SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For Quarter Ended September 30, 2003 - Commission File No. 0-17196

MGP INGREDIENTS, INC.

(Exact Name of Registrant as Specified in Its Charter)

KANSAS	48-0531200
(State or Other Jurisdiction of Incorporation or Organization)	IRS Employer Identification No.

1300 Main Street, Atchison, Kansas 66002

(Address of Principal Executive Offices and Zip Code)

(913) 367-1480

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to the filing requirements for at least the past 90 days.

[X] YES [ ] NO

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

Common stock, no par value
7,663,444 shares outstanding
as of September 30, 2003

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PART II. OTHER INFORMATION

Independent Accountants' Report

Board of Directors and Stockholders
MGP Ingredients, Inc.
Atchison, Kansas 66002

We have reviewed the accompanying condensed consolidated balance sheets of MGP Ingredients, Inc. as of September 30, 2003 and the related condensed consolidated statements of income and cash flows for the three-month periods ended September 30, 2003 and 2002. These financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet as of June 30, 2003 and the related consolidated statements of income, retained earnings and cash flows for the year then ended (not presented herein), and in our report dated August 1, 2003, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of June 30, 2003 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/BKD, LLP

Kansas City, Missouri
October 17, 2003

MGP Ingredients, Inc.
Condensed Consolidated Balance Sheets
(in thousands)

Assets

<TABLE>

<S>	<C> September 30, 2003	<C> June 30, 2003
	(Unaudited)	
Current Assets		
Cash and cash equivalents	$ 12,487	$ 17,539
Receivables, net of allowance of $252 at September 30, 2003 and June 30, 2003	24,006	20,466
Inventories	24,078	26,956
Prepaid expenses	2,758	1,578
Income taxes receivable	1,474	3,086

Total current assets	64,803	69,625
Property and Equipment, at cost	271,786	263,990
Less accumulated depreciation	175,841	172,186
Total property and equipment, net	95,945	91,804
Other		
Insurance receivable	12,271	11,515
Other assets	172	186
Total other assets	12,443	11,701
Total assets	$ 173,191	$ 173,130

</TABLE>

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See Accompanying Notes to Condensed Consolidated Financial Statements and Independent Accountants' Review Report

Liabilities and Stockholders' Equity

<TABLE>

<S> <C>	<C> September 30, 2003	<C> June 30, 2003
--	(Unaudited)	
Current Liabilities		
Current maturities of long-term debt	$ 3,201	$ 3,201
Accounts payable	11,264	9,729
Accrued expenses	3,583	3,604
Deferred income taxes	241	241
Deferred income	13,895	14,323
Total current liabilities	32,184	31,098
Long-Term Debt	12,726	15,232
Post-Retirement Benefits	5,873	5,780
Deferred Income Taxes	15,802	15,802
Stockholders' Equity		
Capital stock		
Preferred, 5% cumulative, $10 par value; authorized 1,000 shares; issued and outstanding 437 shares	4	4
Common, no par; authorized 20,000,000 shares; issued 9,765,172 shares	6,715	6,715
Additional paid-in capital	2,605	2,605
Retained earnings	116,182	114,861
Accumulated other comprehensive gain (loss) - Cash flow hedges	(80)	(50)
	125,426	124,135
Treasury stock, at cost		
Common		
September 30, 2003 - 2,086,228 shares		
June 30, 2003 - 2,079,828 shares	(18,820)	(18,917)

	106,606	105,218
Total liabilities and stockholders' equity	$ 173,191	$ 173,130

</TABLE>

MGP Ingredients, Inc.
Condensed Consolidated Statements of Income
Three Months Ended September 30, 2003 and 2002
(Unaudited)

