

Annual Financial Report

30 JUNE 2011

BlackRock Investment Management (Australia) Limited

ABN 13 006 165 975

Australian Financial Services Licence No 230523

BlackRock Professional Investor Funds

BlackRock Professional Investor Managed Income Fund
ARSN 089 057 778

BlackRock Professional Investor Australian Share Fund
ARSN 089 057 518

BlackRock Professional Investor Global High Conviction Fund
ARSN 089 057 876

BlackRock Professional Investor Balanced Fund
ARSN 089 057 670

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Directors' Report

The directors of BlackRock Investment Management (Australia) Limited, the Responsible Entity of the BlackRock Professional Investor Funds, present their report together with the financial statements of BlackRock Professional Investor Funds ("the Funds"), for the financial year ended 30 June 2011 and the auditor's report thereon. The BlackRock Professional Investor Funds comprise BlackRock Professional Investor Managed Income Fund, BlackRock Professional Investor Australian Share Fund, BlackRock Professional Investor Global High Conviction Fund and BlackRock Professional Investor Balanced Fund.

Fund Objectives

BlackRock Professional Investor Managed Income Fund

The BlackRock Professional Investor Managed Income Fund is fully invested in the BlackRock Wholesale Managed Income Fund.

The primary aim of the BlackRock Wholesale Managed Income Fund is to provide investors with a regular monthly income and some capital growth. The Fund aims to outperform the benchmark asset allocation returns over rolling three-year periods.

BlackRock Professional Investor Australian Share Fund

The BlackRock Professional Investor Australian Share Fund is fully invested in the BlackRock Wholesale Australian Share Fund.

The Fund has two aims: to achieve capital growth over the long-term through investment in Australian shares and other securities and to provide investors with some tax-effective income through the distribution of franking credits. Overall, we aim to achieve this goal by outperforming the S&P/ASX 200 Accumulation Index over rolling five year periods.

BlackRock Professional Investor Global High Conviction Fund

The BlackRock Professional Investor Global High Conviction Fund is fully invested in the BlackRock Wholesale Global High Conviction Fund.

The primary aim of the Fund is to achieve capital growth over the longer term (5 years or more) by investing in a select portfolio of international shares. The Fund aims to outperform the MSCI World Index excluding Australia (unhedged in Australian Dollars) (before fees).

BlackRock Professional Investor Balanced Fund

The BlackRock Professional Investor Balanced Fund is fully invested in the BlackRock Wholesale Balanced Fund.

The investment objective of the Fund is to provide investors with the highest possible returns consistent with a "balanced" investment strategy.

Principal Activities

The Funds invested in accordance with the provisions of the Funds' Constitutions.

The Funds did not have any employees during the year.

There were no significant changes in the nature of the Funds activities during the year.

Directors

The following persons held office as directors of BlackRock Investment Management (Australia) Limited during the year or since the end of the year and up to the date of this report:

Director	Date appointed	Date resigned
D Frawley	Appointed 18 March 2005	
G A Boyle	Appointed 7 March 2007	Resigned 12 May 2011
C Tzatzakis	Appointed 11 September 2007	
R Bhagat	Appointed 2 December 2009	Resigned 9 September 2011
M S McCorry	Appointed 2 December 2009	
H Capra	Appointed 23 May 2011	

Directors' Report (continued)

Review and Results of Operations

During the year, the Funds continued to invest funds in accordance with target asset allocations as set out in the governing documents of the Funds and in accordance with the provisions of the Funds' Constitutions.

Results

The performance of the Funds, are represented by the results of the operations as follows:

	30 June 2011	30 June 2010
	\$	\$
BlackRock Professional Investor Managed Income Fund		
- Operating profit/(loss) before financing costs attributable to unitholder	102,925	126,356
- Distributions paid and payable	93,976	71,018
BlackRock Professional Investor Australian Share Fund		
- Operating profit/(loss) before financing costs attributable to unitholder	1,144,975	1,547,248
- Distributions paid and payable	1,365,190	631,038
BlackRock Professional Investor Global High Conviction Fund		
- Operating profit/(loss) before financing costs attributable to unitholder	68,359	16,012
- Distributions paid and payable	-	-
BlackRock Professional Investor Balanced Fund		
- Operating profit/(loss) before financing costs attributable to unitholder	454,993	560,324
- Distributions paid and payable	247,788	85,206

Returns

The table below demonstrates the performance of the Funds as represented by the total return.

Fund	Returns*		
	1 Year % p.a.	3 Year % p.a.	5 Year % p.a.
BlackRock Professional Investor Managed Income Fund	8.04	(2.29)	(0.20)
BlackRock Professional Investor Australian Share Fund	7.48	(1.29)	1.90
BlackRock Professional Investor Global High Conviction Fund	7.17	(3.04)	(2.59)
BlackRock Professional Investor Balanced Fund	7.35	0.28	1.73

* Returns (after-fees) are calculated on the assumption that all distributions are reinvested in the Funds, and include the effect of compounding.

Directors' Report (continued)

Reconciliation of Net Asset Value for Unit Pricing Purposes to Financial Reporting Purposes

The key differences between net assets for unit pricing and net assets attributable to Unitholders as reported in the financial statements prepared under Australian Accounting Standards have been outlined below:

	<u>BlackRock Professional Investor Managed Income Fund</u>		<u>BlackRock Professional Investor Australian Share Fund</u>	
	Year ended		Year ended	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	\$	\$	\$	\$
Net Assets for Unit Pricing purposes	1,332,567	1,363,392	12,863,315	15,126,477
<i>Permanent Differences</i>				
Difference between net market value (for unit pricing) and fair value (for financial statements) of financial assets held at fair value through profit or loss	(727)	(772)	(34,869)	(41,534)
<i>Timing Differences</i>				
Distribution Payable	(17,146)	(7,358)	(1,207,823)	(334,955)
Other	<u>5</u>	<u>-</u>	<u>3</u>	<u>(47)</u>
Net Assets Attributable to Unitholders as at 30 June	<u>1,314,699</u>	<u>1,355,262</u>	<u>11,620,626</u>	<u>14,749,941</u>

	<u>BlackRock Professional Investor Global High Conviction Fund</u>		<u>BlackRock Professional Investor Balanced Fund</u>	
	Year ended		Year ended	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	\$	\$	\$	\$
Net Assets for Unit Pricing purposes	719,586	978,232	5,924,555	6,606,173
<i>Permanent Differences</i>				
Difference between net market value (for unit pricing) and fair value (for financial statements) of financial assets held at fair value through profit or loss	(1,799)	(2,517)	(9,981)	(11,792)
<i>Timing Differences</i>				
Distribution Payable	-	-	(208,437)	(65,678)
Other	<u>4</u>	<u>(4)</u>	<u>(2)</u>	<u>(54)</u>
Net Assets Attributable to Unitholders as at 30 June	<u>717,791</u>	<u>975,711</u>	<u>5,706,135</u>	<u>6,528,649</u>

Changes in State of Affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Funds that occurred during the financial year under review.

Matters Subsequent to the end of the financial year

Except as disclosed in the financial statements, no matters or circumstances have arisen since 30 June 2011 that have significantly affected, or may significantly affect:

- (i) the operations of the Funds in future financial years; or
- (ii) the results of those operations in future financial years; or
- (iii) the state of affairs of the Funds in future financial years.

Directors' Report (continued)

Likely Developments and Expected Results of Operations

The Funds will continue to be managed in accordance with their investment objectives and guidelines as set out in the governing documents of the Funds and in accordance with the provisions of their Constitutions.

The results of the Funds' operations will be affected by a number of factors including the performance of investment markets in which the Funds invest. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Further information on likely developments in the operations of the Fund and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Funds.

Indemnification & Insurance of Officers & Auditor

No insurance premiums are paid for out of the assets of the Funds in regards to insurance cover provided to either the officers of BlackRock Investment Management (Australia) Limited or the auditor of the Funds. So long as the officers of BlackRock Investment Management (Australia) Limited act in accordance with the Funds' Constitutions and the Law, the officers remain indemnified out of the assets of the Funds against losses incurred while acting on behalf of the Funds.

Fees paid and Interests held in the Funds by the Responsible Entity or its Associates

Fees paid to the Responsible Entity and its associates out of Fund property during the year are disclosed in Note 7 of the financial statements.

No fees were paid out of Fund property to the directors of the Responsible Entity during the year (2010: nil). Pursuant to ASIC Class Order relief, the Responsible Entity may individually negotiate fees with certain sophisticated or professional investors.

The number of interests in the Funds held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 7 of the financial statements.

