

JAPAN EQUITY FUND INC
Form N-Q
February 06, 2006

**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, 2006

Item 1. Schedule of Investments. The schedule of investments for the three-month period ended January 31, 2006 is filed herewith.

*The Japan Equity Fund, Inc.***Portfolio of Investments****January 31, 2006 (unaudited)****COMMON STOCKS 97.31%**

| Shares | | Value |
|---------------------------------------|--|------------|
| Banks 12.19% | | |
| 422 | Mitsubishi UFJ Financial Group, Inc. | 6,086,712 |
| 420 | Mizuho Financial Group, Inc. | 3,441,154 |
| 120,000 | The Bank of Fukuoka, Ltd. | 1,033,370 |
| 180,000 | The Bank of Yokohama, Ltd. | 1,459,418 |
| 65,000 | The Chiba Bank, Ltd. | 588,589 |
| 300,000 | The Sumitomo Trust & Banking Co., Ltd. | 3,305,454 |
| | | 15,914,697 |
| Chemicals 6.26% | | |
| 61,000 | Asahi Organic Chemicals Industry Co., Ltd. | 282,692 |
| 14,000 | Kao Corp. | 403,858 |
| 21,000 | Nitto Denko Corp. | 1,779,722 |
| 57,000 | Shin-Etsu Chemical Co., Ltd. | 3,244,773 |
| 130,000 | Tokuyama Corp. | 2,468,635 |
| | | 8,179,680 |
| Communication 4.46% | | |
| 100 | KDDI Corp. | 529,146 |
| 17,000 | Nippon System Development Co., Ltd. | 612,273 |
| 660 | NTT Corp. | 3,064,266 |
| 1,000 | NTT DoCoMo, Inc. | 1,621,575 |
| | | 5,827,260 |
| Construction 2.73% | | |
| 90,000 | Daiwa House Industry Co., Ltd. | 1,513,186 |
| 45,000 | Kandenko Co., Ltd. | 352,949 |
| 180,000 | Maeda Corp. | 1,219,766 |
| 60,000 | Shimizu Corp. | 474,183 |
| | | 3,560,084 |
| Electric Appliances 14.07% | | |
| 14,000 | Canon Inc. | 845,950 |
| 38,400 | Enplas Corp. | 1,022,514 |
| 7,000 | Fanuc Ltd. | 617,137 |
| 10,000 | Hirose Electric Co., Ltd. | 1,520,014 |
| 17,000 | Japan Electronic Materials Corp. | 474,439 |
| 2,300 | Keyence Corp. | 633,055 |
| 149,000 | Matsushita Electric Industrial Co., Ltd. | 3,242,724 |
| 14,000 | Murata Manufacturing Co., Ltd. | 1,015,618 |
| 38,000 | Neomax Co., Ltd. | 1,310,233 |
| 10,500 | Rohm Co., Ltd. | 1,136,298 |
| 148,000 | Sharp Corp. | 2,709,397 |
| 50 | Sumida Corp. | 1,071 |
| 22,000 | TDK Corp. | 1,594,094 |
| 350,000 | Toshiba Corp. | 2,243,322 |
| | | 18,365,866 |
| Electric Power & Gas 3.01% | | |

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| | | |
|--------|---------------------------------|-----------|
| 72,000 | Kyushu Electric Power Co., Inc. | 1,640,693 |
| 36,000 | Tohoku Electric Power Co., Inc. | 775,796 |
| 60,000 | Tokyo Electric Power Co., Inc. | 1,510,626 |
| | | 3,927,115 |

