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, 1994

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 of 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 31, 1994August 31, 1993: 1,926,414 and the aggregate market value of the common shares held by non affiliates of the Registrant was approximately $116 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 28, 1994 are incorporated by reference into Part III of this report. Certain portions of Form 10-K for the fiscal year ended June 30, 1992 and 1993 are incorporated by reference into Part I of this report.

PART I

Item 1. Business

General: Farmer Bros. Co. (the Company or Registrant) was incorporated in California in 1923, and is engaged in the production and sale of coffee, spices and a variety of allied products to the institutional food service industry.

Raw Materials and Supplies: Coffee is the largest product in the line and is responsible for approximately 56% of corporate revenues. Purchasing, roasting and packaging coffee takes place at Registrant's Torrance plant, which is also the distribution hub for its branches.

Green coffee is purchased through commodity brokers representing foreign suppliers. Agricultural commodities are subject to fluctuations of both price and supply. Registrant has not been confronted by shortages in the supply of green coffee, but has been faced with price fluctuations.

Trademarks & Patents: Registrant owns approximately 23 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 98 branches located in most urban centers in the western states. The diversity of the product line (over 300 products) and size of the area served requires each branch to stock a sizable inventory. Registrant maintains its own trucking fleet to better control the supply of these warehouses.

Customers: No single customer represents a large enough portion of sales to have a material effect on Registrant. The 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 firms like Procter and Gamble, Nestle and Philip Morris, grocery distributors like Sysco and Rykoff-Sexton 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.

Item 1. Business, Continued

Working Capital: Registrant makes every effort to finance operations internally. Management believes that working capital from internal sources will be adequate for the coming year. Registrant maintains a $50,000,000 line of credit with First Interstate Bank of California. There is no commitment fee or compensating balance requirement and the line was not used in fiscal 1994.

Foreign Operations: Registrant has no material revenues that result from foreign operations. Coffee brewing equipment is sold through distributors in Canada and Japan and manufactured in Europe under license.

Other: On June 30, 1994, Registrant employed 1,177 employees, 486 are subject to collective bargaining agreements.

No material amounts have been expended on research and development for existing or new products during the past three years.

There have been no material effects of compliance with government provisions regulating discharge of materials into the environment.

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 have no material financial impact on the Company.

Registrant incorporates by reference the information contained in Item 3 of Form 10-K for the fiscal years ended June 30, 1992 and 1993. The appeal of the individual action reported therein has resolved unfavorably to Registrant. The costs associated with this action are not material to Registrant's financial position and results of operations. A reserve was established in the year ended June 30, 1992 for these costs.

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

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

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.

	1994			1993		
	High	Low	Dividend	High	Low	Dividend
1st Quarter	$156.00	$145.00	$0.50	$123.00	$113.00	$0.45
2nd Quarter	156.00	134.00	0.50	122.00	108.00	0.45
3rd Quarter	151.00	126.00	0.50	144.00	117.00	0.45
4th Quarter	148.00	123.00	0.50	156.00	143.00	0.45

There were 688 holders of record on June 30, 1994.

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

	1994	1993	1992
Net sales	$193,861	$190,679	$197,312
Income from operations	9,488	29,929	27,494
Net income	10,330	18,950(a)	20,226
Net income per share	$5.36	$9.84(a)	$10.50
Total assets	$219,903	$216,266	$190,714
Dividends declared per share	$2.00	$1.80	$1.60

	1991	1990
Net sales	$196,232	$197,773
Income from operations	28,016	26,277
Net income	21,394	19,812
Net income per share	$11.11	$10.28
Total assets	$171,361	$153,080
Dividends declared per share	$1.40	$1.25

(a) Includes the cumulative impact of adopting Statement of Financial Accounting Standards Nos. 109 ("SFAS 109"), "Accounting for Income Taxes" and 106 ("SFAS 106"), "Employers' Accounting for Postretirement Benefits Other Than Pensions" as of July 1, 1992, which reduced net income for the year ended June 30, 1993 by approximately $5,294,000 or $2.75 per share. (See Notes F and G to Consolidated Financial Statements)

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 met by internal sources. Registrant has no major commitments for capital expenditures at this time, but has developed plans for construction of a new laboratory building in its Torrance compound at an estimated cost of $2.5 million. Construction is expected to start soon. The Company maintains a $50 million line of credit with First Interstate Bank of California. There was no bank debt incurred during fiscal 1994.

