ABERDEEN JAPAN EQUITY FUND, INC.
Form N-CSRS
July 06, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-06142

Aberdeen Japan Equity Fund, Inc.
(Exact name of registrant as specified in charter)

1735 Market Street, 32nd Floor
Philadelphia, PA 19103
(Address of principal executive offices) (Zip code)

Andrea Melia

Aberdeen Asset Management Inc.

1735 Market Street 32nd Floor

Philadelphia, PA 19103
(Name and address of agent for service)

Registrant s telephone number, including area code: 1-800-522-5465

Date of fiscal year end: October 31

Date of reporting period: April 30, 2017

Item 1. Reports to Stockholders.

Stockholder Letter (unaudited)

Dear Stockholder,

We present this Semi-Annual Report, which covers the activities of Aberdeen Japan Equity Fund, Inc. (the Fund), for the six-month period ended April 30, 2017. The Fund s investment objective is to outperform over the long term, on a total return basis (including appreciation and dividends), the Tokyo Stock Price Index (TOPIX).

NAV Total Return Performance

For the six-month period ended April 30, 2017, the total return to stockholders of the Fund based on the net asset value (NAV) of the Fund was -0.0% and 11.2% for the one year period ended April 30, 2017, assuming reinvestment of dividends and distributions, versus a return of 4.8% for the Fund s benchmark, TOPIX, on a U.S. dollar basis.1

Share Price Total Return Performance & Discount

For the six-month period ended April 30, 2017, based on market price, the Fund s total return was 4.3% assuming reinvestment of dividends and distributions. The Fund s share price increased 0.1% over the six-month period ended, from $8.18 on October 31, 2016 to $8.19 on April 30, 2017. The Fund s share price on April 30, 2017 represented a discount of 10.3% to the NAV per share of $9.13 on that date, compared with a discount of 14.0% to the NAV per share of $9.51 on October 31, 2016.

Discount Management Program

Under the Fund s Discount Management Program, the Fund s Board of Directors has authorized management to make open market purchases, from time to time, in a maximum aggregate amount during each twelve month period ended October 31 of up to 10% of the Fund s shares of stock outstanding as of October 31 of the prior year. Such purchases may be made opportunistically at certain discounts to net asset value per share when, in the reasonable judgment of management based on historical discount levels and current market conditions, such repurchases may enhance stockholder value. During the six-month period ended April 30, 2017, the Fund repurchased 126,925 shares.

Merger of Aberdeen Asset Management PLC with Standard Life plc

The Fund s investment manager and administrator are each a subsidiary of Aberdeen Asset Management PLC (Aberdeen PLC). On March 6, 2017, the Boards of Standard Life plc and Aberdeen PLC announced that they had reached an agreement on the terms of a merger (Merger). The Boards of each of Standard Life plc and Aberdeen PLC believe that the Merger has a compelling strategic and financial rationale through combining complementary strengths to

create a world-class investment group. The Merger is expected to occur in the third quarter of 2017, subject to various conditions and terms, including regulatory approvals. The portfolio management team for the Fund is not expected to change as a result of the Merger. In addition, the agreements that the Fund has with Aberdeen PLC s subsidiary companies, the services provided by such companies, and the fees charged for those services are not expected to change as a result of the Merger.

Portfolio Holdings Disclosure

The Fund s complete schedule of portfolio holdings for the second and fourth quarter of each fiscal year are included in the Fund s Semi-Annual and Annual reports to stockholders. The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarters of each fiscal year on Form N-Q. The Fund s Form N-Q filings are available on the SEC s website at http://www.sec.gov and may be reviewed and copied at the SEC s Public Reference

Room in Washington, D.C. Information about the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. The information on Form N-Q is also available to stockholders on the Fund s website or upon request and without charge by calling Investor Relations toll-free at 1-800-522-5465.

Proxy Voting

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities, and information regarding how the Fund voted proxies relating to portfolio securities during the most recent twelve months ended June 30 is available by August 31 of the relevant year: (i) upon request and without charge by calling Investor Relations toll-free at 1-800-522-5465; and (ii) on the SEC s website at http://www.sec.gov.

Unclaimed Share Accounts

Please be advised that abandoned or unclaimed property laws for certain states require financial organizations to transfer (escheat) unclaimed property (including Fund shares) to the state. Each state has its own definition of unclaimed property, and Fund shares could be considered unclaimed property due to account inactivity (e.g., no owner-generated activity for a certain period), returned mail (e.g., when mail sent to a shareholder is returned to the Fund s transfer agent as undeliverable), or a combination of both. If your Fund shares are categorized as unclaimed, your financial advisor or the Fund s transfer agent will follow the applicable state s statutory requirements to contact you, but if unsuccessful, laws may require that the shares be escheated to the appropriate state. If this happens, you will have

1 The Tokyo Stock Price Index (TOPIX) is a free-float adjusted market capitalization-weighted index that is calculated based on all the domestic common stocks listed on the Tokyo Stock Exchange First Section. The TOPIX Index shows the measure of current market capitalization assuming that market capitalization as of the base date (January 4,1968) is 100 points. Indexes are unmanaged and have been provided for comparison purposes only. No fees or expenses are reflected. You cannot invest directly in an index.

Stockholder Letter (unaudited) (concluded)

to contact the state to recover your property, which may involve time and expense. For more information on unclaimed property and how to maintain an active account, please contact your financial adviser or the Fund s transfer agent.

Investor Relations Information

As part of Aberdeen s commitment to stockholders, we invite you to visit the Fund on the web at www.aberdeenjeq.com. Here, you can view monthly fact sheets, quarterly commentary, distribution and performance information, updated daily data courtesy of Morningstar®, portfolio charting and other Fund literature.

Enroll in Aberdeen s email services today and be among the first to receive the latest closed-end fund news, announcements, videos and information. In addition, you can receive electronic versions of important Fund documents including annual reports, semi-annual reports, and proxy statements. Sign-up today at www.aberdeen-assets.us/aam.nsf/usclosed/email.

Contact Us:

- Visit: cef.aberdeen-asset.us;
- Watch: www.aberdeen-asset.us/aam.nsf/usclosed/aberdeentv;
- Email: InvestorRelations@aberdeen-asset.com; or
- Call: 1-800-522-5465 (toll free in the U.S.)

Yours sincerely,

/s/ Alan Goodson

Alan Goodson
President

Report of the Investment Manager (unaudited)

Market/economic review

Japanese equities rose over the six-month period ended April 30, 2017. During that time, the stock market remained subject to both foreign news flow and the Japanese yen s decline, given the significant export sector and the economy s reliance on trade. Among the key events that played a role in determining market direction included the unexpected election win by U.S. President Donald Trump and the attendant hopes that he would deliver on his promises; anxiety over likely monetary policy tightening by the U.S. Federal Reserve; and UK Prime Minister Theresa May s decision to start Brexit negotiations in March 2017. Investor sentiment was also affected by geopolitical tensions in the Korean Peninsula and the largely positive outcomes from the general elections in the Netherlands and France.

