ABERDEEN JAPAN EQUITY FUND, INC.
Form N-CSR
January 07, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number:	811-06142
Exact name of registrant as specified in charter:	Aberdeen Japan Equity Fund, Inc.
Address of principal executive offices:	1735 Market Street, 32nd Floor Philadelphia, PA 19103
Name and address of agent for service:	Ms. Andrea Melia Aberdeen Asset Management Inc. 1735 Market Street, 32nd Floor Philadelphia, PA 19103
Registrant s telephone number, including area code:	800-522-5465
Date of fiscal year end:	October 31
Date of reporting period:	October 31, 2015

Item 1 Report to Stockholders

The Report to Stockholders is attached herewith.

Stockholder Letter (unaudited)

Dear Stockholder,

We present this Annual Report which covers the activities of Aberdeen Japan Equity Fund, Inc. (the Fund) for the fiscal year ended October 31, 2015. The Fund s investment objective is to outperform over the long term, on a total return basis (including appreciation and dividends), the Tokyo Stock Price Index (TOPIX).

Total Return Performance

For the fiscal year ended October 31, 2015, the total return to stockholders of the Fund based on the net asset value (NAV) of the Fund was 6.3%, assuming reinvestment of dividends and distributions, versus a return of 10.6% for the Fund s benchmark, TOPIX, on a U.S. dollar basis.1

Share Price and NAV

For the fiscal year ended October 31, 2015, based on market price, the Fund s total return was 2.7% assuming reinvestment of dividends and distributions. The Fund s share price increased 1.6% over the twelve months, from $7.36 on October 31, 2014 to $7.48 on October 31, 2015. The Fund s share price on October 31, 2015 represented a discount of 13.9% to the NAV per share of $8.69 on that date, compared with a discount of 10.9% to the NAV per share of $8.26 on October 31, 2014.

Discount Management Program

Effective December 12, 2014, the Fund s Board of Directors approved revisions to the Fund s Discount Management Program to authorize management to make open market purchases, from time to time, in a maximum aggregate amount during each twelve month period ended October 31 of up to 10% of the Fund s shares of stock outstanding as of October 31 of the prior year. Such purchases may be made opportunistically at certain discounts to net asset value per share when, in the reasonable judgment of management based on historical discount levels and current market conditions, such repurchases may enhance stockholder value. During the fiscal year ended October 31, 2015, the Fund repurchased 119,854 shares.

Portfolio Holdings Disclosure

The Fund s complete schedule of portfolio holdings for the second and fourth quarter of each fiscal year is included in the Fund s Semi-Annual and Annual reports to stockholders. The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarters of each fiscal year on Form N-Q. The Fund s Forms N-Q are available on the SEC s website at http://www.sec.gov and may be reviewed and copied at the SEC s

Public Reference Room in Washington, D.C. Information about the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. The information on Form N-Q is also available to stockholders on the Fund s website or upon request and without charge by calling Investor Relations toll-free at 1-800-522-5465.

Proxy Voting

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities, and information regarding how the Fund voted proxies relating to portfolio securities during the most recent twelve months ended June 30 is available by August 30 of the relevant year: (i) upon request and without charge by calling Investor Relations toll-free at 1-800-522-5465; and (ii) on the SEC s website at http://www.sec.gov.

Unclaimed Share Accounts

Please be advised that abandoned or unclaimed property laws for certain states require financial organizations to transfer (escheat) unclaimed property (including Fund shares) to the state. Each state has its own definition of unclaimed property, and Fund shares could be considered unclaimed property due to account inactivity (e.g., no owner-generated activity for a certain period), returned mail (e.g., when mail sent to a shareholder is returned to the Fund s transfer agent as undeliverable), or a combination of both. If your Fund shares are categorized as unclaimed, your financial advisor or the Fund s transfer agent will follow the applicable state s statutory requirements to contact you, but if unsuccessful, laws may require that the shares be escheated to the appropriate state. If this happens, you will have to contact the state to recover your property, which may involve time and expense. For more information on unclaimed property and how to maintain an active account, please contact your financial adviser or the Fund s transfer agent.

Investor Relations Information

As part of Aberdeen s commitment to stockholders, I invite you to visit the Fund on the web at www.aberdeenjeq.com. From this page, you can view monthly fact sheets, portfolio manager commentary, distribution and performance information, updated daily fact sheets courtesy of Morningstar®, and portfolio charting and other timely data.

Enroll in Aberdeen s email services to be among the first to receive the latest closed-end fund news, announcements of upcoming fund manager web casts, films and other information. In addition, you can receive electronic versions of important Fund documents including annual

1 The Tokyo Stock Price Index (TOPIX) is a free-float adjusted market capitalization-weighted index that is calculated based on all the domestic common stocks listed on the Tokyo Stock Exchange First Section. The TOPIX Index shows the measure of current market capitalization assuming that market capitalization as of the base date (January 4, 1968) is 100 points. Indexes are unmanaged and have been provided for comparison purposes only. No fees or expenses are reflected. You cannot invest directly in an index.

Stockholder Letter (unaudited) (concluded)

reports, semi-annual reports, prospectuses, and proxy statements. Sign-up today at www.aberdeen-asset.us/aam.nsf/usclosed/email.

Please take a look at Aberdeen s award-winning Closed-End Fund Talk Channel, where a series of fund manager webcasts and short films are posted. Visit Aberdeen s Closed-End Fund Talk Channel at www.aberdeen-asset.us/aam.nsf/usclosed/aberdeentv.

Included within this report is a reply card with postage paid envelope. Please complete and mail the card if you would like to be added to our enhanced email service and receive future communications from Aberdeen.

Contact Us

- Visit us: http://www.aberdeen-asset.us/cef or www.aberdeenjeq.com;
- Watch us: www.aberdeen-asset.us/aam.nsf/usclosed/aberdeentv;
- Email us: InvestorRelations@aberdeen-asset.com; or
- Call us: 1-800-522-5465 (toll free in the U.S.)

Yours sincerely,

Alan Goodson
President

Report of the Investment Manager (unaudited)

Market/economic review

Japanese equities, as measured by the Tokyo Stock Price Index (TOPIX), touched 15-year highs on the back of both local and foreign buying over the 12-month reporting period ended October 31, 2015. Investor sentiment initially was buoyed by hopes of better corporate earnings, a weakening yen, cheaper energy prices and optimism that the government could loosen monetary policy further in an effort to stimulate the tentative economic recovery. Also underpinning stock prices was the shift of assets into equities by the Government Pension Investment Fund (GPIF) and other public pension funds, the delay of a proposed sales tax hike and the government s ¥3.5 trillion (roughly US$28.5 billion) stimulus package.

Shares of Japanese equities subsequently fell on the back of the collapse of Greek debt negotiations that heightened worries over the nation s potential exit from the Eurozone. The Chinese government s unexpected yuan devaluation also sparked fears of a currency war that triggered a broad global sell-off. Investor sentiment was dampened further by concerns over the impact of a China-induced global economic slowdown, as well as uncertainty over U.S. monetary policy, which intensified after the Federal Reserve chose not to raise interest rates. Meanwhile, Japan s credit rating was downgraded by Standard & Poor s[1] because of its worsening economic outlook. Towards the end of the reporting period, share prices rose for the first time in three months after China s interest-rate cut and amid hopes of further monetary-policy easing by central banks in Europe and Japan.

Economic news was uneven over the reporting period. Second-quarter 2015 gross domestic product (GDP) contracted despite an upward revision; business spending and consumption were anemic, while export demand waned. Inflation and unemployment were both unchanged in September (the most recent data available), while manufacturing output accelerated by more than expected in October. Exports were flat and imports fell faster than expected in September, resulting in a narrower trade deficit. Conversely, services output slowed, while leading indicators fell to a 15-month low late in the reporting period. Business confidence among small and medium-sized businesses appeared more downbeat in October. Meanwhile, Prime Minister Shinzo Abe hoped to revitalize his economic plan, unveiling fresh goals for Abenomics, [2] including setting a target to lift GDP to ¥600 trillion (about US$4.9 trillion).

Fund performance review

The Fund underperformed the benchmark TOPIX for the 12-month period ended October 31, 2015, as negative overall stock selection outweighed positive asset allocation. At the stock level, the holding in Nabtesco detracted from Fund performance. Shares of the industrial machinery manufacturer fell on the back of weak second-quarter 2015 results, which were hampered by its struggling hydraulics operations in China. Management lowered its earnings forecast for the full 2015 fiscal year. The Fund s position in Shin-Etsu Chemical also had a negative impact on performance, as its shares fell despite generally better-than-anticipated second-quarter results. While we believed that it was encouraging to see the company s core PVC business unit report improving margins, the standout came from the semiconductor silicon segment as profits grew on the back of cost-cuts and a better product mix. The company also announced a ¥20 billion (approximately US$162.5 million) investment plan to expand capacity at its silicon plant to address growing demand from automotive and cosmetics/healthcare applications. Finally, the Fund s holding in Daibiru Corp. detracted from performance. The Osaka-based property developer s corporate results generally met the market s expectations as the company continued to see a slow recovery in its home base.

On the positive side, Fund performance was bolstered by the position in medical and industrial equipment manufacturer Asahi Intecc Co., which saw its stock price rebound after several months of decline. However, the company s business prospects remain undimmed, in our opinion, given its competitive medical products. Also benefiting Fund performance was the holding in childcare products maker Pigeon Corp., as its stock price rose on news that Abenomics 2.0 will target higher birth rates, which coincided with news that China rescinded its one-child policy. The fundamentals of its core baby products also remain intact, in our view. Additionally, the Fund s lack of exposure to Softbank Group Corp. benefited performance relative to the benchmark. The telecom s shares declined during the period in response to news of a possible cut in mobile phone fees by the Japanese

government. The Fund does not hold a position in the company because of our concerns about its frequently evolving business profile.

Regarding Fund activity over the reporting period, we sold the shares in both McDonald s Holdings Japan and auto parts-maker FCC because

1 Standard & Poor s credit ratings express the agency s opinion about the ability and willingness of an issuer, such as a corporation or state or city government, to meet its financial obligations in full and on time. Typically, ratings are expressed as letter grades that range, for example, from AAA to D to communicate the agency s opinion of relative level of credit risk. Ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

2 Abenomics is Prime Minister Shinzo Abe s economic stimulus program.

Report of the Investment Manager (unaudited) (concluded)

of the companies deteriorating business outlooks, in our opinion. Conversely, we initiated a holding in used-car auction-site operator USS. The company grew its market share steadily over the reporting period through acquisitions and expansion of its auction sites, and has been progressive in returning excess cash to shareholders. We also initiated a position in Japan Exchange Group, which operates both the Tokyo Stock Exchange and the Osaka Exchange. In our view, these are essentially monopolistic businesses with high operating leverage. Additionally, the company has been proactive in returning excess capital to shareholders.

