

JAPAN EQUITY FUND INC  
Form N-Q  
August 13, 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: July 31, 2008

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

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

July 31, 2008 (unaudited)

**COMMON STOCKS 98.16%**

| Shares                            |  | Value      |
|-----------------------------------|--|------------|
| <b>Apparel 0.60%</b>              |  |            |
| 68,000                            | Asics Corp.                              | 633,888    |
| <b>Banks 10.54%</b>               |  |            |
| 526,000                           | Mitsubishi UFJ Financial Group, Inc.     | 4,718,644  |
| 715                               | Mizuho Financial Group, Inc.             | 3,474,593  |
| 110                               | Seven Bank, Ltd.                         | 262,195    |
| 177,000                           | The Bank of Yokohama, Ltd.               | 1,147,949  |
| 211,000                           | The Sumitomo Trust & Banking Co., Ltd.   | 1,463,978  |
|                                   |  | 11,067,359 |
| <b>Chemicals 8.03%</b>            |  |            |
| 209,000                           | Asahi Kasei Corp.                        | 1,069,715  |
| 117,000                           | Daice Chemical Industries Ltd.           | 689,634    |
| 37,100                            | Fujifilm Holdings Corp.                  | 1,165,373  |
| 31,000                            | Nihon Parkerizing Co., Ltd.              | 482,585    |
| 45,600                            | Shin-Etsu Chemical Co., Ltd.             | 2,801,552  |
| 88,000                            | Sumitomo Chemical Co., Ltd.              | 582,114    |
| 93,000                            | Toyo Ink Manufacturing Co., Ltd.         | 309,313    |
| 370,000                           | Ube Industries, Ltd.                     | 1,333,149  |
|                                   |  | 8,433,435  |
| <b>Commerce 0.25%</b>             |  |            |
| 18,000                            | Canon Marketing Japan Inc.               | 265,577    |
| <b>Communication 4.09%</b>        |  |            |
| 128                               | KDDI Corp.                               | 734,368    |
| 337                               | NTT Corp.                                | 1,721,739  |
| 1,121                             | NTT DoCoMo, Inc.                         | 1,808,265  |
| 850                               | Obic Business Consultants Co., Ltd.      | 31,490     |
|                                   |  | 4,295,862  |
| <b>Construction 0.96%</b>         |  |            |
| 34,000                            | Daiwa House Industry Co., Ltd.           | 321,970    |
| 85,000                            | Sumitomo Forestry Co., Ltd.              | 687,130    |
|                                   |  | 1,009,100  |
| <b>Electric Appliances 15.55%</b> |  |            |
| 57,600                            | Canon Inc.                               | 2,639,468  |
| 17,900                            | Fanuc Ltd.                               | 1,425,517  |
| 44,000                            | Fujitsu Ltd.                             | 319,919    |
| 34,000                            | Hamamatsu Photonics K.K.                 | 904,656    |
| 5,000                             | Kyocera Corp.                            | 430,525    |
| 88,000                            | Matsushita Electric Industrial Co., Ltd. | 1,878,049  |
| 220,000                           | Mitsubishi Electric Corp.                | 2,176,829  |
| 199,000                           | NEC Corp.                                | 1,090,235  |
| 19,000                            | Omron Corp.                              | 333,518    |
| 49,500                            | Sony Corp.                               | 1,884,146  |

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|        |                          |            |
|--------|--------------------------|------------|
| 17,000 | Star Micronics Co., Ltd. | 240,456    |
| 19,700 | Tokyo Electron Ltd.      | 1,110,218  |
| 28,900 | Ushio Inc.               | 446,690    |
| 33,000 | Yamatake Corp.           | 795,732    |
| 78,000 | Yaskawa Electric Corp.   | 660,809    |
|        |                          | 16,336,767 |

