



iShares Asia Trust

Semi-annual Report

For the period ended 30th June 2006

iShares Asia Trust

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iShares Asia Trust

Letter to the Unitholders

Dear Unitholders:

We are pleased to present the semi-annual report and financial statements for the iShares Asia Trust (the "Trust") that covers the period from 1 January 2006 to 30 June 2006 (the "Period"). 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 under the Trust, the portfolio manager's discussion and analysis, as well as other important financial information.

Although China has undergone extensive banking system overhaul and received worldwide financial media attention, it remains a challenge to invest in locally. The sole channel to penetrate into the Chinese market and to own domestic shares is through Qualified Foreign Institutional Investors (QFII's). The two sub-funds of the Trust present an efficient way for foreign investors to gain exposure to the Chinese economy. The MSCI China Tracker, investing primarily in Red Chips and H-shares companies listed in Hong Kong, was launched on 23 November 2001, and it was first traded on the Stock Exchange of Hong Kong ("SEHK") on 28 November 2001. The A50 China Tracker was the world's first exchange traded fund (ETF) that linked to the Chinese domestic A Share markets. It was launched on 15 November 2004 and it was first traded on the SEHK on 18 November 2004. The MSCI China Tracker and the A50 China Tracker together provide an efficient platform for investing into listed Chinese companies.

So far, 2006 has proved to be a transitional year for the Chinese financial markets. In 2005, the China Securities Regulatory Commission ("CSRC") launched a pilot program for the conversion of non-tradable shares held by Chinese companies into tradable shares. Under this system, existing shareholders of the free-floating tradable shares are compensated with cash, bonus shares or bonus warrants by the non-tradable shareholders. By the end of May 2006, more than 800 companies were undergoing the reform process.¹ The related market cap exceeds 70% of the total market cap. Five percent of the current listed shares could be traded after a 1-year lock up period, 10% of which could be traded after a 2-years lock up period, and the remaining shares could be traded without any limitation after a 3-years lock up period. The impact that these free-floating shares will have on trading volume, values, turnover ratio and liquidities remain to be determined.

This July marks the one year anniversary of the implementation of Renminbi (RMB) reform. Since July 2005, China moved to a managed floating exchange rate regime based on market supply and demand with reference to a basket of currencies, instead of pegging the RMB to the US dollar. As of 30 June of this year, RMB has appreciated 3.5% from a year ago against the greenback. Given the record widening trade surplus registered against the US, the RMB continues to be under pressure for further appreciation.

¹ Xinhua FTSE Index Committee Meeting Notes, July 2006

iShares Asia Trust

Letter to the Unitholders (continued)

On the regional economic front, commodity prices and the Chinese economy continue to be some of the key drivers. After a spring sell-off in energy prices due to the unseasonably warmer climate, oil price has once again ticked to the upside as China has led recent upward growth revisions. On 30 June 2006, crude oil closed just shy of US\$74 per barrel and the gold spot price closed at US\$616 per ounce after briefly reaching US\$722 in May. Despite the frequent “cool-down” talks by Chinese officials, China’s gross domestic product in 1Q06 posted a strong 10.3% YoY increase, following increases of 9.8% in 3Q05 and 9.9% in 4Q05, registering the fastest growth since December 1995.²

Locally, the Chinese H-shares listed in Hong Kong, as represented by the MSCI China (HKD) Index, gained 22%, outperforming the Hang Seng Index which registered a relatively modest gain of 8.5%. Chinese A-shares, as represented by the FTSE/Xinhua China A50 Index, registered a gain of 37% during the period under review.³

Investor interest in the MSCI China Tracker remained strong throughout the Period, but it was the A50 China Tracker that clearly stole the limelight. As of 30 June 2006, total assets under management of the A50 China Tracker more than tripled to HK\$7.9 billion from HK\$2.5 billion as of the end of 2005. The number of units outstanding stood at 130 million units, representing a 120% rise from the year end. The MSCI China Tracker also experienced an impressive 36% increase in total assets under management, from HK\$1.1 billion at the beginning of the year to HK\$1.5 billion as of 30 June 2006. The number of units outstanding stood at 41.8 million, representing a 13.5% rise from 36.8 million units as of 30 December 2005.

The increase in units and assets in both sub-funds reflects continuous interests from the investing public in using these funds as viable investment vehicles to gain exposure to Chinese economic growth.

Again, we thank you for your continued support and confidence in the Trust and hope that the sub-funds will continue to meet your investment needs.

Sincerely,



Joseph Ho
Director
Barclays Global Investors North Asia Limited

² Bloomberg

³ Bloomberg

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”), a sub-fund of the iShares Asia Trust (the “Trust”), was launched on 23 November 2001 and commenced trading under the stock code 2801 on the Stock Exchange of Hong Kong (the “SEHK”) on 28 November 2001. It was established as an index fund authorized by the Hong Kong 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 China Benchmark Index”). The Manager of the MSCI China Tracker is Barclays Global Investors North Asia Limited (the “Manager”).

FUND PERFORMANCE

The MSCI China Tracker seeks to provide investment results that closely correspond to the performance of the MSCI China Benchmark Index before fees and taxes. As of the close of 30 June 2006, the per-unit NAV of the MSCI China Tracker stood at HK\$36.40 with a total number of 41,800,000 units outstanding, aggregating a total AUM size of HK\$1,521,517,211.

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

Total Return (as of 30 June 2006)	1-Month	3-Month	1-Year	Year-To-Date	Since Inception
MSCI China (HKD) Index	1.97%	0.34%	36.90%	21.93%	116.17%
iShares MSCI China Tracker (NAV)	2.56%	1.70%	36.38%	22.44%	120.74%
iShares MSCI China Tracker (MKT)	4.06%	0.42%	34.77%	19.90%	117.27%

The MSCI China Tracker consists of H-shares and red chips. They are China related stocks and listed in Hong Kong. While the MSCI China Benchmark Index registered a strong gain of 21.93%, the MSCI China Tracker recorded a slight outperformance of 0.51% due to cumulating dividend incomes. Furthermore, the total fund assets rose by 39%, with the help of moderate creation/redemption activities and strong market movement. Figure 1 below depicts the close tracking of the MSCI China Tracker’s NAV and traded price on the secondary market to the MSCI China Benchmark Index.

Please note that past performance figures shown are not indicative of the future performance of the MSCI China Tracker.

Report of the Manager to the Unitholders (continued)

iShares MSCI China Tracker

(Sub-Fund of iShares Asia Trust)

FUND PERFORMANCE (continued)

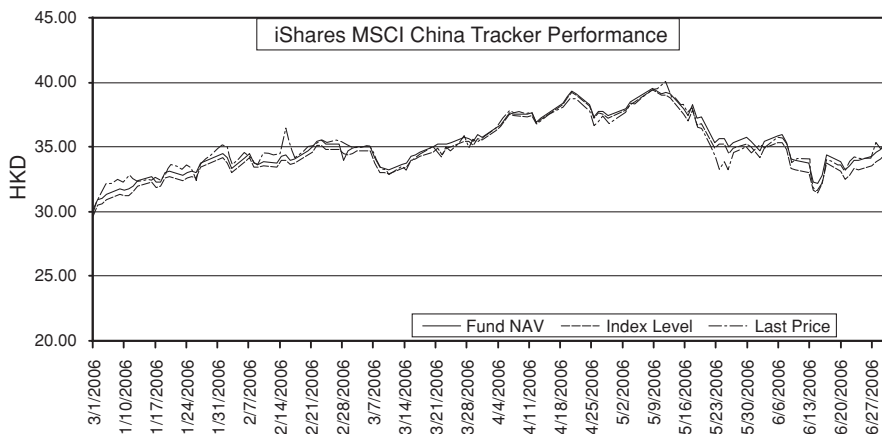


Figure 1

FUND ACTIVITIES

The average daily trading volume for the MSCI China Tracker during the Period was reported by Bloomberg to be 262,936 units, nearly double the previous six-month period of 135,179 units. However, this paled in comparison to the daily trading volume of more than 2.7 million units for the A50 China Tracker which indicated a clear investor focus on the domestic A-share market.

