

2015年6月期 中間決算短信 (2014年7月1日~2014年12月31日)

Semi-Annual Earnings Report for Fiscal Year ended June 2015 (July 1, 2014 – December 31, 2014)

2015年4月3日

April 3, 2015

ファンド名	i シェアーズ 新興国債券 ETF (バークレイズ Local EM 国債コア)	上場取引所	東
コード番号	1362	売買単位	1 口
連動対象指標	バークレイズ新興市場自国通貨建てコア国債インデックス		
主要投資資産	有価証券		
外国投資法人	i シェアーズ III パブリック・リミテッド・カンパニー		
代表者	(役職名) ディレクター	(氏名)	バリー・オドワイアー
管理会社	ブラックロック・アセット・マネジメント・アイルランド・リミテッド		
URL	http://www.blackrock.com/jp/products/271020/		
代表者	(役職名) ディレクター	(氏名)	バリー・オドワイアー
問合せ先責任者	(役職名) 代理人	(氏名)	濃川 耕平 (TEL) 03(5562)8500

Fund name:	iShares Emerging Markets Local Government Bond UCITS ETF-JDR	Listed Exchange:	TSE
Code:	1362	Trading unit:	1 unit
Underlying indicator:	Barclays Emerging Markets Local Currency Core Government Bond Index		
Primary invested assets:	Securities		
Foreign Investment Corporation:	iShares III Public Limited Company		
Representative:	(Title) Director	(Name)	Barry O'Dwyer
Management co.:	BlackRock Asset Management Ireland Limited		
URL:	http://www.blackrock.com/jp/products/271020/		
Representative:	(Title) Director	(Name)	Barry O'Dwyer
Contact person:	(Title) Attorney-in-Fact	(Name)	Kohei Koikawa (TEL) 03(5562)8500

半期報告書提出日 2015年3月31日

Scheduled date of submission of semi-annual report: March 31 2015

I ファンドの運用状況

I Fund Management

1. 2014年12月中間期の運用状況 (2014年7月1日~2014年12月31日)

1. Management Status for Half-Year Ended December 2014 (from July 1, 2014 to December 31, 2014)

(1) 信託財産である外国ETFの資産内訳

(百万円未満切捨て)

(1) Assets of Trust Asset Foreign ETF

(amounts below 1 mil. yen are disregarded)

	主要投資資産		現金・預金・その他の資産 (負債控除後)		合計 (純資産)	
	Primary Invested Assets		Cash/Deposits/Other Assets (minus liabilities)		Total (Net Assets)	
	金額 Amount	構成比 ratio	金額 Amount	構成比 ratio	金額 Amount	構成比 ratio
	百万円 JPY mil.	% %	百万円 JPY mil.	% %	百万円 JPY mil.	% %
2014年12月中間期 1st Half of the FY ended December 2014	216,958	97.04	6,612	2.96	223,571	100.00
2014年6月期 FY ended June 2014	219,837	98.96	2,314	1.04	222,152	100.00

(2) 信託財産である外国ETFの設定・交換実績

(2) Creation and Redemption of Trust Asset Foreign ETF

	前計算期間末 発行済口数 No. of Issued Units at End of Previous Calculation Period (1)	設定口数 No. of Units Created (2)	交換口数 No. of Units Redeemed (3)	当中間計算期間末 発行済口数 No. of Issued Units at End of Semi-annual Period (1)+(2)-(3)
	千口 '000 units	千口 '000 units	千口 '000 units	千口 '000 units
2014年12月中間期 1st Half of the FY ended December 2014	22,444	7,812	4,311	25,946

(3) 信託財産である外国ETFの基準価額

(3) Net Asset Value of Trust Asset Foreign ETF

	総資産 Total Assets (1)	負債 Liabilities (2)	純資産 Net Assets (3)(1)-(2))	1口当たり基準価額 Net Asset Value per unit ((3)/当中間計算期 間末(前計算期間末) 発行済口数)×1) ((3)/No. of Issued Units at End of Semi-annual Period (Previous Calculation Period))×1)
	百万円 JPY mil.	百万円 JPY mil.	百万円 JPY mil.	円 JPY
2014年12月中間期 1st Half of the FY ended December 2014	230,080	6,508	223,571	8,616.66
2014年6月期 FY ended June 2014	229,067	6,915	222,152	9,897.76

(4) 上場外国 ETF 信託受益証券に係る設定・交換実績

(4) Creation and Redemption of Listed Foreign ETF Trust Beneficiary Certificates (JDR)

	前計算期間末 発行済口数 No. of Issued Units at End of Previous Calculation Period	設定口数 No. of Units Created	交換口数 No. of Units Redeemed	当中間計算期間末(前 計算期間末) 発行済口数 No. of Issued Units at End of Semi-annual Period (Previous Calculation Period)
	(①)	(②)	(③)	(①+②-③)
	千口 '000 units	千口 '000 units	千口 '000 units	千口 '000 units
2014年12月中間期 1st Half of the FY ended December 2014	0	48,500	0	48,500

※ 上場外国 ETF 信託受益証券は 2014 年 11 月 18 日に新規に発行されたため、2014 年 12 月中間期については、2014 年 11 月 17 日～2014 年 12 月 31 日の期間に関する実績を記載しております。

※ Since the Listed Foreign ETF Trust Beneficiary Certificates (JDR) were issued on November 18, 2014, the figures regarding the Accounting Period starting November 17, 2014 and ending December 31, 2014 are described with respect to the 1st Half of the Fiscal Year ended December 2014.

(5) 上場外国 ETF 信託受益証券の分配金

(5) Dividend Payment of Listed Foreign ETF Trust Beneficiary Certificates (JDR)

2014年12月中間期 1st Half of the FY ended December 2014	1口当たり分配金 Dividend per unit
※	円 JPY
2014年12月19日 December 19, 2014	240

※ 当該期間における分配のための基準日を記載しております。

※ The record dates for distributions corresponding to the relevant period are indicated.

(注) 上記(1)～(3)の表における米ドルから日本円への換算は、1米ドル=118.25円の換算率(2015年1月30日に株式会社三菱東京UFJ銀行が公表した対顧客電信売買相場の仲値)により計算されています。

(Note) Conversion from United States dollars into Japanese yen with respect to the tables in (1) through (3) above has been made at the exchange rate of \$1 = ¥118.25 (the telegraphic transfer middle exchange rate vis-à-vis customers quoted by The Bank of Tokyo-Mitsubishi UFJ, Ltd. on January 30, 2015).

2. 信託財産である外国ETFの会計方針の変更

2. Change in Accounting Policies of Trust Asset Foreign ETF

(1) 会計基準等の改正に伴う会計方針の変更 : 無
(1) Changes accompanying revision to accounting standards, etc. : No

(2) (1)以外の会計方針の変更 : 無
(2) Changes other than those in (1) : No

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IMPORTANT INFORMATION FOR JAPANESE INVESTORS

Some funds of the Company are not authorised for distribution in Japan. Therefore this report does not contain any information with regard to these funds. However, investors are being advised that some of the information in this report has been prepared on a consolidated basis and thus also includes data of those funds, which are not authorised for the distribution to unqualified investors in or from Japan.

This interim report and unaudited financial statements (the “Report and Accounts”) may be translated into other languages. Any such translation shall only contain the same information and have the same meaning as the English language Report and Accounts. To the extent that there is any inconsistency between the English language Report and Accounts and the Report and Accounts in another language, the English language Report and Accounts will prevail, except to the extent (and only to the extent) that it is required by law of any jurisdiction where the shares are sold, that in an action based upon disclosure in a Report and Accounts in a language other than English, the language of the Report and Accounts on which such action is based shall prevail. Any disputes as to the terms of the Report and Accounts, regardless of the language of the Report and Accounts, shall be governed by and construed in accordance with the laws of Ireland.

Half yearly management report

PRINCIPAL RISKS AND UNCERTAINTIES*

The Company's investment activities expose it to the various types of risk which are associated with the financial instruments and markets in which it invests. The following information is not intended to be a comprehensive summary of all risks and investors should refer to the prospectus and supplements for a more detailed discussion of the risks inherent in investing in the Company.

The principal risks and uncertainties of the Company and related risk management policies are consistent with those disclosed in the Company's audited financial statements as at and for the year ended 30 June 2014.

Change to global exposure calculation methodology

Under the UCITS notices issued by the Central Bank of Ireland, the Investment Manager is required to employ a risk management methodology which enables it to accurately monitor, manage and calculate the global exposure of the Funds. Prior to 6 October 2014 the Investment Manager used a methodology known as "relative VaR" to calculate global exposure.

