

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, 1997 COMMISSION FILE NO. 2-91651-D

PEACOCK FINANCIAL
CORPORATION

COLORADO
(STATE OR OTHER JURISDICTION
OF INCORPORATION OR ORGANIZATION)

87-0410039
(I.R.S. EMPLOYER
IDENTIFICATION NUMBER)

248 E. MAIN STREET
SAN JACINTO, CA.
92583

(ADDRESS AND ZIP CODE OF PRINCIPAL EXECUTIVE OFFICES)

(909) 487-8911
(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
\$0.001 PAR VALUE

10,967,296 SHARES OUTSTANDING
AS OF SEPTEMBER 30, 1997

PEACOCK FINANCIAL CORPORATION
REPORT ON FORM 10-Q

QUARTER ENDED SEPTEMBER 30, 1997

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

ASSETS

	September 30, ----- 1997 -----	December 31, ----- 1996 -----
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,162	\$ 90,987
Receivables - related parties	10,488	11,744
	-----	-----
Total Current Assets	13,650	102,731
	-----	-----
FIXED ASSETS, at cost, net of accumulated depreciation of \$147,717 and \$151,186, respectively	402,347	371,649
	-----	-----
NET ASSETS/LIABILITIES OF DISCONTINUED OPERATIONS (Note 12)	(50,360)	683,190
	-----	-----
OTHER ASSETS		
Construction-in-process	408,304	484,424
Notes receivable - related parties	200,348	140,171
Developer fees receivable	242,367	294,000
Development costs	1,224,292	1,216,036
Investments in limited partnerships	1,221,936	1,224,292
Other assets	4,383	5,201
	-----	-----
Total Other Assets	3,301,630	3,364,124
	-----	-----
TOTAL ASSETS	\$3,667,267	\$4,521,694
	-----	-----

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

LIABILITIES AND STOCKHOLDERS' EQUITY

	September 30, ----- 1997 -----	December 31, ----- 1996 -----
CURRENT LIABILITIES		
Accounts payable	\$ 270,914	\$ 295,881
Other current liabilities	99,009	336,014
Lines of credit	57,715	76,006
Notes payable - current portion	390,819	797,100
Note payable to stockholder	28,409	27,914
	-----	-----
Total Current Liabilities	846,866	1,532,915
	-----	-----
LONG-TERM DEBT		
Notes payable - long term	1,977,576	1,829,951
	-----	-----
Total Liabilities	2,824,442	3,362,866
	-----	-----

COMMITMENTS AND CONTINGENCIES

STOCKHOLDERS' EQUITY

Preferred stock: 10,000,000 shares authorized at \$0.01 par value; 672,300 and -0- shares issued and outstanding, respectively	6,723	6,723
Common stock: 250,000,000 shares authorized at \$0.001 par value; 10,967,296 and 10,695,295 shares issued and outstanding, respectively	10,967	10,695
Additional paid-in capital	2,225,234	2,215,474
Accumulated deficit	(1,400,099)	(1,074,046)
	-----	-----
Total Stockholders' Equity	842,825	1,158,828
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 3,667,267	\$ 4,521,694
	-----	-----

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

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

<TABLE>
<CAPTION>

	For 9 Months Ended		For 3 Months Ended	
	September 30, 1997	September 30, 1996	September 30, 1997	September 30, 1996
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
REVENUES				
Home building and development sales	\$ 1,802,591	\$ 2,094,402	\$ 761,606	\$ 1,672,275
Property management and administration income	3,867	151,848	-	22,055
Commissions income	6,977	67,199	1,530	40,376
Other income	69,632	15,416	53,433	8,752
	-----	-----	-----	-----
Total Revenues	1,883,067	2,328,865	816,569	1,743,458
	-----	-----	-----	-----
EXPENSES				
Home building and development costs	1,799,513	2,089,923	761,606	1,667,796
General and administrative	441,554	509,644	122,799	167,529
Depreciation and amortization	200	7,371	-	2,457
	-----	-----	-----	-----
Total Expenses	2,241,267	2,606,938	884,405	1,837,782
	-----	-----	-----	-----
LOSS FROM CONTINUING OPERATIONS	(358,200)	(278,073)	(67,836)	(94,324)
	-----	-----	-----	-----
OTHER INCOME (EXPENSE)				
Interest income	-	1,000	-	-
Interest expense	(181,979)	(61,590)	(98,723)	(22,980)
Other expense	(1,600)	-	-	-
	-----	-----	-----	-----
Total Other Income (Expense)	(183,579)	(60,590)	(98,723)	(22,980)
	-----	-----	-----	-----
LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(541,779)	(338,663)	(166,559)	(117,304)
	-----	-----	-----	-----
INCOME TAXES	-	-	-	-
NET LOSS FROM CONTINUING OPERATIONS	(541,779)	(338,663)	(166,559)	(117,304)
	-----	-----	-----	-----
DISCONTINUED OPERATIONS				

