

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 MARCH 31, 2002

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

For the transition period from _____ to _____

Commission File Number: 0-27862

REALITY INTERACTIVE, INC.

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

NEVADA

80-0028196

State of Incorporation

I.R.S. Employer Identification Number

2200 Phoenix Tower
3200 Southwest Freeway
Houston, TX 77027

(Address of principal executive offices)

713-521-0221
(Issuer's telephone number)

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 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 CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity. As of March 31, 2002 - 2,124,916 shares of Common Stock

Transitional Small Business Disclosure Format (check one): Yes No

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements

REALITY INTERACTIVE INC.
BALANCE SHEET
MARCH 31, 2002 AND DECEMBER 31, 2001

	March 31 2002 ----- (Unaudited)	December 31 2001 -----
ASSETS		
Current assets:		
Cash	\$ 266	\$ 266
Other current assets	0	0
	-----	-----
Total current assets	266	266
	-----	-----
	\$ 266	\$ 266
	=====	=====
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	\$ 8,867	\$ 8,867
Accrued liabilities	0	0
	-----	-----
Total current liabilities	8,867	8,867
	-----	-----
Stockholders' deficit:		
Common stock, \$.001 par value, 100,000,000 shares authorized, 2,124,916 and 124,916 shares issued and outstanding	2,125	125
Additional paid-in capital	15,809,891	15,731,891
Accumulated deficit	(15,820,617)	(15,740,617)
	-----	-----
Total stockholders' deficit	(8,601)	(8,601)
	-----	-----
	\$ 266	\$ 266
	=====	=====

See accompanying notes to financial statements.

REALITY INTERACTIVE, INC.
 STATEMENTS OF OPERATIONS
 FOR THE 3 MONTH PERIOD ENDED MARCH 31, 2002 AND 2001
 (Unaudited)

	March 31 2002 -----	March 31 2001 -----
Cost of revenues	\$ 0	\$ 0
Gross profit	0	0
Operating expenses:		
General and administrative	80,000	4,493
Total operating expenses	80,000	4,493
Loss from operations	(80,000)	(4,493)
Gain on sale of intellectual property	0	0
Interest income	0	18
Total other income (expense)	0	18
Net loss	\$ (80,000)	\$ (4,475)
	=====	=====
Basic and diluted loss per share	\$ (0.04)	\$ (0.00)
	=====	=====
Weighted average common shares outstanding	2,124,916	4,677,407
	=====	=====

See accompanying notes to financial statements.

REALITY INTERACTIVE, INC.
 STATEMENTS OF STOCKHOLDERS' DEFICIT
 FOR THE PERIOD ENDED MARCH 31, 2002

	Common Stock Shares	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)
Common stock sold S-8 options	2,000,000	2,000	78,000		80,000
Net loss				(80,000)	(80,000)
Balance - March 31, 2002 (Unaudited)	2,124,916	\$ 2,125	\$15,809,891	\$(15,820,617)	\$ (8,601)
	=====	=====	=====	=====	=====

See accompanying notes to financial statements.

REALITY INTERACTIVE, INC.
 STATEMENTS OF CASH FLOWS
 FOR THE PERIOD ENDED MARCH 31, 2002 AND 2001
 (Unaudited)

	March 31 2002 -----	March 31 2001 -----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (80,000)	\$ (4,475)
Adjustments to reconcile net loss to cash flows from operating activities:		
Common stock issued for consulting services	0	0
Gain on disposal of intellectual property	0	0
Changes in operating assets and liabilities:		
Other current assets	0	0
Accounts payable	0	0
Accrued liabilities	0	0
	-----	-----
Net cash used by operating activities	(80,00)	(4,475)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from sale of common stock	80,000	0
	-----	-----
Net cash from financing activities	80,000	0
	-----	-----
Net cash provided (used) during period	0	(4,475)
Cash, beginning of period	266	7,620
	-----	-----
Cash, end of period	\$ 266	\$ 3,145
	=====	=====

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.

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. On February 27, 2002, an option for 2,000,000 shares of common stock was exercised and issued pursuant to the option agreement between the company and its employees.

The balance of 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.

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 months ended March 31, 2002 and 2001.

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 concessions and from operating automated teller machines in Eastern Europe.

RESULTS OF OPERATIONS

REVENUES. Revenues were \$0 for both the quarters ended March 31, 2002 and 2001. This resulted because of the Company's decision to cease its business operations effective April 30, 1999.

COST OF REVENUES. Cost of revenues were \$0 for both the quarters ended March 31, 2002 and 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 quarter ended March 31, 2002 were \$80,000, compared to operating expenses of \$4,475 for 2001. Operating expenses for 2001 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 quarter ended March 31, 2002 relate to consulting services, significant legal costs, 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 2002 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.

INTEREST INCOME. The Company's interest income was \$0 for the quarter ended March 31, 2002 compared to interest income of \$18 for the quarter ended March 31, 2001. Interest income consisted entirely of interest earned on short-term investments.

NET LOSS. Net loss for the quarter ended March 31, 2002 was \$80,000, compared to a net loss of \$4,475 for 2001. Since the Company has ceased business operations, it does not expect to incur additional substantial losses in 2002, 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 March 31, 2002, compared to \$3,145 as of March 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, 2001.

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.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings
None

Item 2. Change in Securities and Use of Proceeds
None

Item 3. Defaults Upon Senior Securities
None

Item 4. Submission of Matters to a Vote of Security Holders
Not applicable

Item 5. Other Information
Not applicable

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

None

(b) Reports on Form 8-K

None

SIGNATURES

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

REALITY INTERACTIVE, INC.

By: /s/ Brian Koehn

Brian Koehn
Chief Executive Officer and
Chief Financial Officer

Date: June 5, 2002