

SECURITIES AND EXCHANGE COMMISSION

FORM 10QSB

Optional form for quarterly and transition reports of small business issuers under section 13 or 15(d)

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FILER

FOOD TECHNOLOGY SERVICE INC

CIK: **868267** | IRS No.: **592618503** | State of Incorporation: **FL** | Fiscal Year End: **1231**
Type: **10QSB** | Act: **34** | File No.: **000-19047** | Film No.: **04969991**
SIC: **7389** Business services, nec

Mailing Address
502 PRARIE MINE RD
MULBERRY FL 33860

Business Address
502 PRARIE MINE RD
MULBERRY FL 33860
8634250039

FORM 10-QSB

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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

For the Three Months Ended June 30, 2004 Commission File Number 0-19047

INCORPORATED IN FLORIDA

IRS IDENTIFICATION NO. 59-2618503

FOOD TECHNOLOGY SERVICE, INC.
502 Prairie Mine Road, Mulberry, FL 33860
(863) 425-0039

"Indicate by check mark whether the registrant has filed all annual, quarterly and other reports required to be filed with the Commission within the past 90 days and in addition has filed the most recent annual report required to be filed. Yes X No ."
 -- --

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

Outstanding as of June 30, 2004 and December 31, 2003

Class -----	2004 -----	2003 -----
Common Stock \$.01 Par Value	11,001,038 Shares	11,001,038 Shares

FOOD TECHNOLOGY SERVICE, INC.

BALANCE SHEETS

	JUNE 30, 2004 ----	DECEMBER 31, 2003 ----
ASSETS -----	(unaudited)	*
Current Assets:		
Cash	\$ 152,902	\$ 89,410
Accounts Receivable	180,053	152,620
Inventory	0	2,691
	-----	-----
Total Current Assets	332,955	244,721
	-----	-----
Property and Equipment:		
Cobalt	2,675,756	2,675,756
Furniture and Equipment	1,730,688	1,728,817
Building	2,883,675	2,883,675
Less Accumulated Depreciation	(3,923,135)	(3,728,103)
	-----	-----
Total Property & Equipment	3,366,984	3,560,145
Land	171,654	171,654
Other Assets:		
Deposits	5,000	5,000
	-----	-----
Total Assets	\$ 3,876,593	\$ 3,981,520
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY -----		
Current Liabilities:		
Accounts Payable and Accrued Expense	\$ 56,784	\$ 34,199
Financing Agreement and Debenture Payable	957,755	934,157
	-----	-----
Total Current Liabilities	1,014,539	968,356
	-----	-----
Stockholders' Equity:		
Common Stock \$.01 par value, 20,000,000 shares authorized, 11,001,038 shares outstanding on June 30, 2004 and December 31, 2003	110,010	110,010
Paid in Capital	11,975,577	11,975,577

Deficit	(9,167,533)	(9,016,423)
	-----	-----
	2,918,054	3,069,164
Less-Common Stock Issued For Receivables	(56,000)	(56,000)
	-----	-----
Total Stockholders' Equity	2,862,054	3,013,164
	-----	-----
Total Liabilities and Stockholders' Equity	\$ 3,876,593	\$ 3,981,520
	=====	=====

* Condensed from audited financial statements

FOOD TECHNOLOGY SERVICE, INC.
STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED JUNE 30, 2004 AND 2003

	2004	2003
	----	----
	(unaudited)	(unaudited)
Net Sales	\$ 324,384	\$ 587,999
Processing Costs:	75,783	105,418
	-----	-----
Income from Operations	248,601	482,581
General Administrative and Development	166,641	213,750
Depreciation	96,783	102,661
Interest Expense	11,873	21,288
	-----	-----
Income / (Loss) Before Income Taxes	(26,696)	144,882
Income Taxes		
Provision for Income Taxes	0	43,465
Tax Benefit from Net Operating Loss	0	(43,465)
	-----	-----
Net Income	\$ (26,696)	\$ 144,882
	=====	=====
Net Income per Common Share	\$(0.002)	\$0.013
	=====	=====

NOTE 1: BASIS OF PRESENTATION

The financial information included herein is unaudited; however, such information reflects all adjustments (consisting solely of normally recurring adjustments) which are, in the opinion of management, necessary for a fair statement of results for the interim period.

