SECURITIES AND EXCHANGE COMMISSION

FORM 10KSB/A

Annual and transition reports of small business issuers [Section 13 or 15(d), not S-B Item 405] [amend]

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FILER

NEW PARADIGM SOFTWARE CORP

CIK:**933733**| IRS No.: **133725764** | State of Incorp.:**NY** | Fiscal Year End: **0331**
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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-KSB
Amendment No. 1

(Mark One)

[X] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Fiscal Year Ended March 31, 2001

[ ] Transition report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ____________ to ____________

Commission File Number 0-26336

New Paradigm Strategic Communications, Inc.

(Name of Small Business Issuer in Its Charter)

NEW YORK	13-3725764
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

630 Third Avenue, New York, NY	10017
(Address of Principal Executive Offices)	(Zip code)

(212) 557-0933

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Exchange Act:

(Title of Class)

Securities Registered under Section 12(g) of the Exchange Act:

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Common Stock, par value $.01 per share

(Title of Class)

Check whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirement for the past 90 days.

Yes X No

Check if disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained within this form, and no disclosure will be contained, to the best of registrant's 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.

Yes No X

State the issuer's revenues for its most recent fiscal year. $6,190,389

The aggregate market value of Common Stock held by non-affiliates of the Registrant based on the closing sale price on the Nasdaq Bulletin Board on June 22, 2001 was $ 352,132.

APPLICABLE ONLY TO REGISTRANTS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Indicate by check mark whether the Registrant has filed all documents and reports required to be filed by Section 12, 13, or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a Court.

Yes No X Not Applicable

APPLICABLE ONLY TO CORPORATE REGISTRANTS

At June 22, 2001 there were an aggregate of 5,353,536 shares of Common Stock of the Registrant outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

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None

Transitional Small Business Disclosure Format (check one)

Yes ___ No X

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PART I

ITEM 1. DESCRIPTION OF BUSINESS

GENERAL

New Paradigm Strategic Communications, Inc. (the "Company" or "us" or "we") is a New York corporation that was organized in July 1993 and commenced operations in November 1993 as New Paradigm Software CorpWe changed our name at our annual meeting of shareholders on November 16, 2000. The Company completed its initial public offering in August 1995.

The Company is engaged in the following businesses:

- Creation of Web-based solutions and commercial Internet strategies through its wholly owned subsidiary, New Paradigm Inter-Link, Inc. ("NPIL"). NPIL began operations in December 1995, and provides a broad range of Internet services to corporations and other organizations.

- Advertising through its wholly owned subsidiary New Paradigm Advertising, Inc. ("NPA"). NPA began operation in April 1998 by acquiring certain assets and assuming certain liabilities of (1) Kapelus & Cipriano, Inc. a Westchester-based full-service advertising agency trading as Schoen, Kapelus & Cipriano ("SKC") and (2) Sutton & Partners, Inc. ("S&P"), a Greenwich, Connecticut based advertising agency. The S&P transaction took place on July 1, 1999. Each of theses transactions was done in a newly-established, wholly-owned subsidiary. The two subsidiaries were merged into a single company called New Paradigm Advertising, Inc. on April 1, 2000.

- Public relations through its wholly owned subsidiary GMG Public Relations, Inc. ("GMG"). GMG began operations in January 2000 by acquiring certain assets and assuming certain liabilities of a company called GMG Public Relations, Inc. The Company acquired the right to re-name its own subsidiary GMG Public Relations, Inc. in this transaction.

The Company intends to continue to market its Internet capabilities by acquiring and by forming alliances with selected advertising agencies and other marketing communications businesses that have established strategic relationships with their clients. Advertising agencies with which we have had alliances in the past two years include

- Moscato Marsh

- Earle Palmer Brown, New York

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- Solay Keller Advertising

Clients the Company worked for through these relationships include:

- Novartis Animal Health (USA)
- Motorola
- ParentTime (a Time Inc. subsidiary)

We also have an on-going partnership with Biederman, Kelly, Krimstein & Partners, Inc. ("BKK"). This relationship has resulted in continuing revenue to NPIL from The New York University School of Continuing Professional Studies and has led to our recent engagement by Fordham University for a significant Internet project.

NPIL provides organizations with strategic advice on how best to utilize the Internet to achieve their goals and creates Internet applications including Web sites as required to implement the strategy. The Company's expertise includes: assembling an appropriate team of independent design consultants and, if necessary, programmers; designing the site from both technical and aesthetic perspectives; implementing the design; and providing Web server hosting services independently from a customer's own internal network to ensure security. NPIL also services a number of clients directly, rather than through an agency. This area of the Company's activity has recently expanded significantly.

The Company intends to further develop its business by launching new products and services connected with the Internet and continuing to grow the advertising

and public relations divisions. NPA and GMG have been successful in adding new clients in the past twelve months. Management believes this is due in large part to the added Internet component we offer to potential NPA or GMG clients. NPA clients include:

- Scottish Tourist Board
- Beth Abraham Health Services
- Island Destinations
- Long Bay Beach
- Napoli, Kaiser, Bern & Assoc.
- Peter Deilmann EuropAmerica Cruises
- Focus Vision

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Current GMG clients include:

- Beth Abraham Health Services
- The Wartburg Adult Care Community
- First Alternative Mortgage Corporation

We intend to grow our business by leveraging our ability to provide internet expertise and applications to creatively meet the needs of advertising and public relations clients, and by cross selling the expertise of all three divisions to each other's clients and prospects. This approach has already met with success. GMG clients, such as Beth Abraham Health Services, have begun to use NPA and NPIL for advertising and Internet services, while NPA has been able to bring assignments from The Scottish Tourist Board to GMG and NPIL

We intend to pursue cross selling aggressively in addition to our traditional approach of making acquisitions that bring us additional, established client relationships. An important element of our growth strategy for the future is to seek to derive increasing amounts of business from our existing client base. Not just by offering the services of all three divisions to all of our clients, but also by proactively suggesting strategic initiatives that will increase the revenues of our Group companies within existing relationships. We believe that being able to offer a comprehensive marketing communications solution to current and potential clients will continue to be important to winning new business and to retaining and expanding existing assignments.

INTERNET

We plan to launch new products and services connected with the Internet. There is no assurance that we will be able to develop or acquire the planned new products and services or that if we do, they will be acceptable to the market. The Internet is a rapidly expanding market. According to a report released in June 2001, by Strategy Analytics (a leading industry analyst), from the end of 2000 until the end of 2002, total U.S. broadband subscribers will almost triple, rising from 6.8 million to over 19 million. This phenomenal growth is a direct result of increasing reliance on the Internet as an information, communications, business and entertainment tool. The First Quarter 2001 Global Internet Trends report from Nielsen/Net Ratings measured Internet use in 27 countries around the world and found 420 million people have Internet access. With potential access to such an audience, growing numbers of organizations are seeking to ensure that they have an appropriate presence on the Internet. Such a presence is established through a collection of text, graphics and small programs known as a "Web site" maintained on a computer known as a Web server and viewed by users from all over the world who are connected to the Internet through the use of a Web browser such as Netscape Navigator (R) or Microsoft Explorer (R). The Company assists companies with creating that Internet presence and seeks to

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exploit other business opportunities, which may arise in servicing the Internet community.

Two such perceived opportunities led us to create and commence marketing our WAVES and OCEAN products. WAVES is designed to give our professionals and our clients unparalleled control over their Internet presence. Unlike conventional Web sites, a WAVES site is held in a relational database. This allows the client or New Paradigm to make major or minor changes to any aspect of a site without costly programming. Our client, New York University, along with our personnel, uses WAVES to manage a 7,500 page site. The principal reason OCEAN was created was to enable us to track the effectiveness of a client's marketing communications program.

In addition, OCEAN allows us to integrate all aspects of client reporting into a single, encrypted Web site where clients can access any information they require about our relationship and the progress of their marketing program from any where at any time. The Company expects to continue spending on Research and Development to expand the utility of OCEAN and WAVES and to bring additional new software programs for use with the Internet to market. R&D spending is expensed as incurred.

INTERNET - WEBSITE SERVICES

NPIL provides organizations with access to the expertise needed to create and maintain Web sites appropriate to their strategic missions. This expertise includes: assembling an appropriate team of independent design consultants and, if necessary, programmers; designing the site from both technical and aesthetic perspectives; implementing the design; and then providing Web server hosting services away from a customer's own internal network to ensure security. NPIL specializes in providing customized capabilities to enable a customer's presence on the Internet to be constantly evolving and interesting without adding to their staff's existing workload. For example, the site we built for the United Synagogues of Conservative Judaism is remotely updated by USCJ editors using WAVES, which allows them to utilize information in the format in which it was created under existing word processor programs such as Microsoft Word to automatically update their Web site from their own offices. No translations or transitions are required - the customer's staff member simply uses the common "cut and paste" technique utilized within many programs to move the required document into WAVES.

Typical site creation revenues have increased from approximately $30,000 - $60,000 on completion to approximately $60,000 - $250,000 with continuing revenues for hosting, maintenance and changes. The Company has created more than 50 Web sites for customers of this service to date.

Web sites created by the Company include:

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- New York University: site for its School of Continuing and Professional Studies: www.scps.nyu.edu

- The Castle at Tarrytown: - www.thecastleattarrytown.com

- Guinness and Bass Import Company: www.bassale.com

- National Multiple Sclerosis Society: www.nmss.org

- United Synagogue of Conservative Judaism: www.uscj.org

- Beth Abraham Health Services: www.bethabe.org

WEBSITE SERVICES - MARKETING AND DISTRIBUTION

The Company is marketing its services primarily through indirect sales through advertising agencies. Two members of staff are engaged full time in sales and marketing activities. The indirect sales are primarily the result of advertising agencies hired to work on integrated media campaigns that subcontract the Internet portion to NPIL. We also believe that certain clients of any further advertising agencies which we may acquire are likely prospects for the Company's Internet related services. We cannot predict what success, if any, we will have in locating appropriate acquisition targets or in concluding a transaction with any additional agency or agencies.

RESEARCH AND DEVELOPMENT

Research and development expenses, which include salaries and other employee costs of the Company's product development personnel, amounted to $50,000 in the fiscal year ended March 31, 2001. These development costs have been accounted for in accordance with Statement of Accounting Standards ("FASB") No. 86, "Accounting for the Cost of Computer Software to be Sold, Leased or Otherwise Marketed".

