

**iShares MSCI China Tracker
iShares FTSE/Xinhua A50 China Tracker
and iShares BSE SENSEX India Tracker
(Sub-Funds of iShares Asia Trust)**

Semi-annual Report

For the period ended 29th June 2007

iShares MSCI China Tracker iShares FTSE/Xinhua A50 China Tracker and iShares BSE SENSEX India Tracker (Sub-Funds of iShares Asia Trust)

Contents

| | |
|---|----|
| Letter to the Unitholders | 1 |
| Report of the Manager to the Unitholders | 3 |
| Condensed Statement of Assets and Liabilities (Unaudited) | 23 |
| Condensed Statement of Operations (Unaudited) | 25 |
| Condensed Statement of Changes in Net Assets Attributable to Unitholders (Unaudited) | 27 |
| Condensed Statement of Cash Flows (Unaudited) | 29 |
| Notes to the Unaudited Condensed Financial Statements | 31 |
| iShares MSCI China Tracker | 50 |
| – Investment Portfolio (Unaudited) | |
| – Statement of Movements in Investment Portfolio (Unaudited) | |
| – Performance Record | |
| iShares FTSE/Xinhua A50 China Tracker | 55 |
| – Investment Portfolio (Unaudited) | |
| – Statement of Movements in Investment Portfolio (Unaudited) | |
| – Performance Record | |
| iShares BSE SENSEX India Tracker | 64 |
| – Investment Portfolio (Unaudited) | |
| – Statement of Movements in Investment Portfolio (Unaudited) | |
| – Performance Record | |
| Management and Administration | 67 |

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”) which covers the period from 1 January 2007 to 29 June 2007 (the “Period”). This report contains information about the performance of the iShares MSCI China Tracker (the “MSCI China Tracker”), the iShares FTSE/Xinhua A50 China Tracker (the “A50 China Tracker”) and the iShares BSE SENSEX India Tracker (the “SENSEX India Tracker”), the three sub-funds established under the Trust, the portfolio manager’s discussion and analysis, as well as other important financial information.

After a year and a half of stock reform, China has set the tone to continue opening up its financial system. Qualified Foreign Institutional Investor status remains the sole path for foreigners to invest directly in the Chinese market and to own domestic shares. After the recent meeting between Vice Premier Wu Yi and Secretary of Treasury Henry Paulson in Washington D.C., the hope of tripling the current \$10 billion limit was reignited, even though the timing and logistics have not been worked out. This offers more growth potential for the A50 China Tracker fund which invests in access products linked to the Chinese A-shares. This fund was first traded on the Stock Exchange of Hong Kong (“SEHK”) on 18 November 2004. At the end of June 2007, its assets under management stood at Hong Kong Dollars (HKD)11.7 billion, remaining the largest exchange traded fund outside of China which provides exposure to the Chinese domestic A-share market.

The MSCI China Tracker, investing primarily in red chips and H-share companies listed in Hong Kong, first traded on the SEHK on 28 November 2001. As the Qualified Domestic Institutional Investors scheme becomes a viable investment scheme this year, efforts are concentrated on developing new products and strategies to capitalize on the money flow. The MSCI China Tracker provides an efficient platform for investing into Hong Kong listed Chinese companies. Assets under management (“AUM”) stood at HKD1.9 billion at the end of June 2007.

This July marks the second anniversary of the implementation of Renminbi (RMB) reform. In 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. 2006 saw an RMB appreciation of 3.2% against the greenback. In 2007 the appreciation has accelerated. As of 30 June of this year, the annualized RMB appreciation reached 5%.¹ Given the record and widening trade surplus registered against the US, the RMB continues to be under pressure for further appreciation.

¹ Bloomberg

iShares Asia Trust

Letter to the Unitholders (continued)

After the 148% rise of the A50 index in 2006 and another 54% rise year to date, the Chinese government has introduced various market-cooling measures. Many foreign investors decided to cash in their profits which resulted in large redemptions in the A50 China Tracker this year. As of 29 June 2007, total AUM of the A50 China Tracker had declined to HKD11.7 billion from HKD14.1 billion as at the end of 2006. The number of units outstanding stood at 69.8 million units, representing a 48% drop from the end of 2006. The MSCI China Tracker also experienced several redemptions after an impressive 2006. The number of units outstanding stood at 30.2 million as at 29 June 2007, representing a 29% drop from 42.4 million units as at the end of 2006.

The SENSEX India Tracker provides investors access to the Indian stock market by investing in access products linked to the shares of the 30 largest companies listed on the Bombay Stock Exchange. It was launched on 30 October 2006 and first traded on the SEHK on 2 November 2006. At the end of June 2007, its AUM reached HKD436 million. The SENSEX India tracker has been well received in the six months since inception. Total AUM is up from HKD 168 million to HKD 437 million at the end of the Period and up 160% from the end of 2006. The number of units outstanding had increased by 123%, from the end of 2006, to end at 26.8 million shares as at 29 June 2007. The increase in units and assets of SENSEX India Tracker reflects continued interest on the part of investors in utilizing this fund as an investment vehicle to gain exposure to India's economic growth.

The India Rupee has shared the spotlight with the RMB in the news this year. Similar to the currencies of other emerging Asian countries, the Rupee is commonly regarded as undervalued. In 2006, Rupee appreciation accounted for 80% of the Bellwether SENSEX index return. In the year to 29 June 2007, it is up 8.75% against the US dollar².

On behalf of the Manager, 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,



Mark Talbot
Chief Executive Officer
Barclays Global Investors North Asia Limited

² Bloomberg

Report of the Manager to the Unitholders

iShares MSCI China Tracker

(a 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. The MSCI China Tracker is a Hong Kong unit trust authorized under the Securities and Futures Ordinance (Cap. 571) of Hong Kong. The MSCI China Tracker is benchmarked against the MSCI China 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 Index before fees and taxes. As of 29 June 2007, the NAV per unit of the MSCI China Tracker stood at HKD63.68 with a total of 30,200,000 units outstanding, aggregating a total assets under management size of HKD1,923,044,433.

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

| Total Return (as of 29 June 2007) | 1-Month | 3-Month | 1-Year | Year-To-Date | Since Inception |
|---|---------------|---------------|---------------|---------------|-----------------|
| MSCI China (HKD) Index | 11.45% | 23.02% | 76.97% | 20.76% | 282.56% |
| iShares MSCI China Tracker (NAV) | 11.80% | 24.50% | 74.95% | 21.13% | 286.17% |
| iShares MSCI China Tracker (MKT) | 12.39% | 25.00% | 77.13% | 20.15% | 284.85% |

The MSCI China Tracker consists of H-shares and red chips which are China related stocks listed in Hong Kong. While the MSCI China Index registered a strong gain of 20.76%, the MSCI China Tracker recorded a slight outperformance of 0.37% due to cumulating dividend income. 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 Index.

Report of the Manager to the Unitholders (continued)

iShares MSCI China Tracker

(a Sub-Fund of iShares Asia Trust)

FUND PERFORMANCE (continued)

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

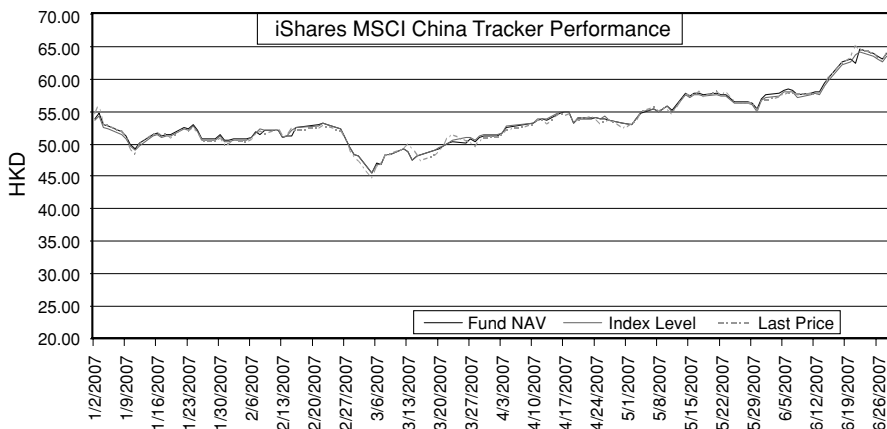


Figure 1

Source: Barclays Global Investors

Furthermore, the total fund assets declined by 13.7%, with the profit taking activities from a nervous market.

FUND ACTIVITIES

The average daily trading volume for the MSCI China Tracker during the period 1st January to 29th June (the "Period") was reported by Bloomberg to be 269,761 units, in line with the previous six-month period of 262,936 units. However, this paled in comparison to the daily trading volume of more than 3.4 million units for the A50 China Tracker which indicated a continued 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 2 creations with a total of 1,000,000 new units created and 12 redemptions with a total of 13,200,000 units redeemed. As a result, there was a net redemption of 12,200,000 units. Details as follows:

Report of the Manager to the Unitholders (continued)

iShares MSCI China Tracker

(a Sub-Fund of iShares Asia Trust)

FUND ACTIVITIES (continued)

| | Date of Order | Units Created/(Redeemed) |
|-------------------------|--------------------------|--------------------------|
| | 3-Jan-07 | 200,000 |
| | 8-Jan-07 | (1,000,000) |
| | 23-Jan-07 | (400,000) |
| | 25-Jan-07 | (2,000,000) |
| | 30-Jan-07 | (400,000) |
| | 6-Feb-07 | (1,800,000) |
| | 21-Feb-07 | (600,000) |
| | 1-Mar-07 | (200,000) |
| | 6-Mar-07 | (2,200,000) |
| | 14-Mar-07 | 800,000 |
| | 4-Apr-07 | (1,000,000) |
| | 8-Jun-07 | (1,200,000) |
| | 12-Jun-07 | (1,200,000) |
| | 21-Jun-07 | (1,200,000) |
| | Total | Total |
| | Outstanding Units | Net Assets (HKD) |
| 31 December 2006 | 42,400,000 | 2,228,703,612 |
| 29 June 2007 | 30,200,000 | 1,923,044,433 |

INDEX ACTIVITIES

The MSCI China Index underwent two regular reviews and one ad-hoc addition during the first half of 2007. In the first review on 28 February, the following index changes were made:

| Bloomberg Code | Security Name | Changes | Manager's Action |
|----------------|---|----------|------------------|
| 358 HK | JiangXi Copper (H) | Addition | Addition |
| 1070 HK | TCL Multimedia Tech | Deletion | Do not hold |
| 1800 HK | China Communication Construction (H) | Addition | Addition |

On May 11, the MSCI China Index added a recent IPO China Citic Bank (998 HK) into its constituents and the MSCI China Tracker also added this stock to its portfolio.

Report of the Manager to the Unitholders (continued)

iShares MSCI China Tracker

(a Sub-Fund of iShares Asia Trust)

INDEX ACTIVITIES (continued)

In the second review on 31 May, the following index changes were made:

| Bloomberg Code | Security Name | Changes | Manager's Action |
|-----------------------|----------------------------|----------------|-------------------------|
| 813 HK | Shimao Property Hldgs | Addition | Addition |
| 1088 HK | Shenhua Energy (H) | Addition | Addition |
| 2689 HK | Nine Dragons Paper | Addition | Addition |
| 200771 CS | Hangzhou Steam Turbine (B) | Addition | Did not add |
| 1044 HK | Hengan Int'l Group | Addition | Did not add |

In view of these changes, the MSCI China Tracker executed the necessary rebalancing trades. As of 29 June 2007, the MSCI China Tracker held 69 stocks versus 87 constituents in the MSCI China Index.

Report of the Manager to the Unitholders (continued)

iShares FTSE/Xinhua A50 China Tracker

(a Sub-Fund of iShares Asia Trust)

INTRODUCTION

The iShares FTSE/Xinhua A50 China Tracker (the “A50 China Tracker”), a sub-fund of 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 is a Hong Kong unit trust authorized under the Securities and Futures Ordinance (Cap. 571) of Hong Kong. The A50 China Tracker is benchmarked against the FTSE/Xinhua China A50 Index (the “A50 Index”). The Manager of the A50 China Tracker is Barclays Global Investors North Asia Limited (the “Manager”) and HSBC Institutional Trust Services (Asia) Limited is the Trustee.

The A50 China Tracker presently replicates holding A Shares directly by holding Chinese A Share Access Products, or CAAPs, issued by connected persons of the participating dealers which are qualified foreign institutional investors (“QFII”). This is because currently under PRC law, A Shares may not be held directly by non PRC persons, such as the A50 China Tracker, unless the person is a QFII, which the A50 China Tracker is not. Under current PRC law, the QFII may be liable for any income or other tax levied on dividends, transfers or disposals of A Shares by the QFIIs even when such dividends, transfers or disposals are received or carried out on behalf of third parties. The arrangements between the A50 China Tracker and its participating dealers and the terms of the CAAPs provide that any such liability incurred by the QFII in connection with the issue of CAAPs to the A50 China Tracker may be passed on to, and borne by, the A50 China Tracker notwithstanding the fact that the A50 China Tracker owns CAAPs and not the A Shares directly.

In light of recent market reports that the PRC State Administration of Taxation (the “SAT”) may levy income tax on QFIIs, the Manager assessed the likelihood and materiality of any adverse change in taxation imposed on QFIIs which may have a subsequent impact on the net asset value of the A50 China Tracker and has sought tax advice in this regard. The Manager has considered (i) the current position of the SAT and PRC income tax on QFIIs, (ii) the possible implications for the A50 China Tracker should an income tax ruling for QFIIs be enacted in the PRC, and (iii) the independent advice of tax counsel.

The Manager believes, having also considered current market practice, that there are insufficient grounds at present to reasonably justify making an adjustment to the A50 China Tracker’s financial statements at the present time for any tax exposure which may arise if income tax was to be levied on QFIIs. However, while there is currently no existing tax regulation or pending tax ruling in the PRC relating to any income tax to be levied on QFIIs, should income tax apply, the A50 China Tracker may potentially be exposed (through the CAAPs and arrangements with the participating dealers) to a tax charge. In the event that income tax was to be levied, it is presently unclear whether or not it would apply retrospectively. The Manager continues to monitor the situation actively and will make an appropriate adjustment as and when it is considered that there are sufficient grounds so to do.

Report of the Manager to the Unitholders (continued)

iShares FTSE/Xinhua A50 China Tracker

(a Sub-Fund of iShares Asia Trust)

INTRODUCTION (continued)

We remind unitholders to carefully consider the risks associated with investing in the A50 China Tracker, including any potential adverse tax change imposed on QFIIs which may have subsequent impact on the A50 China Tracker. Please refer to the A50 China Tracker's prospectus for more details on the risk factors associated with investing in the A50 China Tracker.

FUND PERFORMANCE

The A50 China Tracker seeks to provide investment results, before fees and taxes, that closely correspond to the performance of the A50 Index subject to Renminbi Yuan (RMB) versus Hong Kong dollar (HKD) fluctuations (as the A50 Index is quoted in RMB and the A50 China Tracker in HKD). As of 29 June 2007, the NAV per unit of the A50 China Tracker stood at HKD167.43 with a total of 69,800,000 units outstanding, aggregating a total assets under management size of HKD11,686,444,577.

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

| Total Return (as of 29 June 2007) | 1-Month | 3-Month | 1-Year | Year-To-Date | Since Inception |
|--|--------------|---------------|----------------|---------------|-----------------|
| FTSE/Xinhua China A50 Index | -0.47% | 26.01% | 164.66% | 53.94% | 219.69% |
| iShares FTSE/Xinhua A50 China Tracker (NAV) | 0.98% | 29.21% | 174.97% | 58.94% | 277.78% |
| iShares FTSE/Xinhua A50 China Tracker (MKT) | 5.15% | 45.73% | 165.34% | 45.73% | 275.11% |

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

After an outstanding 2006, the China domestic A-shares market continued to demonstrate strong resilience against broad world market volatility and policy changes. As a result, there appears to have been some profit-taking in the A50 China Tracker, spurred on by the more than 50% return year to date compared with 140% in 2006. This was evidenced by the total size of the A50 China Tracker, which declined more than 18% as a result of redemption activities over the Period. This shrinking of the assets was partially offset by the climb of the NAV per unit, which grew almost 60%. While the A50 Index registered a gain of 53.9% over the Period, the A50 China Tracker recorded an even stronger gain of 58.9%, reaping the benefits of the combined effects of the RMB appreciation, the bonus shares received for non-tradable shares conversion, and dividend income.

