

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) February 10, 2003

MGP Ingredients, Inc.

(Exact name of registrant as specified in its charter)

KANSAS	0-17196	48-0531200
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1300 Main Street  
Box 130  
Atchison, Kansas 66002  
(Address of principal executive offices) (Zip Code)

(913) 367-1480  
(Registrant's telephone number, including area code)

Item 7. Exhibits

99.1 Press Release dated February 10, 2003, filed solely for the purposes of incorporation by reference into Item 9 herein.

Item 9. Regulation FD Disclosure.

Attached as Exhibit 99.1 and filed solely for the purposes of incorporation into this Item 9, is a press release which was issued on February 10, 2003 by MGP Ingredients, Inc., announcing second quarter operating results for fiscal year 2003.

An investors conference call will take place at 10:00 a.m. central standard time on Tuesday, February 11. The Company's senior management will discuss the Company's second quarter results and certain forward looking information during the conference call. Interested persons may listen to the conference call via telephone by dialing (888) 417-2310 before 9:55 a.m., or access it on the Internet at [www.mgpingredients.com](http://www.mgpingredients.com).

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 hereunto duly authorized.

MGP INGREDIENTS, INC.

Date: February 10, 2003

By: /s/ Laidacker M. Seaberg  
Laidacker M. Seaberg  
President and Chief Executive Officer

INDEX TO EXHIBITS

99.1 Press Release dated February 10, 2003, filed solely for the purposes of incorporation by reference into Item 9 herein.

FOR IMMEDIATE RELEASE: MGP INGREDIENTS REPORTS SECOND QUARTER RESULTS

ATCHISON, Kan., February 10, 2003--MGP Ingredients, Inc. (MGPI/Nasdaq) today reported net income of \$48,000, or 1 cent per common share, on sales of \$44,408,000 for the second quarter of fiscal 2003, which ended Dec. 31, 2002. That compares to net income of \$2,551,000, or 32 cents per share, on sales of \$54,394,000 for the same period the prior year. The company's earnings before interest, taxes, depreciation and amortization was \$3,918,000 in the current year's second quarter compared to \$8,149,000 in the second quarter of fiscal 2002.

For the first six months of fiscal 2003, MGPI had net income of \$6,838,000, or 85 cents per share, on sales of \$87,307,000 versus net income of \$4,995,000, or 62 cents per share, on sales of \$108,688,000 for the first six months of last fiscal year. The company's earnings before interest, taxes, depreciation and amortization in the first half of fiscal 2003 was \$19,129,000 compared to \$16,115,000 in the first half of fiscal 2002.

The company "continues to be very solid financially," stated Ladd Seaberg, president and chief executive officer, noting that MGPI has cash and cash equivalents of \$27 million, working capital of approximately \$41 million and stockholders' equity of approximately \$109 million. "We have the financial strength to pursue our planned program for growth, which presently has an internal focus, but could include acquisitions as well," he added.

Business interruption insurance proceeds to compensate for the effects of an explosion at the company's distillery operation in Atchison on Sept. 13, 2002 amounted to \$5 million in the second quarter. "These proceeds make us substantially whole from an operating income standpoint," Seaberg said. "While the business interruption insurance helps make up for lost revenues from our specialty ingredients business, the explosion did adversely affect our ability to realize the kind of progress that we would have anticipated," he added.

Net income for the quarter was partially attributable to the receipt of approximately \$193,000 (net of income tax) during that period from a previously announced United States Department of Agriculture (USDA) program to provide cash incentives to ethanol producers. The company additionally benefited from approximately \$732,000 (net of income tax) for the quarter resulting from a USDA program to support the development of products and markets for value-added wheat proteins and wheat starches.

The earnings increase in the first six months of fiscal 2003 was principally due to \$13 million in non-operating income (\$7.9 million net of income tax) that resulted in the first quarter from the recognition of expected insurance proceeds in excess of the net recorded costs of assets that were destroyed in the distillery explosion. As previously reported, this more than offset what otherwise would have been a first quarter net loss of \$1,110,000. "I am encouraged by the headway we have actually made in our operating performance since the end of the first quarter," Seaberg said.

