SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark one)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1999

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM ________________ TO _________________

Commission file number: 0-28104

JAKKS Pacific, Inc.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	95-4527222 (I.R.S. Employer Identification No.)
22761 Pacific Coast Highway Malibu, California (Address of principal executive offices)	90265 (Zip Code)

Registrant's telephone number, including area code: (310) 456-7799

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 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 requirements for the past 90 days.

Yes [X] No [ ]

The number of shares outstanding of the issuer's common stock is 6,528,806 (as of April 21, 1999).

JAKKS PACIFIC, INC. AND SUBSIDIARIES
INDEX TO QUARTERLY REPORT ON FORM 10-Q
QUARTER ENDED MARCH 31, 1999

ITEMS IN FORM 10-Q

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This report includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. For example, statements included in this report regarding our financial position, business strategy and other plans and objectives for future operations, and assumptions and predictions about future product demand, supply, manufacturing, costs, marketing and pricing factors are all forward-looking statements. When we use words like "intend," "anticipate," "believe," "estimate," "plan" or "expect," we are making forward-looking statements. We believe that the assumptions and expectations reflected in such forward-looking statements are reasonable, based on information available to us on the date hereof, but we cannot assure you that these assumptions and expectations will prove to have been correct or that we will take any action that we may presently be planning. We are not undertaking to publicly update or revise any forward-looking statement if we obtain new information or upon the occurrence of future events or otherwise.

JAKKS PACIFIC, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheet
March 31, 1999 (Unaudited)

ASSETS

Current assets	
Cash and cash equivalents	$15,980,580
Accounts receivable, net	10,464,813
Inventory, net	5,503,742
Prepaid expenses and other current assets	1,813,263
Total current assets	33,762,398
Property and equipment, at cost	8,166,553
Less accumulated depreciation and amortization	2,731,178
Property and equipment, net	5,435,375
Deferred offering and acquisition costs, net	447,375
Goodwill, net	10,247,868
Trademarks, net	13,390,847
Investment in joint venture	1,053,852
Other	92,473
Total assets	$64,430,188

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities	
Accounts payable and accrued expenses	$ 9,174,850
Reserve for sales returns and allowances	6,756,778
Current portion of debt	45,000
Income taxes payable	1,365,568
Total current liabilities	17,342,196
Convertible debentures	4,455,000
Deferred income taxes	146,581
Total liabilities	21,943,777
Commitments	
Stockholders' equity	
Convertible preferred stock, $.001 par value; 1,000,000 shares authorized, 1,000 shares issued and outstanding	1
Common stock, $.001 par value; 25,000,000 shares authorized; 6,517,599 shares issued and outstanding	6,518
Additional paid-in capital	30,110,165
Retained earnings	12,432,859
	42,549,543
Less unearned compensation from grant of options	63,132
Net stockholders' equity	42,486,411
Total liabilities and stockholders' equity	$64,430,188

See accompanying notes to condensed consolidated financial statements.

JAKKS PACIFIC, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Operations
For the Three Months Ended March 31, 1998 and 1999 (Unaudited)

	Three Months Ended March 31, 1998	Three Months Ended March 31, 1999
Net sales	$11,029,771	$24,960,292
Cost of sales	6,679,903	14,196,532
Gross profit	4,349,868	10,763,760
Selling, general and administrative expenses	3,582,009	8,020,425
Income from operations	767,859	2,743,335
Other (income) and expense:		
Interest income	(9,044)	(132,466)
Interest expense	166,783	133,151
Income before provison for income taxes	610,120	2,742,650
Provision for income taxes	148,259	737,453
Net income	461,861	$ 2,005,197
Net income per share - basic	$ 0.09	$ 0.27
Net income per share - diluted	$ 0.08	$ 0.25

See accompanying notes to condensed consolidated financial statements.

JAKKS PACIFIC, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 1998 and 1999 (Unaudited)

	Three Months Ended March 31, 1998	1999
Cash flows from operating activities:		
Net income	$ 461,861	$ 2,005,197
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	651,628	747,265
Change in accounts receivable	1,817,061	1,461,912
Change in inventory	335,388	(2,584,801)
Net change in other operating assets and liabilities	(2,615,817)	1,983,849
Total adjustments	188,260	1,608,225
Net cash provided by operating activities	650,121	3,613,422
Cash flows from investing activities:		
Purchase of property and equipment	(620,782)	(1,629,955)
Investment in joint venture	--	(9,144)
Acquisition cost of trademarks	(12,252)	--
Deferred acquisition costs	--	(12,682)
(Increase) decrease in other assets	(142,960)	397,463
Net cash used by investing activities	(775,994)	(1,254,318)
Cash flows from financing activities:		
Repayment of debt	(1,295,881)	--
Offering costs - common stock	--	(143,808)
Offering costs - preferred stock	(35,299)	--
Dividends paid on convertible preferred stock	--	(350,000)
Proceeds from warrants and stock options exercised	--	1,663,083
Net cash provided (used) by financing activities	(1,331,180)	1,169,275
Net increase (decrease) in cash and cash equivalents	(1,457,053)	3,528,379
Cash and cash equivalents, beginning of period	2,535,925	12,452,201
Cash and cash equivalents, end of period	1,078,872	$15,980,580
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Income taxes	$ 229,565	$ 749,798
Interest	$ 182,034	$ 133,151

See note 4 for additional supplemental information to condensed consolidated financial statements.

