



iShares Asia Trust

Semi-annual Report

For the period ended 30th June 2005

iShares Asia Trust

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iShares Asia Trust

Letter to the Unitholders

Dear Unitholders:

We are pleased to present the unaudited semi-annual report and financial statements for the iShares Asia Trust (the "Trust") that covers the period from 1st January 2005 to 30th June 2005. This report contains important information about the performance of the iShares MSCI China Tracker (the "MSCI China Tracker") and the iShares FTSE/Xinhua A50 China Tracker (the "A50 China Tracker"), the two sub-funds established in the Trust, the Fund Manager's discussion and analysis, as well as other important financial information.

The Trust represents an efficient way for non-domestic Chinese investors to gain exposure to the Chinese economy. The MSCI China Tracker that invests primarily in Red Chips and H-shares companies listed in Hong Kong, was launched on 23rd November 2001 and first traded on the Stock Exchange of Hong Kong ("SEHK") on 28th November 2001. The A50 China Tracker is the world's first ETF linked to the Chinese domestic A Shares markets. It was launched on 15th November 2004 and first traded on the SEHK on 18th November 2004. The MSCI China Tracker and the A50 China Tracker together represent an efficient platform for investing into listed Chinese companies.

The first half of 2005 witnessed distinct economic trends marked by record high energy prices and the strengthening of the US dollar. On the economic front, the US economy was back on an expansionary track evidenced by the Federal Reserve's Open Market Committee raising the US prime interest rate to 3.25% on 30th June 2005, which was 1% higher than the end of last year. In Asia, sentiment was improving in Japan with continuous prices appreciation and better than expected export figures. In Hong Kong, the property prices continue to recover strongly. In the currency markets, the USD rebounded strongly across the board. For the six months, the Euro lost 10.67%, the GBP lost 6.60% and the JPY retreated 7.47% against the USD in spite of the large trade and budget deficits in the US.

In comparison, global equity markets performances were more modest. In respective local currency terms, the S&P 500 lost 1.7% whilst the FTSE made a relatively impressive 6.7% gain. The Nikkei 225 was mainly flat with a minimal gain of 0.8%. Elsewhere, the China market went through a declining phase with increasing volatility. Of particular importance was the launch of the pilot program for the floating of the non-tradable shares by the China Securities Regulatory Commission. At the end of the half year, there were all together 46 stocks involved in the program with some big names like Baoshan Iron & Steel. Local Chinese A shares, as represented by the FTSE/Xinhua A50 Index, registered a loss of 8.9% during the period under review.

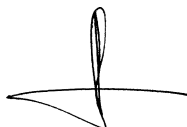
iShares Asia Trust

Letter to the Unitholders (continued)

Despite the market downturn, interests for the A50 China Tracker was mounting. As of 30th June 2005, total asset increased more than 4.4 times to HK\$747,774,925 from HK\$168,426,793 as of the first trading day. The number of units outstanding stood at 19,400,000, representing a more than 5.1 times rise from 3,800,000 units at launch. At the same time, the Chinese shares listed in Hong Kong as represented by the MSCI China (HKD) Index, fared better than their mainland counterparts and was up 3.0%. In the mean time, total asset of the MSCI China Tracker increased 8.0% to HK\$944,903,941 from HK\$874,779,224 as at the end of 2004. The number of units outstanding stood at 35,400,000, representing a modest 2.9% rise from 34,400,000 units as of 31st December 2004. The increase in units in both funds reflects continuous interests from the investing public in using these funds as viable investment vehicles to gain exposure to the Chinese economic growth.

We, again, thank you for your continued support and confidence in the Trust and hope that the Funds will continue to meet your investment needs.

Sincerely,

A handwritten signature in black ink, consisting of a stylized, cursive 'J' and 'H' followed by a horizontal line extending to the right.

Joseph Ho
Director
Barclays Global Investors North Asia Limited

Report of the Manager to the Unitholders

iShares MSCI China Tracker

(Sub-Fund of iShares Asia Trust)

INTRODUCTION

The iShares MSCI China Tracker (the “MSCI China Tracker”) established in the iShares Asia Trust (the “Trust”) was launched on 23rd November 2001 and commenced trading under the stock code 2801 on the Stock Exchange of Hong Kong (the “SEHK”) on 28th November 2001. The MSCI China Tracker was established as an index fund authorized by the Securities and Futures Commission (the “SFC”) and obtained the designation of an exchange-traded fund (“ETF”) from the SEHK. The MSCI China Tracker is benchmarked against the MSCI China (HKD) Index (the “MSCI Benchmark Index”).

FUND PERFORMANCE

The MSCI China Tracker seeks to provide investment results that closely correspond to the performance of the MSCI Benchmark Index. As of the close of 30th June 2005, the per unit NAV of the MSCI China Tracker stood at HK\$26.69 with a total number of 35,400,000 units outstanding, giving a total size of HK\$944,903,941.

A summary of the performance of the MSCI China Tracker is given below:

	MSCI Benchmark Index	NAV	Total Outstanding Units	Total Net Asset
31st December 2004	25.31	25.43	34,400,000	874,779,224
30th June 2005	26.07	26.69	35,400,000	944,903,941
Period Return	3.00%	4.95%	N/A	N/A

The China related stocks listed in Hong Kong recorded a modest gain during the period under review. The total size of the MSCI China Tracker rose by 8.02% due to moderate creation/redemption activities. Whilst the MSCI Benchmark Index registered a gain of 3.00%, the MSCI China Tracker recorded an outperformance of 1.95% as a result of dividend incomes. Figure 1 below depicts the resemblance of the MSCI China Tracker’s NAV and last traded prices versus the MSCI Benchmark Index.

Report of the Manager to the Unitholders (continued)

iShares MSCI China Tracker

(Sub-Fund of iShares Asia Trust)

FUND PERFORMANCE (continued)

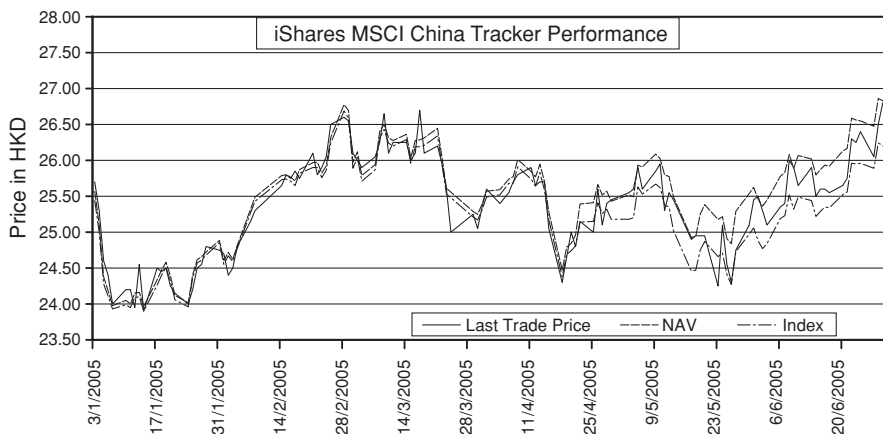


Figure1

FUND FACTS

In June 2005, we have updated the prospectus of the MSCI China Tracker with no affect to the offer and issue of Units in the MSCI China Tracker.

FUND ACTIVITIES

The average daily trading volume for the MSCI China Tracker during the period under review was reported by Bloomberg to be 86,452 units. Compared to the trading volume of the A50 China Tracker, this reflects a shift in focus of investors to the domestic A-shares market. Nevertheless, it continues to serve as efficient trading vehicle thanks to the market making activities of Morgan Stanley Dean Witter Hong Kong Securities Limited and Citigroup Global Markets Asia Limited.

