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

FORM 10-Q

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period 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 No. 000-26408

Programmer's Paradise, Inc.
(Name of issuer in its charter)

Delaware	13-3136104
(State or other jurisdiction of Incorporation or organization)	(I.R.S. Employer Identification No.)

1157 Shrewsbury Avenue, Shrewsbury, New Jersey 07702
(Address of principal executive offices)

Issuer's Telephone Number (732) 389-8950

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities and Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No[ ]

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

There were 5,213,625 outstanding shares of Common Stock, par value $.01 per share, as of April 25, 2001.

PROGRAMMER'S PARADISE, INC.

Index to Form 10-Q

PART I - FINANCIAL INFORMATION

PROGRAMMER'S PARADISE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

ASSETS

<TABLE>
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<S>	<C> March 31, 2001 (Unaudited)	<C> December 31, 2000 (Audited)
Current Assets	$ 10,333	$ 2,091
Cash and cash equivalents	2,878	-
Cash held in escrow	13,842	13,048
Accounts receivable, net	2,174	2,631
Inventory - finished goods	973	2,342
Prepaid expenses and other current assets	138	-
Deferred income taxes	-	12,163
Net assets held for sale	30,338	32,275
Total current assets		
	850	934
Equipment and leasehold improvements, net	494	391
Other assets	249	255
Goodwill, net	$ 31,931	$ 33,855
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities Notes payable to banks	$ 1,065	$ -
Accounts payable and accrued expenses	12,355	14,939
Other current liabilities	11	10
Total current liabilities	13,431	14,949
Stockholders' equity		
Common stock	53	53
Additional paid-in capital	35,478	35,476
Treasury stock	(1,325)	(1,325)
Retained earnings	(15,173)	(15,017)
Accumulated other comprehensive loss	(533)	(281)
Total stockholders' equity	18,500	18,906
	$ 31,931	$ 33,855

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

PROGRAMMER'S PARADISE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited)
(In thousands, except per share data)

<TABLE>
<CAPTION>
<S> <C> <C>

	Three months ended March 31, 2001	Three months ended March 31, 2000
Net sales	$ 24,164	$ 52,686
Cost of sales	21,627	47,351
Gross profit	2,537	5,335
Selling, general and administrative expenses	2,847	6,038
Amortization expense	51	330
Loss from operations	(361)	(1,033)
Interest income, net	98	-
Unrealized foreign exchange gain/(loss)	16	(73)
Loss before benefit for income taxes	(247)	(1,106)
Benefit for income taxes	(91)	(407)
Net loss	$ (156)	$ (699)
Net loss per common share-Basic	$ (0.03)	$ (0.14)
Net loss per common share-Diluted	$ (0.03)	$ (0.14)
Weighted average common shares outstanding-Basic	4,986	5,058
Weighted average common shares outstanding-Diluted	4,986	5,058
Reconciliation of Net Loss to Comprehensive Loss:		
Net loss	$ (156)	$ (699)
Other comprehensive loss, net of tax:		
Foreign currency translation adjustments	(252)	(102)
Comprehensive loss	$ (408)	$ (801)

</TABLE>

The accompanying notes are an integral part of these condensed consolidated financial statements.

PROGRAMMER'S PARADISE, INC.
PRO FORMA STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	Three Months Ended March 31, (Unaudited) 2001	Three Months Ended March 31, (Unaudited) 2000 (1)
Net sales	$ 24,164	$ 21,725
Cost of sales	(21,627)	(19,162)
Gross profit	2,537	2,563
SG&A expenses	2,847	2,962
Amortization	51	325
Loss from operations	(361)	(724)
Interest income (expense), net	98	(22)

Unrealized foreign exchange gain	16	29
Loss before taxes	(247)	(717)
Benefit for taxes	(91)	(265)
Net loss	$ (156)	$ (452)
Basic net loss per common share	$ (0.03)	$ (0.09)
Diluted net loss per common share	$ (0.03)	$ (0.09)
Weighted average number of common shares outstanding-basic	4,986	5,058
Weighted average number of common shares outstanding-diluted	4,986	5,058

1. Pro forma statement of operations for the results from North America and Programmer's Paradise, S.A.R.L. for Quarter 1 2000.

