

SPDR S&P/ASX 200 Fund

ARSN 097 712 377

Financial report

For the year ended 30 June 2008

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This financial report covers SPDR S&P/ASX 200 Fund as an individual entity.

The Responsible Entity of SPDR S&P/ASX 200 Fund is State Street Global Advisors, Australia Services Limited (ABN 16 108 671 441). The Responsible Entity's registered office is:
Level 38, Aurora Place, 88 Phillip Street
Sydney, NSW 2000.

Directors' report

The directors of State Street Global Advisors, Australia Services Limited (ABN 16 108 671 441), the Responsible Entity of SPDR S&P/ASX 200 Fund (the "Fund"), present their report together with the financial report of the Fund for the year ended 30 June 2008.

Principal activities

The Fund invests in S&P/ASX 200 securities in accordance with the provisions of the Fund Constitution.

The Fund did not have any employees during the year.

There were no significant changes in the nature of the Fund's activities during the year.

Directors

The following persons held office as directors of State Street Global Advisors, Australia Services Limited during the year or since the end of the year and up to the date of this report:

Robert C Goodlad
 James K MacNevin (resigned on 1 August 2007)
 Katrina L Sly
 Jonathan M Shead (appointed on 1 August 2007)

Review and results of operations

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

Results

The performance of the Fund, as represented by the results of its operations, was as follows:

	Year ended	
	30 June 2008	30 June 2007
	\$	\$
Operating profit/(loss) before finance costs attributable to unitholders	<u>(99,360,825)</u>	<u>136,455,372</u>
Distribution paid and payable	<u>49,565,677</u>	<u>33,827,172</u>
Distribution (cents per unit)	<u>347.20</u>	<u>335.25</u>

The table below demonstrates the performance of the Fund as represented by the total return, which is calculated as the aggregation of the change in unit price and distribution per unit. The total return is shown for the past five years to 30 June 2008.

	2008 CPU	2007 CPU	2006 CPU	2005 CPU	2004 CPU
Changes in unit price	(1,156.72)	1,055.43	725.44	674.65	512.57
Distribution per unit	<u>347.20</u>	<u>335.25</u>	<u>244.22</u>	<u>240.22</u>	<u>129.65</u>
Total return	<u>(809.52)</u>	<u>1,390.68</u>	<u>969.66</u>	<u>914.87</u>	<u>642.22</u>

Consistent with our statements in the governing documents of the Fund, future performance is not guaranteed. Investors should exercise care in using past performance as a predictor of future performance.

Directors' report (continued)

Unit redemption prices

Unit redemption prices (quoted ex-distribution) are shown as follows:

	2008 \$	2007 \$	2006 \$	2005 \$	2004 \$
At 30 June	48.72	60.28	49.73	42.40	35.65

It is the opinion of the directors that adopting AIFRS does not have unit pricing consequences, as the basis of unit price accounting is as outlined in the Fund Constitution and the governing documents of the Fund. The key differences between net assets for unit pricing purposes and net assets as reported in the financial statements prepared under AIFRS have been outlined below:

	30 June 2008 \$	30 June 2007 \$
Net assets for unit pricing purposes	732,108,955	588,174,721
Difference between net market value (for unit pricing) and fair value (for financial reporting) of securities	(1,449,907)	(1,612,510)
Effect of classification of net assets attributable to unitholders as liabilities	<u>(730,659,048)</u>	<u>(586,562,211)</u>
Net assets under AIFRS	-	-

Interests in the Fund

The movement in units on issue in the Fund during the year is disclosed in note 6 of the financial statements.

The value of the Fund's assets and liabilities is disclosed on the balance sheet and derived using the basis set out in note 2 of the financial statements.

Significant changes in state of affairs

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

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2008 that has significantly affected, or may significantly affect:

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

Likely developments and expected results of operations

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

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. 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 Fund.

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Directors' report (continued)

Non-audit services

The Fund has decided to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Fund are important.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non audit services provided during the year are set out in note 4 of the financial statements.

The directors have considered the position and are satisfied that the provision of the non audit services is compatible with the general standard of independence for auditors imposed by the *Corporation Act 2001*. The directors are satisfied that the provision of non audit services by the auditor, set out in note 4, did not compromise the auditor independence requirements of the *Corporation Act 2001* for the following reasons:

- all non audit services have been reviewed by the Responsible Entity to ensure they do not impact the impartiality and objectivity of the auditor.
- none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision making capability for the Fund, acting as advocate for the Fund or jointly sharing economic risk and rewards.

During the year, the following fees were paid or payable for non-audit services to PricewaterhouseCoopers, Australian Firm.

	2008 \$	2007 \$
Tax and other compliance services including review of the Fund's tax return	14,037	15,605

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to either the officers of State Street Global Advisors, Australia Services Limited or the auditors of the Fund. So long as the officers of State Street Global Advisors, Australia Services Limited act in accordance with the Fund Constitution and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund. The auditors of the Fund are in no way indemnified out of the assets of the Fund.

Fees paid to and interests held in the Fund 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 13 on page 26 of the financial statements.

No fees were paid out of Fund property to the directors of the Responsible Entity during the year.

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial year are disclosed in note 13 on page 26 of the financial statements.

Environmental regulation

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

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.

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

(Original Signed)

Robert C Goodlad
Director

Sydney
26 August 2008

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PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
www.pwc.com/au
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

Auditor's Independence Declaration

As lead auditor for the audit of SPDR S&P/ASX 200 Fund for the year ended 30 June 2008, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of SPDR S&P/ASX 200 Fund during the year.

[Original signed]

Peter van Dongen
Partner
PricewaterhouseCoopers

Sydney
26 August 2008

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SPDR S&P/ASX 200 Fund
Income statement
For the year ended 30 June 2008

		Year ended	
		30 June 2008	30 June 2007
	Notes	\$	\$
Investment income			
Dividend income		30,065,095	21,607,642
Interest income		124,273	58,787
Net gains/(losses) on financial instruments held at fair value through profit or loss	5	(127,502,740)	116,320,230
Other investment income		<u>253,320</u>	<u>211,485</u>
Total investment income/(loss)		<u>(97,060,052)</u>	<u>138,198,144</u>
Expenses			
Responsible Entity's fees	13	74,020	55,939
Investment Manager's fees	13	1,595,903	1,301,132
Custody fees	13	368,029	245,774
Auditor's remuneration	4	-	19,551
Transaction costs		76,237	32,470
Stock loan expenses		123,303	87,084
Other expenses		<u>63,281</u>	<u>822</u>
Total operating expenses		<u>2,300,773</u>	<u>1,742,772</u>
Operating profit/(loss)		<u>(99,360,825)</u>	<u>136,455,372</u>
Finance costs attributable to unitholders from operations			
Distributions to unitholders	7	(49,565,677)	(33,827,172)
(Increase)/decrease in net assets attributable to unitholders	6	<u>148,926,502</u>	<u>(102,628,200)</u>
Profit/(loss) for the year		<u>-</u>	<u>-</u>

The above income statement should be read in conjunction with the accompanying notes.

