

BlackRock Asset Management Deutschland AG

Annual Report for the Year Ended 31 March 2012 for the Investment Funds

iShares eb.rexx® Government Germany 1.5-2.5 (DE)

iShares eb.rexx® Government Germany 2.5-5.5 (DE)

iShares eb.rexx® Government Germany 5.5-10.5 (DE)

iShares eb.rexx® Government Germany 10.5+ (DE)



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Notice

The funds named in this report are 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

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Additional Information for Investors in Luxembourg and Austria

The sales prospectuses including contractual terms and conditions, financial statements and semi-annual reports can be obtained, without charge, at the relevant paying agent and distributor.

Paying Agent and Distributor in Austria:

UniCredit Bank Austria AG
Schottengasse 6-8
1010 Vienna, Austria

Paying Agent and Distributor in Luxembourg:

J.P. Morgan Bank Luxembourg S.A.
European Bank & Business Center
6 Route de Treves
2633 Luxembourg, Luxembourg

Tax Representative in Austria:

Ernst & Young
Wagramer Str. 19
1220 Vienna, Austria

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 31 March 2012 the volume of assets under management for the 64 iShares funds currently managed in Germany was EUR 28.48 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 semi-annual report provides detailed information about the performance of our index funds.

Our ETF product range includes 185 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 both issued and managed in Germany. The code (DE) in the fund name identifies them as such. In July 2011, iShares listed three new ETFs on the investment trends emerging markets and sustainability on the Deutsche Börse. The new bond-ETF iShares Barclays Capital Emerging Market Local Govt Bond allows an investment in government bonds from selected emerging market that are issued in the local currency of the respective countries. iShares Dow Jones Global Sustainability Screened and iShares Dow Jones Europe Sustainability Screened track the most sustainable companies globally and in Europe, respectively. In addition, since January 2012 we have offered the bond ETF iShares Barclays Capital US Aggregate Bond on the Deutsche Börse.

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® and iShares eb.rexx® 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 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 eb.rexx® Government Germany 1.5-2.5 (DE)

Activity Report

Investment objectives and policies

The investment fund iShares eb.rexx® Government Germany 1.5-2.5 (DE) is an exchange-traded index fund (ETF) (Exchange Traded Fund, ETF) that tracks the performance of the eb.rexx® Government Germany 1.5-2.5 (price index) as closely as possible. The index tracks Euro-denominated government bonds from Germany that are traded on the Eurex Bonds® platform and have a residual maturity of between 1.5 and 2.5 years. The index contains only fixed-income securities with an investment-grade rating, i.e. bonds issued by debtors with a relatively high credit rating, and a minimum outstanding amount of EUR 4 billion.

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 31/03/2012, the composition of the index was as follows:

Securities	Weighting in the index in %
4.2500% Bundesrep.Deutschland Anl.v.2004(2014)	21.48
4.2500% Bundesrep.Deutschland Anl.v.2003(2014)	20.27
2.2500% Bundesrep.Deutschland Bundesobl.Ser.154 v.2009 (14)	15.60
0.7500% Bundesrep.Deutschland Bundesschatzanw. v.11(13)	13.52
4.0000% Bundesrep.Deutschland Bundesobl.Ser.153 v.2008 (13)	13.34
0.2500% Bundesrep.Deutschland Bundesschatzanw. v.11(13)	11.84
0.2500% Bundesrep.Deutschland Bundesschatzanw. v.12(14)	3.95

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 bonds in the index.

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

iShares eb.rexx® Government Germany 1.5-2.5 (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.

Changes to the index published by the index provider were directly taken into account in the fund.

New inclusions		
02/05/2011	4.0000% Bundesrep.Deutschland Bundesobl.Ser.153 v.2008 (13)	DE0001141539
01/06/2011	1.7500% Bundesrep.Deutschland Bundesschatzanw. v.11(13)	DE0001137347
01/08/2011	4.2500% Bundesrep.Deutschland Anl.v.2003(2014)	DE0001135242
01/09/2011	0.7500% Bundesrep.Deutschland Bundesschatzanw. v.11(13)	DE0001137354
01/11/2011	2.2500% Bundesrep.Deutschland Bundesobl.Ser.154 v.2009 (14)	DE0001141547
01/12/2011	0.2500% Bundesrep.Deutschland Bundesschatzanw. v.11(13)	DE0001137362
01/02/2012	4.2500% Bundesrep.Deutschland Anl.v.2004(2014)	DE0001135259
01/03/2012	0.2500% Bundesrep.Deutschland Bundesschatzanw. v.12(14)	DE0001137370

Removals		
01/04/2011	0.7500% Bundesrep.Deutschland Bundesschatzanw. v.10(12)	DE0001137313
02/05/2011	4.2500% Bundesrep.Deutschland Bundesobl.Ser.151 v.2007 (12)	DE0001141513
01/07/2011	1.0000% Bundesrep.Deutschland Bundesschatzanw. II v.10(12)	DE0001137321
01/08/2011	4.5000% Bundesrep.Deutschland Anl.v.2003(2013)	DE0001135218
03/10/2011	1.5000% Bundesrep.Deutschland Bundesschatzanw. v.11(13)	DE0001137339
01/11/2011	3.5000% Bundesrep.Deutschland Bundesobl.Ser.152 v.2008 (13)	DE0001141521
02/01/2012	1.7500% Bundesrep.Deutschland Bundesschatzanw. v.11(13)	DE0001137347
01/02/2012	3.7500% Bundesrep.Deutschland Anl.v.2003(2013)	DE0001135234

The eb.rexx® Government Germany Index 1.5-2.5 (Net Total Return Index) posted a performance of 3.77% during the period under review. Taking into account costs, distributions and taxes, iShares eb.rexx® Government Germany 1.5-2.5 (DE) recorded a performance of 3.53% 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 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 eb.rexx® Government Germany 1.5-2.5 Index in the period under review, 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 period under review to the general and specific market price risk arising from individual stocks. Throughout the period under review, the investment fund implemented the individual selection of securities within the investment universe of German government bonds prescribed by the provider of the index. The investment fund was thus subject to medium market price risk.

Currency risk

As prescribed by the index, the investment fund invested in German government bonds in the period under review. There was thus no currency 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.

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 eb.rexx[®] Government Germany 1.5-2.5 (DE)
for the financial year from 1 April 2011 to 31 March 2012

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

	Market value in EUR	% of fund assets
Bonds	1,196,726,240.73	95.24
-Federal Republic of Germany	1,196,726,240.73	95.24
Bank accounts	42,207,931.73	3.36
Other assets	17,694,195.48	1.41
Liabilities	-162,843.18	-0.01
Fund assets	1,256,465,524.76	100.00

Statement of Net Assets as at 31/03/2012

Designation of class of security	ISIN	Market	Units or shares or currency in 1.000	Balance 31/03/2012	Purchases/ Additions in the reporting period	Sales/ Disposals	Price	Market value in EUR	% of fund assets	
Securities										
Exchange-traded securities										
Interest-bearing securities										
0.2500% Bundesrep.Deutschland Bundesschatzanw. v.11(13)	DE0001137362		EUR	141,604.00	211,928	70,324	%	100.054	141,680,466.16	11.28
0.2500% Bundesrep.Deutschland Bundesschatzanw. v.12(14)	DE0001137370		EUR	47,216.00	50,130	2,914	%	100.023	47,226,859.68	3.76
0.7500% Bundesrep.Deutschland Bundesschatzanw. v.11(13)	DE0001137354		EUR	160,485.00	293,281	132,796	%	100.820	161,800,977.00	12.88
2.2500% Bundesrep.Deutschland Bundesobl.Ser.154 v.2009 (14)	DE0001141547		EUR	179,365.00	319,822	140,457	%	104.092	186,704,615.80	14.86
4.0000% Bundesrep.Deutschland Bundesobl.Ser.153 v.2008 (13)	DE0001141539		EUR	151,044.00	313,863	162,819	%	105.729	159,697,310.76	12.71
4.2500% Bundesrep.Deutschland Anl.v.2003(2014)	DE0001135242		EUR	226,568.00	430,784	204,216	%	107.054	242,550,106.72	19.30
4.2500% Bundesrep.Deutschland Anl.v.2004(2014)	DE0001135259		EUR	236,007.00	317,697	81,690	%	108.923	257,065,904.61	20.45
Total interest-bearing securities								1,196,726,240.73	95.24	
Total exchange-traded securities								1,196,726,240.73	95.24	
Total securities								1,196,726,240.73	95.24	
Bank Accounts, Unsecuritised Money Market Instruments, Money Market Funds										
Bank accounts										
Custodian Bank (due daily): State Street Bank										
EUR balances			EUR	42,207,931.73			%	100.000	42,207,931.73	3.36
Total bank accounts								42,207,931.73	3.36	
Total Bank Accounts, Unsecuritised Money Market Instruments, Money Market Funds								42,207,931.73	3.36	
Other assets										
Interest receivables			EUR	17,694,195.48					17,694,195.48	1.41
Total other assets								17,694,195.48	1.41	

