

JAPAN EQUITY FUND INC  
Form N-Q  
September 17, 2004

**United States  
Securities and Exchange Commission**

Washington, DC 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 07302**  
(Address of principal executive offices) (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, 2004**

Date of reporting period: **July 31, 2004**

*The Japan Equity Fund, Inc.***Portfolio of Investments****July 31, 2004 (unaudited)****COMMON STOCKS 97.61%**

| Shares                                |  | Value      |
|---------------------------------------|--|------------|
| <b>Banks 6.95%</b>                    |  |            |
| 347                                   | Mitsubishi Tokyo Financial Group Inc.      | 3,104,999  |
| 610                                   | Mizuho Financial Group, Inc.               | 2,310,357  |
| 150,000                               | The Sumitomo Trust & Banking Co., Ltd.     | 877,760    |
|                                       |  | 6,293,116  |
| <b>Chemicals 6.84%</b>                |  |            |
| 196,000                               | Asahi Organic Chemicals Industry Co., Ltd. | 552,360    |
| 275,000                               | Denki Kagaku Kogyo Kabushiki Kaisha        | 895,934    |
| 4,000                                 | Fuji Photo Film Co., Ltd.                  | 119,907    |
| 80,500                                | Hitachi Chemical Co., Ltd.                 | 1,155,986  |
| 54,000                                | Kao Corp.                                  | 1,337,641  |
| 28,000                                | Shin-Etsu Chemical Co., Ltd.               | 949,919    |
| 200,000                               | Sumitomo Chemical Co., Ltd.                | 822,115    |
| 100,000                               | Toyo Ink Manufacturing Co., Ltd.           | 354,514    |
|                                       |  | 6,188,376  |
| <b>Communication 7.52%</b>            |  |            |
| 240                                   | KDDI Corp.                                 | 1,225,633  |
| 280                                   | NTT Corp.                                  | 1,394,723  |
| 1,480                                 | NTT DoCoMo, Inc.                           | 2,576,916  |
| 56,000                                | Tokyo Broadcasting System, Inc.            | 953,940    |
| 16,000                                | Trend Micro Inc.                           | 654,820    |
|                                       |  | 6,806,032  |
| <b>Construction 0.96%</b>             |  |            |
| 27,000                                | Daiwa House Industry Co., Ltd.             | 280,614    |
| 135,000                               | Maeda Corp.                                | 585,218    |
|                                       |  | 865,832    |
| <b>Electric Appliances 13.48%</b>     |  |            |
| 32,000                                | Canon Inc.                                 | 1,562,377  |
| 178,000                               | Fujitsu Ltd.                               | 1,102,316  |
| 130,000                               | Hitachi Ltd.                               | 793,394    |
| 39,000                                | Koito Manufacturing Co., Ltd.              | 309,424    |
| 6,200                                 | Kyocera Corp.                              | 478,550    |
| 13,000                                | Mabuchi Motor Co., Ltd.                    | 918,237    |
| 148,000                               | Matsushita Electric Industrial Co., Ltd.   | 1,971,208  |
| 15,200                                | NEC Electronics Corp.                      | 785,784    |
| 10,000                                | Rohm Co., Ltd.                             | 1,069,826  |
| 38,000                                | Sharp Corp.                                | 548,752    |
| 13,000                                | Stanley Electric Co., Ltd.                 | 198,115    |
| 500                                   | Sumida Corp.                               | 13,822     |
| 7,500                                 | TDK Corp.                                  | 518,309    |
| 10,100                                | Tokyo Electron Ltd.                        | 494,032    |
| 123,000                               | Yokogawa Electric Corp.                    | 1,435,110  |
|                                       |  | 12,199,256 |
| <b>Electric Power &amp; Gas 3.07%</b> |  |            |
| 60,000                                | Tohoku Electric Power Co., Inc.            | 985,460    |

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|                    |                                |           |
|--------------------|--------------------------------|-----------|
| 79,000             | Tokyo Electric Power Co., Inc. | 1,790,298 |
|                    |                                | 2,775,758 |
| <b>Foods 2.63%</b> |                                |           |
| 126,000            | Asahi Breweries, Ltd.          | 1,338,934 |
| 88,000             | Fuji Oil Co., Ltd.             | 1,040,962 |
|                    |                                | 2,379,896 |