<TABLE>

	2003	2002
	(in thousands)	
Net Sales	$ 57,054	$ 42,899
Cost of Sales	55,367	42,722
Gross Profit (Loss)	1,687	177
Selling, General and Administrative	3,698	3,321
	(2,011)	(3,144)
Other Operating Income	6,090	1,522
Operating Income (Loss)	4,079	(1,622)
Other Income, net	281	13,166
Interest Expense	(279)	(321)
Income before Income Taxes	4,081	11,223
Provision for Income Taxes	1,611	4,433
Net Income	2,470	6,790
Other Comprehensive Income (Loss)	(30)	385
Comprehensive Income	$ 2,440	$ 7,175
Basic Earnings per Common Share	$ 0.32	$ 0.84
Diluted Earnings per Common Share	$ 0.32	$ 0.83
Dividends per Common Share	$ 0.15	$ 0.15

</TABLE>

See Accompanying Notes to Condensed Consolidated Financial Statements and Independent Accountants' Review Report

MGP Ingredients, Inc.

Condensed Consolidated Statements of Cash Flows
Three Months Ended September 30, 2003 and 2002
(Unaudited)

	2003	2002
	(in thousands)	
Operating Activities		
Net income	$ 2,470	$ 6,790
Items not requiring cash		
Depreciation	3,675	3,666
Deferred income taxes	(20)	4,987
Changes in		
Accounts receivable	(3,540)	4,845
Inventories	2,848	(2,074)
Insurance receivable	(756)	(13,000)
Accounts payable and accrued expenses	1,518	(2,949)
Deferred income	(428)	7,293
Income taxes (receivable) payable	1,632	(681)
Other	(1,094)	(1,691)
Net cash provided by operating activities	6,305	7,186
Investing Activities		
Additions to property and equipment	(8,794)	(5,226)
Net purchases of investments	--	(792)
Net cash used in investing activities	(8,794)	(6,018)
Financing Activities		
Purchase of treasury stock	(57)	(273)
Sales of treasury stock	--	13
Net payments on long-term debt	(2,506)	(2,506)
Net cash used in financing activities	(2,563)	(2,766)
Decrease in Cash and Cash Equivalents	(5,052)	(1,598)
Cash and Cash Equivalents, Beginning of Period	17,539	24,045
Cash and Cash Equivalents, End of Period	$ 12,487	$ 22,447

See Accompanying Notes to Condensed Consolidated Financial Statements and Independent Accountants' Review Report

MGP Ingredients, Inc.
Notes to Condensed Consolidated Financial Statements
September 30, 2003
(Unaudited)

NOTE 1: BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements reflect all adjustments that are, in the opinion of the Company's management, necessary to fairly present the financial position, results of operations and cash flows of the Company. Those adjustments consist only of normal recurring adjustments. The condensed consolidated balance sheet as of June 30, 2003 has been derived from the audited consolidated balance sheet of the Company as of that date. Certain information and note disclosures normally included in the Company's annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto in the Company's Form 10-K Annual Report for 2003 filed with the Securities and Exchange Commission. The results of operations for the period are not necessarily indicative of the results to be expected for the full year.

NOTE 2: EARNINGS PER SHARE

Earnings per common share data is based upon the weighted average number of common shares outstanding totaling 7,666,202 and 8,026,920 in the first quarter of 2004 and 2003, respectively, for basic earnings per share and 7,685,737 and 8,050,682 for diluted earnings per share. Employee stock options are the only potentially dilutive securities held by the Company.

The Company has a stock-based employee compensation plan, which it accounts for under the recognition and measurement principles of APB Opinion No. 25, Accounting for Stock Issued to Employees, and related Interpretations. No stock-based employee compensation cost is reflected in net income, as all options granted under those plans had an exercise price equal to the market value of the underlying common stock on the grant date. The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value provisions of FASB Statement No. 123, Accounting for Stock-Based Compensation, to stock-based employee compensation.

