U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

[X] Quarterly Report under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended March 31, 2002

[ ] Transition Report under Section 13 or 15(d) of the Securities Exchange Act of 1934 (No Fee Required)

For the transition period from _______________ to _______________.

Commission File No. 2-86551C

Peoples Educational Holdings, Inc.
(Name of small business issuer in its charter)

Delaware	41-1368898
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

299 Market Street, Saddle Brook, NJ 07663
(Address of principal executive offices) (Zip Code)

(201) 712-0090
Issuer's telephone number

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

Indicate the number of shares outstanding of each of the Issuer's classes of common stock, as of the latest practical date: 3,216,933 shares of Common Stock (par value $0.02 per share) outstanding on May 13, 2002.

PART 1

FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PEOPLES EDUCATIONAL HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

<S>	(Unaudited) March 31, 2002 <C>	December 31, 2001 <C>
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 255,833	$ 784,540
Accounts Receivable Net of Allowance for Doubtful Accounts of $51,000 and Allowance for Returns	502,138	987,603
Inventory	1,229,889	1,426,403

Advance Royalties	440,689	349,179
Prepaid Catalog Expenses and Other Current Assets	68,554	49,328
Refundable Income Taxes	113,836	
Deferred Income Taxes	122,000	122,000
Total Current Assets	2,732,939	3,719,053
Equipment - At Cost, Less Accumulated Depreciation of $343,000 in 2002 and $310,000 in 2001	471,828	450,327
Other Assets		
Deferred Prepublication Costs, net	2,851,185	2,402,852
Advance Royalties	5,131	251,095
Deferred Income Taxes	33,000	33,000
Equipment Deposits and Other	77,779	49,228
Total Other Assets	2,967,095	2,736,175
Total Assets	$6,171,862	$6,905,555

</TABLE>

PEOPLES EDUCATIONAL HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
<TABLE>
<CAPTION>

<S>	(Unaudited) March 31, 2002 <C>	December 31, 2001 <C>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Current Maturities of Long Term Debt	$ 35,295	$ 35,295
Accounts Payable	942,080	1,630,105
Accrued Expenses	495,387	433,180
Line of Credit	250,000	-
Income Taxes Payable	-	114,965
Total Current Liabilities	1,722,762	2,213,545
Long Term Debt, less current maturities	1,415,371	1,523,801
Total Liabilities	3,138,133	3,737,346
Stockholders' Equity		
Common stock, $0.02 par value; authorized 8,500,000 shares; issued and outstanding 3,216,933 shares in 2002 and 2001	64,338	64,338
Additional Paid In Capital	2,782,065	2,780,190
Retained Earnings	339,851	474,331
Less: Note Receivable from issuance of Stock	(152,525)	(150,650)

Total Stockholders' Equity	3,033,729	3,168,209
Total Liabilities and Stockholders' Equity	$ 6,171,862	$ 6,905,555

</TABLE>

PEOPLES EDUCATIONAL HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

<TABLE>
<CAPTION>

	Three Months Ended March 31 2002	2001
<S>	<C>	<C>
Revenue:		
Product Line	$ 2,241,152	$ 1,878,551
Delivery	198,539	126,303
TOTAL REVENUE	2,439,691	2,004,854
Cost of Revenue	1,219,495	1,003,312
GROSS PROFIT	1,220,196	1,001,542
Selling, General and Administrative Expenses	1,419,450	1,255,137
LOSS FROM OPERATIONS	(199,254)	(253,595)
Interest Expense	(25,226)	(27,159)
LOSS BEFORE INCOME TAXES	(224,480)	(280,754)
Federal and State Income Tax Benefit	(90,000)	(117,500)
NET LOSS	$ (134,480)	$ (163,254)
Net Loss per Common Share Basic and Diluted	$ (0.04)	$ (0.05)
Weighted-average Number of Common Shares Outstanding Basic and Diluted	3,216,933	3,188,850

