SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A
CURRENT REPORT

Pursuant to Section 13 or 15(d)
of the
Securities Exchange Act of 1934

Date of Report December 8, 1997
(Date of earliest event reported)

J & J SNACK FOODS CORP.
(Exact name of registrant as specified in its charter)

New Jersey	0-14616	22-1935537
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification Number)

6000 Central Highway,
Pennsauken, New Jersey 08109
(Address, including zip code, of
Principal Executive Offices)

(609) 665-9533
(Registrant's telephone number,
including area code)

Item 2. Acquisition or Disposition of Assets

On December 8, 1997, J & J Snack Foods Corp. ("Registrant") through its ICEE-USA Corp. subsidiary ("ICEE") acquired all of the common stock of National ICEE Corporation ("NIC"), a marketer and distributor of frozen carbonated beverages under the tradename ICEE, with approximate annual sales of $40,000,000. As a result of the acquisition, the Company now has the rights to market and distribute frozen carbonated beverages under the name ICEE to all of the continental United States, except for portions of eleven states.

The purchase price paid to the former shareholders of NIC was $9,000,000 in the form of cash. Additionally, ICEE assumed approximately $44,000,000 of debt, of which approximately $42,000,000 was retired at closing. The source of cash utilized to retire the debt and to fund the purchase price was a $40,000,000 term loan and a revolving line of credit with the Registrant's existing banks.

Item 7. Financial Statements and Exhibits

(a) Financial statements of business acquired
Audited Balance Sheets, March 29, 1997 and March 30, 1996
Audited Statement of Operations, years ended March 29, 1997 and March 30, 1996
Audited Statement of Stockholders' Equity (Deficiency), years ended March 29, 1997 and March 30, 1996
Audited Statement of Cash Flows, years ended March 29, 1997 and March 30, 1996

Unaudited Balance Sheet, September 27, 1997
Unaudited Statement of Operations for the six months ended September 27, 1997
Unaudited Statement of Stockholders' Equity (Deficiency)for the six months ended September 27, 1997
Unaudited Statement of Cash Flows for the six months ended September 27, 1997

(b) Pro forma financial information

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma condensed combined financial statements give effect to the acquisition of NIC by the Registrant on December 8, 1997. This pro forma information has been prepared utilizing the historical financial statements of NIC and the Registrant. This information should be read in conjunction with the historical financial statements and notes thereto of the Registrant which are incorporated by reference to the Registrant's Form 10-K and the historical financial statements of NIC which are incorporated within this Form 8-K. The pro forma financial data is provided for comparative purposes only and does not purport to be indicative of the results which actually would have been obtained if the acquisition had been effected on the dates indicated or of the results which may be obtained in the future.

The pro forma financial information is based on the purchase method of accounting for the acquisition. The pro forma adjustments are described in the accompanying Sheet and Notes to Unaudited Pro Forma Condensed Combined Statement of Income. The Unaudited Pro Forma condensed combined statements of income for the year ended September 28, 1997 assume that the acquisition of NIC had occurred on September 29, 1996 (combining the results for the twelve months ended September 27, 1997 for NIC and the year ended September 27, 1997 for the Registrant.) The unaudited pro forma condensed combined balance sheet at September 27, 1997 assumes that the acquisition of NIC had occurred on September 27, 1997 (combining the balance sheets for NIC and the Registrant as of September 27, 1997.)

Acquisition

The Purchase consideration payable to the former shareholders of NIC consisted of $9,000,000.

Assumptions

Purchase Price Allocation

Although the Registrant does not have complete information at this time as to the fair value of NIC's individual assets and liabilities, an estimate of the eventual allocation of the purchase price was made on the basis of available information. The eventual allocation of the purchase price will be made on the basis of appraisals and valuations which give effect to various factors including the nature and intended future use ofassets acquired in determining their value. It is not anticipated that any change in the allocation price will be material from the pro forma adjustments.

For purpose of pro forma presentations, the excess purchase price over the net assets acquired is being amortized over an estimated life of twenty years.

In addition to historical information, the pro forma financial information contains forward-looking state- ments. The forward-looking statements contained herein are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof. The Registrant undertakes no obligation to publicly revise or update these forward-looking statements to reflect events or circumstances that arise after the date hereof.

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 hereunto duly authorized.

J & J SNACK FOODS CORP.

By:______________________________
Dennis G. Moore
Senior Vice President & Chief
Financial Officer

Date: February 20, 1998

NATIONAL ICEE CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED
MARCH 29, 1997 AND MARCH 30, 1996

NATIONAL ICEE CORPORATION

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FOR THE YEARS ENDED MARCH 29, 1997 AND MARCH 30, 1996

INDEPENDENT AUDITOR'S REPORT

May 21, 1997

Officers and Directors
National Icee Corporation
Philadelphia, Pennsylvania

We have audited the accompanying consolidated balance sheet of National Icee Corporation as of March 29, 1997 and March 30, 1996 and the related consolidated statements of operations, stockholders' (deficiency), and cash flows for the years ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of National Icee Corporation as of March 29, 1997 and March 30, 1996 and the consolidated results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Margolis & Company P.C.
Certified Public Accountants