Effective 6 October 2014, the Investment Manager changed the methodology used to calculate global exposure from relative VaR to the commitment approach. The Investment Manager has concluded that the commitment approach is a more suitable methodology based on the Funds' investment strategies and risk profile.

The commitment approach is a methodology that aggregates the underlying market or notional value of financial derivative instruments to determine the global exposure of the Fund. In accordance with the UCITS notices, global exposure for a fund utilising the commitment approach must not exceed 100% of the Fund's NAV. The change in methodology does not change the way in which the Funds are managed. The Investment Manager will continue to report VaR and other relevant metrics to the Board of Directors on a quarterly basis for risk management purposes.

The Directors of the Company consider the following risks to be the principal risks and uncertainties facing the Company for the forthcoming six months:

a) Market risk

Market risk arises mainly from uncertainty about future values of financial instruments influenced by other price, currency and interest rate movements. It represents the potential loss the Company may suffer through holding market positions in the face of market movements. The Company is exposed to market risk by virtue of its

investments in equities, rights, bonds, Collective Investment Schemes (CISs), futures contracts and forward currency contracts.

i) Market risk arising from other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

The Company is exposed to market risk arising from its investments in equities, rights, bonds, CISs, futures contracts and forward currency contracts.

The movements in the prices of these investments result in movements in the performance of the Company. The investment concentrations within the portfolio are disclosed in the schedules of investments by investment type.

ii) Market risk arising from foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company may invest in securities, which as far as possible and practicable, consist of the component securities of the benchmark index of each Fund, and which may be denominated in currencies other than its reporting currency. Consequently, each Fund is exposed to the risk of currency fluctuations between the base currency of the benchmark index and the base currency of the constituent securities of the benchmark index.

The Funds may also invest in forward currency contracts and thus gain further exposure to foreign currency risk.

Exchange rate exposures are managed within parameters utilising forward currency contracts. iShares Emerging Markets Local Government Bond UCITS ETF, in line with its benchmark index, has invested in forward currency contracts to manage foreign currency risk.

The Funds, in line with their benchmarks, are unhedged and are therefore exposed to foreign currency risk.

* The information relating to principal risks and uncertainties is an integral part of the notes to the financial statements.

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PRINCIPAL RISKS AND UNCERTAINTIES* (continued)

a) Market risk (continued)

iii) Market risk arising from interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Funds are exposed to interest rate risk through their cash holdings, including margin cash held with brokers and their investments in bonds where the value of these securities may fluctuate as a result of a change in interest rates. The Funds that invest in CISs have an indirect exposure to those investments that are held by the CISs.

The Funds also have indirect exposure to interest rate risk through investments into futures contracts, whereby the value of the underlying asset may fluctuate as a result of a change in interest rates.

Movements in the prices of these investments are derived from movements in market interest rates and issuer credit-worthiness. Issuer credit worthiness and credit spreads are monitored by the Investment Manager regularly. The securities in which the Funds invest will generally have a minimum rating of investment grade from a ratings agency as set out in the investment policy of the Funds.

b) Counterparty credit risk

Counterparty credit risk is the risk that the issuer of a financial instrument will fail to fulfil an obligation or commitment that it has entered into with the Company.

A number of the Funds invest into sovereign and corporate debt. This exposes the Funds to the risk that the issuer of the bonds may default on interest or principal payments. To manage this risk, the Investment Manager invests in a wide range of securities, subject to the investment objectives of each Fund and monitors the credit ratings of the investments as disclosed in the schedules of investments.

The ratings of the debt securities are continually monitored by the BlackRock Portfolio Management Group ("PMG").

The Company is exposed to counterparty credit risk from the parties with which it trades and will bear the risk of settlement default. Counterparty credit risk to the Company arises from transactions to purchase or sell futures contracts, forward currency contracts, equities, bonds, rights and CISs.

Counterparty credit risk is monitored and managed by BlackRock's Risk and Quantitative Analysis Group ("RQA") Counterparty & Concentration Risk Team. The team is headed by BlackRock's Chief Credit Officer who reports to the Global Head of RQA. Credit authority resides with the Chief Credit Officer and selected team members to whom specific credit authority has been delegated.

As such, counterparty approvals may be granted by the Chief Credit Officer, or by identified RQA Credit Risk Officers who have been formally delegated authority by the Chief Credit Officer.

The BlackRock RQA Counterparty & Concentration Risk Team completes a formal review of each new counterparty, monitors and reviews all approved counterparties on an ongoing basis and maintains an active oversight of counterparty exposures and the collateral management process.

The Company's holdings in futures contracts expose the Company to counterparty credit risk. The exposure is limited by trading the contracts through a clearing house. The Company's exposure to counterparty credit risk on contracts in which it currently has a gain position is reduced by such gains received in cash from the counterparty under the daily mark-to-market mechanism on exchange traded futures contracts (variation margin). The Company's exposure to counterparty credit risk on contracts in which it currently has a loss position is equal to the amount of margin posted to the counterparty which has not been transferred to the exchange under the daily mark-to-market mechanism. The counterparty for futures contracts is Barclay's Plc. The long term credit rating of Barclay's Plc as at 31 December 2014, is A- (30 June 2014: A- (31 December 2013: A- (Standard and Poor's rating).

Margin is paid or received on futures contracts to cover any exposure by the counterparty or the Company to each other. "Margin cash account" on the balance sheet consists of margin receivable from or payable to the Company's clearing brokers and various counterparties.

The Company's holdings in forward currency contracts also expose the Company to counterparty credit risk. The Company's maximum exposure to counterparty credit risk from holding forward currency contracts will be equal to the notional amount of the currency and any net unrealised gains as disclosed in the schedules of investments.

* The information relating to principal risks and uncertainties is an integral part of the notes to the financial statements.

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PRINCIPAL RISKS AND UNCERTAINTIES* (continued)

b) Counterparty credit risk (continued)

Forward currency contracts do not require variation margins and thus the counterparty credit risk is monitored through the BlackRock RQA Counterparty & Concentration Risk Team who monitor the creditworthiness of the counterparty. The counterparties for forward currency contracts are disclosed in the schedules of investments.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

Counterparty credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used. The Company monitors the credit rating and financial position of the brokers used to further mitigate this risk.

The Company is indirectly exposed to the counterparty credit risk within each CIS from the parties with whom each CIS trades. Each CIS is subject to the same control procedures that the Investment Manager employs on the Company.

The Company's Custodian is State Street Custodial Services (Ireland) Limited (the "Custodian"). The majority of the investments are held by same at period end. Investments are segregated from the assets of the Custodian, with ownership rights remaining with the Company. Bankruptcy or insolvency of the Custodian may cause the Company's rights with respect to its investments held by the Custodian to be delayed or limited. The maximum exposure to this risk is the amount of long investments disclosed in the schedules of investments.

The Custodian has appointed State Street Bank and Trust Company (the "Sub-Custodian") as its global Sub-Custodian. Substantially all of the cash of the Company is held with the Sub-Custodian.

The Funds' cash balances are held by the Sub-Custodian in its account together with its own cash balances and with those cash balances that are held on behalf of other clients. The Funds' cash balances are separately identified within the records of the Sub-Custodian.

In respect of the cash held by the Sub-Custodian or other depositaries it appoints, the Company will be exposed to the credit risk of the Sub-Custodian or those depositaries. In the event of the insolvency or bankruptcy of the Sub-Custodian or other depositaries, the Company

will be treated as a general creditor of the Sub-Custodian or the depositaries.

To mitigate the Company's exposure to the Custodian, the Investment Manager employs specific procedures to ensure that the Custodian is a reputable institution and that the counterparty credit risk is acceptable to the Company. The Company only transacts with Custodians that are regulated entities subject to prudential supervision, or with "high credit ratings" assigned by international credit rating agencies.

The long term credit rating of the parent company of the Custodian and Sub-Custodian, State Street Corporation, as at 31 December 2014, is A+ (30 June 2014: A+) (31 December 2013: A+) (Standard and Poor's rating).

In order to further mitigate the Company's counterparty credit risk exposure to the Sub-Custodian or depositary banks, the Company may enter into additional arrangements such as the placing of residual cash in a money market CIS, for example Institutional Cash Series Plc ("ICS").

ICS is a BlackRock umbrella Fund and an open-ended investment company with variable capital incorporated in Ireland and having segregated liability between its sub-funds. ICS is authorised as an undertaking for collective investment in transferable securities (UCITS).

Prior to the dividend payment date for the distributing funds, cash, equal to the dividend payable by the Company to shareholders will be transferred from the Company's cash accounts with the Custodian to client asset accounts held with Computershare Investor Services (Ireland) Limited (the "Registrar"). The Registrar is responsible for making dividend payments to shareholders invested in distributing Funds and it will do so out of the monies held in client asset accounts.

