LATIN AMERICA
GROWTH FUND, INC.

OCTOBER 31, 1996
ANNUAL REPORT

IDS INTERNATIONAL INC.

MEMBER OF IMRO
OFFICES IN LONDON, MINNEAPOLIS,
HONG KONG, SINGAPORE, TOKYO

LATIN AMERICA GROWTH FUND, INC.

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<CAPTION>

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This report is sent to the shareholders of the Latin America Growth Fund, Inc. for their information. It is not a Prospectus, circular or representation intended for use in the purchase or sale of shares of the Fund or of any securities mentioned in the report.

LATIN AMERICA GROWTH FUND, INC.

FROM THE PORTFOLIO MANAGER OCTOBER, 1996

Dear Shareholder:

MARKET REVIEW

It is my pleasure to present the second annual shareholders' letter for the Latin America Growth Fund, Inc. (the "Fund").

You will recall that the Fund is a diversified, closed-end management investment fund designed for investors to participate in the securities markets in Latin America. The Fund's objective is long-term capital appreciation, through investments in a broad spectrum of Latin American industries. This objective and the Fund's policy to invest, under normal market conditions, at least 80% of its total assets in the equity securities of Latin American issuers that at the time of purchase have a market capitalization of less than U.S. $500 million, are fundamental policies which cannot be changed without the approval of the holders of a majority of the Fund's outstanding voting securities. Because any investment involves risk, achieving this objective cannot be guaranteed.

During the year ended October 31, 1996, the net asset value per share of the Fund rose by 5.4% including reinvested dividends. Over the course of the year, the equity markets of Latin America have slowly emerged from the shadow of the 1994 Mexican peso crisis. However, new portfolio investment in the region has for the most part been confined to the largest and most liquid stocks, and so there remains potential for the smaller companies in which the Fund is invested to regain ground on their larger counterparts.

As an example of this phenomenon, the chart below demonstrates the extent to which the Brazilian market has been dominated by the state-controlled companies' stocks over the last year. The share prices of these companies have reacted favorably to the prospects of being sold into the private domain, pushing up the main market index, the Bovespa. However, as the chart shows, this strength has not been seen in the private sector, as represented by the FGV 100 Index.

BRAZIL

PUBLIC VS. PRIVATE SECTOR COMPANIES

<TABLE>
<CAPTION>

Date	FGV 100	Bovespa	Date	FGV 100	Bovespa	Date	FGV 100	Bovespa
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
11/03/95	99.62763	100.385	03/01/96	98.28311	120.0474	06/28/96	94.11485	139.8316
11/10/95	95.15557	95.63729	03/08/96	94.32439	111.4786	07/05/96	96.22052	145.3722
11/17/95	93.92203	98.11755	03/15/96	95.40927	114.2716	07/12/96	94.79162	153.7218
11/24/95	91.76315	98.23816	03/22/96	96.11883	118.8665	07/19/96	92.08042	147.8848
12/01/95	93.19864	104.4804	03/29/96	95.3818	116.5413	07/26/96	88.1119	137.4304
12/08/95	90.37668	103.347	04/05/96	94.22022	117.144	08/02/96	89.52455	146.3541
12/15/95	87.1167	99.86389	04/12/96	92.95539	117.6689	08/09/96	89.64895	142.9037
12/22/95	87.3136	104.0281	04/19/96	93.78937	118.9588	08/16/96	89.87963	145.6611
12/29/95	87.1249	102.7153	04/26/96	94.53604	120.4441	08/23/96	87.42877	141.9673
01/05/96	88.30423	112.1486	05/03/96	95.48081	119.431	08/30/96	88.78602	143.0397
01/12/96	87.91428	115.7015	05/10/96	96.34818	124.8918	09/06/96	88.47607	144.6159
01/19/96	91.59277	117.2176	05/17/96	94.86981	129.7562	09/13/96	88.32853	147.2708
01/26/96	95.38132	116.5638	05/24/96	93.56856	130.5655	09/20/96	88.13859	150.1106
02/02/96	104.1139	128.4891	05/31/96	94.54644	133.3193	09/27/96	86.60032	147.0037
02/09/96	103.5003	125.9581	06/07/96	92.45089	128.6533	10/04/96	87.38291	150.6821
02/16/96	100.0811	122.2628	06/14/96	93.18687	130.7464	10/11/96	87.34869	149.7677
02/23/96	101.9236	124.7863	06/21/96	95.22631	140.2423	10/18/96	89.18667	153.3946

</TABLE>

Source -- Economatica Data rebased to 10/28/95=100

Over the course of the last year, the performance of U.S. asset markets has had a direct bearing on the performance of Latin American equity markets. The inexorable rise of Wall Street and the U.S. long bond has provided a firm underpinning for the markets, as has the flow of liquidity into U.S. mutual funds. Nonetheless, some of this has been absorbed by the supply of new equity from the region, including issues by both the Peruvian and Venezuelan state telephone companies, and a swathe of smaller transactions.

ECONOMIC AND POLITICAL REVIEW

After the turmoil of the preceding twelve months, the MEXICAN Peso has traded for most of the last year in a relatively narrow range, between 7.40 and 8.00 to the dollar. Tight monetary policy held the currency in this range, slowing the return to growth of the economy, but succeeding in squeezing out inflationary pressure. Nonetheless, inflation for the year exceeded 25%, equating to real appreciation of the currency against the dollar. This meant that, after the support provided to the economy from the export sector in the severe recession of 1995, the last twelve months have been less easy for exporters, owing to the erosion of their relative competitiveness. Instead, the theme throughout the country has been the recovery in the domestic economy, and the extent to which it appears to be beating even the Mexican government's own forecast.

