

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB/A

(Mark One)

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

For the quarterly period ended December 31, 1996

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _____ to _____

Commission file number _____

INTERUNION FINANCIAL CORPORATION

(Exact name of small business issuer as specified in its charter)

Delaware 87-0520294

(State or other jurisdiction of (IRS Employer Identification No.)
incorporation or organization)

249 Royal Palm Way, Suite 301 H, Palm Beach, Fl 33480

(Address of principal executive offices) (Zip Code)

(561) 820-0084

(Issuer's telephone number)

(Former name, former address and former fiscal year, if changed since last
report)

Check whether the issuer (1) filed all reports required to be filed by section
13 or 15(d) of the Exchange Act during the past 12 months (or 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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant filed all documents and reports required to be
filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of
securities under a plan confirmed by a court. Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of share outstanding of each of the issuer's classes of common
equity, as of the latest practicable date: \$0.001 Par Value Common Shares -
969,714 as of December 31, 1996.

Transitional Small Business Disclosure Format (Check One) Yes No

PART I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

INTERUNION FINANCIAL CORPORATION
CONSOLIDATED STATEMENT OF OPERATIONS AND DEFICIT
FOR THE SIX MONTHS ENDED DECEMBER 31, 1996
(Expressed in U.S. Dollars)

<TABLE>
<CAPTION>

	9 mos ended Dec-96	9 mos ended Dec-95	12 mos ended Mar-96	12 mos ended Mar-95	
	<C>	<C>	<C>	<C>	
REVENUES					
Commissions, trading & investment income		3,443,639	2,919,984	4,500,899	3,971,160
Sales	1,966,380				
Fee Revenue	465,950	1,153,465	1,356,297	56,907	
	-----	-----	-----	-----	
	5,875,969	4,073,449	5,857,196	4,028,067	
	-----	-----	-----	-----	
EXPENSES					
Cost of Goods Sold	1,966,380				
Selling, Marketing & Research	2,633,920	3,113,672	4,207,289	2,868,886	
Salaries & Benefits	854,072	511,131	759,361	291,687	
General & Administration	525,580	471,474	702,938	796,673	
Other Expenses	(1,990)	(320)	13,132		
Foreign Exchange Loss (Gain)	10,689	(19,892)	(20,902)	(247)	
Interest & Bank Charges Expense (Income)		(17,956)	(30,620)	(37,337)	5,830
Amortization & Depreciation	246,844	163,301	218,084	24,272	
	-----	-----	-----	-----	
	6,217,539	4,208,746	5,842,565	3,987,101	
	-----	-----	-----	-----	
PROFIT (LOSS) FROM CONTINUING OPERATIONS					
	(341,570)	(135,297)	14,631	40,966	
Loss from Discontinued Operation			(94,252)	(94,252)	(184,845)
Gain on Disposal of Discontinued Assets			409,418	409,418	
	-----	-----	-----	-----	
PROFIT (LOSS) FOR THE PERIOD - BEFORE INCOME TAXES			(341,570)	179,869	329,797
				(143,879)	
PROVISION FOR INCOME TAXES (RECOVERABLE)			5,111	8,236	28,231
				9,441	
NET PROFIT (LOSS) FOR THE PERIOD		(346,681)	171,633	301,566	(134,438)
RETAINED EARNINGS (DEFICIT) - BEGINNING OF PERIOD			167,128	(134,438)	(134,438)
				0	
RETAINED EARNINGS (DEFICIT) - END OF PERIOD			(179,553)	37,195	167,128
				(134,438)	
	=====	=====	=====	=====	
FINANCIAL OVERVIEW					
Common Shares Outstanding	969,714	566,572	692,572	369,058	
Weighted Average Shares Outstanding	807,984	490,866	501,335	157,531	
EPS - From Continuing Operations	(0.43)	(0.26)	0.03	0.26	
EPS - After Discontinued Operations	(0.43)	0.35	0.60	(0.85)	