Report of the Manager to the Unitholders (continued)

iShares FTSE/Xinhua A50 China Tracker

(a Sub-Fund of iShares Asia Trust)

FUND PERFORMANCE (continued)

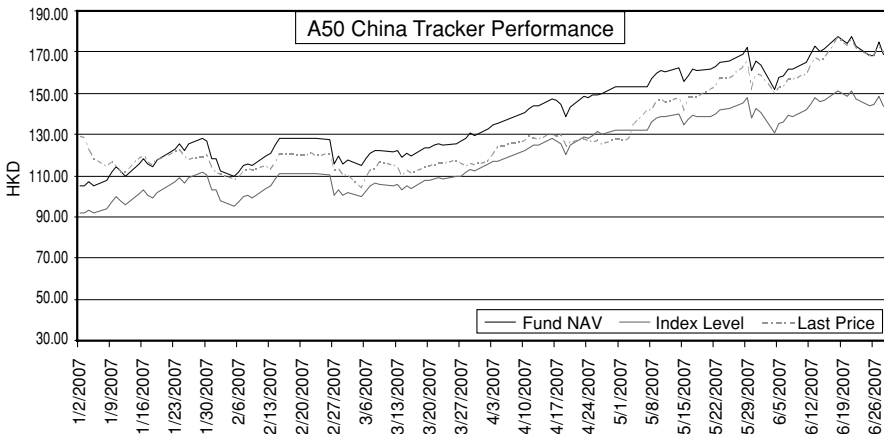


Figure 2

Source: Barclays Global Investors

Figure 2 above depicts the A50 China Tracker's NAV and last traded prices versus the A50 Index. The divergence between the trading prices and the NAVs switched from mostly a premium position in 2006 to a discount position in early 2007. This reflected the change of sentiment towards China exposure and the strategy of paring down the direct A-share market holdings. As a result of redemption activities, the trading price of the A50 China Tracker is now more closely tracking its NAV.

FUND ACTIVITIES

The trading volume for the A50 China Tracker reflected very strong trading interest in the domestic A-Share markets from investors. The average daily trading volume surged to 3,432,427 units during the Period compared to 1,052,285 units in the same period one year ago. Its high liquidity often placed A50 China Tracker in the top 10 most heavily traded stocks on the Hong Kong Stock Exchange.

Report of the Manager to the Unitholders (continued)

iShares FTSE/Xinhua A50 China Tracker

(a Sub-Fund of iShares Asia Trust)

FUND ACTIVITIES (continued)

As far as the primary market is concerned, the A50 China Tracker experienced a great deal of redemption activity during the Period. There were 3 creations with 18,200,000 new units created and 14 redemptions with 82,600,000 units recorded. Details of which are given as follows:

| Date of Order | Units Created/(Redeemed) | |
|------------------|--------------------------|------------------|
| 5-Jan-07 | 2,000,000 | |
| 22-Jan-07 | 14,200,000 | |
| 28-Feb-07 | 2,000,000 | |
| 29-Mar-07 | (10,400,000) | |
| 12-Apr-07 | (2,600,000) | |
| 8-May-07 | (21,800,000) | |
| 11-May-07 | (3,000,000) | |
| 14-May-07 | (2,000,000) | |
| 18-May-07 | (5,000,000) | |
| 23-May-07 | (5,000,000) | |
| 28-May-07 | (5,000,000) | |
| 30-May-07 | (1,600,000) | |
| 31-May-07 | (3,000,000) | |
| 1-Jun-07 | (5,000,000) | |
| 13-Jun-07 | (4,400,000) | |
| 14-Jun-07 | (1,800,000) | |
| 22-Jun-07 | (12,000,000) | |
| | Total | Total |
| | Outstanding Units | Net Asset |
| 31 December 2006 | 134,200,000 | 14,135,633,054 |
| 29 June 2007 | 69,800,000 | 11,686,444,577 |

Report of the Manager to the Unitholders (continued)

iShares FTSE/Xinhua A50 China Tracker

(a Sub-Fund of iShares Asia Trust)

INDEX ACTIVITIES

The A50 Index underwent two regular quarterly reviews during the Period. In the first review on 19 January, the following index changes were made:

| Security Name | Changes | Manager's Action |
|------------------------------------|----------|------------------|
| Shanxi Taigang Stainless Steel (A) | Addition | Addition |
| Beijing North Star (A) | Addition | Addition |
| Tianjin Port (A) | Deletion | Deletion |

During the second review on 20 April, two stocks were added and two were removed from the index. Fund rebalances were carried out accordingly.

| Security Name | Changes | Manager's Action |
|---------------------------------|----------|------------------|
| Da Tang International Power (A) | Addition | Addition |
| Guangshen Railway (A) | Addition | Addition |
| Qinghai Salt Lake Potash (A) | Deletion | Deletion |
| Tsingtao Brewing (A) | Deletion | Deletion |

In addition, the following ad-hoc changes were made to accommodate index additions due to the 'fast-entry' rule; this allows stocks relating to selected IPO³s to be added to the Index within five days of issue, rather than after they have established a longer trading pattern.

| | Security Name | Changes | Manager's Action |
|-----------|----------------------------------|----------|------------------|
| 15-Jan-07 | China Life Insurance (A) | Addition | Addition |
| | Guangdong Electric Power Dev (A) | Deletion | Deletion |
| 9-Feb-07 | Industrial Bank (A) | Addition | Addition |
| | Shandong Infrastructure (A) | Deletion | Deletion |
| 7-Mar-07 | Ping An of China (A) | Addition | Addition |
| | Shenzhen Overseas (A) | Deletion | Deletion |
| 10-May-07 | Citic Bank (A) | Addition | Addition |
| | Yantai Changyu Pioneer Wine (A) | Deletion | Deletion |
| | Offshore Oil Engineering (A) | Deletion | Deletion |
| 21-May-07 | Bank of Communications (A) | Addition | Addition |
| | Beijing North Star (A) | Deletion | Deletion |

³ Initial Public Offering

Report of the Manager to the Unitholders (continued)

iShares BSE SENSEX India Tracker

(a Sub-Fund of iShares Asia Trust)

INTRODUCTION

The iShares BSE SENSEX India Tracker (the “SENSEX India Tracker”), a sub-fund of the iShares Asia Trust (the “Trust”), was launched on 30 October 2006 and commenced trading under the stock code 2836 on the SEHK on 2 November 2006. The SENSEX India Tracker is a Hong Kong unit trust authorized under the Securities and Futures Ordinance (Cap. 571) of Hong Kong. The SENSEX India Tracker is benchmarked against the BSE SENSEX 30 Index (the “SENSEX Index”). The Manager of the SENSEX India Tracker is Barclays Global Investors North Asia Limited (the “Manager”).

FUND PERFORMANCE

The SENSEX India Tracker seeks to provide investment results, before fees and taxes, that closely correspond to the performance of the SENSEX Index subject to Rupee versus HKD fluctuations (as the SENSEX Index is quoted in Rupee and the SENSEX India Tracker in HKD). As of 29 June 2007, the NAV per unit of the SENSEX India Tracker stood at HKD16.30 with a total of 26,800,000 units outstanding, aggregating a total assets under management size of HKD436,789,573.

A summary of the performance of the SENSEX India Tracker is given below:

| Total Return (as of 29 June 2007) | 1-Month | 3-Month | 1-Year | Year-To-Date | Since Inception |
|---|--------------|---------------|------------|---------------|-----------------|
| BSE SENSEX 30 Index | 0.73% | 12.07% | 38.09% | 6.26% | 11.91% |
| iShares BSE SENSEX India Tracker (NAV) | 0.62% | 19.85% | N/A | 16.18% | 23.95% |
| iShares BSE SENSEX India Tracker (MKT) | 0.00% | 20.09% | N/A | 14.19% | 22.44% |

Please note that past performance figures shown are not indicative of the future performance of the SENSEX India Tracker.

The SENSEX India Tracker assets consist of participation notes relating to the top 30 SENSEX stocks. While the SENSEX Index registered a healthy gain of 6.26%, the SENSEX India Tracker recorded a strong out performance of 9.92% due mainly to the appreciating Rupee in 2007. Furthermore, the total fund assets increased 178% comparing to the initial size at launch. Figure 3 below depicts the close tracking of the SENSEX India Tracker’s NAV and traded price on the secondary market to the SENSEX Index.

Report of the Manager to the Unitholders (continued)

iShares BSE SENSEX India Tracker

(a Sub-Fund of iShares Asia Trust)

FUND PERFORMANCE (continued)

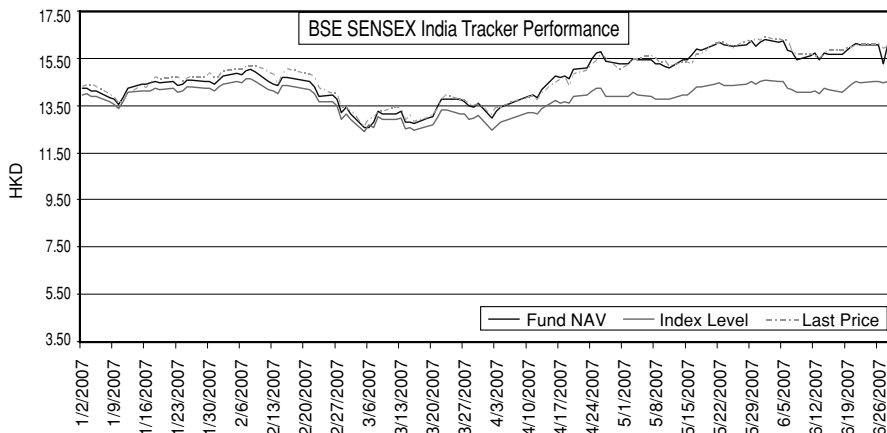


Figure 3

Source: Barclays Global Investors

FUND ACTIVITIES

The trading volume for the SENSEX India Tracker reflected very strong retail trading interest in Hong Kong. The average daily trading volume increased to 414,793 units in the preceding six months compared to 399,539 units in the last two months of 2006 when the fund was launched.

As far as the primary market is concerned, the SENSEX India Tracker experienced a great deal of creation activity and no redemptions during the Period. There were 4 creations with 26,800,000 new units recorded including the original seed capital, details of which are as follows:

| | Date of Order | Units Created/(Redeemed) |
|--|------------------|--------------------------|
| | 31-Oct-06 | 12,000,000 |
| | 2-Jan-07 | 2,800,000 |
| | 15-Feb-07 | 4,000,000 |
| | 1-Mar-07 | 8,000,000 |
| | | Total |
| | | Outstanding Units |
| | | Total |
| | | Net Asset |
| | 29 December 2006 | 12,000,000 |
| | 29 June 2007 | 26,800,000 |
| | | 168,402,745 |
| | | 436,789,573 |

INDEX ACTIVITIES

The SENSEX Index had no index changes in the first half of 2007. The annual rebalance is scheduled for July 6, 2007 with only one addition and one deletion.

Report of the Manager to the Unitholders (continued)

iShares MSCI China Tracker

iShares FTSE/Xinhua A50 China Tracker

and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

MARKET REVIEW AND OUTLOOK

The first half of 2007 proved to be tumultuous for the Chinese financial markets. After carrying into 2007 the strong momentum from last December, the China market corrected on 27 February after former Fed chairman Alan Greenspan voiced concerns of a potential stock market bubble in China. Shanghai Shenzhen 300 index (CSI 300) dropped 9.8% in one day which triggered a decline in world-wide markets. The negative sentiment only lasted a few months, however, and then the CSI 300 index crossed 3000 and then 4000 points for the first time, both within a month. During the China Labor Day week (first week of May), 380,000 new broker accounts were opened, outnumbering the total number of new accounts opened in 2005 and 2006 together. Surprisingly, the China Securities Regulatory Commission (“CSRC”) tripled stamp duties tax on 29 May. This measure coupled with several increases in the deposit rates and lending rates was perceived as strong determination by the central government to curb the exuberance observed in the market. As a result CSI 300 once again fell more than 20% in the first two weeks in June. Nonetheless, it has staged several comebacks and at the end of June CSI 300 was up 82% for the year.

The Asian emerging markets once again commanded focus after picking up 6% in June to end the first half with a 19% return⁴. The Chinese H-shares listed in Hong Kong, as represented by the MSCI China (HKD) Index, gained 20.76%, outperforming the Hang Seng Index which registered a relatively modest gain of 9%. Chinese A-shares, as represented by the FTSE/Xinhua China A50 Index, registered a gain of 54% during the period under review.⁵ The BSE SENSEX index picked up 6.3% in Rupee terms but more than 14% in HKD. As a result, the MSCI Emerging Markets Index is well on track to beat the developed markets again five years in a row, after posting 34%, 26%, 56% and 32% in the four preceding years.

In comparison, the S&P 500 registered a healthy but mere 7% return year to date while the FTSE 100 Index increased 8.5%. The Hang Seng Index rewarded investors with an 11% return while the Nikkei 225 lagged its regional neighbors again with a 5.8% return after a lackluster 2006.

⁴ MSCI

⁵ Bloomberg

Report of the Manager to the Unitholders (continued)

iShares MSCI China Tracker

iShares FTSE/Xinhua A50 China Tracker

and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

All eyes are on India after the economic boom in China. In terms of economic growth, other than China there is no other country that comes close after the latest figure showed a 9.1% GDP growth year over year (see Figure 4). India is slowly transforming from an outsourcing economy to a domestic consumption driven economy.

As a result, demand for cars, mobile phones and houses have risen, buoyed by record salaries and bank lending. In the year ended on March 31, Indian passenger car sales climbed 21% to 1.38 million. By 2015, they are expected to almost triple to 3 million, according to the Society of Indian Automobile Manufacturers.

Along with the steady rise in GDP growth, India had the highest average salary increase in the Asia Pacific region in 2007, gaining 15% compared to 13.8% in 2006 and 14.1% in 2005, according to HR consulting firm Hewitt Associates. It is projected that executive salary increases are even higher, in the range of 20% to 90% this year.

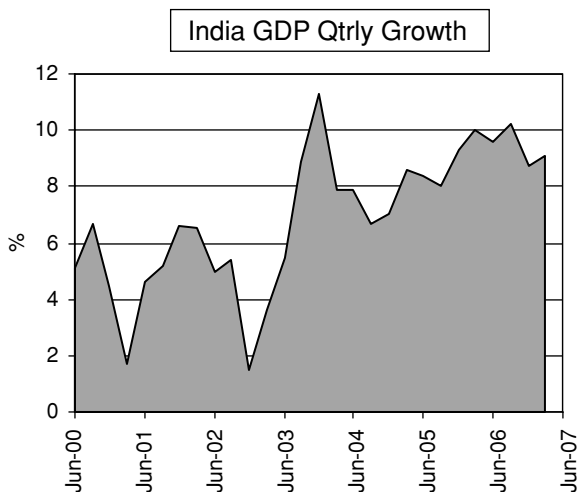


Figure 4

Source: Bloomberg

Report of the Manager to the Unitholders (continued)

iShares MSCI China Tracker

iShares FTSE/Xinhua A50 China Tracker

and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

Half way into 2007, modest caution is warranted as much of the concerns of 2006 have not disappeared: strong local money growth, strengthening domestic consumption, tighter labor markets and higher commodity prices. Given the record salary growth and domestic demand pickup, demand for money is increasing. After last December's 50 basis points increase in the cash reserve ratio by the Reserve Bank of India, three more 25 bps increases and one more 50 bps increase have been instituted since then. The bank reserve ratio now stands at a 5 year high of 6.5%. As a result, India's key wholesale price inflation rate hit 6.69% in January but since then started falling back to 4%, further evidence of the tightening of the financial markets and implementation of preemptive measures to curb impending inflations. Going forward, however, the tightening measures could be more difficult to implement given the strength of the Rupee this year.⁷

Nonetheless, foreign investors are still probing for opportunities within the Indian markets (as with other parts of Asia). A declining US dollar could lead to a more decisive shift of investments overseas. The weak US dollar has not impacted the trade imbalance either. India's current account surplus widened to US\$9.1 billion in the last twelve months, from US\$6.9 billion last September as oil imports rose. Its foreign reserves are now up five-fold since 2000 (see Figure 5).

