

February 9, 2011



MGP Ingredients, Inc. Announces FY 2011 Second Quarter Results

Highlights

Total quarterly sales increase 21 percent above a year ago driven mainly by food gr.

FY 2011 Q2 income from operations increases by \$3.8 million over prior year

ATCHISON, Kan., Feb. 9, 2011 (GLOBE NEWSWIRE) -- MGP Ingredients, Inc. (Nasdaq:MGPI) today reported net income of \$3,242,000, or \$0.18 in diluted earnings per share, for the second quarter of fiscal 2011, which ended December 31, 2010. This compares with net income of \$4,778,000, or \$0.29 in diluted earnings per share, for the second quarter of the prior fiscal year. Income from operations for the second quarter of fiscal 2011 increased to \$4,344,000 compared with \$504,000 a year ago. Net income for the second quarter of fiscal 2010 included several one-time items, the most significant of which was an income tax benefit of \$4,659,000. The year-ago results also included a loss of \$3,047,000 related to the formation of the company's distillery joint venture, Illinois Corn Processing, LLC (ICP). Total sales in the second quarter of fiscal 2011 were \$57,951,000, a 21 percent increase from sales of \$48,094,000 for the same period one year ago. The increase was principally due to higher sales of food grade alcohol.

For the first six months of fiscal 2011, net income was \$8,244,000, or \$0.46 in diluted earnings per share. This compares with net income of \$8,516,000, or \$0.51 in diluted earnings per share, for the prior year period. Income from operations for the first half of fiscal 2011 rose to \$7,909,000 from \$5,148,000 for the first half of fiscal 2010. Total sales for the first six months of fiscal 2011 were \$114,929,000, a 17 percent increase from sales of \$98,343,000 for the same period one year ago.

"The key to our improved performance lies in our operating profits," said Tim Newkirk, President and Chief Executive Officer. "We are pleased to report significant increases in sales and operating profits from a year ago. We also realize that we have further to go before we are executing at our highest level. On the distillery side, our growth continues to be driven by demand for high quality food grade alcohol. Further improvements to our performance in this segment were affected by higher corn and energy costs. We also experienced longer than anticipated production slowdowns at our Atchison distillery during the quarter. These slowdowns were related to a water supply disruption, along with distillery equipment repairs and upgrades, which have recently been completed. Going forward we see stronger production rates. Our ICP joint venture is approaching peak capacity in food grade alcohol. Start-up issues at ICP are largely behind us, but our contribution from the joint venture was impacted from higher costs during the quarter as the facility has continued

to step up its total capacity utilization levels. We are squarely focused on maintaining our gross margins in this segment, where the general trend is positive."

Newkirk continued, "Our ingredients business is still a work in progress. We're consistently profitable at the current level of business, and there are a number of key customer projects in the pipeline. We are seeing increased demand for our unique specialty value-added ingredients and continue to concentrate much focus and resources on growing this area of our business. This includes methods to continually enhance our operational efficiencies, which experienced a decrease in the second quarter and contributed to higher production costs and affected segment profits."

Distillery Products Segment

Distillery products pre-tax income of \$7.3 million was up 74 percent from pre-tax i

Total distillery products sales revenue for the second quarter was \$43.2 million, a

For the six-month period of fiscal 2011, pre-tax income in the distillery segment w

Ingredient Solutions Segment

Ingredient solutions pre-tax income declined to \$443,000 compared with \$2.8 million

Total ingredient segment sales revenue for the second quarter was \$14.5 million, a

Consistent with the second quarter of fiscal 2011, total ingredient solutions sales

Other Segment

The other segment reported a pre-tax loss of \$116,000 compared to a loss of \$20,000

Outlook

Newkirk said, "As we continue our progress in transforming MGPI to a higher value revenue base I see many things moving in the right direction. Our product mix today reflects more of our applied science and our focus on adding more value to our customers' products while also reducing the impact of commodity volatility and pricing than was the case in past years. Food grade alcohol output is now running at near optimum levels. We are in the midst of upgrading our facilities and service levels to better meet the needs of our key customers. In fact, our total capital budget for improvements is the highest it's been in several years. Meanwhile, our balance sheet has very little debt and our financial flexibility continues to improve.

