

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

FORM 10-QSB

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

For the quarterly period ended June 30, 2000

Commission file number: 0-27862

REALITY INTERACTIVE, INC.
(Exact name of registrant as specified in its charter)

MINNESOTA

41-1781991

State or other jurisdiction of
incorporation of organization

I.R.S. Employer Identification No.

SUITE 121
7887 FULLER ROAD
EDEN PRAIRIE, MINNESOTA 55344

(612) 253-4713

Address of principal executive offices

Registrant's telephone number

Check whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 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

At July 31, 2000, 4,677,407 shares of registrant's \$.01 par value Common Stock were outstanding.

Transitional Small Business Issuer Format Yes No

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.....	3
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.....	7

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.....	8
SIGNATURES.....	9
EXHIBIT INDEX.....	10

SAFE HARBOR STATEMENT UNDER THE
PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This Quarterly Report on Form 10-QSB contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements involve risks and uncertainties that may cause the Company's actual results to differ materially from the results discussed in the forward-looking statements.

On April 30, 1999, the Company ceased business operations. Management of the Company believes this action was necessary in light of the Company's current liquidity needs and lack of short-term revenue opportunities.

Since April 30, 1999, the Company has been exploring potential uses of its public shell. While the Company seeks potential uses for the public shell, the primary factor that might cause such difference in results is the Company's inability to find a suitable acquisition or merger candidate or other use for its public shell in the near future.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

REALITY INTERACTIVE, INC.
BALANCE SHEET

	June 30, 2000	December 31, 1999
	----- (Unaudited)	-----
ASSETS		
Cash and cash equivalents.....	\$ 22,965	\$ 40,986
Prepaid expenses and other current assets.....	895	2,921
	-----	-----
Total assets.....	\$ 23,860	43,907
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable.....	\$ 8,460	\$ 9,688
Accrued liabilities.....	7,953	7,953
	-----	-----
Total current liabilities.....	16,413	17,641
	-----	-----
Stockholders' equity:		
Common stock, \$.01 par value, 25,000,000 shares authorized; 4,677,407 shares outstanding at both dates.....	46,774	46,774
Additional paid-in capital.....	15,386,692	15,386,692
Accumulated deficit.....	(15,426,019)	(15,407,200)
	-----	-----
Total stockholders' equity.....	7,447	26,266
	-----	-----
Total liabilities and stockholders' equity.....	\$ 23,860	\$ 43,907
	=====	=====

See accompanying notes to the financial statements.

REALITY INTERACTIVE, INC.
STATEMENT OF OPERATIONS
(UNAUDITED)

	Three months ended June 30,		Six months ended June 30,	
	2000	1999	2000	1999
Product revenues.....	\$ 0	\$ 13,945	\$ 0	\$ 86,769
Service revenues.....	0	138,595	0	139,395
Total revenues.....	0	152,540	0	226,164
Cost of product revenues.....	0	1,249	0	18,685
Cost of service revenues.....	0	108,024	0	108,024
Total cost of revenues.....	0	109,273	0	126,709
Gross profit.....	0	43,267	0	99,455
Operating expenses:				
Sales and marketing.....	0	31,189	0	99,284
Research and development.....	0	34,950	0	103,456
General and administrative.....	15,291	207,262	32,300	408,155
Total operating expenses.....	15,291	273,401	32,300	610,895
Operating loss.....	(15,291)	(230,134)	(32,300)	(511,440)
Gain on sale of domain name.....	7,130	0	13,105	0
Interest income.....	180	1,689	376	5,119
Net loss.....	\$ (7,981)	\$ (228,445)	\$ (18,819)	\$ (506,321)
Basic and diluted earnings (loss) per share....	\$ (0.00)	\$ (0.05)	\$ (0.00)	\$ (0.11)
Weighted average common shares outstanding....	4,677,407	4,677,407	4,677,407	4,677,407

See accompanying notes to the financial statements.

