SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-QSB

(MARK ONE)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED JUNE 30, 1998

[ ] 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 SMALL BUSINESS ISSUER AS SPECIFIED IN ITS CHARTER)

DELAWARE	95-4527222
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)
22761 PACIFIC COAST HWY. MALIBU, CALIFORNIA	90265
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

ISSUER'S TELEPHONE NUMBER, INCLUDING AREA CODE: (310) 456-7799

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

Yes x No

The number of shares outstanding of the issuer's common stock is 5,935,792 (as of August 14, 1998).

JAKKS PACIFIC, INC. AND SUBSIDIARIES
INDEX TO QUARTERLY REPORT ON FORM 10-QSB
FILED WITH THE SECURITIES AND EXCHANGE COMMISSION
QUARTER ENDED JUNE 30, 1998

ITEMS IN FORM 10-QSB

JAKKS PACIFIC, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheet
June 30, 1998 (Unaudited)

Assets

Current assets	
Cash and cash equivalents	$ 2,114,628
Accounts receivable, net	11,807,929
Inventory, net	2,776,980
Deferred product development costs, net	1,116,487
Advance royalty payments, net	385,322
Prepaid expenses and other current assets	819,706
Total current assets	19,021,052
Property and equipment, at cost	5,749,648
Less accumulated depreciation and amortization	1,831,151
Net property and equipment	3,918,497
Deferred offering costs, net	537,628
Goodwill, net	10,509,192
Trademarks and Patents, net	13,862,467
Investment in joint venture	1,000,000
Other	486,669
Total assets	$49,335,505

Liabilities and Stockholders' Equity

Current liabilities	
Accounts payable and accrued expenses	$ 9,607,370
Current portion of debt	480,000
Income taxes payable	849,848
Total current liabilities	10,937,218
Convertible Debentures	6,000,000
Deferred income taxes	86,896
Total liabilities	17,024,114
Commitments	
Stockholders' equity	
Preferred stock, $.001 par value; 5,000 shares authorized, 1,000 shares issued and outstanding	1
Common stock, $.001 par value; 25,000,000 shares authorized; 5,898,892 shares issued and outstanding	5,899
Additional paid-in capital	26,598,354
Retained earnings	5,822,462
	32,426,716
Less unearned compensation from stock option grants	115,325
Net stockholders' equity	32,311,391
Total liabilities and stockholders' equity	$49,335,505

See accompanying notes to condensed consolidated financial statements.

JAKKS PACIFIC, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Operations
For the Three and Six Months Ended June 30, 1998 and 1997 (Unaudited)

	Three Months Ended June 30, 1998	Three Months Ended June 30, 1997	Six Months Ended June 30, 1998	Six Months Ended June 30, 1997
Net sales	$16,131,480	$8,058,556	$27,161,251	$13,293,752
Cost of sales	10,013,122	4,855,911	16,693,025	8,179,866
Gross profit	6,118,358	3,202,645	10,468,226	5,113,886
Selling, general and administrative expenses	4,692,019	2,481,839	8,274,028	4,220,086
Income from operations	1,426,339	720,806	2,194,198	893,800
Other (income) and expense:				
Interest income	(42,005)	(64,777)	(51,049)	(168,293)
Interest expense	152,647	181,402	319,430	334,122
Income before income taxes	1,315,697	604,181	1,925,817	727,971
Provision for income taxes	357,732	147,563	505,991	67,936
Net income	957,965	456,618	1,419,826	660,035
Net income per share - basic	$ 0.16	$ 0.10	$ 0.26	$ 0.15
Net income per share - diluted	$ 0.14	$ 0.10	$ 0.22	$ 0.15

See accompanying notes to condensed consolidated financial statements.

JAKKS PACIFIC, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 1998 and 1997 (Unaudited)