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SPDR S&P/ASX 200 Fund
Balance sheet
As at 30 June 2008

		As at	
	Notes	30 June 2008 \$	30 June 2007 \$
Assets			
Cash and cash equivalents	8	213,968	415,572
Margin accounts		3,375,922	1,126,134
Due from brokers - receivable for securities sold		5,588	993,988
Receivables	11	6,146,582	3,969,280
Financial assets held at fair value through profit or loss	9	<u>759,858,707</u>	<u>606,044,787</u>
Total assets		<u>769,600,767</u>	<u>612,549,761</u>
Liabilities			
Due to brokers - payable for securities purchased		-	2,452,847
Payables		191,552	134,343
Financial liabilities held at fair value through profit or loss	10	550	-
Distributions payable	7	<u>38,749,617</u>	<u>23,400,360</u>
Total liabilities (excluding net assets attributable to unitholders)		<u>38,941,719</u>	<u>25,987,550</u>
Net assets attributable to unitholders - liability	6	<u>730,659,048</u>	<u>586,562,211</u>

The above balance sheet should be read in conjunction with the accompanying notes.

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SPDR S&P/ASX 200 Fund
Statement of changes in equity
For the year ended 30 June 2008

	Year ended	
	30 June 2008	30 June 2007
	\$	\$
Total equity at the beginning of the financial year	-	-
Profit/(loss) for the year	-	-
Net income/(expense) recognised directly in equity	-	-
Total recognised income and expense for the year	<u>-</u>	<u>-</u>
Transactions with equity holders in their capacity as equity holders	-	-
Total equity at the end of the financial year	<u>-</u>	<u>-</u>

Under AIFRS, net assets attributable to unitholders is classified as a liability rather than equity. As a result there was no equity at the start or end of the year.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

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SPDR S&P/ASX 200 Fund
Cash flow statement
For the year ended 30 June 2008

	Notes	Year ended 30 June 2008 \$	30 June 2007 \$
Cash flows from operating activities			
Proceeds from sale of financial instruments held at fair value through profit or loss		63,863,097	39,858,882
Purchase of financial instruments held at fair value through profit or loss		(54,604,689)	(37,570,822)
Amount paid to brokers for margin		(2,972,035)	(660,338)
Dividends received		25,311,163	14,923,546
Interest received		124,273	58,787
Other income received		201,291	211,561
Responsible Entity's fees paid		(72,558)	(56,973)
Investment Manager's fees paid		(1,581,544)	(1,318,534)
Custody fees paid		(358,416)	(258,607)
Payment of other expenses		(231,046)	(134,080)
Net cash inflow from operating activities	15(a)	<u>29,679,536</u>	<u>15,053,422</u>
Cash flows from financing activities			
Distributions paid		(29,881,140)	(19,862,215)
Net cash outflow from financing activities		<u>(29,881,140)</u>	<u>(19,862,215)</u>
Net decrease in cash and cash equivalents		(201,604)	(4,808,793)
Cash and cash equivalents at beginning of the year		<u>415,572</u>	<u>5,224,365</u>
Cash and cash equivalents at the end of the year	8	<u>213,968</u>	<u>415,572</u>
Non-cash financing and operating activities	15(b)		

The above cash flow statement should be read in conjunction with the accompanying notes.

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1 General information

This financial report covers SDPR S&P/ASX 200 Fund (the "Fund") as an individual entity. The Fund was constituted on 31 July 2001 and commenced operations on 27 August 2001. The Fund will terminate on 26 August 2081 unless terminated earlier in accordance with the provisions of the Fund Constitution.

The Responsible Entity of the Fund is State Street Global Advisors, Australia Services Limited (the "Responsible Entity"). The Responsible Entity's registered office is Level 38, Aurora Place, 88 Phillip Street, Sydney, NSW, 2000. The financial report is presented in Australian currency.

The Fund invests in S&P/ASX 200 Accumulation Index listed equities in accordance with the provisions of the Fund Constitution. The financial statements were authorised for issue by the directors on 26 August 2008. The directors of the Responsible Entity have the power to amend and reissue the financial report.

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) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001* in Australia.

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

Compliance with International Financial Reporting Standards (IFRS)

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report of the Fund, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards.

(b) Financial instruments

(i) Classification

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

- Financial instruments held for trading

These include derivative financial instruments including futures. The Fund does not designate any derivatives as hedges in a hedging relationship.

- Financial instruments designated at fair value through profit or loss upon initial recognition

These include financial assets that are not held for trading purposes and which may be sold. These are investments in exchange traded equity instruments.

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 Fund's documented investment strategy. The Fund's 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.

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(ii) Recognition/derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

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

(iii) Measurement

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

Details on how the fair value of financial instruments is determined are disclosed in note 3.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(c) Net assets attributable to unitholders

Units are redeemable at the unitholders' option and are therefore classified as financial liabilities. The units can be put back to the Fund at any time. The fair value of redeemable units is measured at the redemption amount that is payable (in cash and securities representing each in investor's equal undivided, vested, and indefeasible interest in the assets as a whole, subject to liabilities, as defined by the Fund Constitution) at the balance sheet date if unitholders exercised their right to put the units back to the Fund.

(d) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term, highly liquid investments including cash management trusts that are readily convertible to know amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are classified as liabilities in the balance sheet.

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 Fund's main income generating activity.

(e) Investment income

Interest income is recognised in the income statement using the effective interest method.

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 Fund estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between the 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 with any related unrecoverable foreign withholding tax recorded as an expense.

2 Summary of significant accounting policies (continued)

(f) Expenses

All expenses, including Responsible Entity's fees, Investment Management and Custodian fees, are recognised in the income statement on an accruals basis.

(g) Income tax

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

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Fund is not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Fund to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

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

The Fund currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded net of withholding tax in the income statement.

(h) Distributions

In accordance with the Fund Constitution, the Fund fully distributes its distributable (taxable) income and any other amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. The distributions are payable at the end of December and June each year and recognised in the income statement as finance costs attributable to unitholders.

(i) Increase/decrease in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the income statement as finance costs.

