

KOREA FUND INC  
Form N-Q  
November 26, 2007

OMB APPROVAL

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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, NY 10105

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

Date of Fiscal Year End: June 30, 2008

Date of Reporting Period: September 30, 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**

September 30, 2007 (unaudited)

Shares

Value\*

**COMMON STOCK 99.1%**

**Airlines 1.2%**

210,406

Korean Air Lines Co., Ltd. (b)

\$14,179,198

**Auto Components 2.9%**

588,193

Hankook Tire Co., Ltd.

12,016,676

216,756

Hyundai Mobis

22,941,836

34,958,512

**Capital Markets 2.0%**

358,649

Korea Investment Holdings Co., Ltd. (b)

23,454,587

**Chemicals 1.1%**

129,609

LG Chem Ltd. (b)

13,571,327

**Commercial Banks 3.0%**

429,770

Kookmin Bank

35,447,325

**Commercial Services & Supplies 1.6%**

310,109

S1 Corp.

18,589,434

**Construction & Engineering 7.0%**

265,628

GS Engineering & Construction Corp.

45,911,988

239,800

Hyundai Development Co.

22,303,289

155,077

Hyundai Engineering & Construction Co., Ltd. (a)(b)

14,740,762

82,956,039

**Consumer Finance 6.0%**

336,716



Samsung Card Co., Ltd. (a)

20,787,209

775,094

Shinhan Financial Group Co., Ltd.

50,197,388

70,984,597

**Diversified Consumer Services 1.7%**

66,807

MegaStudy Co., Ltd.

20,304,905

**Diversified Industrials 5.6%**

413,260

LG Corp. (b)

28,358,167

516,264

Samsung Corp. (b)

37,787,374

66,145,541

**Electrical Equipment 1.5%**

382,130

LG Philips LCD Co., Ltd. (a)(b)

18,209,580

**Electronic Equipment & Instruments 1.4%**

636,950

SE Co., Ltd. (a)(c)

0

271,463

SFA Engineering Corp. (b)

16,074,338

16,074,338

**Food & Staples Retailing 3.2%**

54,749

Shinsegae Co., Ltd.

37,997,030

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**The Korea Fund, Inc. Schedule of Investments**

September 30, 2007 (unaudited) (continued)

Shares

Value\*

**Hotels, Restaurants & Leisure 1.4%**

166,306

Hana Tour Service, Inc.

\$16,670,763

**Insurance 5.4%**

650,220

Korean Reinsurance Co. (b)

9,186,719

257,742

Samsung Fire & Marine Insurance Co., Ltd.

55,325,688

64,512,407

**Internet Software & Services 5.2%**

552,013

LG Dacom Corp. (b)

16,686,502

194,064

NHN Corp. (a)

44,685,638

61,372,140

**Machinery 1.0%**

109,189

Doosan Heavy Industries and Construction Co., Ltd.



11,478,033

**Media 2.1%**

52,938

Cheil Communications, Inc.

15,669,020

1,171,880

ON\*Media Corp. (a)

9,065,843

24,734,863

**Metals & Mining 10.6%**

298,105

Dongkuk Steel Mill Co., Ltd.

15,654,216

152,495

POSCO

110,351,663

126,005,879

**Pharmaceuticals 1.1%**

63,255

Yuhan Corp. (b)

13,426,992

**Retail 0.9%**

93,278

Hyundai Department Store Co., Ltd.

11,178,101

**Road & Rail 1.8%**

164,755

Korea Express Co., Ltd. (a)

21,698,780

**Semi-conductors 10.9%**

155,061

Samsung Electronics Co., Ltd. (e)

97,027,634

434,770

Samsung Techwin Co., Ltd.

32,962,141

129,989,775

**Shipbuilding 15.7%**

940,000

Daewoo Shipbuilding & Marine Engineering Co., Ltd.

59,126,844

185,677

Hyundai Heavy Industries Co., Ltd.

85,407,219

788,000

Samsung Heavy Industries Co., Ltd.

41,632,978

186,167,041

**Tobacco 2.4%**

359,626

KT&G Corp.

28,058,414

**Wireless Telecommunications Services 2.4%**

122,458

SK Telecom Co., Ltd. (b)

28,202,209

Total Common Stock (cost \$509,685,251)

1,176,367,810

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**The Korea Fund, Inc. Schedule of Investments**

September 30, 2007 (unaudited) (continued)

Principal

Amount

(000)

Value\*

**CONVERTIBLE BONDS 0.0%**



**Consumer Staples 0.0%**

WON 2,161

Haitai Confectionery Loan Certificates, zero coupon, 11/28/09 (a)(d)

(cost \$0)

\$0

Shares

**SHORT-TERM INVESTMENT 5.7%**

**Collateral Invested for Securities on Loan (g) 5.7%**

67,809,418

BNY Institutional Cash Reserves Fund, 5.438% (cost \$67,809,418)

67,809,418

**Total Investments** (cost \$577,494,669) (f) **104.8%**

**1,244,177,228**

Liabilities in excess of other assets (4.8)%

(56,719,527)

**Net Assets 100.0%**

**\$1,187,457,701**





**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, or by 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 equity 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 Korean equity 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 Korean equity securities may differ from the value realized from the sale of those securities.

(a)

Non-income producing.

(b)

All or portion of security on loan. Aggregate market value of loaned securities is \$64,776,419; cash collateral of \$67,809,418 was received with which the Fund purchased short-term investments.

(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 Fund's liquidity. The future value of these

securities is uncertain and there may be changes in the estimated value of these securities.

**Restricted  
Security**

**Acquisition  
Date**

**Cost**

**Value**

**% of  
Net Assets**

SE Co., Ltd.

12/22/00

\$1,616,637

\$0

0%

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

(e) At September 30, 2007, 8.17% of the Fund's net assets were invested in Samsung Electronics Co., Ltd.

(f) Fair-valued security Securities with an aggregate value of \$1,155,580,601, representing 97.32% of net assets, were fair-valued utilizing modeling tools provided by a third-party vendor.

(g) Security purchased with the cash proceeds from securities on loan.

**Glossary:**

WON Korean Won

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**Item 2. Controls and Procedures**

(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 Act (17CFR270.30a-3(c)), 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 (as defined in Rule 30a-3 (d)) under the Act (17 CFR270.30a-3(d)) 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 and Chief Executive Officer

Date: November 26, 2007

By:

/s/ Brian S. Shlissel

Brian S. Shlissel  
Treasurer, Principal Financial & Accounting Officer

Date: November 26, 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 date indicated.

By:

/s/ Robert Goldstein

Robert Goldstein  
President and Chief Executive Officer

Date: November 26, 2007

By:

/s/ Brian S. Shlissel

Brian S. Shlissel  
Treasurer, Principal Financial & Accounting Officer

Date: November 26, 2007

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