Report of the Manager to the Unitholders (continued)

iShares MSCI China Tracker

(Sub-Fund of iShares Asia Trust)

FUND ACTIVITIES (continued)

As far as the primary market is concerned, the MSCI China Tracker experienced both creation and redemption activities during the period under review. There was one creation with a total of 1,400,000 new units created and two small redemptions with a total of 400,000 units redeemed. As a result, there was a net creation of 1,000,000 units. Details of which are given as follows:

Date of Order	Units Created/(Redeemed)
17th March 2005	1,400,000
22nd June 2005	(200,000)
29th June 2005	(200,000)

INDEX ACTIVITIES

The Benchmark MSCI China (HKD) Index underwent two regular quarterly reviews during the period under review. In the first review that took place at the end of February, Air China (stock code 753) and ZTE Corporation (stock code 763) were added while TCL Communications (stock code 2618) was deleted. During the second review that took place at the end of May 2005, the Benchmark Index made significant changes. As of the close of 28th May 2005, eleven new stocks were added, including TPV Technology (stock code 903), Chaoda (stock code 682), Global Bio-Chem (stock code 809), Shanghai Forte Land (stock code 2337), China Resources Power (stock code 836), Weichai Power (stock code 2338), Guangdong Investment (stock code 270), China Mengniu Dairy (stock code 2319), Li Ning (stock code 2331), Gome Electric Appliance (stock code 493) and one B-share China Intl Marine Container (stock code 200039).

In the marketplace, Sinopec China Petro & Chem (stock sedol 6373728) entered into the merger agreement with Sinopec Beijing Yanhua (stock code 325). Pursuant to the proposal, Sinopec China Petro & Chem paid HK\$3.80 per share in cash for the cancellation of all Sinopec Beijing Yanhua shares. Sinopec Beijing Yanhua announced on 14th April 2005 that all conditions of the acquisition were fulfilled and Sinopec Beijing Yanhua was delisted. The last day of trading was on 29th April 2005. Consequently, Sinopec Beijing Yanhua was deleted from the Benchmark Index as of the close of 29th April 2005 (effective 2nd May 2005).

Report of the Manager to the Unitholders (continued)

iShares MSCI China Tracker

(Sub-Fund of iShares Asia Trust)

INDEX ACTIVITIES (continued)

Moreover, China Overseas Land & Investments (stock code 688) proposed to distribute as special dividend to its shareholders, shares in China State Construction International Holdings (“CSCIHL”) on the basis of 1 CSCIHL share for every 18 shares of China Overseas Land & Investments held. MSCI maintained China Overseas Land & Investments in the Benchmark Index but CSCIHL was not added. For the adjustment of the in-species distribution of CSCIHL shares, a Price Adjustment Factor (“PAF”) was applied to China Overseas Land & Investments on 24th June 2005. China O’sea (DETACHED) was added temporarily as of the close of 24th June 2005 (effective on 27th June 2005) with 6,367,777,609 shares and a Foreign Inclusion Factor (“FIF”) of 0.5. The difference between the closing price of 23rd June 2005 and the closing price of 24th June 2005 of China Overseas Land & Investments was used as the price of China O’sea (DETACHED). The price remained unchanged until CSCIHL starts trading on 8th July 2005. Consequently, on 8th July 2005, a Price Adjustment Factor (PAF) was applied to China O’sea (DETACHED) based on the terms of the spin-off and the price of CSCIHL that was used for China O’sea (DETACHED). As of the close of 8th July 2005, the number of shares of China O’sea (DETACHED) was changed from 6,367,777,609 to 353,765,423. Thereafter, China O’sea (DETACHED) was deleted from the MSCI Standard Indices as of the close of 8th July 2005 (effective 11th July 2005).

In view of these changes, the MSCI China Tracker made the necessary rebalancing trades accordingly. As of the close of 30th June 2005, there were 72 stocks in the Benchmark Index.

Report of the Manager to the Unitholders (continued)

iShares FTSE/Xinhua A50 China Tracker

(Sub-Fund of iShares Asia Trust)

INTRODUCTION

The iShares FTSE/Xinhua A50 China Tracker (the “A50 China Tracker”) established in the iShares Asia Trust (the “Trust”) was launched on 15th November 2004 and commenced trading under the stock code 2823 on the SEHK on 18th November 2004 (the “First Trading Day”). The A50 China Tracker was established as an index fund authorized by the SFC and obtained the designation of an ETF from the SEHK. The A50 China Tracker is benchmarked against the FTSE/Xinhua China A50 Index (the “A50 Benchmark Index”).

FUND PERFORMANCE

The A50 China Tracker seeks to provide investment results that closely correspond to the performance of the A50 Benchmark Index subject to RMB vs. HKD fluctuation. As of the close of 30th June 2005, the NAV per unit of the A50 China Tracker stood at HK\$38.55 with a total number of 19,400,000 units outstanding, giving the total size of HK\$747,774,925.

A summary of the performance of the A50 China Tracker is given below:

	FTSE/Xinhua China A50 Index	NAV	Total Outstanding Units	Total Net Asset
18th November 2004	4433.56	44.32	3,800,000	168,426,793
30th June 2005	3813.10	38.55	19,400,000	747,774,925
Period Return*	(13.99%)	(13.02%)	N/A	N/A

* Performance is calculated from the close of the First Trading Day.

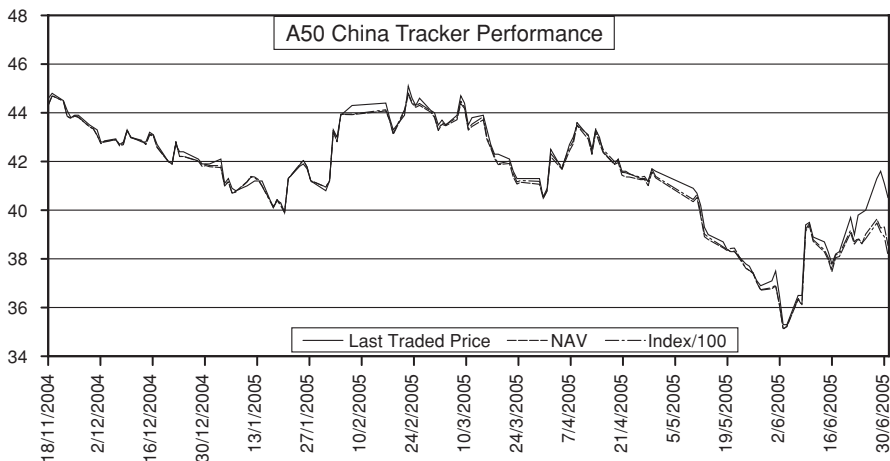
The China domestic A-shares underwent a significant correction during the period under review. Despite this, investor interest in the A50 China Tracker was mounting. This was evidenced by the total size of the A50 China Tracker surging by more than 4.4 times as a result of substantial creation activities. Whilst the A50 Benchmark Index registered a loss of 13.99%, the A50 China Tracker recorded an outperformance of 0.97% thanks to dividend incomes. Figure 2 below depicts the A50 China Tracker’s NAV and last traded prices versus the A50 Benchmark Index. Note that there was a divergence between the trading prices and the NAVs towards the end of the period. This was mainly due to the suspension of seven underlying A-shares that were included in the non-tradable shares conversion pilot program. Hence, expectation of higher prices after resumption of trading plus the difficulties in hedging by the market maker resulted in a higher than usual trading premium. Whilst we would expect the trading band to narrow after the conversion program is completed, the limitation on QFII quotas is likely to cause the A50 China Tracker to trade at premiums if demands keep mounting.

Report of the Manager to the Unitholders (continued)

iShares FTSE/Xinhua A50 China Tracker

(Sub-Fund of iShares Asia Trust)

FUND PERFORMANCE (continued)



FUND FACTS

On 24th February 2005, we have issued an addendum to the prospectus of the A50 China Tracker. In the addendum, we clarified that the first audited report issued for the A50 China Tracker will be for the period starting from the establishment of the fund up to 31st December 2005. And the first half-yearly unaudited report will be prepared up to the last Dealing Day in June 2005.

FUND ACTIVITIES

The trading volume for the A50 China Tracker reflects an increasing interest on the domestic A-Shares markets. The average daily trading volume for the first quarter of 2005 was reported by Bloomberg to be 178,505 units. Subsequently, the volume increased to 500,140 units in the ensuing quarter. Thanks to the market making activities of Citigroup Global Markets Asia Limited, the A50 China Tracker serves as an efficient trading vehicle to gain access to the A-Shares markets.

