

SECURITIES AND EXCHANGE COMMISSION

FORM N-30D

Initial annual and semi-annual reports mailed to investment company shareholders pursuant to Rule 30e-1 (other than those required to be submitted as part of Form NCSR)

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FILER

FRANKLIN FLOATING RATE TRUST

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Mailing Address	Business Address
777 MARINERS ISLAND BLVD SAN MATEO CA 94404	777 MARINERS ISLAND BLVD SAN MATEO CA 94404

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[FUND CATEGORY PYRAMID GRAPHIC]

SHAREHOLDER LETTER

Your Fund's Goal: Franklin Floating Rate Trust's primary goal is to provide as high a level of current income and preservation of capital, as is consistent with investment primarily in senior secured corporate loans and corporate debt securities with floating interest rates.

Dear Shareholder:

It's a pleasure to bring you Franklin Floating Rate Trust's semiannual report for the period ended January 31, 1999.

During the six months under review, the U.S. economy continued to expand under near-ideal economic conditions. U.S. growth remained strong in the second half of 1998. The gross domestic product increased at an annualized 3.7% rate in the third quarter and 6.1% in the fourth quarter. In addition, interest rates continued to decline, with the 30-year Treasury yield ending the period at 5.09%, down from 5.72% on July 31, 1998.

However, Russia's debt default and currency devaluation in late August helped demonstrate that the U.S. equity and bond markets were not immune to troubles elsewhere in the

You will find a complete listing of the fund's portfolio holdings, including dollar value and number of shares or principal amount, beginning on page 10 of this report.

WHAT ARE SYNDICATED BANK LOANS?

Syndicated bank loans are large loans to corporate borrowers made by a group, or syndicate, of banks and other lenders. The lenders join together, seeking to lower each participating institution's risk exposure to any one corporate borrower.

world. The equity and high yield bond markets fell precipitously in the late summer correction, while the Treasury market surged, reflecting the "flight-to-safety" mentality of many investors.

Taking note of the world's economic problems, the Federal Reserve Board's (the Fed's) monetary policy panel, the Federal Open Market Committee, cut the federal funds target rate three times, for a total of 0.75% since late September, to 4.75%, in an effort to stimulate growth and calm nervous markets.

Although the global problems had a strong impact on domestic markets, they quickly recovered. On January 31, 1999, the Dow Jones(R) Industrial Average stood at 9358.83, compared with 8883.29 on July 31, 1998. Looking forward, recent problems in emerging markets, such as Brazil's currency devaluation in January, make our outlook for the remainder of 1999 somewhat cautious.

SYNDICATED BANK LOAN MARKET

In contrast to earlier in 1998, the second half of the year was a difficult environment for the syndicated bank loan market. During the first part of the reporting period, volumes in the syndicated loan primary market weakened, as market volatility tempered demand for riskier investments and increased yield spreads of senior secured loans dramatically, which sidelined many borrowers and discouraged refinancing.

Senior secured loan volume for 1998's third and fourth quarters totaled \$133.0

first six months of 1998. More significant was a flight to quality as institutional investors focused on pursuing relatively higher quality deals. From January through August, BB/BB- rated loans, considered high quality in the senior secured loan market, comprised 58% of loan volume; from September through November, such issues comprised over 80% of new issuance. In addition, investors were rewarded more for the same level of risk, as yields increased substantially.

Despite reduced liquidity in the high yield market, these loans still returned 0.33% in the third quarter and 0.98% in the fourth quarter of 1998, according to the DLJ Loan Index, marking the 27th and 28th consecutive quarters of positive returns for this asset class. Although market conditions were trying, these difficult months offered the fund substantial opportunities to invest via the primary and secondary markets in the corporate loans and debt securities of a number of strong companies at what we believed were attractive prices.

PORTFOLIO NOTES

Consistent with the fund's strategy, we typically invest in loans to companies that offer what we believe are the best risk/reward profiles -- companies that we expect will help us to maximize current income, while preserving capital. We prefer companies with strong asset coverage, favorable capital structures, and dominant market shares whose loans offer the highest yields

TOP 10 HOLDINGS
1/31/99

COMPANY INDUSTRY	% OF TOTAL NET ASSETS
Starwood Hotels and Resorts Worldwide, Inc. Hotel/Resorts	4.58%
Agrilink Foods, Inc. Packaged Foods	4.37%
Lyondell Petrochemical Co. Major Chemicals	4.36%
Charter Communications Entertainment LLC Cable Television	3.29%
Jefferson Smurfitt Corp. Paper	2.88%
Superior Telecom Inc. Diversified Manufacturing	2.77%
Scotts Co. Consumer Sundries	2.31%
Wireless One Network Limited Partnership Cellular Telephone	2.28%
AEI Resources Inc. Coal Mining	2.28%
Meditrust Corp. Real Estate Investment Trust	2.28%

in their respective industries. During the period under review, Franklin Floating Rate Trust was invited to participate in 53 different debt deals in the primary market, representing more than \$28.35 billion in credit facilities. As of January 31, 1999, the fund's portfolio was composed of 82 loans in 32 industries.

