

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, 1998

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)

<TABLE>

<S>

<C>

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

(561) 655 - 0146

(Issuer's telephone number) (Issuer's telecopier number)

</TABLE>

(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 / X / 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 - 1,935,945 as of July 31, 1998.

Transitional Small Business Disclosure Format (Check One) Yes / / No / X /

PART I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

INTERUNION FINANCIAL CORPORATION
 UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS AND DEFICIT
 FOR THE THREE MONTHS ENDED JUNE 30, 1998

<TABLE>
 <CAPTION>

	3 mos ended Jun-98 <C>	3 mos ended Jun-97 <C>	12 mos ended Mar-98 <C>	12 mos ended Mar-97 <C>		
<S>						
REVENUES						
Investment Banking		274,012	1,390,400	2,642,958	5,346,503	
Investment Management		291,444	82,592	370,871	365,680	
Interest income		38,888	25,467	101,578	25,665	
		-----	-----	-----	-----	
	604,344	1,498,459	3,115,407	5,737,848		
	-----	-----	-----	-----		
EXPENSES						
Selling, General & Administration		618,773	1,257,351	3,674,548	5,214,477	
Amortization & Depreciation		81,705	58,098	240,886	240,912	
Foreign Exchange Loss (Gain)		25,940	(13,032)	17,361	31,067	
Interest Expense		71,948	44,941	76,627	2,631	
		-----	-----	-----	-----	
	798,366	1,347,358	4,009,422	5,489,087		
	-----	-----	-----	-----		
PROFIT (LOSS) FROM CONTINUING OPERATIONS - BEFORE INCOME TAXES	(194,022)	151,101	(894,015)	248,761		
EQUITY IN NET EARNINGS (LOSSES OF UNCONSOLIDATED AFFILIATES)	11,582	----	(8,310)	----		
PROVISION FOR INCOME TAXES (RECOVERABLE)			(2,548)	53,000	(82,864)	88,085
			-----	-----	-----	-----
PROFIT (LOSS) FROM CONTINUING OPERATIONS			(179,892)	98,101	(819,461)	160,676
Loss from Discontinued Operation		----	691	691	(390,829)	
Gain on Disposal of Discontinued Assets		----	----	803,483	----	
		-----	-----	-----	-----	
NET PROFIT (LOSS) FOR THE PERIOD			(179,892)	98,792	(15,287)	(230,153)
FOREIGN EXCHANGE TRANSLATION EFFECT			(42,785)	376	4,146	(9,197)
RETAINED EARNINGS (DEFICIT)						
- - BEGINNING OF PERIOD		(1,578,619)	(1,567,478)	(1,567,478)	(1,328,128)	
		-----	-----	-----	-----	
RETAINED EARNINGS (DEFICIT)						
- - END OF PERIOD		(1,801,296)	(1,468,310)	(1,578,619)	(1,567,478)	
		=====	=====	=====	=====	
FINANCIAL OVERVIEW						
Common Shares Outstanding		1,673,803	1,255,250	1,654,001	969,714	
Weighted Average Shares Outstanding - Basic		1,665,693	1,127,589	1,232,100	899,859	
EPS - From Continuing Operations		(0.11)	0.09	(0.66)	0.18	
EPS - From Discontinuing Operations		0.00	0.00	0.65	(0.43)	
EPS	(0.11)	0.09	(0.01)	(0.25)		
Weighted Average Shares Outstanding - Diluted		2,403,411	1,541,106	1,671,568	985,951	
EPS - From Continuing Operations		(0.11)	0.06	(0.66)	0.16	
EPS - From Discontinuing Operations		0.00	0.00	0.48	(0.43)	
EPS	(0.11)	0.06	(0.01)	(0.25)		

