SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended June 30, 1999

Commission file number: 0-1375

FARMER BROS. CO.

California	95-0725980
State of Incorporation	Federal ID Number

20333 S. Normandie Avenue, Torrance, California	90502
Registrant's address	Zip

(310) 787-5200
Registrant's telephone number

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Title of each class	Name on each exchange on which registered
Common stock, $1.00 par value	OTC

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 [X] NO [ ]

Number of shares of Common Stock, $1.00 par value, outstanding as of August 2, 1999: 1,870,754 the aggregate market value of the common shares held by non-affiliates of the Registrant was approximately $184 million.

Documents Incorporated by Reference

Certain portions of the Registrant's definitive Proxy Statement to be filed pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, in connection with the Annual Meeting of Shareholders of the Registrant to be held on November 29, 1999 are incorporated by reference into Part III of this report.

PART I

Item 1. Business

General: Farmer Bros. Co. (the "Company" or "Registrant") was incorporated in California in 1923, and is in the business of roasting, packaging and distributing coffee and allied products to restaurants, hotels, hospitals, convenience stores and fast food outlets.

Raw Materials and Supplies: Registrant's primary raw material is green coffee. Roast coffee sales account for approximately 56% of revenues. Coffee purchasing, roasting and packaging takes place at Registrant's Torrance, California plant, which is also the distribution hub for its branches. Green coffee is purchased through domestic commodity brokers. Coffee is an agricultural commodity, and is subject to fluctuations of both price and supply. Registrant has not been confronted by shortages in the supply of green coffee. Green coffee is grown outside the United States and can be subject to volatile price fluctuations resulting from concerns about crop availability and related conditions, such as weather, political events and social instability, in coffee producing nations. Government actions and trade restrictions between our own and foreign governments can also influence prices.

Green coffee prices continue to be affected by the actions of producer organizations. The most prominent of these are the Colombian Coffee Federation (CCF), the Association of Coffee Producing Countries (ACPC) and the International Coffee Organization (ICO). These organizations seek to increase green coffee prices, largely by attempting to restrict supplies, thereby limiting the availability of green coffee to coffee consuming nations.

Trademarks & Patents: Registrant owns approximately 38 registered U.S. trademarks which are integral to customer identification of its products. It is not possible to assess the impact of the loss of such identification.

Seasonality: Registrant experiences some seasonal influences. The winter months are the best sales months. Registrant's product line and geographic diversity provides some sales stability during the summertime decline in coffee consumption during the warmer months.

Distribution: Registrant's products are distributed by its selling divisions from 97 branches located in most large cities throughout the 29 western states. The diversity of the product line (over 300 products) and size of the geographic area served requires each branch to maintain a sizable inventory. Registrant operates its own trucking fleet to more effectively control the supply of these warehouses.

Customers: No customer represents a significant concentration of sales. The loss of any one or more of the larger customer accounts would have no material adverse effect on the Company. Customer contact and service quality, which is integral to Registrant's sales effort, is often secondary to product pricing for customers with their own distribution systems.

Competition: Registrant faces competition from many sources, including multi-national companies like Procter and Gamble, Nestle and Philip Morris, grocery distributors like Sysco and U.S. Food Service and regional roasters like Boyd Coffee Co., Lingle Bros. and Royal Cup. Registrant has some competitive advantages due to its longevity, strong regional roots and sales and service force. Registrant's customer base is price sensitive and the Company is often faced with price competition.

Working Capital: Registrant finances its operations internally. Management believes that working capital from internal sources will be adequate for the coming year.

Foreign Operations: Registrant has no material revenues that result from foreign operations.

Other: On June 30, 1999, Registrant employed 1,127 employees; 448 are subject to collective bargaining agreements. The effects of compliance with government provisions regulating discharge of materials into the environment have not had a material effect on the Company's financial condition or results of operations. The nature of Registrant's business does not provide for maintenance of or reliance upon a sales backlog.

Item 2. Properties

Registrant's largest facility is the 474,000 sq. ft. roasting plant, warehouses and administrative offices in Torrance, California. Registrant believes the existing plant will continue to provide adequate production capacity for the foreseeable future.

Item 3. Legal Proceedings

Registrant is a defendant in various legal proceedings incidental to its business which are ordinary and routine. It is management's opinion that the resolution of these lawsuits will not have a material impact on the Company's financial condition or results of operations.

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

None.

PART II

Item 5. Market for Registrant's Common Equity and Related Shareholder Matters

Registrant has one class of common stock which is traded in the over the counter market. The bid prices indicated below are as reported by NASDAQ and represent prices between dealers, without including retail mark up, mark down or commission, and do not necessarily represent actual trades.

	1999			1998		
	High	Low	Dividend	High	Low	Dividend
1st Quarter	$239.00	$174.88	$0.70	$154.00	$127.00	$0.60
2nd Quarter	228.00	180.00	0.70	188.00	144.00	0.65
3rd Quarter	225.00	164.88	0.70	193.00	163.00	0.65
4th Quarter	211.00	183.00	0.70	239.00	191.00	0.65

There were 541 holders of record on July 16, 1999.