	Six Months Ended June 30, 1998	1997
Cash flows from operating activities:		
Net income	$ 1,419,826	$ 660,035
Adjustments to reconcile net income to net cash used by operating activities:		
Depreciation and amortization	1,341,897	691,683
Change in accounts receivable	(3,072,401)	(2,389,125)
Change in inventory	(828,730)	(1,840,926)
Net change in other operating assets and liabilities	671,811	188,914
Total adjustments	(1,887,423)	(3,349,454)
Net cash used by operating activities	(467,597)	(2,689,419)
Cash flows from investing activities:		
Purchase of property and equipment	(1,793,792)	(1,372,365)
Excess of cost over toy business assets acquired (goodwill)	--	(6,962,974)
Acquisition cost of trademarks	(12,252)	(1,000,000)
Investment in joint venture	(1,000,000)	--
Increase in other assets	(168,158)	(35,721)
Net cash used by investing activities	(2,974,202)	(9,371,060)
Cash flows from financing activities:		
Repayment of bank debt	(114,700)	--
Proceeds from issuance of convertible debentures	--	6,000,000
Offering costs - convertible debentures	--	(528,532)
Proceeds from sale of common stock	--	2,949,316
Offering costs - common stock	--	--
Proceeds from sale of convertible preferred stock	5,000,000	--
Offering costs - convertible preferred stock	(212,239)	--
Proceeds from acquisition debt	--	6,098,939
Repayment of acquisition debt	(1,766,376)	(2,997,857)
Proceeds from exercise of options	113,817	--
Net cash provided by financing activities	3,020,502	11,521,866
Net decrease in cash and cash equivalents	(421,297)	(538,613)
Cash and cash equivalents, beginning of period	2,535,925	6,355,260
Cash and cash equivalents, end of period	$ 2,114,628	$5,816,647
Supplemental disclosure of cash flow information (Note 4):		
Cash paid during the period for:		
Income taxes	$ 259,757	$ --
Interest	$ 357,037	$ 279,178

See accompanying notes to condensed consolidated financial statements.

JAKKS PACIFIC, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 1998

Note 1 - Basis of presentation

The accompanying 1998 and 1997 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, 1997 and 1996.

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)
June 30, 1998

Note 2 -- Earnings per share

In February 1997, the Financial Accounting Standards Board issued SFAS No. 128, "Earnings per Share." This statement, which is effective for financial statements issued for periods ending after December 15, 1997, including interim periods, 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.

	Three Months Ended June 30,					
	1998			1997		
	INCOME	WEIGHTED AVERAGE SHARES	PER-SHARE	INCOME	WEIGHTED AVERAGE SHARES	PER-SHARE
Net income per share - basic						
Net Income available to common stockholders..............	$ 957,965	5,882,658	$0.16	$456,618	4,561,636	$0.10
Effect of dilutive securities						
Options and warrants.........	--	301,206		--	--	
9% convertible debentures....	93,183	1,043,478		--	190,512	
4% convertible preferred stock.....................	--	--		--	--	
7% convertible preferred stock.....................	--	558,658		--	--	
Net income per share - diluted						
Income available to common stockholders plus assumed conversions................	$1,051,148	7,786,000	$0.14	$456,618	4,752,148	$0.10

	Six Months Ended June 30,					
	1998			1997		
	INCOME	WEIGHTED AVERAGE SHARES	PER-SHARE	INCOME	WEIGHTED AVERAGE SHARES	PER-SHARE
Net income per share - basic						
Net Income available to common stockholders..............	$1,419,826	5,423,223	$0.26	$660,035	4,332,698	$0.15
Effect of dilutive securities						
Options and warrants.........	--	216,415		--	206,739	
9% convertible debentures....	186,366	1,043,478		--	--	
4% convertible preferred stock.....................	--	459,555		--	--	
7% convertible preferred stock.....................	--	279,329		--	--	
Net income per share - diluted						
Income available to common stockholders plus assumed conversions................	$1,606,192	7,422,000	$0.22	$660,035	4,539,437	$0.15

Note 3 -- Preferred stock and common stock

On March 30, 1998, holders of all of the 3,525 shares of the Company's 4% Convertible Preferred Stock converted all such shares into 939,998 shares of the Company's common stock.

On April 1, 1998, the Company issued 1,000 shares of its 7% Series A Cumulative Convertible Preferred Stock at a price of $5,000 per share in connection with a private placement to two investors. The Company received net proceeds of approximately $4.8 million after legal, placement and closing costs. Such shares are initially convertible into 558,658 shares of common stock based on a conversion price of $8.95 per share.

JAKKS PACIFIC, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)
June 30, 1998

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

198,020 shares of common stock were issued as partial consideration for toy business assets acquired totalling $1,500,000 in 1997. The excess of cost over toy business assets acquired (goodwill) is reflected in the consolidated statement of cash flows net of the stock issued.