Outlook

Looking ahead, we believe that short-term headwinds may continue exerting pressure on Japan s equity market. Furthermore, the world

economy seems to be stuck in a low-growth rut. Specifically, we think that modest growth in the U.S. and a fragile rebound in Europe are unlikely to compensate for the downturn in China and the rest of the emerging markets. However, we believe that Japan s economy may gain from falling commodity prices, which should act as a subsidy to consumers and other end-users. At the same time, we think that the Bank of Japan stands ready to do whatever it takes to move the economy toward a more robust growth trajectory. Ultimately, we remain confident about the long-term growth prospects of the Fund s underlying holdings, as their fundamentals have not changed, in our view. We believe that those Japanese companies which have endured the difficult conditions of the past two decades and excelled are likely to maintain their positive performance going forward.

Total Investment Return (unaudited)

The following table summarizes average annual Fund performance compared to the TOPIX, the Fund s benchmark, for the 1-year, 3-year, 5-year and 10-year periods as of October 31, 2015.

	1 Year	3 Years	5 Years	10 Years
Net Asset Value (NAV)	6.3%	17.0%	8.0%	2.1%
Market Value	2.7%	16.0%	7.9%	-0.3%
TOPIX Index	10.6%	13.8%	7.3%	2.3%

Aberdeen Asset Management Inc. has entered into an agreement with the Fund to cap Investor Relation Services fees, without which total return performance would be lower. See Note 3 in the Notes to Financial Statements. Returns represent past performance. Total investment return at net asset value (NAV) is based on changes in the NAV of Fund shares and assumes reinvestment of dividends and distributions, if any, at market prices pursuant to the dividend reinvestment program. All return data at NAV includes fees charged to the Fund, which are listed in the Fund s Statement of Operations under Expenses . The Fund s total return is based on the reported NAV on each financial reporting period end. Total investment return at market value is based on changes in the market price at which the Fund s shares traded on the NYSE during the period and assumes reinvestment of dividends and distributions, if any, at market prices pursuant to the dividend reinvestment program. Because the Fund s shares trade in the stock market based on investor demand, the Fund may trade at a price higher or lower than its NAV. Therefore, returns are calculated based on both market price and NAV. ***Past performance is no guarantee of future results.*** *The performance information provided does not reflect the deduction of taxes that a stockholder would pay on distributions received from the Fund. The current performance of the Fund may be lower or higher than the figures shown. The Fund s yield, return, market price and NAV will fluctuate. Performance information current to the most recent month-end is available at www.aberdeenjeq.com or by calling 800-522-5465.*

The net operating expense ratio excluding fee waivers based on the fiscal year ended October 31, 2015 was 0.96%. The net operating expense ratio net of fee waivers based on the fiscal year ended October 31, 2015 was 0.96%.

Portfolio Composition (unaudited)

The following table summarizes the composition of the Fund s portfolio, in Standard & Poor s Global Industry Classification Standard (GICS), expressed as a percentage of net assets. The GICS structure consists of 10 sectors, 24 industry groups, 67 industries and 156 sub-industries. As of October 31, 2015, the Fund did not have more than 25% of its assets invested in any industry. The sectors, as classified by GICS, are comprised of several industries. As of October 31, 2015, the Fund held 98.7% of its net assets in equities, 0.1% in a short-term investment and 1.2% in other assets in excess of liabilities.

Top Sectors	As a Percentage of Net Assets
Consumer Staples	20.1%
Industrials	18.6%
Consumer Discretionary	14.6%
Financials	14.0%
Materials	9.4%
Information Technology	9.2%
Health Care	9.1%
Telecommunication Services	3.7%
Short-Term Investment	0.1%
Other assets in excess of liabilities	1.2%
	100.0%

Top Ten Equity Holdings (unaudited)

The following were the Fund s top ten holdings as of October 31, 2015:

Name of Security	As a Percentage of Net Assets
Shin-Etsu Chemical Co. Ltd.	5.4%
Japan Tobacco, Inc.	5.3%
Keyence Corp.	4.5%
Seven & i Holdings Co. Ltd.	4.4%
Amada Holdings Co. Ltd.	3.8%
KDDI Corp.	3.7%
East Japan Railway Co.	3.6%
Toyota Motor Corp.	3.5%
FANUC Corp.	3.5%
Nabtesco Corp.	3.5%

Portfolio of Investments

As of October 31, 2015

Shares	Description	Value (US$)
LONG-TERM INVESTMENTS 98.7%(a)		
COMMON STOCKS 98.7%		
JAPAN 98.7%		
AUTO COMPONENTS 2.2%		
23,000	Aisin Seiki Co. Ltd.	$ 912,847
35,200	Denso Corp.	1,641,117
		2,553,964
AUTOMOBILES 6.1%		
92,200	Honda Motor Co. Ltd.	3,050,016
68,700	Toyota Motor Corp.	4,208,867
		7,258,883
BANKS 4.3%		
481,000	Bank of Yokohama Ltd. (The)	3,001,974
108,000	Suruga Bank Ltd.	2,126,197
		5,128,171
BUILDING PRODUCTS 2.2%		
41,000	Daikin Industries Ltd.	2,634,290
CHEMICALS 9.4%		
193,000	Kansai Paint Co. Ltd.	2,942,051
83,000	Nippon Paint Holdings Co. Ltd.	1,753,126
108,400	Shin-Etsu Chemical Co. Ltd.	6,446,456
		11,141,633
CONSUMER FINANCE 2.2%		
103,200	AEON Financial Service Co. Ltd.	2,578,509
DIVERSIFIED FINANCIAL SERVICES 1.2%		
87,000	Japan Exchange Group, Inc.	1,399,913
ELECTRONIC EQUIPMENT INSTRUMENTS & COMPONENTS 4.5%		
10,300	Keyence Corp.	5,362,266
FOOD & STAPLES RETAILING 6.3%		
51,000	San-A Co. Ltd.	2,165,750
116,000	Seven & i Holdings Co. Ltd.	5,269,278
		7,435,028
FOOD PRODUCTS 1.6%		
54,000	Calbee, Inc.	1,956,515
HEALTH CARE EQUIPMENT AND SUPPLIES 3.5%		
45,400	Asahi Intecc Co. Ltd.	1,753,693
41,100	Sysmex Corp.	2,349,226
		4,102,919
HOTELS, RESTAURANTS & LEISURE 1.5%		
69,700	Resorttrust, Inc.	1,791,350

Portfolio of Investments (continued)

As of October 31, 2015

Shares	Description	Value (US$)
HOUSEHOLD PRODUCTS 4.6%		
98,000	Pigeon Corp.	$ 2,745,850
126,300	Unicharm Corp.	2,697,296
		5,443,146
INTERNET SOFTWARE & SERVICES 2.0%		
560,000	Yahoo Japan Corp.	2,375,028
LEISURE PRODUCTS 1.7%		
13,000	Shimano, Inc.	2,048,390
MACHINERY 12.8%		
507,300	Amada Holdings Co. Ltd.	4,524,296
23,600	FANUC Corp.	4,164,018
42,500	Makita Corp.	2,328,695
207,000	Nabtesco Corp.	4,145,160
		15,162,169
PERSONAL PRODUCTS 2.3%		
67,900	Mandom Corp.	2,694,443
PHARMACEUTICALS 5.6%		
243,800	Astellas Pharma, Inc.	3,538,627
98,200	Chugai Pharmaceutical Co. Ltd.	3,161,047
		6,699,674
REAL ESTATE MANAGEMENT & DEVELOPMENT 6.3%		
241,000	Daibiru Corp.	2,049,640
32,100	Daito Trust Construction Co. Ltd.	3,474,706
90,000	Mitsubishi Estate Co. Ltd.	1,930,182
		7,454,528
ROAD & RAIL 3.6%		
45,500	East Japan Railway Co.	4,325,937
SPECIALTY RETAIL 1.4%		
97,500	USS Co. Ltd.	1,721,252
TECHNOLOGY HARDWARE, STORAGE & PERIPHERALS 2.7%		
106,700	Canon, Inc.	3,186,282
TEXTILES, APPAREL & LUXURY GOODS 1.7%		
71,200	Asics Corp.	1,966,593
TOBACCO 5.3%		
182,200	Japan Tobacco, Inc.	6,306,268
WIRELESS TELECOMMUNICATION SERVICES 3.7%		
181,200	KDDI Corp.	4,384,734
		117,111,885
	Total Common Stocks	**117,111,885**
	Total Long-Term Investments 98.7% (cost $104,965,092)	**117,111,885**

Portfolio of Investments (concluded)

As of October 31, 2015

Par Amount	Description	Value (US$)
SHORT-TERM INVESTMENT 0.1%		
$156,000	Repurchase Agreement, Fixed Income Clearing Corp., 0.00% dated 10/30/2015, due 11/02/2015 repurchase price $156,000, collateralized by U.S. Treasury Note, maturing 02/15/2025; total market value of $163,763	$ 156,000
	Total Short-Term Investment 0.1% (cost $156,000)	**156,000**
	Total Investments 98.8% (cost $105,121,092)(b)	**117,267,885**
	Other Assets in Excess of Liabilities 1.2%	1,422,458
	Net Assets 100.0%	**$118,690,343**

(a) All securities are fair valued. Fair Values are determined pursuant to procedures approved by the Fund s Board of Directors. See Note 2(a) of the accompanying Notes to Financial Statements.
(b) See accompanying Notes to Financial Statements for tax unrealized appreciation/depreciation of securities.

See Notes to Financial Statements.

Statement of Assets and Liabilities

As of October 31, 2015

Assets	
Investments, at value (cost $104,965,092)	$117,111,885
Repurchase agreement, at value (cost $156,000)	156,000
Foreign currency, at value (cost $938,717)	933,244
Cash	82
Dividends receivable	630,876
Tax reclaim receivable	460
Prepaid expenses and other assets	47,091
Total assets	**118,879,638**
Liabilities	
Legal fees and expenses	73,379
Audit and tax services	42,865
Investment management fees payable (Note 3)	31,327
Administration fee payable (Note 3)	7,775
Investor relations fees payable (Note 3)	5,739
Accrued Expenses	28,210
Total liabilities	**189,295**
Net Assets	**$118,690,343**
Composition of Net Assets:	
Common stock (par value $0.01 per share) (Note 5)	$ 136,610
Paid-in capital in excess of par	102,274,501
Accumulated net investment income	623,342
Accumulated net realized gain from investments and foreign currency transactions	3,518,521
Net unrealized appreciation on investments and translation of assets and liabilities denominated in foreign currencies	12,137,369
Net Assets	**$118,690,343**
Net asset value per share based on 13,661,034 shares issued and outstanding	$ 8.69

See Notes to Financial Statements.