Interests in the Funds

The movement in units on issue in the Funds during the year are disclosed in Note 4 of the financial statements.

Value of Assets

The value of the Funds' assets and liabilities is disclosed on the Balance Sheets and derived using the basis set out in Note 2 of the financial statements.

Environmental Regulations

The operations of the Funds are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Additional Disclosures

The Funds have applied the relief available in Class Order 98/2395 issued by the Australian Securities & Investments Commission in the preparation of this report. Accordingly, the additional information otherwise required to be included in the directors' report has been disclosed in Notes 4, 6 and 7 to the financial statements.

Auditor

Deloitte Touche Tohmatsu continues in office in accordance with section 327 of the Corporations Act 2001.

Directors' Report (continued)

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 6.

The financial statements were authorised for issue by the director on 27 September 2011.

This report is made in accordance with a resolution of the directors.

Director
H Capra

Director
D Frawley

Sydney,
27 September 2011

The Board of Directors
BlackRock Investment Management (Australia) Limited
120 Collins Street
Melbourne VIC 3000

**Independence Declaration - BlackRock Professional Investor Managed Income Fund,
BlackRock Professional Investor Australian Share Fund,
BlackRock Professional Investor Global High Conviction Fund and
BlackRock Professional Investor Balanced Fund**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of BlackRock Investment Management (Australia) Limited, the Responsible Entity of the BlackRock Professional Investor Managed Income Fund, BlackRock Professional Investor Australian Share Fund, BlackRock Professional Investor Global High Conviction Fund and BlackRock Professional Investor Balanced Fund.

As lead audit partner for the audit of the financial statements of BlackRock Professional Investor Managed Income Fund, BlackRock Professional Investor Australian Share Fund, BlackRock Professional Investor Global High Conviction Fund and BlackRock Professional Investor Balanced Fund for the financial year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Neil Brown
Partner
Chartered Accountants
Melbourne, 27 September 2011

Balance Sheets

		<u>BlackRock Professional Investor Managed Income Fund</u>		<u>BlackRock Professional Investor Australian Share Fund</u>	
		2011	2010	2011	2010
		\$	\$	\$	\$
Assets					
Cash and Cash Equivalents	5(a)	-	-	12	-
Receivables from Related Schemes	7	12,083	7,525	196,779	154,791
Other Receivables		418	206	3,482	1,850
Financial Assets held at Fair Value Through Profit or Loss					
Units in Related Schemes	7	1,320,988	1,356,587	12,644,267	14,947,775
Other assets		-	-	-	-
Total Assets		<u>1,333,489</u>	<u>1,364,318</u>	<u>12,844,540</u>	<u>15,104,416</u>
Liabilities					
Distribution Payable	6	17,146	7,358	1,207,823	334,955
Accounts Payable and Accrued Expenses		1,644	1,698	16,091	19,520
Total Liabilities (Excluding Net Assets Attributable To Unitholders)		<u>18,790</u>	<u>9,056</u>	<u>1,223,914</u>	<u>354,475</u>
Net Assets Attributable to Unitholders (Liability)	4	<u>1,314,699</u>	<u>1,355,262</u>	<u>11,620,626</u>	<u>14,749,941</u>
Net Assets		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

		<u>BlackRock Professional Investor Global High Conviction Fund</u>		<u>BlackRock Professional Investor Balanced Fund</u>	
		2011	2010	2011	2010
		\$	\$	\$	\$
Assets					
Cash and Cash Equivalents	5(a)	-	-	7	-
Receivables from Related Schemes	7	824	14,961	227,299	117,033
Other Receivables		238	144	1,509	782
Financial Assets held at Fair Value Through Profit or Loss					
Units in Related Schemes	7	717,655	961,950	5,693,026	6,514,956
Other assets		-	-	-	-
Total Assets		<u>718,717</u>	<u>977,055</u>	<u>5,921,841</u>	<u>6,632,771</u>
Liabilities					
Distribution Payable	6	-	-	208,437	65,678
Accounts Payable and Accrued Expenses		926	1,344	7,269	38,444
Total Liabilities (Excluding Net Assets Attributable To Unitholders)		<u>926</u>	<u>1,344</u>	<u>215,706</u>	<u>104,122</u>
Net Assets Attributable to Unitholders (Liability)	4	<u>717,791</u>	<u>975,711</u>	<u>5,706,135</u>	<u>6,528,649</u>
Net Assets		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The above Balance Sheets should be read in conjunction with the accompanying notes.

Statements of Comprehensive Income

	BlackRock Professional Investor Managed Income Fund		BlackRock Professional Investor Australian Share Fund	
	2011	2010	2011	2010
	\$	\$	\$	\$
Investment Income				
Net Gain/(Loss) on Financial Assets held at Fair Value through Profit or Loss	21,974	63,902	816,927	1,147,435
Distributions from Related Schemes 7	88,738	70,573	393,964	474,975
Fee Rebates from Related Schemes 7(c)	10,594	10,843	139,974	158,502
Other Operating Income	<u>132</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Investment Income/(Loss)	<u>121,438</u>	<u>145,318</u>	<u>1,350,865</u>	<u>1,780,912</u>
Expenses				
Responsible Entity's Fees 7(a)	18,513	18,959	205,767	233,582
Other Operating Expenses	<u>-</u>	<u>3</u>	<u>123</u>	<u>82</u>
Total Operating Expenses	<u>18,513</u>	<u>18,962</u>	<u>205,890</u>	<u>233,664</u>
Net Operating Profit/(Loss)	<u>102,925</u>	<u>126,356</u>	<u>1,144,975</u>	<u>1,547,248</u>
Financing Costs Attributable to Unitholders				
Distributions to Unitholders 6	93,976	71,018	1,365,190	631,038
Increase/(Decrease) in Net Assets Attributable to Unitholders 4	<u>8,949</u>	<u>55,338</u>	<u>(220,215)</u>	<u>916,210</u>
Net Profit/(Loss) for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Comprehensive Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Comprehensive Income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The above Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

BlackRock Professional Investor Funds
Statements of Comprehensive Income
For the year ended 30 June 2011

	BlackRock Professional Investor Global High Conviction Fund		BlackRock Professional Investor Balanced Fund	
	2011	2010	2011	2010
	\$	\$	\$	\$
Investment Income				
Net Gain/(Loss) on Financial Assets held at Fair Value through Profit or Loss	73,236	7,743	207,144	476,026
Distributions from Related Schemes 7	40	14,113	275,690	116,104
Fee Rebates from Related Schemes 7(c)	8,513	10,096	59,087	67,207
Other Operating Income	-	-	61	-
Total Investment Income/(Loss)	<u>81,789</u>	<u>31,952</u>	<u>541,982</u>	<u>659,337</u>
Expenses				
Responsible Entity's Fees 7(a)	13,430	15,939	86,989	99,011
Other Operating Expenses	-	1	-	2
Total Operating Expenses	<u>13,430</u>	<u>15,940</u>	<u>86,989</u>	<u>99,013</u>
Net Operating Profit/(Loss)	<u>68,359</u>	<u>16,012</u>	<u>454,993</u>	<u>560,324</u>
Financing Costs Attributable to Unitholders				
Distributions to Unitholders 6	-	-	247,788	85,206
Increase/(Decrease) in Net Assets Attributable to Unitholders 4	<u>68,359</u>	<u>16,012</u>	<u>207,205</u>	<u>475,118</u>
Net Profit/(Loss) for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The above Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

Statements of Cash Flows

	BlackRock Professional Investor Managed Income Fund		BlackRock Professional Investor Australian Share Fund	
	2011	2010	2011	2010
	\$	\$	\$	\$
Cash Flows from Operating Activities				
Proceeds from Sale of Financial Instruments held at Fair Value through Profit or Loss	184,475	62,128	3,517,710	1,453,399
Purchase of Financial Instruments held at Fair Value through Profit or Loss	(126,899)	(185,366)	(397,274)	(699,287)
Distributions from Related Schemes	84,061	69,905	348,929	501,557
Responsible Entity Fee Rebates Received	-	10,698	-	157,518
Responsible Entity Fees Paid	(7,874)	(18,705)	(66,276)	(232,133)
Operating Expenses Paid	(63)	(40)	(1,655)	(397)
Net Cash Inflow/(Outflow) from Operating Activities	133,700	(61,380)	3,401,434	1,180,657
	5(b)			
Cash Flows from Financing Activities				
Proceeds from Applications by Unitholders	43,545	114,872	146,511	208,000
Payments for Redemptions by Unitholders	(124,295)	(10,025)	(3,293,547)	(1,148,692)
Distributions Paid	(52,950)	(43,467)	(254,386)	(239,970)
Net Cash Inflow/(Outflow) from Financing Activities	(133,700)	61,380	(3,401,422)	(1,180,662)
Net Increase/(Decrease) in Cash and Cash Equivalents	-	-	12	(5)
Cash and Cash Equivalents at the beginning of the financial year	-	-	-	5
Cash and Cash Equivalents at the end of the financial year	-	-	12	-
	5(a)			
Non-cash Financing Activities	31,238	25,883	237,936	207,445
	5(c)			

The above Statements of Cash Flows should be read in conjunction with the accompanying notes.

