

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1998 Commission File No. 2-91651-D

Peacock Financial Corporation

Colorado 87-0410039
(State or other jurisdiction of incorporation or (I.R.S. Employer Identification
organization) 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.

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 16,164,972 Shares Outstanding
\$0.001 par value as of September 30, 1998

PEACOCK FINANCIAL CORPORATION
REPORT ON FORM 10-Q

QUARTER ENDED SEPTEMBER 30, 1998

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

ASSETS

<TABLE>
<CAPTION>

	September 30, 1998	December 31, 1997
	-----	-----
<S>	<C>	<C>
CURRENT ASSETS		
Cash and cash equivalents	\$ 7,632	\$ 14,777
	-----	-----
Total Current Assets	7,632	14,777
	-----	-----
FIXED ASSETS, at cost, net of accumulated depreciation of \$69,797 and \$66,980, respectively	377,282	359,215
	-----	-----
OTHER ASSETS		
Construction-in-process	175	374,397
Notes receivable - related parties	253,199	230,067
Developer fees receivable	174,978	226,000
Development costs	1,216,036	1,216,036
Investments in limited partnerships	1,224,292	1,224,292
Other assets	12,661	11,926
	-----	-----
Total Other Assets	2,881,342	3,287,718
	-----	-----
TOTAL ASSETS	\$ 3,266,256	\$ 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>

	September 30, 1998	December 31, 1997
	-----	-----
<S>	<C>	<C>
CURRENT LIABILITIES		

Accounts payable	\$	211,974	\$	219,934
Other current liabilities		239,524		189,423
Lines of credit		40,771		50,585
Notes payable - current portion		1,024,524		1,147,871
Note payable to stockholder		13,711		23,869
		-----		-----
Total Current Liabilities		1,530,504		1,631,682
		-----		-----
LONG-TERM DEBT				
Notes payable - long term		510,937		532,217
		-----		-----
Total Liabilities		2,041,441		2,154,899
		-----		-----
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; 16,164,972 and 11,763,797 shares issued and outstanding, respectively		16,165		11,764
Additional paid-in capital		3,084,367		2,335,379
Accumulated deficit		(1,882,440)		(852,055)
		-----		-----
Total Stockholders' Equity		1,224,815		1,501,811
		-----		-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$	3,266,256	\$	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>

Ended	For 9 Months Ended		For 3 Months	
	September 30, 1998	September 30, 1997	September 30, 1998	
	-----	-----	-----	
September 30, 1997	September 30, 1998	September 30, 1997	September 30, 1998	
	-----	-----	-----	
<S>	<C>	<C>	<C>	
<C>				
REVENUES				
Home building and development sales	\$ 453,412	\$ 1,802,591	\$ 139,544	\$
761,606				
Property management and administration income	3,300	3,867	1,200	
-				
Commissions income	-	6,977	-	
1,530				
Other income	14,283	69,632	4,697	
53,433				
	-----	-----	-----	
Total Revenues	470,995	1,883,067	145,441	

816,569			

EXPENSES			
Home building and development costs	540,602	1,799,513	139,544
761,606			
General and administrative	883,118	441,554	393,930
122,799			
Depreciation and amortization	2,817	200	939
-			

Total Expenses	1,426,537	2,241,267	534,413
884,405			

LOSS FROM CONTINUING OPERATIONS	(955,542)	(358,200)	(388,972)
67,836)			

OTHER INCOME (EXPENSE)			
Interest expense	(72,443)	(181,979)	(24,264)
(98,723)			
Other expense	(2,400)	(1,600)	(1,600)
-			

Total Other Income (Expense)	(74,843)	(183,579)	(25,864)
(98,723)			

LOSS FROM CONTINUING OPERATIONS			
BEFORE INCOME TAXES	(1,030,385)	(541,779)	(414,836)
(166,559)			

INCOME TAXES	-	-	-
-			

NET LOSS FROM CONTINUING OPERATIONS	(1,030,385)	(541,779)	(414,836)
(166,559)			

DISCONTINUED OPERATIONS			
Income from operations of discontinued			
segment	-	80,068	-
91,021			
Gain on disposal of discontinued segment	-	135,676	-
-			

Total Discontinued Operations	-	215,744	-
91,021			

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

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

<TABLE>
<CAPTION>

Months Ended	For 9 Months Ended		For 3
	September 30,	September 30,	September 30,
-----	-----	-----	-----
September 30,	September 30,	September 30,	September 30,

