

2008 SEMI-ANNUAL REPORT TO SHAREHOLDERS  
**iSHARES® S&P SERIES**  
SEPTEMBER 30, 2008

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iShares S&P Asia 50 Index Fund  
iShares S&P Developed ex-U.S. Property Index Fund  
iShares S&P Europe 350 Index Fund  
iShares S&P Latin America 40 Index Fund  
iShares S&P/TOPIX 150 Index Fund





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# Fund Performance Overview

## iSHARES® S&P ASIA 50 INDEX FUND

Performance as of September 30, 2008

The iShares S&P Asia 50 Index Fund (the “Fund”) seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the S&P Asia 50 Index™ (the “Index”). The Index is a free float-adjusted market capitalization index that is designed to measure the performance of the 50 leading companies from four Asian markets: Hong Kong, Singapore, South Korea and Taiwan. 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 September 30, 2008, the total return for the Fund was (23.49)%, while the total return for the Index was (23.29)%.

<b>Cumulative Total Returns</b>		
<i>Inception to 9/30/08</i>		
<i>NAV</i>	<i>MARKET</i>	<i>INDEX</i>
(31.77)%	(29.94)%	(31.45)%

“Cumulative Total Returns” represent the total change in value of an investment over the period(s) indicated and are calculated from an inception date of 11/13/07.

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. Since shares of the Fund did not trade in the secondary market until several days after the Fund’s inception, for the period from inception to the first day of secondary market trading in shares of the Fund (11/16/07), the NAV of the Fund is used as a proxy for the Market Price to calculate market returns. 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 9/30/08

<i>Sector</i>	<i>Percentage of Net Assets</i>
Financial	31.38%
Technology	17.45
Communications	12.20
Industrial	9.11
Basic Materials	8.52
Energy	6.38
Consumer Cyclical	5.24
Diversified	4.26
Utilities	3.47
Consumer Non-Cyclical	1.52
Short-Term and Other Net Assets	0.47
<b>TOTAL</b>	<b><u>100.00%</u></b>

### TEN LARGEST FUND HOLDINGS As of 9/30/08

<i>Security</i>	<i>Percentage of Net Assets</i>
Samsung Electronics Co. Ltd. (South Korea)	7.78%
China Mobile Ltd. (China)	7.26
Taiwan Semiconductor Manufacturing Co. Ltd. (Taiwan)	6.09
China Life Insurance Co. Ltd. Class H (China)	3.93
Industrial and Commercial Bank of China Class H (China)	3.88
POSCO (South Korea)	3.69
Hon Hai Precision Industry Co. Ltd. (Taiwan)	3.18
China Construction Bank Class H (China)	3.09
PetroChina Co. Ltd. Class H (China)	3.09
CNOOC Ltd. (China)	2.61
<b>TOTAL</b>	<b><u>44.60%</u></b>

# Fund Performance Overview

## iSHARES® S&P DEVELOPED EX-U.S. PROPERTY INDEX FUND\*

Performance as of September 30, 2008

The iShares S&P Developed ex-U.S. Property Index Fund (the “Fund”) seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the S&P Developed ex US Property Index™\* (the “Index”). The Index is a free float-adjusted market capitalization weighted index that defines and measures the investable universe of publicly-traded real estate companies domiciled in developed countries outside of the United States. The companies in the Index are engaged in real estate-related activities, such as property ownership, management, development, rental and investment. 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 September 30, 2008, the total return for the Fund was (28.68)%, while the total return for the Index was (28.55)%.

Average Annual Total Returns						Cumulative Total Returns		
Year Ended 9/30/08			Inception to 9/30/08			Inception to 9/30/08		
NAV	MARKET	INDEX	NAV	MARKET	INDEX	NAV	MARKET	INDEX
(40.94)%	(39.10)%	(41.20)%	(31.59)%	(29.61)%	(31.80)%	(35.93)%	(33.75)%	(36.23)%

\*Prior to October 1, 2008, the fund and index names were the iShares S&P World ex-U.S. Property Index Fund and the S&P/Citigroup BMI World ex-U.S. Property Index, respectively. The new fund and index names became effective on October 1, 2008, and are the result of changes in naming conventions by the index provider.

Total returns for the period since inception are calculated from the inception date of the Fund (7/30/07). “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. Since shares of the Fund did not trade in the secondary market until several days after the Fund’s inception, for the period from inception to the first day of secondary market trading in shares of the Fund (8/3/07), the NAV of the Fund is used as a proxy for the Market Price to calculate market returns. 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.

# Fund Performance Overview (Continued)

## iSHARES® S&P DEVELOPED EX-U.S. PROPERTY INDEX FUND\*

### PORTFOLIO ALLOCATION

As of 9/30/08

<i>Industry/Investment Type</i>	<i>Percentage of Net Assets</i>
Real Estate Operating/Development	32.13%
REITs - Diversified	26.54
Real Estate Management/Services	14.99
REITs - Shopping Centers	12.50
REITs - Office Property	8.74
Building - Residential/Commercial	1.31
REITs - Warehouse/Industrial	1.28
REITs - Apartments	1.05
REITs - Health Care	0.26
REITs - Hotels	0.19
REITs - Storage	0.15
Diversified Operations	0.10
Storage/Warehousing	0.09
Theaters	0.06
REITs - Regional Malls	0.05
Retirement/Aged Care Facilities	0.05
Investment Management/Advisory Services	0.01
Short-Term and Other Net Assets	0.50
<b>TOTAL</b>	<b><u>100.00%</u></b>

### TEN LARGEST FUND HOLDINGS

As of 9/30/08

<i>Security</i>	<i>Percentage of Net Assets</i>
Westfield Group (Australia)	6.96%
Mitsubishi Estate Co. Ltd. (Japan)	6.14
Unibail-Rodamco (France)	4.44
Cheung Kong (Holdings) Ltd. (Hong Kong)	4.32
Mitsui Fudosan Co. Ltd. (Japan)	4.19
Sun Hung Kai Properties Ltd. (Hong Kong)	3.93
Land Securities Group PLC (United Kingdom)	2.83
Sumitomo Realty & Development Co. Ltd. (Japan)	2.13
British Land Co. PLC (United Kingdom)	1.83
Stockland Corp. Ltd. (Australia)	1.70
<b>TOTAL</b>	<b><u>38.47%</u></b>

# Fund Performance Overview

## iSHARES® S&P EUROPE 350 INDEX FUND

Performance as of September 30, 2008

The iShares S&P Europe 350 Index Fund (the “Fund”) seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the S&P Europe 350 Index™ (the “Index”). The Index measures the performance of the stocks of leading companies in the following countries: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom. 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 September 30, 2008, the total return for the Fund was (23.45)%, while the total return for the Index was (23.15)%.

### Average Annual Total Returns

Year Ended 9/30/08			Five Years Ended 9/30/08			Inception to 9/30/08		
NAV	MARKET	INDEX	NAV	MARKET	INDEX	NAV	MARKET	INDEX
(30.60)%	(29.36)%	(30.41)%	10.51%	10.78%	10.96%	1.96%	2.16%	2.36%

### Cumulative Total Returns

Year Ended 9/30/08			Five Years Ended 9/30/08			Inception to 9/30/08		
NAV	MARKET	INDEX	NAV	MARKET	INDEX	NAV	MARKET	INDEX
(30.60)%	(29.36)%	(30.41)%	64.82%	66.84%	68.21%	17.25%	19.13%	21.05%

Total returns for the period since inception are calculated from the inception date of the Fund (7/25/00). “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. Since shares of the Fund did not trade in the secondary market until several days after the Fund’s inception, for the period from inception to the first day of secondary market trading in shares of the Fund (7/28/00), the NAV of the Fund is used as a proxy for the Market Price to calculate market returns. 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 9/30/08

Sector	Percentage of Net Assets
Financial	26.03%
Consumer Non-Cyclical	21.01
Energy	10.73
Communications	10.52
Industrial	8.34
Utilities	8.06
Basic Materials	7.34
Consumer Cyclical	5.74
Technology	1.33
Diversified	0.49
Short-Term and Other Net Assets	0.41
<b>TOTAL</b>	<b><u>100.00%</u></b>

### TEN LARGEST FUND HOLDINGS As of 9/30/08

Security	Percentage of Net Assets
HSBC Holdings PLC (United Kingdom)	3.04%
Nestle SA Registered (Switzerland)	2.62
BP PLC (United Kingdom)	2.45
Total SA (France)	2.22
Novartis AG Registered (Switzerland)	2.15
Vodafone Group PLC (United Kingdom)	1.82
GlaxoSmithKline PLC (United Kingdom)	1.80
Telefonica SA (Spain)	1.74
Roche Holding AG Genusschein (Switzerland)	1.70
Royal Dutch Shell PLC Class A (United Kingdom)	1.61
<b>TOTAL</b>	<b><u>21.15%</u></b>

# Fund Performance Overview

## iSHARES® S&P LATIN AMERICA 40 INDEX FUND

Performance as of September 30, 2008

The iShares S&P Latin America 40 Index Fund (the “Fund”) seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the S&P Latin America 40 Index™ (the “Index”). The Index is comprised of selected equities trading on the exchanges of four Latin American countries. The Index includes highly liquid securities from major economic sectors of the Mexican and South American equity markets. Companies from Mexico, Brazil, Argentina and Chile are represented in 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 September 30, 2008, the total return for the Fund was (22.65)%, while the total return for the Index was (23.28)%.

### Average Annual Total Returns

Year Ended 9/30/08			Five Years Ended 9/30/08			Inception to 9/30/08		
NAV	MARKET	INDEX	NAV	MARKET	INDEX	NAV	MARKET	INDEX
(17.44)%	(17.86)%	(18.24)%	33.71%	33.39%	33.95%	26.91%	26.84%	27.24%

### Cumulative Total Returns

Year Ended 9/30/08			Five Years Ended 9/30/08			Inception to 9/30/08		
NAV	MARKET	INDEX	NAV	MARKET	INDEX	NAV	MARKET	INDEX
(17.44)%	(17.86)%	(18.24)%	327.31%	322.26%	331.20%	422.00%	419.89%	432.05%

Total returns for the period since inception are calculated from the inception date of the Fund (10/25/01). “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. Since shares of the Fund did not trade in the secondary market until after the Fund’s inception, for the period from inception to the first day of secondary market trading in shares of the Fund (10/26/01), the NAV of the Fund is used as a proxy for the Market Price to calculate market returns. 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 9/30/08

Sector	Percentage of Net Assets
Basic Materials	25.34%
Communications	18.21
Financial	16.69
Energy	15.39
Utilities	6.91
Consumer Non-Cyclical	6.58
Industrial	5.87
Consumer Cyclical	3.21
Diversified	1.49
Short-Term and Other Net Assets	0.31
<b>TOTAL</b>	<b><u>100.00%</u></b>

### TEN LARGEST FUND HOLDINGS As of 9/30/08

Security	Percentage of Net Assets
Petroleo Brasileiro SA ADR (Brazil)	11.56%
America Movil SAB de CV Series L (Mexico)	11.33
Companhia Vale do Rio Doce Preferred SP ADR (Brazil)	9.37
Companhia Vale do Rio Doce ADR (Brazil)	7.52
Banco Bradesco SA Preferred SP ADR (Brazil)	5.74
Banco Itau Holding Financiera SA Preferred ADR (Brazil)	5.30
Petroleo Brasileiro SA SP ADR (Brazil)	3.83
Unibanco - Uniao de Bancos Brasileiros SA GDR (Brazil)	3.65
Cemex SAB de CV Series CPO (Mexico)	3.39
Wal-Mart de Mexico SAB de CV Series V (Mexico)	3.21
<b>TOTAL</b>	<b><u>64.90%</u></b>

# Fund Performance Overview

## iSHARES® S&P/TOPIX 150 INDEX FUND

Performance as of September 30, 2008

The iShares S&P/TOPIX 150 Index Fund (the “Fund”) seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the S&P/TOPIX 150 Index™ (the “Index”). The Index includes 150 highly liquid securities selected from each major sector of the Tokyo market. 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 September 30, 2008, the total return for the Fund was (15.03)%, while the total return for the Index was (13.28)%.

### Average Annual Total Returns

Year Ended 9/30/08			Five Years Ended 9/30/08			Inception to 9/30/08		
NAV	MARKET	INDEX	NAV	MARKET	INDEX	NAV	MARKET	INDEX
(26.34)%	(23.50)%	(24.77)%	4.26%	4.88%	4.73%	3.11%	3.58%	3.59%

### Cumulative Total Returns

Year Ended 9/30/08			Five Years Ended 9/30/08			Inception to 9/30/08		
NAV	MARKET	INDEX	NAV	MARKET	INDEX	NAV	MARKET	INDEX
(26.34)%	(23.50)%	(24.77)%	23.19%	26.88%	26.00%	23.66%	27.63%	27.76%

Total returns for the period since inception are calculated from the inception date of the Fund (10/23/01). “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. Since shares of the Fund did not trade in the secondary market until several days after the Fund’s inception, for the period from inception to the first day of secondary market trading in shares of the Fund (10/26/01), the NAV of the Fund is used as a proxy for the Market Price to calculate market returns. 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 9/30/08

Sector	Percentage of Net Assets
Consumer Cyclical	26.92%
Financial	20.61
Industrial	19.90
Consumer Non-Cyclical	10.27
Basic Materials	6.48
Communications	5.01
Utilities	4.84
Technology	4.55
Energy	0.48
Short-Term and Other Net Assets	0.94
<b>TOTAL</b>	<b>100.00%</b>

### TEN LARGEST FUND HOLDINGS As of 9/30/08

Security	Percentage of Net Assets
Toyota Motor Corp.	6.47%
Mitsubishi UFJ Financial Group Inc.	4.85
Mizuho Financial Group Inc.	2.80
Sumitomo Mitsui Financial Group Inc.	2.77
Nintendo Co. Ltd.	2.69
Honda Motor Co. Ltd.	2.64
Canon Inc.	2.36
Nippon Telegraph and Telephone Corp.	2.19
Takeda Pharmaceutical Co. Ltd.	1.99
Matsushita Electric Industrial Co. Ltd.	1.85
<b>TOTAL</b>	<b>30.61%</b>

# Shareholder Expenses (Unaudited)

## iSHARES® TRUST

As a shareholder of a 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 a 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 April 1, 2008 to September 30, 2008.

### ACTUAL EXPENSES

The first line under each Fund 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 for your Fund 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 under each Fund in the table below provides information about hypothetical account values and hypothetical expenses based on each 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 under each Fund 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 (4/1/08)</i>	<i>Ending Account Value (9/30/08)</i>	<i>Annualized Expense Ratio</i>	<i>Expenses Paid During Period<sup>a</sup> (4/1/08 to 9/30/08)</i>
<i>iShares Index Fund</i>				
<i>S&amp;P Asia 50</i>				
Actual	\$1,000.00	\$ 765.10	0.55%	\$2.43
Hypothetical (5% return before expenses)	1,000.00	1,022.30	0.55	2.79
<i>S&amp;P Developed ex-U.S. Property</i>				
Actual	1,000.00	713.20	0.48	2.06
Hypothetical (5% return before expenses)	1,000.00	1,022.70	0.48	2.43
<i>S&amp;P Europe 350</i>				
Actual	1,000.00	765.50	0.60	2.66
Hypothetical (5% return before expenses)	1,000.00	1,022.10	0.60	3.04
<i>S&amp;P Latin America 40</i>				
Actual	1,000.00	773.50	0.50	2.22
Hypothetical (5% return before expenses)	1,000.00	1,022.60	0.50	2.54
<i>S&amp;P/TOPIX 150</i>				
Actual	1,000.00	849.70	0.50	2.32
Hypothetical (5% return before expenses)	1,000.00	1,022.60	0.50	2.54

<sup>a</sup> Expenses are calculated using each 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 (183 days) and divided by the number of days in the year (365 days).