Research and development are vital to the Company's efforts to remain competitive in the Internet business. The technology in that marketplace is evolving at a very rapid pace, and new techniques and technology must constantly be evaluated and, where appropriate, learned. The Company currently has two staff involved in Research and Development. The Company is presently significantly dependent on the services of Mr. Ali Faraji in this area. There can be no assurance that he will remain employed by the Company. There can also be no assurance that engineers can be recruited at a cost acceptable to the Company to supplement current Research and Development staff, or to replace any

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staff leaving the Company.

COMPETITION

The Internet marketplace, while rapidly expanding, is intensively competitive. There are hundreds or thousands of companies competing for Website creation and hosting business. These range from college or even high-school students working at low cost or, effectively no cost from their home, to the largest providers of telecommunications services such as AT&T or MCI and major hardware and software vendors, including IBM and Microsoft among many others. The Company will seek to compete by offering high quality service at reasonable cost and by differentiating itself with strategic advice and innovative products and services. Many of the Company's competitors have much greater resources and name recognition than the Company. We cannot predict whether we will succeed in competing effectively in this marketplace, or that if we do continue to succeed in winning new business for the short term that we will be able to continue to do so over longer periods of time.

INTELLECTUAL PROPERTY RIGHTS

The Company relies upon a combination of trade secret, nondisclosure and other contractual arrangements, and patent, copyright and trademark laws to protect its rights to intellectual property. The Company generally enters into confidentiality agreements with its employees, consultants, distributors, value-added resellers and potential customers and limits access to and distribution of proprietary information to licensed users. We cannot give any assurance that the steps we have taken will be adequate to deter misappropriation of proprietary information, that the Company will be able to detect unauthorized use of proprietary information or that we would be able afford the high cost required to enforce our intellectual property rights. Further, we cannot be sure that nondisclosure and other contractual arrangements to protect the Company's proprietary rights will not be breached, that the Company will have adequate remedies for any breach or that trade secrets will not otherwise become known or to be independently developed by competitors. Our failure or inability to protect proprietary information could have a material adverse effect on our business, operating results and financial condition.

EMPLOYEES

As of June 27, 2001, the Company and its subsidiaries employed 23 employees. None of our employees is represented by a labor union or is subject to a collective bargaining agreement. The Company believes that its employee relations are satisfactory. We also employ from time to time a variety of consultants in Internet programming, media planning, graphic arts and multi-media graphic arts on part time basis or under short-term contracts.

ITEM 2. DESCRIPTION OF PROPERTY

The Company's corporate headquarters and NPIL are located on the 15th floor of 630 Third Avenue, New York, New York, 10017. The space is leased until March 31, 2006 at a cost of approximately $10,064 per month. NPA occupies space at 550

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Mamaroneck Avenue, Harrison New York and storage space at 600 Mamaroneck Avenue. The leases for these facilities expire in June 2002 and August 2005 and cost approximately $8,786.73 per month.

ITEM 3. LEGAL PROCEEDINGS

The Company filed suit against New Era of Networks, Inc, ("Neon") and Vie Systems, Inc. ("Vie") in the United States District Court for the Southern District of New York, claiming more than $1,000,000 in damages, $10,000,000 in punitive damages and the rescission of the sale of certain intellectual property rights and patents to Vie on the Copernicus(R) product. The Company claims that substantial royalty payments are due. Following completion of discovery, Neon filed a motion to dismiss the Company's claims. The Court has not ruled on the motion for dismissal. Management believes that its claims have substantial merit but that proceedings may take considerable time.

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

A meeting of Shareholders was held on November 16, 2000 in New York, NY. At that meeting, the current Board of Directors was elected, Goldstein & Morris were approved as our outside auditors and the changing of our corporate name from New Paradigm Software Corp. to New Paradigm Strategic Communications, Inc. was ratified.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

(A) MARKET INFORMATION.

The Registrant's Common Stock and the Redeemable Warrants are/were quoted on the NASDAQ OTC Bulletin Board.

The following table sets forth, for the periods indicated, the high and low closing prices for the Common Stock and Redeemable Warrants as reported by the NASDAQ OTC Bulletin Board:

<TABLE>
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Common Stock

Fiscal Quarters	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
<S>	<C>	<C>	<C>	<C>
2000 -High	$ 2.25	2.46875	1.135	3.3125
2000 -Low	$ 1.25	1.21875	0.50	0.687
2001 -High	$ 1.9375	1.25	0.875	0.375
2001 -Low	$ 0.937	0.76	0.281	0.187

Redeemable Warrants*

Fiscal Quarters	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2000 -High	$ 0.001	0.001	0.10	0.10
2000 -Low	$ 0.001	0.001	0.001	0.001
2001 -High	$ 0.15	0.020		
2001 -Low	$ 0.001	0.020		

<FN>
* The Redeemable Warrants expired on August 11, 2000
</TABLE>

These prices reflect inter-dealer prices without retail mark-up, mark-down or commissions and may not represent actual transactions.

(B) APPROXIMATE NUMBER OF HOLDERS OF EQUITY.

The number of record holders of the Common Stock was approximately 96 as of March 31, 2001.

(C) FREQUENCY AND AMOUNT OF DIVIDENDS.

To date, the Company has not paid any cash dividends. The Company does not anticipate paying any dividends in the foreseeable future. The Company intends to retain any future earnings to finance the growth and development of its business. Any future determination as to the payment of dividends will be at the discretion of the Board of Directors of the Company and will depend on the Company's operating results, financial condition, capital requirements and such other factors as the Board of Directors may deem relevant.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The selected financial data of the Company presented below for, and as of the

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end of, the fiscal years ended March 31, 2000 and 2001 have been derived from the financial statements of the Company, which have been audited by Goldstein and Morris, CPA's, PC, independent certified public accountants. The Company was incorporated in July 1993 and commenced operations in November 1993. The data in this chart should be read in conjunction with the Company's financial statements and the notes to the financial statements which start on page 24 of this report.

STATEMENT OF OPERATIONS DATA AND BALANCE SHEET DATA

Statement of Operations Data

	Year Ended March 31, 2001	Year Ended March 31, 2000
Revenues	$ 6,190,389	$ 6,208,792
Cost of revenues	4,000,316	4,545,693
Gross profit	2,190,073	1,663,099
Operating expenses	2,994,100	2,095,883
Loss from operations	(804,027)	(432,784)
Other income (expense)	(1,403)	4,208
Net loss	(805,430)	(428,576)
Basic and diluted net loss per common share (1)	(0.17)	(0.11)
Basic and diluted weighted average common shares outstanding (1)	4,862,568	3,832,074

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Balance Sheet Data

	March 31, 2001	March 31, 2000
Total assets	$ 2,227,194	$ 2,198,927
Total current assets	743,827	1,464,451
Total liabilities	2,719,629	2,207,233
Long-term debt	-	
Current liabilities	2,719,629	2,207,233
Accumulated deficit	(10,497,940)	(9,692,511)
Total Shareholders' Equity (deficiency)	($492,435)	($8,306)

<FN>

(1) See Notes to Financial Statements for an explanation of the determination of the number of shares and share equivalents used in computing share amounts.

</TABLE>

OVERVIEW

The Company had a net loss of $805,430 for the year ended March 31, 2001 and a net loss of $428,576 for the year ended March 31, 2000. The Company's revenues for fiscal years ended March 31, 2001 and 2000 were $6,101,389, and $6,208,792, respectively. The Company had significant changes to its customer base in fiscal 2001, adding clients and losing them, as well. This resulted in a small decrease in revenues.

The Company's revenues and profitability may vary significantly both in the case of consecutive quarters and in the case of a quarter compared to the corresponding quarter of the preceding year. These variations may result from many factors, including the timing of the purchasing of advertising media on behalf of clients, lengthy development time for the Company's products and services, timing of new product and service introductions by the Company and its competitors, changes in levels of the Company's operating expenditures, including the Company's expenditures on research and development, the size and timing of customer orders, the amount and timing of initial fees for creating Web sites, changes in royalty payments and license fees paid by licensees, increased competition, reduced prices, the effect of currency exchange rate fluctuations, delays in the development of new products and services, the costs associated with the introduction of new products and services and the general state of national and global economies. The Company expects to derive

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substantially all of its revenues from advertising fees, media commissions, public relations fees, initial fees for creating Web sites, and maintenance and database management fees. The Company's revenues will vary with the demand for its products and services. As a result, the Company's revenues and profitability for any particular quarter are not necessarily indicative of any future results. Fluctuations in quarterly results may also result in volatility in the price of the Company's securities.

RESULTS OF OPERATIONS

COMPARISONS OF FISCAL YEARS

The Company's gross revenues are service fees we earn and the cost of advertising we place on behalf of, and bill to our clients. Typically, the cost of advertising represents a multiple of the fees we earn for our services. Conversely, the cost of advertising comprises most of our cost of goods sold. As a result, gross revenue and cost of goods sold are dramatically affected by the volume of advertising placed on behalf of clients in any given period. Management believes gross profits provide a more accurate picture of the Company's performance since they are net of the pass-through cost of advertising.

The Company's gross revenue decreased nominally from $6,208,792 for the year ended March 31, 2000 to $6,190,389 for the year ended March 31, 2001. While revenues for both years were very similar, the pattern of revenues by quarter was materially different. In fiscal 2001, revenues for the first quarter, ended June 30, 2000 were extremely strong, showing an increase of nearly 61% from the same quarter in 1999. For the balance of the fiscal year, revenues were down when compared to fiscal 2000 at $ 4.4 million compared to $ 5.1 million, a decline of 13.8%. There are several factors that had positive and negative effects on our revenues after June 30, 2000, but management believes that the trend of the United States economy was the predominant factor. The historic tendency of advertisers in periods of slowing demand is to curtail their spending and that appears to have happened this year.

Due primarily to increased revenues in our higher margin internet business and the inclusion of GMG Public Relations for a full twelve months in fiscal 2001 compared to only one quarter last year, gross profit was up nearly 32% at $ 2,190,073 versus $ 1,663,099. While it increased for each quarter, the pattern for gross profit also varied considerably. In the first quarter the increase was 79% and for the last nine months of the year it was 18.6% when compared to fiscal 2000.

