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TEMPLETON DRAGON FUND INC  
Form N-Q  
November 29, 2004

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF  
REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-08874  
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TEMPLETON DRAGON FUND, INC.  
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(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  
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Date of fiscal year end: 12/31  
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Date of reporting period: 9/30/04  
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ITEM 1. SCHEDULE OF INVESTMENTS.

TEMPLETON DRAGON FUND, INC.

QUARTERLY STATEMENT OF INVESTMENTS  
SEPTEMBER 30, 2004

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[LOGO] (R)  
FRANKLIN (R) TEMPLETON (R)  
INVESTMENTS

Franklin o TEMPLETON o Mutual Series

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TEMPLETON DRAGON FUND, INC.

STATEMENT OF INVESTMENTS, SEPTEMBER 30, 2004 (UNAUDITED)

	COUNTRY	SHARES	VALUE
-----			
COMMON STOCKS 96.0%			
AIR FREIGHT & LOGISTICS .1%			
Sinotrans Ltd. ....	China	2,342,000	\$ 810,98
-----			
AUTO COMPONENTS 1.7%			
Cheng Shin Rubber Industry Co. Ltd. ....	Taiwan	9,409,160	11,522,55
-----			
BEVERAGES .1%			
Kingway Brewery Holdings Ltd. ....	China	2,094,000	644,53
-----			
CAPITAL MARKETS 1.1%			
(a) Yuanta Core Pacific Securities Co. ....	Taiwan	10,819,067	7,643,73
-----			
COMMERCIAL BANKS 8.5%			
Chinatrust Financial Holding Co. Ltd. ....	Taiwan	8,763,477	9,441,95
HSBC Holdings PLC .....	United Kingdom	1,366,309	21,728,61
Mega Financial Holdings Co. Ltd. ....	Taiwan	27,217,000	17,145,82
Sinopac Holdings .....	Taiwan	16,506,737	8,649,39
-----			
			56,965,78
-----			
COMMUNICATIONS EQUIPMENT .7%			
D-Link Corp. ....	Taiwan	2,052,309	2,253,49
(a) TCL Communication Technology Holdings .....	China	19,584,000	2,762,83
-----			
			5,016,33
-----			
COMPUTERS & PERIPHERALS 5.5%			
Acer Inc. ....	Taiwan	12,232,022	16,563,82
Advantech Co. Ltd. ....	Taiwan	2,929,282	5,993,08
Asustek Computer Inc. ....	Taiwan	2,883,512	6,323,86
Lenovo Group Ltd. ....	China	7,604,000	2,559,95
Lite-on Technology Corp. ....	Taiwan	5,776,100	5,390,12
-----			
			36,830,84
-----			
CONSTRUCTION MATERIALS 4.6%			
Anhui Conch Cement Co. Ltd. ....	China	1,306,000	1,867,58
Cheung Kong Infrastructure Holdings Ltd. ....	Hong Kong	11,060,000	28,581,92
(a) China Resources Cement .....	China	872,000	212,48
-----			
			30,661,99
-----			
DISTRIBUTORS 2.9%			

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China Resources Enterprise Ltd. ....	China	12,628,000	16,438,49
Test-Rite International Co. Ltd. ....	Taiwan	5,126,125	2,927,49
			-----
			19,365,98
			-----
DIVERSIFIED TELECOMMUNICATION SERVICES .7%			
China Telecom Corp. Ltd., H .....	China	14,280,000	4,624,35
			-----
ELECTRIC UTILITIES 4.2%			
Datang International Power Generation Co. Ltd.	China	26,502,000	21,583,09
Guangdong Electric Power Development Co Ltd., B	China	4,371,100	2,668,45
Huadian Power International Corp. Ltd., H .....	China	3,978,000	1,300,96
Huaneng Power International Inc., H .....	China	3,388,000	2,737,44
			-----
			28,289,95
			-----
ELECTRICAL EQUIPMENT .5%			
Phoenixtec Power Co. Ltd. ....	Taiwan	3,632,945	3,475,73
			-----

Quarterly Statement of Investments | 3

TEMPLETON DRAGON FUND, INC.

STATEMENT OF INVESTMENTS, SEPTEMBER 30, 2004 (UNAUDITED) (CONTINUED)

	COUNTRY	SHARES	VALUE
-----			
COMMON STOCKS (CONT.)			
ELECTRONIC EQUIPMENT & INSTRUMENTS 2.4%			
Delta Electronics Inc. ....	Taiwan	11,788,952	\$ 16,484,4
			-----
FOOD & STAPLES RETAILING 14.9%			
Dairy Farm International Holdings Ltd. ....	Singapore	39,911,478	100,177,8
			-----
FOOD PRODUCTS 1.2%			
UNI-President Enterprises Corp. ....	Taiwan	16,069,030	7,757,7
			-----
HOTELS RESTAURANTS & LEISURE 2.3%			
Hong Kong & Shanghai Hotels Ltd. ....	Hong Kong	21,534,000	15,742,0
			-----
HOUSEHOLD DURABLES 3.2%			
TCL International Holdings Inc. ....	China	48,960,000	14,599,0
Tsann Kuen Enterprise Co. Ltd. ....	Taiwan	5,655,580	6,792,6
			-----
			21,391,7
			-----
INDUSTRIAL CONGLOMERATES 4.6%			
Beijing Enterprises Holdings Ltd. ....	China	3,058,000	3,706,2
CITIC Pacific Ltd. ....	China	7,081,000	18,208,3
Shanghai Industrial Holdings Ltd. ....	China	4,954,000	9,022,0
			-----