BlackRock Professional Investor Funds
Cash Flow Statements
For the year ended 30 June 2011

	BlackRock Professional Investor Global High Conviction Fund		BlackRock Professional Investor Balanced Fund	
	2011	2010	2011	2010
	\$	\$	\$	\$
Cash Flows from Operating Activities				
Proceeds from Sale of Financial Instruments held at Fair Value through Profit or Loss	341,401	95,084	1,287,565	684,416
Purchase of Financial Instruments held at Fair Value through Profit or Loss	(23,870)	(98,910)	(228,492)	(233,477)
Distributions from Related Schemes	14,961	74,495	134,293	84,024
Responsible Entity Fee Rebates Received	-	10,243	-	66,990
Responsible Entity Fees Paid	(6,120)	(16,183)	(27,883)	(98,696)
Operating Expenses Paid	(93)	31	(727)	(77)
Net Cash Inflow/(Outflow) from Operating Activities	326,279	64,760	1,164,756	503,180
	5(b)			
Cash Flows from Financing Activities				
Proceeds from Applications by Unitholders	1,998	12,213	93,527	152,042
Payments for Redemptions by Unitholders	(328,277)	(55,220)	(1,202,366)	(626,447)
Distributions Paid	-	(21,753)	(55,910)	(28,775)
Net Cash Inflow/(Outflow) from Financing Activities	(326,279)	(64,760)	(1,164,749)	(503,180)
Net Increase/(Decrease) in Cash and Cash Equivalents	-	-	7	-
Cash and Cash Equivalents at the beginning of the financial year	-	-	-	-
Cash and Cash Equivalents at the end of the financial year	-	-	7	-
	5(a)			
Non-cash Financing Activities	-	32,139	49,119	23,678
	5(c)			

The above Statements of Cash Flows should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

	<u>BlackRock Professional Investor Managed Income Fund</u>		<u>BlackRock Professional Investor Australian Share Fund</u>	
	2011	2010	2011	2010
	\$	\$	\$	\$
Total Equity at the Beginning of the Financial Year	-	-	-	-
Profit/(Loss) for the year	-	-	-	-
Other Comprehensive Income for the year	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-
Transactions with owners in their capacity as owners	-	-	-	-
Total Equity at the End of the Financial Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>BlackRock Professional Investor Global High Conviction Fund</u>		<u>BlackRock Professional Investor Balanced Fund</u>	
	2011	2010	2011	2010
	\$	\$	\$	\$
Total Equity at the Beginning of the Financial Year	-	-	-	-
Profit/(Loss) for the year	-	-	-	-
Other Comprehensive Income for the year	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-
Transactions with owners in their capacity as owners	-	-	-	-
Total Equity at the End of the Financial Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a financial liability rather than equity. As a result there was no equity at the start or end of the year.

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

NOTE 1: GENERAL INFORMATION

These financial statements cover the BlackRock Professional Investor Managed Income Fund, BlackRock Professional Investor Australian Share Fund, BlackRock Professional Investor Global High Conviction Fund and BlackRock Professional Investor Balanced Fund (“the Funds”) as individual entities. The Funds were constituted on 10 August 1999.

The Responsible Entity of the Funds is BlackRock Investment Management (Australia) Limited (the “Responsible Entity”). The Responsible Entity’s registered office is 120 Collins Street, Melbourne, VIC, 3000.

The financial statements were authorised for issue by the directors on 27 September 2011. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated in the following text.

(a) Statement of Compliance and Basis of Preparation

These financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and the *Corporations Act 2001* in Australia.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The Balance Sheets are presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders. The amount expected to be recovered or settled within twelve months after the end of each reporting period cannot be reliably determined.

Compliance with International Financial Reporting Standards

The financial statements of the Funds and consolidated entities also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(b) Financial Instruments

(i) Classification

The Fund's investments are classified as held at fair value through the profit or loss. They comprise:

- Financial Instruments held for Trading

Derivative financial instruments such as futures, options, swaps, and forward contracts are included under this classification. The Funds' do not designate any derivatives as hedging instruments in a hedging relationship.

- Financial Instruments held at Fair Value through Profit or Loss at inception.

These include financial assets that are not held for trading purposes and which may be sold. These are investments in listed equity, listed unit trusts, unlisted unit trusts and fixed interest securities.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Funds’ documented investment strategy. The Funds’ policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

(ii) Recognition/Derecognition

The Funds recognise financial assets and liabilities on the date they become party to the contractual agreement (trade date) and recognise changes in fair value of the financial assets and liabilities from this date.

Investments are derecognised when the rights to receive cashflows from the investments have expired or the Funds have transferred substantially all risks and rewards of ownership.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(iii) Measurement

Financial assets and liabilities held at fair value through profit or loss

Financial assets and liabilities held at fair value through the profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statements of Comprehensive Income.

- Fair value in an active market

The fair value of financial assets and liabilities traded in an active market is based on their quoted market prices at the balance sheet date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices while financial liabilities are priced at current asking prices.

- Fair value in an inactive or unquoted market

The fair value of financial assets and liabilities that are not exchange traded in an active market are determined using valuation techniques. Accordingly, there may be a difference between the fair value at initial recognition and amounts determined using a valuation technique. If such differences exist, the Funds recognise the difference in the Statements of Comprehensive Income to reflect a change in factors, including time, that market participants would consider in setting a price.

Investments in other unlisted unit trusts are recorded at the redemption value per unit as reported by the Responsible Entity of such trusts.

(c) Net Assets Attributable to Unitholders

The units are redeemable at any time at the option of the unitholder. Further to the obligation to redeem the units upon request, the Funds are required to fully distribute all taxable income, both obligations resulting in the units being classified as financial liabilities in accordance with AASB 132 Financial Instruments: Presentation. The units are presented as financial liabilities in the balance sheet and referred to as 'Net assets attributable to unitholders'. The units can be put back to the Funds at any time for cash equal to a proportionate share of the Funds' net asset value. The fair value of redeemable units is measured at the redemption amount that is payable at the balance sheet date if unitholders exercised their right to put the units back to the Funds. Because the Funds' redemption unit prices are based on different valuation principles to that applied in financial reporting, a valuation difference may exist. Changes in the value of this financial liability are recognised in the Statements of Comprehensive Income.

(d) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown as liabilities on the Balance Sheets.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Funds' main income generating activity.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Investment Income and Expenses

Interest income and expenses are recognised in the Statements of Comprehensive Income for all fixed interest securities using the effective interest method. Interest income on assets held at fair value through profit or loss is included in the net gains/(losses) on financial instruments. Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 2(c).

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Funds estimate cash flows, considering all contractual terms of the financial instrument (for example, prepayment options), but do not consider future credit losses.

The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Dividend income is recognised on the ex dividend date. The Funds may incur withholding tax imposed by certain countries on investment income. Such income is recorded net of withholding tax on the Statements of Comprehensive Income. If a portion of the foreign withholding taxes is reclaimable, it is recorded as an asset.

Dividends declared on securities sold short are recorded as a dividend expense on the ex-dividend date.

Trust distributions are recognised on an entitlements basis.

(f) Expenses

All expenses, including Responsible Entity's fees are recognised in Statements of Comprehensive Income on an accruals basis.

(g) Income tax

Under current taxation legislation, the Funds are not subject to income tax provided the taxable income of the Funds is distributed either by way of cash or reinvestment (i.e. unitholders are presently entitled to the income of the Funds).

The benefits of imputation credits and foreign tax paid are passed on to unitholders.

The Funds currently incur withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the Statements of Comprehensive Income.

(h) Distributions

In accordance with the Funds' Constitutions, the Funds distribute their distributable (taxable) income and any other amounts determined by the Responsible Entity, to the unitholders by cash or reinvestment. Distributions are recognised in the Statements of Comprehensive Income as finance costs attributable to unitholders.