The decrease in second quarter sales compared to a year ago was due partially to reduced sales of distillery products. This decline was mainly attributable to lower alcohol production resulting from the slowdown of the Atchison distillery following the Sept. 13th explosion. Selling prices for both food grade alcohol and fuel grade alcohol, commonly known as ethanol, were also lower compared to last year's second quarter. Seaberg noted, however, that alcohol selling prices in both the food grade and fuel grade areas did "experience improvements" in the second quarter compared to the first quarter of fiscal 2003, and that "these improvements presently remain intact."

Due largely to reduced sales of commodity ingredients, which consist of vital wheat gluten and commodity wheat starch, the company experienced a decrease in second quarter ingredient sales. Sales of the company's specialty ingredients, primarily specialty wheat proteins and starches, were modestly lower than the prior year's second quarter level due to a decline in specialty starch sales. Year to date, sales of specialty ingredients in the aggregate were up slightly compared to the prior year's first six months. As indicated above, growth in this area was limited by the effects of the distillery mishap.

As previously reported, because of the expiration of the wheat gluten quota in June, 2001, the company has significantly reduced its production of vital wheat gluten. This measure was taken in the face of greatly increased competitive pressures from the European Union. At the same time, the company is placing greater attention and resources on the development, production and marketing of its specialty wheat proteins and starches for use in value-added applications. "Our strategic objective is to significantly grow the value-added area of our ingredients business, which at present is focused on serving manufacturers of food, personal care and pet products," Seaberg said.

The USDA program to support value-added wheat protein and wheat starch development, and which contributed to second quarter income as noted above, was implemented in June, 2001. Administered by the USDA's Commodity Credit Corporation, it was granted in lieu of an extended quota on imports of foreign wheat gluten. Over the life of the program, which is scheduled to end May 31, 2003, MGP Ingredients is eligible for approximately \$25.6 million of the program total of \$40 million. For the first 12 months of the program, approximately \$17.3 million was allocated to the company. The remaining \$8.3 million was allocated to the company in July, 2002. The funds must be used for capital, research, marketing and promotional costs related to value-added wheat protein and starch products. Funds received are recognized in income during the period in which they are expended for a permitted purpose. However, funds that are used for capital expenditure projects will be recognized in income over the periods during which those projects are depreciated.

Approximately 75 percent of the program's funds for the two years combined are expected to be used for capital projects and will be reflected in earnings over the next seven to 10 years. These projects include a recent \$8.3 million expansion project at the company's Atchison plant. The expansion was completed in November and involved the installation of additional processing and drying equipment for the production of specialty wheat proteins for bakery, pasta and noodle and related food markets, both domestic and foreign. The remaining 25 percent of the funds are being applied toward research and marketing-related costs, and hence are reflected in earnings.

The USDA's incentive program for ethanol producers began in December, 2000 and extends through September, 2006. It was initiated to provide a cash incentive for ethanol producers who increase their grain usage over comparable quarters in the prior year to raise fuel alcohol production. Funding from the program is determined on an annual basis. The company's eligibility to participate in the program is determined from quarter to quarter. Due to the reduced production resulting from the distillery slowdown in Atchison, the company's eligibility through the remainder of fiscal 2003 is questionable.

As a result of the explosion, the company will be unable to produce finished alcohol at the Atchison plant for an extended period. Because its ingredient and alcohol production processes are integrated, the distillery slowdown also has an effect on the company's ability to produce the base raw material for specialty ingredients at this location. "While our ability to supply spot alcohol business is substantially reduced at this time, production capabilities at our Pekin, Ill., facility should continue to be adequate to supply alcohol to regular customers. Additionally, our Illinois operation has been able to help produce our base proteins and starches, which are then transferred to the Atchison facility as raw material for producing our specialty ingredients."