REALITY INTERACTIVE, INC.
STATEMENT OF CASH FLOWS
(UNAUDITED)

	Six months ended June 30,	
	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss.....	\$ (18,819)	\$ (506,321)
Reconciliation of net loss to net cash used by operating activities:		
Depreciation and amortization.....	0	30,000
Changes in assets and liabilities:		
Accounts receivable.....	0	176,854
Prepaid expenses and other assets.....	2,026	23,522
Accounts payable.....	(1,228)	(23,092)
Accrued liabilities.....	0	16,480
Deferred revenue.....	0	(49,495)
Other current liabilities.....	0	(1,572)
Net cash used by operating activities.....	(18,021)	(333,624)
CASH FLOWS FROM INVESTING ACTIVITIES:	0	0
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from bridge notes payable.....	0	70,631
Net cash provided (used) during period.....	(18,021)	(262,993)
CASH AND CASH EQUIVALENTS:		
Beginning of period.....	40,986	291,697
End of period.....	\$ 22,965	\$ 28,704

See accompanying notes to the financial statements.

REALITY INTERACTIVE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2000
(UNAUDITED)

NOTE 1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Business

Reality Interactive, Inc. (the "Company") was incorporated on May 24, 1994 for the purpose of developing technology-based knowledge solutions for the industrial marketplace.

On April 30, 1999, the Company ceased business operations and terminated all remaining employees. This action was necessary in light of the Company's liquidity needs and lack of revenue opportunities.

Since the Company ceased its business operations, it has sold a majority of its physical assets and intellectual property. Currently, the Company is exploring potential uses of its public shell. While the Company pursues such opportunities, it intends to comply with all future SEC reporting requirements in order to maintain its status as a public company.

Basis of Presentation

The accompanying unaudited financial statements of the Company have been prepared in accordance with generally accepted accounting principles for interim financial information. The preparation of financial statements in accordance with generally accepted accounting principles require management to make estimates and assumptions. Such estimates and assumptions affect the reported amounts of assets and liabilities, including the disclosure of contingent assets and liabilities at the date of the accompanying interim financial statements, and the reported amounts of revenue and expenses during the reporting period. In the opinion of management, the interim financial statements include all adjustments necessary for a fair presentation of the results of operations for the interim periods presented.

Operating results for the three and six months ended June 30, 2000 are not necessarily indicative of the operating results to be expected for the year ending December 31, 2000.

Certain information and footnote disclosures normally included in financial statements in accordance with generally accepted accounting principles have been omitted. The statements should be read in conjunction with the Company's Annual Report on Form 10-KSB for the year ended December 31, 1999.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATION

The following presentation of management's discussion and analysis of the Company's financial condition and results of operation should be read in conjunction with the Company's financial statements and notes contained herein for the three and six months ended June 30, 2000 and 1999.

RESULTS OF OPERATIONS

REVENUES. Revenues were \$0 for the second quarter of 2000 compared to \$152,540 for the second quarter of 1999. For the six-month period ended June 30, 2000, revenues were \$0 compared to \$226,164 for the comparable period of 1999. This decrease was due to the Company's decision to cease its business operations effective April 30, 1999.

COST OF REVENUES. Cost of revenues were \$0 for the second quarter of 2000 compared to \$109,273 for the second quarter of 1999. For the six-month period ended June 30, 2000, cost of revenues were \$0 compared to \$126,709 for the comparable period of 1999. This decrease was due to the Company's decision to cease its business operations effective April 30, 1999.

OPERATING EXPENSES. Operating expenses were \$15,291 for the second quarter of 2000 compared to \$273,401 for the second quarter of 1999. For the six-month period ended June 30, 2000, operating expenses were \$32,300 compared to \$610,895 for the comparable period of 1999. Expenses incurred during the three and six months ended June 30, 2000 were entirely for general and administrative purposes, including rent for a small office, professional fees and miscellaneous office expenses.

The Company expects that it will continue to incur general and administrative expenses for the remainder of 2000 as it continues to maintain a small administrative office, pursues opportunities for its public shell and maintains its status as a fully reporting company with the Securities and Exchange Commission.