Item 6. Selected Financial Data
(In thousands, except per share data)

	1999	1998	1997	1996	1995
Net sales	$221,571	$240,092	$224,802	$224,075	$234,662
Income from operations	36,770	40,955	16,789	29,198	25,235
Net income	28,865	33,400	16,690	23,363	19,517
Net income per share	$15.16	$17.34	$8.66	$12.13	$10.13
Total assets	$324,836	$307,012	$276,849	$260,890	$244,340
Dividends declared per share	$2.80	$2.55	$2.40	$2.15	$2.00

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Liquidity and Capital Resources

Registrant continues to maintain a strong working capital position, and management believes cash requirements for the coming year will be provided by internal sources. Registrant has no major commitments for capital expenditures at this time.

(In thousands except ratio data)

	1999	1998	1997
Current assets	$181,549	$194,828	$170,346
Current liabilities	15,918	16,159	16,380
Working capital	$165,631	$178,699	$153,966
Quick ratio	9.09:1	9.46:1	7.96:1
Capital Expenditures	$ 6,167	$ 3,035	$ 4,403

Results of Operations

The trends that have characterized the past several years continued in 1999: (1) a volatile market for green coffee, (2) a large Brazilian coffee harvest in 1998 coming to market during 1999, (3) lower sales volume, (4) lower roast coffee prices, (5) strong profit margins.

All raw materials have a degree of volatility, and the green coffee market is no exception. This market has seemed to be even more unsettled since the 1994 frosts in Brazil, so that perceived coffee shortages have resulted in green coffee cost fluctuations of more than 100% during the past several years. Price declines started during fiscal 1998 continued throughout 1999 when the record Brazilian harvest 1998 came to market. Lower costs of raw materials resulted in price pressure on finished goods, and Registrant's sales and cost of sales both declined. Sales volume also declined.

Net sales reached $221,571,000 in 1999 as compared to $240,092,000 in 1998, and $224,802,000 in 1997. Gross profit decreased to $131,737,000 in 1999, or 59% of sales, compared to $132,124,000 in 1998, or 55% of sales, and $107,792,000 in 1997, or 48% of sales.

Operating expenses, composed of selling and general and administrative expenses have remained comparatively stable, increasing to $94,967,000 in 1999 from $91,169,000 in 1998 and $91,003,000 in 1997. Other income, decreased to $11,745,000 in 1999 as compared to $11,882,000 in 1998, and $10,521,000 in 1997.

Income before taxes increased to $48,515,000 or 22% of sales in 1999, as compared to $52,837,000 or 22% of sales in 1998 and $27,310,000 or 12% of sales in 1997. Net income for fiscal year 1999 reached $28,865,000, or $15.16 per share, as compared to $33,400,000, or $17.34 per share, in 1998 and $16,690,000, or $8.66 per share, in 1997.

	1999	1998	1997
Net income per share	$15.16	$17.34	$8.66
Percentage change:			
		1999 to 1998	1998 to 1997
Net sales		(7.7)%	6.8%
Cost of goods sold		(16.8)%	(7.7)%
Gross profit		(0.3)%	22.6%
Operating expenses		4.2%	0.2%
Income from operations		(10.2)%	143.9%
Provision for income taxes		1.1%	83.0%
Net income		(13.6)%	100.1%

Change in Earnings Per Share

A summary of the change in earnings per share, which highlights factors discussed earlier, is as follows:

	Per Share Earnings 1999 vs. 1998	Per Share Earnings 1998 vs. 1997
Coffee: Prices	$(6.65)	$10.80
Volume	(4.96)	(4.06)
Cost	9.55	4.34
Gross Profit	(2.06)	11.08
Allied products: Gross Profit	1.86	1.56
Operating expenses	(2.00)	(0.09)
Other income	(0.07)	0.71
Provision for income taxes	(0.11)	(4.58)
Change in weighted average shares outstanding	0.20	0.00
Net income	$(2.18)	$(8.68)

Price Risk

The Company's operations are significantly impacted by the world market for its primary product: coffee. Coffee is an agricultural product that is produced in many nations around the world. Although it is consumed in those nations, the largest coffee consuming nation is the United States, followed by the nations of Western Europe. Green coffee is traded domestically on the New York Coffee, Sugar & Cocoa Exchange (CSCE), and is one of the largest and most volatile commodity markets.

The most important aspect of the Company's operations is to secure a consistent supply of coffee. Some proportion of green coffee price fluctuations can be passed through to Registrant's customers, even if lagging the market changes; but maintaining a steady supply of green coffee is essential to keep inventory levels low and sufficient stock to meet customer needs. Registrant purchases all its coffee through established coffee brokers, many of which are large international firms, to help minimize the risk of default on coffee deliveries. The Company purchases much of its coffee on forward contracts, occasionally for delivery as long as six months in the future. Sometimes these contracts are fixed price contracts, regardless of the change in the price of green coffee between the contract and delivery dates. At other times these contracts are variable price contracts, that allow the delivered price of contracted coffee to reflect the market price of coffee at the delivery date.

The Company occasionally uses futures contracts to hedge exposure to coffee price fluctuations. Gains on hedging transactions are deferred as an adjustment to the carrying value of the inventory. Losses on the hedging transactions are recognized in earnings currently and the Company's green coffee inventory is adjusted currently through its LIFO methodology. Futures contracts not designated as hedges, and terminations of contracts designated as hedges are marked to market and changes are recognized in current earnings. The Company had no open contracts at June 30, 1999, 1998 and 1997.