<TABLE>

	Three Months Ended September 30 2003	Three Months Ended September 30 2002
	(in thousands, except per share amounts)	
Net income, as reported	$ 2,470	$ 6,790
Less: Total stock-based employee compensation cost determined under the fair value based method, net of income taxes	143	170
Pro forma net income	$ 2,327	$ 6,620
Earnings per share		
Basic - as reported	$ 0.32	$ 0.84
Basic - pro forma	$ 0.30	$ 0.82
Diluted - as reported	$ 0.32	$ 0.83
Diluted - pro forma	$ 0.30	$ 0.81

</TABLE>

NOTE 3: INSURANCE RECOVERIES

On September 13, 2002, the Company's Atchison, Kansas distillery was shut down as the result of an explosion at the distillery. As a result, business interruption insurance proceeds of $5.7 million and $530,000 were recorded as other operating income for the three months ended September 30, 2003 and 2002, respectively. In addition, the Company has recorded insurance receivable resulting from the property damage incurred and recognized a $13 million gain from the property damage in other income in the three months ended September 30, 2002. As of September 30, 2003, the Company has a $12 million receivable from the insurance company related to this matter. The Company and its insurer are in the process of determining the actual damages, and the ultimate insurance recovery could differ from the estimates recorded through September 30, 2003. Additional costs (net of insurance recoveries) will be recognized in future periods, as they are incurred. Amounts of such future costs (net of insurance recoveries) cannot be estimated at this time, but are expected primarily to relate to inefficiencies in production and additional shipping and handling costs resulting from the shut-down of the Atchison distillery operation.

NOTE 4: CONTINGENCIES

There are various legal proceedings involving the Company and its subsidiaries. Management considers that the aggregate liabilities, if any, arising from such actions would not have a material adverse effect on the consolidated financial position or operations of the Company.

NOTE 5: OPERATING SEGMENTS

The Company is a fully integrated producer of ingredients and distillery products. The operations are classified into two reportable segments: ingredients and distillery products. Ingredients consist of specialty ingredients, including specialty, or value-added, wheat proteins and starches, commodity ingredients, including vital wheat gluten and commodity wheat starch, and mill feeds. Distillery products consist of food grade alcohol, including beverage alcohol and industrial alcohol, fuel grade alcohol, and distillers' feed and carbon dioxide, which are by-products of the Company's distillery operations.

The operating profit for each segment is based on net sales less identifiable operating expenses. Interest expense, investment income and other general miscellaneous expenses have been excluded from segment operations and classified as Corporate. Receivables, inventories and equipment have been identified with the segments to which they relate. All other assets are considered as Corporate.

<TABLE>
<C> <S> <S> <S>

	Three Months Ended September 30 2003	Three Months Ended September 30 2002
Sales to customers		
Ingredients	$ 21,917	$ 13,092
Distillery products	35,137	29,807
	$ 57,054	$ 42,899
Depreciation		
Ingredients	$ 1,461	$ 1,235
Distillery products	2,037	2,200
Corporate	177	231
	$ 3,675	$ 3,666
Income before income taxes		
Ingredients	$ 2,571	$ 618
Distillery products	1,905	10,880
Corporate	(395)	(275)
	$ 4,081	$ 11,223

	September 30, 2003	June 30, 2003
Identifiable assets		
Ingredients	$ 58,543	$ 59,628
Distillery products	79,250	76,704
Corporate	35,398	36,798

</TABLE>

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

FORWARD LOOKING STATEMENTS

This section 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" and "could" 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, energy costs, product pricing, competitive environment and related market conditions, operating efficiencies, access to capital and actions of governments and insurers. Any changes in the assumptions or factors could produce materially different results than those predicted and could impact stock values.

RESULTS OF OPERATIONS

CRITICAL ACCOUNTING POLICIES

Reference is made to the Company's Annual Report on Form 10-K for accounting policies which are considered by management to be critical to an understanding of the Company's financial statements.

OPERATIONS

The Company is a fully integrated producer of certain ingredients and distillery products and has two reportable segments, an ingredients segment and a distillery products segment. Products included within the ingredients segment consist of starches, including commodity wheat starch and modified and specialty wheat starches; proteins, including commodity wheat gluten, specialty wheat, soy and other proteins; and mill feeds. Distillery products consist of food grade alcohol, including beverage alcohol and industrial alcohol; fuel alcohol, commonly known as ethanol; and distillers' grain and carbon dioxide, which are by-products of the Company's distillery operations.