See accompanying notes to condensed consolidated financial statements.

JAKKS PACIFIC, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
March 31, 1999

Note 1 - Basis of presentation

The accompanying 1998 and 1999 unaudited interim condensed consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. However, the Company believes that the disclosures are adequate to prevent the information presented from being misleading. These financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's Form 10-KSB, which contains financial information for the years ended December 31, 1996, 1997 and 1998.

The information provided in this report reflects all adjustments (consisting solely of normal recurring accruals) that are, in the opinion of management, necessary to present fairly the results of operations for this period. The results for this period are not necessarily indicative of the results to be expected for the full year.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries.

Basic earnings per share has been computed using the weighted average number of common shares. Diluted earnings per share has been computed using the weighted average number of common shares and common share equivalents (which consist of warrants, options and convertible securities, to the extent they are dilutive).

JAKKS PACIFIC, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)
March 31, 1999

Note 2 -- Earnings per share

In February 1997, the Financial Accounting Standards Board issued SFAS No. 128, "Earnings per Share." This statement establishes simplified standards for computing and presenting earnings per share (EPS). It requires dual presentation of basic and diluted EPS on the face of the income statement for entities with complex capital structures and disclosure of the calculation of each EPS amount.

	1998			1999		
	INCOME	WEIGHTED AVERAGE SHARES	PER-SHARE	INCOME	WEIGHTED AVERAGE SHARES	PER-SHARE
Net income per share - basic						
Net income...................	$461,861			$2,005,917		
Preferred stock dividends....	--			(350,000)		
Net income available to common stockholders.........	$461,861	4,953,000	$.09	$1,655,197	6,113,963	$.27
Effect of dilutive securities						
Options and warrants.........	--	235,000		--	699,919	
9% convertible debentures....	93,183	1,043,480		93,183	1,043,480	
4% convertible preferred stock.....................	--	929,000		--	--	
7% convertible preferred stock.....................	--	--		350,000	558,658	
Net income per share - diluted						
Income available to common stockholders plus assumed exercises and conversions...	$555,044	7,160,480	$.08	$2,098,380	8,416,020	$.25

Note 3 -- Preferred stock and common stock

On March 19, 1999, the Company filed a registration statement on Form S-3, pursuant to which it proposes to issue and sell 2,000,000 shares of its common stock in a public offering.

Note 4 -- Supplemental information to condensed consolidated statements of cash flows

On March 30, 1998, all 3,525 outstanding shares of 4% redeemable convertible preferred stock with a total stockholders' equity value of $6,818,350 were converted into an aggregate of 939,998 shares of the Company's common stock.

On March 31, 1999, a holder of $3.0 million principal amount of the Company's 9% convertible debentures converted $1.5 million principal amount of such debentures into 260,870 shares of the Company's common stock. In addition, a holder of $3.0 million principal amount of such debentures has given notice to the Company that the holder will convert $1.5 million principal amount of such debentures into 260,870 shares of the Company's common stock as of May 25, 1999.

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

The following discussion and analysis of financial condition and results of operations should be read together with the Company's Condensed Consolidated Financial Statements and Notes thereto which appear elsewhere herein.

OVERVIEW

JAKKS was founded to develop, produce and market children's toys and related products. We commenced business operations when we assumed operating control over the toy business of Justin Products Limited ("Justin"), and have included the results of Justin's operations in our consolidated financial statements from July 1, 1995, the effective date of that acquisition. The Justin product lines, which consisted primarily of fashion dolls and accessories and electronic products for children, accounted for substantially all of our net sales for the period from April 1, 1995 (inception) to December 31, 1995.

One of our key strategies has been to grow through the acquisition or licensing of product lines, concepts and characters. In 1996, we expanded our product lines to include products based on licensed characters and properties, such as World Wrestling Federation action figures.

We acquired Road Champs in February 1997, and have included the results of operations of Road Champs from February 1, 1997, the effective date of the acquisition. We acquired the Child Guidance and Remco trademarks in October 1997, both of which contributed to operations nominally in 1997, but contributed more significantly to operations commencing in 1998.