While dividend monies are held with the Registrar in the form of cash, the Company will have counterparty credit risk exposure to the Registrar and any depositary bank with which the Registrar maintains cash accounts for the benefit of the Company.

The Company has sought to mitigate its counterparty credit risk exposure to the Registrar in terms of dividend monies by agreeing with the Registrar that the cash accounts held with the Registrar would be operated as client asset accounts in accordance with the requirements of the Central Bank of Ireland and the Registrar's authorisation under the European Communities (Markets in Financial Instruments Directive) Regulations 2007 (MiFID).

* The information relating to principal risks and uncertainties is an integral part of the notes to the financial statements.

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PRINCIPAL RISKS AND UNCERTAINTIES* (continued)

b) Counterparty credit risk (continued)

In order to further mitigate the Company's counterparty credit risk exposure to depositary banks with which dividend monies are held, the Company has put in place arrangements with the Registrar to invest some or all of the dividend monies in money market CISs (which may include CISs managed by the Manager and/or its affiliates) during part of the period in which dividend monies are held with the Registrar pending payment to shareholders.

These arrangements include the Registrar holding the units in the money market CISs for the benefit of the Company on a segregated basis, separate from the Registrar's own assets. This is because, while securities may be ring-fenced in segregated accounts, cash is usually held by depositary banks on a commingled basis and, in the event of insolvency of a depositary bank, a cash account holder would usually be treated as a general creditor of the depositary bank.

The CISs with which dividend monies may be invested may comprise sub-funds in ICS which invest in money market instruments.

The Company engages in security lending activities which expose the Funds to counterparty credit risk. The maximum exposure to each Fund is equal to the value of the securities loaned in accordance with note 5 of the notes to the financial statements of the Company. To mitigate this risk, the Funds receive securities as collateral (financial instruments) equal to a certain percentage of the value of the securities loaned and BlackRock provides the Funds with indemnification against borrower default as disclosed in note 5.

The securities lending borrowers that received securities on loan during the period included: Barclay's Bank Plc, BNP Paribas, Citigroup Global Markets Ltd (Euroclear), Credit Suisse Securities (Europe) Ltd (Euroclear), Deutsche Bank AG, Goldman Sachs International, HSBC Bank Plc, JP Morgan Securities Plc (Euroclear), Merrill Lynch International, Morgan Stanley & Co. International Plc, Nomura International Plc, Société Générale, The Bank of Nova Scotia and UBS AG (Euroclear).

The carrying value of financial assets together with cash best represents the Company's gross maximum exposure to credit risk at the reporting date, before including the effect of International Swaps and Derivatives Association, Inc. ("ISDA") master agreements and close-out netting, which would reduce the overall counterparty credit risk exposure.

Cash held as security by the counterparty to derivative contracts is subject to the credit risk of the counterparty. There were no past due

or impaired assets as at 31 December 2014, 30 June 2014 and 31 December 2013.

c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting its obligations associated with financial liabilities.

Liquidity risk to the Company arises from the redemption requests of investors and the liquidity of the underlying investments the Company is invested in. The Company's shareholders may redeem their shares on the close of any daily dealing deadline for cash equal to a proportionate share of the Company's net asset value. The Company is therefore potentially exposed to the liquidity risk of meeting the shareholders' redemptions and may need to sell assets at prevailing market prices to meet liquidity demands. It is also exposed to the liquidity risk of daily margin calls on derivatives.

Liquidity risk is minimised by holding sufficient liquid investments which can be readily realised to meet liquidity demands. To manage this risk, provisions relating to the redemption of shares grant the Company discretion to limit the amount of shares available for redemption on any Dealing Day to 10% of the shares in issue in respect of any fund and, in conjunction with such limitations, to defer or pro rata such redemption.

In addition, where requests for subscriptions or redemptions are received late, there will be a delay between the time of submission of the request and the actual date of subscription or redemption. Such deferrals or delays may operate to decrease the number of shares or the redemption amount to be received. Any deferred redemption requests shall be treated in priority to any redemption requests received on subsequent dealing days. In any event settlement for redemptions will normally be made within fourteen days of the day on which the redemption request is made.

The Company's liquidity risk is managed on a daily basis by the Investment Manager in accordance with established policies and procedures in place. The portfolio managers review daily forward-looking cash reports which project cash obligations. These reports allow them to manage their cash obligations.

* The information relating to principal risks and uncertainties is an integral part of the notes to the financial statements.

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SIGNIFICANT RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or is able to exercise significant influence over the other party, in making financial or operational decisions.

The following entities were related parties to the Company during the period ended 31 December 2014:

Board of Directors of the Company

Manager:	BlackRock Asset Management Ireland Limited
Investment Manager:	BlackRock Advisors (UK) Limited
Sub-Investment Managers:	BlackRock Financial Management, Inc. BlackRock (Singapore) Limited
Securities lending agent:	BlackRock Advisors (UK) Limited

The ultimate holding Company of the Manager, Investment Manager and Sub-Investment Managers is BlackRock Inc., a company incorporated in Delaware USA. PNC Financial Services Group, Inc. ("PNC") is a substantial shareholder in BlackRock Inc. PNC did not provide any services to the Company during the period ended 31 December 2014, year ended 30 June 2014 and period ended 31 December 2013.

When arranging transactions in securities for the Company, affiliates of PNC may provide securities brokerage, foreign exchange, banking and other services, or may act as principal, on their usual terms and may benefit therefrom. Commissions have been paid to brokers and agents in accordance with the relevant market practice and the benefit of any bulk or other commission discounts or cash commissions rebates provided by brokers or agents have been passed on to the Company. The services of PNC companies could have been used by the Investment Manager where it is considered appropriate to do so provided that their commissions and other terms of business are generally comparable with those available from unassociated brokers and agents in the markets concerned, and this is consistent with the above policy of obtaining best net results.

Fees payable to the Manager and Investment Manager are paid out of the TER charged to the Funds. These fees form part of the TER included in the operating expenses which are included in the income statement. The Investment Manager will discharge the fees and expenses of the Sub-Investment Managers. The Securities Lending Agent pays the securities lending income to the Funds net of their fees.

Details of soft commission arrangements with related parties are disclosed in note 2 of the notes to the financial statements of the Company.

Barry O'Dwyer is a non-executive Director of the Manager.

With the exception of Paul McNaughton and Paul McGowan all Directors are also employees of the BlackRock Group.

The Directors of the Company and the Manager who are also employees of the BlackRock Group are not entitled to receive Directors' fees.

Each of the Directors of the Company at the period end also serve on the Board of a number of BlackRock Funds.

On her appointment as a non-executive Director on 31 March 2013 Cora O'Donohoe held either directly or indirectly the following redeemable participating shares:

Fund	Participating Shares
iShares MSCI Emerging Markets	
SmallCap UCITS ETF	159
iShares MSCI Japan SmallCap UCITS ETF (Inc)	389

The above shareholding had not changed as at 31 December 2014.

Computershare Investor Services (Ireland) Limited (the "Registrar") can invest distribution monies in Institutional Cash Series Plc ("ICS"), a BlackRock umbrella fund and open-ended investment company with variable capital incorporated in Ireland. ICS holds these distribution monies for a short duration pending payment to shareholders. Residual cash held by the Funds was also invested in ICS during the year.

Investments in Funds managed by BlackRock Asset Management Ireland Limited are marked on the relevant Funds' schedule of investments. No management fees are incurred as a result of any of the investments in ICS.

Significant Holdings

The Company had no shareholders with holdings of voting shares greater than 20% or any shareholders who are considered to be related parties as at the period ended 31 December 2014, year ended 30 June 2014 and period ended 31 December 2013.

All related party transactions were carried out at arm's length in the ordinary course of business. The terms and returns received by the related parties in making the investments were no more favourable than those received by other investors investing into the same share classes.

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SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

Significant Holdings (continued)

No provisions have been recognised by the Funds against amounts due from related parties at the period end date (30 June 2014: Nil, 31 December 2013: Nil).

No amounts have been written off in the period in respect of amounts due to or from related parties (30 June 2014: Nil, 31 December 2013: Nil).

No commitments secured or unsecured or guarantees have been entered into with related parties during the period (30 June 2014: Nil, 31 December 2013: Nil).

Securities Lending

The security lending agent appointed pursuant to the securities lending agreement is BlackRock Advisors (UK) Limited which is a related party to the Company.

The Funds benefit from a borrower default indemnity provided by BlackRock Inc. The indemnity allows for full replacement of securities lent. BlackRock Inc. bears all operational costs directly related to securities loan transactions as well as the cost of indemnification against borrower default.