MEXICAN PESO VS. U.S. DOLLAR

10/27/95	7.065	01/26/96	7.405	04/26/96	7.41	07/26/96	7.59
11/03/95	7.365	02/02/96	7.4	05/03/96	7.47	08/02/96	7.545
11/10/95	7.55	02/09/96	7.475	05/10/96	7.43	08/09/96	7.51
11/17/95	7.63	02/16/96	7.535	05/17/96	7.3975	08/16/96	7.485
11/24/95	7.665	02/23/96	7.54	05/24/96	7.3825	08/23/96	7.492
12/01/95	7.545	03/01/96	7.56	05/31/96	7.445	08/30/96	7.578
12/08/95	7.715	03/08/96	7.59	06/07/96	7.515	09/06/96	7.555
12/15/96	7.745	03/15/96	7.5625	06/14/96	7.575	09/13/96	7.513
12/22/95	7.545	03/22/96	7.545	06/21/96	7.597	09/20/96	7.548
12/29/95	7.695	03/29/96	7.525	06/28/96	7.5825	09/27/96	7.539
01/05/96	7.56	04/05/96	7.52	07/05/96	7.63	10/04/96	7.527
01/12/96	7.515	04/12/96	7.4875	07/12/96	7.625	10/11/96	7.645
01/19/96	7.415	04/19/96	7.395	07/19/96	7.605	10/18/96	7.73
						10/25/96	7.915

Without doubt, one event overshadowed all others in ARGENTINA this year. This was the resignation of Economy Minister Domingo Cavallo, architect of Convertibility and the one man inextricably linked by foreign investors to the emergence of Argentina from the bad old days of hyperinflation. Initial fears of a crisis to parallel that of Mexico in December 1994 turned to euphoria in a very short space of time. The reasons for the sudden change centered firstly around Cavallo's expression of support for his successor, Roque Fernandez, and, more importantly, the extent to which President Menem assumed greater responsibility for economic issues. In particular, the President initiated a process of labor reform that had been long overdue, and, although not popular with unions, may ultimately lead to greater efficiency in Argentine industry.

After eighteen months of recession, and an unemployment rate over 17%, Cavallo's position had become increasingly untenable during 1996, but the irony now is that, in the few months following his departure, economic statistics showed signs of a stronger than expected recovery. In the Machiavellian world of Argentine politics, Cavallo's task now will be to keep his name in the press, and take credit for the likely recovery next year, allowing him to bid for the presidency in 1999.

Consistently high interest rates over the course of the last year have kept inflation in BRAZIL firmly in check, but at the same time held back economic activity. Only towards the end of the year was monetary policy eased somewhat, allowing for a slight improvement in industrial activity. At the same time the government has very

slowly moved ahead with the reform process, issuing timetables for the privatization of certain significant state assets, and presenting, sometimes unsuccessfully, structural and constitutional reform for discussion. Underlying all the policy issues thrown open to discussion has been that of President Cardoso's quest for re-election. The necessary constitutional amendment to allow the President to stand again should be put before Congress in early 1997. It seems likely that, in order to garner the necessary support to pass the legislation, the President will have to make concessions on other reform legislation, that may slow the necessary structural changes in the Brazilian economy. However, once he has -- or has not -- succeeded in changing the constitution, the way is clear to press ahead with economic reform.

BRAZILIAN CPI
MONTH TO MONTH

Sep-94	0.82	Jun-95	2.66	Mar-96	0.23
Oct-94	3.17	Jul-95	3.72	Apr-96	1.62
Nov-94	3.02	Aug-95	1.43	May-96	1.34
Dec-94	1.25	Sep-95	0.74	Jun-96	1.41
Jan-95	0.8	Oct-95	1.48	Jul-96	1.31
Feb-95	1.32	Nov-95	1.17	Aug-96	0.34
Mar-95	1.92	Dec-95	1.21	Sep-96	0.07
Apr-95	2.64	Jan-96	1.82		
May-95	2.06	Feb-96	0.4		

Source -- Bloomberg/FIPE

The current low level of inflation in Brazil is lasting testimony to the success of the Real Plan. The other legacies of this plan include a more stable economy, unlike the days of hyperinflation when the whole Brazilian economy could experience rapid changes of fortune in a very short space of time. Provided the tenets of the Real Plan remain in place, this will mean that Brazil should behave in a similar fashion to other market economies. The prospects are for a return to steady growth in 1997, which should feed through to good company performance.

After very strong gross domestic product ("GDP") growth in the preceding two years, PERU experienced a slowdown in 1996 to around 2%. At the same time there was little progress on the external account, with the current account deficit remaining at around 6% of GDP. This continues to raise fears that the country will follow the path of Mexico, and be obliged to devalue in the near fixture. Although the nuevo sol has fallen slowly this year, there seems little likelihood of a sharp fall, since Peru's deficit is financed by longer term capital flows.

The challenges faced by CHILE in 1996 were met with customary prudence. Modest inflationary pressure earlier in the year was met with tight monetary policy, which slowed down the economy in the third quarter after two quarters of very strong growth. Consumer price inflation is currently running at about 6%, but there may be greater cause for concern in the wholesale price index, which remains at a slightly higher level. This is in spite of the weak price of copper, which continues to be a significant influence on the whole economy.

PROSPECTS AND CHALLENGES FOR 1997

The first stage of the emergence of the major Latin American countries from the economic quagmire of the 1980s is now complete. Inflation has been tamed, and the countries have focused their efforts on international integration and competitiveness. The North American Free Trade Agreement ("NAFTA") and Mercosur have evolved from this outward-looking attitude, which is in sharp contrast to the introspection and import substitution of the so-called "lost decade". The challenge for the last few years of the millennium will be to ensure that the reforms of recent years spread further throughout the region's societies, to ensure that the benefit of the reform process is not confined to a small section of the populace. This serves an important political end, as it garners support for the whole process, enabling incumbent governments to be re-elected, and promoting broader reform.

