

JAPAN EQUITY FUND INC  
Form N-Q  
February 12, 2008

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

**FORM N-Q**

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

Investment Company Act file number

811-06142

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

c/o Daiwa Securities Trust Company  
One Evertrust Plaza  
Jersey City, New Jersey  
(Address of principal executive offices)

07302  
(Zip code)

John J. O Keefe  
The Japan Equity Fund, Inc.  
c/o Daiwa Securities Trust Company  
One Evertrust Plaza  
Jersey City, New Jersey 07302  
(Name and address of agent for service)

Registrant's telephone number, including area code:

(201) 915-3054

Date of fiscal year end: October 31

Date of reporting period: January 31, 2008

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Item 1. Schedule of Investments. The schedule of investments for the three-month period ended January 31, 2008 is filed herewith.

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*The Japan Equity Fund, Inc.***Portfolio of Investments**

January 31, 2008 (unaudited)

**COMMON STOCKS 98.94%**

| Shares                            |   | Value      |
|-----------------------------------|---|------------|
| <b>Banks 9.48%</b>                |   |            |
| 477,000                           | Mitsubishi UFJ Financial Group, Inc.      | 4,627,980  |
| 782                               | Mizuho Financial Group, Inc.              | 3,657,706  |
| 140,000                           | The Bank of Yokohama, Ltd.                | 905,983    |
| 4,000                             | The Musashino Bank, Ltd.                  | 181,460    |
| 173,000                           | The Sumitomo Trust & Banking Co., Ltd.    | 1,095,163  |
|                                   |   | 10,468,292 |
| <b>Chemicals 7.36%</b>            |   |            |
| 199,000                           | Asahi Kasei Corp.                         | 1,214,896  |
| 160,000                           | Daice Chemical Industries Ltd.            | 894,149    |
| 35,500                            | Fujifilm Holdings Corp.                   | 1,387,057  |
| 35,000                            | Hitachi Chemical Co., Ltd.                | 596,318    |
| 34,000                            | Nihon Parkerizing Co., Ltd.               | 510,942    |
| 29,600                            | Shin-Etsu Chemical Co., Ltd.              | 1,554,090  |
| 88,000                            | Sumitomo Chemical Co., Ltd.               | 622,373    |
| 93,000                            | Toyo Ink Manufacturing Co., Ltd.          | 321,443    |
| 330,000                           | Ube Industries, Ltd.                      | 1,029,022  |
|                                   |   | 8,130,290  |
| <b>Commerce 0.82%</b>             |   |            |
| 56,000                            | Canon Marketing Japan Inc.                | 904,142    |
| <b>Communication 3.13%</b>        |   |            |
| 116                               | KDDI Corp.                                | 782,267    |
| 337                               | NTT Corp.                                 | 1,607,927  |
| 470                               | NTT DoCoMo, Inc.                          | 737,203    |
| 6,400                             | Obic Business Consultants Co., Ltd.       | 330,610    |
|                                   |   | 3,458,007  |
| <b>Construction 1.32%</b>         |   |            |
| 62,000                            | Daiwa House Industry Co., Ltd.            | 863,004    |
| 80,000                            | Sumitomo Forestry Co., Ltd.               | 593,594    |
|                                   |   | 1,456,598  |
| <b>Electric Appliances 13.45%</b> |   |            |
| 57,600                            | Canon Inc.                                | 2,477,768  |
| 16,700                            | Fanuc Ltd.                                | 1,471,269  |
| 98,000                            | Fujitsu Ltd.                              | 635,108    |
| 34,000                            | Hamamatsu Photonics K.K.                  | 1,171,973  |
| 27,000                            | Japan Aviation Electronics Industry, Ltd. | 328,656    |
| 19,500                            | Kyocera Corp.                             | 1,551,282  |
| 72,000                            | Matsushita Electric Industrial Co., Ltd.  | 1,521,555  |
| 130,000                           | Mitsubishi Electric Corp.                 | 1,181,929  |
| 37,700                            | Omron Corp.                               | 777,228    |
| 43,000                            | Sony Corp.                                | 2,108,199  |
| 27,000                            | Star Micronics Co., Ltd.                  | 443,787    |
| 16,700                            | Tokyo Electron Ltd.                       | 997,577    |
| 9,000                             | Ushio Inc.                                | 183,009    |
|                                   |   | 14,849,340 |

