MEXICO FUND INC
Form N-30D
December 30, 2002

The Mexico Fund, Inc.

Directors:

Juan Gallardo T. -- Chairman
Philip Caldwell
Jose Luis Gomez Pimienta
Claudio X. Gonzalez
Robert L. Knauss
Jaime Serra Puche
Emilio Carrillo Gamboa

Officers:

Jose Luis Gomez Pimienta -- President
Samuel Garcia-Cuellar -- Secretary
Alberto Osorio -- Treasurer
Carlos H. Woodworth -- Corporate Governance Vice President
Eduardo Solano -- Investor Relations Vice President
Allan S. Mostoff -- Assistant Secretary
Sander M. Bieber -- Assistant Secretary

Investment Adviser --

Impulsora del Fondo Mexico, S.A. de C.V.

Custodian --

BBVA Bancomer, S.A.
Comerica Bank

Transfer Agent and Registrar --

American Stock Transfer & Trust Company

Counsel --

Dechert
Creel, Garcia-Cuellar y Muggenburg, S.C.

Independent Accountants --

PricewaterhouseCoopers LLP

This report, including the financial statements herein, is transmitted to shareholders of The Mexico Fund, Inc. for their information. It is not a prospectus, circular or representation intended for use in the purchase of shares of the Fund or any securities mentioned in the report.

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The Mexico
Fund, Inc.

Annual Report
October 31, 2002

[LOGO} Mexico Fund Logo

www.themexicofund.com

The Mexico Fund, Inc.
Annual Report
October 31, 2002
Highlights

The Fund's fiscal year 2002 ended October 31, 2002.

- After a year of recession, the Mexican economy began to show signs of recovery, as gross domestic product (GDP) increased 2.1% and 1.8% during the second and third calendar quarters of 2002, respectively.

- During this fiscal year, some of the most important factors that affected the performance of international stock markets, including the Mexican Bolsa, were: the crisis of confidence among investors; the deceleration of world economies; and concerns surrounding possible terrorist attacks throughout the world.

- The Fund's market price per share increased 3.5% during the fiscal year while the IFCG Mexico Index, the Fund's benchmark, fell 4.3% and the Fund's net asset value (NAV) per share decreased 5.2% during the same period.

- The Fund's Board of Directors has approved a strategic decision to invest significant portions of the Fund's resources in attractive small- and medium-sized Mexican companies not easily available abroad. Accordingly, beginning in November 2002, the Board has considered the adoption of a a new benchmark to better measure the Fund's future performance. Please see inside for details.

- During this fiscal year, the implementation of the Fund's in-kind repurchase offer policy resulted in a narrowing of the discount between the Fund's market price and NAV per share. At October 31, 2002 the discount was 5.7%, compared with a discount of 10.5% at the end of calendar year 2001 and 12.0% one year ago.

- The Mexican currency market has shown some volatility and the Central Bank continues to implement a restrictive monetary policy to allow inflation to remain under control.

- The Fund's Board of Directors has declared a stock dividend of $1.793 per share, payable on January 28, 2003, to shareholders of record on December 23, 2002. Fund shareholders will receive the dividend in additional shares of common stock of the Fund unless they elect to receive a cash payment.

- The Fund conducted its second in-kind repurchase offer during October 2002. A total of 4,037,736 shares were repurchased, equivalent to approximately 20% of the Fund's total outstanding shares.

- Participation in the Fund's in-kind repurchase offers is not mandatory. The repurchase offers are not part of a plan to liquidate the Fund. The Fund's shares continue to be traded on the New York Stock Exchange (NYSE) during the in-kind repurchase offers.

- The Fund's next in-kind repurchase offer is scheduled to commence December 30, 2002 and to expire on January 22, 2003. The Fund will offer to repurchase up to 5% of its outstanding shares in exchange for a pro-rata portion of the Fund's portfolio securities.

The Mexico Fund, Inc. is a non-diversified closed-end management investment company with the investment objective of long-term capital appreciation through investments in securities, primarily equity, listed on the Mexican Stock Exchange. The Fund provides a vehicle to investors who wish to invest in Mexican companies through a managed non-diversified portfolio as part of their overall investment program.

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940 that the Fund may purchase, from time to time, shares of its common stock in the open market.

The Mexico Fund, Inc.
To Our Shareholders:

We are pleased to present to you the Fund's 2002 Annual Report. During this fiscal year, your Fund took a series of important and creative initiatives to enhance shareholder value, with favorable results that helped to mitigate the negative impact from a soft U.S. economy and declining international stock markets. In this report, among other important issues, we summarize what we believe to be the period's prevailing economic and market conditions in Mexico, outline the investment strategy approved by the Fund's Board of Directors, which is being implemented by the investment adviser, consistent with the general investment policies and objective of the Fund, and its resulting performance. We hope you find this report to be useful and informative.

Economic Environment

Mexico's economy has started to show signs of recovery as the gross domestic product (GDP) increased 1.8% during the third quarter of calendar year 2002 when compared with the same period of 2001. This is the second consecutive quarterly increase following a year of declining economic activity. The strongest sectors of the economy were: electricity, gas and water, which grew 4.1%; financial services, up 3.9%; transportation, up 3.5%; commerce, restaurants and hotels, up 1.9%; construction, up 1.6%; personal services, up 1.6%; manufacturing, up 0.2%; and the primary sector, composed of agriculture, fishery and livestock, up 1.6%. The only sector of the economy that contracted during this period was mining, which decreased 0.6%. Although Mexico's economy continues to be vulnerable to a turndown of the U.S. economy, economists surveyed by Mexico's Central Bank estimate that positive GDP growth of 1.5% will be registered during 2002 and approximately 3.4% during 2003.

The currency market has been volatile since late April as a result of the escalating crisis of confidence in international capital markets, concerns around the result of the presidential elections in Brazil and the risk of a strike at Pemex, Mexico's government-owned oil monopoly (which was finally resolved favorably at the end of September). The exchange rate of the Mexican peso against the dollar increased 9.7% during the Fund's 2002 fiscal year, when it ended at a level of Ps. 10.1552. At the same time, Mexico's inflation rate reached 5.4% for the twelve months ended November 30, 2002, and the Central Bank continues to implement a restrictive monetary policy to mitigate the inflationary impact of a weaker Mexican currency, in an effort to meet an inflation target of 4.5% by the end of this year, which seems difficult to achieve given the current level and the possibility of higher inflation rates during the Christmas season. For year 2003, the Central Bank is aiming at achieving a 3% inflation rate.

The combination of moderate inflation rates, the upgrading of the credit rating of Mexico's sovereign debt, the slow Mexican economy and low levels of U.S. interest rates all contributed to Mexican interest rates reaching historically low levels during this fiscal year 2002, when yields of 28-day Cetes (treasury bills) declined to 5.28% during April. Since then, however, interest rates have increased to 6.81% at the end of November, as a result of continued volatility in international markets, a restrictive monetary policy and the recent depreciation of the Mexican currency.

Mexico continues to be the second largest trade partner of the United States only after Canada. Total trade between Mexico and the United States amounted to $233 billion during 2001, a modest decrease from $247.6 billion in 2000. During the first nine months of 2002, total trade between Mexico and the U.S. was $172.8 billion, with a trade balance surplus for Mexico of $28.1 billion.

Fund's Performance & Portfolio Strategy

As previously mentioned, the recent negative performance of international stock markets extended

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to Mexico as well, resulting in a decline in the Fund's benchmark, the IFCG Mexico Index, of 4.3% in U.S. dollar terms during the fiscal year. The Fund's NAV had a decline of 5.2% which was buffeted, in part, by the Fund's repurchase offer which closed in June 2002. In contrast, the Fund's market price per share increased 3.5% during the same period. The Fund's investment adviser believes that as the Mexican economy seems to be returning to an expansion period, the valuation of the market could improve, resulting in increasing returns to investors.

