

JAPAN EQUITY FUND INC
Form N-Q
February 06, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number

811-06142

THE JAPAN EQUITY FUND, INC.
(Exact name of registrant as specified in charter)

c/o Daiwa Securities Trust Company

One Evertrust Plaza

Jersey City, New Jersey
(Address of principal executive offices)

07302
(Zip code)

John J. O. Keefe

The Japan Equity Fund, Inc.

c/o Daiwa Securities Trust Company

One Evertrust Plaza

Jersey City, New Jersey 07302
(Name and address of agent for service)

Registrant's telephone number, including area code:

(201) 915-3054

Date of fiscal year end: October 31

Date of reporting period: January 31, 2007

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Item 1. Schedule of Investments. The schedule of investments for the three-month period ended January 31, 2007 is filed herewith.

*The Japan Equity Fund, Inc.***Portfolio of Investments****January 31, 2007 (unaudited)**

| Shares | | | Value |
|---------------------------------------|--|--|------------|
| COMMON STOCKS 99.15% | | | |
| Banks 10.56% | | | |
| 432 | Mitsubishi UFJ Financial Group, Inc. | | 5,191,538 |
| 540 | Mizuho Financial Group, Inc. | | 3,866,985 |
| 80,000 | The Bank of Fukuoka, Ltd. | | 632,151 |
| 140,000 | The Bank of Yokohama, Ltd. | | 1,123,549 |
| 245,000 | The Sumitomo Trust & Banking Co., Ltd. | | 2,603,465 |
| | | | 13,417,688 |
| Chemicals 4.11% | | | |
| 174,000 | Asahi Kasei Corp. | | 1,148,638 |
| 120,000 | Daice Chemical Industries Ltd. | | 855,379 |
| 30,000 | Hitachi Chemical Co., Ltd. | | 691,415 |
| 31,000 | Shin-Etsu Chemical Co., Ltd. | | 2,000,494 |
| 125,000 | Toyo Ink Manufacturing Co., Ltd. | | 519,590 |
| | | | 5,215,516 |
| Commerce 0.76% | | | |
| 45,000 | Canon Sales Co., Inc. | | 970,450 |
| Communication 4.26% | | | |
| 22 | KDDI Corp. | | 154,646 |
| 660 | NTT Corp. | | 3,270,393 |
| 1,050 | NTT DoCoMo, Inc. | | 1,590,254 |
| 6,400 | Obic Business Consultants Co., Ltd. | | 399,309 |
| | | | 5,414,602 |
| Construction 2.52% | | | |
| 90,000 | Daiwa House Industry Co., Ltd. | | 1,511,235 |
| 210,000 | Haseko Corp.* | | 803,770 |
| 80,000 | Sumitomo Forestry Co., Ltd. | | 882,377 |
| | | | 3,197,382 |
| Electric Appliances 14.02% | | | |
| 110,000 | Anritsu Corp. | | 656,433 |
| 66,000 | Canon Inc. | | 3,449,667 |
| 10,000 | Fanuc Ltd. | | 917,771 |
| 262,000 | Fujitsu Ltd. | | 1,951,683 |
| 27,000 | Hamamatsu Photonics K.K. | | 793,399 |
| 168,000 | Matsushita Electric Industrial Co., Ltd. | | 3,318,792 |
| 70,000 | Mitsubishi Electric Corp. | | 629,764 |
| 9,000 | Murata Manufacturing Co., Ltd. | | 632,645 |
| 45,200 | Omron Corp. | | 1,209,153 |
| 27,000 | Star Micronics Co., Ltd. | | 558,935 |
| 20,000 | TDK Corp. | | 1,669,273 |
| 6,000 | Tokyo Electron Ltd. | | 421,269 |
| 200 | Wacom Co., Ltd. | | 594,288 |
| 62,000 | Yokogawa Electric Corp. | | 1,003,819 |
| | | | 17,806,891 |
| Electric Power & Gas 3.02% | | | |
| 42,000 | Kyushu Electric Power Co., Inc. | | 1,171,948 |
| 36,000 | Tohoku Electric Power Co., Inc. | | 939,337 |

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51,000

Tokyo Electric Power Co., Inc.