JAKKS PACIFIC, INC. AND SUBSIDIARIES

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

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

OVERVIEW

The Company was founded in early 1995 to develop, manufacture and market toys and related products for children. The Company commenced business operations as of July 1, 1995, when it assumed operating control over the toy business of Justin Products Limited ("Justin") and has included the results of Justin's operations in its consolidated financial statements from the effective date of such acquisition (the "Justin Acquisition"). The Justin product lines accounted for substantially all of the Company's sales for the period from April 1, 1995 (Inception) to December 31, 1995.

In 1996, the Company expanded its product lines to include products based on licensed characters and properties such as WWF action figures and Power Rangers ZEO mini vehicles. Presently, the Company's products include (i) toys and action figures featuring licensed characters, including action figures based on characters from the WWF, (ii) die cast collectible and toy vehicles marketed under the names Road Champs and Remco, (iii) Child Guidance pre-school toys, (iv) fashion dolls with related accessories, (v) electronic toys designed for children and (vi) battery-operated vehicles.

In February 1997, the Company acquired Road Champs with its line of die cast collectible and toy vehicles. The Company has included the results of operations of Road Champs from February 1, 1997, the effective date of the acquisition.

In October 1997, the Company acquired the Child Guidance and Remco trademarks, under which the Company markets pre-school toys and metal trucks, respectively. Such lines contributed nominally in 1997, but have begun to contribute more significantly to operations in 1998.

The toys sold by the Company are currently primarily produced by non-affiliated manufacturers located in China on letter of credit basis or on open account and are shipped F.O.B. Hong Kong. These methods allow the Company to keep certain operating costs down and reduce working capital requirements. However, through the Company's Road Champs division, a portion of the Company's sales are made on a domestic basis, for which the Company holds certain inventory in a warehouse operated by a non-affiliated third party. To date, substantially all of the Company's sales have been to domestic customers. The Company intends to expand distribution of its products internationally.

The Company's products are generally acquired from others or developed for the Company by non-affiliated third parties, thus minimizing operating costs. Royalties payable to such developers generally range from 1% to 6% of the wholesale sales price for each unit of a product sold by the Company.

RESULTS OF OPERATIONS

THREE MONTHS ENDED JUNE 30, 1998 AND 1997

Net Sales. Net sales were $16.1 million in 1998, an increase of $8.1 million, or 100% over $8.0 million in 1997. The significant growth in net sales was due primarily to the continuing growth of the WWF action figure product line with its expanded product offerings and frequent character releases. The Company's holiday doll line performed comparably with the prior year and its new lines of Remco toy vehicles and Child Guidance pre-school toys contributed to net sales in 1998.

Gross Profit. Gross profits were $6.1 million, or 37.9% of net sales, in 1998. This represents an increase of approximately 91% over gross profits of $3.2 million, or 39.7% of net sales, in 1997. The decrease in gross profit as a percentage of net sales was due to the change in product mix with lower-margin non-licensed products accounting for a higher proportion of net sales in 1998 than in 1997. The overall increase in gross profit was attributable to the significant increase in net sales.

Selling, General and Administrative Expenses. Selling, general and administrative expenses were $4.7 million in 1998 and $2.5 million in 1997, constituting 29.1% and 30.8% of net sales, respectively. The overall significant increase of $2.2 million in such costs was due to costs incurred in support of the Company's development and marketing of products under its recently acquired Child Guidance and Remco trademarks. Selling, general and administrative expenses decreased as a percentage of net sales due in part to the fixed nature of certain of these expenses. The overall dollar increase was also due to the significant increase in net sales with its proportionate impact on variable selling costs such as freight and shipping related expenses, sales commissions, cooperative advertising and travel expenses, among others. From time to time, the Company may increase its advertising efforts, including the use of more expensive advertising media such as television, if the Company deems it appropriate for particular products. Such advertising costs may be substantial, and there is no certainty as to the effectiveness of such advertising or whether any resultant sales would be sufficient to cover such costs.

Interest. The Company had moderately lower interest-bearing obligations in 1998 than in 1997 with its convertible debentures and seller note issued to partially fund the Road Champs Acquisition and Child Guidance/Remco trademark acquisitions, respectively. In addition, the Company had lower average cash balances during 1998 than in 1997.