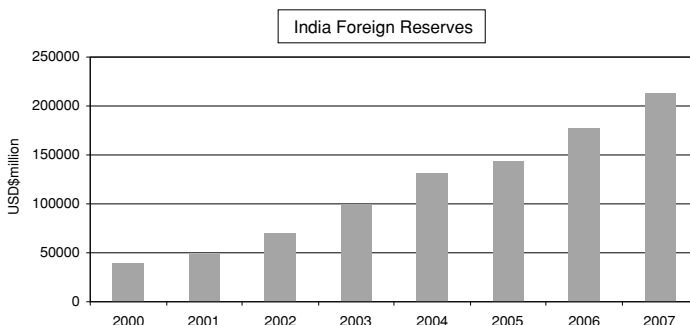


Figure 5

Source: Bloomberg

Given this momentum in GDP growth, willingness to fight inflation preemptively by the central bank and solid support from the foreign reserves, we believe that Indian companies are likely to sustain their current growth rate momentum in the second half of 2007. More caution is needed though if the Rupee's appreciation continues.

⁷ Bloomberg

Report of the Manager to the Unitholders (continued)

iShares MSCI China Tracker

iShares FTSE/Xinhua A50 China Tracker

and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

Over the Period, the domestic Chinese market continued to trade at a higher valuation than the Hong Kong market. Year to date, A50 index returns more than doubled that of the MSCI China. The A and H share price differences have prompted a number of QDII strategies to shift investments from China to Hong Kong. Given that China has yet to introduce index futures and allow shorting of stocks, the A to H strategy could potentially be profitable if the 45% price gap narrows (Figure 6).

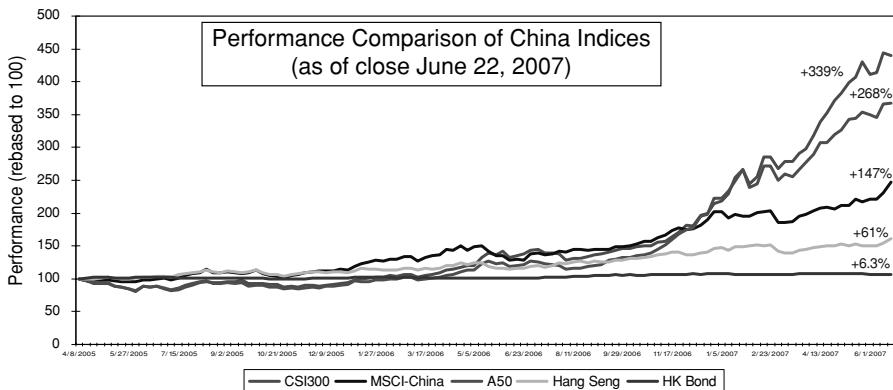


Figure 6

Source: Barclays Global Investors

Over the years though, the investment returns of the 2 Sub-Funds, the A50 China Tracker and the MSCI China Tracker, have become more correlated, indicating the increasing connection between the A-share market and the H-share market as more and more Chinese companies are now dual-listed in Shanghai and Hong Kong (Figure 7).

Report of the Manager to the Unitholders (continued)

iShares MSCI China Tracker

iShares FTSE/Xinhua A50 China Tracker

and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

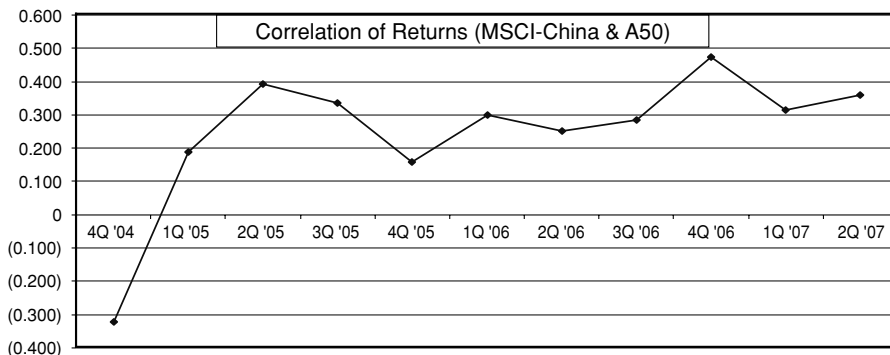


Figure 7

Source: Barclays Global Investors

With only one year until the Beijing Olympics, China has shown no sign of slowing down. In fact China's economy is growing at the fastest pace in twelve years. According to the National Bureau of Statistics, the gross domestic product expanded 11.9% from a year earlier, up from 11.1% in the first quarter. Inflation as measured by the consumer price index climbed to an annual rate of 4.4% in June, a full 1% higher than the previous month and exceeding the central bank's annual 3% target for four consecutive months (Figures 8 and 9). Growth in industrial output climbed 19.4% in a year-on-year basis after increasing 18% in May. The prices of pork and eggs went up 20 - 28%, the highest in ten years, following an outbreak of animal disease and surging of corn feed prices. As a result, the whole food sector prices went up at an annual rate of 7.6% in the first half.

On the trade front, with the record high trade surplus with the US, China has accumulated massive amounts of dollar denominated foreign exchange reserves since 1997. 2007 witnessed the reserve exceeding USD\$1.2 trillion (Figure 10).

More pressure is now on the central bank to raise rates to combat inflation preemptively. Given the annualized 5% appreciation of RMB, the government is trying to avoid an interest rate hike. Therefore, it is very likely that China might turn to its non-monetary fiscal policy for tools to cool the overheating economy and steamy stock and property markets.

Report of the Manager to the Unitholders (continued)

iShares MSCI China Tracker

iShares FTSE/Xinhua A50 China Tracker

and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

Year to date, Chinese government has demonstrated considerable efforts in this regard. It is worthwhile to review some of the major measures implemented thus far:

| | |
|-----------|---|
| 2/6/2007 | Chen Siwei, vice chairman of the National People's Congress wrote: the government must pay attention to "bubbles" in its stock market before they get out of hand. |
| 4/19/2007 | China market closes down 4.5% on rate hike concern; economic data in China raising worries economy overheating; China CPI came in +3.3% (forecasts +2.8%) and GDP accelerates to +11.1% from 10.4%. China & monetary policy - Chinese Premier Wen Jiabao making hawkish comments: country needs to take timely measures to prevent overheating... money supply/credit growing too fast.... Chinese Official: Will Raise Rates If economy overheating |
| 5/14/2007 | Mid-April, 200,000 new A-share accounts opened daily for 7 days. In 2005: whole year saw 850,000 new accounts open. 2006: 308,000 accounts. In total, as of 4/18, Shenzhen and Shanghai totalled A-share 9.02 million accounts. 40% institutional, 60% individual, trading 20% institutional, 80% retail volume. YTD, bank deposit down CNY116.5 billion. Most funds went into the stock market. National People's Congress passed the corporate income tax law, which unifies the 15% tax rate for foreign invested companies and 33% tax rate for domestic companies at 25%. Fixed asset investment surged 23.4% during the first two months, up sharply from 13.8% in December. Industrial output rebounded to 18.5% from below 15% late last year. Retail sales advanced to 14.7%, a growth rate not seen since 2006. Excess liquidity will continue supporting credit expansion and investment growth this year. |
| 5/26/2007 | Shanghai introduced 20% profit tax on property transactions. |

Report of the Manager to the Unitholders (continued)

iShares MSCI China Tracker

iShares FTSE/Xinhua A50 China Tracker

and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

| | |
|-----------|--|
| 5/28/2007 | <p>China tripled the tax on securities trading to cool demand for equities, sending China Life Insurance Co. and other U.S.-traded mainland shares lower.</p> <p>China may have more than 100m stock market accounts as of yesterday, as new investors stormed in to tap a record share rally, the Shanghai Securities News said.</p> <p>Triple policy move (raising interest rate, Required Reserve Ratio and widening RMB trading band).</p> |
| <hr/> | |
| 6/13/2007 | <p>China issued RMB 1.55 trillion special bond for the new agency to manage FX reserves.</p> |
| <hr/> | |
| 6/27/2007 | <p>People's Congress designated the State Council to evaluate the proposal to either reduce or eliminate the current 20% interest-income tax.</p> |



Figure 8
Source: Bloomberg

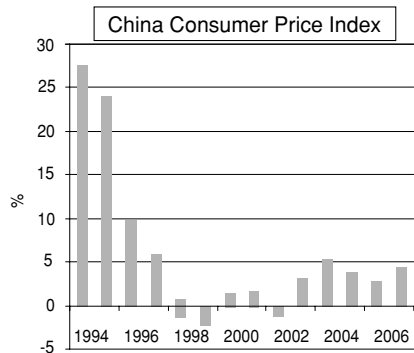


Figure 9
Source: Bloomberg

Report of the Manager to the Unitholders (continued)
iShares MSCI China Tracker
iShares FTSE/Xinhua A50 China Tracker
and iShares BSE SENSEX India Tracker
(Sub-Funds of iShares Asia Trust)

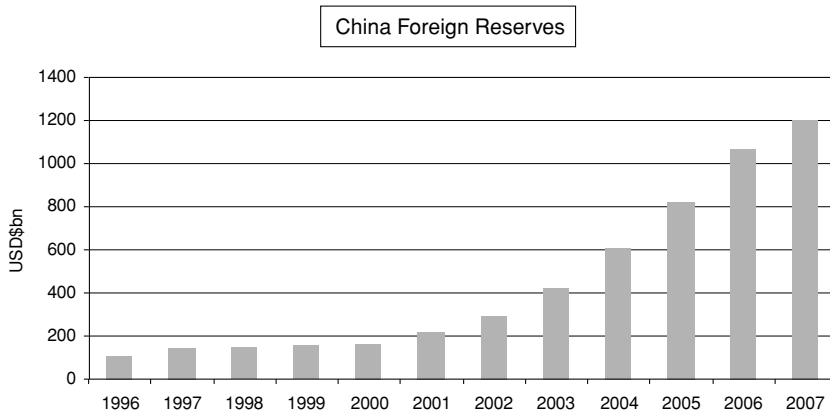


Figure 10
 Source: Bloomberg

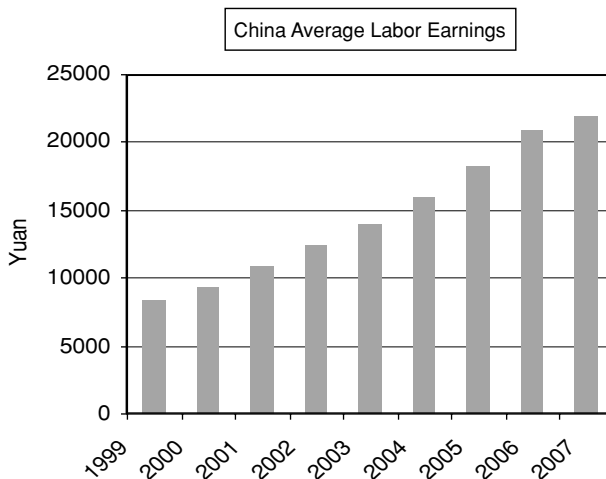


Figure 11
 Source: Bloomberg

Report of the Manager to the Unitholders (continued)

iShares MSCI China Tracker

iShares FTSE/Xinhua A50 China Tracker

and iShares BSE SENSEX India Tracker

(Sub-Funds of iShares Asia Trust)

Labor costs have been on the uptrend for the last eight years even as the higher education schools are churning out 4 million graduates every year (Figure 11). Going forward, corporate profit margins would decrease unless the extra costs could be offset by a gain in the productivity efficiency.

In summary, China is likely to continue its policy of strengthening its currency and improve its macro economy in the second half of 2007.

1. A new agency is being set up to manage part of its \$1.3 trillion of currency reserves, thus separating the investment management from the issuance of RMB. It issued RMB 1.55 trillion in special bonds to soak up the cash.
2. The State Council is studying the effect of reducing / eliminating bank deposit interest tax and introducing a new land capital gains tax to curb the RMB flow into the stock and property markets. Given the recent high economy growth rate, one can certainly expect more monetary policy changes in the near future. The Mainland listings of red chip companies could also drain the excess public capital.
3. To reduce the trade surplus, the Ministry of Finance eliminated a number of import taxes and imposed export taxes on certain industrial metal products in order to curb overseas shipments.

One can also expect more nationalism and trade protectionism issues to arise in the second half of the year, however, as US politicians are gearing up for the presidential elections. Recent attack / retaliation on China - US food safety is possibly an indication of what is to come. Heightened speculation on further RMB appreciation and the ongoing large US current account deficit could continue to weigh on the currency markets. The high interest rate cycle is likely to slow global economic growth.

Kai Zhang

Portfolio Manager

Barclays Global Investors North Asia Limited

iShares MSCI China Tracker
iShares FTSE/Xinhua A50 China Tracker
and iShares BSE SENSEX India Tracker
(Sub-Funds of iShares Asia Trust)
Condensed Statement of Assets and Liabilities

As at 29th June 2007

| | | iShares MSCI China Tracker | |
|---|------|-------------------------------|-------------------------|
| | | (Unaudited) 29.06.2007 | (Audited) 31.12.2006 |
| | Note | HK\$ | HK\$ |
| | | _____ | _____ |
| ASSETS | | | |
| Investments | | 1,905,606,561 | 2,189,653,708 |
| Bank balances | 6(e) | 12,398,040 | 40,392,446 |
| Dividend receivable | | 5,621,946 | — |
| Amount due from unitholder | | — | — |
| | | _____ | _____ |
| Total assets | | 1,923,626,547 | 2,230,046,154 |
| | | ----- | ----- |
| LIABILITIES | | | |
| Management fee payable | | 4,214,612 | 4,431,639 |
| Other accounts payable | | 59,745 | 141,000 |
| | | _____ | _____ |
| Liabilities (excluding net assets attributable to unitholders) | | 4,274,357 | 4,572,639 |
| | | ----- | ----- |
| Net assets attribute to unitholders (at bid market prices) | 3 | 1,919,352,190 | 2,225,473,515 |
| Adjustments from bid market prices to last traded market prices | 3 | 3,692,243 | 3,230,097 |
| | | _____ | _____ |
| Net assets attributable to unitholders (at last traded market prices) | 3 | 1,923,044,433 | 2,228,703,612 |
| | | ===== | ===== |

The notes on pages 31 to 49 form part of these financial statements.

**iShares MSCI China Tracker
iShares FTSE/Xinhua A50 China Tracker
and iShares BSE SENSEX India Tracker
(Sub-Funds of iShares Asia Trust)
Condensed Statement of Assets and Liabilities (continued)**

As at 29th June 2007

| iShares FTSE/ Xinhua A50 China Tracker (Unaudited) 29.06.2007 HK\$ | | (Audited) 31.12.2006 HK\$ | iShares BSE SENSEX India Tracker (Unaudited) 29.06.2007 HK\$ |
|--|----------------|---------------------------------|--|
| 11,521,535,953 | 14,032,059,605 | 434,474,839 | |
| 162,172,342 | 134,154,766 | 2,789,164 | |
| 56,875,104 | 831,805 | 772,681 | |
| — | 751,428 | — | |
| 11,740,583,399 | 14,167,797,604 | 438,036,684 | |
| 40,986,945 | 24,480,098 | 941,154 | |
| 13,151,877 | 7,684,452 | 305,957 | |
| 54,138,822 | 32,164,550 | 1,247,111 | |
| 11,686,444,577 | 14,135,633,054 | 436,789,573 | |
| — | — | — | |
| 11,686,444,577 | 14,135,633,054 | 436,789,573 | |

**iShares MSCI China Tracker
iShares FTSE/Xinhua A50 China Tracker
and iShares BSE SENSEX India Tracker
(Sub-Funds of iShares Asia Trust)
Condensed Statement of Operations**

For the period ended 29th June 2007

| | | iShares MSCI China Tracker (Unaudited) | |
|-----------------------------|----------|--|-----------------------------|
| | | 01.01.2007 to 29.06.2007 | 01.01.2006 to 30.06.2006 |
| Note | HK\$ | HK\$ | HK\$ |
| INCOME | | | |
| | | 21,696,515 | 25,471,321 |
| | | 349,103 | 98,373 |
| | 4 | <u>335,580,704</u> | <u>244,696,407</u> |
| | | ----- | ----- |
| | | 357,626,322 | 270,266,101 |
| EXPENSES | | | |
| | 6(a) | (9,302,754) | (7,082,677) |
| | 6(b) | (15,583) | (9,233) |
| | | (424,225) | (508,780) |
| | | (91,085) | (184,300) |
| | 6(c)&(d) | <u>—</u> | <u>—</u> |
| | | ----- | ----- |
| | | (9,833,647) | (7,784,990) |
| NET OPERATING PROFIT | | | |
| | | 347,792,675 | 262,481,111 |
| | | ----- | ----- |
| | 3 | <u>462,146</u> | <u>(950,315)</u> |
| | | ----- | ----- |
| | | 348,254,821 | 261,530,796 |
| | | ===== | ===== |

The notes on pages 31 to 49 form part of these financial statements.

