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

FORM 10-KSB

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

For the Fiscal Year Ended December 31, 2001

Commission File Number: 0-27862

REALITY INTERACTIVE, INC.

NEVADA	80-0028196
State of Incorporation	I.R.S. Employer Identification Number

2200 Phoenix Tower
3200 Southwest Freeway
Houston, TX 77027
713-521-0221

Securities registered under Section 12(g) of the Exchange Act: COMMON STOCK, $.01 PAR VALUE

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 for such 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

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulations S-B contained herein, and no disclosure will be contained, to the best of registrants knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [X] The Company's revenues for the Fiscal Year Ended December 31, 2000 totaled $0. As of May 1, 2002, the Company had 27,124,927 shares of Common Stock outstanding. The aggregate market value of the 2,114,927 shares of Common Stock held by non-affiliates of the Company was $169,194 based on the closing bid price of $.08 on May 6, 2002 on the Over The Counter Bulletin Board.

Transitional small business disclosure format: Yes No X

FORM 10-KSB INDEX

This Annual Report on Form 10-KSB 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 27, 1999, the Company announced that it would cease current 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.

Since April 30, 1999, the Company had been exploring potential uses of its public shell. On December 31, 2001, the Company executed a subscription agreement and letter of Investment Intent with International Venture Capital and Advisory, Inc. which purchased 66,667 post reverse split shares of the Company=s common stock at a price of $3.00 per share. The Company used these proceeds of this share sale to pay its outstanding liabilities and accrued expenses.

On January 23, 2002, Reality Interactive, Inc. was incorporated in the State of Nevada as a wholly-owned subsidiary of the Company. On January 23, 2002, the Company was merged into Reality Interactive, Inc. a Nevada corporation (the ASurviving Company@). Prior to the merger, there were 12,491,574 shares outstanding of the Company. Upon completion of the merger, shareholders of the Company were entitled to exchange one share of the Company for one share of the Surviving Company. On January 24, 2002, the Surviving Company effected a 1:100 reverse stock split and re-authorized 100,000,000 shares of common stock having a par value of $.001 per share and 5,000,000 shares of preferred stock having a par value of $.001 per share. On February 1, 2002, acquired all of the issued and outstanding shares of Bright Europe Tech, Inc. (Bright), a British Columbia Canada corporation in exchange for 12,500,000 shares of its common stock and acquired all of the issued and outstanding shares of Faster Cash ATM, Inc. (ATM) also a British Columbia Canada corporation in exchange for 12,500,000 shares of its common stock. Bright will operate gaming and lottery concessions while ATM will operate automatic teller machines in Eastern Europe. As of February 1, 2002, the Surviving Company=s new trading symbol is RLTI. Accordingly, all references to the number of shares of common stock and to per share information in the financial statements have been adjusted to reflect the reverse stock split on a retroactive basis.

On February 15, 2002, the Surviving Company filed an S-8 Registration Statement with the Securities and Exchange Commission to register 5,000,000 shares of common stock, $.001 par value. The Common Stock will be issued by the Surviving Company pursuant to its Stock Incentive Plan, which has been approved by the Board of Directors of the Surviving Company. The Stock Incentive Plan is hoped to provide a method whereby current employees and officers and non employee directors and consultants may be stimulated and allow the Surviving Company to secure and retain highly qualified employees, officers, directors and non-employee directors and consultants, thereby advancing the interests of the Surviving Company, and all of its shareholders.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

GENERAL

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, sold substantially all of its assets and terminated all of its employees. Management of the Company believes this action was necessary in light of the Company's liquidity needs and lack of short-term revenue opportunities.

Since April 30, 1999, the Company has been exploring potential uses of its public shell. Until a suitable acquisition candidate can be found for the public shell, the Company intends to comply with all SEC reporting requirements in order to maintain its status as a public company. On February 1, 2002, the Company acquired all of the issued and outstanding shares of Bright Europe Tech, Inc. and Faster Cash ATM, Inc. The future business of the Company will be from operating gaming and lottery concession and from operating automated teller machines in Eastern Europe.