Recently, the fund focused on companies in defensive industries that we think should hold up well in uncertain markets. In the cable television sector, we invested in the refinancing of Charter Communications Entertainment LLC, the 10th largest U.S. cable-TV aggregator with more than 1.2 million subscribers. Microsoft co-founder Paul Allen is expected to merge Charter Communications with Marcus Cable Co., which would form the country's seventh-largest operator, with more than 2.4 million subscribers.

In the household products sector, the fund invested in a corporate loan to Scotts Co., the premier U.S. consumer lawn and professional turf care company. Scotts used the loan to purchase lawn care assets from Rhone-Poulenc SA of France, providing the company with an important foothold in Europe and the opportunity to expand sales of its leading Ortho and Miracle-Gro brands.

In October, we invested in a loan supporting SPX Corp.'s recent acquisition of General Signal Corp. A major supplier to the automotive industry, SPX should benefit from cost reductions and synergies as a result of the General Signal acquisition. In addition, the combined company will have greater product diversification, as 16 of the combined company's 19 lines of business have the first or second largest share in their respective markets.

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Other significant purchases during the period included loans to Agrilink Foods, Inc. and Starwood Hotels. Agrilink, a leading food manufacturer in canned and frozen fruits and vegetables, significantly strengthened its brand name by acquiring the Deans Foods Vegetables Co., owner of the popular Birds Eye vegetables brand. The purchase of Birds Eye, the number one, nationally recognized processed vegetable label in the U.S., positions Agrilink as one of the largest food producers in these product lines, second only to H.J. Heinz Co. Agrilink also gains tremendous marketing muscle and a national distribution platform that can be used to further enhance revenue growth via new product introductions.

Starwood Hotels is the largest U.S. hotel real estate investment trust and full-service hotel owner/operator in the world, with nearly 650 properties in more than 70 countries. The company controls several of the most prestigious luxury and upscale hotel/gaming brands worldwide, including Sheraton, Westin, Caesars and Luxury Collection/St. Regis. Starwood Hotel and Resorts Worldwide, Inc., the division responsible for operating and managing hotels, contributed more than 75% of the company's cash flow in 1998 and was an industry leader during the first half of 1998. High barriers to entry characterize this segment of the hotel market, giving Starwood added brand and pricing leadership.

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DIVIDEND DISTRIBUTIONS*

8/1/98 - 1/31/99

MONTH	DIVIDEND PER SHARE
August	5.6983 cents
September	5.2831 cents
October	5.6951 cents
November	5.7948 cents
December	5.9976 cents
January	5.7744 cents
-----	-----
TOTAL	34.2433 CENTS

*Assumes shares were purchased and held for the entire accrual period. Since dividends accrue daily, your actual distributions will vary depending on the date you purchased your shares and any account activity during the month. Income distributions include all accrued income earned by the fund during the reporting period.

Developments in the long-term health care sector negatively affected the fund during the period under review. Beginning on July 1, 1998, many long-term health care providers started to operate under a new Medicare reimbursement system, Medicare Prospective Payment System (PPS), as mandated by the Balanced Budget Act of 1997. PPS signified a substantial change in Medicare reimbursement policy, as it requires providers to minimize the cost of providing health care, effectively forcing them to cut their costs. Previously, the emphasis was on providing as much health care as was needed, which maximized the providers' reimbursements but neglected to contain costs. Once implemented, PPS reduced many providers' revenues and earnings, as many were slow to cut costs. These changes negatively impacted the long-term care industry and in our opinion, caused downward pricing pressure on some of the long-term health care loan positions in the portfolio.

During the reporting period, the trust's net asset value declined, from \$10.04 on July 31, 1998, to \$9.95 on January 31, 1999. While the fund's goal is to

maintain a relatively stable net asset value, the loans that comprise the portfolio do fluctuate in value in secondary trading, especially in turbulent markets. Nevertheless, we believe the fund's relatively stable net asset value and potential for high current income make it an attractive part of a diversified portfolio.