As we discussed above, the fiscal year began with strong revenue growth and we added to our staff in anticipation that that trend would continue. When it became apparent that the economy in general and our business in particular were softening, we took action to reduce costs. Our peak head count during fiscal

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2001 was 30. At June 27, 2001, we had 22 full time employees and one part time employee.

Although gross profit did increase by $ 527,000, our operating expenses increased by a greater amount, up by $898,000 or 43% from $2,095,885 for the year ended March 31, 2000 to $2,994,100 for the year ended March 31, 2001. The changes in the components of operating expense are as follows:

- Primarily reflecting the substantial fluctuation in head count (it costs us money to add people and we have severance costs when staff levels are reduced), salaries and employee benefits were $ 1,954,309 for fiscal 2001 compared to $1, 237,858 for the prior year, an increase of nearly 58%.

- Selling, general and administrative costs increased 22% from $761,140 for the year ended March 31, 2000 to $925,411 for the year ended March 31, 2001 primarily due to an increase in staffing.

- Depreciation and amortization, while small in comparison to other expense categories, was up by 18% to $114,380 from $96,885. The increase was mainly due to an increase in goodwill relating to acquisitions.

Losses: As a direct result of operating expenses increasing more rapidly than gross profit, our net loss increased by almost 88% to $ 805,430 or $0.17 per share from a loss of $ 429,576 or $ 0.11 per share last year.

At March 31, 2001 we had approximately $ 10,468,000 of net operating loss carry forwards. The potential future tax benefit of these losses, should we become profitable (approximately $ 10,468,000 at March 31, 2001) is subject to significant limitations due to the change in ownership interest for income tax purposes that resulted from our Initial Public Offering in August, 1995. The tax benefit of these losses has been fully reserved by a valuation allowance of the same amount due to the uncertainty about our realizing it.

Foreign Exchange. The Company currently has no exposure to foreign currency exchange rate fluctuation because the Company has required that its customers located outside of the United States enter into contracts denominated in United States dollars. In the future, we may decide to enter into transactions to attempt to hedge some of the risks of foreign currency exchange rate fluctuations.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2001, the Company had current assets of $743,827 and current liabilities of $2,719,629, resulting in a working capital deficiency of

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$1,975,802. The Company has been able to finance this deficit through cash flow management. The Company may seek to raise additional financing through the sale of equity to improve its working capital position.

Additionally, the Company may need additional financing if demand for the Company's products is sufficiently great to require expansion at a faster rate than anticipated, or if research and development expenditures or the extent of service and customer support that the Company is required to provide are greater than expected or other opportunities arise which require significant investment, or if revenues are significantly lower than expected. The Company may also require significant additional financing to complete any acquisition. If financing is required, it may be raised through additional equity offerings, joint ventures or other collaborative relationships, borrowings and other sources. There can be no assurance that additional financing will be available or, if it is available, that it will be available on acceptable terms. If adequate funds are not available to satisfy either short or long-term capital requirements, the Company may be required to limit its operations significantly and may be unable to carry out its plan of operation. See Note 1 to the Company's financial statements and "Report of Independent Certified Public Accountants on Audited Financial Statements."

PLAN OF OPERATION

The Company's plans for the fiscal year ending March 31, 2002 are as follows:

(p) Aggressively cross-sell the services of each business unit to the clients of each other business unit within the Group. As we have noted elsewhere, this approach has been successful with some of our largest clients.

(q) Acquire marketing communications companies where businesses with strategic relationships with appropriate clients can be acquired for prices which the Company believes are acceptable;

(r) Develop its Internet business by bringing in new customers for its web site services business and by launching new Internet related products. (See "Internet - other products"). The Internet marketplace, while expanding rapidly is intensely competitive;

(s) Grow its existing advertising business in part by offering proprietary Internet products and services to deliver advertising services;

(t) Grow its public relations business in part by using Internet expertise to deliver services.

ITEM 7. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Financial statements are included herein following Part IV, Item 13.

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ITEM 8. DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSON

There are currently four members of the Company's Board of Directors. The Company's By-Laws authorize the Board of Directors. The Company's By-Laws authorize the Board of Directors to fix the number of authorized directors. The By-Laws also authorize the Board of Directors to fill any vacancy on the Board of Directors.

The following table sets forth the names, ages and positions with the Company of the Company's directors, executive officers and key employees:

NAME	AGE	POSITION
Mark Blundell	43	Chief Executive Officer, President and Director
Milton Kapelus	64	President, New Paradigm Advertising, Inc.
Rocco Cipriano	48	President, i-sight Consulting, Inc. and Director
Ali Faraji	45	President, New Paradigm Inter-Link, Inc.
Risa Hoag	38	President, GMG Public Relations, Inc.
Douglas Longmire	53	Chief Operating Officer
Daniel A. Gordon	56	Chairman of the Board of Directors
Michael S. Taylor	59	Chief Financial Officer and Director

MARK BLUNDELL is the Chief Executive Officer, President and a director of the Company and has served in these capacities since the Company's inception. From October 1991 until December 1993, Mr. Blundell was initially the Chief Executive Officer of Management Technology Inc.'s ("MTI") European subsidiary and then the Chief Operating Officer and Chief Financial Officer of MTI in New York. He was also a director of MTI from December 1993 to March 1994. From May 1988 to October 1991, Mr. Blundell was the Chief Executive Officer of London Fox, the futures and options exchange, where he introduced the first international electronic trading system. He is also a director and President of Lancer, a company initially formed to hold the intellectual property rights relating to the New Paradigm Architecture and which currently conducts no business. Lancer is a shareholder of the Company. Mr. Blundell received an M.A. in Politics,

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Philosophy and Economics from Pembroke College, Oxford.

MILTON KAPELUS served as President of Kapelus & Cipriano in Harrison New York from 1992 until 1998. Upon the Company's acquisition of certain assets of K&C as of April 1, 1998 he was appointed President of SKC, a predecessor of NPA. He has worked in the advertising industry since 1967. He holds a BA from Rhodes University, South Africa.

ROCCO CIPRIANO was appointed to the board on June 2, 1998. He served as Executive Vice President - Creative, for K&C, SKC and NPA in Harrison, NY from 1992 until April 1, 2001. He resigned from that position to become president of i-sight Consulting, Inc. a majority-owned subsidiary of the Company. He holds a Professional Degree in Communications from Parsons School of Design, New York.

ALI FARAJI, President, New Paradigm Inter-Link, Inc. is one of the founders of the corporation. He is the designer and implementer of the company's network for software development, sales and administration. After the company became public, he started the Inter-Link division to offer web connectivity to legacy systems. He has over 20 years' experience in programming, mainframe design, UNIX and personal computers and is the designer of all websites for New Paradigm Inter-Link clients. Prior to joining New Paradigm, he was a project manager for Management Technologies, Inc. and had worked at IBM and EDS. He is a graduate of the University of Tehran with a BS in Computer Sciences.

RISA HOAG, President, GMG Public Relations, Inc. Prior to founding GMG Public Relations in 1991, Ms Hoag was Director of Public Relations with Ernst & Young in White Plains, New York. She is a past President of the Westchester Association of Women Business Owners. She has also served as Vice President for the Partnership For A Better Westchester, an organization she helped found in 1997. She is a past Public Relations Chairperson for the Advertising Club of Westchester and a past Vice President of the Nanuet Chamber of Commerce and the Tappan Zee International Trade Association.

DOUGLAS LONGMIRE, Chief Operating Officer of NPSC has been in advertising since 1971. In 1992 he was a founder of and partner in Sutton & Partners, which was acquired by NPSC in July, 1999 and merged with NPA in April 2000. Prior to Sutton & Partners, he was a senior vice president and group account director of Brouillard Communications, a division of J. Walter Thompson. From 1981 until he joined Brouillard, he was vice president, managing director and general manager of FCB/Corporate, a wholly owned subsidiary of Food, Cone and Belding Communications. He holds a B.S. in Marketing from the University of Arizona and an M.A. in Management from Thunderbird Graduate School of International Management.

DANIEL A. GORDON, an attorney, has been a director and Chairman of the Board of Directors of the Company since November 1993. He has been a principal with Corporate Growth Services since 1992. Corporate Growth Services provides consulting support services to businesses in the early stages of development.

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From 1989 to 1992, Mr. Gordon served as President of COIN Banking Systems, Inc., which had been the banking systems division of COIN Financial Systems Inc. Mr. Gordon had served as Chairman and Chief Executive Officer of COIN Financial Systems Inc. from 1984 to 1989. He received a B.A. in English from Dartmouth College and an L.L.B. from George Washington University.

MICHAEL TAYLOR has been a director of the Company since April 26, 1996 and was appointed Secretary in May 1998. He became the company's Chief Financial Officer in November 2000. From December 3, 1996 until October, 2000 he was a Senior Vice President of Gilford Securities. Prior to that he was a Managing Director of Investment Banking at Laidlaw Equities from March 1996. He was Associate Director of Investment Banking for Josephthal Lyon & Ross from June 1989 to March 1996. From early 1980 until joining Josephthal, he was President of Mostel & Taylor Securities, Inc., a NASD-member investment banking and brokerage firm. He was involved in the securities industry beginning in 1966, when he joined Lehman Brothers as an analyst. He attended Amherst College and Columbia University.

COMPLIANCE WITH SECTION 16(A) OF THE SECURITIES EXCHANGE ACT OF 1934

Section 16(a) of the Securities Exchange Act of 1934 ("Section 16(a)") requires the Company's directors, executive officers, and persons who own more than 10% of a registered class of the Company's equity securities, to file with the Securities and Exchange Commission reports on Forms 3, 4 and 5 concerning their ownership of the Common Stock and other equity securities of the Company.

Based solely on the Company's review of copies of such reports and written representations that no other reports were required, the Company believes that all its officers, directors and greater than ten percent beneficial owners complied with all filing requirements applicable to them with respect to transactions during the fiscal year ended March 31, 2001.

ITEM 10. EXECUTIVE COMPENSATION

The following table sets forth information concerning the compensation of the Company's chief executive officer and each of the other executive officers (the "Named Officers") for services rendered in all capacities to the Company. The Company has only four executive officers.

