

# BlackRock Asset Management Deutschland AG

Annual Report  
year ended 30 April 2012  
for the Investment Fund

iShares Dow Jones Industrial Average (DE)



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# Notice

The investment funds named in this report are funds governed by German law. Fund units are bought on the basis of the currently valid prospectus and management regulations, supplemented by the most recent annual report concerned and also by the semi-annual report if such a report later than the last annual report exists.

The financial statements were drawn up in German and translated into English.

Only the German version is legally binding.

## Note on Licences

### Legal Information

BlackRock Advisors (UK) Ltd. has been authorised for trading by the British financial market regulator Financial Services Authority ('FSA'), and is under its supervision. The Irish iShares funds mentioned in this document are subfunds of iShares plc, iShares II plc, iShares III plc, iShares IV plc or iShares V plc. These are open-ended investment companies with variable share capital in the form of an umbrella fund, with separate liability for its subfunds.

The German iShares funds mentioned in this document are investment funds subject to the German Investment Act (InvG). These funds are managed by BlackRock Asset Management Deutschland AG and are regulated by the Federal Financial Supervisory Authority (BaFin).

### For Investors in Germany

The sales prospectuses of the funds issued in Germany are available free of charge electronically and in hard copy from BlackRock Asset Management Deutschland AG, Max-Joseph-Str. 6, D-80333 Munich, Tel: +49 (0) 89 42729 – 5858, Fax: +49 (0) 89 42729 – 5958, info@iShares.de. The sales prospectuses of the Irish subfunds as well as the annual and semi-annual reports are available free of charge from Commerzbank AG, Jürgen-Ponto-Platz 1, D-60301 Frankfurt/Main.

### Risk Warnings

The value of investments in all the iShares funds may fluctuate and investors may not get back the amount invested. Past performance may not be repeated and is no guarantee of future returns. Investment risks from market and currency losses as well as high volatility and concentration risk cannot be excluded.

### Index - Disclaimers of Liability

'Dow Jones' and 'Dow Jones Industrial Average' are trademarks and/or service marks of Dow Jones & Company, Inc. and have been licensed to BlackRock Asset Management Deutschland AG for specific purposes. The fund iShares Dow Jones Industrial Average (DE) from BlackRock Asset Management Deutschland AG is not supported, sold or promoted by Dow Jones, and Dow Jones does not make any representations as to the advisability of trading in this product.

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# Report of the Management Board

Dear Investors,

BlackRock Asset Management Deutschland AG is able to look back on a very successful fiscal year. Private and institutional investors value the benefits provided by the reasonable pricing, liquidity and transparency of iShares ETFs. BlackRock conducts all its global business in exchange traded index funds (ETFs) under the iShares brand.

As at 30 April 2012 the volume of assets under management for the 64 iShares funds currently issued in Germany was EUR 33.25 billion, making BlackRock Asset Management Deutschland AG the fifth-largest retail fund company in Germany (source: BVI - Bundesverband Investment und Asset Management e.V.). This annual report provides detailed information about the performance of our index funds.

Our ETF product range includes 187 iShares funds approved in Germany, providing investors with easy and diversified access to a large number of worldwide markets and asset classes. More than a third of these exchange-traded index funds are issued in Germany. The code (DE) in the fund name identifies them as such. In January 2012, iShares listed the new bond ETF iShares Barclays Capital US Aggregate Bond on the Deutsche Börse, which offers access to top-rated US Dollar bonds, including government bonds and government and corporate securities. In addition, since April 2012 with the offer of iShares S&P Commodity Producers Gold, iShares S&P Commodity Producers Oil and Gas and iShares S&P Commodity Producers Agribusiness, iShares has three new ETFs on the commodity sectors on the Deutsche Börse on offer.

The crowning achievement of the financial year was winning numerous national and international awards. Among other awards, iShares won the Golden Bull from Euro Finanzen as "ETF House of the Year 2012" and at the 2011 Morningstar Fund Awards in Germany iShares was awarded the prize as "Best Specialist Fixed Income Fund House". In addition, at the Feri EuroRating Awards 2012 the ETFs iShares NASDAQ-100<sup>®</sup> and iShares eb.rexx<sup>®</sup> Government Germany (DE) won first place in the categories "North American equities" and "EURO bonds", respectively.

ETFs have flourished in Germany and Europe since their launch more than ten years ago. On 11 April 2000, iShares DJ Euro STOXX 50 (now: iShares EURO STOXX 50) and iShares DJ STOXX 50 (now: iShares STOXX Europe 50) were the first exchange-traded index funds to be listed on the Deutsche Börse. This listing of the first ETFs has been instrumental in making a lasting change to the European investment landscape. ETFs have provided investors with new avenues in portfolio management, particularly through their high level of liquidity, efficiency and transparency.

As a provider from the outset, iShares retains its outstanding positioning in the European ETF market. We are continuing to invest in excellent service and products that meet the needs of our customers. For example, we will soon be listing eight new ETFs on government bonds of selected Euro countries (Austria, Belgium, Finland, France, Germany, Italy, the Netherlands and Spain) on the Deutsche Börse, thus supplementing our product range in bond products. We intend to develop our market leadership further through the continuous and innovative extension of our product range. Among the strategic competitive advantages of iShares ETFs are high market liquidity, narrow bid/ask spreads and a high level of precision in index replication.

Please visit our website [www.iShares.de](http://www.iShares.de) or call us on +49 (0) 89 42729 - 5858 for further information.

We would like to thank you for your trust and we are looking forward to continuing to work together in partnership.

Your BlackRock Asset Management Deutschland AG Directors



Dr. Dirk Klee



Michael Krautzberger



Dr. Thomas Groffmann

# iShares Dow Jones Industrial Average (DE)

## Activity Reports

### Investment objectives and policies

The investment fund iShares Dow Jones Industrial Average (DE) is an exchange-traded index fund (ETF) that tracks the performance of the Dow Jones Industrial Average (price index) as closely as possible. The index tracks 30 US equities covering all industries except transport and utilities. The companies included in the index are selected by the editors of the Wall Street Journal.

