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DIAMONDS TRUST SERIES I

Form N-30D

June 29, 2007

THE DOW INDUSTRIALS (SM) ("DIAMONDS") (SM)

DIAMONDS TRUST, SERIES 1

A UNIT INVESTMENT TRUST

SEMI-ANNUAL REPORT

APRIL 30, 2007

(UNAUDITED)

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DIAMONDS TRUST, SERIES 1  
 SCHEDULE OF INVESTMENTS  
 APRIL 30, 2007 (UNAUDITED)

| COMMON STOCKS                              | SHARES    | VALUE          |
|--|-----------|----------------|
| 3M Co. ....                                | 3,984,683 | \$ 329,812,212 |
| Alcoa, Inc. ....                           | 3,984,683 | 141,416,400    |
| Altria Group, Inc. ....                    | 3,984,683 | 274,624,352    |
| American Express Co. ....                  | 3,984,683 | 241,750,718    |
| American International Group, Inc. ....    | 3,984,683 | 278,569,189    |
| AT&T, Inc. ....                            | 3,984,683 | 154,286,926    |
| Boeing Co. ....                            | 3,984,683 | 370,575,519    |
| Caterpillar, Inc. ....                     | 3,984,683 | 289,367,679    |
| Citigroup, Inc. ....                       | 3,984,683 | 213,658,702    |
| Coca-Cola Co. (The).....                   | 3,984,683 | 207,960,606    |
| Disney (Walt) Co. (The).....               | 3,984,683 | 139,384,211    |
| Du Pont (E.I.) de Nemours.....             | 3,984,683 | 195,926,863    |
| Exxon Mobil Corp. ....                     | 3,984,683 | 316,304,137    |
| General Electric Co. ....                  | 3,984,683 | 146,875,415    |
| General Motors Corp. ....                  | 3,984,683 | 124,441,650    |
| Hewlett-Packard Co. ....                   | 3,984,683 | 167,914,542    |
| Home Depot, Inc. ....                      | 3,984,683 | 150,899,945    |
| Honeywell International, Inc. ....         | 3,984,683 | 215,890,125    |
| Intel Corp. ....                           | 3,984,683 | 85,670,685     |
| International Business Machines Corp. .... | 3,984,683 | 407,274,449    |
| JPMorgan Chase & Co. ....                  | 3,984,683 | 207,601,984    |
| Johnson & Johnson.....                     | 3,984,683 | 255,896,342    |
| McDonald's Corp. ....                      | 3,984,683 | 192,380,495    |
| Merck & Co., Inc. ....                     | 3,984,683 | 204,972,094    |
| Microsoft Corp. ....                       | 3,984,683 | 119,301,409    |

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|  |           |                 |
|--|-----------|-----------------|
| Pfizer, Inc. ....                                  | 3,984,683 | 105,434,712     |
| Procter & Gamble Co. ....                          | 3,984,683 | 256,254,964     |
| United Technologies Corp. ....                     | 3,984,683 | 267,491,770     |
| Verizon Communications, Inc. ....                  | 3,984,683 | 152,135,197     |
| Wal-Mart Stores, Inc. ....                         | 3,984,683 | 190,946,009     |
| Total Common Stocks -- (Cost \$6,851,890,556)..... |           | \$6,405,019,301 |
|  |           | =====           |

See accompanying notes to financial statements.

1

DIAMONDS TRUST, SERIES 1  
STATEMENT OF ASSETS AND LIABILITIES  
APRIL 30, 2007 (UNAUDITED)