See Accompanying Notes to Unaudited Consolidated Financial Statements

UNAUDITED CONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 1998

<TABLE>
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	3 mos at Jun-98 <C>	3 mos at Jun-97 <C>	12 mos at Mar-98 <C>	12 mos at Mar-97 <C>	
CURRENT ASSETS					
Cash and cash equivalent		635,172	1,141,277	2,873,731	349,738
Due from brokers and dealers		348,890	1,720,919	2,012	166,062
Due from clients	997,031	839,662	715,871	5,967,989	
Marketable securities	176,944	627,545	35,169,986	29,457,965	
Accounts receivable	962,236	392,486	882,491	226,663	
Income tax receivable	6,467	---	7,789	22,197	
Prepaid expenses and other current assets		51,655	39,085	56,733	151,483
Notes receivable	633,646	678,074	616,579	---	
	3,812,041	5,439,048	40,325,192	36,342,097	
CAPITAL ASSETS					
NOTES RECEIVABLE, NON-CURRENT PORTION			790,597	---	952,106
OTHER LONG-TERM ASSETS		84,710	256,945	84,710	256,945
INVESTMENT IN UNCONSOLIDATED AFFILIATES			3,887,687	1,883,673	3,488,322
GOODWILL, NET	2,084,782	388,855	2,468,210	394,332	
DISCONTINUED ASSETS		---	534,399	---	217,228
	8,219,146	4,623,792	8,418,540	2,478,410	
	12,031,187	10,062,840	48,743,732	38,820,507	
CURRENT LIABILITIES					
Due to brokers and dealers		---	34,663,322	33,012,864	
Due to clients	1,248,476	2,334,546	3,057,747	1,320,874	
Accounts payable and accrued liabilities		373,205	280,160	1,063,956	257,470
Notes payable	1,988,793	678,074	1,703,441	---	
Bank loan	705,022	---	---	---	
	4,315,496	3,292,780	40,488,466	34,591,208	
DUE TO RELATED PARTIES					
OTHER LIABILITIES		73,057	---	77,033	---
NOTES PAYABLE, LONG-TERM PORTION			624,821	---	1,485,801
DISCONTINUED LIABILITIES		---	767,804	---	504,962
DEFERRED INCOME TAX LIABILITY			---	85,000	85,000
	1,197,878	1,152,804	1,562,834	589,962	
SHAREHOLDERS EQUITY					
Capital Stock and additional paid-in capital		8,319,109	7,085,566	8,271,051	5,206,815
Accumulated comprehensive income		(47,836)	(8,821)	(5,051)	(9,197)
Retained Earnings (Deficit)		(1,753,460)	(1,459,489)	(1,573,568)	(1,558,281)
	6,517,813	5,617,256	6,692,432	3,639,337	
	12,031,187	10,062,840	48,743,732	38,820,507	

</TABLE>

See Accompanying Notes to Unaudited Consolidated Financial Statements

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INTERUNION FINANCIAL CORPORATION
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE THREE MONTHS ENDED JUNE 30, 1998

<TABLE>
<CAPTION>

3 mos ended 3 mos ended 12 mos ended 12 mos ended

	Jun-98	Jun-97	Mar-98	Mar-97			
<S>	<C>	<C>	<C>	<C>			
OPERATING ACTIVITIES							
Net Income (Loss)		(179,892)	98,792	(15,287)	(230,153)		
Amortization		81,705	58,098	240,886	240,912		
Non cash compensation		---	60,000	60,000	117,500		
Gain on disposition of discontinued operations		---	---	(804,174)	---		
Deferred income tax		---	---	(85,000)	85,000		
Unrealized loss (gain) on marketable securities			27,817	25,468	159,831	(529,854)	
		(70,370)	242,358	(443,744)	(316,595)		
Increase (decrease) in due to/from brokers and dealers, net		(35,010,200)	(34,567,721)	1,814,508	31,515,327		
Increase (decrease) in due to/from clients, net			(2,090,431)	6,141,999	6,988,991	(5,588,459)	
Increase (decrease) in marketable securities			35,063,538	28,754,952	(5,871,852)	(26,352,526)	
Increase (decrease) in accounts receivable & sundry assets		(73,345)	(31,228)	(452,610)	(184,970)		
Decrease (increase) in accounts payable and accrued liabilities		(690,751)	22,690	633,103	(56,560)		
Increase in assets and liabilities related to discontinued operations		---	(54,329)	(287,734)	129,296		
CASH PROVIDED (USED) BY OPERATING ACTIVITIES				(2,871,559)	508,721	2,380,662	(854,487)
FINANCING ACTIVITIES							
Capital stock and additional paid-in capital issued			133,000	180,000	270,000	727,339	
Increase (decrease) in due to related parties			500,000	300,000	---	(119,462)	
Proceeds (repayment) of notes payable			(705,022)	678,074	1,508,712	---	
Proceeds (repayment) of bank loan			705,022	---	---	---	
CASH PROVIDED (USED) BY FINANCING ACTIVITIES				633,000	1,158,074	1,778,712	607,877
INVESTING ACTIVITIES							
Capital assets		---	(12,688)	(2,032)	(10,866)		
Long term investments		---	(184,494)	(485,336)	(66,945)		
Notes receivable		---	(678,074)	(1,299,935)	---		
CASH PROVIDED (USED) IN INVESTING ACTIVITIES				---	(875,256)	(1,787,303)	(77,811)
INCREASE (DECREASE) IN CASH			(2,238,559)	791,539	2,372,071	(324,421)	
CASH - BEGINNING OF YEAR			2,873,731	349,738	349,738	674,159	
CASH - ACQUIRED ON ACQUISITION			---	---	151,922	---	
CASH - END OF YEAR			635,172	1,141,277	2,873,731	349,738	

