

2009 SEMI-ANNUAL REPORT TO SHAREHOLDERS
iSHARES® MSCI SERIES
FEBRUARY 28, 2009

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iShares MSCI Japan Index Fund





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Table of Contents

Fund Performance Overview	1
Shareholder Expenses	2
Schedule of Investments	3
Financial Statements	10
Financial Highlights	13
Notes to Financial Statements	14
iShares Family of Funds	21

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Fund Performance Overview

iSHARES® MSCI JAPAN INDEX FUND

Performance as of February 28, 2009

The iShares MSCI Japan Index Fund (the “Fund”) seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of publicly traded securities in the aggregate in the Japanese market, as measured by the MSCI Japan IndexSM (the “Index”). The Fund invests in a representative sample of securities included in the Index that collectively has an investment profile similar to the Index. Due to the use of representative sampling, the Fund may or may not hold all of the securities that are included in the Index. For the six-month period ended February 28, 2009, the total return for the Fund was (34.15)%, while the total return for the Index was (34.02)%.

Average Annual Total Returns								
Year Ended 2/28/09			Five Years Ended 2/28/09			Ten Years Ended 2/28/09		
NAV	MARKET	INDEX	NAV	MARKET	INDEX	NAV	MARKET	INDEX
(40.08)%	(40.42)%	(39.84)%	(3.89)%	(4.58)%	(3.37)%	(2.05)%	(2.32)%	(1.43)%

Cumulative Total Returns								
Year Ended 2/28/09			Five Years Ended 2/28/09			Ten Years Ended 2/28/09		
NAV	MARKET	INDEX	NAV	MARKET	INDEX	NAV	MARKET	INDEX
(40.08)%	(40.42)%	(39.84)%	(17.98)%	(20.91)%	(15.73)%	(18.74)%	(20.93)%	(13.40)%

“Average Annual Total Returns” represent the average annual change in value of an investment over the period(s) indicated. “Cumulative Total Returns” represent the total change in value of an investment over the period(s) indicated.

The Fund’s per share net asset value or “NAV” is the value of one share of the Fund as calculated in accordance with the standard formula for valuing mutual fund shares. The NAV return is based on the NAV of the Fund and the market return is based on the market price per share of the Fund. The price used to calculate market return (“Market Price”) is determined by using the midpoint between the highest bid and the lowest offer on the primary stock exchange on which the shares of the Fund are listed for trading, as of the time that the Fund’s NAV is calculated. Market and NAV returns assume that dividends and capital gain distributions have been reinvested in the Fund at Market Price and NAV, respectively.

An index is a statistical composite that tracks a specified financial market or sector. Unlike the Fund, an index does not actually hold a portfolio of securities and therefore does not incur the expenses incurred by the Fund. These expenses negatively impact the performance of the Fund. Also, market returns do not include brokerage commissions that may be payable on secondary market transactions. If brokerage commissions were included, market returns would be lower. The returns shown in the table(s) above do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption or sale of fund shares. The investment return and principal value of shares of the Fund will vary with changes in market conditions. Shares of the Fund may be worth more or less than their original cost when they are redeemed or sold in the market. The Fund’s past performance is no guarantee of future results.

PORTFOLIO ALLOCATION As of 2/28/09

Sector	Percentage of Net Assets
Consumer Cyclical	25.42%
Industrial	20.21
Financial	16.05
Consumer Non-Cyclical	11.38
Utilities	8.24
Basic Materials	6.78
Communications	6.01
Technology	4.18
Energy	1.51
Short-Term and Other Net Assets	0.22
TOTAL	100.00%

TEN LARGEST FUND HOLDINGS As of 2/28/09

Security	Percentage of Net Assets
Toyota Motor Corp.	5.57%
Mitsubishi UFJ Financial Group Inc.	3.20
Honda Motor Co. Ltd.	2.52
Tokyo Electric Power Co. Inc. (The)	2.18
Takeda Pharmaceutical Co. Ltd.	2.06
Nintendo Co. Ltd.	1.92
Canon Inc.	1.71
NTT DoCoMo Inc.	1.55
Nippon Telegraph and Telephone Corp.	1.43
Sumitomo Mitsui Financial Group Inc.	1.40
TOTAL	23.54%

Shareholder Expenses (Unaudited)

iSHARES® MSCI JAPAN INDEX FUND

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, including brokerage commissions on purchases and sales of Fund shares and (2) ongoing costs, including management fees and other Fund expenses. The following Example is intended to help you understand your ongoing costs (in dollars and cents) of investing in the Fund and to compare these costs with the ongoing costs of investing in other Funds.

The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from September 1, 2008 to February 28, 2009.

ACTUAL EXPENSES

The first line in the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled “Expenses Paid During Period” to estimate the expenses you paid on your account during this period.

HYPOTHETICAL EXAMPLE FOR COMPARISON PURPOSES

The second line in the table below provides information about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in your Fund and other Funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other Funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as brokerage commissions paid on purchases and sales of Fund shares. Therefore, the second line in the table is useful in comparing ongoing costs only and will not help you determine the relative total costs of owning different Funds. In addition, if these transactional costs were included, your costs would have been higher.

	<i>Beginning Account Value (9/1/08)</i>	<i>Ending Account Value (2/28/09)</i>	<i>Annualized Expense Ratio</i>	<i>Expenses Paid During Period^a (9/1/08 to 2/28/09)</i>
Actual	\$1,000.00	\$ 658.50	0.56%	\$2.30
Hypothetical (5% return before expenses)	1,000.00	1,022.00	0.56	2.81

^a Expenses are calculated using the Fund’s annualized expense ratio (as disclosed in the table), multiplied by the average account value for the period, multiplied by the number of days in the period (181 days) and divided by the number of days in the year (365 days).

Schedule of Investments (Unaudited)

iSHARES® MSCI JAPAN INDEX FUND

February 28, 2009

Security	Shares	Value
COMMON STOCKS – 99.78%		
ADVERTISING – 0.23%		
Dentsu Inc. ^a	467,000	\$ 6,892,003
Hakuhodo DY Holdings Inc.	65,170	2,844,048
		<u>9,736,051</u>
AGRICULTURE – 0.69%		
Japan Tobacco Inc.	12,103	29,068,476
		<u>29,068,476</u>
AIRLINES – 0.28%		
All Nippon Airways Co. Ltd. ^a	1,864,000	6,667,688
Japan Airlines Corp. ^{a,b}	2,793,000	5,309,397
		<u>11,977,085</u>
APPAREL – 0.19%		
ASICS Corp.	461,000	2,902,305
Onward Holdings Co. Ltd.	931,000	5,309,397
		<u>8,211,702</u>
AUTO MANUFACTURERS – 9.50%		
Fuji Heavy Industries Ltd.	1,862,000	6,032,541
Hino Motors Ltd.	931,000	1,731,739
Honda Motor Co. Ltd.	4,375,700	106,882,549
Isuzu Motors Ltd.	3,724,000	3,691,839
Mazda Motor Corp.	2,793,000	3,596,689
Mitsubishi Motors Corp. ^{a,b}	9,310,000	10,942,307
Nissan Motor Co. Ltd.	6,144,900	19,217,532
Suzuki Motor Corp.	931,000	14,700,751
Toyota Motor Corp.	7,262,300	236,027,533
		<u>402,823,480</u>
AUTO PARTS & EQUIPMENT – 1.95%		
Aisin Seiki Co. Ltd.	465,700	7,324,976
Bridgestone Corp.	1,582,700	21,885,565
Denso Corp.	1,303,400	25,016,968
JTEKT Corp.	372,400	2,009,578
NGK Spark Plug Co. Ltd.	629,000	4,911,401
NHK Spring Co. Ltd.	406,000	1,390,056
NOK Corp.	279,300	2,043,833
Sumitomo Rubber Industries Inc.	372,400	2,371,150
Toyoda Gosei Co. Ltd.	186,200	2,553,839
Toyota Boshoku Corp.	93,100	907,736
Toyota Industries Corp.	558,600	12,074,598
		<u>82,489,700</u>