Statement of Operations

For the Year Ended October 31, 2015

Net investment income:	
Income	
Dividends (net of foreign withholding taxes of $202,674)	$ 1,824,066
	1,824,066
Expenses:	
Investment management fee (Note 3)	375,825
Administration fee (Note 3)	163,011
Directors fees	120,113
Legal fees and expenses	77,985
Insurance expense	70,542
Independent auditors fees and expenses	65,570
Reports to stockholders and proxy solicitation	65,303
Investor relations fees and expenses (Note 3)	61,155
Transfer agent s fees and expenses	18,992
Custodian s fees and expenses	18,876
Miscellaneous	99,127
Total operating expenses before reimbursed/waived expenses	1,136,499
Less: Investor relations fee waiver (Note 3)	(1,510)
Net expenses	1,134,989
Net Investment Income	689,077
Net Realized and Unrealized Gains/(Losses) on Investments and Foreign Currency Related Transactions	
Net realized gain/(loss) from:	
Investment transactions	3,518,521
Foreign currency transactions	(60,883)
	3,457,638
Net change in unrealized appreciation/(depreciation) on:	
Investments	2,478,704
Foreign currency translation	9,543
	2,488,247
Net realized and unrealized gain from investments and foreign currency related transactions	5,945,885
Net Increase in Net Assets Resulting from Operations	$6,634,962

See Notes to Financial Statements.

Statements of Changes in Net Assets

	For the Year Ended October 31, 2015	For the Year Ended October 31, 2014
Increase/(decrease) in net assets from operations:		
Operations:		
Net investment income	$ 689,077	$ 508,197
Net realized gain from investment transactions	3,518,521	12,612,421
Net realized (loss) from foreign currency transactions	(60,883)	(76,720)
Net change in unrealized appreciation/(depreciation) on investments	2,478,704	(1,321,168)
Net change in unrealized appreciation/(depreciation) on foreign currency translation	9,543	(18,510)
Net increase in net assets resulting from operations	6,634,962	11,704,220
Distributions to stockholders from:		
Net investment income	(421,407)	(2,099,767)
Net realized gains	(529,946)	
Net (decrease) in net assets from distributions	(951,353)	(2,099,767)
Capital Share Transactions:		
Reinvestment of dividends resulting in the issuance of 20,805 and 63,456 shares of common stock, respectively	141,886	431,502
Repurchase of common stock under the discount management policy (119,854 and 476,887), respectively	(857,426)	(3,271,992)
Change in net assets from capital stock transactions	(715,540)	(2,840,490)
Net increase in net assets	4,968,069	6,763,963
Net assets:		
Beginning of year	113,722,274	106,958,311
End of year (including accumulated net investment income of $623,342 and $672,301, respectively)	**$118,690,343**	**$113,722,274**

Amounts listed as are $0 or round to $0.

See Notes to Financial Statements.

Financial Highlights

	For the Fiscal Years Ended October 31,				
	2015	2014	2013	2012	2011
PER SHARE OPERATING PERFORMANCE(a):					
Net asset value, beginning of year	$8.26	$7.55	$5.67	$6.01	$6.30
Net investment income	0.05	0.04	0.07	0.05	0.04
Net realized and unrealized gains/(losses) on investments and foreign currencies	0.44	0.79	1.87	(0.34)	(0.27)
Total from investment operations	0.49	0.83	1.94	(0.29)	(0.23)
Distributions from:					
Net investment income	(0.03)	(0.15)	(0.06)	(0.05)	(0.06)
Net realized gains	(0.04)				
Total distributions	(0.07)	(0.15)	(0.06)	(0.05)	(0.06)
Capital Share Transactions:					
Impact due to discount management policy	0.01	0.03			
Net asset value, end of year	$8.69	$8.26	$7.55	$5.67	$6.01
Market value, end of year	$7.48	$7.36	$6.83	$5.00	$5.35
Total Investment Return Based on(b):					
Market value	2.67%	10.11%	38.11%	(5.56%)	(0.76%)
Net asset value	6.28%	11.79%	34.63%	(4.66%)	(3.74%)
Ratio to Average Net Assets/Supplementary Data:					
Net assets, end of year (in millions)	$118.7	$113.7	$107.0	$81.3	$86.9
Net operating expenses, net of fee waivers	0.96%	1.04%	1.08%	1.49%	1.38%
Net operating expenses, excluding fee waivers	0.96%				
Net investment income	0.58%	0.47%	0.97%	0.88%	0.71%
Portfolio turnover	10%	98%	100%	110%	59%

(a) Based on average shares outstanding.

(b) Total investment return based on market value is calculated assuming that shares of the Fund s common stock were purchased at the closing market price as of the beginning of the period, dividends, capital gains, and other distributions were reinvested as provided for in the Fund s dividend reinvestment plan and then sold at the closing market price per share on the last day of the period. The computation does not reflect any sales commission investors may incur in purchasing or selling shares of the Fund. The total investment return based on the net asset value is similarly computed except that the Fund s net asset value is substituted for the closing market value.

Amounts listed as are $0 or round to $0.

See Notes to Financial Statements.

Notes to Financial Statements

October 31, 2015

1. Organization

Aberdeen Japan Equity Fund, Inc. (the Fund) was incorporated in Maryland on July 12, 1990 under its original name The Japan Emerging Equity Fund, Inc. and commenced operations on July 24, 1992. It is registered with the Securities and Exchange Commission as a closed-end, diversified management investment company. The Fund s investment objective is to outperform over the long term, on a total return basis (including appreciation and dividends), the Tokyo Stock Price Index (TOPIX).

2. Summary of Significant Accounting Policies

The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements. The policies conform to accounting principles generally accepted in the United States of America (GAAP). The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses for the period. Actual results could differ from those estimates. The books and records of the Fund are maintained in U.S. Dollars.

a. Security Valuation:

The Fund values its securities at current market value or fair value, consistent with regulatory requirements. Fair value is defined in the Fund s valuation and liquidity procedures as the price that could be received to sell an asset or paid to transfer a liability in an orderly transaction between willing market participants without a compulsion to contract at the measurement date.

Equity securities that are traded on an exchange are valued at the last quoted sale price on the principal exchange on which the security is traded at the Valuation Time subject to application, when appropriate, of the valuation factors described in the paragraph below. The Valuation Time is as of the close of regular trading on the New York Stock Exchange (usually 4:00 p.m. Eastern Time). In the absence of a sale price, the security is valued at the mean of the bid/ask price quoted at the close on the principal exchange on which the security is traded. Securities traded on NASDAQ are valued at the NASDAQ official closing price. Closed-end funds and exchange-traded funds (ETFs) are valued at the market price of the security at the Valuation Time. A security using any of these pricing methodologies is determined to be a Level 1 investment.

Foreign equity securities that are traded on foreign exchanges that close prior to the Valuation Time are valued by applying valuation factors to the last sale price or the mean price as noted above. Valuation

factors are provided by an independent pricing service provider. These valuation factors are used when pricing the Fund s portfolio holdings to estimate market movements between the time foreign markets close and the time the Fund values such foreign securities. These valuation factors are based on inputs such as depositary receipts, indices, futures, sector indices/ETFs, exchange rates, and local exchange opening and closing prices of each security. When prices with the application of valuation factors are utilized, the value assigned to the foreign securities may not be the same as quoted or published prices of the securities on their primary markets. A security that applies a valuation factor is determined to be a Level 2 investment because the exchange-traded price has been adjusted. Valuation factors are not utilized if the independent pricing service provider is unable to provide a

valuation factor or if the valuation factor falls below a predetermined threshold; in such case, the security is determined to be a Level 1 investment.

In the event that a security s market quotations are not readily available or are deemed unreliable (for reasons other than because the foreign exchange on which it trades closes before the Valuation Time), the security is valued at fair value as determined by the Fund s Pricing Committee, taking into account the relevant factors and surrounding circumstances using valuation policies and procedures approved by the Fund s Board of Directors. A security that has been fair valued by the Pricing Committee may be classified as Level 2 or Level 3 depending on the nature of the inputs.

In accordance with the authoritative guidance on fair value measurements and disclosures under GAAP, the Fund discloses the fair value of its investments using a three-level hierarchy that classifies the inputs to valuation techniques used to measure the fair value. The hierarchy assigns Level 1 measurements to valuations based upon unadjusted quoted prices in active markets for identical assets, Level 2 measurements to valuations based upon other significant observable inputs, including adjusted quoted prices in active markets for identical assets, and Level 3 measurements to valuations based upon unobservable inputs that are significant to the valuation.

Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability, which are based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity s own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. A financial instrument s level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement.

Notes to Financial Statements (continued)

October 31, 2015

The three-level hierarchy of inputs is summarized below:

Level 1 quoted prices in active markets for identical investments;

Level 2 other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, and credit risk); or

Level 3 significant unobservable inputs (including the Fund s own assumptions in determining the fair value of investments).

The following is a summary of the inputs used as of October 31, 2015 in valuing the Fund s investments at fair value. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

Please refer to the Portfolio of Investments for a detailed breakout of the security types:

Investments, at Value	Level 1	Level 2	Level 3	Total
Long-Term Investments	$	$117,111,885	$	$117,111,885
Short-Term Investment		156,000		156,000
Total	**$**	**$117,267,885**	**$**	**$117,267,885**

Amounts listed as are $0 or round to $0.

The Fund held no Level 3 securities at October 31, 2015.

For movements between the Levels within the fair value hierarchy, the Fund has adopted a policy of recognizing transfers at the end of each period. The utilization of valuation factors may result in transfers between Level 1 and Level 2. For the fiscal year ended October 31, 2015, there were no transfers between Level 1 and Level 2.

For the fiscal year ended October 31, 2015, there were no significant changes to the fair valuation methodologies.

b. Repurchase Agreements:

The Fund may enter into repurchase agreements under the terms of a Master Repurchase Agreement. It is the Fund s policy that its custodian/counterparty segregate the underlying collateral securities, the value of which exceeds the principal amount of the repurchase transaction, including accrued interest. The repurchase price generally equals the price paid by the Fund plus interest negotiated on the basis of current short-term rates. To the extent that any repurchase transaction exceeds one business day, the collateral is valued on a daily basis to determine its adequacy. Under the Master Repurchase Agreement, if the counterparty defaults and the value of the collateral declines, or if bankruptcy proceedings are commenced with respect to the counterparty of the repurchase agreement, realization of the collateral by the Fund may be delayed or limited. Repurchase agreements are subject to contractual netting arrangements with the counterparty, Fixed Income Clearing Corp. For additional information on the Fund s repurchase agreement, see the Portfolio of Investments. The Fund held a repurchase agreement of $156,000 as of October 31, 2015. The value of the related collateral exceeded the value of the repurchase agreement at October 31, 2015.

c. Foreign Currency Translation:

Foreign securities, currencies, and other assets and liabilities denominated in foreign currencies are translated into U.S. Dollars at the exchange rate of said currencies against the U.S. Dollar, as of the Valuation Time, as provided by an independent pricing service approved by the Board.

Foreign currency amounts are translated into U.S. Dollars on the following basis:

(i) market value of investment securities, other assets and liabilities at the exchange rates at the current daily rates of exchange at the Valuation Time; and

(ii) purchases and sales of investment securities, income and expenses at the relevant rates of exchange prevailing on the respective dates of such transactions.