NATIONAL ICEE CORPORATION

CONSOLIDATED BALANCE SHEET

	MARCH 29, 1997	MARCH 30, 1996
ASSETS		
Current assets:		
Cash	$ 255,561	$ 48,638
Accounts receivable, net of allowance for doubtful accounts of $175,000 and $142,000, respectively	3,106,641	2,581,373
Inventory	2,366,610	2,344,594
Prepaid expenses and other current assets	4,924,033	4,842,573
Total current assets	10,652,845	9,817,178
Property and equipment, less		

accumulated depreciation	27,348,084	29,229,557
Non-compete covenants	447,546	564,195
Other intangible assets	1,060,308	386,403
Other assets	161,032	160,608
Deferred income taxes	3,787,000	3,270,000
	$43,456,815	$43,427,941

LIABILITIES AND STOCKHOLDERS' (DEFICIENCY)

Current liabilities:		
Demand notes, related parties	$ 678,459	$ 734,456
Revolving credit, bank	19,800,000	-
Line of credit, bank	3,875,000	1,180,000
Current portion of long-term debt	264,923	219,873
Accounts payable and accrued expenses	3,027,548	3,604,738
Unearned purchase rebates	164,500	132,000
Deferred income	3,333	73,646
Total current liabilities	27,813,763	5,944,713
Revolving credit, bank	-	20,000,000
Long-term debt, less current portion	1,296,796	966,719
Subordinated debt	19,030,127	18,574,616
Unearned purchase rebates	120,639	274,585
Deferred income	28,350	31,674
Total liabilities	48,289,675	45,792,307
Stockholders' (deficiency)	(4,832,860)	(2,364,366)
	$43,456,815	$43,427,941

The notes to consolidated financial statements are an integral part of the above statement.

NATIONAL ICEE CORPORATION

CONSOLIDATED STATEMENT OF OPERATIONS

	YEAR ENDED MARCH 29, 1997	MARCH 30, 1996
Sales	$37,887,678	$36,946,167
Cost of sales	13,672,334	13,634,007
Gross profit	24,215,344	23,312,160
Selling and administrative expenses	17,729,012	16,842,190
Income before depreciation and amortization, interest, royalty and other (income)	6,486,332	6,469,970
Other (income) expenses:		
Depreciation and amortization	6,537,342	6,022,515
Interest, net	3,059,659	2,986,384
Royalty income	(70,313)	(93,750)
Other	(54,862)	(39,121)

	9,471,826	8,876,028
Loss before credit for income taxes	(2,985,494)	(2,406,058)
Credit for income taxes	(517,000)	(916,000)
Net loss	($ 2,468,494)	($1,490,058)

The notes to consolidated financial statements are an integral part of the above statement.

NATIONAL ICEE CORPORATION

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIENCY)

	COMMON STOCK (a)	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TREASURY STOCK (b)	TOTAL
Balance, April 1, 1995	$30,854	$1,909,407	($2,808,813)	($5,756)	($874,308)
Net loss	-	-	(1,490,058)	-	(1,490,058)
Balance, March 30, 1996	30,854	1,909,407	(4,298,871)	(5,756)	(2,364,366)
Net loss	-	-	(2,468,494)	-	(2,468,494)
Balance, March 29, 1997	$30,854	$1,909,407	($6,767,365)	($5,756)	($4,832,860)

(a)$.10 par value; 700,000 shares authorized; 308,540 shares issued at March 29, 1997 and March 30, 1996.

(b) 818 shares (at cost)

The notes to consolidated financial statements are an integral part of the above statement.

NATIONAL ICEE CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS

	YEAR ENDED MARCH 29, 1997	MARCH 30, 1996
INCREASE (DECREASE) IN CASH		

Cash flows from operating activities:		
Net loss	($2,468,494)	($1,490,058)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Deferred income taxes	(517,000)	(916,000)
Deferred income earned	(73,637)	(97,074)
Amortization	421,975	416,217
Allowance for doubtful accounts	33,000	92,000
Depreciation	6,115,367	5,606,298
Accrued interest expense	660,524	600,106
Gain on sale of equipment	(367,478)	-
(Increase) decrease in operating assets:		
Accounts receivable	(71,921)	130,789
Inventory	127,992	381,662
Prepaid expenses and other current assets	179,425	(296,332)
Other assets	3,936	1,006
(Decrease) in operating liabilities:		
Accounts payable and accrued expenses	(1,875,290)	(305,654)
Net cash provided by operating activities	2,168,399	4,122,960
Cash flows from investing activities:		
Proceeds from sales of equipment and intangible assets	1,198,168	-
Acquisitions, manufacturing and rebuilding of property and equipment	(2,839,674)	(3,651,405)
Purchase of business	(1,800,000)	-
Net cash (used in) investing activities	(3,441,506)	(3,651,405)
Cash flows from financing activities:		
Proceeds from demand notes	50,174	26,592
Repayments of demand notes	(124,347)	(9,555)
Proceeds from line of credit, bank	2,104,306	-
Repayment of revolving credit, bank	(200,000)	(70,000)
Proceeds from long-term and subordinated debt	19,686	71,160
Repayments of long-term and subordinated debt	(248,343)	(402,994)
Purchase rebates earned	(121,446)	(129,273)
Net cash provided by (used in) financing activities	1,480,030	(514,070)
Net increase (decrease) in cash	206,923	(42,515)
Cash at beginning of year	48,638	91,153
Cash at end of year	$ 255,561	$ 48,638

The notes to conslidated financial statements are an integral part of the above statement.

