

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTRLY PERIOD ENDED SEPTEMBER 30, 2004 OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission file number: 0-1375

FARMER BROS. CO.
(exact name of registrant as specified in its charter)

Delaware 95-0725980
(State of Incorporation) (I.R.S. Employer Identification No.)

20333 South Normandie Avenue, Torrance, California 90502
(address of principal executive offices) (Zip Code)

(310)787-5200
(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 such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). YES NO

On November 5, 2004 Registrant had 16,075,080 shares outstanding of its common stock, par value \$1.00 per share, which is the registrant's only class of common stock.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Dollars in thousands, except share and per share data)

FARMER BROS. CO.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	For the three months ended September 30,	
	2004	2003
Net sales	\$46,708	\$45,665
Cost of goods sold	17,469	16,033
Gross profit	29,239	29,632
Selling expense	21,827	22,317
General and administrative expense	6,410	6,258
Operating expenses	28,237	28,575
Income from operations	1,002	1,057
Other income:		
Dividend income	869	802

Interest income	476	651
Other, net	85	1,572
	1,430	3,025
Income before taxes	2,432	4,082
Income taxes	935	1,571
Net income	\$1,497	\$2,511
Net income per share	\$0.11	\$0.14
Weighted average shares outstanding	13,560,800	17,829,280
Dividends declared per share	\$0.10	\$0.09

The accompanying notes are an integral part of these financial statements.

FARMER BROS. CO.
CONSOLIDATED BALANCE SHEETS

	September 30, 2004 (Unaudited)	June 30, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	\$15,985	\$21,807
Short term investments	182,417	176,903
Accounts and notes receivable, net	14,831	14,565
Inventories	34,918	35,579
Income tax receivable	-	-
Deferred income taxes	775	408
Prepaid expenses	1,949	2,683
Total current assets	\$250,875	\$252,720
Property, plant and equipment, net	43,056	42,300
Notes receivable	143	143
Other assets	21,515	21,609
Deferred income taxes	1,099	1,099
Total assets	\$316,688	\$317,871
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$7,717	\$9,589
Accrued payroll expenses	5,251	6,999
Other	4,864	4,601
Total current liabilities	\$17,832	\$21,189
Accrued postretirement benefits	\$27,487	\$26,984
Total Liabilities	\$45,319	\$48,173
Commitments and contingencies		
Shareholders' equity:		
Common stock, \$1.00 par value, authorized 20,000,000 shares; 16,075,080 issued and outstanding	\$16,075	\$16,075
Additional paid-in capital	32,300	32,248
Retained earnings	283,803	283,654
Unearned ESOP shares	(60,072)	(61,542)
Less accumulated comprehensive loss	(737)	(737)
Total shareholders' equity	\$271,369	\$269,698
Total liabilities and shareholders' equity	\$316,688	\$317,871

The accompanying notes are an integral part of these financial statements.

FARMER BROS. CO.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the three months ended September 30,	
	2004	2003
Cash flows from operating activities:		
Net income	\$1,497	\$2,511
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation	1,894	1,745
Loss on sales of assets	(11)	(30)
ESOP compensation expense	1,522	1,217
Net loss on investments	(75)	(1,508)
Change in assets and liabilities:		
Short term investments	(5,440)	8,632
Accounts and notes receivable	(277)	969
Inventories	661	97
Income tax receivable	408	1,540
Prepaid expenses and other assets	828	865
Accounts payable	(1,872)	966
Accrued payroll and expenses and other	(1,485)	(1,960)
Accrued postretirement benefits	503	136
Other long term liabilities	-	411
Total adjustments	(3,344)	13,080
Net cash (used in) provided by Operating activities	(\$1,847)	\$15,591
Cash flows from investing activities:		
Purchases of property, plant and equipment	(2,678)	(1,864)
Proceeds from sales of property, plant and equipment	39	30
Notes repaid	11	10
Net cash used in investing activities	(2,628)	(1,824)
Cash flows from financing activities:		
Dividends paid	(1,347)	(1,699)
Cash used in financing activities	(1,347)	(1,699)
Net (decrease) increase in cash and Cash equivalents	(5,822)	12,068
Cash and cash equivalents at beginning of period	21,807	19,961
Cash and cash equivalents at end of period	\$15,985	\$32,029
Supplemental disclosure of cash flow information:		
Income tax payments	\$155	\$32

The accompanying notes are an integral part of these financial statements.