As far as the primary market was concerned, the MSCI China Tracker experienced both creation and redemption activities during the Period. There were 14 creations with a total of 7,200,000 new units created and 6 redemptions with a total of 2,200,000 units redeemed. As a result, there was a net creation of 5,000,000 units. Details of which are given as follows:

Report of the Manager to the Unitholders (continued)
iShares MSCI China Tracker
(Sub-Fund of iShares Asia Trust)

FUND ACTIVITIES (continued)

	Date of Order	Units Created/(Redeemed)
	9 January 2006	200,000
	12 January 2006	200,000
	23 January 2006	600,000
	1 February 2006	400,000
	6 February 2006	3,000,000
	7 February 2006	200,000
	17 February 2006	400,000
	1 March 2006	200,000
	2 March 2006	200,000
	8 March 2006	200,000
	21 March 2006	(600,000)
	7 April 2006	200,000
	3 May 2006	(200,000)
	5 June 2006	(400,000)
	15 June 2006	(400,000)
	16 June 2006	(400,000)
	20 June 2006	(200,000)
	21 June 2006	600,000
	23 June 2006	200,000
	27 June 2006	600,000
	Total	Total
	Outstanding Units	Net Asset (HKD\$)
31 December 2005	36,800,000	1,094,216,415
30 June 2006	41,800,000	1,521,517,211

Report of the Manager to the Unitholders (continued)

iShares MSCI China Tracker

(Sub-Fund of iShares Asia Trust)

INDEX ACTIVITIES

The MSCI China Benchmark Index underwent two regular reviews during the first half of 2006. In the first review on 28 February, the following index changes were made:

Bloomberg Code	Security Name	Changes	Manager's Action
489 HK	Dongfeng Motor Group (H)	Addition	Addition
3383 HK	Agile Property Hldgs	Addition	Addition

In the second review on 28 May, the following index changes were made:

Bloomberg Code	Security Name	Changes	Manager's Action
754 HK	Hopson Development	Addition	Did Not Add
2777 HK	Guangzhou R&F Property (H)	Addition	Addition
297 HK	Sinochem Hong Kong	Addition	Did Not Add
2626 HK	Hunan Nonferrous Metal (H)	Addition	Did Not Add
2688 HK	Xinao Gas Holdings	Addition	Did Not Add
1175 HK	Fu Ji Food & Catering	Addition	Did Not Add
2357 HK	AviChina Ind & Tech (H)	Deletion	Deletion
1093 HK	China Pharmaceutical Grp	Deletion	Did Not Own
1122 HK	Qingling Motors Co (H)	Deletion	Deletion
861 HK	Digital China Holdings	Deletion	Did Not Own

In view of these changes, the MSCI China Tracker made the necessary rebalancing trades accordingly. As of the close of 30 June 2006, the MSCI China Tracker held 62 stocks versus 80 constituents its 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 15 November 2004 and commenced trading under the stock code 2823 on the SEHK on 18 November 2004. 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”). The Manager of the iShares A50 China Tracker is Barclays Global Investors North Asia Limited (the “Manager”).

FUND PERFORMANCE

The A50 China Tracker seeks to provide investment results that correspond to the performance of the A50 Benchmark Index subject to RMB vs. HKD fluctuations. As of the close of 30 June 2006, the NAV per unit of the A50 China Tracker stood at HK\$60.89 with a total number of 130,000,000 units outstanding, aggregating a total AUM size of HK\$7,916,294,953.

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

Total Return (as of 30 June 2006)	1-Month	3-Month	1-Year	Year-To-Date	Since Inception
FTSE/Xinhua China A50 Index	0.09%	22.34%	40.45%	37.15%	20.79%
iShares FTSE/Xinhua A50 China Tracker (NAV)	2.20%	26.56%	57.95%	43.17%	37.39%
iShares FTSE/Xinhua A50 China Tracker (MKT)	-0.71%	19.98%	55.68%	42.33%	41.37%

Please note that past performance figures shown are not indicative of the future performance of the A50 China Tracker.

Report of the Manager to the Unitholders (continued)

iShares FTSE/Xinhua A50 China Tracker

(Sub-Fund of iShares Asia Trust)

FUND PERFORMANCE (continued)

The China domestic A-shares demonstrated strong resilience against the broad world market volatility. As a result, investor interest in the A50 China Tracker grew dramatically, spurred on by the positive reaction to the non-tradable shares conversion program. This was evidenced by the total size of the A50 China Tracker, which more than tripled as a result of substantial creation activities over the Period. While the A50 Benchmark Index registered a gain of 37.15% over the Period, the A50 China Tracker recorded an even stronger gain of 43.17%, reaping the benefits of the combined effects of the RMB appreciation, the bonus shares received for non-tradable shares conversion, and dividend incomes. As mentioned in the Letter to Unitholders, the Chinese financial market is currently going through two significant events: the adoption of a new RMB foreign exchange regime and the conversion of non-tradable shares pilot program, both of which have asserted favorable impact on the performance of A50 China Tracker in the first six months of this year.

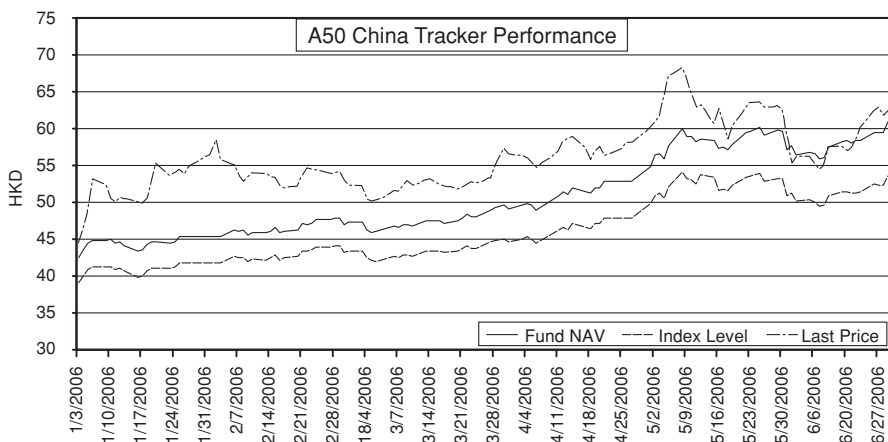


Figure 2

Figure 2 above depicts the A50 China Tracker's NAV and last traded prices versus the A50 Benchmark Index. The divergence between the trading prices and the NAVs started from June 2005 when the non-tradable shares program was introduced. The divergence was a direct result of the suspension of various underlying constituent A-shares that were included in the non-tradable shares conversion pilot program. Speculations of higher prices after resumption of trading along with the difficulties in hedging in the A-share market by the market maker resulted in a higher than usual trading premium. In the month of June 2006 however, a narrowing of this premium as the conversion program is coming closer to completion.

Report of the Manager to the Unitholders (continued)

iShares FTSE/Xinhua A50 China Tracker

(Sub-Fund of iShares Asia Trust)

FUND ACTIVITIES

The trading volume for the A50 China Tracker reflected very strong interest in the domestic A-Share markets from foreign investors. The average daily trading volume surged to 1,052,285 units in the preceding six months compared to 363,750 units in the same period one year ago, underscoring the heightened interests and the positive responses to the non-tradable shares conversion program and better than expected market returns.

As far as the primary market is concerned, the A50 China Tracker experienced a good level of creation activities during the Period. There were 11 creations with a total of 70,600,000 new units created and no redemptions recorded. Details of which are given as follows:

Date of Order	Units Created/(Redeemed)	
5 January 2006	4,000,000	
6 January 2006	10,000,000	
13 January 2006	6,000,000	
19 January 2006	6,000,000	
23 January 2006	7,000,000	
6 February 2006	6,000,000	
17 February 2006	7,000,000	
7 April 2006	2,000,000	
5 June 2006	2,600,000	
7 June 2006	10,000,000	
9 June 2006	10,000,000	
	Total	Total
	Outstanding Units	Net Asset
31 December 2005	59,400,000	2,526,275,310
30 June 2006	130,000,000	7,916,294,953

Report of the Manager to the Unitholders (continued)

iShares FTSE/Xinhua A50 China Tracker

(Sub-Fund of iShares Asia Trust)

INDEX ACTIVITIES

The A50 Benchmark Index underwent two regular quarterly reviews during the Period. In the first review on 20 January, the following index changes were made:

Security Name	Changes	Manager's Action
Shenzhen Overseas Chinese Town Holdings Co (A)	Addition	Addition
Offshore Oil Engineering (A)	Addition	Addition
Tianjin Port (Group) (A)	Addition	Addition
Hunan Valin Steel Tube and Wire (A)	Addition	Addition
Shanxi Xishan Coal And Electricity Power (A)	Deletion	Deletion
Shanghai Electric Power (A)	Deletion	Deletion
Beijing Shougang Co Ltd	Deletion	Deletion
Chongqing Changan Automobile (A)	Deletion	Deletion

During the second review on 21 April, four stocks were added and four were removed from the index. Fund rebalance were carried out accordingly.

Security Name	Changes	Manager's Action
Yantai Changyu Pioneer Wine (A)	Addition	Addition
Shandong Aluminum Industry (A)	Addition	Addition
Suning Appliance Chain Store (A)	Addition	Addition
Handan Iron & Steel (A)	Addition	Addition
Sinopec Yangzi Petrochemical (A)	Deletion	Deletion
Qilu Petrochemical (A)	Deletion	Deletion
China Eastern Airlines (A)	Deletion	Deletion
Hunan Valin Steel Tube and Wire (A)	Deletion	Deletion

Report of the Manager to the Unitholders (continued)

iShares FTSE/Xinhua A50 China Tracker

(Sub-Funds of iShares Asia Trust)

MARKET REVIEW AND OUTLOOK

Global equity markets failed to carry on the strong performance from the end of last year. After a solid start early in the year, global equity markets suffered sharp setbacks since May. S&P 500 registered a modest correction of 8% in the first half while FTSE 100 Index was down 10%. The global emerging markets, measured against the MSCI Emerging Market Total Return Index lost nearly 22% of its value from early May to mid-June. Locally both the Hang Seng Index and the Nikkei 225 also suffered double digit losses.