|  |                 |       |
|--|-----------------|-------|
| -----  |                 |       |
| ASSETS   |                 |       |
| Investments in securities, at value.....                                       | \$6,405,019,301 |       |
| Cash.....  | 5,948,804       |       |
| Receivable for DIAMONDS issued in-kind.....                                    | 103,618         |       |
| Dividends receivable.....  | 7,711,644       |       |
| TOTAL ASSETS.....  | 6,418,783,367   | ----- |
| LIABILITIES  |                 |       |
| Payable for DIAMONDS redeemed in-kind.....                                     | 45,168          |       |
| Income distribution payable.....   | 5,652,840       |       |
| Accrued Trustee expense.....   | 494,098         |       |
| Accrued expenses and other liabilities.....                                    | 2,713,129       |       |
| TOTAL LIABILITIES.....   | 8,905,235       | ----- |
| NET ASSETS.....  | \$6,409,878,132 | ===== |
| NET ASSETS REPRESENTED BY:   |                 |       |
| Paid in surplus.....   | \$7,144,104,437 |       |
| Undistributed net investment income.....                                       | 10,886,150      |       |
| Accumulated net realized loss on investments.....                              | (298,241,200)   |       |
| Net unrealized depreciation on investments.....                                | (446,871,255)   |       |
| NET ASSETS.....  | \$6,409,878,132 | ===== |
| NET ASSET VALUE PER DIAMOND.....   | \$130.53        | ===== |
| UNITS OF FRACTIONAL UNDIVIDED INTEREST   |                 |       |
| ("DIAMONDS") OUTSTANDING, UNLIMITED UNITS AUTHORIZED,<br>\$0.00 PAR VALUE..... | 49,104,750      | ----- |
| COST OF INVESTMENTS.....   | \$6,851,890,556 | ===== |

See accompanying notes to financial statements.

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2

DIAMONDS TRUST, SERIES 1  
STATEMENTS OF OPERATIONS

|   | SIX MONTHS ENDED<br>APRIL 30, 2007<br>(UNAUDITED) | FOR THE YEAR ENDED<br>OCTOBER 31, 2006 | FOR THE YEAR ENDED<br>OCTOBER 31, 2005 | FOR THE YEAR ENDED<br>OCTOBER 31, 2004 |
|---|---|--|--|--|
| INVESTMENT INCOME   |   |  |  |  |
| Dividend income.....  | \$ 83,731,600                                     | \$ 154,659,959                         | \$ 177,120,908                         | \$ 147,812,908                         |
| EXPENSES:   |   |  |  |  |
| Trustee expense.....  | 2,054,253   | 4,562,765                              | 4,928,790                              | 4,928,790                              |
| Marketing expense.....  | 2,018,888   | 3,903,738                              | 4,307,114                              | 4,307,114                              |
| DJIA license fee.....   | 1,267,000   | 2,555,000                              | 2,655,783                              | 2,655,783                              |
| Legal and audit<br>services.....                                  | 64,021  | 100,378                                | 149,889                                | 149,889                                |
| SEC registration<br>expense.....                                  | --  | --                                     | 324,223                                | 324,223                                |
| Printing and postage<br>expense.....                              | 99,550  | 275,241                                | 403,199                                | 403,199                                |
| Other expenses.....   | 51,399  | 109,678                                | 120,310                                | 120,310                                |
| Total expenses.....   | 5,555,111   | 11,506,800                             | 12,889,308                             | 12,889,308                             |
| Trustee earnings<br>credit.....                                   | (670,546)   | (418,803)                              | (280,392)                              | (280,392)                              |
| Net expenses after Trustee<br>earnings credit.....                | 4,884,565   | 11,087,997                             | 12,608,916                             | 12,608,916                             |
| NET INVESTMENT INCOME.....  | 78,847,035  | 143,571,962                            | 164,511,992                            | 135,204,000                            |
| REALIZED AND UNREALIZED GAIN<br>(LOSS) ON INVESTMENTS             |   |  |  |  |
| Net realized gain on<br>investment<br>transactions.....           | 396,159,616                                       | 413,807,291                            | 651,853,900                            | 213,853,900                            |
| Net change in<br>unrealized<br>appreciation<br>(depreciation).... | 140,825,787                                       | 517,345,427                            | (297,315,375)                          | (13,853,900)                           |
| NET REALIZED AND UNREALIZED<br>GAIN ON INVESTMENTS.....           | 536,985,403                                       | 931,152,718                            | 354,538,525                            | 200,000,000                            |
| NET INCREASE IN NET ASSETS<br>RESULTING FROM<br>OPERATIONS.....   | \$615,832,438                                     | \$1,074,724,680                        | \$ 519,050,517                         | \$ 335,204,000                         |

See accompanying notes to financial statements.