**iShares MSCI China Tracker
iShares FTSE/Xinhua A50 China Tracker
and iShares BSE SENSEX India Tracker
(Sub-Funds of iShares Asia Trust)
Condensed Statement of Operations (continued)**

For the period ended 29th June 2007

| iShares FTSE/ Xinhua A50 China Tracker (Unaudited) | | iShares BSE SENSEX India Tracker (Unaudited) |
|--|-------------------------------------|--|
| 01.01.2007 to 29.06.2007 HK\$ | 01.01.2006 to 30.06.2006 HK\$ | 02.11.2006 (Date of inception) to 29.06.2007 HK\$ |
| 154,030,831 | 167,745,187 | 2,174,640 |
| 1,267,752 | 549,181 | 20,698 |
| 8,520,577,068 | 1,805,520,254 | 75,318,576 |
| <u>8,675,875,651</u> | <u>1,973,814,622</u> | <u>77,513,914</u> |
| (86,295,624) | (26,206,672) | (1,923,952) |
| (45,310) | (51,348) | (156) |
| (35,073,863) | (8,591,596) | (7,479) |
| (508) | (349) | (39) |
| (26,046,823) | (7,833,014) | (580,715) |
| <u>(147,462,128)</u> | <u>(42,682,979)</u> | <u>(2,512,341)</u> |
| 8,528,413,523 | 1,931,131,643 | 75,001,573 |
| — | — | — |
| <u>8,528,413,523</u> | <u>1,931,131,643</u> | <u>75,001,573</u> |

**iShares MSCI China Tracker
iShares FTSE/Xinhua A50 China Tracker
and iShares BSE SENSEX India Tracker
(Sub-Funds of iShares Asia Trust)
Condensed Statement of Changes in Net Assets
Attributable to Unitholders**

For the period ended 29th June 2007

| | | iShares MSCI China Tracker (Unaudited) | |
|---|------|--|-----------------------------|
| | | 01.01.2007 to 29.06.2007 | 01.01.2006 to 30.06.2006 |
| | Note | HK\$ | HK\$ |
| Balance at the beginning of the period | | 2,228,703,612 | 1,094,216,415 |
| Proceeds on issue of units | | | |
| — in-kind | 7(a) | 48,412,702 | 240,671,840 |
| — cash component | 7(a) | 607,298 | 1,644,160 |
| Payment on redemption of units | | | |
| — in-kind | 7(b) | (694,276,668) | (75,597,262) |
| — cash component | 7(b) | (8,657,332) | (948,738) |
| | | 1,574,789,612 | 1,259,986,415 |
| Increase in net assets attributable to unitholders | | 348,254,821 | 261,530,796 |
| Balance at the end of the period | | 1,923,044,433 | 1,521,517,211 |

The notes on pages 31 to 49 form part of these financial statements.

**iShares MSCI China Tracker
iShares FTSE/Xinhua A50 China Tracker
and iShares BSE SENSEX India Tracker
(Sub-Funds of iShares Asia Trust)
Condensed Statement of Changes in Net Assets
Attributable to Unitholders (continued)**

For the period ended 29th June 2007

| iShares FTSE/ Xinhua A50 China Tracker (Unaudited) | | iShares BSE SENSEX India Tracker (Unaudited) |
|--|-------------------------------------|--|
| 01.01.2007 to 29.06.2007 HK\$ | 01.01.2006 to 30.06.2006 HK\$ | 02.11.2006 (Date of inception) to 29.06.2007 HK\$ |
| 14,135,633,054 | 2,526,275,310 | — |
| 2,160,629,289 | 3,398,907,719 | 360,667,531 |
| 17,542,711 | 59,980,281 | 1,120,469 |
| (13,104,715,466) | — | — |
| (51,058,534) | — | — |
| 3,158,031,054 | 5,985,163,310 | 361,788,000 |
| 8,528,413,523 | 1,931,131,643 | 75,001,573 |
| 11,686,444,577 | 7,916,294,953 | 436,789,573 |

**iShares MSCI China Tracker
iShares FTSE/Xinhua A50 China Tracker
and iShares BSE SENSEX India Tracker
(Sub-Funds of iShares Asia Trust)
Condensed Statement of Cash Flows**

For the period ended 29th June 2007

| | iShares MSCI China Tracker (Unaudited) | |
|--|--|-------------------------------------|
| | 01.01.2007 to 29.06.2007 HK\$ | 01.01.2006 to 30.06.2006 HK\$ |
| Note | <u> </u> | <u> </u> |
| OPERATING ACTIVITIES | | |
| Purchase of investments | (165,742,478) | (131,198,496) |
| Sale of investments | 139,458,909 | 123,902,685 |
| Dividend received | 16,074,569 | 21,340,037 |
| Interest received | 349,103 | 98,373 |
| Exchange gain/(loss) | 47,454 | 8,566 |
| Management fee paid | (9,465,781) | (6,064,195) |
| Transaction cost paid | (424,225) | (508,780) |
| Other fees paid | (241,923) | (187,782) |
| | <u> </u> | <u> </u> |
| Net cash (outflow)/inflow from operating activities | (19,944,372) | 7,390,408 |
| | - - - - - | - - - - - |
| FINANCING ACTIVITIES | | |
| Cash component received on issue of units | 7(a) 607,298 | 1,644,160 |
| Cash component paid on redemption of units | 7(b) (8,657,332) | (948,738) |
| | <u> </u> | <u> </u> |
| Net cash (used in)/generated from financing activities | (8,050,034) | 695,422 |
| | - - - - - | - - - - - |
| (Decrease)/Increase in cash and cash equivalents | (27,994,406) | 8,085,830 |
| Cash and cash equivalents at the beginning of the period | <u>40,392,446</u> | <u>9,491,030</u> |
| Cash and cash equivalents at the end of the period | <u>12,398,040</u> | <u>17,576,860</u> |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | |
| Bank balances | <u>12,398,040</u> | <u>17,576,860</u> |

Please refer to note 7 on page 42 to 44 for details of major non-cash transactions.

The notes on pages 31 to 49 form part of these financial statements.

**iShares MSCI China Tracker
iShares FTSE/Xinhua A50 China Tracker
and iShares BSE SENSEX India Tracker
(Sub-Funds of iShares Asia Trust)
Condensed Statement of Cash Flows (continued)**

For the period ended 29th June 2007

| iShares FTSE/ Xinhua A50 China Tracker (Unaudited) | | iShares BSE SENSEX India Tracker (Unaudited) |
|--|-------------------------------------|--|
| 01.01.2007 to 29.06.2007 HK\$ | 01.01.2006 to 30.06.2006 HK\$ | 02.11.2006 (Date of inception) to 29.06.2007 HK\$ |
| (3,597,250,137) | (1,319,017,846) | — |
| 3,686,072,686 | 1,410,214,234 | 1,495,632 |
| 97,987,532 | 131,796,252 | 1,401,959 |
| 1,267,752 | 549,181 | 20,699 |
| (1,808,006) | 83,751 | 15,636 |
| (69,788,777) | (16,422,857) | (982,798) |
| (35,073,863) | (8,591,596) | (7,479) |
| (20,625,216) | (5,588,729) | (274,954) |
| <u>60,781,972</u> | <u>193,022,390</u> | <u>1,668,695</u> |
| 18,294,139 | 59,980,281 | 1,120,469 |
| (51,058,534) | — | — |
| <u>(32,764,395)</u> | <u>59,980,281</u> | <u>1,120,469</u> |
| 28,017,576 | 253,002,671 | 2,789,164 |
| 134,154,766 | 33,538,746 | — |
| <u>162,172,342</u> | <u>286,541,417</u> | <u>2,789,164</u> |
| <u>162,172,342</u> | <u>286,541,417</u> | <u>2,789,164</u> |

iShares MSCI China Tracker iShares FTSE/Xinhua A50 China Tracker and iShares BSE SENSEX India Tracker (Sub-Funds of iShares Asia Trust) Notes to the Unaudited Condensed 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 29th June 2007, the Trust has established three sub-funds, namely iShares MSCI China Tracker (“MSCI China Tracker”), iShares FTSE/Xinhua A50 China Tracker (“A50 China Tracker”) and iShares BSE SENSEX India Tracker (“SENSEX India Tracker”) (the “Sub-Funds”). SENSEX India Tracker was launched on 30 October 2006 and commenced its operations on 2 November 2006. The Sub-Funds are all listed on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). MSCI China Tracker was listed on 28th November 2001, A50 China Tracker listed on 18th November 2004 and SENSEX India Tracker was listed on 2nd November 2006. These financial statements are in respect of all the Sub-Funds.

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 China 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”).

SENSEX India Tracker

The objective of the SENSEX India Tracker is to provide investment results that closely correspond to the performance of the Bombay Stock Exchange Sensitive Index (the “SENSEX Benchmark Index”).

iShares MSCI China Tracker iShares FTSE/Xinhua A50 China Tracker and iShares BSE SENSEX India Tracker (Sub-Funds of iShares Asia Trust) Notes to the Unaudited Condensed Financial Statements (continued)

2 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Presentation

These unaudited condensed 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 investments.

The following new standards, amendments to standards and interpretations have been issued and have not been early adopted.

IFRS 7, Financial Instruments: Disclosures, and the complementary Amendment to IAS 1, Presentation of Financial Statements - Capital Disclosures, introduces new disclosures relating to financial instruments. This standard does not have any impact on the classification and valuation of the Sub-Funds’ financial instruments. In accordance with the requirements of the Amendment to IAS 1, additional disclosures have been provided on the Sub-Funds’ objectives and policies for its capital, which is represented by the net assets attributable to the holders of redeemable shares. The Sub-Funds will apply IFRS 7 and the amendments to IAS1 in the annual financial statement for the year ending 31st December 2007.

(b) Investments

The Sub-Funds classify its investments in equity securities as financial assets or financial liabilities at fair value through profit or loss.

iShares MSCI China Tracker iShares FTSE/Xinhua A50 China Tracker and iShares BSE SENSEX India Tracker (Sub-Funds of iShares Asia Trust) Notes to the Unaudited Condensed Financial Statements (continued)

2 PRINCIPAL ACCOUNTING POLICIES (continued)

(b) Investments (continued)

Investments consist of principally listed securities and are initially recognized at bid price, excluding transaction costs which are expensed as incurred and are subsequently re-measured at fair value based on the bid 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 condensed statement of operations as they arise.

Transaction costs on purchase and sale of investments are accounted for in the Condensed Statement of Operations.

(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.

(e) Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments with original maturities of three months or less and bank overdrafts.

iShares MSCI China Tracker iShares FTSE/Xinhua A50 China Tracker and iShares BSE SENSEX India Tracker (Sub-Funds of iShares Asia Trust) Notes to the Unaudited Condensed Financial Statements (continued)

2 PRINCIPAL ACCOUNTING POLICIES (continued)

(f) Distributions payable to the unitholders

Distributions to holders of redeemable units are recognised in the Condensed Statement of Operations when they are approved by the Trustee. The distribution on these redeemable units is recognised in the Condensed Statement of Operations as finance cost.

(g) Translation of foreign currencies

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates (“the functional currency”). The performance of the Sub-Funds are measured and reported to the holders of redeemable units in Hong Kong dollar. The Management considers the Hong Kong dollars as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Hong Kong dollars, which is the Sub-Funds’ functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Translation differences on non-monetary financial assets and liabilities such as equities at fair value through profit or loss are recognized in the income statement within the fair value net gain or loss.

iShares MSCI China Tracker iShares FTSE/Xinhua A50 China Tracker and iShares BSE SENSEX India Tracker (Sub-Funds of iShares Asia Trust) Notes to the Unaudited Condensed Financial Statements (continued)

2 PRINCIPAL ACCOUNTING POLICIES (continued)

(h) Proceeds and payments on allotment and redemption of units

The Sub-Funds issues redeemable units, which are redeemable at the holder's option and are classified as financial liabilities. Redeemable units can only redeem in-kind equal to a proportionate share of the Fund's net asset value plus a cash component. The redeemable unit is carried at the redemption amount that is payable at the balance sheet date if the holder exercises the right to put the unit back to the Fund.

Redeemable units are issued and redeemed at the holder's option at prices based on the Sub-Funds' net assets value per unit at the time of issue or redemption. The Sub-Funds' net asset value per unit is calculated by dividing the net assets attributable to the holders of redeemable units with the total number of outstanding redeemable units. In accordance with the provisions of the Sub-Funds' Trust Deed, investment positions are valued based on the last traded market price for the purpose of determining the net asset value per unit for creations and redemptions.

(i) 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.

(j) 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 MSCI China Tracker
iShares FTSE/Xinhua A50 China Tracker
and iShares BSE SENSEX India Tracker
(Sub-Funds of iShares Asia Trust)
Notes to the Unaudited Condensed Financial Statements
(continued)**

3 NUMBER OF UNITS IN ISSUE AND NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

MSCI China Tracker

In accordance with the provisions of the Trust's Trust Deed dated 16 November 2001, as amended, listed investments and investments with prices quoted in over the counter markets or by market makers are stated at the last traded price on the valuation day for the purpose of determining net asset value per unit for subscriptions and redemptions and for various fee calculation. However, as stated in note 2(b) the accounting policy of the Sub-Funds for the purpose of compliance with IAS 39 Financial Instruments: Recognition and Measurement and for reporting purpose is to value its investments at the relevant bid market prices on the Statement of Net Assets date. As at 29 June 2007, the difference between the valuation of investments stated in the financial statement and the valuation methodology indicated in the Sub-Funds' Trust Deed, results in a decrease in value of investment by HK\$3,692,243 (2006: HK\$3,230,097).

Net assets attributable to unitholders represent a liability in the balance sheet, carried at the redemption amount that would be payable at the balance sheet date if the unitholder exercised the right to redeem the unit to the Sub-Fund.

**iShares MSCI China Tracker
iShares FTSE/Xinhua A50 China Tracker
and iShares BSE SENSEX India Tracker
(Sub-Funds of iShares Asia Trust)
Notes to the Unaudited Condensed Financial Statements
(continued)**

3 NUMBER OF UNITS IN ISSUE AND NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)

| | iShares MSCI China Tracker Number of units | | iShares FTSE/ Xinhua A50 China Tracker Number of units | | iShares BSE SENSEX India Tracker Number of units |
|---|---|----------------------|--|----------------------|--|
| | 01.01.2007 | 01.01.2006 | 01.01.2007 | 01.01.2006 | 02.11.2006 |
| | to | to | to | to | (Date of inception) |
| | 29.06.2007 | 30.06.2006 | 29.06.2007 | 30.06.2006 | 29.06.2007 |
| Units in issue at the beginning of the period | 42,400,000 | 36,800,000 | 134,200,000 | 59,400,000 | — |
| Issue of units | 1,000,000 | 7,200,000 | 18,200,000 | 70,600,000 | 26,800,000 |
| Redemption of units | (13,200,000) | (2,200,000) | (82,600,000) | — | — |
| Units in issue at the end of the period | <u>30,200,000</u> | <u>41,800,000</u> | <u>69,800,000</u> | <u>130,000,000</u> | <u>26,800,000</u> |
| | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ |
| Net assets attributable to unitholders | <u>1,923,044,433</u> | <u>1,521,517,211</u> | <u>11,686,444,577</u> | <u>7,916,294,953</u> | <u>436,789,573</u> |
| Net assets attributable to unitholders per unit | <u>63.68</u> | <u>36.40</u> | <u>167.43</u> | <u>60.89</u> | <u>16.30</u> |

iShares MSCI China Tracker iShares FTSE/Xinhua A50 China Tracker and iShares BSE SENSEX India Tracker (Sub-Funds of iShares Asia Trust) Notes to the Unaudited Condensed Financial Statements (continued)

4 NET GAIN ON INVESTMENTS

| | iShares MSCI China Tracker (Unaudited) | | iShares FTSE/ Xinhua A50 China Tracker (Unaudited) | | iShares BSE SENSEX India Tracker (Unaudited) 02.11.2006 (Date of inception) to 29.06.2007 HK\$ |
|--|--|--|--|--|---|
| | 01.01.2007 to 29.06.2007 HK\$ | 01.01.2006 to 30.06.2006 HK\$ | 01.01.2007 to 29.06.2007 HK\$ | 01.01.2006 to 30.06.2006 HK\$ | |
| Change in unrealized gain/(loss) in value of investments | (17,793,896) | 194,338,170 | (369,581,197) | 1,618,866,347 | 75,141,502 |
| Realized gain on sale of investments | 353,327,146 | 50,349,671 | 8,891,966,271 | 186,570,156 | 161,438 |
| Exchange gain/(loss) | 47,454 | 8,566 | (1,808,006) | 83,751 | 15,636 |
| | <u>335,580,704</u> | <u>244,696,407</u> | <u>8,520,577,068</u> | <u>1,805,520,254</u> | <u>75,318,576</u> |

5 TAXATION

No provision for Hong Kong profits tax has been made for the Sub-Funds 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 26A(1A) of the Hong Kong Inland Revenue Ordinance.

