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ANNUAL AUDITED REPORT

FORM X-17A-5
PART III

SEC FILE NUMBER
8-43206

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

RV 12/6/02

REPORT FOR THE PERIOD BEGINNING 10-01-01 AND ENDING 9-30-02
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:
Templeton Franklin Investment Services, Inc.
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
One Franklin Parkway

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street)

San Mateo
(City)

CA
(State)

94403-1906
(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Michael J. Corcoran

(650) 525-7510
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
PricewaterhouseCoopers, L.L.P.

(Name - if individual, state last, first, middle name)

333 Market Street
(Address)

San Francisco
(City)

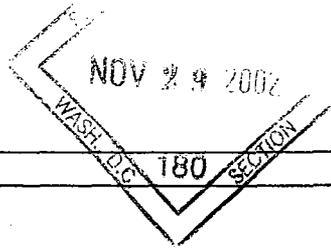
CA
(State)

94105
(Zip Code)

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THOMSON
FINANCIAL

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.



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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

02-12-02

OATH OR AFFIRMATION

I, Michael J. Corcoran, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Templeton Franklin Investment Services, Inc., as of September 30, 2002, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Mary T. Sevilla

Notary Public



Signature *[Handwritten Signature]*

Chief Financial Officer
Title

This report ** contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

--For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).



**Templeton/Franklin Investment
Services, Inc. and Subsidiary**

**Report on Audit of Consolidated
Statement of Financial Condition
September 30, 2002**

Report of Independent Accountants

Templeton/Franklin Investment Services, Inc.

In our opinion, the accompanying consolidated statement of financial condition presents fairly, in all material respects, the consolidated financial position of Templeton/Franklin Investment Services, Inc. and subsidiary (an indirect wholly-owned subsidiary of Franklin Resources, Inc.) as of September 30, 2002, in conformity with accounting principles generally accepted in the United States of America. This consolidated financial statement is the responsibility of the Company's management; our responsibility is to express an opinion on this consolidated financial statement based on our audit. We conducted our audit of this consolidated financial statement in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

November 15, 2002

Templeton/Franklin Investment Services, Inc. and Subsidiary
Consolidated Statement of Financial Condition
September 30, 2002

Assets	
Cash and cash equivalents	\$ 6,346,994
Investment management fees receivable, net	579,524
Commission and distribution fees receivable	140,047
Prepaid expenses and other	226,933
Due from affiliates	474,556
Property and equipment, net	<u>103,158</u>
 Total assets	 <u>\$ 7,871,212</u>
Liabilities and Stockholder's Equity	
Liabilities	
Commission payable	\$ 423,228
Trade payables and accrued expenses	1,657,901
Due to affiliates	<u>2,127,838</u>
 Total liabilities	 <u>4,208,967</u>
Stockholder's equity	
Common stock, \$10 par value; 10,000 shares authorized; 100 shares issued and outstanding	1,000
Capital in excess of par value	22,521,379
Accumulated deficit	<u>(18,860,134)</u>
 Total stockholder's equity	 <u>3,662,245</u>
 Total liabilities and stockholder's equity	 <u>\$ 7,871,212</u>

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

Templeton/Franklin Investment Services, Inc. and Subsidiary

Notes to Consolidated Statement of Financial Condition

1. Nature of Business

Templeton/Franklin Investment Services, Inc. (the Company) is a wholly-owned subsidiary of Templeton Worldwide, Inc. (TWW), which is an indirect wholly-owned subsidiary of Franklin Resources, Inc. (Franklin). The Company is registered with the United States Securities and Exchange Commission as an investment advisor and as a broker dealer. The Company provides investment advisory services principally for separate accounts and "wrap" accounts of high net worth and small to medium-sized institutional clients on a fully discretionary basis.

The Company's subsidiary provides investment advice, consultation, marketing, distribution and management or administrative services to its sponsored funds. It earns revenue from providing these services to its sponsored funds based on a percentage of assets under management. All services are provided under contracts that set forth the fees to be charged.

2. Significant Accounting Policies

Basis of presentation

This consolidated financial statement is prepared in accordance with generally accepted accounting principles which require the use of estimates made by management. Actual amounts may differ from these estimates. The consolidated financial statement includes the accounts of Templeton/Franklin Investment Services, Inc. and its wholly-owned subsidiary. All material intercompany accounts and transactions between the Company and its subsidiary have been eliminated from the consolidated financial statements.

Cash and cash equivalents

Cash and cash equivalents consist of demand deposits with banks and amounts held in a money market fund for which an affiliate acts as investment adviser. Due to the relatively short-term nature of this instrument, the carrying value approximates fair value.

Income taxes

The Company is included in the consolidated Federal income tax return of Franklin. Franklin allocates Federal income taxes to the Company using the separate-return method with the exception that Franklin does not allocate to the Company any Federal benefit arising from its net operating losses. The Company files its state income tax returns on a separate basis.

Deferred taxes as of September 30, 2002, related primarily to compensation accruals and depreciation on property and equipment. A full valuation allowance has been recognized for all deferred amounts.

Property and equipment

Property and equipment are recorded at cost and are depreciated on the straight-line basis over their estimated useful lives.

Templeton/Franklin Investment Services, Inc. and Subsidiary

Notes to Consolidated Statement of Financial Condition

3. Property and Equipment

The following is a summary of property and equipment at September 30, 2002:

Furniture and equipment	\$ 1,247,805
Less accumulated depreciation	<u>(1,144,647)</u>
	<u>\$ 103,158</u>

4. Employee Benefit and Incentive Plans

Franklin sponsors an Annual Incentive Plan and other incentive programs covering employees of Franklin and its U.S. subsidiaries. The plan is funded on an annual basis as determined by the Board of Directors of Franklin.

The Company participates in a non-contributory defined benefit retirement plan (the "Pension Plan") of Franklin covering substantially all employees who have attained age 21 and completed one year of service.

5. Related Party Transactions

The Company earns fees from affiliates for research and sales services provided. In addition, certain expenses are allocated to the Company for costs incurred by affiliated companies, which benefit the Company. Amounts due to, due from affiliates relate to these transactions.

6. Net Capital Requirement

The Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15c3-1). In accordance with Rule 15c3-1, the Company is required to maintain a minimum net capital of either the greater of 6 2/3% of aggregate indebtedness or \$50,000. In addition, the Company is required to maintain a ratio of aggregate indebtedness to net capital, both as defined, not in excess of 15 to 1. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash dividends paid if the resulting indebtedness to net capital ratio would exceed 10 to 1. As of September 30, 2002, the Company had net capital of \$1,743,954 which was \$1,489,985 in excess of its required net capital of \$253,969. The Company's ratio of aggregate indebtedness to net capital was 2.18 to 1.