This issue will be particularly important in Mexico in July 1997 when congressional elections take place. In spite of the power of its political apparatus, the incumbent Institutional Revolutionary Party ("PRI") is clearly concerned about the threat to its position from the Right Wing National Action Party ("PAN"). It may be that there is excessive reflation of the economy in the run-up to the election, to deepen the economic recovery. Recent social unrest in some Mexican states is evidence of the disillusionment at the reform process in some strata of society. The PRI will doubtless use every means at its disposal to safeguard its overall majority. However, there is the possibility that, for the first time since the revolution, the PRI will not be able to railroad through policy issues, without recourse to debate and the democratic process.

In Brazil, 1997 should see further progress on the reform of the economy through the privatization of various state assets. The sale of the largest iron ore exporter in the world, CVRD, is scheduled for the first half of next year, and there should be greater steps made to prepare parts of the telecommunications sector for sale. However, privatization has proven to be an emotive issue in the past, and this is certainly not likely to be any exception. The issue is complicated by President Cardoso's push to amend the constitution to enable him to stand for a second term in office. It would definitely be to the detriment of Brazil's long-term development if vested political interests were to interfere with structural reform.

CONCLUSION

The evolution of all the Latin American economies in the 'Nineties will be dominated by the impact of the peso crisis of December 1994. The effect of this one event in Mexico was to push GDP back to levels last seen at the end of the 1980s, undoing much of the progress of the early 1990s. The recoveries that are now beginning will help to ease some of the pressure in the region's economies, but reform needs to be strengthened, and extended to other areas of the economies. One of the key issues in 1997 will be whether the political environment, in Mexico in particular, will remain favorable for such a development. Popular antipathy towards the reform processes in the continent may hold back such a move, resulting in policy stalemate and the failure to address the region's structural problems. This represents the greatest risk to the region, but is one of which policy-makers are keenly aware.

Notwithstanding this threat, the longer term prospects for Latin America remain bright. The ability to withstand a crisis of the magnitude of the peso devaluation, and recover in a relatively short space of time, is testimony to the significant improvement in the economic health of the region. At the same time, equities remain significantly undervalued on both an absolute basis, and when compared to their recent history. As the economies continue their development in 1997, this should feed through to stronger equity markets, benefiting the stock prices of those companies in which the Fund is invested.

Sincerely,

/s/ Ian J. King

IAN KING
Portfolio Manager

PORTFOLIO HIGHLIGHTS OCTOBER 31, 1996

ASSET DISTRIBUTION (BY COUNTRY)
Percentages based on total investments

Argentina	21.5%
United States	9.3%
Brazil	24.4%
Peru	15.0%
Mexico	20.8%
Chile	6.6%
Colombia	2.4%

ASSET DISTRIBUTION (BY INSTRUMENT)
Percentages based on total investments

Common Stocks	68.3%
Preferred Stocks	22.4%
U.S. Government Agency Obligation	7.1%
Commercial Paper	2.2%

INDUSTRY BREAKDOWN
Percentages based on total investments

Banking/Finance	8.8%
Utility	6.0%
Food and Beverages	9.2%
Transportation	6.9%
Construction and Building Materials	8.9%

U.S. Government Agency Obligations	7.1%
Metals and Mining	8.2%
Household Appliances	7.1%
Capital Goods	3.4%
Automobile and Accessories	4.7%
Chemicals	4.2%
Other Stocks	23.3%
Commercial Paper	2.2%

TOP TEN HOLDINGS	PERCENTAGE OF NET ASSETS
1. Federal Home Loan Mortgage Corporation, Discount Note	7.3%
2. Cementos Lima Common	3.6
3. Refrigeracao Parana (REFRIPAR)	3.6
4. Tubos de Acero de Mexico, ADR (TAMSA)	3.4
5. Credicorp Ltd.	3.4
6. Corporaci|Aton Cementaria Argentina (CORCEMAR)	3.3
7. Transportacion Maritima Mexicana, ADR (TMM)	3.3
8. Industrias Campos Hermanos, Series B	3.0
9. Maderas y Sint|Aaeticas, ADR (MASISA)	3.0
10. Enrique Ferreyros	2.8

	36.7%

SEE NOTES TO FINANCIAL STATEMENTS.

PORTFOLIO OF INVESTMENTS OCTOBER 31, 1996

<TABLE>
<CAPTION>

SHARES		VALUE (NOTE 1)
<S>	<C>	<C>
COMMON STOCKS -- 69.9%		
ARGENTINA -- 22.0%		
600,000	Atanor	$ 990,148
683,594	Astra Compania Argentina de Petroleo	1,230,654
150,000	Capex	1,087,663
116,306	Compania Interamericana de Automoviles (CIADEA)	521,130
374,497	Corporacion Cementaria Argentina (CORCEMAR)+	1,591,851
220,000	Fiplasto+	880,132
2,000,000	Indupa	1,066,160
308,642	Inversiones y Representaciones (IRSA)	944,586
130,080	Juan Minetti	390,299
291,667	Molinos Rio de la Plata+	918,889
400,000	Sociedad Comercial del Plata	944,142