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|                                       |                                 |  |           |
|---------------------------------------|---------------------------------|--|-----------|
| <b>Electric Power &amp; Gas 2.60%</b> |                                 |  |           |
| 36,500                                | Kansai Electric Power Co., Inc. |  | 911,900   |
| 33,000                                | Tohoku Electric Power Co., Inc. |  | 777,966   |
| 45,500                                | Tokyo Electric Power Co., Inc.  |  | 1,179,487 |
|                                       |                                 |  | 2,869,353 |

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|   |                                     |  |           |
|---|-------------------------------------|--|-----------|
| <b>Foods 0.67%</b>                        |                                     |  |           |
| 76,000                                    | Nisshin Seifun Group Inc.           |  | 743,083   |
| <b>Glass &amp; Ceramic Products 1.41%</b> |                                     |  |           |
| 72,000                                    | Asahi Glass Co., Ltd.               |  | 895,351   |
| 38,000                                    | NGK Spark Plug Co., Ltd.            |  | 660,637   |
|   |                                     |  | 1,555,988 |
| <b>Insurance 2.26%</b>                    |                                     |  |           |
| 218,000                                   | Aioi Insurance Co., Ltd.            |  | 1,060,618 |
| 139,000                                   | Mitsui Sumitomo Insurance Co., Ltd. |  | 1,436,085 |
|   |                                     |  | 2,496,703 |
| <b>Iron &amp; Steel 2.73%</b>             |                                     |  |           |
| 221,000                                   | Nippon Steel Corp.                  |  | 1,324,298 |
| 360,000                                   | Sumitomo Metal Industries, Ltd.     |  | 1,693,998 |
|   |                                     |  | 3,018,296 |
| <b>Land Transportation 2.80%</b>          |                                     |  |           |
| 374                                       | East Japan Railway Co.              |  | 3,087,687 |
| <b>Machinery 7.26%</b>                    |                                     |  |           |
| 38,000                                    | Daifuku Co., Ltd.                   |  | 515,732   |
| 73,000                                    | JTEKT Corp.                         |  | 1,212,210 |
| 95,000                                    | Komatsu Ltd.                        |  | 2,284,212 |
| 40,000                                    | Makita Corp.                        |  | 1,480,229 |
| 349,000                                   | Mitsubishi Heavy Industries Ltd.    |  | 1,425,895 |
| 20,000                                    | Mori Seiki Co., Ltd.                |  | 353,715   |
| 48,000                                    | Ricoh Co., Ltd.                     |  | 750,183   |
|   |                                     |  | 8,022,176 |
| <b>Marine Transportation 1.07%</b>        |                                     |  |           |
| 58,000                                    | Kawasaki Kisen Kaisha, Ltd.         |  | 559,463   |
| 77,000                                    | Nippon Yusen Kabushiki Kaisha       |  | 627,022   |
|   |                                     |  | 1,186,485 |
| <b>Metal Products 0.76%</b>               |                                     |  |           |
| 48,000                                    | J S Group Corp.                     |  | 834,038   |
| <b>Non-Ferrous Metals 2.37%</b>           |                                     |  |           |
| 141,000                                   | Mitsubishi Materials Corp.          |  | 574,753   |
| 81,500                                    | Sumitomo Electric Industries, Ltd.  |  | 1,188,015 |
| 52,000                                    | Sumitomo Metal Mining Co., Ltd.     |  | 848,840   |
|   |                                     |  | 2,611,608 |
| <b>Oil &amp; Coal Products 0.78%</b>      |                                     |  |           |
| 10,000                                    | Idemitsu Kosan Co., Ltd.            |  | 857,519   |
| <b>Other Financing Business 1.07%</b>     |                                     |  |           |
| 7,000                                     | Orix Corp.                          |  | 1,186,719 |
| <b>Other Products 0.78%</b>               |                                     |  |           |
| 62,000                                    | Namco Bandai Holdings Inc.          |  | 860,674   |
| <b>Pharmaceutical 4.84%</b>               |                                     |  |           |
| 27,000                                    | Daiichi Sankyo Co., Ltd.            |  | 808,960   |
| 20,000                                    | Ono Pharmaceuticals Co., Ltd.       |  | 980,558   |
| 74,000                                    | Rohto Pharmaceutical Co., Ltd.      |  | 899,371   |
| 43,900                                    | Takeda Pharmaceutical Co., Ltd.     |  | 2,659,482 |
|   |                                     |  | 5,348,371 |
| <b>Precision Instruments 0.94%</b>        |                                     |  |           |
| 19,000                                    | Terumo Corp.                        |  | 1,033,249 |



