

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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, 1996 COMMISSION FILE NO. 2-91651-D

PEACOCK FINANCIAL
CORPORATION

COLORADO 87-0410039
(STATE OR OTHER JURISDICTION OF (I.R.S. EMPLOYER IDENTIFICATION NUMBER)
INCORPORATION OR ORGANIZATION)

1600 EAST FLORIDA AVENUE
SUITE 306
HEMET, CA 92544
(ADDRESS AND ZIP CODE OF PRINCIPAL EXECUTIVE OFFICES)

(909) 925-6469
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

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.

/X/ YES / / NO

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

COMMON STOCK 9,942,700 SHARES OUTSTANDING
\$0.001 PAR VALUE AS OF SEPTEMBER 30, 1996

PEACOCK FINANCIAL CORPORATION
REPORT ON FORM 10-Q
QUARTER ENDED SEPTEMBER 30, 1996

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ASSETS	SEPT 30, 1996 (unaudited)	DEC 31, 1995 (unaudited)
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents	\$23,857	\$123,544
Restricted cash	0	144,049
Accounts Receivable - related parties	45,697	42,165
Accounts Receivable	415,064	0
Notes Receivable net of allowance for bad debt	940	940
	-----	-----
Total Current Assets	485,558	310,698
	-----	-----
Fixed Assets		
Rental Property, at cost, net of accumulated depreciation of \$721,243 and \$635,468 respectively	8,384,186	8,238,151
Homebuilding and Development	646,824	0
Furniture and fixture, at cost, net of accumulated depreciation of \$145,453 and \$144,261 respectively	27,218	33,324
	-----	-----
Net Fixed Assets	9,058,228	8,271,475
	-----	-----
Other assets		
Notes Receivable - related parties	131,419	65,426
Notes Receivable - shareholders	35,000	0
Intangible development costs	1,226,985	1,216,435
Investments in limited partnerships	0	0
Deferred charges	54,043	44,298
Prepaid salary	211,358	208,358
Other assets	55,765	38,179
	-----	-----
Total Other Assets	1,714,570	1,572,696
	-----	-----
Total Assets	\$11,258,356	\$10,154,869
	-----	-----

</TABLE>

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

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PEACOCK FINANCIAL CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)

<TABLE>
<CAPTION>

LIABILITIES AND EQUITY

	SEPT 30, 1996 (unaudited)	DEC 31, 1995 (audited)
<S>	<C>	<C>
Current liabilities:		
Accounts Payable - Administrative	\$149,256	\$114,395
Other Current Liabilities - Administrative	102,938	87,027
Lines of Credit	69,178	73,295
Note payable to Stockholder	16,857	16,857
	-----	-----
Current Liabilities - Administrative	338,229	291,574
	-----	-----
Accounts Payable - Rental Properties	331,722	270,989
Accounts Payable - Homebuilding	50,017	\$0
Other Current Liabilities - Rental Properties	392,431	176,137

Homebuilding Loans Payable	491,757	0
Notes payable - current portion	2,191,311	1,905,754
	-----	-----
Current Liabilities - Rental and Homebuilding	3,457,238	2,352,880
	-----	-----
Total Current Liabilities	3,795,467	2,644,454
	-----	-----
Long-term liabilities		
Notes payable - Administration	416,620	470,468
Notes payable - Rental Properties	7,863,518	7,830,413
Less Current Portion of Long-Term Liabilities	(2,191,311)	(1,905,754)
	-----	-----
Total Long-term Debt	6,088,827	6,395,127
	-----	-----
Total Liabilities	9,884,294	9,039,581
	-----	-----
COMMITMENTS AND CONTINGENCIES	0	0
	-----	-----
STOCKHOLDERS' EQUITY		
Common stock, 250,000,000 and Class A Preferred 10,000,000 authorized, par value \$.001 and \$.01; 9,942,700 Common and 672,300 Class A Preferred issued	10,615	3,256
Additional paid-in capital	2,441,540	2,326,899
Accumulated deficit	(1,078,093)	(1,214,867)
	-----	-----
Total Stockholders' Equity	1,374,062	1,115,288
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$11,258,356	\$10,154,869
	-----	-----

