

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 or 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended September 30, 2010

Commission File Number 0-19047

FOOD TECHNOLOGY SERVICE, INC.
(Exact Name of Registrant as Specified in its charter)

FLORIDA 59-2618503
(State of Incorporation or Organization) (Employer Identification Number)

502 Prairie Mine Road, Mulberry, FL 33860
(Address of Principal Executive offices)(Zip code)

Registrant's telephone number, including area code (863) 425-0039

Indicate by check mark whether the Registrant: (1) has filed all by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "accelerated filer", "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer Accelerated Filer
Non-Accelerated Filer Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.): Yes No

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

Class -----	September 30, 2010 -----
Common Stock \$.01 Par Value	2,756,458 shares

FOOD TECHNOLOGY SERVICE, INC.

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PART I: FINANCIAL INFORMATION

Item 1. Financial Statements

FOOD TECHNOLOGY SERVICE, INC.
BALANCE SHEETS

	September 30, 2010	December 31, 2009
	----- (Unaudited)	----- (Audited)
ASSETS -----		
Current Assets:		
Cash	\$ 1,526,300	\$ 610,311
Accounts Receivable, Less Allowance for Doubtful Accounts of \$2,500	319,019	213,752
Prepaid Expenses	41,760	31,807
Deferred Tax Asset	413,700	186,000
	-----	-----
Total Current Assets	2,300,779	1,041,870
	-----	-----
Property, Plant and Equipment:		
Buildings	3,282,029	3,282,029
Cobalt	4,486,283	4,404,543
Furniture and Equipment	1,975,353	1,923,743
Less: Accumulated Depreciation	(6,277,401)	(6,005,524)
	-----	-----
Land	3,466,264	3,604,791
	171,654	171,654
	-----	-----
Total Property, Plant and Equipment	3,637,918	3,776,445
	-----	-----
Other Assets:		
Deferred Tax Asset	1,070,600	1,128,000
Utility Deposits	5,000	5,000
Other	10,625	-
	-----	-----
Total Other Assets	1,086,225	1,133,000
	-----	-----
Total Assets	\$ 7,024,922	\$ 5,951,315
	=====	=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

FOOD TECHNOLOGY SERVICE, INC.
BALANCE SHEETS

	September 30, 2010	December 31, 2009
	----- (Unaudited)	----- (Audited)
LIABILITIES AND STOCKHOLDERS' EQUITY -----		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 85,831	\$ 36,556
	-----	-----
Total Current Liabilities	85,831	36,556
	-----	-----
Stockholders' Equity:		
Common Stock \$.01 Par Value, Authorized 5,000,000 Shares, Issued 2,756,458	27,564	27,564
Paid-In Capital	12,216,233	12,186,827
Deficit	(5,286,215)	(6,281,141)
	-----	-----
6,957,582	6,957,582	5,933,250
Less, 5,154 Treasury Shares at Cost	(18,491)	(18,491)
	-----	-----
Total Stockholders' Equity	6,939,091	5,914,759
	-----	-----
Total Liabilities and Stockholders' Equity	\$ 7,024,922	\$ 5,951,315
	=====	=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

FOOD TECHNOLOGY SERVICE, INC.
STATEMENTS OF OPERATIONS

	Three Months Ended September 30,	
	2010	2009
	----- (Unaudited)	----- (Unaudited)
Net Revenues	\$ 815,275	\$ 547,685
	-----	-----
Costs and Operating Expenses		
Processing Costs	141,032	154,878
Selling, General and Administrative	261,173	228,702
Depreciation and Amortization	94,333	97,686
	-----	-----
Total Costs and Operating Expenses	496,538	481,266
	-----	-----
Income from Operations	318,737	66,419
Interest Income	680	1,530
Interest Expense	(6)	(5,458)
	-----	-----
Income before Income Taxes	319,411	62,491
Income Tax Benefit - Deferred	360,400	281,000
	-----	-----
Net Income	\$ 679,811	\$ 343,491
	=====	=====
Net Income Per Common Share		
-Basic	\$ 0.247	\$ 0.125
-Diluted	\$ 0.236	\$ 0.121
Weighted Average Number of Common Shares Used in Computation		
-Basic	2,756,458	2,756,458
-Diluted	2,880,958	2,827,958