<TABLE>
<CAPTION>
SUMMARY COMPENSATION TABLE

Annual Compensation
Long-Term Compensation

Name and Principal Position Mark Blundell Alizera Faraji

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	Chief Executive	& President	President, NPIL
Fiscal Year Ended March 31,	2000	2001	2001
Salary	$ 150,000	$ 150,000	$ 129,500
Bonus	$ 0	$ 0	$ 4,500
Other Annual Compensation	$ 57,000(1)	$ 57,000(1)	$ 15,310(4)
Securities underlying options	150,000		
Restricted Stock Awards	$ 0	$ 0	
All Other Compensation	$ 65,100(2)	$ 1,905(3)	

<FN>

No other Executive or employee received total annual salary and bonus in excess of
$100,000.

(1) Reflects a non-accountable expense allowance of $4,000 per month and a car allowance of $750 per month.

(2) Reflects the insurance premium paid by the Company for term life insurance and the cashless exercise of options to purchase 397,000 shares of Common Stock.

(3) Reflects the insurance premium referred to above.

(4) Reflects a non-accountable expense allowance.

</TABLE>

OPTION GRANTS IN FISCAL YEAR ENDED MARCH 31, 2001

The following table sets forth all grants of stock options made during the fiscal year ended March 31, 2001 pursuant to the Company's Stock Option Plan to the Named Officers:

Individual Grants:

Mark A. Blundell: Option to purchase 90,000 shares of Common Stock at $0.50 per share granted under the Executive Stock Option Plan, vesting on November 16, 2001 and expiring on November 16, 2005.

Alizera Faraji: Option to purchase 60,000 shares of Common Stock at

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$0.50 per share granted under the Executive Stock Option Plan, vesting on November 16, 2001 and expiring on November 16, 2005.

Michael Taylor: Option to purchase 100,000 shares of Common Stock at $0.50 per share granted under the Executive Stock Option Plan, vesting on November 16, 2001 and expiring on November 16, 2005.

Daniel Gordon: Option to purchase 20,000 shares of Common Stock at $0.50 per share granted under the Executive Stock Option Plan, vesting on November 16, 2001 and expiring on November 16, 2005.

Douglas Longmire: Option to purchase 25,000 shares of Common Stock at $0.50 per share granted under the Executive Stock Option Plan, vesting on November 16, 2001 and expiring on November 16, 2005.

AGGREGATE OPTION EXERCISES IN FISCAL YEAR ENDED MARCH 31, 2001 AND YEAR-END OPTION VALUES

The following table sets forth information with respect to options exercised by each of the Named Officers during the fiscal year ended March 31, 2001 and the number and value of unexercised options as of March 31, 2001:

<TABLE>
<CAPTION>

	Shares		Number of Securities Underlying Unexercised Options at March 31, 2001		Value of Unexercised In-the-Money Options at March 31, 2001(a)	
Name	Acquired on Exercise	Value Realized	Exercisable	Unexercisable	Exercisable	Unexercisable
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Mark Blundell	427,600	$ 60,000	287,555	100,000	$ 0	$ 0

<FN>

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(a) Based on the closing price of New Paradigm Software Corp. Common Stock on March 31, 2001 of $0.187 as reported on NASDAQ Bulletin Board.
</TABLE>

EMPLOYMENT CONTRACTS

The Company has entered into an employment contract with Mr. Blundell.

His employment contract contains the following principal features:

Initial term of 5 years (1994-1999) automatically extending for 12 months on each anniversary unless 90 days notice is given. This contract is currently in such an extension period. Base Salary: $200,000 per annum (Mr. Blundell has waived $50,000 per annum of this Base Salary (which is not being accrued) until such time as the Company would otherwise be able to report a pre-tax annual profit in excess of $75,000); Allowances: Mr. Blundell receives a non-accountable expense allowance of $4,000 per month and a car allowance of $750 per month. Common Stock Award: Mr. Blundell received 26,667 shares of Common Stock. If the Company achieves at least $2.5 million in sales in any period of twelve consecutive months, Mr. Blundell was paid a bonus of $50,000. Mr. Blundell's employment contract provides that if such bonus target is achieved and such bonus paid, he and the Company will negotiate a new bonus arrangement. Mr. Blundell is entitled to receive a death benefit of $1,000,000 payable to a beneficiary named by him. The Company has obtained a life insurance policy to fund this benefit. In the event that the Company terminates the contract other than for cause, or in the event of a change of control or a sale of substantially all the assets of the Company, Mr Blundell is entitled to receive a payment equivalent to two year's benefits under the contract.

Following the sale of Copernicus to VIE Systems Inc., Mr. Blundell, gave formal written notice of his intention to exercise the termination right under his employment contract since this represented a transfer of substantially all the assets of the Company. These termination rights provided for the payment to Mr. Blundell of an amount not less than $414,000. As the Company was not in a position to make such a payment without seriously depleting the Company's limited cash reserves, the compensation committee negotiated with Mr. Blundell to produce the following settlement, which was entered into on November 13, 1997.

Mr. Blundell waived his entitlement to any payment in respect of the VIE transaction and entered into new three year employment contracts with the Company and its Delaware subsidiary, New Paradigm Acquisition I Co., Inc. ("NPAC") at the same aggregate base salary which provide a reduced termination benefit of 24 months compensation in the event that his termination right is triggered again by subsequent events. Mr. Blundell waived $50,000 of base salary for fiscal 1998 and until the Company reports a consolidated pre-tax

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profit of not less than $75,000. In view of the fact the Company was contemplating a number of acquisitions of companies with revenues in excess of $2.5 million, the new contract provides that Mr. Blundell will not be entitled to receive the bonus of $50,000 in the event that the Company's gross revenues reach $2.5 million as provided in his previous contract.

In addition the change of control clause, which gives Mr. Blundell certain termination rights was amended to apply only in the event that 40% of the Company were to be acquired rather than 25% under his original contract. In order to retain Mr. Blundell's services in seeking acquisitions NPAC entered into an employment agreement (as mentioned above) and a loan agreement providing for a loan to Mr. Blundell of $114,000 at an interest rate of 6%. The loan will be repaid by applying 60% of (i) any future termination payment to Mr. Blundell; (ii) any bonus or incentive payments; and (iii) any sales of Common Stock of New Paradigm directly or beneficially owned by Mr. Blundell, including any Stock acquired through the exercise of options.

The directors of the Company currently receive no fees. They are reimbursed by the Company for their direct costs of attending meetings. On December 8, 1993, Mr. Gordon and three former directors were each granted, as remuneration for service on the Board of Directors, an option ("Directors' Options") to acquire, at a price of $5.00 per unit, 10,000 units, each unit consisting of one share of Common Stock and one warrant to purchase one share of Common Stock at an exercise price of $6.00 per share ("1993 Warrant"). These options expired on November 1, 1998. On April 26, 1995 Messrs. Blundell, Gordon and three former directors were granted ten year options under the Company's Stock Option Plan to purchase 5,333 shares of Common Stock each at an exercise price of $4.50 per share. These options became exercisable on April 26, 1996 and expire on April 26, 2005. On November 30, 1995 Mr. Gordon and two former directors were each granted options under the Company's Stock Option Plan to purchase 10,000 shares of Common Stock at an exercise price of $5.125 per share; Mr. Blundell was granted options under the Company's Stock Option Plan to purchase 20,000 shares of Common Stock at the same exercise price. These options became exercisable on November 30, 1996 and expired on November 30, 2000. On April 24, 1996, Mr. Taylor was granted options under the Company's Stock Option Plan to purchase 10,000 shares of Common Stock at an exercise price of $5.125 per share. These options became exercisable on April 24, 1997 and expired on April 24, 2001. On October 15, 1997, Messrs. Taylor and Gordon were each granted 50,000 ten year options to purchase shares of Common Stock at an exercise price of $0.16 per share (the market price on the date of issue). These options became exercisable on October 15, 1998 and will expire in October 2007.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table indicates the beneficial ownership of the Company's Common Stock as of June 22, 2001, by (1) each of the directors, (2) each of the executive officers of the Company, (3) all directors, and executive officers of the Company as a group and (4) each person or entity which beneficially owned in excess of five percent of the Common Stock, based upon information supplied by each of the directors, nominees, executive officers and five percent beneficial owners:

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<TABLE>
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COMMON STOCK

Name of Beneficial Owner(a)	Right to Sole Voting and Investment Power	Right to Shared Voting and 0Investment Power	Total Number of Shares Beneficially Owned	Percent of Common Stock Beneficially Owned
<S>	<C>	<C>	<C>	<C>
Mark Blundell	729,766(b)	157,166(c)	886,932	16%
John Brann	196,666(d)	157,166(c)	353,832	6%
Douglas Longmire	80,000(e)	0	80,000	1%
Daniel Gordon	155,333(f)	0	155,333	3%
Lancer Holdings	157,166(g)	0	157,166	3%
Midland Associates	619,999(h)	0	619,999	11%
Michael Taylor	220,000(i)	0	220,000	4%
Robert Trump	150,000(j)	619,999(k)	769,999	14%
Rocco Cipriano	561,143(l)	0	561,143	10%
Milton Kapelus	531,143(m)	0	531,143	10%
Ali Faraji	518,666(n)	0	518,666	10%
Risa Hoag	192,239(o)	0	192,239	3%
All Directors and Executive Officers of the Company as a group (a total of 8 persons)	2,988,290	157,166(c)	3,145,456	49%

<FN>

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(a) The shares of Common Stock beneficially owned by each person or by all directors and executive officers as a group, and the shares included in the total number of shares of Common Stock outstanding used to determine the percentage of shares of Common Stock beneficially owned by each person and such group, have been adjusted in accordance with Rule 13d-3 under the Securities Exchange Act of 1934 to reflect the ownership of shares issuable upon exercise of outstanding options, warrants or other common stock equivalents which are exercisable within 60 days. As provided in such Rule, such shares issuable to any holder are deemed outstanding for the purpose of calculating such holder's beneficial ownership but not any other holder's beneficial ownership.

(b) Consists of (i) 459,767 shares of Common Stock, (ii) 20,000 shares of Common Stock issuable upon exercise of options granted under the Company' Stock Option Plan ("SOP") that are currently exercisable and, (iii) up to 249,999 shares of Common Stock underlying stock options granted under the Executive Stock Option Plan ("ESOP").

(c) Represents the holdings of Lancer Holdings of which Mr. Blundell and Mr. Brann are each 33% owners and directors and officers. Consists of 157,166 shares of Common Stock.

(d) Consists of (i) 26,667 shares of Common Stock, (ii) 20,000 shares of Common Stock issuable upon exercise of options granted under the SOP that are currently exercisable and (iii) up to 149,999 shares of Common Stock underlying stock options granted under the Executive Stock Option Plan.