The results of operations for the three month periods ended June 30, 2004 are not necessarily indicative of the results to be expected for the full year.

FOOD TECHNOLOGY SERVICE, INC.

STATEMENTS OF OPERATIONS
FOR THE SIX MONTH PERIOD ENDED JUNE 30,

	2004 ---- (unaudited)	2003 ---- (unaudited)
Net Sales	\$ 564,587	\$ 1,000,466
Processing Costs	144,417	235,432
	-----	-----
Income from Operations	420,170	765,034
General Administrative and Development	352,648	368,917
Depreciation	195,033	178,760
Interest Expense	23,599	32,988
	-----	-----
Income / (Loss) Before Income Taxes	(151,110)	184,369
Income Taxes		
Provision for income taxes	0	55,311
Tax Benefit from Net Operating loss	0	(55,311)
	-----	-----
Net Income / (Loss)	\$ (151,110)	\$ 184,369
	=====	=====
Net Income / (Loss) Per Common Share	\$ (0.014)	\$ 0.017
	=====	=====

NOTE 1: BASIS OF PRESENTATION

The financial information included herein is unaudited; however, such information reflects all adjustments (consisting solely of normally recurring adjustments) which are, in the opinion of management, necessary for a fair statement of results for the interim period.

The results of operations for the six month periods ended June 30, 2004 are not necessarily indicative of the results to be expected for the full year.

FOOD TECHNOLOGY SERVICE, INC.

STATEMENTS OF CASH FLOWS

	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003
	----- (unaudited)	----- (unaudited)
Cash Flows from Operations:		
Sales Income Received	\$ 537,154	\$ 814,869
Interest Paid	0	(9,433)
Cash Paid for Operating Expenses	(471,791)	(588,647)
	-----	-----
	65,363	216,789
Cash Flows from Investing:		
Property & Equipment Purchase	(1,871)	(847,258)
	-----	-----
	(1,871)	(847,258)
Cash Flows from Financing Activities:		
Proceeds from Borrowing	0	839,136
Repayment of Loans	0	(250,000)
	-----	-----

	0	589,136
Net Increase (Decrease) in Cash	63,492	(41,333)
Cash at Beginning of Period	89,410	73,758
	-----	-----
Cash at End of Period	\$ 152,902	\$32,425
	=====	=====

Reconciliation of Net Income to Net Cash
Provided by Operations

Net Income	\$ (151,110)	\$184,369
Adjustments to Reconcile Net Income to Cash Provided by Operations:		
Depreciation	195,033	178,761
Accrued Interest	23,599	23,555
(Increase) Decrease in Inventories	2,691	5,836
(Increase) Decrease in Receivables	(27,435)	(185,597)
Increase (Decrease) in Payables and Accruals	22,585	9,865
	-----	-----
Net Cash Provided by Operating Activities	\$ 65,363	\$216,789
	=====	=====

FOOD TECHNOLOGY SERVICE, INC.

STATEMENT OF STOCKHOLDERS' EQUITY

2003 (unaudited)	Common Stock	Paid-In Capital	Deficit
-----	-----	-----	-----
Balance, January 1, 2003	\$ 104,968	\$11,975,577	(\$9,413,903)
Net Income for Period	0	0	184,369
	-----	-----	-----
Balance, June 30, 2003	\$ 104,968	\$11,975,577	(\$9,229,534)
	=====	=====	=====

2004 (unaudited)

Balance, January 1, 2004	\$ 110,010	\$11,975,577	(\$9,016,423)
Net Income/(Loss) for Period	0	0	(151,110)

Balance, June 30, 2004	\$ 110,010	\$11,975,577	(\$9,167,533)
=====			

- (a) Earnings per common share, assuming no dilution, are based on the number of shares outstanding on June 30, 2004 - 11,001,038 and June 30, 2003 - 10,496,837.
- (b) The foregoing information is unaudited, but, in the opinion of Management, includes all adjustments, consisting of normal accruals, necessary for a fair presentation of the results for the period reported.