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

FOOD TECHNOLOGY SERVICE, INC.
STATEMENTS OF OPERATIONS

	Nine Months Ended September 30,	
	2010	2009
	----- (Unaudited)	----- (Unaudited)
Net Revenues	\$ 2,238,329	\$ 1,875,239
	-----	-----
Costs and Operating Expenses		
Processing Costs	389,543	389,136
Selling, General and Administrative	750,905	763,846
Depreciation and Amortization	275,419	296,762
	-----	-----
Total Costs and Operating Expenses	1,415,867	1,449,744
	-----	-----
Income from Operations	822,462	425,495
Interest Income	2,170	3,729
Interest Expense	(6)	(18,935)
	-----	-----
Income before Income Taxes	824,626	410,289
Income Tax Benefit - Deferred	170,300	281,000
	-----	-----
Net Income	\$ 994,926	\$ 691,289
	=====	=====
Net Income Per Common Share		
-Basic	\$ 0.361	\$ 0.251
-Diluted	\$ 0.345	\$ 0.244
Weighted Average Number of Common Shares Used in Computation		
-Basic	2,756,458	2,756,458
-Diluted	2,880,958	2,827,958

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

FOOD TECHNOLOGY SERVICE, INC.
STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30,	
	2010	2009
	----- (unaudited)	----- (unaudited)
Cash Flows from Operations:		
Cash Received from Customers	\$ 2,133,062	\$ 1,931,701
Interest Received	2,170	3,729
Interest Paid	(6)	(18,935)
Cash Paid for Operating Expenses	(1,071,720)	(1,081,259)
	-----	-----
Net Cash Provided/(Used) by Operations	1,063,506	835,236
Cash Flows from Investing Activities:		
Letter of Credit Costs	(14,167)	-
Purchase of Equipment	(51,610)	(22,386)
Purchase of Cobalt	(81,740)	-
	-----	-----
Net Cash Provided/(Used) by Investing	(147,517)	(22,386)
Cash Flows from Financing Activities:		
Repayment on Financing Agreement and Debtenture Payable	-	(181,064)
	-----	-----
Net Cash Provided/(Used) by Investing	-	(181,064)
Net Increase (Decrease) in Cash	915,989	631,786
Cash at Beginning of Period	610,311	216,978
	-----	-----
Cash at End of Period	\$ 1,526,300	\$ 848,764
	=====	=====
Reconciliation of Net Income (Loss) to Net Cash Provided/(Used) by Operations:		
Net Income/(Loss)	\$ 994,926	\$ 691,289
Adjustments to Reconcile		
Net Income/(Loss) to Cash Provided or Used:		
Amortization	3,542	4,330
Deferred Income Taxes	(170,300)	(281,000)
Depreciation	271,877	292,432
Non Cash Payments of Salaries	29,406	24,000
(Increase)/Decrease in Receivables	(105,267)	56,462
(Increase)/Decrease in Prepaid Expenses	(9,953)	(8,754)
Increase/(Decrease) in Payables and Accruals	49,275	56,477
	-----	-----
Net Cash Provided/(Used) by Operations	\$ 1,063,506	\$ 835,236
	=====	=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

FOOD TECHNOLOGY SERVICE, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

Note A - Basis of Presentation

The accompanying financial statements of Food Technology Service, Inc. (the "Company," "we" or "our") have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission and the instructions to Form 10-Q and, therefore, do not include all information and footnotes normally included in financial statements prepared in accordance with generally accepted accounting principles. These interim financial statements should be read in conjunction with the financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2009.

In the opinion of management, these financial statements reflect all adjustments, including normal recurring adjustments, necessary for a fair presentation of the financial position as of September 30, 2010, and the results of operations and cash flows for the interim periods presented. Operating results for the nine-month period ended September 30, 2010, are not necessarily indicative of the results that may be expected for the full year. We have evaluated subsequent events for recognition or disclosure through the date this Form 10-Q is filed with the Securities and Exchange Commission.

Note B - Summary of Significant Accounting Policies

A summary of the Company's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. Nature of Business

The Company was organized in December 1985 and is engaged in the business of operating a gamma irradiation facility using Cobalt 60 for the sterilization of medical, surgical, pharmaceutical and packaging materials. It also disinfects fruits, vegetables, oysters and meat products to enhance safety or eliminate insect pests.

2. Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

3. Revenue Recognition

The primary source of revenue is from treating products with Cobalt. Net Revenue is the gross income from such processing less allowances, if any. Revenues are recorded after the Company's performance obligation is completed and product has been processed in accordance with the customer's specifications and collection of the resulting receivable is probable. A provision is made for doubtful accounts which historically have not been significant.

FOOD TECHNOLOGY SERVICE, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

Note B - Summary of Significant Accounting Policies (continued)

4. Property, Plant and Equipment

Property, plant and equipment are stated at cost. Assets other than Cobalt have been depreciated using the straight-line method over the following lives for both financial statement and tax purposes:

Building	31.5 years
Furniture and Equipment	5-15 Years

The total cost basis of Cobalt has been depreciated using engineering estimates from published tables under which one-half of the remaining value is written off over 5.26 year periods.

Estimated useful lives are periodically reviewed and if warranted, changes will be made resulting in acceleration of depreciation.

MDS Nordion is the Company's supplier of Cobalt 60 and has agreed to accept the return of all Cobalt 60 that has reached the end of its useful life; therefore, the Company has provided no environmental remediation liability for the disposal of the Cobalt 60.

5. Cash and Cash Equivalents

All highly liquid investments with original maturities of three months or less are considered to be cash and cash equivalents.

6. Concentration of Credit Risk

The Company maintains its cash in three financial institutions. The Federal Deposit Insurance Corporation insures up to \$250,000 per legal entity per financial institution until December 31, 2013. At September 30, 2010, the uninsured cash balance was \$921,760.

7. Net Income Per Share

Basic net income per share is computed using the weighted average number of common shares outstanding. Diluted net income per share is computed by the weighted average number of common shares outstanding, plus the effect of common stock equivalents that are dilutive.

8. Fair Value of Financial Instruments

The carrying value of cash, accounts receivable, prepaid expenses, deposits, accounts payable, accrued liabilities approximate fair value.

FOOD TECHNOLOGY SERVICE, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

Note B - Summary of Significant Accounting Policies (continued)

9. Stock Option Plans

The Company has various stock option plans for employees and other individuals providing services to or serving as Directors of the Company. (See Note E)

Compensation cost under the plans is recognized using the fair value recognition provisions of FASB ASC 718. Such cost is recognized for shares expected to vest on a straight-line basis over the requisite service period of the award using the Black-Scholes option-pricing model.

10. Reclassification

Certain reclassifications have been made to the prior year's financial statements to conform to the current year's presentation.

Note C - Lines of Credit

The Company no longer uses MDS Nordion to guarantee a \$600,000 letter of credit required by the State of Florida as a condition of the Company's Radioactive Materials License. In July, 2010, the Company obtained a irrevocable standby letter of credit of \$600,000 through Regions Bank to satisfy State of Florida requirements. The letter of credit will be automatically extended for an additional year unless the bank provides a 120 day written notice to the Company. The letter of credit is collateralized by the Company's real property and has an annual fee of \$12,000.

The Company has a separate \$400,000 line of credit with Regions Bank that is available for the short term capital needs of the Company. The line of credit is secured by the Company's real property and incurs interest at prime plus 1.35%. As of September 30, 2010, the Company has not used the line of credit.

Note D - Income Taxes and Available Tax Loss Carryforwards

As of September 30, 2010, the Company had income tax net operating loss ("NOL") carryforward for federal income tax purposes of approximately \$4,107,340. The NOL will expire in various years ending through the year 2022.

The components of income tax benefits attributable to operations are as follows:

FOOD TECHNOLOGY SERVICE, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

Note D - Income Taxes and Available Tax Loss Carryforwards (continued)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Current				
Federal	\$ -	\$ -	\$ -	\$ -
State	-	-	-	-
	-----	-----	-----	-----
	\$ -	\$ -		
	=====	=====	=====	=====
Deferred-benefit				
Federal	\$ (307,700)	\$ -	\$ (145,400)	\$ -
State	(52,700)	-	(24,900)	-
	-----	-----	-----	-----
	\$ (360,400)	\$ -	\$ (170,300)	\$ -
	=====	=====	=====	=====

Deferred income taxes reflect the net tax effects of the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets are as follows:

