

JAPAN SMALLER CAPITALIZATION FUND INC
Form N-Q
January 21, 2005

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: 811-8002

JAPAN SMALLER CAPITALIZATION FUND, INC.

(Exact name of registrant as specified in charter)

Two World Financial Center
Building B, 22nd Floor
New York, New York 10281-1712

(Address of principal executive offices)

Yasushi Suzuki
Japan Smaller Capitalization Fund, Inc.
Two World Financial Center
Building B, 22nd 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, 2005

Date of reporting period: September 1, 2004 - November 30, 2004

Item 1. Schedule of Investments

JAPAN SMALLER CAPITALIZATION FUND, INC.
SCHEDULE OF INVESTMENTS
IN SECURITIES OF UNAFFILIATED ISSUERS
NOVEMBER 30, 2004

	Shares -----	Cost -----
COMMON STOCKS		
Automotive Equipment and Parts		
Calsonic Kansei Corporation.....	240,000	\$1,716,350
Radiators, mufflers and air conditioning systems		
F.C.C. Co., Ltd.....	10,000	319,835
Clutches and facings		
Futaba Industrial Co., Ltd.....	142,200	2,430,898

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Mufflers and exhaust manifolds		
Musashi Seimitsu Industry Co., Ltd.....	140,200	1,309,411
Ball joints, camshafts and gears		
Nippon Cable Systems Inc.....	89,700	860,500
Control cables		
Nippon Piston Ring Co., Ltd.....	537,000	1,030,113
Internal combustion engine parts		
Nissin Kogyo Co., Ltd.....	58,000	1,292,736
Brake systems		
Nittan Valve Co, Ltd.....	312,000	1,970,426
Engine valves		
U-Shin, Ltd.....	212,000	1,515,104
Door locks		
Total Automotive Equipment and Parts.....		12,445,373

Banks and Finance		
The Bank of Fukuoka, Ltd.	300,000	1,538,430
Deposits, loans and exchange transactions		
The Hiroshima Bank, Ltd.....	405,000	1,797,490
General banking services		
The Hyakugo Bank, Ltd.....	205,000	1,145,336
General banking services		
IBJ Leasing Company, Limited.....	51,800	860,799
Leases general machinery, aircrafts and computer		
Kansai Urban Banking Corporation.....	729,000	1,261,260
General banking services		
Okasan Holdings, Inc.	221,000	1,455,508
Financial services		
Ricoh Leasing Co., Ltd.	122,000	2,833,867
Credit sales and leasing		
Sanyo Shinpan Finance Co., Ltd.....	45,700	2,525,721
Consumer financing		
Yamanashi Chuo Bank, Ltd.....	70,000	406,460
Commercial banking services		
Total Banks and Finance.....		13,824,871

Chemicals and Pharmaceuticals		
Arisawa Manufacturing Co., Ltd.....	104,900	2,407,519
Glassfibers and insulating resins		
C. Uyemura & Co., Ltd.....	140,000	2,318,000
Chemicals		
Hisamitsu Pharmaceutical Co., Inc.....	177,000	3,186,383
Pharmaceutical products		
Shizuokagas Co., Ltd.....	396,000	1,147,819
Natural gas supplier		
T & K Toka Co., Ltd.....	85,400	1,368,137
Ink for printing		
Total Chemicals and Pharmaceuticals.....		10,427,858

Electric		
Mirai Industry Co., Ltd.....	261,000	2,586,427
Plastic molded electric materials		
Total Electric.....		2,586,427

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IN SECURITIES OF UNAFFILIATED ISSUERS
NOVEMBER 30, 2004

	Shares -----	Cost -----
Electronics		
Chiyoda Integre Co., Ltd.....	116,520	\$1,320,898
Electronic components		
Cosel Co., Ltd.....	76,500	1,986,521
Electrical machinery		
Dainippon Screen Mfg. Co., Ltd.....	338,000	1,499,003
Electronic components		
Fuji Electric Industry Co., Ltd.....	35,400	372,233
Electronic parts		
Fukuda Denshi Co., Ltd.....	27,000	656,971
Medical electronic equipment		
Kuroda Electric Co., Ltd.....	121,400	738,396
Materials and components		
Meiko Electronics Co., Ltd.....	44,800	1,031,157
Printed circuit boards		
Mimasu Semiconductor Industry Co., Ltd.....	39,300	628,084
Semiconductor materials		
Shinko Electric Industries Co., Ltd.....	36,300	922,839
Semiconductor packages		
Sumisho Electronics Co., Ltd.....	71,200	923,917
Office systems		
Toshiba Tec Corp.....	190,000	784,020