3

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DIAMONDS TRUST, SERIES 1  
STATEMENTS OF CHANGES IN NET ASSETS

|   | SIX MONTHS ENDED<br>APRIL 30, 2007<br>(UNAUDITED) | FOR THE YEAR ENDED<br>OCTOBER 31, 2006 | FOR THE YEAR ENDED<br>OCTOBER 31, 2005 | FOR THE YEAR ENDED<br>OCTOBER 31, 2004 |
|---|---|--|--|--|
| INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS:                        |   |  |  |  |
| Net investment income....   | \$ 78,847,035                                     | \$ 143,571,962                         | \$ 164,511,992                         | \$ 164,511,992                         |
| Net realized gain on investment transactions.....                                   | 396,159,616                                       | 413,807,291                            | 651,853,900                            | 651,853,900                            |
| Net change in unrealized appreciation (depreciation).....                           | 140,825,787                                       | 517,345,427                            | (297,315,375)                          | (297,315,375)                          |
| NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS...                             | 615,832,438                                       | 1,074,724,680                          | 519,050,517                            | 519,050,517                            |
| NET EQUALIZATION CREDITS AND CHARGES.....   | (6,006,362)                                       | (1,800,594)                            | (2,410,446)                            | (2,410,446)                            |
| DISTRIBUTIONS TO UNITHOLDERS FROM NET INVESTMENT INCOME.....                        | (71,495,019)                                      | (141,435,357)                          | (168,178,022)                          | (168,178,022)                          |
| NET INCREASE (DECREASE) IN NET ASSETS FROM ISSUANCE AND REDEMPTION OF DIAMONDS..... | (688,070,808)                                     | (1,781,857,294)                        | (1,129,366,247)                        | (1,129,366,247)                        |
| NET INCREASE (DECREASE) IN NET ASSETS DURING PERIOD.....                            | (149,739,751)                                     | (850,368,565)                          | (780,904,198)                          | (780,904,198)                          |
| NET ASSETS AT BEGINNING OF PERIOD.....  | 6,559,617,883                                     | 7,409,986,448                          | 8,190,890,646                          | 8,190,890,646                          |
| NET ASSETS END OF PERIOD*.....  | \$6,409,878,132                                   | \$ 6,559,617,883                       | \$ 7,409,986,448                       | \$ 8,190,890,646                       |
| *INCLUDES UNDISTRIBUTED NET INVESTMENT INCOME.....                                  | \$ 10,886,150                                     | \$ 3,534,134                           | \$ 1,397,529                           | \$ 1,397,529                           |

See accompanying notes to financial statements.

DIAMONDS TRUST, SERIES 1  
FINANCIAL HIGHLIGHTS  
SELECTED DATA FOR A DIAMOND OUTSTANDING DURING THE PERIOD

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|   | SIX MONTHS<br>ENDED*<br>4/30/07 | FOR THE YEAR<br>ENDED<br>10/31/06 | FOR THE YEAR<br>ENDED<br>10/31/05 | FOR THE YEAR<br>ENDED<br>10/31/04 | FOR T<br>EN<br>10/ |
|---|---------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|--------------------|
| NET ASSET VALUE, BEGINNING OF<br>YEAR.....  | \$ 120.69                       | \$ 104.31                         | \$ 100.48                         | \$ 98.20                          | \$                 |
| INVESTMENT OPERATIONS:  |                                 |                                   |                                   |                                   |                    |
| Net investment income(1).....   | 1.45                            | 2.45                              | 2.39 (5)                          | 1.94                              |                    |
| Net realized and unrealized<br>gain (loss) on<br>investments.....                                     | 9.84                            | 16.37                             | 3.91                              | 2.28                              |                    |
| TOTAL FROM INVESTMENT<br>OPERATIONS.....  | 11.29                           | 18.82                             | 6.30                              | 4.22                              |                    |
| UNDISTRIBUTED NET INVESTMENT<br>INCOME INCLUDED IN PRICE OF<br>UNITS ISSUED AND REDEEMED,<br>NET..... | (0.11)                          | (0.03)                            | (0.03)                            | 0.00 (2)                          |                    |
| LESS DISTRIBUTIONS FROM:  |                                 |                                   |                                   |                                   |                    |
| Net investment income.....  | (1.34)                          | (2.41)                            | (2.44)                            | (1.94)                            |                    |
| NET ASSET VALUE, END OF<br>PERIOD.....  | \$ 130.53                       | \$ 120.69                         | \$ 104.31                         | \$ 100.48                         | \$                 |
| TOTAL INVESTMENT RETURN(3).....   | 9.32%                           | 18.23%                            | 6.23%                             | 4.27%                             |                    |
| RATIOS AND SUPPLEMENTAL DATA  |                                 |                                   |                                   |                                   |                    |
| Ratios to average net assets:   |                                 |                                   |                                   |                                   |                    |
| Net investment income.....  | 2.34%                           | 2.21%                             | 2.27%                             | 1.89%                             |                    |
| Total expenses.....   | 0.17%                           | 0.18%                             | 0.18%                             | 0.18%                             |                    |
| Net expenses excluding trustee<br>earnings credit.....  | 0.15%                           | 0.17%                             | 0.17%                             | 0.18%                             |                    |
| Portfolio turnover rate(4)....  | 1.51%                           | 0.01%                             | 7.69%                             | 13.88%                            |                    |
| NET ASSET VALUE, END OF YEAR<br>(000'S).....  | \$6,409,878                     | \$6,559,618                       | \$7,409,986                       | \$8,190,891                       | \$5,9              |