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| | | |
|---|---|-----------|
| Glass & Ceramic Products 1.53% | | |
| 85,000 | Asahi Glass Co., Ltd. | 1,230,349 |
| 18,000 | Nichiha Corp. | 370,231 |
| 90,000 | Nippon Sheet Glass Co., Ltd. | 400,188 |
| | | 2,000,768 |
| Insurance 3.50% | | |
| 190,000 | Aioi Insurance Co., Ltd. | 1,316,719 |
| 60 | Millea Holdings Inc. | 1,152,172 |
| 100,000 | Mitsui Sumitomo Insurance Co., Ltd. | 1,228,983 |
| 120,000 | Nissay Dowa General Insurance Co., Ltd. | 869,506 |
| | | 4,567,380 |
| Iron & Steel 0.47% | | |
| 17,000 | JFE Holdings, Inc. | 610,822 |
| Land Transportation 2.29% | | |
| 430 | East Japan Railway Co. | 2,990,953 |
| Machinery 6.18% | | |
| 23,600 | Amano Corp. | 478,365 |
| 70,000 | Komatsu Ltd. | 1,305,368 |
| 49,200 | Miura Co., Ltd. | 1,352,087 |
| 200,000 | NSK Ltd. | 1,483,315 |
| 16,500 | SMC Corp. | 2,530,554 |
| 29,000 | THK Co., Ltd. | 918,238 |
| | | 8,067,927 |
| Marine Transportation 1.09% | | |
| 192,000 | Nippon Yusen Kabushiki Kaisha | 1,420,705 |
| Metal Products 0.29% | | |
| 30,000 | NHK Spring Co., Ltd. | 377,656 |
| Non-Ferrous Metals 3.28% | | |
| 310,000 | Mitsui Mining & Smelting Co., Ltd. | 2,455,236 |
| 110,000 | Sumitomo Electric Industries, Ltd. | 1,825,979 |
| | | 4,281,215 |
| Other Financing Business 2.69% | | |
| 75,500 | Hitachi Capital Corp. | 1,443,373 |
| 8,000 | Orix Corp. | 2,072,203 |
| | | 3,515,576 |
| Other Products 1.21% | | |
| 5,000 | Nintendo Co., Ltd. | 686,609 |
| 66,000 | Toppan Printing Co., Ltd. | 893,369 |
| | | 1,579,978 |
| Pharmaceutical 4.25% | | |
| 28,000 | Astellas Pharma Inc. | 1,159,000 |
| 33,300 | Eisai Co., Ltd. | 1,423,854 |
| 5,000 | Nippon Shinyaku Co., Ltd. | 42,545 |
| 12,000 | Ono Pharmaceuticals Co., Ltd. | 541,777 |
| 42,000 | Takeda Pharmaceutical Co., Ltd. | 2,380,131 |
| | | 5,547,307 |
| Precision Instruments 2.15% | | |
| 41,200 | Hoya Corp. | 1,652,641 |
| 4,500 | Micronics Japan Co., Ltd. | 242,724 |
| 32,000 | Terumo Corp. | 914,910 |
| | | 2,810,275 |
| Pulp & Paper 0.90% | | |
| 300 | Nippon Paper Group Inc. | 1,177,776 |

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| | | |
|---|---------------------------------|-------------|
| Real Estate 1.94% | | |
| 120,000 | Mitsui Fudosan Co., Ltd. | 2,529,658 |
| Retail Trade 6.24% | | |
| 6,600 | Cawachi Ltd. | 263,054 |
| 16,000 | Gigas K s Denki Corp. | 596,740 |
| 13,000 | Nitori Co., Ltd. | 1,381,326 |
| 29,000 | Seven & I Holdings Co., Ltd. | 1,227,618 |
| 10,000 | Shimamura Co., Ltd. | 1,269,950 |
| 20,000 | Sundrug Co., Ltd. | 1,287,019 |
| 12,600 | Xebio Co., Ltd. | 701,135 |
| 11,000 | Yamada Denki Co., Ltd. | 1,419,476 |
| | | 8,146,318 |
| Rubber Products 0.58% | | |
| 135,000 | Yokahama Rubber Co., Ltd. | 763,890 |
| Securities 1.20% | | |
| 80,000 | Nomura Holdings Inc. | 1,563,540 |
| Services 0.44% | | |
| 5,000 | Nomura Research Institute, Ltd. | 580,353 |
| Steel 0.60% | | |
| 112,000 | Godo Steel, Ltd. | 782,862 |
| Textile & Apparel 0.84% | | |
| 161,000 | Teijin Ltd. | 1,099,257 |
| Transportation Equipment 11.09% | | |
| 42,000 | Aisin Seiki Co., Ltd. | 1,555,688 |
| 38,000 | Denso Corp. | 1,339,421 |
| 49,000 | Honda Motor Co., Ltd. | 2,785,184 |
| 270,000 | Mazda Motor Corp. | 1,251,259 |
| 11,400 | NOK Corp. | 350,260 |
| 80 | Tachi-S Co., Ltd. | 888 |
| 30,000 | Tokai Rika Co., Ltd. | 821,883 |
| 123,000 | Toyota Motor Corp. | 6,382,521 |
| | | 14,487,104 |
| Wholesale Trade 1.83% | | |
| 36,000 | Hitachi High-Technologies Corp. | 1,013,911 |
| 100,000 | Sumitomo Corp. | 1,369,805 |
| | | 2,383,716 |
| Total Common Stocks (Cost \$89,988,748) | | 127,059,738 |

SHORT-TERM INVESTMENTS 0.18%

| Principal Amount (000) | | Value |
|---------------------------------------|---|-------------|
| U.S. DOLLAR TIME DEPOSIT 0.18% | | |
| \$ 238 | Bank of New York Time Deposit, 0.05%, due 2/1/06 (Cost \$237,913) | 237,913 |
| | | 127,297,651 |

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Total Investments 97.49%
(Cost \$90,226,661)

Other assets less liabilities 2.51% 3,277,606

NET ASSETS

(Applicable to 14,420,917 shares of capital stock
outstanding; equivalent to \$9.05 per share) 100.00% \$ 130,575,257

Item 2. Controls and Procedures.

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

b) There were no changes in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (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 30-a-2(a) under the Investment Company Act of 1940 (17 CFR 270.30a-2(a)) is attached hereto as Exhibit 99.302CERT.

SIGNATURES

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

The Japan Equity Fund, Inc.

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

Date: February 6, 2006

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 & Treasurer

Date: February 6, 2006

\s\ Hiroshi Kimura
Hiroshi Kimura, Chairman

Date: February 6, 2006