PROGRAMMER'S PARADISE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

<TABLE>
<CAPTION>

<S>	<C> Three Months Ended March 31, 2001	<C> 2000
Cash flows from operating activities		
Net loss	$ (156)	$ (699)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Deferred income taxes	(138)	(227)
Depreciation expense	142	271
Amortization expense	51	330
Provision for doubtful accounts	332	14
Changes in operating assets and liabilities:		
Accounts receivable	(1,126)	8,474
Inventory	457	66
Prepaid expenses and other current assets	1,368	1,037
Accounts payable and accrued expenses	(2,584)	(16,982)
Net change in other assets and liabilities	(147)	(1,739)
Net cash used for operations	(1,801)	(9,455)
Cash flows from investing activities:		
Change in net assets held for sale	12,163	-
Increase in cash held in escrow	(2,878)	-
Capital expenditures	(58)	(297)
Net cash provided by (used for) investing	9,227	(297)
Cash flows from financing activities:		
Net proceeds from issuance of common stock	2	27
Purchase of treasury stock	-	-
Borrowings (repayments) under lines of credit	1,065	(950)
Net cash provided by (used for) financing activities	1,067	(923)
Effect of foreign exchange rate on cash	(251)	(78)
Net increase (decrease) in cash and cash equivalents		
Cash and cash equivalents at beginning of period	8,242	(10,753)
Cash and cash equivalents at end of period	2,091	17,597

	$ 10,333	$ 6,844

</TABLE>

The accompanying notes are an integral part of these condensed consolidated financial statements.

PROGRAMMER'S PARADISE, INC.
NOTES TO CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
March 31, 2001

1. The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2001, are not necessarily indicative of the results that may be expected for the year ended December 31, 2001. For further information, refer to the consolidated financial statements and notes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 2000.

2. Assets and liabilities of the Company's Canadian Subsidiary and its former European Subsidiaries, have been translated at current exchange rates, and related revenues and expenses have been translated at average rates of exchange in effect during the year. Cumulative translation adjustments have been classified within other comprehensive income (loss), which is a separate component of stockholders equity in accordance with FASB Statement No. 130. "Reporting Comprehensive Income".

3. In June 1998, the FASB issued SFAS 133, "Accounting for Derivative Instruments and Hedging Activities." This Statement requires companies to record derivatives on the balance sheet as assets or liabilities, measured at fair value. Gains or losses resulting from changes in the values of those derivatives would be accounted for depending on the use of the derivative and whether it qualifies for hedge accounting. SFAS 133 will be effective for the Company's fiscal year ending December 31, 2001. Adoption of this Statement did not have a significant impact on the Company.

4. The following table sets forth the computation of basic and diluted net income (loss) per share:

<TABLE>
<CAPTION>

<S>	<C> Three months ended March 31, 2001	<C> 2000
Numerator:		
Net loss for basic and diluted net loss per share	$ (156)	$ (699)
Denominator:		
Denominator for basic net loss per share-weighted average common shares	4,986	5,058
Denominator for diluted net loss per share - adjusted weighted average common shares and assumed conversion	4,986	5,058
Basic net loss per common share	$ (0.03)	$ (0.14)
Diluted net loss per common share	$ (0.03)	$ (0.14)

</TABLE>

5. Pursuant to an Agreement, dated December 1, 2000 ("Stock Sale Agreement"), between the Company and PC-Ware Information Technologies

AG, a German corporation ("PC-Ware"), on January 9, 2001 the Company sold all of the shares of its European subsidiaries (except for Programmer's Paradise France S.A.R.L.) for 14,500,000 Euros, of which 3,275,000 Euros are being held in a 240-day escrow as security for any claim of PC-Ware arising from alleged breaches of representations by the Company under the Stock Sale Agreement. Such claims are subject to a 300,000 Euro de minimus amount and a 7,500,000 Euro maximum amount.

6. On February 9, 2001, the Company entered into a Loan and Security Agreement (the "Loan Agreement") with Hudson United Bank ("Hudson"). The Loan Agreement provides for a revolving credit facility of up to $5,000,000 with an initial term expiring April 1, 2003. The amount of available credit is determined by the level of certain eligible accounts receivable. The facility bears interest at Hudson's prime rate (8.5% at March 31, 2001) plus 1%. Additionally, the Loan Agreement contains various covenants including a financial covenant that generally requires the Company to maintain a current ratio (as defined in the Loan Agreement) of 1.5 to 1. The Loan Agreement is subject to customary event of default and acceleration provisions and is collateralized by substantially all of the Company's assets.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Overview

Programmer's Paradise, Inc. is a recognized international marketer of software targeting the software development and Information Technology professionals within enterprise organizations. The Company operates principally, through five distribution channels in the United States and Canada - Internet, catalog, direct sales, telemarketing, and wholesale distribution. Internet sales encompass the Company's two e-Commerce enabled websites: www.programmersparadise.com and www.supershops.com. Catalog operations include worldwide catalog sales, advertising and publishing. Direct sales operations include Programmer's Paradise Corporate Sales in the United States. Telemarketing operations are presently conducted in the United States and Canada. Wholesale operations include distribution to dealers and large resellers through Lifeboat Distribution Inc. in the United States. Information contained on our web sites is not, and should not be deemed to be, a part of this report.