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Please remember that this discussion reflects our views, opinions and portfolio holdings as of January 31, 1999. However, market and economic conditions are changing constantly, which can be expected to affect our strategies and the fund's portfolio composition. Although historical performance is no guarantee of future results, these insights may help you understand our investment and management philosophy.

We appreciate your participation in the fund, and welcome any comments or suggestions that you may have.

Sincerely,

/s/ Charles B. Johnson

Charles B. Johnson
Chairman
Franklin Floating Rate Trust

/s/ Chauncey Lufkin

Chauncey Lufkin
Portfolio Manager
Franklin Floating Rate Trust

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Subject to a 1% early withdrawal charge for shares redeemed within 12 months of investment.

1. Cumulative total return represents the change in value of an investment over the periods indicated and does not include the early withdrawal charge.
 2. Average annual total return represents the average annual change in value of an investment over the periods indicated and includes the 1% early withdrawal charge, assuming shares were redeemed within 12 months of purchase.
 3. 30-day distribution rate is based on an annualization of the 30-day average distribution rate for the 30 days prior to January 31, 1999, of 5.9692 cents per share and the maximum offering price of \$9.95 on January 31, 1999.
 4. Yield, calculated as required by the SEC, is based on the earnings of the fund's portfolio for the 30 days ended January 31, 1999.
-

PERFORMANCE SUMMARY AS OF 1/31/99

Distributions will vary based on earnings of the fund's portfolio and any profits realized from the sale of the portfolio's securities. Past distributions are not indicative of future trends. All total returns include reinvested distributions at net asset value.

PRICE AND DISTRIBUTION INFORMATION (8/1/98 - 1/31/99)

	CHANGE	1/31/99	7/31/98
Net Asset Value	-\$0.09	\$9.95	\$10.04

DISTRIBUTIONS

Dividend Income	\$0.342433
-----------------	------------

PERFORMANCE

	1-YEAR	INCEPTION (10/10/97)
Cumulative Total Return(1)	+6.10%	+8.02%
Average Annual Total Return(2)	+5.11%	+6.07%
30-Day Distribution Rate(3)	7.30%	
30-Day Standardized Yield(4)	7.03%	

Past performance is not predictive of future results.

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FRANKLIN FLOATING RATE TRUST
Financial Highlights

<TABLE>

<CAPTION>

	SIX MONTHS ENDED JANUARY 31, 1999 (UNAUDITED)	YEAR ENDED JULY 31, 1998*
	<C>	<C>
<S>		
PER SHARE OPERATING PERFORMANCE (for a share outstanding throughout the period)		
Net asset value, beginning of period	\$ 10.04	\$ 10.00
Income from investment operations:		
Net investment income	0.34	0.48
Net realized and unrealized gains	(0.09)	0.04
Total from investment operations25	.52
Less distributions from net investment income	(0.34)	(0.48)
Net asset value, end of period	\$ 9.95	\$ 10.04
Total return**	2.56%	5.33%
RATIOS/SUPPLEMENTAL DATA		
Net assets, end of period (000's)	\$ 435,556	\$ 168,537
Ratios to average net assets:		
Expenses	1.36%***	1.32%***
Expenses excluding waiver and payments by affiliate	1.39%***	1.76%***
Net investment income	6.63%***	6.06%***
Portfolio turnover rate	21.62%	45.32%
</TABLE>		

* For the period October 10, 1997 (effective date) to July 31, 1998.

** Total return does not reflect the contingent deferred sales charge and is not annualized.

*** Annualized

See notes to financial statements.

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FRANKLIN FLOATING RATE TRUST
STATEMENT OF INVESTMENTS, JANUARY 31, 1999 (UNAUDITED)

<TABLE>

<CAPTION>

	PRINCIPAL AMOUNT	VALUE
	<C>	<C>
<S>		
(b) SENIOR FLOATING RATE INTERESTS 89.4%		
ADVERTISING 1.9%		
DIMAC Corp.,		
Term Loan B, 8.408%, 6/30/06	\$ 4,857,143	\$ 4,845,000
Term Loan C, 8.658%, 12/31/06	3,642,857	3,633,750
		8,478,750
AUTO PARTS: O.E.M. 3.9%		
Breed Technologies Inc., Term Loan B, 7.625%, 4/27/06	4,812,623	4,475,740

Exide Corp., Term Loan B, 7.75 - 8.188%, 3/31/05	4,582,282	4,490,636
Federal Mogul Corp., Term Loan C, 8.07%, 9/30/06	2,965,639	2,967,493
SPX Corp., Term Loan B, 8.563 - 8.75%, 9/30/06	4,987,500	5,021,789