Liabilities				
Management fee	EUR	-162,843.18	-162,843.18	-0.01
Total liabilities			-162,843.18	-0.01
Fund assets			EUR	1,256,465,524.76
				100.00 ⁹⁾
Unit value			EUR	99.40
Units in circulation			units	12,640,000
Value of investments as a proportion of fund assets (%)				95.24
Value of derivatives as a proportion of fund assets (%)				0.00

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

eb.rexx[®] Government Germany 1.5-2.5

Potential exposure to market risk pursuant to Section 28b Para. 2 Sentence 1 and 2 DerivateV

smallest potential exposure	0.64 %
average potential exposure	0.99 %
largest potential exposure	1.56 %

The risk ratios pursuant to Section 10 and Section 11 DerivateV for the period from 1 April 2011 to 31 March 2012 were calculated on the basis of the historical simulation method with the parameters 99% confidence level, 10-day holding period using 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 qualified 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

The closing prices on the respective Valuation Dates are used to value European securities. 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.

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):

Designation of class of security	ISIN	Units or shares or currency in 1.000	Purchases/ Additions	Sales/ Disposals
Exchange-traded securities				
Interest-bearing securities				
0.7500% Bundesrep.Deutschland Bundesschatzanw. v.2010 (2012)	DE0001137313	EUR	-	186,385
1.0000% Bundesrep.Deutschland Bundesschatzanw. II v.10(12)	DE0001137321	EUR	13,141	207,743
1.5000% Bundesrep.Deutschland Bundesschatzanw. v.11(13)	DE0001137339	EUR	163,057	311,871
1.7500% Bundesrep.Deutschland Bundesschatzanw. v.11(13)	DE0001137347	EUR	277,680	277,680
3.5000% Bundesrep.Deutschland Bundesobl.Ser.152 v.2008 (13)	DE0001141521	EUR	130,045	324,647
3.7500% Bundesrep.Deutschland Anl.v.2003(2013)	DE0001135234	EUR	214,537	466,375
4.2500% Bundesrep.Deutschland Bundesobl.Ser.151 v.2007 (12)	DE0001141513	EUR	2,937	186,092
4.5000% Bundesrep.Deutschland Anl.v.2003(2013)	DE0001135218	EUR	50,321	325,054

Securities loans (trading volume valued on the basis of the value agreed when the loan transaction was concluded).

Designation of class of security	ISIN	Volume in 1,000
unlimited		EUR 933,510
Underlyings:		
4.5000% Bundesrep.Deutschland Anl.v.2003(2013)	DE0001135218	
1.0000% Bundesrep.Deutschland Bundesschatzanw. II v.10(12)	DE0001137321	
1.5000% Bundesrep.Deutschland Bundesschatzanw. v.11(13)	DE0001137339	
4.2500% Bundesrep.Deutschland Bundesobl.Ser.151 v.2007 (12)	DE0001141513	
3.5000% Bundesrep.Deutschland Bundesobl.Ser.152 v.2008 (13)	DE0001141521	

**Profit-and-Loss Account (incl. Income Adjustment)
for the period from 01/04/2011 to 31/03/2012**

I. Income

1. Interest from domestic securities			EUR	28,099,728.89
2. Interest from domestic liquidity investments			EUR	58,386.58
3. Income from securities lending and securities repurchase agreements			EUR	221,022.41
4. Other income			EUR	6,520,790.82
of which, replacement services from securities lending	EUR	6,520,790.82		

Total income

EUR 34,899,928.70

II. Expenses

1. Interest from borrowing			EUR	-9.10
2. Management fee			EUR	-1,961,734.42
of which, fixed management fee	EUR	-1,873,325.44		
of which, overall fixed fee from income obtained from securities lending	EUR	-88,408.98		
3. Other expenses			EUR	-103,736.61
of which, Custodian fees	EUR	-103,736.61		

Total expenses

EUR -2,065,480.13

III. Ordinary net income

EUR 32,834,448.57

IV. Disposals

1. Realised gains			EUR	6,559,968.80
2. Realised losses			EUR	-21,490,908.98

Gain/loss on disposals

EUR -14,930,940.18

V. Annual results

EUR 17,903,508.39

BVI-TER (Total Expense Ratio) 0.16%

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.

A fee of 0.0060% p.a. of average fund assets was also incurred due to additional income from securities lending transactions.

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 per cent. Their total amount was EUR 0.00.

The transaction costs paid in the reporting period totalled EUR 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 April 2011 to 31 March 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 eb.rexx[®] Government Germany 1.5-2.5 (DE).

In accordance with the Terms and Conditions, a fixed fee of 0.15% 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, 0.0075% p.a. is due to the Custodian Bank based on the average net asset value, and 0.0365% 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

I. Value of fund assets at start of financial year	EUR	1,351,225,212.06
1. Distribution for the previous year/tax deduction for the previous year	EUR	-35,688,162.50
2. Inflow/Outflow of funds (net)	EUR	-106,295,784.41
a) Proceeds received from sales of units	EUR	816,670,240.56
b) Payments for redemption of units	EUR	-922,966,024.97
3. Income adjustment/Cost compensation	EUR	8,054,193.73
4. Ordinary net income	EUR	32,834,448.57
5. Realised gains	EUR	6,559,968.80
6. Realised losses	EUR	-21,490,908.98
7. Net change in unrealised gains/losses	EUR	21,266,557.49
II. Value of fund assets at end of financial year	EUR	1,256,465,524.76

		Total	Per unit
I. Calculation of distribution (total and per unit)			
1. Carryforward from the previous year ³⁾	EUR	31,988,465.39	2.53
2. Result for the financial year	EUR	17,903,508.39	1.42
3. Transfer from the investment fund ⁴⁾	EUR	21,490,908.98	1.70
II. Available for distribution	EUR	71,382,882.76	5.65
<hr/>			
1. Carryforward to new account	EUR	-38,548,434.19	-3.05
III. Total distribution	EUR	32,834,448.57	2.60
<hr/> <hr/>			
1. Final year-end distribution	EUR	32,834,448.57	2.60
a) Cash distribution	EUR	32,834,448.57	2.60

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	EUR	1,256,465,524.76	99.40
2010/2011	EUR	1,351,225,212.06	98.94
2009/2010	EUR	1,092,992,412.64	102.52
2008/2009	EUR	1,103,037,738.96	103.76

Munich, 28 June 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 eb.rexx[®] Government Germany 1.5-2.5 (DE), including the accounts for the financial year from 1 April 2011 to 31 March 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, 29 June 2012

Deloitte & Touche GmbH

Wirtschaftsprüfungsgesellschaft

Koch
Auditor

Rumpelt
Auditor

BlackRock Asset Management Deutschland AG

Max-Joseph-Strasse 6

80333 Munich, Germany

iShares eb.rexx® Government Germany 1.5-2.5 (DE)

DE0006289473

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 April 2011 to 31 March 2012