NATIONAL ICEE CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS - CONTINUED

YEAR ENDED	MARCH 29, 1997	MARCH 30, 1996
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	$2,443,740	$2,370,731

SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES

In 1996, the Company incurred a trademark claim in Oklahoma City and in settlement thereof, Sooner Icee, Inc. reduced the purchase price of the franchise costs and operating rights and its long-term debt obligation from the Company in the amount of $27,827 (see Notes 7 and 10).

During the fiscal year ended March 29, 1997, the Company acquired the common stock of Icee Ventures, Inc. for $2,225,000 of which $425,000 was payable as a Note to Individual (see Notes 4 and 10) and the remaining amount of $1,800,000 was borrowed against the bank line of credit. In addition, the Company is obligated to the former stockholder of Icee Ventures, Inc. in the amount of

$200,000 for a non-compete covenant (see Notes 6 and 10).

During 1997, the Company agreed to offset equipment held under a lease from a stockholder against subordinated debt to a relative of the stockholder in the amount of $208,057. The equipment had a cost of $350,000 and accumulated depreciation of $141,943.

The notes to consolidated financial statements are an integral part of the above statement.

NATIONAL ICEE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 29, 1997 AND MARCH 30, 1996

1. Nature of Business and Summary of Significant Accounting Policies

Nature of business - The Company operates predominately as a distributor of food and beverage products which are dispensed from machines it places, under exclusive arrangements, in retail stores generally located in the eastern United States.

Principles of consolidation - The accompanying consolidated financial statements include the accounts of National Icee Corporation and its wholly-owned subsidiaries, FCB Syrups, Inc. and Icee Ventures, Inc. All material intercompany accounts and transactions have been eliminated in consolidation.

Use of estimates - The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fiscal year - The Company's fiscal year ends on the Saturday closest to March 31. The fiscal years ended 1997 and 1996 each reflect a 52-week period.

Inventory - Inventory is valued at the lower of cost or market, cost being determined on a first-in, first-out basis.

Depreciation and amortization - Depreciation and amortization of property and equipment and intangible assets is provided by use of the straight-line method over their respective estimated useful lives.

A patent, obtained in April, 1984, is being amortized over 17 years.

Franchise costs and operating rights are being amortized over five years.

Non-compete covenants are being amortized over periods of four to eight years.

Excess of cost of investment over net assets of businesses acquired - The excess of cost of investment over the fair value of net assets acquired prior to November 1, 1970 and included in other intangible assets in the amount of $155,252 is not being amortized because, in the opinion of management, such value is of a permanent nature. The value is reviewed by management on a periodic basis and an amortization program will be established should future events render such treatment appropriate. The excess of cost of investment over the fair value of net assets acquired after November 1, 1970 is being amortized on a straight line basis over 15 years.

Capitalization of manufacturing and rebuilding costs - The Company has its own dispenser manufacturing and rebuilding department. Applicable costs for parts, internal labor and related overhead are capitalized.

1. Nature of Business and Summary of Significant Accounting Policies - Continued

Advertising material on hand - The Company creates advertising material for point of sale marketing. In management's opinion, the advertising materials have a future benefit and are expensed as the material is distributed to customer locations. Advertising expense totaled $506,437 and $672,848 for the years ended in 1997 and 1996, respectively.

Basis of presentation - The Company has had losses for the past several years and at March 29, 1997 there is a net stockholders' deficiency of $4,832,860. Although this may indicate an uncertainty as to the Company's ability to continue as a going concern, the Company has taken action to mitigate these concerns.

The Company significantly reduced its overhead for the year ended March 30, 1996 and the number of dispensers manufactured for its own use. In addition, the Company hired a marketing specialist to improve the visibility and recognition of its products at over 8,000 locations and has additional marketing resources and expertise available from The Coca-Cola Company. The Coca-Cola Company has been and will continue to assist the Company with opportunities to supply FCB Syrups and/or dispensers to The Coca-Cola Company's customer base. In addition, the Company acquired a new territory during fiscal year ended March 29, 1997. Although the Company's operating overhead increased for the year ended March 29, 1997 as a result of the acquisition, management believes this acquisition will help to improve sales and income from operations in future years. The Company expects to show improved operating and cash flow results in the future from these improvements and available resources. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

2. Prepaid Expenses and Other Current Assets

	MARCH 29, 1997	MARCH 30, 1996
Dispenser parts	$3,597,182	$3,639,284
Advertising material on hand	896,446	610,095
Other	430,405	593,194
	$4,924,033	$4,842,573