</TABLE>

See Accompanying Notes

INTERUNION FINANCIAL CORPORATION
CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 1996
(Expressed in U.S. Dollars)

<TABLE>
<CAPTION>

	9 mos ended Dec-96	9 mos ended Dec-95	12 mos ended Mar-96	12 mos ended Mar-95	
<S>	<C>	<C>	<C>	<C>	
CURRENT ASSETS					
Cash	587,912	821,471	722,795	490,681	
Due from brokers and dealers		374,455	284,791	1,168,190	172,944
Client deposits	932,037	1,508,579	2,093,966	21,147,890	
Marketable securities	627,911	152,776	2,625,585	15,682,071	
Accounts receivable	588,819	390,150	208,727	55,262	
Income tax receivable	26,294	21,207	1,597	15,866	
Sundry assets and prepaid expenses		114,071	41,377	75,906	31,615
	3,251,499	3,220,351	6,896,766	37,596,329	
CAPITAL ASSETS					
		852,621	966,254	948,892	933,380
START-UP COSTS		372,983	365,536	438,803	
LONG TERM INVESTMENTS		1,038,844	912,939	913,834	900,361
DEFERRED CHARGES		165,342	195,789	184,944	234,574
GOODWILL AND NON-CURRENT ASSETS			1,043,574	1,100,756	1,086,461
DISCONTINUED ASSETS				240,693	1,143,982
	3,473,364	3,541,274	3,572,934	3,452,990	
	6,724,683	6,761,625	10,469,700	41,049,319	
CURRENT LIABILITIES					
Due to brokers and dealers		133,735	2,499,665	30,168,593	
Due to clients	831,710	1,564,155	3,035,310	6,368,681	
Accounts payable and accrued liabilities		1,396,812	1,103,036	675,623	283,459
	2,228,522	2,800,926	6,210,598	36,820,733	
DUE TO RELATED PARTIES					
			119,462	100,873	
DISCONTINUED LIABILITIES				499,377	
	0	0	119,462	600,250	
SHAREHOLDERS EQUITY					
Capital Stock and additional paid-in capital		4,675,894	3,744,767	3,972,512	3,762,774
Retained Earnings (Deficit)		(179,553)	37,195	167,128	(134,438)
	4,496,341	3,781,962	4,139,640	3,628,336	
	6,724,863	6,761,625	10,469,700	41,049,319	

</TABLE>

See Accompanying Notes

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE NINE MONTHS ENDED DECEMBER 31, 1996
(Expressed in U.S. Dollars)

<TABLE>
<CAPTION>

	9 mos ended Dec-96	9 mos ended Dec-95	12 mos ended Mar-96	12 mos ended Mar-95			
<S>	<C>	<C>	<C>	<C>			
OPERATING ACTIVITIES							
Net Income (Loss)	(346,681)	171,633	301,566	(134,438)			
Amortization	246,844	163,301	218,084	24,272			
Gain on disposition of discontinued operations			(409,418)	(409,418)			
	(99,837)	(74,484)	110,232	(110,166)			
Increase (decrease) in due to brokers and dealers, net	(1,705,930)	(30,146,705)	(28,664,174)	29,995,649			
Increase (decrease) in due to clients	(1,041,671)	14,834,785	15,720,553	(14,779,209)			
Increase (decrease) in marketable securities		1,997,674	15,529,295	13,056,486	(15,682,071)		
Increase (decrease) in accounts receivable & sundry assets	(442,954)	(349,991)	(183,487)	(102,741)			
Decrease (increase) in accounts payable and accrued liabilities	721,189	819,577	392,164	283,460			
CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(571,529)	587,707	431,774	(395,078)			
FINANCING ACTIVITIES							
Capital stock and additional paid-in capital issued	703,382	395,000	555,000	3,762,774			
Increase (decrease) in due to related parties		(119,462)	77,864	18,589	100,872		
CASH PROVIDED (USED) BY FINANCING ACTIVITIES	583,920	472,864	573,589	3,863,646			
INVESTING ACTIVITIES							
Capital assets	(5,288)	(131,768)	(132,533)	(957,653)			
Start-up costs		(365,536)	(438,803)				
Long term investments		(12,578)	(13,472)	(900,361)			
Deferred & Reorganization Costs		(16,976)	14,015	(61,632)	(234,574)		
Goodwill			(1,143,982)				
Investment in subsidiaries	(125,010)			(507,456)			
Acquisition Costs							
Discontinued operations		(258,684)	(126,809)	258,684			
CASH PROVIDED (USED) IN INVESTING ACTIVITIES	(147,274)	(754,551)	(773,249)	(3,485,343)			
INCREASE (DECREASE) IN CASH	(134,883)	330,790	232,114	(16,775)			
CASH - BEGINNING OF YEAR	722,795	490,681	490,681	490,681			
CASH ACQUIRED ON ACQUISITION OF SUBSIDIARIES		507,456					
CASH - END OF YEAR	587,912	821,471	722,795	490,681			