Report of the Manager to the Unitholders (continued)

iShares FTSE/Xinhua A50 China Tracker

(Sub-Fund of iShares Asia Trust)

FUND ACTIVITIES (continued)

As far as the primary market is concerned, the A50 China Tracker experienced robust creation activities during the period under review. There were eight creations with a total of 15,600,000 new units created and no redemption at all. Details of which are given as follows:

Date of Order	Units Created/(Redeemed)
19th November 2004	1,200,000
7th January 2005	1,200,000
16th February 2005	1,200,000
10th March 2005	2,000,000
9th May 2005	2,000,000
3rd June 2005	2,000,000
22nd June 2005	2,000,000
28th June 2005	4,000,000

INDEX ACTIVITIES

The Benchmark FTSE/Xinhua China A50 Index underwent two regular quarterly reviews during the period under review. In the first review that became effective on 24th January 2005, Shanxi Xishan Coal and Electricity Power (stock sedol 6281519), Shenzhen Chiwan Wharf Holdings (stock sedol 6803463) and Tsingtao Brewing (stock sedol 6902854) were added while BOE Technology Group (stock sedol 6314697), FAW Car (stock sedol 6003531) and Shanghai Lujiazui Fin & Trade (stock sedol 6514475) were deleted. During the second review that became effective on 18th April 2005, two stocks were added including Yantai Wanhua Polyurethane (stock sedol 6314932) and Shanghai Zhenhua Port Machinery (stock sedol 6313854) while Sichuan Changhong Electric (stock sedol 6818207) and Inner Mongolia Mengdian POW (stock sedol 6459446) were deleted. Moreover, following the completion of the equity offer of Baoshan Iron & Steel (stock sedol 6307954), the shares in issue was increased to 17,512,000,000 and the investability weighting was increased to 30% on 16th May 2005. In view of these changes, the A50 China Tracker made the rebalance trades accordingly.

Report of the Manager to the Unitholders (continued)

iShares FTSE/Xinhua A50 China Tracker

(Sub-Fund of iShares Asia Trust)

INDEX ACTIVITIES (continued)

In June, the China Securities Regulatory Commission announced that a further forty-two stocks would be included in the non-tradable shares conversion pilot program on top of the four announced earlier. Seven stocks out of the forty-two were A50 Benchmark Index constituent stocks including Baoshan Iron & Steel (stock sedol 6307954), China Yangtze Power (stock sedol 6711630), Citi Securities (stock sedol 6579355), Guangzhou Development Industry (Holdings) (stock sedol 6012816), Shanghai Oriental Pearl (Group) (stock sedol 6817129), Shanghai Port Container (stock sedol 6267638) and Shenergy Co (stock sedol 6817958). As a result, there was a period during which the affected stocks were suspended for trading. However, the suspension did not affect the index calculation and fund valuation at all.

MARKET REVIEW

Global equity market performance was modest during the first half of 2005. The MSCI World Index registered a slight loss of 1.76%. In respective local currency terms, the S&P 500 was down 1.7% while the FTSE made a relatively impressive 6.7% gain and the Nikkei 225 was mainly flat with a minimal gain of 0.8%. Elsewhere, the Asian markets proved more divergent. The emerging Asian markets, as represented by the MSCI EM Asia Index, was up 4.9% whereas the developed Asian markets, as represented by the MSCI Pacific Index registered a loss of 3.9%.

On the economic front, the first half of 2005 witnessed distinct economic trends marked by record high energy prices and the strengthening of the US dollar. The US economy was back on expansionary track as evidenced by the Federal Reserve's Open Market Committee raising the US prime interest rate to 3.25% on 30th June 2005, which was 1% higher than the end of last year. Cruel oil price, as represented by Bloomberg Sweet Crude Oil Index, hit a record high of USD 60.53 per Barrel on 27th June 2005. In Asia, sentiment was improving in Japan with continuous prices appreciations and better than expected export figures. On the currency front, the USD continued to rebound strongly across the board. For the six months, the Euro lost 10.67%, the GBP 6.60% and the JPY 7.47% respectively against the USD in spite of the large trade and budget deficits in the US.

Report of the Manager to the Unitholders (continued)

iShares FTSE/Xinhua A50 China Tracker

(Sub-Fund of iShares Asia Trust)

MARKET REVIEW (continued)

In Hong Kong, the property prices continue to recover strongly leaving the equities market lagging well behind. Unemployment rate shrank to 5.7% at the end of June. Meanwhile, CPI registered a slight increase of 0.76% since the end of last year, which further supported the view that the economy was on track to recovery. In the equity market, there were a few large China related primary listings like the Bank of Communication IPO. The China related shares outperformed the blue chips Hang Seng Index by a substantial margin. The Red Chips, as measured by the Hang Seng China Affiliated Corporation Index, were the best performer with a gain of 5.9%. The H-shares, as represented by the Hang Seng China Enterprise Index, registered a gain of 2.5% whereas the Hang Seng Index made a modest loss of 0.20% during the period under review. The Chinese shares listed in Hong Kong, as represented by the MSCI China (HKD) Index, was up 3.0% during the same period.

In China, the stock market went through a declining period with increasingly volatility. Of particular importance was the launch of the pilot program for floating the non-tradable shares by the CSRC. At the end of the period, there were all together forty-six stocks involved in the program with some big names like China Yangtze Power and Baoshan Iron & Steel. Local Chinese A shares, as represented by the A50 Benchmark Index, registered a loss of 8.9% during the period under review.

Looking ahead, we expect to see continued volatilities in the global marketplace. The softening of the European economy and the speculation on the RMB appreciation would continue to weigh on the currency market. High interest rates cycle would probably slow global economic growth. Finally, capturing the ever-changing Chinese equity market would be a challenge.

iShares Asia Trust

Statement of Assets and Liabilities

As at 30th June 2005

	Note	iShares		iShares FTSE/ Xinhua A50
		MSCI China Tracker		China Tracker
		(Unaudited) 30.06.2005	(Audited) 31.12.2004	(Unaudited) 30.06.2005
		HK\$	HK\$	HK\$
ASSETS				
Bank balances	7(c)	12,296,918	9,799,329	13,224,503
Amount due from brokers		5,296,875	—	—
Dividend receivable		2,080,627	—	5,502,426
Securities		932,618,310	866,940,200	730,843,348
Total assets		952,292,730	876,739,529	749,570,277
LIABILITIES				
Redemption payable		5,366,000	—	—
Management fee payable		2,004,405	1,957,973	1,043,935
Other accounts payable		18,384	2,332	751,417
Liabilities (excluding net assets attributable to unitholders)		7,388,789	1,960,305	1,795,352
Net assets attributable to unitholders		944,903,941	874,779,224	747,774,925

The notes on pages 16 to 27 form part of these financial statements.

iShares Asia Trust

Statement of Operations

For the period ended 30th June 2005

		iShares MSCI China Tracker (Unaudited)	iShares FTSE/ Xinhua A50 China Tracker (Unaudited)
		01.01.2005 to 30.06.2005	01.01.2004 to 30.06.2004
	Note	HK\$	HK\$
			(Date of inception) to 30.06.2005
			HK\$
INCOME			
Dividend income		20,133,324	16,872,503
Interest income		4,402	—
Net gain/(loss) on investments	4	28,548,170	(146,283,848)
		<u>48,685,896</u>	<u>(129,411,345)</u>
EXPENSES			
Management fee	7(a)	4,411,180	4,799,745
Transaction handling fee	7(b)	9,730	68,893
Transaction costs on investments		154,487	992,027
Bank charges	7(b)	107,782	120,139
Preliminary expense		—	—
Other expenses		—	—
		<u>4,683,179</u>	<u>5,980,804</u>
Increase/(decrease) in net assets attributable to unitholders		<u>44,002,717</u>	<u>(135,392,149)</u>
		<u><u>44,002,717</u></u>	<u><u>(135,392,149)</u></u>