The Bank of Japan (BoJ) left its benchmark interest rate unchanged at -0.1% during the reporting period, and maintained its 80 trillion yen (approximately US$716 billion) asset-purchase program. Corporate earnings dominated news flow and the Japanese economy managed to string together five consecutive quarters of expansion (through the first quarter of 2017) for the first time in over three years. Consumer prices rose for a second consecutive month in March 2017, led by higher oil prices, but wage growth remained sluggish despite unemployment slipping to its lowest level since 1994.

On the political front, Prime Minister Shinzo Abe s popularity dipped following allegations of impropriety surrounding a questionable land deal, although recent polls have suggested that he maintains solid support.

Fund performance review

Both overall stock selection and sector allocation weighed on Fund performance over the reporting period. Specifically, the Fund s holdings in the financials (such as Daito Trust Construction Co. and Suruga Bank), consumer goods (including athletic apparel and equipment maker Asics Corp. and consumer products maker Unicharm Corp.) and telecommunication services sectors (such as telecom KDDI Corp.) were the key detractors from the Fund performance for the period.

At the stock level, the primary detractors from Fund performance for the reporting period included the holding in Japan Tobacco, as its stock price declined amid investors concerns that its market share was being eroded by competitors new offerings in the rapidly expanding electronic cigarettes segment. Nevertheless, the company retains a significant share of overall cigarette sales in Japan. Additionally, the company is planning to start selling its version of electronic cigarettes across Japan soon. The Fund s holding in Suruga Bank weighed on performance as its shares fell amid the dimming outlook for an interest-rate hike by the BoJ. The position in KDDI Corp. detracted from Fund performance for the reporting period amid a global sell-off in the telecommunications sector. However, we believe that there

have been no fundamental changes in KDDI s business, such as the competitive environment with other domestic mobile operators.

Conversely, Fund performance benefited from the holding in specialty chemicals maker Shin-Etsu Chemical Co., as its shares rallied on speculation that demand for its polyvinyl chloride products would improve on potentially higher infrastructure spending in the U.S. Furthermore, tighter market conditions raised the prospect of stronger pricing for its semiconductor wafer products. The position in Nippon Paint also contributed to Fund performance, as the company benefited from lower raw material costs and saw a recovery in demand in China, its key market. Finally, the lack of a position in diversified electronics manufacturer Toshiba Corp., a constituent of the Fund s benchmark, the Tokyo Stock Price Index (TOPIX), contributed to Fund performance for the period as its shares fell after its financially troubled nuclear subsidiary filed for bankruptcy amid massive losses from cost overruns.

Regarding portfolio activity over the reporting period, we exited the Fund s positions in both Unicharm Corp. and office devices manufacturer Canon due to our concerns over their deteriorating business prospects. Conversely, we initiated a position in Shionogi, a drug-maker specializing in treatments for infectious diseases such as HIV. We believe that the management is well-focused, and the company is positioned with diversified pipelines for both existing and new drugs, with no expiring patents in the near term.

Outlook

Looking ahead, we think that investors will be compelled to contemplate the likely impact of a raft of potential issues on trade and the global economy, from the Trump administration s America first stance, to the start of Brexit talks. In our view, Japan seems especially vulnerable to rising U.S. protectionism that may hobble exporters, a sector that comprises a substantial portion of the nation s economy. Meanwhile, Abenomics* appears to have stalled. In our view, reforms needed to keep growth sustainable have lost momentum and the labor market, in particular, continues to suffer from structural rigidity. Even though the economy is at full employment, wage growth has been lethargic.

Nonetheless, we remain confident in the Fund s carefully assembled portfolio of holdings consisting of market leaders that have invested in research and development in a bid to stay ahead of the pack. We believe that the Fund s holdings have well-diversified businesses and are positioned to ride the wave of long-term trends, led by adroit management and considerable financial strength. With investors refocusing on the fundamentals, our approach of seeking what we feel are the strongest companies should benefit the Fund s performance over the long term.

Aberdeen Asset Management Asia Limited

* Abenomics, which refers to the economic program of Japanese Prime Minister Shinzo Abe, is based upon three arrows of monetary easing, fiscal stimulus and structural reforms.

Total Investment Return (unaudited)

The following table summarizes the six-month and average annual Fund performance compared to the TOPIX, the Fund s benchmark, for the 6-month, 1-year, 3-year, 5-year and 10-year periods as of April 30, 2017.

	6 Months	1 Year	3 Years	5 Years	10 Years
Net Asset Value (NAV)	-0.0%	11.2%	11.4%	11.1%	2.1%
Market Value	4.3%	14.6%	11.9%	11.1%	1.1%
TOPIX Index	4.8%	12.0%	8.7%	8.6%	1.7%

Returns represent past performance. Total investment return at NAV is based on changes in the NAV of Fund shares and assumes reinvestment of dividends and distributions, if any, at market prices pursuant to the dividend reinvestment program sponsored by the Fund s transfer agent. All return data includes fees charged to the Fund, which are listed in the Fund s Statement of Operations under Expenses . The Fund s total return is based on the reported NAV on each financial reporting period end. Total investment return at market value is based on changes in the market price at which the Fund s shares traded on the NYSE during the period and assumes reinvestment of dividends and distributions, if any, at market prices pursuant to the dividend reinvestment program. Because the Fund s shares trade in the stock market based on investor demand, the Fund may trade at a price higher or lower than its NAV. Therefore, returns are calculated based on both market price and NAV. ***Past performance is no guarantee of future results****. The performance information provided does not reflect the deduction of taxes that a stockholder would pay on distributions received from the Fund. The current performance of the Fund may be lower or higher than the figures shown. The Fund s yield, return, market price and NAV will fluctuate. Performance information current to the most recent month-end is available at www.aberdeenjeq.com or by calling 800-522-5465.*

The annualized net operating expense ratio based on the six-month period ended April 30, 2017 was 0.89%.

Portfolio Composition (unaudited)

The following table summarizes the composition of the Fund s portfolio, in Standard & Poor s Global Industry Classification Standard (GICS) sectors, expressed as a percentage of net assets. The GICS structure consists of 11 sectors, 24 industry groups, 68 industries and 157 sub-industries. As of April 30, 2017, the Fund did not have more than 25% of its assets invested in any industry. The sectors, as classified by GICS Sectors, are comprised of several industries. As of April 30, 2017, the Fund held 98.6% of its net assets in equities, 0.2% in a short-term investment and 1.2% in other assets in excess of liabilities.