		16,955,658

BOOKS/MAGAZINES 1.6%		
Reiman Publications, Term Loan B, 8.813%, 11/30/05	7,000,000	7,021,875

BROADCASTING 3.4%		
Capstar Broadcasting, Term Loan A, 7.188 - 7.438%, 11/30/04	10,000,000	9,950,000
Emmis Communications, Term Loan D, 7.625%, 2/06/07	5,000,000	4,993,750

		14,943,750

CABLE TELEVISION 5.2%		
Charter Communications Entertainment LP, 8.31%, 9/30/07	5,000,000	5,006,250
Charter Communications Entertainment I LP, Term Loan C, 7.83%, 12/31/04 .	4,326,359	4,331,767
Charter Communications Entertainment II Holdings LLC, 8.375%, 9/30/06 ...	5,000,000	5,006,250
Frontiervision Operating Partners, Term Loan B, 7.625%, 4/01/06	6,000,000	6,003,750
Intermedia Partners Group, Term Loan A, 7.875 - 8.00%, 4/30/08	2,500,000	2,501,563

		22,849,580

CELLULAR TELEPHONE 9.2%		
American Cellular Wireless,		
Term Loan B, 7.58%, 6/30/07	2,500,000	2,503,125
Term Loan C, 7.83%, 12/31/07	2,500,000	2,503,125
Centennial Cellular Operating Co. LLC,		
Term Loan B, 8.50 - 8.51%, 5/31/07	2,500,000	2,509,374
Term Loan C, 8.75 - 8.76%, 11/30/07	2,500,000	2,509,374
Iridium Operating LLC, 7.63 - 8.75%, 12/31/00	5,000,000	4,925,000
Microcell Connexions Inc., Term Loan B, 8.281%, 3/01/06	5,601,575	5,580,569
Nextel Communications Inc., Term Loan B, 7.813%, 9/30/06	5,000,000	4,775,000
Telecorp PCS Inc., Term Loan B, 8.41%, 1/17/08	5,000,000	4,887,500
Wireless One Network Limited Partnership, Term Loan B, 7.88%, 9/30/07 ...	10,000,000	9,950,000

		40,143,067

COAL MINING 3.3%		
AEI Resources Inc., Term Loan B, 8.44%, 9/30/05	10,000,000	9,937,500
P&L Coal Holdings Corp., Term Loan B, 7.375 - 7.438%, 6/09/06	4,615,385	4,603,845

		14,541,345

</TABLE>

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FRANKLIN FLOATING RATE TRUST
STATEMENT OF INVESTMENTS, JANUARY 31, 1999 (UNAUDITED) (CONT.)

<TABLE>
<CAPTION>

	PRINCIPAL AMOUNT	VALUE
	<C>	<C>

<S>		
(b) SENIOR FLOATING RATE INTERESTS (CONT.)		
CONSUMER SPECIALTIES .9%		
Boyd's Collection Ltd., Term Loan B, 7.25 - 7.50%, 4/30/06	\$ 3,994,444	\$ 3,974,473

CONSUMER SUNDRIES 2.3%		
Scotts Co.,		
Term Loan B, 8.50%, 6/09/06	5,092,025	5,130,216
Term Loan C, 8.688 - 8.75%, 6/08/07	4,907,975	4,944,784

		10,075,000

CONTAINERS/PACKAGING 3.2%		
Graham Packaging Co.,		
Term Loan B, 7.563%, 1/31/06	2,707,031	2,707,031
Term Loan C, 7.813%, 1/31/07	2,242,969	2,242,969
Term Loan D, 7.813%, 1/31/07	2,892,857	2,892,857
Stone Container Corp., Term Loan E, 8.625%, 10/01/03	6,125,723	6,133,380

		13,976,237

DIVERSIFIED COMMERCIAL SERVICES 1.6%		
Outsourcing Solutions Inc., Term Loan C, 8.25 - 8.281%, 10/15/04	6,968,887	6,873,065

DIVERSIFIED MANUFACTURING 3.8%		
Fisher Scientific International,		
Term Loan B, 7.50%, 1/21/05	2,553,304	2,559,687
Term Loan C, 7.75%, 1/21/06	1,766,886	1,771,304
Superior Telecom Inc.,		
Term Loan B, 8.813 - 9.00%, 11/27/05	10,000,000	10,050,000
Senior Sub. Loan, 9.313%, 11/27/06	2,000,000	1,995,000