The Company has incurred operating losses in each period since inception, and has an accumulated deficit of $15,740,617.

The Company's Common Stock is currently traded on the Over the Counter Bulletin Board under the symbol "RLTI". The Company is not required to deliver an annual report to its shareholders and will not deliver an annual report to the shareholders.

You may read and copy any materials filed with the Securities and Exchange Commission ("SEC") by the Company at the SEC's Public Reference Room located at 450 Fifth Street N.W., Washington, D.C. 20549, or by logging on to the SEC's website (http://www.sec.gov), which contains reports, proxy and information statements and other information regarding the Company filed electronically. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

ITEM 2. DESCRIPTION OF PROPERTY

The Company's executive office is located at the law offices of Sullins Johnson Rohrback & Magers in Houston, TX which provides such facilities at no charge to the Company.

ITEM 3. LEGAL PROCEEDINGS

NONE.

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

NONE.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

A. MARKET PRICE OF COMMON STOCK

The Company's common stock trades on the Over the Counter Bulletin Board (OTC BB) under the symbol RLTI. Shares of the Company's Common Stock are held by approximately 95 shareholders of record. The following table sets forth the high and low prices of the Company's Common Stock for each calendar quarter for the past two years.

Year Ended December 31, 2000			Year Ended December 31, 2001		
Quarter	High	Low	Quarter	High	Low
First	$ 0.31	.09	First	.24	.06
Second	$ 0.15	.03	Second	.12	.06
Third	$ .013	.06	Third	.09	.05
Fourth	$ 013	.03	Fourth	.06	.03

The Company has never paid cash dividends on its common stock and does not anticipate paying cash dividends in the foreseeable future.

B. CHANGES IN SECURITIES

On January 24, 2002, the Company effected a 1:100 reverse split of its shares and re-authorized the par value of $.001, per share.

ITEM 6. 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 years ended December 31, 200 and 2000.

RESULTS OF OPERATIONS

REVENUES. Revenues were $0 for both the years ended December 31, 2000 and December 31, 2001. This resulted because of 1999 the Company's decision to cease its business operations effective April 30, 1999.

COST OF REVENUES. Cost of revenues were $0 for both the years ended December 31, 2000 and December 31, 2001. This resulted because of the Company's decision to cease business operations effective April 30, 1999.

OPERATING EXPENSES. The Company's operating expenses for the year ended December 31, 2001 were $294,705, compared to operating expenses of $52,413 for 2000. Operating expenses for 2000 relate primarily to costs incurred to maintain a small administrative office in addition to the costs related to maintaining a fully reporting status with the Securities and Exchange Commission. Operating expenses for the year ended December 31, 2001 relate to consulting services, costs incurred to maintain a small administration office, costs related to maintaining company and costs associated with resolving certain outstanding corporate issues.

The Company expects that it will continue to incur general and administrative expenses for the year 2001 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 INTELLECTUAL PROPERTY. During 2000, the Company received $13,105 in connection with the sale of one of its Internet domain names. There was no gain on the sale of intellectual property or any other similar gain for the year ended December 31, 2001.

INTEREST INCOME. The Company's interest income was $578 for the year ended December 31, 2000 compared to interest income of $15 for the year ended December 31, 2001. For each year, interest income consisted entirely of interest earned on short-term investments, with the decrease between years being attributed to declining cash reserves.

NET LOSS. Net loss for the year ended December 31, 2001 was $294,687, compared to a net loss of $38,730 for 2000. Since the Company has ceased business operations, it does not expect to incur additional substantial losses in 2001, 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 $266 as of December 31, 2001, compared to $7,620 as of December 31, 2001 which was partially offset by the sale of stock and the payment of stock for certain consulting services. This decrease in cash was due primarily to the net loss from operations for the year ended December 31, 2000.

The Company has sufficient cash balances to allow it to meet its minimal operating expenditures for the current year. Therefore, the Company's ability to fund future operations is dependent on the Company's identifying a suitable acquisition candidate or receive proceeds from shareholder loans or the sale of its common stock. Without the foregoing, the Company will be unable to continue as a going concern.