For the A50 China Tracker, in light of current PRC law, should qualified foreign institutional investors ("QFIs") be liable for any income or other tax levied on dividends, transfers or disposals of A Shares by the QFIs, such tax exposure may be passed on and borne by the A50 China Tracker, notwithstanding the fact that the A50 China Tracker owns Chinese A Share Access Products and not the A Shares directly. The Manager believes there are at present insufficient grounds to reasonably justify making any adjustment to the A50 China Tracker's financial statement for such tax exposure, as such no provision for PRC tax has been made for the period ended 29 June 2007.

iShares MSCI China Tracker iShares FTSE/Xinhua A50 China Tracker and iShares BSE SENSEX India Tracker (Sub-Funds of iShares Asia Trust) Notes to the Unaudited Condensed Financial Statements (continued)

5 TAXATION (continued)

Under the terms of the India Access Products (IAPs), any tax levied on and payable by the FII in India would be passed on to and borne by the SENSEX India Tracker if (i) the SENSEX India Tracker settles the IAP, (ii) when the IAP settles at expiry or (iii) when distributions are made by the IAP issuer to the SENSEX India Tracker. In addition when the Manager sells an IAP, the sale price would take account of the FII's tax liability. In such circumstance the value of IAPs held by the SENSEX India Tracker may be reduced against the value of the underlying Shares to which the Index IAPs are linked because, ultimately, the Indian tax liability, if any, will always be borne by the SENSEX India Tracker. The Manager believes that there are at present no grounds to reasonably justify making any adjustments to the SENSEX India Tracker for such tax exposure.

6 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 6(b) below, all other fees and expenses of the each Sub-Fund is paid by the Manager.

**iShares MSCI China Tracker
iShares FTSE/Xinhua A50 China Tracker
and iShares BSE SENSEX India Tracker
(Sub-Funds of iShares Asia Trust)
Notes to the Unaudited Condensed Financial Statements
(continued)**

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

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

MSCI China Tracker

With effect from 1st December 2005, the Custodian reduced transaction handling fees for the sale and purchase transactions of the investments received from the Sub-Fund from US\$50 to US\$35 each.

A50 China Tracker

With effect from 1st December 2005, the Custodian reduced transaction handling fees for the sale and purchase transactions of the investments received from the Sub-Fund from US\$25 to US\$20 each.

SENSEX India 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 condensed 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 MSCI China Tracker iShares FTSE/Xinhua A50 China Tracker and iShares BSE SENSEX India Tracker (Sub-Funds of iShares Asia Trust) Notes to the Unaudited Condensed Financial Statements (continued)

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

(c) CAAP Maintenance Charge

A50 China Tracker

Qualified Foreign Institutional Investor (“QFII”) is entitled to deduct a Chinese A Share Access Product (“CAAP”) maintenance charge, payable at the end of each quarter. The CAAP maintenance charge equals to 0.3% per annum of the average net asset value (at the close of business) of the Index CAAPS held by A50 China Tracker during the year. If at any time after the first six months following the listing of the A50 China Tracker, the net asset value falls below US\$10 million during a year, the maintenance charge is subject to a minimum amount of US\$30,000 per annum for that year. The relevant QFIIs are Barclays Capital Asia Limited and Citigroup Global Markets Asia Limited.

(d) IAP Maintenance Charge

SENSEX India Tracker

Foreign Institutional Investor (“FII”) is entitled to deduct a India Access Product (“IAP”) maintenance charge, payable at the end of each quarter. The IAP maintenance charge equals to 0.3% per annum of the average net asset value (at the close of business) of the Index IAPs held by SENSEX India Tracker during the previous 12 months provided that the average Net Asset Value of the SENSEX India Tracker is less than or equal to US\$200 million during such 12 month period. If the average Net Asset Value of the SENSEX India Tracker is greater than US\$200 million during such previous 12 month period, 0.2 per cent per annum will be charged of the average net asset value of the Index IAPs and, if any, Index Return IAPs in excess of the first US\$200 million. The relevant FII is Citigroup Global Markets Asia Limited.

iShares MSCI China Tracker iShares FTSE/Xinhua A50 China Tracker and iShares BSE SENSEX India Tracker (Sub-Funds of iShares Asia Trust) Notes to the Unaudited Condensed Financial Statements (continued)

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

(e) 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 29th June 2007 amounted to HK\$12,398,040 (as at 31st December 2006: 40,392,446) for MSCI China Tracker, amounted to HK\$162,172,342 (as at 31st December 2006: HK\$134,154,766) for A50 China Tracker and amounted to HK\$2,789,164 for SENSEX India Tracker.

7 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 1,000,000 units (30th June 2006: 7,200,000 units) in exchange for Application Baskets consisting of investments valued at a total of HK\$48,412,702 (30th June 2006: HK\$240,671,840) by the Manager at the time of issue plus the cash component equal to HK\$607,298 (30th June 2006: HK\$1,644,160).

iShares MSCI China Tracker iShares FTSE/Xinhua A50 China Tracker and iShares BSE SENSEX India Tracker (Sub-Funds of iShares Asia Trust) Notes to the Unaudited Condensed Financial Statements (continued)

7 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-Fund issued 18,200,000 units (30th June 2006: 70,600,000 units) in exchange for Application Baskets consisting of investments valued at a total of HK\$2,160,629,289 (30th June 2006: HK\$3,398,907,719) by the Manager at the time of issue plus the cash component equal to HK\$17,542,711 (30th June 2006: HK\$59,980,281).

SENSEX India Tracker

During the period, all units issued were through in kind creation and the Sub-Fund issued 26,800,000 units in exchange for Application Baskets consisting of investments valued at a total of HK\$360,667,531 by the Manager at the time of issue plus the cash component equal to HK\$1,120,469.

(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 13,200,000 units (30th June 2006: 2,200,000 units) in exchange for Application Baskets consisting of investments valued at a total of HK\$694,276,668 (30th June 2006: HK\$75,597,262) by the Manager at the time of redemption plus the cash component equal to HK\$ 8,657,332 (30th June 2006: HK\$948,738).

iShares MSCI China Tracker iShares FTSE/Xinhua A50 China Tracker and iShares BSE SENSEX India Tracker (Sub-Funds of iShares Asia Trust) Notes to the Unaudited Condensed Financial Statements (continued)

7 MAJOR NON-CASH TRANSACTIONS (continued)

(b) Redemptions (continued)

A50 China Tracker

During the period, the Sub-Fund redeemed 82,600,000 units (30th June 2006: nil) in exchange for Application Baskets consisting of investments valued at a total of HK\$13,104,715,466 (30th June 2006: nil) by the Manager at the time of redemption plus the cash component equal to HK\$51,058,534 (30th June 2006: nil).

SENSEX India Tracker

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

8 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.

iShares MSCI China Tracker iShares FTSE/Xinhua A50 China Tracker and iShares BSE SENSEX India Tracker (Sub-Funds of iShares Asia Trust) Notes to the Unaudited Condensed Financial Statements (continued)

9 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 China 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 China Index as at 29th June 2007:

| | Respective weighting in the Index (%) | | % of net asset value | |
|------------------------------|--|------------|----------------------|------------|
| | 29.06.2007 | 31.12.2006 | 29.06.2007 | 31.12.2006 |
| China Mobile (Hong Kong) Ltd | 14.52 | 15.20 | 14.38 | 15.88 |

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 Index CAAPs that accounted for more than 10% of the net asset value of the Sub-Fund as at 29th June 2007.

* 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.

iShares MSCI China Tracker iShares FTSE/Xinhua A50 China Tracker and iShares BSE SENSEX India Tracker (Sub-Funds of iShares Asia Trust) Notes to the Unaudited Condensed Financial Statements (continued)

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

SENSEX India Tracker

Pursuant to the ETF Guidelines, the SENSEX India Tracker is permitted to overweight holdings of Index IAPs* relative to the respective weightings in the SENSEX Benchmark Index to which such Index IAPs 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.

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 SENSEX Benchmark Index as at 29th June 2007:

| | Respective weighting in the Index (%) | % of net asset value |
|-----------------------------|--|----------------------|
| Reliance Industries Limited | <u>12.67</u> | <u>13.29</u> |

* Index IAPs means India access products (such as a warrant, note or participating certificate) linked to the Shares of those India companies which are at the relevant time the constituent companies of the Index of the SENSEX India Tracker.

10 FINANCIAL RISK MANAGEMENT

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 29th June 2007 are summarised below.

iShares MSCI China Tracker iShares FTSE/Xinhua A50 China Tracker and iShares BSE SENSEX India Tracker (Sub-Funds of iShares Asia Trust) Notes to the Unaudited Condensed Financial Statements (continued)

10 FINANCIAL RISK MANAGEMENT (continued)

(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.

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\$1,905,606,561 (as at 31st December 2006: HK\$2,189,653,708) for the MSCI China Tracker, totalling HK\$11,521,535,953 (as at 31st December 2006: HK\$14,032,059,605) for the A50 China Tracker, and totalling HK\$434,474,839 for the SENSEX India Tracker as at period ended.

Details of the market exposures as at 29th June 2007 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 Sub-Funds limit its exposure to credit risk by transacting the majority of their securities and contractual commitment activity with broker-dealers, banks and regulated exchanges with high credit ratings that the Sub-Funds consider to be well established.

iShares MSCI China Tracker iShares FTSE/Xinhua A50 China Tracker and iShares BSE SENSEX India Tracker (Sub-Funds of iShares Asia Trust) Notes to the Unaudited Condensed Financial Statements (continued)

10 FINANCIAL RISK MANAGEMENT (continued)

(b) Credit Risk (continued)

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.

The A50 China Tracker may be exposed to the counterparty credit risk. As at the date of this Report, two Participating Dealers have been appointed: Citigroup Global Markets Asia Limited and Barclays Capital Asia Limited.

The SENSEX India Tracker may be exposed to the counterparty credit risk. As at the date of this Report, only one Participating Dealer has been appointed which is Citigroup Global Markets Asia Limited.

(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.

iShares MSCI China Tracker iShares FTSE/Xinhua A50 China Tracker and iShares BSE SENSEX India Tracker (Sub-Funds of iShares Asia Trust) Notes to the Unaudited Condensed Financial Statements (continued)

10 FINANCIAL RISK MANAGEMENT (continued)

(d) Currency Risk (continued)

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 CAAPs, Chinese A Share Access Product, being a Security (such as a warrant, note or participating certificate) 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. As the SENSEX India Tracker holds IAPs, India Access Product, being a Security (such as a warrant, note or participating certificate) linked to the Indian shares which are denominated in Indian Rupees, the Sub-Fund is exposed to currency risk related to the Hong Kong Dollar against Indian Rupees.

(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.

11 DISTRIBUTION

MSCI China Tracker

A50 China Tracker

SENSEX India Tracker

No distribution was made during this period.

12 EVENTS AFTER THE BALANCE SHEET DATE

There was no post balance-sheet event.

iShares MSCI China Tracker

(a Sub-Fund of iShares Asia Trust)

Investment Portfolio

As at 29th June 2007

| Investments (99.09%) | Holdings | Fair value HK\$ | % of net assets |
|--|------------|--------------------|--------------------|
| Listed Equities (99.09%) | | | |
| China (62.69%) | | | |
| Air China Ltd – H | 2,114,000 | 12,599,440 | 0.66 |
| Aluminum Corp of China Ltd – H | 2,266,000 | 29,865,880 | 1.55 |
| Angang Steel Co Ltd – H | 604,200 | 9,727,620 | 0.51 |
| Anhui Conch Cement Co Ltd – H | 302,000 | 16,549,600 | 0.86 |
| Bank of China Ltd – H | 15,251,600 | 59,176,208 | 3.08 |
| Bank of Communications Ltd – H | 4,228,000 | 35,092,400 | 1.82 |
| Beijing Capital International Airport Co Ltd – H | 906,000 | 9,966,000 | 0.52 |
| China Citic Bank Corp Ltd – H | 3,397,500 | 20,317,050 | 1.06 |
| China Communications Construction Co Ltd – H | 2,869,800 | 40,177,200 | 2.09 |
| China Construction Bank – H | 16,610,200 | 89,196,774 | 4.64 |
| China Cosco Hldgs Co Ltd – H | 1,389,200 | 15,447,904 | 0.80 |
| China Life Insurance Co – H | 4,877,300 | 136,808,265 | 7.11 |
| China Petroleum & Chemical Corp – H | 11,174,200 | 96,768,572 | 5.03 |
| China Shenhua Energy Co Ltd – H | 2,114,000 | 57,183,700 | 2.97 |
| China Shipping Container Lines Company Ltd – H | 1,661,000 | 8,869,740 | 0.46 |
| China Shipping Development Co Ltd – H | 906,800 | 16,413,080 | 0.85 |
| China Southern Airlines Co Ltd – H | 1,208,000 | 6,281,600 | 0.33 |
| China Telecom Corp Ltd – H | 9,362,000 | 42,784,340 | 2.22 |
| Datang Intl Power Gen Co Ltd – H | 1,510,000 | 18,210,600 | 0.95 |
| Dongfeng Motor Group Co Ltd – H | 1,510,000 | 6,281,600 | 0.33 |
| Guangshen Railway Co Ltd – H | 1,510,000 | 9,377,100 | 0.49 |
| Guangzhou R&F Properties Co Ltd – H | 604,000 | 14,314,800 | 0.74 |
| Huaneng Power International Inc – H | 2,416,000 | 21,405,760 | 1.11 |
| Hunan Non-ferrous Metal Corp Ltd – H | 906,000 | 4,394,100 | 0.23 |
| Industrial and Commercial Bank of China – H | 20,385,000 | 88,063,200 | 4.58 |
| Jiangsu Expressway Co Ltd – H | 906,000 | 7,112,100 | 0.37 |
| Jiangxi Copper Company Ltd – H | 936,600 | 12,288,192 | 0.64 |
| Maanshan Iron & Steel – H | 1,360,000 | 8,282,400 | 0.43 |
| Petrochina Co Ltd – H | 12,685,000 | 145,370,100 | 7.56 |
| Picc Property and Casualty Co Ltd – H | 2,416,000 | 15,389,920 | 0.80 |
| Ping An Insurance (Group) Co of China Ltd – H | 981,500 | 54,276,950 | 2.82 |
| Shanghai Electric Grp Corp – H | 2,718,000 | 9,540,180 | 0.50 |
| Shanghai Forte Land Co Ser – H | 1,208,000 | 5,351,440 | 0.28 |
| Sinopec Shanghai Petrochemical Co Ltd – H | 2,416,000 | 12,369,920 | 0.64 |
| Sinopec Yizheng Chemical Fibre Co Ltd – H | 2,114,000 | 7,779,520 | 0.40 |
| Sinotrans Ltd – H | 1,510,000 | 5,571,900 | 0.29 |
| Travelsky Technology Ltd – H | 604,000 | 4,040,760 | 0.21 |
| Weiqiao Textile Co Ltd – H | 453,000 | 7,963,740 | 0.41 |
| Yanzhou Coal Mining Co Ltd – H | 1,359,600 | 16,260,816 | 0.85 |
| Zhejiang Expressway Co Ltd – H | 1,510,000 | 12,684,000 | 0.66 |
| Zijin Mining Group Co Ltd – H | 2,265,000 | 10,419,000 | 0.54 |
| ZTE Corporation – H | 151,000 | 5,617,200 | 0.29 |
| | | 1,205,590,671 | 62.69 |

iShares MSCI China Tracker

(a Sub-Fund of iShares Asia Trust)

Investment Portfolio (continued)