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|   |  |  |           |
|---|--|--|-----------|
| <b>Electric Power &amp; Gas 1.80%</b>     |  |  |           |
| 36,500                                    | Kansai Electric Power Co., Inc.                |  | 848,092   |
| 47,000                                    | Tohoku Electric Power Co., Inc.                |  | 1,039,958 |
|   |  |  | 1,888,050 |
| <b>Foods 1.42%</b>                        |  |  |           |
| 88,000                                    | Meiji Dairies Corp.                            |  | 452,846   |
| 76,000                                    | Nisshin Seifun Group Inc.                      |  | 1,041,279 |
|   |  |  | 1,494,125 |
| <b>Glass &amp; Ceramic Products 1.30%</b> |  |  |           |
| 123,000                                   | Asahi Glass Co., Ltd.                          |  | 1,362,500 |
| <b>Insurance 2.43%</b>                    |  |  |           |
| 218,000                                   | Aioi Insurance Co., Ltd.                       |  | 1,168,145 |
| 41,700                                    | Mitsui Sumitomo Insurance Group Holdings, Inc. |  | 1,386,918 |
|   |  |  | 2,555,063 |
| <b>Iron &amp; Steel 3.77%</b>             |  |  |           |
| 10,700                                    | Kyoei Steel Ltd.                               |  | 231,814   |
| 283,000                                   | Nippon Steel Corp.                             |  | 1,621,027 |
| 436,000                                   | Sumitomo Metal Industries, Ltd.                |  | 2,110,717 |
|   |  |  | 3,963,558 |
| <b>Land Transportation 2.78%</b>          |  |  |           |
| 374                                       | East Japan Railway Co.                         |  | 2,923,171 |
| <b>Machinery 6.51%</b>                    |  |  |           |
| 54,000                                    | Daifuku Co., Ltd.                              |  | 473,448   |
| 67,000                                    | Komatsu Ltd.                                   |  | 1,671,286 |
| 37,200                                    | Makita Corp.                                   |  | 1,278,492 |
| 444,000                                   | Mitsubishi Heavy Industries, Ltd.              |  | 1,968,958 |
| 89,000                                    | Ricoh Co., Ltd.                                |  | 1,450,443 |
|   |  |  | 6,842,627 |
| <b>Marine Transportation 1.55%</b>        |  |  |           |
| 68,000                                    | Kawasaki Kisen Kaisha, Ltd.                    |  | 542,794   |
| 126,000                                   | Nippon Yusen Kabushiki Kaisha                  |  | 1,080,266 |
|   |  |  | 1,623,060 |
| <b>Metal Products 0.71%</b>               |  |  |           |
| 51,000                                    | JS Group Corp.                                 |  | 740,687   |
| <b>Non-Ferrous Metals 2.62%</b>           |  |  |           |
| 154,500                                   | Sumitomo Electric Industries, Ltd.             |  | 1,882,719 |
| 67,000                                    | Sumitomo Metal Mining Co., Ltd.                |  | 864,117   |
|   |  |  | 2,746,836 |
| <b>Oil &amp; Coal Products 0.89%</b>      |  |  |           |
| 10,700                                    | Idemitsu Kosan Co., Ltd.                       |  | 936,151   |
| <b>Other Financing Business 0.48%</b>     |  |  |           |
| 3,300                                     | Orix Corp.                                     |  | 505,488   |
| <b>Other Products 0.46%</b>               |  |  |           |
| 40,000                                    | Namco Bandai Holdings Inc.                     |  | 483,740   |
| <b>Pharmaceutical 4.62%</b>               |  |  |           |
| 25,300                                    | Daiichi Sankyo Co., Ltd.                       |  | 754,980   |
| 14,500                                    | Ono Pharmaceuticals Co., Ltd.                  |  | 797,071   |
| 87,000                                    | Rohto Pharmaceutical Co., Ltd.                 |  | 971,757   |
| 43,900                                    | Takeda Pharmaceutical Co., Ltd.                |  | 2,332,086 |
|   |  |  | 4,855,894 |