Year 2000 Issues

The Year 2000 Issue is the result of computer programs being written using two digits rather than four to define the applicable year. Computers with embedded chips or computer programs with date sensitive software could recognize a date using "00" as the year 1900 rather than the year 2000. Miscalculations and system failures could result in the temporary inability of a company to process transactions, invoices and other normal business operations.

State of Readiness & Costs

The Company evaluated its operations and found its non-information technology areas (manufacturing, packaging, trucking) have little exposure. Information systems are the primary source of Registrant's Year 2000 issues. Registrant has identified and resolved system deficiencies using a combination of reprogramming existing software, conversion to new systems and/or hardware, and eliminating certain systems. The Company does not believe its ability to operate its major accounting, billing and inventory control systems will be effected. The Company's costs of correcting its Year 2000 issues have been expensed as incurred and the amounts have not been material.

Registrant does business with many vendors. The Company is not aware of any external party with a Year 2000 issue that would materially impact Registrant's operating results. However, the Company has no means of ensuring that external agents are able to solve any Year 2000 issues without effecting Registrant, nor is there any way for Registrant to assess non-compliance by external parties.

Risks

The worst case that might occur to effect Registrant is likely to result from external parties far removed from Registrant. Utility deliveries, including gas (for the roasters), electricity, and telephone, could all have an effect on Registrant, depending on the length and timing of delivery failures. Registrant relies on raw materials that are agricultural products, primarily coffee, produced and shipped from around the world. It is not possible to determine whether green coffee processing (including milling and packaging) and shipping, including port operations, customs and ocean freight carriers will be able to make raw material deliveries without delay. Registrant maintains several weeks supply of green coffee, but it is not known whether such stocks will be needed. The costs of delayed or cancelled raw material shipments cannot be estimated at this time.

In general, disruptions in the domestic economy could also have a negative impact on Registrant's customers and their ability to use and pay for the Company's products. The amount of lost or delayed revenue cannot be reasonably estimated at this time.

Contingency Plans

There is no formal contingency plan at this time. The Company will maintain a sizable green coffee inventory, and determine whether additional steps (including manual procedures, staffing needs and adjusting branch inventory levels) should be taken as the key date approaches.

Accounting Pronouncements

Recently issued accounting changes are described in Note 1 to the consolidated financial statements.

Item 7a. Qualitative and Quantitative Disclosures About Market Risk

Securities are recorded at fair value and unrealized gains or losses have been recorded as a separate component of shareholders equity. The Company maintains two distinct portfolios of securities, both portfolios are classified as available for sale.

The Company's portfolio of investment grade money market instruments includes bankers acceptances, discount commercial paper, federal agency issues and treasury securities. As of June 30, 1999, over 78% of these funds were invested in instruments with maturities shorter than one year. The remaining balance matures during fiscal 2001 and 2002. This portfolio's interest rate risk is unhedged. Its average maturity is approximately 200 days. A 100 basis point move in the general level of interest rates would result in a change in the market value of the portfolio of approximately $1,650,000.

The Company is exposed to market value risk arising from changes in interest rates on its portfolio of preferred securities. The Company reviews the interest rate sensitivity of these securities and (a) enters into "short positions" in futures contracts on U.S. Treasury securities or (b) holds put options on such futures contracts in order to reduce the impact of certain interest rate changes on such preferred stocks. Specifically, the Company attempts to manage the risk arising from changes in the general level of interest rates. The Company does 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 June 30, 1999. 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 of			Change in Market
	Preferred Securities	Futures and Options	Total Portfolio	Value of Total Portfolio
- -200 basis points "(b.p.")	$50,688.3	$ 0.0	$50,688.3	$ 5,527.8
- -100 b.p.	47,591.9	13.9	47,605.8	2,445.3
Unchanged	44,034.8	1,125.7	45,160.5	0.0
+100 b.p.	40,488.0	4,216.8	44,704.8	(455.7)
+200 b.p.	37,204.9	7,340.6	44,545.5	(615.0)

The number and type of futures and options contracts entered into depends on, among other items, the specific maturity and issuer redemption provisions for each preferred security 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
The Company is exposed to commodity price risk arising from changes in the market price of coffee. Registrant tries to manage this risk by adjusting its inventory position. Commodity hedge instruments are sometimes used, depending on market conditions. As of June 30, 1999 there were no open hedge positions. See Items 1 and 7 for futher discussion of inventory and price risk.

Item 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Shareholders
of Farmer Bros. Co. and Subsidiary

We have audited the accompanying consolidated balance sheets of Farmer Bros. Co. and Subsidiary (the "Company") as of June 30, 1999 and 1998, and the related consolidated statements of income, cash flows, and shareholders' equity for the three years in the period ended June 30, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Farmer Bros. Co. and Subsidiary at June 30, 1999 and 1998, and the consolidated results of their operations and their cash flows for each of the three years in the period ended June 30, 1999, in conformity with generally accepted accounting principles.