The Company processes its products at plants located in Atchison, Kansas and Pekin, Illinois. The Company also operates a wheat protein and wheat starch further processing and extrusion facility in Kansas City, Kansas. The Company purchases wheat directly from local and regional farms and grain elevators and mills it into flour and mill feeds. The flour is processed with water to extract vital wheat gluten, a portion of which is further processed into specialty wheat proteins. Vital wheat gluten and most wheat protein products are dried into powder and sold in packaged or bulk form. The starch slurry which results after the extraction of the gluten and wheat proteins is further processed to extract premium wheat starch, which is also dried into powder and sold in packaged or bulk form, either as commodity wheat starch or, after further processing, as modified or specialty wheat starch. The remaining slurry is mixed with mill feeds, corn or milo and water and then cooked, fermented and distilled into alcohol. The residue of the distilling operations is dried and sold as a high protein additive for animal feed. Carbon dioxide, which is produced during the fermentation process, is trapped and sold. Mill feeds not used in the distilling process are sold to feed manufacturers.

On September 13, 2002, an explosion at the Company's Atchison plant caused significant damage to the Company's distillery operations at that location. There were no fatalities and only a few minor injuries; however, damage to the distillery was major, affecting operations throughout fiscal 2003 and in the first quarter of fiscal 2004. Historically, the Atchison distillery has produced approximately one-third of the Company's total alcohol output, accounting for approximately 19% of its total fuel grade alcohol production and approximately 67% of its total food grade alcohol production during the last fiscal year. As a result of the explosion, the Company has been unable to produce finished alcohol at its Atchison plant. The Company has been able to produce unfinished alcohol at the Atchison location since December 2002, most of which has been shipped to the Pekin, Illinois facility for further processing. The Company generally has been able to meet the needs of its regular customers through its Illinois facility and supplemental third-party purchases, although its spot market sales have been affected. Because the Company's ingredient and alcohol production processes are integrated, the distillery slowdown in Atchison also temporarily affected the Company's ability to produce the base proteins and starches, which are used in the production of specialty ingredients at this location. For a time, the Company altered its operations to use its Illinois facility to produce base proteins and starches, which were then shipped to the Atchison facility as raw material for producing specialty ingredients. As a result, while production costs increased, the Company was able to limit the effects of the distillery explosion on its ability to supply specialty products to customers. The adverse impact of the distillery slowdown on the Company's operations has been substantially reduced by business interruption insurance.

The Company is proceeding with plans to resume full alcohol production in Atchison. The total distillery rebuilding process is expected to take until late November or early December of 2003 to complete, with the actual start-up of the new equipment scheduled to occur in early January 2004. The Company believes insurance proceeds will be sufficient to substantially offset rebuilding costs. The gain resulting from insurance proceeds in excess of the net recorded costs of assets destroyed in the accident is expected to exceed $15.4 million (pre-tax), which amount was included as other non-operating income in fiscal 2003.

The following is a summary of revenues and pre-tax profits/(loss) allocated to each reportable operating segment for the three months ended September 30 in fiscal 2004 and fiscal 2003:

<TABLE>

	Three Months Ended September 30 2003	2002
	(Dollars in Thousands)	
Ingredients		
Net sales	$ 21,917	$ 13,092
Pre-tax income	2,571	618
Distillery Products		
Net sales	$ 35,137	$ 29,807
Pre-tax income (loss)	1,905	10,880

</TABLE>

GENERAL

The Company experienced net income of $2,470,000 in the first quarter of fiscal 2004 compared to net income of $6,790,000 in the first quarter of fiscal 2003. A nearly 100% increase in sales of specialty ingredients was the principal contributor to the Company's net income for the current fiscal year's first quarter. The recognition of additional business interruption insurance proceeds to compensate

for the effects of a distillery explosion at the Company's Atchison, Kansas plant on September 13, 2002 was also a factor. For the first quarter of the prior fiscal year, the Company's net income was due to $13 million in non-operating income ($7.9 million after the effects of income taxes) resulting from the recognition of insurance proceeds in excess of the net recorded costs of assets that were destroyed in the distillery explosion.

