

JAPAN SMALLER CAPITALIZATION FUND INC  
Form N-Q  
January 25, 2010

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: 811-05992

JAPAN SMALLER CAPITALIZATION FUND, INC.

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(Exact name of registrant as specified in charter)

Two World Financial Center  
Building B, 18th Floor  
New York, New York 10281-1712

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(Address of principal executive offices)

Shigeru Shinohara  
Japan Smaller Capitalization Fund, Inc.  
Two World Financial Center  
Building B, 18th Floor  
New York, New York 10281-1712

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(Name and address of agent for service)

Registrant's telephone number, including area code: (800) 833-0018

Date of fiscal year end: February 28, 2010

Date of reporting period: September 1, 2009 – November 30, 2009

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## Item 1. Schedule of Investments

JAPAN SMALLER CAPITALIZATION FUND, INC.  
SCHEDULE OF INVESTMENTS  
IN SECURITIES OF UNAFFILIATED ISSUERS  
November 30, 2009

	Shares	Cost	Market Value	Unrealized Gain/Loss	% of Net Assets
<b>COMMON STOCKS</b>					
<b>Banks and Finance</b>					
The Aichi Bank, Ltd. General banking services	27,500	\$ 2,558,514	\$ 2,219,158	\$ (339,356 )	1.3
The Bank of Iwate, Ltd. General banking services	29,000	1,682,057	1,798,084	116,027	1.0
The Hachijuni Bank, Ltd. General banking services	268,000	1,648,133	1,717,689	69,556	1.0
The Keiyo Bank, Ltd. General banking services	377,000	1,825,568	1,952,302	126,734	1.1
The Musashino Bank, Ltd. Regional bank	95,900	3,521,527	2,555,478	(966,049 )	1.4
The San-in Godo Bank, Ltd. General banking services	293,000	2,543,073	2,639,977	96,904	1.5
<b>Total Banks and Finance</b>		<b>13,778,872</b>	<b>12,882,688</b>	<b>(896,184 )</b>	<b>7.3</b>
<b>Chemicals and Pharmaceuticals</b>					
Adeka Corporation Resin products	264,300	2,517,173	2,433,555	(83,618 )	1.4
Daicel Chemical Industries, Ltd. Organic/inorganic chemicals	614,000	2,865,968	3,664,395	798,427	2.1
Hitachi Chemical Company, Ltd. Semiconductor materials	99,800	1,738,143	1,961,816	223,673	1.0
Lintec Corporation Adhesive products	96,100	1,548,244	1,835,524	287,280	1.0
Nippon Shokubai Co., Ltd. Synthetic resins	186,000	1,424,124	1,688,848	264,724	1.0
Rohto Pharmaceutical Co., Ltd. Pharmaceuticals manufacturer	214,000	2,427,766	2,768,023	340,257	1.6
<b>Total Chemicals and Pharmaceuticals</b>		<b>12,521,418</b>	<b>14,352,161</b>	<b>1,830,743</b>	<b>8.1</b>
<b>Electronics</b>					
Taiyo Yuden Co., Ltd. Electronic components	212,000	1,504,018	2,183,385	679,367	1.3
Yaskawa Electric Corporation.	286,000	1,807,713	2,148,528	340,815	1.2

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Servomotors and industrial robots					
Total Electronics		3,311,731	4,331,913	1,020,182	2.5
Food Manufacturing					
Doutor Nichires Holdings Co., Ltd.	124,000	2,117,658	1,788,192	(329,466 )	1.0
Coffee and restaurant chain					
Hokuto Corporation	96,400	1,942,339	2,111,006	168,667	1.2
Mushrooms					
Nippon Flour Mills Co., Ltd.	309,000	1,417,943	1,679,094	261,151	1.0
Flour					
Total Food Manufacturing		5,477,940	5,578,292	100,352	3.2
Machinery and Machine Tools					
Mimasu Semiconductor Industry Co., Ltd.	156,800	1,718,836	1,938,949	220,113	1.1
Silicon and gallium					
Modec, Inc.	91,200	1,667,063	1,751,464	84,401	1.0
Extraction machinery for marine use					
Total Machinery and Machine Tools		3,385,899	3,690,413	304,514	2.1