Management's Analysis of Quarterly Income Statements Operations

Food Technology Service Inc., had revenue of \$324,384 during the second quarter of 2004. Revenues were \$564,587 during the first two quarters of 2004. This compares to revenues of \$1,000,466 for the first two quarters of 2003. This is a decrease of forty-four percent compared to the same period in 2003. The company had a loss of \$(151,110) during the first two quarters of 2004 compared to a profit of \$184.369 during the first two quarters of 2003.

Revenues declined due to discontinuation of service to a large intermittent customer. The company has some customers that require irradiation

intermittently rather than incorporating irradiation into their production process. These customers make it difficult to forecast revenues. Actual general and administrative expenses decreased modestly during the second two quarters of 2003. However, as a percentage of revenue, general and administrative expenses increased from 37% to 62% because of the decline in revenue during the first two quarters of 2004 as compared to the first two quarters of 2003. Although there was some small variation of costs within individual categories of expenses, overall general and administrative expenses are relatively fixed. Similarly, depreciation as a percent of revenue increased from 18% to 35% due primarily to the decrease in revenue.

Management anticipates increased revenue during the remaining quarters of 2004 based on increased demand by two non-food customers. The volume of ground beef being irradiated by the Company increased significantly during the second quarter due to the bankruptcy of a competitor and irradiation of tropical fruits from South Florida is expected to increase during the third quarter. Operating and marketing costs are expected to continue at levels similar to those in the first quarter of 2004. Management believes that demand for irradiation of ground beef and non-food items will continue to increase during 2004.

Liquidity and Capital Resources

As of June 30, 2004, the Company has cash on hand of \$152,902 and accounts receivable of \$180,053. The special alliance that the Company has with MDS Nordion should guarantee the Company's survival as a going entity until the food irradiation industry develops.

PART II OTHER INFORMATION

Item 1. Legal proceedings

Reference is made to the information contained under Item 3- Legal Proceedings in the Company's Form 10KSB Report Filed for year ended December 31, 2003.

Item 2-6 Not applicable

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: August 12, 2004

FOOD TECHNOLOGY SERVICE, INC.

/S/ Richard Hunter

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

I Certify that:

1. I have reviewed this Quarter Report on Form 10-QSB of Food Technology Service, Inc. for the three months ended June 30, 2004.

2. Based on my knowledge, this Annual Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statement made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Annual Report;

3. Based on my knowledge, the Financial Statements, and other financial information included in the Annual Report fairly present in all material respects, the financial condition, results of operations and cash flows of the registrant as of and for the periods presented in this Annual Report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13A-14 and 15D-14 for the registrant and we have:

a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidates subsidiaries, is made known to us by others within those entities, particularly during the period in which this Annual Report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this Annual Report (the "Evaluation Date") and;

b) Presented in this Annual Report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) All significant deficiencies in the design or operation of internal controls, which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this Annual Report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: August 12, 2004

FOOD TECHNOLOGY SERVICE, INC.
By: / s/ Richard G. Hunter

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

In connection with the Quarterly Report of Food Technology Service, Inc. (the "Company") on Form 10-QSB for the period ending June 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Richard G. Hunter, Ph.D. as Chief Executive Officer and Chief Financial Officer, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of his knowledge, that:

1. The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/S/ Richard Hunter

Richard G. Hunter, Ph.D.
Chief Executive Officer and Chief Financial Officer
August 12, 2004