The implementation of the Fund's in-kind repurchase offer policy has resulted in a narrowing of the discount between the Fund's market price and NAV per share. At October 31, 2002 the discount was 5.7%, compared with a discount of 10.5% at the end of calendar year 2001 and 12.0% one year ago.

During the last quarter of this fiscal year, following approval by the Board of Directors, the Fund's investment adviser continued reallocating assets of the Fund from large companies of the communications and cement sectors to small- and medium-sized firms that, although listed on the Bolsa, are not easily available to foreign investors through ADRs or similar instruments traded abroad. These eleven companies, which at the end of this fiscal year represented 14.56% of the Fund's net assets, were selected because of their financial strength, including attractive and healthy profitability and leverage ratios, as well as because of their attractive growth potential. Additionally, their current valuations, solid management and outlook for coming periods were considered. Many of these companies' shares trade at volumes lower than those of shares of the Fund's largest portfolio holdings. The Fund's investment adviser intends to continue accumulating positions in these companies in the near future. The companies recently added to the Fund's portfolio are Apasco (cement), KOF, Arca and Contal (beverages), Imsa and Tamsa (steel), Gsanbor and Soriana (retail), Vitro (glass), Desc (holding) and Geo (housing). For similar reasons, the Fund also increased its investments in Ara (housing), Alfa (holding), Bimbo (food products), CIE (entertainment), Gcarso (holding), Gfinbur and Gfnorte (financial).

Consistent with the new portfolio composition of the Fund, beginning in November 2002, the Board has considered the adoption of a new benchmark to better measure the Fund's future performance. The proposed new benchmark is a blended and weighted average index of the Fund's current benchmark, the IFCG Mexico Index, which would comprise 40% of the new benchmark's total value, and the Bolsa's Index of Medium Capitalization Companies (IMC-30 Index), which would account for the remaining 60% of the new benchmark. The Board believes that this composite benchmark will better reflect the anticipated portfolio composition of the Fund as the Fund continues to reallocate assets consistent with the above-mentioned portfolio strategy. The Board intends to test this proposed new benchmark over the next several months while still employing the IFCG Mexico Index to measure the Fund's performance. The Board intends to adopt the proposed new benchmark if it determines that this composite index better reflects the Fund's new portfolio composition.

This Report includes, for your reference, a summary description of the Fund's recently acquired companies and the Fund's ten largest holdings. The Fund's investments are categorized according to the sector classification provided by the Mexican Stock Exchange.

The Fund has adopted a concentration policy that permits it to concentrate its investments in any industry or group of industries in the IPC Index (or any successor or comparable index as determined by the Board of Directors to be an appropriate measure of the Mexican market) if, at the time of investment, such industry represents 20% or more of the IPC Index; provided, however, that the Fund will not exceed the IPC Index concentration by more than 5%.

Currently, the only industry group that represents 20% or more of the value of the securities included in the IPC Index is the communications industry group. This industry category includes local, long-distance, and cel-

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lular telephone companies, as well as broadcast and media companies. Approximately 87.5% of this industry group is comprised of stocks of telecommunications companies. During the fourth fiscal quarter, the Fund's investment adviser reduced its market weighting of the communications sector from 31.5% at the end of July 2002 to 24.4% at the end of this fiscal year. This is compared with the communications industry group's weighting of approximately 38.3% of the IPC Index. The Fund's investment adviser will continue to evaluate the concentration in this industry and may choose not to concentrate in this industry group in the future or to concentrate in other industries subject to the concentration policy described above.

Declaration of Dividend

The Fund's Board of Directors has declared a stock dividend of $1.793 per share, payable on January 28, 2003, to shareholders of record on December 23, 2002. Fund shareholders will receive the dividend in additional shares of common stock of the Fund unless they elect to receive a cash payment. This dividend is comprised of $1.340 per share of long-term capital gains, and $0.453 per share of net investment income. This dividend is the third largest ever paid by the Fund and is equivalent to approximately 11.3% of the Fund's net asset value per share on October 31, 2002. No Mexican withholding tax is applicable to this dividend. A separate notice has been sent to shareholders with details regarding the stock dividend, which should be reviewed carefully. As part of their commitment and support to the Fund, all Directors have chosen to receive their dividend in stock. Shareholders not desiring to receive this dividend in additional Fund shares must notify the Fund's transfer agent, American Stock Transfer and Trust Company, no later than 4:00 pm (EST) on January 13, 2003. Although the Fund has enacted a Dividend Reinvestment Plan, the terms of this plan do not apply to stock dividends like the one to be paid on January 28, 2003.

In-kind Repurchase Offers

On March 6, 2002, the Fund announced Board approval of a policy to conduct periodic in-kind repurchase offers at no less than 98% of NAV for up to 100% of the Fund's outstanding shares. This policy is intended to provide additional liquidity to Fund shares and to reduce the discount at which Fund shares have been trading on the NYSE.

The implementation of the Fund's in-kind repurchase policy has contributed to a significant market discount reduction. The discount has fluctuated at levels of around 7% since the policy was announced, and even reached a level of 3.5%, significantly lower than the double digit levels previously registered, which peaked at 33% two years earlier. Your Fund continues to provide a convenient professionally managed product for investing in Mexico.

On October 7, 2002, the Securities and Exchange Commission granted the Fund's exemptive application which allows the Fund to conduct periodic in-kind repurchase offers for between 1% and 100% of the Fund's outstanding shares under the Investment Company Act of 1940. Under the terms of the exemptive application, the Fund's periodic repurchase offers will be less expensive and complicated than conducting the repurchase offers as tender offers under the Securities Exchange Act of 1934.

The Fund's second in-kind repurchase offer expired on October 31, 2002. A total of 4,037,736 shares were repurchased, equivalent to approximately 20% of total Fund outstanding shares. The Fund now has 15,931,321 shares outstanding. The Fund's next in-kind repurchase offer will expire on January 22, 2003. The Fund will offer to repurchase up to 5% of its shares in exchange for a pro-rata portion of the Fund's portfolio securities. The Fund will repurchase shares at the Fund's NAV, reduced by a repurchase price adjustment of 2%, for a repurchase price of 98% of NAV. If the amount of Fund shares submitted for repurchase exceeds 5% of total outstanding shares, the Fund will then repurchase only a pro-rata portion of each submission. In the event of an oversubscription, a shareholder may not be able to liquidate some or all of the shares held. A shareholder may have to

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wait until a subsequent repurchase offer to tender shares that the Fund was unable to repurchase. Participating shareholders will receive Mexican portfolio securities held by the Fund in exchange for their shares. Shares received pursuant to the Fund's stock dividend payable on January 28, 2003 will not be eligible to be tendered for repurchase during this repurchase offer. The Board of Directors anticipates that the Fund's next repurchase offer will occur towards the end of the Fund's third fiscal quarter in July 2003 for an amount not yet determined.

The repurchase offer is not part of a plan to liquidate the Fund. Shareholder participation in the repurchase offer is not mandatory as shareholders can continue to purchase and sell Fund shares in cash transactions on the NYSE.

Investor Relations

The Fund's web site presents the Fund's market price and NAV per share on a same-day basis and provides a downloadable database containing the most important historical figures for the Fund. Also available is the complete history of dividend distributions made by the Fund and additional links to useful sites of Mexican government agencies, capital markets and listed companies. Web site visitors may now request online to receive via regular mail a copy of the Fund's Annual Report, Semi-Annual Report, and the most recent Quarterly and Monthly Summary Reports. We hope that the Fund's web site is a useful resource for information and we will continue working to improve it.