	1994	1993	1992
		(Dollars in thousands)	
Current assets	$103,375	$155,148	$ 95,245
Current liabilities	12,488	15,269	13,453
Working capital	$ 90,887	$139,879	$ 81,792
Quick ratio	4.76:1	7.77:1	4.65:1
Capital Expenditures	$ 6,658	$ 5,388	$ 6,967

Results of Operations

Net sales increased 1.7% to $193,861,000 in 1994 as compared to $190,679,000 in 1993, but remained below 1992 sales of $197,312,000. Although some segments of the national economy are improving, Registrant notes little improvement in the restaurant and hospitality business in its service area. The California economy, in particular, has shown little sign of improvement during fiscal 1994.

Gross profit decreased 17.5% to $94,295,000 in 1994 as compared to $114,258,000 in 1993 and $112,394,000 in 1992. The volatile world market for green coffee had a negative impact on Registrant's operations in fiscal 1994. Speculation about a perceived world shortage of coffee, followed by two Brazilian frosts in June and July pushed green coffee prices to eight year highs. The cost of green coffee more than doubled by year end, and Registrant was unable to raise prices fast enough to accommodate the increased costs. The rapid erosion of margins has a direct impact on net profit, resulting in a net loss for the quarter ended June 30, 1994 of ($2,163,000) or ($1.13) per share, as compared to a net profit of $6,640,000 or $3.45 per share in the same quarter of fiscal 1993 and a net profit of $3,325,000 or $1.73 per share in the fourth quarter of fiscal 1992. Net income for 1994 decreased 45.5% to $10,330,000 or $5.36 per share from $18,950,000 or $9.84 per share in 1993 and $20,226,000 or $10.50 per share in 1992. The green coffee market is too volatile to reliably forecast future coffee costs, and Registrant cautions against using past results to predict future earnings. Operating expenses were even with prior years, reaching $84,807,000 or $.44 per share in 1994 as compared to $84,329,000 or $.44 per share in 1993 and $84,900,000 or $.44 per share in 1992.

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

Increased compensation, medical and coffee brewing equipment costs were offset by reduced legal fees and insurance costs.

	1994	1993(1)	1992
Income per share:			
Before accounting changes	$ 5.36	$12.59	$10.50
Cumulative effect of accounting changes	-	(2.75)	-
Net income per share	$ 5.36	$ 9.84	$10.50

Percentage change:	1994 to 1993	1993 to 1992
Net sales	1.7%	(3.4)%
Cost of goods sold	30.3%	(10.0)%
Gross profit	(17.5)%	1.7%
Operating expenses	0.6%	(0.7)%
Income from operations	(68.3)%	8.9%
Provision for income taxes	(58.4)%	14.9%
Income before accounting changes	(57.4)%	19.9%
Net income	(45.5)%	(6.3%)

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 1994 to 1993	Per Share Earnings 1993 to 1992
Coffee: Prices	$1.66	$(2.29)
Volume	(2.02)	(1.78)
Cost	(11.10)	4.76
Gross profit	(11.46)	0.69
Allied products: Gross profit	1.10	0.28
Operating expenses	(0.25)	0.30
Other income	(1.25)	1.85
Provision for income taxes	4.63	(1.03)
Income before accounting changes	(7.23)	2.09
Cumulative effect of accounting changes(1)	2.75	(2.75)
Net income	$(4.48)	$(0.66)

(1) The Company adopted both SFAS 106 and SFAS 109 in 1993.