Our products currently include (1) toys and action figures featuring licensed characters, including popular wrestling characters under our World Wrestling Federation license, (2) die-cast collectible and toy vehicles marketed under our Road Champs and Remco brand names, (3) pre-school electronic toys marketed under our Child Guidance brand name, and (4) fashion dolls and related accessories.

In general, we acquire products or product concepts from others or we engage unaffiliated third parties to develop our own products, thus minimizing operating costs. Royalties payable to our developers generally range from 1% to 6% of the wholesale price for each unit of a product sold by us. We expect that outside inventors will continue to be a source of new products in the future. We also generate internally new product concepts, for which we pay no royalties.

In June 1998, we formed a joint venture with THQ, Inc., a developer, publisher and distributor of interactive entertainment software, and the joint venture licensed the rights from Titan Sports, Inc. to publish World Wrestling Federation electronic video games on all platforms. The license agreement permits the joint venture to release these games after November 16, 1999. We expect that the first game produced under this license will be released in late 1999. We also expect that JAKKS and THQ, Inc. will share equally any profits generated by the joint venture.

We contract the manufacture of most of our products to unaffiliated manufacturers located in China. We sell the finished products on a letter of credit basis or on open account to our customers, who take title to the goods in Hong Kong. These methods allow us to reduce certain operating costs and working capital requirements. A portion of our sales, primarily sales of our Road Champs products, originate in the United States, so we hold certain inventory in a warehouse and fulfillment facility operated by an unaffiliated third party. In addition, we hold inventory of other products from time to time in support of promotions or other domestic programs with retailers. To date, substantially all of our sales have been to domestic customers. We intend to expand distribution of our products into foreign territories and, accordingly, we have (1) engaged a representative to oversee sales in certain territories, (2) engaged distributors in certain territories, and (3) established direct relationships with retailers in certain territories.

We establish reserves for sales allowances, including promotional allowances and allowances for anticipated defective product returns, at the time of shipment. The reserves are determined as a percentage of net sales based upon either historical experience or on estimates or programs agreed upon by our customers.

Our cost of sales consists primarily of the cost of goods produced for us by unaffiliated third-party manufacturers, royalties earned by licensors on the sale of these goods and amortization of the tools, dies and molds owned by us that are used in the manufacturing process. Other costs include inbound freight and provisions for obsolescence. Significant factors affecting our cost of sales as a percentage of net sales include (1) the proportion of net sales generated by various products with disparate gross margins, (2) the proportion of net sales made domestically, which typically carry higher gross margins than sales made in Hong Kong, and (3) the effect of amortizing the fixed cost components of cost of sales, primarily amortization of tools, dies and molds, over varying levels of net sales.

Selling, general and administrative expenses include costs directly associated with the selling process, such as sales commissions, advertising and travel expenses, as well as general corporate expenses, goodwill and trademark amortization and product development. We have recorded goodwill of approximately $11 million and trademarks of approximately $14.4 million in connection with acquisitions made to date. Goodwill is being amortized over a 30-year period, while trademark acquisition costs are being amortized over periods ranging from 10 to 30 years.

RESULTS OF OPERATIONS

The following unaudited table sets forth, for the periods indicated, certain statement of operations data as a percentage of net sales.

	THREE MONTHS ENDED MARCH 31, 1998	THREE MONTHS ENDED MARCH 31, 1999
Net sales	100.0%	100.0%
Cost of sales	60.6	56.9
Gross profit	39.4	43.1
Selling, general and administrative expenses	32.4	32.1
Income from operations	7.0	11.0
Interest, net	(1.5)	--
Income before income taxes	5.5	11.0
Provision for income taxes	1.3	3.0
Net income	4.2%	8.0%

THREE MONTHS ENDED MARCH 31, 1999 AND 1998

Net Sales. Net sales increased $14.0 million, or 126%, to $25.0 million in 1999 from $11.0 million in 1998. The significant growth in net sales was due primarily to the continuing growth of the World Wrestling Federation product line with its expanded product offerings in the action figures and accessories categories and frequent character releases, as well as to increasing sales of Child Guidance pre-school toys and fashion and holiday dolls. Contributions made by sales of Road Champs die-cast toy and collectible vehicles and Remco toy vehicles were comparable with the prior year.

