

KOREA FUND INC  
Form N-Q  
November 29, 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 811-4058

The Korea Fund, Inc.

(Exact name of registrant as specified in charter)

345 Park Avenue

New York, NY 10154

(Address of principal executive offices) (Zip code)

Paul Schubert

345 Park Avenue

New York, NY 10154

(Name and address of agent for service)

Registrant's telephone number, including area code (212) 454-7190

Date of fiscal year end: 06/30

Date of reporting period: 09/30/06

Form N-Q is to be used by registered management investment companies, other than small business investment companies 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 30b1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-4). 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 respond to the collection of information contained in Form N-Q unless the Form displays a currently valid Office of

## Edgar Filing: KOREA FUND INC - Form N-Q

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

## Investment Portfolio

as of September 30, 2006 (Unaudited)

**The Korea Fund, Inc.**

|  | Shares    | Value (\$)        |
|--|-----------|-------------------|
| <b>Common Stocks 86.0%</b>                       |           |                   |
| <b>Consumer Discretionary 11.5%</b>              |           |                   |
| <i>Auto Components 5.1%</i>                      |           |                   |
| Hankook Tire Co., Ltd.                           | 2,576,393 | 33,898,117        |
| Hyundai Mobis                                    | 132,642   | 13,639,172        |
| Nexen Tire Corp.                                 | 191,661   | 3,230,640         |
| Samsung Climate Control Co., Ltd. (a)            | 560,224   | 4,256,814         |
|  |           | <b>55,024,743</b> |
| <i>Diversified Consumer Services 0.6%</i>        |           |                   |
| MegaStudy Co., Ltd. (b)                          | 59,500    | <b>6,728,137</b>  |
| <i>Hotels Restaurants &amp; Leisure 1.4%</i>     |           |                   |
| Hana Tour Service, Inc. (b)                      | 88,800    | 6,296,940         |
| Hotel Shilla Co., Ltd. (b)                       | 581,047   | 9,057,272         |
|  |           | <b>15,354,212</b> |
| <i>Household Durables 1.2%</i>                   |           |                   |
| Humax Co., Ltd. (b)                              | 215,868   | 6,011,225         |
| Woongjin Coway Co., Ltd. (b)                     | 269,700   | 6,583,958         |
|  |           | <b>12,595,183</b> |
| <i>Internet &amp; Catalog Retail 0.3%</i>        |           |                   |
| GS Home Shopping, Inc.                           | 38,044    | <b>3,063,623</b>  |
| <i>Media 1.5%</i>                                |           |                   |
| Cheil Communications, Inc.                       | 46,953    | 10,519,457        |
| ON*Media Corp.*                                  | 826,500   | 6,184,010         |
|  |           | <b>16,703,467</b> |
| <i>Multiline Retail 1.0%</i>                     |           |                   |
| Taegu Department Store Co., Ltd. (a)             | 735,080   | <b>11,341,789</b> |
| <i>Textiles, Apparel &amp; Luxury Goods 0.4%</i> |           |                   |
| BYC Co., Ltd.                                    | 26,761    | <b>4,411,853</b>  |
| <b>Consumer Staples 10.0%</b>                    |           |                   |
| <i>Beverages 0.6%</i>                            |           |                   |
| Hite Brewery Co., Ltd. (b)                       | 50,146    | <b>6,200,351</b>  |
| <i>Food &amp; Staples Retailing 3.5%</i>         |           |                   |
| Shinsegae Co., Ltd.                              | 72,864    | <b>37,731,424</b> |
| <i>Food Products 3.4%</i>                        |           |                   |
| CJ Corp. (b)                                     | 67,424    | 7,446,032         |
| Crown Confectionary Co., Ltd. (b)                | 64,714    | 7,830,651         |
| Nam Yang Dairy Products Co., Ltd.                | 21,611    | 16,215,387        |
| Nhong Shim Co., Ltd. (b)                         | 20,680    | 5,900,766         |
|  |           | <b>37,392,836</b> |
| <i>Personal Products 0.3%</i>                    |           |                   |
| Cosmax, Inc.                                     | 507,600   | <b>2,698,260</b>  |
| <i>Tobacco 2.2%</i>                              |           |                   |
| KT&G Corp.                                       | 396,585   | <b>24,098,956</b> |
| <b>Energy 3.6%</b>                               |           |                   |