Because of the increased sales of specialty ingredients, the Company's total ingredients segment accounted for approximately two-thirds of the Company's first quarter pre-tax income.

Business interruption insurance proceeds recognized in the current year's first quarter amounted to approximately $5.7 million and were allocated to the Company's distillery products segment. This amount reflects anticipated payments, approximately one-third of which are attributable to revised estimates of proceeds related to the Company's fiscal 2003 fourth quarter. The Company additionally benefited from the receipt of approximately $1.2 million (net of income taxes) from a United States Department of Agriculture (USDA) program to provide cash incentives to ethanol producers. Details on this program are provided below.

Recent expansion projects initiated by the Company have helped meet increased demand for the Company's specialty ingredients. In November 2002, the Company completed an expansion at its Atchison plant for the production of specialty wheat proteins for bakery, pasta and noodle and related food markets. This project currently is enabling the Company to satisfy increased interest in its wheat protein isolates and wheat protein concentrates for multiple food formulations, particularly low-carbohydrate, high-protein formulations, as well as in refrigerated, frozen and par-baked dough systems. Also, prior to the start of fiscal 2004, the Company completed an expansion of its bake lab facilities in Atchison as well as enhancements to equipment it uses to produce a number of natural proteins and starches for use in personal care applications, including shampoos, conditioners, lotions and soaps.

A capacity expansion that was launched at the Company's facility in Kansas City, Kansas in March 2003 has proceeded ahead of schedule. The entire project is not slated to be completed until March 2004. However, new equipment that was recently installed at that location is already being operated to meet increased demand for the Company's textured wheat proteins for use in vegetarian and meat extension applications, and its grain-based resins, which are produced in a separate section of the facility for use in manufacturing pet chews and related treats.

Reconstruction of the Company's Atchison distillery is rapidly nearing completion. The rebuilding process is expected to be completed by or before early December 2003, with the actual start-up of the new equipment scheduled to occur one month later. When completed, the majority of the distillery's capacity is expected to be dedicated to the production of high quality, high purity food grade alcohol for beverage and industrial applications. The remainder will be dedicated to the production of fuel grade alcohol, commonly known as ethanol.

INGREDIENTS

Total ingredient sales in the first quarter of fiscal 2004 increased by 62% compared to the prior year's first quarter. This was due to a nearly 100% increase in sales of specialty ingredients, consisting primarily of specialty wheat proteins and wheat starches, which offset a modest decline in sales of commodity ingredients, principally vital wheat gluten and commodity wheat starch.

The reduction in commodity wheat starch sales resulted from the Company's decision to emphasize specialty starch sales over commodity wheat starch sales. The reduction in vital wheat gluten sales occurred because the Company elected to curtail production due to pricing pressures from artificially

low priced gluten imports from the European Union and to place more emphasis on the production and marketing of specialty proteins. Competitive pressures from the E.U. increased following the expiration of the three-year-long quota on wheat gluten imports in early June 2001.

DISTILLERY PRODUCTS

Sales of the Company's distillery products rose by 18% compared to the first quarter of fiscal 2003. This increase was mainly due to an 8% increase in sales of fuel grade alcohol and a nearly 4% increase in sales of food grade alcohol. Additionally, sales of distillers feed, the principal by-product of the alcohol production process, rose by 14% compared to a year ago. Sales of unfinished alcohol produced at the Atchison plant accounted for approximately 9% of total distillery products sales in the current year's first quarter. No alcohol was produced at the Atchison distillery during the prior year's first quarter after the September 13, 2002 explosion.