The notes on pages 16 to 27 form part of these financial statements.

iShares Asia Trust

Statement of Changes in Net Assets Attributable to Unitholders

For the period ended 30th June 2005

		iShares MSCI China Tracker (Unaudited)	iShares FTSE/ Xinhua A50 China Tracker (Unaudited)
	Note	01.01.2005 to 30.06.2005 HK\$	01.01.2004 to 30.06.2004 HK\$
			18.11.2004 (Date of inception) to 30.06.2005 HK\$
Balance at the beginning of the period		874,779,224	707,946,146
Proceeds on issue of units			
- in-kind	8	36,717,240	464,278,915
- cash component	8	88,760	2,793,085
Payment on redemption of units			
- in-kind	8	(10,543,590)	(142,151,140)
- cash component	8	(140,410)	(2,080,860)
		26,122,000	322,840,000
		900,901,224	1,030,786,146
Increase/(decrease) in net assets attributable to unitholders		44,002,717	(135,392,149)
Balance at the end of the period		944,903,941	895,393,997
		796,771,600	796,771,600
		48,996,675	48,996,675
		747,774,925	747,774,925

The notes on pages 16 to 27 form part of these financial statements.

iShares Asia Trust

Statement of Cash Flows

For the period ended 30th June 2005

		iShares MSCI China Tracker (Unaudited)		iShares FTSE/ Xinhua A50 China Tracker (Unaudited) 18.11.2004 (Date of inception)
	Note	01.01.2005 to 30.06.2005 HK\$	01.01.2004 to 30.06.2004 HK\$	to 30.06.2005 HK\$
OPERATING ACTIVITIES				
Purchase of securities	8	(52,809,443)	(241,749,752)	(45,155,759)
Sale of securities	8	41,857,716	242,810,512	46,538,560
Amount due from brokers		(5,296,875)	—	—
Redemption payable		5,366,000	—	—
Dividend received		18,052,697	14,460,544	6,604,798
Interest received		4,402	—	2,998
Exchange (loss)/gain		(4,563)	3,082	(10,907)
Management fee paid		(4,364,748)	(3,756,570)	(1,052,183)
Other fees paid		(255,947)	(1,238,474)	(787,267)
Net cash flow from operating activities		<u>2,549,239</u>	<u>10,529,342</u>	<u>6,140,240</u>
FINANCING ACTIVITIES				
Cash component received on issue of unit	8	88,760	2,793,085	7,084,263
Cash component paid on redemption of units	8	<u>(140,410)</u>	<u>(2,080,860)</u>	<u>—</u>
Net cash (outflow)/inflow from financing activities		<u>(51,650)</u>	<u>712,225</u>	<u>7,084,263</u>
Increase in cash and cash equivalents		2,497,589	11,241,567	13,224,503
Cash and cash equivalents at the beginning of the period		<u>9,799,329</u>	<u>2,171,895</u>	<u>—</u>
Cash and cash equivalents at the end of the period		<u>12,296,918</u>	<u>13,413,462</u>	<u>13,224,503</u>

Please refer to note 8 on page 22 for details of major non-cash transactions.

The notes on pages 16 to 27 form part of these financial statements.

iShares Asia Trust

Notes to the Unaudited Financial Statements

1 THE TRUST

iShares Asia Trust (the “Trust”) is an umbrella unit trust governed by its Trust deed dated 16th November 2001, as amended, and authorised by the Securities & Futures Commission of Hong Kong (the “SFC”) pursuant to Section 104(1) of the Securities and Futures Ordinance.

As at 30th June 2005 the Trust has established two sub-funds, namely iShares MSCI China Tracker (“MSCI China Tracker”) and iShares FTSE/Xinhua A50 China Tracker (“A50 China Tracker”) (the “Sub-Funds”). MSCI China Tracker and A50 China Tracker began its operation on 28th November 2001 and 18th November 2004 respectively. These financial statements are in respect of both the Sub-Funds.

The Sub-Funds are also listed on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Sub-Funds have no employees.

MSCI China Tracker

The objective of the MSCI China Tracker is to provide investment results that closely correspond to the performance of the MSCI China (HKD) Index (the “MSCI Benchmark Index”).

FTSE/Xinhua A50 China Tracker

The objective of the A50 China Tracker is to provide investment results that closely correspond to the performance of the FTSE/Xinhua China A50 Index (the “A50 Benchmark Index”).

2 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

(a) **Basis of Presentation**

The financial statements are presented in accordance with International Financial Reporting Standards (“IFRS”). The financial statements have been prepared under the historical cost convention as modified by the fair valuation of securities.

iShares Asia Trust

Notes to the Unaudited Financial Statements (continued)

2 PRINCIPAL ACCOUNTING POLICIES (continued)

(b) Securities

Securities consist of principally listed securities and are initially recognized at fair value, excluding transaction costs which are expensed as incurred and are subsequently re-measured at fair value based on the price quoted on the principal stock exchanges at the close of the business on the valuation day.

Purchases and sales of investments are accounted for on trade dates. Realized and unrealized gains and losses on securities are recognized in the statement of operations as they arise.

(c) Dividend and Interest Income

Dividend income on quoted equity securities is recognized on the ex-dividend date. Dividend income on equity securities where no ex-dividend date is quoted is recognized when the Sub-Funds' right to receive payment is established.

Interest income on bank balances is recognized on a time proportion basis, taking into account the principal amounts outstanding and interest rate applicable.

(d) Expenses

Expenses are accounted for on an accrual basis. Expenses are charged to the statement of operations except for expenses incurred on the acquisition of an investment which are included within the cost of that investment. Expenses arising on the disposal of investments are deducted from the disposal proceeds.

(e) Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value.

iShares Asia Trust

Notes to the Unaudited Financial Statements (continued)

2 PRINCIPAL ACCOUNTING POLICIES (continued)

(f) Segmental Information

In the opinion of the Manager, all activities of the Sub-Funds are in the single business of investment activities conducted mainly in Hong Kong. Geographical information is provided in the investment portfolio.

(g) Comparative figures

Due to the adoption of the following new/revised accounting standards during the period, the accounting and presentations of certain items and balances in the accounts have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified to conform to the current period's presentation.

Effect of adoption of new/revised accounting standards

Starting from 1st January 2005, the Sub-Funds adopted the revised International Accounting Standards ("IAS") 32 and 39, effective as of 1st January 2005. The adoption of IAS 32 and 39 resulted in some changes to the Sub-Funds' accounting policies.

All changes in the accounting policies have been made in accordance with the transition provisions in the respective standards. There was no impact on opening net assets at 1st January 2005 from the adoption of any of the above-mentioned standards.

3 USE OF ESTIMATES

The preparation of accounts in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the amounts reported in the accounts and accompanying notes. Actual results could differ from those estimates.

iShares Asia Trust

Notes to the Unaudited Financial Statements (continued)

4 NET GAIN/(LOSS) ON INVESTMENTS

	iShares MSCI China Tracker (Unaudited)	iShares FTSE/ Xinhua A50 China Tracker (Unaudited)
	01.01.2005 to 30.06.2005 HK\$	01.01.2004 to 30.06.2004 HK\$
		(Date of inception) 18.11.2004 to 30.06.2005 HK\$
Unrealized gain/(loss) on investments		
At the beginning of the period	98,386,632	168,352,760
At the end of the period	<u>120,457,995</u>	<u>511,788</u>
		<u>(52,602,888)</u>
Change in unrealized gain/loss in value of investments	22,071,363	(167,840,972)
Realized gain/(loss) on sale of investments	6,481,370	21,554,042
Exchange (loss)/gain	<u>(4,563)</u>	<u>3,082</u>
	<u>28,548,170</u>	<u>(146,283,848)</u>
		<u>(57,472,096)</u>

iShares Asia Trust

Notes to the Unaudited Financial Statements (continued)

