

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

FORM 10-QSB

(Mark One)

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

For the quarterly period ended JUNE 30, 1997

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
incorporation or organization)

(IRS Employer Identification No.)

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 -
1,255,250 as of July 31, 1997.

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 THREE MONTHS ENDED JUNE 30, 1997

<TABLE>
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	3 MOS ENDED JUN-97	3 MOS ENDED JUN-96	12 MOS ENDED MAR-97	12 MOS ENDED MAR-96		
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REVENUES						
Commissions, trading & investment income		1,122,895	1,228,326	4,843,951	4,500,899	
Fee Revenue	350,096	229,908	868,232	1,356,296		
	-----	-----	-----	-----		
	1,472,991	1,458,234	5,712,183	5,857,155		
	-----	-----	-----	-----		
EXPENSES						
Selling, General & Administration		1,257,351	1,291,185	5,214,477	5,729,997	
Foreign Exchange Loss (Gain)		(13,032)	810	31,067	(33,057)	
Interest & Bank Charges Expense (Income)		19,473	(8,682)	(23,034)	(37,337)	
Amortization & Depreciation		58,098	59,201	240,912	244,739	
	-----	-----	-----	-----		
	1,321,890	1,342,514	5,463,422	5,904,341		
	-----	-----	-----	-----		
PROFIT (LOSS) FROM CONTINUING OPERATIONS - BEFORE INCOME TAXES	151,101	115,720	248,761	(47,146)		
PROVISION FOR INCOME TAXES (RECOVERABLE)			53,000	57,772	88,085	28,232
			-----	-----		
PROFIT (LOSS) FROM CONTINUING OPERATIONS			98,101	57,948	160,676	(75,378)
Loss from Discontinued Operation		691	(35,812)	(390,829)	(546,544)	
Gain on Disposal of Discontinued Assets				--	117,296	
		-----	-----	-----	-----	
NET PROFIT (LOSS) FOR THE PERIOD		98,792	22,136	(230,153)	(504,626)	
FOREIGN EXCHANGE TRANSLATION EFFECT			376	--	(9,197)	--
RETAINED EARNINGS (DEFICIT) - BEGINNING OF PERIOD		(1,567,478)	(1,328,128)	(1,328,128)	(823,502)	
		-----	-----	-----	-----	
RETAINED EARNINGS (DEFICIT) - END OF PERIOD	(1,468,310)	(1,305,992)	(1,567,478)	(1,328,128)		
	=====	=====	=====	=====		
FINANCIAL OVERVIEW						
Common Shares Outstanding		1,255,250	692,572	969,714	692,558	
Weighted Average Shares Outstanding		1,061,436	692,572	907,097	501,335	
EPS - From Continuing Operations		0.09	0.08	0.18	(0.15)	
EPS - From Discontinuing Operations		0.00	(0.05)	(0.43)	(0.86)	
EPS	0.09	0.03	(0.25)	(1.01)		

</TABLE>

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

<TABLE>
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	3 MOS AT JUN-97	3 MOS AT JUN-96	12 MOS AT MAR-97	12 MOS AT MAR-96	
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CURRENT ASSETS					
Cash	1,141,277	461,642	349,738	674,159	
Due from brokers and dealers		1,720,919	911,160	166,062	1,168,190
Client deposits	839,662	1,070,270	5,967,989	2,093,966	
Marketable securities	627,545	194,117	29,457,965	2,625,585	
Accounts receivable	392,486	373,891	226,663	148,078	
Income tax receivable	--	--	22,197	1,597	
Prepaid expenses and other current assets		39,085	158,181	151,483	65,698
Notes receivables	678,074	--	--	--	
	5,439,048	3,169,261	36,342,097	6,777,273	
CAPITAL ASSETS					
		1,559,920	1,776,234	1,609,905	1,827,240
LONG TERM INVESTMENTS		2,140,618	140,000	256,945	140,000
GOODWILL AND NON-CURRENT ASSETS			388,855	410,763	394,332
DISCONTINUED ASSETS		534,399	367,779	217,228	203,254
	4,623,792	2,694,776	2,478,410	2,586,734	
	10,062,840	5,864,037	38,820,507	9,364,007	
CURRENT LIABILITIES					
Due to brokers and dealers		--	429,091	33,012,864	2,499,665
Due to clients	2,334,546	1,629,007	1,320,874	3,035,310	
Accounts payable and accrued liabilities		280,160	240,164	257,470	314,030
Notes payables	678,074	--	--	--	
	3,292,780	2,298,262	34,591,208	5,849,005	
DUE TO RELATED PARTIES					
		300,000	171	--	119,462
DISCONTINUED LIABILITIES		767,804	509,620	504,962	361,692
DEFERRED INCOME TAX LIABILITY		85,000	--	85,000	--
	1,152,804	509,791	589,962	481,154	
SHAREHOLDERS EQUITY					
Capital Stock and additional paid-in capital		7,085,566	4,361,976	5,206,815	4,361,976
Retained Earnings (Deficit)		(1,468,310)	(1,305,992)	(1,567,478)	(1,328,128)
	5,617,256	3,055,984	3,639,337	3,033,848	
	10,062,840	5,864,037	38,820,507	9,364,007	