3. Note Receivable - Stock Purchase

In prior years, common stock was issued pursuant to an incentive stock option plan to certain officers in exchange for their personal notes. Outstanding balances were as follows:

	MARCH 29, 1997	MARCH 30, 1996
Current portion included with "other current assets"	$11,250	$14,250
Non-current portion included with "other assets"	11,000	18,500
	$22,250	$32,750

4. Acquisition of Territory

On June 14, 1996, the Company acquired 100% of the stock of Icee Ventures, Inc. for $2,225,000. The acquisition was funded with a note payable to the sole stockholder in the amount of $425,000 and cash of $1,800,000, which was borrowed on the bank line of credit. The acquisition has been accounted for using the purchase method of accounting, and accordingly, the purchase price has been allocated to the assets purchased and the liabilities assumed based on the fair values at the date of acquisition. The excess of the purchase price over the fair values of the net assets acquired was $532,000 and has been included with other intangible assets (see Note 7), which is being amortized on a straight-line basis over 15 years. The total purchase price was allocated as follows:

Accounts receivable	$ 486,347
Inventory	150,008
Prepaid expenses and other current assets	260,885
Property and equipment, net	2,432,963
Other intangible assets	779,231
Other assets	4,360
Accounts payable and accrued expenses	(1,298,100)
Debt obligations, line of credit, bank (1)	(590,694)
	$2,225,000

(1)The Company utilized its bank line of credit to pay off $700,000 of Icee Ventures, Inc.'s obligations to the bank and stockholder, some of which occurred prior to June 14, 1996, in addition to the $1,800,000 borrowed for the acquisition.

The operating results of the acquired business has been included in the consolidated statement of operations from the date of acquisition.

In addition, the Company entered into a non-compete covenant agreement over five years with the former stockholder under a note obligation (see Note 10).

5. Property and Equipment, at Cost

	MARCH 29, 1997	MARCH 30, 1996
Land, buildings and improvements	$ 607,736	$ 595,412
Dispensers	62,587,982	57,292,172
Warehouse and office equipment	1,501,423	1,014,880
Vehicles	225,941	75,892
	64,923,082	58,978,356
Less accumulated depreciation	37,574,998	29,748,799
	$27,348,084	$29,229,557

Internal manufacturing and rebuilding costs for dispensers were approximately $1,907,239 and $2,563,511 for the years ended in 1997 and 1996, respectively.

6. Non-Compete Covenants

	MARCH 29, 1997	MARCH 30, 1996
Southeastern Icee, Inc. - Florida Territory	$ 650,000	$ 650,000
Southeastern Icee, Inc. - Georgia Territory	220,000	220,000
Icee of St. Louis, Inc.	650,000	650,000
Sooner Icee, Inc.	547,597	547,597
Icee Ventures, Inc.	200,000	-
Icee of Memphis, Inc.	84,186	84,186
Icee of Plano, Inc.	50,000	50,000
Golden Spread Icee, Inc.	25,000	25,000
	2,426,783	2,226,783
Less accumulated amortization	1,979,237	1,662,588
	$ 447,546	$ 564,195

7. Other Intangible Assets

	MARCH 29, 1997	MARCH 30, 1996
Excess of cost of investment over net assets of businesses acquired	$ 687,252	$155,252
Patent	98,408	98,408
Franchise costs and operating rights	755,504	508,273
	1,541,164	761,933
Less accumulated amortization	480,856	375,530
	$1,060,308	$386,403

NATIONAL ICEE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 29, 1997 AND MARCH 30, 1996

8. Demand Notes, Related Parties

The Company is indebted on demand notes payable to various officers and minority stockholders. The notes bear interest at 10%. Related party interest was $134,252 and $178,223 for the years ended March 29, 1997 and March 30, 1996, respectively.

9. Bank Debt

The Company refinanced its CoreStates Bank debt on September 19, 1994 with NationsBank of Georgia. The credit facility consists of a line of credit and a revolving credit. The credit facility allows the Company to pay a floating interest rate or a rate based on LIBOR for fixed periods of 1, 2, 3 or 6 months, for either the entire amount of the indebtedness or a portion thereof. The floating rate interest is payable quarterly in arrears on the last business day of each March, June, September and December. The LIBOR interest is payable the last day of the applicable period and three months after the first day for the six-month period.

	MARCH 29, 1997	MARCH 30, 1996
Line of credit, NationsBank of Georgia, maximum borrowing limit of $5,000,000; floating interest at the greater of the federal funds effective rate plus 1/2% or prime rate plus 1/8%, or LIBOR plus 2 1/4% (effective interest rate was 8.625% at March 29, 1997); maturing December 31, 1997	$ 3,875,000	$ 1,180,000
Revolving credit, NationsBank of Georgia, maximum borrowing limit of $20,000,000; floating interest at the greater of the federal funds effective rate plus 1/2% or prime rate, or LIBOR plus 2% (effective interest rates were 7.31% on $13,000,000, 7.64% on		

$4,000,000 and 8.5% on $3,000,000 at March 29, 1997); maturing December 31, 1997	$19,800,000	$20,000,000

The line of credit and revolving credit are collateralized by accounts receivable, inventory property and equipment, and the common stock of the Company. They are also guaranteed by a principal stockholder.