As at 29th June 2007

| | Holdings | Fair value HK\$ | % of net assets |
|--|------------|--------------------|--------------------|
| Hong Kong (36.40%) | | | |
| Agile Property Hldgs Ltd | 906,000 | 9,259,320 | 0.48 |
| Brilliance China Automotive | 2,416,000 | 4,735,360 | 0.25 |
| Chaoda Modern Agriculture | 1,510,000 | 9,120,400 | 0.47 |
| China Everbright Ltd | 604,000 | 9,893,520 | 0.51 |
| China Mengniu Dairy Co Ltd | 634,200 | 17,059,980 | 0.89 |
| China Merchants Hldgs International Co Ltd | 709,700 | 26,755,690 | 1.39 |
| China Mobile Ltd | 3,292,100 | 276,536,400 | 14.38 |
| China Overseas Land & Inv | 2,416,000 | 29,185,280 | 1.52 |
| China Resources Enterprise Ltd | 906,000 | 26,636,400 | 1.39 |
| China Resources Land Ltd | 906,000 | 10,727,040 | 0.56 |
| China Resources Power Holdings Co Ltd | 755,000 | 14,118,500 | 0.73 |
| China Travel International Inv HK | 2,114,000 | 8,646,260 | 0.45 |
| Citic Pacific Ltd | 755,000 | 29,482,750 | 1.53 |
| CNOOC Ltd | 10,117,000 | 89,535,450 | 4.66 |
| Cosco Pacific Ltd | 906,000 | 18,527,700 | 0.96 |
| Denway Motors Ltd | 3,926,000 | 14,604,720 | 0.76 |
| Global Bio-chem Technology Group Co Ltd | 906,000 | 2,917,320 | 0.15 |
| Gome Electrical Appliances Hldgs Ltd | 604,000 | 7,199,680 | 0.37 |
| Guangdong Investments Ltd | 2,114,000 | 9,618,700 | 0.50 |
| Lenovo Group Ltd | 2,461,300 | 11,321,980 | 0.59 |
| Li Ning Co Ltd | 604,000 | 11,415,600 | 0.59 |
| Nine Dragons Paper Holdings Ltd | 679,000 | 12,317,060 | 0.64 |
| Semiconductor Manufacturing Intl Corp | 6,795,000 | 7,202,700 | 0.37 |
| Shanghai Industrial Hldgs Ltd | 453,000 | 13,499,400 | 0.70 |
| Shenzhen Investment Ltd | 1,510,000 | 8,924,100 | 0.46 |
| Shimao Property Holdings Ltd | 906,000 | 15,873,120 | 0.83 |
| TPV Technology Ltd | 906,000 | 4,901,460 | 0.25 |
| | | 700,015,890 | 36.40 |
| Total investments | | 1,905,606,561 | 99.09 |
| Other net assets | | 17,437,872 | 0.91 |
| | | 1,923,044,433 | 100.00 |
| Net assets attributable to unitholders at 29th June 2007 | | | |
| Total investments, at cost | | 990,186,326 | |

iShares MSCI China Tracker

(a Sub-Fund of iShares Asia Trust)

Statement of Movements in Investment Portfolio

For the period ended 29th June 2007

| | 31.12.2006 | Additions | Holdings Bonus | Disposals | 29.06.2007 |
|--|------------|-----------|-------------------|------------|------------|
| Investments | | | | | |
| Listed Equities | | | | | |
| China | | | | | |
| Air China Ltd – H | 2,968,000 | 70,000 | - | 924,000 | 2,114,000 |
| Aluminum Corp of China Ltd – H | 3,816,000 | 90,000 | - | 1,640,000 | 2,266,000 |
| Angang Steel Co Ltd – H | 903,100 | 29,500 | - | 328,400 | 604,200 |
| Anhui Conch Cement Co Ltd – H | 424,000 | 10,000 | - | 132,000 | 302,000 |
| Bank of China Ltd – H | 22,531,500 | 535,500 | - | 7,815,400 | 15,251,600 |
| Bank of Communications Ltd – H | 6,099,000 | 140,000 | - | 2,011,000 | 4,228,000 |
| Beijing Capital International Airport Co Ltd – H | 1,272,000 | 30,000 | - | 396,000 | 906,000 |
| China Citic Bank Corp Ltd – H | - | 3,802,500 | - | 405,000 | 3,397,500 |
| China Communications Construction Co Ltd – H | - | 3,607,600 | - | 737,800 | 2,869,800 |
| China Construction Bank – H | 25,080,100 | 591,500 | - | 9,061,400 | 16,610,200 |
| China Cosco Hldgs Co Ltd – H | 1,696,000 | 40,000 | 202,800 | 549,600 | 1,389,200 |
| China Life Insurance Co – H | 7,173,000 | 205,000 | - | 2,500,700 | 4,877,300 |
| China Petroleum & Chemical Corp – H | 17,027,100 | 401,500 | - | 6,254,400 | 11,174,200 |
| China Shenhua Energy Co Ltd – H | - | 2,366,000 | - | 252,000 | 2,114,000 |
| China Shipping Container Lines Company Ltd – H | 2,332,000 | 55,000 | - | 726,000 | 1,661,000 |
| China Shipping Development Co Ltd – H | 1,315,400 | 31,000 | - | 439,600 | 906,800 |
| China Southern Airlines Co Ltd – H | 1,696,000 | 40,000 | - | 528,000 | 1,208,000 |
| China Telecom Corp Ltd – H | 14,670,000 | 520,000 | - | 5,828,000 | 9,362,000 |
| Datang Intl Power Gen Co Ltd – H | 2,120,000 | 50,000 | - | 660,000 | 1,510,000 |
| Dongfeng Motor Group Co Ltd – H | 2,488,000 | 50,000 | - | 1,028,000 | 1,510,000 |
| Guangshen Railway Co Ltd – H | 2,120,000 | 50,000 | - | 660,000 | 1,510,000 |
| Guangzhou R&F Properties Co Ltd – H | 740,900 | 103,100 | - | 240,000 | 604,000 |
| Huaneng Power International Inc – H | 3,394,000 | 80,000 | - | 1,058,000 | 2,416,000 |
| Hunan Non-ferrous Metal Corp Ltd – H | 1,356,000 | 30,000 | - | 480,000 | 906,000 |
| Industrial and Commercial Bank of China – H | 30,735,000 | 685,000 | - | 11,035,000 | 20,385,000 |
| Jiangsu Expressway Co Ltd – H | 2,120,000 | 50,000 | - | 1,264,000 | 906,000 |
| Jiangxi Copper Company Ltd – H | - | 1,227,400 | - | 290,800 | 936,600 |
| Maanshan Iron & Steel – H | 2,968,000 | 70,000 | - | 1,678,000 | 1,360,000 |
| Petrochina Co Ltd – H | 20,077,000 | 447,000 | - | 7,839,000 | 12,685,000 |
| Picc Property and Casualty Co Ltd – H | 3,392,000 | 80,000 | - | 1,056,000 | 2,416,000 |
| Ping An Insurance (Group) Co of China Ltd – H | 1,082,500 | 281,500 | - | 382,500 | 981,500 |
| Shanghai Electric Grp Corp – H | 3,816,000 | 90,000 | - | 1,188,000 | 2,718,000 |
| Shanghai Forte Land Co Ser – H | 1,720,000 | 40,000 | - | 552,000 | 1,208,000 |
| Sinopec Shanghai Petrochemical Co Ltd – H | 3,394,000 | 80,000 | - | 1,058,000 | 2,416,000 |

iShares MSCI China Tracker

(a Sub-Fund of iShares Asia Trust)

Statement of Movements in Investment Portfolio (continued)

For the period ended 29th June 2007

| | 31.12.2006 | Additions | Holdings Bonus | Disposals | 29.06.2007 |
|--|------------|-----------|-------------------|-----------|------------|
| Investments (continued) | | | | | |
| Listed Equities (continued) | | | | | |
| China | | | | | |
| Sinopec Yizheng Chemical Fibre Co Ltd – H | 2,968,000 | 70,000 | – | 924,000 | 2,114,000 |
| Sinotrans Ltd – H | 2,120,000 | 50,000 | – | 660,000 | 1,510,000 |
| Travelsky Technology Ltd – H | 424,000 | 10,000 | 338,000 | 168,000 | 604,000 |
| Weiqiao Textile Co Ltd – H | 636,000 | 15,000 | – | 198,000 | 453,000 |
| Yanzhou Coal Mining Co Ltd – H | 1,987,800 | 51,000 | – | 679,200 | 1,359,600 |
| Zhejiang Expressway Co Ltd – H | 2,120,000 | 50,000 | – | 660,000 | 1,510,000 |
| Zijin Mining Group Co Ltd – H | 2,570,000 | 60,000 | 522,000 | 887,000 | 2,265,000 |
| ZTE Corporation – H | 221,800 | 5,000 | – | 75,800 | 151,000 |
| Hong Kong | | | | | |
| Agile Property Hldgs Ltd | 1,266,000 | 36,000 | – | 396,000 | 906,000 |
| Brilliance China Automotive | 3,392,000 | 80,000 | – | 1,056,000 | 2,416,000 |
| Chaoda Modern Agriculture | 2,120,000 | 50,000 | – | 660,000 | 1,510,000 |
| China Everbright Ltd | 848,000 | 20,000 | – | 264,000 | 604,000 |
| China Mengniu Dairy Co Ltd | 902,400 | 21,000 | – | 289,200 | 634,200 |
| China Merchants Hldgs International Co Ltd | 1,272,000 | 30,000 | – | 592,300 | 709,700 |
| China Mobile Ltd | 5,254,000 | 117,000 | – | 2,078,900 | 3,292,100 |
| China Overseas Land & Inv | 3,402,000 | 80,000 | – | 1,066,000 | 2,416,000 |
| China Resources Enterprise Ltd | 1,272,000 | 30,000 | – | 396,000 | 906,000 |
| China Resources Land Ltd | 1,272,000 | 30,000 | – | 396,000 | 906,000 |
| China Resources Power Holdings Co Ltd | 1,159,500 | 33,500 | – | 438,000 | 755,000 |
| China Travel International Inv HK | 2,968,000 | 70,000 | – | 924,000 | 2,114,000 |
| Citic Pacific Ltd | 1,159,500 | 33,500 | – | 438,000 | 755,000 |
| Citic Pacific Ltd Offer Share 30/06/2007 | – | – | 47,825 | 47,825 | – |
| CNOOC Ltd | 15,388,500 | 362,500 | – | 5,634,000 | 10,117,000 |
| Cosco Pacific Ltd | 1,272,000 | 30,000 | – | 396,000 | 906,000 |
| Denway Motors Ltd | 5,512,000 | 130,000 | – | 1,716,000 | 3,926,000 |
| Global Bio-chem Technology Group Co Ltd | 1,382,000 | 30,000 | – | 506,000 | 906,000 |
| Gome Electrical Appliances Hldgs Ltd | 917,000 | 20,000 | – | 333,000 | 604,000 |
| Guangdong Investments Ltd | 2,968,000 | 70,000 | – | 924,000 | 2,114,000 |
| Lenovo Group Ltd | 3,453,100 | 84,000 | – | 1,075,800 | 2,461,300 |
| Li Ning Co Ltd | 886,000 | 20,000 | – | 302,000 | 604,000 |
| Nine Dragons Paper Holdings Ltd | – | 760,000 | – | 81,000 | 679,000 |
| Semiconductor Manufacturing Intl Corp | 9,540,000 | 225,000 | – | 2,970,000 | 6,795,000 |
| Shanghai Industrial Hldgs Ltd | 636,000 | 15,000 | – | 198,000 | 453,000 |
| Shenzhen Investment Ltd | 2,120,000 | 50,000 | – | 660,000 | 1,510,000 |
| Shimao Property Holdings Ltd | – | 1,014,000 | – | 108,000 | 906,000 |
| TPV Technology Ltd | 1,330,000 | 30,000 | – | 454,000 | 906,000 |

iShares MSCI China Tracker (a 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\$ |
|----------------------------------|-------------------------------------|--|
| At end of financial period dated | | |
| 31st December 2004 | 25.43 | 874,779,224 |
| 31st December 2005 | 29.73 | 1,094,216,415 |
| 31st December 2006 | 52.56 | 2,228,703,612 |
| 29th June 2007 | 63.68* | 1,923,044,433* |

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 |
| 31st December 2006 | 52.62 | 30.15 |
| 29th June 2007 | 64.63* | 45.61* |

* These are unaudited figures.

iShares FTSE/Xinhua A50 China Tracker (a Sub-Fund of iShares Asia Trust) Investment Portfolio As at 29th June 2007

| Investments (98.58%) | Holdings | Fair value HK\$ | % of net assets |
|--|-----------|--------------------|--------------------|
| China (98.58%) | | | |
| Listed CAAPs* issued by Barclays Bank Plc | | | |
| Air China Ltd – A | 1,292,000 | 12,984,600 | 0.11 |
| Aluminum Corp of China Ltd – A | 657,400 | 15,573,806 | 0.13 |
| Angang New Steel Co Ltd – A | 798,000 | 14,491,680 | 0.12 |
| Anhui Conch Cement Co Ltd – A | 190,000 | 11,496,900 | 0.10 |
| Bank of China Ltd – A | 5,320,000 | 27,398,000 | 0.23 |
| Bank of Communications Ltd – A | 1,706,200 | 19,245,936 | 0.16 |
| Baoshan Iron & Steel Co Ltd – A | 3,800,000 | 42,902,000 | 0.37 |
| China Citic Bank – A | 1,387,000 | 13,093,280 | 0.11 |
| China Intl Marine Containers (Group) – A | 684,000 | 20,581,560 | 0.18 |
| China Life Insurance Co – A | 771,400 | 32,545,366 | 0.28 |
| China Merchants Bank Co Ltd – A | 3,420,000 | 86,286,600 | 0.74 |
| China Minsheng Banking Corp Ltd – A | 6,240,360 | 73,199,423 | 0.63 |
| China Petroleum & Chemical Corp – A | 2,470,000 | 33,517,900 | 0.29 |
| China Shipping Development Co Ltd – A | 323,000 | 7,616,340 | 0.07 |
| China Southern Airlines Co Ltd – A | 1,102,000 | 9,708,620 | 0.08 |
| China United Telecommunication Corp Ltd – A | 6,270,000 | 37,745,400 | 0.32 |
| China Vanke Co Ltd – A | 4,218,000 | 82,757,160 | 0.71 |
| China Yangtze Power Co Ltd – A | 2,394,000 | 37,154,880 | 0.32 |
| Citic Securities Co Ltd – A | 1,558,000 | 84,692,880 | 0.73 |
| Daqin Railway Co Ltd – A | 2,774,000 | 43,107,960 | 0.37 |
| Datang Intl Power Gen Co Ltd – A | 247,000 | 8,803,080 | 0.08 |
| GD Power Development Co Ltd – A | 760,000 | 10,237,200 | 0.09 |
| Guangshen Railway Co Ltd – A | 1,672,000 | 13,091,760 | 0.11 |
| Huaneng Power International Inc – A | 433,200 | 4,769,532 | 0.04 |
| Huaxia Bank Co Ltd – A | 1,341,400 | 16,579,704 | 0.14 |
| Industrial and Commercial Bank of China – A | 7,410,000 | 38,087,400 | 0.33 |
| Industrial Bank Co. Ltd – A | 532,000 | 19,157,320 | 0.16 |
| Jiangsu Expressway Co Ltd – A | 190,000 | 1,546,600 | 0.01 |
| Jiangxi Copper Co Ltd – A | 247,000 | 6,219,460 | 0.05 |
| Kweichow Moutai Co Ltd – A | 212,800 | 26,138,224 | 0.22 |
| Maanshan Iron & Steel Co Ltd – A | 710,600 | 4,903,140 | 0.04 |
| Ping An Insurance (Group) Co of China Ltd – A | 706,800 | 51,872,052 | 0.44 |
| Poly Real Estate Group Co – A | 266,000 | 12,539,240 | 0.11 |
| Shanghai Automotive Co Ltd – A | 1,444,000 | 25,587,680 | 0.22 |
| Shanghai International Airport Co Ltd – A | 760,000 | 29,647,600 | 0.25 |
| Shanghai Lujiazui Fin & Trade – A | 266,000 | 6,937,280 | 0.06 |

* 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 (a Sub-Fund of iShares Asia Trust) Investment Portfolio (continued)

