

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q/A  
Amendment No. 1

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

For the Quarterly Period Ended June 30, 2010

Commission File Number 0-19047  
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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 -----	June 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

	June 30, 2010	December 31, 2009
	----- (Unaudited)	----- (Audited)
ASSETS -----		
Current Assets:		
Cash	\$ 1,187,094	\$ 610,311
Accounts Receivable, Less Allowance for Doubtful Accounts of \$2,500	301,349	213,752
Prepaid Expenses	57,330	31,807
Deferred Tax Asset	321,800	186,000
	-----	-----
Total Current Assets	1,867,573	1,041,870
	-----	-----
Property, Plant and Equipment:		
Buildings	3,282,029	3,282,029
Cobalt	4,404,543	4,404,543
Furniture and Equipment	1,968,780	1,923,743
Less: Accumulated Depreciation	(6,186,611)	(6,005,524)
	-----	-----
Land	3,468,741	3,604,791
	171,654	171,654
	-----	-----
Total Property, Plant and Equipment	3,640,395	3,776,445
	-----	-----
Other Assets:		
Deferred Tax Asset	802,100	1,128,000
Utility Deposits	5,000	5,000
Other	14,167	-
	-----	-----
Total Other Assets	821,267	1,133,000
	-----	-----
Total Assets	\$ 6,329,235	\$ 5,951,315
	=====	=====

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

FOOD TECHNOLOGY SERVICE, INC.  
BALANCE SHEETS

	June 30, 2010	December 31, 2009
	----- (Unaudited)	----- (Audited)
LIABILITIES AND STOCKHOLDERS' EQUITY -----		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 80,781	\$ 36,556
	-----	-----
Total Current Liabilities	80,781	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	12,205,407	12,186,827
Deficit	(5,966,026)	(6,281,141)
	-----	-----
Less, 5,154 Treasury Shares at Cost	6,266,945 (18,491)	5,933,250 (18,491)
	-----	-----
Total Stockholders' Equity	6,248,454	5,914,759
	-----	-----
Total Liabilities and Stockholders' Equity	\$ 6,329,235	\$ 5,951,315
	=====	=====

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

FOOD TECHNOLOGY SERVICE, INC.  
STATEMENTS OF OPERATIONS

	Three Months Ended June 30,	
	2010	2009
	----- (Unaudited)	----- (Unaudited)
Net Revenues	\$ 761,230	\$ 652,724
	-----	-----
Processing Costs	134,218	111,314
Selling, General and Administrative	259,503	270,483
Depreciation	89,885	98,227
Interest Expense	-	6,774
	-----	-----
	483,606	486,798
Income before Income Taxes	277,624	165,926
Income Taxes - Deferred	(104,500)	-
	-----	-----
Net Income	\$ 173,124	\$ 165,926
	=====	=====
Net Income Per Common Share		
-Basic	\$ 0.063	\$ 0.060
-Diluted	\$ 0.061	\$ 0.058
Weighted Average Number of Common Shares Used in Computation		
-Basic	2,756,458	2,756,458
-Diluted	2,827,958	2,839,458

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

FOOD TECHNOLOGY SERVICE, INC.  
STATEMENTS OF OPERATIONS

	Six Months Ended June 30,	
	2010	2009
	----- (Unaudited)	----- (Unaudited)
Net Revenues	\$ 1,423,054	\$ 1,327,554
	-----	-----
Processing Costs	248,511	234,258
Selling, General and Administrative	488,242	534,959
Depreciation	181,086	197,062
Interest Expense	-	13,477
	-----	-----
	917,839	979,756
Income before Income Taxes	505,215	347,798
Income Taxes - Deferred	(190,100)	-
	-----	-----
Net Income	\$ 315,115	\$ 347,798
	=====	=====
Net Income Per Common Share		
-Basic	\$ 0.114	\$ 0.126
-Diluted	\$ 0.111	\$ 0.122
Weighted Average Number of Common Shares Used in Computation		
-Basic	2,756,458	2,756,458
-Diluted	2,827,958	2,839,458

