JAPAN EQUITY FUND INC Form N-Q August 04, 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: July 31, 2006

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

The Japan Equity Fund, Inc.

Portfolio of Investments

July 31, 2006 (unaudited)

COMMON STOCKS 97.30% Banks 14.56% 422 Mitsubishi UEJ Financial Group, Inc. 5.973.07 5.40 Mizubo Financial Group, Inc. 4.544.438 60 Sapporo Hokuyo Holdings, Inc. 702.613 40,000 The Bank of Fukuoka, I.d. 2.98.523 1800,000 The Bank of Fukuoka, I.d. 4.456.600 5.5000 The Chinb Bank, I.d. 1.16.665 17,000 The Gumma Bank, I.d. 116.665 17,000 The Gumma Bank, I.d. 116.665 17,000 The Sumition Trust. & Banking Co., I.d. 3.905.97 15,000 The Tochigi Bank, I.d. 10.5688 17,964.564 17,966.623 17,966.623 17,966.623 17,966.623	Shares		Value
422 Misubishi UFJ Financial Group, Inc. 5,974,307	COMMON STOCKS 97.30%		
S40 Mizuho Financial Group, Inc. 702,613 8	Banks 14.56%		
60 Sappor Hokuyo Holdings. Inc. 702.613 40,000 The Bank of Pukuoka, Ltd. 298,523 180,000 The Bank of Yokohama, Ltd. 1,445,600 65,000 The Chiba Bank, Ltd. 637,333 115,000 The Gumm Bank, Ltd. 116,665 117,000 The Mussahino Bank, Ltd. 950,800 300,000 The Suminor Trust & Banking Co., Ltd. 13,90,597 115,000 The Tochigi Bank, Ltd. 103,688 17,000 The Tochigi Bank, Ltd. 103,688 15,000 Nitto Denko Corp. 2111,072 29,000 Shin-Etsu Chemical Co., Ltd. 3,307,524 29,000 Shin-Etsu Chemical Co., Ltd. 3,307,524 Communication 3.51% Communication 3.51% Communication 3.51% Communication 1.76% Pound NTT DocMo, Inc. 43,300,507 Construction 1.76% 90,000 Daiwa House Industry Co., Ltd. 1,469,195 15,000 Kinden Corp. 116,272 60,000 Maeda Corp. 20,888 60,000 Shimizu Corp. 20,888 60,000 Shimizu Corp. 226,888 60,000 Shimizu Corp. 226,888 60,000 Shimizu Corp. 10,207,217,32,209 Electric Appliances 14,31% 55,000 Canon Inc. 2,483,344 10,000 France Ltd. 835,445 10,000 Hiose Electric Co., Ltd. 1,291,619 4,400 Keyence Corp. 10,006,275 176,000 Matsushita Electric Industrial Co., Ltd. 1,291,619 4,400 Keyence Corp. 1,206,275 176,000 Murata Manufacturing Co., Ltd. 1,291,619 4,400 Keyence Corp. 1,206,275 176,000 Murata Manufacturing Co., Ltd. 1,291,619 82,000 Shinko Electric Industrial Co., Ltd. 2,443,590 20,000 TDK Corp. 1,566,023 Electric Power & Gas 3.09% Insurance 3.80% Insurance 3.80% Insurance Co., Ltd. Millie Holdings Inc. 1,216,103 Miltiel Holdings Inc. 1,216,103 Miltiel Holdings Inc. 1,216,103 Miltiel Holdings Inc. 1,216,104	422	Mitsubishi UFJ Financial Group, Inc.	5,974,307
40,000	540	Mizuho Financial Group, Inc.	4,544,438
180,000	60	Sapporo Hokuyo Holdings, Inc.	702,613
65,000	40,000	The Bank of Fukuoka, Ltd.	298,523
15,000	180,000	The Bank of Yokohama, Ltd.	1,445,600
17,000	65,000	The Chiba Bank, Ltd.	637,333
300,000	15,000	The Gunma Bank, Ltd.	116,665
15,000	17,000	The Musashino Bank, Ltd.	950,800
Chemicals 4.39%	300,000	The Sumitomo Trust & Banking Co., Ltd.	3,190,597
Chemicals 4.39% Nitto Denko Corp. 2,111,072 57,000 Shin-Etsu Chemical Co., Ltd. 3,307,524 Communication 3.51% 660 NTT Corp. 3,454,863 600 NTT DoCoMo, Inc. 875,644 600 NTT DoCoMo, Inc. 4,330,507 Construction 1.76% 90,000 Daiwa House Industry Co., Ltd. 1,469,195 15,000 Kinden Corp. 116,272 60,000 Maeda Corp. 26,888 60,000 Shimizu Corp. 320,895 Electric Appliances 14.31% 2 55,000 Canon Inc. 2,648,344 10,000 Fanuc Ltd. 835,445 10,000 Hirose Electric Co., Ltd. 1,291,619 4,400 Keyence Corp. 1,006,275 176,000 Matsushita Electric Industrial Co., Ltd. 3,668,269 23,000 Murata Manufacturing Co., Ltd. 1,523,552 25,000 Neomax Co., Ltd. 2,240,559 82,000 Shinko Electric Industries Co., Ltd. 2,443,590	15,000	The Tochigi Bank, Ltd.	103,688
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Topology Figure	•		
Electric Power & Gas 3.09% 72,000 Kyushu Electric Power Co., Inc. 1,683,125 36,000 Tohoku Electric Power Co., Inc. 758,193 51,000 Tokyo Electric Power Co., Inc. 1,372,717 3,814,035 Insurance 3.80% 190,000 Aioi Insurance Co., Ltd. 1,482,741 65 Millea Holdings Inc. 1,261,033 100,000 Mitsui Sumitomo Insurance Co., Ltd. 1,179,761	20,000	TDK Corp.	
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	120,000	Nissay Dowa General Insurance Co., Ltd.	767,631