(i) Increase/Decrease in Net Assets Attributable to Unitholders

Non-distributable income is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the Statements of Comprehensive Income as financing costs.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Foreign Currency Translation

(i) Functional and Presentation Currency

Items included in the Funds' financial statements are measured using the currency of the primary economic environment in which they operate (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Funds compete for funds and are regulated. The Australian dollar is also the Funds' presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statements of Comprehensive Income.

The Funds do not isolate any portion of gains or losses on financial instruments which is due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included with the net gains or losses on financial instruments at fair value through profit or loss.

(k) Receivables

Receivables may include amounts for dividends, interest, trust distributions and amounts due from brokers. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the balance sheet date from the time of the last payment using the effective interest rate method. Amounts due from brokers represent receivables for securities that have been contracted for but not yet delivered by balance sheet date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Funds will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency on payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the Statements of Comprehensive Income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Statements of Comprehensive Income.

(l) Payables

Payables include amounts due to brokers, liabilities and accrued expenses owing by the Funds which are unpaid as at balance date. Trades are recorded on trade date, and normally settled within three business days. Purchases of securities and investments that are unsettled at reporting date are included in payables.

The distribution amount payable to unitholders as at the reporting date is recognised separately on the Balance Sheets as unitholders are presently entitled to the distributable income as at 30 June 2011 under the Funds' Constitutions.

(m) Applications and Redemptions

Applications received for units in the Funds are recorded net of any entry fees payable prior to the issue of units in the Funds. Redemptions from the Funds are recorded at gross of any exit fees payable after the cancellation of units redeemed.

Unit redemption prices are determined by reference to the net assets for unit pricing purposes of the Funds divided by the number of units on issue at or immediately prior to close of business each day. Issue and redemptions of units are processed simultaneously.

(n) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Funds such as Responsible Entity fees, audit fees, custody fees and other expenses, have been passed onto the Funds. The Funds qualify for Reduced Input Tax Credits (RITC's) at a rate of 75% hence Responsible Entity fees, audit fees, custody fees and other expenses have been recognised in the Statements of Comprehensive Income net of the amount of GST recoverable from the Australian Tax Office ("ATO"). Accounts Payable and Accrued Expenses are stated inclusive of GST. The net amount of GST recoverable from the ATO is included in Other Receivables in the Balance Sheets. Cash flows relating to GST are included in the Statements of Cash Flow on a gross basis.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Use of Estimates

The Funds make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the majority of the Funds' financial instruments, quoted market prices are readily available. However, certain financial instruments, for example over-the-counter derivatives or unquoted securities are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Responsible Entity, independent of the area that created them. Models are calibrated by back-testing to actual transactions to ensure that outputs are reliable.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain other financial instruments, including amounts due from/to brokers and payables, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

(p) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The directors' assessment of the impact of these new standards (to the extent relevant to the Funds) and interpretations is set out below:

- (i) AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010 Amendment to Australian Accounting Standards arising from AASB 9 (December 2010)* (effective from 1 January 2013)

AASB9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption.

AASB 9 permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not traded.

The Funds have not yet decided when to adopt AASB 9. Management does not expect this will have a significant impact on the Funds' financial statements as the Funds do not hold any available-for-sale investments.

- (ii) Revised AASB 124 *Related Party Disclosures* and AASB 2009-12 *Amendments to Australian Accounting Standards* (effective from 1 January 2011)

In December 2009 the AASB issued a revised AASB 124 *Related Party Disclosures*. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party and removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities. The Funds will apply the amended standard from 1 July 2011. The amendments will not have any effect of the Funds' financial statements.

- (iii) AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on transfers of Financial Assets* (effective for annual reporting periods beginning on or after 1 July 2011)

In November 2010, the AASB issued AASB 2010-6 *Disclosures on Transfers of Financial Assets* which amends AASB 1 *First-time Adoption of Australian Accounting* and AASB7 *Financial Instruments: Disclosures* to introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. The amendments will not have any impact on the Funds' disclosures. The Funds intend to apply the amendment from 1 July 2011.

- (iv) Amendments to AASB2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* (effective for annual reporting periods beginning on or after 1 July 2010 / 1 January 2011)

In June 2010, the AASB made a number of amendments to Australian Accounting Standards as a result of the IASB's annual improvements project. The Funds do not expect that any adjustments will be necessary as the result of applying the revised rules.

- (v) *IFRS 13 Fair Value Measurement (effective 1 January 2013)*

IFRS 13 was released in May 2011. The AASB is expected to issue an equivalent Australian standard shortly. IFRS 13 explains how to measure fair value and aims to enhance fair value disclosures. The Funds have yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The Funds do not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

NOTE 3: FINANCIAL RISK MANAGEMENT

The Funds' activities expose them to a variety of financial risks: credit risk, liquidity risk and market risk (including price risk, currency risk and interest rate risk). The Funds' overall risk management programmes focus on ensuring compliance with the Funds' Product Disclosure Statements and seek to maximise the returns derived for the level of risk to which the Funds are exposed. The Funds may use derivative financial instruments to moderate and create certain risk exposures. Financial risk management is carried out by the Investment Risk Management Committee (IRMC) under policies approved by the Board of Directors of the Responsible Entity (the Board).

The Funds use different methods to measure different types of risk to which they are exposed. These methods include Value at Risk ("VaR") analysis in the case of interest rate, foreign exchange and other price risks and ratings analysis for credit risk. VaR Analysis is explained in Note 3(b).

(a) Market Risk

(i) Price Risk

The Funds are exposed to price risk. This arises from investments held by the Funds for which prices in the future are uncertain. They are classified on the Balance Sheets as fair value through profit or loss. Where non monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates. Note 3 (a) (ii) below sets out how this component of price and risk is managed and measured. Investments are classified in the Balance Sheets as at fair value through profit or loss. All securities investments present a risk of loss of capital. Except for equities sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from equities sold short can be unlimited.

Market risk is managed and monitored by the Responsible Entity on a portfolio basis, with risks managed through ensuring that investment activities are undertaken in accordance with the Funds' investment model which is reviewed and updated regularly.

The Responsible Entity continuously monitors the Funds' holdings relative to the recommended portfolio, and the exposure of the Funds is monitored to ensure that they remain within designated ranges or asset allocation constraints, taking into account any derivative position being used to manage risks.

In addition, the IRMC regularly reviews the Funds to ensure the Funds are following the appropriate investment models, its portfolio is in accordance with its stated guidelines and restrictions, and the performance of the Funds remain in expected bounds.

The summarised VaR analysis in Note 3 (b) explains how the risk is measured and summarises the potential exposure of the Fund's net assets attributable to unitholders.

(ii) Foreign Exchange Risk

The Funds do not have any direct exposure to foreign exchange risk based on the Funds' direct investments. This disclosure has not been made on a look through basis for investments held indirectly through the underlying funds. The disclosure of foreign exchange risk may not present the true foreign exchange risk profile of the Funds where the underlying fund has significant exposure to foreign exchange risk.

(iii) Interest Rate Risk

The Funds do not have any direct exposure to interest rate risk based on the Funds' direct investments. This disclosure for the BlackRock Professional Investor Managed Income Fund, BlackRock Professional Investor Australian Share Fund, BlackRock Professional Investor Global High Conviction Fund and BlackRock Professional Investor Balanced Fund has not been made on a look through basis for investments held indirectly through the underlying funds. The disclosure of interest rate risk may not present the true interest rate risk profile of the Funds where the underlying fund has significant exposure to interest rate risk.

(b) Summarised VaR Analysis

Value at Risk (VaR) is a risk model used to estimate the potential losses that could occur on the Funds' net asset value position due to movements in interest rates, currency and market prices over a given period and for a specified degree of confidence.

BlackRock uses VaR analysis and/or tracking error estimates to measure and manage risk as these are commonly used and understood models, are easily interpreted and are consistent across different types, asset classes and types of Funds. For the purpose of these accounts VaR analysis has been presented, in some classes derived from tracking estimates. The objective in all cases is to estimate potential losses and manage the downside risk.

NOTE 3: FINANCIAL RISK MANAGEMENT (continued)

The tables below summarise the outputs of the VaR model in relation to interest rate, currency and price risk exposures. The total VaR figures are not the sum of individual risk components as this does not include correlations between the different risk factors.

BlackRock calculate VaR relative to the Funds' benchmarks. The analysis implies that the Manager can be 95% confident that the value of the portfolio will not decrease by any more than the figures in the table below relative to a portfolio of the same value as the Funds' portfolios which replicates the composition of the benchmark over the 5 day period from 30 June.