Edgar Filing: KOREA FUND INC - Form N-Q

**Oil, Gas & Consumable Fuels**

|                 |         |                   |
|-----------------|---------|-------------------|
| S-Oil Corp. (b) | 347,601 | 23,252,991        |
| SK Corp.        | 241,017 | 16,021,104        |
|                 |         | <b>39,274,095</b> |

**Financials 19.3%**

**Capital Markets 1.5%**

|                                     |         |                   |
|-------------------------------------|---------|-------------------|
| Korea Investment Holdings Co., Ltd. | 262,439 | 11,357,334        |
| Samsung Securities Co., Ltd.        | 89,300  | 5,077,242         |
|                                     |         | <b>16,434,576</b> |

**Commercial Banks 8.1%**

|                            |           |                   |
|----------------------------|-----------|-------------------|
| Hana Financial Group, Inc. | 170,700   | 7,811,160         |
| Industrial Bank of Korea   | 845,100   | 14,468,291        |
| Jeonbuk Bank (b)           | 1,757,473 | 15,972,806        |
| Kookmin Bank               | 594,638   | 46,879,783        |
| Kookmin Bank (ADR)         | 40,412    | 3,153,348         |
|                            |           | <b>88,285,388</b> |

**Consumer Finance 1.0%**

|                        |         |                   |
|------------------------|---------|-------------------|
| LG Card Co., Ltd.* (b) | 168,221 | <b>10,702,144</b> |
|------------------------|---------|-------------------|

**Insurance 8.7%**

|  |           |                   |
|--|-----------|-------------------|
| Korean Reinsurance Co.                       | 865,426   | 10,700,644        |
| Meritz Fire & Marine Insurance Co., Ltd. (b) | 3,371,030 | 22,194,469        |
| Samsung Fire & Marine Insurance Co., Ltd.    | 399,710   | 61,461,353        |
|  |           | <b>94,356,466</b> |

**Health Care 0.5%**

**Pharmaceuticals**

|                        |        |                  |
|------------------------|--------|------------------|
| Choongwae Pharma Corp. | 1,799  | 73,196           |
| Yuhan Corp. (b)        | 34,679 | 5,387,385        |
|                        |        | <b>5,460,581</b> |

**Industrials 10.4%**

**Airlines 1.1%**

|                            |         |                   |
|----------------------------|---------|-------------------|
| Korean Air Lines Co., Ltd. | 324,800 | <b>11,910,763</b> |
|----------------------------|---------|-------------------|

**Building Products 0.2%**

|                      |         |                  |
|----------------------|---------|------------------|
| Samwoo EMC Co., Ltd. | 510,926 | <b>2,024,806</b> |
|----------------------|---------|------------------|

**Commercial Services & Supplies 1.1%**

|          |         |                   |
|----------|---------|-------------------|
| S1 Corp. | 306,554 | <b>11,938,193</b> |
|----------|---------|-------------------|

**Construction & Engineering 2.2%**

|   |         |                   |
|---|---------|-------------------|
| GS Engineering & Construction Corp.           | 153,500 | 10,738,917        |
| Hyundai Engineering & Construction Co., Ltd.* | 206,400 | 11,102,520        |
| Samho International Co., Ltd. (b)             | 141,088 | 1,975,605         |
|   |         | <b>23,817,042</b> |

**Electrical Equipment 1.9%**

|                                       |           |                   |
|---------------------------------------|-----------|-------------------|
| Seoul Semiconductor Co., Ltd. (a) (b) | 1,292,915 | <b>21,451,800</b> |
|---------------------------------------|-----------|-------------------|

**Industrial Conglomerates 1.1%**

|                           |         |                   |
|---------------------------|---------|-------------------|
| Samsung Techwin Co., Ltd. | 289,200 | <b>11,858,346</b> |
|---------------------------|---------|-------------------|

**Machinery 0.5%**

|                |         |                  |
|----------------|---------|------------------|
| JVM Co., Ltd.* | 136,039 | 5,146,839        |
| NEPES Corp.*   | 26      | 249              |
|                |         | <b>5,147,088</b> |

**Road & Rail 1.5%**

|                          |         |                   |
|--------------------------|---------|-------------------|
| Korea Express Co., Ltd.* | 219,344 | <b>16,110,339</b> |
|--------------------------|---------|-------------------|

**Trading Companies & Distributors 0.8%**

|               |         |                  |
|---------------|---------|------------------|
| Samsung Corp. | 288,100 | <b>9,133,950</b> |
|---------------|---------|------------------|

