

2015年6月期 決算短信 (2014年7月1日~2015年6月30日)
Earnings Report for Fiscal Year ended June 2015 (July 1, 2014 – June 30, 2015)

2015年11月4日
November 4, 2015

ファンド名 iシェアーズ 新興国債券ETF (パークレイズ
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 パ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 Listed Exchange: TSE
UCITS ETF-JDR
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

有価証券報告書提出予定日 2015年12月
Scheduled date of submission of securities report: December, 2015

I ファンドの運用状況

I Fund Management

1. 2015年6月期の運用状況 (2014年7月1日~2015年6月30日)

1. Management Status for Year Ended June 2015 (from July 1, 2014 to June 30, 2015)

(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 Primary Invested Assets		現金・預金・その他の資産 (負債控除後) Cash/Deposits/Other Assets (minus liabilities)		合計 (純資産) 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.	% %
2015年6月期 FY ended June 2015	205,041	96.60	7,209	3.40	212,250	100.00
2014年6月期 FY ended June 2014	217,894	95.74	9,687	4.26	227,581	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)	当計算期間末発行済口数 No. of Issued Units at End of Calculation Period (①+②-③)
	千口 '000 units	千口 '000 units	千口 '000 units	千口 '000 units
2015年6月期 FY ended June 2015	22,444	13,278	9,775	25,947
2014年6月期 FY ended June 2014	10,627	16,119	4,302	22,444

(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/当計算期間末発行済口数) × 1) (((③/No. of Issued Units at End of Calculation Period) × 1)
	百万円 JPY mil.	百万円 JPY mil.	百万円 JPY mil.	円 JPY
2015年6月期 FY ended June 2015	219,075	6,824	212,250	8,180.12
2014年6月期 FY ended June 2014	234,665	7,084	227,581	10,139.66

(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 (①)	設定口数 No. of Units Created (②)	交換口数 No. of Units Redeemed (③)	当計算期間末発行済口数 No. of Issued Units at End of Calculation Period (①+②-③)
	千口 '000 units	千口 '000 units	千口 '000 units	千口 '000 units
2015年6月期 FY ended June 2015	—	112	0	112
2014年6月期 FY ended June 2014	—	—	—	—

※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、2015 年 6 月期については、2014 年 11 月 18 日～2015 年 6 月 30 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 18, 2014 and ending June 30, 2015 are described with respect to the FY ended June 2015.

(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)

2015年6月期 FY ended June 2015	1口当たり分配金 Dividend per 1 unit
※	円 JPY
2014年12月19日 December 19, 2014	240
2015年6月26日 June 26, 2015	258

※ 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=121.14円の換算率(2015年10月26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)により計算されております。

(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 = ¥121.14 (the telegraphic transfer middle exchange rate vis-à-vis customers quoted by The Bank of Tokyo-Mitsubishi UFJ, Ltd. on October 26, 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 annual report and audited 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.

Independent Auditors' report to the members of iShares III plc

Report on the financial statements

Our opinion

In our opinion the financial statements:

- give a true and fair view of the Company's and Funds' (as detailed on pages 1 and 2) assets, liabilities and financial position as at 30 June 2015 and of their results for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended).

What we have audited

The financial statements of iShares III plc comprise:

- the Company and Funds' Balance sheets as at 30 June 2015;
- the Company and Funds' Income statements for the year then ended;
- the Company and Funds' Statements of changes in net assets attributable to redeemable participating shareholders for the year then ended;
- the Schedule of investments for each of the Funds as at 30 June 2015;
- the Financial instruments and risks which are presented separately and are an integral part of the notes to the financial statements;
- the Basis of Preparation and Accounting policies; and
- the Notes to the financial statements for the Company and for each of its Funds which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland), including FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland".

Our audit approach

Overview



Materiality

Overall materiality: 50 basis points of Net Asset Value ("NAV") at 30 June 2015 for each of the Company's Funds, except for the terminated funds (as detailed on page 5) where 50 basis points of average NAV during the year was used.

Audit scope

The Company is an open-ended investment company with variable capital and engages BlackRock Asset Management Ireland Limited (the "Manager") to manage certain duties and responsibilities with regards to the day-to-day management of the Company. We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to overleaf, the accounting processes and controls, and the industry in which the Company operates. We look at each Fund at an individual level.

Areas of focus

Existence of financial assets at fair value through profit or loss.
Valuation of financial assets at fair value through profit or loss.



Independent Auditors' report to the members of iShares III plc (continued)

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example the selection of pricing sources to value the investment portfolio. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that may represent a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below together with an explanation of how we tailored our audit to address these specific areas. This is not a complete list of all risks identified by our audit.

Area of focus	How our audit addressed the area of focus
<p>Existence of financial assets at fair value through profit or loss</p> <p>The financial assets at fair value through profit or loss included in the Balance Sheet of each Fund are held in the Fund' s name at 30 June 2015.</p> <p>We focused on this area because it represents the principal element of the financial statements.</p>	<p>We obtained independent confirmation from the Custodian and counterparties of the investment portfolio held at 30 June 2015, agreeing the amounts held to the accounting records.</p>
<p>Valuation of financial assets at fair value through profit or loss</p> <p>The financial assets at fair value through profit or loss included in the Balance Sheet of each Fund at 30 June 2015 are valued at fair value in line with Generally Accepted Accounting Practice in Ireland.</p> <p>We focused on this area because it represents the principal element of the financial statements.</p>	<p>We tested the investment portfolios by independently agreeing the valuation of investments to third party vendor sources.</p>

How we tailored the audit scope

As at the year-end there are 30 Funds in operation and 3 Funds closed during the year. The Company' s Balance sheet, Income statement and the Statement of changes in net assets attributable to redeemable participating shareholders are an aggregation of the positions and results of the 33 Funds.

The Directors control the affairs of the Company and are responsible for the overall investment policy which is determined by them. The Company engages the Manager to manage certain duties and responsibilities with regards to the day-to-day management of the Company.

The Manager has delegated certain responsibilities to BlackRock Advisors (UK) Limited (the 'Investment Manager') and to State Street Fund Services (Ireland) Limited (the 'Administrator'). The financial statements, which remain the responsibility of the Directors, are prepared on their behalf by the Administrator. The Company has appointed State Street Custodial Services (Ireland) Limited (the "Custodian") to act as Custodian of the Company' s assets.



Independent Auditors' report to the members of iShares III plc (continued)

In establishing the overall approach to our audit we assessed the risk of material misstatement at a Fund level, taking into account the nature, likelihood and potential magnitude of any misstatement. As part of our risk assessment, we considered the Company's interaction with the Administrator, and we assessed the control environment in place at the Administrator.

Materiality

The scope of our audit is influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for each of the Company's Funds as follows:

Overall materiality and how we determined it	50 basis points (2014: 50 basis points) of Net Asset Value ("NAV") at 30 June 2015 for each of the Company's Funds, except for the terminated Funds (as detailed on page 5) where 50 basis points of average NAV during the year was used.
Rationale for benchmark applied	We have applied this benchmark because the main objective of the Company is to provide investors with a total return at a Fund level, taking account the capital and income returns.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above 5 basis points (2014: 5 basis points) of each Fund's NAV, for NAV per share impacting differences, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Other required reporting

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

information in the Annual Report is: <ul style="list-style-type: none">- materially inconsistent with the information in the audited financial statements; or- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company responsibility acquired in the course of performing our audit; or- is otherwise misleading.	We have no exceptions to report arising from this
the statement given by the Directors on page 38, in accordance with provision C.1.1 of the UK Corporate Governance Code (the "Code"), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Company and Funds' performance, business model and strategy is materially inconsistent with our knowledge of the Company acquired in the course of performing our audit.	We have no exceptions to report arising from this responsibility.
the section of the Annual Report on pages 33 to 35, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit report arising from this Committee.	We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosure of Directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.



Independent Auditors' report to the members of iShares III plc (continued)

United Kingdom Listing Authority Listing Rules reporting

Corporate governance statement

Under the United Kingdom Listing Authority Listing Rules we are required to review the part of the Corporate Governance Statement relating to the Company's compliance with ten provisions of the UK Corporate Governance Code ('the Code'). We have nothing to report having performed our review.

Matters on which we are required to report by the Companies Act 2014

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.

The financial statements are in agreement with the accounting records.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

In our opinion based on the work undertaken in the course of our audit of the financial statements, the description of the main features of the internal control and risk management systems in relation to the financial reporting process included in the Corporate Governance Statement, is consistent with the financial statements and has been prepared in accordance with section 1373(2)(c) of the Companies Act 2014.

Based on our knowledge and understanding of the company and its environment, obtained in the course of our audit of the financial statements, we have not identified material misstatements in the description of the main features of the internal control and risk management systems in relation to the financial reporting process included in the Corporate Governance Statement.

In our opinion, based on the work undertaken during the course of our audit of the financial statements, the information required by section 1373 (2)(a),(b),(e) and (f) is contained in the Corporate Governance Statement.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities set out on pages 37 and 38, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.



Independent Auditors' report to the members of iShares III plc (continued)

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Vincent MacMahon
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
Ireland

29 October 2015

Basis of preparation

The financial statements have been prepared for the year ended 30 June 2015.

Statement of compliance

The financial statements are prepared in accordance with accounting standards generally accepted in Ireland including Financial Reporting Standard ("FRS") 102, the financial reporting standard applicable in the UK and Republic of Ireland for the first time and Irish statute comprising the Companies Act 2014 and the provisions of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (as amended) (the "UCITS Regulations"). Accounting standards generally accepted in Ireland in preparing financial statements which present a true and fair view are promulgated by the Institute of Chartered Accountants in Ireland (the "Institute") and issued by the Financial Reporting Council ("FRC"). Due to the special nature of the Company's business, the directors have adapted the arrangement and headings and sub-headings of the financial statements otherwise required by Schedule 3 to the Companies Act 2014.

The Company has availed of the exemption available to open ended investment funds that hold a substantial proportion of highly liquid and fair valued investments under Section 7 of FRS 102 and is not presenting cash flow statements.

The information required by FRS 102 to be included in a statement of comprehensive income is contained in the income statement of each Fund.

Transition to FRS102

In 2012, 2013 and 2014 the Financial Reporting Council (FRC) revised Financial Reporting Standards in the United Kingdom and Republic of Ireland. The revisions fundamentally reformed financial reporting, replacing the extant standards with a number of new Financial Reporting Standards. The new standards relevant to the Company are FRS 102: the Financial Reporting Standard applicable in the UK and Republic of Ireland and FRS 104: Interim Financial Reporting. FRS 102 and FRS 104 are effective for accounting periods beginning on or after 1 January 2015 with early adoption permitted.

On 30 March 2015, the Directors resolved to early adopt and prepare the financial statements in accordance with Financial Reporting Standard ("FRS") 102; the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS102").

The date of transition to the new accounting framework is 1 July 2013 and accordingly the comparative amounts presented for the year ended 30 June 2014 are based on the Company' s financial statements for that year after adjustment for the transition to FRS 102.

The transition to FRS 102 has not resulted in any change to the financial position, financial performance or profit and loss amounts of the Company to that previously reported and presented in the financial statements as at 30 June 2014. The measurement basis to determine the Company's financial position and performance in the current year is the same as that reported under the previous financial reporting framework at and for the year ended 30 June 2014.