(e) Consists of 55,000 shares of Common Stock and 25,000 shares of Common Stock issuable upon exercise of options.

(f) Consists of 155,333 shares of Common Stock issuable upon exercise of options granted under the SOP.

(g) Consists of 157,166 shares of Common Stock.

(h) Consists of 439,999 shares of Common Stock and 180,000 shares of Common Stock issuable upon exercise of warrants. These securities were previously owned by Management Technologies, Inc. ("MTI") and transferred to Midland Associates in satisfaction of a loan to MTI by Midland Associates.

(i) Consists of (i) 80,000 Shares of Common Stock and (ii)140,000 shares of Common Stock issuable upon exercise of options granted under the SOP.

(j) Consists of 150,000 shares of Common Stock issuable upon exercise of warrants having an exercise price of $2.00 per share issued by the Company in connection with a loan by Mr. Trump that was subsequently cancelled as partial consideration for issuance of the Series C Redeemable Preferred Stock (the "Trump Warrants").

(k) Represents the holdings of Midland Associates. Consists of the securities listed in note (h) above.

(l) Represents (1) 361,143 shares of Common Stock and (2) 200,000 shares of Common Stock issuable upon exercise of options.

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(m) Represents (1) 331,143 shares of Common Stock and (2) 200,000 shares of Common Stock issuable upon exercise of options.

(n) Represents (1) 442,666 shares of Common Stock and (2) 76,000 shares of Common Stock issuable upon exercise of options.

(o) Represents 192,239 shares of Common Stock.

</TABLE>

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

GENERAL

The following is a discussion of certain transactions entered into by the Company with officers, directors, security holders and/or their affiliates. The Company believes that the terms of these transactions were no less favorable to the Company than could have been obtained from a non-affiliated third party for similar transactions at the time.

The Company has adopted a policy whereby any future transactions, including loans, between the Company and its directors, officers, principal shareholders and other affiliates, will be on terms no less favorable to the Company than could be obtained from unaffiliated third persons on an arm's-length basis at the time and will be reviewed and approved by a majority of the Company's directors, including a majority of the Company's independent, disinterested directors.

AGREEMENT WITH MR. DANIEL GORDON

On September 1, 1995 the Company entered into a consulting contract with Corporate Growth Services, a corporation owned by Mr. Gordon, Chairman of the Board of Directors. Corporate Growth Services provides management consulting to small, development stage companies. Under the terms of this contract Corporate Growth Services is to receive a consulting fee of $2,000 per month over and above any fees Mr. Gordon receives for attending meetings of the Board of Directors. In view of the Company's financial position Corporate Growth Services has agreed to waive these fees until further notice. In the fiscal year ended March 31, 1998 Corporate Growth Services received $24,000 in such fees and has received no fees since that time.

TRANSACTIONS WITH MR. ROBERT TRUMP

In early January 1997, in order to continue operating, the Company solicited a $150,000 loan from Mr. Robert Trump, which was received on January 16, 1997. The principal terms of this loan were as follows:

Advance: $150,000.

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Term:	6 months (due July 14th, 1997).
Interest Rate:	To be paid in warrants, see below.
Warrants:	150,000 three-year warrants with an exercise price of $2.00 per share, in lieu of interest.
Other terms:	The 180,000 Midland Warrants, held by Midland Associates, an affiliate of Mr. Trump, were amended as follows: The expiration date was changed from August 11, 1998 to January 16, 2002 and the exercise price reduced from $3.75 to $2.00 per share. The exercise price on 25,000 of the Midland warrants was reduced to $1.00. Midland exercised these warrants to acquire 25,000 shares of common stock on September 1999.

SERIES C REDEEMABLE PREFERRED STOCK

On March 13, 1997, Mr. Robert Trump agreed to advance the Company a further $50,000 which the Company urgently required in order to continue its operations and meet its payroll obligations. The earlier $150,000 advance and the March 13, 1997 $50,000 advance were combined into $200,000 to be used to subscribe for 800,000 shares of Series C Redeemable Preferred Stock, $0.01 par value, with the following principal terms:

Each Series C Redeemable Preferred Share had four (4) votes on any matter to be put to a vote of the Company's shareholders and could be redeemed at the Company's option at any time upon payment of $200,000. The Series C Redeemable Preferred Stock could be redeemed at the holder's option following any investment in the Company or a sale of any of the Company's assets where the proceeds were $2,000,000 or more. The Series C Redeemable Preferred Stock had preference in the event of any liquidation of the Company to the extent of $200,000.

The Series C Redeemable Preferred Stock was redeemed by the Company from the proceeds of the sale of its COPERNICUS software product on July 23, 1997.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENTS AND REPORTS ON FORM 8-K

A. Exhibits

<TABLE>
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3.1 Restated Certificate of Incorporation of the Company, as amended by a Certificate of Amendment dated
August 14, 1995 and as corrected by a Certificate of Corrections dated

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August 24, 1995 (incorporated by
reference to Exhibit 2 to Form 10-QSB for the Quarterly Period ended June 30, 1995 "the June 1995
Form 10-QSB"))

3.1.1 Certificate of Designation establishing Series C Redeemable Preferred Stock

3.2 By-laws of the Company (incorporated by reference to Exhibit 3.2 to Amendment No. 1 to the
Registration Statement on Form SB-2 (File No. 33-92988NY (the "Registration Statement")).

4.1 Form of Warrant Agreement between the Company and Continental Stock Transfer & Trust Company
(incorporated by reference to Exhibit 4 to the June 1995 Form 10-QSB)

4.2 Form of Representative's Warrant Agreement (incorporated by reference to Exhibit 4.2 to Amendment
No. 1 to the Registration Statement).

4.3 Form of 1993 Warrant (incorporated by reference to Exhibit 4.3 to Amendment No. 1 to the Registration
Statement).

4.4 Letter dated December 8, 1993 from the Company to Barrington J. Fludgate granting Directors Options
to purchase shares of Common Stock and 1993 Warrants. Substantially identical grants were made to
Anthony J. Cataldo, Daniel A. Gordon and Jeff Kahn (incorporated by reference to Exhibit 4.4
Amendment to No. 1 to the Registration Statement).

4.5 Form of 1994 Warrant (incorporated by reference to Exhibit 4.5 to Amendment No. 1 to the Registration
Statement).

4.6 Form of 1995 Warrant (incorporated by reference to Exhibit 4.6 to Amendment No. 1 to the Registration
Statement).

4.7 Form of Lancer Warrant. (incorporated by reference to Exhibit 4.7 to the Registration Statement).

4.8 Form of Financial Advisory and Investment Banking Agreement with the Representative (incorporated
by reference to Exhibit 4.8 to Amendment No. 3 to the Registration Statement).

4.9 Form of Midland Warrant (incorporated by reference to Exhibit 4.9 to the Registration Statement).

4.10 Form of Agreement between the Company and Josephthal Lyon & Ross incorporated regarding
termination of certain warrants (incorporated by reference to Exhibit 4.10 to Amendment No. 2 to the
Registration Statement).

4.11 Option Agreement dated October 9, 1995 between the Company and the Electric Magic Company

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(incorporated herein by reference to Exhibit 4.11 to Form 10-QSB for the Quarterly Period ended
September 30, 1995 (the "September 1995 Form 10-QSB")).

4.12 Warrant issued to Omotsu Holdings Limited (incorporated by reference to Exhibit 4.12 to the September 1995 Form 10-QSB).

10.1.1 Blundell Employment Contract, as amended (incorporated by reference to Exhibit 10.1.1 to the Registration Statement).

10.1.2 Brann Employment Contract, as amended (incorporated by reference to Exhibit 10.1.2 to the Registration Statement).

10.1.3 Caltabiano Employment Contract, as amended (incorporated by reference to Exhibit 10.1.3 to the Registration Statement).

10.2 MBA Rights Purchase Agreement dated March 22, 1995 (incorporated by reference to Exhibit 10.2 to the Registration Statement).

10.3 Voting Trust Agreement (incorporated by reference to Exhibit 10.3 to Amendment No. 1 to the Registration Statement).

10.4 MTI Settlement Agreement dated as of May 26, 1995 (incorporated by reference to Exhibit 10.4 to the Registration Statement).

10.5.1 Paxcell, Inc. Distribution Agreement dated March 31, 1994 (incorporated by reference to Exhibit 10.5.1 to the Registration Statement).

10.5.2 Rivergate Systems, Inc. Distribution Agreement dated June 23, 1994 (incorporated by reference to Exhibit 10.5.2 to the Registration Statement).

10.5.3 New Venture Technologies Distribution Agreement dated January 11, 1995 (incorporated by reference to Exhibit 10.5.3 to Amendment No. 1 to the Registration Statement).

10.6.1 Financial Performance Corporation Value-Added Reseller Agreement dated April 29, 1994 (incorporated by reference to Exhibit 10.6.1 to the Registration Statement).

10.6.2 Benson Software Systems, Inc. Value-Added Reseller Agreement dated October 25, 1994 (incorporated by reference to Exhibit 10.6.2 to the Registration Statement).

10.6.3 Praxis Value-Added Reseller Agreement dated January 9, 1995 (incorporated by reference to Exhibit 10.6.3 to the Registration Statement).

10.7 Novell Inc. Co-Marketing Letter Agreement dated December 2, 1994 (incorporated by reference to Exhibit 10.7 to the Registration Statement).

10.8 Publicitas Letter Agreement dated January 31, 1995 (incorporated by reference to Exhibit 10.8 to the Registration Statement).