\* Unaudited

(1) Per share numbers have been calculated using the average shares method.

(2) Amount shown represents less than \$0.005.

(3) Total returns for periods of less than one year are not annualized and do not include transaction fees. Total returns do not reflect broker commission charges.

(4) Portfolio turnover ratio excludes securities received or delivered from processing creations or redemptions of DIAMONDS.

(5) Net investment income per unit reflects receipt of a one time dividend from a portfolio holding (Microsoft Corp.) The effect of this dividend amounted to \$0.22 per share.

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See accompanying notes to financial statements.

5

DIAMONDS TRUST, SERIES 1  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2007 (UNAUDITED)

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### NOTE 1 -- ORGANIZATION

DIAMONDS Trust Series 1 (the "Trust") is a unit investment trust created under the laws of the State of New York and registered under the Investment Company Act of 1940. The Trust was created to provide investors with the opportunity to purchase units of beneficial interest in the Trust representing proportionate undivided interests in the portfolio of securities consisting of substantially all of the component common stocks, which comprise the Dow Jones Industrial Average (the "DJIA"). Each unit of fractional undivided interest in the Trust is referred to as a "DIAMOND". The Trust commenced operations on January 14, 1998 upon the initial issuance of 500,000 DIAMONDS (equivalent to ten "Creation Units" -- see Note 4) in exchange for a portfolio of securities assembled to reflect the intended portfolio composition of the Trust.

### NOTE 2 -- SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect the reported amounts and disclosures in the financial statements. Actual results could differ from these estimates. The following is a summary of significant accounting policies followed by the Trust.

#### SECURITY VALUATION

Portfolio securities are valued based on the closing sale price on the exchange which is deemed to be the principal market for the security, except for securities listed on the NASDAQ which are valued at the NASDAQ official closing price. If there is no closing sale price available or official closing price, valuation will be determined by the Trustee in good faith based on available information.

In September, 2006, Statements of Financial Accounting Standards No. 157, Fair Value Measurements ("SFAS 157"), was issued and is effective for fiscal years beginning after November 15, 2007. SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Management is currently evaluating the impact, if any, the adoption of SFAS 157 will have on the Trust's financial statements.

#### INVESTMENT RISK

The Trust invests in various investments which are exposed to risks, such market risk. Due to the level of risk associated with certain investments it is at least reasonably possibly that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

#### INVESTMENT TRANSACTIONS

Investment transactions are recorded on the trade date. Realized gains and losses from the sale or disposition of securities are recorded on the identified cost basis. Dividend income is recorded on the ex-dividend date.

#### DISTRIBUTIONS TO UNITHOLDERS

The Trust declares and distributes dividends from net investment income to its unitholders monthly. The Trust will distribute net realized capital gains, if any, at least annually.

DIAMONDS TRUST, SERIES 1  
 NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)  
 APRIL 30, 2007 (UNAUDITED)

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EQUALIZATION

The Trust follows the accounting practice known as "Equalization" by which a portion of the proceeds from sales and costs of reacquiring the Trust's units, equivalent on a per unit basis to the amount of distributable net investment income on the date of the transaction, is credited or charged to undistributed net investment income. As a result, undistributed net investment income per unit is unaffected by sales or reacquisitions of the Trust's units.

