

KOREA FUND INC
Form N-Q
May 25, 2007

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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: 811-04058

Registrant Name: The Korea Fund, Inc.

Address of Principal Executive Offices: 4 Embarcadero Center, 30th Floor, San Francisco, CA 94111

Name and Address of Agent for Service: Brian S. Shlissel – 1345 Avenue of the Americas, New York, N.Y. 10105

Registrant's telephone number, including area code: 212-739-3369

Date of Fiscal Year End: June 30, 2007

Date of Reporting Period: March 31, 2007

Form N-Q is to be used by the registered management investment company, other than a small business investment company registered on Form N-5 (§§ 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b 1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to the collection of information contained in Form N-Q unless the Form displays a currently valid Office of Management and Budget (“OMB”) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

Item 1. Schedule of Investments

The Korea Fund, Inc.
 Schedule of Investments
 March 31, 2007 (unaudited)

| Shares | | Value* |
|-----------|---------------------------------------|--------------------|
| | | COMMON STOCK—83.9% |
| | Airlines—1.1% | |
| 246,906 | Korean Air Lines Co., Ltd. | \$ 9,644,766 |
| | Auto Components—4.3% | |
| 1,434,613 | Hankook Tire Co., Ltd. | 23,788,226 |
| 99,651 | Hyundai Mobis | 8,558,462 |
| 45,686 | Nexen Tire Corp. | 932,367 |
| 486,498 | Samsung Climate Control Co., Ltd. (d) | 4,038,636 |
| | | 37,317,691 |
| | Banking—9.4% | |
| 128,280 | Hana Financial Group, Inc. | 6,640,344 |
| 634,888 | Industrial Bank of Korea | 12,720,705 |
| 1,608,272 | Jeonbuk Bank | 15,641,676 |
| 496,770 | Kookmin Bank | 44,565,676 |
| 30,358 | Kookmin Bank ADR | 2,736,774 |
| | | 82,305,175 |
| | Building Products—0.2% | |
| 516,989 | Samwoo EMC Co., Ltd. | 1,560,639 |
| | Capital Markets—1.2% | |
| 197,125 | Korea Investment Holdings Co., Ltd. | 10,371,692 |
| | Chemicals—1.0% | |
| 95,620 | Kukdo Chemical Co., Ltd. | 2,490,104 |
| 91,150 | LG Chem Ltd. | 4,587,535 |
| 168,780 | Youlchon Chemical Co., Ltd. | 1,736,597 |
| | | 8,814,236 |
| | Commercial Services & Supplies—1.1% | |
| 230,319 | S1 Corp. | 9,253,888 |
| | Construction & Engineering—1.4% | |
| 115,364 | GS Engineering & Construction Corp. | 10,324,882 |
| 105,967 | Samho International Co., Ltd. (a) | 1,520,572 |
| | | 11,845,454 |
| | Consumer Finance—0.1% | |
| 13,768 | LG Card Co., Ltd. (a) | 630,009 |
| | Diversified Consumer Services—1.1% | |
| 44,674 | MegaStudy Co., Ltd. | 7,835,045 |
| 92,031 | YBM Sisa.com, Inc. | 1,912,421 |
| | | 9,747,466 |

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The Korea Fund, Inc.
 Schedule of Investments
 March 31, 2007 (unaudited) (continued)

| Shares | | Value* |
|-----------|--|--------------|
| | Electronics—1.7% | |
| 141,226 | Ace Digitech Co., Ltd. (a) | \$ 2,461,848 |
| 74,421 | INTOPS Co., Ltd. | 2,191,179 |
| 636,950 | SE Co., Ltd. (b)(f) | — |
| 271,463 | SFA Engineering Corp. | 10,099,070 |
| | | 14,752,097 |
| | Food & Beverage—7.0% | |
| 50,623 | CJ Corp. | 5,111,803 |
| 54,526 | Crown Confectionery Co., Ltd. | 5,795,706 |
| 37,677 | Hite Brewery Co., Ltd. | 4,505,381 |
| 16,200 | Nam Yang Dairy Products Co., Ltd. | 14,292,092 |
| 54,749 | Shinsegae Co., Ltd. | 31,424,809 |
| | | 61,129,791 |
| | Hotels, Restaurants & Leisure—1.4% | |
| 66,704 | Hana Tour Service, Inc. | 5,161,619 |
| 436,511 | Hotel Shilla Co., Ltd. | 6,936,479 |
| | | 12,098,098 |
| | Household Durables—1.6% | |
| 155,077 | Hyundai Engineering & Construction Co., Ltd. (a) | 8,357,147 |
| 202,629 | Woongjin Coway Co., Ltd. | 5,686,018 |
| | | 14,043,165 |
| | Insurance—8.4% | |
| 650,220 | Korean Reinsurance Co. (a)(f) | 8,535,520 |
| 2,113,675 | Meritz Fire & Marine Insurance Co., Ltd. | 17,074,755 |
| 285,242 | Samsung Fire & Marine Insurance Co., Ltd. (a) | 47,752,567 |
| | | 73,362,842 |
| | Internet Software & Services—2.9% | |
| 60,750 | Ahnlab, Inc. | 1,052,535 |
| 246,543 | LG Dacom Corp. | 5,830,763 |
| 128,051 | NHN Corp. (a) | 18,782,991 |
| | | 25,666,289 |
| | Machinery—0.0% | |
| 25 | NEPES Corp. (a) | 232 |
| | Media—1.8% | |
| 35,259 | Cheil Communications, Inc. | 8,807,254 |
| 820,410 | ON*Media Corp. (a) | 6,662,343 |
| | | 15,469,597 |