		16,375,991

ENVIRONMENTAL SERVICES 2.3%		
Environmental Systems Products Holdings Inc., Term Loan B, 9.281%,		
9/30/05	5,000,000	5,012,500
Safety Kleen Corp.,		
Term Loan B, 7.875 - 8.125%, 9/30/05	2,493,734	2,506,203
Term Loan C, 8.125 - 8.375%, 9/30/06	2,493,734	2,506,203

		10,024,906

FOREST PRODUCTS 1.2%		
Grant Forest Products Inc., Term Loan B, 8.97%, 9/30/06	5,000,000	5,018,750

HOME FURNISHINGS .5%		
Sealy Mattress Co.,		
Axel B, 8.406%, 12/15/04	753,940	751,112
Axel C, 8.656%, 12/15/05	543,031	540,994
Axel D, 8.906%, 12/15/06	693,940	691,337

		1,983,443

HOSPITAL/NURSING MANAGEMENT 3.4%		
Paracelsus Healthcare Corp., Term Loan B, 8.124%, 3/31/04		
	4,000,000	3,955,000
Sun Healthcare Group Inc.,		
Term Loan B, 8.00%, 10/08/04	2,745,453	2,621,907
Term Loan C, 8.25%, 10/08/05	2,745,453	2,621,907
Vencor Operating, Inc. Term Loan B, 8.46%, 1/15/08	6,873,609	5,670,728

		14,869,542

</TABLE>

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FRANKLIN FLOATING RATE TRUST
STATEMENT OF INVESTMENTS, JANUARY 31, 1999 (UNAUDITED) (CONT.)

<TABLE>
<CAPTION>

	PRINCIPAL AMOUNT	VALUE
<S>	<C>	<C>
(b) SENIOR FLOATING RATE INTERESTS (CONT.)		
HOTELS/RESORTS 4.6%		
Starwood Hotels & Resorts Worldwide Inc., 8.19%, 2/23/03	\$20,000,000	\$ 19,950,000

INDUSTRIAL MACHINERY/COMPONENTS 1.1%		
Thermadyne Manufacturing,		
Term Loan B, 7.79%, 5/23/05	2,487,500	2,481,281
Term Loan C, 8.04%, 5/22/06	2,487,500	2,481,281

		4,962,562

MAJOR CHEMICALS 4.4%		
Lyondell Petrochemical Co.,		
Term Loan B, 8.129 - 8.188%, 6/30/05	9,482,231	9,197,764
Term Loan C, 7.629%, 6/30/99	3,846,154	3,759,615
Term Loan D, 7.219%, 6/30/00	6,153,846	6,015,385

		18,972,764

MARINE TRANSPORTATION 1.1%		
American Commercial Lines,		
Term Loan B, 7.688%, 6/30/06	2,111,273	2,109,953
Term Loan C, 7.938%, 6/30/07	2,877,301	2,877,301

		4,987,254

MEDIA CONGLOMERATES 2.3%		
Bridge Information Systems Inc., Term Loan B, 8.063%, 5/29/05	10,000,000	9,937,500

MEDICAL SPECIALTIES 1.2%		
Stryker Corp.,		
Term Loan B, 8.02%, 12/02/05	985,915	988,380
Term Loan C, 8.52%, 12/04/06	4,014,085	4,031,646
		5,020,026
MOVIES/ENTERTAINMENT 1.8%		
Regal Cinemas Inc.,		
Term Loan B, 7.40%, 5/26/06	766,885	767,843
Term Loan C, 7.65%, 5/24/07	2,117,647	2,120,294
United Artist Theaters,		
Term Loan B, 7.875 - 8.313%, 4/21/06	1,990,000	1,972,588
Term Loan C, 8.125 - 8.563%, 4/21/07	2,985,000	2,958,881
		7,819,606
OIL REFINING/MARKETING .8%		
Clark Refining & Marketing Inc., 8.00%, 11/15/04	3,500,000	3,460,625
OTHER PHARMACEUTICALS 1.6%		
King Pharmaceuticals, Term Loan B, 8.69%, 12/22/06	7,000,000	7,017,500
OTHER TELECOMMUNICATIONS 1.3%		
Satelites Mexicanos, Term Loan C, 9.03%, 6/30/04	5,917,000	5,443,640

</TABLE>

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FRANKLIN FLOATING RATE TRUST
STATEMENT OF INVESTMENTS, JANUARY 31, 1999 (UNAUDITED) (CONT.)