The Fund also has a toll-free telephone number that will provide you with the Fund's current NAV, quarterly reports and other Fund materials:

(800) 224-4134

The Fund also offers shareholders and the general public the ability to contact the Fund via e-mail with questions or requests for additional information about the Fund. Please direct your e-mail inquiries to:

Investor Relations Office
investor-relations@themexicofund.com

In addition to the quarterly reports published by the Fund, the Investment Adviser distributes a Monthly Summary Report with information about the Fund, the Mexican economy and the Bolsa. Interested persons may either access this report on the Fund's web site or receive it via regular mail. Please request this report through the Fund's web site or write to the Investment Adviser at:

Impulsora del Fondo Mexico, sa de cv.
77 Aristoteles St. 3rd Floor
Polanco
11560 Mexico, D.F.
Mexico

Information on the Fund's NAV and market price per share is also published weekly in The Wall Street Journal, The New York Times and other newspapers in a table called "Closed-End Funds". The Fund's NYSE trading symbol is MXF.

The Fund's shares are also listed and traded on the Third Section ("Freiverkehr") of the Stuttgart Stock Exchange. Effective June 27, 2002, the Fund's German Domestic Tax Representative is:

PricewaterhouseCoopers GmbH
Wirtschaftsprufungsgesellschaft
Marie-Curie-Strasse 24-28
60439 Frankfurt am Main
Postfach 50 06 36
60394 Frankfurt am Main
Germany

The Fund's Dividend Reinvestment Plan and Transfer Agent is:

American Stock Transfer & Trust Company
59 Maiden Lane--Plaza Level
New York, NY 10038
(212) 936-5100

Dividend Reinvestment Plan

The Fund's Dividend Reinvestment Plan (the "Plan") provides a convenient way to increase your holdings in the Common Stock of the Fund through the reinvestment of net investment income and capital gain distributions. Under the terms of the Plan, Fund shareholders are automatically enrolled as participants in the Plan. If you do not wish to participate in the Plan, please contact the Plan Agent. Upon any termination of participation under the Plan, the Plan Agent will cause a share certificate for the appropriate number of full shares to be delivered to the participant, and a cash adjustment for any fractional shares. At a shareholder's request, the Plan Agent will sell the participant's shares and remit any proceeds to the participant, net of brokerage commissions. Shareholders who do not participate in the Plan will receive all distributions in cash.

Under the terms of the Plan, whenever the Fund declares a distribution, Plan participants will receive their distribution entirely in shares of Common Stock purchased either in the open market or from the Fund. If, on the date a distribution becomes payable or such other date as may be specified by the Fund's Board of Directors (the valuation date), the market price of the Common Stock plus estimated brokerage commissions is equal to or exceeds the NAV per share of Common Stock, the Plan Agent will invest the distribution in newly issued shares of Common Stock, which will be priced at NAV. If on the valuation date, the market price of the Common Stock plus estimated brokerage commissions is lower than the NAV per share, the Plan Agent will buy Common Stock in the open market. As a participant in the Plan, you will be charged a pro-rata portion of brokerage commissions on all open market purchases.

If your shares are registered or will be registered in the name of a broker-dealer or any other nominee, you must contact the broker-dealer or other nominee regarding his or her status under the Plan, including whether such broker-dealer or nominee will participate in the Plan on your behalf. Generally, shareholders receiving Common Stock under the Plan will be treated as having received a distribution equal to the amount payable to them in cash as a distribution had the shareholder not participated in the Plan.

If you have any questions concerning the Plan or would like a copy of the Plan brochure, please contact the Plan Agent:

American Stock Transfer & Trust Company
Attention: Dividend Reinvestment Department
59 Maiden Lane--Plaza Level
New York, NY 10038
(212) 936-5100

Sincerely yours,

/s/ Jose Luis Gomez Pimienta	/s/ Juan Gallardo T.
Jose Luis Gomez Pimienta	Juan Gallardo T.
President	Chairman of the Board

December 30, 2002.

Description of Recently Acquired Companies/1/

1. Embotelladoras Arca ("Arca") (2.25%)

Arca is the second-largest Coca-Cola bottler in Mexico, after KOF (see below). Its operations span the Northern region of Mexico, an area with the highest per capita consumption of Coca-Cola outside the U.S. Arca was formed in October 2001 from the merger of the two oldest Coca-Cola bottlers in Mexico.

2. Corporacion Geo ("Geo") (1.97%)

Geo is a fully integrated homebuilder engaged in the design, development, construction, marketing, commercialization and delivery of affordable entry-level and middle-class housing communities in Mexico. Through operating subsidiaries positioned in the most dynamic cities in the country, Geo is a diversified homebuilder with operations in 19 of the 32 Mexican states, consisting of approximately 70% of the country's population.

3. Organizacion Soriana ("Soriana") (1.64%)

Soriana is a retail company organized to provide a wide assortment of merchandise, from groceries and fresh food to apparel and general merchandise, in the hypermarket format. The company operates in the 43 most important cities in Mexico through 108 self-service stores. Soriana has six distribution centers and its main offices are located in Monterrey.

4. Coca-Cola Femsa ("KOF") (1.49%)

KOF bottles and distributes Coca-Cola products in Mexico City (and surrounding areas), the Southeast of Mexico and in Buenos Aires, Argentina (and surrounding areas). KOF currently accounts for approximately 25.0% of Coca-Cola sales in Mexico and approximately 36.5% of Coca-Cola sales in Argentina. The Coca-Cola Company owns a 30% equity interest in KOF.

/1/ In this and the following section, the figures in parentheses indicate the percentage that each company represents of the Fund's net assets as of October 31, 2002.

5. Vitro (1.48%)

Vitro is one of the world's leading glass producers and a major participant in its three principal businesses: flat glass; glass containers; and glassware. Vitro's subsidiaries serve multiple product markets, including: construction and automotive glass; fiberglass; food and beverage, wine, liquor, cosmetics and pharmaceutical glass containers; glassware for commercial, industrial and retail uses; and plastic and aluminum containers. Vitro has joint ventures with major world-class partners and industry leaders that provide access to its subsidiaries to international markets, distribution channels and state-of-the-art technology. Vitro's subsidiaries have facilities and distribution centers in seven countries, located in North, Central and South America, and Europe, and export to more than 70 countries worldwide.

6. Apasco (1.42%)

Apasco is the second largest producer of cement in Mexico, after Cemex (see below). Apasco produces and distributes cement, mortar, ready-mixed concrete and other products and services for the construction industry. The company has six cement plants providing it with a production capacity of 8.9 million metric tons per year, more than 100 ready-mixed concrete plants, five plants that produce aggregates, 25 cement distribution centers, four seaport export terminals and a Concrete Technological Centre. Apasco is part of the Holcim Swiss Group, a world leader in the production and marketing of cement, ready-mixed concrete and aggregate products.

7. Grupo Imsa ("Imsa") (1.29%)

Imsa is a holding company that operates in four core businesses: steel processed products; plastic construction products; automotive batteries; and aluminum. Imsa has manufacturing facilities in Mexico, the United States and throughout Central and South America, and exports worldwide.

8. Desc (1.10%)

Desc is a diversified holding company engaged in four principal sectors: autoparts; chemicals; food; and real estate. The autoparts business manufactures 41 different types of autoparts products including, among others,

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light, medium and heavy duty manual transmissions and clutches, constant velocity joints, rear and front traction axles, tappets, pistons and piston pins, pick-up truck bodies and other stamped metal products. The company's chemical business produces synthetic rubber, polystyrene, carbon black, methyl methacrylate, waterproofing additives and sealants, among others. In the food business, Desc makes branded products including "Del Fuerte" tomato sauce and canned vegetables, "La Gloria" corn oil, "La Victoria" coffees and "Nair" canned tuna. The company's real estate business acquires and develops land for commercial, residential and tourism uses.