There is no difference in the profit or loss determined in accordance with the previous financial reporting framework for the latest period in the Company' s/Fund' s most recent annual financial statements to its profit or loss determined in accordance with FRS 102 for the same period.

The accounting policies applied in preparing these financial statements under FRS 102 are consistent with the accounting policies applied, except where noted, in preparing the prior year financial statements under the previous accounting framework.

Fair value measurement and recognition

On initial application of FRS 102, in accounting for its financial instruments a reporting entity is required to apply either a) the full provisions of section 11 "Basis Financial Instruments" and section 12 "Other Financial Instruments" of FRS 102, b) the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement and only the disclosure requirements of Sections 11 and 12 of FRS 102; or c) the recognition and measurement provisions of IFRS 9 Financial Instruments and/or IAS 39 (as amended following the publication of IFRS 9) and only the disclosure requirements of Sections 11 and 12 of FRS 102. The Company has chosen to implement the recognition and measurement provisions of IAS 39 and only the disclosure requirements of Sections 11 and 12.

Fair value disclosures

The requirement for the Company to measure financial instruments at fair value and estimation of that fair value has not changed with the adoption of FRS 102. However the categories in the fair value hierarchy into which the fair value instruments are categorised have changed from that disclosed under the previous financial reporting framework. See Valuation of financial instruments for further detail.

Basis of measurement

The financial statements are prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss, with the exception of the Funds which have been prepared on a non-going concern basis. The Company will continue as a going concern and all other Funds have been prepared on a going concern basis.

All references to net assets throughout this document refer to net assets attributable to redeemable participating shareholders unless otherwise stated.

Basis of preparation (continued)

Functional and presentation currency

The presentation currency of the Company's financial statements is Euro. Foreign currency items included in the Fund's financial statements are measured in the Fund's functional currency which is shown in the table below.

Fund	Currency
iShares Emerging Markets Local Government Bond	
UCITS ETF	\$

The presentation currency of the Fund's financial statements is the same as the functional currency.

The Company's Balance sheet, Income statement and the Statement of changes in net assets attributable to redeemable participating shareholders are an aggregation of the positions and results of the Fund.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The estimates and associated judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Management also makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. Actual results may differ from these estimates and these differences could be material. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities predominantly relate to the fair value of financial instruments, as discussed in the accounting policies.

Accounting policies*

The significant accounting policies adopted by the Company are:

a) Investments

The Company classifies its investments as financial assets at fair value through profit or loss. The category of financial assets through profit or loss comprises all financial instruments, (equities, rights, warrants, bonds, futures contracts, contracts for difference ("CFD's") and forward currency contracts), designated by the Investment Manager, at inception, as being at fair value through profit or loss. Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the documented investment strategy. Derivatives are classified as held for trading.

Recognition/derecognition of investments

Purchases and sales of investments are accounted for on the date the trade transaction takes place. Investments are derecognised when the rights to receive cashflows from the investments have expired or the risks and rewards of ownership have all been substantially transferred. Realised gains and losses on disposals are calculated using the average cost method and are reflected as net gains/(losses) on financial assets/liabilities at fair value through profit or loss in the income statement.

Initial measurement of investments

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Gains and losses arising from changes in the fair value of the financial assets or financial liabilities are presented in the income statement in the year in which they arise.

Valuation of investments

The estimation of fair value, after initial recognition, is determined as follows:

i) Listed investments

Investments which are quoted, listed, traded or dealt on a market or exchange are based on quoted prices which, for the purpose of the financial statements, is the closing bid-market price for financial assets and the closing ask market price for financial liabilities, as at the year-end date, on the relevant market or exchange which is normally the principal market or exchange for such investments.

ii) Warrants

Warrants are financial instruments that convey the right, but not the obligation, to engage in a future transaction on an underlying security within a certain time frame. Warrants which are quoted, listed, traded or dealt on a market or exchange are valued based on quoted prices, which, for the purpose of the financial statements are the closing

bid-market price as at the year end date, on the relevant market or exchange which is normally the principal market or exchange for such investments.

iii) Financial derivative instruments

The Company's derivatives comprise futures contracts, CFD's and forward currency contracts and are recognised initially at fair value. Transactions costs are expensed in the income statement. Subsequent to initial recognition they are measured at fair value with changes in fair value recognised in the income statement. Where appropriate, gains and losses from certain financial derivative instruments are included in income or as net gains/(losses) on financial assets/liabilities at fair value through profit or loss in the income statement depending on whether they are used to protect or enhance income or capital.

For further details on the types of derivatives held by the Company at year end please see the Glossary.

iv) Prices calculated in consultation with the Manager

A number of securities were valued by the Administrator in consultation with the Manager in the absence of year end vendor prices.

The total value of securities valued using a price calculated by the Investment Manager as at 30 June 2015 and 30 June 2014 is less than 1% of the net asset value of the applicable Fund. Please refer to the Valuation of financial instruments for further details.

b) Income/expenses

i) Dividend income

Dividend income is recognised when the securities are declared ex-dividend. Dividend income is shown gross of any non-reclaimable withholding tax, which is disclosed separately in the income statement.

ii) Interest income/expense

Bank, cash equivalent and bond interest income and expense are accrued on a daily basis using the effective yield basis and are disclosed in the income statement as operating income and interest expense respectively.

iii) Amortisation/accretion of premium/discounts on purchase of interest-bearing investments

Premiums or discounts on the purchase of fixed and variable interest rate investments are amortised over the life of the investment on an effective yield basis.

* The accounting policies are an integral part of the notes to the financial statements.

Accounting policies* (continued)

b) Income/expenses (continued)

iv) Securities lending income

Securities lending income is earned from lending securities owned by the Fund to a number of third-party borrowers. Securities lending income is accounted for on an accruals basis.

c) Fees and expenses

Expenses are accounted for on an accruals basis with the exception of transaction charges relating to the acquisition and realisation of investments which are charged as incurred.

d) Dividend distributions

Dividend distributions are accounted for as finance costs in the income statement.

The Company may declare distributions for each distributing Fund, in respect of each financial period. Dividends will normally be declared quarterly, semi-annually or such other times as the Directors deem appropriate.

As of 30 June 2015 and 30 June 2014, the Fund has adopted UK Reporting Fund Status.

e) Redeemable participating shares

Subscriptions and redemptions are accounted for on the day the trade transaction takes place.

Redeemable participating shares are redeemable at the option of the shareholders and are classified as financial liabilities.

f) Transaction costs

Transaction costs on purchases or sales of financial assets or financial liabilities are included in net gains/(losses) on financial assets at fair value through profit or loss in the income statement of the Fund. Separately identifiable transaction costs are disclosed in note 10 of the notes to the financial statements of the Company.

Custody transaction costs are not separately identifiable as they form part of the total expense ratio of the Fund. The Manager is responsible for discharging all operational expenses of the Fund, see note 4 of the notes to the financial statements of the Company for more details.

g) Foreign currency

Transactions and balances

Transactions in foreign currencies are translated into the functional currency of each Fund at the foreign currency exchange rate in effect at the date of the transaction.

Subscriptions and redemptions of shares in foreign currencies are translated at the foreign currency exchange rate in effect at the date of the transaction.

Foreign currency assets and liabilities, including investments, are translated at the exchange rate prevailing at year end. The foreign exchange gain or loss based on the translation of the investments, as well as the gain or loss arising on the translation of other assets and liabilities, is included in net gains/(losses) on financial assets/liabilities at fair value through profit or loss in the income statement.

For aggregation purposes, all assets and liabilities for all Funds are translated into the presentation currency of the Company, at the year-end exchange rate. All income, expenses and capital transactions are translated at the average rate.

h) Receivables

Receivables are recognised initially at fair value plus transaction costs that are directly attributable to their acquisition. They are subsequently measured at amortised cost using the effective interest method less provision for impairment.

i) Payables

Payables are recognised initially at fair value and subsequently stated at amortised cost. The difference between proceeds and the amount payable is recognised over the period of the payable using the effective interest method.

j) Cash and cash equivalents

Cash and cash equivalents in the balance sheet may include deposits held on call with banks and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are classified as liabilities in the balance sheet.

k) Margin cash

Cash balances held as margin with relevant brokers relating to investments in derivatives at the reporting date are included in current assets/liabilities in the balance sheet.

* The accounting policies are an integral part of the notes to the financial statements.

Accounting policies* (continued)

l) Collateral

Cash collateral provided by the Company is identified on the balance sheet as pledged cash collateral and is not included as a component of cash and cash equivalents.

Cash collateral provided to the Company by counterparties is identified on the balance sheet as cash collateral payable. The Company may reinvest this cash collateral and the assets purchased are included in financial assets at fair value through profit or loss on the balance sheet.

For collateral received from counterparties other than cash, a disclosure of the value of collateral provided is made in the notes to the financial statements in the efficient portfolio management note.

m) Adjustment to align to the valuation methodology as set out in the prospectus

The accounting policy of the Company is to value its investments at the relevant fair value at the balance sheet date. Fair value is considered to be the relevant closing bid market price on the balance sheet date.

Any difference between the valuation methodology stated in the financial statements and the valuation methodology indicated in the prospectus results in an adjustment between the net assets as per the financial statements and the dealing net asset value.

Consequently, the differences described above adjust the carrying amount of the net assets attributable to shareholders and the cumulative differences are included in "Adjustment to align to the valuation methodology as set out in the prospectus" on the balance sheet. Further details are set out in note 9 in the financial statements of the Company.

n) Equalisation on distributions

For tax and accounting purposes, the Manager implements income and equalisation arrangements, to ensure that the level of income derived from investments is not affected by the issue, conversion or redemption of units during the accounting period.

Equalisation income and/or expense amounts are included in note 6 in the notes to the financial statements of the Company.

o) Comparative period

Certain prior year figures have been reclassified to correspond to current year presentation.

p) Changes in accounting policies

Nature of change in accounting policy

Investments in constant NAV money market funds held in the base currency of the Fund are now classified as cash equivalents on the balance sheet.

Reasons for change in accounting policy

Under FRS 102 section 7 cash equivalents are defined as "short term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value". An investment normally qualifies as a cash equivalent when it has a short maturity. Investments in the Institutional Cash Series plc ("ICS"), Institutional Euro Liquidity Fund, Institutional Sterling Liquidity Fund and Institutional US Dollar Liquidity Fund meet this definition and classifying them as cash equivalents more accurately reflects the economic substance of these transactions. The change had no impact on the NAV of the Funds.

The application of this change in policy has resulted in a reclassification which decreased the value of financial assets at fair value through profit or loss and increased the value of cash equivalents on the balance sheet. Please see cash equivalents in the Company and relevant Funds' balance sheet which shows the full amount of the ICS investment reclassification. Related balances in the relevant notes have also been updated to reflect the reclassification.

q) Segmental reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relates to transactions with any of the Company's other components, whose operating results are reviewed regularly to make decisions about resources allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

It is considered that each Fund is an operating segment which is investing in line with its investment objective. The segment information provided to the Investment Manager is the same as that disclosed in the income statement and balance sheet for each Fund.

* The accounting policies are an integral part of the notes to the financial statements.

Financial instruments and risks*

Introduction and overview

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.