In order to replicate the index, the investment fund uses a passive investment approach to invest directly in the securities included in the index in accordance with their weighting in the index. As at 30/04/2012, the composition of the index was as follows:

Securities	Weighting in the index in %
Intl Business Machines Corp. Registered Shares DL -,20	11.86
Chevron Corp. Registered Shares DL-,75	6.10
Caterpillar Inc. Registered Shares DL 1	5.89
McDonald's Corp. Registered Shares DL-,01	5.58
3M Co. Registered Shares DL -,01	5.12
Exxon Mobil Corp. Registered Shares o.N.	4.95
United Technologies Corp. Registered Shares DL 1	4.68
Boeing Co. Registered Shares DL 5	4.40
Coca-Cola Co., The Registered Shares DL -,25	4.37
Johnson & Johnson Registered Shares DL 1	3.73
Travelers Companies Inc.,The Registered Shares o.N.	3.68
Procter & Gamble Co., The Registered Shares o.N.	3.65
American Express Co. Registered Shares DL -,20	3.45
Wal-Mart Stores Inc. Registered Shares DL -,10	3.37
Du Pont Nemours & Co., E.I. Registered Shares DL -,30	3.06
Home Depot Inc., The Registered Shares DL -,05	2.97
Disney Co., The Walt Registered Shares DL -,01	2.47
JPMorgan Chase & Co. Registered Shares DL 1	2.46
Verizon Communications Inc. Registered Shares DL -,10	2.31
Kraft Foods Inc. Registered Shares Class A o.N.	2.28
Merck & Co. Inc. (New) Registered Shares DL-,01	2.25
AT & T Inc. Registered Shares DL 1	1.89
Microsoft Corp. Registered Shares DL-,00000625	1.83

<b>Securities</b>	<b>Weighting in the index in %</b>
Intel Corp. Registered Shares DL -,001	1.63
Hewlett-Packard Co. Registered Shares DL -,01	1.42
Pfizer Inc. Registered Shares DL -,05	1.31
Cisco Systems Inc. Registered Shares DL-,001	1.15
General Electric Co. Registered Shares DL -,06	1.12
Alcoa Inc. Registered Shares DL 1	0.56
Bank of America Corp. Registered Shares DL 0.01	0.46

#### **Structure of the investment fund with regard to investment objectives and significant changes during the reporting period**

The duplication percentage of the fund in comparison with the benchmark index was in excess of 95% at all times during the reporting period.

Inflows during the reporting period were also invested in line with the weighting of the shares in the index.

Dividends are accumulated in the fund. The fund may enter into securities lending transactions.

iShares Dow Jones Industrial Average (DE) is a distributing fund. Income is distributed after expenses have been offset in the course of interim distributions or, as the case may be, six weeks after the end of the financial year.

No index changes were made by the index provider in the period under review.

The Dow Jones Industrial Average<sup>SM</sup> performance index recorded a performance of 5.97% in the reporting period. Taking into account costs, distributions and taxes, Dow Jones Industrial Average(DE) recorded a performance of 4.20% during the same period.

The realised profits and losses are primarily the result of transactions involving bonds that were carried out as a consequence of changes in indices, corporate actions and the redemption of shares.

#### **Material risks and events in the reporting period**

##### **Market price risk**

In order to achieve the investment objective of tracking as closely as possible the performance of the Dow Jones Industrial Average<sup>SM</sup> price index in the reporting period, fund management pursued an exclusively passive investment approach. Accordingly, as part of the fund management activities affecting this investment fund, no risks were actively managed or entered into.

The investment fund was subject in the reporting period to the general and specific market price risk arising from individual stocks. Throughout the reporting period, the investment fund implemented the individual selection of securities within the investment universe prescribed by the provider of the index. The investment fund was thus subject to a high market price risk.

##### **Currency risk**

As prescribed by the index, the investment fund invested in US equities in the reporting period. There was thus a high level of risk for Euro investors.

##### **Liquidity Risk**

The assets held in the investment fund were at all times liquid, so that the liquidity risk is to be regarded as low.

##### **Operational risk**

Operational risks for the investment fund are managed using BlackRock Asset Management Deutschland AG's risk management system.

Business areas/processes that are significant for this investment fund and which are outsourced by BlackRock Asset Management Deutschland AG to third parties are subject to an outsourcing controlling process within BlackRock Asset Management Deutschland AG. This includes the outsourcing of the fund accounting to State Street Bank GmbH, Munich and intra-group outsourcing of the trade management process to BlackRock Investment Management (UK) Limited, London.

Processes that are material to this investment fund and their related operational risks are subject to a process of regularly identifying, analysing and monitoring operational risks.

If operational risks materialise, these events are recorded immediately in a risk database for appropriate documentation and analysis and steps are initiated and taken to minimise the operational risks.

With events that affect the investment fund, the Company generally compensates for any losses incurred.

# Annual Report for iShares Dow Jones Industrial Average (DE) for the financial year from 1 May 2011 to 30 April 2012

## Detailed summary of assets pursuant to Article 7 (2) InvRBV

	Market value in USD	% of fund assets
<b>Equity</b>	<b>224,936,923.72</b>	<b>99.52</b>
-USA	224,936,923.72	99.52
<b>Bank accounts</b>	<b>980,588.75</b>	<b>0.43</b>
<b>Other assets</b>	<b>195,302.76</b>	<b>0.09</b>
<b>Short-term liabilities</b>	<b>-2,084.70</b>	<b>0.00</b>
<b>Other liabilities</b>	<b>-94,750.27</b>	<b>-0.04</b>
<b>Fund assets</b>	<b>226,015,980.26</b>	<b>100.00</b>