ITEM 7. FINANCIAL STATEMENTS

INDEX TO FINANCIAL STATEMENTS

ITEM 8. CHANGES AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Virchow, Krause & Company LLP is a successor entity to the Company's accountants formerly named Lund Koehler Cox and Arkema LLP.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT.

DIRECTORS AND EXECUTIVE OFFICERS

Information regarding the Directors of the Company is set forth below:

Name	Age	Offices
Brian Koehn	53	Chairman of the Board, President and Chief Executive Officer

Brian Koehn. Mr. Koehn became the Chief Executive Officer of the Company in January 2002. Since 1990, he has been a director of International Sales and Marketing of PSI Services, Inc. a company which assists small and medium sized companies with international sales and marketing. Over the past 12 months he has also worked with a group of Vancouver, British Columbia funeral homes developing markets for prepaid funerals, insurance and annuity programs.

MEETINGS OF THE BOARD OF DIRECTORS

During the fiscal year ended December 31, 2001, there were no Board of Directors meetings. The Board of Directors and its committees also act from time to time by written consent in lieu of meetings. The Company currently does not have an audit, compensation or nominating committee.

See the biographical information for Mr. Koehn under the section ADirectors@.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires executive officers and directors and persons who beneficially own more than 10% of the Company's Common Stock to file initial reports of ownership and reports of changes in ownership with the Securities and Exchange Commission ("SEC"). Such persons are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

Based solely on a review of the copies of such Section 16(a) reports filed by the Company's directors, executive officers and greater than 10% shareholders and written representations from such reporting persons that no other reports were required to be filed, the Company believes that all Section 16(a) filing requirements were met in a timely manner for the fiscal year ending December 31, 2001.

AUDIT COMMITTEE REPORT

The Company currently does not have a standing audit committee.

ITEM 10. EXECUTIVE COMPENSATION

The following table sets forth the compensation awarded to or earned in fiscal years 1999, 2000 and 2001 by the Company's Chief Executive Officer. No other executive officer of the Company earned salary and bonus in excess of $100,000 during 2000.

SUMMARY COMPENSATION TABLE

Name	Fiscal Year	Annual Compensation Salary (1)	Bonus
Paul J. Wendorf	2001	$ 0	$ 0
Former President			
and Chief Executive Officer	2000	0	0
	1999	48,442	0

None of the new officers or directors received compensation of any.

(1) The compensation to Mr. Wendorff for fiscal year 1999 represents payments made through April 30, 1999, the effective date of the Company's cessation of business operations.

(2) All options granted to Mr. Wendorff for the years indicated presented have expired.

OPTION GRANTS IN LAST FISCAL YEAR

No options were granted to the executive officer named in the Summary Compensation Table above during fiscal year 2000.

OPTION EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END VALUES

No options were exercised by the executive officer named in the Summary Compensation Table above during fiscal year 2001. The executive officer named in the Summary Compensation Table does not hold any options to purchase shares of the Company's Common Stock.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

PRINCIPAL SHAREHOLDERS

The following table sets forth certain information with respect to beneficial ownership of the Company's Common Stock as of May 1, 2002 by: (i) each director of the Company, (ii) each executive officer of the Company named in the Summary Compensation Table, (iii) all directors and executive officers of the Company as a group and (iv) each person or entity known by the Company to own beneficially more than 5% of the Company's Common Stock. Unless noted below, the address of each of the following shareholders is the same as the Company.