Inflation

The Company's operations are significantly impacted by the world market for green coffee. Coffee is an agricultural product and its price fluctuates as the result of many factors beyond Registrant's control, including the actions of our own and foreign governments, the weather in coffee producing nations and the operation of the commodity futures markets. Management cautions against using past results to predict future earnings.

SFAS No. 115

Registrant has not adopted the provisions of Statement of Financial Accounting Standards No. 115 ("SFAS 115"), "Accounting for Certain Investments in Debt and Equity Securities." SFAS 115 requires certain changes in accounting for investments in equity and debt securities. The Company is required to adopt this standard for the fiscal year beginning July 1, 1994. Registrant does not believe the adoption of SFAS 115 will have a material impact on its financial position.

Item 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the consolidated financial statements and the financial statement schedule of Farmer Bros. Co. and Subsidiary ("the Company") as listed in Item 14(a) of this Form 10-K. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule 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 the Company as of June 30, 1994 and 1993, and the consolidated results of its operations and its cash flows for each of the three years in the period ended June 30, 1994 in conformity with generally accepted accounting principles. In addition, in our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information required to be included therein.

As discussed in Notes F and G to the consolidated financial statements, the Company changed its methods of accounting for postretirement benefits other than pensions and income taxes in 1993.

Coopers & Lybrand L.L.P.

Los Angeles, California
September 23, 1994

FARMER BROS. CO.
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	June 30, 1994	June 30, 1993
ASSETS		
Current assets:		
Cash and cash equivalents	$ 8,681	$ 64,742
Short term investments	34,839	40,046
Accounts and notes receivable, net	15,975	13,813
Inventories	34,910	32,333
Income tax receivable	5,357	-
Deferred income taxes	2,905	3,356
Prepaid expenses	708	858
Total current assets	103,375	155,148
Property, plant and equipment, net	28,943	27,701
Notes receivable	1,257	1,050
Long term investments, net	71,960	20,222
Other assets	13,649	11,179
Deferred income taxes	719	966
Total assets	$219,903	$216,266
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 3,372	$ 6,560
Accrued payroll expenses	4,573	4,815
Other	4,543	3,894
Total current liabilities	12,488	15,269
Other long term liabilities	10,010	9,025
Commitments and contingencies		
Shareholders' equity:		
Common stock, $1.00 par value, authorized 3,000,000 shares, issued and outstanding 1,926,414 shares	1,926	1,926
Additional paid-in capital	568	568
Retained earnings	195,955	189,478
Investment valuation allowance	(1,044)	-
Total shareholders' equity	197,405	191,972
Total liabilities and shareholders' equity	$219,903	$216,266

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

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

	For the Years Ended June 30,		
	1994	1993	1992
Net sales	$193,861	$190,679	$197,312
Cost of goods sold	99,566	76,421	84,918
	94,295	114,258	112,394
Selling expense	74,534	73,331	70,863
General and administrative expense	10,273	10,998	14,037
	84,807	84,329	84,900
Income from operations	9,488	29,929	27,494
Other income:			
Dividend income	1,352	1,227	1,275
Interest income	3,630	4,397	4,612
Other, net	2,219	3,985	157
	7,201	9,609	6,044
Income before taxes and cumulative effect of accounting changes	16,689	39,538	33,538
Provision for income taxes	6,359	15,294	13,312
Income before cumulative effect of accounting changes	10,330	24,244	20,226
Cumulative effect of accounting changes, net of income taxes	-	5,294	-
Net income	$ 10,330	$ 18,950	$ 20,226
Income per share:			
Before accounting changes	$ 5.36	$12.59	$10.50
Cumulative effect of accounting changes	-	(2.75)	-
Net income per share	$ 5.36	$ 9.84	$10.50