**Information Technology 19.3%**

Edgar Filing: KOREA FUND INC - Form N-Q

**Electronic Equipment & Instruments 1.6%**

|                             |         |                   |
|-----------------------------|---------|-------------------|
| Ace Digitech Co., Ltd.* (b) | 187,935 | 3,088,390         |
| INTOPS Co., Ltd.            | 82,497  | 2,528,310         |
| KH Vatec Co., Ltd.* (b)     | 96,631  | 1,444,997         |
| SE Co., Ltd. (c)            | 636,950 | 0                 |
| SFA Engineering Corp. (b)   | 315,573 | 10,255,081        |
|                             |         | <b>17,316,778</b> |

**Internet Software & Services 1.8%**

|                  |         |                   |
|------------------|---------|-------------------|
| Ahnlab, Inc. (b) | 80,869  | 1,683,613         |
| NHN Corp.        | 170,445 | 17,886,593        |
|                  |         | <b>19,570,206</b> |

**Semiconductors & Semiconductor Equipment 15.9%**

|                                   |         |                    |
|-----------------------------------|---------|--------------------|
| Phoenix PDE Co., Ltd. (b)         | 582,100 | 3,364,953          |
| Samsung Electronics Co., Ltd. (d) | 230,350 | 161,640,581        |
| Simm Tech Co., Ltd. (b)           | 739,583 | 8,284,893          |
|                                   |         | <b>173,290,427</b> |

**Materials 7.0%**

**Chemicals 0.7%**

|                                 |         |                  |
|---------------------------------|---------|------------------|
| LG Chem Ltd.                    | 121,334 | 4,821,304        |
| Youlchon Chemical Co., Ltd. (b) | 224,695 | 2,184,617        |
|                                 |         | <b>7,005,921</b> |

**Metals & Mining 6.3%**

|                              |         |                   |
|------------------------------|---------|-------------------|
| Dongkuk Steel Mill Co., Ltd. | 381,185 | 7,190,650         |
| Korea Zinc Co., Ltd. (b)     | 62,300  | 5,629,220         |
| POSCO                        | 215,697 | 55,847,572        |
|                              |         | <b>68,667,442</b> |

**Telecommunication Services 4.4%**

**Diversified Telecommunication Services 0.7%**

|                |         |                  |
|----------------|---------|------------------|
| LG Dacom Corp. | 328,200 | <b>7,942,700</b> |
|----------------|---------|------------------|

**Wireless Telecommunication Services 3.7%**

|                      |         |                   |
|----------------------|---------|-------------------|
| SK Telecom Co., Ltd. | 187,154 | <b>39,853,666</b> |
|----------------------|---------|-------------------|

**Total Common Stocks (Cost \$300,877,494)**

**934,897,551**

**Preferred Stocks 13.4%**

**Consumer Discretionary 6.3%**

**Automobiles**

|                         |         |                   |
|-------------------------|---------|-------------------|
| Hyundai Motor Co. (b)   | 841,120 | 42,667,117        |
| Hyundai Motor Co. (2nd) | 499,954 | 26,100,637        |
|                         |         | <b>68,767,754</b> |

**Consumer Staples 1.4%**

**Food Products**

|                              |         |                   |
|------------------------------|---------|-------------------|
| CJ Corp.                     | 176,578 | 9,964,877         |
| CJ Corp. (2nd)               | 34,073  | 3,312,778         |
| CJ Corp. (3rd) (Convertible) | 20,126  | 1,935,499         |
|                              |         | <b>15,213,154</b> |

**Energy 0.5%**

**Oil, Gas & Consumable Fuels**

|             |         |                  |
|-------------|---------|------------------|
| S-Oil Corp. | 105,626 | <b>5,570,132</b> |
|-------------|---------|------------------|

**Financials 3.0%**

**Capital Markets 0.5%**

|                              |         |                  |
|------------------------------|---------|------------------|
| Daishin Securities Co., Ltd. | 399,181 | <b>5,800,517</b> |
|------------------------------|---------|------------------|