	As of September 30, 2010		As of December 31, 2009	
	Current	Non-Current	Current	Non-Current
Deferred tax assets				
NOL carryforwards	\$ 413,700	\$ 1,070,600	\$ 186,000	\$ 1,128,000
	-----	-----	-----	-----
Deferred tax asset	\$ 413,700	\$ 1,070,600	\$ 186,000	\$ 1,128,000
	=====	=====	=====	=====

The change in the valuation allowance is as follows:

December 31, 2009	\$ 542,000
September 30, 2010	61,400

Change in valuation allowance	\$ 480,600
	=====

A valuation allowance has been established to eliminate the net deferred tax benefit due to uncertainty as to whether the tax benefits would ever be realized. During 2010, as a result of the continuing diversification and growth in customer base, ongoing profits from operations and the Company's revised estimate of future taxable income, it was concluded that it is more likely than not that future taxable income will be sufficient to realize a larger portion of the Company's deferred asset.

FOOD TECHNOLOGY SERVICE, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

Note D - Income Taxes and Available Tax Loss Carryforwards (continued)

The Company believes that its estimate of future operations is conservative and reasonable, but inherently uncertain. Accordingly, if future operations generate taxable income greater than the projections, further adjustments to reduce the reserve are possible. Conversely, if the Company realizes unforeseen material losses in the future and its future projections of income decrease, the allowance could be increased resulting in a charge to income.

Income taxes for the periods ended September 30, 2010 and 2009 differ from the amounts computed by applying the effective income tax rates of 37.63% and 37.63%, respectively, to income before income taxes as a result of the following:

	Three Months Ended September 30,	
	2010	2009
	-----	-----
Expected provision at US statutory rate	\$ 108,600	20,276
State income tax net of federal benefit	11,600	3,471
Change in estimates in available NOL carry forwards	(480,600)	(304,747)
Income tax benefit	\$ (360,400)	\$(281,000)
	=====	=====
	Nine Months Ended September 30,	
	2010	2009
	-----	-----
Expected provision at US statutory rate	\$ 280,400	133,122
State income tax net of federal benefit	29,900	22,788
Change in estimates in available NOL carry forwards	(480,600)	(436,910)
Income tax benefit	\$ (170,300)	\$(281,000)
	=====	=====

The Company's tax years 2006 through 2009 remain open to examination by taxing jurisdictions.

Note E - Stock Options

On February 9, 1999 the Board of Directors approved an option program for non-employee Directors.

FOOD TECHNOLOGY SERVICE, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

Note E - Stock Options (continued)

The program was amended in 2001 and 2005 to provide for the annual granting to each non-employee Director of five year options to purchase 1,500 shares of common stock, exercisable at the end of one year at the market value of the shares of common stock on the date of grant. Also, the Chairman of the Board is awarded annually five year options to purchase an additional 2,500 shares.

Year	Shares	Per Share
----	-----	-----
2006	10,000	\$3.28
2007	10,000	\$2.52
2008	11,500	\$2.18

On June 23, 2000 the Stockholders approved the 2000 Incentive and Non-Statutory Stock Option Plan (the "2000 Plan").

The 2000 Plan is administered by the Board of Directors who is authorized to grant incentive stock options ("ISO's") to Officers and employees of the Company and non-qualified options ("NQO's") for certain other individuals providing services to or serving as Directors of the Company.

The maximum number of shares of the Company's Stock that may be issued under the 2000 Plan is 500,000 shares. Options granted and outstanding under this plan are as follows:

Year	Shares
----	-----
2003	5,000
2006	2,500
2006	100,000
2007	20,000
2008	60,000

	187,500
	=====

The ISO's are exercisable 20% of the authorized amount immediately and 20% in each of the following four years. ISO's granted to an optionee terminate 30 to 90 days after termination of employment or other relationship, except that ISO's terminate the earlier of the expiration date of the option, or 90 to 180 days in the event of death and 180 days to one year in the event of disability.

No further options are being issued under the 2000 Plan.

On May 14, 2009 the Stockholders approved the 2009 Incentive and Non-Statutory Stock Option Plan (the "2009 Plan").