Risk management framework

The Directors of the Company review quarterly investment performance reports and receive semi-annual presentations which cover the Company's performance and risk profile during the year. The Directors have delegated certain duties and responsibilities to the Manager with regard to the day-to-day management of the Company. The Manager has in turn delegated the day-to-day administration of the investment programme to the Investment Manager. The Investment Manager is also responsible for ensuring that the Funds are managed within the terms of their investment guidelines and limits set out in the prospectus and supplements. The Directors reserve to themselves the investment performance and product risk monitoring and oversight and delegates to the Manager responsibility for the monitoring and oversight of regulatory and operational risk for the Funds. The Directors have delegated the responsibility of the daily risk management to key risk management personnel of the Manager.

The principal risk exposure of the Funds is set out as follows:

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 Funds may suffer through holding market positions in the face of market movements. The Funds are exposed to market risk by virtue of their investments in equities, warrants, rights, corporate bonds, government bonds, futures contracts, CFD's and forward currency contracts. There is no assurance that each benchmark index will continue to be calculated on the basis described in the prospectus or that they will not be amended significantly. The past performance of each benchmark index is not necessarily a guide to future performance.

A key metric the Risk and Quantitative Analysis Group ("RQA Group") use to measure market risk is VaR which encompasses price, currency and interest rate risk. The RQA Group is a centralised group which performs an independent risk management function. The group independently identifies measures and monitors investment risk. VaR is a statistical risk measure that estimates the potential portfolio loss from adverse market moves in an ordinary market environment. VaR analysis reflects the interdependencies between risk variables, unlike a traditional sensitivity analysis.

The VaR calculations are based on a confidence level of 99% with a holding period of not greater than 1 month (20 days) and a historical observation period of not less than 1 year (250 days) where relevant.

A VaR number is defined at a specified probability and a specified time horizon. A 99% 1 month VaR means that the expectation is that 99% of the time over a 1 month period the Fund will lose less than this number in percentage terms. Therefore, higher VaR numbers indicate higher risk.

It is noted that the use of VaR methodology has limitations, namely assumptions that risk factor returns are normally distributed and that the use of historical market data as a basis for estimating future events does not encompass all possible scenarios, particularly those that are of an extreme nature and that the use of a specified confidence level (e.g. 99%) does not take into account losses that occur beyond this level.

There is some probability that the loss could be greater than the VaR amounts. These limitations and the nature of the VaR measure mean that the Fund can neither guarantee that losses will not exceed the VaR amounts indicated, nor that losses in excess of the VaR amounts will not occur more frequently.

The 1 month VaR as at 30 June 2015 and 30 June 2014 based on a 99% confidence level is outlined in the table below:

Fund	30 June	30 June
	2015	2014
	%	%
iShares Emerging Markets Local		
<u>Government Bond UCITS ETF</u>	<u>7.31</u>	<u>4.72</u>

i) Market risk arising from foreign currency risk

Exposure to 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 Funds 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.

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

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.

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

Financial instruments and risks* (continued)

a) Market risk (continued)

i) Market risk arising from foreign currency risk (continued)

The table below outlines the exposure to foreign currency risk as at 30 June 2015 and 30 June 2014:

30 June 2015

Foreign currency exposure	Gross foreign currency exposure	Forward currency contracts	Net foreign currency exposure	% of Net Assets
iShares Emerging Markets Local Government Bond UCITS ETF	\$'000	\$'000	\$'000	
BRL	181,677	-	181,677	10.37
CLP	2,586	-	2,586	0.15
COP	7,796	-	7,796	0.44
EUR	103	-	103	0.01
GBP	2	-	2	0.00
HUF	100,631	-	100,631	5.74
IDR	175,832	-	175,832	10.04
MXN	174,414	-	174,414	9.95
MYR	172,233	-	172,233	9.83
PEN	44,950	-	44,950	2.57
PHP	10,397	-	10,397	0.59
PLN	175,118	-	175,118	9.99
RON	53,953	-	53,953	3.08
RUB	121,883	3,483	125,366	7.16
THB	173,936	-	173,936	9.93
TRY	176,216	-	176,216	10.06
ZAR	178,841	-	178,841	10.20
Total exposure to foreign currencies	1,750,568	3,483	1,754,051	100.11

30 June 2014

Foreign currency exposure	Gross foreign currency exposure	Forward currency contracts	Net foreign currency exposure	% of Net Assets
iShares Emerging Markets Local Government Bond UCITS ETF	\$'000	\$'000	\$'000	
BRL	190,869	889	191,758	10.21
CLP	2,207	-	2,207	0.12
COP	13,223	-	13,223	0.70
EUR	38	-	38	0.00
GBP	1	-	1	0.00
HUF	96,488	-	96,488	5.14
IDR	183,002	5,192	188,194	10.02
MXN	186,640	-	186,640	9.93
MYR	187,794	-	187,794	10.00
PEN	34,426	-	34,426	1.83
PHP	8,332	-	8,332	0.44
PLN	187,158	-	187,158	9.96
RON	44,407	-	44,407	2.36
RUB	189,579	4,729	194,308	10.36
THB	188,431	(2,611)	185,820	9.89
TRY	176,024	-	176,024	9.37
ZAR	185,887	-	185,887	9.89
Total exposure to foreign currencies	1,874,506	8,199	1,882,705	100.22

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

Financial instruments and risks* (continued)

a) Market risk (continued)

i) Market risk arising from foreign currency risk (continued)

Management of foreign currency risk

Exchange rate exposures are managed within parameters utilising forward currency contracts. The details of the contracts in place at the year-end date are disclosed in the schedules of investments.

ii) Market risk arising from other price risk

Exposure to 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 Funds are exposed to market price risk arising from their investments in equities, warrants, rights, corporate bonds, government bonds, futures contracts, CFD's and forward currency contracts. The movements in the prices of these investments result in movements in the performance of the Funds. The investment concentrations within the portfolio are disclosed in the schedules of investments by investment type.

Management of other price risk

The Investment Manager manages the Funds' market risk on a daily basis in accordance with the Fund' s investment objective.

The investment objective of the Funds is to provide investors with a total return, taking into account the capital and income returns, which reflect the total returns of the respective benchmark. The Fund' s performance is correlated to its benchmark. The correlation of the Fund' s performance against the benchmark is a metric monitored by key management personnel.

30 June 2015

Exposure to interest rate risk	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
iShares Emerging Markets Local Government Bond UCITS ETF	\$'000	\$'000	\$'000	\$'000
Short term financial assets	79,937	-	35,785	115,722
Long term financial assets	-	1,692,723	-	1,692,723
Short term financial liabilities	-	-	(56,336)	(56,336)
Long term financial liabilities	-	-	-	-
Net asset value	79,937	1,692,723	(20,551)	1,752,109

30 June 2014

Exposure to interest rate risk	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
iShares Emerging Markets Local Government Bond UCITS ETF	\$'000	\$'000	\$'000	\$'000
Short term financial assets	101,250	-	37,277	138,527
Long term financial assets	-	1,798,616	-	1,798,616
Short term financial liabilities	-	-	(58,479)	(58,479)
Long term financial liabilities	-	-	-	-
Net asset value	101,250	1,798,616	(21,202)	1,878,664

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

iii) Market risk arising from interest rate risk

Exposure to 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 and cash equivalent holdings including margin cash held with brokers and their investments in fixed and floating rate interest bearing securities where the value of these securities may fluctuate as a result of a change in interest rates. The Funds also have indirect exposure to interest rate risk through the investments into futures contracts, whereby the value of the underlying asset may fluctuate as a result of a change in interest rates.

Management of interest rate risk

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.

The following table outlines the exposure to significant interest rate risk as at 30 June 2015 and 30 June 2014 whereby short term financial assets and financial liabilities are those with a residual maturity date of less than one year and long term financial assets and financial liabilities are those with a residual maturity date of greater than one year.

Financial instruments and risks* (continued)

b) Counterparty credit risk

Exposure to counterparty credit risk

Counterparty credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Funds are exposed to counterparty credit risk from the parties with which they trade and will bear the risk of settlement default.

Management of counterparty credit risk

The Board of Directors have appointed Designated Persons who are responsible for their respective management functions including a Designated Person who is responsible for risk management and whose duties comprise of identifying, monitoring and managing risk including counterparty credit risk.

The Designated Person with responsibility for risk management is supported by BlackRock's RQA Counterparty & Concentration Risk Team.

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.

There were no past due or impaired assets as at 30 June 2015 and 30 June 2014.

i) Exchange Traded Financial Derivative Instruments

The Funds' holdings in futures contracts expose the Funds to counterparty credit risk.

Management of counterparty credit risk related to futures contracts

The exposure is limited by trading the contracts through a clearing house. The Funds' exposure to counterparty credit risk on contracts in which they currently have 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 Funds' exposure to credit risk on contracts in which they currently have 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 Barclays Bank Plc.

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

ii) Over-the-Counter ("OTC") Financial Derivative Instruments

The Funds' holdings in forward currency contracts also expose the Funds to counterparty credit risk.

The Funds' 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 Funds' holdings in CFDs expose the Funds to counterparty credit risk. Counterparty credit risk arises from the failure of the counterparty to perform according to the terms of the contract. The Funds' exposure to counterparty credit risk is limited to the contracts in which it currently has a gain position reduced by the cash collateral received from the counterparty or to counterparties who have received collateral from the Fund.

The carrying value of financial assets together with cash best represents the Fund's gross maximum exposure to counterparty 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.

Management of counterparty credit risk related to OTC Financial Derivative Instruments

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.

The lowest credit ratings of any one counterparty is A (30 June 2014: AA-) (Standard and Poor's rating).

iii) Custodian

The Fund's Custodian is State Street Custodial Services (Ireland) Limited (the "Custodian"). Substantially all of the investments are held by same at year end. Investments are segregated from the assets of the Custodian's, with ownership rights remaining with the Funds. Bankruptcy or insolvency of the Custodian may cause the Fund'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 schedule 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 Funds are 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.

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

Financial instruments and risks* (continued)

b) Counterparty credit risk (continued)

iii) Custodian (continued)

In respect of the cash held by the Sub-Custodian or other depositaries it appoints, the Funds will be exposed to the counterparty 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 Funds will be treated as a general creditor of the Sub-Custodian or the depositaries.

Management of counterparty credit risk related to the Custodian

To mitigate the Fund'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 Funds. The Funds only transact 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 30 June 2015, is A+ (30 June 2014: A+) (Standard and Poor's rating).

In order to further mitigate the Fund's counterparty credit risk exposure to the Sub-Custodian or depositary banks, the Funds may enter into additional arrangements such as the placing of residual cash in a money market fund for example Institutional Cash Series PLC ("ICS") shown as a cash equivalent on the balance sheet.

iv) Counterparties

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.

Management of counterparty credit risk related to Counterparties

The Funds monitor the credit rating and financial position of the brokers used to further mitigate this risk.

v) Debt securities

Issuer credit risk is the default risk of one of the issuers of any securities held by the Funds. Bonds or other debt securities involve credit risk to the issuer which may be evidenced by the issuer's credit rating. Securities which are subordinated and/or have a lower credit rating are generally considered to have a higher credit risk and a greater possibility of default than more highly rated. 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.