5 NUMBER OF UNITS IN ISSUE AND NET ASSETS ATTRIBUTABLE TO UNITHOLDERS PER UNIT

	iShares MSCI China Tracker Number of units			iShares FTSE/ Xinhua A50 China Tracker Number of units
	01.01.2005 to 30.06.2005	01.07.2004 to 31.12.2004	01.01.2004 to 30.06.2004	18.11.2004 (Date of inception) to 30.06.2005
Units in issue at the beginning of the period	34,400,000	39,000,000	27,600,000	3,800,000
Issue of units	1,400,000	—	18,000,000	15,600,000
Redemption of units	(400,000)	(4,600,000)	(6,600,000)	—
Units in issue at the end of the period	<u>35,400,000</u>	<u>34,400,000</u>	<u>39,000,000</u>	<u>19,400,000</u>
	HK\$	HK\$	HK\$	HK\$
Net assets attributable to unitholders	<u>944,903,941</u>	<u>874,779,224</u>	<u>895,393,997</u>	<u>747,774,925</u>
Net assets attributable to unitholders per unit	<u>26.69</u>	<u>25.43</u>	<u>22.96</u>	<u>38.55</u>

6 TAXATION

No provision for Hong Kong profits tax has been made as the bank interest, dividend income and realized gains on disposal of investments of the Sub-Funds are excluded from the charge to profits tax under either Section 14, Section 26 or Section 26A of the Hong Kong Inland Revenue Ordinance.

iShares Asia Trust

Notes to the Unaudited Financial Statements (continued)

7 TRANSACTIONS WITH THE MANAGER AND ITS CONNECTED PERSONS

Connected Persons of the Manager are those as defined in the Code on Unit Trusts and Mutual Funds established by the Securities & Futures Commission of Hong Kong (the "SFC Code"). All transactions entered into during the period between the Sub-Funds and the Manager and its Connected Persons were carried out in the normal course of business and on normal commercial terms. To the best of the Manager's knowledge, the Sub-Funds do not have any other transactions with Connected Persons except for what is disclosed below.

(a) Management Fee

The Manager is entitled to receive a management fee, currently at the annual rate of 0.99% of the net asset value of each Sub-Fund. The fee is accrued daily and calculated as at each dealing day and payable quarterly in arrears.

Apart from the fees and expenses stated in note 7(b) below, all other fees and expenses of the each Sub-Fund is paid by the Manager.

(b) Fees and Charges Paid to the Trustee/Custodian and its Connected Persons

MSCI China Tracker

With effect from 1st July 2004, the Custodian reduces transaction handling fees for the sale and purchase transactions of the securities received from the Sub-Fund from US\$75 to US\$ 50 each.

A50 China Tracker

The Custodian receives a transaction handling fees for the sale and purchase transactions of the securities at US\$25 each.

For each Sub-Fund the bank charges stated in the statement of operations are also paid by the Sub-Funds to a Connected Person of the Custodian.

All other fees payable to the Custodian and its Connected Persons are borne by the Manager.

iShares Asia Trust

Notes to the Unaudited Financial Statements (continued)

7 TRANSACTIONS WITH THE MANAGER AND ITS CONNECTED PERSONS (continued)

(c) Bank Balances

Bank balances are maintained with an affiliated company of the Trustee. Bank balances held with this affiliated company of the Trustee as at 30th June 2005 amounted to HK\$12,296,918 (as at 31st December 2004: HK\$9,799,329) for MSCI China Tracker and amounted to HK\$13,224,503 for A50 China Tracker.

8 MAJOR NON-CASH TRANSACTIONS

(a) Subscriptions

In accordance with the Trust Deed of each of the Sub-Fund, units can be issued through either cash subscription or an in kind creation of an Application Unit. In the latter case, for each Application Unit, the Sub-Funds receives an Application Basket consisting of constituent shares as determined by the Manager on a daily basis and a cash amount equivalent to a cash component. Relevant duties and charges are paid by the participating dealers directly to the Trustee and are therefore not reflected in the financial statements. Cash component represents the difference between the aggregate net asset value of the units comprising an Application Unit and the Application Basket Value.

MSCI China Tracker

During the period, all units issued were through in kind creation and the Sub-Fund issued 1,400,000 units (30th June 2004: 18,000,000 units) in exchange for Application Baskets consisting of investments valued at a total of HK\$36,717,240 (30th June 2004: HK\$464,278,915) by the Manager at the time of issue plus the cash component equal to HK\$88,760 (30th June 2004: HK\$2,793,085).

iShares Asia Trust

Notes to the Unaudited Financial Statements (continued)

8 MAJOR NON-CASH TRANSACTIONS (continued)

(a) Subscriptions (continued)

A50 China Tracker

During the period, all units issued were through in kind creation and the Sub-Funds issued 15,600,000 units in exchange for Application Baskets consisting of investments valued at a total of HK\$789,687,337 by the Manager at the time of issue plus the cash component equal to HK\$7,084,263.

(b) Redemptions

In accordance with the Trust Deed of each of the Sub-Fund, units can only be redeemed in kind and are not redeemable for cash. For each Application Unit redeemed, the Sub-Funds pays an Application Basket consisting of constituent shares as determined by the Manager on a daily basis and a cash amount equivalent to a cash component as defined above. Relevant duties and charges was paid by the participating dealers directly to the Trustee and are therefore not reflected in the financial statements.

MSCI China Tracker

During the period, the Sub-Fund redeemed 400,000 units (30th June 2004: 6,600,000 units) in exchange for Application Baskets consisting of investments valued at a total of HK\$ 10,543,590 (30th June 2004: HK\$142,151,140) by the Manager at the time of redemption plus the cash component equal to HK\$ 140,410 (30th June 2004: HK\$2,080,860).

A50 China Tracker

During the period, the Sub-Fund had no redemptions.

iShares Asia Trust

Notes to the Unaudited Financial Statements (continued)

9 SOFT DOLLAR BENEFITS

Any cash commissions received by the Manager or any appointed investment adviser or any of their Connected Persons arising out of the sale and purchase of securities for the Sub-Funds will not be retained for their own use but will be credited to the Sub-Funds. However, the Manager, any appointed investment adviser and any of their Connected Persons may receive, and are entitled to retain, goods and services and other soft dollar benefits which are of demonstrable benefit to the Unitholders of the Sub-Funds (as may be permitted under relevant regulations including, but not limited to, the SFC Code) from brokers and other persons through whom the investment transactions are carried out. These goods and services include, but are not limited to, qualifying research services, computer hardware and software obtained to enhance investment decision making, and appropriate order execution services.

10 INVESTMENT LIMITATION AND PROHIBITIONS UNDER THE SFC CODE

MSCI China Tracker

Pursuant to the SFC's Guidelines for Regulating Index Tracking Exchange Traded Funds (the "ETF Guidelines"), the Manager is permitted to overweight the holdings of the MSCI China Tracker relative to their respective weightings in the MSCI Benchmark Index, on the condition that the maximum extra weighting in any constituent will not exceed 3%.

The Manager and Trustee hereby confirm that the Sub-Fund has complied with this limit during the period.

The following lists those constituent stocks that each account for more than 10% of net asset value of the Sub-Fund and their respective weightings of the MSCI Benchmark Index as at 30th June 2005:

	Respective weighting in the Index (%)		% of net asset value	
	30.06.2005	31.12.2004	30.06.2005	31.12.2004
China Mobile (Hong Kong) Ltd	18.68	19.27	18.71	19.70
Petrochina Co Ltd	11.94	9.77	12.49	9.95

iShares Asia Trust

Notes to the Unaudited Financial Statements (continued)

10 INVESTMENT LIMITATION AND PROHIBITIONS UNDER THE SFC CODE (continued)

A50 China Tracker

Pursuant to the ETF Guidelines, the A50 China Tracker is permitted to overweight holdings of Index CAAPs* relative to the respective weightings in the A50 Benchmark Index to which such Index CAAPs are linked, subject to a maximum limit of 2%.

The Manager and Trustee hereby confirm that the Sub-Fund has complied with this limit during the period.

There were no constituent CAAPs that account for more than 10% of the net asset value of the Sub-Fund as at 30th June 2005.