Security	Shares	Value
BANKS – 9.66%		
Aozora Bank Ltd.	931,000	\$ 1,056,170
Bank of Kyoto Ltd. (The)	931,000	8,125,852
Bank of Yokohama Ltd. (The)	3,724,000	15,985,283
Chiba Bank Ltd. (The)	1,862,000	8,868,026
Chuo Mitsui Trust Holdings Inc.	2,793,000	8,649,180
Fukuoka Financial Group Inc.	1,868,000	5,689,243
Gunma Bank Ltd.	931,000	5,033,461
Hachijuni Bank Ltd. (The)	931,000	5,204,732
Hiroshima Bank Ltd. (The)	931,000	3,511,053
Hokuhoku Financial Group Inc.	3,729,000	5,869,140
Iyo Bank Ltd. (The)	931,000	9,848,076
Joyo Bank Ltd. (The)	1,862,000	8,601,605
Mitsubishi UFJ Financial Group Inc.	29,233,480	135,643,108
Mizuho Financial Group Inc.	25,323,300	48,656,348
Mizuho Trust & Banking Co. Ltd.	3,724,000	3,235,117
Nishi-Nippon City Bank Ltd. (The)	1,862,000	3,844,080
Resona Holdings Inc. ^a	1,400,100	24,426,089
Sapporo Hokuyo Holdings Inc.	934,000	2,357,790
Seven Bank Ltd.	931	2,559,548
77 Bank Ltd. (The)	931,000	4,424,501
Shinsei Bank Ltd.	3,724,000	3,349,297
Shizuoka Bank Ltd. (The)	1,862,000	16,556,186
Sumitomo Mitsui Financial Group Inc.	1,837,300	59,525,178
Sumitomo Trust and Banking Co. Ltd. (The)	3,724,000	12,597,925
Suruga Bank Ltd.	776,000	6,059,216
		<u>409,676,204</u>
BEVERAGES – 0.90%		
Asahi Breweries Ltd.	931,000	11,741,571
Coca-Cola West Co. Ltd.	186,200	2,966,792
ITO EN Ltd. ^a	186,400	2,381,317
Kirin Holdings Co. Ltd.	1,862,000	18,116,654
Sapporo Holdings Ltd.	931,000	3,073,361
		<u>38,279,695</u>
BUILDING MATERIALS – 1.09%		
Asahi Glass Co. Ltd.	2,793,000	12,245,869
Daikin Industries Ltd.	658,700	14,608,605

Schedule of Investments (Unaudited) (Continued)

iSHARES® MSCI JAPAN INDEX FUND

February 28, 2009

<i>Security</i>	<i>Shares</i>	<i>Value</i>
JS Group Corp.	651,700	\$ 7,060,166
Nippon Sheet Glass Co. Ltd.	1,862,000	3,748,929
Panasonic Electric Works Co. Ltd.	931,000	5,709,030
Taiheiyo Cement Corp.	1,862,000	2,683,244
		<u>46,055,843</u>
CHEMICALS – 3.22%		
Asahi Kasei Corp.	2,793,000	8,991,722
Daicel Chemical Industries Ltd.	931,000	3,273,177
Denki Kagaku Kogyo Kabushiki Kaisha	1,862,000	3,044,816
DIC Corp.	1,862,000	2,626,154
Hitachi Chemical Co. Ltd.	186,200	1,878,271
JSR Corp.	465,500	5,552,031
Kaneka Corp.	931,000	4,557,709
Mitsubishi Chemical Holdings Corp.	3,258,500	11,189,698
Mitsubishi Gas Chemical Co. Inc.	931,000	3,701,354
Mitsui Chemicals Inc.	1,862,000	4,015,351
Nitto Denko Corp.	465,500	8,468,394
Shin-Etsu Chemical Co. Ltd.	1,024,100	46,157,504
Showa Denko K.K.	2,793,000	3,339,782
Sumitomo Chemical Co. Ltd.	3,724,000	11,341,939
Taiyo Nippon Sanso Corp.	931,000	5,946,906
Tokuyama Corp.	931,000	4,938,311
Tosoh Corp.	1,862,000	2,854,515
Ube Industries Ltd.	2,801,000	4,494,425
		<u>136,372,059</u>
COMMERCIAL SERVICES – 0.96%		
Benesse Corp.	186,200	7,440,769
Dai Nippon Printing Co. Ltd.	1,862,000	15,966,253
Kamigumi Co. Ltd.	931,000	5,994,482
Toppan Printing Co. Ltd.	1,862,000	11,227,758
		<u>40,629,262</u>
COMPUTERS – 0.72%		
Fujitsu Ltd.	4,655,000	16,032,858
Itochu Techno-Solutions Corp.	93,100	1,751,721
OBIC Co. Ltd.	9,310	1,247,423
Otsuka Corp.	62,000	2,186,111
TDK Corp.	279,300	9,334,263
		<u>30,552,376</u>

<i>Security</i>	<i>Shares</i>	<i>Value</i>
COSMETICS & PERSONAL CARE – 1.10%		
Kao Corp.	1,401,000	\$ 26,732,761
Shiseido Co. Ltd.	931,000	13,768,276
Uni-Charm Corp.	93,100	6,070,601
		<u>46,571,638</u>
DISTRIBUTION & WHOLESALE – 3.62%		
Canon Marketing Japan Inc.	93,100	1,303,562
Hitachi High-Technologies Corp.	93,100	1,157,981
ITOCHU Corp.	3,724,000	17,050,968
Marubeni Corp.	3,878,000	12,286,576
Mitsubishi Corp.	3,537,800	44,979,541
Mitsui & Co. Ltd.	4,655,000	43,769,227
Sojitz Corp.	3,351,600	3,836,468
Sumitomo Corp.	2,886,100	24,541,215
Toyota Tsusho Corp.	558,700	4,596,592
		<u>153,522,130</u>
DIVERSIFIED FINANCIAL SERVICES – 1.31%		
Acom Co. Ltd. ^a	147,568	3,649,799
AEON Credit Service Co. Ltd.	372,470	2,881,699
Credit Saison Co. Ltd.	465,500	3,097,148
Daiwa Securities Group Inc.	3,724,000	13,016,587
Mitsubishi UFJ Lease & Finance Co. Ltd.	139,650	2,484,855
Nomura Holdings Inc. ^a	4,748,100	20,090,075
ORIX Corp.	232,750	4,852,675
Promise Co. Ltd. ^a	186,200	2,523,391
Shinko Securities Co. Ltd.	931,000	1,693,679
Takefuji Corp.	307,230	1,029,909
		<u>55,319,817</u>
ELECTRIC – 7.03%		
Chubu Electric Power Co. Inc.	1,768,900	43,840,589
Chugoku Electric Power Co. Inc. (The)	651,800	15,654,658
Electric Power Development Co. Ltd.	372,400	11,988,962
Hokkaido Electric Power Co. Inc.	465,500	9,895,651
Hokuriku Electric Power Co.	372,400	9,895,651
Kansai Electric Power Co. Inc. (The)	2,048,200	49,506,802
Kyushu Electric Power Co. Inc.	1,024,100	24,334,739
Shikoku Electric Power Co. Inc.	465,500	14,153,636
Tohoku Electric Power Co. Inc.	1,117,300	26,263,887

Schedule of Investments (Unaudited) (Continued)

iSHARES® MSCI JAPAN INDEX FUND

February 28, 2009

Security	Shares	Value
Tokyo Electric Power Co. Inc. (The)	3,258,500	\$ 92,414,916
		297,949,491

ELECTRICAL COMPONENTS & EQUIPMENT – 2.99%

Brother Industries Ltd.	651,700	4,409,274
Casio Computer Co. Ltd.	651,700	4,549,145
Furukawa Electric Co. Ltd. (The)	1,862,000	4,928,796
Hitachi Ltd.	9,310,000	23,597,322
Mitsubishi Electric Corp.	4,655,000	18,697,072
SANYO Electric Co. Ltd. ^b	4,231,000	6,010,619
Sharp Corp.	2,793,000	21,865,583
Stanley Electric Co. Ltd.	373,600	3,814,466
Sumitomo Electric Industries Ltd.	1,862,500	14,695,181
Toshiba Corp. ^a	8,379,000	20,552,506
Ushio Inc.	279,300	3,739,414
		126,859,378

ELECTRONICS – 5.01%

Advantest Corp.	372,400	4,571,030
Alps Electric Co. Ltd.	465,500	1,308,319
Fanuc Ltd.	465,500	30,923,910
Hirose Electric Co. Ltd. ^a	93,100	8,059,247
Hoya Pentax HD Corp.	1,117,200	20,586,760
IBIDEN Co. Ltd.	372,400	7,292,334
Keyence Corp.	93,192	17,791,676
Kyocera Corp.	465,500	27,831,519
Mabuchi Motor Co. Ltd. ^a	93,100	3,653,779
Minebea Co. Ltd.	931,000	3,216,087
Mitsumi Electric Co. Ltd.	186,200	2,346,411
Murata Manufacturing Co. Ltd.	558,600	21,523,042
NEC Corp.	5,586,000	13,302,039
NGK Insulators Ltd.	931,000	12,512,290
Nippon Electric Glass Co. Ltd.	931,500	6,140,503
Omron Corp.	558,600	6,508,294
Secom Co. Ltd.	558,600	19,353,610
Yaskawa Electric Corp.	931,000	3,682,324
Yokogawa Electric Corp.	558,600	1,918,234
		212,521,408