Ernst & Young LLP

Long Beach, California
September 3, 1999

FARMER BROS. CO.
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except per share data)

	June 30, 1999	June 30, 1998
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4,403	$ 6,800
Short term investments	122,203	128,004
Accounts and notes receivable, net	18,199	18,006
Inventories	33,675	38,067
Income tax receivable	249	649
Deferred income taxes	2,391	2,776
Prepaid expenses	429	526
Total current assets	181,549	194,828
Property, plant and equipment, net	31,543	30,551
Notes receivable	3,884	3,988
Long term investments	81,760	55,801
Other assets	21,382	19,527
Deferred income taxes	4,718	2,317
Total assets	$324,836	$307,012
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 4,786	$ 5,605
Accrued payroll expenses	5,388	4,876
Other	5,744	5,678
Total current liabilities	15,918	16,159
Accrued postretirement benefits	17,707	15,941
Other long term liabilities	3,500	-
	21,207	15,941
Commitments and contingencies	-	-
Shareholders' equity:		
Common stock, $1.00 par value, authorized 3,000,000 shares; issued 1,924,414 and outstanding 1,870,754 in 1999 and 1,926,414 in 1998	1,871	1,926
Additional paid-in capital	3,164	568
Retained earnings	283,191	271,395
Accumulated other comprehensive income	(515)	1,023
Total shareholders' equity	287,711	274,912
Total liabilities and shareholders' equity	$324,836	$307,012

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

FARMER BROS. CO.
CONSOLIDATED STATEMENTS OF INCOME
(Dollars in thousands, except share data)

	For the Years Ended June 30,		
	1999	1998	1997
Net sales	$221,571	$240,092	$224,802
Cost of goods sold	89,834	107,968	117,010
	131,737	132,124	107,792
Selling expense	81,321	82,207	82,967
General and administrative expense	13,646	8,962	8,036
	94,967	91,169	91,003
Income from operations	36,770	40,955	16,789
Other income:			
Dividend income	2,388	2,591	2,662
Interest income	8,870	8,055	6,624
Other, net	487	1,236	1,235
	11,745	11,882	10,521
Income before taxes	48,515	52,837	27,310
Income taxes	19,650	19,437	10,620
Net income	$ 28,865	$ 33,400	$ 16,690
Earnings per common share	$15.16	$17.34	$8.66
Weighted average shares outstanding	1,903,420	1,926,414	1,926,414

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

FARMER BROS. CO.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)

	For the years ended June 30,		
	1999	1998	1997
Cash flows from operating activities:			
Net income	$28,865	$33,400	$16,690
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	5,202	4,980	5,353
Deferred income taxes	(993)	(1,912)	197
Other	(195)	(72)	(144)
Net (gain) loss on investments	13	(864)	(641)
Change in assets and liabilities:			
Accounts and notes receivable	(177)	965	466
Inventories	4,392	(2,891)	5,642
Income tax receivable	400	1,567	(1,216)
Prepaid expenses and other assets	(1,841)	(1,298)	(1,014)
Accounts payable	(819)	(1,905)	2,875
Accrued payroll expenses and other liabilities	578	1,684	(825)
Accrued postretirement benefits	1,766	1,594	1,455
Other long term liabilities	3,500	-	-
Total adjustments	11,826	1,848	12,148
Net cash provided by operating activities	$40,691	$35,248	$28,838

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

FARMER BROS. CO
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)

	For the Years Ended June 30,		
	1999	1998	1997
Net cash provided by operating activities:	$ 40,691	$ 35,248	$ 28,838
Cash flows from investing activities:			
Purchases of property,plant and equipment	(6,167)	(3,035)	(4,403)
Proceeds from sales of property, plant and equipment	252	165	228
Purchases of investments	(577,336)	(485,098)	(431,719)
Proceeds from sales of investments	554,603	431,839	418,869
Notes issued	(54)	(1,668)	(1,218)
Notes repaid	142	87	37
Net cash used in investing activities	(28,560)	(57,710)	(18,206)
Cash flows from financing activities:			
Dividends paid	(5,344)	(4,912)	(4,623)
Common stock repurchased	(11,817)	-	-
Common stock sold	2,633	-	-
Net cash used in financing activities	(14,528)	(4,912)	(4,623)
Net (decrease) increase in cash and cash equivalents	(2,397)	(27,374)	6,009
Cash and cash equivalents at beginning of year	6,800	34,174	28,165
Cash and cash equivalents at end of year	$ 4,403	$ 6,800	$ 34,174

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

FARMER BROS. CO.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Dollars in thousands, except share data)

	Common Shares	Stock Amount	Additional Paid-In Capital	Retained Earnings	Other Comprensive Income	Total
Balance at June 30, 1996	1,926,414	$1,926	$568	$230,840	$334	$233,668
Comprehensive income						
Net income				16,690		16,690
Change in unrealized gain on available for sale securities					387	387
Total comprehensive income						17,077
Dividends				(4,623)		(4,623)
Balance at June 30, 1997	1,926,414	$1,926	$568	$242,907	$721	246,122
Comprehensive income						
Net income				33,400		33,400
Change in unrealized gain on available for sale securities					302	302
Total comprehensive income						33,702
Dividends				(4,912)		(4,912)
Balance at June 30, 1998	1,926,414	$1,926	$568	$271,395	$1,023	274,912
Comprehensive income						
Net income				28,865		28,865
Other comprehensive income, net of taxes ($1,024)						
Change in unrealized gain on available for sale securities					(1,939)	(1,939)
Reclassification adjustment for realized gain					401	401
					(1,538)	(1,538)
Total comprehensive income						27,327
Dividends				(5,344)		(5,344)
Common stock repurchased	(71,621)	(71)	(21)	(11,725)		(11,817)
Common stock sold by subsidiary	15,961	16	2,617			2,633
Balance at June 30, 1999	1,870,754	$1,871	$3,164	$283,191	$(515)	$287,711

