

SECURITIES AND EXCHANGE COMMISSION

FORM N-Q

Quarterly schedule of portfolio holdings of registered management investment company filed on Form N-Q

Filing Date: **2013-01-28** | Period of Report: **2012-11-30**
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FILER

JAPAN SMALLER CAPITALIZATION FUND INC

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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)

**Masashi Terachi
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, 2013

Date of reporting period: September 1, 2012 – November 30, 2012

JAPAN SMALLER CAPITALIZATION FUND, INC.
SCHEDULE OF INVESTMENTS
IN SECURITIES OF UNAFFILIATED ISSUERS
November 30, 2012

	<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain or Loss</u>	<u>% of Net Assets</u>
JAPANESE COMMON STOCKS					
Automotive Equipment and Parts					
Musashi Seimitsu Industry Co., Ltd. <i>Ball joints, camshafts, and gears</i>	285,800	\$ 6,375,009	\$ 5,942,119	\$ (432,890)	2.6
Tachi-S Co., Ltd. <i>Child transformation seats, seat components, and rotating units</i>	<u>140,200</u>	<u>2,630,647</u>	<u>2,700,891</u>	<u>70,244</u>	<u>1.2</u>
Total Automotive Equipment and Parts		<u>9,005,656</u>	<u>8,643,010</u>	<u>(362,646)</u>	<u>3.8</u>
Banks and Finance					
Fuyo General Lease Co., Ltd. <i>Machinery leasing</i>	175,200	<u>4,987,603</u>	<u>4,918,379</u>	<u>(69,224)</u>	<u>2.2</u>
Total Banks and Finance		<u>4,987,603</u>	<u>4,918,379</u>	<u>(69,224)</u>	<u>2.2</u>
Chemicals and Pharmaceuticals					
Adeka Corporation <i>Resin products</i>	689,900	6,625,819	5,508,501	(1,117,318)	2.5
Central Glass Co., Ltd. <i>Glass and Chemicals</i>	840,000	3,594,560	2,473,133	(1,121,427)	1.1
Nichi-Iko Pharmaceutical Co., Ltd. <i>Medical drugs</i>	204,200	4,158,450	4,032,786	(125,664)	1.8
Rohto Pharmaceutical Co., Ltd. <i>Pharmaceuticals manufacturer</i>	266,000	<u>2,973,420</u>	<u>3,387,242</u>	<u>413,822</u>	<u>1.5</u>
Total Chemicals and Pharmaceuticals		<u>17,352,249</u>	<u>15,401,662</u>	<u>(1,950,587)</u>	<u>6.9</u>
Electronics					
Alpine Electronics, Inc. <i>Car audio and navigation systems</i>	405,000	5,254,053	3,420,185	(1,833,868)	1.5
Fuji Machine Mfg. Co., Ltd. <i>Automated assembly machines</i>	300,900	4,931,330	4,702,987	(228,343)	2.1
Mimasu Semiconductor Industry Co., Ltd. <i>Silicon and gallium</i>	285,000	2,681,886	2,158,175	(523,711)	1.0
Nippon Chemi-Con Corporation <i>Electronic components and circuit products</i>	1,437,000	6,862,939	2,472,333	(4,390,606)	1.1
Sato Corporation <i>Automation recognition systems</i>	289,500	3,517,664	4,658,097	1,140,433	2.1
Siix Corporation <i>Video, audio, and office equipment</i>	285,400	<u>3,795,870</u>	<u>3,575,496</u>	<u>(220,374)</u>	<u>1.6</u>
Total Electronics		<u>27,043,742</u>	<u>20,987,273</u>	<u>(6,056,469)</u>	<u>9.4</u>
Information and Software					
DTS Corporation <i>Information technology services</i>	334,200	4,234,098	4,340,733	106,635	1.9
Kadokawa Group Holdings, Inc.	74,800	2,278,887	2,214,047	(64,840)	1.0

<i>Publishing, movie/visual, and internet-related businesses</i>					
Otsuka Corporation	68,500	4,643,856	5,427,879	784,023	2.4
<i>Computer information system developer</i>					
SKY Perfect JSAT Holdings Inc	7,550	3,363,149	3,206,246	(156,903)	1.4
<i>Broadcasting and data transmission</i>					
Square Enix Holdings Co., Ltd.	267,400	<u>5,091,616</u>	<u>3,592,980</u>	<u>(1,498,636)</u>	<u>1.6</u>
<i>Entertainment software</i>					
Total Information and Software		<u>19,611,606</u>	<u>18,781,885</u>	<u>(829,721)</u>	<u>8.3</u>