Provision for Income Taxes. Provision for income taxes include Federal, state and foreign income taxes in 1998 and also include a tax benefit generated by operating losses for Federal and state purposes in 1997. The Company's earnings benefit from a flat 16.5% Hong Kong Corporation Tax on its income arising in, or derived from, Hong Kong. At December 31, 1997, the Company had Federal and state net operating loss carryforwards of $727,000 and $306,000, respectively, available to offset future taxable income. The carryforwards generally expire through 2012 and may be subject to annual limitations as a result of changes in the Company's ownership. There can be no assurances that changes in ownership in future periods or any future losses will not significantly limit the Company's use of the net operating loss carryforwards. In addition, no valuation allowance for its deferred tax assets, amounting to approximately $258,000 at December 31, 1997, has been provided for 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.

SIX MONTHS ENDED JUNE 30, 1998 AND 1997

Net Sales. Net sales were $27.2 million in 1998, an increase of $13.9 million, or 104% over $13.3 million in 1997. The significant growth in net sales was due primarily to the continuing growth of the WWF action figure product line with its expanded product offerings and frequent character releases, as well as to the full year to date contribution made by Road Champs' sales of die-cast toy and collectible vehicle, which have been included from the effective day of the acquisition, February 1, 1997. The Company's holiday doll line performed comparably with the prior year and its new lines of Remco toy vehicles and Child Guidance pre-school toys contributed to net sales in 1998.

Gross Profit. Gross profits were $10.5 million, or 38.5% of net sales, in 1998. This represents an increase of approximately 105% over gross profits of $5.1 million, or 38.5% of net sales, in 1997. While the gross profit margin is comparable between 1998 and 1997, the overall increase in gross profit was attributable to the significant increase in net sales.

Selling, General and Administrative Expenses. Selling, general and administrative expenses were $8.3 million in 1998 and $4.2 million in 1997, constituting 30.5% and 31.7% of net sales, respectively. The overall significant increase of $4.1 million in such costs was due in part to the full year to date impact of costs associates with the infrastructure added in connection with the Road Champs Acquisition, with its sales, administration and warehousing operations in the United States and Hong Kong as well as to costs incurred in support of the Company's development and marketing of products under its recently acquired Child Guidance and Remco trademarks. Selling, general and administrative expenses decreased as a percentage of net sales due in part to the fixed nature of certain of these expenses. The overall dollar increase was also due to the significant increase in net sales with its proportionate impact on variable selling costs such as freight and shipping related expenses, sales commissions, cooperative advertising and travel expenses, among others. From time to time, the Company may increase its advertising efforts, including the use of more expensive advertising media such as television, if the Company deems it appropriate for particular products. Such advertising costs may be substantial, and there is no certainty as to the effectiveness of such advertising or whether any resultant sales would be sufficient to cover such costs.

Interest. The Company had moderately lower interest-bearing obligations in 1998 than in 1997 with its convertible debentures and seller note issued to partially fund the Road Champs Acquisition and Child Guidance/Remco trademark acquisitions, respectively. In addition, the Company had significantly lower average cash balances during 1998 than in 1997.

Provision for Income Taxes. Provision for income taxes include Federal, state and foreign income taxes in 1998 and also include a tax benefit generated by operating losses for Federal and state purposes in 1997. The Company's earnings benefit from a flat 16.5% Hong Kong Corporation Tax on its income arising in, or derived from, Hong Kong. At December 31, 1997, the Company had Federal and state net operating loss carryforwards of $727,000 and $306,000, respectively, available to offset future taxable income. The carryforwards generally expire through 2012 and may be subject to annual limitations as a result of changes in the Company's ownership. There can be no assurances that changes in ownership in future periods or any future losses will not significantly limit the Company's use of the net operating loss carryforwards. In addition, no valuation allowance for its deferred tax assets, amounting to approximately $258,000 at December 31, 1997, has been provided for 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.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 1998, the Company had working capital of $8.1 million, as compared to $3.4 million as of December 31, 1997. Operating activities used net cash of $0.5 million in 1998 as compared to having used $2.7 million in 1997. Net cash was used primarily by changes in operating assets and liabilities partially offset by net income and non-cash charges. At June 30, 1998, the Company had cash and cash equivalents of $2.1 million.

The Company's investing activities have used net cash of $3.0 million in 1998, as compared to $9.4 million in 1997, consisting primarily of the purchase of molds and tooling used in the manufacture of the Company's products and the investment in the joint venture. In 1997, the Company's investing activities used cash principally for the purchase of Road Champs including goodwill, trademarks and molds and tooling, as well as molds and tooling used in the manufacture of the Company's products. As part of the Company's strategy to develop and market new products, the Company has entered into various character and product licenses with royalties of 1% to 10% payable on net sales of such products. As of June 30, 1998, these agreements require future aggregate minimum guarantees of $16.6 million, exclusive of $1.6 million in advances already paid this year.