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,		
	1994	1993	1992
Cash flows from operating activities:			
Net income	$10,330	$18,950	$20,226
Adjustments to reconcile net income to net cash provided by operating activities:			
Cumulative effect of accounting changes	-	5,294	-
Depreciation	5,219	5,216	5,261
Deferred income taxes	698	466	(265)
Other	(63)	(67)	53
Net (gain) loss on investments	(1,758)	(3,552)	422
Change in assets and liabilities:			
Short term investments	5,207	(18,145)	7,464
Accounts and notes receivable	(2,571)	986	531
Inventories	(2,577)	(913)	(1,845)
Income tax receivable	(5,357)		
Prepaid expenses and other assets	(2,320)	(1,986)	(2,339)
Accounts payable	(3,188)	1,593	(289)
Accrued payroll expenses and other liabilities	407	(400)	2,063
Other long term liabilities	985	895	-
Total adjustments	(5,318)	(10,613)	11,056
Net cash provided by operating activities	$ 5,012	$ 8,337	$31,282

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

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

	For the Years Ended June 30,		
	1994	1993	1992
Net cash provided by operating activities:	$ 5,012	$ 8,337	$31,282
Cash flows from investing activities:			
Purchases of property, plant and equipment	(6,658)	(5,388)	(6,967)
Proceeds from sales of property, plant and equipment	259	251	226
Purchases of investments	(88,069)	(24,333)	(40,995)
Proceeds from sales of investments	37,045	62,671	22,166
Notes issued	(832)	(14)	(62)
Notes repaid	1,035	237	279
Net cash (used in) provided by investing activities	(57,220)	33,424	(25,353)
Cash flows from financing activities:			
Dividends paid	(3,853)	(3,371)	(2,986)
Net cash used in financing activities	(3,853)	(3,371)	(2,986)
Net (decrease) increase in cash and cash equivalents	(56,061)	38,390	2,943
Cash and cash equivalents at beginning of year	64,742	26,352	23,409
Cash and cash equivalents at end of year	$ 8,681	$64,742	$26,352

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

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

	For the Years Ended June 30,		
	1994	1993	1992
Common stock	$ 1,926	$ 1,926	$ 1,926
Additional paid-in capital	568	568	568
Retained earnings			
Beginning balance	189,478	174,766	157,526
Net income for the year	10,330	18,950	20,226
Dividends	(3,853)	(4,238)	(2,986)
Ending balance	195,955	189,478	174,766
Investment valuation allowance			
Beginning balance	-	-	(340)
Adjustment	(1,044)	-	340
Ending balance	(1,044)	-	-
Total shareholders' equity	$197,405	$191,972	$177,260
Dividends declared per share	$2.00	$1.80	$1.60

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

Notes to Consolidated Financial Statements

A. Summary of Significant Accounting Policies

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.

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

Investments
Marketable equity securities are carried at the lower of cost or market. A valuation allowance is included in shareholders' equity that represents any net unrealized loss from non current investments. Other investments are carried at amortized cost which approximates market. The cost of investments sold is determined on the specific identification method. Fair value of investments are based on quoted market prices. Dividend and interest income are 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 (LIF0) basis. Costs of coffee brewing equipment manufactured are accounted for on the First In, First Out (FIFO) basis.

Property, Plant and Equipment
Property, plant and equipment is carried at cost, less accumulated deprecia tion. Depreciation of buildings and facilities is computed using the straight-line method. Other assets are depreciated using primarily the sum-of-the-years' digits method. 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 is 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
In 1994 and 1993, deferred income taxes are determined based on the difference between the financial reporting and tax basis of assets and liabilities, using enacted tax rates in effect for the year in which differences are expected to reverse. In 1992, the provision for deferred income taxes represents the tax effect of differences in the timing of income and expense recognition for financial reporting and tax purposes.

B. Investments

	1994 Cost	1994 Market	1993 Cost	1993 Market
	(In thousands)			
Short term:				
Commercial Paper	$ -	$ -	$25,266	$25,252
U.S. Government obligations	34,839	34,924	14,780	15,320
	$34,839*	$34,924	$40,046*	$40,572
Long term:				
U.S. Government obligations	$39,599*	$38,621	$ 1,604	$ 1,810
Preferred stocks	28,939	27,895*	16,340	17,625
Corporate bonds	1,799*	1,796	1,999	2,149
Liquid asset fund	2,667*	2,667	279	279
	$73,004	$70,979	$20,222*	$21,863

* Represents carrying value.