# Schedule of Investments (Unaudited)

## iSHARES® S&P ASIA 50 INDEX FUND

September 30, 2008

Security	Shares	Value
<b>COMMON STOCKS – 99.53%</b>		
<b>CHINA – 24.75%</b>		
China Communications		
Construction Co. Ltd. Class H	231,000	\$ 197,549
China Construction Bank Class H	1,716,000	1,113,891
China COSCO Holdings Co. Ltd.		
Class H	137,500	121,662
China Life Insurance Co. Ltd.		
Class H	385,000	1,415,669
China Mobile Ltd.	264,000	2,614,720
CNOOC Ltd.	825,000	940,356
Industrial and Commercial		
Bank of China Class H	2,365,000	1,395,056
PetroChina Co. Ltd. Class H	1,078,000	1,110,718
		<u>8,909,621</u>
<b>HONG KONG – 17.54%</b>		
BOC Hong Kong (Holdings) Ltd.	181,500	317,915
Cheung Kong (Holdings) Ltd.	77,000	855,352
CLP Holdings Ltd.	93,500	750,832
Esprit Holdings Ltd.	53,900	328,703
Hang Seng Bank Ltd.	37,400	695,077
Hong Kong and China Gas		
Co. Ltd. (The)	220,000	497,556
Hong Kong Exchanges and		
Clearing Ltd. <sup>a</sup>	55,000	659,489
Hutchison Whampoa Ltd.	110,000	833,038
Li & Fung Ltd.	110,000	263,229
Sun Hung Kai Properties Ltd.	77,000	777,502
Swire Pacific Ltd. Class A	38,500	334,207
		<u>6,312,900</u>
<b>SINGAPORE – 9.94%</b>		
DBS Group Holdings Ltd.	55,000	645,520
Keppel Corp. Ltd.	66,000	362,384
Oversea-Chinese Banking Corp.	143,000	717,150
Singapore Airlines Ltd.	23,000	228,761
Singapore Telecommunications Ltd.	374,000	850,178
United Overseas Bank Ltd.	66,000	775,547
		<u>3,579,540</u>

Security	Shares	Value
<b>SOUTH KOREA – 24.26%</b>		
Hyundai Heavy Industries Co. Ltd.	2,090	\$ 465,810
Hyundai Mobis	3,410	259,645
Hyundai Motor Co. Ltd.	8,360	509,101
Kookmin Bank	17,380	784,796
KT&G Corp.	7,375	548,718
LG Electronics Inc.	4,950	442,935
POSCO	3,630	1,329,351
Samsung C&T Corp.	6,930	296,848
Samsung Electronics Co. Ltd.	6,270	2,800,058
Shinhan Financial Group Ltd.	20,020	695,006
SK Energy Co. Ltd.	3,305	243,709
SK Telecom Co. Ltd. ADR	19,068	358,860
		<u>8,734,837</u>
<b>TAIWAN – 23.04%</b>		
ASUSTeK Computer Inc.	220,507	425,640
AU Optronics Corp.	436,499	481,660
Cathay Financial Holding Co. Ltd.	336,750	451,666
China Steel Corp.	495,600	483,715
Chunghwa Telecom Co. Ltd. <sup>b</sup>	244,181	566,971
Formosa Chemicals & Fibre Co.	220,000	374,742
Formosa Plastics Corp.	253,000	401,856
Hon Hai Precision Industry Co. Ltd.	328,900	1,145,013
HTC Corp.	33,300	502,013
MediaTek Inc.	55,500	560,667
Nan Ya Plastic Corp.	330,000	479,539
Taiwan Semiconductor		
Manufacturing Co. Ltd.	1,342,999	2,191,612
United Microelectronics Corp.	715,430	227,940
		<u>8,293,034</u>
<b>TOTAL COMMON STOCKS</b>		
		<b>(Cost: \$48,255,589)</b>
		<u>35,829,932</u>

# Schedule of Investments (Unaudited) (Continued)

## iSHARES® S&P ASIA 50 INDEX FUND

September 30, 2008

<i>Security</i>	<i>Shares</i>	<i>Value</i>
<b>SHORT-TERM INVESTMENTS—0.28%</b>		
<b>MONEY MARKET FUNDS – 0.28%</b>		
Barclays Global Investors Funds		
Treasury Money Market Fund, Institutional Shares		
0.47% <sup>c,d</sup>	32,089	\$ 32,089
BGI Cash Premier Fund LLC		
2.67% <sup>c,d,e</sup>	69,300	69,300
		<u>101,389</u>
<b>TOTAL SHORT-TERM INVESTMENTS</b>		
<b>(Cost: \$101,389)</b>		<u>101,389</u>
<b>TOTAL INVESTMENTS</b>		
<b>IN SECURITIES – 99.81%</b>		
<b>(Cost: \$48,356,978)</b>		35,931,321
<b>Other Assets, Less Liabilities – 0.19%</b>		<u>68,350</u>
<b>NET ASSETS – 100.00%</b>		<u><u>\$35,999,671</u></u>
ADR – American Depositary Receipts		

<sup>a</sup> All or a portion of this security represents a security on loan. See Note 5.

<sup>b</sup> Non-income earning security.

<sup>c</sup> Affiliated issuer. See Note 2.

<sup>d</sup> The rate quoted is the annualized seven-day yield of the fund at period end.

<sup>e</sup> This security represents an investment of securities lending collateral. See Note 5.

See notes to financial statements.

# Schedule of Investments (Unaudited)

## iSHARES® S&P DEVELOPED EX-U.S. PROPERTY INDEX FUND

September 30, 2008

<i>Security</i>	<i>Shares</i>	<i>Value</i>	<i>Security</i>	<i>Shares</i>	<i>Value</i>
<b>COMMON STOCKS – 99.50%</b>			<b>AUSTRIA – 1.89%</b>		
<b>AUSTRALIA – 16.89%</b>			Atrium European Real Estate Ltd. <sup>a</sup>	55,412	\$ 408,631
Abacus Property Group	181,860	\$ 129,106	CA Immo International AG	3,573	20,728
APN/UKA European Retail Property Group	144,788	21,700	CA Immobilien Anlagen AG <sup>a</sup>	25,816	250,211
Aspen Group Ltd.	36,400	32,732	conwert Immobilien Invest SE <sup>a</sup>	29,093	269,712
Australand Property Group	148,344	64,943	Immoeast AG <sup>a</sup>	91,214	226,779
Babcock & Brown Communities Ltd.	122,696	40,165	IMMOFINANZ AG	92,141	315,799
Babcock & Brown Japan Property Trust	181,748	83,867	Sparkassen Immobilien AG <sup>a</sup>	21,364	144,343
Becton Property Group Ltd.	29,932	12,277			<u>1,636,203</u>
Centro Retail Group	401,856	36,453	<b>BELGIUM – 0.86%</b>		
CFS Retail Property Trust	417,788	741,490	Aedifica	436	20,853
Challenger Diversified Property Group	87,500	41,412	Befimmo SCA	2,914	292,783
Charter Hall Group	112,812	78,308	Cofinimmo SA	2,469	426,574
Commonwealth Property Office Fund	375,116	426,084			<u>740,210</u>
Dexus Property Group	714,868	806,360	<b>CANADA – 3.59%</b>		
FKP Property Group	54,796	166,409	Artis Real Estate Investment Trust	5,600	73,476
Galileo Japan Trust	48,356	10,680	Boardwalk Real Estate Investment Trust	7,392	248,208
Goodman Group	400,876	768,393	Brookfield Properties Corp.	50,148	783,916
GPT Group	503,524	695,064	Calloway Real Estate Investment Trust	12,320	216,226
ING Industrial Fund	243,802	298,082	Canadian Real Estate Investment Trust	11,340	302,272
ING Office Fund	323,624	362,490	Chartwell Seniors Housing Real Estate Investment Trust	23,996	160,244
ING Real Estate Community Living Group	57,288	14,234	Dundee Real Estate Investment Trust	1,540	43,193
Lend Lease Corp. Ltd.	97,692	707,406	Extendicare Real Estate Investment Trust	6,720	43,928
Macquarie CountryWide Trust	306,544	229,712	First Capital Realty Inc.	2,940	58,430
Macquarie DDR Trust	271,824	66,469	H&R Real Estate Investment Trust	23,072	325,074
Macquarie Leisure Trust Group	101,612	118,624	Melcor Developments Ltd.	2,268	22,334
Macquarie Office Trust	497,952	306,372	MI Developments Inc. Class A	12,982	240,055
Mirvac Group	253,708	488,305	RioCan Real Estate Investment Trust	30,744	584,402
Mirvac Real Estate Investment Trust	263,452	128,843			<u>3,101,758</u>
Stockland Corp. Ltd.	343,924	1,464,951	<b>CHINA – 0.17%</b>		
Sunland Group Ltd.	41,384	78,671	Hopson Development Holdings Ltd. <sup>b</sup>	168,000	84,169
Tishman Speyer Office Fund	120,428	88,344	RREEF China Commercial Trust	140,000	60,224
Valad Property Group	324,604	75,534			<u>144,393</u>
Westfield Group	457,772	6,008,547			
		<u>14,592,027</u>			

# Schedule of Investments (Unaudited) (Continued)

## iSHARES® S&P DEVELOPED EX-U.S. PROPERTY INDEX FUND

September 30, 2008

<i>Security</i>	<i>Shares</i>	<i>Value</i>	<i>Security</i>	<i>Shares</i>	<i>Value</i>
<b>DENMARK – 0.11%</b>			Far East Consortium		
Jeudan A/S	560	\$ 55,876	International Ltd.	308,000	\$ 59,899
TK Development A/S <sup>a</sup>	7,252	38,227	Great Eagle Holdings Ltd.	84,000	183,917
		94,103	Hang Lung Development Co. Ltd.	224,000	698,165
<b>FINLAND – 0.36%</b>			Hang Lung Properties Ltd.	448,000	1,031,669
Citycon OYJ	41,916	135,418	Henderson Land		
Sponda OYJ	19,880	118,400	Development Co. Ltd.	231,929	1,015,615
Technopolis OYJ	8,176	56,044	HKR International Ltd.	246,400	90,761
		309,862	Hongkong Land Holdings Ltd.	308,000	911,680
<b>FRANCE – 8.10%</b>			Hopewell Holdings Ltd.	140,000	501,265
ANF SA	2,113	103,465	Hysan Development Co. Ltd.	140,000	360,262
Fonciere des Regions	5,432	559,283	K. Wah International Holdings Ltd.	308,000	67,436
GAGFAH SA	19,040	239,364	Kerry Properties Ltd.	154,000	489,906
Gecina SA	2,968	316,844	Kowloon Development Co. Ltd. <sup>b</sup>	112,000	99,532
Icade	4,480	358,691	Link REIT (The)	518,000	1,068,777
Klepierre	16,044	617,041	Neo-China Land Group		
Mercialys	5,152	217,682	(Holdings) Ltd. <sup>b</sup>	69,000	43,990
Orco Property Group <sup>b</sup>	1,978	47,455	New World China Land Ltd. <sup>b</sup>	280,000	64,552
ProLogis European Properties	28,980	254,824	Regal Real Estate Investment Trust	252,000	37,324
Societe de la Tour Eiffel	1,456	129,132	Shui On Land Ltd.	462,000	189,814
Societe Immobiliere de Location			Sino Land Co. Ltd.	504,000	551,753
pour l'Industrie et le Commerce	2,632	321,643	Sinolink Worldwide Holdings Ltd.	448,000	42,698
Unibail-Rodamco	19,208	3,834,471	SRE Group Ltd.	392,000	29,787
		6,999,895	Sun Hung Kai Properties Ltd.	336,000	3,392,737
<b>GERMANY – 0.93%</b>			Sunlight Real Estate		
Alstria Office REIT AG	3,808	46,803	Investment Trust	280,000	58,421
Colonia Real Estate AG	3,696	20,143	Tian An China Investments Co. Ltd.	201,200	74,371
Deutsche EuroShop AG	9,828	318,065	Tomson Group Ltd.	163,128	39,078
Deutsche Wohnen AG Bearer <sup>a</sup>	5,908	73,609	Wheelock and Co. Ltd.	196,000	351,896
DIC Asset AG	4,648	64,635	Wheelock Properties Ltd.	280,000	144,249
IVG Immobilien AG	21,924	209,102			15,878,990
PATRIZIA Immobilien AG <sup>a,b</sup>	4,872	14,645	<b>ITALY – 0.41%</b>		
TAG Tegernsee Immobilien-und			Beni Stabili SpA	192,976	176,191
Beteiligungs-AG	4,004	20,247	Immobiliare Grande		
Vivacon AG	3,416	32,292	Distribuzione SpA	42,680	94,002
		799,541	Pirelli & C. Real Estate SpA	5,292	66,752
<b>HONG KONG – 18.38%</b>			Risanamento SpA <sup>a</sup>	13,951	16,461
Champion REIT	504,000	205,122			353,406
Cheung Kong (Holdings) Ltd. <sup>b</sup>	336,000	3,732,444	<b>JAPAN – 24.98%</b>		
Chinese Estates Holdings Ltd.	280,000	341,870	AEON Mall Co. Ltd.	19,600	572,317
			Creed Office Investment Corp.	28	45,363

# Schedule of Investments (Unaudited) (Continued)

## iSHARES® S&P DEVELOPED EX-U.S. PROPERTY INDEX FUND

September 30, 2008

<i>Security</i>	<i>Shares</i>	<i>Value</i>	<i>Security</i>	<i>Shares</i>	<i>Value</i>
DA Office Investment Corp.	84	\$ 304,620	TOC Co. Ltd.	28,000	\$ 104,969
Daibiru Corp.	16,800	124,222	Toho Real Estate Co. Ltd.	5,600	27,271
Daito Trust Construction Co. Ltd.	16,800	612,405	Tokyo Tatemono Co. Ltd.	56,000	256,883
Daiwa House Industry Co. Ltd.	112,000	1,042,302	Tokyo Theatres Co. Inc.	28,000	52,748
Frontier Real Estate Investment Corp.	28	160,354	Tokyu Land Corp.	112,000	399,830
Fukuoka REIT Corp.	28	142,684	TOKYU REIT Inc.	56	356,577
Global One Real Estate Investment Corp.	28	256,092	Top REIT Inc.	56	198,333
Hankyu REIT Inc.	28	131,870	United Urban Investment Corp.	56	241,059
Heiwa Real Estate Co. Ltd.	42,000	146,376			<u>21,580,752</u>
Japan Excellent Inc.	28	122,112	<b>NETHERLANDS – 2.52%</b>		
Japan Logistics Fund Inc.	28	164,838	Corio NV	10,984	769,660
Japan Prime Realty Investment Corp.	112	259,521	Eurocommercial Properties NV	6,216	266,305
Japan Real Estate Investment Corp.	84	661,461	Nieuwe Steen Investments NV	8,051	178,114
Japan Retail Fund Investment Corp.	84	338,643	Plaza Centers NV	14,002	18,157
Kenedix Realty Investment Corp.	56	203,080	VastNed Offices/Industrial NV	7,028	145,117
Leopalace21 Corp.	30,800	233,252	VastNed Retail NV	4,928	343,683
MID REIT Inc.	56	129,919	Wereldhave NV	4,704	453,801
Mitsubishi Estate Co. Ltd.	280,000	5,301,182			<u>2,174,837</u>
Mitsui Fudosan Co. Ltd.	196,000	3,620,364	<b>NEW ZEALAND – 0.35%</b>		
Mori Hills REIT Investment Corp.	28	114,727	Kiwi Income Property Trust	389,988	302,149
MORI TRUST Sogo REIT Inc.	28	209,146			<u>302,149</u>
New City Residence Investment Corp.	84	117,101	<b>NORWAY – 0.07%</b>		
Nippon Accommodations Fund Inc.	28	132,925	Norwegian Property ASA	33,656	56,925
Nippon Building Fund Inc.	112	1,057,072			<u>56,925</u>
Nippon Commercial Investment Corp.	84	177,234	<b>SINGAPORE – 5.53%</b>		
Nippon Residential Investment Corp.	56	137,092	Allco Commercial REIT <sup>b</sup>	168,000	59,341
Nomura Real Estate Holdings Inc.	11,200	257,938	Allgreen Properties Ltd.	228,000	101,266
Nomura Real Estate Office Fund Inc.	56	374,511	Ascendas India Trust	112,000	41,128
NTT Urban Development Corp.	280	331,785	Ascendas Real Estate Investment Trust	224,000	292,984
ORIX JREIT Inc.	56	281,147	Ascott Residence Trust	84,000	41,421
Pacific Holdings Co.	112	12,871	Bukit Sembawang Estates Ltd.	28,000	121,424
Premier Investment Co.	28	117,101	Cambridge Industrial Trust	224,000	68,154
re-plus residential investment inc.	28	44,836	CapitaCommercial Trust	196,000	179,590
Sankei Building Co. Ltd. (The)	5,600	24,475	CapitaLand Ltd.	392,000	839,001
Shoei Co. Ltd.	14,000	132,661	CapitaMall Trust Management Ltd.	280,000	440,652
Sumitomo Realty & Development Co. Ltd.	88,000	1,836,010	CapitaRetail China Trust	84,000	42,303
Sun Frontier Fudousan Co. Ltd.	28	11,473	CDL Hospitality Trusts	140,000	84,213
			City Developments Ltd.	140,000	860,740
			Frasers Centrepoint Trust	56,000	32,119
			GuocoLand Ltd. <sup>b</sup>	56,000	71,679