	<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain or Loss</u>	<u>% of Net Assets</u>
Iron and Steel					
Hanwa Co., Ltd. <i>Steel imports/exports</i>	1,292,000	\$ 5,231,636	\$ 4,257,878	(\$973,758)	1.9
Yamato Kogyo Co., Ltd. <i>Structural steel products and railway track accessories</i>	176,800	<u>4,801,894</u>	<u>4,766,220</u>	<u>(35,674)</u>	<u>2.1</u>
Total Iron and Steel		<u>10,033,530</u>	<u>9,024,098</u>	<u>(1,009,432)</u>	<u>4.0</u>
Machinery and Machine Tools					
Asahi Diamond Industrial Co., Ltd. <i>Instruments and machines for diamond objects</i>	339,400	4,740,190	3,129,380	(1,610,810)	1.4
Disco Corporation <i>Precision cutting, grinding, and polishing machines</i>	88,500	5,142,520	4,701,914	(440,606)	2.1
Star Micronics Co., Ltd. <i>Small-sized precision components and equipments</i>	342,100	3,350,326	3,324,216	(26,110)	1.5
THK Co., Ltd. <i>Linear motion systems</i>	248,500	<u>5,888,163</u>	<u>4,266,366</u>	<u>(1,621,797)</u>	<u>1.9</u>
Total Machinery and Machine Tools		<u>19,121,199</u>	<u>15,421,876</u>	<u>(3,699,323)</u>	<u>6.9</u>
Miscellaneous Manufacturing					
Asahi Intecc Co., Ltd. <i>Medical tools</i>	149,300	3,870,240	5,390,610	1,520,370	2.4
Hogy Medical Co., Ltd. <i>Medical supply products</i>	102,400	4,520,607	5,018,574	497,967	2.2
Nihon Kohden Corporation <i>Medical equipment</i>	79,900	2,188,066	2,618,641	430,575	1.2
Nichiha Corporation <i>Armoring materials</i>	198,300	2,298,013	2,234,434	(63,579)	1.0
Toyo Tanso Co., Ltd. <i>Carbon and graphite</i>	147,400	<u>6,364,454</u>	<u>2,794,948</u>	<u>(3,569,506)</u>	<u>1.2</u>
Total Miscellaneous Manufacturing		<u>19,241,380</u>	<u>18,057,207</u>	<u>(1,184,173)</u>	<u>8.0</u>
Real Estate and Warehouse					
Daibiru Corporation <i>Leases office buildings, apartments and hotels</i>	437,900	<u>3,900,301</u>	<u>3,538,854</u>	<u>(361,447)</u>	<u>1.6</u>
Total Real Estate and Warehouse		<u>3,900,301</u>	<u>3,538,854</u>	<u>(361,447)</u>	<u>1.6</u>
Restaurants					
Saint Marc Holdings Co., Ltd. <i>Restaurants and cafes</i>	69,000	<u>2,659,319</u>	<u>2,495,487</u>	<u>(163,832)</u>	<u>1.1</u>
Total Restaurants		<u>2,659,319</u>	<u>2,495,487</u>	<u>(163,832)</u>	<u>1.1</u>
Retail					
Arcs Company, Limited <i>Supermarkets and discount stores</i>	283,000	4,996,863	5,835,900	839,037	2.6
Asahi Co., Ltd. <i>Bicycles, parts and accessories</i>	163,000	2,630,313	2,231,659	(398,654)	1.0
Heiwado Co., Ltd. <i>Supermarkets</i>	212,000	2,662,853	2,941,055	278,202	1.3

Xebio Co., Ltd.	187,900	<u>4,162,839</u>	<u>3,376,213</u>	<u>(786,626)</u>	<u>1.5</u>
<i>Sporting goods</i>					
Total Retail		<u>14,452,868</u>	<u>14,384,827</u>	<u>(68,041)</u>	<u>6.4</u>