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

FOOD TECHNOLOGY SERVICE, INC.  
STATEMENTS OF CASH FLOWS

	Six Months Ended	
	June 30,	
	2010	2009
	----- (unaudited)	----- (unaudited)
Cash Flows from Operations:		
Cash Received from Customers	\$ 1,510,651	\$ 1,373,279
Interest Received	1,490	2,199
Cash Paid for Operating Expenses	(876,154)	(725,805)
	-----	-----
Net Cash Provided/(Used) by Operations	635,987	649,673
Cash Flows from Investing Activities:		
Letter of Credit Costs	(14,167)	-
Purchase of Equipment	(45,037)	(21,316)
	-----	-----
Net Cash Provided/(Used) by Investing	(59,204)	(21,316)
Net Increase (Decrease) in Cash	576,783	628,357
Cash at Beginning of Period	610,311	216,978
	-----	-----
Cash at End of Period	\$ 1,187,094	\$ 845,335
	=====	=====
Reconciliation of Net Income (Loss) to		
Net Cash Provided/(Used) by Operations:		
Net Income/(Loss)	\$ 315,115	\$ 347,798
Adjustments to Reconcile		
Net Income/(Loss) to Cash Provided or Used:		
Amortization	-	2,014
Deferred Income Taxes	190,100	-
Depreciation	181,087	197,062
Non Cash Payments of Salaries	18,580	16,000
Accrued Interest	-	13,478
(Increase)/Decrease in Receivables	(87,597)	45,725
(Increase)/Decrease in Prepaid Expenses	(25,523)	(28,729)
Increase/(Decrease) in Payables and Accruals	44,225	56,325
	-----	-----
Net Cash Provided/(Used) by Operations	\$ 635,987	\$ 649,673
	=====	=====

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

FOOD TECHNOLOGY SERVICE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 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 June 30, 2010, and the results of operations and cash flows for the interim periods presented. Operating results for the six-month period ended June 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 and meat products which extends their shelf life.

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  
JUNE 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 June 30, 2010, the uninsured cash balance was \$592,476.

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  
JUNE 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 D)

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 has a letter of credit of \$600,000 through MDS Nordion to satisfy the requirements under the Radioactive Materials License from the State of Florida. The letter of credit is guaranteed by MDS Nordion and is collateralized by the Company's warehouse facility. The Company agreed to reimburse MDS Nordion for the associated expenses relating to the letter of credit. The letter of credit bears interest at prime plus 1%. As of June 30, 2010 the letter of credit is still active with a \$0 balance.

The Company has a separate line of credit available for the short term capital needs of the Company with Magnify Credit Union for \$300,000. The line of credit is secured by the Company's warehouse and bears interest at the Wall Street Journal prime plus 1%. As of June 30, 2010 the Company has not used the line of credit.

Note D - Income Taxes and Available Tax Loss Carryforwards

As of June 30, 2010, the Company had income tax net operating loss ("NOL") carryforward for federal income tax purposes of approximately \$4,426,751. The NOL will expire in various years ending through the year 2022.

The components of the provision for income taxes attributable to operations are as follows:

FOOD TECHNOLOGY SERVICE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Current				
Federal	\$ -	\$ -	\$ -	\$ -
State	-	-	-	-
	-----	-----	-----	-----
	\$ -	\$ -		
	=====	=====	=====	=====
Deferred				
Federal	\$ 94,400	\$ -	\$ 171,800	\$ -
State	10,100	-	18,300	-
	-----	-----	-----	-----
	\$ 104,500	\$ -	\$ 190,100	\$ -
	=====	=====	=====	=====