Over the Period, the Sub-Funds demonstrated two divergent performances. In April and May, the MSCI China Tracker, although faring better than the rest of the world, lost approximately 2%, whilst the A50 China Tracker in contrast gained 12% since the A-share market hit new lows last year.

The investment returns of the Sub-Funds have become more correlated over the years, indicating the increasing connection between the A-share market and the H-share market (Figure 3).

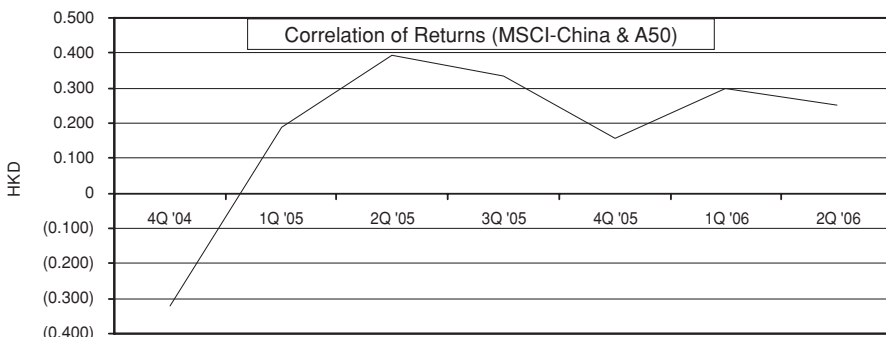


Figure 3

Report of the Manager to the Unitholders (continued)

iShares FTSE/Xinhua A50 China Tracker

(Sub-Funds of iShares Asia Trust)

MARKET REVIEW AND OUTLOOK (continued)

China's economy is growing at the fastest pace in ten years (Figure 4). Despite the repeated "cool down" talks and measures by the various Chinese authorities, the Chinese economy is able to sustain its strong GDP growth. Inflation in the mean time remains in check. After drastically cutting inflation in the mid-nineties, China is enjoying a steady inflation rate throughout the Dotcom boom and bust period and is currently at 1.4% in 2Q06 (as measured by the Consumer Price Index in Figure 5). With the record high trade surplus with the US, China has accumulated massive amounts of dollar denominated foreign exchange reserves since 1997. It is likely that 2006 would witness the reserve exceeding USD\$1 trillion (Figure 6).

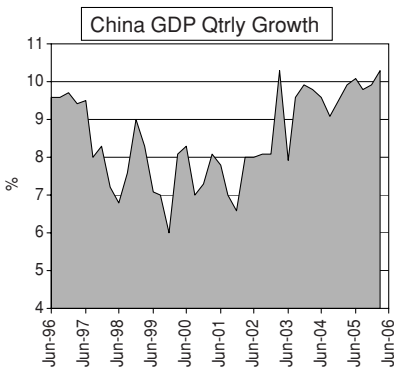


Figure 4

Source: Bloomberg

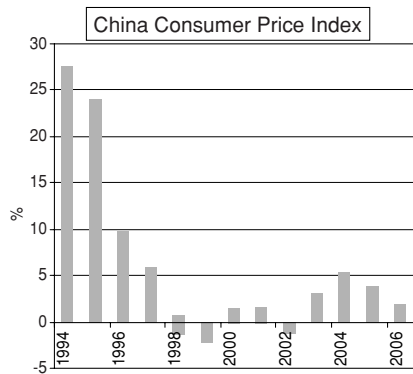


Figure 5

Source: Bloomberg

Report of the Manager to the Unitholders (continued)

iShares FTSE/Xinhua A50 China Tracker

(Sub-Funds of iShares Asia Trust)

MARKET REVIEW AND OUTLOOK (continued)

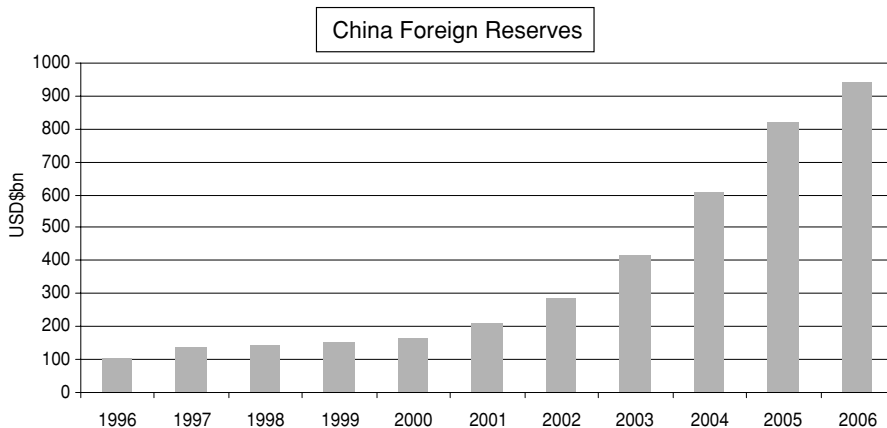


Figure 6

Source: Bloomberg

Given this momentum in GDP growth, ample inflation fighting ammunition by the central bank, and solid support from the foreign reserves, it is expected Chinese companies will sustain its current growth rate.

In the second half of 2005, the China Securities Regulatory Commission (CSRC) launched the pilot program for the conversion of non-tradable shares held by local Chinese enterprises into freely floated tradable shares. Under this scheme, existing shareholders of tradable shares were compensated by cash, bonus shares or bonus warrants issued by the non-tradable shareholders. The successful completion of this program would increase the number of listed stocks, as well as increase the free float of currently tradable shares.

Report of the Manager to the Unitholders (continued)

iShares FTSE/Xinhua A50 China Tracker

(Sub-Funds of iShares Asia Trust)

MARKET REVIEW AND OUTLOOK (continued)

May 2006 marked the end of the freezing period for China IPOs. As a result, a number of Chinese companies have been taken public including the recent high profile IPO of the Bank of China (BOC). BOC was added to the H-shares on 14 June, 2006 which prompted a sizeable rebalance. Thus far, investors have been enthusiastic about the long-awaited public offerings of prominent Chinese companies, evident by the nearly eight times over-subscription of the BOC IPO. However, any opportunistic decisions of hastening companies to go public could potentially drain the investment capital that might be needed to cushion any possible market down fall. The speculation on further RMB appreciation and the ongoing large current account deficit in the US would continue to weigh on the currency markets. High interest rates cycle is likely to slow global economic growth.

Kai Zhang

Portfolio Manager

Barclays Global Investors North Asia Limited

iShares Asia Trust

Statement of Assets and Liabilities

As at 30th June 2006

	Note	iShares		iShares FTSE	
		MSCI China Tracker		Xinhua A50 China Tracker	
		(Unaudited) 30.06.2006 HK\$	(Audited) 31.12.2005 HK\$	(Unaudited) 30.06.2006 HK\$	(Audited) 31.12.2005 HK\$
ASSETS					
Bank balances	7(c)	17,576,860	9,491,030	286,541,417	33,538,746
Dividend receivable		4,131,284	—	37,122,119	1,173,184
Securities		1,496,241,230	1,079,183,000	7,611,952,334	2,498,804,500
Total assets		<u>1,517,949,374</u>	<u>1,088,674,030</u>	<u>7,935,615,870</u>	<u>2,533,516,430</u>
LIABILITIES					
Management fee payable		3,492,685	2,474,203	14,727,691	4,943,876
Other accounts payable		7,883	2,132	4,593,226	2,297,244
Total liabilities (excluding net assets attributable to unitholders)		<u>3,500,568</u>	<u>2,476,335</u>	<u>19,320,917</u>	<u>7,241,120</u>
Net assets attribute to unitholders (at bid market prices)		<u>1,514,448,806</u>	<u>1,086,197,695</u>	<u>7,916,294,953</u>	<u>2,526,275,310</u>
Adjustments from bid market prices to last traded market prices	3	7,068,405	8,018,720	—	—
Net assets attributable to unitholders		<u>1,521,517,211</u>	<u>1,094,216,415</u>	<u>7,916,294,953</u>	<u>2,526,275,310</u>

The notes on pages 19 to 30 form part of these financial statements.

iShares Asia Trust

Statement of Operations

For the period ended 30th June 2006

	Note	iShares MSCI China Tracker (Unaudited)		iShares FTSE Xinhua A50 China Tracker (Unaudited)	
		01.01.2006 to 30.06.2006 HK\$	01.01.2005 to 30.06.2005 HK\$	01.01.2006 to 30.06.2006 HK\$	18.11.2004 (Date of inception) to 30.06.2005 HK\$
INCOME					
Dividend income		25,471,321	20,133,324	167,745,187	12,107,224
Interest income		98,373	4,402	549,181	2,998
Net gain / (loss) on investments	4	243,746,092	28,548,170	1,805,520,254	(57,472,096)
		<u>269,315,786</u>	<u>48,685,896</u>	<u>1,973,814,622</u>	<u>(45,361,874)</u>
EXPENSES					
Management fee	7(a)	7,082,677	4,411,180	26,206,672	2,096,118
Transaction handling fee	7(b)	9,233	9,730	51,348	29,244
Transaction costs on investments		508,780	154,487	8,591,596	456,334
Bank charges		184,300	107,782	349	5,288
Preliminary expense		—	—	—	412,592
Other expenses		—	—	7,833,014	635,225
		<u>7,784,990</u>	<u>4,683,179</u>	<u>42,682,979</u>	<u>3,634,801</u>
Adjustments for different bases adopted by the Fund in arriving at the net assets attributable to unitholders		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Increase/(decrease) in net assets attributable to unitholders		<u>261,530,796</u>	<u>44,002,717</u>	<u>1,931,131,643</u>	<u>(48,996,675)</u>

