

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 JUNE 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 10,967,296 SHARES OUTSTANDING
\$0.001 PAR VALUE AS OF JUNE 30, 1997

PEACOCK FINANCIAL CORPORATION
REPORT ON FORM 10-Q

QUARTER ENDED JUNE 30, 1997

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

ASSETS

	June 30, ----- 1997 -----	December 31, ----- 1996 -----
CURRENT ASSETS		
Cash and cash equivalents	\$ 15,319	\$ 90,987
Receivables - related parties	18,247	11,744
	-----	-----
Total Current Assets	33,566	102,731
	-----	-----
FIXED ASSETS, at cost, net of accumulated depreciation of \$147,717 and \$151,186, respectively		
	402,065	371,649
	-----	-----
NET ASSETS/LIABILITIES OF DISCONTINUED OPERATIONS (Note 12)		
	(57,161)	683,190
	-----	-----
OTHER ASSETS		
Construction-in-process	401,803	484,424
Notes receivable - related parties	161,051	140,171
Developer fees receivable	258,000	294,000
Development costs	1,223,436	1,216,036
Investments in limited partnerships	1,224,292	1,224,292
Other assets	3,458	5,201
	-----	-----
Total Other Assets	3,272,040	3,364,124
	-----	-----
TOTAL ASSETS	\$3,650,510	\$4,521,694
	-----	-----
	-----	-----

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

LIABILITIES AND STOCKHOLDERS' EQUITY

	June 30, ----- 1997 -----	December 31, ----- 1996 -----
CURRENT LIABILITIES		
Accounts payable	\$ 267,801	\$ 295,881
Other current liabilities	76,558	336,014
Lines of credit	65,630	76,006
Notes payable - current portion	399,446	797,100
Note payable to stockholder	30,409	27,914
	-----	-----
Total Current Liabilities	839,844	1,532,915
	-----	-----
LONG-TERM DEBT		
Notes payable - long term	1,892,302	1,829,951
	-----	-----
Total Liabilities	2,732,146	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	(1,324,560)	(1,074,064)
	-----	-----
Total Stockholders' Equity	918,364	1,158,828
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 3,650,510	\$ 4,521,694
	-----	-----

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, 1997	June 30, 1996	June 30, 1997	June 30, 1996
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
REVENUES				
Home building and development sales	\$1,040,985	\$ 422,127	\$ 336,697	\$ 422,127
Property management and administration income	3,867	129,793	1,900	63,241
Commissions income	5,447	26,823	633	618
Other income	16,199	6,664	14,072	(8,143)
	-----	-----	-----	-----
Total Revenues	1,066,498	585,407	353,302	477,843
	-----	-----	-----	-----
EXPENSES				
Home building and development costs	1,037,907	422,127	339,757	422,127
General and administrative	318,755	342,115	133,888	191,099
Depreciation and amortization	200	4,914	-	2,457
	-----	-----	-----	-----
Total Expenses	1,356,862	769,156	473,645	615,683
	-----	-----	-----	-----
LOSS FROM CONTINUING OPERATIONS	290,364	183,749	120,343	137,840
	-----	-----	-----	-----
OTHER INCOME (EXPENSE)				
Interest income	-	1,000	-	-
Interest expense	(83,256)	(38,610)	78,389	(25,094)
Other expense	(1,600)	-	-	-
	-----	-----	-----	-----
Total Other Income (Expense)	(84,856)	(37,610)	78,389	(25,094)
(LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(375,220)	(221,359)	(198,732)	(162,934)
	-----	-----	-----	-----
INCOME TAXES	-	-	-	-
	-----	-----	-----	-----
NET (LOSS) FROM CONTINUING OPERATIONS	(375,220)	(221,359)	(198,732)	(162,934)
	-----	-----	-----	-----
DISCONTINUED OPERATIONS (Note 12)				
Income (Loss) from operations of discontinued segment	(10,953)	272,484	50,634	331,773
Gain on disposal of discontinued segment	135,677	-	135,677	-

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

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Total Discontinued Operations	124,724	272,484	186,311	331,773
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</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, 1997	June 30, 1996	June 30, 1997	June 30, 1996
	<C>	<C>	<C>	<C>
NET INCOME (LOSS)	\$ (250,496)	\$ 51,125	\$ (12,421)	\$ 168,839
EARNINGS (LOSS) PER SHARE				
Continued operations	\$ (0.03)	\$ (0.03)	\$ (0.02)	(0.02)
Discontinued operations	0.01	0.02	0.02	0.04
EARNINGS (LOSS) PER SHARE	\$ 0.02	\$ 0.01	\$ -	\$ 0.02
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 financial statements.

