

JAPAN SMALLER CAPITALIZATION FUND INC  
Form N-Q  
January 27, 2006

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  
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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)

Hiroshi Terasaki  
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  
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Date of fiscal year end: February 28, 2006  
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Date of reporting period: June 1, 2005 - November 30, 2005  
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Item 1. Schedule of Investments

Schedule A

JAPAN SMALLER CAPITALIZATION FUND, INC.  
SCHEDULE OF INVESTMENTS  
IN SECURITIES OF UNAFFILIATED ISSUERS  
November 30, 2005

	Shares	Cost	Market Value
	-----	-----	-----
EQUITY SECURITIES			

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Automotive Equipment and Parts			
F.C.C. Co., Ltd.....	47,000	\$1,809,004	\$2,163
Clutches and facings			
Musashi Seimitsu Industry Co., Ltd.....	236,800	3,882,021	6,074
Ball joints, camshafts and gears			
Nissin Kogyo Co., Ltd.....	29,200	644,363	1,368
Brake systems			
Nittan Valve Co, Ltd.....	366,500	2,430,106	4,223
Engine valves			
Sanoh Industrial Co., Ltd.....	254,400	1,784,177	1,915
Tubes, wires and electrical products			
Toyo Tire & Rubber Co., Ltd.....	287,000	1,533,191	1,419
Tires			
Unipres Corporation.....	219,300	1,840,380	2,143
Press processed automobile parts			
Total Automotive Equipment and Parts.....		13,923,241	19,309
		=====	=====
Banks and Finance			
The Bank of Fukuoka, Ltd. ....	303,000	1,632,072	2,276
Deposits, loans and exchange transactions			
IBJ Leasing Company, Limited.....	52,800	898,824	1,045
Leases general machinery, aircrafts and computer			
Kansai Urban Banking Corporation.....	685,000	1,220,065	3,199
General banking services			
The Tokyo Star Bank Ltd+.....	620	2,247,894	2,118
General banking services			
Total Banks and Finance.....		5,998,855	8,640
		=====	=====
Chemicals and Pharmaceuticals			
Asahi Denka Co., Ltd.....	178,000	1,875,962	2,516
Resin, insulators, and processed fat/oil products			
Kanto Denka Kogyo Co., Ltd.....	320,000	1,130,337	1,125
Chemicals and metals			
Koatsu Gas Kogyo Co., Ltd.....	207,000	1,052,245	1,193
High-pressured gases			
Shizuokagas Co., Ltd.....	340,000	1,004,214	2,429
Natural gas supplier			
Total Chemicals and Pharmaceuticals.....		5,062,758	7,264
		=====	=====
Electric			
Mirai Industry Co., Ltd.....	247,700	2,344,842	2,618
Plastic molded electric materials			
Total Electric.....		2,344,842	2,618
		=====	=====
Electronics			
Alpine Electronics, Inc.....	70,000	984,550	942
Automobile audio and video products			
Chiyoda Integre Co., Ltd.....	20	429	
Electronic components			
Cosel Co., Ltd.....	22,900	479,691	709
Electrical machinery			
Dainippon Screen Mfg Co. Ltd.....	303,000	1,448,505	2,357
Electronic Components			
Elpida Memory, Inc+.....	35,000	1,069,788	1,011

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Electronic components			
Iriso Electronics Co., Ltd.....	50,200	1,146,839	1,677
Electronic connectors			

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	Shares	Cost	Market Value
	-----	-----	-----
Kuroda Electric Co., Ltd.....	119,200	\$1,372,826	\$1,886
Materials and components			
Meiko Electronics Co., Ltd.....	116,300	3,178,149	5,927
Printed circuit boards			
Nitto Kogyo Corporation.....	71,300	935,187	1,161
Power switchboards			
Total Electronics.....		10,615,964	15,675
		=====	=====
Food Manufacturing			
Ariake Japan Co., Ltd.....	50,083	1,021,687	1,096
Natural seasonings			
Ozeki Co., Ltd.....	90,800	2,831,843	2,291
Supermarket chain			
Plenus Co., Ltd.....	16,460	494,520	413
Japanese lunch-boxes			
Sansei Foods Co., Ltd.....	79,700	1,706,150	1,488
Candy products			
Warabeya Nichiyo Co., Ltd.....	93,100	1,771,338	1,433
Japanese lunch-boxes			
Total Food Manufacturing.....		7,825,538	6,723
		=====	=====
Information and Software			
Argo Graphics Inc.....	68,800	1,037,183	1,736
Computer aided design software			
Jastec Co., Ltd.....	106,800	2,083,176	2,070
Applications software			
Koei Co. Ltd.....	94,100	2,498,033	2,610
Video game software			
Kyowea Exeo Corporation.....	110,000	966,893	1,202
Designs, constructs, maintains communication and electrical facilities			
Sorun Corporation.....	253,500	1,655,994	1,592
Computer software development			
Sumisho Computer Systems Corporation.....	14	319	
Computer software development			
Tecmo, Ltd.....	71,300	766,546	701
Computer game software			
Total Information and Software.....		9,008,144	9,913
		-----	-----

