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TEMPLETON DRAGON FUND INC
Form N-Q
May 26, 2005

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF
REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-08874

TEMPLETON DRAGON FUND, INC.

(Exact name of registrant as specified in charter)

500 EAST BROWARD BLVD., SUITE 2100, FORT LAUDERDALE, FL 33394-3091

(Address of principal executive offices) (Zip code)

MURRAY L. SIMPSON, ONE FRANKLIN PARKWAY, SAN MATEO, CA 94403-1906

(Name and address of agent for service)

Registrant's telephone number, including area code: (954) 527-7500

Date of fiscal year end: 12/31

Date of reporting period: 3/31/05

ITEM 1. SCHEDULE OF INVESTMENTS.

Templeton Dragon Fund, Inc.

QUARTERLY STATEMENT OF INVESTMENTS
MARCH 31, 2005

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FRANKLIN TEMPLETON
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Templeton Dragon Fund, Inc.

STATEMENT OF INVESTMENTS, MARCH 31, 2005 (UNAUDITED)

	COUNTRY	SH
COMMON STOCKS 97.3%		
AIR FREIGHT & LOGISTICS 0.0% ^C		
Sinotrans Ltd.	China	1,0
AIRLINES 0.4%		
a Air China Ltd.	China	7,4
a Air China Ltd., 144A	China	1,3
AUTO COMPONENTS 1.6%		
Cheng Shin Rubber Industry Co. Ltd.	Taiwan	9,4
AUTOMOBILES 0.2%		
a Chongqing Changan Automobile	China	9
Kia Motors Corp.	South Korea	
CAPITAL MARKETS 1.2%		
Yuanta Core Pacific Securities Co.	Taiwan	11,5
COMMUNICATIONS EQUIPMENT 0.5%		
D-Link Corp.	Taiwan	2,9
COMPUTERS & PERIPHERALS 5.9%		
Acer Inc.	Taiwan	12,2
Advantech Co. Ltd.	Taiwan	2,9
Asustek Computer Inc.	Taiwan	2,8
Lenovo Group Ltd., H	China	6,0
Lite-On Technology Corp.	Taiwan	5,7
CONSTRUCTION MATERIALS 0.2%		
Anhui Conch Cement Co. Ltd.	China	1,3
China Resources Cement	China	8
DISTRIBUTORS 2.9%		
China Resources Enterprise Ltd.	China	12,6

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Test-Rite International Co. Ltd.	Taiwan	5,1
DIVERSIFIED BANKS 6.5%		
Chinatrust Financial Holding Co. Ltd. ...	Taiwan	6,6
HSBC Holdings PLC	United Kingdom	1,3
Mega Financial Holdings Co. Ltd.	Taiwan	27,2
DIVERSIFIED TELECOMMUNICATION SERVICES 0.5%		
China Telecom Corp. Ltd., H	China	10,2
ELECTRIC UTILITIES 8.4%		
Cheung Kong Infrastructure Holdings Ltd.	Hong Kong	11,0
Datang International Power Generation Co. Ltd.	China	26,5
Guangdong Electric Power Development Co Ltd., B	China	11,2

Quarterly Statement of Investments | 3

Templeton Dragon Fund, Inc.

STATEMENT OF INVESTMENTS, MARCH 31, 2005 (UNAUDITED) (CONTINUED)

	COUNTRY	SH

COMMON STOCKS (CONT.)		
ELECTRIC UTILITIES (CONT.)		
Huadian Power International Corp. Ltd., H	China	3,9
Huaneng Power International Inc., H	China	3,3
ELECTRICAL EQUIPMENT 0.6%		
Phoenixtec Power Co. Ltd.	Taiwan	3,6
ELECTRONIC EQUIPMENT & INSTRUMENTS 2.7%		
Delta Electronics Inc.	Taiwan	11,7
FOOD & STAPLES RETAILING 15.2%		
Dairy Farm International Holdings Ltd. ..	Hong Kong	39,8
FOOD PRODUCTS 1.0%		
UNI-President Enterprises Corp.	Taiwan	16,0
HOTELS RESTAURANTS & LEISURE 2.8%		

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Hong Kong & Shanghai Hotels Ltd.	Hong Kong	21,5
HOUSEHOLD DURABLES 1.7%		
TCL International Holdings Inc.	China	48,9
INDUSTRIAL CONGLOMERATES 4.9%		
Beijing Enterprises Holdings Ltd.	China	1,5
CITIC Pacific Ltd.	China	7,0
a LG Corp.	South Korea	
Shanghai Industrial Holdings Ltd.	China	4,9
IT SERVICES 0.3%		
Travelsky Technology Ltd., H	China	2,8
LEISURE EQUIPMENT & PRODUCTS 0.2%		
Premier Image Technology Corp.	Taiwan	1,4
MACHINERY 3.4%		
China International Marine Containers Co. Ltd., B	China	7,2
Yung Tay Engineering Co. Ltd.	Taiwan	5,6
METALS & MINING 0.1%		
Aluminum Corp. of China Ltd., H	China	1,0
China Oriental Group Co. Ltd.	China	4
OFFICE ELECTRONICS 0.1%		
Kinpo Electronics Inc.	Taiwan	1,4
OIL & GAS 9.2%		
China Petroleum & Chemical Corp., H	China	103,1
PetroChina Co. Ltd., H	China	40,0
REAL ESTATE 10.3%		
Cheung Kong Holdings Ltd.	Hong Kong	2,5
Hang Lung Group Ltd.	Hong Kong	18,1

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Templeton Dragon Fund, Inc.