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|   |   |  |           |
|---|---|--|-----------|
| <b>Glass &amp; Ceramic Products 1.39%</b> |   |  |           |
| 45,000                                    | NGK Spark Plug Co., Ltd.                |  | 439,015   |
| 218,000                                   | Nippon Sheet Glass Co., Ltd.            |  | 817,842   |
|   |   |  | 1,256,857 |
| <b>Insurance 2.14%</b>                    |   |  |           |
| 192,000                                   | Nissay Dowa General Insurance Co., Ltd. |  | 1,006,354 |
| 20,000                                    | T&D Holdings Inc.                       |  | 928,020   |
|   |   |  | 1,934,374 |
| <b>Iron &amp; Steel 1.08%</b>             |   |  |           |
| 240,000                                   | Kobe Steel, Ltd.                        |  | 331,718   |
| 224,000                                   | Nippon Steel Corp.                      |  | 454,353   |
| 180,000                                   | Sumitomo Metal Industries, Ltd.         |  | 193,861   |
|   |   |  | 979,932   |
| <b>Land Transportation 2.35%</b>          |   |  |           |
| 250                                       | East Japan Railway Co.                  |  | 1,361,964 |
| 145,000                                   | Nippon Express Co., Ltd.                |  | 766,514   |
|   |   |  | 2,128,478 |
| <b>Machinery 4.47%</b>                    |   |  |           |
| 206,000                                   | NSK Ltd.                                |  | 918,883   |
| 78,000                                    | Ricoh Co., Ltd.                         |  | 1,519,117 |
| 9,800                                     | SMC Corp.                               |  | 958,715   |
| 40,200                                    | THK Co., Ltd.                           |  | 646,548   |
|   |   |  | 4,043,263 |
| <b>Marine Transportation 1.11%</b>        |   |  |           |
| 220,000                                   | Nippon Yusen Kabushiki Kaisha           |  | 1,008,975 |
| <b>Non-Ferrous Metals 2.33%</b>           |   |  |           |
| 139,000                                   | Mitsui Mining & Smelting Co., Ltd.      |  | 566,379   |
| 162,000                                   | Sumitomo Electric Industries, Ltd.      |  | 1,541,195 |
|   |   |  | 2,107,574 |
| <b>Other Financing Business 1.90%</b>     |   |  |           |
| 47,000                                    | Hitachi Capital Corp.                   |  | 802,316   |
| 8,500                                     | Orix Corp.                              |  | 918,507   |
|   |   |  | 1,720,823 |
| <b>Other Products 2.20%</b>               |   |  |           |
| 9,100                                     | Nintendo Co., Ltd.                      |  | 1,012,745 |
| 75,000                                    | Toppan Printing Co., Ltd.               |  | 749,865   |
| 15,000                                    | Yamaha Corp.                            |  | 227,518   |
|   |   |  | 1,990,128 |
| <b>Pharmaceutical 4.46%</b>               |   |  |           |
| 33,300                                    | Eisai Co., Ltd.                         |  | 977,302   |
| 40,000                                    | Takeda Chemical Industries, Ltd.        |  | 1,870,400 |
| 36,000                                    | Tanabe Seiyaku Co., Ltd.                |  | 298,546   |
| 26,000                                    | Yamanouchi Pharmaceutical Co., Ltd.     |  | 891,402   |
|   |   |  | 4,037,650 |
| <b>Precision Instruments 1.07%</b>        |   |  |           |
| 40,000                                    | Terumo Corp.                            |  | 969,305   |
| <b>Pulp &amp; Paper 0.88%</b>             |   |  |           |
| 162                                       | Nippon Unipac Holding                   |  | 795,315   |
| <b>Real Estate 0.98%</b>                  |   |  |           |
| 80,000                                    | Mitsui Fudosan Co., Ltd.                |  | 888,889   |