Value at Risk for BlackRock Professional Investor Managed Income Fund

	2011*		2010*	
	\$	%	\$	%
Total Portfolio Risk	4,723	0.36	16,388	1.39

Value at Risk for BlackRock Professional Investor Australian Share Fund

	2011*		2010*	
	\$	%	\$	%
Total Portfolio Risk	48,807	0.42	59,000	0.40

Value at Risk for BlackRock Professional Investor Global High Conviction Fund

	2011*		2010*	
	\$	%	\$	%
Total Portfolio Risk	8,757	1.22	9,367	0.96

Value at Risk for BlackRock Professional Investor Balanced Fund

	2011*		2010*	
	\$	%	\$	%
Total Portfolio Risk	15,977	0.28	20,892	0.32

* VaR has been calculated on Net Assets Attributable to Unitholders before rounding.

Detailed information about the models

There are a number of different VaR models used within the Funds Management industry. BlackRock uses one or more of ex-ante and ex-post estimates of portfolio risk relative to benchmark and the Monte Carlo simulation model depending on the fund type. Models are calculated using historical data and a covariance matrix where applicable.

NOTE 3: FINANCIAL RISK MANAGEMENT (continued)

The models used by BlackRock have the following features:

- VaR is calculated to a 95 per cent confidence level. VaR at a confidence level identifies the maximum expected loss under that confidence level;
- VaR is calculated for a 5 day holding. The time horizon of five days is selected to coincide with the period used to analyse the portfolio positions. The risk data is examined in various daily, weekly and monthly forums;
- The portfolio VaR is not the simple sum of the individual asset stand alone VaRs; the correlations among assets in the portfolio are considered.

Although VaR is a valuable risk management tool it should be interpreted, as with all predictive models, with consideration to its assumptions and limitations. The main assumptions and limitations are listed below:

- Models assume certain financial variables are normally distributed: The normality assumption allows BlackRock to scale portfolio risk estimates to the appropriate confidence levels. The normality assumption is derived from statistical analysis for examining sample populations of observations and the implications of not assuming normality would preclude the use of most statistical tools including mainstream commercial models for risk measurement.
- The use of historical returns and correlations between assets would not take into account future potential events: It is a commonly stated and well-recognised limitation that past performance is not a reliable indicator of future performance.
- Model risk, in general terms, is a known limitation that includes: the quality or accuracy of the underlying data, where significant events occur within the data, the changing sensitivity of the Funds' assets to external market factors over time, and appreciating that using only one model may be limiting in itself to obtaining the best understanding of a Funds' risk position.

BlackRock acknowledges these limitations and thus compares ex-ante to ex-post risk estimates to review expectations versus actual outcomes. Should ex-post values differ significantly from ex-ante returns, an assessment of the reasons for this will be made.

The Funds' risk is managed with constant review of both performance and risk numbers by the investment professionals within the business. These reviews consist of:

- Weekly meetings between the global members of Risk & Quantitative Analysis (RQA). These meetings include RQA Australia.
- Monthly meetings between RQA and the Fund Managers.
- Monthly meetings between RQA and the Chief Investment Officer.
- Ad hoc presentations to the Investment Risk Management Committee (IRMC) to keep IRMC abreast of RQA processes and latest updates.
- Daily report of performance figures along with a comparison of ex-ante versus ex-post returns sent to RQA London.
- RQA professionals sitting and working closely with the Fund Managers every day.

(c) Credit Risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part, when they fall due.

Credit risk primarily arises from investments in debt instruments and from trading derivative products. Other credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions and amounts due from brokers. None of these assets are impaired nor past due but not impaired.

Market prices generally incorporate credit risk assessments into valuations and risk of loss is implicitly provided for in the carrying value of financial assets and liabilities as they are marked to market.

NOTE 3: FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity and Cash Flow Risk

Liquidity risk is the risk that the Funds may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Funds are exposed to daily cash redemptions of redeemable units. The liquidity risks associated with the need to satisfy unitholders' requests for redemptions are mitigated by maintaining adequate liquidity to satisfy usual redemption volumes and restricting the investment activities of the Funds to securities that are actively traded and highly liquid. The Funds also maintain continuous monitoring of forecast and actual cashflows and matching the maturity profiles of financial assets and liabilities.

The Responsible Entity staff consider and maintain the liquidity of the Funds, in the context of the investment objectives and liquidity requirements of the Funds. Operational procedures are in place to review margin requirements on futures contracts. IRMC reviews liquidity reports to ensure the Funds have sufficient liquidity to pay client redemptions and meet margin calls as required.

The table below analyses the Funds' financial liabilities and derivative balances (as appropriate) into relevant maturity groupings based on the remaining period to the earliest possible contractual maturity date as at balance date. The amounts in the table are the contractual undiscounted cash flows. Balances that are due within 12 months equal their carrying balances, as the impact of discounting is not significant.

BlackRock Professional Investor Managed Income Fund

	Less than 12 months	1-3 years	3-5 years	>5 years	On Call
At 30 June 2011	\$	\$	\$	\$	\$
Distribution Payable	(17,146)	-	-	-	-
Accounts Payable and Accrued Expenses	(1,644)	-	-	-	-
Net Assets Attributable to Unitholders	-	-	-	-	(1,314,699)
Total	<u>(18,790)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,314,699)</u>
At 30 June 2010	\$	\$	\$	\$	\$
Distribution Payable	(7,358)	-	-	-	-
Accounts Payable and Accrued Expenses	(1,698)	-	-	-	-
Net Assets Attributable to Unitholders	-	-	-	-	(1,355,262)
Total	<u>(9,056)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,355,262)</u>

BlackRock Professional Investor Australian Share Fund

	Less than 12 months	1-3 years	3-5 years	>5 years	On Call
At 30 June 2011	\$	\$	\$	\$	\$
Distribution Payable	(1,207,823)	-	-	-	-
Accounts Payable and Accrued Expenses	(16,091)	-	-	-	-
Net Assets Attributable to Unitholders	-	-	-	-	(11,620,626)
Total	<u>(1,223,914)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,620,626)</u>
At 30 June 2010	\$	\$	\$	\$	\$
Distribution Payable	(334,955)	-	-	-	-
Accounts Payable and Accrued Expenses	(19,520)	-	-	-	-
Net Assets Attributable to Unitholders	-	-	-	-	(14,749,941)
Total	<u>(354,475)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,749,941)</u>

NOTE 3: FINANCIAL RISK MANAGEMENT (continued)

BlackRock Professional Investor Global High Conviction Fund

	Less than 12 months	1-3 years	3-5 years	>5 years	On Call
At 30 June 2011	\$	\$	\$	\$	\$
Distribution Payable	-	-	-	-	-
Accounts Payable and Accrued Expenses	(926)	-	-	-	-
Net Assets Attributable to Unitholders	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(717,791)</u>
Total	<u>(926)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(717,791)</u>
At 30 June 2010	\$	\$	\$	\$	\$
Distribution Payable	-	-	-	-	-
Accounts Payable and Accrued Expenses	(1,344)	-	-	-	-
Net Assets Attributable to Unitholders	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(975,711)</u>
Total	<u>(1,344)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(975,711)</u>

BlackRock Professional Investor Balanced Fund

	Less than 12 months	1-3 years	3-5 years	>5 years	On Call
At 30 June 2011	\$	\$	\$	\$	\$
Distribution Payable	(208,437)	-	-	-	-
Accounts Payable and Accrued Expenses	(7,269)	-	-	-	-
Net Assets Attributable to Unitholders	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,706,135)</u>
Total	<u>(215,706)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,706,135)</u>
At 30 June 2010	\$	\$	\$	\$	\$
Distribution Payable	(65,678)	-	-	-	-
Accounts Payable and Accrued Expenses	(38,444)	-	-	-	-
Net Assets Attributable to Unitholders	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,528,649)</u>
Total	<u>(104,122)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,528,649)</u>

NOTE 3: FINANCIAL RISK MANAGEMENT (continued)

(e) Fair Values of Financial Assets and Liabilities

The carrying amounts of the Funds' assets and liabilities at the end of each reporting period approximate their fair values.

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value. Transaction costs on financial assets and financial liabilities at fair value through the profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statements of Comprehensive Income.

(i) Fair Value in an active market

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of each reporting period without any deduction for estimated future selling costs.

The Funds value their investments in accordance with the accounting policies set out in Note 2. For the majority of investments the Funds rely on information provided by independent pricing services for the valuation of investments.

The quoted market price used for financial assets held by the Funds is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price. When the Funds hold derivatives with offsetting market risks, they use mid-market prices as a basis for establishing fair values for the offsetting risk positions and apply this bid or asking price to the net open positions, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual regularly occurring market transactions on an arm's length basis.