The notes on pages 19 to 30 form part of these financial statements.

iShares Asia Trust

Statement of Changes in Net Assets Attributable to Unitholders

For the period ended 30th June 2006

	Note	iShares MSCI China Tracker (Unaudited)		iShares FTSE Xinhua A50 China Tracker (Unaudited)	
		01.01.2006 to 30.06.2006	01.01.2005 to 30.06.2005	18.11.2004 01.01.2006 (Date of inception) to 30.06.2006 to 30.06.2005	
		HK\$	HK\$	HK\$	HK\$
Balance at the beginning of the period		1,094,216,415	874,779,224	2,526,275,310	—
Proceeds on issue of units					
— in-kind	8	240,671,840	36,717,240	3,398,907,719	789,687,337
— cash component	8	1,644,160	88,760	59,980,281	7,084,263
Payment on redemption of units					
— in-kind	8	(75,597,262)	(10,543,590)	—	—
— cash component	8	(948,738)	(140,410)	—	—
		1,259,986,415	900,901,224	5,985,163,310	796,771,600
Increase/(decrease) in net assets attributable to unitholders		261,530,796	44,002,717	1,931,131,643	(48,996,675)
Balance at the end of the period		1,521,517,211	944,903,941	7,916,294,953	747,774,925

The notes on pages 19 to 30 form part of these financial statements.

iShares Asia Trust

Statement of Cash Flows

For the period ended 30th June 2006

	Note	iShares MSCI China Tracker (Unaudited)		iShares FTSE Xinhua A50 China Tracker (Unaudited)	
		01.01.2006 to 30.06.2006 HK\$	01.01.2005 to 30.06.2005 HK\$	01.01.2006 to 30.06.2006 HK\$	18.11.2004 (Date of inception) to 30.06.2005 HK\$
OPERATING ACTIVITIES					
Purchase of securities		(131,198,496)	(52,809,443)	(1,319,017,846)	(45,155,759)
Sale of securities		123,902,685	41,857,716	1,410,214,234	46,538,560
Amount due from brokers		0	(5,296,875)	0	0
Redemption payable		0	5,366,000	0	0
Dividend received		21,340,037	18,052,697	131,796,252	6,604,798
Interest received		98,373	4,402	549,181	2,998
Exchange (loss)/gain		8,566	(4,563)	83,751	(10,907)
Management fee paid		(6,064,195)	(4,364,748)	(16,422,857)	(1,052,183)
Transaction cost paid		(508,780)	0	(8,591,596)	0
Other fees paid		(187,782)	(255,947)	(5,588,729)	(787,267)
Net cash inflow from operating activities		<u>7,390,408</u>	<u>2,549,239</u>	<u>193,022,390</u>	<u>6,140,240</u>
FINANCING ACTIVITIES					
Cash component received on issue of units	8	1,644,160	88,760	59,980,281	7,084,263
Cash component paid on redemption of units	8	(948,738)	(140,410)	0	0
Net cash (outflow)/inflow from financing activities		<u>695,422</u>	<u>(51,650)</u>	<u>59,980,281</u>	<u>7,084,263</u>
Increase in cash and cash equivalents		8,085,830	2,497,589	253,002,671	13,224,503
Cash and cash equivalents at the beginning of the period		<u>9,491,030</u>	<u>9,799,329</u>	<u>33,538,746</u>	<u>0</u>
Cash and cash equivalents at the end of the period		<u>17,576,860</u>	<u>12,296,918</u>	<u>286,541,417</u>	<u>13,224,503</u>

Please refer to note 8 on page 26 for details of major non-cash transactions.

The notes on pages 19 to 30 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.

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”).

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:

iShares Asia Trust

Notes to the Unaudited Financial Statements (continued)

2 PRINCIPAL ACCOUNTING POLICIES (continued)

(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.

(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.

iShares Asia Trust

Notes to the Unaudited Financial Statements (continued)

2 PRINCIPAL ACCOUNTING POLICIES (continued)

(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.

(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.

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)	
	01.01.2006 to 30.06.2006 HK\$	01.01.2005 to 30.06.2005 HK\$	01.01.2006 to 30.06.2006 HK\$	18.11.2004 (Date of inception) to 30.06.2005 HK\$
Unrealized gain/(loss) on investments				
At the beginning of the period	226,998,329	98,386,632	70,906,856	0
At the end of the period	420,386,184	120,457,995	1,689,773,203	(52,602,888)
Change in unrealized gain/(loss) in value of investments	193,387,855	22,071,363	1,618,866,347	(52,602,888)
Realized gain/(loss) on sale of investments	50,349,671	6,481,370	186,570,156	(4,858,301)
Exchange gain/(loss)	8,566	(4,563)	83,751	(10,907)
	<u>243,746,092</u>	<u>28,548,170</u>	<u>1,805,520,254</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	
	01.01.2006 to 30.06.2006	01.01.2005 to 30.06.2005	01.01.2006 to 30.06.2006	18.11.2004 (Date of inception) to 30.06.2005
Units in issue at the beginning of the period	36,800,000	34,000,000	59,400,000	3,800,000
Issue of units	7,200,000	1,400,000	70,600,000	15,600,000
Redemption of units	(2,200,000)	(400,000)	—	—
Units in issue at the end of the period	<u>41,800,000</u>	<u>35,400,000</u>	<u>130,000,000</u>	<u>19,400,000</u>
	HK\$	HK\$	HK\$	HK\$
Net assets attributable to unitholders	<u>1,521,517,211</u>	<u>944,093,941</u>	<u>7,916,294,953</u>	<u>747,774,925</u>
Net assets attributable to unitholders per unit	<u>36.40</u>	<u>26.69</u>	<u>60.89</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 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

The transaction handling fees for the sale and purchase transactions of the securities received from the Sub-Fund are US\$35 each.

A50 China Tracker

The transaction handling fees for the sale and purchase transactions of the securities received from the Sub-Fund are US\$20 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 2006 amounted to HK\$17,576,860 (as at 31st December 2005: HK\$9,491,030) for MSCI China Tracker and amounted to HK\$286,541,417 (as at 31st December 2005: HK\$33,538,746) 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 7,200,000 units (30th June 2005: 1,400,000 units) in exchange for Application Baskets consisting of investments valued at a total of HK\$240,671,840 (30th June 2005: HK\$36,717,240) by the Manager at the time of issue plus the cash component equal to HK\$1,644,160 (30th June 2005: HK\$88,760).

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 70,600,000 units (30th June 2005: 15,600,000 units) in exchange for Application Baskets consisting of investments valued at a total of HK\$3,398,907,719 (30th June 2005: HK\$789,687,337) by the Manager at the time of issue plus the cash component equal to HK\$59,980,281 (30th June 2005: 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 2,200,000 units (30th June 2005: 400,000 units) in exchange for Application Baskets consisting of investments valued at a total of HK\$ 75,597,262 (30th June 2005: HK\$10,543,590) by the Manager at the time of redemption plus the cash component equal to HK\$948,738 (30th June 2005: HK\$140,410).

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 2006:

iShares Asia Trust

Notes to the Unaudited Financial Statements (continued)

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

	Respective weighting in the Index (%)		% of net asset value	
	30.06.2006	31.12.2005	30.06.2006	31.12.2005
China Mobile (Hong Kong) Ltd	16.03	18.50	15.82	18.47
Petrochina Co Ltd	11.49	12.32	11.33	12.08

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 asst value of the Sub-Fund as at 30th June 2006.

* 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 2006 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\$1,496,241,230 (as at 30th June 2005: HK\$932,618,310) for the MSCI China Tracker, and totalling HK\$7,611,952,334 (as at 30th June 2005: HK\$730,843,348) for the A50 China Tracker as at period end.

Details of the market exposures as at 30th June 2006 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 may be exposed to the credit risk of a single counterparty, in instances that the Sub-Fund has only one Participating Dealer. As at the date of this Report, two Participating Dealers have been 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

MSCI China Tracker

No distribution was made during this period.

A50 China Tracker

No distribution was made during this period.