Ex date of distribution: 15 May 2012 Value date: 15 May 2012

Date of dividend resolution: 16 April 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)
		EUR	EUR	EUR
		Per unit	Per unit	Per unit
1a)	Amount of distribution	2.5976621	2.5976621	2.5976621
	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
2)	Partial accumulation amount/distributable income	0.0163408	0.0163408	0.0163408
	of which, non-deductible income-related expenses pursuant to Article 3 Para. 3 Sentence 2 No. 2	0.0163408	0.0163408	0.0163408
1b)	Amount of distributed income	2.5976621	2.5976621	2.5976621
1c)	Contained in the distributed income:			
1 c) aa)	Income within the meaning of Article 3 No. 40 EStG and Article 8b Para. 1 KStG (Capital Gains Tax Act)	-	0.0000000	0.0000000
1 c) bb)	Capital gains within the meaning of Article 3 No. 40 EStG and Article 8b Para. 2 KStG (Capital Gains Tax Act)	-	0.0000000	0.0000000
1 c) cc)	Income within the meaning of Section 2 Para. 2a (interest limit)	-	2.1090414	2.1090414
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 1 c) 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	0.0000000	0.0000000	0.0000000
1 c) jj)	Foreign income included in kk) within the meaning of Article 3 No. 40 EStG and Article 8b Para. 1 KStG (Capital Gains Tax Act)	0.0000000	0.0000000	0.0000000
	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) II)	Foreign income included in kk) within the meaning of Article 3 No. 40 EStG and Article 8b Para. 1 KStG (Capital Gains Tax Act)	0.0000000	0.0000000	0.0000000
1 d)	Capital gains tax measurement basis	2.6140029	2.6140029	2.6140029
1 d) aa)	Income included in d) within the meaning of Section 7 Para. 1 and 2 InvStG	2.6140029	2.6140029	2.6140029
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)	0.0000000	0.0000000	0.0000000
	of which, from foreign REITs	0.0000000	0.0000000	0.0000000
1 f)	Allowable / deductible and notional foreign withholding tax			
1 f) aa)	Deductible foreign withholding tax, provided it is not treated as income-related expenses on the fund level	0.0000000	0.0000000	0.0000000
	Deductible withholding tax on foreign income included in aa) within the meaning of Article 3 No. 40 EStG and Article 8b Para. 1 KStG (Capital Gains Tax Act)	0.0000000	0.0000000	0.0000000
	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 (Capital Gains Tax Act)	0.0000000	0.0000000	0.0000000
1 f) ee)	Notionally deductible foreign withholding tax	0.0000000	0.0000000	0.0000000
1 f) ff)	Notionally deductible withholding tax on foreign income included in ee) within the meaning of Article 3 No. 40 EStG and Article 8b Para. 1 KStG (Capital Gains Tax Act)	0.0000000	0.0000000	0.0000000
1 g)	Deduction for depreciation or depletion (for real estate)	0.0000000	0.0000000	0.0000000
1 h)	Total withholding tax paid and reimbursed in the financial year	0.0000000	0.0000000	0.0000000
1 i)	Total of the 10% non-deductible income-related expenses (Article 3 Para. 3 Sentence 2 No. 2)	0.0163408	0.0163408	0.0163408

iShares eb.rexx® Government Germany 2.5-5.5 (DE)

Activity Report

Investment objectives and policies

The investment fund iShares eb.rexx® Government Germany 2.5-5.5 (DE) is an exchange-traded index fund (ETF) that tracks the performance of the eb.rexx® Government Germany 2.5-5.5 (price index) as closely as possible. The index tracks Euro-denominated government bonds from Germany that are traded on the Eurex Bonds® platform and have a residual maturity of between 2.5 and 5.5 years. The index contains only fixed-income securities with an investment-grade rating, i.e. bonds issued by debtors with a relatively high credit rating, and a minimum outstanding amount of EUR 4 billion.

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 31/03/2012, the composition of the index was as follows:

Securities	Weighting in the index in %
4.0000% Bundesrep.Deutschland Anl.v.2006(2016)	9.42
3.5000% Bundesrep.Deutschland Anl.v.2005(2016)	9.17
3.7500% Bundesrep.Deutschland Anl.v.2004(2015)	9.03
3.2500% Bundesrep.Deutschland Anl.v.2005(2015)	8.23
3.7500% Bundesrep.Deutschland Anl.v.2006(2017)	8.17
4.2500% Bundesrep.Deutschland Anl.v.2007(2017) II.Ausgabe	7.99
2.2500% Bundesrep.Deutschland Bundesobl.Ser.157 v.2010 (15)	7.21
2.7500% Bundesrep.Deutschland Bundesobl.Ser.160 v.2011(16)	7.02
2.5000% Bundesrep.Deutschland Bundesobl.Ser.156 v.2010 (15)	6.49
2.5000% Bundesrep.Deutschland Bundesobl.Ser.155 v.2009 (14)	6.45
2.0000% Bundesrep.Deutschland Bundesobl.Ser.159 v.2011(16)	6.07
1.7500% Bundesrep.Deutschland Bundesobl.Ser.158 v.2010 (15)	6.00
1.2500% Bundesrep.Deutschland Bundesobl.Ser.161 v.2011(16)	5.88
0.7500% Bundesrep.Deutschland Bundesobl.Ser.162 v.2012(17)	2.86

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 bonds in the index.

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

iShares eb.rexx® Government Germany 2.5-5.5 (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.

Changes to the index published by the index provider were directly taken into account in the fund.

New inclusions		
02/05/2011	2.7500% Bundesrep.Deutschland Bundesobl.Ser.160 v.2011(16)	DE0001141604
01/08/2011	3.7500% Bundesrep.Deutschland Anl.v.2006(2017)	DE0001135317
03/10/2011	1.2500% Bundesrep.Deutschland Bundesobl.Ser.161 v.2011(16)	DE0001141612
01/02/2012	4.2500% Bundesrep.Deutschland Anl.v.2007(2017) II.Ausgabe	DE0001135333
01/02/2012	0.7500% Bundesrep.Deutschland Bundesobl.Ser.162 v.2012(17)	DE0001141620

Removals		
02/05/2011	4.0000% Bundesrep.Deutschland Bundesobl.Ser.153 v.2008 (13)	DE0001141539
01/08/2011	4.2500% Bundesrep.Deutschland Anl.v.2003(2014)	DE0001135242
01/11/2011	2.2500% Bundesrep.Deutschland Bundesobl.Ser.154 v.2009 (14)	DE0001141547
01/02/2012	4.2500% Bundesrep.Deutschland Anl.v.2004(2014)	DE0001135259

The eb.rexx® Government Germany Index 2.5-5.5 (Net Total Return Index) posted a performance of 8.77% during the period under review. Taking into account costs, distributions and taxes, iShares eb.rexx® Government Germany 2.5-5.5 (DE) recorded a performance of 8.39% 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 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 eb.rexx® Government Germany 2.5-5.5 Index in the period under review, 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 period under review to the general and specific market price risk arising from individual stocks. Throughout the period under review, the investment fund implemented the individual selection of securities within the investment universe of German government bonds prescribed by the provider of the index. The investment fund was thus subject to medium market price risk.

Currency risk

As prescribed by the index, the investment fund invested in German government bonds in the period under review. There was thus no currency 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.

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 eb.rexx[®] Government Germany 2.5-5.5 (DE)

for the financial year from 1 April 2011 to 31 March 2012

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

	Market value in EUR	% of fund assets
Bonds	765,447,473.08	94.74
-Federal Republic of Germany	765,447,473.08	94.74
Bank accounts	32,020,336.52	3.96
Other assets	10,602,284.82	1.31
Liabilities	-104,228.49	-0.01
Fund assets	807,965,865.93	100.00

Statement of Net Assets as at 31/03/2012

Designation of class of security	ISIN	Market	Units or shares or currency in 1.000	Balance 31/03/2012	Purchases/ Additions in the reporting period	Sales/ Disposals	Price	Market value in EUR	% of fund assets
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Securities

Exchange-traded securities

Interest-bearing securities

0.7500% Bundesrep.Deutschland Bundesobl.Ser.162 v.2012(17)	DE0001141620		EUR	22,000.00	23,451	1,451	%	99.658	21,924,760.00	2.71
1.2500% Bundesrep.Deutschland Bundesobl.Ser.161 v.2011(16)	DE0001141612		EUR	43,998.00	54,256	10,258	%	102.275	44,998,954.50	5.57
1.7500% Bundesrep.Deutschland Bundesobl.Ser.158 v.2010 (15)	DE0001141588		EUR	43,998.00	20,615	17,122	%	104.452	45,956,790.96	5.69
2.0000% Bundesrep.Deutschland Bundesobl.Ser.159 v.2011(16)	DE0001141596		EUR	43,998.00	20,615	17,122	%	105.570	46,448,688.60	5.75
2.2500% Bundesrep.Deutschland Bundesobl.Ser.157 v.2010 (15)	DE0001141570		EUR	52,249.00	24,478	20,329	%	105.628	55,189,573.72	6.83
2.5000% Bundesrep.Deutschland Bundesobl.Ser.155 v.2009 (14)	DE0001141554		EUR	46,747.00	21,899	18,189	%	105.571	49,351,275.37	6.11
2.5000% Bundesrep.Deutschland Bundesobl.Ser.156 v.2010 (15)	DE0001141562		EUR	46,747.00	21,899	18,189	%	106.190	49,640,639.30	6.14
2.7500% Bundesrep.Deutschland Bundesobl.Ser.160 v.2011(16)	DE0001141604		EUR	49,499.00	66,260	16,761	%	108.536	53,724,234.64	6.65
3.2500% Bundesrep.Deutschland Anl.v.2005(2015)	DE0001135283		EUR	57,748.00	27,055	22,471	%	109.133	63,022,124.84	7.80
3.5000% Bundesrep.Deutschland Anl.v.2005(2016)	DE0001135291		EUR	63,247.00	29,631	24,610	%	111.028	70,221,879.16	8.69
3.7500% Bundesrep.Deutschland Anl.v.2004(2015)	DE0001135267		EUR	63,247.00	29,631	24,610	%	109.332	69,149,210.04	8.56
3.7500% Bundesrep.Deutschland Anl.v.2006(2017)	DE0001135317		EUR	54,998.00	73,488	18,490	%	113.774	62,573,424.52	7.74
4.0000% Bundesrep.Deutschland Anl.v.2006(2016)	DE0001135309		EUR	63,247.00	29,631	24,610	%	113.990	72,095,255.30	8.93
4.2500% Bundesrep.Deutschland Anl.v.2007(2017) II.Ausgabe	DE0001135333		EUR	52,249.00	57,994	5,745	%	117.037	61,150,662.13	7.57