Management of counterparty credit risk related to debt securities

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 following tables detail the credit rating profile of the debt securities held by the Fund as at 30 June 2015 and 30 June 2014:

30 June 2015

	Currency	Investment grade %	Non-investment grade %	Not rated*	Total %
iShares Emerging Markets Local Government Bond UCITS ETF	\$	65.01	31.60	-	96.61

* Includes securities which are not rated.

30 June 2014

	Currency	Investment grade %	Non-investment grade %	Not rated*	Total %
iShares Emerging Markets Local Government Bond UCITS ETF	\$	81.72	14.02	-	95.74

* Includes securities which are not rated.

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

Financial instruments and risks* (continued)

b) Counterparty credit risk (continued)

vi) Securities Lending

The Funds 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 20 of the notes to the financial statements of the Company.

Management of counterparty credit risk related to securities lending

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 20.

The securities lending borrowers that can receive loaned securities are Abbey National Treasury Services Plc, Barclays Bank Plc, Barclays Capital Securities Ltd, BNP Paribas, BNP Paribas Arbitrage, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, Goldman Sachs International, HSBC Bank Plc, J.P. Morgan Securities Plc, Macquarie Bank Limited, Merrill Lynch International, Morgan Stanley & Co. International Plc, Nomura International Plc, Societe Generale, The Bank of Nova Scotia and UBS AG.

vii) Collateral

The Funds engage in activities which may require collateral to be provided to a counterparty ("pledged collateral") or may hold collateral received ("inbound collateral") from a counterparty.

Management of counterparty credit risk related to collateral

The Funds use inbound collateral received from a counterparty to reduce the credit risk associated with any trading activity the Funds have engaged in.

Cash collateral pledged by the Funds is separately identified on the balance sheet as cash collateral and is not included as a component of cash and cash equivalents. Inbound cash collateral received by the Funds is reflected on the balance sheet as cash collateral payable.

c) Liquidity risk

Exposure to Liquidity risk

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

Liquidity risk to the Funds arises from the redemption requests of investors and the liquidity of the underlying investments the Funds are invested in. The Fund' s shareholders may redeem their shares on the close of any daily dealing deadline for cash equal to a proportionate share of the Funds' Net Asset Value. The Funds are 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.

All derivative, non-derivative financial liabilities and distributions payable of the Funds held at the years ended 30 June 2015 and 30 June 2014, based on contractual maturities, fall due within one month, with the exception of those disclosed in the following tables: As at 30 June 2015

Fund	Currency	1-3 Months '000
iShares Emerging Markets Local Government Bond UCITS ETF		
- Forward currency contracts	\$	(126)

As at 30 June 2014

Fund	Currency	1-3 Months '000
iShares Emerging Markets Local Government Bond UCITS ETF		
- Forward currency contracts	\$	(25)

All financial liabilities disclosed are based on undiscounted amounts.

Management of Liquidity risk

Liquidity risk is minimised by holding sufficient liquid investments which can be readily realised to meet liquidity demands.

To manage this risk, if redemption requests on any dealing day represent 10% or more of the Shares in issue in respect of any Fund, the Manager may, in its discretion, refuse to redeem any Shares in excess of 10% (at any time including after the cut-off time on the dealing day).

Any request for redemption on such dealing day shall be reduced ratably and the redemption requests shall be treated as if they were received on each subsequent dealing day until all shares to which the original request related have been redeemed.

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

Financial instruments and risks* (continued)

c) Liquidity risk (continued)

Management of Liquidity risk (continued)

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 Fund'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.

d) Valuation of financial instruments

FRS 102 requires the Funds to classify financial instruments measured at fair value using a fair value hierarchy. The fair value hierarchy has the following categories:

Quoted price for an identical instrument in an active market

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Investments whose values are based on quoted market prices in active markets and therefore classified within the "Quoted price for an identical instrument in an active market" category. The Fund does not adjust the quoted price for these instruments.

Unquoted price based on recent transactions for an identical instrument

This category includes instruments, for which quoted prices are unavailable. These are valued using the price of a recent transaction for an identical asset, which provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place.

Valuation techniques

This category includes instruments for which there is no active market and recent transactions of an identical instrument on their own are not a good estimate of fair value. Therefore, fair value is estimated by using a valuation technique. The objective of using a valuation technique is to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations including market expectations and risk return factors.

The valuation techniques used to estimate fair value are based on market inputs or entity determined inputs.

Valuation techniques using market inputs

This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. Valuation techniques used for non-standardised financial instruments such as OTC derivatives, include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

Investments whose values are based on quoted market prices in active markets and therefore classified within the "Quoted price for an identical instrument in an active market" category. The Fund does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by market inputs are classified within the "Valuation techniques using market inputs" category.

Valuation techniques using entity determined inputs

This category includes all instruments where the valuation technique includes inputs not based on market data and these inputs could have a significant impact on the instrument's valuation.

This category also includes instruments that are valued based on quoted prices for similar instruments where significant entity determined adjustments or assumptions are required to reflect differences between the instruments for which there is no active market. The use of entity determined inputs requires significant judgement by the Investment Manager. The Investment Manager considers market inputs to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

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

Financial instruments and risks* (continued)

d) Valuation of financial instruments (continued)

The table below is an analysis of the Fund's financial assets and financial liabilities measured at fair value at 30 June 2015 and 30 June 2014. There were no financial assets or financial liabilities of the Fund's fair valued using unquoted prices based on recent transactions for an identical instrument at 30 June 2015 and 30 June 2014.

30 June 2015

Category	Quoted prices for identical instruments in active markets	Valuation techniques		Total
		Valuation techniques using market entity-determined inputs	Valuation techniques using inputs	
iShares Emerging Markets Local Government Bond UCITS ETF	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value through profit or loss				
- Debt securities	-	1,692,723	-	1,692,723
Total	-	1,692,723	-	1,692,723
Financial liabilities at fair value through profit or loss				
- Forward currency contracts	-	(126)	-	(126)
Total	-	(126)	-	(126)

30 June 2014

Category	Quoted prices for identical instruments in active markets	Valuation techniques		Total
		Valuation techniques using market entity-determined inputs	Valuation techniques using inputs	
iShares Emerging Markets Local Government Bond UCITS ETF	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value through profit or loss				
- Debt securities	-	1,798,616	-	1,798,616
- Forward currency contracts	-	107	-	107
Total	-	1,798,723	-	1,798,723
Financial liabilities at fair value through profit or loss				
- Forward currency contracts	-	(25)	-	(25)
Total	-	(25)	-	(25)

Investments whose values are based on entity-determined inputs include equities and warrants that were suspended at year end, priced by the Investment Manager or priced at zero for the year ended 30 June 2015 and equities suspended at year end and equities priced at zero for the year ended 30 June 2014.

Securities with a value less than 500 are not disclosed in the table above. These securities are identified on the schedule of investments of the relevant funds.

e) Global exposure

In accordance with UCITS notices issued by the Central Bank of Ireland, the Manager is required to employ a risk management process which enables it to accurately monitor and manage the global exposure of the Funds to financial derivative instruments ("FDI").

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

The commitment approach is a methodology that aggregates the underlying market or notional value of FDI 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 calculation of global exposure represents only one element of the Fund's risk management process and in that respect the Manager will continue to report VaR as a market risk measure to the Board of Directors.

The exposures to FDI at year end are marked on the relevant fund's schedule of investments.

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

Financial instruments and risks* (continued)

f) Leverage

The use of derivatives may expose Funds to a higher degree of risk. In particular, derivative contracts can be highly volatile, and the amount of initial margin is generally small relative to the size of the contract so that transactions may be leveraged in terms of market exposure.

A relatively small market movement may have a potentially larger impact on derivatives than on non-derivative instruments. Leveraged derivative positions can therefore increase Fund volatility.

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

INCOME STATEMENT

For the year ended 30 June 2015

	Note	Year ended 30 June 2015 €000	Year ended 30 June 2014 €000
Operating income	2	567,185	389,643
Net (losses)/gains on financial assets/liabilities at fair value through profit or loss	3	(557,512)	880,116
Total gains		9,673	1,269,759
Operating expenses	4	(60,142)	(39,657)
Net operating (loss)/profit		(50,469)	1,230,102
Finance costs:			
Distributions to redeemable participating shareholders	6	(364,659)	(276,832)
Interest expense	7	(190)	(52)
Total finance costs		(364,849)	(276,884)
Net (loss)/profit for the financial year before tax		(415,318)	953,218
Capital gains tax	8	(410)	(38)
Non-reclaimable withholding tax	8	(16,886)	(10,315)
Net (loss)/profit for the financial year after tax		(432,614)	942,865
Adjustment to align to the valuation methodology as set out in the prospectus	9	3,005	(2,148)
(Decrease)/increase in net assets attributable to redeemable participating shareholders from operations		(429,609)	940,717

There are no recognised gains or losses arising in the year other than those dealt with in the income statement. In arriving at the results of the financial years, 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 year.

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO REDEEMABLE PARTICIPATING SHAREHOLDERS

For the year ended 30 June 2015

	Year ended 30 June 2015 €000	Year ended 30 June 2014 €000
Net assets attributable to redeemable participating shareholders at the beginning of the year	18,807,447	11,905,976
Notional foreign exchange adjustment*	1,780,527	(106,978)
(Decrease)/increase in net assets attributable to redeemable participating shareholders from operations	(429,609)	940,717
Share transactions:		
Proceeds from issue of redeemable participating shares	15,500,257	8,637,471
Payments on redemption of redeemable participating shares	(7,334,686)	(2,569,739)
Transfer due to merger into the Company**	193,052	-
Transfer due to merger out of the Company	(1,767,210)	-
Increase in net assets resulting from share transactions	6,591,413	6,067,732
Net assets attributable to redeemable participating shareholders at the end of the year	26,749,778	18,807,447

* The notional foreign exchange adjustment arises from the retranslation of the net assets at the beginning of the year using the exchange rate as at 30 June 2015. The average rate for the year is applied to the income statement items and share transactions (See note 18).

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

BALANCE SHEET

As at 30 June 2015

	Note	30 June 2015 €000	30 June 2014 €000
CURRENT ASSETS			
Cash		305,321	150,372
Cash equivalents		29,519	178,133
Margin cash account		1,519	1,066
Receivables	12	405,866	241,228
Financial assets at fair value through profit or loss	13	26,358,777	18,501,261
Total current assets		27,101,002	19,072,060
CURRENT LIABILITIES			
Bank overdraft		(389)	-
Cash collateral payable	15	(11)	-
Payables	14	(163,766)	(93,607)
Distributions payable to redeemable participating shareholders		(195,924)	(177,646)
Financial liabilities at fair value through profit or loss	13	(844)	(65)
Total current liabilities excluding net assets attributable to redeemable participating shareholders		(360,934)	(271,318)
Net assets attributable to redeemable participating shareholders		26,740,068	18,800,742
Adjustment to align to the valuation methodology as set out in the prospectus	9	9,710	6,705
Net asset value attributable to redeemable participating shareholders at the end of the year		26,749,778	18,807,447

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

Approved on behalf of the Board of Directors

Paul McNaughton
Director

29 October 2015

Paul McGowan
Director

29 October 2015

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

1. ACCOUNTING POLICIES, FINANCIAL INSTRUMENTS AND RISKS

The accounting policies are set out on pages 50 to 52. The financial instruments and risks are set out on pages 53 to 84.