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

As at 30th June 2006

	Holdings	Market value HK\$	% of net assets
List Securities (98.80%)			
Equities (98.80%)			
China (58.55%)			
Air China Ltd	2,926,000	9,509,500	0.63
Aluminum Corp of China Ltd — H	3,762,000	21,631,500	1.42
Angang New Steel Co Ltd — H	1,646,000	12,098,100	0.80
Anhui Conch Cement Co Ltd — H	418,000	5,287,700	0.35
Bank of China Ltd	22,212,600	78,299,415	5.15
Bank of Communications Ltd — H	7,524,000	37,996,200	2.50
Beijing Capital International Airport Co Ltd — H	1,254,000	6,207,300	0.41
China Construction Bank — H	27,063,000	96,073,650	6.30
China Cosco Hldgs Co Ltd — H	1,672,000	6,688,000	0.44
China Life Insurance Co — H	7,740,000	94,815,000	6.23
China Petroleum & Chemical Corp — H	18,374,000	81,764,300	5.37
China Shipping Container Lines Company Ltd — H	2,299,000	5,000,325	0.33
China Shipping Development Co Ltd — H	2,090,000	11,704,000	0.77
China Southern Airlines Co Ltd — H	1,672,000	2,976,160	0.20
China Telecom Corp Ltd — H	16,768,000	41,920,000	2.76
Datang Intl Power Gen Co Ltd — H	2,090,000	11,286,000	0.74
Dongfeng Motor Group Co Ltd — H	2,458,000	8,910,250	0.59
Guangshen Railway Co Ltd — H	2,090,000	6,165,500	0.41
Guangzhou R&F Properties Co Ltd — H	182,600	6,573,600	0.43
Huaneng Power International Inc — H	3,346,000	17,231,900	1.13
Hunan Non-ferrous Metal Corp Ltd — H	1,338,000	3,913,650	0.26
Jiangsu Express Co Ltd — H	2,090,000	9,143,750	0.60
Lenovo Group Ltd	5,434,000	13,992,550	0.92
Petrochina Co Ltd — H	20,793,000	172,581,900	11.33
Picc Property And Casualty Co Ltd	3,344,000	9,530,400	0.63
Ping An Insurance (Group) Co of China Ltd — H	1,344,500	31,662,975	2.08
Semiconductor Manufacturing Intl Corp	9,405,000	10,345,500	0.68
Shanghai Electric Grp Corp — H	3,762,000	10,157,400	0.67
Shanghai Forte Land Co — H	1,696,000	5,342,400	0.35
Sinopec Yizheng Chemical Fibre Co Ltd — H	2,926,000	4,886,420	0.32
Sinotrans Ltd	2,090,000	5,120,500	0.34
Travelsky Technology Ltd — H	418,000	3,720,200	0.24
Weiqiao Textile Co Ltd	627,000	6,238,650	0.41
Yanzhou Coal Mining Co Ltd — H	2,926,000	16,824,500	1.11
Zhejiang Expressway Co Ltd — H	2,090,000	9,875,250	0.65
Zijin Mining Group Co Ltd — H	2,534,000	9,819,250	0.65
ZTE Corporation — H	218,800	5,382,480	0.35
		890,676,175	58.55

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

As at 30th June 2006

	Holdings	Market value HK\$	% of net assets
Hong Kong (40.25%)			
Agile Property Hldgs Ltd	1,248,000	5,803,200	0.38
Brilliance China Automotive	3,344,000	4,380,640	0.29
Chaoda Modern Agriculture	2,090,000	10,136,500	0.67
China Everbright Ltd	836,000	3,573,900	0.23
China Mengniu Dairy Co Ltd	1,254,000	12,226,500	0.80
China Merchants Hldgs International Co Ltd	1,254,000	29,657,100	1.95
China Mobile Ltd	5,425,000	240,870,000	15.82
China Overseas Land & Inv	4,928,000	23,284,800	1.53
China Overseas Land & Inv WTS 18/07/2007	616,000	0	0.00
China Resources Enterprise	1,254,000	19,875,900	1.31
China Resources Land Ltd	1,254,000	5,329,500	0.35
China Resources Power Holdings Co Ltd	1,672,000	10,868,000	0.71
China Travel International Inv HK	2,926,000	5,471,620	0.36
Citic Pacific Ltd	1,463,000	33,502,700	2.20
Cnooc Ltd	16,516,000	102,399,200	6.72
Cosco Pacific Ltd	1,254,000	21,568,800	1.42
Denway Motors Ltd	5,434,000	14,128,400	0.93
Global Bio-chem Technology Group Co Ltd	1,364,000	4,501,200	0.30
Gome Electrical Appliances Hldgs Ltd	905,000	5,927,750	0.39
Guangdong Investments Ltd	2,926,000	8,704,850	0.57
Li Ning Co Ltd	874,000	6,642,400	0.44
Maanshan Iron & Steel — H	2,926,000	7,534,450	0.50
Shanghai Industrial Hldgs Ltd	627,000	9,499,050	0.62
Shenzhen Investment Ltd	2,090,000	4,389,000	0.29
Sinopec Shanghai Petrochemical Co Ltd — H	3,346,000	12,714,800	0.84
TPV Technology Ltd	1,312,000	9,643,200	0.63
		612,633,460	40.25
Total investments		1,503,309,635	98.80
Other net assets		18,207,576	1.20
		1,521,517,211	100.00
Net assets attributable to unitholders at 30th June 2006		1,521,517,211	100.00
Total investments, at cost		1,083,198,974	

iShares MSCI China Tracker

(Sub-Fund of iShares Asia Trust)

Statement of Movements in Investment Portfolio

For the year ended 30th June 2006

	2005	Holdings		2006
		Additions	Disposals	
Investments				
Listed Equities				
China				
Air China Ltd	2,576,000	504,000	154,000	2,926,000
Aluminum Corp of China Ltd — H	3,312,000	648,000	198,000	3,762,000
Angang New Steel Co Ltd — H	1,472,000	288,000	114,000	1,646,000
Anhui Conch Cement Co Ltd — H	368,000	72,000	22,000	418,000
Avichina Industry & Technology Co Ltd	1,472,000	232,000	1,704,000	—
Bank of China Ltd Shs — H	—	22,744,100	531,500	22,212,600
Bank of Communications Ltd — H	6,624,000	1,296,000	396,000	7,524,000
Beijing Capital International Airport Co Ltd — H	1,104,000	216,000	66,000	1,254,000
Byd Co Ltd — H	92,000	14,500	106,500	—
China Construction Bank — H	26,680,000	5,111,500	4,728,500	27,063,000
China Cosco Hldgs Co Ltd — H	1,472,000	288,000	88,000	1,672,000
China Life Insurance Co — H	7,728,000	1,474,000	1,462,000	7,740,000
China Petroleum & Chemical Corp — H	19,504,000	3,690,000	4,820,000	18,374,000
China Shipping Container Lines Company Ltd — H	2,024,000	396,000	121,000	2,299,000
China Shipping Development Co Ltd — H	1,840,000	360,000	110,000	2,090,000
China Southern Airlines Co Ltd — H	1,472,000	288,000	88,000	1,672,000
China Telecom Corp Ltd — H	15,824,000	3,054,000	2,110,000	16,768,000
Datang Intl Power Gen Co Ltd — H	1,840,000	360,000	110,000	2,090,000
Dongfeng Motor Group Co Ltd — H	—	2,552,000	94,000	2,458,000
Guangshen Railway Co Ltd — H	1,840,000	360,000	110,000	2,090,000
Guangzhou R&F Properties Co Ltd — H	—	188,200	5,600	182,600
Huaneng Power International Inc — H	4,416,000	808,000	1,878,000	3,346,000
Hunan Non-ferrous Metal Corp Ltd — H	—	1,380,000	42,000	1,338,000
Jiangsu Express Co Ltd — H	1,840,000	360,000	110,000	2,090,000
Lenovo Group Ltd	4,784,000	936,000	286,000	5,434,000
Maanshan Iron & Steel — H	2,576,000	504,000	154,000	2,926,000
Petrochina Co Ltd — H	20,976,000	4,002,500	4,185,500	20,793,000
Picc Property And Casualty Co Ltd	2,944,000	576,000	176,000	3,344,000
Ping An Insurance (Group) Co of China Ltd — H	1,288,000	252,000	195,500	1,344,500
Qingling Motors Co — H	1,104,000	174,000	1,278,000	—
Semiconductor Manufacturing Intl Corp	8,280,000	1,620,000	495,000	9,405,000
Shanghai Electric Grp Corp — H	3,312,000	648,000	198,000	3,762,000
Shanghai Forte Land Co — H	—	1,752,000	56,000	1,696,000
Sinopec Shanghai Petrochemical Co Ltd — H	3,312,000	628,000	594,000	3,346,000
Sinopec Yizheng Chemical Fibre Co Ltd — H	2,576,000	504,000	154,000	2,926,000
Sinotrans Ltd	1,840,000	360,000	110,000	2,090,000
Travelsky Technology Ltd — H	368,000	72,000	22,000	418,000
Weichai Power Co Ltd — H	184,000	29,000	213,000	—
Weiqiao Textile Co Ltd	552,000	108,000	33,000	627,000
Yanzhou Coal Mining Co Ltd — H	2,576,000	504,000	154,000	2,926,000
Zhejiang Expressway Co Ltd — H	1,840,000	360,000	110,000	2,090,000
Zijin Mining Group Co Ltd — H	—	2,618,000	84,000	2,534,000
ZTE Corporation — H	184,000	45,800	11,000	218,800

iShares MSCI China Tracker
(Sub-Fund of iShares Asia Trust)
Statement of Movements in Investment Portfolio (continued)
For the year ended 30th June 2006