FEDERAL INCOME TAX

The Trust has qualified and intends to qualify as a "regulated investment company" under Subchapter M of the Internal Revenue Code of 1986, as amended. By so qualifying and electing, the Trust will not be subject to federal income taxes to the extent it distributes its taxable income, including any net realized capital gains, for each fiscal year. In addition, by distributing during each calendar year substantially all of its net investment income and capital gains, if any, the Trust will not be subject to federal excise tax. Income and capital gain distributions are determined in accordance with income tax regulations which may differ from generally accepted accounting principles. These differences are primarily due to differing treatments for income equalization, in-kind transactions and losses deferred due to wash sales. Net investment income per unit calculations in the financial highlights for all years presented exclude these differences.

During the six months ended April 30, 2007, the Trust reclassified \$395,898,931 of non-taxable security gains realized in the in-kind redemption of Creation Units (Note 4) as an increase to paid in surplus in the Statements of Assets and Liabilities.

At October 31, 2006, the Trust had the following capital loss carryforwards which may be used to offset any net realized gains, expiring October 31:

|           |              |
|-----------|--------------|
| 2008..... | \$ 5,933,194 |
| 2010..... | 2,065,467    |
| 2011..... | 68,716,435   |
| 2012..... | 221,460,585  |
| 2014..... | 52,316       |

In December 2006, the SEC issued staff guidance ("SEC Letter") that delayed the implementation of the Financial Accounting Standards Board's ("FASB") Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48") and clarified its application. FIN 48 was originally released by the FASB in July 2006. FIN 48 mandates a two-part test for recognition of a tax benefit in the financial statement of any company (including an investment company) that follows generally accepted accounting principles. First, the company must determine that it has a greater than 50% likelihood of sustaining its position based on the "technical merits" of the position. Second, the company must determine the amount of benefit that may be recognized by considering all of the potential outcomes and measuring the probability that each will occur. The SEC Letter clarifies the types of guidance upon which investment companies can rely in determining the technical merits of a tax position. In addition, the SEC Letter permits investment companies to delay the

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DIAMONDS TRUST, SERIES 1  
 NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)  
 APRIL 30, 2007 (UNAUDITED)

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 implementation of FIN 48 until the last NAV calculation in the first required financial reporting period for fiscal years beginning after December 15, 2006. At this time, management is evaluating the implications of FIN 48.

NOTE 3 -- TRANSACTIONS WITH THE TRUSTEE AND SPONSOR

In accordance with the Trust Agreement, State Street Bank and Trust Company (the "Trustee") maintains the Trust's accounting records, acts as custodian and transfer agent to the Trust, and provides administrative services, including filing of all required regulatory reports. The Trustee is also responsible for determining the composition of the portfolio of securities which must be delivered and/or received in exchange for the issuance and/or redemption of Creation Units of the Trust, and for adjusting the composition of the Trust's portfolio from time to time to conform to changes in the composition and/or weighting structure of the DJIA. For these services, the Trustee received a fee at the following annual rates for the six months ended April 30, 2007:

| NET ASSET VALUE OF THE TRUST<br>----- | FEE AS A PERCENTAGE OF NET ASSET VALUE OF THE TRUST<br>----- |
|---------------------------------------|--|
| \$0 - \$499,999,999                   | 10/100 of 1% per annum plus or minus the Adjustment Amount   |
| \$500,000,000 - \$2,499,999,999       | 8/100 of 1% per annum plus or minus the Adjustment Amount    |
| \$2,500,000,000 - and above           | 6/100 of 1% per annum plus or minus the Adjustment Amount    |

The Adjustment Amount is the sum of (a) the excess or deficiency of transaction fees received by the Trustee, less the expenses incurred in processing orders for creation and redemption of DIAMONDS and (b) the excess amounts earned by the Trustee with respect to the cash held by the Trustee for the benefit of the Trust. During the six months ended April 30, 2007, the Adjustment Amount decreased the Trustee's fee by \$558,686. The Adjustment Amount included an excess of net transaction fees from processing orders of \$262,170 and a Trustee earning credit of \$296,516.

Effective November 22, 2006, the Trustee changed the method for computing the Adjustment Amount to the Trustee Fee such that all income earned with respect to cash held for the benefit of the Trust is credited against the Trustee's Fee. During the period from December 1, 2006 through December 31, 2006, the Trustee applied incremental cash balance credits of \$374,030 against its base fee. Such incremental credit were calculated and applied on a daily basis for such period.