Income from operations of discontinued segment	80,068	232,830	91,021	(39,654)
Gain on disposal of discontinued segment	135,676	241,504	-	241,504
	-----	-----	-----	-----

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

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Total Discontinued Operations	215,744	474,334	92,021	201,850
	-----	-----	-----	-----

</TABLE>

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

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

<TABLE>
<CAPTION>

	For 9 Months Ended		For 3 Months Ended	
	September 30, 1997	September 30, 1996	September 30, 1997	September 30, 1996
	-----	-----	-----	-----
NET INCOME (LOSS)	<C> \$ (326,035)	<C> \$ 135,671	<C> \$ (75,538)	<C> \$ 84,546
	-----	-----	-----	-----
EARNINGS (LOSS) PER SHARE				
Continued operations	\$ (0.05)	\$ (0.04)	\$ (0.02)	(0.01)
Discontinued operations	0.02	0.06	0.01	0.02
	-----	-----	-----	-----
EARNINGS (LOSS) PER SHARE	\$.03	\$ 0.02	\$ (0.01)	\$ 0.01
	-----	-----	-----	-----
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	10,831,295	7,844,581	10,831,295	7,844,581
	-----	-----	-----	-----

</TABLE>

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

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

<TABLE>
<CAPTION>

Accumulated	Preferred Stock		Common Stock		Additional Paid-in	Deficit
	Shares	Amount	Shares	Amount	Capital	
	-----	-----	-----	-----	-----	-----
Balance, March 31, 1994	<C> -	<C> \$ -	<C> 2,136,304	<C> \$ 2,136	<C> \$1,910,998	<C> \$(345,718)
Stock issued for services	-	-	848,696	849	7,638	-

Accrued dividends	-	-	-	-	(10,200)	-
Class B stock issued for debt	-	-	184,900	185	369,800	-
Class B stock issued for cash	-	-	16,250	16	32,299	-
Stock offering costs charged to paid-in capital	-	-	-	-	(69,080)	-
Net loss for the year ended March 31, 1995	-	-	-	-	-	(321,864)
-	-	-	-	-	-	-
Balance, March 31, 1995	-	-	3,186,150	3,186	2,241,455	(667,582)
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 loss for the period from April 1, 1995 to December 31, 1995	-	-	-	-	-	(547,285)
-	-	-	-	-	-	-
Balance, December 31,	-	-	-	-	-	-

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

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1995	-	\$ -	3,256,150	\$ 3,256	\$ 2,326,899	\$ (1,214,867)
-	-	-	-	-	-	-

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

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

<TABLE>
<CAPTION>

Accumulated	Preferred Stock		Common Stock		Additional Paid-in Capital	Deficit
	Shares	Amount	Shares	Amount		
---	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, December 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	-
Common stock issued	-	-	-	-	-	-

for service	-	-	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)
Net Loss for the period ended September 30, 1997	-	-	-	-	-	(326,035)
-	-	-	-	-	-	-
Balance September 30, 1997	672,300	\$ 6,723	10,695,295	\$ 10,695	\$ 2,215,474	\$ (1,400,099)
-	-	-	-	-	-	-
-	-	-	-	-	-	-