Top Sectors	As a Percentage of Net Assets
Industrials	21.1%
Consumer Staples	18.7%
Consumer Discretionary	12.8%
Materials	9.9%
Information Technology	9.7%
Health Care	9.6%
Financials	7.3%
Real Estate	5.6%
Telecommunication Services	3.9%
Short-Term Investment	0.2%
Other Assets in Excess of Liabilities	1.2%
	100.0%

Top Ten Equity Holdings (unaudited)

The following were the Fund s top ten holdings as of April 30, 2017:

Name of Security	As a Percentage of Net Assets
Shin-Etsu Chemical Co. Ltd.	5.7%
Japan Tobacco, Inc.	4.9%
Keyence Corp.	4.9%
Seven & i Holdings Co. Ltd.	4.7%
Nabtesco Corp.	4.2%
Amada Holdings Co. Ltd.	4.2%
FANUC Corp.	4.1%
KDDI Corp.	3.9%
East Japan Railway Co.	3.3%
Yahoo Japan Corp.	3.2%

Portfolio of Investments (unaudited)

As of April 30, 2017

Shares	Description	Industry and Percentage of Net Assets	Value (US$)
LONG-TERM INVESTMENTS 98.6%(a)			
COMMON STOCKS 98.6%			
JAPAN 98.6%			
115,100	AEON Financial Service Co. Ltd.	Consumer Finance 1.8%	$ 2,211,973
13,500	Aisin Seiki Co. Ltd.	Auto Components 0.5%	661,192
428,100	Amada Holdings Co. Ltd.	Machinery 4.2%	5,089,820
29,900	Asahi Intecc Co. Ltd.	Health Care Equipment and Supplies 1.1%	1,329,241
68,200	Asics Corp.	Textiles, Apparel & Luxury Goods 1.0%	1,207,044
159,400	Astellas Pharma, Inc.	Pharmaceuticals 1.7%	2,102,025
80,500	Calbee, Inc.	Food Products 2.3%	2,814,397
98,900	Chugai Pharmaceutical Co. Ltd.	Pharmaceuticals 2.9%	3,514,321
342,200	Concordia Financial Group Ltd.	Banks 1.3%	1,574,051
241,000	Daibiru Corp.	Real Estate Management & Development 1.8%	2,223,962
33,400	Daikin Industries Ltd.	Building Products 2.7%	3,247,265
19,400	Daito Trust Construction Co. Ltd.	Real Estate Management & Development 2.3%	2,854,769
35,200	Denso Corp.	Auto Components 1.3%	1,519,149
45,500	East Japan Railway Co.	Road & Rail 3.3%	4,083,289
24,600	FANUC Corp.	Machinery 4.1%	5,008,463
92,200	Honda Motor Co. Ltd.	Automobiles 2.2%	2,683,541
147,300	Japan Exchange Group, Inc.	Capital Markets 1.7%	2,065,408
179,200	Japan Tobacco, Inc.	Tobacco 4.9%	5,963,013
86,700	Kansai Paint Co. Ltd.	Chemicals 1.6%	1,919,214
181,200	KDDI Corp.	Wireless Telecommunication Services 3.9%	4,804,346
14,800	Keyence Corp.	Electronic Equipment Instruments & Components 4.9%	5,949,808
89,800	Makita Corp.	Machinery 2.6%	3,204,036
52,700	Mandom Corp.	Personal Products 2.0%	2,501,517
97,000	Mitsubishi Estate Co. Ltd.	Real Estate Management & Development 1.5%	1,857,336
182,100	Nabtesco Corp.	Machinery 4.2%	5,162,602
83,600	Nippon Paint Holdings Co. Ltd.	Chemicals 2.6%	3,206,757

111,300		Pigeon Corp.		Household Products 2.8%		3,450,953
110,700		Resorttrust, Inc.		Hotels, Restaurants & Leisure 1.6%		1,905,431
52,400		San-A Co. Ltd.		Food & Staples Retailing 2.0%		2,380,688
48,700		SCSK Corp.		Information Technology Services 1.6%		1,960,548
134,500		Seven & i Holdings Co. Ltd.		Food & Staples Retailing 4.7%		5,680,468
13,000		Shimano, Inc.		Leisure Products 1.6%		1,989,571
80,500		Shin-Etsu Chemical Co. Ltd.		Chemicals 5.7%		6,996,869
25,000		Shionogi & Co. Ltd.		Pharmaceuticals 1.1%		1,287,446
145,400		Suruga Bank Ltd.		Banks 2.5%		3,039,816
57,300		Sysmex Corp.		Health Care Equipment and Supplies 2.8%		3,490,006
67,600		Toyota Motor Corp.		Automobiles 3.0%		3,658,563
111,500		USS Co. Ltd.		Specialty Retail 1.6%		1,972,532
906,000		Yahoo Japan Corp.		Internet Software & Services 3.2%		3,880,596
						120,452,026
		Total Common Stocks				**120,452,026**
		Total Long-Term Investments 98.6% (cost $101,245,597)				**120,452,026**

Portfolio of Investments (unaudited) (concluded)

As of April 30, 2017

Shares	Description	Value (US$)
SHORT-TERM INVESTMENT 0.2%		
UNITED STATES 0.2%		
286,057	State Street Institutional U.S. Government Money Market Fund(b)	$ 286,057
	Total Short-Term Investment 0.2% (cost $286,057)	**286,057**
	Total Investments 98.8% (cost $101,531,654)(c)	**120,738,083**
	Other Assets in Excess of Liabilities 1.2%	1,455,434
	Net Assets 100.0%	**$122,193,517**

(a) All securities are fair valued. Fair Values are determined pursuant to procedures approved by the Fund s Board of Directors. Unless otherwise noted, securities are valued by applying valuation factors to the exchange traded price. See Note 2(a) of the accompanying Notes to Financial Statements.

(b) Registered investment company advised by State Street Global Advisors.

(c) See Note 9 of the accompanying Notes to Financial Statements for tax unrealized appreciation/(depreciation) of securities.

See Notes to Financial Statements.

Statement of Assets and Liabilities (unaudited)

As of April 30, 2017

Assets	
Investments, at value (cost $101,245,597)	$120,452,026
Short-term investments, at value (cost $286,057)	286,057
Foreign currency, at value (cost $775,415)	769,599
Interest and dividends receivable	829,847
Tax reclaim receivable	2,062
Prepaid expenses and other assets	10,909
Total assets	**122,350,500**
Liabilities	
Investment management fees payable (Note 3)	31,403
Investor relations fees payable (Note 3)	9,394
Administration fees payable (Note 3)	7,958
Director fees payable	351
Other accrued expenses	107,877
Total liabilities	**156,983**
Net Assets	**$122,193,517**
Composition of Net Assets:	
Common stock (par value $0.01 per share) (Note 5)	$ 133,777
Paid-in capital in excess of par	100,086,634
Accumulated net investment income	558,873
Accumulated net realized gain from investments and foreign currency transactions	2,215,768
Net unrealized appreciation on investments and translation of assets and liabilities denominated in foreign currencies	19,198,465
Net Assets	**$122,193,517**
Net asset value per share based on 13,377,692 shares issued and outstanding	$ 9.13

See Notes to Financial Statements.