</TABLE>

See Accompanying Notes

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. Interim information is unaudited; however, in the opinion of the Company's

management, all adjustments necessary for a fair statement of interim results have been included in accordance with Generally Accepted Accounting Principles in Canada. All adjustments are of a normal recurring nature unless specified in a separate note included in these Notes to Consolidated Financial Statements. The results for interim periods are not necessarily indicative of results to be expected for the entire year. These financial statements and notes should be read in conjunction with the Company's annual consolidated financial statements and the notes thereto for the fiscal year ended March 31, 1996, included in its Form 10-SB/A for the year ended March 31, 1996 (the "1996 Form 10-SB/A"). As of March 31, 1997, the Company will report solely under US GAAP.

2. In the second quarter of 1997, the Company issued 277,142 common shares for gross proceeds to the Company of US\$759,710. The Company incurred approximately US\$56,328 in costs associated with the issuance of these common shares: these costs are accounted for as a deduction from the gross proceeds.

3. Earnings per share is computed using the weighted average number of common shares outstanding during the period. Loss per share is computed using the weighted average number of common shares outstanding during the period.

4. Reconciling Canadian GAAP to U.S. GAAP: The following is a reconciliation of Net Income under Canadian GAAP to U.S. GAAP for the 9 months ending December 31.

<TABLE>
<CAPTION>

	1996	1995
	----	----
	<C>	<C>
Net Income (Loss), in accordance with Canadian GAAP	(346,681)	171,633
Start-up Costs	65,820	(365,536)
Reorganization Costs	40,586	36,419
Deferred Costs	(16,979)	--
Acquisitions	(53,723)	(401,832)
	-----	-----
Net Income (Loss), in accordance with U.S. GAAP	(310,977)	(559,316)
Retained Earning, Opening	(1,328,128)	(823,502)
	-----	-----
Retained Earning, Ending	(1,639,105)	(1,382,818)
	=====	=====

</TABLE>

The following is a reconciliation of Shareholders' Equity under Canadian GAAP to U.S. GAAP as at December 31.

<TABLE>
<CAPTION>

	1996	1995
	----	----
	<C>	<C>
Shareholders' Equity, in accordance with Canadian GAAP	4,496,341	3,781,962
Start-up Costs	(372,983)	(365,536)
Reorganization Costs	(139,660)	(193,457)
Deferred Costs	(16,979)	--
Long-term Investments	(773,834)	(773,834)
Acquisitions	233,368	(42,984)
Shareholders's Equity, in accordance with U.S. GAAP	3,426,253	2,406,151

</TABLE>

Below is a summary of the reconciliation note that can be obtained in the Company's Consolidated Financial Statements. In addition, any new information has been added.

a) Start-up Costs: The Company's policy as permissible under Canadian GAAP has been to capitalize the result of the first year of operation for the auction house. Under U.S. GAAP, these amounts are charged to earnings as incurred.

b) Reorganization Costs: The Company's policy as permissible under Canadian GAAP has been to capitalize Reorganization Costs. Under U.S. GAAP, these amounts are charged to earnings as incurred.

