

FARMER BROTHERS CO
Form 10-Q
May 08, 2012

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2012

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: 001-34249

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

Delaware
(State of Incorporation)

95-0725980
(I.R.S. Employer Identification No.)

20333 South Normandie Avenue
Torrance, California

90502

(address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (310) 787-5200

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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

On May 7, 2012, the registrant had 16,281,035 shares outstanding of its common stock, par value \$1.00 per share, which is the registrant's only class of common stock.

FARMER BROS. CO.
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

FARMER BROS. CO.

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

	March 31, 2012 (Unaudited)	June 30, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$3,463	\$6,081
Short-term investments	18,715	24,874
Accounts and notes receivable, net	41,685	43,501
Inventories	75,762	79,759
Income tax receivable	825	448
Prepaid expenses	2,792	2,747
Total current assets	143,242	157,410
Property, plant and equipment, net	106,622	114,107
Goodwill and other intangible assets, net	13,542	14,639
Other assets	2,766	2,892
Deferred income taxes	1,005	1,005
Total assets	\$267,177	\$290,053
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$31,688	\$42,473
Accrued payroll expenses	16,757	15,675
Short-term borrowings under revolving credit facility	28,702	31,362
Short-term obligations under capital leases	2,745	1,570
Deferred income taxes	500	500
Other current liabilities	12,005	11,882
Total current liabilities	92,397	103,462
Accrued postretirement benefits	24,715	23,585
Other long-term liabilities—capital leases	9,759	7,066
Accrued pension liabilities	21,231	22,371
Accrued workers' compensation liabilities	3,821	3,639
Deferred income taxes	1,815	1,815
Total liabilities	153,738	161,938
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Preferred stock, \$1.00 par value, 500,000 shares authorized and none issued	—	—
Common stock, \$1.00 par value, 25,000,000 shares authorized; 16,281,035 and 16,186,372 shares issued and outstanding at March 31, 2012 and June 30, 2011, respectively	16,281	16,186
Additional paid-in capital	34,093	36,470
Retained earnings	112,589	129,784
Unearned ESOP shares	(25,636)	(30,437)
Less accumulated other comprehensive loss	(23,888)	(23,888)
Total stockholders' equity	113,439	128,115
Total liabilities and stockholders' equity	\$267,177	\$290,053

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

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FARMER BROS. CO.
 CONSOLIDATED STATEMENTS OF OPERATIONS
 (In thousands, except share and per share data)
 (Unaudited)

	Three Months Ended		Nine Months Ended March	
	March 31,		31,	
	2012	2011	2012	2011
Net sales	\$121,527	\$116,732	\$374,494	\$344,702
Cost of goods sold	78,380	74,871	247,121	213,880
Gross profit	43,147	41,861	127,373	130,822
Selling expenses	37,909	43,311	110,361	130,098
General and administrative expenses	9,345	13,013	27,050	37,749
Pension withdrawal expense	—	—	4,348	—
Operating expenses	47,254	56,324	141,759	167,847
Loss from operations	(4,107) (14,463) (14,386) (37,025
Other (expense) income :				
Dividend income	295	531	958	2,128
Interest income	63	32	99	