</TABLE>

See Accompanying Notes to Unaudited Consolidated Financial Statements

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INTERUNION FINANCIAL CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JUNE 30, 1998

1. Interim information is unaudited; however, in the opinion of management, all 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 Unaudited 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, 1998, included in its Form 10-KSB for the year ended March 31, 1998.

2. During the first quarter, the Company issued:
o 35,000 shares of common stock and 17,500 common share

purchase warrants for net proceeds of \$140,000. A \$7,000 fees was paid to an intermediary;

- o 17,002 shares of common stock is exchange for approximately 1,450,000 Receptagen Ltd. units. Each unit comprises of one common stock and one common stock purchase warrant.

In addition, during the quarter the Company cancelled 32,200 shares of common stock it received in reduction of a note receivable.

Subsequent to the end of the first quarter, the Company issued:

- o 231,918 shares of common stock as partial payment for a C\$1,677,864 (US \$1,140,000) note due July 1998 and 1999, in conjunction with its acquisition of Leon Frazer, Black & Associates Limited and Black Investment Management Limited. The balance of the note was be paid in cash: C\$250,000 (US \$170,000) was paid in July 1998 and C\$150,000 (US \$105,000) to be paid in September 1998;
- o 27,244 shares of common stock to Leon Frazer, Black & Associates Limited and \$5,494.52 in cash, in order to acquire the 8.55% it did not own in InterUnion Asset Management ("IUAM"), making IUAM a wholly owned subsidiary;
- o 3,000 shares of common stock in exchange for approximately 260,000 Receptagen Ltd units. Each unit comprises of one common share and one common share purchase warrant.

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. As of April 1, 1998, the Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income". This statement establishes standards for reporting and display of comprehensive income and its components. Comprehensive income is net income, plus certain items that are recorded directly to shareholders' equity, bypassing net income. The only such item currently applicable to the Company is foreign currency translation adjustments.

During the quarters ended June 30, 1998 and 1997, total comprehensive income was (\$222,677) and \$99,168, respectively. The adoption of this Statement had no effect on the Company's results of operations or financial position.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS

(1) OVERVIEW

During the first quarter of fiscal 1999 (three months ending June 30,1998), InterUnion reported consolidated revenues of \$0.6 million versus \$1.5 million a year earlier.

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

<TABLE>

<CAPTION>

	3 mo. ended Jun. - 98	3 mo. ended Jun. - 97	3 mo. ended Jun. - 96
<S>	<C>	<C>	<C>
Revenues	604	1,498	1,458
Net Profit (Loss)	(179)	98	58
EPS - Operations	(0.11)	0.09	0.08
EPS - Discontinued Operations		0.00	0.00 (0.05)
EPS	(0.11)	0.09	0.03
Working Capital	(503)	2,146	871
Cash Flow	(70)	242	81
Total Assets	12,031	10,063	5,864

Shareholders' Equity	6,518	5,617	3,056
Common Share, #	1,673,803	1,255,250	692,572
Book Value Per Share	3.89	4.48	4.41

It is the first time, this quarter, that the larger share of the revenue derives from the investment management activities.

(2) NET REVENUES

During the first quarter of fiscal 1999, InterUnion reported consolidated revenues of \$0.6 million versus \$1.5 million a year earlier, for a decrease of 59.7%. Investment banking revenues decreased by 80.3% to \$274,012 from \$1,390,400 the previous year. Investment management revenues increased by 252.9% to \$291,444 from \$82,592 the previous year. The decrease of revenues in the investment banking can be attributed to a number of factors: (i) general reduction of financing activities in general as well as trading and financing activity in the small cap market; (ii) concentration of resources in the merger and acquisition sector for which the final impact on the profitability can only be assessed at the finalization of the transaction; and (iii) considerable utilization of investment banking resources for the administration and development of the investment management activities, therefore diverting efforts from other revenue generating activities.