FOOD TECHNOLOGY SERVICE, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

Note E - Stock Options (continued)

The 2009 Plan is administered by the Board of Directors who is authorized to grant incentive stock options ("ISO's") to Officers and employees of the Company and non-qualified options ("NQO's") for certain other individuals providing services to or serving as Directors of the Company.

The maximum number of shares of the Company's Stock that may be issued under the 2009 Plan is 125,000 shares. Options granted and outstanding under this plan are as follows:

Year	Shares
----	-----
2009	11,500
2010	11,500

	23,000
	=====

The aggregate fair market value (determined at the time an ISO is granted) of the Common Stock with respect to which ISO's are exercisable for the first time by any person during any calendar year under the Plans shall not exceed \$100,000.

The ISO's are exercisable 20% of the authorized amount immediately and 20% in each of the following four years. ISO's granted to an optionee terminate 30 to 90 days after termination of employment or other relationship, except that ISO's terminate the earlier of the expiration date of the option, or 90 to 180 days in the event of death and 180 days to one year in the event of disability.

Changes that occurred in options outstanding are summarized below:

	Three Months Ended			
	September 30,			
	2010		2009	
	Average		Average	
	Exercise		Exercise	
	Shares	Price	Shares	Price
	-----	-----	-----	-----
Outstanding at beginning of period	232,750	\$2.46	242,250	\$2.53
Granted	11,500	\$2.15	--	--
Exercised	--	--	--	--
Expired/canceled	(2,250)	\$3.56	--	--
	-----	-----	-----	-----

FOOD TECHNOLOGY SERVICE, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

Note E - Stock Options (continued)

Outstanding at end of period	242,000	\$2.43	242,250	\$2.53
Exercisable at end of period	178,458	\$2.67	141,917	\$2.89

	Nine Months Ended September 30,			
	2010		2009	
	Average Exercise		Average Exercise	
	Shares	Price	Shares	Price
Outstanding at beginning of period	242,250	\$2.53	232,250	\$2.57
Granted	11,500	\$2.15	11,500	\$1.89
Exercised	--	--	--	--
Expired/canceled	(11,750)	\$4.11	(1,500)	\$4.96
Outstanding at end of period	242,000	\$2.43	242,250	\$2.53
Exercisable at end of period	178,458	\$2.67	141,917	\$2.89

As mentioned in Note B, effective January 1, 2006, the Company adopted the fair value recognition provisions of FASB ASC 718. As a result, additional compensation expense of \$10,826 and \$8,000 was recorded for the three months ended September 30, 2010 and 2009, respectively. For the nine months ended September 30, 2010 and 2009 additional compensation expenses recorded were \$29,406 and \$24,000, respectively. An additional \$47,036 could be recorded over the remaining vesting period of 60 months. The Company used the following assumptions in applying the Black-Scholes pricing method:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Risk free interest rate	2.04%	1.98%	2.04%	1.98%
Expected Volatility	87%	81%	87%	81%
Expected Life	5 years	5 years	5 years	5 years
Dividend Yield	0%	0%	0%	0%

FOOD TECHNOLOGY SERVICE, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

Note F - Related Party Transactions

The Company's supplier of Cobalt, MDS Nordion owns approximately 18.19% of the Company's outstanding common stock.

The Company has recently purchased the following Cobalt from MDS Nordion:

Year	Curies	Amount
----	-----	-----
2007	384,065	\$799,523
2008	200,000	470,688
2010	105,727	81,740

Note G - Earnings Per Share

Earnings per share is calculated in accordance with ASC 260-10, "Earnings Per Share". Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding during the years. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted into common shares. Common share equivalents are excluded from the computation of diluted earnings per share if their effects would be anti-dilutive.

ASC 260-10 requires the presentation of both Basic EPS and Diluted EPS on the face of the Company's Statements of Operations.

The following table sets forth the computation of basic and diluted per share information:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Numerator:				
Net Income	\$ 679,811	\$ 343,491	\$ 994,926	\$ 691,289
Denominator:				
Weighted average common shares outstanding	2,756,458	2,756,458	2,756,458	2,756,458
Dilutive effect of stock options	124,500	71,500	124,500	71,500
Weighted average common shares outstanding, assuming dilution	2,880,958	2,827,958	2,880,958	2,827,958

FOOD TECHNOLOGY SERVICE, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

Note G - Earnings Per Share (continued)

Potential common shares from out of the money options were excluded from the computation of diluted EPS because calculation of the associated potential common shares have an anti-dilutive effect on EPS. The following table lists options that were excluded from EPS.