(ii) Fair value in an inactive or unquoted market

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used estimate cash flows are based on management's best estimates and the discount rate used is a market rate at the balance sheet date applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the balance sheet date. Fair values for unquoted equity investments are estimated, if possible, using applicable price.earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount the Funds would receive or pay to terminate the contract at the balance sheet date taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date.

Investments in other unlisted unit trusts are recorded at the redemption value per unit as reported by the Responsible Entity of such funds.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Funds for similar financial instruments.

(f) Fair Value Hierarchy

Funds classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities. (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). (Level 3)

NOTE 3: FINANCIAL RISK MANAGEMENT (continued)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the Responsible Entity. The Responsible Entity considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The table below sets out the Fund's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2011 and 30 June 2010.

BlackRock Professional Investor Managed Income Fund

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30 June 2011				
Financial Assets				
Financial Instruments held at Fair Value through Profit or Loss				
Equity Securities	-	-	-	-
Interest Bearing Investments	-	-	-	-
Units in Related Schemes	-	1,320,988	-	1,320,988
Financial Instruments held for Trading				
Forward Foreign Exchange Contracts	-	-	-	-
Total	<u>-</u>	<u>1,320,988</u>	<u>-</u>	<u>1,320,988</u>
Financial Liabilities				
Financial Instruments held for Trading				
Options	-	-	-	-
Swaps	-	-	-	-
Forward Foreign Exchange Contracts	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30 June 2010				
Financial Assets				
Financial Instruments held at Fair Value through Profit or Loss				
Equity Securities	-	-	-	-
Interest Bearing Investments	-	-	-	-
Units in Related Schemes	1,356,587	-	-	1,356,587
Financial Instruments held for Trading				
Forward Foreign Exchange Contracts	-	-	-	-
Total	<u>1,356,587</u>	<u>-</u>	<u>-</u>	<u>1,356,587</u>
Financial Liabilities				
Financial Instruments held for Trading				
Options	-	-	-	-
Swaps	-	-	-	-
Forward Foreign Exchange Contracts	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTE 3: FINANCIAL RISK MANAGEMENT (continued)

BlackRock Professional Investor Australian Share Fund

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30 June 2011				
Financial Assets				
Financial Instruments held at Fair Value through Profit or Loss				
Equity Securities	-	-	-	-
Interest Bearing Investments	-	-	-	-
Units in Related Schemes	-	12,644,267	-	12,644,267
Financial Instruments held for Trading				
Forward Foreign Exchange Contracts	-	-	-	-
Total	<u>-</u>	<u>12,644,267</u>	<u>-</u>	<u>12,644,267</u>
Financial Liabilities				
Financial Instruments held for Trading				
Options	-	-	-	-
Swaps	-	-	-	-
Forward Foreign Exchange Contracts	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30 June 2010				
Financial Assets				
Financial Instruments held at Fair Value through Profit or Loss				
Equity Securities	-	-	-	-
Interest Bearing Investments	-	-	-	-
Units in Related Schemes	14,947,775	-	-	14,947,775
Financial Instruments held for Trading				
Forward Foreign Exchange Contracts	-	-	-	-
Total	<u>14,947,775</u>	<u>-</u>	<u>-</u>	<u>14,947,775</u>
Financial Liabilities				
Financial Instruments held for Trading				
Options	-	-	-	-
Swaps	-	-	-	-
Forward Foreign Exchange Contracts	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTE 3: FINANCIAL RISK MANAGEMENT (continued)

BlackRock Professional Investor Global High Conviction Fund

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30 June 2011				
Financial Assets				
Financial Instruments held at Fair Value through Profit or Loss				
Equity Securities	-	-	-	-
Interest Bearing Investments	-	-	-	-
Units in Related Schemes	-	717,655	-	717,655
Financial Instruments held for Trading				
Forward Foreign Exchange Contracts	-	-	-	-
Total	<u>-</u>	<u>717,655</u>	<u>-</u>	<u>717,655</u>
Financial Liabilities				
Financial Instruments held for Trading				
Options	-	-	-	-
Swaps	-	-	-	-
Forward Foreign Exchange Contracts	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30 June 2010				
Financial Assets				
Financial Instruments held at Fair Value through Profit or Loss				
Equity Securities	-	-	-	-
Interest Bearing Investments	-	-	-	-
Units in Related Schemes	961,950	-	-	961,950
Financial Instruments held for Trading				
Forward Foreign Exchange Contracts	-	-	-	-
Total	<u>961,950</u>	<u>-</u>	<u>-</u>	<u>961,950</u>
Financial Liabilities				
Financial Instruments held for Trading				
Options	-	-	-	-
Swaps	-	-	-	-
Forward Foreign Exchange Contracts	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTE 3: FINANCIAL RISK MANAGEMENT (continued)

BlackRock Professional Investor Balanced Fund

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30 June 2011				
Financial Assets				
Financial Instruments held at Fair Value through Profit or Loss				
Equity Securities	-	-	-	-
Interest Bearing Investments	-	-	-	-
Units in Related Schemes	-	5,693,026	-	5,693,026
Financial Instruments held for Trading				
Forward Foreign Exchange Contracts	-	-	-	-
Total	<u>-</u>	<u>5,693,026</u>	<u>-</u>	<u>5,693,026</u>
Financial Liabilities				
Financial Instruments held for Trading				
Options	-	-	-	-
Swaps	-	-	-	-
Forward Foreign Exchange Contracts	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30 June 2010				
Financial Assets				
Financial Instruments held at Fair Value through Profit or Loss				
Equity Securities	-	-	-	-
Interest Bearing Investments	-	-	-	-
Units in Related Schemes	6,514,956	-	-	6,514,956
Financial Instruments held for Trading				
Forward Foreign Exchange Contracts	-	-	-	-
Total	<u>6,514,956</u>	<u>-</u>	<u>-</u>	<u>6,514,956</u>
Financial Liabilities				
Financial Instruments held for Trading				
Options	-	-	-	-
Swaps	-	-	-	-
Forward Foreign Exchange Contracts	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Fund's investment in Units in Related Schemes was classified as a Level 1 in the prior year accounts. The investments have been classified as a Level 2 in the current reporting period as a transactable unit price is calculated daily for the unlisted unit trust by the Responsible Entity based on the net market value of the investments. The net market value of the investments is based on directly or indirectly observable market data.

The following Funds had no movements in Level 3 instruments by class of financial instruments for the year ended 30 June:

- BlackRock Professional Investor Managed Income Fund
- BlackRock Professional Investor Australian Share Fund
- BlackRock Professional Investor Global High Conviction Fund
- BlackRock Professional Investor Balanced Fund

NOTE 4: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

As stipulated within the Funds' Constitutions, each unit represents a right to an individual share in the Funds and does not extend the right to the underlying assets of the Funds. Units are issued and redeemed at the holders' option at prices based on the value of the Funds' net assets at the time of issue/redemption less transaction costs.

Capital risk management

The Funds manage their net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Funds are subject to daily applications and redemptions at the discretion of unitholders.

The Funds monitor the level of daily applications and redemptions relative to the liquid assets in the Funds. As of 30 June 2011 the capital of the Funds is represented in the net assets attributable to unitholders tables.

In the event of a significant redemption, the Funds' Constitutions allow the delay of payment beyond the usual redemption timeframe but no later than the maximum number of days specified in the Constitutions for satisfying redemption requests. Further, in certain circumstances such as disrupted markets, the Constitutions allow payment to be delayed beyond the maximum number of days.

