

JAPAN SMALLER CAPITALIZATION FUND INC  
Form N-Q  
February 27, 2012

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 29, 2012

Date of reporting period: September 1, 2011 – November 30, 2011

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## Item 1. Schedule of Investments.

JAPAN SMALLER CAPITALIZATION FUND, INC.  
 SCHEDULE OF INVESTMENTS  
 IN SECURITIES OF UNAFFILIATED ISSUERS  
 November 30, 2011

	Shares	Cost	Market Value	Unrealized Gain or Loss	% of Net Assets
<b>COMMON STOCKS</b>					
Automotive Equipment and Parts					
Musashi Seimitsu Industries Co., Ltd. Ball joints, camshafts, and gears	255,800	\$5,649,598	\$5,561,729	\$(87,869 )	2.3
Total Automotive Equipment and Parts		5,649,598	5,561,729	(87,869 )	2.3
Chemicals and Pharmaceuticals					
Adeka Corporation Resin products	382,900	3,718,799	3,602,487	(116,312 )	1.5
Rohto Pharmaceutical Co., Ltd. Pharmaceuticals manufacturer	330,000	3,686,286	4,134,038	447,752	1.7
Total Chemicals and Pharmaceuticals		7,405,085	7,736,525	331,440	3.2
Electronics					
Alpine Electronics, Inc. Car audio and navigation systems	394,800	5,095,907	4,482,779	(613,128 )	1.9
Funai Electric Co., Ltd. Audio-visual equipment	222,900	5,617,768	4,711,380	(906,388 )	2.0
Fuji Machine Mfg. Co., Ltd. Automated assembly machines	261,700	4,369,268	4,711,882	342,614	2.0
MegaChips Corporation Large-Scale-Integration circuits	362,400	5,826,797	6,053,234	226,437	2.6
Nippon Chemi-Con Corporation Electronic components and circuit products	1,376,000	7,946,481	4,947,854	(2,998,627)	2.1
The Okinawa Electric Power Company, Incorporated Thermal power	88,600	4,015,397	3,728,303	(287,094 )	1.6
Shinko Electric Industries Co., Ltd. Semiconductor packages	882,400	7,401,455	6,482,382	(919,073 )	2.7
Siix Corporation Video, audio, and office equipment	253,100	3,433,289	3,248,970	(184,319 )	1.4
Toshiba Tec Corporation Point of Sale systems	771,000	3,287,998	2,841,938	(446,060 )	1.2
Total Electronics		46,994,360	41,208,722	(5,785,638)	17.5

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Information and Software					
Cookpad Inc. Operates cooking recipes websites	151,300	3,575,522	3,402,739	(172,783 )	1.4
Itochu Techno-Solutions Corporation Computer network systems developer	116,800	4,077,920	5,005,284	927,364	2.1
Kakaku.com, Inc. Price comparison and product information	107,900	\$4,019,651	\$4,055,115	\$35,464	1.7
Otsuka Corporation Computer information system developer	88,500	5,699,155	5,976,801	277,646	3.0
Sato Corporation Automation recognition systems	284,800	3,334,454	3,413,636	79,182	1.4
Square Enix Holdings Co., Ltd. Entertainment software	267,400	5,091,616	5,362,475	270,859	2.3
Total Information and Software		25,798,318	27,216,050	1,417,732	11.9