Name and Address of Beneficial Owner	Shares	Beneficial Owner Percentage
Bright Europe Tech, Inc.	12,500,000	46.08%
Faster Cash ATM, Inc.	12,500,000	46.08%
Brian Koehn	10,000	.037%
All directors and executive officers as a group (1 persons)	10,000	.037%

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K

(a) Index of Exhibits

Exhibit Number	Description
3.1(1)	Articles of Incorporation of the Company
3.2(1)	Amended and Restated Articles of Incorporation of the Company
3.3(1)	Bylaws of the Company
3.4(1)	Amended Bylaws of the Company
4.1(1)	Specimen form of the Company's Common Stock Certificate
4.2(1)	Warrant Agreement (including Form of Redeemable Warrant)
4.3(1)	Form of Bridge Loan Agreement, dated January 19, 1996, between the Company and various investors (including form of Bridge Note and Bridge Warrant)
4.4(1)	Canceled Promissory Note in favor of Brightstone Fund VI in the amount of $200,000
4.5(1)	Canceled Promissory Note in favor of Wyncrest Capital, Inc. in the amount of $120,000
4.6(1)	Warrant in favor of Brightstone Fund VI for 43,109 shares
4.7(1)	Warrant in favor of Wyncrest Capital, Inc. for 25,188 shares
10.1(1)	ISO 9000 Content Agreement between Reality Interactive, Inc. and Process Management International, dated August 4, 1994
10.2(1)	Joint Marketing and Distribution Agreement between Reality Interactive, Inc. and American Society for Quality Control, Inc., dated May 10, 1995
10.3(1)	Agreement for Consulting Services between Reality Interactive, Inc. and Steven W. McClernon, dated January 15, 1996
10.4(1)	Sublease Agreement between Reality Interactive, Inc. and Collopy Saunders Real Estate, Inc., dated December 15, 1994
10.5(1)	Subject Matter Expert Agreement between Reality Interactive, Inc. and The Third Generation, Inc., dated January 6, 1996
10.6(1)	Subject Matter Expert Agreement between Reality Interactive, Inc. and WRITAR, dated February 1, 1996
10.7(1)	Reality Systems, Inc. 1994 Stock Incentive Plan, as amended (including form of Stock Option Agreement)
10.8(1)	Form of Non-Statutory Directors' Option Agreement (issued to certain non-employee directors or affiliates of non-employee directors in 1994 and 1995)

10.9(1)	Reality Interactive, Inc. 1996 Directors Stock Option Plan (including form of Directors Stock Option Agreement)
10.10(1)	Form of Shrink-Wrap License Agreement
10.11(1)	Form of Enterprise License Agreement
10.12(1)	Form of Volume Discount Agreement
10.13(1)	ISO 9000/QS-9000 Addendum, dated March 13, 1996, between the Company and Process Management Institute, Inc., amending the agreement dated August 4, 1994
10.14(1)	Form of Lock-Up Agreement
10.15(1)	Independent Software Vendor Agreement between the Company and Hewlett Packard
10.16(1)	Master Equipment Lease Agreement, dated June 15, 1995, and Amendment No. 1 to Master Equipment Lease Agreement, dated July 1995, each between the Company and Carlton Financial Corporation
10.17(1)	Lease Agreement, dated January 30, 1996, between the Company and Lease Finance Group, Inc.
10.18(1)	Irrevocable Letters of Credit, dated June 20, 1995 and August 1, 1995, from BankWindsor in favor of Carlton Financial Corp. and Irrevocable Letter of Credit, dated December 27, 1995, in favor of Lease Finance Group, Inc.
10.19(2)	First Amendment to Joint Marketing and Distribution Agreement between Reality Interactive, Inc. and American Society for Quality Control, Inc., dated May 1, 1996
10.20(2)	Joint Marketing and Distribution Agreement between Reality Interactive, Inc. and American Society for Quality Control, Inc., dated May 17, 1996
10.21(3)	Equipment Lease between Reality Interactive, Inc. and Dexxon Capital Corporation Dated June 3, 1996
10.22(4)	Copyright License Agreement between Reality Interactive, Inc. and the American National Standards Institute dated August 30, 1996, including Modifying Agreement
10.23(4)	ISO 14000 Marketing and Promotion Agreement between Reality Interactive, Inc. and the American National Standards Institute dated September 20, 1996
10.24(4)	ISO 14000 Marketing and Promotion Agreement between Reality Interactive, Inc. and the Global Environment and Technology Foundation dated September 6, 1996