9. Grupo Continental ("Contal") (1.08%)

Contal is one of the ten largest Coca-Cola bottling groups in the world. The company has 17 bottling plants and 73 branches covering approximately 14.5% of Mexico's territory. Contal serves a market of more than 12 million consumers.

10. Tubos de Acero de Mexico ("Tamsa") (0.55%)

Tamsa is the Mexican unit of the Tenaris Group, an alliance of eight steel pipe mills with operations in 25 countries that provide services worldwide. In addition to servicing the Mexican market, Tamsa manufactures much of the tubular products that Tenaris commercializes in the North American automotive market. Tamsa and the other Tenaris Group companies belong to the Techint Group, an international business group operating worldwide in the steel, energy, infrastructure, engineering, construction and public service sectors. In December 16, 2002, Tamsa's shares were exchanged for those of Tenaris, in an effort to unify the companies within the Techint Group. The same process will also take place in the stock exchange markets of Argentina and Italy with the local companies that are owned by Tenaris.

11. Grupo Sanborns ("Gsanbor") (0.29%)

Gsanbor is a diversified holding company dedicated to retail activities with an important presence in the Mexican market. The company was formed by well-recognized retail formats in Mexico that include: Sanborn Hermanos, S.A., a chain of unique retail stores, restaurants and bars; Promotora Musical, S.A. de C.V., music stores including Mixup; Sears Roebuck de Mexico; El Globo, a chain of bakery stores; and six of the most important shopping malls in Mexico City.

Description of the Fund's Ten Largest Holdings as of October 31, 2002

1. Wal-Mart de Mexico ("Walmex") (12.17%)

Walmex is the largest chain of retail stores in Mexico and has the dominant market position in the commercial sector of the country. The company is a subsidiary of the U.S. firm, Wal-Mart Stores, Inc. (NYSE: WMT). At the end of October 2002, Walmex had a total of 593 units in 56 cities in Mexico, which include supermarkets, retail stores and restaurants.

2. Telefonos de Mexico ("Telmex") (9.65%)

Telmex is the major telecommunications company in Mexico, and with more than 13 million lines, provides local, domestic and international long-distance telephone services, internet access, wireless, data, audio and video transmission services. Telmex also provides telecommunication services in the United States.

3. Cemex ("Cemex") (7.75%)

Cemex is the world's third largest cement producer, the largest trader of cement and the leading producer of white cement. The company also produces concrete mix, clinker and value added products. Cemex produces and operates in more than 30 countries around the world and has commercial relations with over 60 countries. Cemex is the leader in the cement markets of Mexico, Spain, Venezuela, Panama, Costa Rica, the Dominican Republic, Egypt and Colombia, and has an important market presence in the Caribbean, Indonesia, the Philippines and the southwest region of the United States.

4. America Movil ("AMX") (6.81%)

AMX is the leading provider of wireless communications services in Latin America with over 29 million wireless subscribers. In Mexico, AMX provides services in all re-

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gions of the country, including all major cities, and services approximately 89.6% of Mexico's population. The company has subsidiaries and joint ventures in the telecommunications sector in Guatemala, Ecuador, Argentina, Brazil, Colombia, Venezuela, the United States, Puerto Rico, Mexico and Spain. In addition, it has formed a new joint venture company with Bell Canada International Inc. and SBC International, Inc. that will serve as the principal vehicle for expansion in Latin America.

5. Fomento Economico Mexicano ("Femsa") (4.98%)

Femsa is Latin America's largest beverage company with exports to the United States, Canada, Latin America, Europe and the Far East. Founded in 1890, Femsa is the largest totally integrated producer of soft drinks and beer in Mexico and is the controlling company of Coca-Cola Femsa (KOF), one of the leading bottlers in Latin America. Femsa also operates the largest chain of convenience stores in Mexico (Oxxo), produces packaging materials and is an important bottler in Argentina. Brand names produced by Femsa include "Sol" beer, "Coca-Cola" and "Sidral Mundet."

6. Grupo Modelo ("Gmodelo") (4.64%)

Founded in 1925, Gmodelo is the leader in the production, distribution and sale of beer in Mexico with a market share in the domestic and export markets of approximately 60%. The group exports its products to 150 countries and owns 10 brand names, including Victoria, Modelo and Corona, the most popular beers imported in the United States. The company also imports and distributes in

Mexico brand names of beer produced by its partner Anheuser-Busch, including Budweiser and Bud Light.

7. Grupo Financiero BBVA - Bancomer ("GFBB") (4.06%)

Grupo Banco Bilbao Vizcaya Argentaria (BBVA), the largest financial group in Spain and the second largest bank in the Euro zone in terms of market capitalization, is GFBB's main stockholder. GFBB -BBVA's main subsidiary- is the leading financial group in Mexico and the largest privately-owned financial institution in Latin America in terms of deposits and number of clients. GFBB operates as a universal banking institution.

8. Alfa ("Alfa") (3.98%)

Alfa is a holding company comprised of the following five business groups: Alpek, the second largest producer of PTA in the NAFTA region is dedicated to petrochemical and synthetic fibers; Hylsamex, one of the most competitive steel companies in North America; Sigma, a leading producer of frozen and refrigerated foods in Mexico; Versax, a producer of aluminum products; and Onexa, a company dedicated to telecommunications.

9. Grupo Carso ("Gcarso") (3.90%)

Gcarso is one of the largest conglomerates in Latin America. It controls and operates a diversified group of companies related to the retail, industrial and consumer businesses. On the retail side, the group participates through Grupo Sanborns, Sears, Mixup, El Globo and Cuicuilco and Plaza Loreto shopping centers. On the industrial side, Carso integrates companies including: Condumex, a global manufacturer of products for the telecommunications, construction, energy and automotive industries; Nacobre, which produces copper, aluminum and PVC products; and Frisco, which holds railroad, chemical and a mining divisions. Finally, consumer-oriented businesses include Porcelanite, the Mexican leader in the ceramic tile industry; and Cigatam, which together with Philip Morris, is the most important player in the tobacco industry, producing and marketing important brands including Marlboro, Benson and Hedges and Delicados.

10. Grupo Bimbo ("Bimbo") (3.78%)

Established in 1945, Bimbo today is one of the most important baking companies in terms of brand and trademark positioning, sales and production volume around the world. Bimbo is a leader in its area, with a presence in the United States and 16 countries in Latin America and Europe, offering over 750 products and 90 prestigious brands.

Directors' and Officers' Biographical Data*

Interested Directors

Name, Address and Age	Position(s) Held With the Fund	Term of Office and Length of Time Served	Principal Occupation for Past Five Years	Other

Jose Luis Gomez Pimienta(degrees) Aristoteles 77, 3rd Floor Col. Polanco 11560 Mexico, D.F. Mexico Age: 63	President of the Fund; Class II Director	Term expires 2004; Director since 1989	Mr. Gomez Pimienta has over two decades of experience investing in the Mexican securities market. He has been the President of the Fund since its inception and has also served as a Director since 1989. Mr. Gomez Pimienta has been Chairman of the Board of the Fund's investment adviser, Impulsora del Fondo Mexico, S.A. de C.V., since 1987 and CEO since 1981.	Direct Execut Bolsa (Mexic (since

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(degrees) Director is an "interested director" (as defined in the Investment Company Act of 1940 ("interested director")). Mr. Gomez Pimienta is deemed to be an interested director by reason of his affiliation with the Fund's investment adviser, Impulsora del Fondo Mexico, S.A. de C.V.