		10,565,654

BRAZIL -- 2.0%		
70,000	Multicanal Participacoes, ADR	980,000
CHILE -- 6.7%		
40,000	Chilquinta, ADR	620,000
74,000	Laboratorios de Chile, ADR	1,174,750
100,000	Maderas y Sint|Aaeticas, ADR (MASISA)	1,425,000
		3,219,750
COLOMBIA -- 2.5%		
86,400	Carulla	509,658
71,422	Corporacion Financiera del Valle, Series B, ADR (CORFIVALLE)	392,464
300,000	Gran Cadena de Almacenes Colombianos (CADENALCO)	275,945
		1,178,067
MEXICO -- 21.3%		
2,000,000	Camesa, Series B	895,392
40,000	Grupo Bufete Industrial, ADR	650,000
50,000	Grupo Casa Autrey, ADR	943,750
1,250,000	Grupo Financiero del Norte, Series B	1,245,330
60,000	Grupo Radio Centro, ADR	412,500
469,000	Industrias Campos Hermanos, Series B+	1,448,468
175,000	Sanluis Corporacion	909,869
520,000	Sistema Argos, Series B	467,547
225,000	Transportacion Maritima Mexicana, ADR (TMM)	1,575,000
148,600	Tubos de Acero de Mexico, ADR (TAMSA)+	1,653,175
		10,201,031
PERU -- 15.4%		
200,000	Banco Wiese, ADR	1,050,000
126,951	Cementos Lima Common	1,732,693
1	Cementos Norte Pacasmayo	2
94,103	Credicorp Ltd.	1,646,802
1,343,278	Enrique Ferreyros	1,322,196
469,485	Indeco Peruana+	223,781
1,091,254	Industrias Pacocha	714,675
76,808	Minsur Trabajo	689,054
		7,379,203
TOTAL COMMON STOCKS (COST $32,395,169)		33,523,705

</TABLE>

SEE NOTES TO FINANCIAL STATEMENTS.

<TABLE>
<CAPTION>

SHARES		VALUE (NOTE 1)

<S> <C> <C>

PREFERRED STOCKS -- 22.9%			
BRAZIL -- 22.9%			
52,100,000	Bombril		$1,014,211
8,000,000	Casa Anglo		330,894
1,476,047	Celesc, Series B+		1,249,913
80,000,000	Ceval		751,411
32,300,000	Continental 2001		746,666
1,200,000	Frigobras		554,798
3,750,000	Iochpe-Maxion		361,349
4,000,000	Marcopolo		790,345
120,000,000	Organizacao Sistemas Aplicas, (OSA)		875,998
600,000,000	Perdigao		1,121,277
2,000,000,000	Randon Participacoes		1,031,730
700,000,000	Refrigeracao Parana (REFRIPAR)		1,703,329
202,000	Renner Herrmann		185,799
4,160,000	Sao Paulo Alpargatas		259,139
TOTAL PREFERRED STOCKS (COST $16,808,526)			10,976,859
FACE VALUE			
SHORT-TERM INSTRUMENTS -- 9.5%			
COMMERCIAL PAPER -- 2.2% (COST $1,087,000)			
$ 1,087,000	General Electric Capital Corporation IB, 5.570% due 11/01/1996		1,087,000
U.S. GOVERNMENT AGENCY OBLIGATION -- 7.3% (COST $3,490,953)			
3,500,000	Federal Home Loan Mortgage Corporation, Discount Note, 5.170%++ due 11/19/1996		3,490,953
TOTAL SHORT-TERM INSTRUMENTS (COST $4,577,953)			4,577,953
TOTAL INVESTMENTS (COST $53,781,648*)		102.3 %	49,078,517
OTHER ASSETS AND LIABILITIES (NET)		(2.3)	(1,125,363)
NET ASSETS		100.0 %	$47,953,154

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* Aggregate cost for Federal tax purposes.
\+ Non-income producing security.
++ Interest rate represents annualized yield at date of purchase.
ADR -- American Depositary Receipt.

SEE NOTES TO FINANCIAL STATEMENTS.

LATIN AMERICA GROWTH FUND, INC.

STATEMENT OF ASSETS AND LIABILITIES OCTOBER 31, 1996

<TABLE>
<CAPTION>
<S> <C> <C>

ASSETS:		
Investments, at value (Cost $53,781,648) (Note 1) See accompanying schedule		$49,078,517
Cash and foreign currency (Cost $348)		522
Unamortized organization costs (Note 5)		95,666

Dividends and interest receivable		22,556
TOTAL ASSETS		49,197,261
LIABILITIES:		
Payable for investment securities purchased	$ 980,000	
Legal and audit fees payable	61,539	
Investment advisory fee payable (Note 2)	52,393	
Custodian fees payable (Note 2)	37,715	
Administration fee payable (Note 2)	8,448	
Accrued Directors' fees and expenses (Note 2)	7,467	
Transfer agent fees payable (Note 2)	5,281	
Accrued expenses and other payables	91,264	
TOTAL LIABILITIES		1,244,107
NET ASSETS		$47,953,154
NET ASSETS CONSIST OF:		
Distributions in excess of net investment income		$ (106,053)
Accumulated net realized loss on securities, forward foreign currency contracts and foreign currencies		(2,205,545)
Net unrealized depreciation of securities, foreign currencies and net other assets		(4,704,117)
Par value of common stock		4,007
Paid-in capital in excess of par value of common stock		54,964,862
TOTAL NET ASSETS		$47,953,154
NET ASSET VALUE:		
Net asset value per share ($47,953,154 / 4,007,169 shares of common stock outstanding)		$ 11.97

</TABLE>

SEE NOTES TO FINANCIAL STATEMENTS.

LATIN AMERICA GROWTH FUND, INC.

STATEMENT OF OPERATIONS

<TABLE>
<CAPTION>

<S>	<C>	<C>
FOR THE YEAR ENDED OCTOBER 31, 1996		
INVESTMENT INCOME:		
Dividends (net of foreign withholding taxes of $37,223)		$ 748,966
Interest		336,594
TOTAL INVESTMENT INCOME		1,085,560
EXPENSES:		
Investment advisory fee (Note 2)	$ 599,626	
Legal and audit fees	108,303	
Administration fee (Note 2)	100,000	
Transfer agent fees (Note 2)	61,726	
Shareholder reports expense	60,318	
Directors' fees and expenses (Note 2)	57,848	
Amortization of organization costs (Note 5)	31,686	
Custodian fees (Note 2)	19,639	
Other	27,061	

TOTAL EXPENSES	1,066,207
NET INVESTMENT INCOME	19,353
REALIZED AND UNREALIZED GAIN/(LOSS) ON INVESTMENTS (Notes 1 and 3):	
Net realized loss on:	
Securities	(1,486,193)
Forward foreign currency contracts	(23,215)
Foreign currencies	(9,440)
Net realized loss on investments during the year	(1,518,848)
Net change in unrealized appreciation of:	
Securities	3,929,464
Forward foreign currency contracts	23
Foreign currencies and net other assets	620
Net change in unrealized appreciation of investments during the year	3,930,107
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS	2,411,259
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	$ 2,430,612

</TABLE>

SEE NOTES TO FINANCIAL STATEMENTS.