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	=====	=====	=====
Iron and Steel			
Nakayama Steel Works Ltd.....	213,000	913,109	984
Wire rods, steel bars, and C-shaped steel products			
Neturen Co., Ltd.....	135,800	1,049,348	1,104
Metal processors			
Sanyo Special Steel Co., Ltd.....	931,000	4,015,235	6,908
Specialty steel products			
Yodogawa Steel Works, Ltd.....	329,000	1,868,368	1,927
Surface-treated steel sheets and plates		-----	-----
Total Iron and Steel.....		7,846,060	10,923
		=====	=====

Machinery and Machine Tools			
Hitachi Construction Machinery Co., Ltd.....	354,100	5,228,237	6,894
Construction machinery			
Makino Milling Machine Co., Ltd.....	398,000	2,371,108	3,651
Industrial machinery			
Nachi-Fujikoshi Corp.....	750,000	2,163,291	3,653
Machine tools			
NS Tool Co., Ltd.....	5,500	284,499	294
Industrial cutting tools			

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	Shares	Cost	Market Value
	-----	-----	-----
Senshu Electric Co., Ltd.....	28,400	\$531,622	\$598
Electric wire and cables			
Shibaura Mechatronics Corporation.....	165,000	1,471,583	1,637
Semiconductor machinery			
Shimadzu Corporation.....	265,000	1,435,772	1,842
Precision tools and equipment			
Sintokogio, Ltd.....	226,000	1,826,584	2,602
Engineering equipment			
Tsubaki Nakashima Co., Ltd.....	138,500	1,718,567	2,278
Bearing balls, blowers and precision ball screws			
Yamazaki Corporation.....	308,000	941,258	2,058
Machinery and tools		-----	-----
Total Machinery and Machine Tools.....		17,972,520	25,511
		=====	=====

Miscellaneous Manufacturing			
Bunka Shutter Co., Ltd.....	231,000	1,304,898	1,260

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Light and heavy weight shutters			
Daikoku Denki Co., Ltd.....	78,600	2,201,288	1,990
Leisure and recreational products			
Dainichi Co., Ltd.....	83,800	745,429	909
Oil heating equipment			
Dowa Mining Co., Ltd.....	473,000	2,997,667	4,138
Produces various metal-related products			
Hamamatsu Photonics K.K.....	150,000	3,407,951	3,547
Electron tubes, semiconductors, and image processors			
Kimmon Manufacturing Co. Ltd+.....	337,000	954,469	951
Produces various electronic measurement equipments			
Mani, Inc.....	66,300	1,160,436	3,988
Medical goods and equipment			
Mitsubishi Materials Corporation+.....	604,000	2,025,602	2,452
Non-ferrous metals			
Nichias Corporation.....	420,000	1,887,724	2,421
Building and construction materials			
Nichiha Corporation.....	76,100	959,621	1,122
Ceramic exterior walls and fiber boards			
Nippon Kodoshi Corp.....	103,000	1,422,095	831
Paper for electric insulation			
SK Kaken Co., Ltd.....	49,500	1,188,490	1,513
Paints			
Topcon Corporation.....	60,000	981,275	1,779
Medical instruments			
Toppan Forms Co.,Ltd.....	32,000	444,533	435
Commercial printing			
Total Miscellaneous Manufacturing.....		21,681,478	27,343
		=====	=====
Oil and Gas			
Teikoku Oil Co., Ltd.....	252,000	1,890,462	2,821
Oil and natural gas		-----	-----
Total Oil and Gas.....		1,890,462	2,821
		=====	=====
Real Estate and Warehouse			
Daibiru Corporation.....	315,000	2,263,529	2,782
Leases office buildings, apartments and hotels			
Leopalace21 Corporation.....	197,700	4,023,396	6,343
Property manager			
Sanko Soflan Company Inc.....	138,000	931,642	1,349
Designs and constructs housing			