Independent Directors

Name, Address and Age	Position(s) Held With the Fund	Term of Office and Length of Time Served	Principal Occupation for Past Five Years	Other Direct Dir
Juan Gallardo Thurlow Monte Caucaso 915 4th Floor Col. Lomas de Chapultepec 11000 Mexico, D.F. Mexico Age: 55	Chairman of the Board; Class III Director	Term expires 2005; Director since 1985	Mr. Gallardo is Chairman of the Fund's Board of Directors. Over the last decade, he has been extensively involved in the negotiation of the North American Free Trade Agreement (NAFTA) among the United States, Canada and Mexico, and free trade agreements between Mexico and Israel and the European Union. Mr. Gallardo also serves as Chairman of the Board of Grupo Embotelladoras Unidas, S.A. de C.V., a bottling company, since 1985 and Vice Chairman of Home Mart de Mexico, S.A. de C.V., a retailer, since 1995.	Nadro, S.A. de (pharmaceutica Mexico, S.A. d (mining); Dire Inc. (construc Intercon, S.A. (diversifying company); Memb International of Lafarge (Fr company); Memb International of Textron, In the Mexican Bu Roundtable.

	Position(s)	Term of Office and Length of

Name, Address and Age	Held With the Fund	Time Served	Principal Occupation for Past Five Years	Other Dir
Philip Caldwell Ford Motor Company 225 High Ridge Road West Building Stamford, CT 06905 Age: 82	Class I Director	Term expires 2003; Director since 1991	Mr. Philip Caldwell was Chairman and Chief Executive Officer of Ford Motor Company from 1979 to 1985 succeeding Henry Ford II. He was the first non-Ford family member to lead the company. From 1953 to 1990, he served in a wide variety of domestic and international executive positions at Ford and was Director from 1973 to 1990. From 1985 until 1998, Mr. Caldwell was a Director and Senior Managing Director of Lehman Bros. Inc. and its predecessor, Shearson Lehman Brothers Holdings, Inc.	Director, M Internation weighing in Director, W (scientific Director, R Associates, recruitment
Emilio Carrillo Gamboa Blvd. Manuel Avila Camacho No. 1, Ste. 609 011009 Mexico, D.F. Mexico Age: 65	Class III Director	Term expires 2005; Director since 2002	Mr. Carrillo Gamboa is a former director of the Fund (from inception of the Fund in 1981 to 1987). He resigned as director in 1987 to become Mexico's Ambassador to Canada. Mr. Carrillo Gamboa was reelected as a Director of the Fund in 2002. Mr. Carrillo Gamboa is a prominent lawyer in Mexico with extensive business experience and has been a partner of Bufete Carrillo Gamboa, S.C. since 1989. He has also served or currently serves on the boards of many prestigious Mexican businesses and charitable organizations.	Secretary, de Hombres (Business R Mexico); Ch Board, Ceme S.A. de C.V company); D Modelo, S.A brewing); D Clark de Me (consumer p San Luis Co C.V. (minin parts); Dir de Chihuahu C.V. (publi transportat Sistemas Au Potencia, S equipment d Secretary a Director, I C.V. (DTH t Secretary a Director, S S.A.(Innova

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Name, Address and Age	Position(s) Held With the Fund	Term of Office and Length of Time Served	Principal Occupation for Past Five Years	Other Directo Dire

				services and ad Secretary and A Director, Corpo Radio y Televis de Mexico, S.A. (Innova subsidi concession hold Corporacion Nov de R.L. (Innova marketing); Cor Novavision, S. subsidiary-pers Director, Empre Director, Banco Mitsubishi (Mex Industrias Lubr Inmobiliaria Co
Claudio X. Gonzalez Lagrange 103 Piso 3 Colonia Los Morales 11510 Mexico, D.F. Mexico Age: 68	Class II Director	Term expires 2004; Director since 1981	Mr. Gonzalez was President of the Business Coordinating Council of Mexico. He has served as Chairman of the Board and Chief Executive Officer of Kimberly-Clark de Mexico, S.A. de C.V. since 1966. Mr. Gonzalez is also on the Boards of Directors of several prominent U.S. and Mexican companies including, General Electric Co.	Chairman of the Executive Offic Director, Kimbe Mexico, S.A. de (consumer produ Director, Gener Director, Inves Company of Amer Director, Kello Director, Home Director, Grupo Grupo Carso; Di Mexico; Directo Movil; Director Inbursa; Direct Director, Banco
Robert L. Knauss 5151 San Felipe Suite 1661 Houston, TX 77056 Age: 71	Class II Director	Term expires 2004; Director since 1985	Mr. Knauss currently serves as Chairman of the Board and Principal Executive Officer of Philips Services Corp. (industrial services) and is also Chairman of the Board and Chief Executive Officer of Baltic International USA, Inc. (investments). Mr. Knauss was the former Dean and Distinguished University Professor of University of Houston Law School and was also Dean of Vanderbilt Law School.	Director, Equus (investments); Seitel, Inc. (o

	Position(s) Held With	Term of Office and Length of Time	Principal Occupation for	Other Directo

Name, Address and Age	the Fund	Served	Past Five Years	Dire
Jaime Serra Puche Edificio Plaza Prolongacion Paseo de la Reforma 600-103 Santa Fe Pena Blanca 01210 Mexico, D.F. Mexico Age: 52	Class I Director	Term expires 2003; Director since 1997	Dr. Serra is a former Secretary of Finance for Mexico and he was the minister in charge of negotiations for NAFTA and trade agreements between Mexico and Chile, Bolivia, Venezuela, Colombia and Costa Rica on behalf of the Mexican government. Formerly, Dr. Serra was a Weinberg Visiting Professor at Princeton University, Secretary of Trade and Industry (Mexico) and a Distinguished Visiting Associate at the Carnegie Endowment for International Peace. He has a Ph.D. in economics from Yale University and is currently Senior Partner of the law and economics consulting firm Serra and Associates International.	Director, Tubo Mexico, S.A. d manufacturing) Vitro, S.A. de manufacturer); Grupo Ferrovia S.A. de C.V. (Director, Sout Copper Corpora manufacturer); Regional Marke (procurement c Director, Bard C.V. (oil prod Tenaris (holdi Co-Chairman, P Council on Int Activities of Trustee, Yale

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Principal Executive Officers of the Fund

Name, Address and Age	Position(s) Held With the Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past Five Ye
Jose Luis Gomez Pimienta Aristoteles 77, 3rd Floor Col. Polanco 11560 Mexico, D.F. Mexico Age: 63	President of the Fund; Class II Director	Term expires 2004; Director since 1989	Chairman of the Board and Director General o the Fund's investment adviser, Impulsora del Fondo Mexico, S.A. de C.V., and a Director a Member of the Executive Committee of the Bol Mexicana de Valores, S.A. de C.V. (Mexican Stock Exchange).
Samuel Garcia-Cuellar Creel, Garcia-Cuellar y Muggenburg, S.C., Paseo de los Tamarindos 60 Bosques de las Lomas 05120 Mexico, D.F. Mexico Age: 60	Secretary	Since 1981	Mr. Garcia-Cuellar is a partner of Creel, Ga Cuellar y Muggenburg, S.C., Mexican counsel the Fund; Director, El Aguila Compania de Seguros, S.A. de C.V. (insurance) (since 199 Director, Mercado Mexicano de Derivados (futures and options) (since 2001); Director Capital Bank, S.A. Institucion de Banca Mult GE Capital Grupo Financiero (bank) (since 2002); Director, GE Capital Grupo Financiero (financial group) (since 2002).
Alberto Osorio Morales Aristoteles 77, 3rd Floor	Treasurer (formerly, Vice	Since 2002	Mr. Osorio currently serves as Director of Finance of the Fund's investment adviser,

Col. Polanco 11560 Mexico, D.F. Mexico Age: 35	President of Finance)	From 1999 to 2002	Impulsora del Fondo Mexico, S.A. de C.V.
Carlos H. Woodworth Ortiz Aristoteles 77, 3rd Floor Col. Polanco 11560 Mexico, D.F. Mexico Age: 59	Vice-President of Corporate Governance and Compliance Officer (formerly, Treasurer)	Since 2002 From 1992 to 2002	Mr. Woodworth has served on the Board of Directors of the Fund's investment adviser, Impulsora del Fondo Mexico, S.A. de C.V., as well as Deputy Director of the Adviser since 1981. Mr. Woodworth also serves as an Altern Director of the Bolsa Mexicana de Valores, S de C.V. (Mexican Stock Exchange).
Eduardo Solano Arroyo Aristoteles 77, 3rd Floor Col. Polanco 11560 Mexico, DF, Mexico Age: 34	Investor Relations Vice President	Since 1997	Mr. Solano has served as Director of Economi Research of the Fund's investment adviser, Impulsora del Fondo Mexico, S.A. de C.V, sin 1997.