Total interest-bearing securities

765,447,473.08 94.74

Total exchange-traded securities

765,447,473.08 94.74

Total securities

765,447,473.08 94.74

Bank Accounts, Unsecuritised Money Market Instruments, Money Market Funds

Bank accounts

Custodian Bank (due daily): State Street Bank

EUR balances	EUR			32,020,336.52			%	100.000	32,020,336.52	3.96
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Total bank accounts

32,020,336.52 3.96

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

32,020,336.52 3.96

Other assets				
Interest receivables	EUR	10,602,284.82	10,602,284.82	1.31
Total other assets			10,602,284.82	1.31
Liabilities				
Management fee	EUR	-104,228.49	-104,228.49	-0.01
Total liabilities			-104,228.49	-0.01
Fund assets			EUR	807,965,865.93
				100.00 ⁹⁾
Unit value			EUR	115.10
Units in circulation			units	7,019,863
Value of investments as a proportion of fund assets (%)				94.74
Value of derivatives as a proportion of fund assets (%)				0.00

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

eb.rexx[®] Government Germany 2.5-5.5

Potential exposure to market risk pursuant to Section 28b Para. 2 Sentence 1 and 2 DerivateV

smallest potential exposure	1.64 %
average potential exposure	2.20 %
largest potential exposure	2.95 %

The risk ratios pursuant to Section 10 and Section 11 DerivateV for the period from 1 April 2011 to 31 March 2012 were calculated on the basis of the historical simulation method with the parameters 99% confidence level, 10-day holding period using 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 qualified 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

The closing prices on the respective Valuation Dates are used to value European securities. 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.

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):

Designation of class of security	ISIN	Units or shares or currency in 1.000	Purchases/ Additions	Sales/ Disposals
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Exchange-traded securities

Interest-bearing securities

2.2500% Bundesrep.Deutschland Bundesobl.Ser.154 v.2009 (14)	DE0001141547	EUR	14,251	62,351
4.0000% Bundesrep.Deutschland Bundesobl.Ser.153 v.2008 (13)	DE0001141539	EUR	310	40,815
4.2500% Bundesrep.Deutschland Anl.v.2003(2014)	DE0001135242	EUR	11,133	71,891
4.2500% Bundesrep.Deutschland Anl.v.2004(2014)	DE0001135259	EUR	29,742	93,031

Securities loans (trading volume valued on the basis of the value agreed when the loan transaction was concluded).

Designation of class of security	ISIN	Volume in 1,000
unlimited	EUR	996,890

Underlyings:

4.2500% Bundesrep.Deutschland Anl.v.2003(2014)	DE0001135242
4.2500% Bundesrep.Deutschland Anl.v.2004(2014)	DE0001135259
3.7500% Bundesrep.Deutschland Anl.v.2004(2015)	DE0001135267
3.2500% Bundesrep.Deutschland Anl.v.2005(2015)	DE0001135283
3.5000% Bundesrep.Deutschland Anl.v.2005(2016)	DE0001135291
4.0000% Bundesrep.Deutschland Anl.v.2006(2016)	DE0001135309
4.0000% Bundesrep.Deutschland Bundesobl.Ser.153 v.2008 (13)	DE0001141539
2.2500% Bundesrep.Deutschland Bundesobl.Ser.154 v.2009 (14)	DE0001141547
2.5000% Bundesrep.Deutschland Bundesobl.Ser.155 v.2009 (14)	DE0001141554
2.5000% Bundesrep.Deutschland Bundesobl.Ser.156 v.2010 (15)	DE0001141562
2.2500% Bundesrep.Deutschland Bundesobl.Ser.157 v.2010 (15)	DE0001141570
1.7500% Bundesrep.Deutschland Bundesobl.Ser.158 v.2010 (15)	DE0001141588
2.0000% Bundesrep.Deutschland Bundesobl.Ser.159 v.2011(16)	DE0001141596
2.7500% Bundesrep.Deutschland Bundesobl.Ser.160 v.2011(16)	DE0001141604

**Profit-and-Loss Account (incl. Income Adjustment)
for the period from 01/04/2011 to 31/03/2012**

I. Income

1. Interest from domestic securities			EUR	12,608,311.02
2. Interest from domestic liquidity investments			EUR	45,766.62
3. Income from securities lending and securities repurchase agreements			EUR	258,760.73
4. Other income			EUR	8,940,142.12
of which, replacement services from securities lending	EUR	8,940,142.12		

Total income

EUR 21,852,980.49

II. Expenses

1. Interest from borrowing			EUR	-5.48
2. Management fee			EUR	-1,287,560.65
of which, fixed management fee	EUR	-1,184,056.39		
of which, overall fixed fee from income obtained from securities lending	EUR	-103,504.26		
3. Other expenses			EUR	-63,247.80
of which, Custodian fees	EUR	-63,247.80		

Total expenses

EUR -1,350,813.93

III. Ordinary net income

EUR 20,502,166.56

IV. Disposals

1. Realised gains			EUR	9,687,186.00
2. Realised losses			EUR	-729,299.12

Gain/loss on disposals

EUR 8,957,886.88

V. Annual results

EUR 29,460,053.44

BVI-TER (Total Expense Ratio)

0.16%

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.

A fee of 0.0125% p.a. of average fund assets was also incurred due to additional income from securities lending transactions.

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 per cent. Their total amount was EUR 0.00.

The transaction costs paid in the reporting period totalled EUR 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 April 2011 to 31 March 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 eb.rexx[®] Government Germany 2.5-5.5 (DE).

In accordance with the Terms and Conditions, a fixed fee of 0.15% 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, 0.0069% p.a. is due to the Custodian Bank based on the average net asset value, and 0.0320% 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
I. Value of fund assets at start of financial year	EUR	715,075,416.12
1. Distribution for the previous year/tax deduction for the previous year	EUR	-21,359,992.59
2. Inflow/Outflow of funds (net)	EUR	49,298,016.84
a) Proceeds received from sales of units	EUR	272,638,980.64
b) Payments for redemption of units	EUR	-223,340,963.80
3. Income adjustment/Cost compensation	EUR	1,473,414.24
4. Ordinary net income	EUR	20,502,166.56
5. Realised gains	EUR	9,687,186.00
6. Realised losses	EUR	-729,299.12
7. Net change in unrealised gains/losses	EUR	34,018,957.88
II. Value of fund assets at end of financial year	EUR	807,965,865.93

		Total	Per unit
I. Calculation of distribution (total and per unit)			
1. Carryforward from the previous year ³⁾	EUR	37,076,412.47	5.28
2. Result for the financial year	EUR	29,460,053.44	4.20
3. Transfer from the investment fund ⁴⁾	EUR	729,299.12	0.10
II. Available for distribution	EUR	67,265,765.03	9.58
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1. Carryforward to new account	EUR	-46,763,598.47	-6.66
III. Total distribution	EUR	20,502,166.56	2.92
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1. Final year-end distribution	EUR	20,502,166.56	2.92
a) Cash distribution	EUR	20,502,166.56	2.92

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	EUR	807,965,865.93	115.10
2010/2011	EUR	715,075,416.12	109.40
2009/2010	EUR	608,706,921.04	112.81
2008/2009	EUR	684,650,247.67	112.80

Munich, 28 June 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 eb.rexx[®] Government Germany 2.5-5.5 (DE), including the accounts for the financial year from 1 April 2011 to 31 March 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, 29 June 2012

Deloitte & Touche GmbH

Wirtschaftsprüfungsgesellschaft

Koch
Auditor

Rumpelt
Auditor

BlackRock Asset Management Deutschland AG

Max-Joseph-Strasse 6

80333 Munich, Germany

iShares eb.rexx® Government Germany 2.5-5.5 (DE)

DE0006289481

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 April 2011 to 31 March 2012