10.25(4)	Distribution Agreement between Reality Interactive, Inc. and Futuremedia PLC dated July 12, 1996
10.26(5)	Sublease Agreement between Reality Interactive, Inc. and IVI Publishing, Inc., dated September 17, 1996
10.27(5)	Distribution Agreement between Reality Interactive, Inc. and Lasermedia (Deutschland) GMBH, dated October 9, 1996
10.28(5)	Amendment No. 2, dated December 9, 1996, to Master Equipment Lease Agreement, dated July 1995, each between the Reality Interactive, Inc. and Carlton Financial Corporation
10.29(5)	Irrevocable Letter of Credit, dated December 9, 1996, from BankWindsor in favor of Carlton Financial Corp.
10.30(6)	Master Distribution Agreement between Reality Interactive, Inc. and Interactive Media Communications, dated February 24, 1997
10.31(6)	Multinational Copyright Exploitation Agreement between Reality Interactive, Inc. and the International Organization for Standardization, dated February 17, 1997
10.32(6)	Multinational Copyright Exploitation Agreement between Reality Interactive, Inc. and the International Organization for Standardization, dated February 17, 1997
10.33(7)	Asset Purchase Agreement between Reality Interactive, Inc. and VirtualFund.com, Inc., dated June 18, 1999
10.34(7)	Credit Agreement between Reality Interactive, Inc. and VirtualFund.com, Inc., dated May 28, 1999
10.35(7)	Form of Demand Note between Reality Interactive, Inc. and VirtualFund, Inc., dated May 28, 1999
10.36(7)	Security Agreement between Reality Interactive, Inc. and VirtualFund, Inc., dated May 28, 1999
23.1	Consent of Virchow, Krause & Company, LLP
99.1	Cautionary Statement

(1) Incorporated by reference to Amendment No. 2 to the Company's Registration Statement on Form SB-2 (File No. 333-01508C), as filed with the Securities and Exchange Commission on April 9, 1996.

(2) Incorporated by reference to the Company's Form 10-QSB for the quarter ended March 31, 1996.

(3) Incorporated by reference to the Company's Form 10-QSB for the quarter ended June 30, 1996.

(4) Incorporated by reference to the Company's Form 10-QSB for the quarter ended September 30, 1996.

(5) Incorporated by reference to the Company's Form 10-KSB for the year ended December 31, 1996.

(6) Incorporated by reference to the Company's Form 10-QSB for the quarter ended March 31, 1997.

(7) Incorporated by reference to the Company's Preliminary Proxy Statement filed June 28, 1999.

(b) Reports on Form 8-K

NONE.

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

REALITY INTERACTIVE, INC.

Dated: May 7, 2002

By /s/ Brian Koehn

Brian Koehn
Chief Executive Officer and
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title	Date
------------------------ Brian Koehn	Chief Executive Officer, President, Secretary / Treasurer and Director	May ___, 2002

ITEM 7. FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Reality Interactive, Inc.:

We have audited the accompanying balance sheets of Reality Interactive, Inc. as of December 31, 2001 and 2000, and the related statements of operations, stockholders' deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Reality Interactive, Inc. as of December 31, 2001 and 2000, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that Reality Interactive, Inc. will continue as a going concern. As discussed in Note 1 to the financial statements, Reality Interactive, Inc. has suffered recurring losses from operations and has a significant accumulated deficit that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The 2001 financial statements do not include any adjustments that might result from the outcome of this uncertainty.

VIRCHOW, KRAUSE & COMPANY, LLP

Minneapolis, Minnesota
March 14, 2002

DECEMBER 31, 2001 AND 2000

	2001	2000
ASSETS		
Current assets:		
Cash	$ 266	$ 7,620
Other current assets	0	895
Total current assets	266	8,515
	$ 266	$ 8,515
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 8,867	$ 13,026
Accrued liabilities	0	7,953
Total current liabilities	8,867	20,979
Stockholders' deficit:		
Common stock, $.001 par value, 100,000,000 shares authorized, 124,916 and 46,774 shares issued and outstanding	125	47
Additional paid-in capital	15,731,891	15,433,419
Accumulated deficit	(15,740,617)	(15,445,930)
Total stockholders' deficit	(8,601)	(12,464)
	$ 266	$ 8,515

See accompanying notes to financial statements.