The Korea Fund, Inc.
 Schedule of Investments

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March 31, 2007 (unaudited) (continued)

| Shares | | Value* |
|---------|---|--------------|
| | Metals & Mining—8.7% | |
| 172,335 | Dongkuk Steel Mill Co., Ltd. | \$ 4,762,659 |
| 46,801 | Korea Zinc Co., Ltd. | 4,999,469 |
| 152,495 | POSCO | 64,025,856 |
| 145,795 | TK Corp. | 2,324,538 |
| | | 76,112,522 |
| | Oil, Gas & Consumable Fuels—1.8% | |
| 232,442 | S-Oil Corp. | 16,010,036 |
| | Personal Products—0.2% | |
| 428,872 | Cosmax, Inc. | 1,891,814 |
| | Pharmaceuticals—0.5% | |
| 1,675 | Choongwae Pharma Corp. | 72,997 |
| 27,646 | Yuhan Corp. | 4,334,380 |
| | | 4,407,377 |
| | Retail—1.2% | |
| 642,999 | Taegu Department Store Co., Ltd. (a)(d) | 10,764,492 |
| | Semi-Conductors & Equipment—16.5% | |
| 333,700 | Hynix Semiconductor, Inc. (a) | 11,492,219 |
| 437,362 | Phoenix PDE Co., Ltd. | 1,520,168 |
| 173,061 | Samsung Electronics Co., Ltd. (e) | 103,564,353 |
| 301,170 | Samsung Techwin Co., Ltd. | 11,476,344 |
| 577,387 | Seoul Semiconductor Co., Ltd. | 16,815,905 |
| | | 144,868,989 |
| | Telecommunication Services—4.0% | |
| 275,125 | Humax Co., Ltd. | 6,550,595 |
| 140,610 | SK Telecom Co., Ltd. | 28,621,190 |
| | | 35,171,785 |
| | Textile & Apparel—0.5% | |
| 23,304 | BYC Co., Ltd. | 4,186,199 |
| | Tobacco—2.1% | |
| 280,626 | KT&G Corp. | 18,344,493 |
| | Transportation—1.6% | |
| 164,755 | Korea Express Co., Ltd. (a) | 14,079,828 |
| | Wholesale—1.1% | |
| 278,374 | Samsung Corp. | 10,060,285 |
| | Total Common Stock (cost—\$222,500,098) | 733,910,947 |

The Korea Fund, Inc.
Schedule of Investments
March 31, 2007 (unaudited) (continued)

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| Shares | | Value* |
|------------------------------|--|-----------------------|
| | | PREFERRED STOCK—10.5% |
| | Automobiles—4.1% | |
| 631,897 | Hyundai Motor Co. | \$ 23,709,571 |
| 298,765 | Hyundai Motor Co. (2nd) | 11,718,142 |
| | | 35,427,713 |
| | Capital Markets—0.5% | |
| 299,870 | Daishin Securities Co., Ltd. | 4,207,360 |
| | Food Products—1.1% | |
| 132,679 | CJ Corp. | 6,043,043 |
| 25,640 | CJ Corp. (2nd) | 2,368,321 |
| 15,160 | CJ Corp. (3rd) | 1,335,846 |
| | | 9,747,210 |
| | Insurance—2.5% | |
| 271,106 | Samsung Fire & Marine Insurance Co., Ltd. (d) | 22,102,285 |
| | Oil & Gas—0.5% | |
| 79,382 | S-Oil Corp. | 4,429,799 |
| | Semi-Conductors & Equipment—1.8% | |
| 33,415 | Samsung Electronics Co., Ltd. (e) | 15,716,558 |
| | Total Preferred Stock (cost—\$14,458,281) | 91,630,925 |
| | | |
| Principal Amount (000) | | |
| | | CONVERTIBLE BOND—0.0% |
| | Consumer Staples—0.0% | |
| WON 2,161 | Haitai Confectionery Loan Certificates, zero coupon, 11/28/09 (c)(f) (cost—\$0) | 2,116 |
| | Total Investments (cost—\$236,958,379)— 94.4% | 825,543,988 |
| | Other assets less liabilities—5.6% | 49,304,451 |
| | Net Assets—100.0% | \$874,848,439 |