1,725,327
3,836,612

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| | | |
|---|-------------------------------------|-----------|
| Electronics 0.44% | | |
| 13,000 | Elpida Memory, Inc.* | 559,635 |
| Foods 0.61% | | |
| 76,000 | Nisshin Seifun Group Inc. | 778,204 |
| Glass & Ceramic Products 1.00% | | |
| 63,000 | NGK Spark Plug Co., Ltd. | 1,273,068 |
| Insurance 1.97% | | |
| 190,000 | Aioi Insurance Co., Ltd. | 1,312,124 |
| 100,000 | Mitsui Sumitomo Insurance Co., Ltd. | 1,186,929 |
| | | 2,499,053 |
| Iron & Steel 3.14% | | |
| 32,000 | JFE Holdings, Inc. | 1,762,120 |
| 380,000 | Nippon Steel Corp. | 2,227,015 |
| | | 3,989,135 |
| Land Transportation 3.02% | | |
| 430 | East Japan Railway Co. | 2,962,466 |
| 132,000 | Tokyu Corp. | 880,072 |
| | | 3,842,538 |
| Machinery 6.89% | | |
| 73,000 | JTEKT Corp. | 1,463,125 |
| 140,000 | Kawasaki Heavy Industries, Ltd. | 540,456 |
| 95,000 | Komatsu Ltd. | 1,993,991 |
| 40,000 | Makita Corp. | 1,372,953 |
| 545,000 | Mitsubishi Heavy Industries Ltd. | 2,781,299 |
| 5,000 | Miura Co., Ltd. | 118,940 |
| 20,000 | THK Co., Ltd. | 480,698 |
| | | 8,751,462 |
| Marine Transportation 0.63% | | |
| 106,000 | Nippon Yusen Kabushiki Kaisha | 805,317 |
| Metal Products 1.38% | | |
| 120,000 | NHK Spring Co., Ltd. | 1,249,486 |
| 17,000 | Rinnai Corp. | 503,745 |
| | | 1,753,231 |
| Non-Ferrous Metals 2.04% | | |
| 170,000 | Sumitomo Electric Industries, Ltd. | 2,585,892 |
| Other Financing Business 2.52% | | |
| 65,500 | Hitachi Capital Corp. | 1,291,238 |
| 6,700 | Orix Corp. | 1,908,141 |
| | | 3,199,379 |
| Other Products 1.37% | | |
| 55,000 | Dai Nippon Printing Co., Ltd. | 856,531 |
| 62,000 | Namco Bandai Holdings Inc. | 887,974 |
| | | 1,744,505 |
| Pharmaceutical 4.58% | | |
| 33,300 | Eisai Co., Ltd. | 1,696,658 |
| 26,000 | Ono Pharmaceuticals Co., Ltd. | 1,264,795 |
| 44,000 | Takeda Pharmaceutical Co., Ltd. | 2,850,276 |
| | | 5,811,729 |
| Precision Instruments 1.64% | | |
| 99,000 | Citizen Watch Co., Ltd. | 804,288 |
| 32,000 | Terumo Corp. | 1,277,471 |
| | | 2,081,759 |