The Company's financing activities have provided net cash of $3.0 million in 1998, consisting primarily of the issuance of 1,000 shares of its 7% Series A Cumulative Convertible Preferred Stock at a price of $5,000 per share in connection with a private placement to two investors partially offset by the repayment of various debt issued in connection with the Road Champs and Child Guidance/Remco trademarks acquisitions.

In January 1997, the Company received net proceeds of approximately $5.5 million, net of issuance costs, from the issuance of $6.0 million in convertible debentures which are convertible into 1,043,478 shares of Common Stock at a conversion price of $5.75 per share, subject to anti-dilution provisions. Such debentures bear interest at 9% per annum, payable monthly, and are due in December 2003.

In February 1997, the Company acquired Road Champs for approximately $11.7 million. Consideration paid at closing was approximately $4.7 million in cash plus the issuance of $1.5 million (198,020 shares) of Common Stock. The balance of the cash consideration ($5.5 million) was payable during the twelve-month period ending in February 1998. This acquisition provided the Company with immediate significant growth in the mini vehicle product category with Road Champs product line of die cast collectible and toy vehicles. Assets included in the purchase were molds and tooling, office and warehouse equipment and other operating assets, as well as license agreements, trade name and goodwill.

In October 1997, the Company acquired the Child Guidance and Remco trademarks for approximately $13.4 million. Consideration paid at closing was $10.6 million in cash plus the issuance of a note payable in the amount of $1.2 million, which is payable in five quarterly installments ending December 31, 1998 and bears interest at 10% per annum. In addition, the Company incurred legal and accounting fees of approximately $0.3 million and reserves of $1.3 million. This acquisition provided the Company with immediate expanded growth in the toy vehicle category, which complements the collectible and toy nature of the Road Champs line. In addition, Child Guidance enabled the Company to enter the pre-school toy category with a quality name. The acquisition was funded in part by the issuance of the Company's 4% convertible preferred stock, which were converted to the Company's common stock on March 30, 1998. Also in connection with this acquisition, the Company entered into a manufacturing and supply agreement whereby the seller of the trademarks will provide the tools and other manufacturing resources for the production of products under the trademarks. Such agreement provides for payments to the seller of four quarterly payments of $110,000 followed by six quarterly payments of $160,000 commencing on December 31, 1997.

In October, 1997, the Company entered into a credit facility agreement with Norwest Bank Minnesota, N.A. which provides the Company's Hong Kong subsidiaries with a working capital line of credit and letters of credit for the purchase of products and the operation of the subsidiaries. The facility 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. As of March 31, 1998, aggregate advances under the facility amounted to approximately $0.1 million.

On April 1, 1998, the Company received approximately $4.8 million in net proceeds from the issuance of shares of its 7% Series A Cumulative Convertible Preferred Stock to two investors in a private placement, which are convertible into 558,658 shares of the Company's Common Stock at a conversion price of $8.95 per share. The use of proceeds is for working capital and general corporate purposes.

The Company believes that its cash flow from operations, cash on hand and the net proceeds from the issuance of the 7% Series A Cumulative Convertible Preferred Stock, together with the availability on the Norwest facility, will be sufficient to meet working capital and capital expenditure requirements and provide the Company with adequate liquidity to meet its anticipated operating needs for the foreseeable future. Although operating activities are expected to provide cash, to the extent the Company grows significantly in the future, its operating and investing activities may use cash and, consequently, such growth may require the Company to obtain additional sources of financing. There can be no assurance that any necessary additional financing will be available to the Company on commercially reasonable terms, if at all.