See further information in note 5: Efficient portfolio management in the notes to the financial statements of the Company.

INCOME STATEMENT (unaudited)

For the period ended 31 December 2014

	Note	Period ended 31 December 2014 €'000	Year ended 30 June 2014 €'000	Period ended 31 December 2013 €'000
Operating income		245,858	389,643	172,774
Net (losses)/gains on financial assets/liabilities at fair value through profit or loss		(165,738)	880,116	321,151
Total gains		80,120	1,269,759	493,925
Operating expenses		(26,491)	(39,657)	(18,936)
Net operating profit		53,629	1,230,102	474,989
Finance costs:				
Distributions to redeemable participating shareholders	6	(167,205)	(276,832)	(125,095)
Interest expense		(38)	(52)	(23)
Total finance costs		(167,243)	(276,884)	(125,118)
Net (loss)/profit for the financial period/year before tax		(113,614)	953,218	349,871
Capital gains tax		(557)	(38)	(632)
Non-reclaimable withholding tax		(6,608)	(10,315)	(3,370)
Net (loss)/profit for the financial period/year after tax		(120,779)	942,865	345,869
Adjustment to align to the valuation methodology as set out in the prospectus		6,063	(2,148)	(859)
(Decrease)/increase in net assets attributable to redeemable participating shareholders from operations		(114,716)	940,717	345,010

There are no recognised gains or losses arising in the period/year other than those dealt with in the income statement. In arriving at the results of the financial period/year, all amounts relate to continuing operations, except for amounts relating to discontinued operations on iShares Developed World ex-UK UCITS ETF and iShares MSCI Europe ex-EMU UCITS ETF which closed on 24 October 2013 and discontinued operations on iShares S&P 500 UCITS ETF (Acc), iShares MSCI Canada UCITS ETF and iShares EURO STOXX 50 UCITS ETF (Acc) which closed during the period. (See further details in the background section.)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO REDEEMABLE PARTICIPATING SHAREHOLDERS (unaudited)

For the period ended 31 December 2014

	Period ended 31 December 2014 €'000	Year ended 30 June 2014 €'000	Period ended 31 December 2013 €'000
Net assets attributable to redeemable participating shareholders at the beginning of the period/year	18,807,447	11,905,976	11,905,976
Notional foreign exchange adjustment*	893,262	(106,978)	(185,691)
(Decrease)/increase in net assets attributable to redeemable participating shareholders from operations	(114,716)	940,717	345,010
Share transactions:			
Proceeds from issue of redeemable participating shares	7,286,721	8,637,471	3,283,626
Payments on redemption of redeemable participating shares	(2,770,267)	(2,569,739)	(1,185,895)
Transfer due to mergers into the Company**	182,660	-	-
Transfer due to mergers out of the Company**	(1,652,474)	-	-
Increase in net assets resulting from share transactions	3,046,640	6,067,732	2,097,731
Net assets attributable to redeemable participating shareholders at the end of the period/year	22,632,633	18,807,447	14,163,026

* The notional foreign exchange adjustment arises from the retranslation of the net assets at the beginning of the period using the exchange rate as at 31 December 2014. The average rate for the period is applied to the income statement items and share transactions (See note 4).

** Please see details of Fund Mergers in the background section.

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET (unaudited)

As at 31 December 2014

	Note	31 December 2014 €'000	30 June 2014 €'000	31 December 2013 €'000
CURRENT ASSETS				
Cash and cash equivalents		138,209	150,372	53,359
Margin cash account		527	1,066	927
Receivables		565,567	241,228	386,392
Financial assets at fair value through profit or loss	8	22,315,062	18,679,394	13,909,057
Total current assets		23,019,365	19,072,060	14,349,735
CURRENT LIABILITIES				
Bank overdraft		(475)	-	(397)
Margin cash account		(7)	-	(30)
Payables		(215,507)	(93,607)	(64,749)
Distributions payable to redeemable participating shareholders		(183,222)	(177,646)	(129,465)
Financial liabilities at fair value through profit or loss	8	(289)	(65)	(62)
Total current liabilities excluding net assets attributable to redeemable participating shareholders		(399,500)	(271,318)	(194,703)
Net assets attributable to redeemable participating shareholders		22,619,865	18,800,742	14,155,032
Adjustment to align to the valuation methodology as set out in the prospectus		12,768	6,705	7,994
Net asset value attributable to redeemable participating shareholders at the end of the period/year		22,632,633	18,807,447	14,163,026

The accompanying notes form an integral part of these financial statements.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS OF THE COMPANY

For the period ended 31 December 2014

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies and estimation techniques are consistent with those applied to the previous annual financial statements.

Statement of Compliance

The financial statements are prepared in accordance with the Financial Reporting Council Statement on Half-Yearly Financial Reports issued in July 2007.

The Company will continue as a going concern and all other Funds have been prepared on a going concern basis.

2. SOFT COMMISSIONS

There were no soft commissions arrangements entered into by the Investment Manager on behalf of the Company during the period ended 31 December 2014 (30 June 2014: Nil, 31 December 2013: Nil).

3. COMMITMENTS AND CONTINGENT LIABILITIES

There were no significant commitments or contingent liabilities at the period ended 31 December 2014, year ended 30 June 2014 or period ended 31 December 2013 other than those disclosed in the financial statements of the Funds.

4. EXCHANGE RATES

The rates of exchange ruling at 31 December 2014, 30 June 2014 and 31 December 2013 were:

		31 December 2014	30 June 2014	31 December 2013
EUR1=	CHF	1.2024	1.2142	1.2255
	DKK	7.4463	7.4553	7.4604
	GBP	0.7760	0.8007	0.8320
	NOK	9.0724	8.4015	8.3598
	PLN	4.2981	4.1577	4.1579
	SEK	9.4726	9.1532	8.8500
	USD	1.2101	1.3692	1.3779
GBP1=	EUR	1.2886	1.2488	1.2020
	USD	1.5592	N/A	1.6562
USD1=	AED	3.6730	3.6728	3.6730
	AUD	1.2220	1.0595	1.1178
	BHD	0.3770	0.3771	0.3770
	BRL	2.6582	2.2041	2.3593
	CAD	1.1583	1.0652	1.0625
	CHF	0.9937	0.8868	0.8894

	31 December 2014	30 June 2014	31 December 2013
CLP	606.8500	553.6700	525.4500
CNH	6.2179	N/A	6.0592
CNY	6.2040	6.2072	6.0539
COP	2,376.5000	1,879.7500	1,932.0000
CZK	22.9040	20.0490	19.8647
DKK	6.1538	5.4452	5.4141
EGP	7.1501	7.1501	6.9486
EUR	0.8264	0.7304	0.7257
GBP	0.6413	0.5848	0.6038
HKD	7.7549	7.7504	7.7538
HUF	260.9397	226.0600	215.5921
IDR	12,385.0000	11,855.0000	12,170.0000
ILS	3.8915	3.4288	3.4710
INR	63.1225	60.1450	61.8550
JPY	119.8950	101.3050	105.1050
KRW	1,099.1500	1,011.8000	1,055.3500
KWD	0.2929	0.2816	0.2824
MXN	14.7398	12.9730	13.0972
MYR	3.4965	3.2110	3.2755
NOK	7.4976	6.1363	6.0669
NZD	1.2794	1.1421	1.2150
OMR	0.3850	0.3850	0.3850
PEN	2.9765	2.7930	2.7967
PHP	44.7325	43.6500	44.3825
PLN	3.5520	3.0367	3.0175
QAR	3.6414	3.6406	3.6415
RON	3.7054	3.2018	3.2396
RUB	60.0000	34.0524	32.8600
SEK	7.8283	6.6854	6.4226
SGD	1.3251	1.2467	1.2626
THB	32.9000	32.4550	32.8600
TRY	2.3378	2.1203	2.1485
TWD	31.6020	29.8580	29.8035
ZAR	11.5688	10.6388	10.4738

The average daily rates of exchange for each period/year end were:

		31 December 2014	30 June 2014	31 December 2013
EUR1=	GBP	0.7914	0.8343	0.8475
	USD	1.2872	1.3564	1.3425

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS OF THE COMPANY (continued)

For the period ended 31 December 2014

5. EFFICIENT PORTFOLIO MANAGEMENT

During the period the Company engaged in securities lending. The Company may, subject to the conditions and within the limits from time to time laid down by the Central Bank of Ireland and the prospectus, engage in securities lending and employ techniques and instruments relating to transferable securities for efficient portfolio management purposes.