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

<TABLE>
<CAPTION>

Accumulated Deficit	Preferred Stock		Common Stock		Additional Paid-in Capital
	Shares	Amount	Shares	Amount	
	<C>	<C>	<C>	<C>	<C>
Balance, March 31, 1994 \$(345,718)	-	\$ -	2,136,304	\$ 2,136	\$1,910,998
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 (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 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 financial statements.

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

</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 Stockholders' Equity (Continued)

<TABLE>
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Accumulated	Preferred Stock		Common Stock		Additional Paid-in
	Shares	Amount	Shares	Amount	Capital
Deficit	-----	-----	-----	-----	-----
-----	<C>	<C>	<C>	<C>	<C>
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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 (1,074,064)	672,300	6,723	10,695,295	10,695	2,215,474	-
Net Loss for the period ended June 30, 1997 (250,496)	-----	-----	-----	-----	-----	-
Balance June 30, 1997 \$(1,324,560)	672,300	\$6,723	10,695,295	\$10,695	\$2,215,474	-
	-----	-----	-----	-----	-----	-
	-----	-----	-----	-----	-----	-

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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 Cash Flows

	June 30, 1997	June 30, 1996
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ (250,496)	\$ 51,125
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	200	5,392
Discontinued operations	740,352	493,654
Changes in operating assets and liabilities:		
(Increase) decrease in accounts and notes receivable	36,000	940
(Increase) decrease in accounts receivable - related parties	(27,384)	(347,145)
(Increase) decrease in other assets	(5,657)	271,871
Increase (decrease) in accounts payable	(28,080)	38,137
Increase (decrease) in other liabilities	(269,832)	(26,079)

Net Cash Used by Operating Activities	(195,103)	487,895
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction in progress	82,621	(651,027)
Purchase of property and equipment	(30,616)	(57,995)
Net Cash Used by Investing Activities	52,005	(709,022)
CASH FLOWS FROM FINANCING ACTIVITIES		
Due to shareholders	2,495	(16,857)
Repayment of notes payable	(397,654)	(116,603)
Proceeds from long-term borrowings	62,351	(5,074)
Proceeds from stock offerings	10,032	96,164
Net Cash Provided by Financing Activities	\$ (322,776)	\$ (42,370)

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 Cash Flows (Continued)

	For the 6 Months Ended	
	June 30, 1997	June 30, 1996
	-----	-----
NET INCREASE IN CASH	\$ (75,668)	\$ (263,497)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	90,987	267,593
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 15,319	\$ 4,096
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	\$ 1,399	\$ 36,610
Income taxes paid	\$ -	\$ -

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

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PEACOCK FINANCIAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 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.

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, 1997, COMPARED TO THE THREE MONTHS ENDED JUNE 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 June 30, 1997, decreased by \$124,541 or 26% to \$353,302 from \$477,843 for the three months ended June 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 June 30, 1997, decreased by \$142,038 or 23% to \$473,645 from \$615,683 for the three months ended June 30, 1997. This decrease resulted from lower home building development costs. General and administrative expenses for the three months ended June 30, 1997, decreased by \$57,211 or 30% to \$133,888 from \$191,099 for the three months June 30, 1997.

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

REVENUES. Revenues for the six months ended June 30, 1997, increased by \$481,091 or 82% to \$1,066,498 from \$585,407 for the six months ended June 30, 1997. This increase resulted from increased home building offset by a decrease in property management and administration income.

EXPENSES. Total expenses for the six months ended June 30, 1997, increased by \$587,706 or 76% to \$1,356,862 from \$769,156 for the six months ended June 30, 1997. This increase resulted from higher home building development costs. General and administrative expenses for the six months ended June 30, 1997, decreased by \$23,360 or 7% to \$318,755 from \$342,115 for the six months ended June 30, 1997.

CHANGES IN FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCE.

For the six months ended June 30, 1997, the Company funded its operations and capital requirements partially with its own capital and partially with loans from related parties. As of June 30, 1997, the Company had cash of \$15,319.

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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