STATEMENT OF INVESTMENTS, MARCH 31, 2005 (UNAUDITED) (CONTINUED)

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	COUNTRY	SH
COMMON STOCKS (CONT.)		
REAL ESTATE (CONT.)		
Henderson China Holdings Ltd.	Hong Kong	6,9
Henderson Investment Ltd.	Hong Kong	7,4
Hong Kong Land Holdings Ltd.	Hong Kong	1,9
SEMICONDUCTORS & SEMICONDUCTOR EQUIPMENT 5.3%		
Elan Microelectronics Corp.	Taiwan	3,5
Faraday Technology Corp.	Taiwan	4
Samsung Electronics Co. Ltd.	South Korea	
Siliconware Precision Industries Co. Ltd.	Taiwan	4,3
Sunplus Technology Co. Ltd.	Taiwan	6,2
Taiwan Semiconductor Manufacturing Co. ..	Taiwan	10,1
TEXTILES APPAREL & LUXURY GOODS 0.9%		
Tack Fat Group International Ltd.	Hong Kong	26,0
Tainan Enterprises Co. Ltd.	Taiwan	1,8
TRANSPORTATION INFRASTRUCTURE 3.0%		
China Merchants Holdings (International) Co. Ltd.	China	3,5
Cosco Pacific Ltd.	Hong Kong	6,6
WIRELESS TELECOMMUNICATION SERVICES 7.3%		
China Mobile (Hong Kong) Ltd., fgn.	China	13,8
Taiwan Cellular Corp.	Taiwan	7,0
TOTAL COMMON STOCKS (COST \$446,704,900) .		
SHORT TERM INVESTMENTS (COST \$12,735,596) 1.8%		
MONEY FUND		
b Franklin Institutional Fiduciary Trust		
Money Market Portfolio	United States	12,7
TOTAL INVESTMENTS (COST \$459,440,496) 99.1%		
OTHER ASSETS, LESS LIABILITIES 0.9%		
NET ASSETS 100.0%		

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- a Non-income producing.
- b The Franklin Institutional Fiduciary Trust Money Market Portfolio is managed by an affiliate of the Fund's investment manager.
- c Rounds to less than 0.05% of net assets.

Quarterly Statement of Investments | See Notes to Statement of Investments. | 5

Templeton Dragon Fund, Inc.

NOTES TO STATEMENT OF INVESTMENTS (UNAUDITED)

Templeton Dragon Fund, Inc. (the Fund), is registered under the Investment Company Act of 1940 as a closed-end, non-diversified investment company.

1. INCOME TAXES

At March 31, 2005 the net unrealized appreciation (depreciation) based on the cost of investments for income tax purposes was as follows:

Cost of investments.....	\$460,729,033

Unrealized appreciation.....	\$258,193,848
Unrealized depreciation.....	(5,772,496)

Net unrealized appreciation (depreciation).....	\$252,421,352
	=====

For information on the Fund's policy regarding valuation of investments and other significant accounting policies, please refer to the Fund's most recent semiannual or annual shareholder report.

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ITEM 2. CONTROLS AND PROCEDURES.

(a) EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES. The Registrant maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Registrant's filings under the Securities Exchange Act of 1934 and the Investment Company Act of 1940 is recorded, processed, summarized and reported within the periods specified in the rules and forms of the Securities and Exchange Commission. Such information is accumulated and communicated to the Registrant's management, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. The Registrant's management, including the principal executive officer and the principal financial officer,

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recognizes that any set of controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Within 90 days prior to the filing date of this Quarterly Schedule of Portfolio Holdings on Form N-Q, the Registrant had carried out an evaluation, under the supervision and with the participation of the Registrant's management, including the Registrant's principal executive officer and the Registrant's principal financial officer, of the effectiveness of the design and operation of the Registrant's disclosure controls and procedures. Based on such evaluation, the Registrant's principal executive officer and principal financial officer concluded that the Registrant's disclosure controls and procedures are effective.

(b) CHANGES IN INTERNAL CONTROLS. There have been no significant changes in the Registrant's internal controls or in other factors that could significantly affect the internal controls subsequent to the date of their evaluation in connection with the preparation of this Quarterly Schedule of Portfolio Holdings on Form N-Q.

ITEM 3. EXHIBITS.

(a) Certifications pursuant to Section 30a-2 of the Investment Company Act of 1940 of Jimmy D. Gambill, Chief Executive Officer - Finance and Administration, and Galen G. Vetter, Chief Financial Officer.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TEMPLETON DRAGON FUND, INC.

By /s/JIMMY D. GAMBILL

Jimmy D. Gambill
Chief Executive Officer -
Finance and Administration
Date May 20, 2005

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By /s/JIMMY D. GAMBILL

Jimmy D. Gambill
Chief Executive Officer -
Finance and Administration
Date May 20, 2005

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By /s/GALEN G. VETTER

Galen G. Vetter

Chief Financial Officer

Date May 20, 2005