A valuation allowance for preferred stocks of approximately $1,044,000 was recorded at June 30, 1994.

Net realized gains (losses) on the sale of investments were $1,758,000, $3,552,000, and $(422,000) in 1994, 1993, and 1992, respectively.

The Company has not adopted the provisions of Statement of Financial Accounting Standards No. 115 ("SFAS 115"), "Accounting for Certain Investments in Debt and Equity Securities." SFAS 115 requires certain changes in accounting for investments in equity and debt securities. The Company is required to adopt this standard for the fiscal year beginning July 1, 1994. The Company does not believe the adoption of SFAS 115 will have a material impact on its financial position.

C. Allowance for Doubtful Accounts and Notes Receivable

	Balance At Beginning of Year July 1st	Additions Charged to Costs and Expenses	Deductions of Uncollectible Accounts Written Off	Balance At End of Year June 30th
		(In thousands)		
1994	$ 530	184	269	$ 445
1993	$ 614	339	423	$ 530
1992	$ 583	586	555	$ 614

D. Inventories

June 30, 1994	Processed	Unprocessed	Total
		(In thousands)	
Coffee	$ 3,182	$10,829	$14,011
Allied products	10,395	3,022	13,417
Coffee brewing equipment	1,712	5,770	7,482
	$15,289	$19,621	$34,910

June 30, 1993	Processed	Unprocessed	Total
		(In thousands)	
Coffee	$ 3,430	$ 8,544	$11,974
Allied products	10,079	3,468	13,547
Coffee brewing equipment	1,523	5,289	6,812
	$15,032	$17,301	$32,333

Current cost of coffee and allied products inventories exceeds the LIFO cost by approximately $6,700,000 and $2,500,000 as of June 30, 1994 and 1993, respectively.

E. Property, Plant and Equipment

	1994	1993
	(In thousands)	
Buildings and facilities	$23,760	$23,244
Machinery and equipment	46,237	42,152
Office furniture and equipment	2,217	2,431
	72,214	67,827
Accumulated depreciation	(47,997)	(44,852)
Land	4,726	4,726
	$28,943	$27,701

Maintenance and repairs charged to expense for the years ended June 30, 1994, 1993 and 1992 were $9,137,000, $9,056,000 and $9,338,000, respectively.

F. Retirement Plans

The Company has a contributory defined benefit pension plan for all employees not covered under a collective bargaining agreement (Farmer Bros. Co.) and a non contributory defined benefit pension plan for certain hourly employees covered under a collective bargaining agreement (Brewmatic Co.). The Company's funding policy is to contribute annually at a rate that is intended to fund benefits as a level percentage of salary (Farmer Bros. Co.) and as a level dollar cost per participant (Brewmatic Co.) over the working lifetime of the plan participants. Benefit payments are determined under a final pay formula (Farmer Bros. Co.) and flat benefit formula (Brewmatic Co.).

F. Retirement Plans, Continued

The net periodic pension benefit for 1994, 1993 and 1992 are comprised of the following:

	Farmer Bros. Co.	Brewmatic Co.
	(In thousands)	
1994		
Service cost	$ 594	$ 14
Interest cost	1,869	116
Actual return on assets	(94)	6
Net amortization and deferral	(3,651)	(216)
Net periodic pension benefit	$ (1,282)	$ (80)
1993		
Service cost	$ 588	$ 16
Interest cost	1,629	110
Actual return on assets	(5,870)	(260)
Net amortization and deferral	2,719	76
Net periodic pension benefit	$ (934)	$ (58)
1992		
Service cost	$ 655	$ 17
Interest cost	1,786	100
Actual return on assets	(4,846)	(256)
Net amortization and deferral	2,032	77
Net periodic pension benefit	$ (373)	$ (62)