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c) Deferred Costs and Acquisition Costs: The Company's policy as permissible under Canadian GAAP is to capitalize Deferred Costs and Acquisition Costs. These costs are then amortized over five (5) year, on a straight line basis. Should during this time the capitalized amount no longer carry a benefit to the Company, the unamortize amount will be charged to earnings at that time. The Company capitalized \$16,979 in the nine month ending December 31, 1996, as deferred costs and acquisition costs. Under U.S. GAAP, the Company's policy is to charged to earnings these deferred costs when incurred. Acquisitions costs would be added to the cost of the acquisition is those costs meet the requirement outlined in APB 16, otherwise, these would be charged to earnings when incurred.

d) Long-term Investments: Shares of the Company held by a subsidiary have not been eliminated under Canadian GAAP as they are held for resale. Under U.S. GAAP, these shares would be eliminated in consolidation. In addition, under Canadian GAAP the sale of these shares would be treated as a capital transaction. Under U.S. GAAP, the sale of these shares will not be treated as a capital transaction.

e) Acquisitions: Under US GAAP, the Company's acquisitions of its subsidiaries are required to be accounted for either as a purchase or a pooling of interest depending on whether or not there is any beneficial change in control. U.S. GAAP requires the value of the assets acquired to be based on the value of the consideration given under the purchase method. Whereas, under Canadian GAAP, assets acquired are valued on the basis of the fair market value of the assets at the date acquired. In the pooling of interest method where there is no effective change in beneficial ownership the assets are consolidated using their historical values and retained earnings are carried forward with no adjustments.

This difference in GAAP in the application of the purchase method described above would have caused the Company to carry the ITM software at a greater value under US GAAP. The original carrying value under Canadian GAAP is \$864,554, while under US GAAP that amount is \$1,924,443, for an increase of \$1,059,889. The value of the software was determined at acquisition on the basis that Bearhill Limited ("Bearhill") had no liabilities and no other asset except the ITM Software that was created in-house. Therefore, since the transaction was done at arms length, the fair market value of the ITM Software was determined to be the value of the transaction. Under both Canadian and US GAAP, this amount is being charged to earnings on a straight line basis.

After recognizing the new value for the software and evaluating the carrying cost in accordance with SFAS 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be disposed of", it was decided that no reduction in the carrying value was required. The cash flow stream that justifies the Company to maintain the current carrying value is the revenues that Guardian Timing Services receive on a continuous basis by utilizing the ITM Software. The Company did not consider the Option Agreement that was entered into in its cash flow stream.

In accounting for the purchase of Guardian Timing Services Inc. ("Guardian") under US GAAP, Goodwill in the amount of \$438,138 would have been recorded as a result in the difference in the purchase accounting described above. Under U.S. GAAP, this Goodwill must be charged to operations over a period not to exceed forty (40) years. The Company's policy is to amortize this amount over a period of twenty (20) years starting in fiscal 1996, on a straight-line basis under U.S. GAAP as it is under Canadian GAAP. No Goodwill for Guardian was recognized under Canadian GAAP as the Guardian and Bearhill purchase was treated as a single acquisition due to their common beneficial controlling shareholder. Therefore, in accordance with Canadian GAAP, all value in excess of the carrying amounts was attributed to the ITM Software.

I & B Inc. and its subsidiaries, Credifinance Capital Inc., Credifinance Securities Limited and 95% of Rosedale Realty Limited were acquired

on a tax free basis. In connection with these transactions the company incurred professional fees. It is the Company's policy, in accordance with Canadian GAAP to capitalize and to amortize them over a period of five (5) years, on a straight-line basis. Under US GAAP, these cost must be charged to operations when incurred.