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Iron & Steel 1.56%		
17,000	JFE Holdings, Inc.	680,416
320,000	Nippon Steel Corp.	1,247,225
		1,927,641
Land Transportation 3.10%		
430	East Japan Railway Co.	3,205,366
33,000	Fukuyama Transporting Co., Ltd.	118,815
97,000	Nippon Express Co., Ltd.	494,197
		3,818,378
Machinery 6.89%		
85,000	Komatsu Ltd.	1,712,182
37,000	Makita Corp.	1,215,765
52,000	Miura Co., Ltd.	1,179,236
200,000	NSK Ltd.	1,536,310
76,000	OSG Corp.	1,322,346
12,000	SMC Corp.	1,538,408
Marine Transportation 0.50%		8,504,247
96,000	Nippon Yusen Kabushiki Kaisha	619,138
90,000	Nippon Tusch Kabushiki Kaisha	019,138
Metal Products 1.04%		
120,000	NHK Spring Co., Ltd.	1,282,531
120,000	Tith Opinig Co., Etc.	1,202,331
Non-Ferrous Metals 1.81%		
170,000	Sumitomo Electric Industries, Ltd.	2,232,893
2,0,000		_,,
Oil & Coal Products 0.65%		
15,000	Nippon Oil Corp.	117,714
55,000	Showa Shell Sekiyu K.K.	688,762
		806,476
Other Financing Business 2.47%		
75,500	Hitachi Capital Corp.	1,291,873
6,700	Orix Corp.	1,759,460
		3,051,333
Other Products 1.23%		
5,000	Nintendo Co., Ltd.	935,506
50,000	Toppan Printing Co., Ltd.	576,335
		1,511,841
Pharmaceutical 4.77%		
28,000	Astellas Pharma Inc.	1,115,791
33,300	Eisai Co., Ltd.	1,539,430
50,000	Takeda Pharmaceutical Co., Ltd.	3,233,418
Dunaisian Instruments 2.500		5,888,639
Precision Instruments 2.50% 55,000	Hoya Corp.	1,927,379
	Terumo Corp.	
32,000	Terumo Corp.	1,157,738 3,085,117
Pulp & Paper 0.97%		3,063,117
300	Nippon Paper Group Inc.	1,198,112
300	Tuppon I aper Group Inc.	1,170,112
Real Estate 2.29%		
60,000	Mitsui Fudosan Co., Ltd.	1,276,763
55,000	Park24 Co., Ltd.	1,542,865
2,000	,	2,819,628
Retail Trade 3.59%		_,==,,,2=0
10,000	Shimamura Co., Ltd.	1,023,333
60,000	Sundrug Co., Ltd.	1,402,604
18,900	Xebio Co., Ltd.	602,858
		•

14,300	Yamada Denki Co., Ltd.	1,393,385
		4,422,180

Durkhau Duaduata 1550			
Rubber Products 1.55%	D:1 C		1.012.170
105,000	Bridgestone Corp.		1,913,178
Samuitian 1 99 <i>6</i> /			
Securities 1.88%	N II-14' I		2 211 904
130,000	Nomura Holdings Inc.		2,311,894
Services 1.20%			
11,000	Nomura Research Institute, Ltd.		1,476,536
Textile & Apparel 2.02%			
22,000	Gunze Ltd.		123,045
420,000	Teijin Ltd.		2,371,057
			2,494,102
Transportation Equipment 9.63%			
42,000	Aisin Seiki Co., Ltd.		1,222,232
38,000	Denso Corp.		1,305,077
86,000	Honda Motor Co., Ltd.		2,840,863
80	Tachi-S Co., Ltd.		687
123,000	Toyota Motor Corp.		6,513,851
			11,882,710
Wholesale Trade 2.23%			
12,000	Autobacs Seven Co., Ltd.		530,630
150,000	Marubeni Corp.		798,305
100,000	Sumitomo Corp.		1,419,208
			2,748,143
Total Common Stocks (Cost \$94,661,74	48)		120,039,138
Principal Amount			
(000)	A CC		Value
SHORT-TERM INVESTMENTS 0.0	14%		
U.S. DOLLAR TIME DEPOSIT 0.04	9%		
\$ 49	Bank of New York Time Deposit, 0.05%, due 8/1/06 (Cost \$49,084)		49,084
Total Investments 97.34%			
(Cost \$94,710,832)			120,088,222
Other assets less liabilities 2.66%			3,287,107
Other assets less natiffices 2.00 //			3,207,107
NET ASSETS			
(Applicable to 14,420,917 shares of capi	ital stock outstanding; equivalent to \$8.56 per share)	100.00% \$	123,375,329

Item 2. Controls and Procedures.

- a) The Registrant s Principal Executive Officer and Principal Financial Officer concluded that the Registrant s disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) were effective as of a date within 90 days prior to the filing date of this report (the Evaluation Date), based on their evaluation of the effectiveness of the Registrant s disclosure controls and procedures as of the Evaluation Date.
- b) There were no changes in the Registrant s internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940 (17 CFR 270.30a-3(d)) that occurred during the Registrant s last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant s internal control over financial reporting.

Item 3. Exhibits.

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

SIGNATURES

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

The Japan Equity Fund, Inc.

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

Date: August 4, 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 Date: August 4, 2006

John J. O Keefe, Vice President & Treasurer

\s\ Hiroshi Kimura Date: August 4, 2006

Hiroshi Kimura, Chairman