The Fund does not isolate that portion of gains and losses on investments in equity securities which is due to changes in the foreign exchange rates from that which is due to changes in market prices of equity securities. Accordingly, realized and unrealized foreign currency gains and losses with respect to such securities are included in the reported net realized and unrealized gains and losses on investment transactions balances.

Notes to Financial Statements (continued)

October 31, 2015

The Fund reports certain foreign currency related transactions and foreign taxes withheld on security transactions as components of realized gains for financial reporting purposes, whereas such foreign currency related transactions are treated as ordinary income for U.S. federal income tax purposes.

Net unrealized currency gains or losses from valuing foreign currency denominated assets and liabilities at period end exchange rates are reflected as a component of net unrealized appreciation/depreciation in value of investments, and translation of other assets and liabilities denominated in foreign currencies.

Foreign security and currency transactions may involve certain considerations and risks not typically associated with those of domestic origin, including unanticipated movements in the value of the foreign currency relative to the U.S. Dollar. Generally, when the U.S. Dollar rises in value against foreign currency, the Fund s investments denominated in that foreign currency will lose value because the foreign currency is worth fewer U.S. Dollars; the opposite effect occurs if the U.S. Dollar falls in relative value.

d. Security Transactions, Investment Income and Expenses:

Security transactions are recorded on the trade date. Realized and unrealized gains/(losses) from security and foreign currency transactions are calculated on the identified cost basis. Dividend income and corporate actions are recorded generally on the ex-date, except for certain dividends and corporate actions which may be recorded after the ex-date, as soon as the Fund acquires information regarding such dividends or corporate actions.

Interest income and expenses are recorded on an accrual basis.

e. Distributions:

The Fund records dividends and distributions payable to its stockholders on the ex-dividend date. The amount of dividends and distributions from net investment income and net realized capital gains are determined in accordance with federal income tax regulations, which may differ from GAAP. These book basis/tax basis (book/tax) differences are either considered temporary or permanent in nature. To the extent these differences are permanent in nature, such amounts are reclassified within the capital accounts based on their federal tax-basis treatment; temporary differences do not require reclassification. Dividends and distributions which exceed net investment income and net realized capital gains for tax purposes are reported as return of capital.

f. Federal Income Taxes:

The Fund intends to continue to distribute substantially all of its taxable income and to comply with the minimum distribution and other requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies. As of October 31, 2015, the Fund had no uncertain tax positions that would require financial statement recognition, derecognition or disclosure. As of October 31, 2015, the Fund did not have any unrecognized tax benefits. The Fund s federal tax returns for the current and prior four fiscal years remain subject to examination by the Internal Revenue Service.

The Fund is not subject to any Japanese income, capital gains or other taxes except for withholding taxes on certain income, generally imposed at a rate of 10.0% on interest and dividends paid to the Fund by Japanese corporations.

g. Rights Issues and Warrants:

Rights issues give the right, normally to existing shareholders, to buy a proportional number of additional securities at a given price (generally at a discount) within a fixed period (generally a short term period) and are offered at the company s discretion. Warrants are securities that give the holder the right to buy common stock at a specified price for a specified period of time. Rights issues and warrants are speculative and have no value if they are not exercised before the expiration date. Rights issues and warrants are valued at the last sale price on the exchange on which they are traded.

h. Foreign Withholding Tax:

Dividend and interest income from non-U.S. sources received by the Fund are generally subject to non-U.S. withholding taxes. In addition, the Fund may be subject to capital gains tax in certain countries in which it invests. The above taxes may be reduced or eliminated under the terms of applicable U.S. income tax treaties with some of these countries. The Fund accrues such taxes when the related income is earned.

3. Agreements and Transactions with Affiliates

a. Investment Manager:

Aberdeen Asset Management Asia Limited (AAMAL) serves as the Fund s investment manager with respect to all investments. Pursuant to the Management Agreement, the Manager makes investment management decisions relating to the Fund s assets. For such investment services, the Fund pays the Manager at an annual rate of 0.60% of the first $20 million, 0.40% of the next $30 million, and 0.20% of the excess over $50 million of the Fund s average weekly Managed Assets. For purposes of this calculation, Managed Assets of the Fund means total assets of the Fund, including assets attributable

Notes to Financial Statements (continued)

October 31, 2015

to investment leverage, minus all liabilities, but not excluding any liabilities or obligations attributable to leverage obtained by the Fund for investment purposes through (i) the issuance or incurrence of indebtedness of any type (including, without limitation, borrowing through a credit facility or the issuance of debt securities), (ii) the issuance of preferred stock or other similar preference securities, and/or (iii) any other means, but not including any collateral received for securities loaned by the Fund. In addition, the Fund has agreed to reimburse the Manager for all out-of-pocket expenses related to the Fund. For the fiscal year ended October 31, 2015, no such expenses were paid to the Manager. For the fiscal year ended October 31, 2015 AAMAL earned gross management fees of $375,825.

b. Administrator and Other Related Parties:

Aberdeen Asset Management Inc. (AAMI), an affiliate of AAMAL, serves as the Fund s administrator, pursuant to an amended fee schedule effective July 1, 2015 under which AAMI received a fee, payable quarterly by the Fund, at an annual rate of 0.08% of the value of the Fund s average weekly net assets. Prior to July 1, 2015, pursuant to an agreement, AAMI received a fee, payable quarterly by the Fund at an annual rate of 0.20% of the first $60 million of the Fund s average weekly net assets, 0.15% of the next $40 million and 0.10% of the excess over $100 million.

For the fiscal year ended October 31, 2015, AAMI earned $163,011 from the Fund for administrative fees.

c. Investor Relations:

Under the terms of an Investor Relations Services Agreement, AAMI serves as the Fund s investor relations services provider. Pursuant to the terms of the Investor Relations Services Agreement, AAMI provides, among other things, objective and timely information to stockholders based on publicly-available information; provides information efficiently through the use of technology while offering stockholders immediate access to knowledgeable investor relations representatives; develops and maintains effective communications with investment professionals from a wide variety of firms; creates and maintains investor relations communication materials such as fund manager interviews, films and webcasts, published white papers, magazine articles and other relevant materials discussing the Fund s investment results, portfolio positioning and outlook; develops and maintains effective communications with large institutional stockholders; responds to specific stockholder questions; and reports activities and results to the Board and management detailing insight into general stockholder sentiment.

Effective January 1, 2015, these fees are capped at an annual rate of 0.05% of the Fund s average weekly net assets. For the fiscal year ended October 31, 2015, the Fund incurred fees of approximately $60,559,

of which AAMI waived $1,510. Investor relations fees and expenses in the Statement of Operations include certain out-of-pocket expenses.

4. Investment Transactions

Purchases and sales of investment securities (excluding short-term securities) for the fiscal year ended October 31, 2015 were $11,894,327 and $13,365,327, respectively.

5. Capital

The authorized capital of the Fund is 30 million shares of $0.01 par value common stock. During the fiscal year ended October 31, 2015, the Fund repurchased 119,854 shares pursuant to its Discount Management Program and reinvested 20,805 shares pursuant to its Dividend Reinvestment and Cash Purchase Plan. As of October 31, 2015, there were 13,661,034 shares of the Fund outstanding.

6. Discount Management Program

Effective December 12, 2014, the Fund s Board of Directors approved revisions to the Fund s Discount Management Program to authorize management to make open market purchases, from time to time, in a maximum aggregate amount during each twelve month period ended October 31 of up to 10% of the Fund s shares of stock outstanding as of October 31 of the prior year. Such purchases may be made opportunistically at certain discounts to net asset value per share when, in the reasonable judgment of management based on historical discount levels and current market conditions, such repurchases may enhance stockholder value. During the fiscal year ended October 31, 2015, the Fund repurchased 119,854 shares.

Prior to December 12, 2014, the Fund s Discount Management Program authorized management, from time to time and to the extent permitted by law, to repurchase up to 10% of the Fund s outstanding shares in open market transactions for each twelve-month period ended October 31. Such purchases were made when the Fund s shares traded at a discount to NAV of 9% or more and the daily average discount from the Fund s NAV for the five-day period ending the prior day was 9% or more.

The Board of Directors authorized the Discount Management Program in order to potentially enhance share liquidity and increase Stockholder value through the potential accretive impact of the purchases to the Fund s NAV. There is no assurance that the Fund will purchase shares in any specific amounts.

7. Portfolio Investment Risks

a. Risks Associated with Foreign Securities and Currencies:

Investments in securities of foreign issuers carry certain risks not ordinarily associated with investments in securities of U.S. issuers. These

Notes to Financial Statements (continued)

October 31, 2015

risks include future political and economic developments, and the possible imposition of exchange controls or other foreign governmental laws and restrictions. In addition, with respect to certain countries, there is the possibility of expropriation of assets, confiscatory taxation, and political or social instability or diplomatic developments, which could adversely affect investments in those countries.

Certain countries also may impose substantial restrictions on investments in their capital markets by foreign entities, including restrictions on investments in issuers of industries deemed sensitive to relevant national interests. These factors may limit the investment opportunities available and result in a lack of liquidity and high price volatility with respect to securities of issuers from developing countries. Foreign securities may also be harder to price than U.S. securities.

b. Focus Risk:

The Fund may have elements of risk not typically associated with investments in the United States due to focused investments in a limited number of countries or regions subject to foreign securities or currencies risks. Such focused investments may subject the Fund to additional risks resulting from political or economic conditions in such countries or regions and the possible imposition of adverse governmental laws or currency exchange restrictions could cause the securities and their markets to be less liquid and their prices to be more volatile than those of comparable U.S. securities.

c. Sector Risk

To the extent that a Fund has a significant portion of its assets invested in securities of companies conducting business in a broadly related group of industries within an economic sector, the Fund may be more vulnerable to unfavorable developments in that economic sector than funds that invest more broadly.

8. Contingencies

In the normal course of business, the Fund may provide general indemnifications pursuant to certain contracts and organizational documents. The Fund s maximum exposure under these arrangements is dependent on future claims that may be made against the Fund, and therefore, cannot be estimated; however, based on experience, the risk of loss from such claims is considered remote.

9. Tax Information

The U.S. federal income tax basis of the Fund s investments and the net unrealized appreciation as of October 31, 2015 were as follows:

Tax Basis of Investments	Appreciation	Depreciation	Net Unrealized Appreciation

$105,121,092	$15,427,172	$(3,280,379)	$12,146,793

Income and capital gains distributions are determined in accordance with federal income tax regulations, which may differ from GAAP.

The tax character of distributions paid during the fiscal years ended October 31, 2015 and October 31, 2014 was as follows:

	October 31, 2015	October 31, 2014
Distributions paid from:		
Ordinary Income	$421,407	$2,099,767
Net long-term capital gains	529,946	
Total tax character of distributions	**$951,353**	**$2,099,767**

As of October 31, 2015, the components of accumulated earnings (deficit) on a tax basis were as follows:

Undistributed ordinary income net	$995,304
Undistributed long-term capital gains net	3,146,556
Total undistributed earnings	$4,141,860
Capital loss carryforward	*
Other currency gains	
Other temporary differences	3
Unrealized appreciation/(depreciation)	12,137,369
Total accumulated earnings/(losses) net	**$16,279,232**

* During the fiscal year ended October 31, 2015, the Fund did not utilize a capital loss carryforward.