As previously announced, the company plans to return to full production at the Atchison distillery. "In the meantime," Seaberg said, "our existing production capabilities in Atchison currently are enabling us to produce unfinished alcohol, the majority of which is being shipped to our Illinois plant for further processing." Seaberg estimates that the total rebuilding process could take between 10 and 11 months from now to complete. "The goal of this process," he stated, "is to be able to efficiently make high quality, high purity food grade alcohol at the Atchison location when the new equipment is fully up and running."

Prices for grain, the company's principal raw material, remained above levels experienced in last year's second quarter. "Grain prices currently are lower compared to the second quarter, but we are seeing a modest upward movement in energy costs due to increased natural gas prices," Seaberg reported. He added that in such instances the company "fortunately is able to reduce the impact of rising energy costs by making greater use of lower priced fuel oil to supply a major portion of the Atchison plant's energy needs."

This news release contains forward-looking statements as well as historical information. Forward-looking statements are identified by or are associated with such words as "intend," "believe," "estimate," "expect," "anticipate," "hopeful," "should," "may" and similar expressions. 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. The forward-looking statements are based on many assumptions and factors, including those relating to grain prices, gasoline prices, energy costs, product pricing, competitive environment and related marketing conditions, operating efficiencies, access to capital, actions of governments or government officials and actions of insurers. Any changes in the assumptions or factors could produce materially different results than those predicted and could impact stock values.

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CONSOLIDATED STATEMENT OF EARNINGS

<TABLE>

<CAPTION>

<S> (unaudited) (Dollars in thousands, except per share)	<C> Three Months Ended 2002	<C> December 31 2001	<C> Six Months Ended 2002	<C> December 31 2001
NET SALES	\$ 44,408	\$ 54,394	\$ 87,307	\$ 108,688
COST OF SALES	46,903	47,500	89,625	94,804
GROSS PROFIT	(2,495)	6,894	(2,318)	13,884
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	3,406	3,548	6,727	7,699
OTHER OPERATING INCOME	6,171	(42)	7,694	(63)
INCOME FROM OPERATIONS	270	3,304	(1,351)	6,122
OTHER INCOME (EXPENSE)				
INTEREST	(304)	(355)	(626)	(749)
OTHER	113	1,268	13,279	2,884
INCOME BEFORE INCOME TAXES	79	4,217	11,302	8,257
PROVISION FOR INCOME TAXES	31	1,666	4,464	3,262
NET INCOME	\$ 48	\$ 2,551	\$ 6,838	\$ 4,995
BASIC AND DILUTED EARNINGS PER COMMON SHARE	\$ 0.01	\$ .32	\$ 0.85	\$ 0.62
DIVIDENDS PER COMMON SHARE			\$ 0.15	\$ 0.15
Weighted average shares outstanding	8,026,920	8,070,712	8,049,165	8,118,018

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CONSOLIDATED BALANCE SHEETS

<S> (unaudited) June 30 (Dollars in thousands) 2002	<C> December 31 2002	<C> June 30 2002	<S> (unaudited) (Dollars in thousands) 2002	<C> December 31 2002
ASSETS			LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT ASSETS:			CURRENT LIABILITIES:	
Cash and cash equivalents	\$ 26,795	\$ 24,045	Current maturities of long-term debt	\$ 3,202
Investments		4,691	Accounts payable	10,378
Receivables	20,638	24,071	Accrued expenses	2,853
Inventories	23,162	20,755	Income Taxes Payable	1,887
Prepaid expenses	2,423	550	Deferred income	17,053
Deferred income taxes	397	284		
Refundable Income taxes	3,122	585	Total Current Liabilities	\$ 35,373
Total Current Assets	76,537	74,981		
PROPERTY AND EQUIPMENT, At Cost	265,812	258,501	LONG-TERM DEBT	15,695
Less accumulated depreciation	174,679	167,486		
	91,133	91,015	POST-RETIREMENT BENEFITS	5,895
Insurance Receivable	14,000	--	DEFERRED INCOME TAXES	15,688
OTHER ASSETS	3	222	STOCKHOLDERS' EQUITY	109,022
	\$181,673	\$ 166,218		\$181,673

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