</TABLE>

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

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PEACOCK FINANCIAL CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	NINE MONTHS ENDED SEPT 30		THREE MONTHS ENDED SEPT 30	
	1996	1995	1996	1995
	-----	-----	-----	-----
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<S>	<C>	<C>	<C>	<C>
Revenues:				
Rental income	\$1,095,621	\$899,594	\$380,748	\$304,605
Property management income	160,848	260,967	77,164	60,356
Homebuilding administration income	132,989	0	78,629	0
Homebuilding income	1,959,163	0	1,537,036	0
Administrative income	2,250	0	1,500	0
Commissions income	67,198	29,065	40,375	0
Other income	687,331	9,130	250,256	0
	-----	-----	-----	-----
Total Revenues	4,105,400	1,198,756	2,365,708	364,961
	-----	-----	-----	-----
Expenses				
Depreciation and amortization	305,259	235,627	113,454	74,814
General and administrative	506,612	441,551	165,722	167,590
Homebuilding Costs	2,089,322	0	1,667,195	0
Property operation and administration	527,109	439,390	165,212	122,676
	-----	-----	-----	-----
Total Expenses	3,428,302	1,116,568	2,111,583	365,080
	-----	-----	-----	-----
Income (loss) from operations	677,098	82,188	254,125	(119)
	-----	-----	-----	-----

Other income (expense)				
Interest income	1,801	4,633	2	4,036
Interest expense	(541,325)	(441,051)	(168,478)	(178,051)
	-----	-----	-----	-----
Total Other Income (Expense)	(539,524)	(436,418)	(168,476)	(174,015)
	-----	-----	-----	-----
Income (loss) before taxes	137,574	(354,230)	85,649	(174,134)
Income Taxes	(800)	(800)	0	0
	-----	-----	-----	-----
Net income (loss)	\$136,774	(\$355,030)	\$85,649	(\$174,134)
	-----	-----	-----	-----
Net income (loss) per share	\$0.01	(\$0.03)	\$0.01	(\$0.02)
	-----	-----	-----	-----

</TABLE>

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

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PEACOCK FINANCIAL CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

<TABLE>
<CAPTION>

	Common Stock		Additional
	Shares	Amount	Paid-in
Accumulated			Capital
Deficit			
	-----	-----	-----
<S>	<C>	<C>	<C>
<C>			
Balance, March 31, 1995 (\$667,582)	3,186,150	\$3,186	\$2,241,455
Class A stock issued for services	20,000	20	19,980
-			
Class B stock issued for cash	50,000	50	99,950
-			
Accrued dividends	-	-	(34,486)
-			
Net income (loss) for the period from April 1, 1995 through December 31, 1995 (547,285)	-	-	-
	-----	-----	-----
Balance, December 31, 1995 (1,214,867)	3,256,150	3,256	2,326,899
	-----	-----	-----
(unaudited)			
Class A stock turned in at time of merger	(2,920,000)	(2,920)	2,920
Common Stock issued at merger (restricted)	8,867,700	8,868	93,088
Common Stock issued at merger (unrestricted)	1,075,000	1,075	(1,075)
Class B stock turned in at time of merger	(336,150)	(336)	336
Class A Preferred Stock issued at merger (restricted)	672,300	672	(672)
Additional Paid-in Capital			20,044
Net income (loss) for the period from January 1, 1996 through September 30, 1996 136,774			
	-----	-----	-----

Balance at September 30, 1996 (\$1,078,093)	10,615,000	\$10,615	\$2,441,540	
-----	-----	-----	-----	----
-----	-----	-----	-----	----

</TABLE>

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PEACOCK FINANCIAL CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