<TABLE>
<CAPTION>

	PRINCIPAL AMOUNT	VALUE
<S>	<C>	<C>
(b) SENIOR FLOATING RATE INTERESTS (CONT.)		
PACKAGED FOODS 5.1%		
Agrilink Foods Inc.,		
Term Loan B, 9.287%, 9/30/04	\$ 9,430,175	\$ 9,406,601
Term Loan C, 9.538%, 9/30/05	9,666,048	9,641,883
New World Pasta, Term Loan B, 10.00%, 1/28/06	3,000,000	3,000,000
		22,048,484
PAPER 4.6%		
Jefferson Smurfit Corp., Term Loan B, 8.937%, 3/31/06	12,500,000	12,531,250
Repap New Brunswick, 9.02%, 6/04/00	8,000,000	7,880,000
		20,411,250
REAL ESTATE INVESTMENT TRUSTS 2.8%		
Meditrust Corp., Term Loan D, 7.625%, 7/17/01	10,000,000	9,925,000
Ventas Realty Limited Partnership, Term Loan D, 7.71%, 4/03/03	2,644,224	2,406,244
		12,331,244
RENTAL/LEASING COMPANIES 2.0%		
Rent-A-Center Inc.,		
Term Loan B, 7.91%, 1/31/06	3,848,125	3,826,479
Term Loan C, 7.69 - 8.16%, 1/31/07	4,703,263	4,676,809
		8,503,288
SPECIALTY CHEMICALS 2.1%		
Arteva B.V. (Kosa), Term Loan B, 8.471%, 12/31/06	9,000,000	9,039,375
STEEL/IRON ORE 1.5%		
Ispat Sidbec Inc.,		
Term Loan B, 8.031 - 8.379%, 7/16/04	2,487,500	2,350,689
Term Loan C, 8.531 - 8.70%, 1/16/05	2,487,500	2,350,689
Wheeling-Pittsburgh, 8.375%, 11/15/06	2,000,000	1,880,000
		6,581,378
TELECOMMUNICATIONS EQUIPMENT 3.4%		
American Tower Systems Inc., Term Loan B, 8.84%, 12/16/06	5,000,000	5,018,750

Nextel Operations Inc., Leveraged Lease Loan, 9.41%, 3/15/05	5,000,000	4,987,500
Pacific Crossing Ltd., Term Loan B-2, 8.188%, 7/26/08	5,000,000	4,950,000

		14,956,250

TOTAL LONG TERM INVESTMENTS (COST \$391,298,441)		389,548,178

</TABLE>

FRANKLIN FLOATING RATE TRUST
STATEMENT OF INVESTMENTS, JANUARY 31, 1999 (UNAUDITED) (CONT.)

<TABLE>
<CAPTION>

	PRINCIPAL AMOUNT	VALUE
<S>	<C>	<C>
(a) REPURCHASE AGREEMENT 6.3%		
Joint Repurchase Agreement, 4.686%, 2/01/99, (Maturity Value \$27,327,680) (COST \$27,317,012) ..	\$27,317,012	\$ 27,317,012
Barclays Capital Inc.		
Bear, Stearns & Co. Inc.		
Chase Securities Inc.		
CIBC Oppenheimer Corp.		
Deutsche Bank Government Securities		
Donaldson, Lufkin & Jenrette Securities Corp.		
Dresdner Kleinwort Benson, North America, LLC		
Lehman Brothers Inc.		
NationsBanc Montgomery Securities LLC		
Paine Webber Inc.		
Paribas Corp.		
Warburg Dillon Read LLC		
Collateralized by U.S. Treasury Bills & Notes		=====
TOTAL INVESTMENTS (COST \$418,615,453) 95.7%		416,865,190
OTHER ASSETS, LESS LIABILITIES 4.3%		18,691,217

NET ASSETS 100.0%		\$435,556,407
		=====

</TABLE>

- (a) Investment is through participation in a joint account with other funds managed by the investment advisor. At January 29, 1999, all repurchase agreements had been entered into on that date.
- (b) Senior secured corporate loans and senior debt securities in the Fund's portfolio generally have variable rates which adjust to a base, such as the London Inter-Bank Offered Rate (LIBOR), on set dates, typically every 30 days but not greater than one year; and/or have interest rates that float at a margin above a widely recognized base lending rate such as the Prime Rate of a designated U.S. Bank.

See notes to financial statements.