The Company receives either cash collateral or securities as collateral, as determined within the schedule, for a value in excess of the market value of the securities loaned. As at the period ended 31 December 2014, year ended 30 June 2014 and period ended 31 December 2013 the collateral consists of securities admitted to or dealt on a regulated market.

The collateral is registered and held in the name of BlackRock Advisors (UK) Limited on behalf of the Funds in any or all of the following collateral agents and central securities depositories: JP Morgan Chase, Bank of New York Mellon Corporation, Euroclear or CREST, depending on the type of collateral the counterparty needs to give as per the schedule in order to cover the required value of exposure. Further details can be seen on page 24.

The Investment Manager monitors the fair value of the securities loaned and additional collateral is obtained, if necessary.

The securities lending agent appointed pursuant to the stock lending agreement is BlackRock Advisors (UK) Limited. Until 30 April 2014 securities lending income was split between the Fund and the securities lending agent in a ratio of 60:40 in favour of the Fund. Effective 1 May 2014 the ratio changed to 62.5:37.5 in favour of the Fund, with all operational costs borne out of the securities lending agents share.

	31 December 2014 €'000	30 June 2014 €'000	31 December 2013 €'000
Income earned during period/year	2,279	3,166	1,433
Value of securities on loan at the end of period/year end	898,613	1,548,990	1,303,905
Value of collateral held on behalf of the Company at the end of the period/year end	974,518	1,896,394	1,426,119

Please see note 9 for more information on financial derivative instruments.

6. DISTRIBUTION TO REDEEMABLE PARTICIPATING SHAREHOLDERS

The Company may declare and pay dividends on any distributing class of shares in the Company.

Distributions declared during the period/year were as follows:

	Period ended 31 December 2014 €'000	Year ended 30 June 2014 €'000	Period ended 31 December 2013 €'000
September 2013	-	3,378	3,413
December 2013	-	129,888	130,030
March 2014	-	2,417	-
May 2014	-	1,005	-
June 2014	-	177,649	-
September 2014	3,809	-	-
December 2014	179,862	-	-
	183,671	314,337	133,443
Equalisation income	(27,538)	(48,110)	(13,017)
Equalisation expense	11,072	10,605	4,669
	167,205	276,832	125,095

7. SHARE CAPITAL

The issued and fully paid redeemable participating share capital is at all times equal to the net asset value of the Company. Redeemable participating shares are redeemable at the shareholders' option and are classified as financial liabilities.

Redeemable Participating Shares - issued and fully paid

Number of redeemable participating shares:	No. of Shares
As at 31 December 2014	314,140,314
As at 30 June 2014	284,694,216
As at 31 December 2013	212,239,044

Authorised

The authorised share capital of the Company is €2 divided into 2 subscriber shares of a par value of €1 each and 500 billion participating shares of no par value initially designated as unclassified shares.

Subscriber shares

The subscriber shares have been issued to the Manager and nominees of the Manager. They do not form part of the net asset value of the Company. They are thus disclosed in the financial statements by way of this note only. In the opinion of the Directors this disclosure reflects the nature of the Company's investment business.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS OF THE COMPANY (continued)

For the period ended 31 December 2014

8. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2014 €'000	30 June 2014 €'000	31 December 2013 €'000
Financial assets:			
Investment in equities	4,994,357	4,827,630	3,392,500
Investment in bonds	17,221,973	13,673,298	10,509,632
Investment in rights	143	136	169
Investment in UCITS collective investment schemes	98,418	178,133	6,223
Unrealised gains on forward currency contracts	-	78	20
Unrealised gains on futures contracts	171	119	513
	22,315,062	18,679,394	13,909,057
Financial liabilities:			
Unrealised losses on forward currency contracts	(220)	(18)	(61)
Unrealised losses on futures contracts	(69)	(47)	(1)
	(289)	(65)	(62)

9. FINANCIAL DERIVATIVE INSTRUMENTS

The Company may buy and sell financial derivative instruments. See further details in the individual Fund's Schedule of Investments.

10. SUBSEQUENT EVENTS

Funds which are not authorised for public distribution in or from Japan, that have launched subsequent to the period ended 31 December 2014 have been omitted from this note..

11. APPROVAL DATE

The financial statements were approved by the Directors on 26 February 2015.

iShares Emerging Markets Local Government Bond UCITS ETF

INCOME STATEMENT (unaudited)

For the period ended 31 December 2014

	Period ended 31 December 2014 \$'000	Year ended 30 June 2014 \$'000	Period ended 31 December 2013 \$'000
Operating income	62,264	66,186	31,300
Net losses on financial assets/liabilities at fair value through profit or loss	(280,903)	(35,705)	(66,180)
Total (losses)/gains	(218,639)	30,481	(34,880)
Operating expenses	(4,973)	(5,454)	(2,609)
Net operating (loss)/profit	(223,612)	25,027	(37,489)
Finance costs:			
Distributions to redeemable participating shareholders	(50,334)	(59,252)	(26,434)
Interest expense	(6)	(17)	(12)
Total finance costs	(50,340)	(59,269)	(26,446)
Net loss for the financial period/year before tax	(273,952)	(34,242)	(63,935)
Capital gains tax	(486)	(46)	(740)
Non-reclaimable withholding tax	(1,605)	(1,575)	-
Net loss for the financial period/year after tax	(276,043)	(35,863)	(64,675)
Decrease in net assets attributable to redeemable participating shareholders from operations	(276,043)	(35,863)	(64,675)

There are no recognised gains or losses arising in the period/year other than those dealt with in the income statement. In arriving at the results of the financial period/year, all amounts relate to continuing operations.

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO REDEEMABLE PARTICIPATING SHAREHOLDERS (unaudited)

For the period ended 31 December 2014

	Period ended 31 December 2014 \$'000	Year ended 30 June 2014 \$'000	Period ended 31 December 2013 \$'000
Net assets attributable to redeemable participating shareholders at the beginning of the period/year	1,878,664	917,052	917,052
Decrease in net assets attributable to redeemable participating shareholders from operations	(276,043)	(35,863)	(64,675)
Share transactions:			
Proceeds from issue of redeemable participating shares	621,292	1,341,614	290,898
Payments on redemption of redeemable participating shares	(333,245)	(344,139)	(126,074)
Increase in net assets resulting from share transactions	288,047	997,475	164,824
Net assets attributable to redeemable participating shareholders at the end of the period/year	1,890,668	1,878,664	1,017,201

The accompanying notes form an integral part of these financial statements.

iShares Emerging Markets Local Government Bond UCITS ETF

BALANCE SHEET (unaudited)

As at 31 December 2014

	Note	31 December 2014 \$'000	30 June 2014 \$'000	31 December 2013 \$'000
CURRENT ASSETS				
Cash and cash equivalents		13,669	40,859	12,260
Receivables		97,026	37,170	63,807
Financial assets at fair value through profit or loss	3	1,835,015	1,859,114	982,795
Total current assets		1,945,710	1,937,143	1,058,862
CURRENT LIABILITIES				
Payables		(2,910)	(4,138)	(13,494)
Distributions payable to redeemable participating shareholders		(51,865)	(54,316)	(28,083)
Financial liabilities at fair value through profit or loss	3	(267)	(25)	(84)
Total current liabilities excluding net assets attributable to redeemable participating shareholders		(55,042)	(58,479)	(41,661)
Net asset value attributable to redeemable participating shareholders at the end of the period/year		1,890,668	1,878,664	1,017,201

The accompanying notes form an integral part of these financial statements. Details of the NAV per share are set out in note 2.

iShares Emerging Markets Local Government Bond UCITS ETF

SCHEDULE OF INVESTMENTS (unaudited)

As at 31 December 2014

Holding	Investment	Fair value \$'000	% of net asset value
Transferable Securities Admitted to an Official Stock Exchange Listing or traded on a Regulated Market			
Bonds			
Brazil			
Government bonds: BBB+ rating			
151,330,000	Brazil Notas do Tesouro Nacional Serie F 10% 01/01/2017	54,238	2.87
32,300,000	Brazil Notas do Tesouro Nacional Serie F 10% 01/01/2018	11,388	0.60
15,200,000	Brazil Notas do Tesouro Nacional Serie F 10% 01/01/2019	5,289	0.28
134,670,000	Brazil Notas do Tesouro Nacional Serie F 10% 01/01/2021	45,778	2.42
112,900,000	Brazil Notas do Tesouro Nacional Serie F 10% 01/01/2023	37,681	1.99
53,000,000	Brazil Notas do Tesouro Nacional Serie F 10% 01/01/2025	17,472	0.93
Government bonds: BBB- rating			
6,000,000	Brazilian Government International Bond 8.5% 05/01/2024	2,065	0.11
10,080,000	Brazilian Government International Bond 10.25% 10/01/2028	3,792	0.20
5,500,000	Brazilian Government International Bond 12.5% 05/01/2016	2,085	0.11
4,380,000	Brazilian Government International Bond 12.5% 05/01/2022	1,807	0.10
Total Brazil		181,595	9.61
Chile			
Government bonds: AA- rating			
1,420,000,000	Chile Government International Bond 5.5% 05/08/2020	2,453	0.13
Total Chile		2,453	0.13
Colombia			
Government bonds: BBB rating			
3,050,000,000	Colombia Government International Bond 4.375% 21/03/2023	1,136	0.06
8,350,000,000	Colombia Government International Bond 7.75% 14/04/2021	3,804	0.20
6,150,000,000	Colombia Government International Bond 9.85% 28/06/2027	3,276	0.18
Total Colombia		8,216	0.44
Hungary			
Government bonds: BB rating			
1,957,300,000	Hungary Government Bond 4% 25/04/2018	7,771	0.41
985,000,000	Hungary Government Bond 5.5% 12/02/2016	3,939	0.21
1,855,000,000	Hungary Government Bond 5.5% 22/12/2016	7,591	0.40