Gross Profit. Gross profit increased $6.5 million, or 147%, to $10.8 million in 1999, or 43.1% of net sales, from $4.3 million, or 39.4% of net sales, in 1998. The overall increase in gross profit was attributable to the significant increase in net sales. The increase in the gross profit margin of 3.7% of net sales was due in part to the changing product mix, which included products, such as World Wrestling Federation action figures, with higher margins than some of our other products, and the amortization expense of molds and tools used in the manufacture of our products, which decreased on a percentage basis due to the fixed nature of these costs. The higher margin resulting from lower product costs was offset in part by higher royalties.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased $4.4 million, or 124%, to $8.0 million, or 32.1% of net sales, in 1999, from $3.6 million, or 32.4% of net sales, in 1998. Selling, general and administrative expenses decreased modestly as a percentage of net sales due in part to the fixed nature of certain of these expenses, which were offset in part by increases in advertising expenses and product development costs of our various products in 1999. The overall dollar increase of $4.4 million was due to the significant increase in net sales with their proportionate impact on variable selling costs, such as freight and shipping related expenses, sales commissions, cooperative advertising and travel expenses. We produced television commercials in support of several of our products, including World Wrestling Federation action figures, in 1998 and 1999. From time to time, we may increase our advertising efforts, including the use of more expensive advertising media, such as television, if we deem it appropriate for particular products.

Interest, Net. We had moderately higher interest-bearing obligations in 1999 than in 1998 with the repayment of seller notes issued in connection with the Child Guidance/Remco and Road Champs acquisitions. In addition, we had significantly higher average cash balances during 1999 than in 1998.

Provision for Income Taxes. Provision for income taxes included Federal, state and foreign income taxes in 1998 and 1999, at effective tax rates of 24.3% in 1998 and 26.9% in 1999, benefiting from a flat 16.5% Hong Kong Corporation Tax on our income arising in, or derived from, Hong Kong. As of December 31, 1998, we had deferred tax assets of approximately $493,000 for which no allowance has been provided since, in the opinion of management, realization of the future benefit is probable. In making this determination, management considered all available evidence, both positive and negative, as well as the weight and importance given to such evidence.

SEASONALITY

The retail toy industry is inherently seasonal. Generally, in the past, the Company's sales have been highest during the third and fourth quarters, and collections for those sales have been highest during the succeeding fiscal quarters. The Company's working capital needs have been highest during the third and fourth quarters.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 1999, we had working capital of $16.4 million, as compared to $13.7 million as of December 31, 1998. This increase was primarily attributable to operating activities.

Operating activities provided net cash of $3.6 million in 1999 as compared to $0.7 million in 1998. Net cash was provided primarily by net income and non-cash charges, such as depreciation, amortization and recognition of compensation expense for options, as well as a decrease in accounts receivable and increases in operating liabilities, which were offset in part by an increase in inventory. As of March 31, 1999, we had cash and cash equivalents of $16.0 million.

Our investing activities used net cash of $1.3 million in 1999, as compared to $0.8 million in 1998, consisting primarily of the purchase of molds and tooling used in the manufacture of our products. As part of our strategy to develop and market new products, we have entered into various character and product licenses with royalties ranging from 1% to 10% payable on net sales of such products. As of March 31, 1999, these agreements required future aggregate minimum guarantees of $17.7 million, exclusive of $1.6 million in advances already paid.

Our financing activities provided net cash of $1.2 million in 1999, consisting primarily of the issuance of common stock pursuant to the exercises of options and warrants, partially offset by dividends paid to holders of our Series A Cumulative Convertible Preferred Stock. In 1998, financing activities used net cash of $1.3 million, consisting of the repayment of various notes and other debt issued in connection with our acquisitions in 1997.

On March 31, 1999, a holder of $3.0 million principal amount of our 9.0% convertible debentures converted $1.5 million principal amount of such debentures into 260,870 shares of our common stock. In addition, a holder of $3.0 million of such debentures has notified us that it will convert $1.5 million principal amount of such debentures into 260,870 shares of our common stock as of May 25, 1999.

In October 1997, we entered into a credit facility agreement with Norwest Bank Minnesota, N.A. which provides our Hong Kong subsidiaries with a working capital line of credit and letters of credit for the purchase of products and the operation of those subsidiaries. The facility, which expires on May 31, 1999, has an overall limit of $5.0 million, but is subject to other limitations based on advance rates on letters of credit and open accounts receivable. We expect to extend the term of this facility or to seek an alternative facility. As of March 31, 1999, there were no advances outstanding under the facility.

In April 1998, we received $4.7 million in net proceeds from the issuance of shares of our Series A Cumulative Convertible Preferred Stock to two investors in a private placement, which are currently

convertible into 558,658 shares of our common stock at a conversion price of $8.95 per share. The use of proceeds was for working capital and general corporate purposes.

We believe that our cash flow from operations and cash and cash equivalents on hand will be sufficient to meet our working capital and capital expenditure requirements and provide us with adequate liquidity to meet our anticipated operating needs for at least the next 12 months. Although operating activities are expected to provide cash, to the extent we grow significantly in the future, our operating and investing activities may use cash and, consequently, this growth may require us to obtain additional sources of financing. There can be no assurance that any necessary additional financing will be available to us on commercially reasonable terms, if at all.