ENGINEERING & CONSTRUCTION – 0.86%

JGC Corp.	931,000	10,847,156
Kajima Corp.	2,793,000	5,880,300
Obayashi Corp.	1,862,000	7,859,431

Security	Shares	Value
Shimizu Corp.	1,862,000	\$ 7,060,167
Taisei Corp.	2,793,000	4,995,401
		36,642,455

ENTERTAINMENT – 0.42%

Oriental Land Co. Ltd. ^a	186,200	12,236,353
Toho Co. Ltd.	373,600	5,651,060
		17,887,413

ENVIRONMENTAL CONTROL – 0.11%

Kurita Water Industries Ltd.	279,300	4,809,857
		4,809,857

FOOD – 1.16%

Ajinomoto Co. Inc.	1,862,000	12,883,377
Kikkoman Corp.	931,000	7,193,377
Meiji Dairies Corp.	931,000	3,549,113
Nippon Meat Packers Inc.	931,000	9,134,447
Nisshin Seifun Group Inc.	467,500	4,758,853
Nissin Foods Holdings Co. Ltd.	280,100	8,559,446
Yakult Honsha Co. Ltd. ^a	186,200	3,008,659
		49,087,272

FOREST PRODUCTS & PAPER – 0.31%

Nippon Paper Group Inc.	280,200	6,257,213
Oji Paper Co. Ltd.	1,862,000	6,965,016
		13,222,229

GAS – 1.21%

Osaka Gas Co. Ltd.	5,586,000	20,095,784
Toho Gas Co. Ltd.	931,000	4,824,130
Tokyo Gas Co. Ltd.	6,517,000	26,242,506
		51,162,420

HAND & MACHINE TOOLS – 0.93%

Fuji Electric Holdings Co. Ltd.	1,862,000	1,693,679
Makita Corp.	279,300	5,597,703
Nidec Corp.	279,300	11,817,691
SMC Corp.	186,200	17,184,179
THK Co. Ltd. ^a	279,900	3,252,556
		39,545,808

HEALTH CARE – PRODUCTS – 0.34%

Terumo Corp.	465,500	14,415,300
		14,415,300

HOME BUILDERS – 0.41%

Daiwa House Industry Co. Ltd.	931,000	6,175,267
Haseko Corp.	3,258,500	1,132,291

Schedule of Investments (Unaudited) (Continued)

iSHARES® MSCI JAPAN INDEX FUND

February 28, 2009

Security	Shares	Value
Sekisui Chemical Co. Ltd.	931,000	\$ 4,005,836
Sekisui House Ltd.	931,000	6,184,782
		<u>17,498,176</u>
HOME FURNISHINGS – 2.45%		
Panasonic Corp.	4,655,015	54,902,012
Sony Corp.	2,699,900	46,026,197
Yamaha Corp.	372,400	2,915,411
		<u>103,843,620</u>
HOUSEWARES – 0.10%		
TOTO Ltd. ^a	931,000	4,043,896
		<u>4,043,896</u>
INSURANCE – 2.57%		
Aioi Insurance Co. Ltd.	931,000	3,453,963
Mitsui Sumitomo Insurance Group Holdings Inc.	1,024,100	24,805,733
Nipponkoa Insurance Co. Ltd.	1,862,000	13,949,062
Sompo Japan Insurance Inc.	1,862,000	9,381,839
Sony Financial Holdings Inc.	1,862	4,862,190
T&D Holdings Inc.	512,050	11,670,208
Tokio Marine Holdings Inc.	1,768,900	40,857,622
		<u>108,980,617</u>
INTERNET – 1.48%		
Dena Co. Ltd. ^a	931	2,778,394
Matsui Securities Co. Ltd. ^a	281,700	1,632,418
Rakuten Inc.	17,811	9,210,860
SBI Holdings Inc.	43,757	3,546,354
SoftBank Corp.	1,955,100	23,977,924
Trend Micro Inc.	465,500	10,704,431
Yahoo! Japan Corp. ^a	38,181	11,031,498
		<u>62,881,879</u>
IRON & STEEL – 2.54%		
Daido Steel Co. Ltd.	931,000	2,026,705
JFE Holdings Inc.	1,396,750	30,762,903
Kobe Steel Ltd.	7,448,000	9,058,327
Nippon Steel Corp.	13,965,000	37,251,418
Nisshin Steel Co. Ltd.	2,801,000	4,351,290
Sumitomo Metal Industries Ltd.	10,241,000	19,572,457
Tokyo Steel Manufacturing Co. Ltd.	279,900	2,783,410
Yamato Kogyo Co. Ltd.	93,100	1,926,797
		<u>107,733,307</u>

Security	Shares	Value
LEISURE TIME – 0.66%		
Namco Bandai Holdings Inc.	558,698	\$ 5,161,868
Sankyo Co. Ltd.	186,200	8,449,364
Sega Sammy Holdings Inc.	466,300	4,017,486
Shimano Inc.	186,200	6,184,782
Yamaha Motor Co. Ltd.	465,700	4,031,355
		<u>27,844,855</u>
MACHINERY – 0.28%		
Hitachi Construction Machinery Co. Ltd. ^a	282,300	3,332,378
Japan Steel Works Ltd. (The)	931,000	8,525,484
		<u>11,857,862</u>
MACHINERY – CONSTRUCTION & MINING – 0.57%		
Komatsu Ltd.	2,327,500	24,310,951
		<u>24,310,951</u>
MACHINERY – DIVERSIFIED – 0.55%		
Amada Co. Ltd.	931,000	4,576,739
Kubota Corp.	2,793,000	13,587,490
Sumitomo Heavy Industries Ltd.	1,862,000	5,004,916
		<u>23,169,145</u>
MANUFACTURING – 2.14%		
FUJIFILM Holdings Corp.	1,303,400	24,777,188
IHI Corp.	3,730,000	3,164,086
Kawasaki Heavy Industries Ltd.	3,724,000	6,508,294
Konica Minolta Holdings Inc.	1,396,500	10,861,429
Mitsubishi Heavy Industries Ltd.	8,379,000	23,806,653
Nikon Corp.	931,000	8,877,541
Olympus Corp. ^a	931,000	12,540,835
		<u>90,536,026</u>
MEDIA – 0.18%		
Fuji Media Holdings Inc.	1,655	1,901,191
Jupiter Telecommunications Co. Ltd.	5,586	4,447,334
Tokyo Broadcasting System Inc.	93,100	1,222,684
		<u>7,571,209</u>
METAL FABRICATE & HARDWARE – 0.16%		
Maruichi Steel Tube Ltd.	93,100	1,979,130
NSK Ltd.	931,000	2,921,120
NTN Corp.	931,000	2,074,281
		<u>6,974,531</u>

Schedule of Investments (Unaudited) (Continued)

iSHARES® MSCI JAPAN INDEX FUND

February 28, 2009

Security	Shares	Value
MINING – 0.71%		
Dowa Holdings Co. Ltd.	931,000	\$ 2,930,635
Mitsubishi Materials Corp.	2,793,000	6,593,929
Mitsui Mining & Smelting Co. Ltd.	1,862,000	2,664,214
OSAKA Titanium technologies Co. Ltd. ^a	78,400	1,690,674
Sumitomo Metal Mining Co. Ltd.	1,595,000	16,138,280
		30,017,732
OFFICE & BUSINESS EQUIPMENT – 2.32%		
Canon Inc.	2,793,050	72,505,974
Ricoh Co. Ltd.	1,862,000	21,484,981
Seiko Epson Corp.	372,400	4,327,445
		98,318,400
OIL & GAS – 1.51%		
Cosmo Oil Co. Ltd.	1,862,000	5,214,247
Idemitsu Kosan Co. Ltd.	34,000	2,627,012
INPEX Corp.	1,862	12,902,407
Japan Petroleum Exploration Co. Ltd.	93,100	3,453,963
Nippon Mining Holdings Inc.	2,327,500	8,230,518
Nippon Oil Corp.	3,724,500	17,928,760
Showa Shell Sekiyu K.K.	558,700	4,676,532
TonenGeneral Sekiyu K.K.	931,000	8,829,966
		63,863,405
PACKAGING & CONTAINERS – 0.11%		
Toyo Seikan Kaisha Ltd.	372,400	4,799,391
		4,799,391
PHARMACEUTICALS – 6.23%		
Alfresa Holdings Corp.	93,100	3,644,264
Astellas Pharma Inc.	1,210,330	40,696,875
Chugai Pharmaceutical Co. Ltd.	558,600	9,625,424
Daiichi Sankyo Co. Ltd.	1,768,969	28,764,164
Eisai Co. Ltd.	651,700	20,248,025
Hisamitsu Pharmaceutical Co. Inc.	93,100	2,825,970
Kyowa Hakko Kirin Co. Ltd.	931,000	7,298,043
Mediceo Paltac Holdings Co. Ltd.	372,400	3,946,842
Mitsubishi Tanabe Pharma Corp.	931,000	11,237,273
Ono Pharmaceutical Co. Ltd.	186,200	8,677,725
Santen Pharmaceutical Co. Ltd.	93,100	2,569,063
Shionogi & Co. Ltd.	931,000	15,281,169

