

Edgar Filing: KOREA FUND INC - Form N-Q

KOREA FUND INC
Form N-Q
November 29, 2005

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: 9/30/05

Form N-Q is to be used by registered management investment companies, other than small business investment companies registered on Form N-5 (ss.ss. 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 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. ss. 3507.

ITEM 1. SCHEDULE OF INVESTMENTS

Investment Portfolio as of September 30, 2005 (Unaudited)

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The Korea Fund, Inc.

	Shares	Value (\$)

Common Stocks 81.2%		

Consumer Discretionary 12.1%		
Auto Components 6.6%		
Hankook Tire Co., Ltd.	3,021,893	39,963,702
Hyundai Mobis	237,242	19,484,082
Nexen Tire Corp.	270,761	6,499,821
Samsung Climate Control Co., Ltd. (a)	560,224	3,527,237

		69,474,842
Hotels Restaurants & Leisure 2.1%		
Hotel Shilla Co., Ltd.	581,047	5,172,905
Kangwon Land, Inc.	996,081	16,991,128

		22,164,033
Internet & Catalog Retail 0.4%		
GS Home Shopping, Inc.	38,044	3,952,055
Media 1.5%		
Cheil Communications, Inc.	54,153	10,379,109
Yedang Entertainment Co., Ltd.*	360,584	5,183,287

		15,562,396
Multiline Retail 1.1%		
Taegu Department Store Co., Ltd. (a)	904,880	11,663,283
Textiles, Apparel & Luxury Goods 0.4%		
BYC Co., Ltd.	26,761	4,090,445
Consumer Staples 9.0%		
Beverages 0.4%		
Hite Brewery Co., Ltd.	33,846	4,184,124
Food & Staples Retailing 3.3%		
Shinsegae Co., Ltd.	91,914	34,087,895
Food Products 3.2%		
CJ Corp.	67,424	4,762,002
Crown Confectionary Co., Ltd.	64,714	9,302,444
Nam Yang Dairy Products Co., Ltd.	22,771	12,285,647
Nhong Shim Co., Ltd.	25,880	6,708,711

		33,058,804
Tobacco 2.1%		
KT&G Corp.	514,085	22,267,985
Energy 5.9%		

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Oil, Gas & Consumable Fuels		
S-Oil Corp. (a)	560,001	45,884,126
SK Corp.	276,717	16,043,487

		61,927,613
Financials 16.2%		
Banks 5.3%		
Jeonbuk Bank (a)	1,886,994	15,551,652
Kookmin Bank	615,438	36,271,621
Kookmin Bank (ADR)	68,312	4,047,486

		55,870,759
Capital Markets 1.3%		
Korea Investment Holdings Co., Ltd.	295,739	8,644,025
Samsung Securities Co., Ltd.	111,500	4,701,485

		13,345,510
Consumer Finance 0.7%		
LG Card Co., Ltd.*	204,221	7,730,454
Insurance 8.9%		
Korean Reinsurance Co.	1,112,357	10,233,471
Oriental Fire & Marine Insurance Co.	395,893	13,999,475
Samsung Fire & Marine Insurance Co., Ltd. (a)	663,110	68,630,455

		92,863,401
Health Care 0.6%		
Pharmaceuticals		
Choongwae Pharma Corp.	59,975	2,270,256
Yuhan Corp.	33,031	4,336,605

		6,606,861
Industrials 4.7%		
Air Freight & Logistics 1.2%		
Korea Express Co., Ltd.*	204,344	12,337,012
Building Products 0.2%		
Samwoo EMC Co., Ltd.	510,926	2,595,024
Commercial Services & Supplies 2.1%		
Insun ENT Co., Ltd.	255,329	3,401,124
S1 Corp.	381,954	18,411,391

		21,812,515
Construction & Engineering 0.2%		
Samho International Co., Ltd.	141,088	2,291,750
Electrical Equipment 0.6%		
KL Tech, Inc.*	91,600	2,141,869
LG.Philips LCD Co., Ltd. (ADR)*	186,147	3,827,182

		5,969,051

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Machinery 0.4%		
Korea Iron & Steel Co., Ltd.	153,793	4,428,826
Information Technology 20.4%		
Communications Equipment 0.2%		
INTOPS Co., Ltd.	109,997	2,345,408
Computers & Peripherals 0.2%		
Daeyang E&C Ltd.*	251,469	1,672,443
Electronic Equipment & Instruments 3.8%		
Ace Digitech Co. Ltd.*	286,535	2,463,075
Dae Duck Electronics Co., Ltd.	244,297	2,434,776
Hankuk Electric Glass Co., Ltd.	96,394	3,417,900
Interflex Co., Ltd.	452,035	6,194,634
Jahwa Electronics Co., Ltd.	527,917	3,693,143
NEPES Corp.*	3,378	44,511
Samsung SDI Co., Ltd.	142,119	14,777,107
SE Co., Ltd. (b) (g)	636,950	1,916,649
Simm Tech Co., Ltd.	739,583	5,237,679

		40,179,474
Internet Software & Services 0.6%		
NHN Corp.*	34,115	5,802,983
Semiconductors & Semiconductor Equipment 15.5%		
Mtekvision Co., Ltd.	56,318	1,878,166
Phicom Corp.	717,516	5,631,486
Samsung Electronics Co., Ltd. (a) (c)	230,350	129,799,521
Seoul Semiconductor Co., Ltd. (a)	650,192	16,667,596
SFA Engineering Corp.	315,573	7,832,622