Notes to Financial Statements (concluded)

October 31, 2015

GAAP requires that certain components of net assets be adjusted to reflect permanent differences between financial and tax reporting. Accordingly, the table below details the necessary reclassifications, which are a result of permanent differences primarily attributable to prior year post-financial statement adjustments and foreign currency gains and losses. These reclassifications have no effect on net assets or net asset values per share.

Accumulated Net Investment Income/(Loss)	Accumulated net realized gain from investments and foreign currency transactions
$(316,629)	$316,629

10. Subsequent Events

Management has evaluated the need for disclosures and/or adjustments resulting from subsequent events through the date the financial statements were issued. Based on this evaluation, no disclosures and/or adjustments were required to the financial statements as of October 31, 2015.

On December 18, 2015, the Fund announced that it will pay on January 12, 2016 a distribution of $0.30595 per share to all stockholders of record as of December 31, 2015.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of

Aberdeen Japan Equity Fund, Inc. (formerly The Japan Equity Fund, Inc.)

In our opinion, the accompanying statement of assets and liabilities, including the statement of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of Aberdeen Japan Equity Fund, Inc. (formerly The Japan Equity Fund, Inc.) (hereafter referred to as the Fund) at October 31, 2015, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as financial statements) are the responsibility of the Fund s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at October 31, 2015 by correspondence with the custodian, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
December 23, 2015

Federal Tax Information: Dividends and Distributions (unaudited)

The following information is provided with respect to the distributions paid by Aberdeen Japan Equity Fund, Inc. during the fiscal year ended October 31, 2015:

Payable Date	Total Cash Distribution	Long-Term Capital Gain	Tax Return of Capital	Net Ordinary Dividend	Foreign Taxes Paid(1)	Gross Ordinary Dividend	Qualified Dividends(2)	Foreign Source Income
1/12/15	0.069450	0.038687		0.030763	0.014795	0.045559	0.030763	0.030763

(1) The foreign taxes paid represent taxes incurred by the Fund on interest received from foreign sources. Foreign taxes paid may be included in taxable income with an offsetting deduction from gross income or may be taken as a credit for taxes paid to foreign governments. You should consult your tax advisor regarding the appropriate treatment of foreign taxes paid.

(2) The Fund hereby designates the amount indicated above or the maximum amount allowable by law.

Supplemental Information (unaudited)

Results of Annual Meeting of Stockholders

The Annual Meeting of Stockholders was held on Thursday, June 18, 2015 at 712 Fifth Avenue, 49th Floor, New York, New York. The description of the proposals and number of shares voted at the meeting are as follows:

1. To elect two directors to serve as a Class I directors for three year term or until his or her successors are duly elected and qualifies:

	Votes For	Votes Against
Radhika Ajmera	10,868,883	1,133,362
Martin J. Gruber	10,864,940	1,137,305

Directors whose term of office continued beyond this meeting are as follows: David G. Harmer, Richard J. Herring and Rahn K. Porter. Additionally, at a meeting of the Board of Directors held on September 8, 2015 the Board approved the appointment of Anthony Clark as a Class III Director to serve until the next Annual General Meeting to be held in 2016.

Board Consideration and Approval of Investment Management Agreement (unaudited)

Nature, Extent and Quality of Services

At meetings (the Meetings) of the Board of Directors of The Japan Equity Fund, Inc. (the Fund) held on June 10, 2015 and June 16, 2015, the Board reviewed and considered the nature, quality and extent of services provided by Aberdeen Asset Management Asia Limited (the Investment Manager), under the Investment Management Agreement with the Investment Manager (the Investment Management Agreement). The Board reviewed and considered the qualifications of the portfolio management team and other key personnel of the Investment Manager who provide the investment advisory services to the Fund and determined that they are qualified by education and/or training and experience to perform the services in an efficient and professional manner. The Board also reviewed and considered the services provided to the Fund by the Investment Manager and its personnel. The Board concluded that the nature, quality and extent of advisory services provided to the Fund by the Investment Manager were necessary and appropriate for the conduct of the business and investment activities of the Fund. The Board also concluded that the overall quality of advisory services was satisfactory.

Performance Relative to the Fund s Benchmark

The Board noted that the Investment Manager had been managing the Fund for less than two years. The Board reviewed and considered the Fund s performance for the last full year period, as provided to the Board prior to the Meetings. For the quarter and the last full year, the Fund had generally outperformed the Fund s benchmark, the TOPIX. The Board concluded that the Fund s overall performance was comparable to its benchmark. The Board also noted that the Fund had outperformed the only comparable closed-end fund.

Fees Relative to Other Funds Advised by the Investment Manager

The Board reviewed and considered the advisory fees paid by the Fund under the Investment Management Agreement (the Investment Manager Fee) and information showing the advisory fees paid by other U.S. registered closed-end funds managed by the Investment Manager or its affiliates (Other Aberdeen Funds) and fees charged by the Investment Manager to other clients with assets invested in Singapore. The Board noted that the Investment Manager Fee was lower than the fees charged to most of the Other Aberdeen Funds and largely in the same range of fees charged to other clients with comparable investment strategies and determined that the Investment Management Fee was appropriate.

Fees and Expenses Relative to Comparable Funds Managed by Other Investment Managers

The Board reviewed and considered the advisory fees paid by other closed-end funds investing in a single country. While the fees vary widely, the majority of these fees paid in connection with these country funds were in the 1.00% and higher range. The Board concluded that the Fund s advisory fees under the Investment Management Agreement were significantly lower than these other country funds. The Board also noted that the total expense ratio of the Fund was at the low end of the range of total expense ratios of other closed-end funds investing in a single country. The Board concluded that the Fund s total expense ratio was satisfactory.

Breakpoints and Economies of Scale

The Board reviewed and considered the structure of the Fund s advisory fees under the Investment Management Agreement and noted that it does include a breakpoint. The Board considered that the Fund is closed-end. The Board concluded that economies of scale for the Fund were not a factor that needed to be considered at current asset levels.

Profitability of the Investment Manager

The Board reviewed and considered a profitability report for the Investment Manager for the last year included in the materials provided to the Board. Based on its review of the information it received, the Board concluded that the profits earned by the Investment Manager were not excessive in light of the advisory services provided to the Fund.

Other Benefits to the Adviser or its Affiliates

In considering whether the Investment Manager benefits in other ways from its relationship with the Fund, the Board noted that the Fund s brokerage transactions are not effected through the Investment Manager or any of its affiliates. The Board also noted that an affiliate of the Investment Manager serves as Administrator to the Fund. The Board noted that, based on its review of the arrangements for administrative services, any benefit the Investment Manager s affiliate receives from providing those services appears to be appropriate, particularly after giving effect to the reduction in the administrative fee approved by the Board at its June 16, 2015 meeting. The Board concluded that, to the extent that

Board Consideration and Approval of Investment Management Agreement (unaudited) (concluded)

the Investment Manager or its affiliates derive other benefits from their relationships with the Fund, those benefits are not such as to render the Adviser s fees excessive.

Investment Manager Financially Sound and Financially Capable of Meeting the Fund s Needs

The Board considered whether the Investment Manager was financially sound and had the resources necessary to perform its obligations under the Investment Management Agreement. The Board noted that the Investment Manager s operations remain profitable. The Board concluded that the Investment Manager has the financial resources necessary to fulfill its obligations under the Investment Management Agreement.

Other Factors and Current Trends

The Board considered the controls and procedures adopted and implemented by the Investment Manager and monitored by the Fund s Chief Compliance Officer and concluded that the conduct of business by the Investment Manager indicates a good faith effort on its part to adhere to high ethical standards.

General Conclusion

After considering and weighing all of the above factors, the Board concluded it would be in the best interests of the Fund and its stockholders to approve renewal of the Investment Management Agreement for another year.

Dividend Reinvestment and Cash Purchase Plan (unaudited)

A Dividend Reinvestment and Cash Purchase Plan (the Plan) is available to provide Stockholders with automatic reinvestment of dividends and capital gain distributions in additional Fund shares. The Plan also allows you to make optional semi-annual cash investments in Fund shares through the Plan Agent. A brochure fully describing the Plan s terms and conditions is available by calling the Plan Agent at (866) 669-9903 or by writing Aberdeen Japan Equity Fund, Inc., c/o the American Stock Transfer & Trust Company, Operations Center, 6201 15th Avenue, Brooklyn, NY 11219.

A brief summary of the material aspects of the Plan follows:

Who can participate in the Plan? If you wish to participate and your shares are held in your name, you may elect to become a direct participant in the Plan by completing and mailing the Enrollment Authorization form on the back cover of the Dividend Reinvestment and Cash Purchase Plan Brochure to the Plan Agent. However, if your shares are held in the name of a financial institution, you should instruct your financial institution to participate in the Plan on your behalf. If your financial institution is unable to participate in the Plan for you, you should request that your shares be registered in your name, so that you may elect to participate directly in the Plan.

May I withdraw from the Plan? If your shares are held in your name and you wish to receive all dividends and capital gain distributions in cash rather than in shares, you may withdraw from the Plan without penalty at any time by contacting the Plan Agent. If your shares are held in the name of a financial institution, you should be able to withdraw from the Plan without a penalty at any time by sending written notice to your financial institution. If you withdraw, you or your financial institution will receive a share certificate for all full shares or, if you wish, the Plan Agent will sell your shares and send you the proceeds, after the deduction of brokerage commissions. The Plan Agent will convert any fractional shares to cash at the then-current market price and send you a check for the proceeds.

How are the dividends and distributions reinvested? If the market price of the Fund s shares on the payment date should equal or exceed their net asset value per share, the Fund will issue new shares to you at the higher of net asset value or 95% of the then-current market price. If the market price is lower than the net asset value per share, the Fund will issue new shares to you at the market price. If the dividends or distributions are declared and payable as cash only, you will receive shares purchased for you by the Plan Agent on the NYSE or otherwise on the open market to the extent available.

What is the Cash Purchase feature? The Plan participants have the option of making semi-annual investments in Fund shares through the Plan Agent. You may invest any amount from $100 to $5,000

semiannually. The Plan Agent will purchase shares for you on the NYSE or otherwise on the open market on or about February 15th and August 15th of each year. Plan participants should send voluntary cash payments to be received by the Plan Agent approximately ten days before the applicable purchase date. The Plan Agent will return any cash payments received more than thirty days prior to the purchase date. You may withdraw a voluntary cash payment by written notice, if the notice is received by the Plan Agent not less than two business days before the investment date.

Is there a cost to participate? There are no Plan charges or brokerage charges for shares issued directly by the Fund. However, each participant will pay a service fee of $2.50 for each investment and a pro rata portion of brokerage commissions for shares purchased on the NYSE or on the open market by the Plan Agent.