Security	Shares	Value
Suzuken Co. Ltd.	186,200	\$ 5,176,187
Taisho Pharmaceutical Co. Ltd.	794,000	14,363,330
Takeda Pharmaceutical Co. Ltd.	2,141,300	87,319,607
Tsumura & Co.	93,900	2,615,131
		264,289,092
REAL ESTATE – 1.92%		
AEON Mall Co. Ltd.	187,000	2,010,568
Daito Trust Construction Co. Ltd.	186,200	5,918,361
Leopalace21 Corp.	372,400	2,100,923
Mitsubishi Estate Co. Ltd.	3,092,000	31,822,208
Mitsui Fudosan Co. Ltd.	2,138,000	21,916,439
Nomura Real Estate Holdings Inc. ^a	186,200	2,416,823
NTT Urban Development Corp.	2,793	1,998,160
Sumitomo Realty & Development Co. Ltd.	931,000	9,096,387
Tokyo Tatemono Co. Ltd.	931,000	2,093,311
Tokyu Land Corp.	931,000	2,140,886
		81,514,066
REAL ESTATE INVESTMENT TRUSTS – 0.56%		
Japan Prime Realty Investment Corp.	931	1,506,232
Japan Real Estate Investment Corp.	931	6,993,561
Japan Retail Fund Investment Corp.	931	3,054,331
Nippon Building Fund Inc.	1,173	9,590,679
Nomura Real Estate Office Fund Inc.	520	2,657,264
		23,802,067
RETAIL – 3.04%		
ABC-Mart Inc.	93,100	2,040,978
AEON Co. Ltd.	1,582,700	9,462,716
Citizen Watch Co. Ltd.	837,900	2,980,113
FamilyMart Co. Ltd.	186,200	6,298,963
Fast Retailing Co. Ltd.	93,100	9,467,474
Isetan Mitsukoshi Holdings Ltd. ^{a,b}	892,960	6,388,390
J. Front Retailing Co. Ltd.	1,071,000	3,294,711
Lawson Inc.	186,200	8,087,792
Marui Group Co. Ltd.	651,700	2,784,103
Nitori Co. Ltd.	93,100	4,938,311

Schedule of Investments (Unaudited) (Continued)

iSHARES® MSCI JAPAN INDEX FUND

February 28, 2009

Security	Shares	Value
Seven & I Holdings Co. Ltd.	2,141,380	\$ 48,038,521
Shimamura Co. Ltd.	47,700	2,476,529
Takashimaya Co. Ltd.	931,000	4,852,675
UNY Co. Ltd.	931,000	6,917,441
USS Co. Ltd.	74,480	3,021,980
Yamada Denki Co. Ltd.	214,130	7,878,461
		<u>128,929,158</u>
SEMICONDUCTORS – 0.87%		
Elpida Memory Inc. ^{a,b}	279,300	1,687,018
NEC Electronics Corp. ^b	93,100	469,092
Rohm Co. Ltd.	279,700	13,521,192
Shinko Electric Industries Co. Ltd. ^a	186,200	1,729,836
Sumco Corp.	279,300	3,531,035
Tokyo Electron Ltd.	465,552	15,891,907
		<u>36,830,080</u>
SHIPBUILDING – 0.06%		
Mitsui Engineering & Shipbuilding Co. Ltd.	1,862,000	2,740,334
		<u>2,740,334</u>
SOFTWARE – 0.27%		
Konami Corp.	280,100	4,013,493
Nomura Research Institute Ltd.	186,200	2,959,180
Oracle Corp.	93,100	2,930,635
Square Enix Holdings Co. Ltd.	93,100	1,665,134
		<u>11,568,442</u>
STORAGE & WAREHOUSING – 0.06%		
Mitsubishi Logistics Corp.	319,000	2,575,604
		<u>2,575,604</u>
TELECOMMUNICATIONS – 4.12%		
Hikari Tsushin Inc.	93,100	1,520,505
KDDI Corp.	7,448	39,354,244
Nippon Telegraph and Telephone Corp.	1,401,000	60,853,901
NTT Data Corp.	2,793	7,010,688
NTT DoCoMo Inc.	41,895	65,896,474
		<u>174,635,812</u>
TEXTILES – 0.82%		
Kuraray Co. Ltd.	931,000	6,926,956
Mitsubishi Rayon Co. Ltd.	931,000	1,712,709
Nissinbo Industries Inc.	931,000	6,746,170

Security	Shares	Value
Teijin Ltd.	2,793,000	\$ 4,909,766
Toray Industries Inc. ^a	3,724,000	14,272,574
		<u>34,568,175</u>
TOYS, GAMES & HOBBIES – 1.92%		
Nintendo Co. Ltd.	279,300	81,325,127
		<u>81,325,127</u>
TRANSPORTATION – 5.35%		
Central Japan Railway Co.	4,552	27,680,924
East Japan Railway Co.	934,000	55,842,403
Hankyu Hanshin Holdings Inc.	2,798,800	12,929,200
Kawasaki Kisen Kaisha Ltd.	1,862,000	5,956,421
Keihin Electric Express Railway Co. Ltd. ^a	935,000	6,593,592
Keio Corp.	1,862,000	9,705,350
Kintetsu Corp. ^a	4,659,000	18,903,603
Mitsui O.S.K. Lines Ltd.	2,793,000	14,443,845
Nippon Express Co. Ltd.	1,862,000	5,404,548
Nippon Yusen Kabushiki Kaisha	2,793,000	11,703,511
Odakyu Electric Railway Co. Ltd.	931,000	6,888,896
Tobu Railway Co. Ltd.	2,793,000	13,987,122
Tokyu Corp.	2,793,000	10,904,246
West Japan Railway Co.	4,655	16,556,186
Yamato Holdings Co. Ltd.	931,000	9,172,507
		<u>226,672,354</u>
VENTURE CAPITAL – 0.03%		
JAFCO Co. Ltd.	93,100	1,381,585
		<u>1,381,585</u>
TOTAL COMMON STOCKS		
		(Cost: \$7,193,128,129)
		<u>4,230,465,447</u>
SHORT-TERM INVESTMENTS – 3.84%		
MONEY MARKET FUNDS – 3.84%		
Barclays Global Investors Funds		
Institutional Money Market Fund,		
SL Agency Shares		
0.83% ^{c,d,e}	138,925,053	138,925,053
Barclays Global Investors Funds		
Prime Money Market Fund,		
SL Agency Shares		
0.53% ^{c,d,e}	23,224,198	23,224,198

Schedule of Investments (Unaudited) (Continued)

*i*SHARES[®] MSCI JAPAN INDEX FUND

February 28, 2009

<i>Security</i>	<i>Shares</i>	<i>Value</i>
Barclays Global Investors Funds		
Treasury Money Market Fund, SL Agency Shares		
0.14% ^{c,d}	604,158	\$ 604,158
		<u>162,753,409</u>
TOTAL SHORT-TERM INVESTMENTS		
(Cost: \$162,753,409)		<u>162,753,409</u>
TOTAL INVESTMENTS		
IN SECURITIES – 103.62%		
(Cost: \$7,355,881,538)		4,393,218,856
Other Assets, Less Liabilities – (3.62)%		<u>(153,594,830)</u>
NET ASSETS – 100.00%		<u><u>\$4,239,624,026</u></u>

^a All or a portion of this security represents a security on loan. See Note 5.

^b Non-income earning security.

^c Affiliated issuer. See Note 2.

^d The rate quoted is the annualized seven-day yield of the fund at period end.

^e All or a portion of this security represents an investment of securities lending collateral. See Note 5.

See notes to financial statements.

Statement of Assets and Liabilities (Unaudited)

iSHARES[®], INC.