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|   |                                 |  |            |
|---|---------------------------------|--|------------|
| <b>Retail Trade 5.39%</b>               |                                 |  |            |
| 50,900                                  | EDION Corp.                     |  | 579,717    |
| 13,300                                  | Fast Retailing Co., Ltd.        |  | 937,040    |
| 55,000                                  | Isetan Co., Ltd.                |  | 629,375    |
| 45,000                                  | Marui Co., Ltd.                 |  | 543,215    |
| 37,000                                  | Seven-Eleven Japan Co., Ltd.    |  | 1,135,703  |
| 20,000                                  | Sundrug Co., Ltd.               |  | 1,050,081  |
|   |                                 |  | 4,875,131  |
| <b>Rubber Products 1.63%</b>            |                                 |  |            |
| 24,000                                  | Bridgestone Corp.               |  | 432,956    |
| 270,000                                 | Yokohama Rubber Co., Ltd.       |  | 1,046,850  |
|   |                                 |  | 1,479,806  |
| <b>Securities 3.28%</b>                 |                                 |  |            |
| 270,000                                 | Nikko Cordial Corp.             |  | 1,223,748  |
| 127,000                                 | Nomura Holdings Inc.            |  | 1,741,662  |
|   |                                 |  | 2,965,410  |
| <b>Services 1.72%</b>                   |                                 |  |            |
| 24,500                                  | H.I.S. Co., Ltd.                |  | 690,451    |
| 3,000                                   | Nomura Research Institute, Ltd. |  | 280,291    |
| 14,500                                  | Secom Co., Ltd.                 |  | 585,622    |
|   |                                 |  | 1,556,364  |
| <b>Textile &amp; Apparel 1.79%</b>      |                                 |  |            |
| 225,000                                 | Mitsubishi Rayon Co., Ltd.      |  | 783,522    |
| 240,000                                 | Teijin Ltd.                     |  | 833,603    |
|   |                                 |  | 1,617,125  |
| <b>Transportation Equipment 12.60%</b>  |                                 |  |            |
| 36,000                                  | Denso Corp.                     |  | 882,068    |
| 55,000                                  | Honda Motor Co., Ltd.           |  | 2,675,462  |
| 360,000                                 | Isuzu Motors Ltd.               |  | 907,916    |
| 182,000                                 | Mazda Motor Corp.               |  | 623,981    |
| 43,000                                  | Showa Corp.                     |  | 508,266    |
| 65,000                                  | Tokai Rika Co., Ltd.            |  | 1,019,162  |
| 119,000                                 | Toyota Motor Corp.              |  | 4,784,778  |
|   |                                 |  | 11,401,633 |
| <b>Wholesale Trade 3.39%</b>            |                                 |  |            |
| 15,000                                  | Autobacs Seven Co., Ltd.        |  | 471,190    |
| 129,000                                 | Mitsui & Co., Ltd.              |  | 966,747    |
| 332                                     | Net One Systems Co., Ltd.       |  | 1,075,678  |
| 214                                     | NIWS Co., Ltd.                  |  | 551,230    |
|   |                                 |  | 3,064,845  |
| Total Common Stocks (Cost \$82,250,204) |                                 |  | 88,330,143 |

**SHORT-TERM INVESTMENTS 0.09%**

| Principal Amount (000)                          |   | Value      |
|---|---|------------|
| <b>U.S. DOLLAR TIME DEPOSIT 0.09%</b>           |   |            |
| 82  | Bank of New York Time Deposit, 0.05%, due 8/2/04<br>(Cost \$81,692) | 81,692     |
| Total Investments 97.70%<br>(Cost \$82,331,896) |   |            |
|   |   | 88,411,835 |

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|                               |       |  |           |
|-------------------------------|-------|--|-----------|
| Other assets less liabilities | 2.30% |  | 2,078,427 |
|-------------------------------|-------|--|-----------|

**NET ASSETS**

|   |  |         |               |
|---|--|---------|---------------|
| (Applicable to 14,420,917 shares of capital stock<br>outstanding; equivalent to \$6.27 per share) |  | 100.00% | \$ 90,490,262 |
|---|--|---------|---------------|

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Item 1. Schedule of Investments. The schedule of investments for the three-month period ended July 31, 2004 is filed herewith.

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.

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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 & Treasurer

Date: September 17, 2004

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: September 17, 2004

\s\ Hiroshi Kimura  
Hiroshi Kimura, Chairman

Date: September 17, 2004

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