REALITY INTERACTIVE, INC.
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

	2001	2000
Revenues	$ 0	$ 0
Cost of revenues	0	0
Gross profit	0	0
Operating expenses:		
General and administrative	294,705	52,413
Total operating expenses	294,705	52,413
Loss from operations	(294,705)	(52,413)
Gain on sale of intellectual property	0	13,105
Interest income	18	578
Total other income (expense)	18	13,683
Net loss	$(294,687)	$(38,730)
Basic and diluted loss per share	$ (5.36)	$ (0.83)
Weighted average common shares outstanding	54,974	46,774

See accompanying notes to financial statements.

REALITY INTERACTIVE, INC.
STATEMENTS OF STOCKHOLDERS' DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Total
Balance - December 31, 1999	46,774	$ 47	$15,433,419	$ (15,407,200)	$ 26,266
Net loss	--	--	--	(38,730)	(38,730)
Balance - December 31, 2000	46,774	47	15,433,419	(15,445,930)	(12,464)
Common stock issued for consulting services	11,475	11	98,539		98,550
Common stock sold in a private placement	66,667	67	199,933		200,000
Net loss	--	--	--	(294,687)	(294,687)
Balance - December 31, 2001	124,916	$ 125	$15,731,891	$ (15,740,617)	$ (8,601)

See accompanying notes to financial statements.

REALITY INTERACTIVE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

	2001	2000
Cash flows from operating activities:		
Net loss	$ (294,687)	$ (38,730)
Adjustments to reconcile net loss to cash flows from operating activities:		
Common stock issued for consulting services	98,550	0
Gain on disposal of intellectual property	0	(13,105)
Changes in operating assets and liabilities:		
Other current assets	895	2,026
Accounts payable	(4,159)	3,338
Accrued liabilities	(7,953)	0
Cash flows from operating activities	(207,354)	(46,471)
Cash flows from investing activities:		
Proceeds from sale of intellectual property	0	13,105
Cash flows from investing activities	0	13,105
Cash flows from financing activities:		
Proceeds from sale of common stock	200,000	0
Cash flows from financing activities	200,000	0
Decrease in cash	(7,354)	(33,366)
Cash, beginning of year	7,620	40,986
Cash, end of year	$ 266	$ 7,620

See accompanying notes to financial statements.

1. Organization and Status

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

On December 31, 2001, the Company executed a Subscription Agreement and Letter of Investment Intent (the "Investment") with International Venture Capital and Advisory, Inc. (the "Investor"), whereby the Investor agreed to purchase 66,667 shares of the Company's common stock at a price of $3.00 per share. As a result of the Investment, the Investor owns 53.37% of the Company's issued and outstanding common stock. The Company used the proceeds of the Investment to pay its outstanding liabilities and accrued expenses. Currently, the Investor is exploring potential uses of the public shell. As the controlling shareholder of the Company, the Investor intends to comply with all future SEC reporting requirements in order to maintain the Company's status as a public company.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash

The Company maintains its cash in bank deposit accounts at a financial institution with high credit quality. The balances, at times, may exceed federally insured limits.

Income Taxes

The Company utilizes the liability method of accounting for income taxes. Deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to temporary differences between the financial statement and income tax reporting bases of assets and liabilities.

Net Loss Per Share

The Company accounts for loss per share as required under Statement of Financial Accounting Standards No. 128, "Earnings Per Share" (SFAS No. 128). SFAS No. 128 requires dual presentation of basic and diluted loss per share for entities with complex capital structures. Basic loss per share includes no dilution and is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted loss per share reflects the potential dilution of securities that could share in the earnings of an entity and is similar to the former fully diluted loss per share calculation. For the years ended December 31, 2001 and 2000, basic and diluted loss per share for the Company is the same because the Company has no outstanding stock options and warrants.