Under Canadian GAAP, Goodwill in the amount of \$1,143,982 was recorded. This amount represented the Au 'N Ag deficit at the time of the change in control. Under US GAAP, this amount is recorded as a reduction in Additional Paid-In Capital.

f) Shareholders Equity and Additional Paid-In Capital: The variances between Canadian GAAP and US GAAP are due to the different methods of accounting for the disposition of Rosedale Realty Corporation.

g) Income Taxes: Under Canadian GAAP the deferral method is used to account for the timing differences between accounting and taxable income. U.S GAAP (SFAS 109, "Accounting for Income Taxes"), requires the use of the liability method to account for the differences between the accounting basis and the income tax basis of assets and

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liabilities. Under the liability method, deferred assets and liabilities are recognized for temporary differences between the accounting basis and the taxes basis for the respective assets and liabilities based on currently enacted tax rates.

Temporary differences, therefore, would arise from the requirements under SFAS 109 to provide for deferred income taxes on the difference between book value of assets and liabilities recorded under U.S. GAAP and their respective tax values.

In addition, Canadian GAAP requires that the tax benefit of net operating losses available to reduce future tax liabilities only be recorded when "virtual certainty" (as defined by section 3470 of the Handbook of the Canadian Institute of Chartered Accountants) of their use to reduce taxable income in the carry-forward period exists. FSAS 109 requires that such benefits be recorded if it is more likely than not that such losses will be used to reduce future income tax liabilities in the carry forward period.

There are no significant items that would have a difference between their carrying value based on U.S. GAAP and their respective tax values.

h) Statement of Changes In Financial Position: Canadian GAAP presentation requires a Statement of Changes in Financial Position. U.S. GAAP requires a Statement of Changes in Cash Flows. The Canadian GAAP presentation contains similar information and disclosures except as described below to that required by U.S. GAAP.

Under U.S. GAAP, investing and financing activities of an enterprise that do not result in cash receipts or cash payments are reported in supplemental information to the Statement of Cash Flows and not in the Statement of Cash Flows.

i) Earnings (Loss) Per Share: Under Canadian and U.S GAAP, the earnings (loss) per share is computed on the basis of weighted average number of common shares outstanding. The effect of common shares equivalents arising from stock options was not included as they are anti-dilutive using the treasury method.

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(1) OVERVIEW

During the third quarter of fiscal 1997, InterUnion reported consolidated revenue of US \$2.55 million versus \$1.46 million a year earlier. Commission and fee revenues were \$1.29 million versus \$1.46 million a year earlier, or a decrease of just over 11.6%. Sales from Reeve, Mackay, the Company auction subsidiary, represented the balance in 1996. They are no comparative figures from Reeve, Mackay for the nine months of fiscal 1996 as it was created midway through that fiscal year and revenues and expenses for the first fiscal year were capitalized and are being charged to earnings over five years.

Revenues for the nine months to December 1996 were \$5,875,969 versus \$4,073,449, an increase of 44.3%.

InterUnion's revenue growth and financial overview (figures in 000's except per share data):

<TABLE>

<CAPTION>

	3 mo ended Dec-96	3 mo ended Dec-95	9 mo ended Dec-96	9 mo ended Dec-95
<S>	<C>	<C>	<C>	<C>
Commission Income		1,144	763	3,444
Sales	1,256		1,966	2,920
Fee Revenue	149	697	466	1,153
Total Revenues	2,549	1,460	5,876	4,073
Cost of Goods Sold	1,256		1,966	
Net Revenues (i)	1,293	1,460	3,910	4,073
Net Profit (Loss)	(278)	(100)	(347)	172
EPS - Operations	(0.34)	(0.21)	(0.43)	(0.26)
EPS	(0.34)	(0.21)	(0.43)	0.35
Common Share, #	969,714	566,572	969,714	566,572
Working Capital	1,023	419	1,023	419
Cash Flow	(194)	(47)	(100)	(74)
Shareholders' Equity	4,496	3,782	4,496	3,782
Book Value Per Share	4.64	6.68	4.64	6.68

</TABLE>

(i) This amount is equal to Total Revenues under U.S. GAAP. In fiscal year 1996, Total Revenues, under U.S. GAAP would have been \$6,169,578.