Ex date of distribution: 15 May 2012 Value date: 15 May 2012

Date of dividend resolution: 16 April 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)
		EUR	EUR	EUR
		Per unit	Per unit	Per unit
1a)	Amount of distribution	2.9205935	2.9205935	2.9205935
	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
2)	Partial accumulation amount/distributable income	0.0192427	0.0192427	0.0192427
	of which, non-deductible income-related expenses pursuant to Article 3 Para. 3 Sentence 2 No. 2	0.0192427	0.0192427	0.0192427
1b)	Amount of distributed income	2.9205935	2.9205935	2.9205935
1c)	Contained in the distributed income:			
1 c) aa)	Income within the meaning of Article 3 No. 40 EStG and Article 8b Para. 1 KStG (Capital Gains Tax Act)	-	0.0000000	0.0000000
1 c) bb)	Capital gains within the meaning of Article 3 No. 40 EStG and Article 8b Para. 2 KStG (Capital Gains Tax Act)	-	0.0000000	0.0000000
1 c) cc)	Income within the meaning of Section 2 Para. 2a (interest limit)	-	1.7023269	1.7023269
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 1 c) 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	0.0000000	0.0000000	0.0000000

1 c jj)	Foreign income included in kk) within the meaning of Article 3 No. 40 EStG and Article 8b Para. 1 KStG (Capital Gains Tax Act)	0.0000000	0.0000000	0.0000000
	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 (Capital Gains Tax Act)	0.0000000	0.0000000	0.0000000
1 d)	Capital gains tax measurement basis	2.9398363	2.9398363	2.9398363
1 d) aa)	Income included in d) within the meaning of Section 7 Para. 1 and 2 InvStG	2.9398363	2.9398363	2.9398363
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)	0.0000000	0.0000000	0.0000000
	of which, from foreign REITs	0.0000000	0.0000000	0.0000000
1 f)	Allowable / deductible and notional foreign withholding tax			
1 f) aa)	Deductible foreign withholding tax, provided it is not treated as income-related expenses on the fund level	0.0000000	0.0000000	0.0000000
	Deductible withholding tax on foreign income included in aa) within the meaning of Article 3 No. 40 EStG and Article 8b Para. 1 KStG (Capital Gains Tax Act)	0.0000000	0.0000000	0.0000000
	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 (Capital Gains Tax Act)	0.0000000	0.0000000	0.0000000
1 f) ee)	Notionally deductible foreign withholding tax	0.0000000	0.0000000	0.0000000
1 f) ff)	Notionally deductible withholding tax on foreign income included in ee) within the meaning of Article 3 No. 40 EStG and Article 8b Para. 1 KStG (Capital Gains Tax Act)	0.0000000	0.0000000	0.0000000
1 g)	Deduction for depreciation or depletion (for real estate)	0.0000000	0.0000000	0.0000000
1 h)	Total withholding tax paid and reimbursed in the financial year	0.0000000	0.0000000	0.0000000
1 i)	Total of the 10% non-deductible income-related expenses (Article 3 Para. 3 Sentence 2 No. 2)	0.0192427	0.0192427	0.0192427

iShares eb.rexx® Government Germany 5.5-10.5 (DE)

Activity Report

Investment objectives and policies

The investment fund iShares eb.rexx® Government Germany 5.5-10.5 (DE) is an exchange-traded index fund (ETF) that tracks the performance of the eb.rexx® Government Germany 5.5-10.5 (price index) as closely as possible. The index tracks Euro-denominated government bonds from Germany that are traded on the Eurex Bonds® platform and have a residual maturity of between 5.5 and 10.5 years. The index contains only fixed-income securities with an investment-grade rating, i.e. bonds issued by debtors with a relatively high credit rating, and a minimum outstanding amount of EUR 4 billion.

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 31/03/2012, the composition of the index was as follows:

Securities	Weighting in the index in %
3.7500% Bundesrep.Deutschland Anl.v.2008(2019)	11.21
3.5000% Bundesrep.Deutschland Anl.v.2009(2019)	11.08
4.2500% Bundesrep.Deutschland Anl.v.2008(2018)	10.02
3.2500% Bundesrep.Deutschland Anl.v.2009(2020)	10.01
3.0000% Bundesrep.Deutschland Anl.v.2010(2020)	9.84
4.0000% Bundesrep.Deutschland Anl.v.2007(2018)	9.37
3.2500% Bundesrep.Deutschland Anl.v.2011(2021)	8.63
2.0000% Bundesrep.Deutschland Anl.v.2011(2022)	8.18
2.5000% Bundesrep.Deutschland Anl.v.2010(2021)	8.17
2.2500% Bundesrep.Deutschland Anl.v.2010(2020)	6.77
2.2500% Bundesrep.Deutschland Anl.v.2011(2021)	6.70

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 bonds in the index.

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

iShares eb.rexx® Government Germany 5.5-10.5 (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.

Changes to the index published by the index provider were directly taken into account in the fund.

New inclusions		
02/05/2011	3.2500% Bundesrep.Deutschland Anl.v.2011(2021)	DE0001135440
01/09/2011	2.2500% Bundesrep.Deutschland Anl.v.2011(2021)	DE0001135457
01/12/2011	2.0000% Bundesrep.Deutschland Anl.v.2011(2022)	DE0001135465

Removals		
01/08/2011	3.7500% Bundesrep.Deutschland Anl.v.2006(2017)	DE0001135317
01/02/2012	4.2500% Bundesrep.Deutschland Anl.v.2007(2017) II.Ausgabe	DE0001135333

The eb.rexx® Government Germany Index 5.5-10.5 (Net Total Return Index) posted a performance of 15.62% during the period under review. Taking into account costs, distributions and taxes, iShares eb.rexx® Government Germany 5.5-10.5 (DE) recorded a performance of 15.04% 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 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 eb.rexx® Government Germany 5.5-10.5 Index in the period under review, 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 period under review to the general and specific market price risk arising from individual stocks. Throughout the period under review, the investment fund implemented the individual selection of securities within the investment universe of German government bonds prescribed by the provider of the index. The investment fund was thus subject to medium market price risk.

Currency risk

As prescribed by the index, the investment fund invested in German government bonds in the period under review. There was thus no currency 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.

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 eb.rexx[®] Government Germany 5.5-10.5 (DE)
for the financial year from 1 April 2011 to 31 March 2012

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

	Market value in EUR	% of fund assets
Bonds	671,862,326.33	94.80
-Federal Republic of Germany	671,862,326.33	94.80
Bank accounts	26,977,073.49	3.81
Other assets	9,893,520.10	1.40
Liabilities	-101,524.16	-0.01
Fund assets	708,631,395.76	100.00

Statement of Net Assets as at 31/03/2012

Designation of class of security	ISIN	Market	Units or shares or currency in 1.000	Balance 31/03/2012	Purchases/ Additions in the reporting period	Sales/ Disposals	Price	Market value in EUR	% of fund assets
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Securities

Exchange-traded securities

Interest-bearing securities

2.0000% Bundesrep.Deutschland Anl.v.2011(2022)	DE0001135465		EUR	54,018.00	64,964	10,946	%	101.716	54,944,948.88	7.75
2.2500% Bundesrep.Deutschland Anl.v.2010(2020)	DE0001135416		EUR	43,214.00	43,561	49,064	%	105.288	45,499,156.32	6.42
2.2500% Bundesrep.Deutschland Anl.v.2011(2021)	DE0001135457		EUR	43,214.00	65,230	22,016	%	104.215	45,035,470.10	6.36
2.5000% Bundesrep.Deutschland Anl.v.2010(2021)	DE0001135424		EUR	51,318.00	51,727	58,260	%	107.026	54,923,602.68	7.75
3.0000% Bundesrep.Deutschland Anl.v.2010(2020)	DE0001135408		EUR	59,420.00	59,896	67,461	%	111.291	66,129,112.20	9.33
3.2500% Bundesrep.Deutschland Anl.v.2009(2020)	DE0001135390		EUR	59,420.00	59,896	67,461	%	113.235	67,284,237.00	9.49
3.2500% Bundesrep.Deutschland Anl.v.2011(2021)	DE0001135440		EUR	51,318.00	96,866	45,548	%	113.049	58,014,485.82	8.19
3.5000% Bundesrep.Deutschland Anl.v.2009(2019)	DE0001135382		EUR	64,823.00	65,342	73,594	%	114.836	74,440,140.28	10.50
3.7500% Bundesrep.Deutschland Anl.v.2008(2019)	DE0001135374		EUR	64,823.00	65,342	73,594	%	116.209	75,330,160.07	10.63
4.0000% Bundesrep.Deutschland Anl.v.2007(2018)	DE0001135341		EUR	54,018.00	54,451	61,329	%	116.521	62,942,313.78	8.88
4.2500% Bundesrep.Deutschland Anl.v.2008(2018)	DE0001135358		EUR	56,720.00	57,172	64,392	%	118.686	67,318,699.20	9.50