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10.9 Stock Option Plan of the Company (incorporated by reference to Exhibit 10.9 to the Registration Statement).
10.10 Accounts Receivable Purchase and Sale Agreement between the Company and MTB Bank (incorporated by reference to Exhibit 10.10 to Amendment No. 1 to the Registration Statement).
10.11 Software License Agreement dated May 31, 1995 between the Company and Marriott International, Inc. (incorporated by reference to Exhibit 10.11 to Amendment No. 1 to the Registration Statement).
10.13 Marriott Acceptance Certificate, dated June 8, 1995 (incorporated by reference to Exhibit 10.13 to Amendment No. 2 to the Registration Statement).
10.14 Agreement dated October 9, 1995 between the Company and Electric Magic Company (incorporated by reference to Exhibit 10.14 to the September 1995 Form 10-QSB).
10.15 Agreement dated October 31, 1995 between the Company and Camelot Corporation (incorporated by reference to Exhibit 10.15 to the September 1995 Form 10-QSB).
10.16 Note issued by the Company to Mr. Robert Trump dated January 15, 1997 (incorporated by reference to Form 8-K filed January 16, 1997).
10.18 Lease dated October 31, 1997 between the Company and GoAmerica Tours, Inc. (incorporated by reference to Exhibit 10.18 to the December 31, 1996 Form 10-QSB).
10.19 Agreement dated as of April 1, 1997 between the Company and Custom Information Systems, Inc. (incorporated by reference to Form 8-K filed May 2, 1997)
10.20 Letter Agreement dated March 19, 1997 between the Company and Level 8 Systems, Inc.
10.21 Agreements dated as of May 9, 1997 between the Company and VIE Systems, Inc. (incorporated by reference to Form 8K filed May 16, 1997)
10.22 Agreement dated December 18, 1996 between the Company and International Business Machines, Inc. ("IBM") (incorporated by reference to Exhibit 10.22 to the March 31, 1997 Form 10-KSB/A).
</TABLE>

B. Reports on Form 8-K

The following reports have been filed on Form 8-K during the quarter ended March 31, 2001: None

SIGNATURES

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

NEW PARADIGM SOFTWARE CORP.
(Registrant)

Date: July 3, 2001

/s/ Mark Blundell

Mark Blundell
President & Chief Executive Officer

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<TABLE>
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<S> <C>
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Signature	Title	Date
/s/Mark Blundell -------------------------- Mark Blundell	Chief Executive Officer, President (principal executive officer,) and Director	July 3, 2001
/s/Daniel A. Gordon -------------------------- Daniel A. Gordon	Chairman of the Board of Directors	July 3 , 2001
/s/Rocco Cipriano -------------------------- Rocco Cipriano	Director	July 3 , 2001
/s/ Michael S. Taylor --------------------------	Chief Financial Officer (principal financial officer and principal accounting officer), Secretary and	July 3, 2001

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Michael S. Taylor Director
</TABLE>

NEW PARADIGM STRATEGIC COMMUNICATIONS, INC. AND SUBSIDIARIES
(F/K/A New Paradigm Software Corp. And Subsidiaries)

FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2001 AND 2000

NEW PARADIGM STRATEGIC COMMUNICATIONS, INC. AND SUBSIDIARIES
(F/K/A New Paradigm Software Corp. And Subsidiaries)

FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2001 AND 2000

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INDEPENDENT AUDITORS' REPORT

New Paradigm Strategic Communications, Inc. and Subsidiaries
(F/K/A New Paradigm Software Corp. And Subsidiaries)
New York, New York

We have audited the accompanying consolidated balance sheet of New Paradigm Strategic Communications, Inc. and Subsidiaries (F/K/A New Paradigm Software Corp. and Subsidiaries) as of March 31, 2001, and the related consolidated statements of operations, shareholders' deficiency and cash flows for the years ended March 31, 2001 and 2000. 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of New Paradigm Strategic Communications, Inc. and Subsidiaries (F/K/A New Paradigm Software Corp. and Subsidiaries) at March 31, 2001, and the results of their operations and their cash flows for the years ended March 31, 2001 and 2000, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As disclosed in Note 1, the Company has incurred significant operating losses since its inception and has an accumulated deficit. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these maters are described in Note 1. These consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Goldstein & Morris CPAS P.C.

New York, New York
June 22, 2001

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NEW PARADIGM STRATEGIC COMMUNICATIONS, INC. AND SUBSIDIARIES
(F/K/A New Paradigm Software Corp. And Subsidiaries)

CONSOLIDATED BALANCE SHEET

MARCH 31, 2001

<S>	<C>
ASSETS	
Current assets	
Cash	$ 62,569
Accounts receivable less allowance for doubtful accounts	681,258
Total current assets	743,827
Property and equipment, net of accumulated depreciation and amortization	151,142
Note receivable from Officer/Shareholder	139,299
Goodwill, net of amortization	1,148,588
Security deposits	44,338
	$ 2,227,194
LIABILITIES AND SHAREHOLDERS' DEFICIENCY	
Current liabilities	
Accounts payable and accrued expenses	$ 1,678,850
Notes payable	549,000
Deferred revenue	491,779
Total current liabilities	2,719,629
Shareholders' deficiency	
Preferred stock, $.01 par value - shares authorized- 10,000,000:	
Series A shares authorized 1,000,000; none issued and outstanding	-
Series B shares authorized 2,000,000; none issued and outstanding	-

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Series C shares authorized 800,000; none issued and outstanding	-
Common stock, $.01 par value-shares authorized 50,000,000; issued and outstanding 5,124,097	51,241
Additional paid-in capital	9,954,264
Accumulated deficit	(10,497,940)
Total shareholders' deficiency	(492,435)
	$ 2,227,194

</TABLE>

See accompanying notes to consolidated financial statements.

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NEW PARADIGM STRATEGIC COMMUNICATIONS, INC. AND SUBSIDIARIES
(F/K/A New Paradigm Software Corp. And Subsidiaries)

CONSOLIDATED STATEMENTS OF OPERATIONS

YEARS ENDED MARCH 31, 2001 AND 2000

<S>	2001 <C>	2000 <C>
Revenues	$6,190,389	$6,208,792
Cost of revenues	4,000,316	4,545,693
Gross profit	2,190,073	1,663,099
Operating expenses		
Salaries and employee benefits	1,954,309	1,237,858
Selling, general and administrative	925,411	761,140
Depreciation and amortization	114,380	96,885
	2,994,100	2,095,883

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Loss from operations	(804,027)	(432,784)
Other income (expense)		
Interest income	8,422	9,119
Interest expense	(9,825)	(4,911)
	(1,403)	4,208
Net loss	$ (805,430)	$ (428,576)
Basic and diluted net loss per common share	$ (0.17)	$ (0.11)
Basic and diluted weighted average common shares outstanding	4,862,568	3,832,074

</TABLE>

See accompanying notes to consolidated financial statements.

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NEW PARADIGM STRATEGIC COMMUNICATIONS, INC. AND SUBSIDIARIES

(F/K/A New Paradigm Software Corp. And Subsidiaries)

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' DEFICIENCY

YEARS ENDED MARCH 31, 2001 AND 2000

<S>	Common Shares <C>	Stock Par Value <C>	Additional Paid-in Capital <C>	Accumulated Deficit (Deficiency)	Total Shareholders Equity

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<C>   <C>

Balance, April 1, 1999	2,901,729	$ 29,017	$ 9,244,709	$ (9,263,935)	$ 9,791
Conversion of Preferred D stock to common	850,000	8,500	(8,500)	-	-
Issuance of common stock for acquisition	159,286	1,593	117,914	-	119,507
Issuance of common stock for cash	225,000	2,250	122,750	-	125,000
Issuance of common stock upon exercise of stock options	427,600	4,276	64,140	-	68,416
Issuance of common stock for services rendered	60,682	607	96,949	-	97,556
Net loss for the year	-	-	-	(428,576)	(428,576)
Balance, March 31, 2000	4,624,297	46,243	9,637,962	(9,692,511)	(8,306)
Issuance of common stock for acquisition	385,000	3,850	288,750	-	292,600
Issuance of common stock upon exercise of stock options	20,000	200	4,800	-	5,000
Issuance of common stock for services rendered	94,800	948	22,752	-	23,700
Net loss for the year	-	-	-	(805,429)	(805,429)
Balance, March 31, 2001	5,124,097	$ 51,241	$ 9,954,264	$(10,497,940)	$ (492,435)

</TABLE>

See accompanying notes to consolidated financial statements.

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NEW PARADIGM STRATEGIC COMMUNICATIONS, INC. AND SUBSIDIARIES
(F/K/A New Paradigm Software Corp. And Subsidiaries)

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2001 AND 2000

	2001	2000
Cash flows from operating activities:		
Net loss	$(805,429)	$(428,576)
Adjustments to reconcile to net cash used in operating activities:		
Depreciation and amortization	114,380	96,885
Provision for bad debts	(7,735)	25,000
Non-cash compensation	23,700	161,172
Non-cash interest income	(7,885)	(7,439)
Non-cash revenue	-	(30,000)
Increases (decreases) in cash flows from operating activities resulting from change in:		
Accounts receivable	484,285	(623,904)
Prepaid expenses and other current assets	18,176	18,863
Other assets	(23,338)	-
Accounts payable and accrued expenses	(83,028)	727,341
Deferred revenue	128,460	(8,873)
Net cash used in operating activities	(158,414)	(69,531)

Cash flows used in investing activities:

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Acquisition of property and equipment	(31,484)	(111,522)
Liabilities assumed upon acquisition	-	9,994
	----------	----------
Net cash used in investing activities	(31,484)	(101,528)
	----------	----------
Cash flows from financing activities:		
Issuance of common stock	5,000	125,000
Repayment of debt	(41,000)	(5,000)
	----------	----------
Net cash provided by (used in) financing activities	(36,000)	120,000
	----------	----------
Net decrease in cash	(225,898)	(51,059)
Cash, beginning of year	288,467	339,526
	----------	----------
Cash, end of year	$ 62,569	$ 288,467
	==========	==========

</TABLE>

See accompanying notes to consolidated financial statements.

NEW PARADIGM STRATEGIC COMMUNICATIONS, INC. AND SUBSIDIARIES
(F/K/A New Paradigm Software Corp. And Subsidiaries)

NOTES TO FINANCIAL STATEMENTS

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1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES

Organization and Business

New Paradigm Strategic Communications, Inc. and Subsidiaries (F/K/A New Paradigm Software Corp. and Subsidiaries) (the "Company") a New York Corporation, was founded in July 1993 as New Paradigm Software Corp. and commenced operations on November 1, 1993. On November, 16, 2000, the Company changed its name to New Paradigm Strategic Communications, Inc. at its shareholders meeting. The Company through its wholly owned subsidiaries, New Paradigm Advertising, Inc. ("NPA") formerly SKC Advertising, Inc., Sutton and Partners, Inc., ("S&P"), GMG Public Relations, Inc. ("GMG"), and New Paradigm Inter-Link, Inc. ("NPIL"), provide marketing communications services in North America.