(j) Foreign currency translation

Functional and presentation currency

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Fund competes for funds and is regulated. The Australian dollar is also the Fund's presentation currency.

(k) Due from/to brokers

Amounts due from/to brokers represent payables for securities purchased and receivables for securities sold that have been contracted for but not yet delivered by the end of the year. Trades are recorded on trade date, and normally settled within three business days. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker. Indicators that the amount due from brokers is impaired include significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation and default in payments.

2 Summary of significant accounting policies (continued)

(l) Receivables

Receivables may include amounts for dividends and interest. Dividend receivables accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment in accordance with the policy set out in note 2(e). Amounts are generally received within 30 days of being recorded as receivables.

(m) Payables

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at balance date.

The distribution amount payable to unitholders as at the reporting date is recognised separately on the balance sheet as unitholders are presently entitled to the distributable income under the Fund Constitution.

(n) Applications and redemptions

Application amounts must be in the form of a parcel of quoted securities transferred through CHESS and cannot be wholly paid in cash. Investors may purchase units by trading on the Australian Stock Exchange (ASX).

Unitholders can only redeem units if they are a "Qualifying Australian Resident" as defined in the Product Disclosure Statement (PDS) and use a Stockbroker for the redemption. Investors may sell units by trading on the ASX.

Unit prices are determined by reference to the net assets of the Fund divided by the number of units on issue. For unit pricing purposes, net assets are determined using the last reported trade price for securities. These prices may differ from the market price quoted on the ASX.

(o) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as Custodial services and Investment Management fees have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of 75%. Hence Investment Management fees, Custodial fees and other expenses have been recognised in the income statement net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the balance sheet. Cash flows relating to GST are included in the cash flow statement on a gross basis.

(p) Use of estimates

The Fund may 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 certain other financial instruments, including amounts due from/to brokers, accounts payable and accrued expenses, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

(q) Segment reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

2 Summary of significant accounting policies (continued)

(r) Margin accounts

Margin accounts comprise cash held as collateral for derivative transactions. The cash is held by the broker and is only available to meet margin calls.

(s) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting periods. The Directors' assessment of the impact of these new standards (to the extent relevant to the Fund) and interpretations is set below:

(i) AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8*.

AASB 8 and AASB 2007-3 are effective for annual reporting periods beginning on or after 1 January 2009. The Fund has not adopted these standards early. Application of these standards will not affect any of the amounts recognised in the financial statements, but may affect the segment disclosures provided in note 14.

(ii) Revised AASB 101 *Presentation of Financial Statements* and AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101*

AASB 101 (Revised) is applicable to annual reporting periods beginning on or after 1 January 2009. The Fund has not adopted this standard early. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity will not affect any of the amounts recognised in the financial statements. If the Fund makes a prior period adjustment or re-classifies items in the financial statement, it will need to disclose a third balance sheet (statement of financial position), this one being at the beginning of the comparative period.

(iii) AASB 132 *Financial Instruments: Presentation* and AASB 2008-2 *Amendments to Australian Accounting Standards - Puttable Financial Instruments and Obligations Arising on Liquidation* (Revised AASB 132)

Revised AASB 132 is applicable for reporting periods beginning on or after 1 January 2009. The Fund has not adopted this standard early. Application of this standard will not affect any of the amounts recognised in the financial statements as the Fund is obligated to distribute all of its taxable income in accordance with the Fund's Constitution. Accordingly, there will be no change to classification of unitholders' funds as a liability and therefore no impact on profit or loss and equity.

3 Financial risk management

The Fund's activities expose it to a variety of financial risks including market price risk, credit risk and liquidity risk.

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's PDS and seeks to maximise the returns derived for the level of risk to which the Fund is exposed. The Fund may use derivative financial instruments to alter certain risk exposures. Financial risk management is carried out by the Investment Manager under an Investment Mandate approved by the Board of Directors of the Responsible Entity (the Board).

The Fund uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of market price risk.

(a) Market risk

(i) Price Risk

The Fund invests in various investments including securities on the Australian Stock Exchange, cash instruments, derivatives and other managed investment schemes. The Fund due to its investments is exposed to equity securities and derivatives securities price risk. The risk is that the value of a fund's investment portfolio will fluctuate as a result of changes in market prices. The risk is influenced by economic, technological, political and legal conditions and sentiment, all of which can change. This can mean that assets held by the Fund in these markets may fall in value. Growth assets are generally considered to have a higher risk/return profile than income producing assets such as fixed interest securities and cash.

The Investment Manager manages the price risk by following a clearly established investment mandate for the Fund's investments. The majority of the Fund's investments are securities listed on the S&P/ASX 200 Index while the cash instruments are at a minimum rating of A1 or higher as rated by Standards and Poors. The use of derivatives is limited to a small level of the total value of the Fund. Compliance with the Fund's PDS and investment mandate is monitored on a daily basis and reports are provided to the Board and Compliance Committee on a regular basis.

The table on page 19 shows the impact of an increase of 22% and decrease of 22% in the S&P/ASX 200 Index (with all other variables held constant) would have on the net asset value of the Fund as at 30 June 2008 and 2007.

(ii) Foreign exchange risk

Foreign exchange risk arises as the value of monetary assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates.

The Fund has no direct foreign exchange risk exposure as the Fund operates solely in Australia and the majority of the Fund's assets and liabilities are denominated in Australian currency.

(iii) Interest rate risk

Interest rate risk is the risk that interest rate movements will have a negative impact on investment value or returns. Interest rate risk is managed in accordance with the underlying investment strategy of the Fund.

The Fund's policy is to hold no more than 5% of the Fund value in cash instruments.

Compliance with the value of cash investments held is monitored daily and reported to the Board and Compliance Committee on a regular basis.

3 Financial risk management (continued)

(a) Market risk (continued)

The table below summarises the Fund's direct exposure to interest rate risks. It includes the Fund's assets and liabilities at fair values, categorised by the earlier of contractual re pricing or maturity dates.