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|  |                                 |             |
|--|---------------------------------|-------------|
| <b>Precision Instruments 0.66%</b>       |                                 |             |
| 33,700                                   | Hoya Corp.                      | 694,300     |
| <b>Real Estate 1.06%</b>                 |                                 |             |
| 31,000                                   | Mitsui Fudosan Co., Ltd.        | 707,409     |
| 82,000                                   | Tokyo Tatemono Co., Ltd.        | 406,818     |
| 1,114,227                                |                                 |             |
| <b>Retail Trade 4.46%</b>                |                                 |             |
| 17,900                                   | Nitori Co., Ltd.                | 975,702     |
| 73,500                                   | Seven & I Holdings Co., Ltd.    | 2,247,644   |
| 28,800                                   | Shimachu Co., Ltd.              | 710,421     |
| 36,500                                   | Xebio Co., Ltd.                 | 750,300     |
| 4,684,067                                |                                 |             |
| <b>Rubber Products 0.39%</b>             |                                 |             |
| 25,000                                   | Bridgestone Corp.               | 407,659     |
| <b>Securities 1.66%</b>                  |                                 |             |
| 120,000                                  | Nomura Holdings Inc.            | 1,747,228   |
| <b>Services 2.15%</b>                    |                                 |             |
| 470                                      | Dentsu Inc.                     | 1,037,352   |
| 23,900                                   | Nomura Research Institute, Ltd. | 534,350     |
| 10,000                                   | Secom Co., Ltd.                 | 460,089     |
| 268                                      | Tempstaff Co., Ltd.             | 231,504     |
| 2,263,295                                |                                 |             |
| <b>Transportation Equipment 9.99%</b>    |                                 |             |
| 22,000                                   | Aisin Seiki Co., Ltd.           | 574,187     |
| 90,000                                   | Daihatsu Motor Co., Ltd.        | 1,069,290   |
| 56,500                                   | Denso Corp.                     | 1,469,397   |
| 380,000                                  | Kawasaki Heavy Industries, Ltd. | 986,511     |
| 114,000                                  | Nissan Motor Co., Ltd.          | 884,701     |
| 25,400                                   | Shimano Inc.                    | 1,173,319   |
| 100,700                                  | Toyota Motor Corp.              | 4,335,384   |
| 10,492,789                               |                                 |             |
| <b>Wholesale Trade 6.43%</b>             |                                 |             |
| 49,000                                   | Hitachi High-Technologies Corp. | 955,192     |
| 63,000                                   | Marubeni Corp.                  | 461,558     |
| 121,000                                  | Mitsubishi Corp.                | 3,543,699   |
| 132,300                                  | Sumitomo Corp.                  | 1,794,313   |
| 6,754,762                                |                                 |             |
| Total Common Stocks (Cost \$105,974,011) |                                 | 103,121,265 |

**SHORT-TERM INVESTMENTS 0.08%**

| Principal Amount (000)                |  | Value       |
|---------------------------------------|--|-------------|
| <b>U.S. DOLLAR TIME DEPOSIT 0.08%</b> |  |             |
| 80                                    | Bank of New York Time Deposit, 0.05%, due 8/1/08 |             |
|                                       | (Cost \$80,335)                                  | 80,335      |
|                                       |  | 103,201,600 |

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Total Investments 98.24%  
(Cost \$106,054,346)

Other assets less liabilities 1.76% 1,848,550

**NET ASSETS**

(Applicable to 14,431,605 shares of capital stock outstanding; equivalent  
to \$7.95 per share) 100.00% \$ 105,050,150



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For federal income tax purposes, the cost of securities owned at July 31, 2008 was \$105,920,752, excluding short-term interest bearing investments. At July 31, 2008, the net unrealized depreciation on investments, excluding short-term securities, of \$2,799,487 was composed of gross appreciation of \$7,545,845 for those investments having an excess of value over cost, and gross depreciation of \$10,345,332 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 as 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: August 13, 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: August 13, 2008

\s\ Yoshihiro Fujisawa  
Yoshihiro Fujisawa, Chairman

Date: August 13, 2008

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