The credit facility is subject to certain financial covenants as defined in the loan agreement, including the ratio of current assets to current liabilities (excluding NationsBank debt) of no less than 2.0 to 1.0, and certain minimum cash flow requirements. As of March 29, 1997, the Company was in violation of the fixed coverage ratio which stipulates that the cash operating profit should be 1.25 of the sum of interest expense plus 10% of senior indebtedness (as defined in the bank debt agreement). The actual ratio was 1.19 as of March 29, 1997.

10. Long-Term Debt

	MARCH 29, 1997	MARCH 30, 1996
Note, Southeastern Icee, Inc. (Georgia Territory), with an initial installment of principal of $100,000 paid December, 1994, and the balance payable in annual installments of $112,500 plus interest at 1 point above prime rate, maturing August, 2002	$ 675,000	$ 787,500
Notes, individual, for acquisition of Icee of Memphis Territory; payable in monthly installments of $6,833 through December, 1994; $6,000 through December, 1998; and $3,000 through December, 2000; including interest at 9%	172,308	226,140
Note, Sooner Icee, Inc., payable in quarterly installments of $6,957 plus interest at 1 point above prime rate, maturing November, 1999	48,697	76,523
Note, individual, for acquisition of Sooner Icee, Inc.; payable in quarterly installments of $6,429 plus interest at 1 point over prime rate, maturing November, 1999	70,714	96,429
Note, individual, for non-compete agreement in acquisition of Icee Ventures, Inc., payable in quarterly installments of $12,164 including interest at 8 1/4%, maturing June, 2001	170,000	-
Note, individual, for acquisition of Icee Ventures, Inc., payable in quarterly installments of $31,250 beginning September, 1998 plus interest of 8 1/4%, maturing December, 2001	425,000	-
	1,561,719	1,186,592
Less current portion (due in one year)	264,923	219,873
	$1,296,796	$ 966,719

Maturities, excluding the revolving and line of credit, NationsBank, are as follows:

YEAR ENDING IN	
1998	$ 264,923
1999	379,485
2000	328,797
2001	291,014
2002	185,000
Thereafter	112,500
	$1,561,719

The prime rate of interest at March 29, 1997 was 8.5%.

11. Subordinated Debt

Debt subordinated to the NationsBank debt consisted of the following:

Convertible note - Coca-Cola Financial Corporation (the "Holder"), interest at 6% per annum payable in quarterly installments. The amount of the note was $7,000,000 at the end of both years. The note matures October 1, 1998. The Company may prepay the note after October, 1996, including a premium of up to 1.7% of the principal. Prior to maturity, the note may be converted by the Holder into the equivalent of 22% of the Company's common stock. In addition, if certain events occur, the Holder may: accelerate the maturity of the note; require the Company to repurchase all of the Company's stock from the Holder, if the note was converted; or the Company's stockholders may be required to sell all of their stock to the Holder. Under the terms of this agreement, the Holder can designate two members for the Board of Directors of the Company. The Company has appointed the two designees to the Board of Directors.

Convertible notes - Coca-Cola Financial Corporation (the "Holder"), original amounts totaling $9,000,000 with interest accruing at 3% compounded quarter-annually for Note A, 7.497% per annum for Note B, 9.516% per annum for Note C and 9.359% per annum for Note D. The balance of the notes were $11,041,115 and $10,465,042 at March 29, 1997 and March 30, 1996, respectively. The notes, including interest, mature December 23, 1999 for $12,810,257. The Holder and the Company have options to convert the convertible notes to stock prior to maturity as follows:

		SHARES BY HOLDER	SHARES BY COMPANY	ORIGINAL	MATURITY
Note A	Common	78,695	78,695	$4,479,365	$ 5,521,766
Note B	Preferred	26,715		1,520,635	2,558,105
	Common		26,715		
Note C	Preferred	17,568		1,000,000	1,609,359
	Common		17,568		
Note D	Preferred	35,156		2,000,000	3,121,027
	Common		35,156		
				$9,000,000	$12,810,257

Notes payable - Stockholders and other related parties, no specific repayment terms, bearing interest at 10% per annum. The balances of the notes were $650,012 and $770,574 at March 29, 1997 and March 30, 1996, respectively.

Notes payable - Non-profit institutions, various 5-10 year notes with interest payable semi-annually at 9% to 12% per annum. The balances of the notes were $339,000 for both years.

12. Purchase Rebates

On September 1, 1991, the Company entered into an agreement with The Coca-Cola Company under which it became the Company's sole supplier of frozen carbonated beverage syrups. The contract, which ran through December 31, 1996, required the Company to purchase approximately 12.2 million gallons of Coca-Cola Classic and Flavored FCB syrup subject to minimum amounts each year. The agreement will continue to stay in effect until the 12.2 million gallons of FCB syrups are purchased by the Company. Purchase rebates were earned as follows:

	MARCH 29, 1997	MARCH 30, 1996
Unearned total, beginning of year	$406,585	$535,858
Rebates earned during year	(121,446)	(129,273)
Unearned total, end of year	$285,139	$406,585

At the inception of the agreement, the Company received the full amount of the rebates to be earned. The rebates are earned based on the gallons of FCB syrups the Company purchases. If the agreement is terminated by the Company and it does not meet the minimum required purchases, the remaining unearned purchase rebates are refundable to Coca-Cola, with interest.