FRANKLIN FLOATING RATE TRUST
Financial Statements

STATEMENT OF ASSETS AND LIABILITIES
JANUARY 31, 1999 (UNAUDITED)

<TABLE>	<C>
<S>	
Assets:	
Investments in securities, at value (cost \$418,615,453)	\$416,865,190
Cash	8,314,006
Receivables:	
Capital shares sold	7,813,676
Interest	3,078,302
Other assets	96,315

Total assets	436,167,489

Liabilities:	
Management fees	240,583

Administrative fees	46,809
Shareholder servicing costs	122,825
Dividends to shareholders	43,598
Other liabilities	157,267

Total liabilities	611,082

Net assets, at value	\$435,556,407
	=====
Net assets consist of:	
Net unrealized depreciation	\$ (1,750,263)
Accumulated net realized loss	(18,587)
Capital shares	437,325,257

Net assets, at value	\$435,556,407
	=====
Net asset value and maximum offering price per share	
(\$435,556,407 (divided by) 43,756,623 shares outstanding)*	\$ 9.95
	=====

</TABLE>

* Tender offer redemption price is equal to net asset value less any applicable early withdrawal charge (Note 2).

See notes to financial statements.

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FRANKLIN FLOATING RATE TRUST
Financial Statements (continued)

STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JANUARY 31, 1999 (UNAUDITED)

Investment income:	
Interest	\$11,082,140
Facility fees earned (Note 1)	919,860

Total investment income	12,002,000

Expenses:	
Management fees (Note 3)	1,193,080
Administrative fees (Note 3)	214,521
Transfer agent fees (Note 3)	583,665
Registration and filing fees	45,024
Professional fees	36,800
Other	17,251

Total expenses	2,090,341

Expenses waived/paid by affiliate (Note 3)	(45,253)
Net expenses	2,045,088

Net investment income	9,956,912
	=====
Realized and unrealized losses:	
Net realized loss from investments	(18,587)
Net unrealized depreciation on investments	(1,933,520)

Net realized and unrealized loss	(1,952,107)

Net increase in net assets resulting from operations ...	\$ 8,004,805

See notes to financial statements.

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FRANKLIN FLOATING RATE TRUST
Financial Statements (continued)

STATEMENTS OF CHANGES IN NET ASSETS
FOR THE SIX MONTHS ENDED JANUARY 31, 1999 (UNAUDITED)
AND THE YEAR ENDED JULY 31, 1998

<TABLE>
<CAPTION>

	SIX MONTHS ENDED JANUARY 31, 1999 (UNAUDITED)	YEAR ENDED JULY 31, 1998*
<S>	<C>	<C>
Increase (decrease) in net assets:		
Operations:		
Net investment income	\$ 9,956,912	\$ 3,370,979
Net realized gain (loss) from investments	(18,587)	20,161
Net unrealized appreciation (depreciation) on investments	(1,933,520)	183,257
	-----	-----
Net increase in net assets resulting from operations	8,004,805	3,574,397
Distributions to shareholders from net investment income	(9,977,072) (a)	(3,370,979)
Capital share transactions (Note 2)	268,991,724	168,384,635
Reduction in capital shares due to offering costs (Note 1)	--	(51,103)
	-----	-----
Net increase in net assets	267,019,457	168,536,950
Net assets (there is no undistributed net investment income at beginning or end of period)		
Beginning of period	168,536,950	--
	-----	-----
End of period	\$ 435,556,407	\$ 168,536,950
	=====	=====

</TABLE>

* For the period October 10, 1997 (effective date) to July 31, 1998.

(a) Distributions were increased by a net realized gain from investments of \$20,160.

See notes to financial statements.

FRANKLIN FLOATING RATE TRUST
Financial Statements (continued)

STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JANUARY 31, 1999 (UNAUDITED)

Interest received	\$ 9,507,427
Facility fees received	919,860
Operating expenses paid	(1,618,114)

Cash provided - operations	8,809,173
	=====
Investment purchases	(4,631,656,529)
Investment sales	4,371,255,834

Cash provided - investments	(260,400,695)
	=====
Distributions to shareholders	(9,933,474)
Net proceeds from capital shares sold	268,326,680

Cash provided - financing activities	258,393,206
	=====
Net change in cash	6,801,684
Cash at beginning of period	1,512,322

Cash at end of period	\$ 8,314,006
	=====

RECONCILIATION OF NET INVESTMENT INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

FOR THE SIX MONTHS ENDED JANUARY 31, 1999 (UNAUDITED)

<TABLE>
<CAPTION>

<S>	<C>
Net investment income	\$ 9,956,912
Adjustments to reconcile net investment income to net cash provided by operating activities:	
Interest and facility fees	(1,574,714)
Operating expenses	426,975

Net cash provided by operating activities	\$ 8,809,173
	=====

</TABLE>

FRANKLIN FLOATING RATE TRUST
Notes to Financial Statements (unaudited)

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Franklin Floating Rate Trust (the Fund) is registered under the Investment Company Act of 1940 as a closed-end, continuously offered, non-diversified investment company. The Fund seeks current income and preservation of capital.