The Company has been able to produce unfinished alcohol at its Atchison plant since December 2002, most of which has been shipped to the Pekin, Illinois facility for further processing. The Company generally has been able to meet the needs of its regular customers through its Illinois facility and supplemental third-party purchases, although its spot market business has been affected.

SALES

Net sales in the first quarter of fiscal 2004 increased by approximately $14.2 million above net sales in the first quarter of fiscal 2003. This increase resulted mainly from a 62% jump in sales of ingredients and an 18% rise in sales of distillery products.

The increase in sales of ingredients was due to significantly improved sales of specialty ingredients, which consist primarily of specialty wheat proteins and starches. This improvement more than offset a modest decline in sales of commodity ingredients, consisting of vital wheat gluten and commodity wheat starch. Sales of vital wheat gluten dropped due to a reduction in unit sales. Commodity wheat starch declined due to a reduction in unit sales and a small decrease in the average selling price. The increase in sales of specialty ingredients was due to higher unit sales and higher average selling prices for both specialty proteins and specialty starches.

The rise in distillery products sales was mainly attributable to higher selling prices for both fuel grade alcohol and food grade alcohol for beverage applications. The Company also experienced a slight increase in unit sales of fuel grade alcohol and improved sales of distillers' feed, the principal by-product of the alcohol production process. The increase in distillers' feed sales resulted from higher unit sales and higher selling prices compared to a year ago. The improved selling prices for beverage alcohol offset a decline in unit sales of this product. Meanwhile, sales of food grade alcohol for industrial applications declined, as an increase in the average selling price for this product was not enough to offset reduced unit sales. In addition to the above factors, the Company realized sales of unfinished alcohol produced at the Atchison plant in the first quarter of fiscal 2004. No alcohol was produced at the Atchison distillery in the prior year's first quarter after the September 13, 2002 explosion.

COST OF SALES

The cost of sales in the first quarter of fiscal 2004 increased by approximately $12.6 million above the cost of sales in the first quarter of the prior fiscal year. This principally was due to higher energy costs and higher raw material costs for grain, as well as costs associated with increased sales of the Company's products. The increased energy costs resulted from a 65% rise in natural gas prices

compared to the first quarter of fiscal 2003. The increase in grain costs was caused by a 4% jump in average wheat prices. Corn prices for the quarter were approximately even with corn prices experienced during the same period the prior year.

In connection with the purchase of raw materials, principally corn and wheat, for anticipated operating requirements, the Company enters into commodity contracts to reduce or hedge the risk of future grain price increases. During the first quarter of fiscal 2004, no corn was hedged compared to 56% in the first quarter of fiscal 2003. Of the wheat processed by the Company, 43% was hedged in the first quarter of fiscal 2004 compared to 27% in the prior year's first quarter. The Company also uses gasoline futures to hedge fuel alcohol sales made under contracts with price terms based on gasoline futures. In the first quarter of fiscal 2004, raw material costs included a net hedging loss of $84,000 compared to a net hedging gain of $343,000 in the prior fiscal year's first quarter.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses in the first quarter of fiscal 2004 were approximately $379,000 higher than selling, general and administrative expenses in the first quarter of fiscal 2003. The increase was mainly due to various factors associated with strengthened sales and marketing initiatives and fees associated with outside professional and consulting services. The increase was partially offset by reductions in staff bonus incentives, and lower fees and commissions related to sales by outside third parties.

OTHER OPERATING INCOME

The increase in other operating income relates to the recognition of approximately $5.7 million (pre-tax) in business interruption insurance.

OTHER INCOME

The decrease in other income relates primarily to the recognition of approximately $13 million in property damage insurance proceeds during the quarter ended September 30, 2002.

TAXES AND INFLATION

The consolidated effective income tax rate is consistent for all periods. The general effects of inflation were minimal.

NET INCOME

As the result of the foregoing factors, the Company experienced net income of $2,470,000 in the first quarter of fiscal 2004 compared to net income of $6,790,000 in the first quarter of fiscal 2003.