## Statement of Net Assets as at 30 April 2012

Designation of class of security	ISIN	Market	Units or shares or currency in 1,000	Balance 30/04/2012	Purchases/ Additions in the reporting period	Sales/ Disposals	Price	Market value in USD	% of fund assets
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### Securities

#### Exchange-traded securities

#### Equity

3M Co. Registered Shares DL -,01	US88579Y1010		units	129,049.00	70,384	77,641	USD	89.190	11,509,880.31	5.09
Alcoa Inc. Registered Shares DL 1	US0138171014		units	129,049.00	70,384	77,641	USD	9.680	1,249,194.32	0.55
American Express Co. Registered Shares DL -,20	US0258161092		units	129,049.00	70,384	77,641	USD	60.210	7,770,040.29	3.44
AT & T Inc. Registered Shares DL 1	US00206R1023		units	129,049.00	70,384	77,641	USD	32.860	4,240,550.14	1.88
Bank of America Corp. Registered Shares DL 0.01	US0605051046		units	129,049.00	70,384	77,641	USD	8.090	1,044,006.41	0.46
Boeing Co. Registered Shares DL 5	US0970231058		units	129,049.00	70,384	77,641	USD	75.890	9,793,528.61	4.33
Caterpillar Inc. Registered Shares DL 1	US1491231015		units	129,049.00	70,384	77,641	USD	102.640	13,245,589.36	5.86
Chevron Corp. Registered Shares DL-,75	US1667641005		units	129,049.00	70,384	77,641	USD	106.250	13,711,456.25	6.07
Cisco Systems Inc. Registered Shares DL-,001	US17275R1023		units	129,049.00	70,384	77,641	USD	19.905	2,568,720.35	1.14
Coca-Cola Co., The Registered Shares DL -,25	US1912161007		units	129,049.00	70,384	77,641	USD	76.730	9,901,929.77	4.38
Disney Co., The Walt Registered Shares DL -,01	US2546871060		units	129,049.00	70,384	77,641	USD	42.900	5,536,202.10	2.45
Du Pont Nemours & Co., E.I. Registered Shares DL -,30	US2635341090		units	129,049.00	70,384	77,641	USD	53.400	6,891,216.60	3.05
Exxon Mobil Corp. Registered Shares o.N.	US30231G1022		units	129,049.00	70,384	77,641	USD	85.910	11,086,599.59	4.91
General Electric Co. Registered Shares DL -,06	US3696041033		units	129,049.00	70,384	77,641	USD	19.520	2,519,036.48	1.11
Hewlett-Packard Co. Registered Shares DL -,01	US4282361033		units	129,049.00	70,384	77,641	USD	24.660	3,182,348.34	1.41
Home Depot Inc., The Registered Shares DL -,05	US4370761029		units	129,049.00	70,384	77,641	USD	51.800	6,684,738.20	2.96
Intel Corp. Registered Shares DL-0.001	US4581401001		units	129,049.00	70,384	77,641	USD	28.430	3,668,863.07	1.62
Intl Business Machines Corp. Registered Shares DL-0.20	US4592001014		units	129,049.00	70,384	77,641	USD	206.980	26,710,562.02	11.81
Johnson & Johnson Registered Shares DL 1	US4781601046		units	129,049.00	70,384	77,641	USD	65.160	8,408,832.84	3.72
JPMorgan Chase & Co. Registered Shares DL 1	US46625H1005		units	129,049.00	70,384	77,641	USD	42.920	5,538,783.08	2.45
Kraft Foods Inc. Registered Shares Class A o.N.	US50075N1046		units	129,049.00	70,384	77,641	USD	39.770	5,132,278.73	2.27
McDonald's Corp. Registered Shares DL-0.01	US5801351017		units	129,049.00	70,384	77,641	USD	97.300	12,556,467.70	5.56
Merck & Co. Inc. (New) Registered Shares DL-,01	US58933Y1055		units	129,049.00	70,384	77,641	USD	39.380	5,081,949.62	2.25
Microsoft Corp. Registered Shares DL-0.0000625	US5949181045		units	129,049.00	70,384	77,641	USD	31.980	4,126,987.02	1.83
Pfizer Inc. Registered Shares DL -,05	US7170811035		units	129,049.00	70,384	77,641	USD	23.000	2,968,127.00	1.31
Procter & Gamble Co., The Registered Shares o.N.	US7427181091		units	129,049.00	70,384	77,641	USD	63.430	8,185,578.07	3.62
Travelers Companies Inc.,The Registered Shares o.N.	US89417E1091		units	129,049.00	70,384	77,641	USD	64.430	8,314,627.07	3.68



United Technologies Corp. Registered Shares DL 1	US9130171096	units	129,049.00	70,384	77,641	USD	81.610	10,531,688.89	4.66
Verizon Communications Inc. Registered Shares DL -,10	US92343V1044	units	129,049.00	70,384	77,641	USD	40.360	5,208,417.64	2.30
Wal-Mart Stores Inc. Registered Shares DL -,10	US9311421039	units	129,049.00	70,384	77,641	USD	58.650	7,568,723.85	3.35

<b>Total equities</b>								<b>224,936,923.72</b>	<b>99.52</b>
<b>Total exchange-traded securities</b>								<b>224,936,923.72</b>	<b>99.52</b>
<b>Total securities</b>								<b>224,936,923.72</b>	<b>99.52</b>

## Bank Accounts, Unsecuritised Money Market Instruments, Money Market Funds

### Bank accounts

#### Custodian Bank (due daily): State Street Bank

Credit in non-EU/EEA currencies	USD		980,588.75		%	100.000		980,588.75	0.43
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<b>Total bank accounts</b>								<b>980,588.75</b>	<b>0.43</b>
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### Other assets

Dividend claims	USD		195,302.76					195,302.76	0.09
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<b>Total other assets</b>								<b>195,302.76</b>	<b>0.09</b>
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### Liabilities arising from loans

EUR loans	EUR		-1,575.08			100.000		-2,084.70	0.00
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<b>Total liabilities arising from loans</b>								<b>-2,084.70</b>	<b>0.00</b>
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### Other liabilities

Management fee	USD		-94,750.27					-94,750.27	-0.04
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<b>Total other liabilities</b>								<b>-94,750.27</b>	<b>-0.04</b>
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<b>Fund assets</b>						<b>USD</b>		<b>226,015,980.26</b>	<b>100.00</b> <sup>9)</sup>
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<b>Unit value</b>						<b>USD</b>		<b>132.55</b>	
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<b>Units in circulation</b>						<b>units</b>		<b>1,705,106</b>	
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<b>Value of securities as a proportion of fund assets (%)</b>								<b>99.52</b>	
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<b>Value of derivatives as a proportion of fund assets (%)</b>								<b>0.00</b>	
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9) Rounding of percentages during the calculation may result in slight rounding differences.