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

Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies

Organization
The Company, which operates in one business segment, is in the business of roasting, packaging, and distributing coffee and allied products through direct sales to restaurants, hotels, hospitals, convenience stores and fast food outlets. Registrant's products are distributed by its selling divisions from 97 branches located in most large cities throughout the 29 western states.

Principles of Consolidation
The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary FBC Finance Company. All significant intercompany balances and transactions have been eliminated.

Financial Statement Preparation
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents
The Company considers all highly liquid investments with a maturity of 30 days or less when purchased to be cash equivalents.

Investments
The Company's investments have been recorded at fair value and have been classified as "available for sale". Any unrealized gains or losses have been recorded as a separate component of shareholders' equity. The cost of investments sold is determined on the specific identification method. Dividend and interest income is accrued as earned.

Inventories
Inventories are valued at the lower of cost or market. Costs of coffee and allied products are determined on the Last In, First Out (LIFO) basis. Costs of coffee brewing equipment manufactured are accounted for on the First In, First Out (FIFO) basis.

In the normal course of business, the Company enters into commodity purchase agreements with suppliers and futures contracts to hedge exposure to inventory price fluctuations. Gains on the hedging transactions are deferred as an adjustment to the carrying amount of the inventory and are recognized in income at the time of the sale of inventory. Losses on the hedging transactions are recognized in earnings currently as the Company believes this appropriately reflects its LIFO methodology. Futures contracts not designated as hedges, and terminations of contracts designated as hedges, if any, are marked to market, and changes are recognized in earnings currently. No contracts were outstanding at June 30, 1999 or 1998.

In the event of non-performance by the counterparties, the Company could be exposed to credit and supply risk. The Company monitors the financial viability of the counterparties in an attempt to minimize this risk.

Property, Plant and Equipment
Property, plant and equipment is carried at cost, less accumulated depreciation. Depreciation of buildings and facilities is computed using the straight-line method. Other assets are depreciated using the sum-of-the-years' digits and straight line methods. The following useful lives are used:

Buildings and facilities	10 to 30 years
Machinery and equipment	3 to 5 years
Office furniture and equipment	5 years

When assets are sold or retired the asset and related depreciation allowance are eliminated from the records and any gain or loss on disposal is included in operations. Maintenance and repairs are charged to expense, betterments are capitalized.

Income Taxes
Deferred income taxes are determined based on the temporary differences between the financial reporting and tax bases of assets and liabilities, using enacted tax rates in effect for the year in which differences are expected to reverse.

Revenue Recognition
Sales and the cost of products sold are recorded at the time of delivery to the customer.

Common Stock
Shares of the Company's common stock held by the Company's subsidiary (55,660 shares @ June, 30, 1999) are held primarily for purposes of benefit plans and are considered constructively retired for accounting purposes.

Earnings Per Common Share
Basic earnings per share is computed by dividing the net income attributable to common stockholders by the weighted average number of common shares outstanding during the period. The Company does not have any dilutive shares for any of the three fiscal years in the period ended June 30, 1999. Accordingly, the financial statements present only basic net income per share.

Long-Lived Assets
Long-lived assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For purposes of evaluating the recoverability of long-lived assets, the Company evaluates the carrying value of its property, plant and equipment on an ongoing basis and recognizes an impairment when the estimated future undiscounted cash flows from operations are less than the carrying value of the related long-lived assets.

Accounting Pronouncements
The Financial Accounting Standards Board has issued SFAS No. 133, which requires the Company to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings. The Company has not yet determined what the effect of SFAS No. 133 will be on the earnings and financial position of the Company. The Company plans to adopt this standard in fiscal 2001.

Note 2 Investments

(In thousands) June 30, 1999	Cost	Gross Unrealized Loss	Gross Unrealized Gain	Fair Value
Current Assets				
Commercial Paper	$ 11,895	-	$ 27	$ 11,922
U.S. Government Obligations	110,368	$(126)	39	110,281
	$122,263	$(126)	$ 66	$122,203
Non-Current Assets				
U.S. Government Obligations	$ 35,015	$ (842)	-	$ 34,173
Municipal debt	1,695	(8)	-	1,687
Preferred stocks	37,538	(548)	$2,049	39,039
Corporate bonds	5,075	(461)	-	4,614
Liquid asset fund and other	2,247	-	-	2,247
	$ 81,570	$(1,859)	$ 2,049	$ 81,760
June 30, 1998				
Current Assets				
Commercial Paper	$ 95,838	-	$ 594	$ 96,432
U.S. Government Obligations	31,608	$ (36)	-	31,572
	$127,446	$ (36)	$ 594	$128,004
Non-Current Assets				
U.S. Government Obligations	$ 9,725	$(151)	-	$ 9,574
Municipal debt	1,695	(11)	-	1,684
Preferred stocks	36,504	(52)	$3,978	40,430
Liquid asset fund and other	4,067	-	46	4,113
	$ 51,991	$(214)	$4,024	$ 55,801