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Miscellaneous Manufacturing					
Kansai Paint Co., Ltd. Paint	354,000	\$ 2,145,602	\$ 3,070,398	\$ 924,796	1.7
Nihon Kohden Corporation Medical equipment	136,500	2,000,240	2,420,151	419,911	1.4
Tokai Rubber Industries, Ltd. Rubber and plastic products	162,700	2,512,693	1,715,316	(797,377 )	1.0
Total Miscellaneous Manufacturing		6,658,535	7,205,865	547,330	4.1
Real Estate and Warehouse					
Daibiru Corporation Leases office buildings, apartments and hotels	371,300	3,666,539	2,884,176	(782,363 )	1.7
Sekisui Chemical Co., Ltd. Prefabricated residential housing	296,000	1,946,381	1,766,549	(179,832 )	1.0
Sumitomo Real Estate Sales Co., Ltd. Brokerage Services	48,160	1,804,487	1,973,931	169,444	1.1
Total Real Estate and Warehouse		7,417,407	6,624,656	(792,751 )	3.8
Restaurants					
Hiday Hidaka Corp. Chinese restaurant chain	150,000	1,379,030	1,795,646	416,616	1.0
Retail					
Canon Marketing Japan Inc. Canon products distributor	138,800	1,980,774	2,043,523	62,749	1.1
Shimachu Co., Ltd. Furniture store chain	103,200	2,432,871	2,234,752	(198,119 )	1.3
Xebio Co., Ltd. Sporting goods	99,900	2,018,436	2,057,737	39,301	1.2
Total Retail		6,432,081	6,336,012	(96,069 )	3.6
Services					
Fuyo General Lease Co., Ltd. Machinery Leasing	178,800	4,034,178	4,017,161	(17,017 )	2.3
NEC Networks & System Integration Corporation Communication systems	159,600	1,976,991	1,977,280	289	1.1
Nissay Dowa General Insurance Co., Ltd.	516,000	2,479,683	2,570,264	90,581	1.5

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Automobile, fire, accident, and marine insurance					
Rakuten, Inc. Manages consumer websites	4,571	2,636,350	3,704,567	1,068,217	2.1
Total Services		11,127,202	12,269,272	1,142,070	7.0
Transportation					
Kintetsu World Express Inc. Distribution services	101,500	2,186,395	2,704,702	518,307	1.5
Senko Co., Ltd. Trucking and warehousing	474,000	1,658,462	1,733,643	75,181	1.0
Total Transportation		3,844,857	4,438,345	593,488	2.5
Wholesale					
Hitachi High-Technologies Corporation Electronic components	149,200	2,932,888	2,446,100	(486,788 )	1.3
<b>TOTAL INVESTMENTS IN COMMON STOCKS</b>		<b>78,267,860</b>	<b>81,951,363</b>	<b>3,683,503</b>	<b>46.5</b>

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JAPAN SMALLER CAPITALIZATION FUND, INC.  
 SCHEDULE OF INVESTMENTS  
 IN SECURITIES OF UNAFFILIATED ISSUERS  
 November 30, 2009

	Principal Amount	Cost	Market Value	Unrealized Gain/Loss	% of Net Assets
INVESTMENTS IN FOREIGN CURRENCY					
Hong Kong Shanghai Bank- Tokyo					
Non- interest bearing account	JPY 176,761,212	\$ 2,050,454	\$ 2,052,380	\$ 1,926	1.2
TOTAL INVESTMENTS IN FOREIGN CURRENCY		2,050,454	2,052,380	1,926	1.2
TOTAL INVESTMENTS		\$ 80,318,314	\$ 84,003,743	\$ 3,685,429	47.7
OTHER ASSETS LESS LIABILITIES, NET			92,257,608		52.3
NET ASSETS			\$ 176,261,351		100.0

+ Non-Income Producing Security.

\* Aggregate gross unrealized appreciation for all securities in which there is an excess of value over tax cost was \$7,865,414.

Aggregate gross unrealized depreciation for all securities in which there is an excess of tax cost over value was \$ 4,179,985.

Portfolio securities and foreign currency holdings were translated at the following exchange rate as of November 30, 2009.

Japanese Yen 86.125 =\$1.00

Item 2. Controls and Procedures.

(a) The Registrant's Principal Executive Officer and Principal Financial Officer evaluated the Registrant's disclosure controls and procedures within 90 days of the filing of this report and concluded that they were effective in providing reasonable assurance that the information required to be disclosed by the Registrant in its reports or statements filed under the 1934 Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission.

(b) There were no changes in the Registrant's internal control over financial reporting 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 of Principal Executive Officer and Principal Financial Officer pursuant to Rule 30a-2(a) under the Investment Company Act of 1940 are attached hereto as an exhibit.

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.

JAPAN SMALLER CAPITALIZATION FUND, INC.

By: /s/ Shigeru Shinohara  
Shigeru Shinohara, President  
(Principal Executive Officer)

Date: January 25, 2010

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 person on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Rita Chopra-Brathwaite  
Rita Chopra-Brathwaite, Treasurer  
(Principal Financial Officer)

Date: January 25, 2010