The rebates earned during the year have been reported as a financing activity for purpose of the statement of cash flows.

13. Deferred Income

Royalty Income:

On September 1, 1991, the Company received from The Coca-Cola Company an advance of $500,000 representing royalties to be earned by the Company as it makes The Coca-Cola Company's cherry flavored frozen carbonated beverage syrup available to its customers on an exclusive basis. The royalties were earned ratably over the 64-month life of the agreement.

	MARCH 29, 1997	MARCH 30, 1996
Deferred royalty income, beginning of year	$70,313	$164,063
Royalties earned during year	(70,313)	(93,750)
Deferred royalty income, end of year	-	70,313
Current portion	-	70,313
Long-term portion	$ -	$ -

13. Deferred Income - Continued

Non-Compete Covenant:

A covenant not-to-compete in the amount of $50,000 from the sale of the Louisiana Territory in 1994 is being amortized over 15 years.

	MARCH 29, 1997	MARCH 30, 1996
Current portion	$ 3,333	$ 3,333
Long-term portion	$28,350	$31,674

14. Income Taxes

The Company follows the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"), which requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the differences between the financial statement and tax bases of assets and liabilities using tax rates in effect for the year in which the differences are expected to reverse.

The components of the deferred tax assets and liabilities were as follows:

	MARCH 29, 1997	MARCH 30, 1996
Deferred tax assets:		
Net operating loss carryforwards	$7,884,000	$7,383,000
Alternative minimum tax credits	205,000	205,000
Amortizable goodwill and non-complete	346,000	281,000
Bad debt reserve	68,000	55,000
Total gross deferred tax assets	8,503,000	7,924,000
Less - valuation allowance	783,000	253,000
	7,720,000	7,671,000
Deferred tax liabilities:		
Depreciation	3,933,000	4,401,000
Net deferred tax assets	$3,787,000	$3,270,000

The Company has various tax credits and net operating loss carryforwards available as follows:

a) Alternative minimum tax credits of approximately $205,000 are available to offset future income taxes on an indefinite carryforward basis.

b) Net operating tax loss carryforwards of approximately $20,319,000 are available only for regular income tax purposes and $9,523,000 for alternative minimum tax purposes, which will expire over the period from 2007 to 2012.

A valuation allowance is provided to reduce the deferred tax assets to a level which, more likely than not, will be realized. The net deferred tax assets reflect management's estimate of the amount which will be realized from future profitability which can be predicted with reasonable certainty, as a result of management's downsizing the Company's overhead and significant reductions in the number of dispensers manufactured. The valuation allowance for deferred tax assets as of March 31, 1997 was $783,000 of which $415,000 relates to federal net operating losses and $368,000 relates to state net operating losses that more than likely will expire before being utilized.

The credit for income taxes consisted of the following:

	FEDERAL	STATE	TOTAL
1997:			
Current	$ -	$ -	$ -
Deferred	458,000	59,000	517,000
Total	$ 458,000	$ 59,000	$ 517,000
1996:			
Current	$ -	$ -	$ -
Deferred	795,000	121,000	916,000
Total	$ 795,000	$ 121,000	$ 916,000

15. Stock Warrants and Options

Stock Warrants:

During the year ended March 30, 1991, the Company adopted a Common Stock Purchase Warrant Plan under which up to 65,000 warrants may be sold at a price of $.25 per warrant, allowing the purchaser to buy one share of common stock at a price of $21.30 per share for each warrant presented. The warrnts expired on March 31, 1996.

At March 28, 1992, warrants to purchase 62,477 shares of the Company's common stock had been issued, none had been exercised and shares of common stock in that amount had been reserved for that purpose.

Incentive Stock Option Plan:

The Company has a non-qualified stock option plan (the "Plan") that provides for the issuance of up to 30,000 shares of common stock, in the aggregate, through the granting and exercise of options by specified employees at an option price based on the net book value of the Company plus 10%. The Plan will end April 12, 1999, the tenth anniversary of

its effective date. Stock options had been granted for a total of 17,300 shares of which 14,155 shares were exercised prior to April 1, 1995.

16. Icee Dispenser Sales

The Company sold dispensers to other Icee operators during the fiscal year ended March 29, 1997. The total proceeds from these sales were $1,042,228, the cost of the dispensers and the accumulated depreciation were $1,362,434 and $664,134, respectively. The proceeds and net book value were recorded to sales and cost of sales, respectively, in the statement of operations for the year ended March 29, 1997.

The Company manufactured new dispensers for resale costing $945,885 which were sold for $1,178,450 and have been recorded to cost of sales and sales, respectively, in the statement of operations for the year ended March 30, 1996.

