

JAPAN SMALLER CAPITALIZATION FUND INC  
Form N-Q  
January 07, 2008

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: 811-5992

JAPAN SMALLER CAPITALIZATION FUND, INC.

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(Exact name of registrant as specified in charter)

Two World Financial Center  
Building B, 22nd 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, 22nd 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, 2008

Date of reporting period: June 1, 2007 – November 30, 2007

Item 1. Schedule of Investments

JAPAN SMALLER CAPITALIZATION FUND, INC.  
SCHEDULE OF INVESTMENTS  
IN SECURITIES OF UNAFFILIATED ISSUERS  
November 30, 2007

	Shares	Cost	Market Value	Unrealized Gain/Loss	% of Net Assets
COMMON STOCKS					

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Automotive Equipment and Parts					
Eagle Industry Co., Ltd.	380,000	\$ 3,921,447	\$ 5,382,863	\$ 1,461,416	2.4
Valves and mechanical seals					
EXEDY Corporation	116,900	3,015,073	4,010,888	995,815	1.8
Drivetrain products					
Futaba Industrial Co., Ltd.	286,700	6,729,587	7,771,327	1,041,740	3.5
Exhaust system parts					
Koito Manufacturing Co., Ltd.	239,000	2,829,073	3,224,116	395,043	1.4
Lighting equipment					
Nittan Valve Co., Ltd.	344,800	2,948,998	2,170,428	(778,570)	1.0
Engine valves					
Tokai Rika Co., Ltd.	118,300	2,916,030	3,558,215	642,185	1.5
Electronic parts					
Total Automotive Equipment and Parts		22,360,208	26,117,837	3,757,629	11.6
Banks and Finance					
The Hachijuni Bank, Ltd.	348,000	2,588,690	2,748,399	159,709	1.2
General banking services					
Kansai Urban Banking Corporation	1,391,000	5,424,691	4,709,946	(714,745)	2.1
General banking services					
The San-in Godo Bank, Ltd.	248,000	2,295,820	2,264,595	(31,225)	1.0
General banking services					
Total Banks and Finance		10,309,201	9,722,940	(586,261)	4.3
Chemicals and Pharmaceuticals					
Hisamitsu Pharmaceutical Co., Inc.	157,000	4,364,712	4,736,368	371,656	2.1
Salonpas brand pharmaceuticals					
Taiyo Ink Mfg.Co., Ltd.	82,400	2,233,460	2,515,521	282,061	1.1
Resist inks for printed circuit boards					
Total Chemicals and Pharmaceuticals		6,598,172	7,251,889	653,717	3.2
Electric					
Mirai Co., Ltd.	271,300	\$ 2,598,198	\$ 3,078,374	\$ 480,176	1.4
Plastic molded electric materials					
Total Electric		2,598,198	3,078,374	480,176	1.4
Electronics					
Daishinku Corp.	435,000	2,632,167	2,507,092	(125,075)	1.1
Monolithic crystal filters					
Sanshin Electronics Co., Ltd.	169,300	2,162,564	2,245,746	83,182	1.0
Semiconductors					
Total Electronics		4,794,731	4,752,838	(41,893)	2.1
Food Manufacturing					
Ozeki Co., Ltd.	99,400	2,617,479	2,810,716	193,237	1.2
Supermarket chain					
Total Food Manufacturing		2,617,479	2,810,716	193,237	1.2
Information and Software					
Daiwabo Information System Co., Ltd.	199,500	2,685,937	2,834,986	149,049	1.3
Information system and software					

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Sorun Corporation	404,400	3,325,037	2,250,612	(1,074,425)	1.0
Computer software development					
SRA Holdings Inc.	231,000	3,004,099	3,910,847	906,748	1.7
Business application software					
Total Information and Software		9,015,073	8,996,445	(18,628)	4.0
Machinery and Machine Tools					
Disco Corporation	73,800	4,679,353	4,339,808	(339,545)	1.9
Cutting and grinding industrial machinery					

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November 30, 2007

	Shares	Cost	Market Value	Unrealized Gain/Loss	% of Net Assets
Hitachi Construction Machinery Co., Ltd. Construction machinery	81,100	2,072,643	2,899,428	826,785	1.2
O-M Ltd. Automatic packaging equipment	265,000	1,340,201	2,625,062	1,284,861	1.2
Yamatake Corporation Industrial automation equipment	78,700	1,948,938	2,218,299	269,361	1.0
Yuken Kogyo Co., Ltd. Hydraulic equipment	626,000	2,226,520	2,147,832	(78,688)	1.0
<b>Total Machinery and Machine Tools</b>		<b>12,267,655</b>	<b>14,230,429</b>	<b>1,962,774</b>	<b>6.3</b>
<b>Miscellaneous Manufacturing</b>					
Dowa Holdings, Co., Ltd. Various metal-related products	346,000	3,392,928	2,414,787	(978,141)	1.0
Furuno Electric Co., Ltd. Marine equipment	139,600	1,870,703	2,174,866	304,163	1.0
Sanyo Special Steel Co., Ltd. Specialty steel products	453,000	3,185,546	3,145,238	(40,308)	1.4
Tokai Rubber Industries, Ltd. Rubber and plastic products	380,200	6,013,675	6,265,622	251,947	2.8
<b>Total Miscellaneous Manufacturing</b>		<b>14,462,852</b>	<b>14,000,513</b>	<b>(462,339)</b>	<b>6.2</b>
<b>Oil and Gas</b>					
AOC Holdings, Inc. Refines crude oil, natural gas, and minerals	253,900	3,920,138	4,088,191	168,053	1.8
<b>Total Oil and Gas</b>		<b>3,920,138</b>	<b>4,088,191</b>	<b>168,053</b>	<b>1.8</b>
<b>Real Estate and Warehouse</b>					
Daibiru Corporation Leases office buildings, apartments and hotels	314,400	3,139,610	4,077,050	937,440	1.8
Suruga Corporation Multi-unit commercial and residential building	253,800	5,703,228	4,799,676	(903,552)	2.1
<b>Total Real Estate and Warehouse</b>		<b>8,842,838</b>	<b>8,876,726</b>	<b>33,888</b>	<b>3.9</b>
<b>Restaurants</b>					
Hiday Hidaka Corp. Chinese restaurant chain	223,500	\$1,994,143	\$2,360,894	\$366,751	1.1
<b>Total Restaurants</b>		<b>1,994,143</b>	<b>2,360,894</b>	<b>366,751</b>	<b>1.1</b>

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Retail					
Nishimatsuya Chain Co., Ltd. Apparel chain	160,500	2,007,569	2,251,871	244,302	1.0
Shimamura Co., Ltd. Clothing chain	40,800	3,930,038	4,166,527	236,489	1.9
Village Vanguard Co., Ltd. Books, cd's, videos and office supplies	452	2,484,059	2,454,464	(29,595)	1.1
Yaoko Co., Ltd. Supermarkets	84,400	2,043,108	2,500,572	457,464	1.1
Total Retail		10,464,774	11,373,434	908,660	5.1
Services					
Aeon Delight Co., Ltd. Building management	326,400	3,660,779	6,775,199	3,114,420	3.0
Meiko Network Japan Co., Ltd. Private schools and academic tutoring	537,300	3,056,165	3,232,171	176,006	1.4
Nippo Corporation Heavy construction	362,000	2,842,972	2,588,392	(254,580)	1.2
Yahagi Construction Co. Ltd. General contractor	540,000	3,175,552	2,232,068	(943,484)	1.0
Total Services		12,735,468	14,827,830	2,092,362	6.6





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 7, 2008

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 7, 2008