

ABERDEEN AUSTRALIA EQUITY FUND INC  
Form N-Q  
March 29, 2007

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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: 10/31/07**

**Date of reporting period: 1/31/07**



Item 1 Schedule of Investments [ INSERT SCHEDULE ]

## Portfolio of Investments

January 31, 2007

| Shares                                  | Description                                   | Value<br>(US\$)   |
|---|---|-------------------|
| <b>LONG-TERM INVESTMENTS - 96.3%</b>    |   |                   |
| <b>Common Stocks- 96.3%</b>             |   |                   |
| <b>Consumer Discretionary- 8.5%</b>     |   |                   |
| 1,099,500                               | APN News & Media Corporation Limited          | \$ 5,161,132      |
| 405,000                                 | Billabong International Limited               | 5,126,066         |
| 862,500                                 | TABCORP Holdings Limited                      | 11,664,885        |
|   |   | <b>21,952,083</b> |
| <b>Consumer Staples- 10.3%</b>          |   |                   |
| 958,000                                 | Foster s Group Limited                        | 5,023,788         |
| 1,197,500                               | Lion Nathan Limited                           | 7,698,936         |
| 761,000                                 | Woolworths Limited                            | 13,999,915        |
|   |   | <b>26,722,639</b> |
| <b>Energy- 4.5%</b>                     |   |                   |
| 406,500                                 | Woodside Petroleum Limited                    | <b>11,760,567</b> |
| <b>Financials- 32.6%</b>                |   |                   |
| 798,500                                 | Australia & New Zealand Banking Group Limited | 18,005,046        |
| 171,500                                 | Australian Stock Exchange Limited             | 5,034,779         |
| 475,500                                 | Bendigo Bank Limited*                         | 4,972,347         |
| 268,000                                 | Commonwealth Bank of Australia*               | 10,387,935        |
| 765,000                                 | QBE Insurance Group Limited*                  | 18,251,109        |
| 655,000                                 | Suncorp-Metway Limited*                       | 10,959,031        |
| 881,000                                 | Westpac Banking Corporation Limited*          | 17,108,320        |
|   |   | <b>84,718,567</b> |
| <b>Industrials- 10.7%</b>               |   |                   |
| 1,334,500                               | Downer EDI Limited                            | 6,812,102         |
| 320,500                                 | Leighton Holdings Limited                     | 5,461,700         |
| 1,847,000                               | Qantas Airways Limited                        | 7,711,392         |
| 259,500                                 | Wesfarmers Limited*                           | 7,668,475         |
|   |   | <b>27,653,669</b> |
| <b>Materials- 17.5%</b>                 |   |                   |
| 1,143,000                               | BHP Billiton Limited*                         | 23,054,958        |
| 379,000                                 | Rio Tinto Limited*                            | 22,487,703        |
|   |   | <b>45,542,661</b> |
| <b>Property- 5.0%</b>                   |   |                   |
| 755,000                                 | Westfield Group Limited                       | <b>13,047,390</b> |
| <b>Telecommunication Services- 3.3%</b> |   |                   |

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|  |  |                       |
|--|--|-----------------------|
| 1,729,000  | Telecom Corporation of New Zealand Limited*  | 5,919,628             |
| 788,500  | Telstra Corporation Limited*   | 2,589,671             |
|  |  | <b>8,509,299</b>      |
| <b>Utilities- 3.9%</b>   |  |                       |
| 372,000  | AGL Energy Limited   | 4,987,893             |
| 4,789,000  | SP Ausnet  | 5,211,926             |
|  |  | <b>10,199,819</b>     |
| <b>Total Long-Term Investments- 96.3% (cost \$158,433,816)</b> |  | <b>250,106,694</b>    |
| <b>SHORT-TERM INVESTMENT - 2.0%</b>                            |  |                       |
| <b>Par Amount</b>  |  |                       |
| 5,114,000  | <b>Repurchase Agreement, State Street Bank and Trust Company, 4.70% dated 1/31/07, due 2/01/07 in the amount of \$5,114,668 (collateralized by \$3,935,000 U.S. Treasury Bonds, 8.125% due 5/15/21; value \$5,220,128)</b> | <b>5,114,000</b>      |
| <b>Total Short-Term Investments- 2.0% (cost \$5,114,000)</b>   |  |                       |
| <b>Total Investments- 98.3% (cost \$163,547,816)</b>           |  | <b>255,220,694</b>    |
| Other Assets in Excess of Liabilities - 1.7%                   |  | 4,427,189             |
| <b>Net Assets- 100.0%</b>                                      |  | <b>\$ 259,647,883</b> |

\* 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 January 31, 2007 were as follows:

| <b>Tax Cost Basis</b> | <b>Appreciation</b> | <b>Depreciation</b> | <b>Net Unrealized Appreciation</b> |
|-----------------------|---------------------|---------------------|------------------------------------|
| \$ 178,566,556        | \$ 77,406,624       | \$ 752,486          | \$ 76,654,138                      |

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 first 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: March 29, 2007

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: March 29, 2007

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

Date: March 29, 2007