February 28, 2009

*iShares MSCI
Japan Index Fund*

ASSETS

Investments, at cost:	
Unaffiliated issuers	\$ 7,193,128,129
Affiliated issuers (Note 2)	<u>162,753,409</u>
Total cost of investments	<u>\$ 7,355,881,538</u>
Investments in securities, at fair value (including securities on loan ^a) (Note 1):	
Unaffiliated issuers	\$ 4,230,465,447
Affiliated issuers (Note 2)	<u>162,753,409</u>
Total fair value of investments	4,393,218,856
Foreign currency, at value ^b	1,306,357
Receivables:	
Investment securities sold	3,785,576
Dividends and interest	<u>6,991,556</u>
Total Assets	<u>4,405,302,345</u>

LIABILITIES

Payables:	
Collateral for securities on loan (Note 5)	162,149,251
Capital shares redeemed	1,443,234
Investment advisory fees (Note 2)	<u>2,085,834</u>
Total Liabilities	<u>165,678,319</u>

NET ASSETS \$ 4,239,624,026

Net assets consist of:

Paid-in capital	\$ 7,744,540,060
Distributions in excess of net investment income	(4,921,237)
Accumulated net realized loss	(536,895,904)
Net unrealized depreciation on investments and translation of assets and liabilities in foreign currencies	<u>(2,963,098,893)</u>
NET ASSETS	<u>\$ 4,239,624,026</u>

Shares outstanding^c 558,600,000

Net asset value per share \$ 7.59

^a Securities on loan with market value of \$152,870,745. See Note 5.

^b Cost of foreign currency: \$1,339,597.

^c \$0.001 par value, number of shares authorized: 2,124,600,000.

See notes to financial statements.

Statement of Operations (Unaudited)

iSHARES[®], INC.

Six months ended February 28, 2009

*iShares MSCI
Japan Index Fund*

NET INVESTMENT INCOME

Dividends from unaffiliated issuers ^a	\$ 59,996,132
Interest from affiliated issuers (Note 2)	3,406
Securities lending income from affiliated issuers (Note 2)	1,107,027
Total investment income	<u>61,106,565</u>

EXPENSES

Investment advisory fees (Note 2)	<u>15,696,985</u>
Total expenses	<u>15,696,985</u>
Net investment income	<u>45,409,580</u>

NET REALIZED AND UNREALIZED GAIN (LOSS)

Net realized gain (loss) from:	
Investments in unaffiliated issuers	(93,326,346)
In-kind redemptions	(65,309,250)
Foreign currency transactions	8,022,729
Net realized loss	<u>(150,612,867)</u>
Net change in unrealized appreciation (depreciation) on:	
Investments	(2,352,317,776)
Translation of assets and liabilities in foreign currencies	(458,088)
Net change in unrealized appreciation (depreciation)	<u>(2,352,775,864)</u>
Net realized and unrealized loss	<u>(2,503,388,731)</u>
NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS	<u><u>\$(2,457,979,151)</u></u>

^a Net of foreign withholding tax of \$4,488,401.

See notes to financial statements.

Statements of Changes in Net Assets

iSHARES[®], INC.

*iShares MSCI
Japan Index Fund*

	Six months ended February 28, 2009 (Unaudited)	Year ended August 31, 2008
<i>INCREASE (DECREASE) IN NET ASSETS</i>		
OPERATIONS:		
Net investment income	\$ 45,409,580	\$ 101,126,035
Net realized gain (loss)	(150,612,867)	632,241,422
Net change in unrealized appreciation (depreciation)	<u>(2,352,775,864)</u>	<u>(2,458,735,947)</u>
Net decrease in net assets resulting from operations	<u>(2,457,979,151)</u>	<u>(1,725,368,490)</u>
DISTRIBUTIONS TO SHAREHOLDERS:		
From net investment income	<u>(45,531,514)</u>	<u>(145,335,547)</u>
Total distributions to shareholders	<u>(45,531,514)</u>	<u>(145,335,547)</u>
CAPITAL SHARE TRANSACTIONS:		
Proceeds from shares sold	852,414,599	1,033,469,389
Cost of shares redeemed	<u>(1,608,816,226)</u>	<u>(3,443,234,963)</u>
Net decrease in net assets from capital share transactions	<u>(756,401,627)</u>	<u>(2,409,765,574)</u>
DECREASE IN NET ASSETS	<u>(3,259,912,292)</u>	<u>(4,280,469,611)</u>
<i>NET ASSETS</i>		
Beginning of period	<u>7,499,536,318</u>	<u>11,780,005,929</u>
End of period	<u>\$ 4,239,624,026</u>	<u>\$ 7,499,536,318</u>
Distributions in excess of net investment income included in net assets at end of period	<u>\$ (4,921,237)</u>	<u>\$ (4,799,303)</u>
<i>SHARES ISSUED AND REDEEMED</i>		
Shares sold	88,200,000	79,200,000
Shares redeemed	<u>(175,200,000)</u>	<u>(270,600,000)</u>
Net decrease in shares outstanding	<u>(87,000,000)</u>	<u>(191,400,000)</u>

See notes to financial statements.

Financial Highlights

iSHARES[®], INC.

(For a share outstanding throughout each period)

iShares MSCI Japan Index Fund

	Six months ended Feb. 28, 2009 (Unaudited)	Year ended Aug. 31, 2008	Year ended Aug. 31, 2007	Year ended Aug. 31, 2006	Year ended Aug. 31, 2005	Year ended Aug. 31, 2004
Net asset value, beginning of period	\$ 11.62	\$ 14.07	\$ 13.80	\$ 10.99	\$ 9.89	\$ 8.29
Income from investment operations:						
Net investment income ^a	0.07	0.14	0.10	0.06	0.06	0.03
Net realized and unrealized gain (loss) ^b	(4.03)	(2.39)	0.27	2.81	1.08	1.57
Total from investment operations	(3.96)	(2.25)	0.37	2.87	1.14	1.60
Less distributions from:						
Net investment income	(0.07)	(0.20)	(0.10)	(0.06)	(0.04)	(0.00) ^c
Total distributions	(0.07)	(0.20)	(0.10)	(0.06)	(0.04)	(0.00) ^c
Net asset value, end of period	\$ 7.59	\$ 11.62	\$ 14.07	\$ 13.80	\$ 10.99	\$ 9.89
Total return	(34.15)% ^d	(16.13)%	2.68%	26.10%	11.58%	19.32%
Ratios/Supplemental data:						
Net assets, end of period (000s)	\$4,239,624	\$7,499,536	\$11,780,006	\$13,724,590	\$7,248,107	\$5,863,332
Ratio of expenses to average net assets ^e	0.56%	0.52%	0.52%	0.54%	0.57%	0.64% ^f
Ratio of net investment income to average net assets ^e	1.61%	1.11%	0.68%	0.48%	0.59%	0.28%
Portfolio turnover rate ^g	1%	4%	3%	8%	6%	5%

^a Based on average shares outstanding throughout each period.

^b The amounts reported may not accord with the change in aggregate gains and losses in securities due to the timing of capital share transactions.

^c Rounds to less than \$0.01.

^d Not annualized.

^e Annualized for periods of less than one year.

^f Ratio of expenses to average net assets prior to voluntarily reimbursed distribution fees for the year ended August 31, 2004 was 0.78%.

^g Portfolio turnover rates exclude portfolio securities received or delivered as a result of processing capital share transactions in Creation Units.

See notes to financial statements.

Notes to Financial Statements (Unaudited)

iSHARES[®], *INC.*

iShares, Inc. (the “Company”) is registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as an open-end management investment company. The Company was incorporated under the laws of the State of Maryland on September 1, 1994 pursuant to amended and restated Articles of Incorporation.

These financial statements relate only to the iShares MSCI Japan Index Fund (the “Fund”).

The Fund’s investment objective is to seek investment results that correspond generally to the price and yield performance, before fees and expenses, of publicly traded equity securities in the aggregate in the Japanese equity market, as measured by the MSCI Japan Index compiled by MSCI Inc. (“MSCI”). The investment adviser uses a “passive” or index approach to achieve the Fund’s investment objective. The Fund is classified as a non-diversified fund under the 1940 Act. Non-diversified funds generally hold securities of fewer companies than diversified funds and may be more susceptible to the risks associated with these particular companies, or to a single economic, political or regulatory occurrence affecting these companies.

The Fund invests in the securities of foreign issuers of a single country, which may involve certain considerations and risks not typically associated with securities of U.S. issuers. Such risks include, but are not limited to: generally less liquid and less efficient securities markets; generally greater price volatility; exchange rate fluctuations and exchange controls; imposition of restrictions on the expatriation of funds or other assets of the Fund; less publicly available information about issuers; the imposition of withholding or other taxes; higher transaction and custody costs; settlement delays and risk of loss attendant in settlement procedures; difficulties in enforcing contractual obligations; less regulation of securities markets; different accounting, disclosure and reporting requirements; more substantial governmental involvement in the economy; higher inflation rates; greater social, economic and political uncertainties; the risk of nationalization or expropriation of assets and the risk of war.

Pursuant to the Company’s organizational documents, the Fund’s officers and directors are indemnified against certain liabilities that may arise out of the performance of their duties to the Fund. Additionally, in the normal course of business, the Fund enters into contracts with service providers that contain general indemnification clauses. The Fund’s maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred.

1. SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies are consistently followed by the Company in the preparation of its financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The preparation of financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

SECURITY VALUATION

The securities and other assets of the Fund are valued pursuant to the pricing policy and procedures approved by the Board of Directors of the Company (the “Board”). Effective September 1, 2008, the Fund adopted Financial Accounting Standards Board (“FASB”) Statement of Financial Accounting Standards No. 157 (“FAS 157”), “Fair Value Measurements.” This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Inputs may be based on independent market data (“observable inputs”) or they may be internally developed (“unobservable inputs”). The hierarchy gives the highest priority to

Notes to Financial Statements (Unaudited) (Continued)

iSHARES[®], *INC.*

unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FAS 157 are as follows:

- Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access at the measurement date (a “Level 1 Price”);
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not considered to be active, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means (a “Level 2 Price”);
- Level 3 – Inputs that are unobservable for the asset or liability (a “Level 3 Price”).

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. The level of a value determined for a financial instrument within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement in its entirety. However, the determination of what constitutes an “observable” input may require significant judgment by the Fund. The Fund considers observable inputs to be market data that is readily available, regularly distributed or updated, reliable and verifiable, and provided by independent sources that are actively involved in the relevant market. The categorization of a value determined for a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Fund’s perceived risk of that instrument.

Investments whose values are based on quoted market prices in active markets, and whose values are therefore classified as Level 1 Prices, include active listed equities and certain U.S. government securities. The Fund does not adjust the quoted price for such instruments, even in situations where the Fund holds a large position and a sale could reasonably impact the quoted price.

Investments that trade in markets that are not considered to be active, but whose values are based on quoted market prices, dealer quotations or valuations provided by alternative pricing sources supported by observable inputs are classified as Level 2 Prices. These generally include certain U.S. government and sovereign obligations, most government agency securities, investment-grade corporate bonds, certain mortgage products, less liquid listed equities, and state, municipal and provincial obligations. As investments whose values are classified as Level 2 Prices include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments whose values are classified as Level 3 Prices have significant unobservable inputs, as they may trade infrequently or not at all. Investments whose values are classified as Level 3 Prices may include unlisted securities related to corporate actions, securities whose trading have been suspended or which have been de-listed from their primary trading exchange, less liquid corporate debt securities (including distressed debt instruments), collateralized debt obligations, and less liquid mortgage securities (backed by either commercial or residential real estate). When observable prices are not available for these securities, the Fund uses one or more valuation techniques (e.g., the market approach or the income approach) for which sufficient and reliable data is available. Within Level 3 of the fair value hierarchy, the use of the market approach generally consists of using comparable market transactions, while the use of the income approach generally consists of the net present value of estimated future cash flows, adjusted as appropriate for liquidity, credit, market and/or other risk factors.

The inputs used by the Fund in estimating the value of Level 3 Prices may include the original transaction price, quoted prices for similar securities or assets in active markets, completed or pending third-party transactions in the underlying investment or comparable issuers, and changes in financial ratios or cash flows. Level 3 Prices may also be adjusted to reflect illiquidity and/or non-transferability, with the

Notes to Financial Statements (Unaudited) (Continued)

iSHARES[®], *INC.*

amount of such discount estimated by the Fund in the absence of market information. The fair value measurement of Level 3 Prices does not include transaction costs that may have been capitalized as part of the security's cost basis. Assumptions used by the Fund due to the lack of observable inputs may significantly impact the resulting fair value and therefore the Fund's results of operations.

Fair value pricing could result in a difference between the prices used to calculate the Fund's net asset value and the prices used by the Fund's underlying index, which in turn could result in a difference between the Fund's performance and the performance of the Fund's underlying index.

As of February 28, 2009, the value of each of the Fund's investments was classified as a Level 1 price.

SECURITY TRANSACTIONS AND INCOME RECOGNITION

Security transactions are accounted for on trade date. Dividend income is recognized on the ex-dividend date, net of any foreign taxes withheld at source, and interest income is accrued daily. Realized gains and losses on investment transactions are determined using the specific identification method.

FOREIGN CURRENCY TRANSLATION

The accounting records of the Fund are maintained in U.S. dollars. Foreign currencies, as well as investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars using exchange rates deemed appropriate by the investment adviser. Any use of a rate different from the rates used by MSCI may adversely affect the Fund's ability to track its underlying index. Purchases and sales of securities, income receipts and expense payments are translated into U.S. dollars on the respective dates of such transactions.

The Fund does not isolate the effect of fluctuations in foreign exchange rates from the effect of fluctuations in the market prices of securities. Such fluctuations are reflected by the Fund as a component of realized and unrealized gains and losses from investments for financial reporting purposes.

DISTRIBUTIONS TO SHAREHOLDERS

Distributions to shareholders from net investment income, if any, including any net foreign currency gains, are declared and distributed at least annually by the Fund. Distributions of net realized capital gains, if any, generally are declared and distributed once a year. Distributions are determined on a tax basis and may differ from net investment income and net realized capital gains for financial reporting purposes. Dividends and distributions are paid in U.S. dollars and cannot be automatically reinvested in additional shares of the Fund.

The tax character of current year distributions will be determined at the end of the current fiscal year.

FEDERAL INCOME TAXES

The Fund is treated as an entity separate from the Company's other funds for federal income tax purposes. It is the policy of the Fund to qualify as a regulated investment company by complying with the provisions applicable to regulated investment companies, as defined under Subchapter M of the Internal Revenue Code of 1986, as amended, and to annually distribute substantially all of its ordinary income and any net capital gains (taking into account any capital loss carryforwards) sufficient to relieve it from all, or substantially all, federal income and excise taxes. Accordingly, no provision for federal income taxes was required for the six months ended February 28, 2009.

Notes to Financial Statements (Unaudited) (Continued)

iSHARES[®], INC.

As of August 31, 2008, the tax year-end of the Fund, the Fund had tax basis net capital loss carryforwards of \$2,959,030, \$62,572,173, \$3,621,148, \$5,594,562, \$8,733,802, \$68,122,871, \$27,817,841 and \$44,443,527 expiring in 2009, 2010, 2011, 2012, 2013, 2014, 2015 and 2016, respectively. Such losses may be applied against any net realized taxable gains in each succeeding year or until their respective expiration dates, whichever occurs first.

The Fund may own shares in certain foreign investment entities, referred to, under U.S. tax law, as “passive foreign investment companies.” The Fund may elect to mark-to-market annually the shares of each passive foreign investment company and would be required to distribute to shareholders any such marked-to-market gains.

The Fund reclassifies at the end of its tax year certain amounts to paid-in-capital from accumulated net realized gain (loss) on investments and foreign currency transactions and accumulated net investment income (loss), respectively, as a result of permanent book and tax differences primarily attributed to net investment loss, return of capital, passive foreign investment companies, realized foreign currency gains and losses and gains and losses on in-kind redemptions. These reclassifications have no effect on net assets or net asset value per share.

As of February 28, 2009, the cost of investments for federal income tax purposes was \$7,408,264,859. Net unrealized depreciation was \$3,015,046,003, of which \$3,015,046,003 represented gross unrealized depreciation on securities and \$0 represented gross unrealized appreciation on securities.

Management has reviewed the tax positions as of February 28, 2009, inclusive of the prior three open tax return years, and has determined that no provision for income tax is required in the Fund’s financial statements.

2. AGREEMENTS AND OTHER TRANSACTIONS WITH AFFILIATES

Pursuant to an Investment Advisory Agreement with the Company, Barclays Global Fund Advisors (“BGFA”) manages the investment of the Fund’s assets. BGFA is a California corporation indirectly owned by Barclays Bank PLC. Under the Investment Advisory Agreement, BGFA is responsible for all expenses (“Covered Expenses”) of the Company, including the cost of transfer agency, custody, fund administration, legal, audit and other services, except interest, taxes, brokerage commissions and other expenses connected with the execution of portfolio transactions, distribution fees and extraordinary expenses.

For its investment advisory services to the Fund, BGFA is entitled to an annual investment advisory fee based on the Fund’s allocable portion of the aggregate of the average daily net assets of the Fund and certain other iShares Funds, as follows:

<i>Investment Advisory Fee</i>	<i>Aggregate Average Daily Net Assets</i>
0.59%	First \$7 billion
0.54	Over \$7 billion, up to and including \$11 billion
0.49	Over \$11 billion, up to and including \$24 billion
0.44	Over \$24 billion, up to and including \$48 billion
0.40	Over \$48 billion

State Street Bank and Trust Company (“State Street”) serves as administrator, custodian and transfer agent for the Company. As compensation for its services, State Street receives certain out-of-pocket costs, transaction fees and asset-based fees which are accrued daily and paid monthly. These fees and expenses are Covered Expenses as defined above.