Notes to Consolidated Financial Statements (Unaudited)

Note 1. Unaudited Financial Statements

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month period ended September 30, 2004 are not necessarily indicative of the results that may be expected for the year ended June 30, 2005.

The balance sheet at June 30, 2004 has been derived from the audited financial statements at that date but does not include all of the information and

footnotes required by accounting principles generally accepted in the United States for complete financial statements.

For further information, refer to the consolidated financial statements and footnotes thereto included in the Farmer Bros Co. annual report on Form 10-K for the year ended June 30, 2004.

Per share amounts included in the accompanying consolidated financial statements and in the notes to the consolidated financial statements have been retroactively adjusted for all periods presented to reflect a ten-for one stock split in May 2004.

Note 2. Investments

Investments are as follows (in thousands):

	September 30, 2004	June 30, 2004
Trading securities at fair value		
U.S. Treasury obligations	\$124,472	\$119,528
Preferred stock	58,481	56,037
Futures, options and other derivative investments	(536)	1,338
	\$182,417	\$176,903

Note 3. Inventories (in thousands)

September 30, 2004

	Processed	Unprocessed	Total
Coffee	\$ 2,849	\$10,767	\$13,616
Allied products	11,085	4,328	15,413
Coffee brewing equipment	2,278	3,611	5,889
	\$16,212	\$18,706	\$34,918

June 30, 2004

	Processed	Unprocessed	Total
Coffee	\$ 3,034	\$10,736	\$13,770
Allied products	11,800	3,665	15,465
Coffee brewing equipment	2,341	4,003	6,344
	\$17,175	\$18,404	\$35,579

Interim LIFO Calculations

An actual valuation of inventory under the LIFO method can be made only at the end of each year based on the inventory levels and costs at that time. Accordingly, interim LIFO calculations must necessarily be based on management's estimates of expected year-end inventory levels and costs. Because these are subject to many forces beyond management's control, interim results are subject to the final year-end LIFO inventory valuation.

Note 4. Pension Plans

The Company has a contributory defined benefit pension plan for all employees not covered under a collective bargaining agreement and a non-contributory defined benefit plan for certain hourly employees covered under a collective bargaining agreement. The net periodic pension costs for the defined benefit plans were as follows:

Components of Net Periodic Benefit Cost (in thousands)

	Three months ended September 30	
	2004	2003
Service cost	\$529	\$594
Interest cost	1,071	988
Expected return on plan assets	(1,559)	(1,362)
Amortization of transition obligation (asset)	0	0
Amortization of prior service cost	46	62
Amortization of net (gain) loss	18	336
Net periodic benefit cost	\$105	\$2,621

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

Liquidity and Financial Condition

There have been no material changes in the Company's liquidity or financial condition since the year ended June 30, 2004.

(in thousands)	September 30, 2004	June 30, 2004
Current assets	\$250,875	\$252,720
Current liabilities	17,832	\$ 21,189
Working capital	\$233,043	\$231,531
Total assets	\$316,688	\$317,871

All present and future liquidity needs are expected to be met by internal sources. The Company tries not to rely on banks or other third parties for its working capital and other liquidity needs. There have been no changes in the needs or commitments described in the Company's Annual Report on Form 10-K.

Results of Operations

The operating trends discussed in the Form 10-K for fiscal 2004 have continued into the first quarter of fiscal 2005. Net sales showed limited improvement and increased 2% in the first quarter of fiscal 2005 to \$46,708,000 as compared to \$45,665,000 in the same quarter of fiscal 2004. Gross profit decreased 2% to \$29,239,000 in the fiscal quarter ended September 30, 2004 as compared to \$29,632,000 in the same quarter of fiscal 2004. The average cost of green coffee during the first quarter of fiscal 2005 has decreased 3% as compared to the average cost of green coffee during the quarter ended June 30, 2004, but costs are 16% higher than the average cost of green coffee for the fiscal quarter ended September 30, 2003.

Operating expenses, consisting of selling and general and administrative expenses, decreased 1% in the first quarter of fiscal 2005 to \$28,237,000 as compared to \$28,575,000 in the same quarter of fiscal 2004.

Other income in the first quarter of fiscal 2005 decreased 53% to \$1,430,000 from \$3,025,000 in the first quarter of fiscal 2004. Interest rate and green coffee market volatility can cause fluctuations in other income. Gross realized gains and losses at September 30, 2004 were \$931,000 and (\$1,746,000), respectively, as compared to \$4,362,000 and (\$19,000), respectively, in the same quarter of the prior fiscal year. Net unrealized gains (losses) at September 30, 2004 were \$740,000 as compared to (\$2,835,000) at September 30, 2003.