<TABLE>
<CAPTION>

	NINE MONTHS ENDED		THREE MONTHS ENDED	
	SEPT 30	SEPT 30	SEPT 30	SEPT
30				
1995	1996	1995	1996	
-----	-----	-----	-----	-----
(unaudited)	(unaudited)	(unaudited)	(unaudited)	
<S>	<C>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss) (\$174,134)	\$136,774	(\$355,030)	\$85,649	
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities	-	-	-	
Depreciation and amortization	305,259	235,727	113,454	
74,814				
Stock issued for Services	-	-	-	
Changes in operating assets and liabilities	-	-	-	
(Increase) decrease in restricted cash	144,049	-	-	
Decrease (increase) in accounts and notes receivable	(415,064)	(192,195)	(9,183)	
76,074				
Decrease (increase) in accounts receivable - related parties	(104,525)	422,639	11,849	
43,394				
Decrease (increase) in other assets	(30,331)	(303,270)	17,335	
(71,176)				
Increase (decrease) in accounts payable	145,611	(340,403)	(11,996)	
77,938				
Increase (decrease) in other liabilities	640,348	(81,636)	196,925	
(87,543)				
Increase (decrease) in Homebuilding Loans	491,757	-	(107,507)	
Increase (decrease) in intangibles	(10,550)	60,963	(5,486)	
(3,644)	-----	-----	-----	-----

Net cash provided (used) by Operating activities	1,303,328	(553,205)	291,040	
(64,277)	-----	-----	-----	-----

CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment	(1,092,012)	(1,768,711)	(133,591)	
(714,723)	-----	-----	-----	-----

Net cash provided (used) by investing activities	(1,092,012)	(1,768,711)	(133,591)	
(714,723)				
----	-----	-----	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of notes payable	0	0	(177,947)	
0				
Proceeds from long-term borrowings	(433,003)	2,403,340	0	
755,401				
Proceeds from stock offerings	122,000	5,000	20,044	
0				
----	-----	-----	-----	-----
Net cash provided (used) by financing activities	(\$311,003)	\$2,408,340	(\$157,903)	
\$755,401				
----	-----	-----	-----	-----

</TABLE>

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

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PEACOCK FINANCIAL CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

<TABLE>
<CAPTION>

	NINE MONTHS ENDED		THREE MONTHS ENDED	
	SEPT 30	SEPT 30	SEPT 30	SEPT
30				
1995	1996	1995	1996	
----	-----	-----	-----	-----
(unaudited)	(unaudited)	(unaudited)	(unaudited)	
<S>	<C>	<C>	<C>	<C>
NET INCREASE IN CASH	(\$99,687)	\$86,424	(\$454)	
(\$23,559)				
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	123,544	9,253	24,311	
119,236				
----	-----	-----	-----	-----
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$23,857	\$95,677	\$23,857	
\$95,677				
----	-----	-----	-----	-----
----	-----	-----	-----	-----

SUPPLEMENTAL DISCLOSURE OF
NON-CASH ACTIVITIES

Common Stock issued for Notes Receivable	\$110,000	-		
Common Stock issued for debt	\$7,000	-		-

SUPPLEMENTAL DISCLOSURE OF CASH FLOW
INFORMATION

Interest paid, net of amount capitalized	\$582,015	\$327,406	\$208,369	
\$146,486				
Income taxes paid	-	-		

The accompanying notes are an intergral part of these financial statements

PEACOCK FINANCIAL CORPORATION
NOTES TO CONDENSED CONSOLIDATED STATEMENTS
QUARTER ENDED SEPTEMBER 30, 1996

NOTE 1: BASIS OF PRESENTATION

GENERAL

The accompanying unaudited financial statements have been prepared in accordance with the instructions to Form 10-Q. Therefore, they do not include all information and footnotes necessary for a complete presentation of financial position, results of operations, cash flows, and stockholders' equity in conformity with generally accepted accounting principles. The Company (formerly known as Connectivity and Technologies, Inc.), was formed on February 16, 1984. Except as disclosed herein, there has been no material change in the information disclosed in the notes to the financial statements included in the Company's Form 8-K filed on February 8, 1996. In the opinion of Management, all adjustments considered necessary for a fair presentation of the results of operations and financial position have been included and all such adjustments are of a normal recurring nature. Operating results for the quarter ended September 30, 1996, are not necessarily indicative of the results that can be expected for the year ended December 31, 1996.