# Schedule of Investments (Unaudited) (Continued)

## iSHARES® S&P DEVELOPED EX-U.S. PROPERTY INDEX FUND

September 30, 2008

<i>Security</i>	<i>Shares</i>	<i>Value</i>	<i>Security</i>	<i>Shares</i>	<i>Value</i>
Ho Bee Investment Ltd.	56,000	\$ 23,697	CLS Holdings PLC <sup>a</sup>	5,824	\$ 35,840
Hong Fok Corp. Ltd.	84,400	25,384	Daejan Holdings PLC	560	27,599
Keppel Land Ltd. <sup>b</sup>	84,000	166,273	Derwent London PLC	19,992	371,670
Macquarie Prime REIT	252,000	145,415	Development Securities PLC	14,168	97,669
Mapletree Logistics Trust <sup>b</sup>	364,000	185,857	Grainger PLC	25,312	90,235
Singapore Land Ltd.	28,000	94,006	Great Portland Estates PLC	40,320	239,681
Suntec REIT	336,000	272,617	Hammerson PLC	67,984	1,176,639
United Industrial Corp. Ltd.	168,000	240,890	Helical Bar PLC	22,848	122,176
UOL Group Ltd.	112,000	195,062	Land Securities Group PLC	109,592	2,441,778
Wheelock Properties (Singapore) Ltd.	84,000	72,267	Liberty International PLC	64,176	1,096,433
Wing Tai Holdings Ltd.	127,000	83,500	Local Shopping REIT PLC (The)	32,172	30,966
		<u>4,780,983</u>	Mapeley Ltd.	1,876	29,476
<b>SPAIN – 0.49%</b>			Minerva PLC <sup>a</sup>	22,540	13,861
Inmobiliaria Colonial SA <sup>a,b</sup>	204,636	60,363	MWB Group Holdings PLC <sup>a</sup>	12,712	16,087
Metrovacesa SA	3,136	220,469	Primary Health Properties PLC	5,432	26,675
Realia Business SA	36,260	141,083	Quintain Estates and Development PLC	23,912	85,777
		<u>421,915</u>	Safestore Holdings Ltd.	33,796	78,613
<b>SWEDEN – 1.40%</b>			SEGRO PLC	105,112	780,810
Castellum AB	42,788	365,119	Shaftesbury PLC	33,012	248,608
Fabege AB	34,328	189,050	St. Modwen Properties PLC	17,556	90,749
Hufvudstaden AB Class A	26,684	202,826	UNITE Group PLC	31,864	128,927
Kungsleden AB	36,708	229,532	Workspace Group PLC	39,424	90,650
Lennart Wallenstam Byggnads AB Class B	10,948	135,815			<u>9,340,117</u>
Wihlborgs Fastigheter AB	6,272	84,778	<b>TOTAL COMMON STOCKS</b>		
		<u>1,207,120</u>	<b>(Cost: \$126,644,405)</b>		85,950,558
<b>SWITZERLAND – 1.66%</b>			<b>SHORT-TERM INVESTMENTS – 1.81%</b>		
Allreal Holding AG Registered	2,212	250,545	<b>MONEY MARKET FUNDS – 1.81%</b>		
Mobimo Holding AG Registered <sup>a</sup>	1,848	288,428	Barclays Global Investors Funds		
PSP Swiss Property AG Registered <sup>a</sup>	10,276	594,336	Treasury Money Market Fund, Institutional Shares		
Swiss Prime Site AG Registered <sup>a</sup>	5,292	302,063	0.47% <sup>c,d</sup>	53,421	53,421
		<u>1,435,372</u>	BGI Cash Premier Fund LLC		
<b>UNITED KINGDOM – 10.81%</b>			2.67% <sup>c,d,e</sup>	1,508,566	1,508,566
A&J Mucklow Group PLC	5,348	26,691			<u>1,561,987</u>
Big Yellow Group PLC	22,736	131,709	<b>TOTAL SHORT-TERM INVESTMENTS</b>		
British Land Co. PLC	118,860	1,577,314	<b>(Cost: \$1,561,987)</b>		<u>1,561,987</u>
Brixton PLC	63,420	234,564			
Capital & Regional PLC	16,240	48,920			

# Schedule of Investments (Unaudited) (Continued)

## iSHARES® S&P DEVELOPED EX-U.S. PROPERTY INDEX FUND

September 30, 2008

	<i>Value</i>
<hr/>	
<b>TOTAL INVESTMENTS</b>	
<b>IN SECURITIES – 101.31%</b>	
<b>(Cost: \$128,206,392)</b>	\$87,512,545
<b>Other Assets, Less Liabilities – (1.31)%</b>	<u>(1,133,568)</u>
<b>NET ASSETS – 100.00%</b>	<u><u>\$86,378,977</u></u>

<sup>a</sup> Non-income earning security.

<sup>b</sup> All or a portion of this security represents a security on loan. See Note 5.

<sup>c</sup> Affiliated issuer. See Note 2.

<sup>d</sup> The rate quoted is the annualized seven-day yield of the fund at period end.

<sup>e</sup> This security represents an investment of securities lending collateral. See Note 5.

See notes to financial statements.

# Schedule of Investments (Unaudited)

## iSHARES® S&P EUROPE 350 INDEX FUND

September 30, 2008

<i>Security</i>	<i>Shares</i>	<i>Value</i>	<i>Security</i>	<i>Shares</i>	<i>Value</i>
<b>COMMON STOCKS – 99.34%</b>					
<b>AUSTRIA – 0.41%</b>					
Erste Group Bank AG	51,410	\$ 2,487,740	AXA	448,800	\$ 14,433,166
OMV AG	43,248	1,781,748	BNP Paribas	230,963	21,437,817
Telekom Austria AG	79,968	1,391,732	Bouygues SA	62,016	2,765,767
voestalpine AG	27,608	843,456	Cap Gemini SA	36,317	1,693,621
		6,504,676	Carrefour SA	136,680	6,354,788
<b>BELGIUM – 1.38%</b>					
AGFA-Gevaert NV <sup>a</sup>	41,209	258,164	Casino Guichard-Perrachon SA	12,909	1,136,009
Belgacom SA	43,480	1,617,550	Christian Dior SA	12,332	919,286
Delhaize Group	26,554	1,529,076	Compagnie de Saint-Gobain	79,152	4,018,632
Dexia SA <sup>b</sup>	199,920	2,106,132	Compagnie Generale des		
Fortis <sup>b</sup>	564,944	3,412,259	Etablissements Michelin Class B	37,455	2,391,177
Groupe Bruxelles Lambert SA	23,395	1,986,002	Credit Agricole SA	227,256	4,279,079
InBev	51,134	3,004,814	Dassault Systemes SA	13,834	731,223
KBC Group NV	52,632	4,415,811	Electricite de France	66,504	4,758,085
Solvay SA	15,038	1,822,926	Essilor International SA <sup>b</sup>	50,592	2,495,059
UCB SA	27,525	962,322	European Aeronautic Defence		
Umicore	32,870	996,598	and Space Co.	100,368	1,691,783
		22,111,654	France Telecom SA	472,056	13,128,855
<b>DENMARK – 1.03%</b>					
A.P. Moller - Maersk A/S Class B	302	2,581,197	GDF Suez	356,605	18,283,040
Danske Bank A/S	123,635	2,903,623	Groupe Danone	125,256	8,797,042
Novo Nordisk A/S Class B	118,728	6,057,323	Hermes International <sup>b</sup>	17,768	2,857,920
Novozymes A/S Class B	11,021	964,789	Lafarge SA	35,904	3,721,418
Vestas Wind Systems A/S <sup>a</sup>	46,519	3,949,710	Lagardere SCA	32,345	1,440,012
		16,456,642	L'Air Liquide SA	62,848	6,834,153
<b>FINLAND – 1.78%</b>					
Fortum OYJ	109,993	3,643,149	L'Oreal SA <sup>b</sup>	60,792	5,913,360
Kone OYJ Class B	45,288	1,208,662	LVMH Moet Hennessy		
Metso OYJ	31,523	755,839	Louis Vuitton SA	62,575	5,427,576
Nokia OYJ <sup>b</sup>	947,376	17,166,439	Pernod Ricard SA	46,940	4,073,419
Sampo OYJ Class A	84,769	1,883,700	PPR SA	18,282	1,609,739
Stora Enso OYJ Class R <sup>b</sup>	168,103	1,612,740	PSA Peugeot Citroen SA <sup>b</sup>	41,073	1,521,369
UPM-Kymmene OYJ	140,295	2,155,895	Publicis Groupe SA	30,646	950,906
		28,426,424	Renault SA	49,238	3,081,520
<b>FRANCE – 16.42%</b>					
Accor SA	52,632	2,763,116	Safran SA	53,856	930,481
Air France-KLM	38,055	854,996	Sanofi-Aventis	257,856	16,860,290
Alcatel-Lucent <sup>a</sup>	565,837	2,143,584	Schneider Electric SA	59,482	5,033,554
ALSTOM	54,672	4,052,090	Societe Generale	147,696	12,862,594
			Societe Television Francaise 1	39,364	686,182
			Sodexo	29,794	1,740,966
			STMicroelectronics NV	155,135	1,532,128
			Suez Environnement SA <sup>a</sup>	72,216	1,774,154
			Technip SA <sup>b</sup>	24,284	1,342,931
			Thales SA	28,888	1,437,662
			Thomson <sup>a</sup>	60,061	211,755

# Schedule of Investments (Unaudited) (Continued)

## iSHARES® S&P EUROPE 350 INDEX FUND

September 30, 2008

<i>Security</i>	<i>Shares</i>	<i>Value</i>
Total SA	593,232	\$ 35,481,204
Unibail-Rodamco	20,582	4,108,761
Valeo SA <sup>b</sup>	21,871	652,823
Vallourec SA	13,776	2,923,080
Veolia Environnement	88,128	3,573,169
Vinci SA	120,662	5,589,710
Vivendi	290,100	8,972,907
		<u>262,273,958</u>

### GERMANY – 12.86%

Adidas AG	50,160	2,656,238
Allianz SE Registered	113,815	15,392,307
ALTANA AG	24,503	360,014
BASF SE	243,500	11,543,589
Bayer AG	192,168	13,982,311
Bayerische Motoren Werke AG	77,115	2,956,042
Beiersdorf AG	25,296	1,592,190
Commerzbank AG	170,138	2,485,437
Continental AG	40,443	3,311,922
Daimler AG Registered	244,800	12,172,585
Deutsche Bank AG Registered	138,720	9,652,046
Deutsche Boerse AG	49,934	4,479,829
Deutsche Lufthansa AG Registered	58,352	1,131,105
Deutsche Post AG Registered	208,375	4,326,016
Deutsche Telekom AG Registered	733,827	11,101,394
E.ON AG <sup>b</sup>	500,208	24,999,119
Fresenius Medical Care AG & Co. KGaA	44,806	2,307,891
Hochtief AG	11,424	537,084
Hypo Real Estate Holding AG	42,432	247,349
Infineon Technologies AG <sup>a</sup>	186,170	1,023,787
Linde AG	32,640	3,460,590
MAN AG	25,970	1,725,445
Merck KGaA	16,399	1,736,828
METRO AG	31,919	1,592,988
Muenchener Rueckversicherungs- Gesellschaft AG Registered	54,267	8,095,979
Puma AG	1,642	442,167
RWE AG	114,983	10,901,984
Salzgitter AG	9,186	913,024
SAP AG	219,096	11,593,063
Siemens AG Registered	226,754	20,942,033

<i>Security</i>	<i>Shares</i>	<i>Value</i>
ThyssenKrupp AG	93,024	\$ 2,747,909
TUI AG <sup>b</sup>	54,700	895,504
Volkswagen AG	35,904	14,020,754
		<u>205,326,523</u>

### GREECE – 0.60%

Hellenic Telecommunications Organization SA SP ADR	246,634	2,219,706
National Bank of Greece SA ADR	893,325	7,369,931
		<u>9,589,637</u>

### IRELAND – 0.56%

Allied Irish Banks PLC	250,149	2,073,094
Anglo Irish Bank Corp. PLC	211,770	1,143,447
Bank of Ireland	267,648	1,485,009
CRH PLC	139,821	2,945,994
Elan Corp. PLC <sup>a</sup>	121,904	1,258,559
		<u>8,906,103</u>

### ITALY – 5.39%

Alleanza Assicurazioni SpA	98,127	889,719
Assicurazioni Generali SpA	291,786	9,582,461
Atlantia SpA	68,136	1,384,884
Banca Monte dei Paschi di Siena SpA	926,637	2,264,785
Banca Popolare di Milano Scrl	124,032	1,033,134
Banco Popolare SpA	164,720	2,519,662
Enel SpA	1,044,860	8,644,533
Eni SpA	614,040	16,042,710
Fiat SpA	181,510	2,388,957
Finmeccanica SpA	79,966	1,711,821
Intesa Sanpaolo SpA	2,317,032	12,514,010
Luxottica Group SpA	37,336	845,397
Mediaset SpA	209,536	1,316,367
Mediobanca SpA	114,150	1,522,436
Mediolanum SpA <sup>b</sup>	80,941	363,536
Pirelli & C. SpA	509,218	295,408
Saipem SpA	59,976	1,761,569
Snam Rete Gas SpA	195,117	1,170,284
Telecom Italia SpA	2,551,230	3,769,932
UniCredito SpA	3,410,064	12,441,886
Unione di Banche Italiane ScpA	170,445	3,691,788
		<u>86,155,279</u>

# Schedule of Investments (Unaudited) (Continued)

## iSHARES® S&P EUROPE 350 INDEX FUND

September 30, 2008

<i>Security</i>	<i>Shares</i>	<i>Value</i>	<i>Security</i>	<i>Shares</i>	<i>Value</i>
<b>NETHERLANDS – 4.34%</b>					
Aegon NV	308,873	\$ 2,689,922	Acerinox SA	32,232	\$ 568,650
Akzo Nobel NV	71,256	3,364,517	Actividades de Construcciones y Servicios SA	54,264	2,170,038
ArcelorMittal <sup>b</sup>	206,448	10,185,800	Banco Bilbao Vizcaya Argentaria SA	953,271	15,345,079
ASML Holding NV	104,448	1,820,707	Banco Popular Espanol SA <sup>b</sup>	309,265	3,601,251
Heineken NV	54,618	2,174,605	Banco Sabadell SA <sup>b</sup>	271,320	2,077,048
ING Groep NV	527,544	11,063,349	Banco Santander SA	1,588,752	23,432,225
Koninklijke Ahold NV	296,017	3,379,209	Bankinter SA <sup>b</sup>	64,872	798,233
Koninklijke DSM NV	44,709	2,094,711	Gas Natural SDG SA	69,360	2,540,884
Koninklijke KPN NV	440,640	6,308,287	Grupo Ferrovial SA <sup>b</sup>	16,204	733,813
Koninklijke Philips Electronics NV	270,096	7,240,665	Iberdrola SA	1,253,917	12,575,786
Randstad Holding NV	26,523	687,551	Industria de Diseno Textil SA	53,040	2,211,983
Reed Elsevier NV	165,134	2,442,259	Red Electrica Corporacion SA	23,875	1,202,266
TNT NV	101,542	2,781,304	Repsol YPF SA	231,040	6,782,684
Unilever NV	414,529	11,563,846	Sacyr Vallehermoso SA <sup>b</sup>	29,402	478,661
Wolters Kluwer NV	75,973	1,519,095	Telefonica SA	1,181,568	27,866,187
		69,315,827	Union Fenosa SA	148,920	3,606,271
					108,573,973
<b>NORWAY – 1.00%</b>			<b>SWEDEN – 2.96%</b>		
DnB NOR ASA	183,600	1,378,793	Assa Abloy AB Class B	76,704	907,544
Norsk Hydro ASA	165,479	1,084,571	Atlas Copco AB Class A	163,337	1,815,441
Orkla ASA	210,389	1,882,445	Boliden AB	62,435	254,298
Renewable Energy Corp. ASA <sup>a</sup>	32,769	584,735	Electrolux AB Class B	75,013	857,952
StatoilHydro ASA	306,761	7,206,857	Hennes & Mauritz AB Class B	127,296	5,075,227
Telenor ASA	182,293	2,213,798	Holmen AB Class B	17,136	545,580
Yara International ASA	48,628	1,669,652	Investor AB Class B	109,790	2,003,625
		16,020,851	Nordea Bank AB	527,544	6,135,860
			Sandvik AB	260,453	2,689,415
<b>PORTUGAL – 0.55%</b>			Scania AB Class B	79,448	954,253
Banco Comercial Portugues SA Registered <sup>b</sup>	969,000	1,554,383	Securitas AB Class B	86,094	947,648
Banco Espirito Santo SA Registered	87,947	1,068,576	Skandinaviska Enskilda Banken AB Class A	126,480	1,900,080
BRISA - Auto-estradas de Portugal SA	111,538	1,096,703	Skanska AB Class B	84,344	937,458
CIMPOR - Cimentos de Portugal SGPS SA	82,008	517,560	SKF AB Class B	109,353	1,364,413
Energias de Portugal SA	545,088	2,250,268	SSAB Svenskt Stal AB Class A	50,188	773,756
Portugal Telecom SGPS SA Registered <sup>b</sup>	235,057	2,345,878	Svenska Cellulosa AB Class B	153,481	1,590,334
		8,833,368	Svenska Handelsbanken AB Class A	125,105	2,727,182
			Swedbank AB Class A	94,248	1,186,083
<b>SPAIN – 6.80%</b>			Swedish Match AB	78,049	1,343,212
Abertis Infraestructuras SA	79,152	1,536,519			
Acciona SA	7,008	1,046,395			