(2) NET REVENUES

During the third quarter of fiscal 1997, InterUnion reported consolidated revenue of US \$2.55 million versus \$1.46 million a year earlier. Commission and fee revenues were \$1.29 million versus \$1.46 million a year earlier, or a decrease of just over 11.6%. Revenues for the nine months to December 1996 were \$5,875,969 versus \$4,073,449, an increase of 44.3%. However, on the basis of commission and fee revenues alone, the Company's revenues (according to US GAAP) would be reduced to a decrease of 4% to \$3.9 million. The decrease is due to the fact that income derived from Credifinance Securities, the Company's Broker/Dealer, was adversely affected when its president and a number of sales people on the institutional desk left to create their own firm. The Company has subsequently replaced these individuals and has successfully completed a number of new financings.

Third quarter revenues increased from \$1.02 million in the second quarter to \$1.29 million, for a 26.3% growth rate. This increase is due to the seasonal high that the auction business is exposed to. This season begins in October, otherwise revenue would have been unchanged, as Reeve, Mackay is the Company's only subsidiary that has seasonal swings in revenues.

(3) COST OF REVENUES

Costs of revenues for the quarter decreased 3.8% to \$1.28 million from \$1.33 million for the same quarter a year earlier. The decrease in dollars is attributable to the decrease in revenues (according to US GAAP) of 4%, since

these costs tend to fluctuate in the same direction as revenues.

As a percentage of net revenues, costs did increase to 98.7% from 91.3%. The reason for this increase was due to the fact that the goods consigned to the auction house for sales that were held in the third quarter were at a lower commission rate than the published rate. This lower rate was given to attract goods from prominent individuals. Reeve, Mackay's marketing plan is to go after these types of consignors at first in order to receive additional coverage in both the local and national presses, then once it has established a presence, Reeve, Mackay will diminish its aggressiveness concerning this source of goods.

(4) NET EARNINGS

Net loss from operations for the nine months ending December 31, 1996 was \$346,681 or \$0.43 per share versus a loss of \$143,533 or \$0.26 per share a year earlier. Net loss for the three months ending December 1996 is \$278,025 or \$0.34 per share versus a loss of \$100,197 or \$0.21 in 1995. These figures do not include an extra ordinary gain of \$409,418 in 1995 on the disposal of Rosedale Realty, nor does it include the operating loss of this unit's discontinued operation of \$94,252. The increase in the loss is due to the start-up of a new auction business, Reeve, Mackay. When Reeve, Mackay was launched, management did not anticipate to reach break-even until the third year of operations, fiscal 1998.

The average number of common shares outstanding for the nine months ending December 31, 1996 is 807,984 versus 490,866 a year earlier. The Company issued additional shares in the form of Regulation "D" during the year in order to finance the cash flow requirements of its subsidiaries.

(5) LIQUIDITY AND CAPITAL RESOURCES

The Company does not have any long term debt. In order to meet its growth plans and any operating cash requirement the Company's current policy is to issue additional capital stock. To date the Company has done this either through the issuance of Confidential Private Placement Offerings under Regulation "D" or Regulation "S". The following are details of these private placements:

<TABLE>

<CAPTION>

Date	# of Shares	Amount	Type
----	-----	-----	----
<S>	<C>	<C>	<C>
April 1994	2,500	10,000	Regulation "D"
May 1994	5,000	20,000	Regulation "D"
July 1994	11,250	35,000	Regulation "D"
August 1994	43,511	87,022	Regulation "D"
October 1994	5,000	50,000	Regulation "D"
March 1995	75,000	300,000	Regulation "D"
June 1995	62,500	125,000	Regulation "D"
October 1995	100,000	200,000	Regulation "D" & "S"
March 1996	160,000	320,000	Regulation "D"
September 1996	277,142	759,710	Regulation "D"

</TABLE>

Reeve, Mackay has been in operation for approximately 18 months and InterUnion did not expect its operation to be profitable prior to its third year. Since inception, Reeve Mackay has posted a loss of approximately \$750,000, of which \$438,000 was during the first year of operation. For the nine months ending December 31, 1997, Reeve Mackay lost over \$300,000 versus an anticipated loss of approximately \$145,000. During that period, Reeve, Mackay has broken even in just three separate months.