17. Leases and Commitment

a) Administrative office - The Company has a five-year lease which commenced in 1994 with an annual rental of approximately $120,000.

b) Warehouses - Annual commitments on leases are as follows:

YEAR ENDING IN	
1998	$876,060
1999	554,298
2000	352,573
2001	173,490
2002	116,496
Thereafter	917,168

Administrative and warehouse rentals amounted to $1,159,317 and $1,159,356 for the years ended in 1997 and 1996, respectively, including $107,771 and $107,318 for locations leased from the Company's principal stockholder and other related parties.

c) Trucks and cars - The Company has leases for generally 50 months and after 13 months the Company has the option of returning the vehicle. At termination, the Company is liable for the difference between the fair market value and the depreciated value if the fair market value is less than the depreciated value on the leasing company's books, or the Company will receive a reimbursement from the leasing company if the fair market value is greater than the depreciated value on the leasing company's books. Rentals totaled approximately $914,000 and $1,175,000, net of reimbursements of $244,000 and $104,000 for the years ended in 1997 and 1996, respectively. Rentals for truck and car leases should approximate $1,000,000 for each of the following three years.

d) The Company entered into a consulting agreement which provides for quarterly installments of $10,750 beginning March 31, 1993 through December 31, 1999.

18. Profit-Sharing Plan

The Company has a defined contribution profit-sharing plan for the benefit of substantially all its eligible employees. The Plan's year end is December 31. In 1996 the plan was amended to provide for participants' contributions under a 401(k) provision. The Company's contributions to the profit sharing plan are at the discretion of the Board of Directors up to the maximum allowed by IRS regulations. The profit sharing contributions was $50,000 and $25,000 during each of the years ended in 1997 and 1996, respectively.

All participants' contributions and investments are directed by the plan participants and are held in a trust for the benefit of plan participants. All employees are 100% vested in their contributions and earnings thereon, but become vested in the Company's contributions and earnings at 10% per year from year one to year four and 20% per year in year five and thereafter with full vesting after seven years.

19. Major Customers

The Company's sales to one of its customers accounted for 16% of sales for the year ended March 29, 1997 and to two of its customers accounting for a combined 24% of sales for the year ended March 30, 1996.

NATIONAL ICEE CORPORATION
UNAUDITED CONSOLIDATED BALANCE SHEET
SEPTEMBER 27, 1997

ASSETS

Current assets:	
Cash	$ 9,257
Accounts receivable, net of alowance for doubtful accounts of $175,000	4,231,548
Inventory	2,849,321
Prepaid expenses and other current assets	4,780,755
Total current assets	11,870,881
Property and equipment, less accumulated depreciation	26,144,698
Non-compete covenants	373,170
Other intangible assets	1,007,508
Other assets	218,868
Deferred income taxes	3,787,000
	$43,402,125

LIABILITIES AND STOCKHOLDERS' (DEFICIENCY)

Current liabilities:	
Demand notes, related parties	$ 690,787
Revolving credit, bank	17,870,000
Line of credit, bank	3,875,000
Current portion of long-term debt	298,873
Accounts payable and accrued expenses	3,432,770
Unearned purchase rebates	164,500
Deferred income	3,333
Total current liabilites	26,335,263
Long-term debt, less current portion	1,091,631

Subordinated debt	19,327,079
Unearned purchase rebates	32,918
Deferred income	26,688
Total liabilities	46,813,579
Stockholders' (deficiency)	(3,411,454)
	$43,402,125

NATIONAL ICEE CORPORATION
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED SEPTEMBER 27, 1997

Sales	$24,733,196
Cost of sales	9,166,637
Gross profit	15,566,559
Selling and administrative expenses	9,460,704
Income before depreciation and amortization, interest and other (income)	6,105,855
Other (income) expenes:	
Depreciation and amortization	3,249,982
Interest, net	1,604,767
Other	(170,300)
	4,684,449
Net income	$ 1,421,406

NATIONAL ICEE CORPORATION
CONSOLIDATED STATEMENT OF STOCKHOLDERS' (DEFICIENCY)
FOR THE SIX MONTHS ENDED SEPTEMBER 27, 1997

	Common Stock (a)	Additional Paid-In Capital	(Accumulated) Deficit)	Treasury Stock (b)	Total
Balance, March 29, 1997	$30,854	$1,909,407	$(6,767,365)	$(5,756)	$(4,832,860)
Net income	-	-	1,421,406	-	1,421,406
Balance, Sept. 27, 1997	$30,854	$1,909,407	$(5,345,959)	$(5,756)	$(3,411,454)

(a) $.10 par value; 700,000 shares authorized; 308,540 shares issued at September 27,1997.