NOTE 2: STOCK SPLIT

At the Company's stockholder's meeting held on February 27, 1996, the stockholders approved a two hundred (200) share for one (1) share reverse split of the outstanding common shares from 215,000,000 to 1,075,000.

NOTE 3: SUBSEQUENT EVENTS

On March 27, 1996, an Acquisition Agreement and Plan of Reorganization, dated February 27, 1996, was signed by and between the Company and Peacock Financial Corporation ("Peacock") pursuant to which the Company acquired 100% of the assets of Peacock, subject to liabilities, in exchange for 7,767,702 shares of the Company's \$.001 par value common stock, constituting 78% of the 8,842,702 common shares of the Company outstanding after the transaction; and 672,300 par value \$.01 preferred shares of the Company. A true and correct copy of the Acquisition Agreement and Plan of Reorganization is included in the Company's Form 8-K filed on February 8, 1996.

ITEM 3: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

GENERAL

Peacock Financial Corporation, a developer in Southern California, assembles and processes entitlement of land for master-planned communities, builds entry-level homes and acquires distressed properties for rehabilitation. 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 lake in Southern California. Metropolitan Water District, the developer of the project, estimates the reservoir-recreation complex will be completed in 2.5 years and will attract 1.8 million visitors annually.

RESULTS OF OPERATION

MATERIAL CHANGES IN FINANCIAL CONDITION

September 30, 1996, compared to June 30, 1996:

In May 1996, the Company was awarded a tax credit by the State of California in relation to its Canyon Shadows apartments. In June 1996 the Company entered into an agreement to sell 99% of its interest in Canyon Shadows apartments and its tax credit to a group of investors. This agreement was expected to be completed by the end of the third quarter but will be completed in the fourth quarter.

MATERIAL CHANGES IN RESULTS OF OPERATION

Three months ended September 30, 1996, and 1995:

Revenue of the Company for the three months ended September 30, 1996, increased \$2,000,747 or 550% over the same period in 1995. This increase primarily is attributable to home building construction and commission income from sale of homes for projects the Company manages as a general partner for various entities.

Income from operations for the three months ended September 30, 1996,

increased \$254,244 over the same period in 1995 due to home sales on projects owned by the corporation.

Administrative expenses for the three months ended September 30, 1996, decreased (\$1,868) or (1%) over the same period in 1995.

Depreciation and amortization expense for the three months ended September 30, 1996, increased \$38,640 or 52% over the same period in 1995 due to the increase in the number of rental properties.

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PART II - OTHER INFORMATION

ITEM 1: LEGAL PROCEEDINGS

The Company is not involved in any litigation that would have a material adverse effect on the Company; and the officers and directors are aware of no threatened or pending litigation which would have a material, adverse effect on the Company.

ITEM 2: CHANGES IN SECURITIES

Not applicable.

ITEM 3: DEFAULTS ON SENIOR SECURITIES

None.

ITEM 4: SUBMISSION OF MATTER TO VOTE OF SECURITY HOLDERS

None.

ITEM 5: OTHER INFORMATION

None.

ITEM 6: EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits - none.

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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

SIGNED

/s/ Steven R. Peacock

11/21/96

Date

Steven R. Peacock
President and Chief Executive Officer

SIGNED

/s/ Jo-Ann King

11/21/96

Date

Jo-Ann King
Secretary/Treasurer

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