2. OPERATING INCOME

	Year ended 30 June 2015 €000	Year ended 30 June 2014 €000
Interest income	169	159
Dividend income	148,070	84,804
Bond interest income	413,221	301,512
Securities lending income	5,725	3,166
Management fee rebate	-	2
	567,185	389,643

3. NET (LOSSES)/GAINS ON FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended 30 June 2015 €000	Year ended 30 June 2014 €000
Net (losses)/gains on investments in securities held at fair value through profit or loss	(544,270)	880,028
Net (losses)/gains on futures contracts	(30)	2,266
Net gains/(losses) on forward currency contracts	441	(95)
Net gains on CFDs	550	-
Net losses on foreign currency transactions	(14,203)	(2,083)
	(557,512)	880,116

4. OPERATING EXPENSES

	Year ended 30 June 2015 €000	Year ended 30 June 2014 €000
Management fees	(60,142)	(39,657)
	(60,142)	(39,657)

5. MANAGEMENT FEES

Fees earned by the Manager during the year and balances outstanding as at 30 June 2015 and 30 June 2014 are disclosed in note 4 and note 14 respectively.

Management fees (inclusive of investment management fees):

The Manager is entitled to an annual fee at rates not exceeding those set out below, these rates are the maximum fee rates as at 30 June 2015:

Fund	Maximum fee rate (% of NAV)
iShares Emerging Markets Local Government Bond UCITS ETF 0.50	

The Company employs an "all in one" fee structure for its Funds, with each Fund paying all of its fees, operating costs and expenses (and its due proportion of any costs and expenses allocated to it) as a single flat fee (the "Total Expense Ratio" or "TER"). The TER is calculated in accordance with the Committee of European Securities Regulators ("CESR") guidelines on the methodology for calculation of the ongoing charges figure in the Key Investor Information Document.

The Manager is responsible for discharging all operational expenses, including but not limited to fees and expenses of the Directors, Investment Manager, Custodian, Administrator, Transfer Agent and Registrar from the amounts received by the Manager from the Total Expense Ratio. Such operational expenses include regulatory and audit fees but exclude transaction costs and extraordinary legal costs.

Directors' fees will not exceed the sum of € 40,000 per annum per Director without the approval of the Board of Directors.

In the event a Fund's costs and expenses in connection with the operation of the Fund exceed the stated TER, the Manager will discharge any excess amount out of its own assets. The establishment costs of the Company have been paid by the Manager.

The following fees were included in management fees during the year:

	Year ended 30 June 2015 €000	Year ended 30 June 2014 €000
Directors' fees	(27)	(27)
Audit fees (including expenses) relating to the audit of the financial statements	(228)	(217)
Other assurance services fee (including expenses) relating to fund merger	(32)	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2015

5. MANAGEMENT FEES (continued)

There were no other assurance, tax, advisory or non audit fees other than the audit fees disclosed above paid to PricewaterhouseCooper in Dublin, Ireland as the Statutory Auditor of the Company as no other services were provided. The other assurance services relate to merger exchange ratios as required by Regulation 60 of Statutory Instrument ("S.I.") No 352/2011.

Whilst it is anticipated that the TER borne by a Fund shall not exceed the amounts set out previously during the life of a Fund such amounts may need to be increased. Any such increase will be subject to the prior approval of the shareholders of the relevant Fund evidenced either by a majority vote at a meeting of shareholders or by a written resolution of all of the shareholders.

Save as disclosed, no commissions, discounts, brokerages or other special terms have been granted or are payable by the Company in connection with the issue or sale of any capital of the Company.

6. DISTRIBUTIONS TO REDEEMABLE PARTICIPATING SHAREHOLDERS

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

Distributions declared during the year were as follows:

	Year ended 30 June 2015 €000	Year ended 30 June 2014 €000
September 2013	-	3,378
December 2013	-	129,888
March 2014	-	2,417
May 2014	-	1,005
June 2014	-	177,649
September 2014	4,102	-
December 2014	184,069	-
March 2015	2,749	-
June 2015	190,738	-
	381,658	314,337
Equalisation income	(51,189)	(48,110)
Equalisation expense	34,190	10,605
	364,659	276,832

7. INTEREST EXPENSE

	Year ended 30 June 2015 €000	Year ended 30 June 2014 €000
Bank interest	(190)	(52)
	(190)	(52)

8. TAXATION

Under current law and practice, the Company qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997, as amended. On that basis it is not chargeable to Irish tax on its income or gains. However, Irish tax may arise on the occurrence of a "chargeable event" .

A chargeable event includes any distribution payments to shareholders or any encashment, redemption, cancellation or transfer of shares and the holding of shares at the end of each eight year period beginning with the acquisition of such shares.

No Irish tax will arise on the Company in respect of chargeable events in respect of:

- A shareholder who is neither Irish resident nor ordinarily resident in Ireland for tax purposes, at the time of the chargeable event, provided appropriate valid declarations in accordance with the provisions of the Taxes Consolidation Act, 1997, as amended, are held by the Company; or the Company has been authorised by the Irish Revenue to make gross payments in the absence of appropriate declarations; and
- Certain exempted Irish tax resident shareholders who have provided the Company with the necessary signed Annual declarations; and
- Any transaction (which might otherwise be a chargeable event) in relation to shares held in a recognised clearing system as designated by order of the Irish Revenue Commissioners (such as CREST) will not constitute a chargeable event. It is the current intention of the Directors that all the shares in the Company will be held in Crest or another recognised clearing system.

Dividends, interest and capital gains (if any) received on investments made by the Company may be subject to withholding taxes imposed by the country from which the investment income/gains are received and such taxes may not be recoverable by the Company or its shareholders.

Gains from the sale of listed Indian shares are taxable at a rate of 15% plus surcharges such as Security Transaction Tax if the stock is held over a period of less than twelve months ("Short-term capital gain"). If listed Indian shares are held for more than twelve months, any capital gain is exempt from tax ("Long-term capital gain"). Short term losses arising from the sale of shares can be set-off against any other long-term or short-term capital gain. In case shares are purchased on different dates at different prices, it is assumed that the shares that were purchased first would also be sold first and the cost of acquisition is ascertained on FIFO basis. This year' s charge has been taken from the capital of the relevant Funds and is disclosed on the face of the income statement in the taxation section.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2015

9. ADJUSTMENT TO ALIGN TO THE VALUATION METHODOLOGY AS SET OUT IN THE PROSPECTUS

The adjustment between the financial statements net asset value and the valuation methodology set out in the prospectus is shown in the following table:

	Year ended 30 June 2015 €000	Year ended 30 June 2014 €000
Balance at the beginning of year	6,705	8,853
Adjustment to align to the valuation methodology as set out in the prospectus	3,005	(2,148)
Total adjustment for the year	3,005	(2,148)
Balance at the end of year	9,710	6,705

Further details are set out in the accounting policies note m).

10. TRANSACTION COSTS

In order to achieve its investment objective, a Fund will incur transaction costs in relation to trading activity on its portfolio. Disclosed in the table below are separately identifiable transaction costs incurred by the Company for the years ended 30 June 2015 and 30 June 2014. These include all brokers' commission, settlement fees, stamp duties and broker fees charges on equities, exchange traded futures contracts and some fixed income investments.

	Year ended 30 June 2015 €000	Year ended 30 June 2014 €000
Transaction costs	(3,572)	(1,961)

Not all transaction costs are separately identifiable. For some fixed income investments, transaction costs will be included in the purchase and sales price of the investment and are not separately disclosed. The portfolio transaction costs are not included in the TER.

11. 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

	30 June 2015 No. of Shares
Balance at the beginning of year	285,129,704
Issued during the year	281,477,285
Transfer due to merger in	6,341,455
Redeemed during the year	(104,895,636)
Transfer due to merger out	(48,050,000)
Balance at the end of year	420,002,808

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.

Subscriber shares

The 2 Subscriber Shares are currently in issue and are held by the Manager or 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.

12. RECEIVABLES

	30 June 2015 €000	30 June 2014 €000
Sale of securities awaiting settlement	125,904	13,281
Subscription for shares awaiting settlement	80	12,285
Dividend income receivable	12,568	8,393
Interest receivable	16	39
Securities lending income receivable	599	310
Bond interest income receivable	265,643	206,330
Tax reclaim receivable	1,033	488
Other receivables	23	102
	405,866	241,228

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

	30 June 2015 €000	30 June 2014 €000
Financial assets:		
Investment in equities	7,207,922	4,827,630
Investment in bonds	19,150,400	13,673,298
Investment in rights	371	136
Investment in warrants	73	-
Unrealised gains on forward currency contracts	-	78
Unrealised gains on futures contracts	11	119
	26,358,777	18,501,261
Financial liabilities:		
Unrealised losses on forward currency contracts	(113)	(18)
Unrealised losses on futures contracts	(730)	(47)
Unrealised losses on CFDs	(1)	-
	(844)	(65)

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2015

14. PAYABLES

	30 June 2015 €000	30 June 2014 €000
Purchase of securities awaiting settlement	(51,657)	(83,818)
Payable for fund shares repurchased	(105,384)	(4,032)
Interest payable	(212)	(93)
Management fees payable	(5,676)	(3,750)
Capital gains tax payable	(835)	(477)
Other payables	(2)	(1,437)
	(163,766)	(93,607)

15. SOFT COMMISSIONS

There were no soft commissions arrangements entered into by the Investment Manager on behalf of the Company during the years ended 30 June 2015 and 30 June 2014, other than those disclosed in the financial statements of the Funds.

16. COMMITMENTS AND CONTINGENT LIABILITIES

There were no significant commitments or contingent liabilities at the year ended 30 June 2015 or 30 June 2014 other than those disclosed in the financial statements of the Funds.

17. EXCHANGE RATES

The rates of exchange ruling at 30 June 2015 and 30 June 2014 were:

		30 June 2015	30 June 2014
EUR1=	CHF	1.0413	1.2142
	DKK	7.4599	7.4553
	GBP	0.7085	0.8007
	NOK	8.7660	8.4015
	PLN	4.1904	4.1577
	SEK	9.2451	9.1532
	USD	1.1142	1.3692
GBP1=	EUR	1.4115	1.2488
	USD	1.5727	1.7098
USD1=	AED	3.6730	3.6728
	AUD	1.3011	1.0595
	BHD	0.3771	0.3771
	BRL	3.1064	2.2041
	CAD	1.2485	1.0652
	CHF	0.9346	0.8868
	CLP	639.5300	553.6700
	CNH	6.2052	6.2072
	CNY	6.2010	6.2050
	COP	2,599.6000	1,879.7500
	CZK	24.4655	20.0490
	DKK	6.6953	5.4452
	EGP	7.6301	7.1501
	EUR	0.8975	0.7304

	30 June 2015	30 June 2014
GBP	0.6358	0.5848
HKD	7.7526	7.7504
HUF	282.9564	226.0600
IDR	13,332.5000	11,855.0000
ILS	3.7724	3.4288
INR	63.6800	60.1450
JPY	122.3650	101.3050
KRW	1,115.4500	1,011.8000
KWD	0.3023	0.2816
MXN	15.6907	12.9730
MYR	3.7730	3.2110
NOK	7.8675	6.1363
NZD	1.4786	1.1421
OMR	0.3850	0.3850
PEN	3.1776	2.7930
PHP	45.0900	43.6500
PLN	3.7609	3.0367
QAR	3.6413	3.6406
RON	4.0190	3.2018
RUB	55.7149	34.0524
SEK	8.2975	6.6854
SGD	1.3465	1.2467
THB	33.7755	32.4550
TRY	2.6790	2.1203
TWD	30.8545	29.8580
ZAR	12.1378	10.6388

The average rates of exchange for the years ended 30 June 2015 and 30 June 2014 were:

		30 June 2015	30 June 2014
EUR1=	GBP	0.7610	0.8343
	USD	1.1955	1.3564

18. 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 year ended 30 June 2015:

Board of Directors of the Company

Manager: BlackRock Asset Management
Ireland Limited

Investment Manager,

Promoter and

securities lending agent:

BlackRock Advisors (UK) Limited

Sub-Investment Managers:

BlackRock Financial Management, Inc.
BlackRock (Singapore) Limited

Representative in Switzerland:

BlackRock Asset Management
Schweiz AG

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2015

18. RELATED PARTY TRANSACTIONS (continued)

The ultimate holding Company of the Manager, Investment Manager, Sub-Investment Managers, promoter, securities lending agent and representative in Switzerland 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 in the years ended 30 June 2015 or 30 June 2014.