Statement of Operations (unaudited)

For the Six-Month Period Ended April 30, 2017

Net investment income:	
Income	
Dividends and other income (net of foreign withholding taxes of $122,892)	$ 1,091,154
	1,091,154
Expenses:	
Investment management fee (Note 3)	188,363
Directors fees and expenses	78,351
Administration fee (Note 3)	47,575
Insurance expense	37,253
Independent auditors fees and expenses	32,516
Investor relations fees and expenses (Note 3)	29,927
Legal fees and expenses	27,775
Reports to stockholders and proxy solicitation	25,030
NYSE listing fee	11,745
Transfer agent s fees and expenses	10,524
Custodian s fees and expenses	9,038
Miscellaneous	33,110
Net expenses	531,207
Net Investment Income	559,947
Net Realized and Unrealized Gains/(Losses) on Investments and Foreign Currency Related Transactions	
Net realized gain/(loss) from:	
Investment transactions	2,344,166
Foreign currency transactions	(127,534)
	2,216,632
Net change in unrealized appreciation/(depreciation) on:	
Investments	(3,668,808)
Foreign currency translation	21,912
	(3,646,896)
Net realized and unrealized (loss) from investments and foreign currency related transactions	(1,430,264)
Net Decrease in Net Assets Resulting from Operations	$ (870,317)

See Notes to Financial Statements.

Statements of Changes in Net Assets

	For the Six-Month Period Ended April 30, 2017 (unaudited)	For the Year Ended October 31, 2016
Increase/(decrease) in net assets from operations:		
Operations:		
Net investment income	$ 559,947	$ 1,023,718
Net realized gain from investment transactions	2,344,166	3,043,827
Net realized gain/(loss) from foreign currency transactions	(127,534)	205,936
Net change in unrealized appreciation/(depreciation) on investments	(3,668,808)	10,728,444
Net change in unrealized appreciation/(depreciation) on foreign currency translation	21,912	(20,452)
Net increase/(decrease) in net assets resulting from operations	(870,317)	14,981,473
Distributions to stockholders from:		
Net investment income	(1,193,149)	(1,032,886)
Net realized gains	(3,044,539)	(3,146,708)
Net decrease in net assets from distributions	(4,237,688)	(4,179,594)
Capital Share Transactions:		
Reinvestment of dividends resulting in the issuance of 55,595 and 9,741 shares of common stock, respectively	425,851	68,674
Repurchase of common stock under the discount management policy (126,925 and 221,753), respectively	(988,771)	(1,696,454)
Change in net assets from capital stock transactions	(562,920)	(1,627,780)
Net increase/(decrease) in net assets	(5,670,925)	9,174,099
Net assets:		
Beginning of period	127,864,442	118,690,343
End of period (including accumulated net investment income of $558,873 and $1,192,075, respectively)	$122,193,517	$127,864,442

See Notes to Financial Statements.

Financial Highlights

	For the Six-Month Period Ended April 30, 2017 (unaudited)	For the Fiscal Years Ended October 31, 2016	2015	2014	2013	2012
PER SHARE OPERATING PERFORMANCE(a):						
Net asset value, beginning of period	$9.51	$8.69	$8.26	$7.55	$5.67	$6.01
Net investment income	0.04	0.08	0.05	0.04	0.07	0.05
Net realized and unrealized gains/(losses) on investments and foreign currencies	(0.11)	1.03	0.44	0.79	1.87	(0.34)
Total from investment operations	(0.07)	1.11	0.49	0.83	1.94	(0.29)
Distributions from:						
Net investment income	(0.09)	(0.08)	(0.03)	(0.15)	(0.06)	(0.05)
Net realized gains	(0.23)	(0.23)	(0.04)			
Total distributions	(0.32)	(0.31)	(0.07)	(0.15)	(0.06)	(0.05)
Capital Share Transactions:						
Impact due to discount management policy	0.01	0.02	0.01	0.03		
Net asset value, end of period	$9.13	$9.51	$8.69	$8.26	$7.55	$5.67
Market value, end of period	$8.19	$8.18	$7.48	$7.36	$6.83	$5.00
Total Investment Return Based on(b):						
Market value	4.25%	14.10%	2.67%	10.11%	38.11%	(5.56%)
Net asset value	(0.03%)	14.19%	6.28%	11.79%	34.63%	(4.66%)
Ratio to Average Net Assets/Supplementary Data:						
Net assets, end of period (in millions)	$122.2	$127.9	$118.7	$113.7	$107.0	$81.3
Net operating expenses, net of fee waivers	0.89%(c)	0.92%	0.96%	1.04%	1.08%	1.49%
Net operating expenses, excluding fee waivers	0.89%(c)	0.92%	0.96%	1.04%	1.08%	1.49%
Net investment income	0.94%(c)	0.86%	0.58%	0.47%	0.97%	0.88%
Portfolio turnover	8%	8%	10%	98%	100%	110%

(a) Based on average shares outstanding.

(b) Total investment return based on market value is calculated assuming that shares of the Fund s common stock were purchased at the closing market price as of the beginning of the period, dividends, capital gains, and other distributions were reinvested as provided for in the Fund s dividend reinvestment plan and then sold at the closing market price per share on the last day of the period. The computation does not reflect any sales commission investors may incur in purchasing or selling shares of the Fund. The total investment return based on the net asset value is similarly computed except that the Fund s net asset value is substituted for the closing market value.

(c) Annualized.

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

See Notes to Financial Statements.

Notes to Financial Statements (unaudited)

April 30, 2017

1. Organization

Aberdeen Japan Equity Fund, Inc. (the Fund) was incorporated in Maryland on July 12, 1990 under its original name The Japan Emerging Equity Fund, Inc. and commenced operations on July 24, 1992. It is registered with the Securities and Exchange Commission as a closed-end, diversified management investment company. The Fund s investment objective is to outperform over the long term, on a total return basis (including appreciation and dividends), the Tokyo Stock Price Index (TOPIX).

2. Summary of Significant Accounting Policies

The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements. The policies conform to generally accepted accounting principles in the United States of America (GAAP). The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses for the period. Actual results could differ from those estimates. The books and records of the Fund are maintained in U.S. Dollars.

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 transact 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. Under normal circumstances, 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 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.

Short-term investments are comprised of cash and cash equivalents invested in short-term investment funds which are redeemable daily. The Fund sweeps available cash into the State Street Institutional U.S. Government Money Market Fund, which has elected to qualify as a government money market fund pursuant to Rule 2a-7 under the Investment Company Act of 1940, as amended, and has an objective, which is not guaranteed, to maintain a $1.00 per share net asset value (NAV). Generally, these investment types are categorized as Level 1 investments.