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* There are no other funds in the Fund Complex.

The Mexico Fund, Inc.
Schedule of Investments as of October 31, 2002

		Shares Held	Common Stock (98.10%)
Cement Industry	(a)	760,900	Apasco, S.A. de C.V. ....
		5,895,391	Cemex, S.A. de C.V. ....
Communications		8,560,300	America Movil, S.A. de C.V. ....
		22,643,700	America Movil, S.A. de C.V. ....
	(a)	8,605,900	America Telecom, S.A. de C.V. ....
	(a)	8,605,100	Carso Global Telecom, S.A. de C.V. ....
	(a)	8,838,500	Grupo Iusacell, S.A. de C.V. ....
	(a)	6,674,314	Grupo Televisa, S.A. ....
		8,560,200	Telefonos de Mexico, S.A. de C.V. ....
		10,901,100	Telefonos de Mexico, S.A. de C.V. ....
Financial Groups	(a)	16,020,109	Grupo Financiero BBVA-Bancomer, S.A. de C.V. ....
		4,151,200	Grupo Financiero Banorte, S.A. de C.V. ....
	(a)	8,917,500	Grupo Financiero Inbursa, S.A. de C.V. ....
	(a)(b)	--	Grupo Financiero Scotiabank Inverlat Recovery Trust ....
Food and Beverages	(a)	2,150,000	Coca-Cola Femsa, S.A. de C.V. ....
	(a)	3,650,000	Embotelladoras Arca, S.A. de C.V. ....

		4,233,199	Fomento Economico Mexicano, S.A. de C.V....................
		7,753,800	Grupo Bimbo, S.A. de C.V..................................
	(a)	2,255,700	Grupo Continental, S.A....................................
		5,675,500	Grupo Modelo, S.A. de C.V.................................
Holding Companies		7,445,000	Alfa, S.A. de C.V...
	(a)	2,686,300	Corporacion Interamericana de Entretenimiento, S.A. de C.V..
		8,023,400	Desc, S.A. de C.V...
	(a)	4,900,000	Grupo Carso, S.A. de C.V..................................
	(a)	2,923,900	Grupo Imsa, S.A. de C.V...................................
	(a)	736,600	Grupo Sanborns, S.A. de C.V...............................
		5,743,800	Vitro, S.A..
Housing	(a)	4,878,300	Consorcio ARA, S.A. de C.V................................
	(a)	3,091,500	Corporacion Geo, S.A. de C.V..............................
Pulp and Paper		4,415,080	Kimberly-Clark de Mexico, S.A. de C.V.....................
Retail Stores		2,893,400	Controladora Comercial Mexicana, S.A. de C.V ....
		865,420	Grupo Elektra, S.A. de C.V................................
	(a)	2,520,300	Organizacion Soriana, S.A. de C.V.........................
		6,106,093	Wal-Mart de Mexico, S.A. de C.V...........................
		9,743,600	Wal-Mart de Mexico, S.A. de C.V...........................
Steel	(a)	931,300	Tubos de Acero de Mexico, S.A.............................
			Total Common Stock (Identified Cost--$270,139,071)..........

The Mexico Fund, Inc.
Schedule of Investments as of October 31, 2002 -- (Continued)

Securities	Short-Term Securities (1.38%)
Repurchase Agreements	BBVA Bancomer, S.A., 7.40%, dated 10/31/02, due 11/01/02, repurchase price $3,758,849 collateralized by Bonos de Regulacion Monetaria. Value of collateral $3,758,077.....
	Comerica Bank 1.56%, dated 10/31/02, due 11/01/02, repurchase price $489,588, collateralized by U.S. Government Agency Securities. Value of collateral $489,567...
	Total Short-Term Securities (Identified cost--$4,247,644)...........................
	Total Investments (Identified cost--$274,386,715)...................................
	Other Assets in Excess of Liabilities...
	Net Assets Equivalent to $15.46 per share on 19,969,057 shares of capital stock

outstanding (Note 6)..

(a) Shares of these securities are currently non-income producing. Equity investments that have not paid dividends within the last twelve months are considered to be non-income producing.
(b) See Note 9 to Financial Statements.

See Notes to Financial Statements.

The Mexico Fund, Inc.
Statement of Assets and Liabilities as of October 31, 2002

Assets:
Investments:
  Securities, at value (Note 1):
   Common stock (identified cost -- $270,139,071)...................................
   Short term securities (identified cost -- $4,247,644)............................

    Total investments (identified cost -- $274,386,715).............................
Receivables from securities sold..
Interest receivable...
Prepaid Mexican withholding taxes (Note 1)..

    Total assets..

Liabilities:
Payable to Investment Adviser (Notes 2 and 3).......................................
Accrued expenses and other liabilities..
Payables for securities purchased...

    Total liabilities...

Net Assets -- Equivalent to $15.46 per share on 19,969,057 shares of capital stock outstanding...

Composition of Net Assets:
Common stock..
Additional paid in capital..
Undistributed net investment income...
Undistributed net realized gain on investments......................................
Unrealized appreciation of investments and translation of assets and liabilities in foreign curre

See Notes to Financial Statements.

The Mexico Fund, Inc.
Statement of Operations For the Year Ended October 31, 2002

Net Investment Income:	
Income:	
Dividends	$ 12,103,733
Interest	2,447,479
Total income	
Expenses:	
Investment advisory fee	4,650,434
Administrative services	529,441
Value-added taxes	811,527
Printing, distribution and mailing of shareholder reports	480,667
Legal fees	1,514,693
Directors' fees	286,000
Directors' and Officers' expenses	113,814
Audit and tax fees	163,251
Custodian fees	79,621
Transfer agent and dividend disbursement fees	21,000
Shareholders' information	628,725
Stock exchange fees	48,410
Insurance	164,041
Miscellaneous	171,820
Total expenses	9,663,444
Reimbursement of expenses	(600,000)
Net operating expenses	
Net investment income	
Net Realized and Unrealized Gain (Loss) on Investments and Foreign Currency Transactions:	
Net realized gain (loss) on investments and foreign currency transactions:	
Net realized gain on investments	187,395,006
Net realized loss from foreign currency transactions	(3,151,356)
Net realized gain on investments and foreign currency transactions	
Increase (decrease) in net unrealized gain on investments and translation of assets and liabilities in foreign currency:	
Decrease in net unrealized gain on investments	(158,170,312)
Increase in net unrealized loss on translation of assets and liabilities in foreign currency	(422,879)
Decrease in net unrealized gain on investments and translation of assets and liabilities in foreign currency	
Net Increase in Net Assets Resulting from Operations	

See Notes to Financial Statements.