What are the tax implications? The automatic reinvestment of dividends and distributions does not relieve you of any income tax which may be payable (or required to be withheld) on such dividends and distributions. In addition, the Plan Agent will reinvest dividends for foreign participants and for any participant subject to federal backup withholding after the deduction of the amounts required to be withheld.

Please note that, if you participate in the Plan through a brokerage account, you may not be able to continue as a participant if you transfer those shares to another broker. Contact your broker or financial institution or the Plan Agent to ascertain what is the best arrangement for you to participate in the Plan.

Management of the Fund (unaudited)

The names of the Directors and Officers of the Fund, their addresses, years of birth, and principal occupations during the past five years are provided in the tables below. Directors that are deemed interested persons (as that term is defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended) of the Fund or the Fund s investment adviser are included in the table below under the heading Interested Directors. Directors who are not interested persons, as described above, are referred to in the table below under the heading Independent Directors.

As of October 31, 2015

Board of Directors Information

Name, Address and Year of Birth	Position(s) Held With the Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past Five Years	Number of Funds in Fund Complex* Overseen by Director	Other Directorships Held by Director
Independent Directors					
Radhika Ajmera c/o Aberdeen Asset Management Inc. Attn: US Legal 1735 Market St. 32nd Floor Philadelphia, PA 19103 Year of Birth: 1964	Director, Audit Committee Member	Since 2014; current term ends at the 2018 annual Meeting	Ms. Ajmera has been an independent consultant since 2008 and provides consulting services to firms in the financial sector. Ms. Ajmera has over twenty years experience in fund management, predominantly in emerging markets.	1	-
Anthony S. Clark 3307 N. Colombus St Arlington, VA 22207 Year of Birth: 1953	Director, Audit Committee Member	Since 2015; current term ends at the 2016 annual Meeting	Mr. Clark served as Chief Investment Officer of the Pennsylvania State Employees Retirement System from 2010 to 2013. Prior to that, Mr. Clark was Deputy Chief Investment Officer of the Pension Benefit Guaranty Corporation (PBGC) and Director of Global Equities in the Investment Department of the Howard Hughes Medical Institute.	1	-
Martin J. Gruber 229 S. Irving Street Ridgewood, N.J. 07450	Chairman of Board of Directors, Audit Committee Member	Since 1992; current term ends at the 2018 annual Meeting	Mr. Gruber has been a Professor Emeritus and Scholar in Residence at the Leonard N. Stern School of Business, New York University, since 2010. He was previously a Professor of Finance at New York University, from 1965 to 2010.	2	Trustee National Bureau of Economic Research, since 2005

Year of Birth: 1937					
David G. Harmer 10911 Ashurst Way Highlands Ranch, CO 80130-6961	Director, Audit Committee Member	Since 1997; current term ends at the 2016 annual Meeting	Prior to retiring, Mr. Harmer was the Director of Community and Economic Development, City of Ogden, Utah, from 2005 to 2008.	2	-
Year of Birth: 1943					
Richard J. Herring c/o Aberdeen Asset Management Inc. Attn: US Legal 1735 Market St. 32nd Floor Philadelphia, PA 19103	Director, Audit Committee Member	Since 2007; current term ends at the 2017 annual Meeting	Mr. Herring has been the Jacob Safra Professor of International Banking and Professor, Finance Department, at The Wharton School, University of Pennsylvania, since 1972. He is also the Founding Director, Wharton Financial Institutions Center since 1994; Co-chair of the Shadow Financial Regulatory Committee, since 2000; and Executive Director of the Financial Economists Roundtable, since 2008. He is a member of the Systemic Risk Council and the FDIC s Systemic Resolution Advisory Council.	2	Trustee Deutsche Asset Management Funds (and certain Predecessor funds), since 1990; Independent Director of Barclays Bank Delaware, since 2010
Year of Birth: 1946					

Management of the Fund (unaudited) (continued)

Name, Address and Year of Birth	Position(s) Held With the Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past Five Years	Number of Funds in Fund Complex* Overseen by Director	Other Directorships Held by Director
Rahn K. Porter 944 East Rim Road Franktown, CO 80116 Year of Birth: 1954	Director, Audit Committee Chairman	Since 2007; current term ends at the 2016 annual Meeting	Mr. Porter has been the Interim Chief Executive Officer since 2014 and Chief Financial Officer of The Colorado Health Foundation since 2013. Previously he was Senior Vice President and Treasurer, Qwest Communications International Inc., from 2008 to 2011.	2	Director, CenturyLink Investment Management Company (formerly Qwest Asset Management Company), since 2006; Director, BlackRidge Financial Inc., since March, 2005.

* Aberdeen Asia-Pacific Income Fund, Inc., Aberdeen Global Income Fund, Inc., Aberdeen Australia Equity Fund, Inc., Aberdeen Chile Fund, Inc., Aberdeen Israel Fund, Inc., Aberdeen Indonesia Fund, Inc., Aberdeen Latin America Equity Fund, Inc., Aberdeen Emerging Markets Smaller Company Opportunities Fund, Inc., Aberdeen Singapore Fund, Inc., Aberdeen Japan Equity Fund, Inc., The Asia-Tigers Fund, Inc., The India Fund, Inc., Aberdeen Greater China Fund, Inc., Aberdeen Funds and Aberdeen Investment Funds, have a common investment manager and/or investment adviser, or an investment adviser that is affiliated with the Investment Manager, and may thus be deemed to be part of the same Fund Complex. Information Regarding Officers who are not Directors

Information Regarding Officers who are not Directors

Name, Address and Year of Birth	Position(s) Held With the Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past Five Years
Officers			
Alan Goodson* c/o Aberdeen Asset Management Inc. Attn: US Legal 1735 Market Street, 32nd Floor Philadelphia, PA 19103	President	Since September 2012	Currently, Head of Product US, overseeing Product Management, Product Development and Investor Services for Aberdeen Asset Management Inc. s registered and unregistered investment companies in the U.S. and Canada. Mr. Goodson is Director and Vice President of Aberdeen Asset Management Inc. and joined Aberdeen in 2000.

Year of Birth: 1974			
Jeffrey Cotton* c/o Aberdeen Asset Management Inc. Attn: US Legal 1735 Market Street, 32nd Floor Philadelphia, PA 19103	Chief Compliance Officer, Vice President Compliance	Since September 2012	Currently, Director, Vice President and Head of Compliance Americas for Aberdeen Asset Management Inc. Mr. Cotton joined Aberdeen in 2010. Prior to joining Aberdeen, Mr. Cotton was a Senior Compliance Officer at Old Mutual Asset Management from 2009 to 2010 supporting its affiliated investment advisers and mutual fund platform. Mr. Cotton was also a VP, Senior Compliance Manager at Bank of America/Columbia Management from 2006 to 2009.
Year of Birth: 1977			
Andrea Melia* c/o Aberdeen Asset Management Inc. Attn: US Legal 1735 Market Street, 32nd Floor Philadelphia, PA 19103	Treasurer	Since September 2012	Currently, Head of Fund Administration-US and Vice President for Aberdeen Asset Management Inc. since 2009. Prior to joining Aberdeen in 2009, Ms. Melia was Director of fund administration and accounting oversight for Princeton Administrators LLC, a division of BlackRock Inc. and had worked with Princeton Administrators since 1992.
Year of Birth: 1969			

Management of the Fund (unaudited) (continued)

Name, Address and Year of Birth	Position(s) Held With the Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past Five Years
Megan Kennedy* c/o Aberdeen Asset Management Inc. Attn: US Legal 1735 Market Street, 32nd Floor Philadelphia, PA 19103	Secretary and Vice President	Since September 2012	Currently, Head of Product Management for AAMI (since 2009). Ms. Kennedy joined AAMI in 2005 as a Senior Fund Administrator. Ms. Kennedy was promoted to Assistant Treasurer Collective Funds/North American Mutual Funds in February 2008 and promoted to Treasurer Collective Funds/North American Mutual Funds in July 2008.
Year of Birth: 1974			
Bev Hendry* c/o Aberdeen Asset Management Inc. Attn: US Legal 1735 Market Street, 32nd Floor Philadelphia, PA 19103	Vice President	Since December 2014	Currently Co-Head of Americas and Chief Financial Officer of AAMI. Mr. Hendry first Aberdeen in 1987 and helped establish Aberdeen s business in the Americas in Fort Lauderdale. Mr Hendry left Aberdeen in 2008 when the company moved to Its headquarters in Philadelphia. Mr Hendry re-joined Aberdeen from Hansberger Global Investors in Fort Lauderdale where he worked as Chief Operating Officer for 6 years.
Year of Birth: 1953			
Jennifer Nichols* c/o Aberdeen Asset Management Inc. Attn: US Legal 1735 Market Street, 32nd Floor Philadelphia, PA 19103	Vice President	Since September 2012	Currently, Global Head of Legal for Aberdeen Asset Management PLC since 2012 and Vice President and Director for AAMI. Ms. Nichols joined AAMI in 2006.
Year of Birth: 1978			
Christian Pittard* c/o Aberdeen Asset Management Inc. Attn: US Legal 1735 Market Street, 32nd Floor Philadelphia, PA 19103	Vice President	Since September 2012	Currently, Group Head of Product Opportunities for Aberdeen Asset Investment Services Limited. Director of Aberdeen Managers Limited. Previously, Mr. Pittard was Director and Vice President from 2006 to 2008, Chief Executive Officer from 2005 to 2006, and employee since 2005 of AAMI.
Year of Birth: 1973			
Lucia Sitar* c/o Aberdeen Asset Management Inc. Attn: US Legal 1735 Market Street, 32nd Floor Philadelphia, PA 19103	Vice President	Since September 2012	Currently Vice President and Managing U.S. Counsel for AAMI. Ms. Sitar joined AAMI in July 2007 as U.S. Fund Counsel.

Year of Birth: 1971			
Sharon Ferrari* c/o Aberdeen Asset Management Inc. Attn: US Legal 1735 Market Street, 32nd Floor Philadelphia, PA 19103	Assistant Treasurer	Since March 2014	Currently, Senior Fund Administration Manager-US for Aberdeen Asset Management Inc. since 2013. Ms. Ferrari joined AAMI as a Senior Fund Administrator in 2008.
Year of Birth: 1977			
Heather Hasson* c/o Aberdeen Asset Management Inc. Attn: US Legal 1735 Market Street, 32nd Floor Philadelphia, PA 19103	Assistant Secretary	Since September 2012	Currently, Senior Product Manager for Aberdeen Asset Management Inc since 2009. Ms. Hasson joined Aberdeen Asset Management Inc. as a Fund Administrator in November 2006.
Year of Birth: 1982			

Management of the Fund (unaudited) (concluded)

Name, Address and Year of Birth	Position(s) Held With the Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past Five Years
Sofia Rosala* c/o Aberdeen Asset Management Inc. Attn: US Legal 1735 Market Street, 32nd Floor Philadelphia, PA 19103 Year of Birth: 1974	Vice President and Deputy Chief Compliance Officer	Since March 2014	Currently, Vice President and Deputy Head of Compliance and Adviser Chief Compliance Officer for Aberdeen Asset Management Inc. since 2014. She joined Aberdeen as U.S. Counsel in 2012. Prior to that, Ms. Rosala served as Counsel for Vertex, Inc. from 2011 to 2012 and Senior Associate at Morgan, Lewis & Bockius from 2008 to 2011.