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 Fund s 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 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 unadjusted quoted prices in active markets for identical assets, Level 2 measurements to valuations based upon other significant observable inputs, including adjusted quoted prices in active markets for similar 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

Notes to Financial Statements (unaudited) (continued)

April 30, 2017

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).

The following is a summary of the inputs used as of April 30, 2017 in valuing the Fund s investments and other financial instruments 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	$	$120,452,026	$	$120,452,026
Short-Term Investment	286,057			286,057
Total	**$286,057**	**$120,452,026**	**$**	**$120,738,083**

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

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. The utilization of valuation factors may result in transfers between Level 1 and Level 2. For the six-month period ended April 30, 2017, there were no transfers between Level 1 and Level 2.

For the six-month period ended April 30, 2017, there were no significant changes to the fair valuation methodologies.

b. Foreign Currency Translation:

Foreign securities, currencies, and other assets and liabilities denominated in foreign currencies are translated into U.S. Dollars at the exchange rate of said currencies against the U.S. Dollar, as of the Valuation Time, as provided by an independent pricing service approved by the Board.

Foreign currency amounts are translated into U.S. Dollars on the following basis:

(i) market value of investment securities, other assets and liabilities at the current daily rates of exchange; and

(ii) purchases and sales of investment securities, income and expenses at the rate of exchange prevailing on the respective dates of such transactions.

The Fund does not isolate that portion of gains and losses on investments in equity securities which is due to changes in the foreign exchange rates from that which is due to changes in market prices of

equity securities. Accordingly, realized and unrealized foreign currency gains and losses with respect to such securities are included in the reported net realized and unrealized gains and losses on investment transactions balances.

The Fund reports certain foreign currency related transactions and foreign taxes withheld on security transactions as components of realized gains for financial reporting purposes, whereas such foreign currency related transactions are treated as ordinary income for U.S. federal income tax purposes.

Net unrealized currency gains or losses from valuing foreign currency denominated assets and liabilities at period end exchange rates are reflected as a component of net unrealized appreciation/depreciation in value of investments, and translation of other assets and liabilities denominated in foreign currencies.

Net realized foreign exchange gains or losses represent foreign exchange gains and losses from transactions in foreign currencies and forward foreign currency contracts, exchange gains or losses realized between the trade date and settlement date on security transactions, and the difference between the amounts of interest and dividends recorded on the Fund s books and the U.S. Dollar equivalent of the amounts actually received.

Foreign security and currency transactions may involve certain considerations and risks not typically associated with those of domestic origin, including unanticipated movements in the value of the foreign

Notes to Financial Statements (unaudited) (continued)

April 30, 2017

currency relative to the U.S. Dollar. Generally, when the U.S. Dollar rises in value against foreign currency, the Fund s investments denominated in that foreign currency will lose value because the foreign currency is worth fewer U.S. Dollars; the opposite effect occurs if the U.S. Dollar falls in relative value.

c. Security Transactions, Investment Income and Expenses:

Security transactions are recorded on the trade date. Realized and unrealized gains/(losses) from security and foreign currency transactions are calculated on the identified cost basis. Dividend income and corporate actions are recorded generally on the ex-date, except for certain dividends and corporate actions which may be recorded after the ex-date, as soon as the Fund acquires information regarding such dividends or corporate actions.

Interest income and expenses are recorded on an accrual basis.

d. Distributions:

The Fund records dividends and distributions payable to its stockholders on the ex-dividend date. The amount of dividends and distributions from net investment income and net realized capital gains are determined in accordance with federal income tax regulations, which may differ from GAAP. These book basis/tax basis (book/tax) differences are either considered temporary or permanent in nature. To the extent these differences are permanent in nature, such amounts are reclassified within the capital accounts based on their federal tax-basis treatment; temporary differences do not require reclassification. Dividends and distributions which exceed net investment income and net realized capital gains for tax purposes are reported as return of capital.

e. Federal Income Taxes:

The Fund intends to continue to qualify as a regulated investment company by complying with the provisions available to certain investment companies, as defined in Subchapter M of the Internal Revenue Code of 1986, as amended, and to make distributions of net investment income and net realized capital gains sufficient to relieve the Fund from all, or substantially all, federal income taxes. Therefore, no federal income tax provision is required.

The Fund recognizes the tax benefits of uncertain tax positions only where the position is more likely than not to be sustained assuming examination by tax authorities. Management of the Fund has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements. Since tax authorities can examine previously filed tax returns, the Fund s U.S. federal and state tax returns for each of the four fiscal years up to the most recent fiscal year ended October 31 are subject to such review.

The Fund is not subject to any Japanese income, capital gains or other taxes except for withholding taxes on certain income, generally imposed at a rate of 10.0% on interest and dividends paid to the Fund by Japanese corporations.

f. Rights Issues and Warrants:

Rights issues give the right, normally to existing shareholders, to buy a proportional number of additional securities at a given price (generally at a discount) within a fixed period (generally a short-term period) and are offered at the company s discretion. Warrants are securities that give the holder the right to buy common stock at a specified price for a specified period of time. Rights issues and warrants are speculative and have no value if they are not exercised before the expiration date. Rights issues and warrants are valued at the last sale price on the exchange on which they are traded.

g. Foreign Withholding Tax:

Dividend and interest income from non-U.S. sources received by the Fund are generally subject to non-U.S. withholding taxes. In addition, the Fund may be subject to capital gains tax in certain countries in which it invests. The above taxes may be reduced or eliminated under the terms of applicable U.S. income tax treaties with some of these countries. The Fund accrues such taxes when the related income is earned.

h. Repurchase Agreements:

The Fund may enter into a repurchase agreement under the terms of a Master Repurchase Agreement. It is the Fund s policy that its custodian/counterparty segregates 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. If the counterparty of a repurchase agreement 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 arrangements with the counterparty, Fixed Income Clearing Corp. To the extent a Fund enters into repurchase agreements, additional information on individual repurchase agreements is included in the Portfolio of Investments.