The contractual maturities of debt securities classified as current and non-current available for sale are as follows:

Maturities (In thousands)	Fair Value 6/30/99	Fair Value 6/30/98
Within one year	$122,203	$128,004
After 1 year through 5 years	35,860	11,258
	$158,063	$139,262

Gross realized gains and losses from available for sale securities were $2,278,000 and ($2,291,000) respectively in 1999, $2,072,000 and ($1,208,000) respectively in 1998 and gross realized gains and losses from available for sale securities were $2,271,000 and ($1,630,000) respectively in 1997.

The Company hedges interest rate risk in its portfolio of preferred stocks. A substantial portion of the preferred stock portfolio was hedged with put options on U.S. Treasury futures traded on a national exchange. Deferred losses at June 30, 1999 and 1998, associated with the hedge were $923,000 and $2,600,000, respectively. Such deferred gains and losses are recognized in other income as the related unrealized gains and losses in the preferred stock portfolio are realized.

Note 3 Allowance for Doubtful Accounts and Notes Receivable

(In thousands)	1999	1998	1997
Balance at beginning of year	$520	$555	$555
Additions	205	413	429
Deductions	(255)	(448)	(429)
Balance at end of year	$470	$520	$555

Note 4 Inventories

June 30, 1999 (In thousands)	Processed	Unprocessed	Total
Coffee	$ 3,619	$ 9,314	$12,933
Allied products	11,078	3,424	14,502
Coffee brewing equipment	2,258	3,982	6,240
	$16,955	$16,720	$33,675

June 30, 1998 (In thousands)	Processed	Unprocessed	Total
Coffee	$ 4,119	$10,406	$14,525
Allied products	12,025	5,079	17,104
Coffee brewing equipment	2,191	4,247	6,438
	$18,335	$19,732	$38,067

Current cost of coffee and allied products inventories exceeds the LIFO cost by approximately $13,915,000, and $24,032,000 as of June 30, 1999 and 1998, respectively.

Decreases in the Company's green coffee and allied product inventories during fiscal 1999 and 1997 resulted in LIFO decrements which had the effect of increasing income before taxes those years by $564,000 and $4,007,000, respectively.

Note 5 Property, Plant and Equipment

(In thousands)	1999	1998
Buildings and facilities	$31,841	$30,355
Machinery and equipment	46,247	45,390
Office furniture and equipment	6,726	6,407
	84,814	82,152
Accumulated depreciation	(58,574)	(56,735)
Land	5,303	5,134
	$31,543	$30,551

Maintenance and repairs charged to expense for the years ended June 30, 1999, 1998 and 1997 were $10,992,000, $10,035,000 and $11,015,000, respectively.

Note 6 Retirement 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 pension plan for certain hourly employees covered under a collective bargaining agreement. The Company's funding policy is to contribute annually at a rate that is intended to fund benefits as a level percentage of salary (non-bargaining) and as a level dollar cost per participant (bargaining) over the working lifetime of the plan participants. Benefit payments are determined under a final pay formula (non-bargaining) and flat benefit formula (bargaining).

The Company sponsors defined benefit postretirement medical and dental plans that cover non-union employees and retirees, and certain union locals. The plan is contributory and retirees contributions are fixed at a current level. The plan is unfunded.

(In thousands)	Defined Benefit Pensions 1999	1998	Accrued Postretirement Benefits 1999	1998
Changes in benefit obligation				
Benefit obligation benefit at the beginning of the year	$45,249	$37,002	$18,944	$15,656
Service cost	1,662	1,343	745	615
Interest cost	3,000	2,811	1,246	1,241
Plan Participants contributions	135	125	76	75
Amendments	411	-	-	-
Actuarial gain	(2,412)	6,050	(1,472)	1,960
Benefits paid	(2,301)	(2,082)	(586)	(603)
Benefit obligation benefit at the end of the year	$45,744	$45,249	$18,953	$18,944
Changes in plan assets				
Fair value in plan assets at the beginning of the year	$72,600	$57,798	-	-
Actual return on plan assets	7,702	16,744	-	-
Company contributions	17	14	$ 510	$ 528
Plan participants contributions	135	127	76	75
Benefit paid	(2,301)	(2,083)	(586)	(603)
Fair value in plan assets at the end of the year	$78,153	72,600	$ -	$ -
Funded status of the Plan	$32,408	$27,351	$(18,953)	(18,944)
Unrecognized net asset	(2,628)	(3,286)	-	-
Unrecognized net gain	(17,415)	(13,563)	3,355	(638)
Unrecognized prior service cost	1,494	1,323	(2,109)	3,641
Prepaid benefit cost	$13,859	$11,825	$(17,707)	$(15,941)
Weighted average assumptions as of December 31:				
Discount rate	7.25%	6.70%	7.25%	6.70%
Expected return on Plan assets	8.00%	8.00%	-	-
Rate of compensation increase	3.00%	2.50%	-	-
Initial medical rate trend			7.00%	7.50%
Ultimate medical trend rate			5.00%	5.00%
Number of years from initial to ultimate trend rate			4	5
Initial dental/vision trend rate			6.00%	6.00%
Ultimate dental/vision trend rate			5.00%	5.00%