	Holdings		2006	
	2005	Additions Disposals		
Investments (continued)				
Listed Equities (continued)				
Hong Kong				
Agile Property Hldgs Ltd	—	1,314,000	66,000	1,248,000
Brilliance China Automotive	2,944,000	576,000	176,000	3,344,000
Chaoda Modern Agriculture	1,840,000	360,000	110,000	2,090,000
China Everbright Ltd	736,000	144,000	44,000	836,000
China Mengniu Dairy Co Ltd	1,104,000	216,000	66,000	1,254,000
China Merchants Hldgs International Co Ltd	1,104,000	216,000	66,000	1,254,000
China Mobile Ltd	5,520,000	1,052,000	1,147,000	5,425,000
China Overseas Land & Inv	4,416,000	850,000	338,000	4,928,000
China Overseas Land & Inv Wts 18/07/2007	—	616,000	—	616,000
China Resources Enterprise	1,104,000	216,000	66,000	1,254,000
China Resources Land Ltd	1,104,000	216,000	66,000	1,254,000
China Resources Power Holdings Co Ltd	1,472,000	288,000	88,000	1,672,000
China Travel International Inv HK	2,576,000	504,000	154,000	2,926,000
Citic Pacific Ltd	1,288,000	252,000	77,000	1,463,000
Cnooc Ltd	15,456,000	2,974,000	1,914,000	16,516,000
Cosco Pacific Ltd	1,104,000	216,000	66,000	1,254,000
Denway Motors Ltd	4,784,000	936,000	286,000	5,434,000
Global Bio-chem Technology Group Co Ltd	1,104,000	326,000	66,000	1,364,000
Gome Electrical Appliances Hldgs Ltd	552,000	393,000	40,000	905,000
Guangdong Investments Ltd	2,576,000	504,000	154,000	2,926,000
Li Ning Co Ltd	368,000	542,000	36,000	874,000
Shanghai Industrial Hldgs Ltd	552,000	108,000	33,000	627,000
Shenzhen Investment Ltd	1,840,000	360,000	110,000	2,090,000
Tcl Multimedia Technology Holdings Ltd	1,472,000	232,000	1,704,000	—
TPV Technology Ltd	—	1,354,000	42,000	1,312,000

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 Fund HK\$
At end of financial period dated		
31st December 2003	25.65	707,946,146
31st December 2004	25.43	874,779,224
31st December 2005	29.73	1,094,216,415
30th June 2006	36.40	1,521,517,211

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
31st December 2005	30.70	23.96
30th June 2006	39.54	30.15

iShares FTSE/Xinhua A50 China Tracker (Sub-Fund of iShares Asia Trust) Investment Portfolio As at 30th June 2006

Investments (96.15%)	Holdings	Market value HK\$	% of net assets
China (96.15%)			
Listed CAAPs* issued by Barclays Bank Plc			
Angang New Steel Co—A	5,833,000	34,706,350	0.44
Anhui Conch Cement Co Ltd—A	1,425,000	19,095,000	0.24
Anhui Expressway Co Ltd—A	2,014,000	10,573,500	0.13
Baoshan Iron & Steel Co Ltd—A	30,419,000	128,976,560	1.63
Beijing Capital Co Ltd—A	3,819,000	18,140,250	0.23
China Intl Marine—A	3,496,000	54,677,440	0.69
China Merchants Bank Co Ltd—A	19,114,000	143,163,860	1.81
China Minsheng Banking Corp Ltd—A	29,431,000	125,081,750	1.58
China Petroleum & Chemical Corp—A	20,235,000	122,826,450	1.55
China Shipping Development Co Ltd—A	2,337,000	14,489,400	0.18
China Southern Airlines Co Ltd—A	7,410,000	19,710,600	0.25
China United Telecommunication Corp Ltd—A	47,135,760	110,769,036	1.40
China Vanke Co Ltd—A	18,544,000	101,806,560	1.29
China Yangtze Power Co Ltd—A	18,962,000	126,097,300	1.59
Citic Securities Co Ltd—A	2,869,000	44,153,910	0.56
GD Power Development Co Ltd—A	3,933,000	30,992,040	0.39
Guandong Electric Power Development Co Ltd—A	2,299,000	10,391,480	0.13
Guangzhou Development—A	4,769,000	21,317,430	0.27
Handan Iron & Steel Co—A	6,403,000	24,459,460	0.31
Huaneng Power International Inc—A	3,116,000	15,237,240	0.19
Huaxia Bank Co Ltd—A	9,482,800	41,534,664	0.52
Jiangxi Copper Co Ltd—A	1,729,000	19,070,870	0.24
Kweichow Moutai Co Ltd—A	1,826,880	84,182,630	1.06
Maanshan Iron & Steel Co Ltd—A	3,553,000	9,912,870	0.13
Offshore Oil Engineering—A	1,824,000	40,584,000	0.51
Shandong Aluminium Ind—A	1,159,000	20,537,480	0.26
Shandong Infrastructure Co Ltd—A	4,578,120	16,252,326	0.21
Shanghai Automotives Co Ltd—A	9,481,000	53,946,890	0.68
Shanghai Intl Airport Co Ltd—A	4,446,000	62,244,000	0.79
Shanghai Municipal Raw Water Co Ltd—A	3,268,000	17,974,000	0.23
Shanghai Oriental Pearl (Group) Co Ltd—A	3,344,000	33,306,240	0.42
Shanghai Port Container Co Ltd—A	3,135,000	52,229,100	0.66
Shanghai Pudong Development Bank Co Ltd—A	5,884,600	56,668,698	0.72
Shanghai Zhenhua Port Machinery Co Ltd—A	2,090,000	40,086,200	0.51
Shenergy Company Ltd—A	4,758,280	28,359,349	0.36
Shenzhen Chiwan Wharf Holdings Ltd—A	577,200	7,734,480	0.10
Shenzhen Development Bank—A	8,436,000	61,920,240	0.78
Shenzhen Energy Investment Co Ltd—A	3,151,390	24,832,953	0.31

* 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 2006

	Holdings	Market value HK\$	% of net assets
China (96.15%) (continued)			
Listed CAAPs* issued by Barclays Bank Plc (continued)			
Shenzhen Overseas Chinese Town Holdings—A	2,565,000	28,676,700	0.36
Shenzhen Yantian Port Holdings Co Ltd—A	2,147,000	18,979,480	0.24
Sinopec Shanghai Petrochem—A	4,218,000	25,476,720	0.32
Suning Appliance Co—A	570,000	28,351,800	0.36
Tianjin Port Co Ltd—A	3,344,000	27,287,040	0.34
Tsingtao Brewery Co Ltd—A	1,121,000	13,485,630	0.17
Wuhan Iron & Steel Co Ltd—A	18,145,000	50,080,200	0.63
Yantai Changyu Pioneer Wine Co Ltd—A	397,200	14,513,688	0.18
Yantai Wanhua Polyurethane Co Ltd—A	2,969,400	41,838,846	0.53
Yanzhou Coal Mining Co Ltd—A	1,710,000	12,123,900	0.15
Yibin Wuliangye Co Ltd—A	4,693,000	66,265,160	0.84
ZTE Corp—A	1,843,000	51,216,970	0.65
		2,226,338,740	28.12

* 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 2006

	Holdings	Market value HK\$	% of net assets
China (96.15%) (continued)			
Listed CAAPs* issued by Citigroup			
Angang New Steel Co—A	14,122,000	84,025,900	1.06
Anhui Conch Cement Co Ltd—A	3,450,000	46,230,000	0.58
Anhui Expressway Co Ltd—A	4,876,000	25,599,000	0.32
Baoshan Iron & Steel Co Ltd—A	73,646,000	312,259,040	3.94
Beijing Capital Co Ltd—A	9,246,000	43,918,500	0.55
China Intl Marine Containers (Group) Ltd—A	8,464,000	132,376,960	1.67
China Intl Marine Containers (Group) Ltd—WRT 07	5,757,360	6,793,685	0.09
China Merchants Bank Co Ltd—A	46,276,000	346,607,240	4.38
China Minsheng Banking Corp Ltd—A	71,254,000	302,829,500	3.83
China Petroleum & Chemical Corp—A	48,990,000	297,369,300	3.76
China Shipping Development Co Ltd—A	5,658,000	35,079,600	0.44
China Southern Airlines Co Ltd—A	17,940,000	47,720,400	0.60
China United Telecommunication Corp Ltd—A	114,109,908	268,158,284	3.39
China Vanke Co Ltd—A	44,896,000	246,479,040	3.11
China Yangtze Power Co Ltd—A	45,908,000	305,288,200	3.86
Citic Securities Co Ltd—A	6,946,000	106,898,940	1.35
GD Power Development Co Ltd—A	9,522,000	75,033,360	0.95
Guandong Electric Power Development Co Ltd—A	5,566,000	25,158,320	0.32
Guangzhou Development—A	11,546,000	51,610,620	0.65
Handan Iron & Steel Co—A	15,502,000	59,217,640	0.75
Huaneng Power International Inc—A	7,544,000	36,890,160	0.47
Huaxia Bank Co Ltd—A	22,962,940	100,577,677	1.27
Jiangxi Copper Co Ltd—A	4,186,000	46,171,580	0.58
Kweichow Moutai Co Ltd—A	4,430,304	204,148,408	2.58
Maanshan Iron & Steel Co Ltd—A	8,602,000	23,999,580	0.30
Offshore Oil Engineering—A	4,416,000	98,256,000	1.24
Shandong Aluminium Ind—A	2,806,000	49,722,320	0.63
Shandong Infrastructure Co Ltd—A	9,444,300	33,527,265	0.42
Shanghai Automotives Co Ltd—A	22,954,000	130,608,260	1.65
Shanghai Intl Airport Co Ltd—A	10,764,000	150,696,000	1.90
Shanghai Municipal Raw Water Co Ltd—A	7,912,000	43,516,000	0.55
Shanghai Oriental Pearl (Group) Co Ltd—A	8,096,000	80,636,160	1.02
Shanghai Port Container Co Ltd—A	7,590,000	126,449,400	1.60
Shanghai Pudong Development Bank Co Ltd—A	14,233,180	137,065,524	1.73
Shanghai Zhenhua Port Machinery Co Ltd—A	5,060,000	97,050,800	1.23
Shenergy Company Ltd—A	11,535,924	68,754,107	0.87