30 June 2008	Floating interest rate \$	Fixed interest rate \$	Non-interest bearing \$	Total \$
Financial assets				
Cash and cash equivalents	213,968	-	-	213,968
Margin accounts	3,375,922	-	-	3,375,922
Due from brokers – receivable for securities sold	-	-	5,588	5,588
Receivables	-	-	6,146,582	6,146,582
Financial assets held at fair value through profit and loss	-	-	759,858,707	759,858,707
Financial liabilities				
Payables	-	-	(191,552)	(191,552)
Financial liabilities held at fair value through profit or loss	-	-	(550)	(550)
Distributions payable	-	-	(38,749,617)	(38,749,617)
Net exposure	<u>3,589,890</u>	<u>-</u>	<u>727,069,158</u>	<u>730,659,048</u>

30 June 2007	Floating interest rate \$	Fixed interest rate \$	Non-interest bearing \$	Total \$
Financial assets				
Cash and cash equivalents	415,572	-	-	415,572
Margin accounts	1,126,134	-	-	1,126,134
Due from brokers – receivable for securities sold	-	-	993,988	993,988
Receivables	-	-	3,969,280	3,969,280
Financial assets held at fair value through profit and loss	-	-	606,044,787	606,044,787
Financial liabilities				
Due to brokers - payable for securities purchased	-	-	(2,452,847)	(2,452,847)
Payables	-	-	(134,343)	(134,343)
Distributions payable	-	-	(23,400,360)	(23,400,360)
Net exposure	<u>1,541,706</u>	<u>-</u>	<u>585,020,505</u>	<u>586,562,211</u>

An analysis of financial liabilities by maturities is provided in paragraph(d) below.

The table below summarises the impact of an increase/decrease of interest rates on the Fund's operating profit and net assets attributable to unitholders through changes in fair value or changes in future cash flows. The analysis is based on the assumption that interest rates changed by +/- 100 basis points (2007: +/- 100 basis points) from the year end rates with all other variables held constant.

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3 Financial risk management (continued)

(b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unitholders to the various market risks. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be different than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the fund invests. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

	Price risk		Interest rate risk	
	-22 %	+22 %	-100 bps	+100 bps
	Impact on operating profit/Net assets attributable to unitholders			
	\$	\$	\$	\$
30 June 2008	(167,483,092)	167,483,092	(35,899)	35,899
30 June 2007	(128,883,984)	128,883,984	(15,417)	15,417

(c) Credit risk

Credit risk primarily arises from investments in debt securities, securities lending 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.

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or part. Credit risk is managed primarily by:

- Ensuring counterparties, together with the respective credit limits, are approved in accordance with SSgA criteria; and
- Ensuring that transactions are undertaken with a range of counterparties.

For derivative financial instruments, management has established limits such that, at any time, the maximum exposure of the Fund to derivative instruments shall be limited to 15%.

In regard to securities lending the policy is to hold a level of collateral in the range of 102% to 105% of the value of the securities lent.

Compliance with the Fund's mandate is monitored on a daily basis and reported to the Board and Compliance Committee on a regular basis.

(d) Liquidity Risk

The Fund is exposed to cash redemptions of redeemable units by unit holders from time to time. It therefore primarily holds investments that are traded in an active market and can be readily disposed.

The Fund's listed securities are considered readily realisable, as they are listed on the Australian Stock Exchange.

The Fund may, from time to time, invest in derivative contracts traded over the counter, which are not traded in an organised market and may be illiquid. As a result, the Fund may not be able to quickly liquidate its investments in these instruments at an amount close to their fair value to meet its liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer or counterparty.

The table on page 20 analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period to the earliest possible contractual maturity date at the year end date. The amounts in the table are contractual undiscounted cash flows.

3 Financial risk management (continued)

(d) Liquidity Risk (continued)

	Less than 1 month	1-6 months	6-12 months	1-2 years	No stated maturity
	\$	\$	\$	\$	\$
At 30 June 2008					
Payables	-	-	-	-	191,552
Financial liabilities at fair value through profit or loss	-	550	-	-	-
Distribution payable	38,749,617	-	-	-	-
Net assets attributable to unitholders	<u>730,659,048</u>	-	-	-	-
Total financial liabilities	<u>769,408,665</u>	<u>550</u>	<u>-</u>	<u>-</u>	<u>191,552</u>
At 30 June 2007					
Due to brokers - payable for securities sold	2,452,847	-	-	-	-
Payables	-	-	-	-	134,343
Distribution payable	23,400,360	-	-	-	-
Net assets attributable to unitholders	<u>586,562,211</u>	-	-	-	-
Total financial liabilities	<u>612,415,418</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>134,343</u>

(e) Fair value estimation

The carrying amounts of the Fund's assets and liabilities at the balance sheet date approximate their fair values.

Financial assets and liabilities held at fair value through 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 financial 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 income statement.

- 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 balance sheet date without any deduction for estimated future selling costs. Financial assets are priced at closing bid prices, while financial liabilities are priced at closing asking prices.

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4 Auditor's remuneration

During the year the following fees were paid or payable for services provided by the auditor of the Fund:

	Year ended	
	30 June 2008	30 June 2007
	\$	\$
(a) Audit services		
<i>Audit services</i>		
PricewaterhouseCoopers Australian firm		
Audit and review of financial reports	<u>29,719</u>	<u>25,135</u>
Total remuneration for audit services	<u>29,719</u>	<u>25,135</u>
(b) Non-audit services		
<i>Taxation services</i>		
PricewaterhouseCoopers Australian firm		
Tax compliance services	<u>15,605</u>	<u>14,037</u>
Total remuneration for non-audit services	<u>15,605</u>	<u>14,037</u>

In 2007, auditor's remuneration of \$19,551 paid directly by the Fund, the remaining amount was borne by the Investment Manager. In 2008, the Investment Manager has paid the audit fees on behalf of the Fund, and rebated part of the 2007 fees out of the Investment Manager's fees.

The analysis above shows the fees paid to the auditor (but in respect of the 2008 year impacts the Income statement as a reduction to the Investment Manager's fees. In addition, the Investment Manager's fees were also reduced by rebating \$7,266 of 2007 audit fees).

5 Net gains/(losses) on financial instruments held at fair value through profit or loss

Net gains/(losses) recognised in relation to financial assets and financial liabilities held at fair value through profit or loss:

	Year ended	
	30 June 2008	30 June 2007
	\$	\$
Financial assets		
Net gain on financial assets held for trading	776,256	994,735
Net gain/(loss) on financial assets designated as at fair value through profit or loss	<u>(126,496,840)</u>	<u>115,400,546</u>
Total net gains/(losses) on financial assets held at fair value through profit or loss	<u>(125,720,584)</u>	<u>116,395,281</u>
Financial liabilities		
Net loss on financial liabilities held for trading	<u>(1,782,156)</u>	<u>(75,051)</u>
Total net losses on financial liabilities held at fair value through profit or loss	<u>(1,782,156)</u>	<u>(75,051)</u>
Total net gains/(losses) on financial instruments held at fair value through profit or loss	<u>(127,502,740)</u>	<u>116,320,230</u>