</TABLE>

PEOPLES EDUCATIONAL HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)
<TABLE>
<CAPTION>

	Common Stock	Additional Paid-In Capital	Retained (Deficit) Earnings	Notes Receivable	Total
<S>	<C>	<C>	<C>	<C>	<C>
Balance, December 31, 2000	$ 63,777	$ 2,757,397	$ (231,069)	$ (143,150)	$ 2,446,955
Interest on Notes Receivable from issuance of Stock	-	7,500	-	(7,500)	-
Sale of Common Stock	709	48,440	-	-	49,149
Purchase of Common Stock	(148)	(33,147)	-	-	(33,295)
Net Income	-	-	705,400	-	705,400

Balance, December 31, 2001	64,338	2,780,190	474,331	(150,650)	3,168,209
Interest on Notes Receivable from issuance of Stock	-	1,875	-	(1,875)	-
Net Loss	-	-	(134,480)	-	(134,480)
Balance, March 31, 2002	$ 64,338	$ 2,782,065	$ 339,851	$ (152,525)	$ 3,033,729

</TABLE>

PEOPLES EDUCATIONAL HOLDINGS, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

<TABLE>
<CAPTION>

	Three Months Ended March 31, 2002	Three Months Ended March 31, 2001
<S>	<C>	<C>
Cash Flows From Operating Activities		
Net Loss	$ (134,480)	$ (163,254)
Adjustments to Reconcile Net Loss to Net Cash Provided by (Used in) Operating Activities		
Depreciation	33,467	27,333
Amortization of Prepublication Costs and Intangible Assets	251,976	135,978
Changes in Assets and Liabilities		
Accounts Receivable	485,465	297,342
Inventory	196,514	(123,906)
Prepaid Catalog Expense and Other current assets	(19,226)	79,241
Advance Royalties	154,454	(96,587)
Equipment Deposits and Other	(28,551)	32,242
Accounts Payable and Accrued Expenses	(625,818)	(151,209)
Income Taxes Payable or Refundable	(228,801)	(239,520)
Net Cash Provided By (Used In) Operating Activities	85,000	(202,340)
Cash Flows From Investing Activities		
Purchases of Equipment	(54,968)	(108,968)
Expenditures for Prepublication Costs	(700,309)	(196,630)
Net Cash Used in Investing Activities	(755,277)	(305,598)
Cash Flows From Financing Activities		
Net Borrowings Under Line of Credit	150,000	400,000
Principal Payments on Long Term Debt	(8,430)	(7,542)
Net Cash Provided By Financing Activities	141,570	392,458
Net Decrease in Cash and Cash Equivalents	(528,707)	(115,480)
Cash and Cash Equivalents		
Beginning of Period	784,540	296,783
End of Period	$ 255,833	$ 181,303
Supplemental Cash Flow Information		
Cash Payments for:		
Interest	$ 25,226	$ 27,159
Income Taxes	132,000	120,000

</TABLE>

Peoples Educational Holdings, Inc. and Subsidiary
Notes to Consolidated Financial Statements (Unaudited)

NOTE 1 - Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared by the Company without audit and in accordance with the instructions to Form 10-QSB and therefore do not include all information and disclosures necessary for a fair presentation of financial position, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States of America. These unaudited financial statements contain, in the opinion of management, all adjustments (consisting of normal accruals and other recurring adjustments) necessary for a fair presentation of the consolidated financial position, results of operations, and cash flows for the periods presented. The operating results for the period ended March 31, 2002, are not necessarily indicative of the operating results to be expected for the full fiscal year.

NOTE 2 - Basic And Diluted Per Share Amounts

Basic per share amounts are computed, generally, by dividing net income or loss by the weighted average number of common shares outstanding. Diluted per share amounts assume the conversion, exercise or issuance of all potential common stock instruments unless their effect is anti-dilutive thereby reducing the loss or increasing the income per common share.