* As of October 2015, Messrs. Pittard, Cotton, Hendry and Goodson and Mses. Nichols, Melia, Kennedy, Sitar, Hasson, Ferrari and Rosala hold officer position(s) in one or more of the following: Aberdeen Asia-Pacific Income Fund, Inc., Aberdeen Global Income Fund, Inc., Aberdeen Australia Equity Fund, Inc., Aberdeen Chile Fund, Inc., Aberdeen Emerging Markets Smaller Company Opportunities Fund, Inc., Aberdeen Israel Fund, Inc., Aberdeen Indonesia Fund, Inc., Aberdeen Latin America Equity Fund, Inc., Aberdeen Singapore Fund, Inc., Aberdeen Japan Equity Fund, Inc., The India Fund Inc., The Asia-Tigers Fund Inc., Aberdeen Greater China Fund, Inc., Aberdeen Funds and Aberdeen Investment Funds, each of which may also be deemed to be a part of the same Fund Complex.

Corporate Information

Directors

Radhika Ajmera

Anthony Clark

Martin J. Gruber, *Chairman*

David G. Harmer

Richard J. Herring

Rahn K. Porter

Officers

Alan Goodson, *President*

Jeffrey Cotton, *Vice President Compliance and Chief Compliance Officer*

Sofia Rosala, *Vice President Deputy Chief Compliance Officer*

Andrea Melia, *Treasurer*

Megan Kennedy, *Vice President and Secretary*

Bev Hendry, *Vice President*

Jennifer Nichols, *Vice President*

Christian Pittard, *Vice President*

Lucia Sitar, *Vice President*

Sharon Ferrari, *Assistant Treasurer*

Heather Hasson, *Assistant Secretary*

Investment Manager

Aberdeen Asset Management Asia Limited
21 Church Street
#01-01 Capital Square Two

Administrator

Aberdeen Asset Management Inc.
1735 Market Street, 32nd Floor
Philadelphia, PA 19103

Transfer Agent and Registrar

American Stock Transfer & Trust Company
6201 15th Avenue
Brooklyn, NY 11219

Legal Counsel

Clifford Chance US LLP
31 West 52nd Street
New York, NY 10019

Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP
2001 Market Street
Philadelphia, PA 19103

Investor Relations

Aberdeen Asset Management Inc.
1735 Market Street, 32nd Floor
Philadelphia, PA 19103

Custodian

State Street Bank and Trust Company
1 Iron Street, 5th Floor
Boston, MA 02210

Singapore 049480

Aberdeen Asset Management Asia Limited

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that the Fund may purchase, from time to time, shares of its common stock in the open market.

Shares of Aberdeen Japan Equity Fund, Inc. are traded on the NYSE under the symbol JEQ . Information about the Fund s net asset value and market price is available at www.aberdeenjeq.com.

This report, including the financial information herein, is transmitted to the stockholders of Aberdeen Japan Equity Fund, Inc. for their general information only. It does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person. Past performance is no guarantee of future returns.

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http://www.aberdeen-asset.us/aam.nsf/usclosed/email

3. Click Sign-up. You can expect to receive your electronic documents in 4-6 weeks.

* Please note that Aberdeen does not share our shareholder information with any other organizations. You can return to this site at any time to change your email address or edit your preferences.

JEQ-ANNUAL

Item 2 - Code of Ethics.

(a) As of October 31, 2015, the Registrant had adopted a Code of Ethics that applies to the Registrant s principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the Registrant or a third party (the Code of Ethics).

(c) During the period covered by this report, the Codes of Ethics was revised in order to amend the definition of employee to extend Sarbanes-Oxley whistleblower protection to employees of private contractors that provide service to the Fund in accordance with the Supreme Court decision in Lawson v. FMR LLC, 134 S. Ct. 1158 (2014).

(d) During the period covered by this report, there were no waivers to the provisions of the Code of Ethics.

(f) A copy of the Code of Ethics has been filed as an exhibit to this Form N-CSR.

Item 3 - Audit Committee Financial Expert.

The Registrant s Board of Directors has determined that Rahn K. Porter, a member of the Board of Directors Audit Committee, possesses the attributes, and has acquired such attributes through means, identified in instruction 2 of Item 3 to Form N-CSR to qualify as an audit committee financial expert, and has designated Mr. Porter as the Audit Committee s financial expert. Mr. Porter is an independent Director pursuant to paragraph (a)(2) of Item 3 to Form N-CSR.

Item 4 - Principal Accountant Fees and Services.

(a) - (d). Below is a table reflecting the fee information requested in Items 4(a) through (d):

Fiscal Year Ended	(a) Audit Fees	(b) Audit-Related Fees	(c)1 Tax Fees	(d) All Other Fees
October 31, 2015	$65,180	$0	$9,570	$0
October 31, 2014	$65,180	$0	$10,695	$0

(1) Services include tax services in connection with the Registrant s excise tax calculations and review of the registrant s applicable tax returns.

(e) Below are the Registrant s Pre-Approval Policies and Procedures

(1) The Registrant s Audit Committee (the Committee) has adopted a Charter that provides that the Committee shall annually select, retain or terminate the Registrant s independent auditor and, in connection therewith, to evaluate the terms of the

engagement (including compensation of the independent auditor) and the qualifications and independence of the independent auditor, and to receive the independent auditor s specific representations as to their independence. The Registrant s independent auditor shall: (i) at least annually, submit to the Committee a certification of its independence consistent with Rule 3520 of the Public Company Accounting Oversight Board (PCAOB), delineating all relationships between the Registrant s independent auditor and the Registrant, and (ii) actively engage in a dialogue with the Committee with respect to any disclosed relationships or services that may affect the objectivity and independence of such independent auditor, including relationships with or services provided to the Registrant s other service providers. If the Committee deems it appropriate, it may recommend that the Board of Directors take appropriate action in response to the report of the independent auditor to satisfy itself of the independence of the independent auditor. The Committee Charter also provides that the Committee shall pre-approve all auditing services and non-auditing services, including tax services, to be provided to the Registrant by the Registrant s independent auditor; provided, however, that the pre-approval requirement with respect to the provision of non-auditing services to the Registrant by the Registrant s independent auditor may be waived by the Committee under the circumstances described in the 1934 Act. The Committee may delegate to one or more designated members of the Committee the authority to grant such pre-approvals; provided, however, that the Audit Committee shall not delegate pre-approval of the audit required by the 1934 Act. The decisions of any member or members of the Committee to whom such authority has been given shall be reported to the full Committee at each of its scheduled meetings.

(2) None of the services described in each of paragraphs (b) through (d) of this Item involved a waiver of the pre-approval requirement by the Audit Committee pursuant to Rule 2-01 (c)(7)(i)(C) of Regulation S-X.

(f) Not Applicable.

(g) Non-Audit Fees

The aggregate fees billed by PwC for non-audit services rendered to the Registrant, the Registrant s investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser) and any entity controlling, controlled by, or under common control with the investment adviser that provided ongoing services to the Registrant (Covered Service Providers) for the fiscal year ended October 31, 2014 was $2,300,584. The aggregate fees billed by PWC for non-audit services rendered to the Registrant and any Covered Service Providers for the fiscal year ended October 31, 2015 was $2,731,778.

(h) The Registrant s Audit Committee of the Board of Directors has considered whether the provision of non-audit services that were rendered to the Registrant s investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the Registrant that were not pre-approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X is compatible with maintaining the principal accountant s independence and has concluded that it is.

Item 5 - Audit Committee of Listed Registrants.

(a) The Registrant has a separately-designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Exchange Act (15 U.S.C. 78c(a)(58)(A)).

For the fiscal year ended October 31, 2015, the audit committee members were:

Radhika Ajmera

Anthony Clark

Martin J. Gruber

David G. Harmer

Richard J. Herring

Rahn K. Porter

(b) Not applicable

Item 6 - Schedule of Investments.

(a) Included as part of the Report to Stockholders filed under Item 1 of this Form N-CSR.

(b) Not applicable.

Item 7 - Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies.

Pursuant to the Registrant s Proxy Voting Policy and Procedures, the Registrant has delegated responsibility for its proxy voting to its Investment Manager and Investment Adviser, provided that the Registrant s Board of Directors has the opportunity to periodically review the Investment Manager s and Investment Adviser s proxy voting policies and material amendments thereto.

The proxy voting policies of the Registrant are included herewith as Exhibit C and policies of the Investment Manager are included as Exhibit D.

Item 8 - Portfolio Managers of Closed-End Management Investment Companies.

(a)(1) The information in the table below is as of January 7, 2016.

Individual & Position	**Services Rendered**	**Past Business Experience**
Hugh Young Managing Director	Responsible for equities globally from the Singapore office.	Currently Managing Director and group head of equities as well as a member of the executive committee responsible for Aberdeen s day-to-day running. Co-founded Singapore-based Aberdeen Asia in 1992 having been recruited in 1985 to manage Asian equities from London.
Adrian Lim Senior Investment Manager Equities - Asia	Responsible for Asian equities portfolio management.	Currently a Senior Investment Manager of Asian Equities. Mr. Lim joined Aberdeen from Murray Johnstone in December 2000. He was previously an associate director at Arthur Andersen advising clients on mergers & acquisitions in South East Asia. He moved from private equity to the Asian Equities team in July 2003.

Ai-Mee Gan Investment Manager Equities - Asia	Responsible for Asian equities portfolio management.	Currently an Investment Manager on the Asian equities team. Ai Mee joined Aberdeen in April 2009. Previously, Ai Mee worked as a senior associate with Transaction Advisory Services at Ernst & Young.
Chou Chong Investment Director Equities - Asia	Responsible for company research and oversight of portfolio construction.	Currently an Investment Director of Asian Equities. Joined Aberdeen in 1994 as a Graduate Trainee. After becoming a director, from 2001, he spent time in Sydney, Australia restructuring portfolios and turning around performance. In 2003, he transferred to London to lead the Pan-European equity desk and in June 2008, Chou returned to Singapore and joined the Asian Equities Team.
Flavia Cheong Investment Director Equities - Asia	Responsible for company research and oversight of portfolio construction.	Currently an Investment Director of Asian Equities. Joined Aberdeen in 1996. Before joining Aberdeen, she was an economist with the Investment Company of the People s Republic of China, and earlier with the Development Bank of Singapore.

(a)(2) The information in the table below is as of October 31, 2015.