The funded status of the plans at June 30, 1994 was as follows:

	Farmer Bros. Co.	Brewmatic Co.
	(In thousands)	
Actuarial present value of benefit obligations:		
Vested	$ 22,710	$ 1,590
Non-vested	110	-
Accumulated benefit obligations	22,820	1,590
Effect of projected salary increases	3,724	-
Projected benefit obligations	26,544	1,590
Plan assets at fair value	(39,111)	(2,295)
Plan assets at fair value in excess of projected benefit obligations	(12,567)	(705)
Unrecognized net asset at June 30, 1994	5,585	329
Unrecognized prior service cost	(304)	(117)
Unrecognized net loss	(1,045)	(167)
Prepaid pension cost	$ (8,331)	$ (660)
Assumptions for 1994:		
Discount rate for plan obligations	7.75%	7.75%
Assumed long term return on assets	8.00%	8.00%
Projected compensation increases for pay related plans	3.10%	-

F. Retirement Plans, Continued

The funded status of the plans at June 30, 1993 was as follows:

	Farmer Bros. Co.	Brewmatic Co.
	(In thousands)	
Actuarial present value of benefit obligations:		
Vested	$ 20,428	$ 1,475
Non-vested	121	3
Accumulated benefit obligations	20,549	1,478
Effect of projected salary increases	3,296	-
Projected benefit obligations	23,845	1,478
Plan assets at fair value	(39,920)	(2,377)
Plan assets at fair value in excess of projected benefit obligations	(16,075)	(899)
Unrecognized net asset at June 30, 1993	6,206	365
Unrecognized prior service cost	(335)	(130)
Unrecognized net gain	3,155	97
Prepaid pension cost	$ (7,049)	$ (567)
Assumptions for 1993:		
Discount rate for plan obligations	8.00%	8.00%
Assumed long term return on assets	8.00%	8.00%
Projected compensation increases for pay related plans	3.10%	-

The assets of each plan are primarily invested in publicly traded stocks and bonds, U.S. government securities and money market funds. The Farmer Bros. Co. Retirement Plan owned 21,765 shares of the Company's common stock at June 30, 1994 and 1993 with a fair value of approximately $2,677,000 and $3,287,000, respectively.

The Company contributes to two-multi-employer defined benefit plans for certain union employees. The contributions to these multi employer pension plans were approximately $1,615,000, $1,610,000, and $1,448,000 for 1994, 1993 and 1992, respectively. The Company also has a defined contribution plan for eligible non-union employees. No Company contributions have been made nor required to be made to this plan.

The Company incurred health care and life insurance costs, for both active employees and retirees, of approximately $4,114,000, $3,665,000 and $4,305,000 for the years ended June 30, 1994, 1993 and 1992, respectively. In 1993, the Company adopted Statement of Financial Accounting Standards No. 106 ("SFAS 106"), "Employers' Accounting for Postretirement Benefits Other Than Pensions." SFAS 106 requires the accrual method of accounting for these benefits rather than the Company's previous policy of recording these benefits when paid. The Company recognized the Accumulated Postretirement Benefit Obligation as of July 1, 1992 of $8,130,000. On an after-tax basis, the cumulative effect of this charge was $4,901,000 or $2.55 per share.

F. Retirement Plans, Continued

Net periodic postretirement benefit cost charged to operations for the years ended June 30, 1994 and 1993 includes the following components:

	1994	1993
	(In thousands)	
Service cost benefits earned during the year	$ 496	$ 457
Interest cost on accumulated postretirement benefit obligation	756	681
Total expense	$1,252	$1,138

At June 30, 1994 and 1993, the recorded liability for these postretirement benefits was as follows:

Accumulated postretirement benefit obligation:

	1994	1993
	(In thousands)	
Retirees and dependents	$ 5,276	$ 4,046
Fully eligible active participants	3,300	2,913
Other active participants	2,030	2,066
Accumulated postretirement benefit obligation	10,606	9,025
Unrecognized net loss	(596)	-
Accrued postretirement benefit cost	$10,010	$ 9,025

The discount rate used in determining the accumulated postretirement benefit obligation at June 30, 1994 and 1993 was 8% and 8.5%, respectively. The health care cost trend rate was assumed to be 10% in 1994 and 1993 grading to 5.5% in ten years for medical and 6% for all years for dental.