Holding	Investment	Fair value \$'000	% of net asset value
Hungary (cont)			
Government bonds: BB rating (cont)			
2,372,300,000	Hungary Government Bond 5.5% 20/12/2018	9,951	0.53
1,550,000,000	Hungary Government Bond 5.5% 24/06/2025	6,869	0.36
2,840,000,000	Hungary Government Bond 6% 24/11/2023	12,897	0.68
4,136,000,000	Hungary Government Bond 6.5% 24/06/2019	18,089	0.96
2,053,470,000	Hungary Government Bond 6.75% 24/02/2017	8,610	0.45
3,052,000,000	Hungary Government Bond 6.75% 24/11/2017	13,065	0.69
2,531,000,000	Hungary Government Bond 7% 24/06/2022	11,909	0.63
2,575,000,000	Hungary Government Bond 7.5% 12/11/2020	12,063	0.64
Total Hungary		112,754	5.96
Indonesia			
Government bonds: BB+ rating			
65,000,000,000	Indonesia Treasury Bond 5.25% 15/05/2018	4,863	0.26
84,400,000,000	Indonesia Treasury Bond 5.625% 15/05/2023	5,872	0.31
72,500,000,000	Indonesia Treasury Bond 6.125% 15/05/2028	4,854	0.26
72,000,000,000	Indonesia Treasury Bond 6.25% 15/04/2017	5,659	0.30
26,150,000,000	Indonesia Treasury Bond 6.375% 15/04/2042	1,605	0.08
121,000,000,000	Indonesia Treasury Bond 6.625% 15/05/2033	8,172	0.43
67,710,000,000	Indonesia Treasury Bond 7% 15/05/2022	5,248	0.28
57,050,000,000	Indonesia Treasury Bond 7% 15/05/2027	4,215	0.22
90,000,000,000	Indonesia Treasury Bond 7.375% 15/09/2016	7,231	0.38
145,069,000,000	Indonesia Treasury Bond 7.875% 15/04/2019	11,786	0.62
57,230,000,000	Indonesia Treasury Bond 8.25% 15/07/2021	4,736	0.25
104,360,000,000	Indonesia Treasury Bond 8.25% 15/06/2032	8,447	0.45
239,239,000,000	Indonesia Treasury Bond 8.375% 15/03/2024	20,041	1.06
41,850,000,000	Indonesia Treasury Bond 8.375% 15/09/2026	3,459	0.18
206,739,000,000	Indonesia Treasury Bond 8.375% 15/03/2034	16,826	0.89
25,000,000,000	Indonesia Treasury Bond 8.75% 15/02/2044	2,036	0.11

iShares Emerging Markets Local Government Bond UCITS ETF

SCHEDULE OF INVESTMENTS (unaudited) (continued)

As at 31 December 2014

Holding	Investment	Fair value \$'000	% of net asset value	Holding	Investment	Fair value \$'000	% of net asset value
Bonds (cont)				Malaysia (cont)			
Indonesia (cont)				Government bonds: A rating (cont)			
Government bonds: BB+ rating (cont)				26,460,000	Malaysia Government Bond 3.58% 28/09/2018	7,494	0.40
179,000,000,000	Indonesia Treasury Bond 9% 15/03/2029	15,479	0.82	36,500,000	Malaysia Government Bond 3.654% 31/10/2019	10,353	0.55
37,560,000,000	Indonesia Treasury Bond 9.5% 15/07/2023	3,301	0.17	9,650,000	Malaysia Government Bond 3.733% 15/06/2028	2,577	0.14
91,870,000,000	Indonesia Treasury Bond 9.5% 15/07/2031	8,234	0.44	15,900,000	Malaysia Government Bond 3.814% 15/02/2017	4,565	0.24
35,170,000,000	Indonesia Treasury Bond 9.5% 15/05/2041	3,088	0.16	12,000,000	Malaysia Government Bond 3.844% 15/04/2033	3,149	0.17
18,080,000,000	Indonesia Treasury Bond 10% 15/07/2017	1,538	0.08	21,372,000	Malaysia Government Bond 3.889% 31/07/2020	6,073	0.32
33,000,000,000	Indonesia Treasury Bond 10% 15/09/2024	3,002	0.16	15,554,000	Malaysia Government Bond 3.892% 15/03/2027	4,261	0.22
44,400,000,000	Indonesia Treasury Bond 10% 15/02/2028	4,069	0.22	33,150,000	Malaysia Government Bond 4.012% 15/09/2017	9,563	0.51
45,430,000,000	Indonesia Treasury Bond 10.25% 15/07/2022	4,127	0.22	23,189,000	Malaysia Government Bond 4.048% 30/09/2021	6,630	0.35
47,595,000,000	Indonesia Treasury Bond 10.25% 15/07/2027	4,485	0.24	9,800,000	Malaysia Government Bond 4.127% 15/04/2032	2,621	0.14
58,080,000,000	Indonesia Treasury Bond 10.5% 15/08/2030	5,569	0.29	27,360,000	Malaysia Government Bond 4.16% 15/07/2021	7,873	0.42
39,580,000,000	Indonesia Treasury Bond 10.5% 15/07/2038	3,811	0.20	30,642,000	Malaysia Government Bond 4.181% 15/07/2024	8,796	0.46
16,100,000,000	Indonesia Treasury Bond 10.75% 15/05/2016	1,355	0.07	13,000,000	Malaysia Government Bond 4.232% 30/06/2031	3,599	0.19
57,885,000,000	Indonesia Treasury Bond 11% 15/11/2020	5,332	0.28	33,719,000	Malaysia Government Bond 4.24% 07/02/2018	9,773	0.52
72,252,000,000	Indonesia Treasury Bond 11% 15/09/2025	7,088	0.38	44,427,000	Malaysia Government Bond 4.262% 15/09/2016	12,864	0.68
29,975,000,000	Indonesia Treasury Bond 12.8% 15/06/2021	3,000	0.16	45,950,000	Malaysia Government Bond 4.378% 29/11/2019	13,414	0.71
29,990,000,000	Indonesia Treasury Bond 12.9% 15/06/2022	3,071	0.16	25,510,000	Malaysia Government Bond 4.392% 15/04/2026	7,374	0.39
	Total Indonesia	191,599	10.13	20,300,000	Malaysia Government Bond 4.498% 15/04/2030	5,847	0.31
	Malaysia			10,000,000	Malaysia Government Bond 4.935% 30/09/2043	2,920	0.15
	Government bonds: A rating			8,706,000	Malaysia Government Bond 5.248% 15/09/2028	2,699	0.14
21,308,000	Malaysia Government Bond 3.172% 15/07/2016	6,057	0.32	17,732,000	Malaysia Government Bond 5.734% 30/07/2019	5,475	0.29
21,800,000	Malaysia Government Bond 3.26% 01/03/2018	6,129	0.32		Total Malaysia	189,686	10.03
29,950,000	Malaysia Government Bond 3.314% 31/10/2017	8,487	0.45		Mexico		
25,600,000	Malaysia Government Bond 3.394% 15/03/2017	7,281	0.38		Government bonds: A rating		
23,280,000	Malaysia Government Bond 3.418% 15/08/2022	6,351	0.34	250,400,000	Mexican Bonos 4.75% 14/06/2018	16,969	0.90
30,000,000	Malaysia Government Bond 3.48% 15/03/2023	8,189	0.43	128,500,000	Mexican Bonos 5% 15/06/2017	8,919	0.47
22,000,000	Malaysia Government Bond 3.492% 31/03/2020	6,157	0.33	132,700,000	Mexican Bonos 6.25% 16/06/2016	9,351	0.49
11,850,000	Malaysia Government Bond 3.502% 31/05/2027	3,115	0.16	117,500,000	Mexican Bonos 6.5% 10/06/2021	8,386	0.44
				113,000,000	Mexican Bonos 6.5% 09/06/2022	8,053	0.43
				162,707,000	Mexican Bonos 7.25% 15/12/2016	11,795	0.62
				107,200,000	Mexican Bonos 7.5% 03/06/2027	8,138	0.43

iShares Emerging Markets Local Government Bond UCITS ETF

SCHEDULE OF INVESTMENTS (unaudited) (continued)