As the result of the above mentioned factors, net income for the first quarter of fiscal 2005 decreased 44% to \$1,497,000 or \$0.11 per share, as compared to \$2,511,000, or \$0.14 per share, for the first quarter of fiscal 2004.

Quarterly Summary of Results (in thousands of dollars):

	9/30/03	12/31/03	3/31/04	6/30/04	9/30/04
Net sales	\$45,665	\$51,511	\$49,069	\$47,344	\$46,708
Gross profit	\$29,632	\$32,573	\$30,581	\$29,398	\$29,239
Income from operations	\$1,057	\$3,124	\$743	(\$1,161)	\$1,002
Net income	\$2,511	\$2,565	\$5,603	\$2,008	\$1,497
Net income per common share	\$0.14	\$0.15	\$0.42	\$0.11	\$0.11

Forward Looking Statements

Certain statements contained in this Quarterly Report on Form 10-Q regarding the risks, circumstances and financial trends that may affect our future operating results, financial position and cash flows may be forward-looking statements within the meaning of federal securities laws. These statements are based on management's current expectations, assumptions, estimates and observations about our business and are subject to risks and uncertainties. As a result, actual results could materially differ from the forward looking statements contained herein. These forward looking statements can be identified by the use of words like "expects," "plans," "believes," "intends," "will," "assumes" and other words of similar meanings. These and other similar words can be identified by the fact that they do not relate solely to historical or current facts. While we believe our assumptions are reasonable, we caution that it is impossible to predict the impact of such factors which could cause actual results to differ materially from predicted results. We intend these forward-looking statements to speak only at the time of this report and do not undertake to update or revise these projections as more information becomes available. For these statements, we claim the protection of the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995.

Item 3. Quantitative and Qualitative Disclosure About Market Risk.

Financial Markets

We are exposed to market value risk arising from changes in interest rates on our securities portfolio. Our portfolio of investment grade money market instruments includes discount commercial paper, medium term notes, federal agency issues and treasury securities. As of September 30, 2004 over 56% of these funds were invested in instruments with maturities shorter than 90 days. This portfolio's interest rate risk is not hedged and its average maturity is approximately 84 days. A 100 basis point increase in the general level of interest rates would result in a change in the market value of the portfolio of approximately \$1,200,000.

Our portfolio of preferred securities includes investments in derivatives that provide a natural economic hedge of interest rate risk. We review the interest rate sensitivity of these securities and (a) enter into "short positions" in futures contracts on U.S. Treasury securities or (b) hold put options on such futures contracts in order to reduce the impact of certain interest rate changes on such preferred stocks. Specifically, we attempt to manage the risk arising from changes in the general level of interest rates. We do not transact in futures contracts or put options for speculative purposes.

The following table demonstrates the impact of varying interest rate changes based on the preferred stock holdings, futures and options positions, and market yield and price relationships at September 30, 2004. This table is predicated on an instantaneous change in the general level of interest rates and assumes predictable relationships between the prices of preferred securities holdings, the yields on U.S. Treasury securities and related futures and options.

Interest Rate Changes (In thousands)

	Market Value at Preferred Stock	September 30, 2004 Futures & Options	Total Portfolio	Change in Market Value of Total Portfolio
- -150 basis points ("b.p.")	\$64,571	\$0	\$64,571	\$5,006
- -100 b.p.	63,097	14	63,111	3,545
Unchanged	58,464	1,101	59,566	0
+100 b.p.	52,982	5,754	58,736	(830)
+150 b.p.	50,303	8,482	58,785	(781)

The number and type of future and option contracts entered into depends on, among other items, the specific maturity and issuer redemption provisions for each preferred stock held, the slope of the Treasury yield curve, the expected volatility of Treasury yields, and the costs of using futures and/or options.

Commodity Price Changes

We are exposed to commodity price risk arising from changes in the market price of green coffee. We price our inventory on the LIFO basis. In the normal course of business, we enter into commodity purchase agreements with suppliers and we purchase green coffee contracts.

The following table demonstrates the impact of changes in the price of green coffee on inventory and green coffee contracts at September 30, 2004. It assumes an immediate change in the price of green coffee, and the valuations of coffee index futures and put options and relevant commodity purchase agreements at September 30, 2004.