6 Net assets attributable to unitholders

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

	Year ended			
	30 June 2008 No.	30 June 2007 No.	30 June 2008 \$	30 June 2007 \$
Opening balance	9,756,866	9,588,093	586,562,211	476,074,090
Applications	5,600,000	1,800,000	309,773,240	97,159,050
Redemptions	(400,000)	(1,700,000)	(21,085,181)	(92,917,804)
Units issued upon reinvestment of distributions	71,230	68,773	4,335,280	3,618,675
(Decrease)/increase in net assets attributable to unitholders	-	-	(148,926,502)	102,628,200
Closing balance	<u>15,028,096</u>	<u>9,756,866</u>	<u>730,659,048</u>	<u>586,562,211</u>

As stipulated within the Fund Constitution, a Unit confers an equal undivided, vested, and indefeasible interest in the Assets as a whole, subject to the Liabilities. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

(a) Unrealised capital gains

At the reporting date, the Fund had net unrealised taxable capital gains of \$11,711,299 (2007: \$104,404,711), which if realised, and after any offset of realised capital losses, would be assessable.

(b) Realised capital losses

At the reporting date, the Fund had no realised capital losses (2007: \$nil) available to offset against future assessable capital gains.

Capital risk management

The Fund manages its 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 Fund is subject to daily applications and redemptions at the discretion of unitholders.

7 Distributions to unitholders

The distributions were paid/payable as follows:

	Year ended			
	30 June 2008 \$	30 June 2008 CPU	30 June 2007 \$	30 June 2007 CPU
Distributions paid	10,816,060	89.35	10,426,812	95.42
Distributions payable	38,749,617	257.85	23,400,360	239.83
Total distributions	<u>49,565,677</u>	<u>347.20</u>	<u>33,827,172</u>	<u>335.25</u>

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8 Cash and cash equivalents

	As at	
	30 June 2008	30 June 2007
	\$	\$
Cash at bank	213,968	415,572

This account is bearing floating interest rate of 0.75% (2007: 0.75%).

9 Financial assets held at fair value through profit or loss

	As at	
	30 June 2008	30 June 2007
	\$	\$
Held for trading		
Derivatives (note 12)	-	275,847
Total held for trading	<u>-</u>	<u>275,847</u>
Designated at fair value through profit or loss		
Equity securities listed on a prescribed stock exchange	<u>759,858,707</u>	<u>605,768,940</u>
Total designated at fair value through profit or loss	<u>759,858,707</u>	<u>605,768,940</u>
Total financial assets held at fair value through profit or loss	<u>759,858,707</u>	<u>606,044,787</u>

The objectives of the Fund include earning revenue from dividends, interest and distributions, as well as holding investments for market appreciation. All the investments held are readily marketable and may be realised as future conditions dictate.

An overview of the risk exposures relating to financial assets held at fair value through profit or loss is included in note 3.

Scrip lending

The Fund has entered into scrip lending arrangements with State Street Bank and Trust Company under which legal title to some of the Fund's assets may be transferred to another entity. The risks and benefits of ownership of the assets remain with the Fund. Consistent with the accounting policy note for recognition/derecognition of financial instruments (see note 2(b)(ii)), because the Fund continues to enjoy the risks and benefits of ownership, assets subject to scrip lending arrangement have not been derecognised (i.e. treated as having been sold). Collateral of between 102% and 105% of the value of any scrip lent is maintained by State Street Bank and Trust Company. Similarly, collateral held by State Street Bank and Trust Company to secure the Fund's lending activities is not recognised as an asset of the Fund. The total net fair value of assets subject to scrip lending arrangements at the reporting date, and which are included in the above, amounts to \$759,858,707 (2007: \$605,768,940). The total value of scrip on loan at 30 June 2008 amounted to \$ 28,175,941 (2007: \$42,542,902).

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9 Financial assets held at fair value through profit or loss (continued)

Material investments

Investments which constitute 5% or more by value of the total value of investments of the Fund are disclosed below:

2008

<u>Security Description</u>	<u>Principal Activities</u>	<u>Total Fair Value</u> \$	<u>% of Total Fund Investments</u> %
BHP Billiton Ltd	Mining	106,303,240	13.99
Commonwealth Bank of Australia	Banking & Finance	38,832,438	5.11

2007

<u>Security Description</u>	<u>Principal Activities</u>	<u>Total Fair Value</u> \$	<u>% of Total Fund Investments</u> %
BHP Billiton Ltd	Mining	57,185,905	9.44
Commonwealth Bank of Australia	Banking & Finance	34,584,662	5.71
National Australia Bank	Banking & Finance	32,635,631	5.39

10 Financial liabilities held at fair value through profit or loss

	As at 30 June 2008 \$	30 June 2007 \$
Held for trading		
Derivatives (note 12)	550	-
Total held for trading	550	-
Total financial liabilities held at fair value through profit or loss	550	-

An overview of the risk exposures relating to financial liabilities held at fair value through profit or loss is included in note 3.

11 Receivables

	As at 30 June 2008 \$	30 June 2007 \$
Dividend receivable	6,070,807	3,945,534
Other receivables	75,775	23,746
	<u>6,146,582</u>	<u>3,969,280</u>

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12 Derivative financial instruments

In the normal course of business the Fund enters into transactions in various derivative financial instruments with certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include a wide assortment of instruments, such as forwards, futures and options. Derivatives are considered to be part of the investment process. The use of derivatives is an essential part of the Fund's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Fund against a fluctuation in market values or to reduce volatility
- a substitution for trading of physical securities
- adjusting asset exposures within the parameters set in the investment strategy, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the Fund.

The Fund holds futures contracts. Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts' values are usually settled daily with the exchange. Interest rate futures are contractual obligations to receive or pay a net amount based on changes in interest rates at a future date at a specified price, established in an organised financial market.

The Fund's derivative financial instruments at year-end are detailed below:

30 June 2008	Fair Values		
	Contract/ notional \$	Assets \$	Liabilities \$
Australian share price index futures	<u>1,428,075</u>	-	<u>550</u>
30 June 2007	Fair Values		
	Contract/ notional \$	Assets \$	Liabilities \$
Australian share price index futures	<u>19,932,650</u>	<u>275,847</u>	-

An overview of the risk exposures relating to derivatives is included in note 3.

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13 Related party transactions

Responsible Entity

The Responsible Entity of SPDR S&P/ASX 200 Fund is State Street Global Advisors, Australia Services Limited. The ultimate holding company of the Responsible Entity is State Street Corporation (incorporated in the United States of America).