RECENT ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board ("FASB") recently issued Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income," which is effective for financial statements issued for fiscal years beginning after December 15, 1997. This statement establishes standards for reporting and displaying comprehensive income and its components in financial statements. Comprehensive income, as defined, includes all changes to equity (net assets) during a period from non-owner sources. To date, we have not had any transactions that are required to be reported in other comprehensive income.

The FASB recently issued SFAS No. 131, "Disclosure about Segments of an Enterprise and Related Information," which is effective for financial statements issued for fiscal years beginning after December 15, 1997. This statement establishes standards for the way public business enterprises are to report information about operating segments in annual financial statements and requires those enterprises to report selected information about operating segments in interim financial reports. We operate in one reportable segment: the development, production and marketing of toys and related products.

IMPACT OF THE YEAR 2000

Many currently installed computer systems and software products are dependent upon internal calendars coded to accept only two digit entries in the date code field. These date code fields will need to accept four digit entries to distinguish 21st century dates from 20th century dates. As a result, our computer systems and software may need to be upgraded to comply with Year 2000 requirements. Otherwise, system failures or miscalculations leading to disruptions in our operations could occur. We have taken actions to address this potential problem, including the identification of any non-compliant processes or systems and the implementation of corrective measures. We expect to replace internal software with non-compliant codes with software that is compliant by July 1999.

We believe the financial reporting systems of our Hong Kong subsidiaries are Year 2000 compliant. Their systems were upgraded in 1998 in the normal course of business with software and hardware which the manufacturer has represented as being Year 2000 compliant. We are currently in the process of selecting a new software package in our corporate office which the manufacturer has represented as being Year 2000 compliant, and we believe it will be implemented by July 1999. We estimate the cost of this new software, including implementation and data conversion costs, to be approximately $60,000. Our other software is generally certified as Year 2000 compliant or is not considered critical to our operations.

Other than the cost of the new software to be implemented in our corporate office, we have spent only nominal amounts on the Year 2000 issue, and we do not expect any significant future expenditures. Although we believe our cost estimates to be accurate, we cannot assure you that these costs will not increase or that the proposed solutions will be installed on schedule by the date estimated.

We have addressed the Year 2000 preparedness of our critical suppliers and major customers and related electronic data interfaces with these third parties. We began in 1998, and are continuing our efforts, to contact critical suppliers and larger customers to determine whether they are, or will be, compliant by the Year 2000. Based on our evaluation and testing, these third parties are, or are expected to be, compliant by the Year 2000. However, we will continue to monitor the situation and we will formulate contingency plans to resolve customer-related issues that may arise. At this time we cannot estimate the impact that noncompliant suppliers and customers may have on us or our level of operations in the Year 2000. At present, we have not developed contingency plans, but we will determine whether to develop such plans when our assessment is completed.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk represents the risk of loss that may impact our financial position, results of operations or cash flows due to adverse changes in financial and commodity market prices and rates. We are exposed to market risk in the areas of changes in United States and international borrowing rates and changes in foreign currency exchange rates. In addition, we are exposed to market risk in certain geographic areas that have experienced or remain vulnerable to an economic downturn, such as China. We purchase substantially all of our inventory from companies in China, and, therefore, we are subject to the risk that such suppliers will be unable to provide inventory at competitive prices. While we believe that, if such an event were to occur we would be able to find alternative sources of inventory at competitive prices, we cannot assure you that we would be able to do so. These exposures are directly related to our normal operating and funding activities. Historically and as of March 31, 1999, we have not used derivative instruments or engaged in hedging activities to minimize our market risk.

INTEREST RATE RISK

The interest rates on our revolving line of credit vary based on the prime rate, and therefore, are affected by changes in market interest rates. At March 31, 1999, we had no outstanding balance under this facility. Under the currently applicable agreements, this credit facility will mature on May 31, 1999, but we expect to obtain, prior to such date, an extension of the term of the facility or seek an alternative facility. However, we cannot assure you that we will be able to extend this facility or, if not, obtain a new line of credit, or that if obtained, it will be on terms at least as favorable as those of the existing line of credit. See "Liquidity and Capital Resources."

FOREIGN CURRENCY RISK

We have wholly-owned subsidiaries in Hong Kong. Sales from these operations are denominated in U.S. dollars. However, purchases of inventory and operating expenses are typically denominated in Hong Kong dollars, thereby creating exposure to changes in exchange rates. Changes in the Hong Kong dollar/U.S. dollar exchange rate may positively or negatively affect our gross margins, operating income and retained earnings. The exchange rate of the Hong Kong dollar to the U.S. dollar has been fixed by the Hong Kong government since 1983 at HK$7.80 to US$1.00 and, accordingly, has not represented a currency exchange risk to the U.S. dollar. We do not believe that near-term changes in exchange rates, if any, will result in a material effect on our future earnings, fair values or cash flows, and therefore, we have chosen not to enter into foreign currency hedging transactions. We cannot assure you that this approach will be successful, especially in the event of a significant and sudden change in the value of the Hong Kong dollar.