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			30,936,6
<hr/>			
IT SERVICES .3%			
Travelsky Technology Ltd., H .....	China	2,837,000	2,328,6
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LEISURE EQUIPMENT & PRODUCTS .2%			
Altek Corp. ....	Taiwan	2,571,840	1,317,3
<hr/>			
MACHINERY 2.4%			
China International Marine Containers .....	China	7,773,186	14,096,4
Yung Tay Engineering Co. Ltd. ....	Taiwan	3,958,000	2,039,0
<hr/>			
			16,135,4
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METALS & MINING .1%			
Aluminum Corp. of China Ltd., H .....	China	1,028,000	665,8
China Oriental Group Co. Ltd., 144A .....	China	422,000	82,2
<hr/>			
			748,0
<hr/>			
OFFICE ELECTRONICS .1%			
Kinpo Electronics Inc. ....	Taiwan	1,454,000	612,0
<hr/>			
OIL & GAS 9.0%			
China Petroleum & Chemical Corp., H .....	China	109,224,000	44,475,7
PetroChina Co. Ltd., H .....	China	30,780,000	16,481,1
<hr/>			
			60,956,8
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REAL ESTATE 10.4%			
Cheung Kong Holdings Ltd. ....	Hong Kong	2,575,000	22,043,9
Hang Lung Group Ltd. ....	Hong Kong	19,441,042	30,418,7
Henderson China Holdings Ltd. ....	China	9,215,000	4,490,9
Henderson Investment Ltd. ....	Hong Kong	7,485,000	9,695,5
Hong Kong Land Holdings Ltd. ....	Hong Kong	1,904,000	3,750,8
<hr/>			
			70,400,1
<hr/>			

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TEMPLETON DRAGON FUND, INC.

STATEMENT OF INVESTMENTS, SEPTEMBER 30, 2004 (UNAUDITED) (CONTINUED)

	COUNTRY	SHARES
<hr/>		
COMMON STOCKS (CONT.)		
SEMICONDUCTORS & SEMICONDUCTOR EQUIPMENT 4.0%		
Elan Microelectronics Corp. ....	Taiwan	3,517,3
Faraday Technology Corp. ....	Taiwan	432,2
Princeton Technology Corp. ....	Taiwan	546,6
Samsung Electronics Co. Ltd. ....	South Korea	10,7

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Siliconware Precision Industries Co. Ltd. ....	Taiwan	4,340,0
Sunplus Technology Co. Ltd. ....	Taiwan	6,264,3
Taiwan Semiconductor Manufacturing Co. ....	Taiwan	5,844,0
TEXTILES APPAREL & LUXURY GOODS .6%		
Tack Fat Group International Ltd. ....	Hong Kong	26,080,0
Tainan Enterprises Co., Ltd. ....	Taiwan	1,846,0
TRANSPORTATION INFRASTRUCTURE 3.0%		
China Merchants Holdings (International) Co. Ltd. ....	China	4,878,0
Cosco Pacific Ltd. ....	China	6,678,0
Zhejiang Expressway Co. Ltd., H ....	China	2,426,0
WIRELESS TELECOMMUNICATION SERVICES 6.7%		
China Mobile (Hong Kong) Ltd. ....	China	12,576,0
Taiwan Cellular Corp. ....	Taiwan	7,047,7
TOTAL COMMON STOCKS (COST \$448,977,016) .....		
SHORT TERM INVESTMENTS (COST \$24,521,521) 3.6%		
(b) Franklin Institutional Fiduciary Trust Money Market Portfolio .	United States	24,521,5
TOTAL INVESTMENTS (COST \$473,498,537) 99.6% .....		
OTHER ASSETS, LESS LIABILITIES .4% .....		
NET ASSETS 100.0% .....		

(a) Non-income producing.

(b) 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, 2004, the net unrealized appreciation (depreciation) based on the cost of investments for income tax purposes was as follows:

Cost of investments .....	\$ 475,003,236	-----
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Unrealized appreciation .....	\$ 210,984,135
Unrealized depreciation .....	(14,040,334)
	-----
Net unrealized appreciation (depreciation) .....	\$ 196,943,801
	=====

For information regarding 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 Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

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TEMPLETON DRAGON FUND, INC.

By /s/JIMMY D. GAMBILL

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Jimmy D. Gambill  
Chief Executive Officer -  
Finance and Administration  
Date November 29, 2004

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 29, 2004

By /s/GALEN G. VETTER

-----  
Galen G. Vetter  
Chief Financial Officer  
Date November 29, 2004