LATIN AMERICA GROWTH FUND, INC.

STATEMENT OF CHANGES IN NET ASSETS

<TABLE>
<CAPTION>

<S>	<C> YEAR ENDED 10/31/96	<C> PERIOD ENDED 10/31/95*
Net investment income	$ 19,353	$ 840,930
Net realized loss on securities, forward foreign currency contracts and foreign currencies during the year	(1,518,848)	(856,690)
Net change in unrealized appreciation/(depreciation) of securities, forward foreign currency contracts, foreign currencies and net other assets during the year	3,930,107	(8,634,224)
Net increase/(decrease) in net assets resulting from operations	2,430,612	(8,649,984)
Distributions to shareholders from net investment income	(803,558)	--
Net increase in net assets from Fund share transactions (Note 4)	--	55,799,992
Offering costs reimbursed/(charged) to paid-in capital (Note 4)	12,575	(936,491)
Net increase in net assets	1,639,629	46,213,517
NET ASSETS:		

Beginning of year	46,313,525	100,008
End of year (including distributions in excess of net investment income/ undistributed net investment income ($106,053) and $710,807, respectively)	$47,953,154	$46,313,525

</TABLE>

* The Fund commenced operations on November 7, 1994.

SEE NOTES TO FINANCIAL STATEMENTS.

LATIN AMERICA GROWTH FUND, INC.

FINANCIAL HIGHLIGHTS

FOR A FUND SHARE OUTSTANDING THROUGHOUT EACH YEAR.

<TABLE>
<CAPTION>

<S>	YEAR ENDED 10/31/96 <C>	PERIOD ENDED 10/31/95* <C>
Net Asset Value, beginning of year	$ 11.56	$ 13.95
Income from investment operations:		
Net investment income	0.00#	0.21
Net realized and unrealized gain/(loss) on investments	0.61	(2.37)
Total from investment operations	0.61	(2.16)
Distributions from net investment income	(0.20)	--
Offering costs reimbursed/(charged) to paid-in capital	0.00#	(0.23)
Net Asset Value, end of year	$ 11.97	$ 11.56
Market Value, end of year	$ 9.75	$ 9.50
Total return+	4.49%	(36.67)%
Ratios to average net assets/supplemental data:		
Net assets, end of year (in 000's)	$47,953	$46,314
Ratio of operating expenses to average net assets	2.22%	2.43%**
Ratio of net investment income to average net assets	0.04%	1.68%**
Portfolio turnover rate	22%	7%
Average commission rate paid (a)	$0.0001	--

</TABLE>

----

* The Fund commenced operations on November 7, 1994. Beginning Net Asset Value results from initial offering price of $15.00 per share less commissions and offering expenses of $1.05 per share.

** Annualized.

\+ Total return represents aggregate total return for the period based on market value at period end.

\# Amount represents less than $0.01 per share.

(a) Average commission rate paid per share of securities purchased and sold by the Fund.

SEE NOTES TO FINANCIAL STATEMENTS.

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Latin America Growth Fund, Inc. (the "Fund") was incorporated as a Maryland corporation on June 27, 1994. It is a diversified, closed-end management investment company registered with the Securities and Exchange Commission under the Investment Company Act of 1940, as amended. The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements.

Portfolio Valuation: In valuing the Fund's assets, all securities for which market quotations are readily available are valued (i) at the last sale price prior to the time of determination if there was a sale on the date of determination, (ii) at the mean between the last current bid and asked prices if there was no sales price on such date and bid and asked quotations are available, and (iii) at the bid price if there was no sales price on such date and only bid quotations are available. Publicly traded government debt securities are typically traded internationally on the over-the-counter market, and are valued at the mean between the last current bid and asked price at the close of business of that market. In instances where a price determined above is deemed not to represent fair market value, the price is determined in such manner as the Board of Directors may prescribe. Securities may be valued by independent pricing services which use prices provided by market-makers or estimates of market values obtained from yield data relating to instruments or securities with similar characteristics. Short-term investments having a maturity of 60 days or less are valued at amortized cost, unless the Board of Directors determines that such valuation does not constitute fair value. In valuing assets, prices denominated in foreign currencies are converted to U.S. dollar equivalents at the current exchange rate. Securities for which reliable quotations or pricing services are not readily available and all other securities and assets are valued at fair value in good faith by, or under procedures established by, the Fund's Board of Directors.

Repurchase Agreements: The Fund may engage in repurchase agreement transactions. Under the terms of a typical repurchase agreement, the Fund takes possession of an underlying debt obligation subject to an obligation of the seller to repurchase, and the Fund to resell, the obligation at an agreed-upon price and time, thereby determining the yield during the Fund's holding period. This agreement results in a fixed rate of return that is not subject to market fluctuations during the Fund's holding period. The value of the collateral is at least equal at all times to the total amount of the repurchase obligations, including interest. In the event of counterparty default, the Fund has the right to use the collateral to offset losses incurred. There is potential loss to the Fund in the event the Fund is delayed or prevented from exercising its rights to dispose of the collateral securities, including the risk of a possible decline in the value of the underlying securities during the period while the Fund seeks to assert its rights. The Fund's investment adviser, acting under the supervision of the Fund's Board of Directors, reviews the value of the collateral and the creditworthiness of those banks and dealers with which the Fund enters into repurchase agreements to evaluate potential risks.