An increase in the health care cost trend rate of 1% in each year would increase the accumulated postretirement benefit obligation as of June 30, 1994 by 8.3% and increase the aggregate of service and interest cost for 1994 by 8.7%.

G. Income Taxes

Effective July 1, 1992, the Company adopted Statement of Financial Accounting Standards No. 109 ("SFAS 109"), "Accounting for Income Taxes." The cumulative effect of adopting SFAS 109 resulted in a charge of $393,000 or $.20 per share.

G. Income Taxes, Continued

The primary components of temporary differences which give rise to the Company's net deferred tax asset at June 30, 1994 and June 30, 1993 are as follows:

	June 30, 1994	June 30, 1993
	(In thousands)	
Deferred tax assets:		
Postretirement benefits	$ 4,068	$ 3,629
Accrued liabilities	2,014	2,088
State taxes	287	681
Other	922	997
	7,291	7,395
Deferred tax liabilities:		
Pension assets	3,653	3,063
Other	14	10
	3,667	3,073
Net deferred tax asset	$ 3,624	$ 4,322

Deferred tax assets are expected to be realized against future taxable income and have not been reduced by a valuation allowance.

The current and deferred components of the provision for income taxes consist of the following:

		1994	1993	1992
			(In thousands)	
Current:	Federal	$ 4,385	$11,991	$10,706
	State	1,276	2,837	2,871
		5,661	14,828	13,577
Deferred:	Federal	642	372	(230)
	State	56	94	(35)
		698	466	(265)
		$ 6,359	$15,294	$13,312

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

	1994	1993	1992
		(In thousands)	
Statutory tax rate	35%	34.5%	34%
Income tax expense at statutory rate	$ 5,841	$13,641	$11,403
State income tax (net of federal tax benefit)	865	1,856	1,873
Dividend income exclusion	(324)	(302)	(304)
Other (net)	(23)	99	340
	$ 6,359	$15,294	$13,312
Income taxes paid	$10,993	$15,636	$14,155

H. Other Current Liabilities

	1994	1993
	(In thousands)	
Accrued workers' compensation liabilities	$ 3,112	$ 2,708
Dividends payable	963	867
Other	468	319
	$ 4,543	$ 3,894

I. Line of Credit

The Company has a credit line of $50,000,000. The line has no fee or compensating balance requirement.

J. Commitments and Contingencies

The Company incurred rent expense of approximately $666,000, $686,000 and $694,000, for the years ended June 30, 1994, 1993 and 1992, respectively, and is obligated under leases for branch warehouses with terms not exceeding five years. Certain leases contain renewal options.

Future minimum lease payments are as follows:

June 30,	(In thousands)
1995	$435
1996	230
1997	150
1998	114
1999	44
	$973

The Company is a party to various pending legal and administrative pro ceedings. It is management's opinion that the outcome of such proceedings will have no material financial impact on the Company.

Concentration of Credit Risk: At June 30, 1994, financial instruments which potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents in financial institutions (which periodically exceed federally insured limits) and investments in the preferred stocks of other companies. 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.

K. Quarterly Financial Data (Unaudited)

	Quarter Ended 09/30/93	12/31/93	03/31/94	06/30/94
	(In thousands, except per share data)			
Net sales	$46,998	$49,564	$48,628	$48,671
Gross profit	26,010	27,621	26,811	13,853
Income (loss) from operations	5,244	5,889	4,679	(6,324)
Net income (loss)	4,365	4,196	3,932	(2,163)
Net income (loss) per share	$2.27	$2.18	$2.04	$(1.13)

Results were negatively impacted by the sudden increase in green coffee prices which occurred in the fourth quarter of 1994.