Commodity Risk Disclosure

(In thousands)

Coffee Cost Change	Market Value of Coffee Inventory	Futures & Options	Totals	Change in Market Value Derivatives	Inventory
-20%	\$10,900	\$5,552	\$16,452	\$5,551	(\$2,716)
unchanged	13,616	1,198	14,814	-	-
20%	16,300	(4,353)	11,947	(5,551)	2,684

At September 30, 2004 the derivatives consisted mainly of commodity futures with maturities shorter than four months.

Item 4 Controls & Procedures

As of the end of the period covered by this report, the Chief Executive Officer and Chief Financial Officer evaluated the Company's disclosure control and procedures pursuant to Exchange Act Rule 13a-14 and 15d-14. They have concluded that the Company's disclosure controls and procedures are effective in ensuring that all material information required to be filed in this quarterly report has been made known to them in a timely fashion. In addition, there have been no significant changes in the Company's internal controls or in other factors that could significantly affect the Company's internal control over financial reporting.

PART II OTHER INFORMATION

- | | |
|--|-----------------|
| Item 1. Legal proceedings. | not applicable. |
| Item 2. Changes in securities | none. |
| Item 3. Defaults upon senior securities. | none. |
| Item 4. Submission of matters to a vote of security holders. | none. |
| Item 5. Other information | none. |
| Item 6. Exhibits and reports on Form 8-K. | |

(a) Exhibits.

- 31.1 Certification of Chief Executive Officer (Section 302 of Sarbanes-Oxley Act of 2002) (filed herewith)
- 31.2 Certificate of Chief Financial Officer (Section 302 of Sarbanes-Oxley Act of 2002) (filed herewith)
- 32.1 Certificate of Chief Executive Officer (Section 906 of Sarbanes-Oxley Act of 2002) (furnished herewith)
- 32.2 Certification of Chief Financial Officer (Section 906 of Sarbanes-Oxley Act of 2002) (furnished herewith)

(b) Reports on Form 8-K.

A Form 8-K dated August 3, 2004 and filed with the Commission on August 4, 2004, to announce the retirement of Kenneth R. Carson, Vice President of Sales, and the appointment of Michael J. King as his replacement.

A Form 8-K dated August 17, 2004 and filed with the Commission on August 18, 2004, to announce the appointment of Kenneth R. Carson, retired Vice President of Sales, to the Board of Directors.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

FARMER BROS. CO.

/s/ Roy E. Farmer

Roy E. Farmer, President and Chief Executive Officer and Director
(principal executive officer)
Date: November 8, 2004

/s/ John E. Simmons

John E. Simmons, Treasurer and Chief Financial Officer
(principal financial and accounting officer)
Date: November 8, 2004

Certification Pursuant
to Section 302 of the Sarbanes-Oxley Act of 2002

I, Roy E. Farmer, President and Chief Executive Officer of Farmer Bros. Co. ("Registrant"), certifies that:

1. I have reviewed this Quarterly Report on Form 10-Q of Registrant;

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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) 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

(d) 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 reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer(s) 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 the 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 8, 2004

/s/ Roy E. Farmer

Roy E. Farmer
President and Chief Executive Officer
(principal executive officer)

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, John E. Simmons, Treasurer and Chief Financial Officer of Farmer Bros. Co. ("Registrant"), certifies that:

1. I have reviewed this Quarterly Report on Form 10-Q of Registrant;

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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) 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

(d) 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 reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer(s) 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 the 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 8, 2004

/s/ John E. Simmons

John E. Simmons
Treasurer and Chief Financial Officer
(principal financial and accounting officer)

CERTIFICATION of Chief Executive Officer
Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002

In connection with the annual report of Farmer Bros. Co. (the "Company") on Form 10-Q for the fiscal period ended September 30, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Roy E. Farmer, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly represents, in all material respects, the financial condition and results of operation of the Company.

Dated: November 8, 2004

/s/ Roy E. Farmer

Roy E. Farmer
President and Chief Executive Officer
(principal executive officer)

CERTIFICATION of Chief Financial Officer
Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002

In connection with the annual report of Farmer Bros. Co. (the "Company") on Form 10-Q for the fiscal period ended September 30, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John E. Simmons, Treasurer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

3. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
4. the information contained in the Report fairly represents, in all material respects, the financial condition and results of operation of the Company.

Dated: November 8, 2004

/s/ John E. Simmons

John E. Simmons
Treasurer and Chief Financial Officer
(principal financial and accounting officer)