# Schedule of Investments (Unaudited) (Continued)

## iSHARES® S&P EUROPE 350 INDEX FUND

September 30, 2008

<i>Security</i>	<i>Shares</i>	<i>Value</i>	<i>Security</i>	<i>Shares</i>	<i>Value</i>
Telefonaktiebolaget LM Ericsson			Aviva PLC	647,445	\$ 5,539,384
AB Class B	733,992	\$ 6,737,010	BAE Systems PLC	898,142	6,595,680
TeliaSonera AB	537,653	3,014,913	Barclays PLC <sup>c</sup>	1,998,384	11,629,994
Volvo AB Class A	133,012	1,101,638	BG Group PLC	836,088	15,096,588
Volvo AB Class B	278,974	2,460,565	BHP Billiton PLC	554,880	12,452,087
		47,323,487	BP PLC	4,736,880	39,176,688
<b>SWITZERLAND – 11.28%</b>			British Airways PLC	130,968	392,653
ABB Ltd. Registered <sup>a</sup>	582,216	10,966,691	British American Tobacco PLC	365,878	11,967,122
Adecco SA Registered	35,221	1,515,328	British Energy Group PLC	264,445	3,582,336
Baloise Holding Registered	13,076	876,981	British Land Co. PLC	122,808	1,629,704
Ciba Holding AG Registered	10,608	449,391	British Sky Broadcasting		
Clariant AG Registered <sup>a</sup>	73,763	705,230	Group PLC	274,493	2,028,024
Compagnie Financiere Richemont			BT Group PLC	1,891,080	5,430,287
SA Class A Bearer Units	74,664	3,256,249	Bunzl PLC	75,804	887,718
Credit Suisse Group			Cable & Wireless PLC	661,554	1,951,554
AG Registered	249,288	11,094,289	Cadbury PLC	337,451	3,401,423
Givaudan SA Registered	1,639	1,360,169	Capita Group PLC	146,515	1,822,866
Holcim Ltd. Registered	52,255	3,774,943	Carnival PLC	43,248	1,280,422
Julius Baer Holding AG Registered	54,672	2,652,537	Centrica PLC	909,087	5,088,063
Nestle SA Registered	973,896	41,865,585	Cobham PLC	316,962	1,072,876
Nobel Biocare Holding			Compass Group PLC	492,571	3,020,262
AG Registered	34,099	1,127,054	Cookson Group PLC	57,824	480,299
Novartis AG Registered	656,985	34,306,775	Daily Mail & General Trust PLC		
Roche Holding AG Bearer	13,604	2,124,469	Class A NVS	32,640	185,592
Roche Holding AG Genusschein	174,520	27,160,526	Diageo PLC	643,467	10,838,656
Swatch Group AG (The) Bearer	7,509	1,362,837	Drax Group PLC	86,499	1,159,435
Swiss Life Holding			DSG International PLC	331,296	281,973
AG Registered <sup>a</sup>	9,391	1,347,614	Electrocomponents PLC	136,282	397,167
Swiss Reinsurance Co. Registered	92,811	5,024,417	Enterprise Inns PLC	158,149	503,178
Swisscom AG Registered	6,170	1,824,174	Experian PLC	254,675	1,668,250
Syngenta AG Registered	25,599	5,415,459	FirstGroup PLC	120,616	1,144,832
UBS AG Registered <sup>a</sup>	728,688	11,996,950	Friends Provident PLC	507,552	851,310
Zurich Financial Services			G4S PLC	278,074	1,003,697
AG Registered	36,158	9,867,869	GKN PLC	205,234	716,091
		180,075,537	GlaxoSmithKline PLC	1,328,815	28,683,096
<b>UNITED KINGDOM – 31.98%</b>			Hammerson PLC	78,630	1,360,896
Aegis Group PLC	168,603	278,738	Hays PLC	297,831	424,695
Alliance & Leicester PLC	124,032	591,944	HBOS PLC	1,297,032	2,829,759
Anglo American PLC	332,902	11,007,221	Home Retail Group PLC	191,352	791,295
ARM Holdings PLC	325,310	550,856	HSBC Holdings PLC	3,022,056	48,533,840
Associated British Foods PLC	86,281	1,091,920	IMI PLC	92,735	616,965
AstraZeneca PLC	363,528	15,940,074	Imperial Tobacco Group PLC	259,150	8,300,737

# Schedule of Investments (Unaudited) (Continued)

## iSHARES® S&P EUROPE 350 INDEX FUND

September 30, 2008

<i>Security</i>	<i>Shares</i>	<i>Value</i>	<i>Security</i>	<i>Shares</i>	<i>Value</i>
InterContinental Hotels Group PLC	85,438	\$ 1,047,748	Scottish & Southern Energy PLC	210,036	\$ 5,342,384
International Power PLC	373,998	2,411,544	SEGRO PLC	115,464	857,708
Invensys PLC <sup>a</sup>	211,696	774,485	Severn Trent PLC	57,140	1,379,038
ITV PLC	662,592	496,036	Shire Ltd.	144,743	2,279,405
J Sainsbury PLC	356,378	2,210,586	Smith & Nephew PLC	227,249	2,393,904
Johnson Matthey PLC	54,580	1,313,363	Smiths Group PLC	92,021	1,659,911
Kesa Electricals PLC	102,000	199,536	Standard Chartered PLC	298,248	7,150,183
Kingfisher PLC	524,280	1,230,740	Standard Life PLC	544,285	2,328,386
Ladbrokes PLC	208,908	694,466	Tate & Lyle PLC	122,635	832,831
Land Securities Group PLC	123,614	2,754,197	Taylor Wimpey PLC	193,800	121,767
Legal & General Group PLC	1,421,472	2,533,703	Tesco PLC	1,978,400	13,668,323
Lloyds TSB Group PLC	1,414,128	5,709,187	Thomson Reuters PLC	50,604	1,119,371
Logica PLC	380,594	732,661	3i Group PLC	92,516	1,167,528
London Stock Exchange Group PLC	51,408	790,786	Tomkins PLC	154,263	422,760
Lonmin PLC	36,720	1,488,369	Unilever PLC	327,694	8,889,974
Man Group PLC	438,192	2,630,204	United Business Media Ltd.	62,424	545,212
Marks & Spencer Group PLC	379,848	1,364,276	United Utilities Group PLC	165,830	2,054,307
Misys PLC	117,915	255,366	Vodafone Group PLC	13,292,640	29,071,883
Mitchells & Butlers PLC	85,882	335,629	W.H. Smith PLC	37,429	251,517
National Grid PLC	633,216	8,058,746	Whitbread PLC	58,217	1,097,875
Next PLC	42,432	770,699	William Hill PLC	110,160	458,488
Old Mutual PLC	1,237,464	1,698,403	Wm Morrison Supermarkets PLC	551,208	2,539,764
Pearson PLC	187,681	2,007,192	Wolseley PLC	147,288	1,094,108
Persimmon PLC	61,608	437,331	WPP Group PLC	281,116	2,244,817
Provident Financial PLC	41,511	630,036	Xstrata PLC	159,132	4,867,345
Prudential PLC	612,072	5,536,763	Yell Group PLC	163,831	223,396
Punch Taverns PLC	81,650	196,475			<u>510,673,623</u>
Reckitt Benckiser PLC	152,050	7,347,393	<b>TOTAL COMMON STOCKS</b>		
Reed Elsevier PLC	269,283	2,663,908	<b>(Cost: \$1,806,915,673)</b>		1,586,567,562
Rentokil Initial PLC	438,092	538,805	<b>PREFERRED STOCKS - 0.25%</b>		
Rexam PLC	158,906	1,113,141	<b>GERMANY - 0.25%</b>		
Rio Tinto PLC	220,208	13,624,013	Henkel AG & Co. KGaA	43,456	1,577,896
Rolls-Royce Group PLC <sup>a</sup>	460,560	2,762,413	Porsche Automobil Holding SE	22,032	2,345,801
Royal Bank of Scotland Group PLC	4,104,215	13,094,849			<u>3,923,697</u>
Royal Dutch Shell PLC Class A	893,520	25,769,153	<b>TOTAL PREFERRED STOCKS</b>		
Royal Dutch Shell PLC Class B	690,336	19,417,123	<b>(Cost: \$3,896,449)</b>		3,923,697
RSA Insurance Group PLC	775,608	2,059,899			
SABMiller PLC	211,157	4,087,452			
Sage Group PLC	300,352	1,045,563			
Schroders PLC	27,744	500,952			

# Schedule of Investments (Unaudited) (Continued)

## iSHARES® S&P EUROPE 350 INDEX FUND

September 30, 2008

<i>Security</i>	<i>Shares</i>	<i>Value</i>
<b>SHORT-TERM INVESTMENTS – 3.13%</b>		
<b>MONEY MARKET FUNDS – 3.13%</b>		
Barclays Global Investors Funds		
Treasury Money Market Fund, Institutional Shares		
0.47% <sup>c,d</sup>	61,576	\$ 61,576
BGI Cash Premier Fund LLC		
2.67% <sup>c,d,e</sup>	49,880,028	49,880,028
		<u>49,941,604</u>
<b>TOTAL SHORT-TERM INVESTMENTS</b>		
<b>(Cost: \$49,941,604)</b>		
		<u>49,941,604</u>
<b>TOTAL INVESTMENTS</b>		
<b>IN SECURITIES – 102.72%</b>		
<b>(Cost: \$1,860,753,726)</b>		
		1,640,432,863
<b>Other Assets, Less Liabilities – (2.72)%</b>		
		<u>(43,391,776)</u>
<b>NET ASSETS – 100.00%</b>		
		<u><u>\$1,597,041,087</u></u>

ADR – American Depositary Receipts

NVS – Non-Voting Shares

SP ADR – Sponsored American Depositary Receipts

<sup>a</sup> Non-income earning security.

<sup>b</sup> All or a portion of this security represents a security on loan. See Note 5.

<sup>c</sup> Affiliated issuer. See Note 2.

<sup>d</sup> The rate quoted is the annualized seven-day yield of the fund at period end.

<sup>e</sup> This security represents an investment of securities lending collateral. See Note 5.

See notes to financial statements.

# Schedule of Investments (Unaudited)

## iSHARES® S&P LATIN AMERICA 40 INDEX FUND

September 30, 2008

<i>Security</i>	<i>Shares</i>	<i>Value</i>
<b>COMMON STOCKS – 65.14%</b>		
<b>ARGENTINA – 2.60%</b>		
Petrobras Energia Participaciones		
SA SP ADR	570,513	\$ 5,613,848
Tenaris SA ADR	1,364,674	50,888,693
		<u>56,502,541</u>
<b>BRAZIL – 26.61%</b>		
Centrais Eletricas Brasileiras		
SA SP ADR	1,274,872	18,254,510
Companhia Siderurgica Nacional SA SP ADR <sup>a</sup>	2,958,368	62,894,904
Companhia Vale do Rio Doce ADR <sup>a</sup>	8,522,976	163,214,990
Empresa Brasileira de Aeronautica SA ADR	112,672	3,043,271
Petroleo Brasileiro SA ADR	5,713,104	251,090,921
Unibanco - Uniao de Bancos Brasileiros SA GDR	785,130	79,235,320
		<u>577,733,916</u>
<b>CHILE – 7.50%</b>		
Banco de Chile ADR <sup>a</sup>	329,636	13,185,440
Banco Santander Chile SA ADR	572,067	24,478,747
Distribucion y Servicio D&S SA ADR <sup>a</sup>	651,319	14,420,203
Empresa Nacional de Electricidad SA SP ADR	1,027,871	45,750,538
Enersis SA SP ADR	1,678,917	27,399,925
Sociedad Quimica y Minera de Chile SA SP ADR	1,491,233	37,593,984
		<u>162,828,837</u>
<b>MEXICO – 28.43%</b>		
Alfa SAB de CV Series A	2,240,000	10,026,321
America Movil SAB de CV Series L	107,608,700	245,923,008
Cemex SAB de CV Series CPO <sup>b</sup>	43,194,148	73,710,821
Fomento Economico Mexicano SAB de CV BD Units	13,753,600	52,048,227
Grupo Carso SA de CV Series A1 <sup>a</sup>	5,980,800	22,350,296

<i>Security</i>	<i>Shares</i>	<i>Value</i>
Grupo Modelo SAB de CV Series C	4,099,200	\$ 17,363,231
Grupo Televisa SA Series CPO	11,558,400	49,716,037
Kimberly-Clark de Mexico SAB de CV Series A	4,636,800	19,902,023
Telefonos de Mexico SAB de CV Series L	44,598,400	56,623,740
Wal-Mart de Mexico SAB de CV Series V <sup>a</sup>	20,384,000	69,774,673
		<u>617,438,377</u>
<b>TOTAL COMMON STOCKS</b>		
<b>(Cost: \$1,834,022,460)</b>		1,414,503,671
<b>PREFERRED STOCKS – 34.55%</b>		
<b>BRAZIL – 34.55%</b>		
Aracruz Celulose SA SP ADR <sup>a</sup>	413,596	15,183,109
Banco Bradesco SA SP ADR	7,736,526	124,558,069
Banco Itau Holding Financiera SA ADR	6,580,896	115,165,680
Brasil Telecom Participacoes SA ADR	263,636	12,881,255
Centrais Eletricas Brasileiras SA ADR <sup>a</sup>	1,239,048	15,403,349
Companhia de Bebidas das Americas ADR	1,083,712	59,181,512
Companhia Energetica de Minas Gerais SP ADR <sup>a</sup>	1,725,608	34,063,502
Companhia Paranaense de Energia SP ADR <sup>a</sup>	658,188	9,030,340
Companhia Vale do Rio Doce SP ADR	11,490,080	203,374,416
Gerdau SA SP ADR <sup>a</sup>	4,303,512	47,768,983
Petroleo Brasileiro SA SP ADR	2,221,648	83,134,068
Tele Norte Leste Participacoes SA ADR <sup>a</sup>	1,746,305	30,490,485
		<u>750,234,768</u>
<b>TOTAL PREFERRED STOCKS</b>		
<b>(Cost: \$989,444,871)</b>		750,234,768

# Schedule of Investments (Unaudited) (Continued)

## iSHARES® S&P LATIN AMERICA 40 INDEX FUND

September 30, 2008

<i>Security</i>	<i>Shares</i>	<i>Value</i>
<b>SHORT-TERM INVESTMENTS – 7.08%</b>		
<b>MONEY MARKET FUNDS – 7.08%</b>		
Barclays Global Investors Funds		
Treasury Money Market Fund, Institutional Shares		
0.47% <sup>c,d</sup>	4,632,793	\$ 4,632,793
BGI Cash Premier Fund LLC		
2.67% <sup>c,d,e</sup>	149,131,896	149,131,896
		<u>153,764,689</u>
<b>TOTAL SHORT-TERM INVESTMENTS</b>		
<b>(Cost: \$153,764,689)</b>		<u>153,764,689</u>
<b>TOTAL INVESTMENTS</b>		
<b>IN SECURITIES – 106.77%</b>		
<b>(Cost: \$2,977,232,020)</b>		2,318,503,128
<b>Other Assets, Less Liabilities – (6.77)%</b>		<u>(147,095,021)</u>
<b>NET ASSETS – 100.00%</b>		<u><u>\$2,171,408,107</u></u>

ADR – American Depositary Receipts

GDR – Global Depositary Receipts

SP ADR – Sponsored American Depositary Receipts

<sup>a</sup> All or a portion of this security represents a security on loan. See Note 5.

<sup>b</sup> Non-income earning security.

<sup>c</sup> Affiliated issuer. See Note 2.

<sup>d</sup> The rate quoted is the annualized seven-day yield of the fund at period end.

<sup>e</sup> This security represents an investment of securities lending collateral. See Note 5.

See notes to financial statements.

# Schedule of Investments (Unaudited)

## iSHARES® S&P/TOPIX 150 INDEX FUND

September 30, 2008

Security	Shares	Value
<b>COMMON STOCKS – 99.06%</b>		
<b>ADVERTISING – 0.23%</b>		
Dentsu Inc.	160	\$ 316,338
		<u>316,338</u>
<b>AGRICULTURE – 1.00%</b>		
Japan Tobacco Inc.	370	1,373,146
		<u>1,373,146</u>
<b>AIRLINES – 0.64%</b>		
All Nippon Airways Co. Ltd. <sup>a</sup>	140,000	494,513
Japan Airlines Corp. <sup>a,b</sup>	190,000	386,568
		<u>881,081</u>
<b>AUTO MANUFACTURERS – 10.29%</b>		
Honda Motor Co. Ltd.	124,000	3,609,099
Nissan Motor Co. Ltd.	167,000	1,096,397
Suzuki Motor Corp.	29,000	523,920
Toyota Motor Corp.	215,000	8,870,155
		<u>14,099,571</u>
<b>AUTO PARTS &amp; EQUIPMENT – 1.62%</b>		
Bridgestone Corp.	49,000	904,630
Denso Corp.	37,000	885,226
NOK Corp.	8,000	87,637
Toyota Industries Corp.	14,000	346,159
		<u>2,223,652</u>
<b>BANKS – 11.30%</b>		
Mitsubishi UFJ Financial Group Inc.	790,000	6,645,034
Mizuho Financial Group Inc.	920	3,830,264
Shinsei Bank Ltd.	120,000	352,659
Sumitomo Mitsui Financial Group Inc.	640	3,797,862
Sumitomo Trust and Banking Co. Ltd. (The)	135,000	851,976
		<u>15,477,795</u>
<b>BEVERAGES – 1.08%</b>		
Asahi Breweries Ltd.	33,000	571,940
Kirin Holdings Co. Ltd.	70,000	907,926
		<u>1,479,866</u>
<b>BUILDING MATERIALS – 1.38%</b>		
Asahi Glass Co. Ltd.	80,000	690,246
Daikin Industries Ltd.	21,000	686,384
JS Group Corp.	20,000	248,670
Matsushita Electric Works Ltd.	31,000	268,638
		<u>1,893,938</u>