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 June 30, 2010		As of December 31, 2009	
	Current	Non-Current	Current	Non-Current
Deferred tax assets				
NOL carryforwards	\$ 321,800	\$ 802,100	\$ 186,000	\$ 1,128,000
	-----	-----	-----	-----
Deferred tax asset	\$ 321,800	\$ 802,100	\$ 186,000	\$ 1,128,000
	=====	=====	=====	=====

The change in the valuation allowance is as follows:

December 31, 2009	\$ 542,000
June 30, 2010	542,000
	-----
Change in valuation allowance	\$ -
	=====

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 2009, 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  
JUNE 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 June 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 June 30,	
	2010	2009
Expected provision at US statutory rate	\$ 94,400	53,836
State income tax net of federal benefit	10,100	9,216
Change in estimates in available NOL carry forwards	-	(63,052)
	\$ 104,500	\$ -
	=====	=====
	Six Months Ended June 30,	
	2010	2009
Expected provision at US statutory rate	\$ 171,800	112,846
State income tax net of federal benefit	18,300	19,317
Change in estimates in available NOL carry forwards	-	(132,163)
	\$ 190,100	\$ -
	=====	=====

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  
JUNE 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
2009	11,500	\$1.89

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 125,000 shares. Options granted and outstanding under this plan are as follows:

Year	Shares
----	-----
2005	2,500
2006	100,000
2007	20,000
	-----
	122,500
	=====

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  
JUNE 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

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 June 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	\$1.89
Exercised	--	--	--	--
Expired/canceled	(9,500)	\$4.24	(1,500)	\$4.96
Outstanding at end of period	232,750	\$2.46	242,250	\$2.53
Exercisable at end of period	160,083	\$2.73	132,667	\$2.92

FOOD TECHNOLOGY SERVICE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

Note E - Stock Options (continued)

	Six Months Ended June 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	\$1.89
Exercised	--	--	--	--
Expired/canceled	(9,500)	\$4.24	(1,500)	\$4.96
	-----	-----	-----	-----
Outstanding at end of period	232,750	\$2.46	242,250	\$2.53
Exercisable at end of period	160,083	\$2.73	132,667	\$2.92

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 \$7,357 and \$8,000 was recorded for the three months ended June 30, 2010 and 2009, respectively. For the six months ended June 30, 2010 and 2009 additional compensation expenses recorded were \$18,580 and \$16,000, respectively. An additional \$41,232 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 June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
	-----	-----	-----	-----
Risk free interest rate	1.98%	1.98%	1.98%	1.98%
Expected Volatility	81%	81%	81%	81%
Expected Life	5 years	5 years	5 years	5 years
Dividend Yield	0%	0%	0%	0%

Note F - Related Party Transactions

The Company's supplier of Cobalt, MDS Nordion owns approximately 18.19% of the Company's outstanding common stock (see Note C for line of credit).

FOOD TECHNOLOGY SERVICE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

Note F - Related Party Transactions (continued)

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

Year	Curies	Amount
----	-----	-----
2007	384,065	\$799,523
2008	200,000	470,688

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		Six Months Ended	
	June 30,		June 30,	
	2010	2009	2010	2009
	-----	-----	-----	-----
Numerator:				
Net Income	\$ 171,469	\$ 165,296	\$ 313,460	\$ 347,798
Denominator:				
Weighted average common shares outstanding	2,756,458	2,756,458	2,756,458	2,756,458
Dilutive effect of stock options	71,500	83,000	71,500	83,000
	-----	-----	-----	-----
Weighted average common shares outstanding, assuming dilution	2,827,958	2,839,458	2,827,958	2,839,458
	=====	=====	=====	=====

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.