* 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 2006

	Holdings	Market value HK\$	% of net assets
China (96.15%) (continued)			
Listed CAAPs* issued by Citigroup (continued)			
Shenzhen Chiwan Wharf Holdings Ltd—A	1,415,760	18,971,184	0.24
Shenzhen Development Bank—A	20,424,000	149,912,160	1.89
Shenzhen Energy Investment Co Ltd—A	7,623,037	60,069,532	0.76
Shenzhen Overseas Chinese Town Holdings—A	6,210,000	69,427,800	0.88
Shenzhen Yantian Port Holdings Co Ltd—A	5,198,000	45,950,320	0.58
Sinopec Shanghai Petrochem—A	10,212,000	61,680,480	0.78
Suning Appliance Co—A	1,380,000	68,641,200	0.87
Tianjin Port Co Ltd—A	8,096,000	66,063,360	0.83
Tsingtao Brewery Co Ltd—A	2,714,000	32,649,420	0.41
Wuhan Iron & Steel Co Ltd—A	43,930,000	121,246,800	1.53
Yantai Changyu Pioneer Wine Co Ltd—A	957,060	34,970,972	0.44
Yantai Wanhua Polyurethane Co—A	6,636,840	93,513,076	1.18
Yantai Wanhua Polyurethane Co—WRT 07	1,341,000	2,011,500	0.03
Yanzhou Coal Mining Co Ltd—A	4,140,000	29,352,600	0.37
Yibin Wuliangye Co Ltd—A	11,362,000	160,431,440	2.03
ZTE Corp—A	4,462,000	123,998,980	1.57
		5,385,613,594	68.03
Total investments		7,611,952,334	96.15
Other net assets		304,342,619	3.85
Net assets attributable to unitholders at 30th June 2006		7,916,294,953	100.00
Total investments, at cost		5,926,207,667	

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iShares FTSE/Xinhua A50 China Tracker (Sub-Fund of iShares Asia Trust) Statement of Movements in Investment Portfolio For the year ended 30th June 2006

	2005	Additions	Holdings Disposals	Bonus	2006
Investments					
Great Britain					
Listed CAAPs* issued by Barclays Bank Plc					
Angang New Steel Co—A	516,000	5,325,000	8,000	—	5,833,000
Anhui Conch Cement Co Ltd—A	154,000	1,300,000	29,000	—	1,425,000
Anhui Expressway Co Ltd—A	218,000	1,816,000	205,400	185,400	2,014,000
Baoshan Iron & Steel Co Ltd—A	3,298,000	27,775,000	654,000	—	30,419,000
Beijing Capital Co Ltd—A	414,000	3,438,000	562,200	529,200	3,819,000
Beijing Shougang Co Ltd—A	290,000	—	290,000	—	—
China Eastern Airlines Corp Ltd—A	206,000	714,000	920,000	—	—
China Intl Marine—A	380,000	3,194,000	78,000	—	3,496,000
China Merchants Bank Co Ltd—A	1,934,000	16,972,000	2,021,200	2,229,200	19,114,000
China Minsheng Banking Corp Ltd—A	900,000	24,652,200	2,000	3,880,800	29,431,000
China Petroleum & Chemical Corp—A	2,194,000	18,474,000	433,000	—	20,235,000
China Shipping Development Co Ltd—A	327,660	2,132,000	122,660	—	2,337,000
China Southern Airlines Co Ltd—A	802,000	6,762,000	154,000	—	7,410,000
China United Telecommunication Corp Ltd—A	3,992,000	39,050,000	790,000	4,883,760	47,135,760
China Vanke Co Ltd—A	1,798,000	16,746,000	—	—	18,544,000
China Yangtze Power Co Ltd—A	2,056,000	17,312,000	406,000	—	18,962,000
Chongqing Changan Automobile Co Ltd—A	226,000	—	226,000	—	—
Citic Securities Co Ltd—A	310,000	2,617,000	58,000	—	2,869,000
GD Power Development Co Ltd—A	426,000	3,585,000	78,000	—	3,933,000
Guandong Electric Power Development Co Ltd—A	250,000	2,112,000	140,500	77,500	2,299,000
Guangzhou Development—A	258,000	4,515,000	4,000	—	4,769,000
Handan Iron & Steel Co—A	—	6,403,000	—	—	6,403,000
Huaneng Power International—A	338,000	2,809,000	463,000	432,000	3,116,000
Huaxia Bank Co Ltd—A	790,000	7,810,000	154,000	1,036,800	9,482,800
Hunam Valin Steel Tube &—A	—	2,340,000	2,340,000	—	—
Jiangxi Copper Co Ltd—A	188,000	1,561,000	196,220	176,220	1,729,000
Kweichow Moutai Co Ltd—A	88,000	1,270,000	11,000	479,880	1,826,880
Maanshan Iron & Steel Co Ltd—A	384,000	3,200,000	587,920	556,920	3,553,000
Offshore Oil Engineering—A	—	1,448,500	80,020	455,520	1,824,000
Shandong Aluminium Ind—A	—	1,159,000	—	—	1,159,000
Shandong Infrastructure Co Ltd—A	422,000	3,670,000	87,000	573,120	4,578,120
Shanghai Automotives Co Ltd—A	616,000	8,873,000	8,000	—	9,481,000
Shanghai Electric Power Co Ltd—A	196,000	—	196,000	—	—
Shanghai Intl Airport Co Ltd—A	484,000	4,060,000	504,980	406,980	4,446,000
Shanghai Municipal Raw Water Co Ltd—A	354,000	2,945,000	361,660	330,660	3,268,000

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iShares FTSE/Xinhua A50 China Tracker
(Sub-Fund of iShares Asia Trust)
Statement of Movements in Investment Portfolio (continued)
For the year ended 30th June 2006

	2005	Additions	Holdings Disposals	Bonus	2006
Great Britain (continued)					
Listed CAAPs* issued by Barclays Bank Plc (continued)					
Shanghai Oriental Pearl (Group) Co Ltd—A	180,000	2,437,000	38,000	765,000	3,344,000
Shanghai Port Container—A	338,000	2,864,000	67,000	—	3,135,000
Shanghai Pudong Development Bank Co Ltd—A	490,000	4,848,000	96,000	642,600	5,884,600
Shanghai Zhenhua Port Machinery Co Ltd—A	228,000	1,884,000	262,750	240,750	2,090,000
Shanxi Xishan Coal and Electricity Co Ltd—A	304,000	—	304,000	—	—
Shenergy Company Ltd—A	506,000	4,357,280	105,000	—	4,758,280
Shenzhen Chiwan Wharf Holdings Ltd—A	58,000	505,000	11,000	25,200	577,200
Shenzhen Development Bank—A	916,000	7,703,000	183,000	—	8,436,000
Shenzhen Energy Investment Co Ltd—A	302,000	2,739,000	67,000	177,390	3,151,390
Shenzhen Overseas Chinese Town Holdings—A	—	2,610,000	45,000	—	2,565,000
Shenzhen Yantian Port Holdings Co Ltd—A	234,000	1,962,000	307,750	258,750	2,147,000
Sinopec Shanghai Petrochem—A	458,000	3,856,000	96,000	—	4,218,000
Sinopec Qilu Co Ltd—A	244,000	840,000	1,084,000	—	—
Sinopec Yangzi Petrochemical Co Ltd—A	292,000	1,008,000	1,300,000	—	—
Suning Appliance Co Ltd—A	—	570,000	—	—	570,000
Tianjin Port Co Ltd—A	—	3,407,000	63,000	—	3,344,000
Tsingtao Brewery Co Ltd—A	122,000	1,019,000	20,000	—	1,121,000
Wuhan Iron & Steel Co Ltd—A	984,000	17,175,000	14,000	—	18,145,000
Yantai Changyu Pioneer Wine Co Ltd—A	—	354,000	—	43,200	397,200
Yantai Wanhua Polyurethane Co Ltd—A	212,000	2,232,000	47,000	572,400	2,969,400
Yanzhou Coal Mining Co Ltd—A	184,000	1,537,000	206,750	195,750	1,710,000
Yibin Wuliangye Co Ltd—A	510,000	4,234,000	419,730	368,730	4,693,000
ZTE Corp—A	250,000	1,681,000	88,000	—	1,843,000