Total interest-bearing securities

671,862,326.33 94.80

Total exchange-traded securities

671,862,326.33 94.80

Total securities

671,862,326.33 94.80

Bank Accounts, Unsecuritised Money Market Instruments, Money Market Funds

Bank accounts

Custodian Bank (due daily): State Street Bank

EUR balances	EUR			26,977,073.49		%	100.000	26,977,073.49	3.81
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Total bank accounts

26,977,073.49 3.81

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

26,977,073.49 3.81

Other assets

Interest receivables	EUR			9,893,520.10				9,893,520.10	1.40
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Total other assets

9,893,520.10 1.40

Liabilities

Liabilities arising from certificate transactions	EUR	-9,391.76	-9,391.76	0.00
Management fee	EUR	-92,132.40	-92,132.40	-0.01
Total liabilities			-101,524.16	-0.01

Fund assets EUR **708,631,395.76** **100.00** ⁹⁾

Unit value EUR **134.21**
Units in circulation units **5,279,925**

Value of investments as a proportion of fund assets (%) **94.80**

Value of derivatives as a proportion of fund assets (%) **0.00**

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

eb.rexx[®] Government Germany 5.5-10.5

Potential exposure to market risk pursuant to Section 28b Para. 2 Sentence 1 and 2 DerivateV

smallest potential exposure	3.01 %
average potential exposure	4.34 %
largest potential exposure	5.58 %

The risk ratios pursuant to Section 10 and Section 11 DerivateV for the period from 1 April 2011 to 31 March 2012 were calculated on the basis of the historical simulation method with the parameters 99% confidence level, 10-day holding period using 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 qualified 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

The closing prices on the respective Valuation Dates are used to value European securities. 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.

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):

Designation of class of security	ISIN	Units or shares or currency in 1.000	Purchases/ Additions	Sales/ Disposals
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Exchange-traded securities

Interest-bearing securities

3.7500% Bundesrep.Deutschland Anl.v.2006(2017)	DE0001135317	EUR	28,702	89,598
4.2500% Bundesrep.Deutschland Anl.v.2007(2017) II.Ausgabe	DE0001135333	EUR	45,390	103,241

Securities loans (trading volume valued on the basis of the value agreed when the loan transaction was concluded).

Designation of class of security	ISIN	Volume in 1,000
unlimited		EUR 894,366

Underlyings:

3.7500% Bundesrep.Deutschland Anl.v.2006(2017)	DE0001135317
4.2500% Bundesrep.Deutschland Anl.v.2007(2017) II.Ausgabe	DE0001135333
4.0000% Bundesrep.Deutschland Anl.v.2007(2018)	DE0001135341
4.2500% Bundesrep.Deutschland Anl.v.2008(2018)	DE0001135358
3.7500% Bundesrep.Deutschland Anl.v.2008(2019)	DE0001135374
3.5000% Bundesrep.Deutschland Anl.v.2009(2019)	DE0001135382
3.2500% Bundesrep.Deutschland Anl.v.2009(2020)	DE0001135390
3.0000% Bundesrep.Deutschland Anl.v.2010(2020)	DE0001135408
2.2500% Bundesrep.Deutschland Anl.v.2010(2020)	DE0001135416
2.5000% Bundesrep.Deutschland Anl.v.2010(2021)	DE0001135424

**Profit-and-Loss Account (incl. Income Adjustment)
for the period from 01/04/2011 to 31/03/2012**

I. Income

1. Interest from domestic securities			EUR	10,974,090.88
2. Interest from domestic liquidity investments			EUR	39,151.68
3. Income from securities lending and securities repurchase agreements			EUR	242,606.51
4. Other income			EUR	8,719,420.26
of which, replacement services from securities lending	EUR	8,719,420.26		

Total income

EUR 19,975,269.33

II. Expenses

1. Interest from borrowing			EUR	-5.03
2. Management fee			EUR	-1,114,591.05
of which, fixed management fee	EUR	-1,017,548.42		
of which, overall fixed fee from income obtained from securities lending	EUR	-97,042.63		
3. Other expenses			EUR	-57,516.65
of which, Custodian fees	EUR	-57,516.65		

Total expenses

EUR -1,172,112.73

III. Ordinary net income

EUR 18,803,156.60

IV. Disposals

1. Realised gains			EUR	29,367,489.88
2. Realised losses			EUR	-431,450.97

Gain/loss on disposals

EUR 28,936,038.91

V. Annual results

EUR 47,739,195.51

BVI-TER (Total Expense Ratio)

0.16%

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.

A fee of 0.0147% p.a. of average fund assets was also incurred due to additional income from securities lending transactions.

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 per cent. Their total amount was EUR 0.00.

The transaction costs paid in the reporting period totalled EUR 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 April 2011 to 31 March 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 eb.rexx[®] 5.5-10.5 Government Germany (DE).

In accordance with the Terms and Conditions, a fixed fee of 0.15% 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, 0.0077% p.a. is due to the Custodian Bank based on the average net asset value, and 0.0353% 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	
I. Value of fund assets at start of financial year	EUR	680,818,118.02
1. Distribution for the previous year/tax deduction for the previous year	EUR	-22,162,552.30
2. Inflow/Outflow of funds (net)	EUR	-60,301,732.26
a) Proceeds received from sales of units	EUR	543,859,970.73
b) Payments for redemption of units	EUR	-604,161,702.99
3. Income adjustment/Cost compensation	EUR	7,833,398.27
4. Ordinary net income	EUR	18,803,156.60
5. Realised gains	EUR	29,367,489.88
6. Realised losses	EUR	-431,450.97
7. Net change in unrealised gains/losses	EUR	54,704,968.52
II. Value of fund assets at end of financial year	EUR	708,631,395.76

		Total	Per unit
I. Calculation of distribution (total and per unit)			
1. Carryforward from the previous year ³⁾	EUR	87,742,180.63	16.62
2. Result for the financial year	EUR	47,739,195.51	9.04
3. Transfer from the investment fund ⁴⁾	EUR	431,450.97	0.08
II. Available for distribution	EUR	135,912,827.11	25.74
<hr/>			
1. Reinvested	EUR	-10,383,510.18	-1.97
2. Carryforward to new account	EUR	-106,726,160.33	-20.21
III. Total distribution	EUR	18,803,156.60	3.56
<hr/> <hr/>			
1. Final year-end distribution	EUR	18,803,156.60	3.56
a) Cash distribution	EUR	18,803,156.60	3.56

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	EUR	708,631,395.76	134.21
2010/2011	EUR	680,818,118.02	120.46
2009/2010	EUR	708,059,883.12	123.20
2008/2009	EUR	983,997,606.25	123.06

Munich, 28 June 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 eb.rexx[®] Government Germany 5.5-10.5 (DE), including the accounts for the financial year from 1 April 2011 to 31 March 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, 29 June 2012

Deloitte & Touche GmbH

Wirtschaftsprüfungsgesellschaft

Koch
Auditor

Rumpelt
Auditor

BlackRock Asset Management Deutschland AG

Max-Joseph-Strasse 6

80333 Munich, Germany

iShares eb.rexx® Government Germany 5.5-10.5 (DE)

DE0006289499

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 April 2011 to 31 March 2012

Ex date of distribution: 15 May 2012 Value date: 15 May 2012

Date of dividend resolution: 16 April 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)
		EUR	EUR	EUR
		Per unit	Per unit	Per unit
1a)	Amount of distribution	3.5612545	3.5612545	3.5612545
	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
2)	Partial accumulation amount/distributable income	0.0221994	0.0221994	0.0221994
	of which, non-deductible income-related expenses pursuant to Article 3 Para. 3 Sentence 2 No. 2	0.0221994	0.0221994	0.0221994
1b)	Amount of distributed income	3.5612545	3.5612545	3.5612545
1c)	Contained in the distributed income:			
1 c) aa)	Income within the meaning of Article 3 No. 40 EStG and Article 8b Para. 1 KStG (Capital Gains Tax Act)	-	0.0000000	0.0000000
1 c) bb)	Capital gains within the meaning of Article 3 No. 40 EStG and Article 8b Para. 2 KStG (Capital Gains Tax Act)	-	0.0000000	0.0000000
1 c) cc)	Income within the meaning of Section 2 Para. 2a (interest limit)	-	1.9757154	1.9757154
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 1 c) 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	0.0000000	0.0000000	0.0000000
1 c) jj)	Foreign income included in kk) within the meaning of Article 3 No. 40 EStG and Article 8b Para.	0.0000000	0.0000000	0.0000000