Out of the money options excluded	Three		Nine	
	Months Ended		Months Ended	
	September 30,		September 30,	
	2010	2009	2010	2009
	-----	-----	-----	-----
Stock option with exercise price of \$3.60	5,000	5,000	5,000	5,000
Stock option with exercise price of \$4.56	-	2,500	-	2,500
Stock option with exercise price of \$4.12	-	7,000	-	7,000
Stock option with exercise price of \$3.56	-	2,250	-	2,250
Stock option with exercise price of \$3.36	2,500	2,500	2,500	2,500
Stock option with exercise price of \$3.28	10,000	10,000	10,000	10,000
Stock option with exercise price of \$3.24	100,000	100,000	100,000	100,000
Stock option with exercise price of \$2.52	-	10,000	-	10,000
Stock option with exercise price of \$2.57	-	20,000	-	20,000
Stock option with exercise price of \$2.18	-	11,500	-	11,500
	-----	-----	-----	-----
Total anti-dilutive options excluded from EPS	117,500	170,750	161,250	170,750
	=====	=====	=====	=====

Note H - Concentration and Credit Risk

Although the Company continues to diversify its customer base, three customers accounted for approximately 57% and 61% of revenues for the three months ended September 30, 2010 and 2009, respectively. For the nine months ended September 30, 2010 and 2009 three customers accounted for approximately 60% and 63% of revenues, respectively.

The Company's cash and accounts receivable are subject to potential credit risk. Management continuously monitors the credit standing of the financial institutions and customers with which the Company deals. A provision has been made for doubtful accounts which historically have not been significant.

Note I - Recent Accounting Pronouncements

Adoption of New Accounting Standards

In May 2009, the FASB issued FASB ASC 855-10-05, "Subsequent Events", which requires companies to evaluate events and transactions that occur after the balance sheet date but before the date the financial statements are issued, or available to be issued in the case of non-public entities. FASB ASC

FOOD TECHNOLOGY SERVICE, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

Note I - Recent Accounting Pronouncements (continued)

855-10-05 requires entities to recognize in the financial statements the effect of all events or transactions that provide additional evidence of conditions that existed at the balance sheet date, including the estimates inherent in the financial preparation process. Entities shall not recognize the impact of enters or transactions that provide evidence about conditions that did not exist at the balance sheet date but arose after that date. FASB ASC 855-10-05, also requires entities to disclose the date through which subsequent events have been evaluated. FASB ASC 855-10-05 is effective for the interim and annual reporting periods ending after June 15, 2009. We adopted the provisions of FASB ASC 855-10-05 for the year ended December 31, 2009, as required, the adoption did not have a material impact on our financial statements.

In June 2009, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 168, "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles - a replacement of FASB Statement No. 162" ("The Codification"). The Codification reorganized existing U.S. accounting and reporting standards issued by the FASB and other related private sector standard setters into a single source of authoritative accounting principles arranged by topic. The Codification supersedes all existing U.S. accounting standards; all other accounting literature not included in the Codification (other than Securities and Exchange Commission guidance for publicly-traded companies) is considered non-authoritative. The Codification was effective on a prospective basis for interim and annual reporting periods ending after September 15, 2009. The adoption of the Codification changed the Company's references to U.S. GAAP accounting standards but did not impact the Company's financial statements.

Note J - Subsequent Events

In November, 2010, the Company paid MDS Nordion approximately \$510,000 from cash reserves to purchase Cobalt for delivery during the first quarter of 2011. This prepayment allows the Company to receive a discount on the price of the Cobalt.

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

The Company had revenues of \$815,275 during the third quarter of 2010 compared to revenues of \$547,685 for the same period in 2009. This is an increase of approximately 49 percent due to new customers and growth of existing customers. The Company had income before taxes during the third quarter of 2010 of \$319,411 compared to income before taxes of \$62,491 during the third quarter of 2009. This is an increase of approximately 411 percent. For the first three quarters of 2010, the Company had revenues of \$2,238,329 and income before taxes of \$824,626. Revenues during the first three quarters of 2009 were \$1,875,239 and the Company had income before taxes of \$410,289. Revenues increased by about 19.4 percent and income before taxes increased by approximately 101 percent in the first three quarters of 2010 compared to the same period in 2009.