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|   |   |              |
|---|---|--------------|
| <b>Real Estate 2.31%</b>                          |   |              |
| 21,400  | Atrium Co., Ltd.  | 408,021      |
| 31,000  | Mitsui Fudosan Co., Ltd.  | 707,523      |
| 171,000   | Tokyo Tatemono Co., Ltd.  | 1,437,447    |
|   |   | 2,552,991    |
| <b>Retail Trade 3.76%</b>                         |   |              |
| 20,900  | Nitori Co., Ltd.  | 1,089,462    |
| 70,000  | Seven & I Holdings Co., Ltd.  | 1,732,413    |
| 20,800  | Shimachu Co., Ltd.  | 572,405      |
| 33,500  | Xebio Co., Ltd.   | 759,862      |
|   |   | 4,154,142    |
| <b>Rubber Products 0.74%</b>                      |   |              |
| 48,000  | Bridgestone Corp.   | 811,947      |
| <b>Securities 1.45%</b>                           |   |              |
| 108,000   | Nomura Holdings Inc.  | 1,595,604    |
| <b>Services 3.71%</b>                             |   |              |
| 470   | Dentsu Inc.   | 1,085,940    |
| 27,400  | Nomura Research Institute, Ltd.                                     | 721,865      |
| 19,000  | Secom Co., Ltd.   | 969,005      |
| 268   | Tempstaff Co., Ltd.   | 299,540      |
| 42,500  | Toho Co., Ltd.  | 1,025,876    |
|   |   | 4,102,226    |
| <b>Textile &amp; Apparel 0.86%</b>                |   |              |
| 141,000   | Toray Industries Inc.   | 952,184      |
| <b>Transportation Equipment 12.95%</b>            |   |              |
| 26,500  | Aisin Seiki Co., Ltd.   | 1,052,832    |
| 90,000  | Daihatsu Motor Co., Ltd.  | 914,624      |
| 58,000  | Denso Corp.   | 2,091,857    |
| 16,000  | Honda Motor Co., Ltd.   | 498,920      |
| 380,000   | Kawasaki Heavy Industries, Ltd.                                     | 952,944      |
| 114,000   | Nissan Motor Co., Ltd.  | 1,084,644    |
| 25,400  | Shimano Inc.  | 978,116      |
| 123,000   | Toyota Motor Corp.  | 6,723,584    |
|   |   | 14,297,521   |
| <b>Wholesale Trade 5.26%</b>                      |   |              |
| 44,000  | Hitachi High-Technologies Corp.                                     | 826,524      |
| 121,000   | Mitsubishi Corp.  | 3,159,388    |
| 132,300   | Sumitomo Corp.  | 1,821,657    |
|   |   | 5,807,569    |
| Total Common Stocks (Cost \$107,227,892)          |   | 109,252,802  |
| <b>SHORT-TERM INVESTMENTS 0.05%</b>               |   |              |
| <b>Principal Amount (000)</b>                     |   | <b>Value</b> |
| <b>U.S. DOLLAR TIME DEPOSIT 0.05%</b>             |   |              |
| 56  | Bank of New York Time Deposit, 0.05%, due 2/1/08<br>(Cost \$55,822) | 55,822       |
| Total Investments 98.99%<br>(Cost \$107,283,714 ) |   | 109,308,624  |
| Other assets less liabilities 1.01 %              |   | 1,119,861    |

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**NET ASSETS**

(Applicable to 14,431,605 shares of capital stock outstanding;  
equivalent to \$7.65 per share) 100.00% \$ 110,428,485

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For federal income tax purposes, the cost of securities owned at January 31, 2008 was \$107,402,938, excluding short-term interest bearing investments. At January 31, 2008, the net unrealized appreciation on investments, excluding short-term securities, of \$1,849,864 was composed of gross appreciation of \$11,191,746 for those investments having an excess of value over cost, and gross depreciation of \$9,341,882 for those investments having an excess of cost over value.



Item 2. Controls and Procedures.

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

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

Item 3. Exhibits.

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

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**SIGNATURES**

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

The Japan Equity Fund, Inc.

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

Date: February 11, 2008

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

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

Date: February 11, 2008

\s\ Hiroshi Kimura  
Hiroshi Kimura, Chairman

Date: February 11, 2008

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