Electronic equipment manufacturing		
Total Electronics.....		10,864,039

Food Manufacturing		
Arcs Co., Ltd.....	59,480	409,964
Supermarket chain		
Ariake Japan Co., Ltd.....	50,083	1,021,687
Natural seasonings		
Kakiyasu Honten Co., Ltd.....	57,800	487,630
Processed meat products, fresh meats, and side dishes		
Nippon Flour Mills Co., Ltd.....	302,000	1,366,704
Flour and grain		
Ozeki Co., Ltd.....	24,000	1,132,929
Supermarket chain		
Plenus Co., Ltd.....	51,560	1,301,087
Japanese lunch-boxes		
Q'sai Co., Ltd.....	132,000	589,888

Frozen and processed foods and juice drinks		
Total Food Manufacturing.....		6,309,889

Information and Software		
Argo Graphics Inc.....	72,000	896,182
Computer aided design software		
Kyowa Exeo Corporation.....	107,000	868,003
Designs, constructs, maintains communication and electrical facilities		
Netmarks Inc.....	290	806,554

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Designing, developing, and building network systems		
Net One Systems Co., Ltd.....	436	1,673,709
Designs, installs, maintains, and sells computer network systems		
Total Information and Software.....		4,244,448
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Iron and Steel		
Mitsubishi Steel Mfg. Co., Ltd.....	660,000	942,060
Steel producers		
Nisshin Steel Co., Ltd.....	1,080,000	2,289,795
Steel producers		
Tokyo Steel Manufacturing Co., Ltd.....	135,000	2,226,541
Electrical furnace steel producer		
Yamato Kogyo Co., Ltd.....	252,000	3,361,820
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Steel producers		
Total Iron and Steel.....		8,820,216
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JAPAN SMALLER CAPITALIZATION FUND, INC.
 SCHEDULE OF INVESTMENTS
 IN SECURITIES OF UNAFFILIATED ISSUERS
 NOVEMBER 30, 2004

	Shares	Cost
	<hr/>	<hr/>
Machinery and Machine Tools		
CKD Corporation.....	75,000	\$429,945
Pneumatic equipment and control devices		
Makino Milling Machine Co., Ltd.....	232,000	1,259,864
Industrial machinery		
Nachi-Fujikoshi Corp.....	720,000	2,069,087
Manufactures bearings		
Organo Corporation.....	107,000	562,670
Water treatment equipment		
Shimadzu Corporation.....	349,000	1,845,317
Precision tools and equipment		
Tsubaki Nakashima Co., Ltd.....	141,500	1,755,612
Bearing balls, blowers and precision ball screws		
Yamazaki Corporation.....	502,000	1,531,825
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Machinery and tools		
Total Machinery and Machine Tools.....		9,454,320
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Miscellaneous Manufacturing		
Central Glass Co., Ltd.....	200,000	1,075,656
Glass products		
Daio Paper Corporation.....	90,000	886,901
Paper, pulp, and paperboard		
Dowa Mining Co., Ltd.....	340,000	2,130,463
Produces various metal-related products		
Dynic Corporation +.....	339,000	1,090,970
Bookbinding cloth		
Hitachi Construction Machinery Co., Ltd.....	133,400	1,605,873
Manufactures construction machinery		
JSP Corporation.....	174,000	2,348,450
Polystyrene products		
Kansai Paint Co., Ltd.....	385,000	2,401,554

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Manufactures and sells a wide range of paints		
Kitagawa Industries Co., Ltd.....	26,400	380,394
Metal products and fasteners		
Mani, Inc.....	79,800	1,378,387
Medical goods and equipment		
Mizuno Corporation.....	184,000	670,619
Sporting goods		
Nichiha Corporation.....	64,600	575,333
Ceramic exterior walls and fiber boards		
Nippon Kodoshi Corp.....	188,000	2,839,396
Paper for electric insulation		
Riso Kagaku Corporation.....	38,600	1,486,517
Printing and copying machines		
Sanei-International Co., Ltd.....	44,000	1,597,898
Fashion apparel		
Secom Techno Service Co., Ltd.....	36,000	964,967
Security systems, provides maintenance service		
SK Kaken Co., Ltd.....	54,500	1,291,387
Paints		
Total Miscellaneous Manufacturing.....		22,724,765

Oil and Gas		
Cosmo Oil Company, Ltd.....	297,000	836,700

Domestic crude oil refiner		

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NOVEMBER 30, 2004

	Shares	Cost
	-----	----
Real Estate and Warehouse		
Daibiru Corporation.....	138,000	\$938,730
Leases office buildings, apartments and hotels		
Leopalace21 Corporation.....	18,000	190,703
Builds, repairs, sells, leases and manages real estate properties		
Recrm Research Co., Ltd.....	1,725	2,292,680