Movements in number of units and net assets attributable to unitholders during the year were as follows:

BlackRock Professional Investor Managed Income Fund

Unitholders' Funds	2011		2010	
	No. of Units	\$	No. of Units	\$
Opening Unitholders' Funds	1,936,388	1,355,262	1,751,120	1,169,194
Application				
- Cash	60,504	43,545	162,980	114,872
- Distribution Reinvestment Plan	43,645	31,238	36,418	25,883
Redemptions	(174,016)	(124,295)	(14,130)	(10,025)
Increase/(Decrease) in Net Assets Attributable to Unitholders	<u>-</u>	<u>8,949</u>	<u>-</u>	<u>55,338</u>
Closing Balance	<u>1,866,521</u>	<u>1,314,699</u>	<u>1,936,388</u>	<u>1,355,262</u>

BlackRock Professional Investor Australian Share Fund

Unitholders' Funds	2011		2010	
	No. of Units	\$	No. of Units	\$
Opening Unitholders' Funds	14,002,497	14,749,941	14,627,688	14,566,098
Application				
- Cash	135,738	146,511	188,687	208,000
- Distribution Reinvestment Plan	219,206	237,936	182,651	207,445
Redemptions	(2,904,495)	(3,293,547)	(996,529)	(1,147,812)
Increase/(Decrease) in Net Assets Attributable to Unitholders	<u>-</u>	<u>(220,215)</u>	<u>-</u>	<u>916,210</u>
Closing Balance	<u>11,452,946</u>	<u>11,620,626</u>	<u>14,002,497</u>	<u>14,749,941</u>

NOTE 4: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (Continued)

BlackRock Professional Investor Global High Conviction Fund				
	2011		2010	
	No. of Units	\$	No. of Units	\$
Unitholders' Funds				
Opening Unitholders' Funds	1,753,890	975,711	1,770,476	970,567
Application				
- Cash	3,361	1,998	21,527	12,213
- Distribution Reinvestment Plan	-	-	58,476	32,139
Redemptions	(553,355)	(328,277)	(96,589)	(55,220)
Increase/(Decrease) in Net Assets Attributable to Unitholders	<u>-</u>	<u>68,359</u>	<u>-</u>	<u>16,012</u>
Closing Balance	<u>1,203,896</u>	<u>717,791</u>	<u>1,753,890</u>	<u>975,711</u>

BlackRock Professional Investor Balanced Fund				
	2011		2010	
	No. of Units	\$	No. of Units	\$
Unitholders' Funds				
Opening Unitholders' Funds	6,525,517	6,528,649	6,982,532	6,534,258
Application				
- Cash	88,326	93,527	146,221	152,042
- Distribution Reinvestment Plan	48,007	49,120	24,135	23,678
Redemptions	(1,120,567)	(1,172,366)	(627,371)	(656,447)
Increase/(Decrease) in Net Assets Attributable to Unitholders	<u>-</u>	<u>207,205</u>	<u>-</u>	<u>475,118</u>
Closing Balance	<u>5,541,283</u>	<u>5,706,135</u>	<u>6,525,517</u>	<u>6,528,649</u>

NOTE 5: NOTES TO THE STATEMENTS OF CASH FLOWS

(a) Reconciliation of Cash

Cash and Cash Equivalents as at 30 June is reconciled to the Balance Sheet as follows:

	BlackRock Professional Investor Managed Income Fund		BlackRock Professional Investor Australian Share Fund	
	30 June		30 June	
	2011	2010	2011	2010
	\$	\$	\$	\$
Cash	<u>-</u>	<u>-</u>	<u>12</u>	<u>-</u>
Total	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>12</u></u>	<u><u>-</u></u>

NOTE 5: NOTES TO THE STATEMENTS OF CASH FLOWS (Continued)

	BlackRock Professional Investor Global High Conviction Fund		BlackRock Professional Investor Balanced Fund	
	30 June		30 June	
	2011	2010	2011	2010
	\$	\$	\$	\$
Cash	-	-	7	-
Total	<u>-</u>	<u>-</u>	<u>7</u>	<u>-</u>

(b) Reconciliation of Net Operating Profit/(Loss) to Net Cash from Operating Activities for year ended 30 June

	BlackRock Professional Investor Managed Income Fund		BlackRock Professional Investor Australian Share Fund	
	2011	2010	2011	2010
	\$	\$	\$	\$
Net Operating Profit/(Loss)	102,925	126,356	1,144,975	1,547,248
Increase/(Decrease) in Financial Instruments held at Fair Value through Profit or Loss	35,599	(187,141)	2,303,508	(472,288)
(Increase)/Decrease in Receivables from Related Schemes	(4,558)	(1,979)	(41,988)	104,571
(Increase)/Decrease in Other Receivables	(212)	(36)	(1,632)	(315)
Increase/(Decrease) in Accounts Payable and Accrued Expenses	<u>(54)</u>	<u>1,420</u>	<u>(3,429)</u>	<u>1,441</u>
Net cash inflow/(outflow) from operating activities	<u>133,700</u>	<u>(61,380)</u>	<u>3,401,434</u>	<u>1,180,657</u>

	BlackRock Professional Investor Global High Conviction Fund		BlackRock Professional Investor Balanced Fund	
	2011	2010	2011	2010
	\$	\$	\$	\$
Net Operating Profit/(Loss)	68,359	16,012	454,993	560,324
Increase/(Decrease) in Financial Instruments held at Fair Value through Profit or Loss	244,295	(45,065)	821,930	(9,785)
(Increase)/Decrease in Receivables from Related Schemes	14,137	94,025	(110,266)	(47,600)
(Increase)/Decrease in Other Receivables	(94)	33	(727)	(75)
Increase/(Decrease) in Accounts Payable and Accrued Expenses	<u>(418)</u>	<u>(245)</u>	<u>(1,174)</u>	<u>316</u>
Net cash inflow/(outflow) from operating activities	<u>326,279</u>	<u>64,760</u>	<u>1,164,756</u>	<u>503,180</u>

NOTE 5: NOTES TO THE STATEMENTS OF CASH FLOWS (Continued)

(c) Non-cash Financing Activities

During the financial year, the following units were created as a result of distributions reinvested in the Funds under the distribution reinvestment plan.

	2011		2010	
	Units	\$	Units	\$
BlackRock Professional Investor Managed Income Fund	43,645	31,238	36,418	25,883
BlackRock Professional Investor Australian Share Fund	219,206	237,936	182,651	207,445
BlackRock Professional Investor Global High Conviction Fund	-	-	58,476	32,139
BlackRock Professional Investor Balanced Fund	48,007	49,119	24,135	23,678

As described in Note 2(i), non-distributable income is included in net assets attributable to unitholders. The change in this amount each year represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable.

NOTE 6: DISTRIBUTIONS

During the financial year, the following amounts of distributions were paid and payable for each class of units for the year ended 30 June:

	2011		2010	
	Distributions Paid	Distributions Payable	Distributions Paid	Distributions Payable
	Cents/Unit	Cents/Unit	Cents/Unit	Cents/Unit
BlackRock Professional Investor Managed Income Fund	4.18	0.92	3.34	0.38
BlackRock Professional Investor Australian Share Fund	1.22	10.55	2.06	2.39
BlackRock Professional Investor Global High Conviction Fund	-	-	-	-
BlackRock Professional Investor Balanced Fund	0.66	3.76	0.29	1.01

	2011		2010	
	Distributions Paid	Distributions Payable	Distributions Paid	Distributions Payable
	\$	\$	\$	\$
BlackRock Professional Investor Managed Income Fund	76,830	17,146	63,660	7,358
BlackRock Professional Investor Australian Share Fund	157,367	1,207,823	296,083	334,955
BlackRock Professional Investor Global High Conviction Fund	-	-	-	-
BlackRock Professional Investor Balanced Fund	39,351	208,437	19,528	65,678

NOTE 7: RELATED PARTIES

Responsible Entity

The Responsible Entity of the Funds is BlackRock Investment Management (Australia) Limited (ABN 13 006 165 975) whose ultimate holding company is BlackRock, Inc.

BlackRock Investment Management (Australia) Limited is incorporated in Australia and BlackRock, Inc is incorporated in the United States of America.

Key Management Personnel

Directors

Key management personnel includes persons who were directors of BlackRock Investment Management (Australia) Limited during the financial period and up to the date of this report.

Director	Date appointed	Date resigned
D Frawley	Appointed 18 March 2005	
G A Boyle	Appointed 7 March 2007	Resigned 12 May 2011
C Tzatzakis	Appointed 11 September 2007	
R Bhagat	Appointed 2 December 2009	Resigned 9 September 2011
M S McCorry	Appointed 2 December 2009	
H Capra	Appointed 23 May 2011	

Other Key Management Personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Funds, directly or indirectly, during the financial year:

Name	Position	Employer
R J Maddox	Managing Director and Co/Chief Investment Officer	BlackRock Investment Management (Australia) Limited
K Liow *	Head of Quantitative Investors/Co-Chief Investment Officer	BlackRock Investment Management (Australia) Limited

* Resigned on 31 March 2011

Key Management Personnel Unitholding

During or since the end of the financial year, none of the key management personnel including directors or their personally related entities held units in the Funds, either directly, indirectly, or beneficially.

Key Management Personnel Compensation

Key management personnel are paid by BlackRock Investment Management (Australia) Limited. Payments made from the Funds to BlackRock Investment Management (Australia) Limited do not include any amounts directly attributable to the compensation of key management personnel.