	<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain or Loss</u>	<u>% of Net Assets</u>
Services					
Daiseki Co., Ltd. <i>Waste disposal</i>	350,700	\$ 6,684,713	\$ 4,674,017	(\$2,010,696)	2.1
Message Co., Ltd. <i>Nursing facilities</i>	1,781	5,674,827	5,068,842	(605,985)	2.3
NEC Networks & System Integration Corporation <i>Communication systems</i>	169,900	2,062,814	3,036,318	973,504	1.3
Nihon M&A Center Inc. <i>Provides merger and acquisition brokerage services</i>	90,800	2,739,898	2,961,575	221,677	1.3
Park24 Co., Ltd. <i>Parking garages</i>	128,500	1,464,809	2,167,226	702,417	1.0
Rakuten, Inc. <i>Manages consumer websites</i>	995,500	9,360,009	8,382,777	(977,232)	3.7
Toppan Forms Co., Ltd. <i>Printing company</i>	230,500	<u>1,857,345</u>	<u>2,150,421</u>	<u>293,076</u>	<u>1.0</u>
Total Services		<u>29,844,415</u>	<u>28,441,176</u>	<u>(1,403,239)</u>	<u>12.7</u>
Transportation					
Kintetsu World Express Inc. <i>Distribution services</i>	151,500	<u>4,283,147</u>	<u>4,572,442</u>	<u>289,295</u>	<u>2.0</u>
Total Transportation		<u>4,283,147</u>	<u>4,572,442</u>	<u>289,295</u>	<u>2.0</u>
Wholesale					
Mitsui Matsushima Co., Ltd. <i>Coal</i>	1,757,000	3,338,077	2,831,296	(506,781)	1.3
Paltac Corporation <i>Daily necessities</i>	247,600	<u>2,979,925</u>	<u>2,936,941</u>	<u>(42,984)</u>	<u>1.3</u>
Total Wholesale		<u>6,318,002</u>	<u>5,768,237</u>	<u>(549,765)</u>	<u>2.6</u>
TOTAL JAPANESE COMMON STOCKS		<u>\$187,855,017</u>	<u>\$170,436,413</u>	<u>(\$17,418,604)</u>	<u>75.9</u>
INVESTMENTS IN FOREIGN CURRENCY					
Japanese Yen Non- interest bearing account		<u>\$ 2,819,075</u>	<u>\$ 2,804,681</u>	<u>(\$14,394)</u>	<u>1.2</u>
TOTAL INVESTMENTS IN FOREIGN CURRENCY		<u>2,819,075</u>	<u>2,804,681</u>	<u>(14,394)</u>	<u>1.2</u>
TOTAL INVESTMENTS		<u>\$190,674,092</u>	<u>\$173,241,094</u>	<u>(\$17,432,998)</u>	<u>77.1</u>
OTHER ASSETS LESS LIABILITIES, NET			<u>51,848,850</u>		<u>22.9</u>
NET ASSETS			<u>\$225,089,944</u>		<u>100.0</u>

* Aggregate gross unrealized appreciation for all securities in which there is an excess of value over tax cost was \$8,561,277.
Aggregate gross unrealized depreciation for all securities in which there is an excess of tax cost over value was \$25,979,881.

Portfolio securities and foreign currency holdings were translated at the following exchange rate as of November 30, 2012.

Japanese Yen 82.535 =\$1.00

The tax basis of investments, exclusive of investments in foreign currencies of \$2,819,075, at November 30, 2012 was \$187,855,017.

The following table summarizes the valuation of the Fund's investments by fair value hierarchy levels as of November 30, 2012. Level 1 – quoted prices in active markets for identical investments. Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment spreads, credit risk, etc.). Level 3 - (including the Fund's own assumptions in determining the fair value of investments).

<u>Level 1</u>	<u>Investment in</u> <u>Securities</u>
Level 1	
Equity Securities	\$ 170,436,413
Foreign Currency	2,804,681
Level 2	-0-
Level 3	-0-
Total	\$ 173,241,094

During the quarter ended November 30th 2012, there were no transfers between Level 1 and 2 and the Fund did not hold any instruments which used significant unobservable inputs (Level 3) in determining fair value.

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/ Masashi Terachi
Masashi Terachi, President
(Principal Executive Officer)

Date: January 28, 2013

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: January 28, 2013

Japan Smaller Capitalization Fund, Inc.

Two World Financial Center, Building B
New York, New York 10281

Telephone
(800) 833-0018

CERTIFICATIONS

I, Masashi Terachi, certify that:

1. I have reviewed this report on Form N-Q of Japan Smaller Capitalization Fund, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the schedules of investments included in this report fairly present in all material respects the investments of the registrant as of the end of the fiscal quarter for which the report is filed;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) and internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of a date within 90 days prior to the filing date of this report, based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 28, 2013

/s/ Masashi Terachi

Masashi Terachi

President (Principal Executive
Officer)

Japan Smaller Capitalization Fund, Inc.

Two World Financial Center, Building B
New York, New York 10281

Telephone
(800) 833-0018

CERTIFICATIONS

I, Robert Kleinman, certify that:

1. I have reviewed this report on Form N-Q of Japan Smaller Capitalization Fund, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the schedules of investments included in this report fairly present in all material respects the investments of the registrant as of the end of the fiscal quarter for which the report is filed;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) and internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of a date within 90 days prior to the filing date of this report, based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 28, 2013

/s/ Robert Kleinman

Robert Kleinman
Treasurer (Principal Financial Officer)

