

ABERDEEN JAPAN EQUITY FUND, INC.
Form N-Q
March 25, 2015

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
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:	866-839-5205
Date of fiscal year end:	October 31
Date of reporting period:	January 31, 2015

Item 1. Schedule of Investments - The schedule of investments for the three-month period ended January 31, 2015 is filed herewith.

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Portfolio of Investments (unaudited)

As of January 31, 2015

Shares	Description	Value (US\$)
LONG-TERM INVESTMENTS 99.1% (a)		
COMMON STOCKS 99.1%		
CONSUMER DISCRETIONARY 16.3%		
26,500	Aisin Seiki Co. Ltd.	\$ 925,794
87,500	Asics Corp.	2,147,193
35,200	Denso Corp.	1,557,188
81,000	FCC Co. Ltd.	1,539,967
92,200	Honda Motor Co. Ltd.	2,782,112
69,700	Resorttrust, Inc.	1,669,313
14,900	Shimano, Inc.	1,969,682
63,700	Toyota Motor Corp.	4,106,798
97,500	USS Co. Ltd.	1,529,633
		18,227,680
CONSUMER STAPLES 19.7%		
64,000	Calbee, Inc.	2,499,195
156,700	Japan Tobacco, Inc.	4,267,984
73,100	Mandom Corp.	2,468,220
47,000	Pigeon Corp.	2,934,603
51,000	San-A Co. Ltd.	1,702,663
116,000	Seven & I Holdings Co. Ltd.	4,244,914
143,300	Unicharm Corp.	3,948,444
		22,066,023
FINANCIALS 9.9%		
73,000	AEON Financial Service Co. Ltd.	1,311,829
481,000	Bank of Yokohama Ltd. (The)	2,595,410
176,000	Daibiru Corp.	1,548,537
24,100	Daito Trust Construction Co. Ltd.	2,682,686
90,000	Mitsubishi Estate Co. Ltd.	1,810,868
59,000	Suruga Bank Ltd.	1,107,772
		11,057,102
HEALTH CARE 9.6%		
41,100	Asahi Intecc Co. Ltd.	2,178,262
215,800	Astellas Pharma, Inc.	3,333,108
119,500	Chugai Pharmaceutical Co. Ltd.	3,572,559
36,700	Systemex Corp.	1,640,019
		10,723,948
INDUSTRIALS 19.3%		
348,000	Amada Co. Ltd.	3,171,683
41,000	Daikin Industries Ltd.	2,853,025
47,300	East Japan Railway Co.	3,653,362
30,500	FANUC Corp.	5,122,149
39,500	Makita Corp.	1,752,083
194,000	Nabtesco Corp.	5,008,401
		21,560,703
INFORMATION TECHNOLOGY 10.3%		
141,200	Canon, Inc.	4,466,923
11,100	Keyence Corp.	5,188,548
560,000	Yahoo Japan Corp.	1,883,344

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			11,538,815
MATERIALS	10.6%		
183,000		Kansai Paint Co. Ltd.	3,198,527
75,000		Nippon Paint Holdings Co. Ltd.	2,349,392

See accompanying Notes to Portfolio of Investments.

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95,400	Shin-Etsu Chemical Co. Ltd.	\$	6,316,833
TELECOMMUNICATION SERVICES 3.4%			11,864,752
54,400	KDDI Corp.		3,840,036
Total Long-Term Investments 99.1% (cost \$102,127,490)			110,879,059

Par Amount	Description	Value (US\$)
SHORT-TERM INVESTMENT 0.6%		
\$ 636,000	Repurchase Agreement, Fixed Income Clearing Corp., 0.00% dated 01/30/2015, due 02/02/2015 repurchase price \$636,000, collateralized by U.S. Treasury Bond, maturing 11/15/2041; total market value of \$649,688	636,000
Total Short-Term Investment 0.6% (cost \$636,000)		636,000
Total Investments 99.7% (cost \$102,763,490) (b)		111,515,059
Other Assets in Excess of Liabilities 0.3%		300,262
Net Assets 100.0%		\$ 111,815,321

- (a) Unless otherwise noted, all securities are fair valued. Fair Values are determined pursuant to procedures approved by the Fund's Board of Directors. See Note (a) of the accompanying Notes to Portfolio of Investments.
- (b) See Notes to Portfolio of Investments for tax unrealized appreciation/depreciation of securities.

See accompanying Notes to Portfolio of Investments.

Notes to Portfolio of Investments (unaudited)

January 31, 2015

Summary of Significant Accounting Policies

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 accounting principles generally accepted in the United States of America (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 other significant observable inputs, including unadjusted quoted prices in active markets for identical assets, Level 2 measurements to valuations based upon

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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. 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).

Notes to Portfolio of Investments (unaudited) (concluded)

January 31, 2015

The following is a summary of the inputs used as of January 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	\$	\$ 110,879,059	\$	\$ 110,879,059
Short-Term Investment		636,000		636,000
Total	\$	\$ 111,515,059	\$	\$ 111,515,059

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

The Fund held no Level 3 securities at January 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. During the period ended January 31, 2015, there were no transfers between Level 1 and Level 2.

For the period ended January 31, 2015, there have been 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 security, realization of the collateral by the Fund may be delayed or limited. Repurchase agreements are subject to contractual netting agreements with the counterparty, Fixed Income Clearing Corp. The Fund held a repurchase agreement of \$636,000 as of January 31, 2015. The value of the related collateral exceeded the value of the repurchase agreement at January 31, 2015.

c. Federal Income Taxes:

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

	Cost	Appreciation	Depreciation	Net Unrealized Appreciation
\$	102,763,490	\$ 14,480,032	\$ (5,728,463)	\$ 8,751,569

Item 2. 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 (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 Investment Company Act of 1940 (17 CFR 270.30a3(b)) and Rule 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934 (17 CFR 240.13a-15(b) or 240.15d-15(b)).

(b) There was no change 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.

Aberdeen Japan Equity Fund, Inc.

By: */s/ Alan Goodson*
Alan Goodson,
Principal Executive Officer of
Aberdeen Japan Equity Fund, Inc.

Date: March 25, 2015

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: March 25, 2015

By: */s/ Andrea Melia*
Andrea Melia,
Principal Financial Officer of
Aberdeen Japan Equity Fund, Inc.

Date: March 25, 2015