"For the remainder of the fiscal year, we are focused on improvements in our production volumes and supply chain efficiencies, a higher value product sales mix, key commodity inputs and consistently better performance from our ICP joint venture. I'm very encouraged to see MGPI progressing in this challenging economic environment. All of this is occurring

even before we realize the opportunities from our product development pipeline involving several large projects with major consumer packaged goods customers."

About MGP Ingredients

In business since 1941, MGP Ingredients, Inc. is a recognized pioneer in the development and production of value-added, grain-based starches, proteins and food grade alcohol products for the branded packaged goods industry. The company has facilities in Atchison, Kan., and Onaga, Kan. that are equipped with the latest technologies to assure high quality products and to maintain efficient production and service capabilities.

Cautionary Note Regarding Forward-Looking Statements

This news release contains forward-looking statements as well as historical information. Forward-looking statements are usually identified by or are associated with such words as "intend," "plan", "believe," "estimate," "expect," "anticipate," "hopeful," "should," "may," "will", "could", "encouraged", "opportunities", "potential" and/or the negatives of these terms or variations of them or similar terminology. They reflect management's current beliefs and estimates of future economic circumstances, industry conditions, Company performance and financial results and are not guarantees of future performance. All such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others: (i) disruptions in operations at our Atchison facility, (ii) the availability and cost of grain and fluctuations in energy costs, (iii) the effectiveness of our hedging strategy, (iv) the competitive environment and related market conditions, (v) our ability to maintain compliance with all applicable loan agreement covenants (vi), the ability to effectively operate the Illinois Corn Processing, LLC ("ICP"), joint venture, (vii) our ability to realize operating efficiencies, (viii) and actions of governments. For further information on these and other risks and uncertainties that may affect the company's business, see Item 1A. Risk Factors in the company's Annual Report on Form 10-K for the fiscal year ended June 30, 2010.

MGP INGREDIENTS, INC.

CONSOLIDATED STATEMENTS OF INCOME		Quarter En	
(unaudited)		Dec. 31, 2010	Dec. 31, 2
(Dollars in thousands, except per share)			
Net Sales		\$57,951	\$48,
Cost of Sales		49,159	39,5
Gross Profit		\$8,792	\$8,
Selling, General and Administrative Expenses		4,360	5,
(Loss)Gain on sale/disposal of assets		33	(500)
Loss on joint venture formation		--	3,
Other operating costs		55	4
Income from Operations		\$4,344	\$
Other Income, Net		--	
Interest Expense		(141)	(53
Equity in earnings(loss) of joint ventures		(957)	1
Income Before Income Taxes		\$3,246	\$
Provision(Benefit) for Income Taxes		4	(4,65
Net Income		\$3,242	\$4,7

Other Comprehensive Income(Loss), net of tax	(203)	
Comprehensive Income	\$3,039	\$4,7
Basic Earnings Per Common Share	\$0.18	\$0
Diluted Earnings Per Common Share	\$0.18	\$0
Weighted average shares outstanding - Basic	16,690,701	16,673,18
Weighted average shares outstanding - Diluted	16,713,936	16,685,40.

(Dollars in thousands)	Dec. 31, 2010	June 30, 2010
ASSETS		
Current Assets:		
Cash and cash equivalents	\$472	\$6,369
Restricted cash	490	971
Receivables	21,615	17,674
Inventory	18,710	14,524
Prepaid expenses	1,111	1,517
Deposits	2,181	733
Deferred income taxes	2,854	6,267
Refundable income taxes	484	578
Total Current Assets	\$47,917	\$48,633
insurance benefits	8,491	8,170
Property and equipment, At Cost	154,683	164,559
Less accumulated depreciation	(96,603)	(107,196)
Net property, plant and equipment	\$58,080	\$57,363
Investment in joint ventures	14,722	14,266
Other assets	690	875
TOTAL ASSETS	\$121,409	\$121,137
Capital Structure		
Net Investment in:		
Cash and cash equivalents	\$472	\$6,369
Working capital	27,902	25,142
Property, plant and equipment	58,080	57,363
Other non-current assets	15,412	15,141
Total	\$101,394	\$97,646

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Source: MGP Ingredients, Inc.