LIQUIDITY AND CAPITAL RESOURCES

The following table is presented as a measure of the Company's liquidity and financial condition:

	September 30, 2003 (unaudited)	June 30, 2003
	(Dollars in Thousands)	
Cash and cash equivalents	$ 12,487	$ 17,539
Working capital	32,619	38,527
Amounts available under lines of credit	12,500	12,500
Notes payable and long-term debt	15,927	18,433
Stockholders' equity	106,606	105,218

Cash flow from operations decreased by approximately $900,000 during the first quarter of fiscal 2004 compared to the first quarter of fiscal 2003. This decrease resulted from a combination of a number of factors including a $4.3 million reduction in net income. In the prior year, the explosion at the Atchison distillery plant resulted in recognizing a $13.4 million estimated gain on insurance recoveries that was recognized in pretax income but did not provide cash flow from operations. Such reduction was partially offset by the second year installment of the USDA grant received during the first quarter of fiscal 2003 totaling $8.4 million. The grant proceeds received in 2003 were the final installment due under the USDA grant. Neither of these items reoccurred in the first quarter of 2004. Other factors contributing to the change in operating cash flows include a decrease in inventories of $2.8 million in the current period compared to a $2.1 million increase in inventories in the same period of the prior year. Also, accounts receivable and accounts payable in the first quarter of 2004 increased by $3.5 million and $1.5 million, respectively, compared to a decrease of $4.8 million and $2.9 million, respectively, in the same period of 2003. Cash flow provided by operations combined with excess cash from last year was used for equipment additions, reductions in debt and treasury stock purchases.

The Company made open market purchases of 6,400 shares of its common stock during the quarter. These purchases were made to fund the Company's stock option plans and for other corporate purposes. As of September 30, 2003, the Board has authorized the purchase of an additional 830,532 shares of the Company's common stock.

At September 30, 2003, the Company had $17.0 million committed to improvements and replacements of existing equipment, of which approximately $8.1 million relates to the rebuilding costs for the Atchison distillery. A substantial portion of the funding for the rebuilding of the distillery will be paid from the remaining insurance proceeds not yet received.

In connection with the Company's long-term loan and capital lease agreements, it is required, among other covenants, to maintain certain financial ratios, including a current ratio (current assets to current liabilities) of 1.5 to 1, minimum consolidated tangible net worth (stockholders' equity less intangible assets) of $84 million, debt to tangible net worth not to exceed 2.5 to 1, and a fixed charge coverage ratio (generally, the ratio of (i) the sum of (a) net income [adjusted to exclude gains or losses from the sale or other disposition of capital assets and other matters] plus (b) provision for taxes plus (c) fixed charges, to (ii) fixed charges) for the period of the four consecutive fiscal quarters ended as of the measurement date of 1.5 to 1. As of September 30, 2003, the Company believes it was in compliance with the financial and other covenants in its loan, capital lease and line-of-credit agreements, although there may be uncertainty as to the Company's compliance with the fixed charge coverage ratio covenants related to the treatment of gain resulting from the recognition of expected insurance proceeds. Although it has not discussed this matter with its lenders, because it is rebuilding its distillery the Company believes that the gain resulting from property damage should be treated as net income for purposes of calculating the fixed charge coverage ratio and not excluded from the calculation as gain from the sale or other disposition of assets.

The Company's line of credit for $10 million, available for general corporate purposes, extends through November 2003. A smaller line of credit for $2.5 million expires on October 31, 2004 and is also available for general corporate purposes. The Company is in the process of seeking the renewal of its $10 million line of credit. There were no amounts outstanding under these lines of credit at September 30, 2003.

While working capital declined approximately $5.9 million during the year from the addition of property and equipment and the reduction on long-term debt, the Company has maintained its normally strong equity and working capital positions while continuing to generate strong cash flow from operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company produces its products from wheat, corn and milo and, as such, is sensitive to changes in commodity prices. Grain futures and /or options are used as a hedge to protect against fluctuations in the market. The information regarding inventories and futures contracts at June 30, 2003, as presented in the annual report, is not significantly different from September 30, 2003.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures.