PART II. OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

On February 16, 1999, the Company amended its Restated Certificate of Incorporation to increase the number of shares of preferred stock, par value $.001 per share, that it is authorized to issue from 5,000 to 1,000,000 shares.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

The Company had not paid quarterly dividends on its outstanding Series A Cumulative Convertible Preferred Stock for the dividend periods ending June 30, September 30 and December 31, 1998. The Company paid the accumulated dividend arrearages, in the aggregate amount of $262,500, on March 15, 1999.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

NUMBER	DESCRIPTION
3.1	Restated Certificate of Incorporation of the Company(1)
3.1.1	Certificate of Designation and Preferences of Series A Cumulative Convertible Preferred Stock of the Company(2)
3.1.2	Certificate of Elimination of All Shares of 4% Redeemable Convertible Preferred Stock of the Company(2)
3.1.3	Certificate of Amendment of Restated Certificate of Incorporation of the Company(3)
3.2.1	By-Laws of the Company(1)
3.2.2	Amendment to By-Laws of the Company(4)
4.1	JAKKS Pacific, Inc. 9.00% Convertible Debenture issued to Renaissance Capital Growth & Income Fund III, Inc., dated December 31, 1996(4)
4.2	JAKKS Pacific, Inc. 9.00% Convertible Debenture issued to Renaissance US Growth & Income Trust PLC, dated December 31, 1996(4)
10.1	Amendment, dated June 24, 1998, to License Agreement, dated October 24, 1995, between Titan Sports, Inc. and the Company(5)
10.2	Third Amendment, dated January 25, 1999, to Lease between Malibu Vista Partners and the Company(5)
10.3	Amendment, dated February 11, 1999, to License Agreement, dated October 24, 1995, between Titan Sports, Inc. and the Company(5)
27	Financial Data Schedule(5)

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(1) Filed previously as an exhibit to the Company's Registration Statement on Form SB-2 (File No. 333-2048-LA), effective May 1, 1996, and incorporated herein by reference.

(2) Filed previously as an exhibit to the Company's Current Report on Form 8-K, filed April 7, 1998, and incorporated herein by reference.

(3) Filed previously as exhibit 4.1.2 of the Company's Registration Statement on Form S-3 (File No. 333-74717), filed on March 9, 1999, and incorporated herein by reference.

(4) Filed previously as an exhibit to the Company's Registration Statement on Form SB-2 (File No. 333-22583), effective May 1, 1997, and incorporated herein by reference.

(5) Filed herewith.

(b) Reports on Form 8-K

No Current Report on Form 8-K was filed in the fiscal quarter ended March 31, 1999.

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.

Registrant:

JAKKS PACIFIC, INC.

Date: April 22, 1999

By: /s/ Jack Friedman

Chairman
(Principal Executive Officer)

Date: April 22, 1999

By: /s/ Joel M. Bennett

Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 10.1

June 24, 1998

Mr. Jack Friedman
President
22761 Pacific Coast Highway, Suite 226
Malibu, CA 90265

RE: TITAN SPORTS, INC. ("TITAN")-W-JAKKS PACIFIC, INC. ("LICENSEE")/DOMESTIC LICENSE AGREEMENT

Dear Mr. Friedman:

Reference is hereby made to that certain License Agreement dated October 24, 1995 as amended by Amendments to Agreement between the parties effective April 22, 1996 and January 1, 1997, December 3, 1997 and January 29, 1998 respectively in full force and effect as of the date hereof (collectively, the ("Agreement"). For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties have agreed to amend the Agreement as follows ("Fifth Amendment"):

1. The parties hereby amend Paragraph 3 of the agreement as follows:

   The Period of Agreement is extended by seven (7) years from January 1, 2003 through December 31, 2009.

2. The parties hereby amend Paragraph 4 (c) of the Agreement as follows:

   "4(c) Guaranteed Royalties. If the total of all royalties payable to Titan under subparagraphs 4 (a) and 4 (b) of the Agreement is less than the Guaranteed Royalty Amounts set forth below, the Licensee shall pay Titan, on or before the dates stated in the payment schedule below, the difference between the Guaranteed Royalty Amount due for the periods stated below and the total of the royalties paid to Titan under subparagraphs 4 (a) and 4 (b):