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November 30, 2011

	Shares	Cost	Market Value	Unrealized Gain or Loss	% of Net Assets
<b>Iron and Steel</b>					
Hanwa Co., Ltd. Steel imports/exports	1,112,000	4,565,349	4,700,812	135,463	2.0
Neturen Co., Ltd. Induction hardening equipment	447,100	3,882,722	3,319,108	(563,614 )	1.4
<b>Total Iron and Steel</b>		8,448,071	8,019,920	(428,151 )	3.4
<b>Machinery and Machine Tools</b>					
Ashi Diamond Industrial Co HandMachine Tools	240,700	3,731,787	3,220,088	(511,699 )	1.4
Disco Corporation Industrial machinery	141,500	8,312,942	7,312,991	(999,951 )	3.1
THK Co., Ltd. Linear motion systems	271,500	6,461,106	5,273,238	(1,187,868)	2.2
<b>Total Machinery and Machine Tools</b>		18,505,835	15,806,317	(2,699,518)	6.7
<b>Miscellaneous Manufacturing</b>					
Central Glass Co., Ltd. Glass and Chemicals	635,000	3,000,572	3,019,912	19,340	1.3
Hogy Medical Co., Ltd. Medical supply products	112,400	5,034,669	4,555,974	(478,695 )	1.9
Nihon Kohden Corporation Medical equipment	198,500	4,010,530	4,515,434	504,904	1.9
Toyo Tanso Co., Ltd. Carbon and graphite	102,800	4,735,322	4,922,052	186,730	2.1
<b>Total Miscellaneous Manufacturing</b>		16,781,093	17,013,372	232,279	7.2
<b>Real Estate and Warehouse</b>					
Daibiru Corporation Leases office buildings, apartments and hotels	376,400	3,532,575	2,474,082	(1,058,493)	1.0
Resorttrust, Inc. Timeshare resort hotels	216,900	3,098,516	3,094,578	(3,938 )	1.3
<b>Total Real Estate and Warehouse</b>		6,631,091	5,568,660	(1,062,431)	2.3
<b>Retail</b>					
Arcs Company, Limited Supermarkets and discount stores	230,800	\$4,020,854	\$4,348,880	\$328,026	1.8

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Heiwado Co., Ltd. Supermarkets	212,000	2,662,853	2,696,791	33,938	1.1
Mitsui Matsushima Co., Ltd. Coal	2,544,000	5,065,089	4,491,919	(573,170 )	1.9
Saint Marc Holdings Co., Ltd. Drug store chain	69,000	2,659,319	2,658,977	(342 )	1.1
Xebio Co., Ltd. Sporting goods	167,900	3,625,165	3,823,680	198,515	1.6
Total Retail		18,033,280	18,020,247	(13,033 )	7.5

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	Shares	Cost	Market Value	Unrealized Gain or Loss	% of Net Assets
Services					
Aeon Credit Service Co., Ltd. Credit cards	421,400	5,874,848	6,316,384	441,536	2.7
Daiseki Co., Ltd. Waste disposal	252,900	5,023,184	4,419,802	(603,382 )	1.9
Fuyo General Lease Co., Ltd. Machinery Leasing	134,800	3,769,496	4,515,340	745,844	1.9
Message Co., Ltd. Nursing facilities	1,668	5,180,170	5,161,578	(18,592 )	2.2
NEC Networks & System Integration Corporation Communication systems	181,100	2,211,447	2,726,186	514,739	1.2
Park24 Co., Ltd Parking garages	454,700	4,955,706	5,467,652	511,946	2.3
Rakuten Inc. Manages consumer websites	6,255	5,879,746	6,699,194	819,448	2.8
Sky Perfect JSAT Holdings, Inc. Broadcasting and data transmission	8,050	3,545,397	4,051,456	506,059	1.7
Total Services		36,439,994	39,357,592	2,917,598	16.7
Transportation					
Kintetsu World Express Inc. Distribution services	122,100	3,434,091	3,561,184	127,093	1.5
Total Transportation		3,434,091	3,561,184	127,093	1.5
<b>TOTAL INVESTMENTS IN COMMON STOCKS</b>		194,120,816	189,070,318	(5,050,498)	80.2
INVESTMENTS IN FOREIGN CURRENCY					
Mizuho Corporate Bank, Ltd. Non- interest bearing account		1,269,837	1,273,564	3,727	0.5
<b>TOTAL INVESTMENTS IN FOREIGN CURRENCY</b>		1,269,837	1,273,564	3,727	0.5
<b>TOTAL INVESTMENTS</b>		\$ 195,390,653	\$ 190,343,882	\$(5,046,771)	80.7

OTHER ASSETS LESS LIABILITIES, NET	46,639,337	19.3
NET ASSETS	\$236,983,219	100.0

\* Aggregate gross unrealized appreciation for all securities in which there is an excess of value over tax cost was \$7,680,889.

Aggregate gross unrealized depreciation for all securities in which there is an excess of tax cost over value was \$12,731,397.

Portfolio securities and foreign currency holdings were translated at the following exchange rate as of November 30, 2011.

Japanese Yen	77.59	=\$1.00
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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: February 27, 2012

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/ Robert Kleinman  
Robert Kleinman, Treasurer  
(Principal Financial Officer)

Date: February 27, 2012