The Company's strategic focus is to expand its catalog and Internet activities while solidifying its position as the predominant direct sales company for corporate desktop application software. A key element of that strategy is to build upon its distinctive catalogs - the established Programmer's Paradise catalog, directed at independent professional programmers, and its Programmer's Supershop catalog, directed at Information Technology professionals working in large corporations, and to utilize the catalogs as banner advertising for developing its internet traffic as well as being the initial conduit to developing its telemarketing channel. The Company's focus for direct sales is to assist companies in managing their IT expenditures, a value-added selling approach.

Results of Operations

The following table sets forth for the periods indicated certain financial information derived from the Company's consolidated statement of operations expressed as a percentage of net sales.

	Three months ended March 31, 2001	Three months ended March 31, 2000
Net sales	100.0%	100.0%
Cost of sales	89.5	89.5
Gross profit	10.5	10.1
Selling, general and administrative expenses	11.8	11.5
Amortization expense	0.2	0.6
Income (loss) from operations	(1.5)	(2.0)
Interest income (expense), net	0.4	0.0
Unrealized foreign exchange gain (loss)	0.1	(0.1)
Income (loss) before income taxes	(1.0)	(2.1)
Income taxes	0.4	0.8
Net income (loss)	(0.6)%	(1.3)%

The commentary of the results from the Statements of Operations is based upon the Pro Forma Statement of Operations as of March 31, 2001.

Net Sales

Net sales of the Company represents the gross consolidated revenue of the Company less returns. Although net sales consist primarily of sales of software, revenue from marketing services and advertising is also included within net sales. Excluding the results of the Company's former European operations, net sales increased 11.2% to $24.2 million for the quarter ended March 31, 2001 as compared to $21.7 million for the same period in 2000. The increase in sales is mainly attributable to improved account management, customer service responsiveness, and providing customers with competitive pricing.

Gross Profit

Gross profit represents the difference between net sales and cost of sales. Cost of sales is composed primarily of amounts paid by the Company to publishers and vendors plus catalog printing and mailing costs. Publisher and vendor rebates are credited against cost of sales. For the three-month period ended March 31, 2001, gross profit as a percentage of sales decreased from 11.8% to 10.5% over the same period in 2000, excluding the Company's former European operations, reflecting a shift in the mix of sales through the Company's distribution channels as a result of the competition within the direct and wholesale distribution sales channels. Gross profit in absolute dollars for the three-month period ended March 31, 2001 remained consistent with the same period in the prior year.

Gross margins have been negatively affected by the mix of products sold and the mix of distribution channels. Historically, the gross margins attained in the catalog channel have been higher than either the direct sales or distribution channels. Margins within the direct sales channel are also subject to mix variations as Microsoft Select License sales typically produce lower gross margin results.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses include all corporate personnel costs (including salaries and health benefits), depreciation and amortization, non-personnel-related marketing and administrative costs and the provision for doubtful accounts. Depreciation and amortization consists primarily of equipment depreciation and leasehold improvements.

Excluding the Company's former European operations, SG&A expenses decreased by 4% for the three months ended March 31, 2001 compared to the same period in 2000. SG&A expenses in absolute dollars for the three-month period ended March 31, 2001 decreased by $115,000 when compared to the same period in 2000. This decrease mainly reflects the results from cost containment initiatives and improved cost control policies and procedures.

Amortization Expense

Amortization expense includes the systematic write-off of goodwill. Excluding the Company's former European operations, amortization expense for the three months ended March 31, 2001 decreased by $274,000 as compared to the same period in 2000. This decrease is a result of the one time charge taken in December 2000 for the impairment of goodwill associated from the acquisition of Software Developers Corporation.

Unrealized Foreign Exchange Gain (Loss)

Excluding the Company's former European operations, the unrealized foreign exchange gain for the three months ended March 31, 2001 was $16,000 compared to $29,000 in the same period in 2000. The unrealized gain in the first three months of 2001 is primarily due to the trade activity with our Canadian subsidiary. Although the Company does maintain bank accounts in local currencies to reduce currency exchange fluctuations, the Company is, nevertheless, subject to risks associated with such fluctuations.

Income Taxes

Excluding the Company's former European operations, a net benefit for income taxes of $91,000 was recorded for the three months ended March 31, 2001, compared to $265,000 for the same period in 2000.

Net Loss

Excluding the Company's former European operations, net loss was $156,000 or $.03 per share on a diluted basis with approximately 4,986,000 weighted average common shares outstanding for the quarter ended March 31, 2001 compared to a loss of $452,000 or $.09 per share on a diluted basis with approximately 5,058,000 weighted average common shares outstanding for the same period of the previous year.

Liquidity and Capital Resources

The Company's capital requirements have primarily been funded through working capital generated from continued sales growth. At March 31, 2001, the Company's cash and cash equivalents were $10.3 million and working capital of $16.9 million.