</TABLE>

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

<TABLE>
<CAPTION>

	3 MOS ENDED JUN-97	3 MOS ENDED JUN-96	12 MOS ENDED MAR-97	12 MOS ENDED MAR-96		
<S>	<C>	<C>	<C>	<C>		
OPERATING ACTIVITIES						
Net Income (Loss)	98,792	22,136	(230,153)	(504,626)		
Amortization	58,098	59,201	240,912	244,739		
Non cash compensation	100,000		117,500			
Gain on disposition of discontinued operations				(117,296)		
Deferred income tax			85,000			
Gain on disposition of discontinued operations				(117,296)		
	-----	-----	-----	-----		
	256,890	81,337	213,259	(377,182)		
Increase (decrease) in due to/from brokers and dealers, net	(34,567,721)	(1,813,544)	31,515,327	(28,663,907)		
Increase (decrease) in due to/from clients, net	6,141,999		(382,607)	(5,588,459)	15,720,553	
Increase (decrease) in marketable securities	28,830,420		2,431,468	(26,882,380)	13,056,486	
Increase (decrease) in accounts receivable & sundry assets	(31,228)	(210,441)	(184,970)	(136,916)		
Decrease (increase) in accounts payable and accrued liabilities	22,690	(470,861)	(56,560)	30,571		
Increase in assets and liabilities related to discontinued operations	(54,329)	271,422	129,296	31,629		
	-----	-----	-----	-----		
CASH PROVIDED (USED) BY OPERATING ACTIVITIES			598,721	(93,226)	(854,487)	(338,767)
FINANCING ACTIVITIES						
Capital stock and additional paid-in capital issued	1,778,751	--	727,339	555,000		
Increase (decrease) in due to related parties	300,000		(119,462)	(119,462)	18,589	
Notes payables	678,074	--	--	--		
	-----	-----	-----	-----		
CASH PROVIDED (USED) BY FINANCING ACTIVITIES			2,756,825	(119,462)	607,877	573,589
INVESTING ACTIVITIES						
Capital assets	(12,688)	--	(10,866)	(37,872)		
Long term investments	(1,873,245)	--	(66,945)	(13,472)		
Notes receivables	(678,074)	--	--	--		
	-----	-----	-----	-----		
CASH PROVIDED (USED) IN INVESTING ACTIVITIES			(2,564,007)	--	(77,811)	(51,344)
INCREASE (DECREASE) IN CASH		791,539	(212,517)	(324,421)	183,478	
CASH - BEGINNING OF YEAR		349,738	674,159	674,159	490,681	
	-----	-----	-----	-----	-----	
CASH - END OF YEAR		1,141,277	461,642	349,738	674,159	
	=====	=====	=====	=====	=====	

</TABLE>

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

adjustments necessary for a fair statement of interim results have been included in accordance with Generally Accepted Accounting Principles. 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 fiscal 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, 1997, included in its Form 10-KSB for the year ended March 31, 1997.

2. During the first quarter, the Company issued 60,000 incentive stock options with an exercise price of \$3.00. These stock options were exercised for a net funding of \$180,000.

3. In the first quarter of fiscal 1998, the Company crystallized its investment in Receptagen Ltd. described in the Company's audited consolidated statements dated March 31, 1997 and its annual filing. This investment is recorded as a long term investment on the Company's balance sheet. The Company assumed the financial responsibility of \$678,074 in notes payables by Receptagen and issued 225,536 shares and 225,536 InterUnion share purchase warrants. In return, InterUnion received approximately 21,284,898 units of Receptagen and a note receivable for \$678,074 from Receptagen. Each InterUnion share purchase warrant entitles the holder to purchase one share of InterUnion at \$4.00. Each Receptagen unit is exchangeable into one Receptagen Common Share and one Receptagen warrant. Each Receptagen warrant entitles the holder to purchase one Receptagen share at C\$0.07. InterUnion subsequently disposed of 8,189,655 Receptagen units, to hold 13,095,243.

4. 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.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS

(1) OVERVIEW

During the first quarter of fiscal 1998 (three months ending June 30, 1997), InterUnion reported consolidated revenues of \$1.47 million versus \$1.46 million a year earlier.

Selected financial data from InterUnion's financial statements is (figures in 000's except per share data):

	3 MO. ENDED JUN. - 97	3 MO. ENDED JUN. - 96
Revenues	1,473	1,458
Net Profit (Loss)	99	58
EPS - Operations	0.09	0.08
EPS - Discontinued Operations		0.00 (0.05)
EPS	0.09	0.03
Working Capital	2,146	871
Cash Flow	257	81
Total Assets	10,063	5,864
Shareholders' Equity	5,617	3,056
Common Share, #	1,293,250	692,572
Book Value Per Share	4.48	4.41

In the first quarter of fiscal 1998, InterUnion crystallized the recapitalization plan of Receptagen Ltd. InterUnion assumed the financial responsibility of \$678,074 in notes payables by Receptagen and issued 225,536 shares and 225,536 InterUnion share purchase warrants. In return, InterUnion

received approximately 21,284,898 units of Receptagen and a note receivable for \$678,074 from Receptagen. Each InterUnion share purchase warrant entitles the holder to purchase one share of InterUnion at \$4.00. Each Receptagen unit is exchangeable into one Receptagen Common Share and one Receptagen warrant. Each Receptagen warrant entitles the holder to purchase one Receptagen share at C\$0.07. InterUnion subsequently disposed of 8,189,655 Receptagen units to hold 13,095,243.