* Index CAAPs means Chinese A Share access products (such as a warrant, note or participating certificate) linked to the A Shares of those PRC companies which are at the relevant time the constituent companies of the Index of the A50 China Tracker.

11 FINANCIAL INSTRUMENTS

The objective of the Sub-Funds is to provide investment results that closely correspond to the performance of their respective Indexes. The general risk exposures inherent in the Sub-Funds as at 30th June 2005 are summarised below.

(a) Market Price Risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

iShares Asia Trust

Notes to the Unaudited Financial Statements (continued)

11 FINANCIAL INSTRUMENTS (continued)

(a) Market Price Risk (continued)

The Sub-Funds' investment activities expose it to the various types of market risks which are associated with the markets in which it invests and to the extent of the amount invested in equity securities totalling HK\$932,618,310 (as at 31st December 2004: HK\$866,940,200) for the MSCI China Tracker, and totalling HK\$730,843,348 for the A50 China Tracker as at period end.

Details of the market exposures as at 30th June 2005 are disclosed in the investment portfolio.

(b) Credit Risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Sub-Funds.

Financial assets which potentially subject the Sub-Funds to concentrations of credit risk consist principally of securities and bank balances.

The Trust limits its exposure to credit risk by transacting the majority of its securities and contractual commitment activity with broker-dealers, banks and regulated exchanges with high credit ratings that the Trust considers to be well established.

All transactions in securities are settled/paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal since delivery of securities sold is only made once the broker has received payment. On a purchase, payment is made once the securities have been received by the broker. If either party fails to meet their obligation, the trade will fail.

In addition, the A50 China Tracker is exposed to the credit risk of a single counterparty, as at the date of this Report, the Sub-Fund only has one Participating Dealer and there is no assurance that others will be appointed.

iShares Asia Trust

Notes to the Unaudited Financial Statements (continued)

11 FINANCIAL INSTRUMENTS (continued)

(c) Interest Rate Risk

The Sub-Funds are exposed to a minimal interest rate risk as the Sub-Funds invest mainly in equity securities and only the bank balances are exposed to interest rate risk which is considered to be minimal.

(d) Currency Risk

Currency risk is the risk that the value of financial instruments will fluctuate due to the changes in foreign exchange rates.

The MSCI China Tracker has no significant currency risk because substantially all its assets and liabilities are denominated in Hong Kong Dollars, the Sub-Fund's reporting currency. As the A50 China Tracker holds securities linked to the Chinese A shares which are denominated in Chinese Renminbi, the Sub-Fund is exposed to currency risk related to the Hong Kong Dollar against Chinese Renminbi.

(e) Fair Values of Financial Instruments

The Sub-Funds' carrying amounts of securities, other assets and liabilities approximate to their fair values. Other assets and liabilities include bank balances, accruals and other payables which are realized or settled within a short period of time.

12 DISTRIBUTION

No distribution was made during this period.

iShares MSCI China Tracker (Sub-Fund of iShares Asia Trust) Investment Portfolio As at 30th June 2005

Investments (98.70%)	Holdings	(Unaudited) Market value HK\$	% of net assets
Listed Equities (98.70%)			
China (51.94%)			
Air China Ltd	2,832,000	7,434,000	0.79
Aluminum Corp Of China Ltd — H	3,540,000	15,310,500	1.62
Angang New Steel Co Ltd — H	1,770,000	6,637,500	0.70
Anhui Conch Cement Co Ltd — H	708,000	5,133,000	0.54
Avichina Industry & Technology Co Ltd	2,124,000	1,253,160	0.13
BYD Co Ltd — H	177,000	2,964,750	0.31
China Petroleum & Chemical Corp — H	18,408,000	56,144,400	5.94
China Shipping Container Lines Company Ltd — H	1,770,000	5,841,000	0.62
China Shipping Development Co Ltd — H	2,124,000	12,531,600	1.33
China Southern Airlines Co Ltd — H	1,770,000	4,513,500	0.48
China Telecom Corp Ltd — H	17,700,000	49,560,000	5.24
China Life Insurance Co — H	8,673,000	45,966,900	4.86
Datang Intl Power Gen Co Ltd — H	2,124,000	12,531,600	1.33
Guangshen Railway Co Ltd — H	2,124,000	6,000,300	0.64
Huaneng Power International Inc — H	4,602,000	26,231,400	2.78
Jiangsu Express Co Ltd — H	2,124,000	8,602,200	0.91
Maanshan Iron & Steel — H	2,832,000	7,150,800	0.76
Petrochina Co Ltd — H	20,532,000	118,059,000	12.49
Picc Property And Casualty Co Ltd	3,186,000	6,212,700	0.66
Ping An Insurance (Group) Co Of China Ltd — H	1,327,500	16,593,750	1.76
Qingling Motors Co — H	2,124,000	3,037,320	0.32
Semiconductor Manufacturing Intl Corp	7,788,000	12,538,680	1.33
Sinopec Shanghai Petrochemical Co Ltd — H	3,540,000	9,469,500	1.00
Sinopec Yizheng Chemical Fibre Co Ltd — H	2,832,000	3,483,360	0.37
Sinotrans Ltd	1,947,000	4,721,475	0.50
Travelsky Technology Ltd — H	531,000	3,504,600	0.37
Weichai Power Co Ltd — H	177,000	4,071,000	0.43
Weiqiao Textile Co Ltd	708,000	7,752,600	0.82
Yanzhou Coal Mining Co Ltd — H	2,124,000	12,956,400	1.37
Zhejiang Expressway Co Ltd — H	2,124,000	11,257,200	1.19
ZTE Corporation — H	141,600	3,292,200	0.35
		490,756,395	51.94

iShares MSCI China Tracker (Sub-Fund of iShares Asia Trust) Investment Portfolio (continued)

As at 30th June 2005

		(Unaudited) Market value HK\$	% of net assets
	Holdings		
Hong Kong (46.76%)			
Beijing Enterprises Hldgs	354,000	3,858,600	0.41
Brilliance China Automotive	3,186,000	4,396,680	0.47
Chaoda Modern Agriculture	1,416,000	4,354,200	0.46
China Everbright Ltd	1,062,000	3,292,200	0.35
China Mengniu Dairy Co Ltd	531,000	2,734,650	0.29
China Merchants Hldgs International Co Ltd	1,416,000	21,381,600	2.26
China Mobile (Hong Kong) Ltd	6,106,500	176,783,175	18.71
China Overseas Land & Investment Ltd	4,602,000	6,626,880	0.70
China Resources Enterprise	1,416,000	16,992,000	1.80
China Resources Land Ltd	1,416,000	1,784,160	0.19
China Resources Power Holdings Co Ltd	1,062,000	4,593,150	0.49
China State Construction International Holdings Limited	257,111	—	0.00
China Travel International Investment HK Ltd	2,832,000	6,655,200	0.70
Citic Pacific Ltd	1,416,000	32,214,000	3.41
Cnooc Ltd	16,815,000	78,189,750	8.27
Cosco Pacific Ltd	1,416,000	21,381,600	2.26
Denway Motors Ltd	4,248,000	11,788,200	1.25
Global Bio-Chem Technology Group Co Ltd	1,416,000	6,832,200	0.72
Gome Electrical Appliances Hldgs Ltd	708,000	4,743,600	0.50
Guangdong Investments Ltd	2,832,000	6,442,800	0.68
Lenovo Group Ltd	4,956,000	11,398,800	1.21
Li Ning Co Ltd	708,000	2,619,600	0.28
Shanghai Industrial Hldgs Ltd	531,000	8,044,650	0.85
Shenzhen Investment Ltd	2,124,000	2,187,720	0.23
TCL International Holdings Ltd	1,770,000	2,566,500	0.27
		441,861,915	46.76
Total investments		932,618,310	98.70
Other net assets		12,285,631	1.30
Net assets at 30th June 2005		944,903,941	100.00
Total investments, at cost		812,160,315	

iShares MSCI China Tracker
(Sub-Fund of iShares Asia Trust)
Statement of Movements in Investment Portfolio
For the period ended 30th June 2005