Notes to Financial Statements (unaudited) (continued)

April 30, 2017

3. Agreements and Transactions with Affiliates

a. Investment Manager:

Aberdeen Asset Management Asia Limited (AAMAL) serves as the Fund s investment manager with respect to all investments. Pursuant to the Management Agreement, the Manager makes investment management decisions relating to the Fund s assets. For such investment services, the Fund pays the Manager at an annual rate of 0.60% of the first $20 million, 0.40% of the next $30 million, and 0.20% of the excess over $50 million of the Fund s average weekly Managed Assets. For purposes of this calculation, Managed Assets of the Fund means total assets of the Fund, including assets attributable to investment leverage, minus all liabilities, but not excluding any liabilities or obligations attributable to leverage obtained by the Fund for investment purposes through (i) the issuance or incurrence of indebtedness of any type (including, without limitation, borrowing through a credit facility or the issuance of debt securities), (ii) the issuance of preferred stock or other similar preference securities, and/or (iii) any other means, but not including any collateral received for securities loaned by the Fund. During the six-month period ended April 30, 2017, the Fund paid AAMAL $188,363. In addition, the Fund has agreed to reimburse the Manager for all out-of-pocket expenses related to the Fund. For the six-month period ended April 30, 2017, no such expenses were paid to the Manager.

b. Fund Administration:

Aberdeen Asset Management Inc. (AAMI), an affiliate of AAMAL, serves as the Fund s administrator, pursuant to an amended fee schedule under which AAMI receives a fee, payable quarterly by the Fund, at an annual rate of 0.08% of the value of the Fund s average weekly net assets. During the six-month period ended April 30, 2017, AAMI earned $47,575 from the Fund for administration fees.

c. Investor Relations:

Under the terms of the Investor Relations Services Agreement, AAMI provides and pays third parties to provide investor relations services to the Fund and certain other funds advised by AAMAL or its affiliates as part of an Investor Relations Program. Under the Investor Relations Services Agreement, the Fund owes a portion of the fees related to the Investor Relations Program (the Fund s Portion). However, investor relations services fees are limited by AAMI so that the Fund will only pay up to an annual rate of 0.05% of the Fund s average weekly net assets. Any difference between the capped rate of 0.05% of the Fund s average weekly net assets and the Fund s Portion is paid for by AAMI.

Pursuant to the terms of the Investor Relations Services Agreement, AAMI (or third parties hired by AAMI), among other things, provides

objective and timely information to shareholders based on publicly-available information; provides information efficiently through the use of technology while offering shareholders immediate access to knowledgeable investor relations representatives; develops and maintains effective communications with investment professionals from a wide variety of firms; creates and maintains investor relations communication materials such as fund manager interviews, films and webcasts, published white papers, magazine articles and other relevant materials discussing the Fund s investment results, portfolio positioning and outlook; develops and maintains effective communications with large institutional shareholders; responds to specific shareholder questions; and reports activities and results to the Board and management detailing insight into general shareholder sentiment.

During the six-month period ended April 30, 2017, the Fund incurred investor relations fees of approximately $28,315. For the six-month period ended April 30, 2017, AAMI did not waive any investor relations fees because the Fund did not reach the capped amount.

4. Investment Transactions

Purchases and sales of investment securities (excluding short-term securities) for the six-month period ended April 30, 2017 were $9,099,876 and $13,994,878, respectively.

5. Capital

The authorized capital of the Fund is 30 million shares of $0.01 par value common stock. During the six-month period ended April 30, 2017, the Fund repurchased 126,925 shares pursuant to its Discount Management Program and reinvested 55,595 shares pursuant to its Dividend Reinvestment and Cash Purchase Plan. As of April 30, 2017, there were 13,377,692 shares of common stock issued and outstanding.

6. Discount Management Program

The Fund s Discount Management Program authorizes management to make open market purchases, from time to time, in a maximum aggregate amount during each twelve month period ended October 31 of up to 10% of the Fund s shares of stock outstanding as of October 31 of the prior year. Such purchases may be made opportunistically at certain discounts to net asset value per share when, in the reasonable judgment of management based on historical discount levels and current market conditions, such repurchases may enhance stockholder value. During the six-month period ended April 30, 2017, the Fund repurchased 126,925 shares.

The Board of Directors authorized the Discount Management Program in order to potentially enhance share liquidity and increase Stockholder value through the potential accretive impact of the purchases to the

Notes to Financial Statements (unaudited) (continued)

April 30, 2017

Fund s NAV. There is no assurance that the Fund will purchase shares in any specific amounts.

7. Portfolio Investment Risks

a. Risks Associated with Foreign Securities and Currencies:

Investments in securities of foreign issuers carry certain risks not ordinarily associated with investments in securities of U.S. issuers. These risks include future political and economic developments, and the possible imposition of exchange controls or other foreign governmental laws and restrictions. In addition, with respect to certain countries, there is the possibility of expropriation of assets, confiscatory taxation, and political or social instability or diplomatic developments, which could adversely affect investments in those countries.

Certain countries also may impose substantial restrictions on investments in their capital markets by foreign entities, including restrictions on investments in issuers of industries deemed sensitive to relevant national interests. These factors may limit the investment opportunities available and result in a lack of liquidity and high price volatility with respect to securities of issuers from developing countries. Foreign securities may also be harder to price than U.S. securities.

The value of foreign currencies relative to the U.S. Dollar fluctuates in response to market, economic, political, regulatory, geopolitical or other conditions. A decline in the value of a foreign currency versus the U.S. Dollar reduces the value in the U.S. Dollars of investments denominated in that foreign currency. This risk may impact the Fund more greatly to the extent the Fund does not hedge its currency risk, or hedging techniques used by the Adviser are unsuccessful.

b. Focus Risk:

The Fund may have elements of risk not typically associated with investments in the United States due to focused investments in a limited number of countries or regions subject to foreign securities or currencies risks. Such focused investments may subject the Fund to additional risks resulting from political or economic conditions in such countries or regions and the possible imposition of adverse governmental laws or currency exchange restrictions could cause the securities and their markets to be less liquid and their prices to be more volatile than those of comparable U.S. securities.

c. Sector Risk:

To the extent that the Fund has a significant portion of its assets invested in securities of companies conducting business in a broadly related group of industries within an economic sector, the Fund may be more vulnerable to unfavorable developments in that economic sector than funds that invest more broadly.

Consumer Staples Sector Risk. To the extent the consumer staples sector represents a significant portion of the Fund, the Fund will be sensitive to changes in, and its performance may depend to a greater extent on, factors impacting this sector. The consumer staples sector may be affected by the regulation of various product components and production methods, marketing campaigns and other factors affecting consumer demand. Tobacco companies, in particular, may be adversely affected by new laws, regulations and litigation. The consumer staples sector may also be adversely affected by changes or trends in commodity prices, which may be influenced by unpredictable factors.

Industrial Sector Risk. To the extent that the industrials sector represents a significant portion of the Fund, the Fund will be sensitive to changes in, and its performance may depend to a greater extent on, factors impacting this sector. Industrial companies are affected by supply and demand both for their specific products or services and for industrial sector products or services in general. Government regulation, world events, exchange rates and economic conditions, technological developments and liabilities for environmental damage and general civil liabilities will likewise affect the performance of these companies. Aerospace and defense companies, a component of the industrial sector, can be significantly affected by government spending policies because companies involved in this industry rely, to a significant extent, on U.S. and foreign government demand for their products and services. Thus, the financial condition of, and investor interest in, aerospace and defense companies are heavily influenced by governmental defense spending policies which are typically under pressure from efforts to control the U.S. (and other) government budgets. Transportation securities, a component of the industrial sector, are cyclical and have occasional sharp price movements which may result from changes in the economy, fuel prices, labor agreements and insurance costs.

d. Valuation Risk:

The price that the Fund could receive upon the sale of any particular portfolio investment may differ from the Fund s valuation of the investment, particularly for securities that trade in thin or volatile markets or that are valued using a fair valuation methodology or a price provided by an independent pricing service. As a result, the price received upon the sale of an investment may be less than the value ascribed by the Fund, and the Fund could realize a greater than expected loss or lower than expected gain upon the sale of the investment. The Fund s ability to value its investments may also be impacted by technological issues and/or errors by pricing services or other third-party service providers.