(b) 818 shares (at cost)

NATIONAL ICEE CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED SEPTEMBER 27, 1997

INCREASE (DECREASE) IN CASH

Cash flows from operating activities:	
Net income	$1,421,406
Adjustments to reconcile net income to net cash provided by operating activities:	
Deferred income earned	(1,662)
Amortization	127,176
Depreciation	3,125,698
Accrued interest expense	327,301
Loss on sales of equipment	21,385
(Increase) decrease in operating assets:	
Accounts receivable	(1,124,907)
Inventory	(482,711)
Prepaid expenses and other current assets	143,278
Other assets	(57,836)
Increase in operating liabilities:	
Accounts payable and accrued expenses	405,222
Net cash provided by operating activities	3,904,350
Cash flows from investing activities:	
Proceeds from sales of equipment	241,621
Acquisitions, manufacturing and rebuilding of property and equipment	(2,185,318)
Net cash (used in) investing activities	(1,943,697)
Cash flow from financing activities:	
Proceeds from demand notes	25,486
Repayment of demand notes	(28,006)
Repayment of revolving credit, bank	(1,930,000)
Proceeds from long-term and subordinated debt	78,653
Repayment of long-term and subordinated debt	(265,369)
Purchase rebates earned	(87,721)
Net cash (used in) financing activities	(2,206,957)
Net (decrease) in cash	(246,304)
Cash at beginning of period	255,561
Cash at end of period	$ 9,257

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the period for:	
Interest	$1,226,473

NATIONAL ICEE CORPORATION ("NIC") AND J & J SNACK FOODS CORP. ("J & J")
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
FOR THE YEAR ENDED SEPTEMBER 27, 1997

ASSETS	Historical J & J September 27, 1997	Historical NIC September 27, 1997	Adjustments	Pro Forma Combined
Cash and cash equivalents	$ 1,401,000	$ 9,000	$	$ 1,410,000
Receivables	25,458,000	4,232,000		29,690,000
Inventories	13,535,000	3,866,000		17,401,000
Prepaid Expenses and Deposits	853,000	264,000	(70,000)(A)	1,047,000

Total Current Assets	41,247,000	8,371,000	(70,000)	49,548,000
Property, Plant and Equipment, net	67,222,000	26,145,000		93,367,000
Other Assets	6,899,000	7,506,000	(3,787,000)(C)	10,618,000
Goodwill, trademarks and rights, net	21,459,000	1,381,000	20,968,000 (B)	43,808,000
	$136,827,000	$43,403,000	$17,111,000	$197,341,000
LIABILITIES AND STOCKHOLDERS' EQUITY				
Line of credit	-	21,745,000		21,745,000
Current maturities of long-term debt	16,000	990,000		1,006,000
Accounts payable	13,315,000	3,432,000		16,747,000
Accrued liabilities	8,652,000	201,000	4,700,000 (D)	13,553,000
Total Current Liabilities	21,983,000	26,368,000	4,700,000	53,051,000
Long-term debt, less current maturities	5,028,000	20,419,000	9,000,000 (E)	34,447,000
Deferred income	532,000	27,000		559,000
Deferred income taxes	3,380,000	-		3,380,000
Stockholders' Equity (deficiency)	105,904,000	(3,411,000)	3,411,000(F)	105,904,000
	$136,827,000	$43,403,000	$17,111,000	$197,341,000

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET

(A) to record the reclass of prepaid acquisition costs
(B) to record the excess of the purchase price over the net assets acquired
(C) to write off the deferred tax asset not deemed to be realizable
(D) to record estimated acquisition costs, including an estimate of income tax liability
(E) to record the purchase price paid to the former shareholders of NIC
(F) to eliminate the Stockholder's Deficiency of NIC

NATIONAL ICEE CORPORATION ("NIC")AND J & J SNACK FOODS CORP. ("J & J")
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME
FOR THE YEAR ENDED SEPTEMBER 27, 1997

	Historical			
	J & J September 27, 1997	NIC September 27, 1997	Adjustments	Pro Forma Combined
Sales	$220,318,000	$39,634,000	$	$259,952,000
Cost of Sales	112,159,000	14,344,000	(1,800,000)(A)	124,703,000
Gross Profit	108,159,000	25,290,000	1,800,000	135,249,000
Selling and Administrative Expenses	77,249,000	18,627,000	(1,700,000)(A)	94,176,000
Operating Income	30,910,000	6,663,000	3,500,000	41,073,000
Depreciation and Amortization	19,270,000	6,731,000	(500,000)(B)	25,501,000
Investment Income	630,000	-		630,000
Interest Expense	(431,000)	(3,151,000)	(200,000)(D)	(3,782,000)
Other Income	112,000	190,000		302,000
Income (loss) before taxes	11,951,000	(3,029,000)	3,800,000	12,722,000
Income Taxes (benefit)	3,792,000	(520,000)	805,000(C)	4,077,000
Net Earnings	$ 8,159,000	$(2,509,000)	$ 2,995,000	$ 8,645,000
Earnings per common share	$0.91	$(8.17)		$0.96
Weighted Average Number of Shares	8,985,000	307,000		8,985,000

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME

(A) to reflect reduction of costs and expenses attributable to synergies and benefits from consolidation

(B) to provide for reduced depreciation and amortization based on the allocation of purchase price to fixed assets and the excess of the purchase price over net assets acquired

(C) to record income taxes on the increase in earnings before taxes of the combined entity over the earnings before taxes of J & J at J & J's historical rate of 37% of earnings before taxes

(D) to reflect additional interest expense on borrowings