DUE DATE	PAYMENT
March 31, 2003	US$ 212, 500
June 30, 2003	US$ 212, 500
September 30, 2003	US$ 212, 500
December 31, 2003	US$ 212, 500
March 31, 2004	US$ 212, 500
June 30, 2004	US$ 212, 500
September 30, 2004	US$ 212, 500
March 31, 2005	US$ 212, 500
June 30, 2005	US$ 212, 500
September 30, 2005	US$ 212, 500
December 31, 2005	US$ 212, 500
March 31, 2006	US$ 212, 500
June 30, 2006	US$ 212, 500
September 30, 2006	US$ 212, 500

DUE DATE	PAYMENT
December 31, 2006	US$ 212, 500
March 31, 2007	US$ 212, 500
June 30, 2007	US$ 212, 500
September 30, 2007	US$ 212, 500
December 31, 2007	US$ 212, 500
March 31, 2008	US$ 212, 500
June 30, 2008	US$ 212, 500
September 30, 2008	US$ 212, 500
December 31, 2008	US$ 212, 500
March 31, 2009	US$ 212, 500
June 30, 2009	US$ 212, 500
September 30, 2009	US$ 212, 500
December 31, 2009	US$ 212, 500"

3. All terms not defined herein shall have the same meaning given them in the Agreement. Except as expressly or by necessary implication modified hereby, the terms and conditions of the Agreement are hereby ratified and confirmed without limitation or exception.

Please confirm acceptance of the Fifth Amendment as set forth above on behalf of Licensee in the space provided below on each of the enclosed two (2) copies and return them to me. One fully executed copy will be returned to you for your records.

Very truly yours,

/s/ Edward L. Kaufman

Edward L. Kaufman

ACCEPTED AND AGREED:

JAKKS PACIFIC, INC.
("LICENSEE")

By: /s/ Stephen G. Berman

Its: President

Date: July 1, 1998

TITAN SPORTS, INC.
("TITAN")

By: /s/ Linda E. McMahon

Linda E. McMahon

Its: President and CEO

Date: July 2, 1998

EXHIBIT 10.2

THIRD AMENDMENT TO LEASE

THIS LEASE AMENDMENT is made this 25th of January 1999, by and between Malibu Vista Partners, a California general partnership, herein called "Landlord", and Jakks Pacific, Inc. herein called lessee.

RECITALS

WHEREAS, by a lease dated June 18, 1997, and supplement to Lease dated August 10, 1998, Lessor did lease to Lessee Suites #226 and #280. For good and value consideration, the receipt and sufficiency of which is hereby acknowledged by the parties, the parties agree as follows with regard to the lease:

LESSEE WISHES TO LEASE SUITE 264 (1,857 SQ. FT.) IN ADDITION TO SUITE'S 226 AND 280. THIS SHALL BECOME EFFECTIVE FEBRUARY 15, 1999 AND EXPIRE AUGUST 31, 2002. RENT SHALL BE AT $2.42 MONTHLY, PLUS UTILITIES PASS THRU AT 6.1%. LESSOR ALSO GRANTS TO LESSEE USE OF UPPER LEVEL STORAGE AREA AS CONSIDERATION OF THIS AMENDMENT. LESSEE TO HAVE FIRST RIGHT OF REFUSAL ON SUITE 270, CONSISTING OF APPROXIMATELY 1,050 SQ. FT. PROVIDED LESSEE NOTIFY LESSOR WRITTEN INTENT TO DO SO WITHIN 72 HOURS OF LESSOR'S NOTIFICATION TO LESSEE THAT THE SUITE HAS BECOME AVAILABLE.

*All other terms and conditions shall remain in full force and effect.

This agreement shall be binding upon in inure to the benefit of the parties to the Lease and their successors and assigns.

LANDLORD:	TENANT:
Malibu Vista Partners	Jakks Pacific, Inc.
/s/ Barry L. Cowen 2/10/99	/s/ Joel M. Bennett 2/10/99
- ------------------------------	------------------------------------
Barry L. Cowan Dated	Joel M. Bennett Dated
Property Manager	Chief Financial Officer

EXHIBIT 10.3

February 11, 1999

Jakks Pacific, Inc.
22761 Pacific Coast Highway, Suite 226
Malibu, CA 90265

Attn: Stephen Berman, President

RE: CONSUMER PRODUCT LICENSE BETWEEN TITAN SPORTS, INC. ("TITAN")-W-JAKKS PACIFIC, INC. ("LICENSEE")

Dear Mr. Berman:

Reference is hereby made to that certain Agreement between the parties dated October 24, 1995 and as amended by a First Amendment dated April 22, 1996, a Second Amendment dated January 21, 1997, a Third Amendment date December 3, 1997, a Fourth Amendment dated January 29, 1998 and a Fifth Amendment dated June 24, 1998 (collectively, the "Agreement"), all in full force and effect as of the date hereof. For good and valuable consideration, the sufficiency of which are hereby acknowledged, the parties have agreed to amend the Agreement as follows ("Sixth Amendment"):