## Composition of the benchmark assets pursuant to Section 28b Para. 3 DerivateV

Dow Jones Industrial Average<sup>SM</sup>

## Potential exposure for market risk in accordance with Section 28b Para. 2 Sentences 1 and 2 DerivateV

smallest potential exposure	12.16 %
average potential exposure	13.16 %
largest potential exposure	14.28 %

The key risk figures pursuant to Sections 10 and 11 DerivateV were calculated for the period from 1 May 2011 to 30 April 2012 using the historical simulation method with the parameters 99% confidence level, 10-day holding period, while applying an effective historical observation period of one year. The valuation standard used is the risk potential of a derivative-free benchmark. Market risk is the risk associated with the most unfavourable performance of market prices for the investment fund. In calculating the market risk potential, the Company uses the qualifying approach as defined in DerivateV (German derivatives ordinance).

In the financial year, the average leverage through derivative transactions was: 0.00 %

The nominal value method was used for calculation. This method uses the total nominal value of the derivatives in relation to fund volume. For a fund without derivative components, this always results in a value of 0%.

## Security Prices and Market Prices

American securities are valued at snapshot prices prevailing at 5:45 pm. Securities in the investment fund as at the reporting date were valued without exception on the basis of prices traded on the stock exchange. No valuation models were used.

Money in bank accounts and existing receivables are valued at their current nominal value. Existing liabilities are reported at the amounts payable.

Exchange rates	As at 30/04/2012		
Euro	(EUR)	0.75554	= 1 (USD)

## Transactions during the reporting period, insofar as these no longer appear in the assets listed:

### - Securities purchases and sales, investment units and bonds (market allocation on the reporting date):

There were no transactions during the reporting period

**Profit-and-Loss Account (incl. Income Adjustment)  
for the period from 1 May 2011 to 30 April 2012**

**I. Income**

1. Dividends from foreign issuers (before withholding tax)			USD	5,977,484.12
2. Deduction of foreign withholding tax			USD	-1,793,245.26

<b>Total income</b>			<b>USD</b>	<b>4,184,238.86</b>
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**II. Expenses**

1. Interest from borrowing			USD	-29.70
2. Management fee			USD	-1,128,265.53
of which, fixed management fee	USD	-1,128,265.53		
3. Other expenses			USD	-22,752.40
of which, Custodian fees	USD	-22,752.40		

<b>Total expenses</b>			<b>USD</b>	<b>-1,151,047.63</b>
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<b>III. Ordinary net income</b>			<b>USD</b>	<b>3,033,191.23</b>
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**IV. Disposals**

1. Realised gains			USD	21,478,332.86
2. Realised losses			USD	-3,287,372.69

<b>Gain/loss on disposals</b>			<b>USD</b>	<b>18,190,960.17</b>
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<b>V. Annual results</b>			<b>USD</b>	<b>21,224,151.40</b>
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**BVI-TER (Total Expense Ratio)** 0.51%

The Total Expense Ratio (TER) takes account of all the costs incurred by the fund except transaction costs\*). The total expense ratio is based on the average daily valuation of fund assets during the financial year.

The share of the securities transactions executed during the reporting period for account of the investment fund through brokers that are closely affiliated companies and persons was 0.00%. Their total amount was USD 0.00.

The transaction costs paid in the period under review totalled USD 0.00. Transaction costs take into account all costs that were separately recognised or invoiced for account of the fund and that are in direct connection with the purchase or sale of assets.

**Information in accordance with Section 41(4) and (5) InvG (Costs and Cost Transparency)** In the financial year 1 May 2011 to 30 April 2012 the investment management company BlackRock Asset Management Deutschland AG received no repayment of fees or reimbursement of expenses paid from the investment fund to the Custodian Bank or to third parties for the investment fund iShares Dow Jones Industrial Average (DE).

In accordance with the Terms and Conditions, a fixed fee of 0.50% p.a. based on the average net asset value and payable to the investment management company has been agreed for the investment fund. This fixed fee shall cover services rendered by the Company, in particular the expenses of the Custodian Bank, costs of legally required printing, mailings, and publications associated with the investment fund, and for the audit of the annual report. Of this amount, 0.0064% p.a. is due to the Custodian Bank based on the average net asset value, and 0.0465% p.a. to third parties (printing and publication expenses, auditing and miscellaneous costs). The Company does not pay any fees to brokers.

The following expenses are not included in the fixed fee:

- a) expenses resulting from the purchase and sale of assets (transaction costs\*));
- b) customary bank custody fees, including the customary bank charges for the custody of foreign securities abroad and related taxes;
- c) ongoing expenses related to account management.

Details of the fee structure are provided in the current sales prospectus.

\*) Transaction costs: Total incidental expenses of the acquisition (ancillary costs) and the expenses of the sale of the assets.