Building management		
Total Real Estate and Warehouse.....		3,422,113

Restaurants		
Colowide Co., Ltd.....	49,000	578,445
Japanese style pub restaurant chain		
Saint Marc Co., Ltd.....	54,100	1,793,379
Restaurants and bakery shop chain		
Y's Table Corporation +.....	137	613,336

Operates a variety of restaurants		
Total Restaurants.....		2,985,160

Retail		
Art Vivant Co., Ltd.	91,200	\$731,495
Arts and crafts		
Askul Corporation.....	7,100	365,504

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Catalog shopping		
Cawachi Limited.....	40,300	1,121,428
Drug store chain		
Kitamura Co., Ltd.....	122,000	999,328
Consumer electronic		
Meganesuper Co., Ltd.....	182,760	2,597,236
Eye glasses chain		
USS Co., Ltd.....	4,990	119,225
Automobile auction		
Village Vanguard Co., Ltd.+	225	1,717,338
Books, cd's, videos and office supplies		
Xebio Co., Ltd.	60,400	1,664,697

Sporting goods		
Total Retail.....		9,316,251

Services		
Alps Logistics Co., Ltd.....	89,000	625,430
Transportation		
Daiwa Logistics Co., Ltd.....	31,000	234,815
Transports housing materials and building steel frames		
Fullcast Co., Ltd.....	848	870,164
Human resources		
Hitachi Transport System, Ltd.....	98,000	739,446
Freight truck and marine transportation		
Maeda Road Construction Co., Ltd.....	98,000	690,157
Constructs highways, runways, and harbor facilities		
Nissin Healthcare Food Service Co., Ltd.....	91,100	1,114,206
Nursing home caterer		
Nova Corporation.....	101,000	605,049
Language instruction courses		
Obayashi Corporation.....	322,000	1,622,900
General contractor		
Okinawa Cellular Telephone Company.....	439	2,021,412
Cellular and car phone services		
Sumisho Auto Leasing Corporation.....	56,400	2,106,648
Auto leasing and maintenance		
TIS Inc.....	72,000	2,535,064
Integrated system service		
TKC Corporation.....	26,100	433,063
Consulting services		
Toei Animation Co., Ltd.....	30,300	1,542,853
Animated cartoon movies production		

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NOVEMBER 30, 2004

	Shares	Cost
	-----	----
Services (cont'd)		
Tohokushinsha Film Corporation.....	79,800	\$1,254,729
Produces tv programs, movies and commercial films		
Tow Co., Ltd.....	73,300	493,331
Entertainment		
Yusen Air & Sea Service Co., Ltd.....	80,600	2,465,563

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Domestic and international air freight forwarding		19,354,830
Total Services.....		-----
Textiles and Apparel		
United Arrows Limited.....	12,600	200,576
Casual clothes		
Workman Co., Ltd.....	68,000	1,229,140
Uniforms		
World Co., Ltd.....	44,200	1,377,242

Apparel manufacturers		
Total Textiles and Apparel.....		2,806,958

Wholesale		
Kato Sangyo Co., Ltd.....	25,000	233,967
Processed foods		
Kondotec, Inc.....	156,000	1,011,962
Construction materials		
Toba, Inc.....	15,000	142,260
Trading company for control systems		
Toshin Denki Co., Ltd.....	62,600	789,850
Lighting equipment and electrical engineering materials		
Trusco Nakayama Corporation.....	44,700	719,543

Industrial machinery		
Total Wholesale.....		2,897,582

TOTAL INVESTMENTS IN COMMON STOCKS.....		143,321,800

	Principal	Cost
	Amount	Cost
	-----	-----
INVESTMENTS IN FOREIGN CURRENCY		
Hong Kong Shanghai Bank- Tokyo		
Non- interest bearing account.....	JPY 218,094,351	2,123,851

TOTAL INVESTMENTS IN FOREIGN CURRENCY.....		2,123,851

TOTAL INVESTMENTS		145,445,651

OTHER ASSETS LESS LIABILITIES, NET.....

NET ASSETS.....

+ Non-Income Producing Security

* Aggregate gross unrealized appreciation for all securities in which there is an excess of value over tax cost was \$29,952,556. Aggregate gross unrealized depreciation for all securities in which there is an excess of tax cost over value was \$5,464,533.

Portfolio securities and foreign currency holdings were translated at the following exchange rate as of November 30, 2004.

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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/ Yasushi Suzuki
Yasushi Suzuki, President
(Principal Executive Officer)

Date: January 21, 2005

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

Date: January 21, 2005