

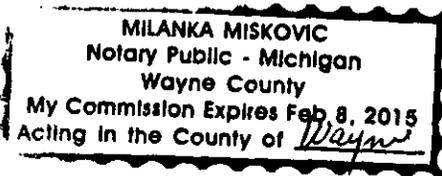
OATH OR AFFIRMATION

I, RONALD G. HANDLOSER, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of FRANKLIN CAPITAL, INC., as of DECEMBER 31, 2008, 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:

Ronald G. Handloser
Signature

President
Title

Milanka Miskovic
Notary Public



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 Proprietor's 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 15c3-1 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).

**FINANCIAL AND OPERATION COMBINED UNIFORM SINGLE REPORT
PART IIA**

OKER OR DEALER **Franklin Capital, Inc.**

as of December 31, 2008

COMPUTATION OF NET CAPITAL

Total ownership equity from Statement of Financial Condition.....	\$	<u>50,128</u>	3480
Deduct ownership equity not allowable for Net Capital.....	19		3490
Total ownership equity qualified for Net Capital.....		<u>50,128</u>	3500
Add:			
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital.....			3520
B. Other (deductions) or allowable credits (List).....			3525
Total capital and allowable subordinated liabilities.....	\$	<u>50,128</u>	3530
Deductions and/or charges:			
A. Total nonallowable assets from Statement of Financial Condition (Notes B and C) ¹⁷ \$		3540	
B. Secured demand note deficiency.....		3590	
C. Commodity futures contracts and spot commodities: proprietary capital charges.....		3600	
D. Other deductions and/or charges.....		3610	3620
Other additions and/or allowable credits (List).....			3630
Net capital before haircuts on securities positions.....	20	<u>50,128</u>	3640
Haircuts on securities (computed, where applicable, pursuant to 15c3-1 (f)):			
A. Contractual securities commitments.....	\$	3660	
B. Subordinated securities borrowings.....		3670	
C. Trading and investment securities:			
1. Exempted securities..... ¹⁸		3735	
2. Debt securities.....		3733	
3. Options.....		3730	
4. Other securities.....		3734	
D. Undue Concentration.....		3850	
E. Other (List)..... <u>HAIRCUT (3% OF MON. MKT.)</u>		<u>22</u> 3738	3740
Net Capital.....	\$	<u>50,106</u>	3750

OMIT PENNI

There were not material differences between the audited computation of net capital and the net capital computed above.

JAMES K. BEALE CPA

Supplemental Report on Material Inadequacies

In the course of the independent public accountant's tests of the accounting system and the internal control procedures, no matters were considered to be material weaknesses.

The period was the year ended December 31, 2008.

Statement of Exemption from Computation of Reserve Requirements

Franklin Capital, Inc. claims exemption from SEC rule 15c3-3 which requires a computation of reserve requirements. Franklin Capital, Inc. is a non-clearing broker – dealer and does not carry customer's accounts on its books. In the audit conducted for Franklin Capital, Inc. for the year ended December 31, 2008 dated February 4, 2009 no customer accounts appeared on the books of Franklin Capital, Inc. The proper controls and procedures are in place to qualify for this exemption.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER'S OF
FRANKLIN CAPITAL, INC.

In my opinion, the accompanying Balance Sheet as of December 31, 2008 and the related Statements of Income, Retained Earnings, and Cash Flows present fairly, in all material respects, the financial position of Franklin Capital, Inc. at December 31, 2008 and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management, my responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit of these financial statements in accordance with generally accepted auditing standards which require that I 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for the opinion expressed above.

February 4, 2009

James K Beale

ASSETS

CURRENT ASSETS:

Cash in bank (Note A)	\$47,922
Cash in Money Market fund (Note A)	727
Federal Income Tax receivable	<u>1,490</u>
TOTAL CURRENT ASSETS	50,139

TOTAL ASSETS \$50,139

LIABILITIES AND STOCKHOLDER'S EQUITY

CURRENT LIABILITIES:

Loan payable - Stockholder (Note B)	<u>11</u>
TOTAL LIABILITIES	11

STOCKHOLDER'S EQUITY:

Capital stock issued and outstanding	\$10,000
Retained earnings	<u>40,128</u>

TOTAL STOCKHOLDER'S EQUITY 50,128

TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY \$50,139

INCOME:

Commissions
Interest

\$3,064

435

TOTAL INCOME

\$3,499

EXPENSES:

Accounting and Auditing fees

650

Regulatory Fees

1,230

Office expense and postage

902

Occupancy

3,053

Annual filing fees

175

Mail service

500

Vehicle expense

5,600

Meals & Entertainment

2,650

TOTAL EXPENSES

14,760

Net loss before tax

(11,261)

Provision for tax (credit)

(1,490)

NET LOSS

\$ (9,771)

RETAINED EARNINGS:

Balance, December 31, 2007	\$49,899
Add: Net (loss) for the year ended December 31, 2008	<u>(9,771)</u>
Balance, December 31, 2008	<u><u>\$40,128</u></u>

CASH FLOWS TO OPERATING ACTIVITIES

Net (Loss)	\$ (9,771)
Changes in operating assets and liabilities:	
Federal income tax	<u>(4,553)</u>
NET CASH FLOWS TO OPERATING ACTIVITIES	(14,324)
Net decrease in cash	(14,324)
Cash at beginning of year, January 1, 2008	<u>62,973</u>
Cash at end of year, December 31, 2008	<u><u>\$48,649</u></u>

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. CASH EQUIVALENTS include cash and liquid investments with an original maturity of 90 days or less.

NOTE B - LOAN PAYABLE - STOCKHOLDER

The stockholder, Ronald Handloser, has advanced funds to the corporation for general working capital. The obligation is secured and payable on demand.

END