Security	Shares	Value
<b>CHEMICALS – 2.53%</b>		
Asahi Kasei Corp.	100,000	\$ 413,507
JSR Corp.	16,000	206,772
Mitsubishi Chemical Holdings Corp.	90,000	468,799
Mitsui Chemicals Inc.	58,000	250,214
Nitto Denko Corp.	13,000	322,658
Shin-Etsu Chemical Co. Ltd.	29,000	1,335,751
Sumitomo Chemical Co. Ltd.	110,000	471,436
		<u>3,469,137</u>
<b>COMMERCIAL SERVICES – 0.62%</b>		
Dai Nippon Printing Co. Ltd.	40,000	534,639
Toppan Printing Co. Ltd.	40,000	308,200
		<u>842,839</u>
<b>COMPUTERS – 0.96%</b>		
Fujitsu Ltd.	152,000	834,701
TDK Corp.	10,000	484,152
		<u>1,318,853</u>
<b>COSMETICS &amp; PERSONAL CARE – 1.43%</b>		
Kao Corp.	40,000	1,064,381
Shiseido Co. Ltd.	30,000	662,648
Uni-Charm Corp.	3,000	228,889
		<u>1,955,918</u>
<b>DISTRIBUTION &amp; WHOLESALE – 4.27%</b>		
ITOCHU Corp.	110,000	644,469
Marubeni Corp.	120,000	528,988
Mitsubishi Corp.	112,000	2,273,442
Mitsui & Co. Ltd.	131,000	1,576,960
Sumitomo Corp.	92,000	832,779
		<u>5,856,638</u>
<b>DIVERSIFIED FINANCIAL SERVICES – 2.94%</b>		
Credit Saison Co. Ltd.	13,000	207,064
Daiwa Securities Group Inc.	110,000	764,659
Nomura Holdings Inc.	158,000	1,973,419
ORIX Corp.	7,400	876,861
Promise Co. Ltd.	6,000	113,879
Takefuji Corp.	7,800	98,744
		<u>4,034,626</u>
<b>ELECTRIC – 3.93%</b>		
Chubu Electric Power Co. Inc.	51,000	1,193,755
Kansai Electric Power Co. Inc. (The)	58,000	1,283,851

# Schedule of Investments (Unaudited) (Continued)

## iSHARES® S&P/TOPIX 150 INDEX FUND

September 30, 2008

<i>Security</i>	<i>Shares</i>	<i>Value</i>
Kyushu Electric Power Co. Inc.	33,000	\$ 683,841
Tokyo Electric Power Co. Inc. (The)	91,000	2,220,035
		5,381,482
<b>ELECTRICAL COMPONENTS &amp; EQUIPMENT – 4.03%</b>		
Fujikura Ltd.	20,000	75,543
Furukawa Electric Co. Ltd. (The)	50,000	213,818
Hitachi Ltd.	250,000	1,690,764
Mitsubishi Electric Corp.	150,000	976,310
SANYO Electric Co. Ltd. <sup>b</sup>	140,000	236,048
Sharp Corp.	69,000	731,823
Sumitomo Electric Industries Ltd.	58,000	618,980
Toshiba Corp.	230,000	977,064
		5,520,350
<b>ELECTRONICS – 4.43%</b>		
Advantest Corp.	14,000	287,477
Fanuc Ltd.	15,000	1,093,581
Hirose Electric Co. Ltd.	3,000	280,884
Hoya Pentax HD Corp.	32,000	620,920
Keyence Corp.	3,010	589,724
Kyocera Corp.	13,000	964,913
Murata Manufacturing Co. Ltd.	16,000	628,456
NEC Corp.	160,000	663,119
NGK Insulators Ltd.	20,000	237,366
Secom Co. Ltd.	17,000	696,557
		6,062,997
<b>ENGINEERING &amp; CONSTRUCTION – 0.69%</b>		
Kajima Corp.	80,000	235,859
Obayashi Corp.	50,000	246,315
Shimizu Corp.	50,000	232,186
Taisei Corp.	90,000	230,584
		944,944
<b>ENTERTAINMENT – 0.20%</b>		
Oriental Land Co. Ltd.	4,000	269,392
		269,392
<b>FOOD – 0.88%</b>		
Ajinomoto Co. Inc.	50,000	470,494
Nippon Meat Packers Inc.	14,000	208,882
Nissin Food Products Co. Ltd.	7,000	247,916
Yakult Honsha Co. Ltd.	9,000	277,210
		1,204,502

<i>Security</i>	<i>Shares</i>	<i>Value</i>
<b>FOREST PRODUCTS &amp; PAPER – 0.42%</b>		
Nippon Paper Group Inc.	80	\$ 230,584
Oji Paper Co. Ltd.	70,000	347,478
		578,062
<b>GAS – 0.91%</b>		
Osaka Gas Co. Ltd.	150,000	511,468
Tokyo Gas Co. Ltd.	180,000	740,922
		1,252,390
<b>HAND &amp; MACHINE TOOLS – 0.30%</b>		
SMC Corp.	4,000	408,798
		408,798
<b>HEALTH CARE – PRODUCTS – 0.45%</b>		
Terumo Corp.	12,100	621,156
		621,156
<b>HOME BUILDERS – 0.57%</b>		
Daiwa House Industry Co. Ltd.	40,000	372,251
Sekisui House Ltd.	46,000	413,357
		785,608
<b>HOME FURNISHINGS – 3.68%</b>		
Matsushita Electric Industrial Co. Ltd.	150,000	2,536,147
Pioneer Corp.	13,000	83,634
Sony Corp.	81,000	2,418,594
		5,038,375
<b>HOUSEWARES – 0.11%</b>		
TOTO Ltd. <sup>a</sup>	20,000	144,869
		144,869
<b>INSURANCE – 3.68%</b>		
Mitsui Sumitomo Insurance Group Holdings Inc.	34,000	1,117,694
Nipponkoa Insurance Co. Ltd. <sup>a</sup>	50,000	271,276
Sompo Japan Insurance Inc.	70,000	571,657
T&D Holdings Inc.	18,000	925,729
Tokio Marine Holdings Inc.	61,000	2,148,919
		5,035,275
<b>INTERNET – 0.83%</b>		
SoftBank Corp.	59,000	746,357
Yahoo! Japan Corp.	1,220	387,265
		1,133,622

# Schedule of Investments (Unaudited) (Continued)

## iSHARES® S&P/TOPIX 150 INDEX FUND

September 30, 2008

Security	Shares	Value
<b>IRON &amp; STEEL – 2.96%</b>		
JFE Holdings Inc.	41,025	\$ 1,228,837
Kobe Steel Ltd.	200,000	389,959
Nippon Steel Corp.	440,000	1,603,918
Sumitomo Metal Industries Ltd.	280,000	836,057
		<u>4,058,771</u>
<b>MACHINERY – CONSTRUCTION &amp; MINING – 0.82%</b>		
Komatsu Ltd.	71,000	1,120,190
		<u>1,120,190</u>
<b>MACHINERY – DIVERSIFIED – 0.36%</b>		
Kubota Corp.	80,000	488,297
		<u>488,297</u>
<b>MANUFACTURING – 2.51%</b>		
FUJIFILM Holdings Corp.	37,000	937,503
Kawasaki Heavy Industries Ltd.	110,000	225,875
Konica Minolta Holdings Inc.	40,000	447,228
Mitsubishi Heavy Industries Ltd.	270,000	1,134,272
Nikon Corp.	30,000	693,731
		<u>3,438,609</u>
<b>MEDIA – 0.09%</b>		
Nippon Television Network Corp.	1,300	121,839
		<u>121,839</u>
<b>METAL FABRICATE &amp; HARDWARE – 0.15%</b>		
NSK Ltd.	36,000	201,761
		<u>201,761</u>
<b>MINING – 0.57%</b>		
Mitsubishi Materials Corp.	90,000	276,362
Mitsui Mining & Smelting Co. Ltd.	50,000	114,445
Sumitomo Metal Mining Co. Ltd.	40,000	392,220
		<u>783,027</u>
<b>OFFICE &amp; BUSINESS EQUIPMENT – 2.86%</b>		
Canon Inc.	90,050	3,240,154
Ricoh Co. Ltd.	50,000	681,486
		<u>3,921,640</u>
<b>OIL &amp; GAS – 0.48%</b>		
Nippon Oil Corp.	100,000	494,513
TonenGeneral Sekiyu K.K.	20,000	162,577
		<u>657,090</u>

Security	Shares	Value
<b>PACKAGING &amp; CONTAINERS – 0.13%</b>		
Toyo Seikan Kaisha Ltd.	12,000	\$ 180,624
		<u>180,624</u>
<b>PHARMACEUTICALS – 4.81%</b>		
Astellas Pharma Inc.	35,028	1,441,835
Daiichi Sankyo Co. Ltd.	52,003	1,320,097
Eisai Co. Ltd.	20,000	770,499
Taisho Pharmaceutical Co. Ltd.	17,000	332,266
Takeda Pharmaceutical Co. Ltd.	55,000	2,719,823
		<u>6,584,520</u>
<b>REAL ESTATE – 2.69%</b>		
Mitsubishi Estate Co. Ltd.	94,000	1,779,683
Mitsui Fudosan Co. Ltd.	64,000	1,182,160
Sumitomo Realty & Development Co. Ltd.	35,000	730,231
		<u>3,692,074</u>
<b>RETAIL – 2.16%</b>		
AEON Co. Ltd.	55,000	545,519
Marui Group Co. Ltd.	19,000	139,594
Seven & I Holdings Co. Ltd.	62,000	1,749,070
Yamada Denki Co. Ltd.	7,100	528,997
		<u>2,963,180</u>
<b>SEMICONDUCTORS – 0.73%</b>		
Rohm Co. Ltd.	8,000	430,274
Tokyo Electron Ltd.	13,000	570,621
		<u>1,000,895</u>
<b>TELECOMMUNICATIONS – 3.86%</b>		
Nippon Telegraph and Telephone Corp.	680	3,004,003
NTT Data Corp.	100	389,959
NTT DoCoMo Inc.	1,200	1,897,801
		<u>5,291,763</u>
<b>TEXTILES – 0.69%</b>		
Kuraray Co. Ltd.	29,000	281,628
Teijin Ltd.	70,000	205,718
Toray Industries Inc.	100,000	458,720
		<u>946,066</u>
<b>TOYS, GAMES &amp; HOBBIES – 2.69%</b>		
Nintendo Co. Ltd.	9,000	3,679,179
		<u>3,679,179</u>

# Schedule of Investments (Unaudited) (Continued)

## iSHARES® S&P/TOPIX 150 INDEX FUND

September 30, 2008

<i>Security</i>	<i>Shares</i>	<i>Value</i>
<b>TRANSPORTATION – 5.10%</b>		
Central Japan Railway Co.	140	\$ 1,312,109
East Japan Railway Co.	270	1,998,964
Kintetsu Corp.	120,000	415,956
Mitsui O.S.K. Lines Ltd.	90,000	749,400
Nippon Express Co. Ltd.	70,000	305,939
Nippon Yusen Kabushiki Kaisha	90,000	566,288
Odakyu Electric Railway Co. Ltd.	40,000	293,882
Tokyu Corp.	80,000	375,265
West Japan Railway Co.	140	596,053
Yamato Holdings Co. Ltd.	34,000	376,621
		<u>6,990,477</u>
<b>TOTAL COMMON STOCKS</b>		
<b>(Cost: \$175,028,444)</b>		135,725,222
<b>SHORT-TERM INVESTMENTS – 0.97%</b>		
<b>MONEY MARKET FUNDS – 0.97%</b>		
Barclays Global Investors Funds Treasury Money Market Fund, Institutional Shares 0.47% <sup>c,d</sup>	32,047	32,047
BGI Cash Premier Fund LLC 2.67% <sup>c,d,e</sup>	1,293,000	1,293,000
		<u>1,325,047</u>
<b>TOTAL SHORT-TERM INVESTMENTS</b>		
<b>(Cost: \$1,325,047)</b>		<u>1,325,047</u>
<b>TOTAL INVESTMENTS</b>		
<b>IN SECURITIES – 100.03%</b>		
<b>(Cost: \$176,353,491)</b>		137,050,269
<b>Other Assets, Less Liabilities – (0.03)%</b>		<u>(42,643)</u>
<b>NET ASSETS – 100.00%</b>		<u>\$137,007,626</u>

<sup>a</sup> All or a portion of this security represents a security on loan. See Note 5.

<sup>b</sup> Non-income earning security.

<sup>c</sup> Affiliated issuer. See Note 2.

<sup>d</sup> The rate quoted is the annualized seven-day yield of the fund at period end.

<sup>e</sup> This security represents an investment of securities lending collateral. See Note 5.

See notes to financial statements.

# Statements of Assets and Liabilities (Unaudited)

## iSHARES® TRUST

September 30, 2008

	<i>iShares S&amp;P</i>			
	Asia 50 Index Fund	Developed ex-U.S. Property Index Fund	Europe 350 Index Fund	Latin America 40 Index Fund
<b>ASSETS</b>				
Investments, at cost:				
Unaffiliated issuers	\$ 48,255,589	\$126,644,405	\$1,798,079,570	\$2,823,467,331
Affiliated issuers (Note 2)	101,389	1,561,987	62,674,156	153,764,689
Total cost of investments	<u>\$ 48,356,978</u>	<u>\$128,206,392</u>	<u>\$1,860,753,726</u>	<u>\$2,977,232,020</u>
Investments in securities, at fair value (including securities on loan <sup>a</sup> ) (Note 1):				
Unaffiliated issuers	\$ 35,829,932	\$ 85,950,558	\$1,578,861,265	\$2,164,738,439
Affiliated issuers (Note 2)	101,389	1,561,987	61,571,598	153,764,689
Total fair value of investments	35,931,321	87,512,545	1,640,432,863	2,318,503,128
Foreign currencies, at value <sup>b</sup>	90,706	211,159	2,979,258	1,326,597
Receivables:				
Investment securities sold	-	434,332	-	-
Due from custodian (Note 4)	-	6,373	390,036	-
Dividends and interest	82,900	324,630	4,668,372	4,628,418
Capital shares sold	-	-	-	386,045
Total Assets	<u>36,104,927</u>	<u>88,489,039</u>	<u>1,648,470,529</u>	<u>2,324,844,188</u>
<b>LIABILITIES</b>				
Payables:				
Investment securities purchased	14,070	564,273	690,908	3,094,268
Collateral for securities on loan (Note 5)	69,300	1,508,566	49,880,028	149,131,896
Capital shares redeemed	-	-	-	219,756
Foreign taxes (Note 1)	2,674	-	-	-
Investment advisory fees (Note 2)	19,212	37,223	858,506	990,161
Total Liabilities	<u>105,256</u>	<u>2,110,062</u>	<u>51,429,442</u>	<u>153,436,081</u>
NET ASSETS	<u>\$ 35,999,671</u>	<u>\$ 86,378,977</u>	<u>\$1,597,041,087</u>	<u>\$2,171,408,107</u>
<b>Net assets consist of:</b>				
Paid-in capital	\$ 53,203,481	\$129,821,507	\$1,773,270,989	\$2,385,963,920
Undistributed (distributions in excess of) net investment income	625,158	(352,852)	10,240,317	13,863,643
Undistributed net realized gain (accumulated net realized loss)	(5,403,058)	(2,387,769)	34,228,748	430,366,758
Net unrealized depreciation on investments and translation of assets and liabilities in foreign currencies	(12,425,910)	(40,701,909)	(220,698,967)	(658,786,214)
NET ASSETS	<u>\$ 35,999,671</u>	<u>\$ 86,378,977</u>	<u>\$1,597,041,087</u>	<u>\$2,171,408,107</u>
Shares outstanding <sup>c</sup>	<u>1,100,000</u>	<u>2,800,000</u>	<u>40,800,000<sup>d</sup></u>	<u>56,000,000<sup>e</sup></u>
Net asset value per share	<u>\$ 32.73</u>	<u>\$ 30.85</u>	<u>\$ 39.14<sup>d</sup></u>	<u>\$ 38.78<sup>e</sup></u>

<sup>a</sup> Securities on loan with market values of \$65,900, \$1,402,271, \$47,436,650 and \$142,089,180, respectively. See Note 5.

<sup>b</sup> Cost of foreign currencies: \$90,640, \$216,316, \$3,115,633 and \$1,382,661, respectively.

<sup>c</sup> No par value, unlimited number of shares authorized.

<sup>d</sup> Shares outstanding and net asset value per share reflect a two-for-one stock split effective July 24, 2008. See Note 4.

<sup>e</sup> Shares outstanding and net asset value per share reflect a five-for-one stock split effective July 24, 2008. See Note 4.

See notes to financial statements.

# Statements of Assets and Liabilities (Unaudited) (Continued)

## iSHARES® TRUST

September 30, 2008

*iShares S&P*

/TOPIX 150

Index Fund

### ASSETS

Investments, at cost:	
Unaffiliated issuers	\$ 175,028,444
Affiliated issuers (Note 2)	<u>1,325,047</u>
Total cost of investments	<u>\$ 176,353,491</u>
Investments in securities, at fair value (including securities on loan <sup>a</sup> ) (Note 1):	
Unaffiliated issuers	\$ 135,725,222
Affiliated issuers (Note 2)	<u>1,325,047</u>
Total fair value of investments	137,050,269
Foreign currency, at value <sup>b</sup>	115,091
Receivables:	
Dividends and interest	<u>1,195,570</u>
Total Assets	<u>\$ 138,360,930</u>

### LIABILITIES

Payables:	
Collateral for securities on loan (Note 5)	1,293,000
Investment advisory fees (Note 2)	<u>60,304</u>
Total Liabilities	<u>1,353,304</u>

NET ASSETS \$ 137,007,626

### Net assets consist of:

Paid-in capital	\$ 172,356,087
Undistributed net investment income	1,076,829
Undistributed net realized gain	2,874,530
Net unrealized depreciation on investments and translation of assets and liabilities in foreign currencies	<u>(39,299,820)</u>
NET ASSETS	<u>\$ 137,007,626</u>
Shares outstanding <sup>c</sup>	<u>3,000,000<sup>d</sup></u>
Net asset value per share	<u>\$ 45.67<sup>d</sup></u>

<sup>a</sup> Securities on loan with market values of \$1,172,564. See Note 5.