	31.12.2004	(unaudited) Holdings		30.06.2005
		Additions	Disposals	
Investments				
Listed Equities				
China				
Air China Ltd	—	2,864,000	32,000	2,832,000
Aluminum Corp Of China Ltd — H	3,440,000	140,000	40,000	3,540,000
Angang New Steel Co Ltd — H	1,720,000	70,000	20,000	1,770,000
Anhui Conch Cement Co Ltd — H	688,000	28,000	8,000	708,000
Avichina Industry & Technology Co Ltd	2,064,000	84,000	24,000	2,124,000
BYD Co Ltd — H	172,000	7,000	2,000	177,000
China Petroleum & Chemical Corp — H	18,232,000	728,000	552,000	18,408,000
China Shipping Container Lines Company Ltd — H	1,720,000	70,000	20,000	1,770,000
China Shipping Development Co Ltd — H	2,064,000	84,000	24,000	2,124,000
China Southern Airlines Co Ltd — H	1,720,000	70,000	20,000	1,770,000
China Telecom Corp Ltd — H	17,888,000	728,000	916,000	17,700,000
China Life Insurance Co — H	8,772,000	357,000	456,000	8,673,000
Datang Intl Power Gen Co Ltd — H	2,064,000	84,000	24,000	2,124,000
Guangshen Railway Co Ltd — H	2,064,000	84,000	24,000	2,124,000
Huaneng Power International Inc — H	4,128,000	526,000	52,000	4,602,000
Jiangsu Express Co Ltd — H	2,064,000	84,000	24,000	2,124,000
Maanshan Iron & Steel — H	2,752,000	112,000	32,000	2,832,000
Petrochina Co Ltd — H	20,984,000	840,000	1,292,000	20,532,000
Picc Property And Casualty Co Ltd	3,440,000	140,000	394,000	3,186,000
Ping An Insurance (Group) Co Of China Ltd — H	1,720,000	70,000	462,500	1,327,500
Qingling Motors Co — H	2,064,000	84,000	24,000	2,124,000

iShares MSCI China Tracker
(Sub-Fund of iShares Asia Trust)
Statement of Movements in Investment Portfolio (continued)
For the period ended 30th June 2005

	31.12.2004	(unaudited) Holdings		30.06.2005
		Additions	Disposals	
Investments (Continued)				
Listed Equities (Continued)				
China (Continued)				
Semiconductor Manufacturing				
Intl Corp	7,568,000	308,000	88,000	7,788,000
Sinopec Shanghai Petrochemical				
Co Ltd — H	4,128,000	168,000	756,000	3,540,000
Sinopec Yizheng Chemical Fibre				
Co Ltd — H	2,752,000	112,000	32,000	2,832,000
Sinotrans Ltd	1,892,000	77,000	22,000	1,947,000
Travelsky Technology Ltd — H	516,000	21,000	6,000	531,000
Weichai Power Co Ltd — H	—	179,000	2,000	177,000
Weiqiao Textile Co Ltd	774,000	31,500	97,500	708,000
Yanzhou Coal Mining Co Ltd — H	1,376,000	915,200	167,200	2,124,000
Zhejiang Expressway Co Ltd — H	2,064,000	84,000	24,000	2,124,000
ZTE Corporation — H	—	143,200	1,600	141,600
Hong Kong				
Beijing Enterprises Hldgs	344,000	14,000	4,000	354,000
Brilliance China Automotive	3,096,000	126,000	36,000	3,186,000
Chaoda Modern Agriculture	—	1,432,000	16,000	1,416,000
China Everbright Ltd	1,032,000	42,000	12,000	1,062,000
China Mengniu Dairy Co Ltd	—	537,000	6,000	531,000
China Merchants Hldgs International				
Co Ltd	1,376,000	56,000	16,000	1,416,000
China Mobile (Hong Kong) Ltd	6,536,000	259,000	688,500	6,106,500
China Overseas Land &				
Investment Ltd	4,472,000	182,000	52,000	4,602,000
China Resources Enterprise	1,376,000	56,000	16,000	1,416,000

iShares MSCI China Tracker
(Sub-Fund of iShares Asia Trust)
Statement of Movements in Investment Portfolio (continued)
For the period ended 30th June 2005

	31.12.2004	(unaudited) Holdings		30.06.2005
		Additions	Disposals	
Investments (continued)				
Listed Equities (continued)				
Hong Kong (continued)				
China Resources Land Ltd	1,376,000	56,000	16,000	1,416,000
China Resources Power Holdings Co Ltd	—	1,074,000	12,000	1,062,000
China State Construction International Holdings Limited	—	257,111	—	257,111
China Travel International Investment HK Ltd	2,752,000	112,000	32,000	2,832,000
Citic Pacific Ltd	1,548,000	63,000	195,000	1,416,000
Cnooc Ltd	16,512,000	665,000	362,000	16,815,000
Cosco Pacific Ltd	1,376,000	56,000	16,000	1,416,000
Denway Motors Ltd	4,128,000	168,000	48,000	4,248,000
Global Bio-Chem Technology Group Co Ltd	—	1,432,000	16,000	1,416,000
Gome Electrical Appliances Hldgs Ltd	—	716,000	8,000	708,000
Guangdong Investments Ltd Com	—	2,864,000	32,000	2,832,000
Lenovo Group Ltd	4,816,000	196,000	56,000	4,956,000
Li Ning Co Ltd	—	716,000	8,000	708,000
Shanghai Industrial Hldgs Ltd	516,000	21,000	6,000	531,000
Shenzhen Investment Ltd	2,064,000	84,000	24,000	2,124,000
TCL International Holdings Ltd	1,720,000	70,000	20,000	1,770,000

iShares MSCI China Tracker (Sub-Fund of iShares Asia Trust) Performance Record

Net Asset Values

	Net asset value per unit HK\$	Net asset value of the Fund HK\$
At end of financial period dated		
31st December 2002	14.18	272,344,383
31st December 2003	25.65	707,946,146
31st December 2004	25.43	874,779,224
30th June 2005	26.69	944,903,941

Highest and lowest net asset value per unit

	Highest net asset value per unit HK\$	Lowest net asset value per unit HK\$
Financial period ended		
31st December 2002 (since inception)	18.12	13.66
31st December 2003	25.65	13.27
31st December 2004	27.29	19.33
30th June 2005	26.86	23.96

iShares FTSE/Xinhua A50 China Tracker (Sub-Fund of iShares Asia Trust) Investment Portfolio As at 30th June 2005

Investments (97.73%)	Holdings	(Unaudited) Market value HK\$	% of net assets
Listed CAAPs* (97.73%)			
China (97.73%)			
Angang New Steel Co A	2,405,600	8,347,432	1.12
Anhui Conch Cement — A	717,800	4,471,894	0.60
Baoshan Iron & Steel Co — A	15,384,200	71,998,056	9.62
Beijing Capital Co Ltd A	1,920,600	7,740,018	1.04
Beijing Shougang Co — A	1,348,300	4,247,145	0.57
China Eastern Airlines — A	960,300	2,592,810	0.35
China Intl Mar Cont — A	2,046,700	18,174,696	2.43
China Merchants Bank — A	9,021,000	51,329,490	6.85
China Minsheng Bkg — A	3,637,500	16,186,875	2.16
China Petroleum & Chem — A	10,233,500	33,872,885	4.53
China Shipping Dev — A	1,183,400	7,502,756	1.00
China Southern Airlines	3,744,200	10,446,318	1.40
China United Telecom — A	18,624,000	45,815,040	6.12
China Vanke Co Ltd A	8,278,950	24,422,903	3.27
China Yangtze Power — A	4,597,800	35,265,126	4.72
Chongqing Changan Auto — A	1,047,600	5,290,380	0.71
Citic Securities Co — A	1,445,300	8,035,868	1.07
Guangdong Elec Power — A	1,164,000	5,040,120	0.67
Guangzhou Dev Ind — A	1,202,800	6,290,644	0.84
Huaneng Power Intr Inc — A	1,581,100	9,138,758	1.22
Huaxia Bank Co Ltd	3,686,000	12,974,720	1.74
Jiangxi Copper Co Ltd	882,700	3,583,762	0.48
Kweichow Moutai Co Ltd — A	339,500	17,104,010	2.29
Maanshan Iron & Steel — A	1,794,500	5,114,325	0.68
Shandong Infrastruct — A	1,969,100	8,230,838	1.10
Shanghai Automotive Co — A	2,871,200	11,599,648	1.55
Shanghai Electric Pwr — A	911,800	4,303,696	0.58
Shanghai Intl Air — A	2,250,400	35,713,848	4.77

