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TEMPLETON DRAGON FUND INC
Form N-Q
November 29, 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)

CRAIG S. TYLE, 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: 9/30/05

ITEM 1. SCHEDULE OF INVESTMENTS.

TEMPLETON DRAGON FUND, INC.

QUARTERLY STATEMENT OF INVESTMENTS
SEPTEMBER 30, 2005

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[LOGO] (R)
FRANKLIN TEMPLETON
INVESTMENTS

Franklin o TEMPLETON o Mutual Series

Quarterly Statement of Investments | 1

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TEMPLETON DRAGON FUND, INC.

STATEMENT OF INVESTMENTS, SEPTEMBER 30, 2005 (UNAUDITED)

	COUNTRY	SHARES	VALUE

COMMON STOCKS 95.5%			
AIR FREIGHT & LOGISTICS 0.1%			
Sinotrans Ltd., H	China	3,017,000	\$ 1,059,770

AIRLINES 0.3%			
(a)Air China Ltd., H	China	8,850,000	2,737,943

AUTO COMPONENTS 1.0%			
Cheng Shin Rubber Industry Co. Ltd.	Taiwan	10,208,938	8,321,459

AUTOMOBILES 0.1%			
Chongqing Changan Automobile Co. Ltd., B ..	China	2,082,470	880,486

CAPITAL MARKETS 0.9%			
Yuanta Core Pacific Securities Co.	Taiwan	11,818,290	7,549,916

COMMERCIAL BANKS 6.3%			
Chinatrust Financial Holding Co. Ltd.	Taiwan	7,191,024	6,197,384
HSBC Holdings PLC	United Kingdom	1,749,481	28,460,230
Mega Financial Holdings Co. Ltd.	Taiwan	27,217,000	17,223,094

			51,880,708

COMMUNICATIONS EQUIPMENT 0.4%			
D-Link Corp.	Taiwan	3,277,239	3,397,177

COMPUTERS & PERIPHERALS 5.8%			
Acer Inc.	Taiwan	12,965,943	25,786,932
Advantech Co. Ltd.	Taiwan	2,736,514	6,844,274
Asustek Computer Inc.	Taiwan	3,171,863	8,506,601
Lite-On Technology Corp.	Taiwan	5,891,622	6,577,710

			47,715,517

CONSTRUCTION MATERIALS 0.2%			
Anhui Conch Cement Co. Ltd., H	China	1,306,000	1,296,295
China Resources Cement	China	872,000	141,630

			1,437,925

DISTRIBUTORS 3.0%			
China Resources Enterprise Ltd.	China	12,628,000	20,673,219
Test-Rite International Co. Ltd.	Taiwan	5,227,963	4,048,716

			24,721,935

DIVERSIFIED TELECOMMUNICATION SERVICES 0.5%			
China Telecom Corp. Ltd., H	China	10,278,000	3,875,291

ELECTRIC UTILITIES 4.5%			

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Cheung Kong Infrastructure Holdings Ltd. ..	Hong Kong	11,060,000	36,925,358
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ELECTRICAL EQUIPMENT 0.4%			
Phoenixtec Power Co. Ltd.	Taiwan	3,632,945	3,557,901
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ELECTRONIC EQUIPMENT & INSTRUMENTS 2.2%			
Delta Electronics Inc.	Taiwan	10,439,970	17,837,498
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TEMPLETON DRAGON FUND, INC.

STATEMENT OF INVESTMENTS, SEPTEMBER 30, 2005 (UNAUDITED) (CONTINUED)

	COUNTRY	SHARES	VAL
<hr/>			
COMMON STOCKS (CONT.)			
FOOD & STAPLES RETAILING 17.7%			
Dairy Farm International Holdings Ltd.	Hong Kong	39,843,978	\$145,8
<hr/>			
FOOD PRODUCTS 0.8%			
UNI-President Enterprises Corp.	Taiwan	16,612,030	6,6
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HOTELS RESTAURANTS & LEISURE 2.4%			
Hong Kong & Shanghai Hotels Ltd.	Hong Kong	17,869,838	19,8
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HOUSEHOLD DURABLES 1.1%			
TCL Multimedia Technology Holdings Ltd.	China	48,960,000	9,0
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INDEPENDENT POWER PRODUCERS & ENERGY TRADERS 3.5%			
Datang International Power Generation Co. Ltd., H	China	26,502,000	20,3
Guangdong Electric Power Development Co. Ltd., B	China	11,270,600	5,1
Huadian Power International Corp. Ltd., H	China	7,428,000	2,0
Huaneng Power International Inc., H	China	1,454,000	1,0
<hr/>			
28,6			
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INDUSTRIAL CONGLOMERATES 4.9%			
CITIC Pacific Ltd.	China	7,081,000	19,8
(a) LG Corp.	South Korea	355,170	8,9
Shanghai Industrial Holdings Ltd.	China	5,774,000	11,6
<hr/>			
40,4			
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IT SERVICES 0.3%			
Travelsky Technology Ltd., H	China	2,837,000	2,5
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LEISURE EQUIPMENT & PRODUCTS 0.4%			
Premier Image Technology Corp.	Taiwan	2,363,850	3,4
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MACHINERY 2.0%			
China International Marine Containers Co. Ltd., B	China	12,791,872	12,8
Yung Tay Engineering Co. Ltd.	Taiwan	5,686,000	3,6