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| | | |
|--|--|--------------|
| Real Estate 2.96% | | |
| 20,000 | Atrium Co., Ltd. | 637,089 |
| 65,000 | Mitsui Fudosan Co., Ltd. | 1,674,623 |
| 120,000 | Tokyo Tatemono Co., Ltd. | 1,448,020 |
| | | 3,759,732 |
| Retail Trade 1.99% | | |
| 10,000 | Gigas K s Denki Corp. | 282,328 |
| 16,000 | Nishimatsuya Chain Co., Ltd. | 275,907 |
| 39,500 | Seven & I Holdings Co., Ltd. | 1,180,221 |
| 26,500 | Xebio Co., Ltd. | 793,975 |
| | | 2,532,431 |
| Rubber Products 1.26% | | |
| 74,000 | Bridgestone Corp. | 1,595,852 |
| Securities 2.27% | | |
| 143,000 | Nomura Holdings Inc. | 2,889,662 |
| Services 2.99% | | |
| 300 | Dentsu Inc. | 888,962 |
| 11,000 | Nomura Research Institute, Ltd. | 1,702,198 |
| 19,000 | Secom Co., Ltd. | 932,093 |
| 15,000 | Toho Co., Ltd. | 273,479 |
| | | 3,796,732 |
| Textile & Apparel 1.54% | | |
| 300,000 | Teijin Ltd. | 1,693,967 |
| 35,000 | Toray Industries Inc. | 264,178 |
| | | 1,958,145 |
| Transportation Equipment 12.71% | | |
| 42,000 | Aisin Seiki Co., Ltd. | 1,358,630 |
| 58,000 | Denso Corp. | 2,310,643 |
| 78,000 | Honda Motor Co., Ltd. | 3,049,634 |
| 35,000 | Nissan Motor Co., Ltd. | 434,439 |
| 32,000 | Showa Corp. | 533,377 |
| 100,000 | Topy Industries Ltd. | 416,495 |
| 123,000 | Toyota Motor Corp. | 8,048,811 |
| | | 16,152,029 |
| Wholesale Trade 2.95% | | |
| 12,000 | Autobacs Seven Co., Ltd. | 435,591 |
| 35,000 | Hitachi High-Technologies Corp. | 1,048,646 |
| 36,000 | Mitsubishi Corp. | 723,022 |
| 100,000 | Sumitomo Corp. | 1,540,868 |
| | | 3,748,127 |
| Total Common Stocks (Cost \$101,271,854) | | 125,966,758 |
| SHORT-TERM INVESTMENTS 0.11% | | |
| Principal Amount (000) | | Value |
| U.S. DOLLAR TIME DEPOSIT 0.11% | | |
| 140 | Bank of New York Time Deposit, 0.05%, due 2/1/07 (Cost \$140,305) | 140,305 |
| Total Investments 99.26% (Cost \$101,412,159) | | 126,107,063 |

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| | | | | |
|-------------------------------|-------|--|--|---------|
| Other assets less liabilities | 0.74% | | | 936,306 |
|-------------------------------|-------|--|--|---------|

NET ASSETS

| | | | | |
|---|--|---------|----|-------------|
| (Applicable to 14,431,605 shares of capital stock outstanding; equivalent to \$8.80 per share) | | 100.00% | \$ | 127,043,369 |
|---|--|---------|----|-------------|

* Non-income producing securities.

Item 2. Controls and Procedures.

a) The Registrant's Principal Executive Officer and Principal Financial Officer concluded that the Registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) were effective as of a date within 90 days prior to the filing date of this report (the Evaluation Date), based on their evaluation of the effectiveness of the Registrant's disclosure controls and procedures as of the Evaluation Date.

b) There were no changes in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940 (17 CFR 270.30a-3(d)) that occurred during the Registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

Item 3. Exhibits.

(a) Certification of Principal Executive Officer and Principal Financial Officer of the Registrant as required by Rule 30a-2(a) under the Investment Company Act of 1940 (17 CFR 270.30a-2(a)) is attached hereto as Exhibit 99.302CERT.

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.

The Japan Equity Fund, Inc.

By \s\John J. O Keefe
John J. O Keefe, Vice President and Treasurer

Date: February 6, 2007

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\John J. O Keefe
John J. O Keefe, Vice President and Treasurer

Date: February 6, 2007

\s\ Hiroshi Kimura
Hiroshi Kimura, Chairman

Date: February 6, 2007