NOTE 3 - Recent Accounting Pronouncements

Effective January 2002, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 141, Business Combinations, and SFAS No. 142, Goodwill and Other Intangible Assets. These pronouncements provide that all business combinations initiated after June 30, 2001, be accounted for using the purchase method and that goodwill be reviewed for impairment rather than amortized. The Company does not believe that the adoption of these pronouncements will have a material effect on its consolidated financial statements. Any business combination transactions in the future will be accounted for under this new guidance.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS

This Form 10-QSB contains forward-looking statements regarding Peoples Educational Holdings, Inc. (the "Company"), The Peoples Publishing Group, Inc. ("PPG") and their markets as defined in section 21E of the Securities Exchange Act of 1934. These forward-looking statements involve a number of risks and uncertainties, including (1) demand from major customers, (2) effects of competition, (3) changes in product or customer mix or revenues and in the level of operating expenses, (4) rapidly changing technologies and the Company's ability to respond thereto, (5) the impact of competitive products and pricing, (6) local and state levels of educational spending, (7) the Company's and PPG's ability to retain qualified personnel, (8) PPG's ability to retain its distribution agreements in the Advanced Placement market, (9) the sufficiency of PPG's copyright protection, (10) PPG's ability to continue to rely on the services of Mercedes Distribution Center, and (11) the Company's and PPG's ability to retain and increase market acceptance of its Test Preparation products in existing and new states, and other factors disclosed below and throughout this report. The actual results that the Company or PPG achieve may differ materially from any forward-looking statements due to such risks and uncertainties. The Company undertakes no obligation to revise any forward-looking statements in order to reflect events or circumstances that may arise after the date of this report. Readers are urged to carefully review and consider the various disclosures made by the Company in this report, including the discussion set forth below and in the Company's other reports filed with the Securities and Exchange Commission from time to time that attempt to advise interested parties of the risks and factors that may affect the Company's business and results of operations.

SEASONALITY

The supplementary school publishing business is seasonal, cycling around the school year that runs from September through May. Typically, the major marketing campaigns, including mailings of new catalogs and focused sales efforts, begin in September when schools reopen. This is the period when sample books are provided free-of-charge for review to teachers for their purchase consideration. General marketing efforts, including additional sales and marketing campaigns, catalog mailings, and complimentary copies, continue throughout the school year. Teachers and districts generally review and consider books throughout the school year, make their decisions in the winter and spring, and place their purchase orders with the district office or other administrative units at that time. During spring and summer, the district offices process purchase orders and send them to publishers.

For PPG, approximately 52-56% of sales via purchase orders have historically been received from July through September. The remainder of the year is slower for sales of most product lines. An exception is the Test Preparation product line, with purchases occurring near the time the state tests are administered, as well as during the summer months for summer programs that add extra test preparation for students who are behind in their performance, and for the upcoming school year.

This natural seasonality of the supplementary educational materials market means that PPG's fiscal year (calendar year) does not coincide with the school purchase year, so new product development and launch, as well as expenses, must be planned around the school year. A product launched in the fall of 2001, for example, should not be expected to generate significant sales until the summer of 2002. As noted above, PPG receives and fulfills customer orders throughout the year, with the period from July to September being the largest revenue months. In general, the historical quarterly percentages of revenues to the full year revenues fall within a predictable range, with net sales ranging from 10-14% in the 1st quarter, 17-21% in the 2nd quarter, 40-44% in the 3rd quarter, and 24-28% in the 4th quarter.