	1 KStG (Capital Gains Tax Act)			
	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 (Capital Gains Tax Act)	0.0000000	0.0000000	0.0000000
1 d)	Capital gains tax measurement basis	3.5834539	3.5834539	3.5834539
1 d) aa)	Income included in d) within the meaning of Section 7 Para. 1 and 2 InvStG	3.5834539	3.5834539	3.5834539
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)	0.0000000	0.0000000	0.0000000
	of which, from foreign REITs	0.0000000	0.0000000	0.0000000
1 f)	Allowable / deductible and notional foreign withholding tax			
1 f) aa)	Deductible foreign withholding tax, provided it is not treated as income-related expenses on the fund level	0.0000000	0.0000000	0.0000000
	Deductible withholding tax on foreign income included in aa) within the meaning of Article 3 No. 40 EStG and Article 8b Para. 1 KStG (Capital Gains Tax Act)	0.0000000	0.0000000	0.0000000
	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 (Capital Gains Tax Act)	0.0000000	0.0000000	0.0000000
1 f) ee)	Notionally deductible foreign withholding tax	0.0000000	0.0000000	0.0000000
1 f) ff)	Notionally deductible withholding tax on foreign income included in ee) within the meaning of Article 3 No. 40 EStG and Article 8b Para. 1 KStG (Capital Gains Tax Act)	0.0000000	0.0000000	0.0000000
1 g)	Deduction for depreciation or depletion (for real estate)	0.0000000	0.0000000	0.0000000
1 h)	Total withholding tax paid and reimbursed in the financial year	0.0000000	0.0000000	0.0000000
1 i)	Total of the 10% non-deductible income-related expenses (Article 3 Para. 3 Sentence 2 No. 2)	0.0221994	0.0221994	0.0221994

iShares eb.rexx[®] Government Germany 10.5+ (DE)

Activity Report

Investment objectives and policies

The investment fund iShares eb.rexx[®] Government Germany 10.5+ (DE) is an exchange-traded index fund (ETF) that tracks the performance of the eb.rexx[®] Government Germany 10.5+ (price index) as closely as possible. The index tracks Euro-denominated government bonds from Germany that are traded on the Eurex Bonds[®] platform and have a residual maturity of at least 10.5 years. The index contains only fixed-income securities with an investment-grade rating, i.e. bonds issued by debtors with a relatively high credit rating, and a minimum outstanding amount of EUR 4 billion.

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 31/03/2012, the composition of the index was as follows:

Securities	Weighting in the index in %
4.0000% Bundesrep.Deutschland Anl.v.2005(2037)	13.18
4.7500% Bundesrep.Deutschland Anl.v.2003(2034)	12.38
5.5000% Bundesrep.Deutschland Anl.v.2000(2031)	11.02
4.7500% Bundesrep.Deutschland Anl.v.2008(2040)	10.50
5.6250% Bundesrep.Deutschland Anl.v.1998 (2028)	9.22
4.2500% Bundesrep.Deutschland Anl.v.2007(2039) I.Ausgabe	8.50
3.2500% Bundesrep.Deutschland Anl.v.2010(2042)	7.89
6.5000% Bundesrep.Deutschland Anl.v.1997 (2027)	7.71
6.2500% Bundesrep.Deutschland Anl.v.1994 (2024)	6.62
4.7500% Bundesrep.Deutschland Anl.v.1998(2028) II.Ausgabe	6.59
6.2500% Bundesrep.Deutschland Anl.v.2000(2030)	6.38

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 bonds in the index.

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

iShares eb.rexx[®] Government Germany 10.5+ (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.

The eb.rexx[®] Government Germany Index 10.5+ (Net Total Return Index) posted a performance of 24.50% during the period under review. Taking into account costs, distributions and taxes, iShares eb.rexx[®] Government Germany 10.5+ (DE) recorded a performance of 23.76% 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 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 eb.rexx[®] Government Germany 10.5+ Index in the period under review, 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 period under review to the general and specific market price risk arising from individual stocks. Throughout the period under review, the investment fund implemented the individual selection of securities within the investment universe of German government bonds prescribed by the provider of the index. The investment fund was thus subject to medium market price risk.

Currency risk

As prescribed by the index, the investment fund invested in German government bonds in the period under review. There was thus no currency 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.

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 eb.rexx[®] Government Germany 10.5+ (DE) for the financial year from 1 April 2011 to 31 March 2012

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

	Market value in EUR	% of fund assets
Bonds	126,802,098.24	94.74
-Federal Republic of Germany	126,802,098.24	94.74
Bank accounts	4,755,172.18	3.55
Other assets	2,298,184.12	1.72
Liabilities	-16,776.03	-0.01
Fund assets	133,838,678.51	100.00

Statement of Net Assets as at 31/03/2012

Designation of class of security	ISIN	Market	Units or shares or currency in 1.000	Balance 31/03/2012	Purchases/ Additions in the reporting period	Sales/ Disposals	Price	Market value in EUR	% of fund assets	
Securities										
Exchange-traded securities										
Interest-bearing securities										
3.2500% Bundesrep.Deutschland Anl.v.2010(2042)	DE0001135432		EUR	8,583.00	7,676	2,476	%	116.541	10,002,714.03	7.47
4.0000% Bundesrep.Deutschland Anl.v.2005(2037)	DE0001135275		EUR	13,161.00	5,524	5,333	%	126.982	16,712,101.02	12.49
4.2500% Bundesrep.Deutschland Anl.v.2007(2039) I.Ausgabe	DE0001135325		EUR	8,010.00	3,362	3,247	%	134.541	10,776,734.10	8.05
4.7500% Bundesrep.Deutschland Anl.v.1998(2028) II.Ausgabe	DE0001135085		EUR	6,438.00	2,702	2,608	%	129.860	8,360,386.80	6.25
4.7500% Bundesrep.Deutschland Anl.v.2003(2034)	DE0001135226		EUR	11,445.00	4,804	4,637	%	137.182	15,700,479.90	11.73
4.7500% Bundesrep.Deutschland Anl.v.2008(2040)	DE0001135366		EUR	9,156.00	3,844	3,710	%	145.482	13,320,331.92	9.95
5.5000% Bundesrep.Deutschland Anl.v.2000(2031)	DE0001135176		EUR	9,728.00	4,083	3,941	%	143.652	13,974,466.56	10.44
5.6250% Bundesrep.Deutschland Anl.v.1998 (2028)	DE0001135069		EUR	8,297.00	3,483	3,362	%	140.852	11,686,490.44	8.73
6.2500% Bundesrep.Deutschland Anl.v.1994 (2024)	DE0001134922		EUR	5,865.00	2,462	2,377	%	143.173	8,397,096.45	6.27
6.2500% Bundesrep.Deutschland Anl.v.2000(2030)	DE0001135143		EUR	5,294.00	2,223	2,145	%	152.881	8,093,520.14	6.05
6.5000% Bundesrep.Deutschland Anl.v.1997 (2027)	DE0001135044		EUR	6,438.00	2,702	2,608	%	151.876	9,777,776.88	7.31
Total interest-bearing securities									126,802,098.24	94.74
Total exchange-traded securities									126,802,098.24	94.74
Total securities									126,802,098.24	94.74

Bank Accounts, Unsecuritised Money Market Instruments, Money Market Funds

Bank accounts

EUR balances at:

Custodian Bank (due daily): State Street Bank

EUR balances			EUR	4,755,172.18		%	100.000	4,755,172.18	3.55
Total bank accounts								4,755,172.18	3.55
Total Bank Accounts, Unsecuritised Money Market Instruments, Money Market Funds								4,755,172.18	3.55

Other assets				
Interest receivables	EUR	2,298,184.12	2,298,184.12	1.72
Total other assets			2,298,184.12	1.72
Liabilities				
Management fee	EUR	-16,776.03	-16,776.03	-0.01
Total liabilities			-16,776.03	-0.01
Fund assets			EUR	133,838,678.51
				100.00 ⁹⁾
Unit value			EUR	155.63
Units in circulation			units	860,000
Value of investments as a proportion of fund assets (%)				94.74
Value of derivatives as a proportion of fund assets (%)				0.00

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

eb.rexx[®] Government Germany 10.5+

Potential exposure to market risk pursuant to Section 28b Para. 2 Sentence 1 and 2 DerivateV

smallest potential exposure	5.21 %
average potential exposure	8.51 %
largest potential exposure	11.79 %

The risk ratios for the period from 1 April 2011 to 31 March 2012 were calculated on the basis of the historical simulation method with the parameters 99% confidence level, 10-day holding period using 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 **qualified 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

The closing prices on the respective Valuation Dates are used to value European securities. 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.