As at 29th June 2007

| | Holdings | Fair value HK\$ | % of net assets |
|--|-----------|--------------------|--------------------|
| China (98.58%) (continued) | | | |
| Listed CAAPs* issued by Barclays Bank Plc (continued) | | | |
| Shanghai Oriental Pearl (Group) Co Ltd – A | 570,000 | 9,473,400 | 0.08 |
| Shanghai Port Container Co Ltd – A | 1,900,000 | 14,991,000 | 0.13 |
| Shanghai Pudong Development Bank Co Ltd – A | 938,600 | 35,244,430 | 0.30 |
| Shanghai Zhenhua Port Machinery Co Ltd – A | 760,000 | 15,496,400 | 0.13 |
| Shanxi Taigang Stainless Steel – A | 800,280 | 16,477,765 | 0.14 |
| Shenergy Company Ltd – A | 836,000 | 12,004,960 | 0.10 |
| Shenzhen Development Bank – A | 1,254,000 | 35,412,960 | 0.30 |
| Sinopec Shanghai Petrochemical – A | 608,000 | 7,137,920 | 0.06 |
| Suning Appliance Co Ltd – A | 418,000 | 20,147,600 | 0.17 |
| Wuhan Iron & Steel Co Ltd – A | 2,432,000 | 25,098,240 | 0.22 |
| Wuliangye Yibin Co Ltd – A | 893,000 | 28,834,970 | 0.25 |
| Yantai Wanhua Polyurethane Co Ltd – A | 391,400 | 21,515,258 | 0.19 |
| Yanzhou Coal Mining Co Ltd – A | 342,000 | 4,982,940 | 0.04 |
| ZTE Corp – A | 456,000 | 25,458,480 | 0.22 |
| | | 1,254,493,886 | 10.73 |

* 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 (a Sub-Fund of iShares Asia Trust) Investment Portfolio (continued)

As at 29th June 2007

| | Holdings | Fair value HK\$ | % of net assets |
|---|------------|--------------------|--------------------|
| China (98.58%) (continued) | | | |
| Listed CAAPs* issued by Citigroup | | | |
| Air China Ltd – A | 10,574,000 | 106,268,700 | 0.91 |
| Aluminum Corp of China Ltd – A | 5,380,300 | 127,459,307 | 1.09 |
| Angang New Steel Co Ltd – A | 6,531,000 | 118,602,960 | 1.01 |
| Anhui Conch Cement Co Ltd – A | 1,555,000 | 94,093,050 | 0.81 |
| Bank of China Ltd – A | 43,540,000 | 224,231,000 | 1.92 |
| Bank of Communications Ltd – A | 13,963,900 | 157,512,792 | 1.35 |
| Baoshan Iron and Steel Co Ltd – A | 31,100,000 | 351,119,000 | 3.00 |
| China Citic Bank – A | 11,351,500 | 107,158,160 | 0.92 |
| China Intl Marine Containers (Group) – A | 5,598,000 | 168,443,820 | 1.44 |
| China Life Insurance Co – A | 6,313,300 | 266,358,127 | 2.28 |
| China Merchants Bank Co Ltd – A | 27,990,000 | 706,187,700 | 6.05 |
| China Minsheng Banking Corp Ltd – A | 51,072,420 | 599,079,487 | 5.13 |
| China Petroleum and Chemical Corp – A | 20,215,000 | 274,317,550 | 2.35 |
| China Shipping Development Co Ltd – A | 2,643,500 | 62,333,730 | 0.53 |
| China Southern Airlines Co Ltd – A | 9,019,000 | 79,457,390 | 0.68 |
| China United Telecommunication Corp Ltd – A | 51,315,000 | 308,916,300 | 2.64 |
| China Vanke Co Ltd – A | 34,521,000 | 677,302,020 | 5.80 |
| China Yangtze Power Co Ltd – A | 19,593,000 | 304,083,360 | 2.60 |
| Citic Securities Co Ltd – A | 12,751,000 | 693,144,360 | 5.93 |
| Daqin Railway Co Ltd – A | 22,703,000 | 352,804,620 | 3.02 |
| Datang Intl Power Gen Co Ltd – A | 2,021,500 | 72,046,260 | 0.62 |
| GD Power Development Co Ltd – A | 6,220,000 | 83,783,400 | 0.72 |
| Guangshen Railway Co Ltd – A | 13,684,000 | 107,145,720 | 0.92 |
| Huaneng Power International Inc – A | 3,545,400 | 39,034,854 | 0.33 |
| Huaxia Bank Co Ltd – A | 10,978,300 | 135,691,788 | 1.16 |
| Industrial and Commercial Bank of China – A | 60,645,000 | 311,715,300 | 2.67 |
| Industrial Bank Co Ltd – A | 4,354,000 | 156,787,540 | 1.34 |
| Jiangsu Expressway Co Ltd – A | 1,555,000 | 12,657,700 | 0.11 |
| Jiangxi Copper Co Ltd – A | 2,021,500 | 50,901,370 | 0.43 |
| Kweichow Moutai Co Ltd – A | 1,741,600 | 213,920,728 | 1.83 |
| Maanshan Iron & Steel Co Ltd – A | 5,815,700 | 40,128,330 | 0.34 |
| Ping An Insurance (Group) Co of China Ltd – A | 5,784,600 | 424,531,794 | 3.63 |
| Poly Real Estate Group Co – A | 2,177,000 | 102,623,780 | 0.88 |
| Shanghai Automotive Co Ltd – A | 11,818,000 | 209,414,960 | 1.79 |
| Shanghai International Airport Co Ltd – A | 6,220,000 | 242,642,200 | 2.08 |
| Shanghai Lujiazui Fin & Trade – A | 2,177,000 | 56,776,160 | 0.48 |

* 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 (a Sub-Fund of iShares Asia Trust) Investment Portfolio (continued)

As at 29th June 2007

| | Holdings | Fair value HK\$ | % of net assets |
|--|------------|--------------------|--------------------|
| China (98.58%) (continued) | | | |
| Listed CAAPs* issued by Citigroup (continued) | | | |
| Shanghai Oriental Pearl (Group) Co Ltd – A | 4,665,000 | 77,532,300 | 0.66 |
| Shanghai Port Container Co Ltd – A | 15,550,000 | 122,689,500 | 1.05 |
| Shanghai Pudong Development Bank Co Ltd – A | 7,681,700 | 288,447,835 | 2.47 |
| Shanghai Zhenhua Port Machinery Co Ltd – A | 6,220,000 | 126,825,800 | 1.08 |
| Shanxi Taigang Stainless Steel – A | 6,549,660 | 134,857,499 | 1.15 |
| Shenergy Company Ltd – A | 6,842,000 | 98,251,120 | 0.84 |
| Shenzhen Development Bank – A | 10,263,000 | 289,827,120 | 2.48 |
| Sinopec Shanghai Petrochemical – A | 4,976,000 | 58,418,240 | 0.50 |
| Suning Appliance Co Ltd – A | 3,421,000 | 164,892,200 | 1.41 |
| Wuhan Iron & Steel Co Ltd – A | 19,904,000 | 205,409,280 | 1.76 |
| Wuliangye Yibin Co Ltd – A | 7,308,500 | 235,991,465 | 2.02 |
| Yantai Wanhua Polyurethane Co Ltd – A | 3,203,300 | 176,085,401 | 1.51 |
| Yanzhou Coal Mining Co Ltd – A | 2,799,000 | 40,781,430 | 0.35 |
| ZTE Corp – A | 3,732,000 | 208,357,560 | 1.78 |
| | | 10,267,042,067 | 87.85 |
| Total investments | | 11,521,535,953 | 98.58 |
| Other net assets | | 164,908,624 | 1.42 |
| | | 11,686,444,577 | 100.00 |
| Net assets attributable to unitholders at 29th June 2007 | | 11,686,444,577 | 100.00 |
| Total investments, at cost | | 4,785,845,232 | |

* 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 (a Sub-Fund of iShares Asia Trust) Statement of Movements in Investment Portfolio For the period ended 29th June 2007

| Investments | 31.12.2006 | Additions | Holdings | | 29.06.2007 |
|--|------------|------------|-----------|------------|------------|
| | | | Bonus | Disposals | |
| Listed CAAPs* issued by Barclays Bank Plc | | | | | |
| Air China Ltd – A | 8,000,000 | 2,210,000 | - | 8,918,000 | 1,292,000 |
| Aluminum Corp of China Ltd – A | - | 3,335,850 | - | 2,678,450 | 657,400 |
| Angang New Steel Co Ltd-Reg S – A | 4,533,000 | 1,495,000 | - | 5,230,000 | 798,000 |
| Anhui Conch Cement Co Ltd – A | 1,275,000 | 390,000 | - | 1,475,000 | 190,000 |
| Bank of China Ltd – A | 32,008,769 | 10,140,000 | - | 36,828,769 | 5,320,000 |
| Bank of Communications Ltd – A | - | 4,130,800 | - | 2,424,600 | 1,706,200 |
| Baoshan Iron And Steel Co Ltd – A | 23,620,462 | 7,475,000 | - | 27,295,462 | 3,800,000 |
| Beijing North Star Co – A | - | 3,710,000 | - | 3,710,000 | - |
| China Citic Bank – A | - | 3,905,500 | - | 2,518,500 | 1,387,000 |
| China Intl Marine Containers (Group) – A | 3,488,000 | 1,105,000 | 207,000 | 4,116,000 | 684,000 |
| China Life Insurance Co – A | - | 5,895,000 | - | 5,123,600 | 771,400 |
| China Merchants Bank Co Ltd – A | 22,094,000 | 6,825,000 | - | 25,499,000 | 3,420,000 |
| China Minsheng Banking Corp Ltd – A | 22,881,000 | 12,821,000 | 1,809,180 | 31,270,820 | 6,240,360 |
| China Petroleum And Chemical Corp – A | 16,404,800 | 4,940,000 | - | 18,874,800 | 2,470,000 |
| China Shipping Development Co Ltd – A | 2,137,000 | 715,000 | - | 2,529,000 | 323,000 |
| China Southern Airlines Co Ltd – A | 6,710,000 | 2,095,000 | - | 7,703,000 | 1,102,000 |
| China United Telecommunication Corp Ltd – A | 33,139,949 | 11,245,000 | - | 38,114,949 | 6,270,000 |
| China Vanke Co Ltd – A | 15,394,000 | 5,200,000 | 3,404,000 | 19,780,000 | 4,218,000 |
| China Yangtze Power Co Ltd – A | 14,704,692 | 4,680,000 | - | 16,990,692 | 2,394,000 |
| Citic Securities Co Ltd – A | 8,369,000 | 3,698,000 | - | 10,509,000 | 1,558,000 |
| Daqin Railway Co Ltd – A | 17,500,000 | 5,525,000 | - | 20,251,000 | 2,774,000 |
| Datang Intl Power Gen Co Ltd – A | - | 1,235,000 | - | 988,000 | 247,000 |
| GD Power Development Ltd – A | 4,416,250 | 1,659,500 | - | 5,315,750 | 760,000 |
| Guangdong Electric Power Development Co Ltd – A | 2,299,000 | - | - | 2,299,000 | - |
| Guangshen Railway Co Ltd – A | - | 8,360,000 | - | 6,688,000 | 1,672,000 |
| Huaneng Power International Inc-Reg S – A | 2,800,000 | 942,500 | - | 3,309,300 | 433,200 |
| Huaxia Bank Co Ltd-Reg S – A | 6,482,800 | 2,518,700 | - | 7,660,100 | 1,341,400 |
| Industrial and Commercial Bank of China – A | 45,200,000 | 14,235,000 | - | 52,025,000 | 7,410,000 |
| Industrial Bank Co. Ltd. – A | - | 3,570,000 | - | 3,038,000 | 532,000 |
| Jiangsu Expressway Co Ltd – A | 1,000,000 | 325,000 | - | 1,135,000 | 190,000 |
| Jiangxi Copper Co Ltd – A | 1,579,000 | 533,000 | - | 1,865,000 | 247,000 |
| Kweichow Moutai Co Ltd – A | 1,275,395 | 364,000 | - | 1,426,595 | 212,800 |
| Maanshan Iron & Steel Co Ltd – A | 3,553,000 | 1,215,500 | - | 4,057,900 | 710,600 |
| Offshore Oil Engineering – A | 1,654,000 | 1,389,500 | - | 3,043,500 | - |
| Ping An Insurance (Group) Co of China Ltd – A | - | 4,972,500 | - | 4,265,700 | 706,800 |
| Poly Real Estate Group Co – A | 700,000 | 227,500 | 710,500 | 1,372,000 | 266,000 |

* 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 (a Sub-Fund of iShares Asia Trust) Statement of Movements in Investment Portfolio (continued) For the period ended 29th June 2007

| | 31.12.2006 | Additions | Holdings Bonus | Disposals | 29.06.2007 |
|--|------------|-----------|-------------------|------------|------------|
| Listed CAAPs* issued by Barclays Bank Plc (continued) | | | | | |
| Qinghai Salt Lake Potash – A | 1,500,000 | 485,000 | – | 1,985,000 | – |
| Shandong Aluminium Ind– A | 1,059,000 | – | – | 1,059,000 | – |
| Shandong Infrastructure Co Ltd – A | 3,613,066 | 1,202,500 | – | 4,815,566 | – |
| Shanghai Automotive Co Ltd – A | 7,431,000 | 2,470,000 | – | 8,457,000 | 1,444,000 |
| Shanghai International Airport Co Ltd-Reg S – A | 4,046,000 | 1,365,000 | – | 4,651,000 | 760,000 |
| Shanghai Lujiazui Fin & Trade – A | 1,500,000 | 456,700 | – | 1,690,700 | 266,000 |
| Shanghai Oriental Pearl (Group) Co Ltd – A | 2,994,000 | 975,000 | – | 3,399,000 | 570,000 |
| Shanghai Port Container Co Ltd – A | 11,357,500 | 3,867,500 | – | 13,325,000 | 1,900,000 |
| Shanghai Pudong Development Bank Co Ltd – A | 4,825,381 | 1,605,500 | – | 5,492,281 | 938,600 |
| Shanghai Zhenhua Port Machinery Co Ltd – A | 3,780,000 | 1,320,000 | – | 4,340,000 | 760,000 |
| Shanxi Taigang Stainless Steel – A | – | 4,189,200 | 447,120 | 3,836,040 | 800,280 |
| Shenergy Company Ltd – A | 4,201,047 | 1,430,000 | – | 4,795,047 | 836,000 |
| Shenzhen Development Bank – A | 6,536,000 | 2,080,000 | 114,000 | 7,476,000 | 1,254,000 |
| Shenzhen Overseas Chinese Town Holdings – A | 2,565,000 | 747,500 | – | 3,312,500 | – |
| Sinopec Shanghai Petrochemical | 3,818,000 | 1,300,000 | – | 4,510,000 | 608,000 |
| Suning Appliance Co – A | 1,290,000 | 435,500 | 1,258,600 | 2,566,100 | 418,000 |
| Tianjin Port Co Ltd – A | 3,544,000 | – | – | 3,544,000 | – |
| Tsingtao Brewery Co Ltd – A | 1,321,409 | 325,000 | – | 1,646,409 | – |
| Wuhan Iron & Steel Co Ltd – A | 14,145,000 | 4,843,000 | – | 16,556,000 | 2,432,000 |
| Wuliangye Yibin Co Ltd – A | 3,643,000 | 1,170,000 | 1,276,800 | 5,196,800 | 893,000 |
| Yantai Changyu Pioneer Wine Co Ltd – A | 399,000 | 136,500 | – | 535,500 | – |
| Yantai Wanhua Polyurethane Co Ltd – A | 2,160,812 | 669,500 | – | 2,438,912 | 391,400 |
| Yanzhou Coal Mining Co Ltd – A | 1,710,000 | 585,000 | – | 1,953,000 | 342,000 |
| ZTE Corp – A | 1,793,000 | 1,257,000 | – | 2,594,000 | 456,000 |