PDR Services LLC (the "Sponsor", a wholly-owned subsidiary of the American Stock Exchange LLC) agreed to reimburse the Trust for, or assume, the ordinary operating expenses of the Trust which exceeded 18.00/100 of 1% per annum of the daily net asset value of the Trust. The amounts of such reimbursements by the Sponsor for the fiscal years ended October 31, 2004, October 31, 2005, October 31, 2006 and the six-month period ended April 30, 2007 were \$0.



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DIAMONDS TRUST, SERIES 1  
 NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)  
 APRIL 30, 2007 (UNAUDITED)

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 Dow Jones & Company, Inc. ("Dow Jones"), the American Stock Exchange LLC (the "AMEX"), PDR Services (the "Sponsor") and State Street Global Markets LLC ("SSGM") have entered into a License Agreement pursuant to which certain Dow Jones marks may be used in connection with the Trust subject to the payment of license fees. SSGM is a subsidiary of the Trustee.

INDEMNIFICATIONS

Under the Trust's organizational documents, its officers and trustees are indemnified against certain liability arising of the performance of their duties to the Trust. Additionally, in the normal course of business, the Trust enters into contracts with service providers that contain general indemnification clauses. The Trust's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred. However, based on experience the Trust expects the risk of loss to be remote.

NOTE 4 -- TRUST TRANSACTIONS IN DIAMONDS  
 Transactions in DIAMONDS were as follows.

|   | SIX MONTHS ENDED APRIL 30, 2007 |                   |
|---|---------------------------------|-------------------|
|   | DIAMONDS                        | AMOUNTS           |
|   | -----                           | -----             |
| DIAMONDS sold.....                              | 136,650,000                     | \$ 17,082,565,518 |
| DIAMONDS issued upon dividend reinvestment..... | 5,550                           | 684,755           |
| DIAMONDS redeemed.....                          | (141,900,000)                   | (17,777,327,443)  |
| Net income equalization.....                    | --                              | 6,006,362         |
|   | -----                           | -----             |
| Net Decrease.....                               | (5,244,450)                     | \$ (688,070,808)  |
|   | =====                           | =====             |

|   | YEAR ENDED OCTOBER 31, 2006 |                    |
|---|-----------------------------|--------------------|
|   | DIAMONDS                    | AMOUNTS            |
|   | -----                       | -----              |
| DIAMONDS sold.....                              | 142,300,000                 | \$ 15,848,129,501  |
| DIAMONDS issued upon dividend reinvestment..... | 12,974                      | 1,429,406          |
| DIAMONDS redeemed.....                          | (159,000,000)               | (17,633,216,795)   |
| Net income equalization.....                    | --                          | 1,800,594          |
|   | -----                       | -----              |
| Net Decrease.....                               | (16,687,026)                | \$ (1,781,857,294) |
|   | =====                       | =====              |

DIAMONDS TRUST, SERIES 1  
 NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

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APRIL 30, 2007 (UNAUDITED)

|   | YEAR ENDED OCTOBER 31, 2005 |                    |
|---|-----------------------------|--------------------|
|   | DIAMONDS                    | AMOUNTS            |
| DIAMONDS sold.....                              | 117,800,000                 | \$ 12,383,980,226  |
| DIAMONDS issued upon dividend reinvestment..... | 16,090                      | 1,702,587          |
| DIAMONDS redeemed.....                          | (128,300,000)               | (13,517,459,506)   |
| Net income equalization.....                    | --                          | 2,410,446          |
| Net Decrease.....                               | (10,483,910)                | \$ (1,129,366,247) |

|   | YEAR ENDED OCTOBER 31, 2004 |                  |
|---|-----------------------------|------------------|
|   | DIAMONDS                    | AMOUNTS          |
| DIAMONDS sold.....                              | 72,900,000                  | \$ 7,485,525,585 |
| DIAMONDS issued upon dividend reinvestment..... | 11,705                      | 1,201,305        |
| DIAMONDS redeemed.....                          | (52,400,000)                | (5,369,293,589)  |
| Net income equalization.....                    | --                          | 1,282,877        |
| Net Increase.....                               | 20,511,705                  | \$ 2,118,716,178 |

Except for under the Trust's dividend reinvestment plan, DIAMONDS are issued and redeemed by the Trust only in Creation Unit size aggregations of 50,000 DIAMONDS. Such transactions are only permitted on an in-kind basis, with a separate cash payment which is equivalent to the undistributed net investment income per DIAMOND (income equalization) and a balancing cash component to equate the transaction to the net asset value per unit of the Trust on the transaction date. A transaction fee of \$1,000 is charged in connection with each creation or redemption of Creation Units through the DIAMONDS Clearing Process per Participating party per day, regardless of the number of Creation Units created or redeemed. Transaction fees are received by the Trustee and used to offset the expense of processing orders.