	Defined Benefit Pensions 1999	1998	1997	Accrued Postretirement Benefits 1999	1998	1997
Components of net periodic benefit costs						
Service cost	$1,662	$1,343	$1,321	$745	$615	$512
Interest cost	3,000	2,811	2,612	1,246	1,241	1,114
Expected return on Plan assets	(5,747)	(4,568)	(7,590)		-	-
Actuarial Gain	-	-	-	-	(20)	-
Unrecognized net transition asset	(658)	(657)	(657)	-	-	-
Unrecognized net gain	(514)	(141)	-	-	-	(58)
Unrecognized prior service cost	239	202	202	286	286	285
Benefit cost	($2,018)	($1,010)	($4,112)	$2,277	$2,122	$1,853

The assumed health care cost trend rate has a significant effect on the amounts reported. A one-percentage-point change in the assumed health care cost trend rate would have the following effects:

	1% Increase	1% Decrease
Effect on service and interest cost	$ 127.7	$ (138.7)
Effect on postretirement benefit obligation	$ 1,079.0	$ (1,161.5)

The Farmer Bros. Co. Retirement Plan owned 39,940 shares of the Company's common stock at June 30, 1999 and 28,565 shares of the Company's stock at June 30, 1998, with a fair value of approximately $7,988,000 and $6,827,000, respectively. The Brewmatic Company Retirement plan owned 2,400 shares of the Company's common stock at June 30, 1999 with a fair value of approximately $480,000.

The Company contributes to two multi-employer defined benefit plans for certain union employees. The contributions to these multi-employer pension plans were approximately $2,196,000, $1,540,000 and $1,679,000 for 1999, 1998 and 1997, respectively. The Company also has a defined contribution plan for eligible non-union employees. No Company contributions have been made nor are required to be made to this plan.

Other long term liabilities represents deferred compensation payable to an officer of the Company.

Note 7 Income Taxes

The current and deferred components of the provision for income taxes

consist of the following:

(In thousands)		1999	1998	1997
Current:	Federal	$16,937	$17,128	$ 8,168
	State	3,706	4,221	2,255
		20,643	21,349	10,423
Deferred:	Federal	(1,032)	(1,543)	257
	State	39	(369)	(60)
		(993)	(1,912)	197
		$19,650	$19,437	$10,620

A reconciliation of the provision for income taxes to the statutory federal income tax expense is as follows:

	1999	1998	1997
Statutory tax rate	35.0%	35.0%	35.0%
(In thousands)			
Income tax expense at statutory rate	$16,980	$18,493	$ 9,559
State income tax (net of federal tax benefit)	2,434	2,504	1,426
Dividend income exclusion	(595)	(639)	(661)
Other (net)	831	(921)	296
	$19,650	$19,437	$10,620
Income taxes paid	$20,850	$19,231	$13,799

The primary components of temporary differences which give rise to the Company's net deferred tax assets at June 30, 1999 and 1998 are as follows:

(In thousands)	June 30, 1999	June 30, 1998
Deferred tax assets:		
Postretirement benefits	$7,078	$6,458
Accrued liabilities	1,927	1,777
State taxes	860	796
Other	3,801	2,269
	13,666	11,300
Deferred tax liabilities:		
Pension assets	(5,214)	(4,460)
Other	(1,343)	(1,747)
	(6,557)	(6,207)
Net deferred tax assets	$7,109	$5,093

Note 8 Other Current Liabilities

Other current liabilities consist of the following:

(In thousands)	1999	1998
Accrued workers' compensation liabilities	$3,921	$3,561
Dividends payable	1,349	1,252
Other	474	865
	$5,744	$5,678

Note 9 Commitments and Contingencies

The Company incurred rent expense of approximately $691,000, $654,000, and $658,000, for the fiscal years ended June 30, 1999, 1998 and 1997, respectively, and is obligated under leases for branch warehouses. Certain leases contain renewal options.

Future minimum lease payments are as follows:

June 30,	(In thousands)
2000	$554
2001	442
2002	335
2003	293
2004	163
thereafter	7
	$1,794

The Company is a party to various pending legal and administrative proceedings. It is management's opinion that the outcome of such proceedings will not have a material impact on the Company's financial position, results of operations, or cash flows.

During 1999 the Company began construction of new warehouses in Carson City, Nevada, Kansas City, Missouri and Torrance, California. Commitments under construction contracts at June 30, 1999 totaled approximately $7,100,000.

Concentration of Credit Risk: At June 30, 1999, financial instruments which potentially expose the Company to concentrations of credit risk consist of cash in financial institutions (which exceeds federally insured limits), cash equivalents (principally commercial paper), short term investments, investments in the preferred stocks of other companies and accounts receivable. Commercial paper investments are not concentrated by issuer, industry or geographic area. Maturities are generally shorter than 90 days. Other investments are in U.S. government securities. Investment in the preferred stocks of other companies are limited to high quality issuers and are not concentrated by geographic area or issuer. Concentration of credit risk with respect to trade receivables for the Company is limited due to the large number of customers comprising the Company's customer base, and their dispersion across many different geographic areas. The trade receivables are short-term, and all probable bad debt losses have been appropriately considered in establishing the allowance for doubtful accounts.