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has incurred significant operating losses since inception and has an accumulated deficit at March 31, 2001. Operating expenses will continue to be incurred which, in the absence of significant income from existing and new clients, will continue to produce net losses and increase the accumulated deficit. Although there can be no assurance of its success, management intends to continue to develop its internet and advertising businesses and also intends to search for investors to provide additional capital. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Property, Equipment and Depreciation

Property and equipment are stated at cost. Depreciation is computed using accelerated methods, which approximate the straight line method, over the estimated useful lives of the assets, ranging from 5-7 years for financial and tax reporting purposes.

Goodwill

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The Company's goodwill arose from the purchase of net assets, see Note 2. Goodwill is amortized over a fifteen year period utilizing the straight-line method.

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (continued)

Concentrations of Credit Risk

The Company's cash balances, which are maintained in various banks are insured up to $100,000 for each bank by the Federal Deposit Insurance Corporation. The balances at times may exceed these limits.

Revenue Recognition

Revenue from internet, projects and customer service fees are recognized over the term of the related contract or as the service is provided.

Revenue derived from advertising placed with media is generally recognized based upon the publication or broadcast dates.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The carrying amounts of cash, accounts receivable, note receivable,

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accounts payable and accrued expenses and notes payable approximate fair value because of the short maturity of these items.

Stock-Based Compensation

The Company has elected to follow Accounting Principles Board Opinion No. 25 ("APB No. 25"), "Accounting for Stock Issued to Employees," and related interpretations in accounting for its employee stock options. Under APB No. 25, because the exercise price of employee stock options equals the market price of the underlying stock on the date of grant, no compensation expense is recorded. The Company has elected the disclosure-only provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation."

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (continued)

Income Taxes

Income taxes are computed in accordance with the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS NO. 109"), which requires, among other things, a liability approach to calculating deferred income taxes. SFAS No. 109 requires a company to recognize deferred tax liabilities and assets for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets must be reduced by a valuation allowance to amounts expected to be realized.

Net Income (Loss) Per Common Share

Net income (loss) per common share was calculated by dividing net income by the weighted average number of common shares outstanding during the year. Basic and diluted net income (loss) per common share are the same, since there were no securities outstanding which have a dilutive effect during 2001 and 2000.

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Recently Issued Accounting Standards

In June 1998, SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" was issued and, as amended by SFAS No. 137, was adopted by the Company on July 1, 2000. This statement requires that an entity recognized all derivatives as either assets or liabilities and measure those instruments at fair value. The accounting for changes in the fair value of a derivative instrument depends on its intended use and the resulting designation. The adoption of this statement does not impact the Company's historical financial statements, as the Company currently does not use derivative instruments.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101 ("SAB 101"), which summarizes the views of the Commission staff in applying accounting principles generally accepted in the United States of America to revenue recognition in financial statements. Our revenue recognition principles are consistent with the guidance set forth in SAB 101, which the Company adopted on July 1, 2000.

EITF 00-2, "Accounting for Web Site Development Costs," issued February 2000, became effective no later than July 1, 2000. This pronouncement requires the capitalization and amortization of certain web site software costs in instances where the web site is used for internal use. The Company adopted EITF 00-2 on July 1, 2000, and its adoption does not have a material effect on the Company's financial statements.

In March 2000, the Financial Accounting Standards Board issued Interpretation No 44, "Accounting for Certain Transactions Involving Stock Compensation - an Interpretation of APB 25" ("FIN 44"). This Interpretation clarifies certain issues relating to stock compensation. The adoption of this interpretation on July 1, 2000 did not have any impact on the Company's historical financial statements.

2. ACQUISITIONS

NPAC I and NPAC II were formed in 1998 and 1999, respectively, as wholly owned subsidiaries to make business acquisitions. NPAC I and II were subsequently merged and changed their name to New Paradigm Advertising,

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Inc. ("NPA") after the acquisitions as described below.

On April 1, 1998 the Company through its wholly owned subsidiary, NPAC I, purchased certain assets and assumed certain liabilities related to the advertising business of Kapelus & Cipriano, Inc. trading as Schoen, Kapelus & Cipriano, ("SKC") for 250,000 common shares valued at $75,000. The business combination was accounted for as a purchase and, accordingly, SKC's results are included in the consolidated financial statements since the date of acquisition. The purchase price, which was financed through the issuance of common stock, has been allocated to the assets of SKC, based upon their respective fair market values. The value of the assumed liabilities exceeds the value of the acquired assets by approximately $210,000. Accordingly, $210,000 was recognized as goodwill and is being amortized over 15 years.

In addition, pursuant to the buyout agreement, the Company was required to pay the principals of SKC in each of the next three years an amount equal to 16.667% of the net revenue of SKC (as defined in the buyout agreement) commencing on the closing date and ending on the third anniversary of the closing date, less one sixth of the net liabilities (as defined in the closing agreement). Such buyout payments were to be made at 8.334% of the net revenue of SKC less one sixth of the net liabilities paid in cash and 8.333% of the net revenue of SKC paid in shares of the Company's common stock.

In accordance with the terms of the acquisition agreement with SKC dated April 1, 1998, the Company was due to make certain additional payments in cash and in shares of common stock to the principles of SKC based on the net revenues of the subsidiary (as referred to above). Pursuant to the new agreement dated September 26, 2000, the Company issued 385,000 shares of common stock valued at $292,600 and recorded a $541,000 note payable to the principals of SKC and the percentage of net revenues (as defined in the buyout agreement) for the third year will be 85%. Accordingly, $787,600 was recognized as goodwill and is being amortized over 15 years.

On July 1, 1999 the Company through its wholly owned subsidiary, NPAC II, purchased certain assets and assumed certain liabilities related to the advertising business of Sutton and Partners, Inc. for 50,000 common shares valued at $75,000. The business combination was accounted for as a purchase and, accordingly, Sutton and Partners, Inc. results are included in the consolidated financial statements since the date of acquisition. The purchase price, which was financed through the issuance of common stock, has been allocated to the assets of S&P, based upon their respective fair market values. The value of the assumed liabilities exceeds the value of the acquired assets by approximately $152,000. Accordingly, $152,000 was recognized as goodwill and is being amortized over 15 years.

In addition, pursuant to the buyout agreement, the Company agreed to pay to the principals of S&P in each of the next three years an amount equal to 25% of the net revenue of S&P (as defined in the buyout agreement) commencing on June 30, 2000 and ending on the third anniversary of the

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closing date, less one third of the net liabilities (as defined in the closing agreement). This buyout payment was to be made at 12.5% of the net revenue of S&P less one third of the net liabilities paid in cash and 12.5% of the net revenue of S&P paid in shares of the Company's common stock.

2. ACQUISITIONS (continued)

In accordance with the terms of the acquisition agreement with S&P dated July 1, 1999, the Company was due to make certain payments in cash and in shares of common stock to the principals of S&P based on the net revenues of S&P (as referred to above). By agreement, the terms of the additional payments due the principals of S&P were amended. The Company is required to issue 60,000 shares of common stock and pay $36,000 over the next twelve months (commencing March, 2001) to the principals of S&P. In addition, the principals of S&P waived their rights to certain bonus payments and agreed that after April 1, 2000 the bonus would be based upon 20% of net revenues, as defined in the agreement.

On January 1, 2000 the Company through a wholly owned subsidiary purchased certain assets related to the public relations business, including the right to the seller's name, of GMG Public Relations, Inc. ("GMG") for 20,000 common shares valued at $14,000. The business combination was accounted for as a purchase and, accordingly, GMG's results are included in the consolidated financial statements since the date of acquisition. The purchase price, which was financed through the issuance of common stock, has been allocated to the assets of GMG, based upon their respective fair market values.

In addition, pursuant to the buyout agreement, the Company will be paying, to the principal of GMG in each of the next three years, an amount equal to 33.33% of the asset value in shares of the Company's common stock commencing on September 30, 2000 and ending on September 30, 2002.

Additionally in each of the three years commencing on December 31, 2000 and ending on December 31, 2002 (as defined in the buyout agreement) the Company will pay one third of the cash acquired and on December 31, 2002 16.66% of the net revenue of GMG in cash and the Company will pay 33.33% of the net revenue of GMG, except for December 31, 2002 when only 16.66% shall be paid, in the Company's common stock.

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In connection with the S&P and GMG purchases, the assets acquired and liabilities assumed are as follows:

	GMG	S&P
Tangible assets acquired at fair value	$14,000	$ 15,000
Goodwill	-	152,000
Liabilities assumed at fair value	-	(92,000)
Total purchase price	$14,000	$ 75,000

2. ACQUISITIONS (continued)

The following pro forma consolidated results of operations have been prepared as if the acquisition of S&P and GMG had occurred as of April 1, 1999:

	March 31, 2000 (Unaudited)
Net revenues	$ 6,430,000
Net loss	(412,000)
Net loss per share	(0.11)

The pro forma consolidated results do not purport to be indicative of results that would have occurred had the acquisition been in effect for the period presented, nor do they purport to be indicative of the results that will be obtained in the future.

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3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of March 31, 2001:

Computer equipment	$291,871
Software	154,329
Furniture and fixtures	172,714
	618,914
Less: Accumulated depreciation and amortization	467,772
	$151,142

4. NOTES PAYABLE

Notes payable as of March 31, 2001 are as follows:

Notes payable to officers. The notes are due in varying amounts throughout the year ending March 31, 2002 and are interest free.	$ 500,000
Note payable to former corporate counsel pursuant to settlement agreement. The note matures in June 2007 and requires monthly principal payments of $500 plus interest at 8% per annum.	49,000
	$ 549,000

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5. INCOME TAXES

At March 31, 2001, the Company has net operating loss carryforwards of approximately $10,468,000, which expire in various years through 2016, available to offset future taxable income. Certain provisions of the tax law may limit the net operating loss carryforwards available for use in any given year in the event of a significant change in ownership interest. At March 31, 2001 the Company had a deferred tax asset amounting to approximately $4,700,000. The deferred tax asset consists primarily of net operating loss carryforwards and has been fully offset by a valuation allowance of the same amount.

6. COMMITMENTS AND CONTINGENCIES

Leases

The company leases sales and office space under operating leases which expire on March 31, 2002, August 11, 2005 and February 28, 2006.

The future minimum rental payments under these lease agreements are approximately as follows:

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Year ending March 31,	
<S>	<C>
2002	$218,000
2003	151,000
2004	152,000
2005	153,000
2006	129,000
	$803,000

</TABLE>

Rent expense for the years ended March 31, 2001 and 2000 amounted to approximately $185,000 and $170,000 respectively.