REVENUE AND NET LOSS

Overview

Total revenue increased 21.7%, and Product Line revenue increased 19.3% for the first quarter of 2002 compared to the same period in 2001. This increase was led by a 30.2% increase in Test Preparation revenue. Net Loss for the three months ended March 31, 2001 was $134,000, which was 17.8% lower than the $163,000 loss for the three months ended March 31, 2001.
<TABLE>
<CAPTION>

	Three Months Ended March 31, 2002	Three Months Ended March 31, 2001	Variance	% Variance
<S>	<C>	<C>	<C>	<C>
Product Line Revenue				
Test Preparation	$ 1,519,000	$ 1,167,000	$ 352,000	30.2%
Advanced Placement	550,000	430,000	120,000	27.9%
Instruction	172,000	282,000	(110,000)	(39.0%)
Total Product Line Revenue	2,241,000	1,879,000	362,000	19.3%
Shipping and Handling Revenue	199,000	126,000	73,000	57.9%
Total Revenue	$ 2,440,000	$ 2,005,000	$ 435,000	21.7%
Net Loss	$ (134,000)	$ (163,000)	$ 29,000	(17.8%)

</TABLE>

Test Preparation product revenue

Test Preparation product line revenue was $1,519,000 for the first quarter in 2002 compared to $1,167,000 in 2001, representing a 30.2% increase. The revenue growth can be attributed to increased market penetration and the release of new products into new states and an increase in the number of inside and outside salespersons. During the first quarter of 2001, the Company had state-specific products published for five states. In 2002, the Company had state-specific products for seven states. All Test Preparation products are proprietary, and management believes this niche will continue to be the Company's fastest growth area in the future. This expansion is not without major competitors and similar efforts by other publishers will make this arena a hotly contested environment.

Advanced Placement product revenue

Advanced Placement product line revenue for the first quarter in 2002 was $550,000 compared to $430,000 during the same period in 2001, representing an increase of 27.9%. The increase primarily relates to a strong list of 2001 publications and expanded marketing and selling efforts. The Company continues to be positive about the Advanced Placement market growth and its ability to grow revenue in this area.

Instruction product revenue

Instruction products include two sales sources referred to as Student-At-Risk and Multicultural. Both include a mix of proprietary and nonproprietary titles. PPG's sales and marketing emphasis is on proprietary products, and PPG uses nonproprietary products to round out or fill in a full catalog of product offerings for PPG's customers. Instruction revenue decreased 39.0% for the first quarter in 2002 compared to the same period in 2001. The Company has shifted its strategic focus from this product line to its Test Preparation product line and expects this revenue trend to continue for the balance of the year.

GROSS PROFIT AND COST OF REVENUE

Gross Profit increased from $1,002,000 in the first quarter of 2001 to $1,220,000 for the same period in 2002, but remained consistent as a percent of revenues from 49.9% to 50.0%. The increase in dollars is a result of increased overall revenue growth.

Cost of Revenue consists of (1) product cost, which includes paper, printing, binding, and prepress costs for proprietary products and product purchases for non-proprietary products, (2) amortization of prepublication costs for proprietary products, (3) royalty for proprietary products, and (4) warehousing and shipping costs for proprietary and distributed products.

Product cost remained consistent between the first quarters in 2001 and 2002, decreasing slightly from 29.8% of revenues in 2001 to 28.9% in 2002.

Prepublication costs include all the one-time expenses associated with developing and producing new or revised proprietary products. Prepublication costs include all editorial expenses, writing, page design and makeup, art permissions and other permissions, prepress, and any other costs incurred up to the print/bind stage of the books. These prepublication costs also include expenses incurred for other forms of product development, such as expert reviews. Such product development usually involves creating sample lessons for each content area of a prospective title; PPG then obtains feedback on these samples, which it applies to the creation of the rest of the book. Prepublication costs are capitalized and expensed over a three-year period beginning on the in-stock date of new and revised products. PPG believes its policy for a three-year amortization schedule is conservative and in line with industry practice. For the three months ended March 31, 2002, PPG amortized $252,000 of prepublications costs as compared to $136,000 for the same period in 2001. In book publishing, prepublication costs represent the major product development expense and, as such, can serve as an important financial indicator of new product commitment. For the quarter ended March 31, 2002, PPG incurred prepublication costs expenditures of $700,000 compared to expenditures of $197,000 for the same period in 2001.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES
<TABLE>

<CAPTION>

	Three Months Ended			
	March 31, 2002	March 31, 2001	Variance	% Variance
<S>	<C>	<C>	<C>	<C>
Selling, General and Administrative	$ 1,419,000	$ 1,255,000	$ 164,000	13.1%

</TABLE>

The marketing and selling expenditures portion of the total increased by $75,000 from the first quarter of 2001 to the first quarter of 2002. The fluctuation is due to increases in salaries, commission, and marketing expenses relating to the Company's increased revenues, market penetration, and brand recognition.