Net cash used for operations was $1.8 million for the three months ended March 31, 2001 compared with $9.5 million of cash used for operating activities in the same period in 2000. Cash was primarily used during the three months ended March 31, 2001, for a reduction in accounts payable and

accrued expenses (approximately $2.6 million), an increase in accounts receivable (approximately $1.1 million), offset by a decrease in prepaid expenses and other current assets (approximately $1.4 million).

Net cash provided by investing activities was $9.2 million for the three months ended March 31, 2001 compared with $297,000 of cash used for financing activities in the same period in 2000. This increase primarily reflects the $12.2 million cash received for the sale of the European subsidiaries completed on January 9, 2001, as well as the $2.9 million cash being held in a 240-day escrow as security for any claim of PC-Ware in the event there are any alleged breaches of representations by the Company under the Stock Sale Agreement.

Net cash provided by financing activities was $1.1 million for the three months ended March 31, 2001 compared with net cash used of $923,000 in the same period in 2000. Net cash of $1.1 million was provided during the three months ended March 31, 2001, by borrowings under the revolving credit facility.

On February 9, 2001, the Company entered into a Loan and Security Agreement (the "Loan Agreement") with Hudson United Bank ("Hudson"). The Loan Agreement provides for a revolving credit facility of up to $5.0 million with an initial term expiring April 1, 2003. The amount of available credit is determined by the level of certain eligible accounts receivable. The facility bears interest at Hudson's prime rate (8.5% at March 31, 2001) plus 1%. Additionally, the Loan Agreement contains various covenants including a financial covenant that generally requires the Company to maintain a current ratio (as defined in the Loan Agreement) of 1.5 to 1. The Loan Agreement is subject to customary event of default and acceleration provisions and is collateralized by substantially all of the Company's assets. At March 31, 2001, there was approximately $1.1 million outstanding under the revolving credit facility.

Forward-Looking Statements

This report includes "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements can be identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "should" or "anticipates" or the negative thereof or comparable terminology, or by discussions of strategy. Statements in this report regarding future events or conditions, including statements regarding industry prospects and the Company's expected financial position, business and financing plans, are forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Important factors that could cause actual results to differ materially from the Company's expectations are disclosed in this report as well as the Company's most recent annual report on Form 10-K, and include risks and uncertainties related to the continued acceptance of the Company's distribution channel by vendors and customers, the timely availability and acceptance of new products, and contribution of key vendor relationships and support programs, as well as factors that affect software industry generally. The Company cautions the reader that this list of factors may not be exhaustive.

The Company operates in a rapidly changing business, and new risk factors emerge from time to time. Management cannot predict every risk factor, nor can it assess the impact, if any, of all such risk factors on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those projected in any forward-looking statements. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results and readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Foreign Exchange

The Company's shipments to its Canadian Subsidiary are invoiced in U.S. dollars. The Company believes its foreign exchange exposure caused by these shipments is insignificant. The Company is, however, exposed to exchange conversion differences in translating results of operations for its Canadian Subsidiary to U.S. dollars. Depending upon the strengthening or weakening of the U.S. dollar, these conversion differences could be significant.

Sales to the customers in European countries are denominated in U.S. dollars. The Company does not hedge its net asset exposure to fluctuations in the U.S. Dollar against any such local currency exchange rates. Although the Company does not maintain bank accounts in local currencies to reduce currency exchange fluctuations, the Company is, nevertheless, subject to risks associated with such fluctuations.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The Company is subject to certain legal proceedings and claims which have arisen in the ordinary course of business and which have not been fully adjudicated. The results of legal proceedings cannot be predicted with certainty; however, in the opinion of management, the Company does not have a potential liability related to any legal proceedings and claims that would have a material adverse effect on its financial condition or results of operations.

Item 4. Submission of Matters to a Vote of Security Holders

The Company submitted the Stock Sale Agreement between the Company and PC-Ware Information Technologies AG for a vote of its stockholders at a special meeting on December 21, 2000 (adjourned to January 3, 2001). The following indicates the results of the voting on the Stock Sale Agreement:

3,100,694	shares (59.5%) voted for approval
4,500	shares (0.1%) voted against approval
2,950	shares (0.0%) abstained
2,101,981	shares (40.4%) were broker non-votes
5,210,125	shares were outstanding and entitled to vote

Item 6. Exhibits and Reports on Form 8-K

(a) Reports on Form 8-K

A Current Report on Form 8-K was filed by the Company on February 9, 2001 relating to the Loan and Security Agreement dated February 7, 2001 between the Company and Hudson United Bank.

SIGNATURES

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

PROGRAMMER'S PARADISE, INC.

May 15, 2001	By: /s/ William H. Sheehy
Date	William H. Sheehy, Chief Financial Officer, Vice President of Finance