PART II. OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

(c) Recent Sales of Unregistered Securities

On April 1, 1998, the Company issued and sold 1,000 shares of Series A Cumulative Convertible Preferred Stock, par value $.001 per share (the "Series A Preferred Stock"), to Renaissance Capital Growth & Income Fund III, Inc. and ProFutures Bridge Capital Fund, L.P. at a price of $5,000 per share (for aggregate proceeds of $5,000,000). Net proceeds to the Company after legal, placement and closing fees were approximately $4.8 million. The holders of the Series A Preferred Stock are entitled to receive preferential dividends at an annual rate of $350 per share; to receive preferential distributions of assets of the Company up to a liquidation preference of $5,000 per share (plus accumulated dividends thereon), in the event of the liquidation, dissolution or winding up of the Company; and to convert their shares into Common Stock based on a conversion price of $8.95 (subject to adjustment for certain dilutive events and specified transactions). The Series A Preferred Stock is redeemable, in whole, but not in part, at par (together with all accrued and unpaid dividends) at the Company's option if (a) the Common Stock is then traded on the Nasdaq National Market or the New York Stock Exchange; (b) the average Current Market Price (as defined) of the Common Stock over a period of 20 Trading Days (as defined) equals or exceeds $20.00; and (b) the shares of Common Stock issuable upon conversion of the Series A Preferred Stock are subject to a registration statement under the Securities Act of 1933 that has become effective and permits the sale of such shares on a continuous or delayed basis. The Series A Preferred Stock is also redeemable at par (together with accrued and unpaid dividends) at the option of any holder thereof upon the occurrence of certain specified Events of Redemption (as defined). The holders of the Series A Preferred Stock have no voting rights, other than as required by the Delaware General Corporation Law; class voting with respect to certain amendments of the Company's Certificate of Incorporation or By-laws or the authorization or issuance of certain shares; or in the event of the non-payment of dividends for two quarters, in which case, the holders may designate or elect two directors of the Company.

Pursuant to its Second Amended and Restated 1995 Stock Option Plan, non-employee directors of the Company received automatic quarterly grants of options to purchase an aggregate amount of 18,750 shares at a purchase price of $7.94 per share.

In connection with a certain licensing agreement between Titan Sports, Inc. ("Titan") and a joint venture of which the Company and THQ, Inc. ("THQ") are to be the members, the Company is to issue warrants, exercisable until December 31, 2009, to Titan and Stanley Shenker Associates, Inc. to purchase 111,250 and 13,750 shares, respectively, of the Company's common stock. In connection with the formation of the joint venture, the Company is to issue warrants, exercisable until June 9, 2003, to THQ to purchase 150,000 shares of the Company's common stock. All such warrants are to be exercisable at an exercise price of $10.00 per share. No separate consideration was paid to the Company for the issuance of such warrants, and no underwriting discounts or agent's fees or commissions were paid in connection therewith.

Exemption from registration under the Securities Act is claimed for the sale of all of the securities set forth above in reliance upon the exemption afforded by Section 4(2) of the Securities Act for transactions not involving a public offering.

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)
3.2.1	By-Laws of the Company(1)
3.2.2	Amendment to By-Laws of the Company(3)
4.1	JAKKS Pacific, Inc. 9.00% Convertible Debenture issued to Renaissance Capital Growth & Income Fund III, Inc., dated December 31, 1996(3)
4.2	JAKKS Pacific, Inc. 9.00% Convertible Debenture issued to Renaissance US Growth & Income Trust PLC, dated December 31, 1996(3)
10.1	Series A Cumulative Convertible Preferred Stock Purchase Agreement dated April 1, 1998 among the Company, Renaissance Capital Growth & Income Fund III, Inc. and ProFutures Bridge Capital Fund, L.P.(4)
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 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.

(4) Filed previously as exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 7, 1998, and incorporated herein by reference.

(5) Filed herewith.

(b) Reports on Form 8-K

A Current Report on Form 8-K was filed on April 7, 1998 relating to the conversion and elimination of the Company's 4% Redeemable Convertible Preferred Stock and the issuance and sale of 1,000 shares of the Company's Series A Cumulative Convertible Preferred Stock.

SIGNATURES

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

Registrant:

JAKKS PACIFIC, INC.

Date: August 14, 1998

By: /s/ Jack Friedman

President
(Principal Executive Officer)

Date: August 14, 1998

By: /s/ Joel M. Bennett

Chief Financial Officer
(Principal Financial and
Accounting Officer)

6-MOS
DEC-31-1998
JAN-01-1998
JUN-30-1998
2,114,628
0
11,807,929
0
2,776,980
19,021,052
5,749,648
1,831,151
49,335,505
10,937,218
6,000,000
0
1
5,899
26,598,354
49,335,505
27,161,251
27,161,251
16,693,025
16,693,025
8,274,028
0
319,430
1,925,817
505,991
1,419,826
0
0
0
1,419,826
0.26
0.22