

May 10, 2011



MGP Ingredients, Inc. Announces FY 2011 Third Quarter Results

Highlights

Company reports fiscal 2011 Q3 diluted EPS of \$0.04 per share vs. a year-ago loss of \$0.14 per share. FY 2011 nine-month income from operations increases by \$4.2 million over prior year. Total quarterly sales increase 30 percent from a year ago. Q3 distillery operations show higher sales and profit margins vs. year ago.

ATCHISON, Kan., May 10, 2011 (GLOBE NEWSWIRE) -- MGP Ingredients, Inc. (Nasdaq:MGPI) today reported net income of \$701,000, or \$0.04 in diluted earnings per share, for the fiscal 2011 third quarter, which ended March 31, 2011. This compares with a net loss of \$2,254,000, or \$0.14 in diluted loss per share, for the third quarter of fiscal 2010. Income from operations for the third quarter of fiscal 2011 rose to \$829,000 compared with a loss from operations of \$629,000 a year ago. Total sales in the third quarter of fiscal 2011 were \$64,188,000, a 30 percent increase above sales of \$49,269,000 for the same period one year ago. The increase was principally due to higher sales of food grade alcohol.

For the first nine months of fiscal 2011, net income was \$8,945,000, or \$0.50 in diluted earnings per share. This compares with net income of \$6,262,000, or \$0.38 in diluted earnings per share, for the prior year period, which included a \$3.0 million loss on the formation of the company's distillery joint venture, Illinois Corn Processing, LLC (ICP), and a \$4.7 million tax refund benefit. Income from operations for the first nine months of fiscal 2011 increased to \$8,738,000 from \$4,519,000 for the same period in fiscal 2010 when the company experienced the \$3.0 million loss related to the formation of ICP. Total sales for the first nine months of fiscal 2011 were \$179,117,000, a 21 percent increase from sales of \$147,612,000 in the prior year's first nine months.

"We're showing positive results this year in terms of higher operating profits, even though we realize that much more progress lies ahead," said Tim Newkirk, president and chief executive officer. "Our base business is not quite there yet in terms of targeted revenue and income levels. On the ingredients side, we have worked to get the right people and positions in place as part of a concerted effort to cover key customers with more new product ideas. We're structuring our ingredients segment to operate at significantly improved levels – not just in the area of production volume, but also in the critical areas of product development, customer support and processing technologies."

Newkirk added, "The distillery products segment has ramped up nicely from a year ago, and

we're enjoying strong demand for food grade alcohol across several end markets. Our production volumes have increased more than 30 percent compared to a year ago due to the successful collaboration with our joint venture partner at ICP. While we continue to face challenges, principally in the form of higher input costs for corn, we've done well this year to raise alcohol gross margin above year-ago levels."

Distillery Products Segment

Distillery products pre-tax income of \$5.5 million was up 177 percent from pre-tax
Distillery products sales for the third quarter were \$50.3 million, an increase of
Distillery products sales for the nine-month period of fiscal 2011 were \$136.0 mill

Ingredient Solutions Segment

Total ingredient segment sales for the third quarter were \$13.6 million, a decrease
Ingredient solutions pre-tax income declined to \$100,000 compared with \$2.2 million
For the first nine months of fiscal 2011, ingredient solutions sales were \$42.2 mil

Other Segment

The other products segment reported a pre-tax loss of \$175,000 compared to a profit

Conclusion

Newkirk said, "Almost every one of our relationships in the consumer packaged goods industry has the potential to be significantly larger, not only in terms of sales but also in terms of the strategic role MGPI can perform in helping them grow their businesses. Our ingredients business is poised to show improving results going forward due to the substantial changes put in the place the past 18 to 24 months. We're anticipating a solid finish to the current fiscal year in the distillery segment as well, and our company's results should include a strong balance sheet with very little debt and improved financial flexibility to carry out our plans."

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) the ability to effectively operate the Illinois Corn Processing, LLC ("ICP") joint venture, (vi) our ability to maintain compliance with all applicable loan agreement covenants, (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.

(unaudited)	March 31, 2011	Quarter Ended March 31,
(Dollars in thousands, except per share)		March 31,
Net Sales	\$ 64,188	\$ 49,26
Cost of Sales	57,669	4
Gross Profit	\$ 6,519	\$ 4,967
Selling, General and Administrative Expenses	5,690	
Other operating costs	--	
(Loss)Gain on sale/disposal of assets	--	
Loss on joint venture formation	--	
Income (Loss) from Operations	\$ 829	\$ (629)
Other Income, Net	3	
Interest Expense	(92)	
Equity in earnings(loss) of joint ventures	124	(1
Income (Loss) Before Income Taxes	\$ 864	\$ (2,449)
Provision(Benefit) for Income Taxes	163	
Net Income (Loss)	\$ 701	\$ (2,
Other Comprehensive Income(Loss), net of tax	17	
Comprehensive Income	\$ 718	\$ (2,258)
Basic Earnings Per Common Share	\$ 0.04	\$ (0.14
Diluted Earnings Per Common Share	\$ 0.04	\$ (0.14
Weighted average shares outstanding - Basic	16,711,938	16,673,
Weighted average shares outstanding - Diluted	16,732,812	16,673,

(Dollars in thousands)	March 31, 2011	June 30, 2010	LIAB
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 713	\$ 6,369	Current l
Restricted cash	1,168	971	
Receivables	26,967	17,674	

Inventory	22,805	14,524	Ac
Prepaid expenses	793	1,517	
Deposits	1,349	733	
Deferred income taxes	2,678	6,267	
Refundable income taxes	358	578	Long-te
Total Current Assets	\$ 56,831	\$ 48,633	Accr
Property and equipment, At Cost	159,916	164,559	
Less accumulated depreciation	(98,902)	(107,196)	
Net property, plant and equipment	\$ 61,014	\$ 57,363	
Investment in joint ventures	14,864	14,266	
Other assets	594	875	
TOTAL ASSETS	\$ 133,303	\$ 121,137	

Capital Structure

Net Investment in:		
Cash and cash equivalents	\$ 713	\$ 6,369
Working capital	25,478	25,142
Property, plant and equipment	61,014	57,363
Other non-current assets	15,458	15,141
Total	\$ 101,950	\$ 97,646

*Excludes short

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Source: MGP Ingredients, Inc.