8. Contingencies

In the normal course of business, the Fund may provide general indemnifications pursuant to certain contracts and organizational

Notes to Financial Statements (unaudited) (concluded)

April 30, 2017

documents. The Fund s maximum exposure under these arrangements is dependent on future claims that may be made against the Fund, and therefore, cannot be estimated; however, based on experience, the risk of loss from such claims is considered remote.

9. Tax Information

The U.S. federal income tax basis of the Fund s investments and the net unrealized appreciation as of April 30, 2017 were as follows:

Tax Basis of Investments	Appreciation	Depreciation	Net Unrealized Appreciation
$101,531,654	$23,128,784	$(3,922,355)	$19,206,429

10. By-Laws Amendment

The Board of Directors voted to amend Article 1 Section 6 of the Fund s Amended and Restated By-laws (the By-laws) effective March 31, 2017. Article 1 Section 6, as amended, provides the chairman of a meeting of stockholders the authority to adjourn a meeting for which there is not a quorum, which is an authority previously held only by the stockholders entitled to vote at the meeting who are present in person or represented by proxy. Section 6, as amended, now reads as follows:

Section 6. Quorum, Adjournment of Meetings. The presence in person or by proxy of the holders of record of a majority of the shares of the common stock of the Corporation issued and outstanding and entitled to vote thereat shall constitute a quorum at all meetings of the stockholders except as otherwise provided in the Articles of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, (a) the chairman of the meeting or (b) the holders of a majority of the stock present in person or by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting until the requisite amount of stock entitled to vote at such meeting shall be present. At such adjourned meeting at which the requisite amount of stock entitled to vote thereat shall be represented any business may be transacted which might have been transacted at the meeting as originally notified.

11. Recent Accounting Pronouncement

In December 2016, the Financial Accounting Standards Board issued Accounting Standards Update No. 2016-19 (ASU 2016-19), Technical Corrections and Improvements . The guidance includes an amendment to Topic 820, Fair Value Measurement, which clarifies the difference between a valuation approach and a valuation technique when applying the guidance in that Topic. The amendment also requires an entity to disclose when there has been a change in either or both a valuation

approach and/or a valuation technique. The transition guidance for the amendment must be applied prospectively because it could potentially involve the use of hindsight that includes fair value measurements. The guidance is effective for interim periods beginning after December 15, 2016. Management is currently evaluating the implication, if any, of the additional disclosure requirements and its impact on the Fund s financial statements.

12. Subsequent Events

Management has evaluated the need for disclosures and/or adjustments resulting from subsequent events through the date the financial statements were issued. Based on this evaluation, no disclosures or adjustments were required to the financial statements as of April 30, 2017.

Dividend Reinvestment and Cash Purchase Plan (unaudited)

A Dividend Reinvestment and Cash Purchase Plan (the Plan) is available to provide Stockholders with automatic reinvestment of dividends and capital gain distributions in additional Fund shares. The Plan also allows you to make optional semi-annual cash investments in Fund shares through the Plan Agent. A brochure fully describing the Plan s terms and conditions is available by calling the Plan Agent at (866) 669-9903 or by writing Aberdeen Japan Equity Fund, Inc., c/o the American Stock Transfer & Trust Company, Operations Center, 6201 15th Avenue, Brooklyn, NY 11219.

A brief summary of the material aspects of the Plan follows:

Who can participate in the Plan? If you wish to participate and your shares are held in your name, you may elect to become a direct participant in the Plan by completing and mailing the Enrollment Authorization form on the back cover of the Dividend Reinvestment and Cash Purchase Plan Brochure to the Plan Agent. However, if your shares are held in the name of a financial institution, you should instruct your financial institution to participate in the Plan on your behalf. If your financial institution is unable to participate in the Plan for you, you should request that your shares be registered in your name, so that you may elect to participate directly in the Plan.

May I withdraw from the Plan? If your shares are held in your name and you wish to receive all dividends and capital gain distributions in cash rather than in shares, you may withdraw from the Plan without penalty at any time by contacting the Plan Agent. If your shares are held in the name of a financial institution, you should be able to withdraw from the Plan without a penalty at any time by sending written notice to your financial institution. If you withdraw, you or your financial institution will receive a share certificate for all full shares or, if you wish, the Plan Agent will sell your shares and send you the proceeds, after the deduction of brokerage commissions. The Plan Agent will convert any fractional shares to cash at the then-current market price and send you a check for the proceeds.

How are the dividends and distributions reinvested? If the market price of the Fund s shares on the payment date should equal or exceed their net asset value per share, the Fund will issue new shares to you at the higher of net asset value or 95% of the then-current market price. If the market price is lower than the net asset value per share, the Fund will issue new shares to you at the market price. If the dividends or distributions are declared and payable as cash only, you will receive shares purchased for you by the Plan Agent on the NYSE or otherwise on the open market to the extent available.

What is the Cash Purchase feature? The Plan participants have the option of making semi-annual investments in Fund shares through the Plan Agent. You may invest any amount from $100 to $5,000 semiannually. The Plan Agent will purchase shares for you on the NYSE or otherwise on the open market on or about February 15th and August 15th of each year. Plan participants should send voluntary cash payments to be received by the Plan Agent approximately ten days before the applicable purchase date. The Plan Agent will return any cash payments received more than thirty days prior to the purchase date. You may withdraw a voluntary cash payment by written notice, if the notice is received by the Plan Agent not less than two business days before the investment date.

Is there a cost to participate? There are no Plan charges or brokerage charges for shares issued directly by the Fund. However, each participant will pay a service fee of $2.50 for each investment and a pro rata portion of brokerage commissions for shares purchased on the NYSE or on the open market by the Plan Agent.

What are the tax implications? The automatic reinvestment of dividends and distributions does not relieve you of any income tax which may be payable (or required to be withheld) on such dividends and distributions. In addition, the Plan Agent will reinvest dividends for foreign participants and for any participant subject to federal backup withholding after the deduction of the amounts required to be withheld.

Please note that, if you participate in the Plan through a brokerage account, you may not be able to continue as a participant if you transfer those shares to another broker. Contact your broker or financial institution or the Plan Agent to ascertain what is the best arrangement for you to participate in the Plan.