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 paid to the Manager during the year, the nature of these transactions and the balances outstanding at the year end are disclosed in note 4, 5 and 14 respectively. Securities lending income earned by the Funds is disclosed in note 2 and 20.

Details of soft commission arrangements with related parties are disclosed in note 16.

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

With the exception of Paul McGowan and Paul McNaughton, 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 year end also serves 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	
Small Cap UCITS ETF	159
iShares MSCI Japan Small Cap UCITS ETF (Dist)	389
iShares S&P Small Cap 600 UCITS ETF	1,706

The above shareholding had not changed as at 30 June 2015.

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 and regulated under the UCITS regulations. 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.

The investment into ICS funds is included in cash equivalents and is managed by BlackRock Asset Management Ireland Limited. No management fees are incurred as a result of any of the investments in ICS.

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 above were no more favourable than those received by other investors investing into the same share classes.

Significant holdings

The Company had no shareholder of record with holdings of voting shares greater than 20% or any shareholders who are considered to be related parties as at the years ended 30 June 2015 and 30 June 2014.

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

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

No commitments secured or unsecured or guarantees have been entered into with related parties during the year (30 June 2014: Nil).

19. 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.

The securities 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2015

19. EFFICIENT PORTFOLIO MANAGEMENT (continued)

During the year 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 30 June 2015 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 found on page 72.

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

Securities lending income is split between the Fund and the securities lending agent in a ratio of 60:40 in favour of the Fund until 30 April 2014. 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.

The securities lending income earned during the year, the value of securities on loan at the year end and the value of collateral held at the year end for the Company is shown below:

	30 June 2015 €000	30 June 2014 €000
Income earned during the year	5,725	3,166
Value of securities on loan at year end	2,719,349	1,548,990
Value of collateral held on behalf of the Company at year end	2,947,939	1,896,394

Please see note 21 for more information on financial derivative instruments.

20. FINANCIAL DERIVATIVE INSTRUMENTS

The Company may buy and sell financial derivative instruments. See further details in note 3 of the financial statements of the Company and the Fund's Schedule of Investments.

21. FUND DETAILS

Please see Background section for details of the legal form of the Company and the country of incorporation.

Please see the General information section for details on the registered office of the Company.

22. SUBSEQUENT EVENTS

An addendum to the prospectus was issued on 14 July 2015.

Other than the above, there have been no events subsequent to the year end, which, in the opinion of the Directors of the Company, may have had an impact on the financial statements for the year ended 30 June 2015.

iShares Emerging Markets Local Government Bond UCITS ETF

INCOME STATEMENT

For the year ended 30 June 2015

	Note	Year ended 30 June 2015 \$'000	Year ended 30 June 2014 \$'000
Operating income	2	118,307	66,186
Net losses on financial assets/liabilities at fair value through profit or loss	3	(426,853)	(35,705)
Total (losses)/gains		(308,546)	30,481
Operating expenses	4	(9,619)	(5,454)
Net operating (loss)/profit		(318,165)	25,027
Finance costs:			
Distributions to redeemable participating shareholders	6	(105,267)	(59,252)
Interest expense	7	(95)	(17)
Total finance costs		(105,362)	(59,269)
Net loss for the financial year before tax		(423,527)	(34,242)
Capital gains tax		(281)	(46)
Non-reclaimable withholding tax		(2,790)	(1,575)
Net loss for the financial year after tax		(426,598)	(35,863)
Decrease in net assets attributable to redeemable participating shareholders from operations		(426,598)	(35,863)

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

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO REDEEMABLE PARTICIPATING SHAREHOLDERS

For the year ended 30 June 2015

	Year ended 30 June 2015 \$'000	Year ended 30 June 2014 \$'000
Net assets attributable to redeemable participating shareholders at the beginning of the year	1,878,664	917,052
Decrease in net assets attributable to redeemable participating shareholders from operations	(426,598)	(35,863)
Share transactions:		
Proceeds from issue of redeemable participating shares	1,012,978	1,341,614
Payments on redemption of redeemable participating shares	(712,935)	(344,139)
Increase in net assets resulting from share transactions	300,043	997,475
Net assets attributable to redeemable participating shareholders at the end of the year	1,752,109	1,878,664

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

iShares Emerging Markets Local Government Bond UCITS ETF

BALANCE SHEET

As at 30 June 2015

	Note	30 June 2015 \$'000	30 June 2014 \$'000
CURRENT ASSETS			
Cash		73,238	40,859
Cash equivalents		6,699	60,391
Receivables	11	35,785	37,170
Financial assets at fair value through profit or loss	12	1,692,723	1,798,723
Total current assets		1,808,445	1,937,143
CURRENT LIABILITIES			
Payables	13	(1,695)	(4,138)
Distributions payable to redeemable participating shareholders	6	(54,515)	(54,316)
Financial liabilities at fair value through profit or loss	12	(126)	(25)
Total current liabilities excluding net assets attributable to redeemable participating shareholders		(56,336)	(58,479)
Net asset value attributable to redeemable participating shareholders at the end of the year		1,752,109	1,878,664

The accompanying notes form an integral part of these financial statements. Details of the NAV per share are set out in note 10.

iShares Emerging Markets Local Government Bond UCITS ETF

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

1. ACCOUNTING POLICIES, FINANCIAL INSTRUMENTS AND RISKS, TAX, SOFT COMMISSIONS AND EXCHANGE RATES

The accounting policies are set out on pages 50 to 52. The financial instruments and risks are set out on pages 53 to 84. The notes relating to tax, soft commissions exchange rates, commitments and contingent liabilities, related party transactions, financial derivative instruments and significant events are set out in the notes to the financial statements of the Company on pages 87 to 93.

2. OPERATING INCOME

	Year ended 30 June 2015 \$'000	Year ended 30 June 2014 \$'000
Interest income	88	56
Bond interest income	117,982	66,069
Securities lending income	237	61
	118,307	66,186

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

	Year ended 30 June 2015 \$'000	Year ended 30 June 2014 \$'000
Net losses on investments in securities held at fair value through profit or loss	(415,089)	(33,220)
Net gains/(losses) on forward currency contracts	657	(129)
Net losses on foreign currency transactions	(12,421)	(2,356)
	(426,853)	(35,705)

4. OPERATING EXPENSES

	Year ended 30 June 2015 \$'000	Year ended 30 June 2014 \$'000
Management fees	(9,619)	(5,454)
	(9,619)	(5,454)

5. MANAGEMENT FEES

Fees earned by the Manager during the year and balances outstanding as at 30 June 2015 and 30 June 2014 are disclosed in note 4 and note 13 respectively.

Please refer to note 5 of the financial statements of the Company for further details.

The Fund employs an "all in one" fee structure, paying all of its fees, operating costs and expenses (and its due proportion of any costs and expenses allocated to it) as a single flat fee (the "Total Expense Ratio" or "TER"). The TER is calculated in accordance with the Committee of European Securities Regulators ("CESR") guidelines on the methodology for calculation of the ongoing charges figure in the Key Investor Information Document.

Total fees paid to the Manager as a percentage of the average Fund assets for the year were as follows:

	TER % 30 June 2015	TER % 30 June 2014
	0.50	0.50

6. DISTRIBUTIONS TO REDEEMABLE PARTICIPATING SHAREHOLDERS

The Company may declare and pay distributions to Redeemable Participating Shareholders on any distributing class of Shares in the Company. The Company intends to declare distributions to redeemable participating shareholders for each distributing Fund, in respect of each financial year, which are generally equal to the total income of the Fund net of expenses for that financial year.

Distributions declared during the year were as follows:

	Year ended 30 June 2015 \$'000	Year ended 30 June 2014 \$'000
December 2013	-	28,083
June 2014	-	54,316
December 2014	51,865	-
June 2015	54,515	-
	106,380	82,399
Equalisation income	(10,631)	(26,656)
Equalisation expense	9,518	3,509
	105,267	59,252

7. INTEREST EXPENSE

	Year ended 30 June 2015 \$'000	Year ended 30 June 2014 \$'000
Bank interest	(95)	(17)
	(95)	(17)

iShares Emerging Markets Local Government Bond UCITS ETF

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2015

8. TRANSACTION COSTS

Transaction costs on this Fund are not separately identifiable for the year ended 30 June 2015 and 30 June 2014. Please refer to note 10 of the financial statements of the Company for further details.

9. SHARE CAPITAL

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

	30 June 2015 No. of Shares
Balance at the beginning of year	22,444,668
Issued during the year	13,278,330
Redeemed during the year	(9,775,907)
Balance at the end of year	25,947,091

10. NET ASSETS ATTRIBUTABLE TO REDEEMABLE PARTICIPATING SHAREHOLDERS

	No. of Shares
Shares in issue	
As at 30 June 2015	25,947,091
As at 30 June 2014	22,444,668
As at 30 June 2013	10,627,540

	\$'000
Net asset value	
As at 30 June 2015	1,752,109
As at 30 June 2014	1,878,664
As at 30 June 2013	917,052

	\$
Net asset value per share	
As at 30 June 2015	67.53
As at 30 June 2014	83.70
As at 30 June 2013	86.29

11. RECEIVABLES

	30 June 2015 \$'000	30 June 2014 \$'000
Interest receivable	18	43
Securities lending income receivable	18	21
Bond interest income receivable	35,739	37,106
Other receivables	10	-
	35,785	37,170

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

	30 June 2015 \$'000	30 June 2014 \$'000
Financial assets:		
Investment in bonds	1,692,723	1,798,616
Unrealised gains on forward currency contracts	-	107
	1,692,723	1,798,723
Financial liabilities:		
Unrealised losses on forward currency contracts	(126)	(25)
	(126)	(25)

13. PAYABLES

	30 June 2015 \$'000	30 June 2014 \$'000
Purchase of securities awaiting settlement	-	(2,802)
Interest payable	(108)	-
Management fees payable	(747)	(731)
Capital gains tax payable	(840)	(601)
Other payables	-	(4)
	(1,695)	(4,138)

14. EFFICIENT PORTFOLIO MANAGEMENT

Please see note 20 of the financial statements of the Company for more information on efficient portfolio management.