GAIN ON SALE OF DOMAIN NAME. During the second quarter of 2000, the Company received a final payment of \$7,130 in connection with the sale of one of its Internet domain names. Including the initial payment of \$5,975 received during the first quarter of 2000, the Company has received total proceeds of \$13,105.

INTEREST INCOME. Interest income was \$180 for the second quarter of 2000 compared to \$1,689 for the second quarter of 1999. For the six month period ended June 30, 2000, interest income was \$376 compared to \$5,119 for the same period of 1999. The decrease between periods is attributed to declining cash reserves.

NET LOSS. Net loss was \$7,981 for the second quarter of 2000 compared to a net loss of \$228,445 for the second quarter of 1999. For the six-month period ended June 30, 2000, net loss was \$18,819 compared to a net loss of \$506,321 for the same period of 1999. Since the Company has ceased business operations, it does not expect to incur additional substantial losses in 2000, except for expenses relating to the operation of a small office, pursuing opportunities for its public shell and SEC public filing requirements.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalents were \$22,965 as of June 30, 2000, compared to \$40,986 as of December 31, 1999. This decrease in cash and cash equivalents was due primarily to the net loss from operations for the six-months ended June 30, 2000.

The Company expects that its current cash balance will allow it to meet its minimal operating expenditures at least through September 30, 2000.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

EXHIBIT NO. DESCRIPTION

27.1 Financial Data Schedules

99.1 Cautionary Statement

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the quarter ended June 30, 2000

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

REALITY INTERACTIVE, INC.

Dated: August 11, 1999

By /s/ Paul J. Wendorff

Paul J. Wendorff
Its Chief Executive Officer

EXHIBIT INDEX

Exhibit No. -----	Description -----
27.1	Financial Data Schedule
99.1	Cautionary Statement

6-MOS			
	DEC-31-2000		
	JUN-30-2000		
		22,965	
		0	
		0	
		0	
	23,860		0
		0	
	23,860		
16,413			0
	0		
		0	
		46,774	
23,860		(39,327)	
			0
	13,481		0
		0	
	32,300		
		0	
		0	
	(18,819)		
		0	
(18,819)			
		0	
		0	
			0
	(18,819)		
		(.00)	
		(.00)	

CAUTIONARY STATEMENT

Reality Interactive, Inc. (the "Company"), or persons acting on behalf of the Company, or outside reviewers retained by the Company making statements on behalf of the Company, or underwriters, from time to time make, in writing or orally, "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. When used in conjunction with an identified forward-looking statement, this Cautionary Statement is for the purpose of qualifying for the "safe harbor" provisions of such sections and is intended to be a readily available written document that contains factors which could cause results to differ materially from such forward-looking statements. These factors are in addition to any other cautionary statements, written or oral, which may be made or referred to in connection with any such forward-looking statement.

The following matter, among others, may have a material adverse effect on the business, financial condition, liquidity, results of operations or prospects, financial or otherwise, of the Company. Reference to this Cautionary Statement in the context of a forward-looking statement or statements shall be deemed to be a statement that may cause actual results to differ materially from those in such forward-looking statement or statements:

DISCONTINUATION OF CURRENT OPERATIONS. The Company ceased its business operations effective April 30, 1999. Management of the Company believes this action was necessary in light of the Company's current liquidity needs and lack of short-term revenue opportunities. The Company is currently exploring potential uses for the Company in its current form as an inoperative public company. In the meantime, the Company intends to comply with all SEC filing requirements in order to maintain the Company's good standing under the Securities Exchange Act of 1934, as amended. In the event the Company is unable to find a suitable acquisition or merger candidate or other suitable use for the Company in the near future, the Company will be liquidated and its remaining assets will be distributed to its creditors in satisfaction of its then-current obligations and, if any assets remain thereafter, to its shareholders. There can be no assurance that any such candidate or other suitable use for the Company or its assets will be found.