Under the terms of the Fund Constitution, the Responsible Entity receives fees of 0.011% per annum (2007: 0.011%) of the Net Asset Value, accrued daily, calculated as at the last day of each month and payable within 7 days of calculation.

Key management personnel

Key management personnel includes persons who were directors of State Street Global Advisors, Australia, Services Limited at any time during the financial year as follows:

Robert C Goodlad
James K MacNevin (resigned on 1 August 2007)
Katrina L Sly
Jonathan M Shead (appointed on 1 August 2007)

Key management personnel unitholdings

At 30 June 2008 and 2007 no key management personnel held units in the Fund.

Key management personnel compensation

Key management personnel are paid by State Street Global Advisors, Australia, Limited. Payments made from the Fund to State Street Global Advisors, Australia Services Limited do not include any amounts directly attributable to key management personnel remuneration.

Key management personnel loan disclosures

The Fund has 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.

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 Fund since the end of the previous financial year and there were no material contracts involving director's interests subsisting at year end.

Investment Manager's fees and other fees for transactions provided by related parties

The Investment Manager of SPDR S&P/ASX 200 Fund is State Street Global Advisors Australia, Limited. The ultimate holding company of the Investment Manager is State Street Corporation (incorporated in the United States of America).

During the year the total annual operating fees and expenses for the Fund (the Indirect Cost Ratio) were capped at 0.286% p.a. (2007: 0.286%).

During the year the Investment Manager's fees were capped at 0.275% p.a (2007: 0.275%). The cap takes account of both Goods and Services Tax (GST) payable on the operating fees and expenses of the Funds and also the benefit of reduced input tax credit.

The Custodian and Administrator of SPDR S&P/ASX 200 Fund is State Street Australia Limited. The ultimate holding company of the Custodian is State Street Corporation (incorporated in the United States of America).

During the year, the Fund has entered into scrip lending arrangements with State Street Bank and Trust Company under which legal title to some of the Fund's assets may be transferred to another entity.

13 Related party transactions (continued)

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the year and amounts payable at year end between the Fund and the Responsible Entity, Investment Manager, and the Custodian and Administrator were as follows:

	30 June 2008 \$	30 June 2007 \$
Responsible Entity's fees for the year	74,020	55,939
Investment Manager's fees for the year	1,595,903	1,301,132
Custody and Administrator fees for the year	368,029	245,774
Aggregate amounts payable to the Responsible Entity/Investment Manager at the reporting date	152,231	115,987

All related party transactions are conducted on normal commercial terms and conditions.

Related party schemes' unitholdings

State Street Global Advisors, Australia Services Limited (ABN 16 108 671 441), its associates and other Funds managed by State Street Global Advisors, Australia Services Limited, held units in the Fund as follows:

2008

Unitholder	Number of units held (Units)	Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Fund \$
SSgA Australian Equities Index Trust	94,918	0.63	-	136,000	318,817

2007

Unitholder	Number of units held (Units)	Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Fund \$
SSgA Australian Equities Index Trust	230,918	2.37	3,889	-	781,186

Investments

The Fund did not hold any investments in State Street Global Advisors, Australia Services Limited or its affiliates during the year.

14 Segment information

The Fund is organised into one main segment which operates solely in the business of investment management within Australia. Consequently, no segment reporting is provided in the Fund's financial statements.

The Fund operates in Australia and holds investments in Australia.

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15 Reconciliation of profit/(loss) to net cash inflow from operating activities

	30 June 2008 \$	30 June 2007 \$
(a) Reconciliation of profit/(loss) to net cash inflow from operating activities		
Profit/(loss) for the year	-	-
Increase/(decrease) in net assets attributable to unitholders	(148,926,502)	102,628,200
Distribution to unitholders	49,565,677	33,827,172
Proceeds from sale of financial instruments held at fair value through profit or loss	63,863,097	39,858,882
Purchase of financial instruments held at fair value through profit or loss	(54,604,689)	(37,570,822)
Net gains/(losses) on financial instruments held at fair value through profit or loss	127,502,740	(116,320,230)
Dividend income reinvested	(2,628,659)	(6,355,274)
Amount paid to brokers for margin	(2,972,035)	(660,338)
Net change in receivables	(2,177,302)	(328,746)
Net change in payables	57,209	(25,422)
Net cash inflow from operating activities	<u>29,679,536</u>	<u>15,053,422</u>
(b) Non-cash financing and operating activities		
During the year, the following applications and redemptions were satisfied by in specie asset transfers:		
Application	309,773,240	97,159,050
Redemption	21,085,181	92,917,804
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	<u>4,335,280</u>	<u>3,618,675</u>

16 Events occurring after the balance sheet date

No significant events have occurred since balance date which would impact on the financial position of the Fund disclosed in the balance sheet as at 30 June 2008 or on the results and cash flows of the Fund for the year ended on that date.

17 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2008 and 30 June 2007.

18 Reclassification to presentation

Certain prior year amounts have been reclassified to conform to the presentation in the 30 June 2008 financial statements.

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Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 7 to 28 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Fund's financial position as at 30 June 2008 and of its performance for the financial year ended on that date.
- (b) there are reasonable grounds to believe that the Fund 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.

(Original Signed)

Robert C Goodlad
Director

Sydney
26 August 2008

**Independent auditor's report to the unitholders of
SPDR S&P/ASX 200 Fund**

Report on the financial report

We have audited the accompanying financial report of SPDR S&P/ASX 200 Fund (the "Fund"), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Fund.

Directors' responsibility for the financial report

The directors of the Fund are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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. These Auditing 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 and fair presentation of the financial report 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.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

Independent auditor's report to the unitholders of SPDR S&P/ASX 200 Fund - continued

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- (a) the financial report of SPDR S&P/ASX 200 Fund is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Fund's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the Fund's financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of SPDR S&P/ASX 200 Fund for the year ended 30 June 2008 included on the Fund's web site. The Fund's directors are responsible for the integrity of the Fund's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report and presented on this web site.

[Original signed]

PricewaterhouseCoopers

Peter van Dongen
Partner

Sydney
26 August 2008

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Corporate Governance Statement

SPDR S&P/ASX 200 Fund (“the Fund”) is a registered Managed Investment Scheme (“Scheme”) under the Corporations Act 2001 (Cth) (“the Corporations Act”). Consequently, there are distinctive provisions governing the Fund and those who operate it, which are intended to give investors enhanced protection.