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

Corporate Information

Directors

Martin J. Gruber, *Chairman*

Radhika Ajmera

Anthony Clark

David G. Harmer

Richard J. Herring

Rahn K. Porter

Officers

Alan Goodson, *President*

Jeffrey Cotton, *Vice President Compliance and Chief Compliance Officer*

Andrea Melia, *Treasurer*

Megan Kennedy, *Vice President and Secretary*

Joseph Andolina, *Vice President Compliance*

Bev Hendry, *Vice President*

Jennifer Nichols, *Vice President*

Christian Pittard, *Vice President*

Lucia Sitar, *Vice President*

Sharon Ferrari, *Assistant Treasurer*

Heather Hasson, *Assistant Secretary*

Investment Manager

Aberdeen Asset Management Asia Limited
21 Church Street
#01-01 Capital Square Two
Singapore 049480

Administrator

Aberdeen Asset Management Inc.
1735 Market Street, 32nd Floor
Philadelphia, PA 19103

Transfer Agent and Registrar

American Stock Transfer & Trust Company
6201 15th Avenue
Brooklyn, NY 11219

Legal Counsel

Clifford Chance US LLP
31 West 52nd Street
New York, NY 10019

Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP
2001 Market Street
Philadelphia, PA 19103

Investor Relations

Aberdeen Asset Management Inc.
1735 Market Street, 32nd Floor
Philadelphia, PA 19103

Custodian

State Street Bank and Trust Company
1 Heritage Drive, 3rd Floor
North Quincy, MA 02171

Aberdeen Asset Management Asia Limited

The Financial Statements as of April 30, 2017 included in this report were not audited and accordingly, no opinion is expressed thereon.

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that the Fund may purchase, from time to time, shares of its common stock in the open market.

Shares of Aberdeen Japan Equity Fund, Inc. are traded on the NYSE under the symbol "JEQ". Information about the Fund's net asset value and market price is available at www.aberdeenjeq.com.

This report, including the financial information herein, is transmitted to the stockholders of Aberdeen Japan Equity Fund, Inc. for their general information only. It does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person. Past performance is no guarantee of future returns.

Aberdeen's Investor Relations Services

We invite you to enroll today and stop the paper.

As part of our commitment to shareholders, we invite you to visit Aberdeen Closed-End Funds on the web at cef.aberdeen-asset.us/ where you can view monthly fact sheets, portfolio manager commentary, distribution and performance information, updated daily fact sheets courtesy of Morningstar®, portfolio charting, and other timely data.

To learn more about Aberdeen Closed-End Funds

Visit:

Aberdeen Closed-End Fund Center
cef.aberdeen-asset.us/

Watch:

Aberdeen Closed-End Fund TV
aberdeen-asset.us/aam.nsf/usclosed/aberdeentv

E-mail:

InvestorRelations@aberdeen-asset.com

Call:

Investor Relations: 800-522-5465
Open Monday to Friday 9am-5pm (ET)

Enroll today and receive shareholder reports electronically*

By enrolling in this convenient service, you will receive important Fund documents including annual reports, semi-annual reports, prospectuses, and proxy statements via e-mail.

There s never been a faster, simpler or more environmentally-friendly way to receive investment information.

To enroll, follow these simple steps:

1. Go to cef.aberdeen-asset.us/

2. Click on the link for Email Services
www.aberdeen-asset.us/aam.nsf/usclosed/email

3. Click Sign-up. You can expect to receive your electronic documents in 4-6 weeks.

* Please note that Aberdeen does not share our shareholder information with any other organizations. You can return to this site at any time to change your email address or edit your preferences.

JEQ-SEMI-ANNUAL

Item 2. Code of Ethics.

This item is inapplicable to semi-annual report on Form N-CSR.

Item 3. Audit Committee Financial Expert.

This item is inapplicable to semi-annual report on Form N-CSR.

Item 4. Principal Accountant Fees and Services.

This item is inapplicable to semi-annual report on Form N-CSR.

Item 5. Audit Committee of Listed Registrants.

This item is inapplicable to semi-annual report on Form N-CSR.

Item 6. Schedule of Investments.

(a) Schedule of Investments in securities of unaffiliated issuers as of close of the reporting period is included as part of the Reports to Shareholders filed under Item 1 of this Form N-CSR.

(b) Not applicable.

Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies.

This item is inapplicable to semi-annual report on Form N-CSR.

Item 8. Portfolio Managers of Closed-End Management Investment Companies.

(a) Not applicable to semi-annual report on Form N-CSR.

(b) There has been no change, as of the date of this filing, in any of the portfolio managers identified in response to paragraph (a)(1)of this Item in the registrant s most recently filed annual report on Form N-CSR.

Item 9. Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers.

REGISTRANT PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares Purchased		(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	(d) Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs (1)
November 1, 2016 through November 30, 2016	22,460	$	7.97	22,460	1,322,442
December 1, 2016 through December 31, 2016	20,400	$	7.71	20,400	1,302,042
January 1, 2017 through January 31, 2017	30,900	$	7.66	30,900	1,271,142
February 1, 2017 through February 28, 2017	38,565	$	7.75	38,565	1,232,577
March 1, 2017 through March 31, 2017	14,600	$	7.83	14,600	1,217,977
April 1, 2017 through April 30, 2017	0		None	0	1,217,977
Total	126,925	$	7.78	126,925	

(1) On December 12, 2014, the Board of Directors approved revisions to the Fund s Discount Management Program, which continued the Fund s open market repurchase program that went into effect May 2012, to authorize management to make open market purchases, from time to time, in a maximum aggregate amount during each twelve month period ended October 31 of up to 10% of the Fund s shares of stock outstanding as of October 31 of the prior year. Such purchases may be made opportunistically at certain discounts to net asset value per share when, in the reasonable judgment of management based on historical discount levels and current market conditions, such repurchases may enhance stockholder value.

Item 10. Submission of Matters to a Vote of Security Holders.

During the period ended April 30, 2017, there were no material changes to the procedures by which shareholders may recommend nominees to the Registrant s Board of Directors.

Item 11. 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 (the Act) (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 Act (17 CFR 270.30a3(b)) and Rule 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.13a-15(b) or 240.15d15(b)).

(b) There were no changes in the Registrant s internal control over financial reporting (as defined in Rule 30a-3(d) under the Act (17 CFR 270.30a-3(d))) that occurred during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the Registrant s internal control over financial reporting.

Item 12. Exhibits.

(a)(1) Not applicable.

(a)(2) Certifications pursuant to Rule 30a-2(a) under the Act and Section 302 of the Sarbanes-Oxley Act of 2002 are attached hereto.

(a)(3) Not applicable.

(b) Certifications pursuant to Rule 30a-2(b) under the Act and section 906 of the Sarbanes-Oxley Act of 2002 are attached hereto.

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: July 6, 2017

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: July 6, 2017

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

Date: July 6, 2017