**Insurance 2.5%**

Edgar Filing: KOREA FUND INC - Form N-Q

|  |                         |                   |
|--|-------------------------|-------------------|
| Samsung Fire & Marine Insurance Co., Ltd.  | 360,865                 | 26,886,111        |
| <b>Information Technology 2.2%</b>   |                         |                   |
| Semiconductors & Semiconductor Equipment   |                         |                   |
| Samsung Electronics Co., Ltd. (d)  | 44,464                  | 23,353,879        |
| <b>Total Preferred Stocks</b> (Cost \$20,486,278)                                  |                         | 145,591,547       |
|  | <b>Principal Amount</b> | <b>Value (\$)</b> |
| <b>Convertible Bond 0.0%</b>   |                         |                   |
| <b>Consumer Staples</b>  |                         |                   |
| Haitai Confectionery Loan Certificates Zero Coupon, 11/28/2009* (e) (Cost \$0) Won | 6,869,719               | 6,647             |
|  | <b>Shares</b>           | <b>Value (\$)</b> |
| <b>Securities Lending Collateral 8.0%</b>  |                         |                   |
| Daily Assets Fund Institutional, 5.31% (f) (g)                                     | 87,611,494              |                   |
| (Cost \$87,611,494)  |                         | 87,611,494        |
| <b>Cash Equivalents 0.5%</b>   |                         |                   |
| Cash Management QP Trust, 5.34% (h) (Cost \$5,472,815)                             | 5,472,815               | 5,472,815         |
|  | <b>% of</b>             | <b>Value (\$)</b> |
|  | <b>Net Assets</b>       |                   |
| <b>Total Investment Portfolio</b> (Cost \$ 414,448,081)                            | 107.9                   | 1,173,580,054     |
| <b>Other Assets and Liabilities, Net</b>   | (7.9)                   | (86,162,919)      |
| <b>Net Assets</b>  | 100.0                   | 1,087,417,135     |

For information on the Fund's policies regarding the valuation of investments and other significant accounting policies, please refer to the Fund's most recent semi-annual or annual financial statements.

\* Non-income producing security.

(a) Affiliated issuer. An affiliated issuer is a company in which the Fund has ownership of at least 5% of the voting securities. A summary of the Fund's transactions during the three months ended September 30, 2006 with companies which are or were affiliates is as follows:

| Affiliate                         | Common/<br>Preferred<br>Shares | Total<br>Purchase<br>Cost (\$) | Total Sales<br>Cost (Cost) (\$) | Total Realized<br>Gain/(Loss) (\$) | Dividend<br>Income (\$) | Value at<br>September 30,<br>2006 (\$) |
|-----------------------------------|--------------------------------|--------------------------------|---------------------------------|------------------------------------|-------------------------|--|
| Samsung Climate Control Co., Ltd. | 560,224                        | -                              | -                               | -                                  | -                       | 4,256,814                              |
| Seoul Semiconductor Co., Ltd.     | 1,292,915                      | -                              | -                               | -                                  | -                       | 21,451,800                             |
| Taegu Department Store Co., Ltd.  | 735,080                        | -                              | -                               | -                                  | 256,294                 | 11,341,789                             |
|                                   |                                | -                              | -                               | -                                  | 256,294                 | 37,050,403                             |

(b) All or a portion of these securities were on loan. The value of all securities loaned at September 30, 2006 amounted to \$83,421,591 which is 7.7% of net assets.

(c) 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.

**Restricted Acquisition As a % of**

Edgar Filing: KOREA FUND INC - Form N-Q

| <b>Securities</b> | <b>Date</b> | <b>Cost (\$)</b> | <b>Value (\$)</b> | <b>Net Assets</b> |
|-------------------|-------------|------------------|-------------------|-------------------|
| SE Co., Ltd.      | 12/22/2000  | 1,616,637        | 0                 | 0                 |

(d) At September 30, 2006, 17.0% of the Fund's investment portfolio is invested in Samsung Electronics Co., Ltd.

(e) Company in restructuring process, principal only subject to repayment.

(f) Daily Assets Fund Institutional, an affiliated fund, is managed by Deutsche Asset Management, Inc. The rate shown is the annualized seven-day yield at period end.

(g) Represents collateral held in connection with securities lending.

(h) Cash Management QP Trust, an affiliated fund, is managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.

ADR: American Depositary Receipt

**Currency Abbreviation:**

Won Korean Won

---

Edgar Filing: KOREA FUND INC - Form N-Q

**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/Michael G. Clark  
Michael G. Clark  
President

Date: November 21, 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 persons on behalf of the registrant and in the capacities and on the dates indicated.

Registrant: The Korea Fund, Inc.

By: /s/Michael G. Clark  
Michael G. Clark  
President

Date: November 21, 2006

By: /s/Paul Schubert  
Paul Schubert  
Chief Financial Officer and Treasurer

Date: November 21, 2006