		161,809,391
Software 0.1%		
Ahnlab, Inc.	80,869	1,596,455
Materials 9.0%		
Chemicals 1.3%		
LG Chemical Ltd.	143,834	6,188,928
Samsung Fine Chemicals Co., Ltd.	287,682	7,347,126

		13,536,054
Construction Materials 0.4%		
Sungshin Cement Co., Ltd.	186,957	4,246,172
Containers & Packaging 0.2%		
Youlchon Chemical Co., Ltd.	237,795	2,575,068
Metals & Mining 7.1%		
Dongkuk Steel Mill Co., Ltd.	792,585	16,292,236
POSCO (a)	254,977	57,177,401
SODIFF Advanced Materials Co., Ltd.	35,227	636,348

		74,105,985
Telecommunication Services 3.3%		

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Wireless Telecommunication Services		
SK Telecom Co., Ltd.	174,924	33,945,482

Total Common Stocks (Cost \$249,636,658)		850,099,553

Preferred Stocks 17.7%		

Consumer Discretionary 7.5%		
Automobiles		
Hyundai Motor Co.	1,022,120	51,914,097
Hyundai Motor Co. (2nd)	499,954	26,447,015

		78,361,112
Consumer Staples 1.1%		
Food Products		
CJ Corp.	201,178	8,290,037
CJ Corp. (2nd)	34,073	1,959,157
CJ Corp. (3rd) (Convertible)	20,446	1,136,433

		11,385,627
Energy 0.6%		
Oil, Gas & Consumable Fuels		
S-Oil Corp.	105,626	6,771,806
Financials 2.4%		
Diversified Financial Services 0.5%		
Daishin Securities Co., Ltd.	450,481	4,964,573
Insurance 1.9%		
Samsung Fire & Marine Insurance Co., Ltd.	361,365	20,258,603
Information Technology 5.7%		
Electronic Equipment & Instruments 0.1%		
Samsung SDI Co., Ltd.	23,231	1,504,950
Semiconductors & Semiconductor Equipment 5.6%		
Samsung Electronics Co., Ltd. (c)	134,164	58,371,305
Materials 0.4%		
Chemicals		
LG Chemical Ltd.	130,644	3,906,174

Total Preferred Stocks (Cost \$26,166,910)		185,524,150
	Principal	
	Amount (\$)	Value (\$)

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Convertible Bond 0.0%

Consumer Staples
 Haitai Confectionery Loan Certificates, Zero Coupon, 9,577,892 8,149
 11/28/2009 (b) (d) (e)
 (Cost \$0)

Shares Value (\$)

Rights 0.0%

Information Technology
 Nepes Corp.* (Cost \$1,263) 568 2,050

Cash Equivalent 0.1%

Scudder Cash Management QP Trust, 3.74% (f) 807,785 807,785
 (Cost \$807,785)

% of Value
 Net Assets (\$)

Total Investment Portfolio (Cost \$ 276,612,616) 99.0 1,036,441,687
 Other Assets and Liabilities, Net 1.0 10,468,151
 Net Assets 100.0 1,046,909,838

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 issuers. 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 nine months ended September 30, 2005 with companies which are or were affiliates is as follows:

Affiliate	Common Shares	Purchase Cost (\$)	Sales Cost (\$)	Realized Gain/(Loss) (\$)	Dividend Income (\$)+
JeonBuk Bank	1,886,994	-	3,300,224	2,590,158	-
Posco	254,977	-	9,272,272	11,195,099	151,976
Samsung Climate Control	560,224	-	934,798	633,879	-
Samsung Electronics Co. Ltd.	230,350	-	4,259,952	56,161,027	-
Samsung Fire & Marine Insurance CO. Ltd	663,110	-	2,178,809	5,565,729	-

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S-Oil Corp	560,001	-	310,314	318,841	503,439
Seoul Semiconductor Co. Ltd.	650,192	-	4,529,701	4,014,409	-
Taegu Department Store Co. Ltd	904,880	-	2,712,881	1,903,540	-
			65,498,951	82,382,682	655,415

+ Net of foreign taxes withheld

- (b) Securities valued at fair value by management and approved in good faith following procedures approved by the Directors, amounted to \$1,924,798 (0.2% of net assets at September 30, 2005). Their values have been estimated by management in the absence of readily ascertainable market values. However, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the difference could be material. The cost of these securities at September 30, 2005 aggregated \$1,616,637. The securities may also have certain restrictions as to resale.
- (c) At September 30, 2005, 18.0% of the Fund's investment portfolio is invested in Samsung Electronics Co., Ltd.
- (d) Company in restructuring process, principal only subject to repayment.
- (e) Amount stated in Korean Won.
- (f) Scudder Cash Management QP Trust is managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.
- (g) 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.

A Shareholder of SE Co. Ltd. has given the Fund a put option at cost, payable on demand until it has an initial public offering. Information concerning the private placement security at September 30, 2005 is as follows:

Restricted Security	Acquisition Date	Cost (\$)	Value (\$)	As a % As
SE Co., Ltd.	12/22/2000	1,616,637	1,916,649	0

ADR: American Depositary Receipt

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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/Vincent J. Esposito

Vincent J. Esposito
President

Date: November 22, 2005

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/Vincent J. Esposito

Vincent J. Esposito
President

Date: November 22, 2005

By: /s/Paul Schubert

Paul Schubert
Chief Financial Officer and Treasurer

Date: November 22, 2005