Employment Agreements

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On November 13, 1997, the Company entered into an agreement with Mr. Mark Blundell for a term of three years ending November 17, 2000. This period is automatically extended on the anniversary date unless ninety (90) days written notice is given by either party. Under the agreement, Mr. Blundell's annual base salary is $150,000 with a monthly expense allowance of $4,750.

In order to retain this officer's services in seeking acquisitions the Company entered into an employment agreement (as mentioned above) and a loan agreement providing for a loan to Mr. Blundell of $114,0000 at an interest rate of 6%. The loan will be repaid by applying to its outstanding balance 60% of (i) any future termination payment to the officer; (ii) any bonus or incentive payments; and (iii) any sales of Common Stock of New Paradigm directly or beneficially owned by this officer, including any Stock acquired through the exercise of options. The balance due from the officer at March 31, 2001 is $139,299, including accrued interest.

6. COMMITMENTS AND CONTINGENCIES (continued)

Employment Agreements (continued)

On April 1, 1998, the Company entered into employment agreements each with Mr. Rocco Cipriano and Mr. Milton Kapelus for a term of three years ending March 31, 2001. Under the agreement, their annual base salary was $75,000 with a monthly expense allowance of $667.

In consideration for executing these agreements, Mr. Cipriano and Mr. Kapelus each received options to purchase 100,000 shares of the Company's common stock at an exercise price of $.34 per share.

On July 1, 1999, the Company entered into employment agreements with Mr. Steven Katcher and Mr. Douglas Longmire for a term of three years ending June 30, 2002. Under these agreements, each has an annual base salary of $50,000 with a monthly expense allowance of $4,000. The employment agreements further provide for annual incentive bonuses not to exceed $35,000 if the Company's net revenues meet certain levels, as defined in the agreement.

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In consideration for executing these agreements, Mr. Katcher and Mr. Longmire each received options to purchase 25,000 shares of the Company's common stock at an exercise price of $1.65 per share.

In the event of termination, other than for cause, Mr. Katcher and Mr. Longmire are entitled to $100,000 per annum and to an estimated bonus for the remaining period of their employment agreements.

On January 1, 2000, the Company entered into an employment agreement with Ms. Risa Hoag for a term of three years ending December 31, 2002. Under this agreement, Ms. Hoag's annual base salary is $80,000. The employment agreement further provides for annual incentive bonuses of $35,000 if the Company's net revenues meet certain levels, as defined in the agreement and 10% of GMG's net profits, as defined in the agreement.

In consideration for executing this agreement, Ms. Hoag received options to purchase 50,000 shares of the Company's common stock at an exercise price of $.63 per share.

In the event of termination other than for cause Ms. Hoag is entitled, for the remaining period of her contract, a sum equal to her base salary and an estimate of her bonuses.

On November 10, 2000 the Company entered into an agreement with Mr. Ali Faraji for a term of three years ending November 10, 2003. Under the agreement, Mr. Faraji's annual base salary is $100,000 with a monthly expense allowance of $2,083. The employment agreement further provides for an annual incentive bonus of $100,000 if the Company's net revenues meet certain levels, as defined in the agreement.

7. SHAREHOLDERS' DEFICIENCY

Preferred Stock

In April 1999, the Series D Preferred Stock was converted into 850,000 shares of Common Stock in accordance with its terms.

Warrants

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In January 1997 a shareholder loaned the Company $150,000 in exchange for a six-month non interest bearing note. In consideration for the note the shareholder was issued 150,000 warrants with an exercise price of $2.00 per share. These warrants expire on January 16, 2002 and are currently outstanding as of March 31, 2001.

Stock Option Plan

The Company adopted a stock option plan (the "Option Plan"), effective April 8, 1994. The Option Plan provides for the grant of options to qualified employees (including officers and directors) of the Company to purchase up to an aggregate of 266,667 shares of common stock. The Option Plan is administered by a committee (the "Committee") appointed by the Board of Directors. The Committee may, from time to time, grant options under the Option Plan to such key employees as the Committee may determine, provided, however, that the Committee may not grant incentive stock options ("Incentive Options") to any key employee who is not in the regular full-time employment of the Company. Options granted under the Option Plan may or may not be "incentive stock options" as defined in the Internal Revenue Code, depending upon the terms established by the Committee at the time of grant. The exercise price shall not be less than the fair market value of the Company's common stock as of the date of the grant (110% of the fair market value if the grant is an Incentive option to an employee who owns more than 10% of the total combined voting power of all classes of stock of the Company). Options granted under the Option Plan are subject to a maximum term of 10 years.

In November and March 2000, the Company granted to its Chief Executive Officer 90,000 and 100,000 options to purchase shares of Common Stock at an exercise price of $0.50 and $2.19 per share, respectively.

7. SHAREHOLDERS' DEFICIENCY (continued)

Stock Option Plan (continued)

A summary of the activity for the two year period ended March 31, 2001 is

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as follows:

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<S>	Option Shares <C>	Exercise Price range per share <C>	Weighted Average exercise price <C>
Outstanding, April 1, 1999	976,000	$ .16 - $5.13	$ .52
Granted	265,000	.75 - 2.19	2.00
Exercised*	(450,000)	.16	.16
Outstanding, March 31, 2000	791,000	.16 - 5.13	1.22
Granted	439,250	.50 - 1.00	.52
Exercised	(20,000)	.25	.25
Outstanding, March 31, 2001	1,210,250	$ .16 - $5.13	$ .98

<FN>
* Exercised by Chief Executive Officer in January and March 2000. The fair market value for 420,000 shares and 30,000 shares was $3.00 and $1.31 per share, respectively.
</TABLE>

The following table summarizes information concerning exercisable stock options and stock options granted as of March 31, 2001 and 2000.

<TABLE>
<CAPTION>

<S>	Option Shares <C>	Exercise Price range per share <C>	Weighted Average exercise price <C>
Exercisable at year ended March 31:			
2000	438,000	.16 - 5.13	.94
2001	727,000	.75 - 2.19	1.30

Options granted in:	Weighted Average Fair value
2000	$

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2.01
2001
.52
</TABLE>

NEW PARADIGM STRATEGIC COMMUNICATIONS, INC. AND SUBSIDIARIES
(F/K/A New Paradigm Software Corp. And Subsidiaries)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

7. SHAREHOLDERS' DEFICIENCY (continued)

Stock Option Plan (continued)

The following table summarizes information about stock options outstanding at March 31, 2001:

<TABLE>
<CAPTION>

	Range of exercise prices			
	$.16- $.25	$.34- $.75	$2.19	$5.13
<S>	<C>	<C>	<C>	<C>
Outstanding options:				
Number outstanding at March 31, 2001	240,000	680,250	230,000	60,000
Weighted average remaining contractual life (years)	1.33	4.75	4.00	4.72
Weighted average exercise price	$ .21	$ .48	$ 2.19	$ 5.13
Exercisable options:				
Number outstanding at March 31, 2001	197,500	239,500	230,000	60,000
Weighted average exercise price	$ .20	$ .40	$ 2.19	

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$ 5.13
</TABLE>

SFAS No. 123 requires the Company to provide pro forma information regarding net income (loss) and earnings (loss) per share as if compensation cost for the Company's stock option plans had been determined in accordance with the fair value based method prescribed in SFAS No. 123.

The Company estimates the fair value of each stock option at the grant date by using the Black-Scholes option-pricing model with the following weighted average assumptions used for grants during the years ended March 31, 2001 and 2000, respectively; no dividends paid for all years; expected volatility of 152.40% and 45.80% in 2001 and in 2000, respectively; weighted average risk-free interest rates of 5.00% and 5.20% respectively; and expected lives of 1.33 to 4.75 years, respectively.

Applying SFAS No. 123 would result in pro forma net income (loss) and earnings (loss) per share amounts, as follows:

<TABLE>
<CAPTION>

	Year ended March 31,	
	2001	2000
<S>	<C>	<C>
Net Income (loss):		
As reported	$(805,430)	$(428,576)
Pro Forma	(990,330)	(493,272)
Basic and diluted earnings (loss) per share:		
As reported	$ (.17)	$ (.11)
Pro Forma	(.20)	(.13)

</TABLE>

8. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

<TABLE>
<CAPTION>

Year ended March 31,

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<S>	2001 <C>	2000 <C>
Cash paid during the period for:		
Interest	$9,825	$4,911

</TABLE>

Supplemental disclosures of non-cash investing and financing activities:

Year ended March 31, 2001

The Company issued:

385,000 shares of common stock valued at $292,600 in connection with the revision to the SKC acquisition agreement dated April 1, 1998.

94,800 shares of common stock valued at $23,700 for services rendered to the Company.

Year ended March 31, 2000

The Company issued:

70,000 shares of common stock valued at $89,000 for the acquisition of business assets valued at $19,000 and assumed liabilities in the amount of $92,000.

89,286 additional shares of common stock valued at $30,500 and a $50,000 note payable as additional consideration for the SKC acquisition.

850,000 shares of common stock valued at $8,500 in conversion of Series D Preferred.

9. EMPLOYEE BENEFIT PLANS

In July 2000 the Company terminated the old and adopted a new 401(k) salary deferred benefit plan which covers substantially all employees who have met certain requirements. In addition to the employer match of up to a maximum of 6% of compensation under the old plan, the new plan provides for a discretionary profit-sharing plan contribution. These employer contributions can be paid, at the discretion of the Company, in cash , Company stock or other property. The Company contribution to the plan for the year ended March 31, 2001 was approximately $25,000. No employer contribution was made for the year ended March 31, 2000.

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10. MAJOR CUSTOMERS

Three customers accounted for 19%, 23% and 11% of the Company's revenue for the year ended March 31, 2001. The total accounts receivable from these customers at March 31, 2001 amounted to 34% of the total accounts receivable balance.

Three customers accounted for 14%, 20% and 16% of the Company's revenue for the year ended March 31, 2000. The total accounts receivable due from these customers at March 31, 2000 amounted to 70% of the total accounts receivable balance.

11. SEGMENT INFORMATION

The Company operates within the marketing and communications services industry from its offices located in New York.

In 2001 and 2000, revenues derived from a client in the United Kingdom were approximately, $1,408,000 and $ 1,260,000, respectively.

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