1. The Parties agree to amend paragraph 1 (e) to the Agreement as follows:

"(c) The term "Licensed Products" shall collectively mean the following items;

Licensed Toy Products: Articulated and non-articulated, talking and non-talking figures from 8"and up size, and mini figures from 2" and under (sold separately or in mini wrestling environments, such mini wrestling environments must not include vehicles or motorcycles) made from a variety of materials and constructions, including without limited to PVC and vinyl, styrene and/or other plastic materials, resin and stretch material; accessories and other articles not expressly created to be sold for use with the figures; play sets, dioramas and environments designed to interact with said figures; non-electronic role-playing toys, defined as dress-up sets and accessories, microphones, uniforms, costumes and children's masks sold in toy aisles and not designed as Halloween costumes; collector cases for figures; puzzles; skill and action games; and 6" and up fabric, soft body filled toys in the shape of wrestlers. Figures to be sold separately or in diorama scenes (individually referred to as "Licensed Toy Products"). None of the Licensed Toy Products are to be operated by remote control or radio control or to be made from die cast material. Electronic games, electric games, electronic stretch figures, card games, target games and tug-of-war games are also specifically excluded from the Licensed Toy Products".

NHRA Licensed Products: Die cast and plastic WWF/NHRA funny car toy that is an exact replica of Toliver Motor Sports, Inc.'s 1999 WWF sponsored NHRA funny car with a suggested retail price of $19.95 or less. Figures from 8" and up in size and mini figures from 2" and under related to the WWF/NHRA funny only and related figures, playsets and accessories, dioramas and environments designed to interact with the WWF/NHRA funny car and the related figures; all as approved by Titan in advance. The Licensed NHRA Products may be operated by remote control or radio control. Electronic games, electric games, electronic stretch figures, card games, target games and tug o war games are however specifically excluded from NHRA Licensed Products (hereinafter individually referred to as "NHRA Licensed Products").

2. The parties agree to amend paragraph 1 (i) of the Agreement as follows:

The term "Territory" shall mean the following:

United States, its territories and possessions and Canada."

3. The parties hereby amend paragraph 4(a) of the Agreement by adding the following additional paragraph after the original Advance Royalty paragraph:

"On execution of this Sixth Amendment, the Licensee agrees to pay to Titan the following non-refundable Advance Royalty Amount with respect to the NHRA Licensed Products, which shall be set off as a credit against the royalties due to Titan under subparagraph 4(b):

Advanced Royalty Amount for the NHRA Licensed Products

Five Hundred Thousand US Dollars (US $500,00.00).

The Advance Royalty Amount for the NHRA Licensed Products shall be paid in accordance with the following schedule:

DUE DATE	AMOUNT DUE
Upon Execution	US $100,000.00
February 28, 1999	US $100,000.00
March 30, 1999	US $100,000.00
April 30, 1999	US $100,000.00
May 30, 1999	US $100,000.00
TOTAL	US $500,000.00

If Titan has not received any installment of the Advance Royalty Amount within fifteen (15) days from the Due Date set forth above, Titan shall have the right to terminate this Agreement, with immediate effect, by providing the Licensee with written notice of termination."

4. The parties hereby agree to add Paragraph 9 entitled "Licensee Representations and Warranties", as provided below, to the Agreement:

"Licensee represents and warrants that it has entered into a license agreement with the National Hot Rod Association and/or NHRA Properties (collectively "NHRA") for the rights to use the name and logo of the NHRA, its likeness and other distinctive indicia of same ("NHRA Property") on certain merchandise, including without limitation die vast and plastic fumy car toys, and, based on that representation, Licensee has the right to manufacture, distribute, sell or otherwise disseminate the foregoing NHRA Property in conjunction with and/or association with the NHRA Licensed Products, as specifically defined herein. It is further understood and agreed by Licensee that the foregoing sentence is a material condition to this Agreement, the breach of which shall result in immediate termination."

5. All terms not defined herein shall have the same meaning given them in the Agreement. Except as expressly or by necessary implication modified hereby, the terms and conditions of the Agreement are hereby ratified and confirmed without limitation or exception.

Please confirm acceptance of the Sixth Amendment as set forth above on behalf of Licensee in the space provided below on each of the enclosed two (2) copies and return them to me. One fully-executed copy will be returned to you for your records.

Very truly yours,

/s/ C. Scott Amann
C. Scott Amann
Associate Counsel

ACCEPTED AND AGREED:

JAKKS PACIFIC, INC. ("Licensee")	TITAN SPORTS, INC. ("Titan")
By: /s/ Jack Friedman	By: /s/ Linda E. McMahon
Its: Chief Executive Officer	Its: President / Chief Executive Officer
Date: February 11, 1999	Date: February 19, 1999

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3-MOS
DEC-31-1999
JAN-01-1999
MAR-31-1999
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