Our Chief Executive Officer and Chief Financial Officer, after evaluating the design and effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) or 15d-15(e)) as of the end of the period covered by this report (the "Evaluation Date"), have concluded that as of the Evaluation Date, the Company's disclosure controls and procedures were adequately designed and operating effectively to ensure that material information relating to the Company would be made known to them by others within the Company, particularly during the period in which this Form 10-Q Quarterly Report was being prepared.

(b) Changes in internal controls

There has been no change in the Company's internal control over financial reporting during its most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

Reference is made to Item 3. Legal Proceedings in the Company's Annual Report on Form 10-K for the year ended June 30, 2003 for information regarding certain legal proceedings to which the Company or its Illinois subsidiary are subject.

Item 4. Submission of Matters to a Vote of Security Holders

The annual meeting of stockholders of the Company was held on October 9, 2003. The following actions were taken at the meeting:

1. Linda E. Miller was elected to the office of Group A Director for a term expiring in 2006 with 7,089,672 common share votes for her election, zero votes withheld and 67,215.8 broker non-votes.

2. Daryl R. Schaller, Ph.D. was elected to the office of Group A Director for a term expiring in 2006 with 7,095,468 common share votes for his election, zero votes withheld and 61,419.8 broker non-votes.

3. Michael Braude was elected to the office of Group B Director for a term expiring in 2006 with 418 preferred share votes for his election and no

votes withheld.

In addition, the terms of Michael R. Haverty and James A. Schlindwein as Group A Directors continued after the annual meeting and the terms of Cloud R. Cray, Jr., Robert J. Reintjes, Randall M. Schrick and Laidacker M. Seaberg as Group B Directors continued after the annual meeting.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

15.1 Letter from independent public accountants pursuant to paragraph (d) of Rule 10-01 of Regulation S-X (incorporated by reference to Independent Accountants' Review Report at page 1 hereof).

15.2 Letter from independent public accountants concerning the use of its Review Report in the Company's Registration Statement No. 333-51849.

31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Acts of 2002.

31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of Chief Executive Officer furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of Chief Financial Officer furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K

The Company filed a report on Form 8-K under Items 9 and 12 on August 7, 2003 and a reports on Form 8-K under Item 9 on July 30, 2003 and August 27, 2003.

SIGNATURES

Pursuant to the requirements on 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.

MGP INGREDIENTS, INC.

Date: November 12, 2003 By /s/ Ladd M. Seaberg
Ladd M. Seaberg, President
and Chief Executive Officer

Date: November 12, 2003 By /s/ Brian T. Cahill
Brian T. Cahill, Vice President
and Chief Financial Officer

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Laidacker M. Seaberg, President and Principal Executive Officer of MGP Ingredients, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of MGP Ingredients, Inc.;

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

3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2003

/s/ Laidacker M. Seaberg
Laidacker M. Seaberg
President and Principal Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACTS OF 2002

I, Brian Cahill, Vice President and Treasurer and Principal Financial and Accounting Officer of MGP Ingredients, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of MGP Ingredients, Inc.;

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

3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2003

/s/ Brian T. Cahill
Brian T. Cahill
Vice President and Treasurer and
Principal Financial and Accounting Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER FURNISHED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002.

I, Laidacker M. Seaberg, President and Chief Executive Officer of MGP Ingredients, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) the Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2003 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 12, 2003

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

[A signed original of this written statement required by Section 906 has been provided to MGP Ingredients, Inc. and will be retained by MGP Ingredients, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.]

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER FURNISHED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002.

I, Brian T. Cahill, Vice President and Chief Financial Officer of MGP Ingredients, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) the Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2003 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 12, 2003

/s/ Brian T. Cahill
Brian T. Cahill
Vice President and Chief Financial Officer

[A signed original of this written statement required by Section 906 has been provided to MGP Ingredients, Inc. and will be retained by MGP Ingredients, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.]