* CAAP - Chinese A Share access product, being a Security (such as a warrant, note or participating certificate) linked to an A Share.

iShares FTSE/Xinhua A50 China Tracker (Sub-Fund of iShares Asia Trust) Investment Portfolio (continued)

As at 30th June 2005

	(Unaudited) Market value HK\$	% of net assets
Holdings		
China (97.73%) (continued)		
Shanghai Muni Raw Water	1,649,000	7,750,300
Shanghai Oriental Pearl	843,900	11,063,529
Shanghai Port Contain — A	1,581,100	24,032,720
Shanghai Pudong Dev Bk — A	2,289,200	16,436,456
Shanghai Zhenhua Port Machinery — A	708,100	6,231,280
Shanxi Xishan Coal & Electricity Power — A	1,411,350	9,089,094
Shenergy Company Ltd — A	2,357,100	17,183,259
Shenzhen Chiwan Wharf Holdings — A	203,700	5,294,163
Shenzhen Dev Bk — A	4,268,000	23,772,760
Shenzhen Energy Inv — A	1,406,500	8,889,080
Shenzhen Yantian Port — A	1,086,400	9,918,832
Sinopec Qilu Co Ltd — A	1,134,900	6,605,118
Sinopec Shanghai Petro — A	2,134,000	7,106,220
Sinopec Yangzi Petro — A	1,358,000	12,086,200
SP Power Development — A	1,988,500	12,189,505
TCL Comm Equipment Co — A	3,026,400	6,083,064
Tsingtao Brewing — A	572,300	4,824,489
Wuhan Steel Processing — A	4,588,100	14,636,039
Yantai Wanhua Polyurethane — A	989,400	10,675,626
Yanzhou Coal Mining Co — A	533,500	5,212,295
Yibin Wuliangye Co — A	2,376,500	16,778,090
ZTE Corp — A	931,200	20,151,168
	730,843,348	97.73
Total investments	730,843,348	97.73
Other net assets	16,931,577	2.27
Net assets at 30th June 2005	747,774,925	100.00
Total investments, at cost	783,446,236	

iShares FTSE/Xinhua A50 China Tracker

(Sub-Fund of iShares Asia Trust)

Statement of Movements in Investment Portfolio

For the period ended 30th June 2005

	Additions	(Unaudited) Holdings Disposals	30.06.2005
Investments			
Listed CAAPs*			
China			
Angang New Steel Co A	2,520,200	114,600	2,405,600
Anhui Conch Cement - A	754,100	36,300	717,800
Baoshan Iron& Steel Co-A	15,438,800	54,600	15,384,200
Beijing Capital Co Ltd A	1,968,300	47,700	1,920,600
Beijing Shougang Co - A	1,415,200	66,900	1,348,300
Boe Technology Group-A	151,900	151,900	—
China Eastern Airlines-A	1,008,000	47,700	960,300
China Intl Mar Cont - A	2,131,700	85,000	2,046,700
China Merchants Bank - A	9,315,500	294,500	9,021,000
China Minsheng Bkg-A	3,808,920	171,420	3,637,500
China Petroleum & Chem-A	10,737,000	503,500	10,233,500
China Shipping Dev - A	1,241,500	58,100	1,183,400
China Southern Airlines	3,926,700	182,500	3,744,200
China United Telecom- A	19,532,500	908,500	18,624,000
China Vanke Co Ltd A	8,550,150	271,200	8,278,950
China Yangtze Power - A	4,821,300	223,500	4,597,800
Chongqing Changan Auto-A	1,100,000	52,400	1,047,600
Citic Securities Co - A	1,517,900	72,600	1,445,300
Faw Car Company Ltd - A	663,400	663,400	—
Guangdong Elec Power - A	1,220,500	56,500	1,164,000
Guangzhou Dev Ind - A	1,256,200	53,400	1,202,800
Huaneng Power Intr Inc-A	1,653,700	72,600	1,581,100
Huaxia Bank Co Ltd	3,867,500	181,500	3,686,000
Inner Mongolia Men Hua	609,400	609,400	—
Jiangxi Copper Co Ltd	924,700	42,000	882,700
Kweichow Moutai Co Ltd-A	356,600	17,100	339,500
Maanshan Iron & Steel- A	1,881,600	87,100	1,794,500
Shandong Infrastruct - A	2,063,500	94,400	1,969,100

* CAAP - Chinese A Share access product, being a Security (such as a warrant, note or participating certificate) linked to an A Share.

iShares FTSE/Xinhua A50 China Tracker
(Sub-Fund of iShares Asia Trust)
Statement of Movements in Investment Portfolio (continued)
For the period ended 30th June 2005

	Additions	(Unaudited) Holdings Disposals	30.06.2005
China (continued)			
Shanghai Automotive Co-A	3,013,300	142,100	2,871,200
Shanghai Electric Pwr -A	956,900	45,100	911,800
Shanghai Intl Air - A	2,363,400	113,000	2,250,400
Shanghai Lujiazui Fin-A	164,300	164,300	—
Shanghai Muni Raw Water	1,732,000	83,000	1,649,000
Shanghai Oriental Pearl	885,900	42,000	843,900
Shanghai Port Contain- A	1,659,400	78,300	1,581,100
Shanghai Pudong Dev Bk-A	2,402,200	113,000	2,289,200
Shanghai Zhenhua Port Machinery-A	730,900	22,800	708,100
Shanxi Xishan Coal & Electricity Power - A	1,455,950	44,600	1,411,350
Shenergy Company Ltd - A	2,471,700	114,600	2,357,100
Shenzhen Chiwan Wharf Holdings - A	215,100	11,400	203,700
Shenzhen Dev Bk - A	4,480,100	212,100	4,268,000
Shenzhen Energy Inv - A	1,473,400	66,900	1,406,500
Shenzhen Yantian Port -A	1,142,900	56,500	1,086,400
Sinopec Qilu Co Ltd - A	1,191,400	56,500	1,134,900
Sinopec Shanghai Petro-A	2,238,200	104,200	2,134,000
Sinopec Yangzi Petro -A	1,425,900	67,900	1,358,000
Sichuan Changhong Elec-A	1,666,800	1,666,800	-
SP Power Development-A	2,087,000	98,500	1,988,500
TCL Comm Equipment Co-A	3,172,600	146,200	3,026,400
Tsingtao Brewing - A	595,100	22,800	572,300
Wuhan Steel Processing-A	4,811,600	223,500	4,588,100
Yantai Wanhua Polyurethane-A	1,029,300	39,900	989,400
Yanzhou Coal Mining Co-A	561,000	27,500	533,500
Yibin Wuliangye Co-A	2,494,200	117,700	2,376,500
ZTE Corp - A	978,900	47,700	931,200

iShares FTSE/Xinhua A50 China Tracker (Sub-Fund of iShares Asia Trust) Performance Record

Net Asset Values

	Net asset value per unit HK\$	Net asset value of the Fund HK\$
At end of financial period dated		
31st December 2004	41.79	208,929,323
30th June 2005	38.55	747,774,925

Highest and lowest net asset value per unit

	Highest net asset value per unit HK\$	Lowest net asset value per unit HK\$
Financial period ended		
31st December 2004 (since inception)	44.70	41.79
30th June 2005	44.75	35.14

iShares Asia Trust

Management and Administration

Directors of the Manager

Andrew Graham Skirton
Francis Sean Ryan
Nigel Grenville Williams
Robert J. Haber
Joseph Ho

Manager

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