As at 31 December 2014

Holding	Investment	Fair value \$'000	% of net asset value	Holding	Investment	Fair value \$'000	% of net asset value
Bonds (cont)				Poland			
Mexico (cont)				Government bonds: A rating			
Government bonds: A rating (cont)				69,250,000	Poland Government Bond 2.5% 25/07/2018	19,808	1.05
165,900,000	Mexican Bonos 7.75% 14/12/2017	12,316	0.65	39,000,000	Poland Government Bond 3.25% 25/07/2019	11,496	0.61
168,500,000	Mexican Bonos 7.75% 29/05/2031	13,022	0.69	22,000,000	Poland Government Bond 3.25% 25/07/2025	6,611	0.35
50,000,000	Mexican Bonos 7.75% 23/11/2034	3,887	0.21	43,820,000	Poland Government Bond 3.75% 25/04/2018	13,024	0.69
129,958,000	Mexican Bonos 7.75% 13/11/2042	10,171	0.54	67,850,000	Poland Government Bond 4% 25/10/2023	21,511	1.14
152,726,000	Mexican Bonos 8% 11/06/2020	11,681	0.62	54,150,000	Poland Government Bond 4.75% 25/10/2016	16,036	0.85
110,730,000	Mexican Bonos 8% 07/12/2023	8,669	0.46	38,250,000	Poland Government Bond 4.75% 25/04/2017	11,462	0.60
122,200,000	Mexican Bonos 8.5% 13/12/2018	9,367	0.49	39,200,000	Poland Government Bond 5% 25/04/2016	11,486	0.61
110,000,000	Mexican Bonos 8.5% 31/05/2029	9,049	0.48	54,870,000	Poland Government Bond 5.25% 25/10/2017	16,846	0.89
119,520,000	Mexican Bonos 8.5% 18/11/2038	10,047	0.53	41,040,000	Poland Government Bond 5.25% 25/10/2020	13,431	0.71
187,650,000	Mexican Bonos 10% 05/12/2024	16,743	0.89	46,830,000	Poland Government Bond 5.5% 25/10/2019	15,179	0.80
60,500,000	Mexican Bonos 10% 20/11/2036	5,786	0.31	35,028,000	Poland Government Bond 5.75% 25/10/2021	11,985	0.63
	Total Mexico	182,349	9.65	47,254,000	Poland Government Bond 5.75% 23/09/2022	16,466	0.87
Peru					Total Poland	185,341	9.80
Government bonds: A- rating				Romania			
15,650,000	Peru Government Bond 5.2% 12/09/2023	5,167	0.27	Government bonds: BBB- rating			
26,000,000	Peru Government Bond 5.7% 12/08/2024	8,771	0.46	23,000,000	Romania Government Bond 4.75% 29/08/2016	6,480	0.34
11,600,000	Peru Government Bond 6.85% 12/02/2042	3,970	0.21	27,490,000	Romania Government Bond 5.6% 28/11/2018	8,270	0.44
10,500,000	Peru Government Bond 6.9% 12/08/2037	3,659	0.19	14,000,000	Romania Government Bond 5.75% 27/01/2016	3,949	0.21
9,500,000	Peru Government Bond 6.95% 12/08/2031	3,409	0.18	23,200,000	Romania Government Bond 5.85% 26/04/2023	7,261	0.38
26,900,000	Peru Government Bond 7.84% 12/08/2020	10,350	0.55	24,920,000	Romania Government Bond 5.9% 26/07/2017	7,320	0.39
13,000,000	Peru Government Bond 8.2% 12/08/2026	5,244	0.28	22,500,000	Romania Government Bond 5.95% 11/06/2021	7,001	0.37
4,000,000	Peru Government Bond 8.6% 12/08/2017	1,494	0.08	29,630,000	Romania Government Bond 6% 30/04/2016	8,447	0.45
400,000	Peruvian Government International Bond 5.2% 12/09/2023	132	0.01	23,750,000	Romania Government Bond 6.75% 11/06/2017	7,093	0.37
3,400,000	Peruvian Government International Bond 6.85% 12/02/2042	1,152	0.06		Total Romania	55,821	2.95
3,900,000	Peruvian Government International Bond 6.9% 12/08/2037	1,361	0.07	Russian Federation			
4,400,000	Peruvian Government International Bond 6.95% 12/08/2031	1,568	0.08	Government bonds: BBB/*- rating			
3,730,000	Peruvian Government International Bond 7.84% 12/08/2020	1,433	0.08	249,000,000	Russian Federal Bond - OFZ 6% 11/05/2016	3,735	0.20
	Total Peru	47,710	2.52	402,000,000	Russian Federal Bond - OFZ 6.2% 31/01/2018	5,286	0.28
Philippines							
Government bonds: BBB rating							
117,000,000	Philippine Government International Bond 3.9% 26/11/2022	2,550	0.14				
125,000,000	Philippine Government International Bond 4.95% 15/01/2021	2,913	0.15				
181,000,000	Philippine Government International Bond 6.25% 14/01/2036	4,532	0.24				
	Total Philippines	9,995	0.53				

iShares Emerging Markets Local Government Bond UCITS ETF

SCHEDULE OF INVESTMENTS (unaudited) (continued)

As at 31 December 2014

Holding	Investment	Fair value \$'000	% of net asset value	Holding	Investment	Fair value \$'000	% of net asset value
Bonds (cont)				South Africa (cont)			
Russian Federation (cont)				Government bonds: BBB+ rating (cont)			
Government bonds: BBB/*- rating (cont)				45,000,000	South Africa Government Bond 8.25% 31/03/2032	3,775	0.20
215,000,000	Russian Federal Bond - OFZ 6.4% 27/05/2020	2,480	0.13	77,000,000	South Africa Government Bond 8.5% 31/01/2037	6,562	0.35
555,000,000	Russian Federal Bond - OFZ 6.7% 15/05/2019	6,882	0.36	347,346,900	South Africa Government Bond 10.5% 21/12/2026	35,681	1.89
475,000,000	Russian Federal Bond - OFZ 6.8% 11/12/2019	5,739	0.30	20,000,000	South Africa Government Bond 13.5% 15/09/2016	1,915	0.10
405,000,000	Russian Federal Bond - OFZ 6.9% 03/08/2016	5,990	0.32	Total South Africa		181,286	9.59
499,000,000	Russian Federal Bond - OFZ 7% 25/01/2023	5,593	0.30	Thailand			
426,374,000	Russian Federal Bond - OFZ 7% 16/08/2023	4,811	0.25	Government bonds: A- rating			
567,000,000	Russian Federal Bond - OFZ 7.05% 19/01/2028	5,968	0.32	1,175,922,000	Thailand Government Bond 3.25% 16/06/2017	36,677	1.94
430,000,000	Russian Federal Bond - OFZ 7.4% 19/04/2017	6,131	0.32	185,710,000	Thailand Government Bond 3.45% 08/03/2019	5,869	0.31
475,000,000	Russian Federal Bond - OFZ 7.4% 14/06/2017	6,682	0.35	323,000,000	Thailand Government Bond 3.58% 17/12/2027	10,267	0.54
458,797,000	Russian Federal Bond - OFZ 7.5% 15/03/2018	6,255	0.33	901,258,000	Thailand Government Bond 3.625% 16/06/2023	29,367	1.55
501,680,000	Russian Federal Bond - OFZ 7.5% 27/02/2019	6,438	0.34	610,000,000	Thailand Government Bond 3.65% 17/12/2021	19,775	1.05
541,000,000	Russian Federal Bond - OFZ 7.6% 14/04/2021	6,519	0.35	224,136,000	Thailand Government Bond 3.775% 25/06/2032	7,061	0.37
579,758,000	Russian Federal Bond - OFZ 7.6% 20/07/2022	6,764	0.36	110,600,000	Thailand Government Bond 3.8% 14/06/2041	3,382	0.18
508,000,000	Russian Federal Bond - OFZ 8.15% 03/02/2027	6,054	0.32	1,266,000,000	Thailand Government Bond 3.875% 13/06/2019	40,889	2.16
320,000,000	Russian Foreign Bond - Eurobond 7.85% 10/03/2018	4,346	0.23	150,000,000	Thailand Government Bond 4.675% 29/06/2044	5,263	0.28
Total Russian Federation		95,673	5.06	110,000,000	Thailand Government Bond 4.75% 20/12/2024	3,895	0.21
South Africa				917,284,000	Thailand Government Bond 4.875% 22/06/2029	33,049	1.75
Government bonds: BBB+ rating				34,580,000	Thailand Government Bond 5.125% 13/03/2018	1,139	0.06
216,038,592	South Africa Government Bond 6.25% 31/03/2036	14,477	0.77	40,000,000	Thailand Government Bond 5.67% 13/03/2028	1,525	0.08
190,530,000	South Africa Government Bond 6.5% 28/02/2041	12,819	0.68	Total Thailand		198,158	10.48
180,900,000	South Africa Government Bond 6.75% 31/03/2021	14,968	0.79	Turkey			
205,276,000	South Africa Government Bond 7% 28/02/2031	15,482	0.82	Government bonds: BB+ rating			
216,802,000	South Africa Government Bond 7.25% 15/01/2020	18,555	0.98	29,350,000	Turkey Government Bond 6.3% 14/02/2018	12,040	0.64
133,300,000	South Africa Government Bond 7.75% 28/02/2023	11,465	0.61	43,400,000	Turkey Government Bond 7.1% 08/03/2023	17,637	0.93
224,665,000	South Africa Government Bond 8% 21/12/2018	19,921	1.05	31,700,000	Turkey Government Bond 8.3% 20/06/2018	13,777	0.73
73,000,000	South Africa Government Bond 8% 31/01/2030	6,087	0.32	24,000,000	Turkey Government Bond 8.5% 10/07/2019	10,482	0.55
219,600,000	South Africa Government Bond 8.25% 15/09/2017	19,579	1.03	23,050,000	Turkey Government Bond 8.5% 14/09/2022	10,195	0.54

