

ABERDEEN AUSTRALIA EQUITY FUND INC  
Form N-Q  
September 28, 2006

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM N-Q**

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**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS**  
**OF REGISTERED MANAGEMENT INVESTMENT COMPANY**

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**Investment Company Act file number:** 811-04438

**Exact name of registrant as specified in charter:** Aberdeen Australia Equity Fund, Inc.

**Address of principal executive offices:** 800 Scudders Mill Road,  
Plainsboro,  
New Jersey 08536

**Name and address of agent for service:** Mr. Christian Pittard  
Aberdeen Asset Management Inc.  
1735 Market Street  
37<sup>th</sup> Floor  
Philadelphia, PA 19103

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**Registrant's telephone number, including area code: 1-866-839-5205**

**Date of fiscal year end: 10/31/06**

**Date of reporting period: 7/31/06**



Item 1 Schedule of Investments

## Aberdeen Australia Equity Fund, Inc.

## Portfolio of Investments (unaudited)

July 31, 2006

Shares	Description	Value (US\$)
<b>LONG-TERM INVESTMENTS - 97.0%</b>		
<b>Common Stocks- 97.0%</b>		
<b>Consumer Discretionary- 8.5%</b>		
1,067,000	APN News & Media Corporation Limited	\$ 4,112,746
374,000	Billabong International Limited	4,141,321
809,000	TABCORP Holdings Limited	9,516,043
		<b>17,770,110</b>
<b>Consumer Staples- 10.4%</b>		
1,010,000	Foster s Group Limited	4,163,927
1,028,500	Lion Nathan Limited	6,202,667
789,000	Woolworths Limited	11,511,805
		<b>21,878,399</b>
<b>Energy- 4.5%</b>		
285,500	Woodside Petroleum Limited	<b>9,361,552</b>
<b>Financials- 32.5%</b>		
738,000	Australia & New Zealand Banking Group Limited	14,279,639
157,000	Australian Stock Exchange Limited	3,936,520
447,500	Bendigo Bank Limited	4,224,772
248,000	Commonwealth Bank of Australia	8,513,912
900,000	QBE Insurance Group Limited	15,207,246
567,000	Suncorp-Metway Limited	8,407,435
798,000	Westpac Banking Corporation Limited	13,453,183
		<b>68,022,707</b>
<b>Industrials- 11.0%</b>		
1,125,000	Downer EDI Limited	6,457,045
292,500	Leighton Holdings Limited	4,319,237
2,668,000	Qantas Airways Limited	6,235,699
221,000	Wesfarmers Limited	5,995,080
		<b>23,007,061</b>
<b>Materials- 16.9%</b>		
883,500	BHP Billiton Limited	18,801,041
291,000	Rio Tinto Limited*	16,581,806
		<b>35,382,847</b>
<b>Property- 5.0%</b>		
737,000	Westfield Group Limited	<b>10,391,657</b>

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**Telecommunication Services- 5.2%**

2,338,000	Telecom Corporation of New Zealand Limited	5,912,320
1,744,500	Telstra Corporation Limited	5,106,623

**11,018,943**

**Utilities- 3.0%**

148,000	Australian Gas Light Company Limited	2,157,107
4,116,000	SP Ausnet	4,068,783

**6,225,890**

**Total Long-Term Investments- 97.0% (cost \$133,958,624)**

**203,059,166**

**SHORT-TERM INVESTMENT - 0.6%**

1,364,000	<b>Repurchase Agreement, State Street Bank and Trust Company</b> , 4.71% dated 7/31/06, due 8/01/06 in the amount of \$1,364,178 (collateralized by \$1,215,000 U.S. Treasury Bonds, 6.25% due 8/15/23; value \$1,393,724)	<b>1,364,000</b>
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**Total Short-Term Investments- 0.6% (cost \$1,364,000)**

**Total Investments- 97.6% (cost \$135,322,624)**

**204,423,166**

**Other assets in excess of liabilities - 2.4%**

**4,929,240**

**Net Assets- 100.0%**

**\$ 209,352,406**

\* Portion of security is on loan.

**Tax Cost of Investments**

The United States federal income tax basis of the Fund's investments and net unrealized appreciation as of July 31, 2006 were as follows:

			Net Unrealized
<b>Tax Cost Basis</b>	<b>Appreciation</b>	<b>Depreciation</b>	<b>Appreciation</b>
\$ 150,246,611	\$ 60,816,317	\$ 6,639,762	\$ 54,176,555

Aberdeen Australia Equity Fund, Inc. 1

Item 2 Controls and Procedures

- (a) It is the conclusion of the Registrant's principal executive officer and principal financial officer that the effectiveness of the Registrant's current disclosure controls and procedures (such disclosure controls and procedures having been evaluated within 90 days of the date of this filing) provide reasonable assurance that the information required to be disclosed by the Registrant has been recorded, processed, summarized and reported within the time period specified in the Commission's rules and forms and that the information required to be disclosed by the Registrant has been accumulated and communicated to the Registrant's principal executive officer and principal financial officer in order to allow timely decisions regarding required disclosure.
- (b) There have been no changes in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) and the Investment Company Act of 1940, as amended) that occurred during the Registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Registrant's internal control over financial reporting.

Item 3 Exhibits.

- (a) Certifications required pursuant to Rule 30a-2(a) under the Investment Company Act of 1940, as amended, are filed as Exhibit 99.CERT.

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 Australia Equity Fund, Inc.

By: */s/ Martin Gilbert*  
Martin Gilbert,  
President of  
Aberdeen Australia Equity Fund, Inc.

Date: September 28, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By: */s/ Martin Gilbert*  
Martin Gilbert,  
President of  
Aberdeen Australia Equity Fund, Inc.

Date: September 28, 2006

By: */s/ Christian Pittard*  
Christian Pittard,  
Treasurer of  
Aberdeen Australia Equity Fund, Inc.

Date: September 28, 2006