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):

Securities loans (trading volume valued on the basis of the value agreed when the loan transaction was concluded).

Designation of class of security	ISIN		Volume in 1,000
unlimited		EUR	125,725
Underlyings:			
6.2500% Bundesrep.Deutschland Anl.v.1994 (2024)	DE0001134922		
6.5000% Bundesrep.Deutschland Anl.v.1997 (2027)	DE0001135044		
5.6250% Bundesrep.Deutschland Anl.v.1998 (2028)	DE0001135069		
4.7500% Bundesrep.Deutschland Anl.v.1998(2028) II.Ausgabe	DE0001135085		
5.5000% Bundesrep.Deutschland Anl.v.2000(2031)	DE0001135176		
4.7500% Bundesrep.Deutschland Anl.v.2003(2034)	DE0001135226		
4.0000% Bundesrep.Deutschland Anl.v.2005(2037)	DE0001135275		
4.2500% Bundesrep.Deutschland Anl.v.2007(2039) I.Ausgabe	DE0001135325		
4.7500% Bundesrep.Deutschland Anl.v.2008(2040)	DE0001135366		
3.2500% Bundesrep.Deutschland Anl.v.2010(2042)	DE0001135432		

**Profit-and-Loss Account (incl. Income Adjustment)
for the period from 01/04/2011 to 31/03/2012**

I. Income

1. Interest from domestic securities			EUR	2,554,892.80
2. Interest from domestic liquidity investments			EUR	5,021.10
3. Income from securities lending and securities repurchase agreements			EUR	44,100.26
4. Other income			EUR	2,008,811.55
of which, replacement services from securities lending	EUR	2,008,811.55		

Total income

EUR 4,612,825.71

II. Expenses

1. Interest from borrowing			EUR	-0.68
2. Management fee			EUR	-204,456.99
of which, fixed management fee	EUR	-186,816.88		
of which, overall fixed fee from income obtained from securities lending	EUR	-17,640.11		
3. Other expenses			EUR	-9,345.76
of which, Custodian fees	EUR	-9,345.76		

Total expenses

EUR -213,803.43

III. Ordinary net income

EUR 4,399,022.28

IV. Disposals

1. Realised gains			EUR	4,214,354.58
2. Realised losses			EUR	-1,245.12

Gain/loss on disposals

EUR 4,213,109.46

V. Annual results

EUR 8,612,131.74

BVI-TER (Total Expense Ratio)

0.16%

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.

A fee of 0.0141% p.a. of average fund assets was also incurred due to additional income from securities lending transactions.

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 per cent. Their total amount was EUR 0.00.

The transaction costs paid in the reporting period totalled EUR 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 April 2011 to 31 March 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 eb.rexx[®] Government Germany 10.5+ (DE).

In accordance with the Terms and Conditions, a fixed fee of 0.15% 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, 0.0066% p.a. is due to the Custodian Bank based on the average net asset value, and 0.0289% 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
I. Value of fund assets at start of financial year	EUR	105,759,236.05
1. Distribution for the previous year/tax deduction for the previous year	EUR	-4,198,781.64
2. Inflow/Outflow of funds (net)	EUR	8,397,139.31
a) Proceeds received from sales of units	EUR	53,111,613.51
b) Payments for redemption of units	EUR	-44,714,474.20
3. Income adjustment/Cost compensation	EUR	-424,136.71
4. Ordinary net income	EUR	4,399,022.28
5. Realised gains	EUR	4,214,354.58
6. Realised losses	EUR	-1,245.12
7. Net change in unrealised gains/losses	EUR	15,693,089.76
II. Value of fund assets at end of financial year	EUR	133,838,678.51

		Total	Per unit
I. Calculation of distribution (total and per unit)			
1. Carryforward from the previous year ³⁾	EUR	10,267,410.71	11.94
2. Result for the financial year	EUR	8,612,131.74	10.01
3. Transfer from the investment fund ⁴⁾	EUR	1,245.12	0.00
II. Available for distribution	EUR	18,880,787.57	21.95
1. Reinvested	EUR	0.00	0.00
2. Carryforward to new account	EUR	-14,481,765.29	-16.84
III. Total distribution	EUR	4,399,022.28	5.11
1. Final year-end distribution	EUR	4,399,022.28	5.11
a) Cash distribution	EUR	4,399,022.28	5.11

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	EUR	133,838,678.51	155.63
2010/2011	EUR	105,759,236.05	130.77
2009/2010	EUR	103,418,734.76	132.48
2008/2009	EUR	139,389,711.51	129.60

Munich, 28 June 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 eb.rexx[®] Government Germany 10.5+ (DE), including the accounts for the financial year from 1 April 2011 to 31 March 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, 29 June 2012

Deloitte & Touche GmbH

Wirtschaftsprüfungsgesellschaft

Koch
Auditor

Rumpelt
Auditor

BlackRock Asset Management Deutschland AG						
Max-Joseph-Strasse 6						
80333 Munich, Germany						
iShares eb.rexx[®] Government Germany 10.5+ (DE)						
DE000A0D8Q31						
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 April 2011 to 31 March 2012						
Ex date of distribution: 15 May 2012 Value date: 15 May 2012						
Date of dividend resolution: 16 April 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)
				EUR	EUR	EUR
			Per unit	Per unit	Per unit	
1a)	Amount of distribution			5.1151422	5.1151422	5.1151422
	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
2)	Partial accumulation amount/distributable income			0.0248609	0.0248609	0.0248609
	of which, non-deductible income-related expenses pursuant to Article 3 Para. 3 Sentence 2 No. 2			0.0248609	0.0248609	0.0248609
1b)	Amount of distributed income			5.1151422	5.1151422	5.1151422
1c)	Contained in the distributed income:					
1 c) aa)	Income within the meaning of Article 3 No. 40 EStG and Article 8b Para. 1 KStG (Capital Gains Tax Act)			-	0.0000000	0.0000000
1 c) bb)	Capital gains within the meaning of Article 3 No. 40 EStG and Article 8b Para. 2 KStG (Capital Gains Tax Act)			-	0.0000000	0.0000000
1 c) cc)	Income within the meaning of Section 2 Para. 2a (interest limit)			-	2.8524740	2.8524740
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 1 c) 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			0.0000000	0.0000000	0.0000000

1 c jj)	Foreign income included in kk) within the meaning of Article 3 No. 40 EStG and Article 8b Para. 1 KStG (Capital Gains Tax Act)	0.0000000	0.0000000	0.0000000
	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 (Capital Gains Tax Act)	0.0000000	0.0000000	0.0000000
1 d)	Capital gains tax measurement basis	5.1400031	5.1400031	5.1400031
1 d aa)	Income included in d) within the meaning of Section 7 Para. 1 and 2 InvStG	5.1400031	5.1400031	5.1400031
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)	0.0000000	0.0000000	0.0000000
	of which, from foreign REITs	0.0000000	0.0000000	0.0000000
1 f)	Allowable / deductible and notional foreign withholding tax			
1 f aa)	Deductible foreign withholding tax, provided it is not treated as income-related expenses on the fund level	0.0000000	0.0000000	0.0000000
	Deductible withholding tax on foreign income included in aa) within the meaning of Article 3 No. 40 EStG and Article 8b Para. 1 KStG (Capital Gains Tax Act)	0.0000000	0.0000000	0.0000000
	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 (Capital Gains Tax Act)	0.0000000	0.0000000	0.0000000
1 f ee)	Notionally deductible foreign withholding tax	0.0000000	0.0000000	0.0000000
1 f ff)	Notionally deductible withholding tax on foreign income included in ee) within the meaning of Article 3 No. 40 EStG and Article 8b Para. 1 KStG (Capital Gains Tax Act)	0.0000000	0.0000000	0.0000000
1 g)	Deduction for depreciation or depletion (for real estate)	0.0000000	0.0000000	0.0000000
1 h)	Total withholding tax paid and reimbursed in the financial year	0.0000000	0.0000000	0.0000000
1 i)	Total of the 10% non-deductible income-related expenses (Article 3 Para. 3 Sentence 2 No. 2)	0.0248609	0.0248609	0.0248609

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 (Investment Companies Act). 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
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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⁽¹⁾
The Management Board
Munich

Michael Krautzberger⁽²⁾
The Management Board
Munich

Dr. Thomas Groffmann⁽³⁾
The Management Board
Munich

Supervisory Board.

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

Joseph Linhares (Chairman)⁽⁵⁾
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.

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(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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