## Change in Fund Assets

2011/2012

<b>I. Value of fund assets at start of financial year</b>			<b>USD</b>	<b>232,095,183.11</b>
1. Distribution for the previous year/tax deduction for the previous year			USD	-1,029,632.27
2. Interim distributions			USD	-1,955,364.06
3. Inflow/Outflow of funds (net)			USD	-14,484,108.68
a) Proceeds received from sales of units	USD	113,523,807.00		
b) Payments for redemption of units	USD	-128,007,915.68		
4. Income adjustment/Cost compensation			USD	96,412.63
5. Ordinary net income			USD	3,033,191.23
6. Realised gains			USD	21,478,332.86
7. Realised losses			USD	-3,287,372.69
8. Net change in unrealised gains/losses			USD	-9,930,661.87
<b>II. Value of fund assets at end of financial year</b>			<b>USD</b>	<b>226,015,980.26</b>

		Total	Per unit
<b>I. Calculation of distribution (total and per unit)</b>			
1. Carryforward from the previous year <sup>3)</sup>	USD	29,988,191.64	17.59
2. Result for the financial year	USD	21,224,151.40	12.44
3. Transfer from the investment fund <sup>4)</sup>	USD	3,287,372.69	1.93
<b>II. Available for distribution</b>	<b>USD</b>	<b>54,499,715.73</b>	<b>31.96</b>
1. Reinvested	USD	-14,268,429.42	-8.37
2. Carryforward to new account	USD	-37,189,769.73	-21.81
<b>III. Total distribution</b>	<b>USD</b>	<b>3,041,516.58</b>	<b>1.78</b>
1. Interim distribution	USD	1,955,364.06	1.14
a) Cash distribution	USD	1,955,364.06	1.14
2. Final year-end distribution	USD	1,086,152.52	0.64
a) Cash distribution	USD	1,086,152.52	0.64

3) Difference from prior year because of income adjustment calculated on carryforwards.

4) Transfer in the amount of the realised losses of the financial year.

## Comparison of Changes in Fund Assets and Unit Value over 3 Years

Financial year		Fund assets at the end of the financial year	Unit value
2011/2012	USD	226,015,980.26	132.55
2010/2011	USD	232,095,183.11	128.87
2009/2010	USD	255,618,899.14	112.10
2008/2009	USD	172,643,696.81	83.45

Munich, 12 July 2012

BlackRock Asset Management Deutschland AG

Dr. Dirk Klee

Dr. Thomas Groffmann

## Special Auditor's Note

In accordance with Section 44 Para. 5 of the German Investment Act (InvG), we have reviewed the annual report for the investment fund iShares Dow Jones Industrial Average (DE) for the financial year from 1 May 2011 to 30 April 2012. The preparation of the annual report in accordance with the InvG (German Investment Act) is the responsibility of the legal representatives of the investment management company. It is our responsibility to express an opinion on the annual report, based on our audit.

We conducted our audit in accordance with Section 44 Para. 5 of the InvG and the generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). These standards require us to plan and perform the audit in such a way that inaccuracies and infringements materially affecting the annual report are detected with reasonable assurance. Knowledge of the management of the investment fund and assessment of potential misstatements are taken into account when determining audit procedures. The effectiveness of the internal control system used when accounting and the evidence supporting the disclosures in the annual report are examined, primarily on a test basis, within the framework of the audit. The audit includes the appraisal of the accounting principles applied for the annual report and the main estimates of the legal representatives of the investment company. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

According to our appraisal, based on the findings gained during our audit, the annual report complies with the legal regulations.

Munich, 13 July 2012

**Deloitte & Touche GmbH**  
Wirtschaftsprüfungsgesellschaft

Koch                      Rumpelt  
Auditor                    Auditor

**BlackRock Asset Management Deutschland AG**

**Max-Joseph-Str. 6**

**80333 Munich, Germany**

**iShares Dow Jones Industrial Average (DE)**

**DE0006289390**

**Bases of taxation pursuant to Section 5 Para. 1, Sentence 1, No. 1 and No. 2 InvStG (German Investment Tax Act)**

**Financial year from 1 May 2011 to 30 April 2012**

**Ex date of distribution: 15 June 2012; Value date: 15 June 2012**

**Date of dividend resolution: 18 May 2011**

Section 5 Para. 1 Sentence 1 No.... InvStG		Private assets	Operating assets EStG (German Income Tax Act)	Operating assets KStG (German Corporation Tax Act)
			USD	USD
			per unit	per unit
<b>1a)</b>	<b>Amount of distribution</b>	1.0095905	1.0095905	1.0095905
	of which, income equivalent to distributions from previous years	0.0000000	0.0000000	0.0000000
	of which, non-taxable repayment of principal/capital distributions	0.0000000	0.0000000	0.0000000
<b>2)</b>	<b>Partial accumulation amount/distributable income</b>	0.0269310	0.0269310	0.0269310
	of which, non-deductible income-related expenses within the meaning of Section 3 Para. 3 No. 2 Sentence 2	0.0246019	0.0246019	0.0246019
<b>1b)</b>	<b>Amount of distributed income</b>	1.0095905	1.0095905	1.0095905
<b>1c)</b>	<b>Contained in the distributed income:</b>			
1 c) aa)	Income within the meaning of Article 3 No. 40 EStG and Article 8b Para. 1 KStG	-	1.0353927	1.0353927
1 c) bb)	Capital gains within the meaning of Article 3 No. 40 EStG and Article 8b Para. 2 KStG	-	0.0011288	0.0011288
1 c) cc)	income within the meaning of Section 2 Para. 2a InvStG (interest limit)	-	0.0000000	0.0000000
1 c) dd)	Tax-free old capital gains from securities, subscription rights and futures transactions in private assets (Article 2 III No. 1 Sentence 1 in the version to be used on 31 December 2008)	0.0011288	-	-
1 c) ee)	Tax-free old capital gains from subscription rights to bonus shares in companies	0.0000000	0.0000000	0.0000000
1 c) ff)	Tax-free profits from the purchase and sale of German and foreign land outside the 10-year period	0.0000000	-	-
1 c) gg)	Income that is tax-exempt on the basis of DTA (in particular foreign rental income and profits from the purchase and sale of foreign land)	0.0000000	0.0000000	0.0000000
1 c) hh)	DTA tax-free income included in gg) that is not subject to the progression provision	0.0000000	0.0000000	0.0000000
1 c) ii)	Foreign income on which foreign withholding taxes were actually retained or are deemed retained, provided the foreign withholding tax was not treated as income-related expenses at the fund level	1.0353927	1.0353927	1.0353927
1 c) jii)	Foreign income included in ii) within the meaning of Article 3 No. 40 EStG and Article 8b Para. 1 KStG	1.0353927	1.0353927	1.0353927