iShares Emerging Markets Local Government Bond UCITS ETF

SCHEDULE OF INVESTMENTS (unaudited) (continued)

As at 31 December 2014

Holding	Investment	Fair value \$'000	% of net asset value	Holding	Investment	Fair value \$'000	% of net asset value
Bonds (cont)				Turkey (cont)			
Turkey (cont)				Government bonds: BB+ rating (cont)			
Government bonds: BB+ rating (cont)				27,587,000 Turkey Government Bond 10.5% 15/01/2020			
31,101,000	Turkey Government Bond 8.8% 14/11/2018	13,729	0.73	13,087		0.69	
31,400,000	Turkey Government Bond 8.8% 27/09/2023	14,211	0.75	27,000,000	Turkey Government Bond 10.7% 24/02/2016	11,870	0.63
24,211,000	Turkey Government Bond 9% 27/01/2016	10,439	0.55	Total Turkey			
35,670,000	Turkey Government Bond 9% 08/03/2017	15,602	0.83	183,890 9.73			
19,650,000	Turkey Government Bond 9% 24/07/2024	9,070	0.48	Total bonds			
26,750,000	Turkey Government Bond 9.5% 12/01/2022	12,427	0.66	1,826,526 96.61			
21,656,000	Turkey Government Bond 10.4% 27/03/2019	10,097	0.53	UCITS collective investment schemes			
18,500,000	Turkey Government Bond 10.4% 20/03/2024	9,227	0.49	Ireland			
				8,488,735	Institutional Cash Series Plc - Institutional US Dollar Liquidity Fund*	8,489	0.45
				Total Ireland			
				8,489 0.45			
				Total UCITS collective investment schemes			
				8,489 0.45			

Curr	Amount Purchased	Curr	Amount Sold	Underlying Exposure (\$)	Maturity date	Unrealised gain/(loss)** \$'000	% of net asset value
Financial derivative instruments							
Forward currency contracts***							
RUB	299,244,302	USD	5,185,311	4,917,656	12/03/2015	(267)	(0.01)
USD	1,748,808	IDR	22,000,000,000	1,748,460	12/03/2015	-	0.00
Total unrealised gains on forward currency contracts						-	0.00
Total unrealised losses on forward currency contracts						(267)	(0.01)
Net unrealised losses on forward currency contracts						(267)	(0.01)
Total financial derivative instruments						(267)	(0.01)

	Fair value \$'000	% of net asset value
Total value of investments	1,834,748	97.05
Cash†	13,669	0.72
Other net assets	42,251	2.23
Net asset value attributable to redeemable participating shareholders at the end of the period	1,890,668	100.00

† Substantially all cash positions are held with State Street Bank and Trust Company.

* Investment in related party.

** Investments which are less than \$500 are rounded to zero.

*** The counterparties for forward currency contracts are: Societe Generale, State Street Bank.

All credit ratings are shown as at 31 December 2014.

Underlying exposure has been calculated according to the guidelines issued by the European Securities and Market Authority ("ESMA") and represents the market value of an equivalent position in the assets underlying each financial derivative instrument.

Fixed income securities are primarily classified by country of issuer for government type fixed income securities. Collective Investment Schemes are primarily classified by the country of domicile of the CIS.

Analysis of total current assets gross of all liabilities (unaudited)	Fair value** \$'000	% of total current assets
Transferable securities admitted to an official stock exchange listing or traded on a regulated market	1,826,526	93.87
UCITS collective investment schemes	8,489	0.44
Over-the-counter financial derivative instruments	-	0.00
Other assets	110,695	5.69
Total current assets	1,945,710	100.00

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS OF THE FUND

For the period ended 31 December 2014

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies and estimation techniques are consistent with those applied to the previous annual financial statements.

Statement of Compliance

The financial statements are prepared in accordance with the Financial Reporting Council Statement on Half-Yearly Financial Reports issued in July 2007.

2. NET ASSETS ATTRIBUTABLE TO REDEEMABLE PARTICIPATING SHAREHOLDERS

	As at 31 December 2014	As at 30 June 2014	As at 31 December 2013
iShares Emerging Markets			
Local Government Bond			
UCITS ETF			
Shares in issue	25,946,417	22,444,668	12,523,990
NAV (\$'000)	1,890,668	1,878,664	1,017,201
NAV per share	\$72.87	\$83.70	\$81.22

3. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2014	As at 30 June 2014	As at 31 December 2013
iShares Emerging Markets			
Local Government Bond			
UCITS ETF			
Financial assets:	\$'000	\$'000	\$'000
Investment in bonds	1,826,526	1,798,616	982,768
Investment in UCITS collective investment schemes	8,489	60,391	-
Unrealised gains on forwards contracts*	-	107	27
	1,835,015	1,859,114	982,795
Financial liabilities:			
Unrealised losses on forwards contracts	(267)	(25)	(84)
	(267)	(25)	(84)

* Amounts which are less than \$500 have been rounded to zero.

4. EFFICIENT PORTFOLIO MANAGEMENT

The Company may, subject to the conditions and within the limits from time to time laid down by the Central Bank of Ireland and the prospectus, engage in securities lending and employ techniques and instruments relating to transferable securities for efficient portfolio management purposes.

During the period the Company engaged in securities lending. The Company receives either cash collateral or securities as collateral, as determined within the schedule, for a value in excess of the market value of the securities loaned. As at the 31 December 2014, 30 June 2014 and 31 December 2013 the collateral consists of securities admitted to or dealt on a regulated market.

The collateral is registered and held in the name of BlackRock Advisors (UK) Limited on behalf of the Funds in any or all of the following collateral agents and central securities depositaries: JP Morgan Chase, Bank of New York Mellon Corporation, Euroclear or CREST, depending on the type of collateral the counterparty needs to give as per the schedule in order to cover the required value of exposure. Further details of securities lending borrowers can be seen on page 24.

The Investment Manager monitors the fair value of the securities loaned and additional collateral is obtained, if necessary.

The securities lending agent appointed pursuant to the stock lending agreement is BlackRock Advisors (UK) Limited. Until 30 April 2014 securities lending income was split between the Fund and the securities lending agent in a ratio of 60:40 in favour of the Fund. Effective 1 May 2014 the ratio changed to 62.5:37.5 in favour of the Fund, with all operational costs borne out of the securities lending agents share.

	As at 31 December 2014	As at 30 June 2014	As at 31 December 2013
iShares Emerging Markets			
Local Government Bond			
UCITS ETF			
Income earned during the period/year	132	61	7
Value of securities on loan at the period/year end	16,376	129,129	71,125
Value of collateral held by the Fund at period/year end	17,456	138,751	78,571

Please see note 9 on page 31 for more information on financial derivative instruments.