* 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 (a Sub-Fund of iShares Asia Trust) Statement of Movements in Investment Portfolio (continued) For the period ended 29th June 2007

| Investments | 31.12.2006 | Additions | Holdings | | 29.06.2007 |
|---|-------------|------------|------------|------------|------------|
| | | | Bonus | Disposals | |
| Listed CAAPs* issued by Citigroup | | | | | |
| Air China Ltd – A | 19,846,500 | 999,000 | - | 10,271,500 | 10,574,000 |
| Aluminum Corp of China Ltd – A | - | 8,771,100 | - | 3,390,800 | 5,380,300 |
| Angang New Steel Co Ltd – A | 10,900,000 | 761,000 | - | 5,130,000 | 6,531,000 |
| Anhui Conch Cement Co Ltd – A | 3,172,000 | 201,000 | - | 1,818,000 | 1,555,000 |
| Bank of China Ltd – A | 80,719,231 | 4,504,769 | - | 41,684,000 | 43,540,000 |
| Bank of Communications Ltd – A | - | 20,025,400 | - | 6,061,500 | 13,963,900 |
| Baoshan Iron & Steel Co Ltd – A | 59,583,538 | 3,250,462 | - | 31,734,000 | 31,100,000 |
| Beijing North Star Co – A | - | 7,098,000 | - | 7,098,000 | - |
| China Citic Bank – A | - | 17,556,500 | - | 6,205,000 | 11,351,500 |
| China Intl Marine Containers (Group) - A | 8,590,000 | 510,000 | 1,188,000 | 4,690,000 | 5,598,300 |
| China Life Insurance Co – A | - | 11,661,000 | - | 5,347,700 | 6,313,300 |
| China Merchants Bank Co Ltd – A | 55,071,000 | 3,054,000 | - | 30,135,000 | 27,990,000 |
| China Minsheng Banking Corp Ltd – A | 57,639,000 | 19,670,000 | 9,727,620 | 35,964,200 | 51,072,420 |
| China Petroleum & Chemical Corp – A | 41,032,800 | 2,286,800 | - | 23,104,600 | 20,215,000 |
| China Shipping Development Co Ltd – A | 5,244,000 | 333,000 | - | 2,933,500 | 2,643,500 |
| China Southern Airlines Co Ltd – A | 16,775,000 | 846,000 | - | 8,602,000 | 9,019,000 |
| China United Telecommunication Corp Ltd – A | 83,146,051 | 4,727,949 | - | 36,559,000 | 51,315,000 |
| China Vanke Co Ltd – A | 38,286,000 | 2,274,000 | 17,427,000 | 23,466,000 | 34,521,000 |
| China Yangtze Power Co Ltd – A | 36,962,308 | 2,146,692 | - | 19,516,000 | 19,593,000 |
| Citic Securities Co Ltd – A | 20,484,000 | 3,345,000 | - | 11,078,000 | 12,751,000 |
| Daqin Railway – A | 44,232,000 | 2,430,000 | - | 23,959,000 | 22,703,000 |
| Datang Intl Power Gen Co Ltd – A | - | 3,295,500 | - | 1,274,000 | 2,021,500 |
| GD Power Development Co Ltd – A | 11,518,700 | 616,200 | - | 5,914,900 | 6,220,000 |
| Guangdong Electric Power Development Co Ltd – A | 5,820,100 | 121,000 | - | 5,941,100 | - |
| Guangshen Railway Co Ltd – A | - | 22,308,000 | - | 8,624,000 | 13,684,000 |
| Huaneng Power International Inc – A | 6,929,500 | 422,000 | - | 3,806,100 | 3,545,400 |
| Huaxia Bank Co Ltd – A | 17,204,240 | 917,800 | - | 7,143,740 | 10,978,300 |
| Industrial and Commercial Bank of China – A | 112,485,000 | 6,444,000 | - | 58,284,000 | 60,645,000 |
| Industrial Bank Co Ltd – A | - | 7,098,000 | - | 2,744,000 | 4,354,000 |
| Jiangsu Express – A | 2,613,400 | 141,600 | - | 1,200,000 | 1,555,000 |
| Jiangxi Copper Co Ltd – A | 3,923,200 | 234,200 | - | 2,135,900 | 2,021,500 |
| Kweichow Moutai Co Ltd – A | 3,153,205 | 166,995 | - | 1,578,600 | 1,741,600 |
| Maanshan Iron & Steel Co Ltd – A | 8,994,700 | 486,200 | - | 3,665,200 | 5,815,700 |
| Offshore Oil Engineering – A | 4,193,000 | 2,489,500 | - | 6,682,500 | - |
| Ping An Insurance (Group) Co of China Ltd – A | - | 9,886,500 | - | 4,101,900 | 5,784,600 |
| Poly Real Estate Group Co – A | 1,648,500 | 126,000 | 1,774,500 | 1,372,000 | 2,177,000 |

* 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 (a Sub-Fund of iShares Asia Trust) Statement of Movements in Investment Portfolio (continued) For the period ended 29th June 2007

| | 31.12.2006 | Additions | Holdings Bonus | Disposals | 29.06.2007 |
|--|------------|-----------|-------------------|------------|------------|
| Listed CAAPs* issued by Citigroup (continued) | | | | | |
| Qinghai Salt Lake Potash – A | 3,868,000 | 192,000 | - | 4,060,000 | - |
| Shandong Aluminium Ind – A | 2,609,500 | 55,000 | - | 2,664,500 | - |
| Shandong Infrastructure Co Ltd – A | 8,800,434 | 394,066 | - | 9,194,500 | - |
| Shanghai Automotive Co Ltd – A | 18,067,000 | 1,199,000 | - | 7,448,000 | 11,818,000 |
| Shanghai International Airport Co Ltd – A | 10,045,000 | 602,000 | - | 4,427,000 | 6,220,000 |
| Shanghai Lujiazui Fin & Trade – A | 3,661,700 | 189,000 | - | 1,673,700 | 2,177,000 |
| Shanghai Oriental Pearl (Group) Co Ltd – A | 7,400,000 | 405,000 | - | 3,140,000 | 4,665,000 |
| Shanghai Port Container Co Ltd – A | 28,567,000 | 1,554,500 | - | 14,571,500 | 15,550,000 |
| Shanghai Pudong Development Bank Co Ltd – A | 11,780,819 | 742,081 | - | 4,841,200 | 7,681,700 |
| Shanghai Zhenhua Port Machinery Co Ltd – A | 9,640,000 | 520,000 | - | 3,940,000 | 6,220,000 |
| Shanxi Taigang Stainless Steel – A | - | 8,213,400 | 2,167,560 | 3,831,300 | 6,549,660 |
| Shenergy Company Ltd – A | 10,560,953 | 593,047 | - | 4,312,000 | 6,842,000 |
| Shenzhen Development Bank – A | 16,278,000 | 908,000 | 1,113,000 | 8,036,000 | 10,263,000 |
| Shenzhen Overseas Chinese Town – A | 6,493,500 | 399,000 | - | 6,892,500 | - |
| Sinopec Shanghai Petrochemical – A | 9,602,000 | 498,000 | - | 5,124,000 | 4,976,000 |
| Suning Appliance Co Ltd – A | 3,205,700 | 186,200 | 3,143,400 | 3,114,300 | 3,421,000 |
| Tianjin Port Co Ltd – A | 8,534,000 | 180,000 | - | 8,714,000 | - |
| Tsingtao Brewery Co Ltd – A | 3,345,974 | 189,026 | - | 3,535,000 | - |
| Wuhan Iron & Steel Co Ltd – A | 35,476,000 | 2,042,000 | - | 17,614,000 | 19,904,000 |
| Wuliangye Yibin Co Ltd – A | 9,106,000 | 501,000 | 3,407,040 | 5,705,540 | 7,308,500 |
| Yantai Changyu Pioneer Wine Co Ltd – A | 1,010,100 | 48,600 | - | 1,058,700 | - |
| Yantai Wanhua Polyurethane Co Ltd – A | 5,421,488 | 300,612 | - | 2,518,800 | 3,203,300 |
| Yanzhou Coal Mining Co Ltd – A | 4,329,000 | 234,000 | - | 1,764,000 | 2,799,000 |
| ZTE Corp – A | 4,514,400 | 1,967,200 | - | 2,749,600 | 3,732,000 |

* 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 (a 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\$ |
|----------------------------------|-------------------------------------|--|
| At end of financial period dated | | |
| 31st December 2004 | 41.79* | 208,929,323* |
| 31st December 2005 | 42.53 | 2,526,275,310 |
| 31st December 2006 | 105.33 | 14,135,633,054 |
| 29th June 2007 | 167.43* | 11,686,444,577* |

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* |
| 31st December 2005 | 44.75 | 35.14 |
| 31st December 2006 | 105.34 | 46.56 |
| 29th June 2007 | 177.21* | 105.28* |

* These are unaudited figures

iShares BSE SENSEX India Tracker

(a Sub-Fund of iShares Asia Trust)

Investment Portfolio

As at 29th June 2007

| Investments (99.47%) | Holdings | Fair value HK\$ | % of net assets |
|--|----------|--------------------|--------------------|
| India (99.47%) | | | |
| Listed IAPs* issued by Citigroup | | | |
| Ambuja Cements | 264,650 | 6,330,028 | 1.45 |
| Associated Cement | 29,614 | 5,312,416 | 1.22 |
| Bajaj Auto | 17,219 | 7,074,172 | 1.62 |
| Bharat Heavy Electricals | 41,674 | 12,296,867 | 2.82 |
| Bharti Airtel | 161,470 | 25,898,913 | 5.93 |
| Cipla Limited | 122,945 | 4,910,708 | 1.12 |
| Dr. Reddys Laboratories | 28,006 | 3,531,001 | 0.81 |
| Grasim Industry | 16,750 | 8,470,936 | 1.94 |
| HDFC Bank Ltd | 61,171 | 13,459,729 | 3.08 |
| Hero Honda Motor | 24,321 | 3,231,787 | 0.74 |
| Hindalco Ind | 211,653 | 6,501,736 | 1.49 |
| Hindustan Lever Ltd | 268,469 | 9,715,999 | 2.23 |
| Housing Development Finance Corp Ltd | 54,672 | 21,332,997 | 4.88 |
| Icici Bank | 217,281 | 39,826,939 | 9.12 |
| Infosys Technologies Ltd | 108,205 | 40,047,890 | 9.17 |
| ITC Ltd | 639,783 | 19,003,283 | 4.35 |
| Larsen & Toubro | 61,305 | 25,852,329 | 5.92 |
| Maruti Udyog Ltd | 28,140 | 4,016,402 | 0.92 |
| NTPC Limited | 300,964 | 8,821,819 | 2.02 |
| Oil & Natural Gas Corp | 104,118 | 18,091,626 | 4.14 |
| Ranbaxy Laborat | 63,516 | 4,329,243 | 0.99 |
| Reliance Commu | 174,133 | 17,286,105 | 3.96 |
| Reliance Energy | 38,927 | 4,582,350 | 1.05 |
| Reliance Ind | 177,952 | 58,058,745 | 13.29 |
| Satyam Computer Serv Ltd | 151,487 | 13,605,288 | 3.11 |
| State Bank of India | 57,620 | 16,866,983 | 3.86 |
| Tata Consultancy Svs Ltd | 47,637 | 10,504,124 | 2.40 |
| Tata Motors Ltd | 56,213 | 7,227,948 | 1.65 |
| Tata Steel Ltd | 98,959 | 11,339,701 | 2.60 |
| Wipro Ltd | 69,814 | 6,946,775 | 1.59 |
| | | 434,474,839 | 99.47 |
| Total investments | | 434,474,839 | 99.47 |
| Other net assets | | 2,314,734 | 0.53 |
| Net assets attributable to unitholders at 29th June 2007 | | 436,789,573 | 100.00 |
| Total investments, at cost | | 359,333,337 | |

* IAP - Indian Access Product, being a Security (such as a warrant, note or participating certificate) linked to an Indian Share.

iShares BSE SENSEX India Tracker (a Sub-Fund of iShares Asia Trust) Statement of Movements in Investment Portfolio For the period ended 29th June 2007

| | Additions | Holdings Bonus | Disposals | 29.06.2007 |
|---|-----------|-------------------|-----------|------------|
| Investments | | | | |
| Listed IAPs* issued by Citigroup | | | | |
| Ambuja Cements | 264,650 | - | - | 264,650 |
| Associated Cement | 29,614 | - | - | 29,614 |
| Bajaj Auto | 17,219 | - | - | 17,219 |
| Bharat Heavy Electricals | 20,837 | 20,837 | - | 41,674 |
| Bharti Airtel | 161,470 | - | - | 161,470 |
| Bharti Televentures | 161,470 | - | 161,470 | - |
| Cipla Limited | 122,945 | - | - | 122,945 |
| Dr. Reddys Laboratories | 28,006 | - | - | 28,006 |
| Grasim Industry | 16,750 | - | - | 16,750 |
| HDFC Bank Ltd | 61,171 | - | - | 61,171 |
| Hero Honda Motor | 24,321 | - | - | 24,321 |
| Hero Honda Motor | 24,321 | - | 24,321 | - |
| Hindalco Ind | 211,653 | - | - | 211,653 |
| Hindustan Lever Ltd | 268,469 | - | - | 268,469 |
| Housing Development Finance Corp Ltd | 54,672 | - | - | 54,672 |
| Icici Bank | 217,281 | - | - | 217,281 |
| Infosys Technologies Ltd | 108,205 | - | - | 108,205 |
| ITC Ltd | 639,783 | - | - | 639,783 |
| Larsen & Toubro | 61,305 | - | - | 61,305 |
| Maruti Udyog Ltd | 28,140 | - | - | 28,140 |
| NTPC Limited | 300,964 | - | - | 300,964 |
| Oil & Natural Gas Corp | 104,118 | - | - | 104,118 |
| Ranbaxy Laborat | 63,516 | - | - | 63,516 |
| Reliance Commu | 174,133 | - | - | 174,133 |
| Reliance Energy | 38,927 | - | 38,927 | - |
| Reliance Energy | 38,927 | - | - | 38,927 |
| Reliance Ind | 183,968 | - | 6,016 | 177,952 |
| Satyam Computer Serv Ltd | 151,487 | - | - | 151,487 |
| State Bank of India | 57,620 | - | - | 57,620 |
| Tata Consultancy Svs Ltd | 47,637 | - | - | 47,637 |
| Tata Motors Ltd | 56,213 | - | - | 56,213 |
| Tata Steel | 98,959 | - | 98,959 | - |
| Tata Steel | 98,959 | - | - | 98,959 |
| Wipro Ltd | 69,814 | - | - | 69,814 |
| Wipro Ltd | 69,814 | - | 69,814 | - |

* IAP - Indian Access Product, being a Security (such as a warrant, note or participating certificate) linked to an Indian Share.

iShares BSE SENSEX India Tracker (a 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\$ |
|----------------------------------|-------------------------------------|--|
| At end of financial period dated | | |
| 29th December 2006 | 14.03* | 168,402,745* |
| 29th June 2007 | 16.30* | 436,789,573* |

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 | | |
| 29th December 2006 (since inception) | 14.08* | 13.03* |
| 29th June 2007 | 16.30* | 12.56* |

* These are unaudited figures

iShares Asia Trust

Management and Administration

Directors of the Manager

Francis Sean Ryan
Robert J. Haber
Mark A A C Talbot
Frederick James Horsey

Manager

Barclays Global Investors North Asia Limited
Suite 2503-05, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Registrar for MSCI China Tracker

Hong Kong Registrars Limited
46/F Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Trustee and Custodian

HSBC Institutional Trust Services (Asia) Limited
1 Queen's Road Central
Hong Kong

Conversion Agent for MSCI China Tracker

HK Conversion Agency Services Limited
2nd Floor Vicwood Plaza
199 Des Voeux Road Central
Hong Kong

Legal Adviser to the Manager

Simmons & Simmons
35th Floor, Cheung Kong Center
2 Queen's Road Central
Hong Kong

Registrar for A50 China Tracker and SENSEX India Tracker

HSBC Institutional Trust Services (Asia) Limited
1 Queen's Road Central
Hong Kong

Legal Adviser to the Trustee

Deacons
3rd - 7th, 18th & 29th Floors, Alexandra House
Charter Road
Central, Hong Kong

Service Agent for A50 China Tracker and SENSEX India Tracker

HK Conversion Agency Services Limited
2nd Floor Vicwood Plaza
199 Des Voeux Road Central
Hong Kong

Auditor

PricewaterhouseCoopers
22nd Floor
Prince's Building
Central
Hong Kong

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.

MSCI, Morgan Stanley Capital International and MSCI Index are service marks of MSCI and have been licensed for use by Barclays Global Investors, N.A.

The FTSE/Xinhua A50 Index is calculated by or on behalf of FTSE/Xinhua Index Limited ("FXI"). All copyright and database rights within the index values and constituent list vests in FXI. The Manager has obtained full license from FXI to use such copyright in the creation of the A50 China Tracker. "FTSE" is a trademark jointly owned by the London Stock Exchange PLC and The Financial Times Limited. "Xinhua" is a service and trademark of Xinhua Financial Network Limited. All marks are licensed for use by FXI.

The Manager has been licensed by Bombay Stock Exchange Limited ("BSE") to use the name of SENSEX. BSE and SENSEX are trademarks of BSE.

The iShares Funds are not sponsored, endorsed, issued, sold or promoted by FXI, Morgan Stanley Capital International, Inc. or BSE, nor do these companies make any representation regarding the advisability of investing in the iShares Funds.

iShares® is a registered mark of Barclays Global Investors, N.A.

©2007 Barclays Global Investors. All rights reserved.

[This page is intentionally left blank]