Fair Value of Financial Instruments

The carrying amounts for all financial instruments approximate fair value. The carrying amounts for cash and cash equivalents, accounts payable and accrued liabilities approximate fair value because of the short maturity of these instruments.

New accounting pronouncements

SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended, is effective for years beginning after June 15, 2000. SFAS No. 133 establishes accounting and reporting standards requiring that every derivative instrument, including certain derivative instruments embedded in other contracts, be recorded in the balance sheet as either an asset or liability measured at its fair value. SFAS No. 133 requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge criteria are met. Special accounting for qualifying hedges allows a derivative's gains or losses to offset related results on the hedged item in the statement of operations and requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting. The adoption of SFAS No. 133 did not have a material effect on the Company's financial position or results of operations.

In June 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 141 "Business Combinations." SFAS No. 141 eliminates the pooling-of-interests method of accounting for business combinations except for qualifying business combinations that were initiated prior to July 1, 2001. In addition, SFAS No. 141 further clarifies the criteria to recognize intangible assets separately from goodwill. The requirements of SFAS No. 141 are effective for any business combination accounted for by the purchase method that is completed after June 30, 2001. The Company is evaluating the impact of this new accounting standard.

In June 2001, the FASB issued SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 142 discontinues the amortization of recorded goodwill for fiscal years beginning after December 15, 2001. In the future, goodwill will be reduced based upon an impairment analysis of the amount recorded on the Company's books. To the extent it has been determined that the carrying value of goodwill is not recoverable and is in excess of fair value, an impairment loss will be recognized. Impairment will be reviewed on a periodic basis based on its fair value. Currently the adoption of SFAS No. 142 will not have an impact of the Company's financial position or results of operations.

In June 2001, the FASB issued SFAS No. 143. "Accounting for Asset Retirement Obligations." SFAS No. 143 is effective for fiscal years beginning after June 15, 2002. The Company believes the adoption of SFAS No. 143 will not have a material effect on the Company's financial position or results of operations.

In October 2001, the FASB issued SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 supercedes SFAS No. 121. SFAS 144 primarily addresses significant issues relating to the implementation of SFAS 121 and develops a single accounting model for long-lived assets to be disposed of, whether primarily held, used or newly acquired. The provisions of SFAS 144 will be effective for fiscal years beginning after December 15, 2001. The provisions of SFAS No. 144 generally are to be applied prospectively. The Company believes the adoption of SFAS No. 144 will not have a material effect on the Company's financial position or results of operations.

3. Income Taxes

Significant components of the Company's deferred tax assets are as follows:

	December 31, 2001	December 31, 2000
Deferred tax assets:		
Net operating loss carryforwards	$ 6,300,000	$ 6,150,000
Other	-	50,000
Total deferred tax assets	6,300,000	6,200,000
Less valuation allowance	(6,300,000)	(6,200,000)
Net deferred tax assets	$ -	$ -

At December 31, 2001, the Company had net operating loss carryforwards of approximately $15,650,000 for income tax purposes. The net operating loss carryforwards expire in 2009 through 2021 if not previously utilized.

The Company has determined, based on the weight of available evidence at December 31, 2001, that it is more likely than not the Company's deferred tax assets will not be realized. Accordingly, a valuation allowance has been established for the tax benefits of these items. Future utilization of the available net operating loss carryforwards may be limited due to past changes in ownership under Internal Revenue Code Section 382 and future significant changes in ownership.

4. Commitment

Leases

During 2001, the Company leased office space and equipment under short-term operating lease agreements. At December 31, 2001, the Company's operating lease agreements had expired.

Rent expense was approximately $10,446 and $13,419 for the years ended December 31, 2001 and 2000, respectively.

5. Stockholders' Equity

Common Stock Issued

The holders of Common Stock are entitled to one vote for each share on all matters submitted to a vote of stockholders. Holders of Common Stock have no preemptive, subscription or conversion rights and there are no redemption or sinking fund provisions applicable thereto. The outstanding shares of Common Stock are fully paid and nonassessable.