A Responsible Entity (“RE”) of a Scheme must operate the Scheme and perform the functions conferred on it by the Scheme’s Constitution and the Corporations Act. The RE may also appoint an agent or agents to perform various functions on its behalf. The duties of the RE are to:

- act honestly;
- exercise a duty of care and diligence;
- act in the best interests of unitholders and, if there is a conflict between the unitholders’ interests and its own interests, give priority to the unitholders’ interests;
- treat unitholders who hold interests in the same class equally and unitholders who hold interests in different classes fairly;
- not make use of information acquired through being an RE in order to
 - o gain an improper advantage for itself or another person, or
 - o cause detriment to the unitholders of the Fund;
- ensure that the Scheme property is valued at regular intervals appropriate to the nature of the property;
- ensure that all payments out of the Scheme property are made in accordance with the Fund’s Constitution and the Corporations Act;
- report to ASIC any breach of the Corporations Act that relates to the Scheme and has had, or is likely to have, a materially adverse effect on the interests of unitholders, as soon as practicable after it becomes aware of the breach; and
- carry out or comply with any other duty, which is not inconsistent with the Corporations Act that is conferred on the RE by the Scheme’s Constitution.

State Street Global Advisors, Australia Services Limited (“SSgA,ASL”) is the RE of the Fund. SSgA,ASL is a wholly owned subsidiary of the Investment Manager of the Fund, State Street Global Advisors, Australia, Limited (“SSgA”).

SSgA,ASL is familiar with the ASX Corporate Governance Council’s Principles of Good Corporate Governance and Best Practice Recommendations. This section sets out the principle corporate governance practices which SSgA,ASL will apply in its capacity as RE of the Fund.

Corporate Governance Statement (continued)

The Board

Responsibility for corporate governance of the RE resides with SSgA,ASL's Board of Directors ("RE Board"), which is comprised of three internal directors. In addition to the RE Board, the Corporations Act requires that a Compliance Committee with external Members must be established if less than half the directors of the RE are external. SSgA,ASL has formed a Compliance Committee, which has specific obligations under the Corporations Act, and is discussed in detail below. The Compliance Committee fulfils the independence obligation as the RE Board is comprised of internal directors.

The names of the directors are set out on page 2 of the Financial report. These directors have gained extensive experience and expertise in relation to the funds management industry, the RE and the Fund. They also bring to the RE Board a range of complementary commercial qualifications and skills.

A nominations committee has not been established for the RE Board as currently the appointed directors are paid employees of the parent company, SSgA.

The RE Board is responsible on a day-to-day basis for operating the Funds in the interests of the unitholders of the Fund and monitoring the Fund's activities for compliance with the Fund's Constitution, other offer documentation and the Corporations Act. Specific responsibilities include:

- setting and monitoring corporate strategies and objectives for management;
- monitoring business performance;
- selecting and assessing the performance of the general manager and executives;
- monitoring the financial position, including reviewing the integrity of the financial reporting;
- ensuring the availability of adequate resources to meet objectives;
- ensuring the placement of effective management processes and approving major corporate initiatives to ensure continued growth and success;
- ensuring that significant business risks are identified, reported and managed effectively;
- setting high standards for ethical conduct; and
- reporting to and communicating with ASIC and unitholders.

RE Board meetings are held quarterly and additional meetings are held as required.

Due to the size and nature of operations, the RE Board, along with the Compliance Committee where relevant under the Corporations Act (and with certain outsourced services provided by SSgA, related entities and external service providers), will carry out all the corporate governance functions and responsibilities attaching to the Fund. The RE Board will receive quarterly reports from the Compliance Committee, Legal Counsel and the Manager of the RE. In addition, directors will spend time reading and analysing RE Board papers and reports submitted by the Investment Manager and Custodian of the RE.

All directors have unrestricted access to company records and information. The RE Board or individual directors may obtain independent advice (including legal advice) from external advisors, at the cost of the RE, where this is reasonably necessary for the RE Board to carry out its duties and responsibilities. The RE may recharge these expenses to the Fund where the Fund's Constitution allows.

The procedures for establishing and reviewing the compensation arrangements for the RE are specified in the Fund's Constitution.

Corporate Governance Statement (continued)

The Compliance Committee

The Corporations Act requires that an RE of a Scheme must apply adequate measures in operating the Scheme to ensure compliance with the Corporations Act. The Fund operates under a Compliance Plan registered with the Australian Securities and Investments Commission.

The Corporations Act also requires that a Compliance Committee be established if less than half of the directors of the RE are external directors. SSgA,ASL has a Compliance Committee comprising:

Mr Robert Goodlad (Chair);

Mr Richard Stokes (external); and

Mr Dennis Wildenburg (external).

Mr Goodlad has over 24 years' continuous experience in the financial markets and funds management industry. Mr Goodlad is also the Managing director of State Street Global Advisors, Australia, Limited and holds a Bachelor of Arts (Economics) from Monash University.

Mr Stokes has over 25 years' experience in the financial services industry. Mr Stokes developed extensive experience in the funds management industry, having worked for funds management companies in London, Johannesburg and Sydney. He has been consulting to the financial services industry for more than 15 years. Mr Stokes is a Chartered Accountant.

Mr Wildenburg has over 25 years' experience in the financial services and funds management industry. He has been consulting to the financial services industry for over a decade and his broad experience includes professional accounting, the development of superannuation and unit trust products and financial services marketing. Mr Wildenburg is a Chartered Accountant.

The majority of the Compliance Committee are external members, as required by the Corporations Act. Due to the fact that the RE is not a listed company, and in accordance with market practice, to facilitate the smooth administration of Compliance Committee meetings and utilise in-house resources the Compliance Committee voted that the Chair of the Compliance Committee for 2008/2009 should be the Managing director of the RE. Although the current Chair of the Compliance Committee is an internal member, each of the Compliance Committee members have only one vote each. The Compliance Committee will consider whether the rotation of Chair would be appropriate on an annual basis.

The Compliance Committee reviews the operations of the RE through reporting received at regular Compliance Committee meetings.

The Compliance Committee operates under a formal Terms of Reference, which details the functions and responsibilities of the Committee.

For the purpose of carrying out the functions of the Compliance Committee, all Committee members have access to:

- information, including accounting records of the Fund and information relevant to compliance with the Corporations Act and the Constitution as well as staff of the RE;
- the auditor of the RE;
- the auditor of the Compliance Plan; and
- the auditor of the Fund.

Members of the Compliance Committee may obtain independent advice (including legal advice) from external advisors, at the cost of the RE, where this is reasonably necessary for the Committee to carry out its functions.

Corporate Governance Statement (continued)

Code of Ethics

SSgA,ASL, being a wholly-owned subsidiary of SSgA has formally adopted the SSgA Code of Ethics.

