

JAPAN SMALLER CAPITALIZATION FUND INC
Form N-Q
July 28, 2011

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.

(Exact name of registrant as specified in charter)

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

(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

(Name and address of agent for service)

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

Date of fiscal year end: February 28, 2011

Date of reporting period: March 1, 2011 – May 31, 2011

Item 1. Schedule of Investments.

JAPAN SMALLER CAPITALIZATION FUND, INC.
 SCHEDULE OF INVESTMENTS
 IN SECURITIES OF UNAFFILIATED ISSUERS
 May 31, 2011

	Shares	Cost	Market Value	Unrealized Gain/Loss	% of Net Assets
COMMON STOCKS					
Automotive Equipment and Parts					
Musashi Seimitsu Industry Co., Ltd.	116,500	\$ 2,199,713	\$ 2,856,074	\$ 656,361	1.5
Ball joints, camshafts, and gears					
Tokai Rika Co., Ltd.	117,800	2,401,860	2,157,626	(244,234)	1.1
Electronic parts					
Toyoda Gosei Co., Ltd.	112,200	2,625,409	2,434,600	(190,809)	1.3
Resin and rubber parts					
Total Automotive Equipment and Parts		7,226,982	7,448,300	221,318	3.9
Chemicals and Pharmaceuticals					
Adeka Corporation	289,600	2,729,378	2,767,934	38,556	1.4
Resin products					
Daicel Chemical Industries, Ltd.	416,000	2,146,528	2,666,043	519,515	1.4
Organic/inorganic chemicals					
Hitachi Chemical Company, Ltd.	192,100	3,561,131	3,887,133	326,002	2.0
Semiconductor materials					
Rohto Pharmaceutical Co., Ltd.	297,000	3,290,275	3,214,958	(75,317)	1.7
Pharmaceuticals manufacturer					
Total Chemicals and Pharmaceuticals		11,727,312	12,536,068	808,756	6.5
Electronics					
Funai Electric Co., Ltd.	62,200	1,843,165	1,889,068	45,903	1.0
Audio-visual equipment					
Fuji Machine Mfg. Co., Ltd.	131,100	1,914,874	2,733,434	818,560	1.4
Automated assembly machines					
MegaChips Corporation	137,400	2,385,342	2,374,648	(10,694)	1.2
Large-Scale-Integration circuits					
Shinko Electric Industries Co., Ltd.	193,900	2,205,233	1,853,254	(351,979)	1.0
Semiconductor packages					
Total Electronics		8,348,614	8,850,404	501,790	4.6
Food Manufacturing					

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Fuji Oil Co., Ltd. Palm oil and coconut oil	170,500	2,210,509	2,487,398	276,889	1.3
Total Food Manufacturing		2,210,509	2,487,398	276,889	1.3
Information and Software Itochu Techno-Solutions Corporation Computer network systems developer	119,100	4,037,464	4,011,265	(26,199)	2.1

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May 31, 2011

	Shares	Cost	Market Value	Unrealized Gain/Loss	% of Net Assets
Otsuka Corporation Computer information system developer	101,400	\$6,357,279	\$5,899,772	\$(457,507)	3.1
Sato Corporation Automation recognition systems	141,800	1,562,533	1,822,757	260,224	1.0
Total Information and Software		11,957,276	11,733,794	(223,482)	6.1
Iron and Steel					
Hanwa Co., Ltd. Steel imports/exports	583,000	2,301,876	2,402,423	100,547	1.3
Hitachi Metals Ltd. Specialty steel and metal products	158,000	2,136,663	2,054,321	(82,342)	1.1
Neturen Co., Ltd. Induction hardening equipment	328,500	2,894,890	2,505,320	(389,570)	1.3
Total Iron and Steel		7,333,429	6,962,064	(371,365)	3.6
Miscellaneous Manufacturing					
Mitsui Mining & Smelting Co., Ltd. Non-ferrous metals	649,000	1,840,606	2,075,650	235,044	1.1
Nihon Kohden Corporation Medical equipment	130,600	1,925,449	3,050,734	1,125,285	1.6
Total Miscellaneous Manufacturing		3,766,055	5,126,384	1,360,329	2.7
Retail					
Xebio Co., Ltd. Sporting goods	105,400	2,127,547	2,201,479	73,932	1.1
Total Retail		2,127,547	2,201,479	73,932	1.1
Services					
Daiseki Co., Ltd. Waste disposal	130,100	2,665,736	2,558,951	(106,785)	1.3
Fuyo General Lease Co., Ltd. Machinery Leasing	58,800	1,095,430	1,858,860	763,430	1.0
NEC Networks & System Integration Corporation Communication systems	179,200	2,182,592	2,219,748	37,156	1.2
Park24 Co., Ltd. Parking garages	309,500	3,240,634	3,011,434	(229,200)	1.6

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Rakuten, Inc.	2,841	2,277,458	2,883,111	605,653	1.5
Manages consumer websites					
Total Services		11,461,850	12,532,104	1,070,254	6.5
Telecommunications					
Hitachi Kokusai Electric Inc.	273,000	2,152,692	2,135,777	(16,915)	1.1
Wireless communication equipment					
Total Telecommunications		2,152,692	2,135,777	(16,915)	1.1
Textiles and Apparel					
ABC-Mart, Inc.	50,600	1,781,794	2,025,992	244,198	1.1
Shoes					
Total Textiles and Apparel		1,781,794	2,025,992	244,198	1.1

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May 31, 2011

	Shares	Cost	Market Value	Unrealized Gain/Loss	% of Net Assets
Transportation					
Kintetsu World Express Inc.	68,500	\$ 1,725,668	\$ 2,258,195	\$ 532,527	1.2
Distribution services					
Senko Co., Ltd.	698,000	2,361,560	2,326,810	(34,750)	1.2
Trucking and warehousing					
Total Transportation		4,087,228	4,585,005	497,777	2.4
Wholesale					
Paltac Corporation	68,400	1,172,950	1,181,298	8,348	0.6
Daily necessities					
Total Wholesale		1,172,950	1,181,298	8,348	0.6
TOTAL INVESTMENTS IN COMMON STOCKS		\$ 75,354,238	\$ 79,806,067	\$ 4,451,829	41.8
INVESTMENTS IN FOREIGN CURRENCY					
Mizuho Corporate Bank, Ltd.					
	JPY				
Non- interest bearing account	90,279,022	\$ 1,117,705	\$ 1,110,511	\$(7,194)	0.2
TOTAL INVESTMENTS IN FOREIGN CURRENCY		1,117,705	1,110,511	(7,194)	0.2
TOTAL INVESTMENTS		\$ 76,471,943	\$ 80,916,578	\$ 4,444,635	42.1
OTHER ASSETS IN EXCESS OF LIABILITIES, NET			111,507,739		58.0
			\$ 192,424,317		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 \$ 14,760,516					
Aggregate gross unrealized depreciation for all securities in which there is an excess of tax cost over value was \$ 13,080,423					
Portfolio securities and foreign currency holdings were translated at the following exchange rate as of May 31, 2011.					
	Japanese Yen	81.295	=\$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: July 28, 2011

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: July 28, 2011