	30 June 2015 \$'000	30 June 2014 \$'000
Income earned during the year	237	61
Value of securities on loan at year end	48,271	129,129
Value of collateral held on behalf of the Fund at year end	51,207	138,751

Please see note 21 of the company Financial Statements for more information on financial derivative instruments.

iShares Emerging Markets Local Government Bond UCITS ETF

SCHEDULE OF INVESTMENTS

As at 30 June 2015

Holding Investment	Fair value \$'000	% of net asset value	Holding Investment	Fair value \$'000	% of net asset value
Transferable Securities Admitted to an Official Stock Exchange Listing or traded on a Regulated Market (30 June 2014: 95.74%)			Hungary (cont)		
Bonds			Government bonds: BB+ rating (cont)		
Brazil			3,269,400,000 Hungary Government Bond 6% 24/11/2023		
Government bonds: BBB+ rating			13,311 0.76		
137,830,000 Brazil Notas do Tesouro Nacional Serie F 10% 01/01/2017	42,154	2.40	4,146,000,000 Hungary Government Bond 6.5% 24/06/2019	16,770	0.96
27,800,000 Brazil Notas do Tesouro Nacional Serie F 10% 01/01/2018	8,372	0.48	1,906,850,000 Hungary Government Bond 6.75% 24/02/2017	7,307	0.41
20,200,000 Brazil Notas do Tesouro Nacional Serie F 10% 01/01/2019	6,005	0.34	1,943,500,000 Hungary Government Bond 6.75% 24/11/2017	7,695	0.44
162,070,000 Brazil Notas do Tesouro Nacional Serie F 10% 01/01/2021	46,916	2.68	2,606,000,000 Hungary Government Bond 7% 24/06/2022	11,067	0.63
109,200,000 Brazil Notas do Tesouro Nacional Serie F 10% 01/01/2023	30,996	1.77	2,965,800,000 Hungary Government Bond 7.5% 12/11/2020	12,751	0.73
110,500,000 Brazil Notas do Tesouro Nacional Serie F 10% 01/01/2025	30,795	1.76	Total Hungary	98,194	5.60
Government bonds: BBB- rating			Indonesia		
6,000,000 Brazilian Government International Bond 8.5% 05/01/2024	1,841	0.10	Government bonds: BB+ rating		
9,580,000 Brazilian Government International Bond 10.25% 10/01/2028	3,246	0.19	44,850,000,000 Indonesia Treasury Bond 5.25% 15/05/2018		
4,380,000 Brazilian Government International Bond 12.5% 05/01/2022	1,614	0.09	84,400,000,000 Indonesia Treasury Bond 5.625% 15/05/2023		
Total Brazil	171,939	9.81	72,500,000,000 Indonesia Treasury Bond 6.125% 15/05/2028		
Chile			109,000,000,000 Indonesia Treasury Bond 6.25% 15/04/2017		
Government bonds: AA- rating			26,150,000,000 Indonesia Treasury Bond 6.375% 15/04/2042		
1,515,000,000 Chile Government International Bond 5.5% 05/08/2020			111,000,000,000 Indonesia Treasury Bond 6.625% 15/05/2033		
Total Chile	2,532	0.15	76,110,000,000 Indonesia Treasury Bond 7% 15/05/2022		
Colombia			57,050,000,000 Indonesia Treasury Bond 7% 15/05/2027		
Government bonds: BBB rating			7,500,000,000 Indonesia Treasury Bond 7.375% 15/09/2016		
2,450,000,000 Colombia Government International Bond 4.375% 21/03/2023			154,399,000,000 Indonesia Treasury Bond 7.875% 15/04/2019		
8,150,000,000 Colombia Government International Bond 7.75% 14/04/2021			27,230,000,000 Indonesia Treasury Bond 8.25% 15/07/2021		
6,790,000,000 Colombia Government International Bond 9.85% 28/06/2027			102,360,000,000 Indonesia Treasury Bond 8.25% 15/06/2032		
Total Colombia	7,488	0.43	273,039,000,000 Indonesia Treasury Bond 8.375% 15/03/2024		
Hungary			47,220,000,000 Indonesia Treasury Bond 8.375% 15/09/2026		
Government bonds: BB+ rating			221,799,000,000 Indonesia Treasury Bond 8.375% 15/03/2034		
1,250,000,000 Hungary Government Bond 3.5% 24/06/2020			25,000,000,000 Indonesia Treasury Bond 8.75% 15/02/2044		
2,738,900,000 Hungary Government Bond 4% 25/04/2018			180,750,000,000 Indonesia Treasury Bond 9% 15/03/2029		
1,638,370,000 Hungary Government Bond 5.5% 20/12/2018			37,560,000,000 Indonesia Treasury Bond 9.5% 15/07/2023		
2,055,000,000 Hungary Government Bond 5.5% 24/06/2025			66,870,000,000 Indonesia Treasury Bond 9.5% 15/07/2031		
	8,196	0.47		5,447	0.31

iShares Emerging Markets Local Government Bond UCITS ETF

SCHEDULE OF INVESTMENTS (continued)

As at 30 June 2015

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)			7,000,000 Malaysia Government Bond 3.955%		
35,170,000,000 Indonesia Treasury Bond 9.5%			15/09/2025	1,844	0.11
15/05/2041	2,859	0.16	850,000 Malaysia Government Bond 4.012%		
48,080,000,000 Indonesia Treasury Bond 10%			15/09/2017	229	0.01
15/07/2017	3,741	0.21	13,749,000 Malaysia Government Bond 4.048%		
34,000,000,000 Indonesia Treasury Bond 10%			30/09/2021	3,690	0.21
15/09/2024	2,808	0.16	9,800,000 Malaysia Government Bond 4.127%		
47,310,000,000 Indonesia Treasury Bond 10%			15/04/2032	2,529	0.14
15/02/2028	3,972	0.23	21,360,000 Malaysia Government Bond 4.16%		
30,430,000,000 Indonesia Treasury Bond 10.25%			15/07/2021	5,776	0.33
15/07/2022	2,509	0.14	2,642,000 Malaysia Government Bond 4.181%		
47,595,000,000 Indonesia Treasury Bond 10.25%			15/07/2024	709	0.04
15/07/2027	4,048	0.23	9,000,000 Malaysia Government Bond 4.232%		
58,080,000,000 Indonesia Treasury Bond 10.5%			30/06/2031	2,349	0.13
15/08/2030	5,095	0.29	12,219,000 Malaysia Government Bond 4.24%		
39,580,000,000 Indonesia Treasury Bond 10.5%			07/02/2018	3,303	0.19
15/07/2038	3,515	0.20	24,427,000 Malaysia Government Bond 4.262%		
47,885,000,000 Indonesia Treasury Bond 11%			15/09/2016	6,562	0.37
15/11/2020	4,004	0.23	36,510,000 Malaysia Government Bond 4.378%		
66,252,000,000 Indonesia Treasury Bond 11%			29/11/2019	9,985	0.57
15/09/2025	5,835	0.33	15,510,000 Malaysia Government Bond 4.392%		
46,975,000,000 Indonesia Treasury Bond 12.8%			15/04/2026	4,189	0.24
15/06/2021	4,249	0.24	13,985,000 Malaysia Government Bond 4.498%		
29,990,000,000 Indonesia Treasury Bond 12.9%			15/04/2030	3,826	0.22
15/06/2022	2,778	0.16	5,000,000 Malaysia Government Bond 4.935%		
Total Indonesia	170,645	9.74	30/09/2043	1,363	0.08
			4,706,000 Malaysia Government Bond 5.248%		
Malaysia			15/09/2028	1,375	0.08
Government bonds: A rating			16,222,000 Malaysia Government Bond 5.734%		
16,100,000 Malaysia Government Bond 3.26%			30/07/2019	4,636	0.26
01/03/2018	4,245	0.24	80,000,000 Malaysia Government Investment Issue		
24,950,000 Malaysia Government Bond 3.314%			3.678% 23/11/2017	21,324	1.22
31/10/2017	6,622	0.38	2,500,000 Malaysia Government Investment Issue		
23,550,000 Malaysia Government Bond 3.394%			3.699% 15/11/2022	645	0.04
15/03/2017	6,270	0.36	76,000,000 Malaysia Government Investment Issue		
30,000,000 Malaysia Government Bond 3.48%			3.799% 27/08/2020	20,184	1.15
15/03/2023	7,695	0.44	26,000,000 Malaysia Government Investment Issue		
17,500,000 Malaysia Government Bond 3.492%			4.194% 15/07/2022	6,971	0.40
31/03/2020	4,599	0.26	32,000,000 Malaysia Government Investment Issue		
11,850,000 Malaysia Government Bond 3.502%			4.444% 22/05/2024	8,669	0.49
31/05/2027	2,945	0.17	10,000,000 Malaysia Government Investment Issue		
26,460,000 Malaysia Government Bond 3.58%			4.582% 30/08/2033	2,744	0.16
28/09/2018	7,025	0.40	Total Malaysia	169,982	9.70
13,500,000 Malaysia Government Bond 3.654%					
31/10/2019	3,586	0.20	Mexico		
9,650,000 Malaysia Government Bond 3.733%			Government bonds: A rating		
15/06/2028	2,431	0.14	239,200,000 Mexican Bonos 4.75% 14/06/2018	15,319	0.88
15,900,000 Malaysia Government Bond 3.814%			128,500,000 Mexican Bonos 5% 15/06/2017	8,324	0.48
15/02/2017	4,260	0.24	94,000,000 Mexican Bonos 5% 11/12/2019	5,951	0.34
17,507,000 Malaysia Government Bond 3.889%			127,500,000 Mexican Bonos 6.5% 10/06/2021	8,485	0.48
31/07/2020	4,675	0.27	125,000,000 Mexican Bonos 6.5% 09/06/2022	8,266	0.47
10,554,000 Malaysia Government Bond 3.892%			142,707,000 Mexican Bonos 7.25% 15/12/2016	9,535	0.54
15/03/2027	2,727	0.16	93,169,500 Mexican Bonos 7.5% 03/06/2027	6,527	0.37

iShares Emerging Markets Local Government Bond UCITS ETF

SCHEDULE OF INVESTMENTS (continued)