#### NOTE 5 -- INVESTMENT TRANSACTIONS

For the six months ended April 30, 2007, the Trust had net in-kind contributions, net in-kind redemptions, purchases and sales of investment securities of \$13,934,727,630, \$14,623,395,583, \$107,277,341 and \$103,458,996, respectively. At April 30, 2007, the cost of investments for federal income tax purposes was \$6,851,890,556 accordingly, gross unrealized appreciation was \$67,008,024, and gross unrealized depreciation was \$513,879,279, resulting in net unrealized depreciation of \$446,871,255.

#### NOTE 6 -- TAX INFORMATION

For Federal income tax purposes, the percentage of Trust ordinary distributions which qualify for the corporate dividends received deduction for the fiscal year ended October 31, 2006 is 100%.

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For the fiscal year ended October 31, 2006, certain dividends paid by the Trust may be designated as qualified dividend income and subject to a maximum tax rate of 15%, as provided for by the Jobs and Growth Tax Relief Reconciliation Act of 2003. Complete information was reported in conjunction with your 2006 Form 1099-DIV.

10

DIAMONDS TRUST, SERIES 1  
OTHER INFORMATION  
APRIL 30, 2007 (UNAUDITED)

### FREQUENCY DISTRIBUTION OF DISCOUNTS AND PREMIUMS BID/ASK PRICE(1) VS NET ASSET VALUE AS OF APRIL 30, 2007

|           | CLOSING PRICE ABOVE NAV |                 |                 | CLOSING PRICE BELOW NAV |                 |                 |
|-----------|-------------------------|-----------------|-----------------|-------------------------|-----------------|-----------------|
|           | 50-99                   | 100-199         | >200            | 50-99                   | 100-199         | >200            |
|           | BASIS<br>POINTS         | BASIS<br>POINTS | BASIS<br>POINTS | BASIS<br>POINTS         | BASIS<br>POINTS | BASIS<br>POINTS |
| 2007..... | 0                       | 0               | 0               | 0                       | 0               | 0               |
| 2006..... | 0                       | 0               | 0               | 0                       | 0               | 0               |
| 2005..... | 0                       | 0               | 0               | 0                       | 0               | 0               |
| 2004..... | 0                       | 0               | 0               | 0                       | 0               | 0               |
| 2003..... | 0                       | 0               | 0               | 0                       | 0               | 0               |

### COMPARISON OF TOTAL RETURNS BASED ON NAV AND BID/ASK PRICE

#### CUMULATIVE TOTAL RETURN

|                                    | 1 YEAR | 5 YEAR | SINCE FIRST TRADE |
|------------------------------------|--------|--------|-------------------|
| Return Based on NAV.....           | 17.37% | 45.69% | 96.24%            |
| Return Based on Bid/Ask Price..... | 17.33% | 45.92% | 96.20%            |
| DJIA.....                          | 17.58% | 47.05% | 99.21%            |

#### AVERAGE ANNUAL TOTAL RETURN

|                                    | 1 YEAR | 5 YEAR | SINCE FIRST TRADE |
|------------------------------------|--------|--------|-------------------|
| Return Based on NAV.....           | 17.37% | 7.82%  | 7.54%             |
| Return Based on Bid/Ask Price..... | 17.33% | 7.85%  | 7.54%             |
| DJIA.....                          | 17.58% | 8.02%  | 7.65%             |

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(1) Currently , the Bid/Ask Price is calculated based on the best bid and best offer on the AMEX at 4:00 p.m. However, prior to April 3, 2001, the calculation of the Bid/Ask Price was based on the midpoint of the best bid and best offer at the close of trading on the AMEX, ordinarily 4:15 p.m.

(2) The Trust commenced trading on the AMEX on January 20, 1998.

11

DIAMONDS TRUST, SERIES 1

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