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iShares FTSE/Xinhua A50 China Tracker (Sub-Fund of iShares Asia Trust) Statement of Movements in Investment Portfolio (continued) For the year ended 30th June 2006

	2005	Additions	Holdings Disposals	Bonus	2006
Investments					
Luxembourg					
Listed CAAPs* issued by Citigroup					
Angang New Steel Co—A	7,146,600	7,138,200	162,800	—	14,122,000
Anhui Conch Cement Co Ltd—A	2,132,900	1,488,900	171,800	—	3,450,000
Anhui Expressway Co Ltd—A	3,019,300	2,001,800	1,045,320	900,220	4,876,000
Baoshan Iron & Steel Co Ltd—A	45,677,300	31,795,000	3,826,300	—	73,646,000
Beijing Capital Co Ltd—A	5,733,900	3,760,300	2,876,560	2,628,360	9,246,000
Beijing Capital Co Ltd—A WRT	—	—	876,120	876,120	—
Beijing Shougang Co Ltd—A	4,016,500	1,885,000	5,901,500	—	—
China Eastern Airlines Corp Ltd—A	2,853,100	1,743,000	4,596,100	—	—
China Intl Marine Containers (Group) Ltd—A	5,263,000	3,672,700	471,700	—	8,464,000
China Intl Marine Containers (Group) Ltd—A WRT	—	—	—	5,757,360	5,757,360
China Merchants Bank Co Ltd—A	26,785,900	6,769,000	33,554,900	—	—
China Merchants Bank Co Ltd—A	—	—	25,013,880	25,013,880	—
China Merchants Bank Co Ltd—A	—	45,668,900	10,216,906	10,824,006	46,276,000
China Minsheng Banking Corp Ltd—A	12,465,000	39,555,060	40,700	19,274,640	71,254,000
China Petroleum & Chemical Corp—A	30,386,900	21,139,400	2,536,300	—	48,990,000
China Shipping Development Co Ltd—A	4,538,091	2,921,000	1,801,091	—	5,658,000
China Southern Airlines Co Ltd—A	11,107,700	7,735,000	902,700	—	17,940,000
China United Telecommunication Corp Ltd—A	55,289,200	39,206,300	4,641,600	24,256,008	114,109,908
China Vanke Co Ltd—A	24,902,300	19,993,700	—	—	44,896,000
China Yangtze Power Co Ltd—A	—	47,743,400	1,835,400	—	45,908,000
China Yangtze Power Co Ltd—A WRT	28,475,600	13,364,000	41,839,600	—	—
China Yangtze Power Co Ltd—A WRT	—	—	6,691,590	6,691,590	—
Chongqing Changan Automobile Co Ltd—A	3,130,100	1,469,000	4,599,100	—	—
Citic Securities Co Ltd—A	4,293,500	2,996,100	343,600	—	6,946,000
GD Power Development Co Ltd—A	5,900,100	4,093,600	471,700	—	9,522,000
Guangzhou Development—A	3,573,300	8,054,100	81,400	—	11,546,000
Guandong Electric Power Development Co Ltd—A	3,462,500	2,526,400	1,883,775	1,460,875	5,566,000
Handan Iron & Steel Co—A	—	15,502,000	—	—	15,502,000
Huaneng Power International—A	4,681,300	3,071,200	2,354,100	2,145,600	7,544,000
Huaxia Bank Co Ltd—A	10,941,500	7,774,700	902,700	5,149,440	22,962,940
Hunan Valin Steel—A	—	11,622,000	11,622,000	—	—
Hunan Valin Steel—A WRT	—	—	5,154,406	5,154,406	—
Jiangxi Copper Co Ltd—A	2,603,800	1,708,300	1,001,326	875,226	4,186,000
Kweichow Moutai Co Ltd—A	1,218,800	912,500	84,400	2,383,404	4,430,304
Kweichow Moutai Co Ltd—A WRT	—	—	6,150,720	6,150,720	—

* 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 year ended 30th June 2006

	2005	Additions	Holdings Disposals	Bonus	2006
Luxembourg (continued)					
Listed CAAPs* issued by Citigroup (continued)					
Maanshan Iron & Steel Co Ltd—A	5,318,400	3,553,100	2,973,656	2,704,156	8,602,000
Offshore Oil Engineering—A	—	2,390,800	599,032	2,624,232	4,416,000
Shandong Aluminium Ind—A	—	2,806,000	—	—	2,806,000
Shandong Infrastructure Co Ltd—A	5,844,700	3,846,800	3,093,696	2,846,496	9,444,300
Shanghai Automotives Co Ltd—A	8,531,600	14,585,200	162,800	—	22,954,000
Shanghai Electric Power Co Ltd—A	2,714,600	1,274,000	3,988,600	—	—
Shanghai Intl Airport Co Ltd—A	—	—	7,800,450	7,800,450	—
Shanghai Intl Airport Co Ltd—A PUT WRT	6,703,400	4,660,400	2,575,914	1,976,114	10,764,000
Shanghai Municipal Raw Water—A	4,902,900	3,216,600	1,849,778	1,642,278	7,912,000
Shanghai Municipal Raw Water—A WRT	—	—	3,732,450	3,732,450	—
Shanghai Oriental Pearl (Group) Co Ltd—A	2,493,000	2,019,000	215,500	3,799,500	8,096,000
Shanghai Port Container—A	4,681,300	3,296,000	387,300	—	7,590,000
Shanghai Pudong Development Bank Co Ltd—A	6,786,500	4,814,200	559,100	3,191,580	14,233,180
Shanghai Zhenhua Port Machinery Co Ltd—A	3,157,800	2,095,000	1,361,775	1,168,975	5,060,000
Shanxi Xishan Coal and Electricity Co Ltd—A	4,210,400	1,976,000	6,186,400	—	—
Shenergy Company Ltd—A	7,008,100	5,130,624	602,800	—	11,535,924
Shenzhen Chiwan Wharf Holdings —A	803,300	571,700	84,400	125,160	1,415,760
Shenzhen Development Bank—A	12,686,600	8,811,900	1,074,500	—	20,424,000
Shenzhen Energy Investment Co Ltd—A	4,182,700	2,946,600	387,300	881,037	7,623,037
Shenzhen Energy Investment Co Ltd—A WRT	—	—	5,873,580	5,873,580	—
Shenzhen Overseas Chinese Town Holdings—A	—	6,428,500	218,500	—	6,210,000
Shenzhen Yantian Port Holdings Co Ltd—A	3,240,900	2,257,000	1,556,275	1,256,375	5,198,000
Sinopec Qilu Co Ltd—A	3,379,400	2,061,000	5,440,400	—	—
Sinopec Shanghai Petrochem—A	6,343,300	4,427,800	559,100	—	10,212,000
Sinopec Yangzi Petrochemical Co Ltd—A	4,044,200	2,468,000	6,512,200	—	—
Suning Appliance Co Ltd—A	—	1,380,000	—	—	1,380,000
Tianjin Port Co Ltd—A	—	8,401,900	305,900	—	8,096,000
Tsingtao Brewery Co Ltd—A	1,689,700	1,152,400	128,100	—	2,714,000
Wuhan Iron & Steel Co Ltd—A	13,628,400	30,586,500	284,900	—	43,930,000
Yantai Changyu Pioneer Wine Co Ltd—A	—	742,500	—	214,560	957,060
Yantai Wanhua Polyurethane Co—A	2,936,200	1,984,100	840,300	2,556,840	6,636,840
Yantai Wanhua Polyurethane Co—A CALL WRT	—	—	894,000	894,000	—
Yantai Wanhua Polyurethane Co—A PUT WRT	—	—	—	1,341,000	1,341,000
Yanzhou Coal Mining Co Ltd—A	2,548,400	1,695,000	1,053,875	950,475	4,140,000
Yibin Wuliangye Co Ltd—A	7,063,500	4,674,100	2,165,989	1,790,389	11,362,000
Yibin Wuliangye Co Ltd—A CALL WRT	—	—	4,107,363	4,107,363	—
Yibin Wuliangye Co Ltd—A PUT WRT	—	—	4,317,997	4,317,997	—
ZTE Corp—A	3,462,500	2,232,500	1,233,000	—	4,462,000

* 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) Performance Record

Net Asset Values

	Net asset value per unit HK\$	Net asset value of the Sub-Fund HK\$
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At end of financial period dated		
31st December 2004	41.79 *	208,929,323 *
31st December 2005	42.53	2,526,275,310
30th June 2006	60.89	7,916,294,953

Highest and lowest net asset value per unit

	Highest net asset value per unit HK\$	Lowest net asset value per unit HK\$
<hr/>		
Financial period ended		
31st December 2004 (since inception)	44.70 *	41.79 *
31st December 2005	44.75	35.14
30th June 2006	60.89	43.42

* These are unaudited figures

iShares Asia Trust

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Any opinions expressed herein reflect the Manager's view at this date and are subject to change. Investors should not rely on the information contained in this report for their final investment decisions. For more information about the Sub-funds including the related risks and other important information, please refer to the prospectus of the Sub-Funds which are available by contacting the Manager or visiting the website www.iShares.com.hk.

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