As at 30 June 2015

Holding Investment	Fair value \$'000	% of net asset value	Holding Investment	Fair value \$'000	% of net asset value
Bonds (cont)			Poland (cont)		
Mexico (cont)			Government bonds: A rating (cont)		
Government bonds: A rating (cont)			49,750,000 Poland Government Bond 3.25% 25/07/2025	13,158	0.75
188,410,000 Mexican Bonos 7.75% 14/12/2017	12,969	0.74	43,820,000 Poland Government Bond 3.75% 25/04/2018	12,133	0.69
153,750,000 Mexican Bonos 7.75% 29/05/2031	10,964	0.63	58,546,000 Poland Government Bond 4% 25/10/2023	16,453	0.94
62,500,000 Mexican Bonos 7.75% 23/11/2034	4,440	0.25	50,150,000 Poland Government Bond 4.75% 25/10/2016	13,838	0.79
139,879,000 Mexican Bonos 7.75% 13/11/2042	9,918	0.57	34,356,000 Poland Government Bond 4.75% 25/04/2017	9,587	0.55
73,806,000 Mexican Bonos 8% 11/06/2020	5,253	0.30	50,060,000 Poland Government Bond 5.25% 25/10/2017	14,271	0.81
110,730,000 Mexican Bonos 8% 07/12/2023	7,985	0.46	39,579,000 Poland Government Bond 5.25% 25/10/2020	11,812	0.67
163,109,200 Mexican Bonos 8.5% 13/12/2018	11,612	0.66	45,079,000 Poland Government Bond 5.5% 25/10/2019	13,437	0.77
102,500,000 Mexican Bonos 8.5% 31/05/2029	7,780	0.44	31,280,000 Poland Government Bond 5.75% 25/10/2021	9,641	0.55
122,520,000 Mexican Bonos 8.5% 18/11/2038	9,336	0.53	50,192,000 Poland Government Bond 5.75% 23/09/2022	15,581	0.89
231,715,000 Mexican Bonos 10% 05/12/2024	18,957	1.08	Total Poland	169,959	9.70
69,195,000 Mexican Bonos 10% 20/11/2036	6,034	0.35			
Total Mexico	167,655	9.57	Romania		
Peru			Government bonds: BBB- rating		
Government bonds: A- rating			24,950,000 Romania Government Bond 4.75% 29/08/2016	6,420	0.37
12,650,000 Peru Government Bond 5.2% 12/09/2023	3,690	0.21	24,760,000 Romania Government Bond 4.75% 24/06/2019	6,610	0.38
24,580,000 Peru Government Bond 5.7% 12/08/2024	7,339	0.42	22,490,000 Romania Government Bond 5.6% 28/11/2018	6,158	0.35
14,600,000 Peru Government Bond 6.85% 12/02/2042	4,342	0.25	20,000,000 Romania Government Bond 5.75% 29/04/2020	5,561	0.32
18,500,000 Peru Government Bond 6.9% 12/08/2037	5,611	0.32	28,000,000 Romania Government Bond 5.85% 26/04/2023	7,792	0.44
23,900,000 Peru Government Bond 6.95% 12/08/2031	7,383	0.42	22,790,000 Romania Government Bond 5.9% 26/07/2017	6,109	0.35
21,400,000 Peru Government Bond 7.84% 12/08/2020	7,481	0.42	22,650,000 Romania Government Bond 5.95% 11/06/2021	6,381	0.36
16,900,000 Peru Government Bond 8.2% 12/08/2026	5,914	0.34	23,750,000 Romania Government Bond 6.75% 11/06/2017	6,436	0.37
4,000,000 Peru Government Bond 8.6% 12/08/2017	1,376	0.08	Total Romania	51,467	2.94
Total Peru	43,136	2.46	Russian Federation		
Philippines			Government bonds: BB+ rating		
Government bonds: BBB rating			529,272,000 Russian Federal Bond - OFZ 6.2% 31/01/2018	8,535	0.49
102,000,000 Philippine Government International Bond 3.9% 26/11/2022	2,248	0.13	395,000,000 Russian Federal Bond - OFZ 6.4% 27/05/2020	5,899	0.34
155,000,000 Philippine Government International Bond 4.95% 15/01/2021	3,620	0.20	532,500,000 Russian Federal Bond - OFZ 6.7% 15/05/2019	8,334	0.48
171,000,000 Philippine Government International Bond 6.25% 14/01/2036	4,329	0.25	515,000,000 Russian Federal Bond - OFZ 6.8% 11/12/2019	7,936	0.45
Total Philippines	10,197	0.58	405,000,000 Russian Federal Bond - OFZ 6.9% 03/08/2016	7,007	0.40
Poland			Government bonds: A rating		
Government bonds: A rating					
42,000,000 Poland Government Bond 1.5% 25/04/2020	10,553	0.60			
53,410,000 Poland Government Bond 2.5% 25/07/2018	14,291	0.82			
55,618,000 Poland Government Bond 3.25% 25/07/2019	15,204	0.87			

iShares Emerging Markets Local Government Bond UCITS ETF

SCHEDULE OF INVESTMENTS (continued)

As at 30 June 2015

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: BB+ rating (cont)			20,000,000 South Africa Government Bond 13.5%		
574,000,000 Russian Federal Bond - OFZ 7%			15/09/2016	1,773	0.10
25/01/2023	8,299	0.47	Total South Africa	171,280	9.78
669,656,000 Russian Federal Bond - OFZ 7%			Thailand		
16/08/2023	9,579	0.55	Government bonds: A- rating		
557,000,000 Russian Federal Bond - OFZ 7.05%			1,075,005,000 Thailand Government Bond 3.25%		
19/01/2028	7,498	0.43	16/06/2017	32,849	1.87
560,000,000 Russian Federal Bond - OFZ 7.4%			219,290,000 Thailand Government Bond 3.45%		
19/04/2017	9,529	0.54	08/03/2019	6,786	0.39
71,700,000 Russian Federal Bond - OFZ 7.4%			300,000,000 Thailand Government Bond 3.58%		
14/06/2017	1,216	0.07	17/12/2027	9,140	0.52
330,835,000 Russian Federal Bond - OFZ 7.5%			831,448,000 Thailand Government Bond 3.625%		
15/03/2018	5,482	0.31	16/06/2023	25,869	1.48
561,680,000 Russian Federal Bond - OFZ 7.5%			669,424,000 Thailand Government Bond 3.65%		
27/02/2019	9,068	0.52	17/12/2021	20,984	1.20
457,500,000 Russian Federal Bond - OFZ 7.6%			179,136,000 Thailand Government Bond 3.775%		
14/04/2021	7,078	0.40	25/06/2032	5,359	0.31
479,758,000 Russian Federal Bond - OFZ 7.6%			110,600,000 Thailand Government Bond 3.8%		
20/07/2022	7,259	0.41	14/06/2041	3,230	0.18
443,446,000 Russian Federal Bond - OFZ 8.15%			185,000,000 Thailand Government Bond 3.85%		
03/02/2027	6,606	0.38	12/12/2025	5,907	0.34
320,000,000 Russian Foreign Bond - Eurobond 7.85%			716,410,000 Thailand Government Bond 3.875%		
10/03/2018	5,283	0.30	13/06/2019	22,583	1.29
Total Russian Federation	114,608	6.54	150,000,000 Thailand Government Bond 4.675%		
South Africa			29/06/2044	5,015	0.29
Government bonds: BBB+ rating			150,794,000 Thailand Government Bond 4.75%		
187,898,592 South Africa Government Bond 6.25%			20/12/2024	5,108	0.29
31/03/2036	11,688	0.67	817,844,000 Thailand Government Bond 4.875%		
189,936,000 South Africa Government Bond 6.5%			22/06/2029	28,061	1.60
28/02/2041	11,893	0.68	34,580,000 Thailand Government Bond 5.125%		
187,550,000 South Africa Government Bond 6.75%			13/03/2018	1,115	0.06
31/03/2021	14,624	0.84	40,000,000 Thailand Government Bond 5.67%		
196,720,000 South Africa Government Bond 7%			13/03/2028	1,470	0.08
28/02/2031	13,831	0.79	Total Thailand	173,476	9.90
201,802,000 South Africa Government Bond 7.25%			Turkey		
15/01/2020	16,297	0.93	Government bonds: BBB- rating		
117,300,000 South Africa Government Bond 7.75%			38,940,000 Turkey Government Bond 6.3%		
28/02/2023	9,447	0.54	14/02/2018	13,460	0.77
157,927,000 South Africa Government Bond 8%			36,911,000 Turkey Government Bond 7.1%		
21/12/2018	13,187	0.75	08/03/2023	12,221	0.70
143,000,000 South Africa Government Bond 8%			22,000,000 Turkey Government Bond 7.4%		
31/01/2030	11,113	0.63	05/02/2020	7,605	0.43
159,600,000 South Africa Government Bond 8.25%			10,000,000 Turkey Government Bond 8%		
15/09/2017	13,419	0.77	12/03/2025	3,447	0.20
108,000,000 South Africa Government Bond 8.25%			7,000,000 Turkey Government Bond 8.2%		
31/03/2032	8,472	0.48	13/07/2016	2,571	0.15
124,000,000 South Africa Government Bond 8.5%			20,500,000 Turkey Government Bond 8.2%		
31/01/2037	9,818	0.56	16/11/2016	7,522	0.43
54,000,000 South Africa Government Bond 8.75%			35,354,000 Turkey Government Bond 8.3%		
31/01/2044	4,353	0.25	20/06/2018	12,801	0.73
327,346,900 South Africa Government Bond 10.5%			35,500,000 Turkey Government Bond 8.5%		
21/12/2026	31,365	1.79	10/07/2019	12,880	0.73

iShares Emerging Markets Local Government Bond UCITS ETF

SCHEDULE OF INVESTMENTS (continued)

As at 30 June 2015

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: BBB- rating (cont)		
Government bonds: BBB- rating (cont)			27,550,000 Turkey Government Bond 9.5%		
25,850,000 Turkey Government Bond 8.5%			12/01/2022	10,366	0.59
14/09/2022	9,263	0.53	22,656,000 Turkey Government Bond 10.4%		
35,731,000 Turkey Government Bond 8.8%			27/03/2019	8,702	0.50
14/11/2018	13,084	0.75	22,500,000 Turkey Government Bond 10.4%		
30,511,000 Turkey Government Bond 8.8%			20/03/2024	8,995	0.51
27/09/2023	11,127	0.63	32,789,000 Turkey Government Bond 10.5%		
28,945,000 Turkey Government Bond 9%			15/01/2020	12,802	0.73
08/03/2017	10,718	0.61	Total Turkey	170,165	9.71
34,150,000 Turkey Government Bond 9%			Total bonds	1,692,723	96.61
24/07/2024	12,601	0.72			

Curr	Amount Purchased	Curr	Amount Sold	Underlying Exposure (\$)	Maturity date	Unrealised gain/(loss) \$'000	% of net asset value
Financial derivative instruments (30 June 2014: 0.00%)							
Forward currency contracts*							
RUB	198,926,663	USD	3,608,974	3,482,899	10/09/2015	(126)	(0.01)
Total unrealised losses on forward currency contracts						(126)	(0.01)
Total financial derivative instruments						(126)	(0.01)

	Fair value \$'000	% of net asset value
Total value of investments	1,692,597	96.60
Cash †	73,238	4.19
Cash equivalents ††	6,699	0.38
Other net liabilities	(20,425)	(1.17)
Net asset value attributable to redeemable participating shareholders at the end of the year	1,752,109	100.00

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.

Analysis of total current assets gross of all liabilities	Fair value \$'000	% of total current assets
Transferable securities admitted to an official stock exchange listing or traded on a regulated market	1,692,723	93.60
Other assets	115,722	6.40
Total current assets	1,808,445	100.00

† Substantially all cash positions are held with State Street Bank and Trust Company or other depositaries appointed.

†† Cash equivalents relate to investments in Institutional Cash Series plc.

* The counterparty for the forward currency contract is JP Morgan Chase Bank.

All credit ratings are shown as at 30 June 2015.

Fixed income securities are primarily classified by country of issuer for government type fixed income securities.