(3) EXPENSES

During the first quarter, the Company reduced its expenses from \$1,347,358 to \$798,366 from a year earlier, representing a decrease of 40.7%. This decrease is attributable to the reduction in Selling, General and Administration relating to a drop in financing activity, which was reduced by 50.8%, to \$618,773 from \$1,257,351. This reduction was offset by increases in Interest charges due to the notes payable assumed in the acquisition of Leon Frazer, Black & Associates Limited, Black Investment Management Limited and InterUnion Asset Management Limited in fiscal 1998.

(4) NET INCOME

Net loss from operations for the three months ending June 30, 1998 was \$179,892 or \$0.11 per share versus a profit of \$98,101 or \$0.09 per share a year earlier. Net loss for the three months ending June 30, 1998 is \$179,892 or \$0.11 per share versus a profit of \$98,792 or \$0.09 in 1997. The decrease in EPS is due to the decrease in revenue, as the Company devote most of its investment banking resources to finalizing the Receptagen Ltd. restructuring and the administration and development of the investment activity. In the first quarter of fiscal 1998, InterUnion recorded a gain from discontinued operation of \$691.

The weighted average number of common shares outstanding for the three months ending June 30, 1998 is 1,673,803 versus 1,127,589 a year earlier. The increase is due to the issuance of shares in the form of Regulation "s" financings and to the acquisition of investment managers.

(5) LIQUIDITY AND CAPITAL RESOURCES

In order to meet its growth plans and fund any operating cash requirements, the Company's policy is to issue additional capital stock, when possible. To date the Company has done this either through the issuance of common stock under Regulation "D" or Regulation "S". The following are details of these private placements during the previous three fiscal years:

<S> Date	<C> # of Shares	<C> Amount	<C> Type
-------------	--------------------	---------------	-------------

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 1998	35,000	140,000	Regulation "S"

</TABLE>

When not able to issue common shares, due to market conditions, the Company will issue Notes Payable or Preferred Shares. Until the Company acquired its investment management subsidiaries and initiated the restructuring of Receptagen Ltd., the Company did not have any long term debt. The debt assumed in the Receptagen Ltd. restructuring is matched by receivables, with similar terms. The Company is currently seeking financing through the issuance of convertible debt and/or common shares in order to reimburse certain loans incurred in connection with its acquisitions of investment management companies and to proceed with the acquisition of managed assets.

In July 1998, the Company and the selling shareholders of Leon Frazer, Black & Associates Limited reached an agreement to settle the Notes due in July 1998 and 1999. The C\$1,677,864 (US \$1,140,000) note has been settled by the issuance of common stock and cash: 231,918 shares of common stock, C\$250,000 (US \$170,000) in cash paid in July 1998 and \$150,000 (US \$105,000) to be paid in September 1998,

To meet its cash requirements and honor its payment obligations to the shareholders of the investee companies, Rif Capital Inc., a shareholder of the Company, has loaned \$500,000 to the Company. In addition, the Company has a credit facility with a Canadian chartered bank for up to C\$2,350,000 (US \$1,600,000) of which C\$1,035,000 had been drawn down as of June 30, 1998.

Upon completion of a financing, it is the intention of the Company to rationalize the corporate structure of its investment management affiliates in order to maximize its shareholders value, in all classes.

(6) ACQUISITION PROGRAM

InterUnion has accelerated the payment of the notes payable to the shareholders of some of its investee companies as well as the acquisition of the 8.55% of InterUnion Asset Management Limited it did not own.

The Company continues to actively explore acquisition opportunities in priority in the investment management sector in order to provide a stable cash flow and to increase shareholders' equity.

(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, 1998 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, 1998.

PART II - OTHER INFORMATION

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).

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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 13,1998 /s/ Georges Benarroch, Director

(Signature)*

Date August 13,1998 /s/ Selwyn J. Kletz, 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
(A) INTERUNION FINANCIAL CORPORATION CONSOLIDATED FINANCIAL STATEMENTS

AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH

(B) 10 QSB FILING

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U.S. DOLLARS

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