Foreign Currency: The books and records of the Fund are maintained in U.S. dollars. Foreign currencies, investments and other assets and liabilities are translated into U.S. dollars at the exchange rates prevailing at the end of the period, and purchases and sales of investment securities, income and expenses are translated on the respective dates of such transactions. Unrealized gains and losses which result from changes in foreign currency exchange rates have been included in the unrealized appreciation/(depreciation) of currencies and net other assets. Net foreign currency gains and losses resulting from changes in exchange rates include foreign currency gains and losses between trade date and settlement date on investment securities transactions, foreign currency transactions and the difference between the amounts of interest and dividends recorded on the books of the Fund and the amounts actually received. The portion of foreign currency gains and losses related to fluctuation in the exchange rates between the initial purchase trade date and subsequent sale trade date is included in realized gains and losses on investment securities sold.

Forward Foreign Currency Contracts: The Fund has entered into forward foreign currency contracts for purposes other than trading in order to reduce its exposure to fluctuations in foreign currency exchange on its portfolio holdings. Forward foreign currency contracts are valued at the forward rate and are marked-to- market daily. The change in market value is recorded by the Fund as an unrealized gain or loss. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

The use of forward foreign currency contracts does not eliminate fluctuations in the underlying prices of the Fund's investment securities, but it does establish a rate of exchange that can be achieved in the future. Although forward foreign currency contracts limit the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency increase. In addition, the Fund could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts.

Securities Transactions and Investment Income: Securities transactions are recorded as of the trade date. Realized gains and losses from securities transactions are recorded on the identified cost basis. Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis. Dividend income and interest income may be subject to foreign withholding taxes.

Dividends and Distributions to Shareholders: The Fund intends to distribute annually to shareholders substantially all of its net investment income and to distribute any realized capital gains at least annually. Income distributions and capital gain distributions are determined in accordance with income tax regulations which may differ from generally accepted accounting principles. These differences are primarily due to differing treatments of income and gains on various investment securities held by the Fund, timing differences and differing characterization of distributions made by the Fund.

Federal Income Taxes: The Fund's policy is to comply with the provisions of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies and by distributing substantially all of its taxable income to its shareholders. Therefore, no Federal income tax provision is required.

For the year ended October 31, 1996, permanent differences resulting from book and tax accounting for forward foreign currency contracts and currency transactions were reclassified from accumulated net realized loss to distribution in excess of net investment income in the amount of $32,655.

2. INVESTMENT ADVISORY FEE, ADMINISTRATION FEE AND OTHER RELATED PARTY TRANSACTIONS

IDS International Inc. ("IDSI") serves as the Fund's investment adviser pursuant to an investment advisory agreement (the "Advisory Agreement"). IDSI provides investment advisory services to the Fund and is responsible for the management of the Fund's portfolio of investments in accordance with the Fund's investment objectives and policies. Under the Advisory Agreement, IDSI is entitled to receive a monthly fee at an annual rate of 1.25% of the value of the Fund's average weekly net assets.

First Data Investor Services Group, Inc. ("FDISG"), a wholly-owned subsidiary of First Data Corporation, serves as the Fund's U.S. Administrator (the "U.S. Administrator") pursuant to an administration agreement (the "Administration Agreement"). Under the Administration Agreement, FDISG is entitled to receive a monthly fee at an annual rate of 0.10% of the value of the Fund's average weekly net assets, subject to minimum annual fee of $100,000. FDISG also acts as the Fund's transfer agent, dividend paying agent and registrar.

The Fund is required under the laws of Brazil, Chile and Colombia to appoint a local administrator in connection with the Fund's investments in each such country. Banco Geral, Boston Inversiones Servicios, and Fiducomerico act as local administrators for the Fund in Brazil, Chile and Colombia, respectively, pursuant to arrangements established by Boston Safe Deposit and Trust Company ("Boston Safe"), the Fund's custodian.

Boston Safe, an indirect wholly-owned subsidiary of Mellon Bank Corporation, serves as the Fund's custodian and may employ sub-custodians outside of the United States.

The Toyo Trust and Banking Company, Limited 4-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan, serves as the Fund's dividend paying agent and shareholder servicing agent for the Fund's common stock that is beneficially owned by investors in Japan.

No officer, director, or employee of IDSI, FDISG or any parent or subsidiary of those corporations receives any compensation from the Fund for serving as a director or officer of the Fund. The Fund pays each director who is not a director, an officer or employee of IDSI, FDISG or any of their affiliates $7,000 per annum plus $1,000 for each Regular or Special Board Meeting attended in person or by telephone, plus related travel and out-of-pocket expenses.

3. PURCHASES AND SALES OF SECURITIES

Cost of purchases and proceeds from sales of securities, excluding short-term investments, for the year ended October 31, 1996, aggregated $13,185,044 and $9,299,267, respectively.

At October 31, 1996, aggregate gross unrealized appreciation for all securities in which there is an excess of value over tax cost was $4,991,777 and aggregate gross unrealized depreciation for all securities in which there is an excess of tax cost over value was $9,694,908.

4. SHARES OF CAPITAL STOCK

The authorized capital stock of the Fund is 100,000,000 shares of Common Stock ($0.001 par value). For the year ended October 31, 1996, there were no share transactions. Transactions in shares outstanding for the Fund were as follows:

<TABLE>
<CAPTION>

<S>	SHARES <C>	AMOUNT <C>
October 26, 1994*	7,169	$ 100,008
Initial issuance of shares in public offering**	4,000,000	55,799,992
Total increase***	4,007,169	$55,900,000

</TABLE>

* On October 26, 1994, the Fund sold a total of 7,169 shares to Lehman Brothers Inc. and proceeds to the Fund amounted to $100,008.