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The Mexico Fund, Inc.	Ye
Statements of Changes in Net Assets	Octob

Increase (Decrease) in Net Assets:	
From Operations	
Net investment income..	$
Net realized gain on investments and foreign currency transactions........................	18
Decrease in net unrealized gain on investments and translation of assets and liabilities in foreign currency..	(15
Net increase (decrease) in net assets resulting from operations..........................	3
Dividends to shareholders from net investment income......................................	(
Dividends to shareholders from net realized gain on investments...........................	(12
	(9
From Capital Share Transactions (Note 8)	
Repurchase of stock, at cost...	(45
Total decrease in net assets...	(55
Net Assets:	
Beginning of year...	86
End of year...	$ 30

See Notes to Financial Statements.

The Mexico Fund, Inc.
Financial Highlights

	For the Year		
	2002	2001	
Per Share Operating Performance:			
Net asset value, beginning of period..................................	$ 18.98	$ 20.84	$
Net investment income (Note 1)..	0.15**	0.23**	
Net (loss) gain on investments and translation of foreign currency (Note 1)..	(1.30)**	(2.31)**	
Total from investment operations......................................	(1.15)**	(2.08)**	
Less Dividends:			
Dividends to shareholders from net investment income..	(0.13)	(0.13)	
Dividends to shareholders from net realized gains on investments...	(2.67)	(0.05)	
Total dividends..	(2.80)	(0.18)	
Capital Share Transactions:			
Effect on NAV of stock repurchased..................................	0.43	0.40	
Capital charge resulting from issuance of fund shares.............	--	--	
Total capital share transactions......................................	0.43	0.40	
Net asset value, end of period..	$ 15.46	$ 18.98	$
Market value per share, end of period................................	$ 14.58	$ 16.70	$

Total investment return based on market value per share	2.14 %	6.64 %	
Ratios to Average Net Assets:			
Gross Expenses	1.46 %	1.07 %	
Expenses, net of reimbursement	1.37 %	1.07 %	
Net investment income, net of expense reimbursement	0.83%	1.12%	
Supplemental Data:			
Net assets at end of period (in 000's)	$308,763	$862,977	$1,
Portfolio turnover rate	43.36 %	29.69 %	

**Amounts were computed based on average shares outstanding during the period.

See Notes to Financial Statements.

The Mexico Fund, Inc.
Notes to Financial Statements--
October 31, 2002

1. Operations and Significant Accounting Policies:

The Fund is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as a closed-end management investment company. On October 16, 2000, the Fund received shareholder approval to convert from a diversified to a non-diversified investment company under the 1940 Act. The investment objective of the Fund is to seek long term capital appreciation through investment in securities, primarily equity, listed on the Mexican Stock Exchange.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the period. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund.

Valuation of investments -- Investments traded on the Mexican Stock Exchange are valued at the closing price reported by the Mexican Stock Exchange. The closing price represents the weighted average for the last ten minutes of operations in any business day. Short-term securities are carried at cost, plus accrued interest, which approximates market value. All other securities are valued in accordance with methods determined by the Board of Directors. If the Board of Directors believes that the price of a security obtained under the Fund's valuation procedures does not represent the amount that the Fund reasonably expects to receive on a current sale of the security, the Fund will value the security based on a method that the Board believes accurately reflects fair value.

Security transactions and investment income --Security transactions are recorded on the date which the transactions are entered into (the trade date). Dividend income is recorded on the ex-dividend date and interest income is recorded as earned.

Foreign Currency -- The market value of Mexican securities, currency holdings and other assets and liabilities denominated in Pesos ("Ps.") was recorded in the financial statements after being translated into U.S. dollars based on the open market exchange rate prevailing in Mexico City at the end of the period. The open market exchange rate at October 31, 2002 was Ps. 10.1552 to $1.00.

The identified cost of portfolio holdings is translated at approximate rates prevailing when acquired. Income and expense amounts are translated at approximate rates prevailing when earned or incurred.

Since the net assets of the Fund are determined based on the currency exchange rate and market values at the close of each business day, it is not practicable to isolate that portion of the results of operations arising as a result of changes in the foreign exchange rates from the fluctuations arising from changes in the market prices of securities during the year. Accordingly, the net realized and unrealized gain on investments presented in the accompanying financial statements include the effects of both such changes.

Reported net realized foreign exchange gains or losses arise from sales of short-term securities in exchange of cash, payment of services or functional currency denominated assets, currency gains or losses realized between the trade and settlement dates on securities transactions, the difference between the amounts of dividends, interest, and foreign withholding taxes recorded by the Fund, and the U.S. dollar equivalent of the amount actually received or paid.

Net unrealized foreign exchange gains and losses arise from changes in the value of assets and liabilities other than investments in common stocks, resulting from changes in the exchange rate.

Repurchase Agreements -- The Fund enters into repurchase agreements with approved institutions. The Fund's repurchase agreements are fully collateralized by Mexican or U.S. Government securities. The Fund takes possession of the collateral and the

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Fund's investment adviser monitors the credit standing of repurchase agreement counterparties. It is the Fund's policy that the fair value of the collateral is at least equal to the principal amount of the repurchase transaction, including accrued interest, at all times. If the counterparty defaults, and the fair value of the collateral declines, realization of the collateral by the Fund may be delayed or limited.

Realized gains and losses on investments --Realized gains and losses on investments are determined on the identified cost basis.

Taxes -- No provision has been made for U.S. income or excise taxes for the year ended October 31, 2002, on net investment company taxable income or net long-term capital gains as defined by the Internal Revenue Code (the "Code"), since the Fund intends to comply with the requirements of the Code applicable to regulated investment companies and to distribute substantially all of such income to its shareholders.

Dividends to shareholders from net investment income are determined based on Federal income tax regulations, whereas the corresponding net investment income as reflected in the accompanying financial statements, is presented in accordance with accounting principles generally accepted in the United States. Net realized gains from security transactions, are distributed annually to shareholders.

The Fund is subject to Mexican withholding taxes in accordance with the Mexican Income Tax Law and with the provisions included in the treaty to avoid double taxation signed between Mexico and the United States, on specific sources of income. Such taxes will be applied to the shareholders upon payment of dividends by the Fund.

The provision for value-added taxes represents Mexican value-added tax on certain services rendered by Mexican corporations to the Fund.

Dividends to shareholders -- Cash dividends are recorded by the Fund on the ex-dividend date. Dividends paid to shareholders are subject to Mexican withholding taxes.

Risks of Investment in Mexican Securities -- Investing in Mexican securities involves certain considerations not typically associated with investing in securities of U.S. issuers, including (1) lesser liquidity and smaller market capitalization of the Mexican securities markets; (2) currency fluctuations; (3) higher rates of inflation and domestic interest rates; and (4) less stringent disclosure requirements, less available information regarding Mexican public companies and less active regulatory oversight of Mexican public companies.

2. Investment Advisory Agreement:

The Fund has a management contract with Impulsora del Fondo Mexico, S.A. de C.V. (the "Adviser"), a Mexican corporation registered under the U.S. Investment Advisers Act of 1940. The Adviser furnishes investment research and portfolio management services consistent with the Fund's stated investment policies. The Fund pays to the Adviser a monthly fee at the annual rate of 0.85% on the first $200 million of average daily net assets, 0.70% on the excess over $200 million up to $400 million and 0.60% on the excess over $400 million.

On August 29, 2002, the Adviser paid to the Fund the amount of US $600,000, plus interest. This amount represents a restoration to the Fund of the expenses explained in note 10.