1997	1998	1997	1998
<S>	<C>	<C>	<C>
<C>			
NET INCOME (LOSS)	\$ (1,030,385)	\$ (326,035)	\$ (414,836)
\$ (75,538)			
EARNINGS (LOSS) PER SHARE			
Continued operations	\$ (0.07)	\$ (0.05)	\$ (0.03)
\$ (0.02)			
Discontinued operations	-	0.02	-
0.01			
EARNINGS (LOSS) PER SHARE			
\$ (0.01)	\$ (0.07)	\$ (0.03)	\$ (0.03)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING			
10,831,295	14,705,959	10,831,295	10,375,373

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

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

<TABLE>
<CAPTION>

Paid-in	Preferred Stock		Additional Common Stock		
	Shares	Amount	Shares	Amount	Capital
Accumulated					
Deficit					
<S>	<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

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/(loss) 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>

Paid-in	Preferred Stock		Additional Common Stock		
	Shares	Amount	Shares	Amount	Capital
Accumulated Deficit	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>
<C>					
Net income/(loss) for the period 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	-	-	1,643,819	1,644	296,092
-					
Common stock issued for services	-	-	2,757,356	2,757	470,275
-					
Accrued dividends	-	-	-	-	(17,379)

Net income/(loss) for the year ended September 30, 1998	-	-	-	-	-
(1,030,385)					
Balance September 30, 1998	672,300	\$ 6,723	16,164,972	\$ 16,165	\$ 3,084,367
\$ (1,882,440)					

</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 Cash Flows

<TABLE>
<CAPTION>

	For the 9 Months Ended	
	September 30, 1998	September 30, 1997
	-----	-----
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ (1,030,385)	\$ (326,035)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	2,817	200
Discontinued operations	-	733,551
Changes in operating assets and liabilities:		
(Increase) decrease in accounts and notes receivable	51,022	51,633
(Increase) decrease in accounts receivable - related parties	(23,132)	(58,922)
(Increase) decrease in other assets	(735)	(5,082)
Increase (decrease) in accounts payable	(7,962)	(24,967)
Increase (decrease) in other liabilities	40,287	(255,296)
	-----	-----
Net Cash Used by Operating Activities	(968,088)	115,082
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction in progress	374,222	76,120
Purchase of property and equipment	(20,884)	(30,898)
	-----	-----
Net Cash Used by Investing Activities	353,338	45,222
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Due to shareholders	(10,158)	495
Repayment of notes payable	(123,346)	(406,281)
Proceeds from long-term borrowings	(12,280)	147,625
Proceeds from stock offerings	753,389	10,032
	-----	-----
Net Cash Provided by Financing Activities	\$ 607,605	\$ (248,129)
	-----	-----

</TABLE>

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

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

<TABLE>
<CAPTION>

	For the 9 Months Ended	
	September 30, 1998	September 30, 1997
	-----	-----
<S>	<C>	<C>
NET INCREASE IN CASH	\$ (7,145)	\$ (87,825)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	14,777	90,987
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 7,632	\$ 3,162
	-----	-----
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES		
Common stock issued for debt	\$ -	\$ -
Common stock issued for services	\$ 470,275	\$ -
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid, net of amount capitalized	\$ 25,999	\$ 2,355
Income taxes paid	\$ -	\$ -

</TABLE>

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

PEACOCK FINANCIAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 1998

- 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.

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, 1998, compared to the three months ended September 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 September 30, 1998, decreased by \$671,128 or 83% to \$145,441 from \$816,569 for the three months ended September 30, 1997. This decrease resulted from reduction in home building as well as a decrease in administration revenues.

Expenses. Total expenses for the three months ended September 30, 1998, decreased by \$349,992 or 40% to \$534,413 from \$884,405 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, 1998, increased by \$271,131 or 69% to \$393,930 from \$122,799 for the three months September 30, 1997, primarily due to the increase in issue of common stock for services.

Results of Operations - Nine months ended September 30, 1998, compared to the nine months ended September 30, 1997.

Revenues. Revenues for the nine months ended September 30, 1998, decreased by \$1,412,072 or 75% to \$470,995 from \$1,883,067 for the nine months ended September 30, 1997. This decrease resulted from reduction in home building as well as a decrease in administration income.

Expenses. Total expenses for the nine months ended September 30, 1998, decreased by \$814,730 or 37% to \$1,426,537 from \$2,241,267 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, 1998, increased by \$441,564 or 50% to \$883,118 from \$441,554 for the nine months ended September 30, 1997, primarily due to the increase in issue of common stock for services.

Changes in Financial Condition, Liquidity and Capital Resource.

For the nine months ended September 30, 1998, the Company funded its operations and capital requirements partially with its own capital and partially with loans from related parties. As of September 30, 1998, the Company had cash of \$7,632.

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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
(Registrant)

November 10, 1998

Date

/S/ STEVEN R. PEACOCK

Steven R. Peacock
President and Chief Executive Officer

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