On April 24, 2001, the Company issued 10,305 shares of common stock to Knowledge Integrators, Inc. as payment for consulting services provided to the Company. Knowledge Integrators, Inc. is 100% owned by Paul J. Wendorff, who is also the Company's Chief Executive Officer and a Director. In addition, on April 24, 2001, the Company issued 1,170 shares of common stock to Wesley W. Winnekins as payment for consulting services provided to the Company. Wesley W. Winnekins is currently a Director of the Company. The value of the services provided by Knowledge Integrators, Inc. and Wesley W. Winnekins was $98,550 based on the fair value of the common stock issued.

On December 31, 2001, the Company issued 66,667 shares of common stock at a price of $3.00 per share in connection with the execution of a Subscription Agreement and Letter of Investment Intent. As a result of this Investment, the Investor owns 53.37% of the Company's issued and outstanding common stock.

Warrants

A summary of the Company's warrant activity is as follows:

	Number	Exercise Price	Expiration
Outstanding at December 31, 1999	27,983	$240-$800	2000-2001
Expired	(27,983)	$240-$800	4/10/00
Outstanding at December 31, 2000	0		
Outstanding at December 31, 2001	0		

The Company issued such warrants in connection with various financing transactions. The holders of these warrants are not entitled to vote, receive dividends or exercise any other rights until such warrants have been duly exercised and payment of the purchase price has been made. All warrants were expired as of December 31, 2000.

Stock Options

At December 31, 2001, the Company had 7,000 shares of common stock reserved under its 1994 Stock Incentive Plan. The plan provides for grants of incentive and nonqualified stock options to officers, employees and independent contractors. Furthermore, the Company may grant nonqualified options outside of this plan. These stock options generally vest evenly over a three to four year period and are exercisable over periods up to five years from date of grant. In addition, the Company had 4,000 shares of common stock reserved under its 1996 Directors' Stock Option Plan. This plan provides for annual grants of options to purchase 100 shares of Common Stock per director per year and vests six months from the date of grant.

The Board of Directors establishes all terms and conditions of each grant. Stock options are granted at or above fair market value as determined by the Board of Directors at each grant date.

For the years ended December 31, 2001 and 2000, there were no options granted or outstanding under the plans. As a result, the Company has not recognized any compensation expense for the periods presented as prescribed by SFAS No. 123, "Accounting for Stock-Based Compensation."

6. Subsequent Events

On January 23, 2002, Reality Interactive, Inc. was incorporated in the State of Nevada as a wholly-owned subsidiary of the Company. On January 23, 2002, the Company was merged into Reality Interactive, Inc., a Nevada corporation (the "Surviving Company"). Prior to the merger, there were 12,491,574 shares outstanding of the Company. Upon completion of the merger, shareholders of the Company were entitled to exchange one share of the Company for one share of the Surviving Company. On January 24, 2002, the Surviving Company effected a 1:100 reverse stock split and re-authorized 100,000,000 shares of common stock having a par value of $.001 per share and 5,000,000 shares of preferred stock having a par value of $.001 per share. As of February 1, 2002, the Surviving Company's new trading symbol is RLTI. Accordingly, all references to the number of shares of common stock and to per share information in the financial statements have been adjusted to reflect the reverse stock split on a retroactive basis.

On February 15, 2002, the Surviving Company filed an S-8 Registration Statement with the Securities and Exchange Commission to register 5,000,000 shares of common stock, $.001 par value. The Common Stock will be issued by the Surviving Company pursuant to its Stock Incentive Plan, which has been approved by the Board of Directors of the Surviving Company. The Stock Incentive Plan is hoped to provide a method whereby current employees and officers and non employee directors and consultants may be stimulated and allow the Surviving Company to secure and retain highly qualified employees, officers, directors and non employee directors and consultants, thereby advancing the interests of the Surviving Company, and all of its shareholders.