<sup>b</sup> Cost of foreign currency: \$114,898.

<sup>c</sup> No par value, unlimited number of shares authorized.

<sup>d</sup> Shares outstanding and net asset value per share reflect a two-for-one stock split effective July 24, 2008. See Note 4.

See notes to financial statements.

# Statements of Operations (Unaudited)

## *iSHARES*<sup>®</sup> TRUST

Six months ended September 30, 2008

	<i>iShares S&amp;P</i>			
	Asia 50 Index Fund	Developed ex-U.S. Property Index Fund	Europe 350 Index Fund	Latin America 40 Index Fund
<b>NET INVESTMENT INCOME</b>				
Dividends from unaffiliated issuers <sup>a</sup>	\$ 925,889	\$ 1,858,737	\$ 60,006,547	\$ 46,749,525
Dividends from affiliated issuers (Note 2)	-	-	423,217	-
Interest from affiliated issuers (Note 2)	776	594	15,763	66,785
Securities lending income from affiliated issuers (Note 2)	2,934	7,914	324,425	420,024
Total investment income	<u>929,599</u>	<u>1,867,245</u>	<u>60,769,952</u>	<u>47,236,334</u>
<b>EXPENSES</b>				
Investment advisory fees (Note 2)	101,009	218,945	6,450,545	9,002,032
Foreign taxes (Note 1)	9,479	-	-	-
Total expenses	<u>110,488</u>	<u>218,945</u>	<u>6,450,545</u>	<u>9,002,032</u>
Net investment income	<u>819,111</u>	<u>1,648,300</u>	<u>54,319,407</u>	<u>38,234,302</u>
<b>NET REALIZED AND UNREALIZED GAIN (LOSS)</b>				
Net realized gain (loss) from:				
Investments in unaffiliated issuers	(3,822,632)	(1,792,843)	(22,333,303)	(21,808,308)
Investments in affiliated issuers (Note 2)	-	-	(8,573,702)	-
In-kind redemptions	(1,222,878)	-	101,038,706	464,821,731
Foreign currency transactions	(13,301)	(48,339)	(118,080)	189,172
Net realized gain (loss)	<u>(5,058,811)</u>	<u>(1,841,182)</u>	<u>70,013,621</u>	<u>443,202,595</u>
Net change in unrealized appreciation (depreciation) on:				
Investments	(11,372,251)	(32,155,422)	(623,768,356)	(1,205,757,302)
Translation of assets and liabilities in foreign currencies	1,165	(11,295)	(711,857)	(52,149)
Net change in unrealized appreciation (depreciation)	<u>(11,371,086)</u>	<u>(32,166,717)</u>	<u>(624,480,213)</u>	<u>(1,205,809,451)</u>
Net realized and unrealized loss	<u>(16,429,897)</u>	<u>(34,007,899)</u>	<u>(554,466,592)</u>	<u>(762,606,856)</u>
NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS	<u><u>\$(15,610,786)</u></u>	<u><u>\$(32,359,599)</u></u>	<u><u>\$(500,147,185)</u></u>	<u><u>\$(724,372,554)</u></u>

<sup>a</sup> Net of foreign withholding tax of \$104,069, \$205,831, \$7,623,423 and \$3,022,160, respectively.

See notes to financial statements.

# Statements of Operations (Unaudited) (Continued)

## *iSHARES® TRUST*

Six months ended September 30, 2008

*iShares S&P*

/TOPIX 150  
Index Fund

### NET INVESTMENT INCOME

Dividends from unaffiliated issuers <sup>a</sup>	\$ 1,568,309
Interest from affiliated issuers (Note 2)	867
Securities lending income from affiliated issuers (Note 2)	<u>9,631</u>
Total investment income	<u>1,578,807</u>

### EXPENSES

Investment advisory fees (Note 2)	<u>448,960</u>
Total expenses	<u>448,960</u>
Net investment income	<u>1,129,847</u>

### NET REALIZED AND UNREALIZED GAIN (LOSS)

Net realized gain (loss) from:	
Investments in unaffiliated issuers	(1,119,166)
In-kind redemptions	7,745,341
Foreign currency transactions	<u>(128,492)</u>
Net realized gain	<u>6,497,683</u>
Net change in unrealized appreciation (depreciation) on:	
Investments	(26,082,012)
Translation of assets and liabilities in foreign currencies	<u>(3,574)</u>
Net change in unrealized appreciation (depreciation)	<u>(26,085,586)</u>
Net realized and unrealized loss	<u>(19,587,903)</u>
NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS	<u><u>\$ (18,458,056)</u></u>

<sup>a</sup> Net of foreign withholding tax of \$117,897.

See notes to financial statements.

# Statements of Changes in Net Assets

## iSHARES® TRUST

	<i>iShares S&amp;P Asia 50 Index Fund</i>		<i>iShares S&amp;P Developed ex-U.S. Property Index Fund</i>	
	Six months ended September 30, 2008 (Unaudited)	Period from November 13, 2007 <sup>a</sup> to March 31, 2008	Six months ended September 30, 2008 (Unaudited)	Period from July 30, 2007 <sup>a</sup> to March 31, 2008
<b>INCREASE (DECREASE) IN NET ASSETS</b>				
<b>OPERATIONS:</b>				
Net investment income	\$ 819,111	\$ 45,874	\$ 1,648,300	\$ 741,108
Net realized loss	(5,058,811)	(548,924)	(1,841,182)	(523,033)
Net change in unrealized appreciation (depreciation)	(11,371,086)	(1,054,824)	(32,166,717)	(8,535,192)
Net decrease in net assets resulting from operations	<u>(15,610,786)</u>	<u>(1,557,874)</u>	<u>(32,359,599)</u>	<u>(8,317,117)</u>
<b>DISTRIBUTIONS TO SHAREHOLDERS:</b>				
From net investment income	<u>(231,187)</u>	<u>(5,265)</u>	<u>(1,768,654)</u>	<u>(997,160)</u>
Total distributions to shareholders	<u>(231,187)</u>	<u>(5,265)</u>	<u>(1,768,654)</u>	<u>(997,160)</u>
<b>CAPITAL SHARE TRANSACTIONS:</b>				
Proceeds from shares sold	60,939,985	18,473,139	49,998,693	79,822,814
Cost of shares redeemed	<u>(22,011,320)</u>	<u>(3,997,021)</u>	<u>-</u>	<u>-</u>
Net increase in net assets from capital share transactions	<u>38,928,665</u>	<u>14,476,118</u>	<u>49,998,693</u>	<u>79,822,814</u>
INCREASE IN NET ASSETS	23,086,692	12,912,979	15,870,440	70,508,537
<b>NET ASSETS</b>				
Beginning of period	<u>12,912,979</u>	<u>-</u>	<u>70,508,537</u>	<u>-</u>
End of period	<u>\$ 35,999,671</u>	<u>\$12,912,979</u>	<u>\$ 86,378,977</u>	<u>\$70,508,537</u>
Undistributed (distributions in excess of) net investment income included in net assets at end of period	<u>\$ 625,158</u>	<u>\$ 37,234</u>	<u>\$ (352,852)</u>	<u>\$ (232,498)</u>
<b>SHARES ISSUED AND REDEEMED</b>				
Shares sold	1,400,000	400,000	1,200,000	1,600,000
Shares redeemed	<u>(600,000)</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>
Net increase in shares outstanding	<u>800,000</u>	<u>300,000</u>	<u>1,200,000</u>	<u>1,600,000</u>

<sup>a</sup> Commencement of operations.

See notes to financial statements.

# Statements of Changes in Net Assets (Continued)

## iSHARES® TRUST

	<i>iShares S&amp;P Europe 350 Index Fund</i>		<i>iShares S&amp;P Latin America 40 Index Fund</i>	
	Six months ended September 30, 2008 <sup>a</sup> (Unaudited)	Year ended March 31, 2008 <sup>a</sup>	Six months ended September 30, 2008 <sup>b</sup> (Unaudited)	Year ended March 31, 2008 <sup>b</sup>
<b>INCREASE (DECREASE) IN NET ASSETS</b>				
<b>OPERATIONS:</b>				
Net investment income	\$ 54,319,407	\$ 78,705,239	\$ 38,234,302	\$ 53,423,517
Net realized gain	70,013,621	270,152,103	443,202,595	492,546,625
Net change in unrealized appreciation (depreciation)	(624,480,213)	(354,561,802)	(1,205,809,451)	271,390,063
Net increase (decrease) in net assets resulting from operations	(500,147,185)	(5,704,460)	(724,372,554)	817,360,205
<b>DISTRIBUTIONS TO SHAREHOLDERS:</b>				
From net investment income	(55,489,298)	(78,487,193)	(39,146,640)	(42,874,163)
Total distributions to shareholders	(55,489,298)	(78,487,193)	(39,146,640)	(42,874,163)
<b>CAPITAL SHARE TRANSACTIONS:</b>				
Proceeds from shares sold	113,247,199	458,980,919	1,123,737,781	2,260,756,788
Cost of shares redeemed	(270,537,071)	(629,372,954)	(1,541,824,067)	(1,172,591,463)
Net increase (decrease) in net assets from capital share transactions	(157,289,872)	(170,392,035)	(418,086,286)	1,088,165,325
INCREASE (DECREASE) IN NET ASSETS	(712,926,355)	(254,583,688)	(1,181,605,480)	1,862,651,367
<b>NET ASSETS</b>				
Beginning of period	2,309,967,442	2,564,551,130	3,353,013,587	1,490,362,220
End of period	\$1,597,041,087	\$2,309,967,442	\$ 2,171,408,107	\$ 3,353,013,587
Undistributed net investment income included in net assets at end of period	\$ 10,240,317	\$ 11,410,208	\$ 13,863,643	\$ 14,775,981
<b>SHARES ISSUED AND REDEEMED</b>				
Shares sold	2,100,000	8,100,000	21,250,000	49,500,000
Shares redeemed	(5,300,000)	(11,600,000)	(31,500,000)	(25,000,000)
Net increase (decrease) in shares outstanding	(3,200,000)	(3,500,000)	(10,250,000)	24,500,000

<sup>a</sup> Share transactions were adjusted to reflect a two-for-one stock split effective July 24, 2008. See Note 4.

<sup>b</sup> Share transactions were adjusted to reflect a five-for-one stock split effective July 24, 2008. See Note 4.

See notes to financial statements.

# Statements of Changes in Net Assets (Continued)

## iSHARES® TRUST

### iShares S&P/TOPIX 150 Index Fund

	Six months ended September 30, 2008 <sup>a</sup> (Unaudited)	Year ended March 31, 2008 <sup>a</sup>
<i>INCREASE (DECREASE) IN NET ASSETS</i>		
<b>OPERATIONS:</b>		
Net investment income	\$ 1,129,847	\$ 2,538,412
Net realized gain	6,497,683	28,031,751
Net change in unrealized appreciation (depreciation)	<u>(26,085,586)</u>	<u>(71,808,930)</u>
Net decrease in net assets resulting from operations	<u>(18,458,056)</u>	<u>(41,238,767)</u>
<b>DISTRIBUTIONS TO SHAREHOLDERS:</b>		
From net investment income	<u>(1,473,204)</u>	<u>(2,505,591)</u>
Total distributions to shareholders	<u>(1,473,204)</u>	<u>(2,505,591)</u>
<b>CAPITAL SHARE TRANSACTIONS:</b>		
Cost of shares redeemed	<u>(54,506,074)</u>	<u>(110,324,407)</u>
Net decrease in net assets from capital share transactions	<u>(54,506,074)</u>	<u>(110,324,407)</u>
DECREASE IN NET ASSETS	<u>(74,437,334)</u>	<u>(154,068,765)</u>
<i>NET ASSETS</i>		
Beginning of period	<u>211,444,960</u>	<u>365,513,725</u>
End of period	<u>\$137,007,626</u>	<u>\$ 211,444,960</u>
Undistributed net investment income included in net assets at end of period	<u>\$ 1,076,829</u>	<u>\$ 1,420,186</u>
<i>SHARES ISSUED AND REDEEMED</i>		
Shares redeemed	<u>(900,000)</u>	<u>(1,800,000)</u>
Net decrease in shares outstanding	<u>(900,000)</u>	<u>(1,800,000)</u>

<sup>a</sup> Share transactions were adjusted to reflect a two-for-one stock split effective July 24, 2008. See Note 4.

See notes to financial statements.

# Financial Highlights

## iSHARES® TRUST

(For a share outstanding throughout each period)

### *iShares S&P Asia 50 Index Fund*

	Six months ended Sep. 30, 2008 (Unaudited)	Period from Nov. 13, 2007 <sup>a</sup> to Mar. 31, 2008
<b>Net asset value, beginning of period</b>	\$ 43.04	\$ 48.28
<b>Income from investment operations:</b>		
Net investment income <sup>b</sup>	0.82	0.15
Net realized and unrealized loss <sup>c</sup>	(10.87)	(5.37)
Total from investment operations	(10.05)	(5.22)
<b>Less distributions from:</b>		
Net investment income	(0.26)	(0.02)
Total distributions	(0.26)	(0.02)
<b>Net asset value, end of period</b>	<u>\$ 32.73</u>	<u>\$ 43.04</u>
<b>Total return</b>	<u>(23.49)%<sup>d</sup></u>	<u>(10.82)%<sup>d</sup></u>
<b>Ratios/Supplemental data:</b>		
Net assets, end of period (000s)	\$36,000	\$12,913
Ratio of expenses to average net assets <sup>e</sup>	0.55%	0.50%
Ratio of expenses to average net assets exclusive of foreign taxes <sup>e</sup>	0.50%	n/a
Ratio of net investment income to average net assets <sup>e</sup>	4.05%	0.88%
Portfolio turnover rate <sup>f</sup>	28%	18%

<sup>a</sup> Commencement of operations.

<sup>b</sup> Based on average shares outstanding throughout each period.

<sup>c</sup> The amounts reported may not accord with the change in aggregate gains and losses in securities due to the timing of capital share transactions.

<sup>d</sup> Not annualized.

<sup>e</sup> Annualized for periods of less than one year.

<sup>f</sup> Portfolio turnover rates exclude portfolio securities received or delivered in Creation Units but includes portfolio transactions that are executed as a result of the Fund processing capital share transactions in Creation Units partially for cash in U.S. dollars. Excluding such cash transactions, the portfolio turnover rate for the six months ended September 30, 2008 and the period ended March 31, 2008 would have been 1% and 4%, respectively. See Note 4.

See notes to financial statements.

# Financial Highlights (Continued)

## iSHARES® TRUST

(For a share outstanding throughout each period)

### iShares S&P Developed ex-U.S. Property Index Fund

	Six months ended Sep. 30, 2008 (Unaudited)	Period from Jul. 30, 2007 <sup>a</sup> to Mar. 31, 2008
<b>Net asset value, beginning of period</b>	<u>\$ 44.07</u>	<u>\$ 49.99</u>
<b>Income from investment operations:</b>		
Net investment income <sup>b</sup>	0.72	0.84
Net realized and unrealized loss <sup>c</sup>	<u>(13.22)</u>	<u>(5.86)</u>
Total from investment operations	<u>(12.50)</u>	<u>(5.02)</u>
<b>Less distributions from:</b>		
Net investment income	<u>(0.72)</u>	<u>(0.90)</u>
Total distributions	<u>(0.72)</u>	<u>(0.90)</u>
<b>Net asset value, end of period</b>	<u><u>\$ 30.85</u></u>	<u><u>\$ 44.07</u></u>
<b>Total return</b>	<u><u>(28.68)%<sup>d</sup></u></u>	<u><u>(10.17)%<sup>d</sup></u></u>
<b>Ratios/Supplemental data:</b>		
Net assets, end of period (000s)	\$86,379	\$70,509
Ratio of expenses to average net assets <sup>e</sup>	0.48%	0.48%
Ratio of net investment income to average net assets <sup>e</sup>	3.61%	2.68%
Portfolio turnover rate <sup>f</sup>	4%	4%

<sup>a</sup> Commencement of operations.

<sup>b</sup> Based on average shares outstanding throughout each period.

<sup>c</sup> The amounts reported may not accord with the change in aggregate gains and losses in securities due to the timing of capital share transactions.

<sup>d</sup> Not annualized.

<sup>e</sup> Annualized for periods of less than one year.

<sup>f</sup> 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.