FOOD TECHNOLOGY SERVICE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

Note G - Earnings Per Share (continued)

Out of the money options excluded	Three		Six	
	Months Ended		Months Ended	
	June 30,		June 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	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	10,000	10,000
Stock option with exercise price of \$2.57	20,000	20,000	20,000	20,000
Stock option with exercise price of \$2.18	11,500	-	11,500	-
Total anti-dilutive options excluded from EPS	161,250	159,250	161,250	159,250

Note H - Concentration and Credit Risk

Although the Company continues to diversify its customer base, three customers accounted for approximately 61% and 64% of revenues for the three months ended June 30, 2010 and 2009, respectively. For the six months ended June 30, 2010 and 2009 three customers accounted for approximately 62% and 67% 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 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

FOOD TECHNOLOGY SERVICE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

Note I - Recent Accounting Pronouncements (continued)

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

The Company will no longer use MDS Nordion to provide the letter of credit of \$600,000 to satisfy the requirement under the Radioactive Materials License from the State of Florida. Subsequent to June 30, 2010, the Company negotiated with their financial institution to obtain a letter of credit for \$600,000 and will use the Company's assets to secure the letter of credit.

Subsequent to June 30, 2010, the Company purchased 105,000 curies of Cobalt from MDS Nordion for approximately \$82,000.

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

Food Technology Service Inc. had revenues of \$761,230 during the second quarter of 2010 compared to revenues of \$652,724 for the same period in 2009. This is an increase of approximately 16.4 percent. The Company had net income before taxes during the second quarter of 2010 of \$277,624 compared to net income of \$165,926 during the second quarter of 2009. This is an increase of approximately 67.3 percent. For the first half of 2010, the Company had revenues of \$1,423,054 and net income before taxes of \$505,215. Revenues during the first half of 2009 were \$1,327,554 and the Company had net income before taxes of \$347,798. Revenues increased by about 7.2 percent and net income before taxes increased by approximately 45.3 percent in the first half of 2010 compared to the same period in 2009.

The Company's statement of operations reflects non-cash deferred income tax expense for the three months ended June 30, 2010 in the amount of \$104,500. In reporting periods prior to December 31, 2009, the Company had presented income tax expense with a corresponding benefit as management continued to reduce its valuation allowance for the deferred tax asset. For reporting periods after December 31, 2009, management discontinued reducing the valuation allowance resulting in a non-cash expense for income taxes. This resulted in net income during the second quarter of 2010 of \$173,124 versus net income of \$165,296 during the second quarter of 2009. Similarly, the Company's statement of operations reflects non-cash deferred income tax expense for the six months ended June 30, 2010 in the amount of \$190,100, with net income of \$315,115 during the first half of 2010 versus \$347,798 during the same period of 2009.

Included in revenue for the second quarter and first half 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 second quarter and first half of 2009 would have been \$567,495 and \$1,242,325 respectively. Cost comparisons in the following paragraphs are presented both with and without the lease settlement revenue.

During the second quarter of 2010, processing costs as a percentage of sales were 17.6 percent. This compares to 17.1 percent with the lease settlement revenue and 19.6 percent without such revenue during the second quarter of 2009. These costs are relatively fixed and the slight decrease in 2010 reflects less processing time required for the revenue replacing that from the lost customer. General administrative and development costs as a percentage of sales during the second quarter of 2010 were 34.1 percent. This compares to 41.4 percent with the lease settlement revenue and 47.7 percent without such revenue in the second 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 half of 2010, processing costs as a percentage of sales were 17.5 percent. This compares to 17.6 percent with the lease settlement revenue and 18.9 percent without such revenue in the first half of 2009. Again, these costs are relatively fixed. General, administrative and development costs as a percentage of sales were 34.3 percent during the first half of 2010. This compares to 40.3 percent during the first half of 2009 with the lease

settlement revenue and 43.1 percent during the first half of 2009 without such revenue. The 2009 percentages were slightly elevated by the cost of roof renovations but generally reflect the fixed nature of these costs and the increase in revenue.

#### Liquidity and Capital Resources

As of June 30, 2010, the Company has cash on hand of \$1,187,094 and accounts receivable of \$301,349.

#### 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.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of June 30, 2010 by using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control - Integrated Framework.

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: October 5, 2010

FOOD TECHNOLOGY SERVICE, INC.

/S/ Richard Hunter

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