Name of Portfolio Manager	Type of Accounts	Total Number of Accounts Managed	Total Assets ($M)	Number of Accounts Managed for Which Advisory Fee is Based on Performance	Total Assets for Which Advisory Fee is Based on Performance ($M)
Hugh Young	Registered Investment Companies	21	$ 10,187.63	0	$ 0
	Pooled Investment Vehicles	83	$ 43,162.91	2	$ 392.16
	Other Accounts	137	$ 35,308.43	16	$ 4,734.26
Adrian Lim	Registered Investment Companies	21	$ 10,187.63	0	$ 0
	Pooled Investment Vehicles	83	$ 43,162.91	2	$ 392.16
	Other Accounts	137	$ 35,308.43	16	$ 4,734.26
Ai-Mee Gan	Registered Investment Companies	21	$ 10,187.63	0	$ 0
	Pooled Investment Vehicles	83	$ 43,162.91	2	$ 392.16
	Other Accounts	137	$ 35,308.43	16	$ 4,734.26
Chou Chong		21	$ 10,187.63	0	$ 0

	Registered Investment Companies						
	Pooled Investment Vehicles	83	$	43,162.91	2	$	392.16
	Other Accounts	137	$	35,308.43	16	$	4,734.26

Flavia Cheong	Registered Investment Companies	21	$ 10,187.63	0	$	0
	Pooled Investment Vehicles	83	$ 43,162.91	2	$	392.16
	Other Accounts	137	$ 35,308.43	16	$	4,734.26

Total Assets are as of October 31, 2015 and have been translated into U.S. Dollars at a rate of £1.00 = 1.54.

In accordance with legal requirements in the various jurisdictions in which they operate, and their own Conflicts of Interest policies, all subsidiaries of Aberdeen Asset Management PLC, (together Aberdeen), have in place arrangements to identify and manage Conflicts of Interest that may arise between them and their clients or between their different clients. Where Aberdeen does not consider that these arrangements are sufficient to manage a particular conflict, it will inform the relevant client(s) of the nature of the conflict so that the client(s) may decide how to proceed.

The portfolio managers management of other accounts , including (1) mutual funds; (2) other pooled investment vehicles; and (3) other accounts that may pay advisory fees that are based on account performance (performance-based fees), may give rise to potential conflicts of interest in connection with their management of a fund s investments, on the one hand, and the investments of the other accounts, on the other. The other accounts may have the same investment objective as a Fund. Therefore, a potential conflict of interest may arise as a result of the identical investment objectives, whereby the portfolio manager could favor one account over another. However, Aberdeen believes that these risks are mitigated by the fact that: (i) accounts with like investment strategies managed by a particular portfolio manager are generally managed in a similar fashion, subject to exceptions to account for particular investment restrictions or policies applicable only to certain accounts, differences in cash flows and account sizes, and similar factors; and (ii) portfolio manager personal trading is monitored to avoid potential conflicts. In addition, Aberdeen has adopted trade allocation procedures that require equitable allocation of trade orders for a particular security among participating accounts.

In some cases, another account managed by the same portfolio manager may compensate Aberdeen based on the performance of the portfolio held by that account. The existence of such performance-based fees may create additional conflicts of interest for the portfolio manager in the allocation of management time, resources and investment opportunities.

Another potential conflict could include instances in which securities considered as investments for a Fund also may be appropriate for other investment accounts managed by Aberdeen or its affiliates. Whenever decisions are made to buy or sell securities by the Fund and one or more of the other accounts simultaneously, Aberdeen may aggregate the purchases and sales of the securities and will allocate the securities transactions in a manner that it believes to be equitable under the circumstances. As a result of the allocations, there may be instances where the fund will not participate in a transaction that is allocated among other accounts. While these aggregation and allocation policies could have a detrimental effect on the price or amount of the securities available to a Fund from time to time, it is the opinion of Aberdeen that the benefits from the Aberdeen organization outweigh any disadvantage that may arise from exposure to simultaneous transactions. Aberdeen has adopted policies that are designed to eliminate or minimize conflicts of interest, although there is no guarantee that procedures adopted under such policies will detect each and every situation in which a conflict arises.

(a)(3)

Aberdeen Asset Management PLC s (Aberdeen) remuneration policies are designed to support its business strategy as a leading international asset manager. The objective is to attract, retain and reward talented individuals for the delivery of sustained, superior returns for Aberdeen s clients and shareholders. Aberdeen operates in a highly competitive international employment market, and aims to maintain its strong track record of success in developing and retaining talent.

Aberdeen s policy is to recognize corporate and individual achievements each year through an appropriate annual bonus scheme. The aggregate value of awards in any year is dependent on the group s overall performance and profitability. Consideration is also given to the levels of bonuses paid in the market. Individual awards, which are payable to all members of staff are determined by a rigorous assessment of achievement against defined objectives.

A long-term incentive plan for key staff and senior employees comprises of a mixture of cash and deferred shares in Aberdeen PLC or select Aberdeen funds (where applicable). Overall compensation packages are designed to be competitive relative to the investment management industry.

Base Salary

Aberdeen s policy is to pay a fair salary commensurate with the individual s role, responsibilities and experience, and having regard to the market rates being offered for similar roles in the asset management sector and other comparable companies. Any increase is generally to reflect inflation and is applied in a manner consistent with other Aberdeen employees; any other increases must be justified by reference to promotion or changes in responsibilities.

Annual Bonus

The Remuneration Committee of Aberdeen determines the key performance indicators that will be applied in considering the overall size of the bonus pool. In line with practice amongst other asset management companies, individual bonuses are not subject to an absolute cap. However, the aggregate size of the bonus pool is dependent on the group s overall performance and profitability. Consideration is also given to the levels of bonuses paid in the market. Individual awards are determined by a rigorous assessment of achievement against defined objectives, and are reviewed and approved by the Remuneration Committee.

Aberdeen has a deferral policy which is intended to assist in the retention of talent and to create additional alignment of executives interests with Aberdeen s sustained performance and, in respect of the deferral into funds, managed by Aberdeen, to align the interest of asset managers with our clients.

Staff performance is reviewed formally at least once a year. The review process evaluates the various aspects that the individual has contributed to Aberdeen, and specifically, in the case of portfolio managers, to the relevant investment team. Discretionary bonuses are based on client

service, asset growth and the performance of the respective portfolio manager. Overall participation in team meetings, generation of original research ideas and contribution to presenting the team externally are also evaluated.

In the calculation of a portfolio management team s bonus, Aberdeen takes into consideration investment matters (which include the performance of funds, adherence to the company

investment process, and quality of company meetings) as well as more subjective issues such as team participation and effectiveness at client presentations. To the extent performance is factored in, such performance is not judged against any specific benchmark and is evaluated over the period of a year - January to December. The pre- or after-tax performance of an individual account is not considered in the determination of a portfolio manager s discretionary bonus; rather the review process evaluates the overall performance of the team for all of the accounts the team manages.

Portfolio manager performance on investment matters is judged over all of the accounts the portfolio manager contributes to and is documented in the appraisal process. A combination of the team s and individual s performance is considered and evaluated.

Although performance is not a substantial portion of a portfolio manager s compensation, Aberdeen also recognizes that fund performance can often be driven by factors outside one s control, such as (irrational) markets, and as such pays attention to the effort by portfolio managers to ensure integrity of our core process by sticking to disciplines and processes set, regardless of momentum and hot themes. Short-terming is thus discouraged and trading-oriented managers will thus find it difficult to thrive in the Aberdeen environment. Additionally, if any of the aforementioned undue risks were to be taken by a portfolio manager, such trend would be identified via Aberdeen s dynamic compliance monitoring system.

(a)(4)

Individual	Dollar Range of Equity Securities in the Registrant Beneficially Owned by the Portfolio Manager as of October 31, 2015
Hugh Young	$0
Adrian Lim	$0
Ai-Mee Gan	$0
Chou Chong	$0
Flavia Cheong	$0

(b) Not applicable.

Item 9 - Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers.

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part	(d) Maximum Number of Shares that May Yet Be

			of Publicly Announced Plans or Programs1	Purchased Under the Plans or Programs1
November 1, 2014 through November 30, 2014	43,505	$7.26	43,505	1,332,503

December 1, 2014 through December 31, 2015	18,200	$7.27	18,200	1,314,303
January 1, 2015 through January 31, 2015	44,300	$6.90	44,300	1,270,003
February 1, 2015 through February 28, 2015	12,000	$7.32	12,000	1,258,003
March 1, 2015 through March 31, 2015	None	None	None	1,258,003
April 1, 2015 through April 30, 2015	None	None	None	1,258,003
May 1, 2015 through May 31, 2015	None	None	None	1,258,003
June 1, 2015 through June 30, 2015	None	None	None	1,258,003
July 1, 2015 through July 31, 2015	None	None	None	1,258,003
August 1, 2015 through August 31, 2015	None	None	None	1,258,003
September 1, 2015 through September 30, 2015	1,200	$7.10	1,200	1,256,803
October 1, 2015 through October 31, 2015	649	$7.37	649	1,256,154
Total	119,854	$7.13	119,854	--

1 On December 12, 2014, the Board of Directors approved revisions to the Fund s Discount Management Program previously effective May 2012, to authorize management to make open market purchases, from time to time, in a maximum aggregate amount during each twelve month period ended October 31 of up to 10% of the Fund s shares of stock outstanding as of October 31 of the prior year. Such purchases may be made opportunistically at certain discounts to net asset value per share when, in the reasonable judgment of management based on historical discount levels and current market conditions, such repurchases may enhance stockholder value.

Item 10 - Submission of Matters to a Vote of Security Holders.

During the period ended October 31, 2015, there were no material changes to the procedures by which stockholders may recommend nominees to the Registrant s Board of Directors.

Item 11 - Controls and Procedures.

(a) The Registrant s principal executive and principal financial officers, or persons performing similar functions, have concluded that the Registrant s disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940 (the Act) (17 CFR 270.30a-3(c)) are effective, as of a date within 90 days of the filing date of the report that includes the disclosure required by this paragraph, based on the evaluation of these controls

and procedures required by Rule 30a-3(b) under the Act (17 CFR 270.30a3(b)) and Rule 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.13a-15(b) or 240.15d15(b)).

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

Item 12 - Exhibits.

(a)(1) Code of Ethics of the Registrant for the period covered by this report as required by Item 2(f) of this Form N-CSR.

(a)(2) The certifications of the registrant as required by Rule 30a-2(a) under the Act are exhibits to this report.

(a)(3) Not applicable.

(b) The certifications of the registrant as required by Rule 30a-2(b) under the Act are an exhibit to this report.

(c) Proxy Voting Policy of Registrant.

(d) Proxy Voting Policy and Procedures of Investment Adviser.

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.

Aberdeen Japan Equity Fund, Inc.

By: /s/ *Alan Goodson*

Alan Goodson

Principal Executive Officer of

Aberdeen Japan Equity Fund, Inc.

Date: January 7, 2016

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/ *Alan Goodson*

Alan Goodson

Principal Executive Officer of

Aberdeen Japan Equity Fund, Inc.

Date: January 7 2016

By: */s/ Andrea Melia*

Andrea Melia

Principal Financial Officer of

Aberdeen Japan Equity Fund, Inc.

Date: January 7, 2016