	Income from foreign REITs included in ii)	0.0000000	0.0000000	0.0000000
1 c) kk)	Foreign income on which foreign withholding taxes are considered to have been retained (notional withholding tax) included in ii)	0.0000000	0.0000000	0.0000000
1 c) ll)	Foreign income included in kk) within the meaning of Article 3 No. 40 EStG and Article 8b Para. 1 KStG	0.0000000	0.0000000	0.0000000
<b>1 d)</b>	<b>Capital gains tax measurement basis</b>	<b>1.0353927</b>	<b>1.0353927</b>	<b>1.0353927</b>
1 d) aa)	Income included in d) within the meaning of Section 7 Para. 1 and 2 InvStG	1.0353927	1.0353927	1.0353927
1 d) bb)	Domestic dividends and taxable domestic real estate income included in d)	0.0000000	0.0000000	0.0000000
	of which, from German REITs	0.0000000	0.0000000	0.0000000
1 d) cc)	Foreign dividends, capital gains, gains from writing options and futures transactions included in d) aa)	1.0353927	1.0353927	1.0353927
	of which, from foreign REITs	0.0000000	0.0000000	0.0000000
<b>1 f)</b>	<b>Allowable / deductible and notional foreign withholding tax</b>			
1 f) aa)	Deductible foreign withholding tax, provided it is not treated as income-related expenses on the fund level	0.1881722	0.1881722	0.1881722
	Deductible withholding tax on foreign income included in aa) within the meaning of Article 3 No. 40 EStG and Article 8b Para. 1 KStG	0.1881722	0.1881722	0.1881722
	Deductible withholding tax on income from foreign REITs included in aa)	0.0000000	0.0000000	0.0000000
1 f) cc)	Deductible foreign withholding tax	0.0000000	0.0000000	0.0000000
1 f) dd)	Deductible withholding tax on foreign income included in cc) within the meaning of Article 3 No. 40 EStG and Article 8b Para. 1 KStG	0.0000000	0.0000000	0.0000000
1 f) ee)	Notionally deductible foreign withholding tax	0.0000000	0.0000000	0.0000000
1 f) ff)	Notional deductible withholding tax on foreign income included in ee) within the meaning of Article 3 No. 40 EStG and Article 8b Para. 1 KStG	0.0000000	0.0000000	0.0000000
<b>1 g)</b>	<b>Deduction for depreciation or depletion (for real estate)</b>	<b>0.0000000</b>	<b>0.0000000</b>	<b>0.0000000</b>
<b>1 h)</b>	<b>Total withholding tax paid and reimbursed in the financial year</b>	<b>0.3763443</b>	<b>0.3763443</b>	<b>0.3763443</b>
<b>1 i)</b>	<b>Total of the 10% non-deductible income-related expenses (Section 3 Para. 3 No. 2 Sentence 2)</b>	<b>0.0246019</b>	<b>0.0246019</b>	<b>0.0246019</b>

**BlackRock Asset Management Deutschland AG**

**Max-Joseph-Str. 6**

**80333 Munich, Germany**

**iShares Dow Jones Industrial Average (DE)**

**ISIN: DE0006289390**

**Bases of taxation pursuant to Section 5 Para. 1, Sentence 1, No. 1 and No. 2 InvStG (German Investment Tax Act)**

**Financial year from 1 May 2011 to 30 April 2012**

**Ex date of the (interim) distribution: 15 March 2012; Value date: 15 March 2012**

**Date of dividend resolution: 15 February 2012**

Section 5 Para. 1 Sentence 1 No.... InvStG		Private assets	Operating assets EStG (German Income Tax Act)	Operating assets KStG (German Corporation Tax Act)
			USD	USD
			per unit	per unit
<b>1a)</b>	<b>Amount of distribution</b>	0.7570920	0.7570920	0.7570920
	of which, income equivalent to distributions from previous years	0.0000000	0.0000000	0.0000000
	of which, non-taxable repayment of principal/capital distributions	0.0000000	0.0000000	0.0000000
<b>2)</b>	<b>Partial accumulation amount/distributable income</b>	0.0171881	0.0171881	0.0171881
<b>1b)</b>	<b>Amount of distributed income</b>	0.7570920	0.7570920	0.7570920
<b>c)</b>	<b>Contained in the distributed income:</b>			
1 c) aa)	Income within the meaning of Article 3 No. 40 EStG and Article 8b Para. 1 KStG	-	0.7742802	0.7742802
1 c) bb)	Capital gains within the meaning of Article 3 No. 40 EStG and Article 8b Para. 2 KStG	-	0.0000000	0.0000000
1 c) cc)	income within the meaning of Section 2 Para. 2a InvStG (interest limit)	-	0.0000000	0.0000000
1 c) dd)	Tax-free old capital gains from securities, subscription rights and futures transactions in private assets (Article 2 III No. 1 Sentence 1 in the version to be used on 31 December 2008)	0.0000000	-	-
1 c) ee)	Tax-free old capital gains from subscription rights to bonus shares in companies	0.0000000	0.0000000	0.0000000
1 c) ff)	Tax-free profits from the purchase and sale of German and foreign land outside the 10-year period	0.0000000	-	-
1 c) gg)	Income that is tax-exempt on the basis of DTA (in particular foreign rental income and profits from the purchase and sale of foreign land)	0.0000000	0.0000000	0.0000000
1 c) hh)	DTA tax-free income included in gg) that is not subject to the progression provision	0.0000000	0.0000000	0.0000000
1 c) ii)	Foreign income on which foreign withholding taxes were actually retained or are deemed retained, provided the foreign withholding tax was not treated as income-related expenses at the fund level	0.7742802	0.7742802	0.7742802
1 c) jj)	Foreign income included in ii) within the meaning of Article 3 No. 40 EStG and Article 8b Para. 1 KStG	0.7742802	0.7742802	0.7742802
	Income from foreign REITs included in ii)	0.0000000	0.0000000	0.0000000
1 c) kk)	Foreign income on which foreign withholding taxes are considered to have been retained (notional withholding tax) included in ii)	0.0000000	0.0000000	0.0000000
1 c) ll)	Foreign income included in kk) within the meaning of Article 3 No. 40 EStG and Article 8b Para. 1	0.0000000	0.0000000	0.0000000