Note 10 Quarterly Financial Data (Unaudited)

	Quarter Ended			
	09/30/98	12/31/98	03/31/99	06/30/99
(In thousands except per share data)				
Net sales	$54,035	$58,408	$55,207	$53,921
Gross profit	31,115	32,095	35,153	33,374
Income from operations	9,321	10,345	12,144	4,960
Net income	7,539	7,905	9,159	4,262
Net income per share	$3.91	$4.10	$4.83	$2.29

	Quarter Ended			
	09/30/97	12/31/97	03/31/98	06/30/98
(In thousands except per share data)				
Net sales	$59,497	$64,062	$58,951	$57,582
Gross profit	29,326	36,161	32,249	34,388
Income from operations	7,652	13,377	10,067	9,859
Net income	6,228	9,782	8,020	9,370
Net income per share	$3.23	$5.08	$4.16	$4.86

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

Reference is made to the information to be set forth in the section entitled "Election of Directors" in the definitive proxy statement involving the election of directors in connection with the Annual Meeting of Shareholders to be held on November 29, 1999 (the "Proxy Statement") which section is incorporated herein by reference. The Proxy statement will be filed with the Securities and Exchange Commission no later than 120 days after June 30, 1999, pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended.

Name	Age	Position
Roy F. Farmer	83	Chairman of Board of Directors since 1951.
Roy E. Farmer	47	President since 1993; various positions since 1976, son of Chairman of the Board, R.F. Farmer
Guenter W. Berger	62	Vice President of Production, Director since 1980; various positions since 1960.
Kenneth R. Carson	59	Vice President of Sales since 1990; Sales Management since 1968.
David W. Uhley	58	Secretary since 1985; various positions since 1968.
John E. Simmons	48	Treasurer since 1985; various positions since 1980.

All officers are elected annually by the Board of Directors and serve at the pleasure of the Board.

Item 11. Executive Compensation

Reference is made to the information to be set forth in the section entitled "Management Remuneration" in the Proxy Statement, which is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Reference is made to the information to be set forth in the sections entitled "Principal Shareholders" and "Election of Directors" in the Proxy Statement, which is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions

Reference is made to the information to be set forth in the sections entitled "Principal Shareholders" and "Election of Directors" in the Proxy Statement, which is incorporated herein by reference.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K.

(a) List of Financial Statements and Financial Statement Schedules
1. Financial Statements included in Item 8:
   Consolidated Balance Sheets as of June 30, 1999 and 1998.
   Consolidated Statements of Income For the Years Ended June 30, 1999, 1998 and 1997.

Consolidated Statements of Cash Flows For the Years Ended June 30, 1999, 1998 and 1997.
Consolidated Statements of Shareholders' Equity For the Years Ended June 30,1999, 1998 and 1997.
Notes to Consolidated Financial Statements.

2. Financial Statement Schedules:
Financial Statement Schedules are omitted as they are not applicable, or the required information is given in the consolidated financial statements or notes thereto.
3. Exhibits required by Item 601 of Regulation S-K. See item (c) below.

(b) Reports on Form 8-K.
Not applicable.
(c) Exhibits required by Item 601 of Regulation S-K.
Not applicable.

Exhibits

3. Articles of incorporation and by-laws. Filed with the Form 10-K for the fiscal year ended June 30, 1986.
4. Instruments defining the rights of security holders, including indentures.
Not applicable.
9. Voting trust agreement.
Not applicable.
10. Material contracts
Not applicable.
11. Statement re computation of per share earnings.
Not applicable.
12. Statements re computation of ratios.
Not applicable.
13. Annual report to security holders, Form 10-Q or quarterly report to security holders.
Not applicable.
18. Letter re change in accounting principles.
Not applicable.
19. Previously unfiled documents.
Not applicable.
22. Subsidiaries of the Registrant.
Not applicable.
23. Published report regarding matters submitted to vote of security holders.
Not applicable.
24. Consents of experts and counsel.
Not applicable.
25. Power of attorney.
Not applicable.
28. Additional exhibits.
Not applicable.
29. Information from reports furnished to state insurance regulatory authorities.
Not applicable.

(d) Financial statements required by Regulation S-X but excluded from the annual report to shareholders by Rule 14a - 3(b)
None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of 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.

Farmer Bros. Co.

By: Roy F. Farmer
(Roy F. Farmer, Chief Executive Officer and Chairman of the Board of Directors)
Date: September 28, 1999

By: John E. Simmons
(John E. Simmons, Treasurer and Chief Financial and Accounting Officer)
Date: September 28, 1999

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.

Roy E. Farmer, President and Director
Date: August 26, 1999

Guenter W. Berger, Vice President and Director
Date: August 26, 1999

Lewis A. Coffman, Director
Date: August 26, 1999

John M. Anglin, Director
Date: August 26, 1999

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