The following summarizes the Fund's significant accounting policies.

a. SECURITY VALUATION:

The Fund invests primarily in senior secured corporate loans and senior secured debt that meet credit standards established by Franklin Advisers, Inc. Investment in these securities may be considered illiquid and prompt sale of these securities at an acceptable price may be difficult.

The Fund values its securities based on quotations provided by banks or broker/dealers experienced in such matters. Restricted securities and securities for which market quotations are not readily available are valued at fair value as determined by management in accordance with procedures established by the Board of Trustees.

b. INCOME TAXES:

No provision has been made for income taxes because the Fund's policy is to qualify as a regulated investment company under the Internal Revenue Code and distribute all of its taxable income.

c. SECURITY TRANSACTIONS, INVESTMENT INCOME, EXPENSES AND DISTRIBUTIONS

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Interest income and estimated expenses are accrued daily. Discount and premium from securities is amortized on an income tax basis. Facility fees received are recognized as income over the expected term of the loan. Dividends from net investment income are normally declared daily and distributed monthly to shareholders.

d. ORGANIZATION COSTS:

Organization costs are amortized on a straight-line basis over five years.

e. OFFERING COSTS:

Offering costs of \$51,103 were charged to paid in capital at the end of the initial offering period to the public.

f. ACCOUNTING ESTIMATES:

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expense during the reporting period. Actual results could differ from those estimates.

g. LINE OF CREDIT

The Fund has an unsecured line of credit which, subject to limitations, allows the fund to borrow up to an aggregate maximum amount of \$25,000,000.

For the period ending January 31, 1999, the line of credit was unused.

FRANKLIN FLOATING RATE TRUST
Notes to Financial Statements (unaudited) (continued)

2. SHARES OF BENEFICIAL INTEREST

The Fund may, on a quarterly basis, make tender offers at net asset value for the repurchase of a portion of the common shares outstanding. The price will be established as of the close of business on the day the tender offer ends. An

early withdrawal charge may be imposed on shares offered for tender which have been held for less than twelve months.

At January 31, 1999 there were 70 million shares authorized (\$.01 par value). Transactions in the Fund's shares were as follows:

<TABLE>
<CAPTION>

	SIX MONTHS ENDED JANUARY 31, 1999		PERIOD ENDED JULY 31, 1998*	
	SHARES	AMOUNT	SHARES	AMOUNT
<S>	<C>	<C>	<C>	<C>
Shares sold	35,337,914	\$ 352,184,545	16,956,054	\$ 170,114,020
Shares issued in reinvestment of distributions	654,352	6,511,040	52,652	528,834
Shares redeemed	(9,019,651)	(89,703,861)	(224,698)	(2,258,219)
Net increase	26,972,615	\$ 268,991,724	16,784,008	\$ 168,384,635

</TABLE>

* For the period October 10, 1997 (effective date) to July 31, 1998.

3. TRANSACTIONS WITH AFFILIATES

Certain officers and trustees of the Fund are also officers and/or Directors of Franklin Advisers, Inc. (Advisers), Franklin/Templeton Distributors, Inc. (Distributors), Franklin Templeton Services, Inc. (FT Services) and Franklin/Templeton Investor Services, Inc. (Investor Services), the Fund's investment manager, principal underwriter, administrative manager and transfer agent, respectively.

The Fund pays investment management fees to Advisers of .80% per year of the average daily net assets of the Fund.

The Fund pays administrative fees to FT Services, Inc. based on the Fund's average daily net assets as follows:

ANNUALIZED FEE RATE	MONTH-END NET ASSETS
.150%	First \$200 million
.135%	Over \$200 million, up to and including \$700 million
.100%	Over \$700 million, up to and including \$1.2 billion

Fees are further reduced on net assets over \$1.2 billion.

Advisers agreed in advance to waive management fees for the Fund, as noted in the Statement of Operations.

Distributors received early withdrawal charges for the period of \$76,420.

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FRANKLIN FLOATING RATE TRUST Notes to Financial Statements (unaudited) (continued)

4. INCOME TAXES

At January 31, 1999, the unrealized depreciation based on the cost of investments for income tax purposes of \$418,615,453 was as follows:

Unrealized appreciation ...	\$ 1,878,490
Unrealized depreciation ...	(3,628,753)
Net unrealized depreciation	\$ (1,750,263)

5. INVESTMENT TRANSACTIONS

Purchases and sales of securities (excluding short-term securities) for the period ended January 31, 1999 aggregated \$301,661,380 and \$55,304,699, respectively.

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