	KStG			
<b>1 d)</b>	<b>Capital gains tax measurement basis</b>		0.7742802	0.7742802
1 d) aa)	Income included in d) within the meaning of Section 7 Para. 1 and 2 InvStG		0.7742802	0.7742802
1 d) bb)	Domestic dividends and taxable domestic real estate income included in d)		0.0000000	0.0000000
	of which, from German REITs		0.0000000	0.0000000
1 d) cc)	Foreign dividends, capital gains, gains from writing options and futures transactions included in d) aa)		0.7742802	0.7742802
	of which, from foreign REITs		0.0000000	0.0000000
<b>1 f)</b>	<b>Allowable / deductible and notional foreign withholding tax</b>			
1 f) aa)	Deductible foreign withholding tax, provided it is not treated as income-related expenses on the fund level		0.1393460	0.1393460
1 f) bb)	Deductible withholding tax on foreign income included in aa) within the meaning of Article 3 No. 40 EStG and Article 8b Para. 1 KStG		0.1393460	0.1393460
	Deductible withholding tax on income from foreign REITs included in aa)		0.0000000	0.0000000
1 f) cc)	Deductible foreign withholding tax		0.0000000	0.0000000
1 f) dd)	Deductible withholding tax on foreign income included in cc) within the meaning of Article 3 No. 40 EStG and Article 8b Para. 1 KStG		0.0000000	0.0000000
1 f) ee)	Notionally deductible foreign withholding tax		0.0000000	0.0000000
1 f) ff)	Notional deductible withholding tax on foreign income included in ee) within the meaning of Article 3 No. 40 EStG and Article 8b Para. 1 KStG		0.0000000	0.0000000
<b>1 g)</b>	<b>Deduction for depreciation or depletion (for real estate)</b>		0.0000000	0.0000000
<b>1 h)</b>	<b>Total withholding tax paid and reimbursed in the financial year</b>		0.2786920	0.2786920
<b>1 i)</b>	<b>Total of the 10% non-deductible income-related expenses (Section 3 Para. 3 No. 2 Sentence 2)</b>		0.0171881	0.0171881

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**iShares Dow Jones Industrial Average (DE)**

**ISIN: DE0006289390**

**Bases of taxation pursuant to Section 5 Para. 1, Sentence 1, No. 1 and No. 2 InvStG (German Investment Tax Act)**

**Financial year from 1 May 2011 to 30 April 2012**

**Ex date of the (interim) distribution: 15 December 2011; Value date: 15 December 2011**

**Date of dividend resolution: 17 November 2011**

Section 5 Para. 1 Sentence 1 No.... InvStG		Private assets	Operating assets EStG (German Income Tax Act)	Operating assets KStG (German Corporation Tax Act)
		USD	USD	USD
		per unit	per unit	per unit
<b>1a)</b>	<b>Amount of distribution</b>	0.8832584	0.8832584	0.8832584
	of which, income equivalent to distributions from previous years	0.0000000	0.0000000	0.0000000
	of which, non-taxable repayment of principal/capital distributions	0.0000000	0.0000000	0.0000000
<b>2)</b>	<b>Partial accumulation amount/distributable income</b>	0.0213270	0.0213270	0.0213270
<b>1b)</b>	<b>Amount of distributed income</b>	0.8832584	0.8832584	0.8832584
<b>c)</b>	<b>Contained in the distributed income:</b>			
1 c) aa)	Income within the meaning of Article 3 No. 40 EStG and Article 8b Para. 1 KStG	-	0.9045853	0.9045853
1 c) bb)	Capital gains within the meaning of Article 3 No. 40 EStG and Article 8b Para. 2 KStG	-	0.0000000	0.0000000
1 c) cc)	income within the meaning of Section 2 Para. 2a InvStG (interest limit)	-	0.0000000	0.0000000
1 c) dd)	Tax-free old capital gains from securities, subscription rights and futures transactions in private assets (Article 2 III No. 1 Sentence 1 in the version to be used dated 31 December 2008)	0.0000000	-	-
1 c) ee)	Tax-free old capital gains from subscription rights to bonus shares in companies	0.0000000	0.0000000	0.0000000
1 c) ff)	Tax-free profits from the purchase and sale of German and foreign land outside the 10-year period	0.0000000	-	-
1 c) gg)	Income that is tax-exempt on the basis of DTA (in particular foreign rental income and profits from the purchase and sale of foreign land)	0.0000000	0.0000000	0.0000000
1 c) hh)	DTA tax-free income included in gg) that is not subject to the progression provision	0.0000000	0.0000000	0.0000000
1 c) ii)	Foreign income on which foreign withholding taxes were actually retained or are deemed retained, provided the foreign withholding tax was not treated as income-related expenses at the fund level	0.9045853	0.9045853	0.9045853
1 c) jj)	Foreign income included in ii) within the meaning of Article 3 No. 40 EStG and Article 8b Para. 1 KStG	0.9045853	0.9045853	0.9045853
	Income from foreign REITs included in ii)	0.0000000	0.0000000	0.0000000
1 c) kk)	Foreign income on which foreign withholding taxes are considered to have been retained (notional withholding tax) included in ii)	0.0000000	0.0000000	0.0000000
1 c) ll)	Foreign income included in kk) within the meaning of Article 3 No. 40 EStG and Article 8b Para. 1 KStG	0.0000000	0.0000000	0.0000000