Notes to Financial Statements (Unaudited) (Continued)

iSHARES[®], *INC.*

SEI Investments Distribution Co. (“SEI”) serves as the Fund’s underwriter and distributor of the shares of the Fund, pursuant to a Distribution Agreement with the Company. SEI does not receive a fee from the Fund for its distribution services.

Pursuant to an exemptive order issued by the U.S. Securities and Exchange Commission (“SEC”), the Fund is permitted to lend portfolio securities to Barclays Capital Inc. (“BarCap”). Pursuant to the same exemptive order, Barclays Global Investors, N.A. (“BGI”) serves as securities lending agent for the Fund. BarCap and BGI are affiliates of BGFA, the Fund’s investment adviser. As securities lending agent, BGI receives, as fees, a share of the income earned on investment of the cash collateral received for the loan of securities. For the six months ended February 28, 2009, BGI earned securities lending agent fees of \$1,107,027.

Cross trades for the six months ended February 28, 2009 were executed by the Fund pursuant to Rule 17a-7 under the 1940 Act. Cross trading is the buying or selling of portfolio securities between funds to which BGFA (or an affiliate) serves as investment adviser. At its regularly scheduled quarterly meetings, the Board reviews such transactions as of the most recent calendar quarter for compliance with the requirements and restrictions set forth by Rule 17a-7.

The Fund may invest in certain money market funds managed by BGFA, the Fund’s investment adviser, including the Government Money Market Fund (“GMMF”), Institutional Money Market Fund (“IMMF”), Prime Money Market Fund (“PMMF”) and Treasury Money Market Fund (“TMMF”) of Barclays Global Investors Funds. These money market funds seek to achieve their investment objectives by investing in high-quality, short-term money market instruments that, at the time of investment, have remaining maturities of 397 calendar days or less from the date of acquisition. The GMMF, IMMF, PMMF and TMMF are feeder funds in a master/feeder fund structure that invest substantially all of their assets in the Government Money Market Master Portfolio, Money Market Master Portfolio, Prime Money Market Master Portfolio and Treasury Money Market Master Portfolio (collectively, the “Money Market Master Portfolios”), respectively, which are also managed by BGFA. While the GMMF, IMMF, PMMF and TMMF do not directly charge an investment advisory fee, the Money Market Master Portfolios in which they invest do charge an investment advisory fee. Income distributions from the GMMF, IMMF, PMMF and TMMF are declared daily and paid monthly from net investment income. Income distributions earned by the Fund from temporary cash investments are recorded as interest from affiliated issuers in the accompanying Statement of Operations. Income distributions earned by the Fund from the investment of securities lending collateral, if any, are included in securities lending income in the accompanying Statement of Operations.

Certain directors and officers of the Company are also officers of BGI and/or BGFA.

3. INVESTMENT PORTFOLIO TRANSACTIONS

Purchases and sales of investments (excluding in-kind transactions and short-term investments) for the six months ended February 28, 2009, aggregated \$85,517,701 and \$100,440,376, respectively.

In-kind purchases and sales (see Note 4) for the six months ended February 28, 2009, aggregated \$825,293,630 and \$1,560,985,082, respectively.

4. CAPITAL SHARE TRANSACTIONS

The Company issues and redeems capital shares of the Fund only in aggregations of a specified number of shares (each, a “Creation Unit”) at net asset value. Except when aggregated in Creation Units, shares of the Fund are not redeemable. Transactions in capital shares for the Fund are disclosed in detail in the Statements of Changes in Net Assets.

Notes to Financial Statements (Unaudited) (Continued)

iSHARES®, INC.

The consideration for the purchase of Creation Units of the Fund generally consists of the in-kind deposit of a designated portfolio of equity securities, which constitutes a substantial replication, or a portfolio sampling representation of the securities involved in the MSCI Japan Index and an amount of cash. Investors purchasing and redeeming Creation Units pay a purchase transaction fee and a redemption transaction fee directly to State Street, the administrator, to offset transfer and other transaction costs associated with the issuance and redemption of Creation Units.

5. LOANS OF PORTFOLIO SECURITIES

The Fund may lend its investment securities to approved borrowers, such as brokers, dealers and other financial institutions. The borrower pledges and maintains with the Fund collateral consisting of cash, an irrevocable letter of credit issued by a bank, or securities issued or guaranteed by the U.S. government. The initial collateral received by the Fund is required to have a value of at least 102% of the market value of the loaned securities for securities traded on U.S. exchanges and a value of at least 105% for all other securities. The collateral is maintained thereafter, at a value equal to at least 100% of the current market value of the securities on loan. The risks to the Fund of securities lending include the risk that the borrower may not provide additional collateral when required or may not return the securities when due. Any securities lending cash collateral may be reinvested in certain short-term instruments either directly on behalf of the Fund or through one or more joint accounts or money market funds, including those managed by BGFA; such reinvestments are subject to investment risk.

As of February 28, 2009, the Fund had loaned securities which were collateralized by cash. The cash collateral received was invested in money market funds managed by BGFA. The market value of the securities on loan as of February 28, 2009 and the value of the related collateral are disclosed in the Statement of Assets and Liabilities. Securities lending income, as disclosed in the Fund's Statement of Operations, represents the income earned from the investment of the cash collateral, net of rebates paid to, or fees paid by, borrowers and less the fees paid to BGI as securities lending agent.

6. SUBSEQUENT EVENT

On April 9, 2009, Barclays Global Investors UK Holdings Limited ("Barclays"), the parent company of BGI and BGFA, entered into an agreement to sell its interest in BGFA and certain affiliated companies to Blue Sparkle, L.P., a Cayman Islands limited partnership (the "Transaction"). Blue Sparkle, L.P. is an investment vehicle for private equity funds affiliated with CVC Capital Partners Group SICAV-FIS S.A., a private equity and investment advisory firm. The Transaction is subject to certain regulatory approvals, as well as other conditions to closing.

Under the 1940 Act, completion of the Transaction will cause the automatic termination of the Fund's current investment advisory agreement with BGFA. In order for the management of the Fund to continue uninterrupted, the Board will be asked to approve a new investment advisory agreement with BGFA. If approved by the Board, the new investment advisory agreement will be submitted to the Fund's shareholders for their approval.

Notes:

The iShares® Family of Funds

The following is a list of iShares Funds being offered, along with their respective exchange trading symbols. **Please call 1-800-iShares (1-800-474-2737) to obtain a prospectus for any iShares Fund. The prospectus contains more complete information, including charges, expenses, investment objectives and risk factors that should be carefully considered to determine if the Fund(s) are an appropriate investment for you. Read the prospectus(es) carefully before investing. Investing involves risk, including possible loss of principal.**

iShares S&P Domestic Index Funds

iShares S&P 1500 (ISI)
iShares S&P 100 (OEF)
iShares S&P 500 (IVV)
iShares S&P 500 Growth (IVW)
iShares S&P 500 Value (IVE)
iShares S&P MidCap 400 (IJH)
iShares S&P MidCap 400 Growth (IJK)
iShares S&P MidCap 400 Value (IJJ)
iShares S&P SmallCap 600 (IJR)
iShares S&P SmallCap 600 Growth (IJT)
iShares S&P SmallCap 600 Value (IJS)
iShares S&P North American Natural Resources Sector (IGE)
iShares S&P North American Technology-Multimedia Networking (IGN)
iShares S&P North American Technology-Semiconductors (IGW)
iShares S&P North American Technology-Software (IGV)
iShares S&P North American Technology Sector (IGM)

iShares Domestic Sector Index Funds

iShares Cohen & Steers Realty Majors (ICF)
iShares Dow Jones U.S. Basic Materials Sector (IYM)
iShares Dow Jones U.S. Consumer Services Sector (IYC)
iShares Dow Jones U.S. Consumer Goods Sector (IYK)
iShares Dow Jones U.S. Energy Sector (IYE)
iShares Dow Jones U.S. Financial Sector (IYF)
iShares Dow Jones U.S. Financial Services (IYG)
iShares Dow Jones U.S. Healthcare Sector (IYH)
iShares Dow Jones U.S. Industrial Sector (IYJ)
iShares Dow Jones U.S. Real Estate (IYR)
iShares Dow Jones U.S. Technology Sector (IYW)
iShares Dow Jones U.S. Telecommunications Sector (IYZ)
iShares Dow Jones Transportation Average (IYT)
iShares Dow Jones U.S. Utilities Sector (IDU)
iShares Dow Jones U.S. (IYY)
iShares Nasdaq Biotechnology (IBB)