(2) NET REVENUES

During the first quarter of fiscal 1998, InterUnion reported consolidated revenues of \$1.47 million versus \$1.46 million a year earlier. Commissions and investment revenues were \$1.12 million versus \$1.23 million a year earlier, for a decrease of 8.5%. Revenues for the three months to June 1997 were \$1,472,991 versus \$1,458,234, for an increase of 1.0%. The increase in revenue is attributable to the increase in Fee Revenue as the firm restructured its broker/dealer operations to concentrate on corporate finance versus agency activities.

(3) EXPENSES

Expenses for the quarter decreased by \$20,624, to \$1,321,890 from \$1,342,514 for the same period a year earlier. This translates into a 1.5% reduction. This reduction is attributable to the gain on foreign exchange and a reduction in Selling, Marketing & Research costs due to the concentration on corporate finance mentioned above.

(4) NET INCOME

Net income from operations for the three months ending June 30, 1997 was \$98,101 or \$0.09 per share versus \$57,948 or \$0.08 per share a year earlier. Net income for the three months ending June 30, 1997 is \$98,792 or \$0.09 per share versus \$22,136 or \$0.03 in 1996. The increase in EPS is due to the increase fee revenue that the firm earned and the reduction in Selling, Marketing & Research costs described above. In the first quarter of fiscal 1998, InterUnion recorded a gain from discontinued operation of \$691 versus a loss of \$35,812 a year earlier. The increase in income from discontinued operation is due to InterUnion's auction subsidiary, Reeve Mackay & Associates, ability to break-even in the quarter. (InterUnion anticipates finalizing the sale of Reeve, Mackay in the second quarter.)

The average number of common shares outstanding for the three months ending June 30, 1997 is 1,061,436 versus 692,572 a year earlier. The Company issued additional shares in the form of Regulation "S" financings during the period in order to finance its expansion and the cash flow requirements of its subsidiaries. Shares issued in the recapitalization of Receptagen Ltd were issued under Rule 144.

(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
----	-----	-----	----
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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 "S"
June 1997	60,000	180,000	Regulation "S"

</TABLE>

Reeve, Mackay has been in operation for approximately 27 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 \$838,000, of which \$438,000 was during the first year of operation and \$400,000 in the second year. Although Reeve, Mackay has broken even for the quarter, InterUnion plans to carry out its disposition of its auction subsidiary during the second quarter.

(6) ACQUISITION PROGRAM AND NEW RESEARCHES CORPORATION

In July 1997, InterUnion acquired a 33% interest in Leon Fraser, Black & Associates Limited. ("LFB"). InterUnion's investment in LFB has been financed from working capital. LFB has approximately C\$200 million under management, thus bringing total assets under management through the InterUnion Group of companies almost C\$300 million. This investment will be reflected in InterUnion's financial statements for the second quarter of fiscal 1998.

InterUnion's management continues to explore opportunities for the acquisition of operating companies that will provide additional liquidity and cash flow. Such acquisitions would be financed by the issuance of common stock from treasury or, if required, by means of private placement. Management has investigated a number of opportunities, and to date, has finalized the acquisition of the option on New Researches and the investment banking facilities offered to Receptagen as they have met the Company's objectives. The Company is also considering special situation acquisitions linked to bridge financing activities.

(7) 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 that it has not been discussed above.

In addition, there are no significant income or losses that has risen from the Company's continuing operations that has not been analyzed or discussed above. In addition, there has not been any material change in any line item that is presented on the financial statements which has not been discussed above.

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(8) CERTAIN RISK FACTORS WHICH MAY IMPACT FUTURE OPERATIONS

The Company and its subsidiaries operate in a rapidly changing environment that involves a number of factors, some of which are beyond management's control, such as financial market trends and investors' appetite for new financings.

Forward-looking statements included in Management's Analysis and Discussion reflects management's best judgment based on known factors and involve risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking statements. Forward-looking information is provided by InterUnion pursuant to the safe harbor established by recent securities legislation and should be evaluated in the context of these factors.

In the opinion of management the financial statements for the periods ending June 30, 1997 accurately reflect the operations of the Company and its subsidiaries. The Company has taken every reasonable step to ensure itself that its quarterly financial statements do not represent a distorted picture to anyone having a business reason to review such statements and who has also reviewed its previous audited annual financial statements for the year ended March 31, 1997.

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.

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 AUGUST 11, 1997 /s/ GEORGES BENARROCH, DIRECTOR

(Signature)*

Date AUGUST 11, 1997 /s/ ANN GLOVER, DIRECTOR

(Signature)*

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

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM INTERUNION FINANCIAL CORPORATION CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED JUNE 30, 1997.

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