<b>1 d)</b>	<b>Capital gains tax measurement basis</b>		0.9045853	0.9045853	0.9045853
1 d) aa)	Income included in d) within the meaning of Section 7 Para. 1 and 2 InvStG		0.9045853	0.9045853	0.9045853
1 d) bb)	Domestic dividends and taxable domestic real estate income included in d)		0.0000000	0.0000000	0.0000000
	of which, from German REITs		0.0000000	0.0000000	0.0000000
1 d) cc)	Foreign dividends, capital gains, gains from writing options and futures transactions included in d) aa)		0.9045853	0.9045853	0.9045853
	of which, from foreign REITs		0.0000000	0.0000000	0.0000000
<b>1 f)</b>	<b>Allowable / deductible and notional foreign withholding tax</b>				
1 f) aa)	Deductible foreign withholding tax, provided it is not treated as income-related expenses on the fund level		0.1644792	0.1644792	0.1644792
1 f) bb)	Deductible withholding tax on foreign income included in aa) within the meaning of Article 3 No. 40 EStG and Article 8b Para. 1 KStG		0.1644792	0.1644792	0.1644792
	Deductible withholding tax on income from foreign REITs included in aa)		0.0000000	0.0000000	0.0000000
1 f) cc)	Deductible foreign withholding tax		0.0000000	0.0000000	0.0000000
1 f) dd)	Deductible withholding tax on foreign income included in cc) within the meaning of Article 3 No. 40 EStG and Article 8b Para. 1 KStG		0.0000000	0.0000000	0.0000000
1 f) ee)	Notionally deductible foreign withholding tax		0.0000000	0.0000000	0.0000000
1 f) ff)	Notional deductible withholding tax on foreign income included in ee) within the meaning of Article 3 No. 40 EStG and Article 8b Para. 1 KStG		0.0000000	0.0000000	0.0000000
<b>1 g)</b>	<b>Deduction for depreciation or depletion (for real estate)</b>		0.0000000	0.0000000	0.0000000
<b>1 h)</b>	<b>Total withholding tax paid and reimbursed in the financial year</b>		0.3289584	0.3289584	0.3289584
<b>1 i)</b>	<b>Total of the 10% non-deductible income-related expenses (Section 3 Para. 3 No. 2 Sentence 2)</b>		0.0213270	0.0213270	0.0213270

# Special Notice for Business Investors

## Adjustment of equity gains due to the ECR ruling in the case STEKO Industriemontage GmbH

In the case STEKO Industriemontage GmbH (C-377/07), the European Court of Justice (ECJ) decided that the regulation in the KStG (Capital Gains Tax Act) for the transition from the corporate tax imputation procedure to the half-income procedure in 2001 was in violation of European law. The prohibition on corporations claiming a reduction in profits connected with shareholdings in foreign companies under Section 8b Para. 3 KStG for tax purposes had been valid under Section 34 KStG since 2001, while the prohibition on the reduction in profits connected with shareholdings in domestic companies did not become valid until 2002. In the opinion of the ECJ this is in violation of the freedom of movement of capital.

The transitional regulations of the KStG applied accordingly to fund investments under the Gesetz über Kapitalanlagegesellschaften (German Capital Investment Companies Act) (Sections 40 and 40a in conjunction with Section 43 Para. 14 KAGG). This decision could be of particular significance for the purposes of taking into account reductions in profits when calculating equity gains in accordance with Section 40a KAGG. In its judgement of 28 October 2009 (Az. I R 27/08), the German federal tax court (Bundesfinanzhof; BFH) ruled that the STEKO case would in principle have an effect on fund investments. The BMF circular of 1 February 2011, "Application of the BFH ruling of 28 October 2009 – I R 27/08 on equity gains ("STEKO case")" states that the tax authorities have established what they view as the permissible conditions under which equity gains can be adjusted on the basis of the STEKO case.

We recommend that investors holding units in operating assets consult a tax advisor regarding possible actions based on the STEKO case.

# Management Company and Custodian Bank

## Management Company.

BlackRock Asset Management Deutschland AG  
Max-Joseph-Str. 6  
80333 Munich, Germany

Share capital as at 31/12/2011  
EUR 5 million

Liable equity as at 31/12/2011  
EUR 10 million

## Shareholders.

BlackRock Holdings Deutschland GmbH

## Management.

Dr. Dirk Klee  
Chairman of the Management Board  
Munich

Martina G. Reichl<sup>(1)</sup>  
Member of the Management Board  
Munich

Michael Krautzberger<sup>(2)</sup>  
Member of the Management Board  
Munich

Dr. Thomas Groffmann<sup>(3)</sup>  
Member of the Management Board  
Munich

## Supervisory Board.

John Richard Kushel (Chairman)<sup>(4)</sup>  
BlackRock, Senior Managing Director, Head of Portfolio Management Group  
New York, USA.

Joseph Linhares (Chairman)<sup>(5)</sup>  
BlackRock, Managing Director, Head of EMEA iShares  
London, UK.

Derek Stein  
BlackRock, Managing Director, Head of Business Operations Group  
San Francisco, USA.

Prof. Dr. Markus Rudolf  
Pro-rector and University Professor, WHU Otto Beisheim School of Management

## Custodian Bank.

State Street Bank GmbH  
Brienner Str. 59  
80333 Munich, Germany

## Auditor.

Deloitte & Touche GmbH  
Wirtschaftsprüfungsgesellschaft  
Rosenheimer Platz 4  
81669 Munich, Germany

(1) until 30/06/2011

(2) from 01/07/2011

(3) from 09/12/2011

(4) until 19/03/2012

(5) from 20/03/2012

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