Key Management Personnel Loan Disclosures

The Funds have not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

NOTE 7: RELATED PARTIES (Continued)

Other Transactions within the Fund

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Funds during the financial year and there were no material contracts involving key management personnel's interests subsisting at year end.

Related Party Transactions and Balances

All related party transactions are conducted on normal commercial terms and conditions. Transactions with related parties include the following:

(a) Responsible Entity's Fees and other Transactions

Responsible Entity fees are accrued daily at the rate specified by the Constitutions and Amendments based on the asset value of the Funds. Fees charged for the year are included in the Statements of Comprehensive Income.

From time to time the Responsible Entity may waive fees in accordance with the terms of the Constitutions and Amendments. Where Responsible Entity fees charged are less than the maximum permitted under the Constitutions and Amendments, any amount forgone cannot be claimed in future years.

(b) Expense Reimbursement

Operating expenses include administration expenses incurred by the Responsible Entity and reimbursed by the Funds in accordance with the provisions of the Constitutions and Amendments. Total operating expenses incurred for the year are brought to account on an accruals basis and are included in the Statements of Comprehensive Income.

(c) Fee Rebates from Related Schemes

The Funds receive a rebate of all fees charged on monies invested in other related schemes with the same Responsible Entity. These rebates, which reflect an increase in the return from those related schemes, are included as revenue in the Statements of Comprehensive Income.

Transactions and balances with related parties are summarised in the schedules on the following pages.

NOTE 7: RELATED PARTIES (Continued)

	BlackRock Professional Investor Managed Income Fund		BlackRock Professional Investor Australian Share Fund	
	2011	2010	2011	2010
	\$	\$	\$	\$
Responsible Entity's Fees and other transactions				
Total Responsible Entity's fees paid or due and payable by the Funds:				
Responsible Entity Fees	(18,513)	(18,959)	(205,767)	(233,582)
Responsible Entity Fees and Expenses Reimbursement Payable	(1,530)	(976)	(14,994)	(13,240)
Total Responsible Entity's Fees received or due and receivable by the Funds:				
Responsible Entity Fee Rebates	10,594	10,843	139,974	158,502
Balances and Transactions with Related Schemes				
Distributions Receivable*	11,208	6,549	186,617	141,551
Trade Receivables	-	-	-	-
Responsible Entity Fee Rebates Receivable	<u>875</u>	<u>976</u>	<u>10,162</u>	<u>13,240</u>
	<u>12,083</u>	<u>7,525</u>	<u>196,779</u>	<u>154,791</u>

	BlackRock Professional Investor Global High Conviction Fund		BlackRock Professional Investor Balanced Fund	
	2011	2010	2011	2010
	\$	\$	\$	\$
Responsible Entity's Fees and other transactions				
Total Responsible Entity's fees paid or due and payable by the Funds:				
Responsible Entity Fees	(13,430)	(15,939)	(86,989)	(99,011)
Responsible Entity Fees and Expenses Reimbursement Payable	(863)	(848)	(6,773)	(5,726)
Total Responsible Entity's Fees received or due and receivable by the Funds:				
Responsible Entity Fee Rebates	8,513	10,096	59,087	67,207
Balances and Transactions with Related Schemes				
Distributions Receivable*	40	14,113	222,705	81,307
Trade Receivables	-	-	-	30,000
Responsible Entity Fee Rebates Receivable	<u>784</u>	<u>848</u>	<u>4,594</u>	<u>5,726</u>
	<u>824</u>	<u>14,961</u>	<u>227,299</u>	<u>117,033</u>

* The amounts of distributions received and total amounts invested in Related Schemes are disclosed under the heading "Investments".

BlackRock Professional Investor Funds
Notes to the Financial Statements
For the year ended 30 June 2011

NOTE 7: RELATED PARTIES (Continued)

Investments

The Funds held investments in the following schemes which were also managed by the Responsible Entity.

2011

	No. of Units Held at Year End	Fair Value of Units Held at Year End	Value of Units Purchased During the Year	Values of Units Sold During the Year	Interest Held in Related Funds at Year End	Distribution Received from the Related Scheme During the Year	Distribution Receivable from the Related Scheme at Year End
	Units	\$	\$	\$	%	\$	\$
BlackRock Professional Investor Managed Income Fund							
BlackRock Wholesale Managed Income Fund	1,540,548	1,321,713	127,872	185,462	1.63	77,530	11,208
BlackRock Professional Investor Australian Share Fund							
BlackRock Wholesale Australian Share Fund	7,235,648	12,679,170	397,287	3,517,583	1.75	207,347	186,617
BlackRock Professional Investor Global High Conviction Fund							
BlackRock Wholesale Global High Conviction Fund	846,394	719,452	23,871	341,401	2.35	-	40
BlackRock Professional Investor Balanced Fund							
BlackRock Wholesale Balanced Fund	3,616,371	5,703,018	228,491	1,257,567	0.56	52,984	222,705

2010

	No. of Units Held at Year End	Fair Value of Units Held at Year End	Value of Units Purchased During the Year	Values of Units Sold During the Year	Interest Held in Related Funds at Year End	Distribution Received from the Related Scheme During the Year	Distribution Receivable from the Related Scheme at Year End
	Units	\$	\$	\$	%	\$	\$
BlackRock Professional Investor Managed Income Fund							
BlackRock Wholesale Managed Income Fund	1,607,331	1,356,587	185,366	62,128	1.36	64,024	6,549
BlackRock Professional Investor Australian Share Fund							
BlackRock Wholesale Australian Share Fund	8,970,639	14,947,775	699,287	1,374,433	1.97	333,424	141,551
BlackRock Professional Investor Global High Conviction Fund							
BlackRock Wholesale Global High Conviction Fund	1,222,144	961,950	98,910	61,588	2.97	-	14,113
BlackRock Professional Investor Balanced Fund							
BlackRock Wholesale Balanced Fund	4,257,306	6,514,956	233,477	699,718	0.59	34,797	81,307

Related Party Schemes' Unitholdings

As at 30 June 2011 the Responsible Entity (or related party of the Responsible Entity, including other schemes managed by the Responsible Entity) did not hold units in the BlackRock Professional Investor Managed Income Fund, BlackRock Professional Investor Australian Share Fund, BlackRock Professional Investor Global High Conviction Fund or BlackRock Professional Investor Balanced Fund (30 June 2010 : Nil).

NOTE 8: SEGMENT INFORMATION

The Funds are each organised into one main segment and operate solely in the business of investment management within Australia. Consequently, no segmental reporting is provided in the Funds' financial statements.

NOTE 9: AUDITOR'S REMUNERATION

The audit fees paid or payable are discharged by the Responsible Entity from the fees earned from the Funds.

NOTE 10: CONTINGENT ASSETS AND LIABILITIES AND COMMITMENTS

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2011 (30 June 2010: Nil).

NOTE 11: EVENTS OCCURRING AFTER THE REPORTING DATE

No significant events which have occurred since balance date which would impact on the financial position of the Funds disclosed in the Balance Sheets as at 30 June 2011 or on the results and cash flows of the Funds for the year ended on that date.

Directors' Declaration

In the opinion of the Directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 7 to 37 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporation Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Funds' financial positions as at 30 June 2011 and of their performance, as represented by the results of their operations, changes in equity and their cash flow for the financial year ended on that date, and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2 (a); and
- (c) there are reasonable grounds to believe that the Funds will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Director
H Capra

Director
D Frawley

Sydney,

27 September 2011

Independent Auditor's Report to the Unitholders of BlackRock Professional Investor Managed Income Fund, BlackRock Professional Investor Australian Share Fund, BlackRock Professional Investor Global High Conviction Fund and BlackRock Professional Investor Balanced Fund

We have audited the accompanying financial report of BlackRock Professional Investor Managed Income Fund, BlackRock Professional Investor Australian Share Fund, BlackRock Professional Investor Global High Conviction Fund and BlackRock Professional Investor Balanced Fund ("the Funds") which comprises the balance sheets as at 30 June 2011, the statements of comprehensive income, the statements of cash flows and the statements of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies, other explanatory notes and the directors' declaration as set out on pages 7 to 38.

Directors' Responsibility for the Financial Report

The directors of the Responsible Entity, BlackRock Investment Management (Australia) Limited, are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors of the Responsible Entity, also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Responsible Entity, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of BlackRock Professional Investor Managed Income Fund, BlackRock Professional Investor Australian Share Fund, BlackRock Professional Investor Global High Conviction Fund and BlackRock Professional Investor Balanced Fund is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Funds' financial position as at 30 June 2011 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Neil Brown
Partner
Chartered Accountants
Melbourne, 27 September 2011