** The Fund commenced operations on November 7, 1994.

*** Offering costs of $936,491 were charged to paid-in capital connection with the offering of the Fund's shares during the period ended October 31, 1995. Underwriting discounts and commissions paid directly to Lehman Brothers Inc. and other underwriters amounted to $4,200,000. For the year ended October 31, 1996, the Fund was reimbursed $12,575 of the original offering costs of $936,491.

5. ORGANIZATION COSTS

The Fund bears all costs in connection with its organization and offering, including fees and expenses of registering and qualifying its shares for distribution under Federal and state securities regulations. All such costs are being amortized on the straight-line method over a period of five years from the commencement of operations of the Fund. In the event that any of the initial shares of the Fund are redeemed during such amortization period, the Fund will be reimbursed for any unamortized organization costs in the same proportion as the number of shares redeemed bears to the number of initial shares held at the time of redemption.

6. ANTIDISCOUNT MEASURES

If, at any time after the second year following the initial offering of the Fund's shares of Common Stock, shares of the Fund's Common Stock publicly trade for a substantial period of time at a significant discount from the Fund's then current net asset value per share, the Fund's Board of Directors will consider, at its next regularly scheduled meeting, authorizing various actions designed to reduce the discount. These actions may include periodic repurchases of shares, tender offers to purchase shares from all stockholders at net asset value or recommending to shareholders conversion to an open-end investment company. No assurance can be given that the Fund's Board of Directors will convert to an open-end investment company or that repurchases or tender offers will be made or that if made, they will reduce or eliminate market discount. The Board regularly considers means to reduce the discount, including more radical approaches such as recommending to shareholders that the Fund convert to open-end status.

7. NON-U.S. SECURITIES

At October 31, 1996, 92.8% of the Fund's net assets were invested in Latin American securities. There are significant differences between Latin American and U.S. securities markets, including, among others, greater price volatility, less liquidity, smaller market capitalization and less government supervision and regulation in the Latin American securities markets. Consequently, acquisitions and dispositions by the Fund of securities in these markets may be inhibited.

8. CAPITAL LOSS CARRYFORWARD

At October 31, 1996, the Fund had available for Federal tax purposes unused capital losses of $719,350 and $1,486,195 expiring on October 31, 2003 and October 31, 2004, respectively, which can be used to offset future net capital gains. Quarterly Results of Operations (Unaudited)

QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

<TABLE>
<CAPTION>

QUARTER ENDED	NET INVESTMENT INCOME/LOSS TOTAL (000)	PER SHARE	NET REALIZED AND UNREALIZED GAIN/(LOSS) ON INVESTMENTS TOTAL (000)	PER SHARE	NET INCREASE/(DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS TOTAL (000)	PER SHARE
<S>	<C>	<C>	<C>	<C>	<C>	<C>
FISCAL YEAR 1995						
January 31, 1995*	$ 264	$ 0.07	$(3,381)	$(0.85)	$(3,117)	$(0.78)
April 30, 1995	379	0.09	(824)	(0.20)	(445)	(0.11)
July 31, 1995	170	0.04	(523)	(0.13)	(353)	(0.09)
October 31, 1995	28	0.01	(4,763)	(1.19)	(4,735)	(1.18)
TOTAL	841	0.21	(9,491)	(2.37)	(8,650)	(2.16)
FISCAL YEAR 1996						
January 31, 1996	(2)	(0.00)	3,276	0.82	3,274	0.82
April 30, 1996	52	0.01	(730)	(0.18)	(678)	(0.17)
July 31, 1996	(7)	(0.00)	405	0.10	398	0.10
October 31, 1996	(24)	(0.01)	(540)	(0.13)	(564)	(0.14)
TOTAL	19	0.00	2,411	0.61	2,430	0.61

</TABLE>

* For the period November 7, 1994 through January 31, 1995.

LATIN AMERICA GROWTH FUND, INC.

REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

To the Shareholders and Directors of Latin America Growth Fund, Inc.:

We have audited the accompanying statement of assets and liabilities of Latin America Growth Fund, Inc., including the schedule of portfolio investments, as of October 31, 1996, the related statement of operations for the year then ended, and the statement of changes in net assets and financial highlights for the year then ended and for the period from November 7, 1994 (commencement of operations) to October 31, 1995. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of October 31, 1996, by correspondence with the custodian and brokers, or other appropriate auditing procedures where replies from brokers were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Latin America Growth Fund, Inc., at October 31, 1996, the results of its operations for the year then ended, and the changes in its net assets and financial highlights for the year then ended and for the period from November 7, 1994 (commencement of operations) to October 31, 1995, in conformity with generally accepted accounting principles.

/s/ ERNST & YOUNG LLP

Boston, Massachusetts
December 6, 1996

LATIN AMERICA GROWTH FUND, INC.

ADDITIONAL INFORMATION (unaudited)

DIVIDEND REINVESTMENT PLAN

The Fund intends to distribute annually to shareholders substantially all of its net investment income, and to distribute any net realized capital gains at least annually. Net investment income for this purpose is income other than net realized long and short-term capital gains net of expenses. Pursuant to the Dividend Reinvestment Plan (the "Plan"), shareholders whose shares of Common Stock are registered in their own names will be deemed to have elected to have all distributions automatically reinvested by First Data Investor Services Group, Inc. ("FDISG"), (the "Plan Agent") in Fund shares pursuant to the Plan unless such shareholders elect to receive distributions in cash. Shareholders who elect to receive distributions in cash will receive all distributions in cash paid by check in U.S. dollars mailed directly to the shareholder by FDISG, as dividend paying agent. In the case of shareholders, such as banks, brokers or nominees, that hold shares for others who are beneficial owners, the Plan Agent will administer the Plan on the basis of the number of shares certified from time to time by the shareholders as representing the total amount registered in such shareholders' names and held for the account of beneficial owners that have not elected to receive distributions in cash. Investors that own shares registered in the name of a bank, broker or other nominee should consult with such nominee as to participation in the Plan through such nominee, and may be required to have their shares registered in their own names in order to participate in the Plan.