iShares Domestic Subsector Index Funds

iShares Dow Jones U.S. Aerospace & Defense (ITA)
iShares Dow Jones U.S. Broker-Dealers (IAI)
iShares Dow Jones U.S. Healthcare Providers (IHF)
iShares Dow Jones U.S. Home Construction (ITB)
iShares Dow Jones U.S. Insurance (IAK)
iShares Dow Jones U.S. Medical Devices (IHI)
iShares Dow Jones U.S. Oil & Gas Exploration & Production (IEO)
iShares Dow Jones U.S. Oil Equipment & Services (IEZ)
iShares Dow Jones U.S. Pharmaceuticals (IHE)
iShares Dow Jones U.S. Regional Banks (IAT)
iShares FTSE NAREIT Industrial/Office Capped (FIO)
iShares FTSE NAREIT Mortgage Plus Capped (REM)
iShares FTSE NAREIT Real Estate 50 (FTY)
iShares FTSE NAREIT Residential Plus Capped (REZ)
iShares FTSE NAREIT Retail Capped (RTL)

iShares Global Index Funds

iShares S&P Global 100 (IOO)
iShares S&P Global Clean Energy (ICLN)
iShares S&P Global Consumer Discretionary Sector (RXI)
iShares S&P Global Consumer Staples Sector (KXI)
iShares S&P Global Energy Sector (IXC)
iShares S&P Global Financials Sector (IXG)
iShares S&P Global Healthcare Sector (IXJ)
iShares S&P Global Industrials Sector (EXI)
iShares S&P Global Infrastructure (IGF)
iShares S&P Global Materials Sector (MXI)
iShares S&P Global Nuclear Energy (NUCL)
iShares S&P Global Technology Sector (IXN)
iShares S&P Global Telecommunications Sector (IXP)
iShares S&P Global Timber & Forestry (WOOD)
iShares S&P Global Utilities Sector (JXI)

iShares Russell Index Funds

iShares Russell 3000 (IWR)
iShares Russell 3000 Growth (IWZ)
iShares Russell 3000 Value (IWW)
iShares Russell 1000 (IWB)
iShares Russell 1000 Growth (IWF)
iShares Russell 1000 Value (IWD)
iShares Russell Midcap (IWR)
iShares Russell Midcap Growth (IWP)
iShares Russell Midcap Value (IWS)
iShares Russell 2000 (IWM)
iShares Russell 2000 Growth (IWO)
iShares Russell 2000 Value (IWN)
iShares Russell Microcap (IWC)

iShares International Country Index Funds

iShares FTSE China (HK Listed) (FCHI)
iShares FTSE/Xinhua China 25 (FXI)
iShares MSCI Australia (EWA)
iShares MSCI Austria Investable Market (EWO)
iShares MSCI Belgium Investable Market (EWK)
iShares MSCI Brazil (EWZ)
iShares MSCI Canada (EWC)
iShares MSCI Chile Investable Market (ECH)
iShares MSCI France (EWO)
iShares MSCI Germany (EWG)
iShares MSCI Hong Kong (EWH)
iShares MSCI Israel Capped Investable Market (EIS)
iShares MSCI Italy (EWI)
iShares MSCI Japan (EWJ)
iShares MSCI Japan Small Cap (SCJ)
iShares MSCI Malaysia (EWM)
iShares MSCI Mexico Investable Market (EWW)

iShares MSCI Netherlands Investable Market (EWN)
iShares MSCI Singapore (EWS)
iShares MSCI South Africa (EZA)
iShares MSCI South Korea (EWY)
iShares MSCI Spain (EWP)
iShares MSCI Sweden (EWD)
iShares MSCI Switzerland (EWL)
iShares MSCI Taiwan (EWT)
iShares MSCI Thailand Investable Market (THD)
iShares MSCI Turkey Investable Market (TUR)
iShares MSCI United Kingdom (EWU)
iShares S&P/TOPIX 150 (ITF)

iShares Bond Funds

iShares Barclays Aggregate (AGG)
iShares Barclays MBS (MBB)
iShares Barclays Short Treasury (SHV)
iShares Barclays 1-3 Year Treasury (SHY)
iShares Barclays 3-7 Year Treasury (IEI)
iShares Barclays 7-10 Year Treasury (IEF)
iShares Barclays 10-20 Year Treasury (TLH)
iShares Barclays 20+ Year Treasury (TLT)
iShares Barclays TIPS (TIP)
iShares Barclays Agency (AGZ)
iShares Barclays Credit (CFT)
iShares Barclays 1-3 Year Credit (CSJ)
iShares Barclays Intermediate Credit (CIU)
iShares iBoxx \$ Investment Grade Corporate (LQD)
iShares iBoxx \$ High Yield Corporate (HYG)
iShares Barclays Government/Credit (GBF)
iShares Barclays Intermediate Government/Credit (GVI)
iShares S&P National Municipal (MUB)
iShares S&P Short Term National Municipal (SUB)
iShares S&P California Municipal (CMF)
iShares S&P New York Municipal (NYF)
iShares JPMorgan USD Emerging Markets (EMB)
iShares S&P/Citigroup International Treasury (IGOV)
iShares S&P/Citigroup 1-3 Year International Treasury (ISHG)

iShares Specialty Index Funds

iShares KLD 400 Social (DSI)
iShares KLD Select SocialSM (KLD)
iShares Dow Jones Select Dividend (DVY)
iShares Dow Jones EPAC Select Dividend (IDV)
iShares S&P U.S. Preferred Stock (PFF)

The iShares[®] Family of Funds (Continued)

iShares International Index Funds

iShares FTSE Developed Small Cap ex-North America (IFSM)
iShares FTSE EPRA/NAREIT Developed Asia (IFAS)
iShares FTSE EPRA/NAREIT Developed Europe (IFEU)
iShares FTSE EPRA/NAREIT Developed Real Estate ex-U.S. (IFGL)
iShares FTSE EPRA/NAREIT North America (IFNA)
iShares MSCI ACWI (ACWI)
iShares MSCI ACWI ex US (ACWX)
iShares MSCI All Country Asia ex Japan (AAXJ)
iShares MSCI BRIC (BKF)
iShares MSCI EAFE (EFA)
iShares MSCI EAFE Growth (EFG)
iShares MSCI EAFE Value (EFV)
iShares MSCI EAFE Small Cap (SCZ)
iShares MSCI Emerging Markets (EEM)
iShares MSCI EMU (EZU)
iShares MSCI Kokusai (TOK)
iShares MSCI Pacific ex-Japan (EPP)
iShares S&P Asia 50 (AIA)
iShares S&P Developed ex-U.S. Property (WPS)
iShares S&P Europe 350 (IEV)
iShares S&P Latin America 40 (ILF)

iShares Morningstar Index Funds

iShares Morningstar Large Core (JKD)
iShares Morningstar Large Growth (JKE)
iShares Morningstar Large Value (JKF)
iShares Morningstar Mid Core (JKG)
iShares Morningstar Mid Growth (JKH)
iShares Morningstar Mid Value (JKI)
iShares Morningstar Small Core (JKJ)
iShares Morningstar Small Growth (JKK)
iShares Morningstar Small Value (JKL)

iShares NYSE Index Funds

iShares NYSE Composite (NYC)
iShares NYSE 100 (NY)

iShares S&P Allocation Funds

iShares S&P Conservative (AOK)
iShares S&P Moderate (AOM)
iShares S&P Growth (AOR)
iShares S&P Aggressive (AOA)

iShares S&P Target Date Index Funds

iShares S&P Target Date Retirement Income (TGR)
iShares S&P Target Date 2010 (TZD)
iShares S&P Target Date 2015 (TZE)
iShares S&P Target Date 2020 (TZG)
iShares S&P Target Date 2025 (TZI)
iShares S&P Target Date 2030 (TZL)
iShares S&P Target Date 2035 (TZO)
iShares S&P Target Date 2040 (TZV)

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This advertising section does not constitute part of the 2009 Semi-Annual Report.

iS-0569-0409

For more information:

WWW.ISHARES.COM

1-800-iShares (1-800-474-2737)

The iShares Funds are distributed by SEI Investments Distribution Co. (SEI). Barclays Global Fund Advisors (BGFA) serves as an advisor to the iShares Funds. BGFA is a subsidiary of Barclays Global Investors, N.A. (BGI), neither of which is affiliated with SEI.

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Investing involves risk, including possible loss of principal.

A description of the policies that the Fund uses to determine how to vote proxies relating to portfolio securities and information about how the Fund voted proxies relating to portfolio securities during the most recent twelve-month period ended June 30 is available without charge, upon request, by calling toll-free 1-800-474-2737; on the Fund's website at www.iShares.com; and on the U.S. Securities and Exchange Commission (SEC) website at www.sec.gov.

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund's Form N-Q is available on the SEC's website or may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. The Fund also discloses its complete schedule of portfolio holdings on a monthly basis on the Fund's website.

This report is intended for the Fund's shareholders. It may not be distributed to prospective investors unless it is preceded or accompanied by the current prospectus.