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			16,4

METALS & MINING 0.1%			
Aluminum Corp. of China Ltd., H	China	1,028,000	6
(b)China Oriental Group Co. Ltd., 144A	China	422,000	1

OFFICE ELECTRONICS 0.1%			
Kinpo Electronics Inc.	Taiwan	1,526,700	6

OIL, GAS & CONSUMABLE FUELS 10.7%			
China Petroleum & Chemical Corp., H	China	103,150,000	47,20
(b)PetroChina Co. Ltd., 144A	China	9,200,000	7,7
PetroChina Co. Ltd., H	China	40,050,000	33,5

			88,4

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TEMPLETON DRAGON FUND, INC.

STATEMENT OF INVESTMENTS, SEPTEMBER 30, 2005 (UNAUDITED) (CONTINUED)

	COUNTRY	SHA

COMMON STOCKS (CONT.)		
REAL ESTATE 9.3%		
Cheung Kong Holdings Ltd.	Hong Kong	2,57
Hang Lung Group Ltd.	Hong Kong	16,15
Henderson Investment Ltd.	Hong Kong	7,48
Hong Kong Land Holdings Ltd.	Hong Kong	1,90
SEMICONDUCTORS & SEMICONDUCTOR EQUIPMENT 4.2%		
Elan Microelectronics Corp.	Taiwan	3,45
Faraday Technology Corp.	Taiwan	47
Samsung Electronics Co. Ltd.	South Korea	1
Siliconware Precision Industries Co. Ltd.	Taiwan	3,31
Sunplus Technology Co. Ltd.	Taiwan	6,57
Taiwan Semiconductor Manufacturing Co. Ltd.	Taiwan	10,64
TEXTILES APPAREL & LUXURY GOODS 0.6%		
Tack Fat Group International Ltd.	Hong Kong	26,08
Tainan Enterprises Co. Ltd.	Taiwan	1,86
TRANSPORTATION INFRASTRUCTURE 2.6%		

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China Merchants Holdings (International) Co. Ltd.	China	3,16
Cosco Pacific Ltd.	China	5,52
Hainan Meilan International Airport Co. Ltd., H	Hong Kong	2,62
Hopewell Holdings Ltd.	Hong Kong	93

WIRELESS TELECOMMUNICATION SERVICES 9.1%		
China Mobile (Hong Kong) Ltd., fgn.	China	13,87
Taiwan Mobile Co. Ltd.	Taiwan	7,04

TOTAL COMMON STOCKS (COST \$455,502,456)

SHORT TERM INVESTMENTS (COST \$32,425,664) 3.9%
MONEY FUND 3.9%

(c)Franklin Institutional Fiduciary Trust Money Market Portfolio ...	United States	32,42
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TOTAL INVESTMENTS (COST \$487,928,120) 99.4%

OTHER ASSETS, LESS LIABILITIES 0.6%

NET ASSETS 100.0%

- (a) Non-income producing.
- (b) Security was purchased pursuant to Rule 144A under the Securities Act of 1933 and may be sold in transactions exempt from registration only to qualified institutional buyers or in a public offering registered under the Securities Act of 1933. These securities have been deemed liquid under guidelines approved by the Fund's Board of Directors. At September 30, 2005, the value of these securities was \$7,809,156, representing 0.95% of net assets.
- (c) The Franklin Institutional Fiduciary Trust Money Market Portfolio is managed by an affiliate of the Fund's investment manager.

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 September 30, 2005, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	\$ 488,879,819
	=====
Unrealized appreciation	\$ 343,139,132
Unrealized depreciation	(12,202,352)

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Net unrealized appreciation (depreciation)	----- \$ 330,936,780 =====
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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, 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

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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 November 21, 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 November 21, 2005

By /s/GALEN G. VETTER

Galen G. Vetter
Chief Financial Officer
Date November 21, 2005