The Plan Agent serves as agent for the shareholders in administering the Plan. If the Directors of the Fund declare an income dividend or a capital gains distribution payable either in the Fund's Common Stock or in cash, non-participants in the Plan will receive cash and participants in the Plan will receive Common Stock, to be issued by the Fund or purchased by the Plan Agent in the open market, as provided below. If the market price per share on the valuation date equals or exceeds net assets per share on that date, the Fund will issue new shares to participants at net asset value, provided, however, if the net asset value is less than 95% of the market price on the valuation date, then such shares will be issued at 95% of the market price. The valuation date will be the dividend or distribution payment date or, if that date is not a trading day on the exchange on which the Fund's shares are listed, the next preceding trading day. If net asset value exceeds the market price of Fund shares at such time, or if the Fund should declare an income dividend or capital gains distribution payable only in cash, the Plan Agent will, as agent for the participants, buy Fund shares in the open market, for the participant's accounts on, or shortly after, the payment date. If, before the Plan Agent has completed its purchases, the market price exceeds the net asset value of a Fund share, the average per share purchase price paid by the Plan Agent may exceed the net asset value of the Fund's shares, resulting in the acquisition of fewer shares than if the distribution had been paid in shares issued by the Fund on the dividend payment date. Because of the foregoing difficulty with respect to open-market purchases, the Plan provides that if the Plan Agent is unable to invest the full dividend amount in open-market purchases during the purchase period or if the market discount shifts to a market premium during the purchase period, the Plan Agent will cease making open-market purchases and will receive the uninvested portion of the dividend amount in newly issued shares at the close of business on the last purchase date.

The Plan Agent maintains all shareholder accounts in the Plan and furnishes written confirmations of all transactions in the account, including information needed by shareholders for personal and U.S. Federal tax records. Shares in the account of each Plan participant will be held by the Plan Agent in the name of the participant, and each shareholder's proxy will include those shares purchased pursuant to the Plan.

There is no charge to participants for reinvesting dividends or capital gains distributions. The Plan Agent's fees for the handling of the reinvestment of dividends and capital gains distributions will be paid by the Fund. There will be no brokerage charges with respect to shares issued directly by the Fund as a result of dividends or capital gains distributions payable either in stock or in cash. However, each participant will pay a pro rata share of brokerage commissions incurred with respect to the Plan Agent's open market purchases in connection with the reinvestment of dividends and capital gains distributions made by the participant.

LATIN AMERICA GROWTH FUND, INC.

ADDITIONAL INFORMATION (unaudited)(continued)

Brokerage charges for purchasing small amounts of stock for individual accounts through the Plan are expected to be less than the usual brokerage charges for such transactions, because the Plan Agent will be purchasing stock for all participants in blocks and pro-rating the lower commission thus attainable.

The receipt of dividends and distributions under the Plan will not relieve participants of any U.S. Federal income tax which may be payable on such dividends or distributions.

Experience under the Plan may indicate that changes in the Plan are desirable. Accordingly, the Fund and the Plan Agent reserve the right to terminate the Plan as applied to any dividend or distribution paid subsequent to notice of the termination sent to members of the Plan at least thirty days before the record date for such dividend or distribution. The Plan also may be amended by the Fund or Plan Agent, but (except when necessary or appropriate to comply with applicable law, rules of policies of a regulatory authority) only by at least thirty days' written notice to participants in the Plan. All correspondence concerning the Plan should be directed to the Plan Agent at P.O. Box 1376, Boston, Massachusetts 02104.

RESULTS OF SHAREHOLDER MEETING

On February 12, 1996, the Fund held an Annual Meeting of Shareholders to consider (1) the election of five directors and (2) the ratification of the selection of Ernst & Young LLP as independent auditors. The results of each proposal are as follows:

PROPOSAL 1: ELECTION OF DIRECTORS

<TABLE>
<CAPTION>

<S> NAME	<C> FOR	<C> AGAINST
Peter L. Lamaison	3,254,359	75,360
Philip H. Didriksen, Jr.	3,256,939	72,780
Rodman L. Drake	3,255,759	73,960
Kathleen C. McClave	3,253,659	76,060
Peer Pederson	3,255,059	74,660

</TABLE>

PROPOSAL 2: SELECTION OF INDEPENDENT AUDITORS

<TABLE>
<CAPTION>

<S>	<C>
Voted:	
FOR	3,306,845
AGAINST	14,379
ABSTAIN	8,495

</TABLE>

ELECTION OF NEW OFFICERS

On November 13, 1996, the Fund held a meeting of the Board of Directors to consider the election of two officers. The results are as follows:

William Westhoff	President
Christine P. Ritch	Secretary

LATIN AMERICA GROWTH FUND, INC.
One Exchange Place
Boston, MA 02109

DIRECTORS AND OFFICERS
Peter L. Lamaison
Chairman of the Board
William Westhoff
President
Philip H. Didriksen, Jr.
Director
Rodman L. Drake
Director
Kathleen C. McClave
Director
Peer Pedersen
Director
Ian King
Vice President
and Investment Officer
Christine P. Ritch, Esq.
Secretary
Michael Kardok
Treasurer

FUND COUNSEL
Shereff, Friedman, Hoffman &
Goodman
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New York, NY 10022

INVESTMENT ADVISER
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11th Floor Dashwood House
69 Old Broad Street
London EC2M 1QS
United Kingdom

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1-612-671-2334

ADMINISTRATOR AND
TRANSFER AGENT
First Data Investor Services
Group, Inc.
One Exchange Place
Boston, MA 02109-2873

SHAREHOLDER SERVICE NUMBER
1-800-331-1710

INDEPENDENT AUDITORS
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