Notes to Schedule of Investments:

* Portfolio securities and other financial instruments for which market quotations are readily available are stated at market value. Portfolio securities and other financial instruments, for which market quotations are not readily available or if a development/event occurs that may significantly impact the value of a security are fair-valued, in good faith, pursuant to guidelines established by the Board of Directors. The Fund's investments are valued daily using prices supplied by dealer quotations, using the last sale price on the exchange that is the primary market for such securities, or the last quoted mean price for those securities for which the over-the-counter market is the primary market or for listed securities in which there were no sales. Short-term securities maturing in 60 days or less are valued at amortized

cost, if their original term to maturity was 60 days or less, or by amortizing their value on the 61st day prior to maturity, if the original term to maturity exceeded 60 days. The prices used by the Fund to value securities may differ from the value that would be realized if the securities were sold. The Fund's net asset value is normally determined as of the close of regular trading (normally, 4:00 p.m. Eastern time) on the New York Stock Exchange ("NYSE") on each day the NYSE is open for business.

The prices of certain equity securities or other financial instruments may be determined at a time prior to the close of regular trading on the NYSE. When fair valuing securities, the Fund may, among other things, consider significant events (which may be considered to include changes in the value of U.S. securities or securities indices) that occur after the close of the relevant market and before the time the Fund's net asset value is calculated. With respect to Korean securities, the Fund may fair value securities using modeling tools provided by third-party vendors. The Fund has retained a statistical research service to assist in determining the fair value of foreign securities. This service utilizes statistics and programs based on historical performance of markets and other economic data to assist in making fair value estimates. Fair value estimates used by the Fund for foreign securities may differ from the value realized from the sale of those securities.

- (a) Non-income producing.
- (b) The Fund may purchase securities that are subject to legal or contractual restrictions on resale ("restricted securities"). Restricted securities are securities which have not been registered with the Securities and Exchange Commission under the Securities Act of 1933. The Fund may be unable to sell a restricted security and it may be more difficult to determine a market value for a restricted security. Moreover, if adverse market conditions were to develop during the period between the Fund's decision to sell a restricted security and the point at which the Fund is permitted or able to sell such security, the Fund might obtain a price less favorable than the price that prevailed when it decided to sell. This investment practice, therefore, could have the effect of increasing the level of illiquidity of the Fund. The future value of these securities is uncertain and there may be changes in the estimated value of these securities.

| | Acquisition | Cost | Value | % of |
|-----------------------|-------------|-------------|-------|--------|
| Restricted Securities | Date | | | Net |
| SE Co., Ltd. | 12/22/00 | \$1,616,637 | \$ 0 | Assets |
| | | | | 0% |

- (c) Company in restructuring process, principal only subject to repayment.
- (d) Affiliated issuer.
- (e) At March 31, 2007, 13.6% of net assets were invested in Samsung Electronics Co., Ltd.
- (f) Fair-valued security — Securities with an aggregate value of \$8,537,636, representing 0.98% of net assets, have been fair-valued.

Glossary:

ADR — American Depositary Receipt

WON — Korean Won

(a) The registrant's President and Chief Executive Officer and Principal Financial Officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-2(c) under the Investment Company Act of 1940, as amended) are effective based on their evaluation of these controls and procedures as of a date within 90 days of the filing date of this document.

(b) There were no significant changes in the registrant's internal controls over financial reporting that occurred during the registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits

(a) Exhibit 99.302 Cert. — Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

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.

Registrant: The Korea Fund, Inc.

By /s/ Robert Goldstein
Robert Goldstein
President & Chief Executive Officer

Date: May 25, 2007

By /s/ Brian S. Shlissel
Brian S. Shlissel
Treasurer, Principal Financial & Accounting Officer

Date: May 25, 2007

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/ Robert Goldstein
Robert Goldstein
President & Chief Executive Officer

Date: May 25, 2007

By /s/ Brian S. Shlissel
Brian S. Shlissel
Treasurer, Principal Financial & Accounting Officer

Date: May 25, 2007