3. Administrative Services Agreement:

Effective April 1, 1994, the Fund entered into an Administrative Services Agreement with the Adviser, which provides for certain services to be performed by the Adviser, including among other administrative activities, the determination and publication of the net asset value of the Fund, the maintenance of the Fund's books and records in accordance with applicable U.S. and Mexican Laws and assistance in the preparation and filing of annual reports and tax returns. The term of this agreement was renewed by the Board of Directors through August 31, 2003. The annual fee payable to the Adviser by the Fund under this agreement until June 30, 2001 was $350,000. Effective July 1, 2001, the Fund pays to the Adviser a monthly fee at the annual rate of 0.07% of average daily net assets, with a minimum amount of $350,000.

Beginning with the Stock Repurchase Program that commenced on October 10, 2002, the Adviser will receive a fee of $75,000 per every repurchase made by the Fund.

4. Mandate Agreement and Mandatory Party:

On March 31, 1998, the Fund signed a Mandate Agreement with Bancomer. Under this Agreement, Bancomer acts as the Mandatory Party, performing certain activities related to the custody of the Fund's securities. The annual fee payable to Bancomer under this Agreement is denominated in Mexican pesos, which currently translates to approximately $49,746. Due to the nature of this Agreement, the fees paid to Bancomer are consolidated with the Fund's custodian fees.

5. Purchases and Sales of Investments:

Purchases and sales of investments, excluding short-term securities, for the year ended October 31, 2002 were as follows:

Purchases	
Common Stock.................	$270,088,354
Total Purchases...........	$270,088,354
Proceeds from Investments Sold	
Common Stock.................	$699,980,363
Total Sales...............	$699,980,363

Included in proceeds from investments sold, is $438,349,498 representing the value of securities disposed of in payment of redemptions in-kind, resulting in realized gains of $109,699,482. Pursuant to a ruling order from the Internal Revenue Service, obtained by the Fund, these gains are not recognized by the Fund for tax purposes. As a result, net realized gains differ for financial statements and tax purposes. These realized gains have been reclassed from undistributed realized gains on investments to additional paid in capital in the accompanying financial statements.

6. Capital Stock:

At October 31, 2002, there were 150,000,000 shares of $1.00 par value common stock authorized, of which 19,969,057 shares were outstanding.

The Fund offers a Dividend Reinvestment Plan ("Plan") to its shareholders. Fund shareholders are automatically enrolled as participants in the Plan unless they notify the Fund's transfer agent otherwise.

7. Distributions to Shareholders:

The tax character of distributions paid during the fiscal year ended October 31, 2002 and October 31, 2001 were as follows:

	2002	2001
Distributions paid from:		
Ordinary income........	$ 17,069,724	$5,901,512
Long term capital gains	110,234,999	2,363,322
Total distributions paid	$127,304,723	$8,264,834

As of October 31, 2002, the components of accumulated earnings (deficit) on a tax basis were as follows:

Accumulated capital gains....	$21,337,616
Undistributed ordinary income	7,216,590
Unrealized appreciation......	24,672,381
Total accumulated earnings...	$53,226,587

At October 31, 2002, the cost of investments for Federal income tax purposes was $282,458,119. Gross unrealized appreciation of investments was $74,259,976 and gross unrealized depreciation of investments was $49,579,318 resulting in net unrealized appreciation on investments of $24,680,658, excluding foreign currency transactions. The difference between book-basis and tax basis unrealized appreciation/(depreciation) is attributable primarily to different book and tax treatment on corporate reorganizations to securities held by the Fund.

8. Stock Repurchase Programs:

On July 31, 2000, the Board of Directors announced a Stock Repurchase Program pursuant to which the Fund may purchase in the open market up to 5,050,693 shares of its stock at prevailing market prices. The Program started on August 7, 2000 and was completed on May 29, 2001. During fiscal 2000 the Fund repurchased 1,454,800 shares at a cost of $22,737,569, and during fiscal 2001 the Fund repurchased 3,595,893, shares at a cost of $58,001,876. In this manner, the Fund repurchased the authorized 5,050,693 shares at a cost of $80,739,445.

On March 6 , 2002, the Board of Directors of the Fund announced a policy contemplating "in-kind" repurchase offers at 98% of net asset value for up to 100% of the Fund's outstanding shares.

The first such offer commenced on May 8, 2002 and expired on June 7, 2002. A total of 25,487,175 shares participated in the offer, equivalent to a total repurchase price of $458,047,473, including $700,000 of expenses related to the offer. These expenses were charged to capital. The Fund used a tax accounting practice to treat a portion of the price of capital shares redeemed during the year as distributions from realized capital gains and undistributed net investment income. Accordingly, the Fund reclassified such amounts from undistributed net realized gains and undistributed net investment income to additional paid in capital.

The second offer commenced on October 10, 2002 and expired on October 31, 2002. The amount paid for redeemed shares was 98% of the Fund's net asset value on November 14, 2002, was paid on November 19, 2002 and was recorded in November for financial statement purposes. A total of 4,037,736 shares participated in the offer equivalent to a total repurchase price of

$60,478,026, including $250,000 of expenses related to the offer.

9. Investments:

As a result of significant losses incurred by Grupo Financiero Scotiabank Inverlat, S.A. de C.V. ("Inverlat"), certain significant shareholders, together with the financial authorities, developed a recapitalization program. On July 23, 1996, after the absorption of accumulated losses through the total reduction of capital stock, shareholders of Inverlat approved a cash contribution by FOBAPROA (Banking Fund for Savings Protection) to cover such losses. As a consequence, all shares outstanding prior to July 23, 1996, were cancelled. The Fund has received an interest in a Recovery Trust set up to manage the recovery assets of Inverlat. Through the trust agreement, the Company may receive shares equal to 9% and up to 36% of their ownership interest. Management has assigned the market value of the Fund's holdings in the Recovery Trust at $0 as of October 31, 2002, due to the uncertainty regarding its ultimate realization.

According to the Bank Savings Protection Law, which was enacted on January 20, 1999, all assets of FOBAPROA have been transfered to a new entity called IPAB (Bank Savings Protection Institute). This transfer will not modify the market value assigned to the Recovery Trust.

Certain members of the Board of Directors of the Fund are also members of Boards of Directors of certain companies held in the Fund's portfolio.

10. Reimbursement of Expenses:

As a result of the Fund's commitment to the stock repurchase program explained in note 8, Laxey Partners Limited ("Laxey") and Advantage Partners, L.P. withdrew proposals that had been presented for consideration at the Fund's annual shareholders meeting. The Fund agreed to reimburse Laxey for its fees and expenses in connection to its proxy solicitation, in the amount of $600,000. Such amount is included in the Statement of Operations as follows:

Legal fees..........................	$345,000
Shareholders' information...........	210,000
Miscellaneous.......................	30,000
Printing, distribution and mailing of shareholder reports................	15,000

	$600,000
	========

The Mexico Fund, Inc.
Report of Independent Accountants

To the Board of Directors and Shareholders of
The Mexico Fund, Inc.

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of The Mexico Fund, Inc. (the "Fund") at October 31, 2002, and the results of its operations, the changes in its net assets, and the financial highlights for the year then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these financial statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit, which included confirmation of securities at October 31, 2002 by correspondence with the custodian and brokers, provides a reasonable basis for our opinion. The financial statements for the year ended October 31, 2001, including the financial highlights for each of the four years in the period then ended, were audited by other independent accountants who have ceased operations. Those independent accountants expressed an unqualified opinion on those financial statements in their report dated November 16, 2001.

PRICEWATERHOUSECOOPERS LLP

New York, New York
December 4, 2002

TAX INFORMATION (Unaudited)

In order to meet certain requirements of the Internal Revenue Code, we are advising you that the Fund designated $166,847,026 as long term capital gain distributions made during the fiscal year ended October 31, 2002, subject to the maximum tax rate 20%. Of this amount, $110,234,999 was attributable to gains from the fiscal year ended October 31, 2001.