The general and administrative expenditures portion of the total, increased by $89,000 from the first quarter of 2001 to the first quarter of 2002. The increase from the prior year is primarily increased salaries, due to the hiring of additional personnel required to support the Company's growth.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities for the three months ended March 31, 2002 was $85,000. Cash was primarily provided by the predepreciation and amortization profitability of the Company, reductions in accounts receivable, inventory and advance royalty, offset by a decrease in accounts payable, accrued expenses, and income taxes payable. Accounts receivable decreased as a result of the Company's improved collections efforts. Inventory decreased due to improved controls and forecasting.

Net cash used in investing activities was $755,000, consisting of prepublication expenditures of $700,000, and equipment purchases of $55,000.

Net cash provided by financing activities was $142,000, consisting primarily of borrowings under the Company's line of credit.

The Company has a line-of-credit agreement with a bank which allows for total borrowings of up to $5,500,000, subject to renewal in August 2003. The facility consists of a $4,000,000 two-year revolving credit agreement, with $1,000,000 overadvance and a one-year $500,000 revolving credit agreement, which is available to support prepublication costs. Borrowings under the two-year revolving credit agreement are limited to between 80 and 90 percent of eligible accounts receivable and 30 percent of inventory, during specified timeframes. The two-year agreement bears interest at the prime rate or LIBOR, plus 2.0 percent or during certain time frames, prime rate plus 0.5 percent or LIBOR plus 2.5 percent. Borrowings under the one-year revolving credit line bear interest at the prime rate plus 0.5 percent. Total borrowings are secured by all Company assets. In connection with the line-of-credit agreement, the Company has agreed to certain restrictive covenants, including, among other items, a minimum working capital level and net worth, interest rate coverage and leverage ratios, maximum capital expenditures, and restrictions on the payment of dividends. There was $1,300,000 outstanding under the two-year revolving credit agreement and $250,000 outstanding under one-year revolving credit agreement at March 31, 2002.

The Company believes that its cash and line of credit, together with cash generated from anticipated revenue and gross profit, will be sufficient to meet its normal cash needs in 2002. The Company intends to continue investing in prepublication costs for its proprietary, Test Preparation products, to the extent cash flow allows. As the Company develops these products for more states, additional investment in inventory will be required.

For the remainder of fiscal year 2002, the Company has contractual cash obligations, under operating and capital leases in the amount of $179,000.

CRITICAL ACCOUNTING POLICIES

Our significant accounting policies are summarized in the footnotes to our financial statements. Some of the most critical policies are also discussed below. As a matter of policy, the Company reviews its major assets for impairment. The Company's major operating assets are accounts receivable, inventories, prepublication assets, and property and equipment. The Company established reserves for doubtful accounts and returns based upon managements review of accounts and historical analysis. The Company also establishes reserves for slow moving and obsolete inventory based on sales history and market conditions. The Company depreciates its property and equipment and amortizes its prepublication assets over their estimated useful lives.

PART II

OTHER INFORMATION

Item 6, Exhibits and Reports on Form 8-K

(b) Reports on Form 8-K. On January 3, 2002, the Company filed a Current Report on Form 8-K to report under Item 5 (Other Events) certain management changes, including the appointment of Brian T. Beckwith as the President and CEO of the Company and PPG.

SIGNATURES

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

Dated: May 13, 2002 PEOPLES EDUCATIONAL HOLDINGS, INC.

By: /s/ Brian T. Beckwith

Brian T. Beckwith,
President and Chief
Executive Officer