# Financial Highlights (Continued)

## iSHARES® TRUST

(For a share outstanding throughout each period)

### *iShares S&P Europe 350 Index Fund*

	Six months ended Sep. 30, 2008 <sup>a</sup> (Unaudited)	Year ended Mar. 31, 2008 <sup>a</sup>	Year ended Mar. 31, 2007 <sup>a</sup>	Year ended Mar. 31, 2006 <sup>a</sup>	Year ended Mar. 31, 2005 <sup>a</sup>	Year ended Mar. 31, 2004 <sup>a</sup>
<b>Net asset value, beginning of period</b>	\$ 52.50	\$ 53.99	\$ 44.26	\$ 37.65	\$ 32.20	\$ 21.44
<b>Income from investment operations:</b>						
Net investment income	1.26 <sup>b</sup>	1.60 <sup>b</sup>	1.22 <sup>b</sup>	0.96	0.68	0.57
Net realized and unrealized gain (loss) <sup>c</sup>	(13.31)	(1.52)	9.55	6.59	5.45	10.75
Total from investment operations	(12.05)	0.08	10.77	7.55	6.13	11.32
<b>Less distributions from:</b>						
Net investment income	(1.31)	(1.57)	(1.04)	(0.94)	(0.68)	(0.56)
Total distributions	(1.31)	(1.57)	(1.04)	(0.94)	(0.68)	(0.56)
<b>Net asset value, end of period</b>	\$ 39.14	\$ 52.50	\$ 53.99	\$ 44.26	\$ 37.65	\$ 32.20
<b>Total return</b>	(23.45)% <sup>d</sup>	(0.08)%	24.44%	20.30%	19.04%	52.85%
<b>Ratios/Supplemental data:</b>						
Net assets, end of period (000s)	\$1,597,041	\$2,309,967	\$2,564,551	\$1,575,443	\$1,182,054	\$772,664
Ratio of expenses to average net assets <sup>e</sup>	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%
Ratio of net investment income to average net assets <sup>e</sup>	5.05%	2.82%	2.47%	2.47%	2.26%	2.17%
Portfolio turnover rate <sup>f</sup>	5%	16%	4%	7%	5%	5%

<sup>a</sup> Per share amounts were adjusted to reflect a two-for-one stock split effective July 24, 2008. See Note 4.

<sup>b</sup> Based on average shares outstanding throughout the period.

<sup>c</sup> The amounts reported may not accord with the change in aggregate gains and losses in securities due to the timing of capital share transactions.

<sup>d</sup> Not annualized.

<sup>e</sup> Annualized for periods of less than one year.

<sup>f</sup> 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.

# Financial Highlights (Continued)

## iSHARES® TRUST

(For a share outstanding throughout each period)

### iShares S&P Latin America 40 Index Fund

	Six months ended Sep. 30, 2008 <sup>a</sup> (Unaudited)	Year ended Mar. 31, 2008 <sup>a</sup>	Year ended Mar. 31, 2007 <sup>a</sup>	Year ended Mar. 31, 2006 <sup>a</sup>	Year ended Mar. 31, 2005 <sup>a</sup>	Year ended Mar. 31, 2004 <sup>a</sup>
<b>Net asset value, beginning of period</b>	\$ 50.61	\$ 35.70	\$ 28.13	\$ 16.37	\$ 12.44	\$ 7.12
<b>Income from investment operations:</b>						
Net investment income	0.55 <sup>b</sup>	0.90 <sup>b</sup>	0.63 <sup>b</sup>	0.61 <sup>b</sup>	0.18	0.15
Net realized and unrealized gain (loss) <sup>c</sup>	(11.85)	14.70	7.59	11.49	3.94	5.32
Total from investment operations	(11.30)	15.60	8.22	12.10	4.12	5.47
<b>Less distributions from:</b>						
Net investment income	(0.53)	(0.69)	(0.65)	(0.34)	(0.19)	(0.15)
Total distributions	(0.53)	(0.69)	(0.65)	(0.34)	(0.19)	(0.15)
<b>Net asset value, end of period</b>	<u>\$ 38.78</u>	<u>\$ 50.61</u>	<u>\$ 35.70</u>	<u>\$ 28.13</u>	<u>\$ 16.37</u>	<u>\$ 12.44</u>
<b>Total return</b>	<u>(22.65)%<sup>d</sup></u>	<u>43.74%</u>	<u>29.39%</u>	<u>74.23%</u>	<u>33.17%</u>	<u>77.07%</u>
<b>Ratios/Supplemental data:</b>						
Net assets, end of period (000s)	\$2,171,408	\$3,353,014	\$1,490,362	\$1,554,429	\$335,564	\$83,960
Ratio of expenses to average net assets <sup>e</sup>	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Ratio of net investment income to average net assets <sup>e</sup>	2.12%	1.96%	2.08%	2.58%	2.00%	2.61%
Portfolio turnover rate <sup>f</sup>	4%	4%	7%	12%	6%	13%

<sup>a</sup> Per share amounts were adjusted to reflect a five-for-one stock split effective July 24, 2008. See Note 4.

<sup>b</sup> Based on average shares outstanding throughout the period.

<sup>c</sup> The amounts reported may not accord with the change in aggregate gains and losses in securities due to the timing of capital share transactions.

<sup>d</sup> Not annualized.

<sup>e</sup> Annualized for periods of less than one year.

<sup>f</sup> 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.

# Financial Highlights (Continued)

## iSHARES® TRUST

(For a share outstanding throughout each period)

### iShares S&P/TOPIX 150 Index Fund

	Six months ended Sep. 30, 2008 <sup>a</sup> (Unaudited)	Year ended Mar. 31, 2008 <sup>a</sup>	Year ended Mar. 31, 2007 <sup>a</sup>	Year ended Mar. 31, 2006 <sup>a</sup>	Year ended Mar. 31, 2005 <sup>a</sup>	Year ended Mar. 31, 2004 <sup>a</sup>
<b>Net asset value, beginning of period</b>	\$ 54.22	\$ 64.13	\$ 62.25	\$ 45.36	\$ 47.29	\$ 28.61
<b>Income from investment operations:</b>						
Net investment income	0.35 <sup>b</sup>	0.53 <sup>b</sup>	0.43 <sup>b</sup>	0.45 <sup>b</sup>	0.22	0.22
Net realized and unrealized gain (loss) <sup>c</sup>	(8.41)	(9.84)	1.83	16.63	(1.98)	18.58
Total from investment operations	(8.06)	(9.31)	2.26	17.08	(1.76)	18.80
<b>Less distributions from:</b>						
Net investment income	(0.49)	(0.60)	(0.38)	(0.19)	(0.17)	(0.12)
Total distributions	(0.49)	(0.60)	(0.38)	(0.19)	(0.17)	(0.12)
<b>Net asset value, end of period</b>	\$ 45.67	\$ 54.22	\$ 64.13	\$ 62.25	\$ 45.36	\$ 47.29
<b>Total return</b>	(15.03)% <sup>d</sup>	(14.58)%	3.65%	37.67%	(3.71)%	65.79%
<b>Ratios/Supplemental data:</b>						
Net assets, end of period (000s)	\$137,008	\$211,445	\$365,514	\$317,439	\$95,254	\$56,742
Ratio of expenses to average net assets <sup>e</sup>	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Ratio of net investment income to average net assets <sup>e</sup>	1.26%	0.86%	0.69%	0.85%	0.67%	1.00%
Portfolio turnover rate <sup>f</sup>	2%	3%	2%	7%	4%	4%

<sup>a</sup> Per share amounts were adjusted to reflect a two-for-one stock split effective July 24, 2008. See Note 4.

<sup>b</sup> Based on average shares outstanding throughout the period.

<sup>c</sup> The amounts reported may not accord with the change in aggregate gains and losses in securities due to the timing of capital share transactions.

<sup>d</sup> Not annualized.

<sup>e</sup> Annualized for periods of less than one year.

<sup>f</sup> 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® TRUST*

iShares Trust (the “Trust”) is registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as an open-end management investment company. The Trust was established as a Delaware statutory trust pursuant to an Agreement and Declaration of Trust dated December 16, 1999.

These financial statements relate only to the iShares S&P Asia 50, iShares S&P Developed ex-U.S. Property (formerly iShares S&P World ex-U.S. Property Index Fund), iShares S&P Europe 350, iShares S&P Latin America 40 and iShares S&P/TOPIX 150 Index Funds (each, a “Fund,” collectively, the “Funds”).

The investment objective of each Fund is to seek investment results that correspond generally to the price and yield performance, before fees and expenses, of its underlying index. The investment adviser uses a “passive” or index approach to achieve each Fund’s investment objective. Each of the Funds is classified as a non-diversified fund under the 1940 Act, except for the iShares S&P Europe 350 Index Fund, which is classified as a diversified fund. 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.

Each Fund invests in the securities of non-U.S. issuers that may trade in non-U.S. markets. This 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 Trust’s organizational documents, the Funds’ officers and trustees are indemnified against certain liabilities that may arise out of the performance of their duties to the Funds. Additionally, in the normal course of business, the Funds enter into contracts with service providers that contain general indemnification clauses. The Funds’ maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Funds that have not yet occurred.

## **1. SIGNIFICANT ACCOUNTING POLICIES**

The following significant accounting policies are consistently followed by the Trust 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 each Fund are generally valued using market valuations. A market valuation generally means a valuation (i) obtained from an exchange, a pricing service or a major market maker (or dealer), (ii) based on a price quotation or other equivalent indication of value supplied by an exchange, a pricing service or a major market maker (or dealer) or (iii) based on amortized cost. In the case of shares of funds that are not traded on an exchange, a market valuation means such fund’s published net asset value per share. The investment adviser may use various pricing services or discontinue the use of any pricing service. A price obtained from a pricing service based on such pricing service’s valuation matrix may be considered a market valuation. In the event that current market valuations

# Notes to Financial Statements (Unaudited) (Continued)

## iSHARES® TRUST

are not readily available or such valuations do not reflect current market values, the affected investments will be valued pursuant to the pricing policy and procedures approved by the Board of Trustees of the Trust (the "Board").

Effective April 1, 2008, the Funds adopted Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards No. 157 ("FAS 157"), "Fair Value Measurements." This standard defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosure about fair value measurements. Various inputs are used in determining the value of the Funds' investments. These inputs are summarized in the three broad levels listed below.

- Level 1 – quoted prices in active markets for identical investments
- Level 2 – other significant observable inputs (including, but not limited to, quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Funds' own assumptions in determining the fair value of investments)

Investments that use Level 2 or Level 3 inputs may include, but are not limited to: (i) an unlisted security related to corporate actions; (ii) a restricted security (e.g., one that may not be publicly sold without registration under the Securities Act of 1933, as amended); (iii) a security whose trading has been suspended or which has been de-listed from its primary trading exchange; (iv) a security that is thinly traded; (v) a security in default or bankruptcy proceedings for which there is no current market quotation; (vi) a security affected by currency controls or restrictions; and (vii) a security affected by a significant event (e.g., an event that occurs after the close of the markets on which the security is traded but before the time as of which a Fund's net asset value is computed and that may materially affect the value of the Fund's investments). Examples of events that may be "significant events" are government actions, natural disasters, armed conflict, acts of terrorism, and significant market fluctuations.

The inputs or methodology used for valuation are not necessarily an indication of the risk associated with investing in those investments.

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

The following table summarizes the inputs used in valuing the Funds' investments as of September 30, 2008:

<i>Investments in Securities</i>				
<i>iShares Index Fund</i>	<i>Level 1 – Quoted Prices</i>	<i>Level 2 – Other Significant Observable Inputs</i>	<i>Level 3 – Significant Unobservable Inputs</i>	<i>Total Fair Value</i>
S&P Asia 50	\$ 35,931,321	\$ –	\$ –	\$ 35,931,321
S&P Developed ex-U.S. Property	87,512,545	–	–	87,512,545
S&P Europe 350	1,640,432,863	–	–	1,640,432,863
S&P Latin America 40	2,318,503,128	–	–	2,318,503,128
S&P/TOPIX 150	137,050,269	–	–	137,050,269

# Notes to Financial Statements (Unaudited) (Continued)

## iSHARES® TRUST

The following table provides the reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value for the six months ended September 30, 2008:

<i>iShares Index Fund</i>	<i>Balance at Beginning of Period</i>	<i>(Amortized Premiums) Accreted Discounts</i>	<i>Realized Gain (Loss) and Change in Unrealized Appreciation (Depreciation)</i>	<i>Net Purchases (Sales)</i>	<i>Net Transfers in or out</i>	<i>Balance at End of Period</i>	<i>Net Change in Unrealized Appreciation (Depreciation) from Investments Still Held at End of Period</i>
S&P Europe 350	\$ 89,047	\$ -	\$ (302)	\$ (88,745)	\$ -	\$ -	\$ -
S&P/TOPIX 150	1,446,737	-	260,212	(1,706,949)	-	-	-

## 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. Distributions received by the Funds may include a return of capital that is estimated by management. Such amounts are recorded as a reduction of the cost of investments or reclassified to capital gains. Realized gains and losses on investment transactions are determined using the specific identification method.

## FOREIGN CURRENCY TRANSLATION

The accounting records of the Funds 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. Purchases and sales of securities, income receipts and expense payments are translated into U.S. dollars on the respective dates of such transactions.

Each 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 Funds as a component of realized and unrealized gains and losses from investments for financial reporting purposes.

## FOREIGN TAXES

The Funds may be subject to foreign taxes (a portion of which may be reclaimable) on income, corporate events, capital gains on investments or currency repatriation. All foreign taxes are recorded in accordance with the applicable foreign tax regulations and rates that exist in the foreign markets in which the Funds invest. These foreign taxes, if any, are paid by the Funds and are disclosed in their Statements of Operations. Foreign taxes payable as of September 30, 2008, if any, are reflected in the Funds' Statements of Assets and Liabilities.

## DISTRIBUTIONS TO SHAREHOLDERS

Distributions to shareholders from net investment income, if any, are declared and distributed at least annually by each 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 Funds.

# Notes to Financial Statements (Unaudited) (Continued)

## iSHARES® TRUST

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

### FEDERAL INCOME TAXES

Each Fund is treated as a separate entity for federal income tax purposes. It is the policy of each 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 September 30, 2008.

Certain Funds had tax basis net capital loss carryforwards as of March 31, 2008, the tax year-end of the Funds, as follows:

<i>iShares Index Fund</i>	<i>Expiring 2011</i>	<i>Expiring 2012</i>	<i>Expiring 2013</i>	<i>Expiring 2014</i>	<i>Expiring 2015</i>	<i>Expiring 2016</i>	<i>Total</i>
S&P Developed ex-U.S. Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,441	\$ 37,441
S&P Europe 350	-	2,828,772	-	-	-	-	2,828,772
S&P Latin America 40	29,834	187,237	95,728	1,028,989	4,985,741	844,965	7,172,494
S&P/TOPIX 150	276,198	17,138	175,929	134,303	335,080	1,371,929	2,310,577

Net capital loss carryforwards may be applied against any net realized taxable gains in each succeeding year or until their respective expiration dates, whichever occurs first.

The Funds may own shares in certain foreign investment entities, referred to, under U.S. tax law, as “passive foreign investment companies.” The Funds 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.

For the six months ended September 30, 2008, certain Funds realized net capital gains or losses resulting from in-kind redemptions of large blocks of shares or multiples thereof (“Creation Units”). Because such gains or losses are not taxable to the Funds and are not distributed to existing Fund shareholders, the gains or losses are reclassified from accumulated net realized gains or losses to paid-in-capital at the end of the Funds’ tax year. These reclassifications have no effect on net assets or net asset values per share. The net realized in-kind gains or losses for the six months ended September 30, 2008 are disclosed in the Funds’ Statements of Operations.

As of September 30, 2008, gross unrealized appreciation and gross unrealized depreciation based on cost for federal income tax purposes were as follows:

<i>iShares Index Fund</i>	<i>Tax Cost</i>	<i>Gross Unrealized Appreciation</i>	<i>Gross Unrealized Depreciation</i>	<i>Net Unrealized Depreciation</i>
S&P Asia 50	\$ 48,717,516	\$ -	\$ (12,786,195)	\$ (12,786,195)
S&P Developed ex-U.S. Property	129,701,763	-	(42,189,218)	(42,189,218)
S&P Europe 350	1,874,485,598	85,950,530	(320,003,265)	(234,052,735)
S&P Latin America 40	3,001,034,779	-	(682,531,651)	(682,531,651)
S&P/TOPIX 150	176,987,620	3,181,097	(43,118,448)	(39,937,351)

# Notes to Financial Statements (Unaudited) (Continued)

## *iSHARES® TRUST*

The Funds adopted FASB Interpretation No. 48 (“FIN 48”), “Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement No. 109.” FIN 48 clarifies the accounting for uncertainty in a tax position taken or expected to be taken in a tax return. FIN 48 provides guidance on the measurement, recognition, classification and disclosures of tax positions, along with accounting for the related interest and penalties. Management has reviewed the tax positions as of September 30, 2008, inclusive of the prior three open tax return years, as applicable, and has determined that the implementation of FIN 48 did not have a material impact on the Funds’ financial statements.

## **2. AGREEMENTS AND OTHER TRANSACTIONS WITH AFFILIATES**

Pursuant to an Investment Advisory Agreement with the Trust, Barclays Global Fund Advisors (“BGFA”) manages the investment of each 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 Trust, 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 each Fund, BGFA is entitled to an annual investment advisory fee based on the average daily net assets of each Fund as follows:

<i>iShares Index Fund</i>	<i>Investment Advisory Fee</i>
S&P Asia 50	0.50%
S&P Developed ex-U.S. Property	0.48
S&P Europe 350	0.60
S&P Latin America 40	0.50
S&P/TOPIX 150	0.50

State Street Bank and Trust Company (“State Street”) serves as administrator, custodian and transfer agent for the Trust. 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.