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Restaurants			
Doutor Coffee Co., Ltd.....	141,200	2,746,148	2,967
Coffee shop chains			
Saint Marc Co., Ltd+.....	48,300	1,630,894	2,990
Restaurants and bakery shop chain			
Yoshinnoya D&C Co. Ltd.....	669	1,006,046	1,229
Fast food chain			
Total Restaurants.....		12,601,655	17,662
		=====	=====
Retail			
Arc Land Sakamoto Co., Ltd.....	41,800	650,594	782
Operates home centers			
IK Co., Ltd.....	43	109,363	113
Used Motorcycle Dealer			
Joshin Denki Co., Ltd.....	532,000	2,339,383	3,920
Household appliances and computers			
Kirindo Co. Ltd.....	30,100	326,947	330
Drug Store Chain			
Komeri Co., Ltd.....	46,900	1,325,972	1,720
Building products			
Meganesuper Co., Ltd.....	193,760	2,749,736	2,509
Eye glasses chain			
Ryohin Keikaku Co., Ltd.....	45,700	2,334,026	3,009
Knitwears, food and household items			
Shimachu Co., Ltd.....	59,000	1,464,575	1,646
Furniture and home goods			
Village Vanguard Co., Ltd. ....	229	1,751,520	3,922
Books, cd's, videos and office supplies			
Yaoko Co., Ltd.....	44,900	957,661	1,050
Supermarkets			
Total Retail.....		14,009,777	19,006
		=====	=====
Services			
Alps Logistics Co., Ltd.....	93,300	715,946	1,847
Transportation			
Daiwa Logistics Co., Ltd.....	29,300	221,903	263
Transports housing materials and building steel frames			
Funai Consulting Co., Ltd.....	61,500	748,463	958
Management and financial consulting			
Hitachi Transport System, Ltd.....	81,000	619,537	803
Freight truck and marine transportation			
Maeda Road Construction Co., Ltd.....	94,000	674,282	659
Constructs highways, runways, and harbor facilities			
Meiko Network Japan Co., Ltd.....	213,400	1,082,621	1,185
Private schools and academic tutoring			
Obayashi Corporation.....	322,000	1,622,900	2,276
General contractor			
Space Co., Ltd.....	58,100	736,768	822
Interior design and display work			
Sumikin Bussan Corp.....	860,000	2,202,289	2,874
General trading firm			
Tohokushinsha Film Corporation.....	79,800	1,254,729	2,213
Produces tv programs, movies and commercial films			
Vic Tokai Corporation.....	68,400	630,258	767
Information and telecommunication			
Yahagi Construction Co. Ltd.....	142,000	710,666	825
General contractor			

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Yusen Air & Sea Service Co., Ltd.....	46,500	1,612,589	1,853
Domestic and international air freight forwarding		-----	-----
Total Services.....		12,832,951	17,351
		=====	=====
Telecommunications			
Daimei Telecom Engineering Corp.....	226,000	1,890,566	2,568,
Telecommunication wire installations			
Jupiter Telecommunications Co., Ltd+.....	2,454	2,005,707	1,902,
		-----	-----

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	-----	-----	-----
Cable television broadcasting			
Total Telecommunications.....		\$3,896,273	\$4,471
		=====	=====
Textiles and Apparel			
Seiren Co., Ltd.....	80,000	740,560	1,102
Dyeing processor of filament fibers			
Workman Co., Ltd.....	79,300	1,548,924	2,557
Uniforms		-----	-----
Total Textiles and Apparel.....		2,289,484	3,660
		=====	=====
Transportation			
Keisei Electric Railway Co., Ltd.....	332,000	1,614,165	2,219
Passenger rail and bus transportation		-----	-----
Total Transportation.....		1,614,165	2,219
		=====	=====
Wholesale			
Hitachi High-Technologies Corporation.....	133,100	2,064,939	2,913
Computers and electrical devices			
Kondotec, Inc.....	205,500	1,400,365	2,172
Construction materials			
Meiko Shokai Co., Ltd.....	63,400	993,359	1,242
Office equipment			
Rentrak Japan Co., Ltd.....	291,700	2,536,598	3,119
Videocassettes and DVDs			
Ryoden Trading Co., Ltd.....	125,000	873,137	948
Electronic components			
Ryosan Co., Ltd.....	41,400	1,003,483	1,072
Electronic parts			

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Shinko Shoji Co., Ltd.....	110,000	960,246	1,403
Electronic parts			
Takachiho Electric Co., Ltd.....	28,500	350,315	396
Electronic parts, optical materials and equipment			
Takihyo Co., Ltd.....	173,000	667,942	663
Apparel, accessories and interior products			
Takihyo Co., Ltd-W/I.....	99,500	385,173	378
Apparel, accessories and interior products			
Tomen Electronics Corporation.....	9,000	224,794	216
Semiconductors and electronic equipment			
Yuasa Trading Co., Ltd.+.....	2,903,000	5,456,308	6,355
Industrial machinery		-----	-----
Total Wholesale.....		16,916,659	20,883
		=====	=====
TOTAL INVESTMENTS IN EQUITY SECURITIES.....		\$168,330,826	\$222,001
		=====	=====

	Principal Amount -----	Cost ----	
INVESTMENTS IN FOREIGN CURRENCY			
Hong Kong Shanghai Bank- Tokyo			
Non- interest bearing account.....JPY...289,071,276		\$2,415,469	\$2
		-----	--
TOTAL INVESTMENTS IN FOREIGN CURRENCY.....		2,415,469	2
		-----	--
TOTAL INVESTMENTS .....		\$170,746,296	\$224
		-----	-----
OTHER ASSETS LESS LIABILITIES, NET.....			(
			-
NET ASSETS.....			\$224
			=====

+ Non-Income Producing Security

\* Aggregate gross unrealized appreciation for all securities in which there is an excess of value over tax cost was \$56,570,733. Aggregate gross unrealized depreciation for all securities in which there is an excess of tax cost over value was \$2,900,335.

Portfolio securities and foreign currency holdings were translated at the following exchange rate as of November 30, 2005.

Japanese Yen 119.68 = \$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/ Hiroshi Terasaki  
Hiroshi Terasaki, President  
(Principal Executive Officer)

Date: January 27, 2006

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 27, 2006