Common stock issued to acquire Connectivity and Technology, Inc.	-	-	5,183,850	5,184	(5,184)	-
Conversion of Class B common stock to preferred stock	672,300	6,723	(672,300)	(672)	(6,051)	-
Common stock issued for cash	-	-	2,700,095	2,700	154,269	-
Class stock issued						

for services	-	-	227,500	227	36,773	-
Deferred stock costs charged to paid-in capital	-	-	-	-	(265,810)	-
Accrued dividends	-	-	-	-	(25,422)	-
Net income for the year ended December 31, 1996 (140,803)	-	-	-	-	-	-
-	-----	-----	-----	-----	-----	-----
Balance, December 31, 1996	672,300	6,723	10,695,295	10,695	2,215,474	(1,074,064)
Common stock issued for cash	-	-	422,002	422	59,618	-
Common stock issued for services	-	-	646,500	647	83,459	-
Accrued dividends	-	-	-	-	(23,172)	-

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

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PEACOCK FINANCIAL CORPORATION AND SUBSIDIARY
(Formerly Connectivity and Technology, Inc.)
Consolidated Statements of Stockholders' Equity (Continued)

<TABLE>
<CAPTION>

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit
	Shares	Amount	Shares	Amount		
-						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net income for the year ended December 31, 1997	-	-	-	-	-	222,009
Balance, December 31, 1997	672,300	\$6,723	11,763,797	\$11,764	\$2,335,379	\$(852,055)
Common stock issued for cash	-	-	1,323,710	1,324	218,013	-
Common stock issued for services	-	-	974,000	974	210,200	-
Common stock issued for note receivable	-	-	15,000,000	15,000	10,000,000	-
Accrued dividends	-	-	-	-	(5,793)	-
Net income for the year ended June 31, 1998	-	-	-	-	-	(615,549)
Balance June 30, 1998	672,300	\$6,723	29,061,507	\$29,062	\$12,757,799	\$(1,467,604)

</TABLE>

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PEACOCK FINANCIAL CORPORATION AND SUBSIDIARY
(Formerly Connectivity and Technology, Inc.)
Consolidated Statements of Cash Flows

<TABLE>
<CAPTION>

	June 30, 1998	June 30, 1997
	-----	-----
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ (615,549)	(250,496)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	1,878	200
Discontinued operations	-	740,352
Changes in operating assets and liabilities:		
(Increase) decrease in accounts and notes receivable	35,390	36,000
(Increase) decrease in accounts receivable - related parties	(10,016,455)	(27,384)
(Increase) decrease in other assets	(655)	(5,657)
Increase (decrease) in accounts payable	(44,601)	(28,080)
Increase (decrease) in other liabilities	22,410	(269,832)
	-----	-----
Net Cash Used by Operating Activities	10,617,582	(195,103)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction in progress	374,221	82,621
Purchase of property and equipment	(20,884)	(30,616)
	-----	-----
Net Cash Used by Investing Activities	353,337	52,005
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Due to shareholders	(7,873)	2,495
Repayment of notes payable	(182,330)	(397,654)
Proceeds from long-term borrowings	(9,264)	62,351
Proceeds from stock offerings	10,439,718	10,032
	-----	-----
Net Cash Provided by Financing Activities	\$10,240,251	\$(322,776)
	-----	-----

</TABLE>

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PEACOCK FINANCIAL CORPORATION AND SUBSIDIARY
(Formerly Connectivity and Technology, Inc.)
Consolidated Statements of Cash Flows (Continued)

<TABLE>
<CAPTION>

	For the 6 Months Ended	
	June 30, 1998	June 30, 1997
	-----	-----
<S>	<C>	<C>
NET DECREASE IN CASH		
	\$ (23,994)	\$(75,668)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		
	14,777	90,987
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD		
	\$ (9,217)	\$ 15,319
	-----	-----

SUPPLEMENTAL DISCLOSURE OF
NON-CASH ACTIVITIES

Common stock issued for debt	\$ -	\$ -
Common stock issued for services	\$ 210,200	\$ -

SUPPLEMENTAL DISCLOSURE OF CASH FLOW
INFORMATION

Interest paid, net of amount capitalized	\$22,604	\$ 1,399
Income taxes paid	\$-	\$-

</TABLE>

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PEACOCK FINANCIAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1997

1. The interim financial statements are prepared pursuant to the requirements for reporting on Form 10-QSB. The December 31, 1997, balance sheet data was derived from audited financial statements but does not include all disclosures required by generally accepted accounting principles. The interim financial statements and notes thereto should be read in conjunction with the financial statements and footnotes thereto included in the Company's report on Form 10-KSB for the year ended December 31, 1997. In the opinion of management, the interim financial statements reflect all adjustments of a normal recurring nature necessary for a fair statement of the results for the interim periods presented.

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ITEM 2. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

This Form 10-QSB contains forward looking statements within the meaning of section 27A of the Securities Act of 1933 and section 21E of the Securities Exchange Act of 1934. The Company's actual results could differ materially from those set forth in the forward looking statements.

RESULTS OF OPERATIONS - THREE MONTHS ENDED JUNE 30, 1998, COMPARED TO THE
THREE MONTHS ENDED JUNE 30, 1997.

The Company is engaged in construction and real estate development. The Company's most recent developments are near the Eastside Reservoir, a \$3 billion project under construction in Central Riverside County which will be the largest freshwater lake in Southern California.

REVENUES. Revenues for the three months ended June 30, 1998, decreased by \$271,406 or 77% to \$81,896 from \$353,302 for the three months ended June 30, 1997. This decrease resulted from a reduction in home building as well as a decrease in property management income and administration revenues.

EXPENSES. Total expenses for the three months ended June 30, 1998, decreased by \$69,593 or 15% to \$404,052 from \$473,645 for the three months ended June 30, 1997. This decrease resulted from lower home building costs. General and administrative expenses for the three months ended June 30, 1998, increased by \$193,046 or 59% to \$326,934 from \$133,888 for the three months June 30, 1997. This increase was primarily for increase in issue of common stock for services.

RESULTS OF OPERATIONS - SIX MONTHS ENDED JUNE 30, 1998, COMPARED TO THE SIX
MONTHS ENDED JUNE 30, 1997.

REVENUES. Revenues for the six months ended June 30, 1998, decreased by \$740,944 or 70% to \$325,554 from \$1,066,498 for the six months ended June 30, 1997. This decrease resulted from decreased home building as well as a decrease in property management and administration income.

EXPENSES. Total expenses for the six months ended June 30, 1998, decreased by \$464,737 or 35% to \$892,125 from \$1,356,862 for the six months ended June 30, 1997. This decrease resulted from lower home building development costs. General and administrative expenses for the six months ended June 30, 1998, increased by \$170,434 or 35% to \$489,188 from \$318,755 for the six months ended June 30, 1997 primarily due to the increase in issue of common stock for services.

CHANGES IN FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCE.

For the six months ended June 30, 1998, the Company funded its operations and capital requirements partially with its own capital and partially with loans from related parties. As of June 30, 1998, the Company had an overdraft of \$9,217.

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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.

PEACOCK FINANCIAL CORPORATION

August 13, 1998

Date

/s/ Steven R. Peacock

Steven R. Peacock
President and Chief Executive Officer

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<TABLE> <S> <C>

<ARTICLE> 5

<S>	<C>
<PERIOD-TYPE>	6-MOS
<FISCAL-YEAR-END>	DEC-31-1998
<PERIOD-END>	JUN-30-1998
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<COMMON>	29,062
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