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

Pursuant to an exemptive order issued by the U.S. Securities and Exchange Commission (“SEC”), the Funds are 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 Funds. BarCap and BGI are affiliates of BGFA, the Funds’ 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 September 30, 2008, BGI earned securities lending agent fees as follows:

<i>iShares Index Fund</i>	<i>Securities Lending Agent Fees</i>
S&P Asia 50	\$ 2,934
S&P Developed ex-U.S. Property	7,914
S&P Europe 350	324,425
S&P Latin America 40	420,024
S&P/TOPIX 150	9,631

# Notes to Financial Statements (Unaudited) (Continued)

## *iSHARES® TRUST*

Each Fund may invest in the Institutional Shares of certain money market funds managed by BGFA, the Funds' 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. 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 Funds from temporary cash investments are recorded as interest from affiliated issuers in the accompanying Statements of Operations. Income distributions earned by the Funds from the investment of securities lending collateral, if any, are included in securities lending income in the accompanying Statements of Operations.

Each Fund may invest its securities lending cash collateral, if any, in the BGI Cash Premier Fund LLC ("Premier Fund"), an affiliated private money market fund managed by BGFA. Although the Premier Fund is not registered as an investment company under the 1940 Act, it intends to operate as a money market fund in compliance with Rule 2a-7 under the 1940 Act. See Note 5 for additional information regarding the Premier Fund.

For the six months ended September 30, 2008, the iShares S&P Europe 350 Index Fund had direct investments (exclusive of short-term investments) in issuers of which BGFA is an affiliate or issuers of which the Fund owns 5% or more of the outstanding voting securities as follows:

<i>Name of Affiliated Issuer</i>	<i>Number of Shares Held</i>		<i>Number of Shares Held</i>		<i>Value at End of Period</i>	<i>Dividend Income</i>	<i>Net Realized Loss</i>
	<i>Beginning of Period (in 000s)</i>	<i>Gross Additions (in 000s)</i>	<i>Gross Reductions (in 000s)</i>	<i>End of Period (in 000s)</i>			
Barclays PLC	1,830	2,157	1,989	1,998	\$11,629,994	\$423,217	\$(8,573,702)

Certain trustees and officers of the Trust 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 September 30, 2008, were as follows:

<i>iShares Index Fund</i>	<i>Purchases</i>	<i>Sales</i>
S&P Asia 50	\$ 30,214,099	\$ 10,978,149
S&P Developed ex-U.S. Property	4,686,664	4,002,914
S&P Europe 350	106,203,250	103,601,018
S&P Latin America 40	157,994,030	153,396,839
S&P/TOPIX 150	2,965,182	4,057,806

# Notes to Financial Statements (Unaudited) (Continued)

## iSHARES® TRUST

In-kind transactions (see Note 4) for the six months ended September 30, 2008 were as follows:

<i>iShares Index Fund</i>	<i>In-kind Purchases</i>	<i>In-kind Sales</i>
S&P Asia 50	\$ 31,866,856	\$ 11,706,047
S&P Developed ex-U.S. Property	49,097,023	–
S&P Europe 350	110,596,095	265,634,669
S&P Latin America 40	1,117,592,176	1,536,019,546
S&P/TOPIX 150	–	53,258,947

### 4. CAPITAL SHARE TRANSACTIONS

Capital shares are issued and redeemed by each Fund only in Creation Units or multiples thereof. Except when aggregated in Creation Units, shares of each Fund are not redeemable. Transactions in capital shares for each Fund are disclosed in detail in the Statements of Changes in Net Assets.

The consideration for the purchase of Creation Units of a 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 relevant Fund's underlying index and an amount of cash (except for the iShares S&P Asia 50 Index Fund which is offered in Creation Units partially for cash in U.S. dollars). 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, including Creation Units for cash. Investors transacting in Creation Units for cash pay an additional variable charge to compensate the relevant Fund for brokerage and market impact expenses relating to investing in portfolio securities.

From time to time, settlement of securities related to in-kind contributions or in-kind redemptions may be delayed. In such cases, securities related to in-kind contributions are reflected as "Due from custodian" and securities related to in-kind redemptions are reflected as "Securities related to in-kind transactions" in the Statements of Assets and Liabilities.

The Board authorized a two-for-one stock split for both the iShares S&P Europe 350 Index Fund and iShares S&P/TOPIX 150 Index Fund and a five-for-one stock split for the iShares S&P Latin America 40 Index Fund, effective July 24, 2008, for the shareholders of record on July 21, 2008. The impact of the stock split was to increase the number of shares outstanding by a factor of two and five, respectively, while decreasing the net asset value per share by the same factors, resulting in no effect to total net assets of these Funds. The financial statements for these Funds have been adjusted to reflect the stock splits.

### 5. LOANS OF PORTFOLIO SECURITIES

Each 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 each 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 Funds 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

# Notes to Financial Statements (Unaudited) (Continued)

## *iSHARES® TRUST*

of a Fund or through one or more joint accounts or money market funds, including those managed by BGFA; such reinvestments are subject to investment risk.

During the six months ended September 30, 2008, the Funds had loaned securities which were collateralized by cash. The cash collateral received was invested in the Premier Fund. The Premier Fund seeks to achieve its investment objective by investing in a portfolio of high-quality, short-term fixed-income instruments, including money market funds (which may be managed by BGFA or its affiliate) and other instruments that, at the time of investment, have remaining maturities of 397 calendar days or less from the date of acquisition.

The market value of the securities on loan as of September 30, 2008 and the value of the related collateral are disclosed in the Statements of Assets and Liabilities. Securities lending income, as disclosed in the Funds' Statements 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.

# Board Review and Approval of Investment Advisory Contract (Unaudited)

## *iSHARES® TRUST*

Under Section 15(c) of the Investment Company Act of 1940 (the “1940 Act”), the Trust’s Board of Trustees (the “Board”), including a majority of Trustees who are not “interested persons” of the Trust (as that term is defined in the 1940 Act) (the “Independent Trustees”), is required annually to consider the Investment Advisory Contract between the Trust and BGFA (the “Advisory Contract”) on behalf of the Funds. As required by Section 15(c), the Board requested and BGFA provided such information as the Board deemed reasonably necessary to evaluate the terms of the Advisory Contract. At a meeting held on June 18-19, 2008, the Board approved the selection of BGFA and the continuance of the Advisory Contract, based on its review of qualitative and quantitative information provided by BGFA. In selecting BGFA and approving the Advisory Contract for the Funds, the Board, including the Independent Trustees, advised by their independent counsel, considered the following factors, no one of which was controlling, and made the following conclusions:

### **NATURE, EXTENT AND QUALITY OF SERVICES PROVIDED BY BGFA**

The Board anticipated that there would be no diminution in the scope of services required of BGFA under the Advisory Contract for the coming year as compared to the scope of services provided by BGFA over the past year. In reviewing the scope of these services, the Board considered BGFA’s investment philosophy and experience, noting that BGFA and its affiliates have committed significant resources over time, including over the past year, including investment in technology and increasing the number of their employees supporting the Funds. The Board also considered BGFA’s compliance program and its compliance record with respect to the Funds. In that regard, the Board noted that BGFA reports to the Board about portfolio management and compliance matters on a periodic basis in connection with regularly scheduled meetings of the Board, and has made appropriate officers available as needed to provide further assistance with these matters. The Board also reviewed the background and experience of the persons responsible for the day-to-day management of the Funds. In addition to the above considerations, the Board considered BGFA’s investment processes and strategies, and matters related to BGFA’s portfolio transaction policies and procedures. The Board further noted that BGFA does not serve as investment adviser for any other series of registered investment companies with substantially similar investment objectives and strategies as any of the Funds; therefore, comparative performance information was generally not available. However, the Board also noted that the Funds had met their investment objectives consistently since their respective inception dates. Based on review of this information, the Board concluded that the nature, extent and quality of services to be provided by BGFA to the Funds under the Advisory Contract were appropriate and mitigated in favor of the Board’s approval of the Advisory Contract for the coming year.

### **FUNDS’ EXPENSES AND PERFORMANCE OF THE FUNDS**

The Board reviewed statistical information prepared by Lipper Inc. (“Lipper”), an independent provider of investment company data, regarding the expense ratio components, including advisory fees, waivers/reimbursements, and gross and net total expenses of each Fund in comparison with the same information for other registered investment companies objectively selected by Lipper as comprising such Fund’s applicable peer group pursuant to Lipper’s proprietary methodology and any registered investment companies that would otherwise have been excluded from Lipper’s comparison group due to certain differentiating factors, but were nonetheless included at the request of BGFA (the “Lipper Group”). Because there are few, if any, exchange traded funds or index funds that track indexes similar to those tracked by the Funds, the Lipper Groups included in part mutual funds, closed-end funds, exchange traded funds, or funds with differing investment objective classifications, investment focuses and other characteristics (*e.g.*, actively managed funds and funds sponsored by “at cost” service providers). In support of its review of the statistical information, the Board was provided with a detailed description of the methodology used by Lipper to determine the applicable Lipper Groups and to prepare this information. The Board further noted that due to the limitations in providing comparable funds in the various Lipper Groups, the statistical information may or may not provide meaningful direct comparisons to the Funds. In addition, the Board reviewed statistical information prepared by Lipper regarding the performance of each Fund for the one-, three- and five-year periods, as applicable, and the “last quarter” period ended March 31, 2008, and a comparison of each Fund’s performance to its performance benchmark index for the same periods. To the extent that any of the comparison funds included in the Lipper Group track the same index as any particular Fund, Lipper also provided, and the Board reviewed, a comparison of

# Board Review and Approval of Investment Advisory Contract (Unaudited) (Continued)

## *iSHARES® TRUST*

such Fund's performance to that of such relevant comparison funds for the same periods. The Board noted that the Funds generally performed in line with their respective performance benchmark indexes over the relevant periods. In considering this information, the Board noted that the Lipper Groups include funds that may have different investment objectives and/or benchmarks from the Funds. In addition, the Board noted that each Fund seeks to track its benchmark index and that during the prior year the Board received periodic reports on the Funds' performance in comparison with their relevant benchmark indexes. Such comparative performance information was also considered by the Board.

The Board also noted that the investment advisory fees and overall expenses for the Funds were generally lower than the median or average investment advisory fee rates and overall expense components of the funds in their respective Lipper Groups. Based on this review, the Board concluded that the investment advisory fees and expense levels and the historical performance of each Fund, as managed by BGFA, as compared to the investment advisory fees and expense levels and performance of the funds in the relevant Lipper Group, were satisfactory for the purposes of approving the Advisory Contract for the coming year.

## **COSTS OF SERVICES PROVIDED TO FUNDS AND PROFITS REALIZED BY BGFA AND AFFILIATES**

The Board reviewed information about the profitability to BGFA of the Funds based on the fees payable to BGFA and its affiliates (including fees under the Advisory Contract), and all other sources of revenue and expense to BGFA and its affiliates from the Funds' operations for the last calendar year. The Board discussed the sources of direct and ancillary revenue with management, including the revenues to BGI from securities lending by the Trust (including any securities lending by the Funds). The Board also discussed BGFA's profit margin as reflected in the Funds' profitability analysis and reviewed information regarding economies of scale (as discussed below). Based on this review, the Board concluded that the profits realized by BGFA and its affiliates under the Advisory Contract and from other relationships between the Funds and BGFA and/or its affiliates, if any, were within the range the Board considered reasonable and appropriate.

## **ECONOMIES OF SCALE**

In connection with its review of the Funds' profitability analysis, the Board reviewed information regarding economies of scale or other efficiencies that may result from increases in the Funds' assets. The Board noted that the Advisory Contract did not provide for any breakpoints in the Funds' investment advisory fee rates as the assets of the Funds increase. However, the Board further noted that possible future economies of scale for the Funds had been taken into consideration by fixing the investment advisory fees at rates at the lower end of the marketplace, effectively giving Fund shareholders, from inception, the benefits of the lower average fee shareholders would have received from a fee structure with declining breakpoints where the initial fee was higher. The Board also reviewed BGFA's historic profitability as investment adviser to the iShares fund complex and noted that BGFA had continued to make significant investments in the iShares funds, that expenses had grown at a pace similar to the growth in revenue, and that BGFA had incurred operating losses during earlier years when the iShares funds, including the Funds, had not yet reached scale. In light of this history, the Board determined that further reductions in fee rates or additions of breakpoints were not warranted at this juncture for the Funds. Based on this review, as well as the discussions described above in connection with the Lipper Group and performance benchmark comparisons, the Board, recognizing its responsibility to consider this issue at least annually, concluded that the structure of the investment advisory fees reflects appropriate sharing of economies of scale with the Funds' shareholders.

## **FEES AND SERVICES PROVIDED FOR OTHER COMPARABLE FUNDS/ACCOUNTS MANAGED BY BGFA AND ITS AFFILIATES**

The Board received and considered information regarding the Funds' annual investment advisory fee rates under the Advisory Contract in comparison to the investment advisory/management fee rates for other funds/accounts for which BGFA or BGI, an affiliate of BGFA,

# Board Review and Approval of Investment Advisory Contract

(Unaudited) (Continued)

## *iSHARES® TRUST*

provides investment advisory/management services, including other funds registered under the 1940 Act, collective funds and separate accounts (together, the “Other Accounts”). The Board noted that comparative investment advisory/management fee information was not available, as BGFA and its affiliates do not manage any Other Accounts with substantially similar investment objectives and strategies as any of the Funds. However, the Board noted that BGFA provided the Board with general information regarding how the level of services provided to the Other Accounts differed from the level of services provided to the Funds. Based on this review, the Board determined that the investment advisory fee rates under the Advisory Contract do not constitute fees that are so disproportionately large as to bear no reasonable relationship to the services rendered and that could not have been the product of arm’s-length bargaining, and concluded that the investment advisory fee rates under the Advisory Contract are fair and reasonable.

## **OTHER BENEFITS TO BGFA AND/OR ITS AFFILIATES**

The Board reviewed any ancillary revenue received by BGFA and/or its affiliates in connection with the services provided to the Funds by BGFA, such as any payment of revenue to BGI, the Trust’s securities lending agent, for loaning any portfolio securities, and the payment of advisory fees and/or administration fees to BGFA and BGI in connection with any investment by the Funds in other funds for which BGFA provides investment advisory services and/or BGI provides administration services. The Board noted that BGFA does not use soft dollars or consider the value of research or other services that may be provided to BGFA (including its affiliates) in selecting brokers for portfolio transactions for the Funds. The Board further noted that any portfolio transactions on behalf of the Funds placed through a BGFA affiliate or purchased from an underwriting syndicate in which a BGFA affiliate participates, are reported to the Board pursuant to Rule 17e-1 or Rule 10f-3, as applicable, under the 1940 Act. The Board concluded that any such ancillary benefits would not be disadvantageous to the Funds’ shareholders.

Based on this analysis, the Board determined that the Advisory Contract, including the investment advisory fee rates thereunder is fair and reasonable in light of all relevant circumstances, and concluded that it is in the best interest of the Funds and their shareholders to approve the Advisory Contract for the coming year.

## Notes:

Notes:

## 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 (IJJ)  
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 (FIO)  
iShares FTSE NAREIT Mortgage REITs (REM)  
iShares FTSE NAREIT Real Estate 50 (FTY)  
iShares FTSE NAREIT Residential (REZ)

## 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 (EWQ)  
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 Lehman Aggregate (AGG)  
iShares Lehman MBS (MBB)  
iShares Lehman Short Treasury (SHY)  
iShares Lehman 1-3 Year Treasury (SHY)  
iShares Lehman 3-7 Year Treasury (IEI)  
iShares Lehman 7-10 Year Treasury (IEF)  
iShares Lehman 10-20 Year Treasury (TLH)  
iShares Lehman 20+ Year Treasury (TLT)  
iShares Lehman TIPS (TIP)  
iShares Barclays Agency (AGZ)  
iShares Lehman Credit (CFT)  
iShares Lehman 1-3 Year Credit (CSJ)  
iShares Lehman Intermediate Credit (CIU)  
iShares iBoxx \$ Investment Grade Corporate (LQD)  
iShares iBoxx \$ High Yield Corporate (HYG)  
iShares Lehman Government/Credit (GBF)  
iShares Lehman 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 Specialty Index Funds

iShares KLD 400 Social (DSI)  
iShares KLD Select Social<sup>SM</sup> (KLD)  
iShares Dow Jones Select Dividend (DVY)  
iShares Dow Jones EPAC Select Dividend (IDV)  
iShares S&P U.S. Preferred Stock (PFF)

## iShares International Index Funds

iShares FTSE Developed Small Cap ex-North America (IFSM)  
iShares FTSE EPRA/NAREIT Global Real Estate ex-U.S. (IFGL)  
iShares FTSE EPRA/NAREIT North America (IFNA)  
iShares FTSE EPRA/NAREIT Europe (IFEU)  
iShares FTSE EPRA/NAREIT Asia (IFAS)  
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)

# The iShares<sup>®</sup> Family of Funds (Continued)

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

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A description of the policies that the Funds use to determine how to vote proxies relating to portfolio securities and information about how the Funds 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 Funds' website at [www.iShares.com](http://www.iShares.com); and on the U.S. Securities and Exchange Commission (SEC) website at [www.sec.gov](http://www.sec.gov).

The Funds file their complete schedules of portfolio holdings with the SEC for the first and third quarter of each fiscal year on Form N-Q. The Funds' Forms N-Q are 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 Funds also disclose their complete schedules of portfolio holdings on a daily and monthly basis on the Funds' website.

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