	Quarter Ended 09/30/92	12/31/92	03/31/93	06/30/93
	(In thousands, except per share data)			
Net sales	$47,788	$49,717	$46,667	$46,507
Gross profit	29,368	28,759	28,399	27,732
Income from operations	9,029	7,698	7,015	6,187
Income before cumulative effect of accounting changes	6,531	5,886	5,187	6,640
Net income	1,237	5,886	5,187	6,640
Income per share:				
Before cumulative effect of accounting changes	$3.39	$3.06	$2.69	$3.45
Net income per share	$0.64	$3.06	$2.69	$3.45

Results for the first three quarters of 1993 have been restated to reflect the adoption of SFAS 106 and SFAS 109 retroactively to July 1, 1992. The cumulative effect of adopting these accounting changes, net of tax, was approximately $5,294,000 (or $2.75 per share) during the first quarter.

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 28, 1994 (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, 1994, pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended.

Name	Age	Position
Roy F. Farmer	78	Chairman of Board of Directors since 1951.
Roy E. Farmer	42	President and Director since 1993; various positions since 1976, son of Chairman of the Board, R.F. Farmer.
Guenter W. Berger	57	Vice President of Production, Director since 1980; various positions since 1960.
Kenneth R. Carson	54	Vice President of Sales since 1990; Sales Management since 1968.
David W. Uhley	53	Secretary since 1985; various positions since 1968.
John E. Simmons	43	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 Schedule

1. Financial Statements included in Item 8:
   - Consolidated Balance Sheets as of June 30, 1994 and 1993.
   - Consolidated Statements of Income For the Years Ended June 30, 1994, 1993 and 1992.
   - Consolidated Statements of Cash Flows For the Years Ended June 30, 1994, 1993 and 1992.
   - Consolidated Statements of Shareholders' Equity For the Years Ended June 30, 1994, 1993 and 1992.
   - Notes to Consolidated Financial Statements

2. Financial Statement Schedule:
   - Schedule I - Marketable Securities-Other Investments- June 30, 1994.
   - Other schedules are omitted as they are not applicable, not material or the required information is given in the 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. Registrant did not file any reports on Form 8-K during the quarter ended June 30, 1994.

(c) Exhibits required by Item 601 of Regulation S-K.

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.

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

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.

FARMER BROS. CO.
SCHEDULE I - MARKETABLE SECURITIES - OTHER INVESTMENTS
JUNE 30, 1994

Column A Description	Column B Number of shares & principal amount	Column C Cost	Column D Market value	Column E Amount at which carried in the balance sheet
		(In thousands)		
Short term:				
U.S. Government obligations	35,000	$34,839	$34,924	$34,839
Long term:				
U.S. Government obligations	41,000	39,599	38,621	39,599
Various preferred stocks*	-	28,939	27,895	27,895
Corporate bonds*	1,800	1,799	1,796	1,799
Liquid asset fund	-	2,667	2,667	2,667

* Securities of any one issuer do not exceed 2% of total assets.

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, 1994

By: John E. Simmons
(John E. Simmons, Treasurer and
Chief Financial and Accounting Officer)
Date: September 28, 1994

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.

Lewis A. Coffman
Lewis A. Coffman, Director
Date: September 28, 1994

Guenter W. Berger
Guenter W. Berger, Vice President and Director
Date: September 28, 1994

Roy E. Farmer
Roy E. Farmer, President and Director
Date: September 28, 1994

John M. Anglin, Director
Date

Catherine E. Crowe, Director
Date

YEAR
JUN-30-1994
JUN-30-1994
8,681,000
34,839,000
15,975,000
445,000
34,910,000
103,375,000
28,943,000
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99,566,000
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10,330,000
5.36
5.36