Included in revenue for the first three quarters of 2009 is a settlement fee of \$85,229 relating to the termination of a warehouse lease with a former customer. Without the settlement fee, revenue from operations for the first three quarters of 2009 would have been \$1,790,010.

The Company's statement of operations reflects non-cash deferred income tax benefit for the three months ended September 30, 2010 in the amount of \$360,400. The Company periodically evaluates the value of tax-loss carry-forwards on its financial statements. During the third quarter of 2009, the Company increased the value of the deferred tax asset which increased net income by \$281,000. During the third quarter of 2010, based on increased profitability and potential future profitability, the Company again increased the value of the deferred tax asset which increased net income by \$360,400. These adjustments resulted in net income during the third quarter of 2010 of \$679,811 versus net income of \$343,491 during the third quarter of 2009. Similarly, the Company had net income of \$994,926 during the first three quarters of 2010 versus \$691,289 during the same period in 2009.

During the third quarter of 2010, processing costs as a percentage of sales were 17.3 percent. This compares to 28.2 percent during the third quarter of 2009. These costs are relatively fixed and the decrease in the third quarter of 2010 reflects the increased revenues. General administrative and development costs as a percentage of sales during the third quarter of 2010 were 32 percent. This compares to 41.8 percent in the third quarter of 2009. These costs are also relatively fixed and the decline in general, administrative and development expenses, as a percentage of sales, is primarily due to the increased sales.

During the first three quarters of 2010, processing costs as a percentage of sales were 17.4 percent. This compares to 20.8 percent with the lease settlement revenue and 21.7 percent without such revenue in the first three quarters of 2009. Again, these costs are relatively fixed and the decrease during the third quarter of 2010 is attributable to increased revenue. General, administrative and development costs as a percentage of sales were 33.6 percent during the first three quarters of 2010. This compares to 40.7 percent during the first three quarters of 2009 with the lease settlement revenue and 42.7 percent during the first three quarters of 2009 without such revenue. This reflects the fixed nature of these costs and the increase in revenue.

The Company's cash on hand increased from \$610,311 on December 31, 2009 to \$1,526,300 on September 30, 2010. Approximately \$510,000 was used in November 2010 to purchase Cobalt for delivery during the first quarter of 2011.

Liquidity and Capital Resources

As of September 30, 2010, the Company has cash on hand of \$1,526,300 and accounts receivable of \$319,019.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not Applicable.

Item 4T. Controls and Procedures

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Securities Exchange Act Rules 13a-15(f) and 15d-15(f)). The Company's internal control system was designed to provide reasonable assurance to the Company's management and board of directors regarding the preparation and fair presentation of published financial statements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

As of the end of the period covered by this report, an evaluation was performed on the effectiveness of the design and operation of our disclosure controls and procedures by our Chief Executive Officer who also acts as the Company's Chief Financial Officer. Based upon that evaluation, our Chief Executive/Chief Financial Officer concluded that the design and operation of our disclosure controls and procedures were effective as of the end of the period covered by this report.

In accordance with Rule 13a-15 of the General Rules and Regulations promulgated under the Securities Exchange Act of 1934 (the "Act"), the term "disclosure controls and procedures" means controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of September 30, 2010 by using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control - Integrated Framework. Based on this assessment, management believes that as of September 30, 2010, the Company's internal controls over financial reporting is effective.

There have been no changes in the Company's internal control over financial reporting that occurred during the Company's last fiscal quarter that materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

PART II: OTHER INFORMATION

Item 1. Legal Proceedings

The company is not involved in any legal proceedings.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable

Item 3. Defaults Upon Senior Securities

Not applicable

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

Not applicable

Item 5. Other Information

Not applicable

Item 6. Exhibits

Number	Description
31	Certifications of Officers pursuant to Rule 13a-14(a)/15d-14(a)
32	Certifications of Officers pursuant to Section 1350, of the Sarbanes - Oxley Act of 2002

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.

Date: November 12, 2010

FOOD TECHNOLOGY SERVICE, INC.

/S/ Richard Hunter

Richard Hunter, Ph.D., Chief Executive
Officer and Chief Financial Officer