Reeve, Mackay's sales have been according to schedule, however, their expenses have exceeded pro-forma budgets. Reeve, Mackay was adversely affected due to

negotiated commissions on two major collections. The cost of reducing the commission charged to the consignors was required in order to be awarded the mandate of selling the goods on behalf of the consignor. The success of the auctions that presented these collections to the public was instrumental to the Company's objective to gain industry approval as a viable alternative to the competition. Additional costs over-run was due to the larger than expected number of items in each of the autumn auctions which drastically increased the cost of cataloguing and processing. In addition, marketing and advertising expenditures ran over budget.

The continuous operating problem has caused the company to have a substantial working capital deficit of over \$325,000. The Company has managed to date to finance this deficit by deferring the payment on the goods sold on behalf of its consignors and delaying suppliers. To date certain consignors have requested to have their goods returned,

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however, Reeve, Mackay has been able to replace these consigned goods as the number of active consignors continues to grow. This is demonstrated by the fact that Reeve, Mackay has more collectors' auctions than any other competing auctioneer in Toronto.

To date, suppliers have not refused to provide services. However, should suppliers and particularly consignors as a group start to withdraw their goods the company's auction subsidiary's ability to operate would be in jeopardy unless the Company agrees to inject the additional cash as required. Currently, Reeve, Mackay's liabilities have not been guaranteed by any other subsidiary within the group nor by InterUnion, itself.

The auction house management team is currently investigating various strategies to reverse the current trend on the bottom line and the working capital deficit. Should no formal plan be adopted during the fourth quarter, the Company will write down the full amount that it is carrying as start-up costs in the amount of \$372,980 under Canadian GAAP. Under U.S. GAAP this amount has already been eliminated from the balance sheet, as it was charged to earnings when incurred.

(6) CONCLUDING REMARKS

There are no other known trends, events or uncertainties that may have, or are reasonably likely to have, a material impact on the Company's short-term or long-term liquidity.

In addition, there is no significant income or losses that has risen from the Company's continuing operations that has not been analyzed or discussed above. Nor has there been any material change in any line item that is presented on the financial statements which has also not been discussed above.

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ITEM 1 - LEGAL PROCEEDINGS.

The Company is not a party to any pending legal proceeding, nor is its property the subject of a pending legal proceeding for which the claims, exclusive of interest and costs, exceed 10% of the current assets of the Company on a consolidated basis.

As reported in our Form 10-SB, a Statement of Claim was filed in Ontario Court (General Division) on May 31, 1996 against Credifinance Securities Limited, InterUnion Financial Corporation, Georges Benarroch and Ann Glover by Mr. John Illidge, a former President and Chief Operating Officer of Credifinance Securities Limited and Director of the Company. The plaintiff is seeking in excess of \$1.8 million. In the opinion of management and its legal advisors, the likelihood that this law suit will adversely affect the Company is negligible

There has not been any change in the status of this claim.

ITEM 2 - CHANGES IN SECURITIES

None.

ITEM 3 - DEFAULTS UPON SENIOR SECURITIES

There have been no defaults in the payment of principal or interest with respect to any senior indebtedness of InterUnion Financial Corporation.

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5 - OTHER INFORMATION

None.

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

Exhibit 27 Financial Data Schedule (for S.E.C. use only).

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

InterUnion Financial Corporation

(Registrant)

Date March 31, 1997 /s/ Georges Benarroch, Director

(Signature)*

Date March 31, 1997 /s/ Ann Glover, Director

(Signature)*

* Print the name and title of each signing officer under his signature.