</TABLE>

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

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

	For the 9 Months Ended	
	September 30, 1997	September 30, 1996
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ (326,035)	\$135,671
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	200	7,849
Discontinued operations	733,551	396,598
Changes in operating assets and liabilities:		
(Increase) decrease in accounts and notes receivable	51,633	940
(Increase) decrease in accounts receivable - related parties	(58,922)	(349,686)
(Increase) decrease in other assets	(5,082)	214,377
Increase (decrease) in accounts payable	(24,967)	95,524
Increase (decrease) in other liabilities	(255,296)	(16,259)
	-----	-----
Net Cash Used by Operating Activities	115,082	485,014
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction in progress	76,120	(611,037)
Purchase of property and equipment	(30,898)	(208,120)
	-----	-----
Net Cash Used by Investing Activities	45,222	(819,157)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Due to shareholders	495	(16,857)
Repayment of notes payable	(406,281)	(116,603)
Proceeds from long-term borrowings	147,625	102,887
Proceeds from stock offerings	10,032	102,873
	-----	-----

Net Cash Provided by Financing Activities	\$ (248,129)	\$ 72,300
	-----	-----

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

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

	For the 9 Months Ended	
	September 30, 1997	September 30, 1996
	-----	-----
NET INCREASE IN CASH	\$ (87,825)	\$ (261,843)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	90,987	267,593
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 3,162	\$ 5,750
	-----	-----
	-----	-----
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES		
Common stock issued for debt	\$ -	\$ -
Common stock issued for services	\$ -	\$ -
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid, net of amount capitalized	\$2,355	\$ -
Income taxes paid	\$ -	\$ -

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

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

- The interim financial statements are prepared pursuant to the requirements for reporting on Form 10-QSB. The December 31, 1996, 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, 1996. 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 SEPTEMBER 30, 1997, COMPARED TO THE THREE MONTHS ENDED SEPTEMBER 30, 1996.

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 September 30, 1997, decreased by

\$926,889 or 53% to \$816,569 from \$1,743,458 for the three months ended September 30, 1997. This decrease resulted from reduction in home building as well as decrease in property management and administration revenues.

EXPENSES. Total expenses for the three months ended September 30, 1997, decreased by \$953,377 or 52% to \$884,405 from \$1,837,782 for the three months ended September 30, 1997. This decrease resulted from lower home building development costs. General and administrative expenses for the three months ended September 30, 1997, decreased by \$44,730 or 27% to \$122,799 from \$167,529 for the three months September 30, 1997.

RESULTS OF OPERATIONS - NINE MONTHS ENDED SEPTEMBER 30, 1997, COMPARED TO THE NINE MONTHS ENDED JUNE 30, 1996.

REVENUES. Revenues for the nine months ended September 30, 1997, decreased by \$445,798 or 19% to \$1,883,067 from \$2,328,865 for the nine months ended September 30, 1997. This decrease resulted from reduction in home building as well as decrease in property management and administration income.

EXPENSES. Total expenses for the nine months ended September 30, 1997, decreased by \$365,671 or 14% to \$2,241,267 from \$2,606,938 for the nine months ended September 30, 1997. This decrease resulted from lower home building development costs. General and administrative expenses for the nine months ended September 30, 1997, decreased by \$68,090 or 13% to \$441,554 from \$509,644 for the nine months ended September 30, 1997.

CHANGES IN FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCE.

For the nine months ended September 30, 1997, the Company funded its operations and capital requirements partially with its own capital and partially with loans from related parties. As of September 30, 1997, the Company had cash of \$3,162.

Net cash generated from the operating activities increased by \$115,082 compared to increase of \$485,014 for the nine months ended September 30, 1997 and 1996 respectively. The increase resulted mainly from the discontinued operations.

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Net cash from investing activities increased by \$45,222 compared to reduction of \$819,157 for the prior year. These are mainly as the result of construction in progress.

Net cash used in financing activities decreased by \$248,129 compared to increase of \$72,300 for the nine months ended September 30, 1997 and 1996, respectively.

At September 30, 1997 and 1996, the Company had \$1,977,576 and \$1,853,228 of long-term debt respectively.

The Company is in the process to raise a three-year \$10,000,000 loan for real estate development as well as for working capital.

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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

Date

Steven R. Peacock
President and Chief Executive Officer

----- Date
Joy M. Hunt
Secretary/Treasurer

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