The Code of Ethics is designed to reinforce SSgA's reputation for integrity by avoiding even the appearance of impropriety in the conduct of business. The Code of Ethics sets forth procedures and limitations which govern the personal securities transactions of every employee of SSgA. The Code of Ethics requires high standards of integrity, honesty and fairness from employees. It promotes responsible and ethical decision-making by directors, executives, employees and contractors.

In addition, SSgA,ASL is subject to the State Street Standard of Conduct, which applies to all directors and employees. The underlying premise of the Standard of Conduct is that each employee is responsible for performing his or her job in a lawful manner. SSgA,ASL will also ensure that its appointed agents have adopted an appropriate code of conduct.

Integrity in Financial Reporting

The RE will prepare, with the assistance of its service providers, and publish half-yearly and annual financial statements for the Fund as required by the Corporations Act. All financial reports will be prepared in accordance with the relevant accounting standards.

The RE Board will state in writing to the best of their knowledge that the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which operates efficiently and effectively in all material respects.

The financial statements will be subject to an annual audit by external independent, professional auditors. In addition, the external auditors will also review the half-yearly financial statements.

The audit process for the RE and the Fund are treated separately, with each having different external auditors. The current external auditor of the RE is Ernst & Young. PricewaterhouseCoopers is the current external auditor for the Fund and Mr Peter van Dongen of PricewaterhouseCoopers is the Compliance Plan auditor.

The RE Board will review the results of the external audit process of the Fund and the Compliance Plan to ensure:

- that the external Compliance Plan auditor and external Fund auditor are appropriately qualified, legally eligible to act and properly appointed at all times;
- that the terms of appointment of the external auditors are appropriate and in accordance with the Corporations Act;
- that the external auditors have access to and obtain all relevant information as the Corporations Act requires; and
- that the external auditors conduct all inquiries and provide all reports required by the Corporations Act.

The external auditors are invited to attend RE Board meetings in which annual financial statements and Compliance Plan audit findings are considered and adopted. The external auditors are also invited to attend the Compliance Committee meetings where appropriate.

The RE Board will review the adequacy of resources of the RE necessary for the provision of financial reporting to comply with its Australian Financial Services Licence, the Corporations Act and the ASX Listing Rules.

Corporate Governance Statement (continued)

Timely and Balanced Disclosure

The RE Board believes that unitholders and the general investment market should be informed of all major business events that influence the Fund.

The RE is committed to ensuring that the Fund meets its disclosure obligations under ASX Listing Rule 3.1 and has policies in place for satisfying these continuous disclosure obligations.

Market-sensitive information, including financial reports are lodged with ASX as soon as available.

Rights of Unitholders

The Corporations Act and general law provide a number of rights to unitholders, including a right to share in Fund income and Fund gains. Whilst the law does not require an RE to call a General Meeting of unitholders, in certain circumstances, the RE may elect to hold a General Meeting. A General Meeting may also be called by unitholders with at least 5% of the votes that may be cast on the resolution; or by at least 100 unitholders who are entitled to vote on the resolution.

When a general meeting for the Fund is required to be held the Responsible Entity will arrange for the External Auditor of the Fund to be present.

The RE Board reviews the procedures governing communication with unitholders to ensure compliance with the Constitution, Corporations Act, ASX Listing Rules, ASX waivers and disclosure documents.

The SPDR website and the Product Disclosure Statement both provide contact details to unitholders.

Management of Risk

The RE Board is committed to effective risk management. The RE has in place a rigorous risk management framework that identifies and monitors areas of risk and includes:

- review of all published financial statements which require approval by the RE Board, including half yearly reviewed statements, year-end audited statements, statements in PDS and other statements required by regulatory bodies;
- review of the monitoring of all Fund investment mandates;
- review of all policies on compliance and adherence to compliance;
- any complaints made by unitholders and the resolution processes adopted;
- any breaches and notification of breaches to ASIC.

Additionally, SSgA,ASL is subject to an internal audit conducted by State Street Corporation at least every three years.

This framework is reviewed by the Compliance Committee as part of the Compliance Plan.

Encouragement of Enhanced Performance

A Training Register for all staff and Responsible Managers is maintained and staff are encouraged to undertake any appropriate training which will enhance and expand their qualifications. As units are available through the ASX to retail investors, the RE recognises the specific needs of retail investors and accordingly ensures that it has at all times staff who are RG146 qualified.

The RE Board also encourages the RE's staff to attend regular product training seminars, company and industry updates.

The performance of the RE is monitored on an ongoing basis by the RE Board and the Compliance Committee, to the extent required by the Corporations Act.

Corporate Governance Statement (continued)

Fair and Responsible Remuneration

In accordance with the Constitution of the Fund, the RE is entitled to be paid fees. The calculation of the RE fees are explained in the current PDS.

All directors and employees of the RE are employees of the parent company, SSgA. There is no additional remuneration to the directors and company secretary due to their involvement with the RE.

Given that the directors of the RE are paid employees of the parent company there is no need for a Board remuneration committee and therefore such a committee has not been established.

The external Members of the Compliance Committee are paid A\$35,000 per annum (exclusive of GST). These fees are reviewed from time to time by the RE Board and are paid by the RE.

Recognising the Legitimate Interest of Stakeholders

The RE has measures in place to recognise the interests of its stakeholders.

In addition to the SSgA Code of Ethics policy, which is rigorously implemented, the RE also implements the State Street Corporation's policies on privacy of information, Occupational Health and Safety and other relevant areas of legislative requirements.

Unitholder Information

The following unitholder information set out below was applicable as at 31 July 2008.

There is only one class of units, being ordinary units.

Distribution of holdings

	Number of unitholders
1 - 1,000	5,500
1,001 - 5,000	1,619
5,001 - 10,000	153
10,001 - 100,000	109
100,001 and over	15
Total	<u>7,396</u>

There were 95 holders of less than a marketable parcel of 11 ordinary units.

Top 20 holders

The names of the largest twenty holders of ordinary units in the Fund as at 31 July 2008 are listed below:

Name	Ordinary units Number held	Percentage of units on issue %
ANZ NOMINEES LIMITED <SL CASH INCOME A/C>	2,193,801	12.10
FETA NOMINEES PTY LIMITED	1,362,551	7.51
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	907,722	5.01
ANZ NOMINEES LIMITED <CASH INCOME A/C>	746,139	4.11
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED SF WARRANTS	664,953	3.67
FLEET NOMINEES PTY LIMITED	648,360	3.57
NATIONAL NOMINEES LIMITED	432,164	2.38
J P MORGAN NOMINEES AUSTRALIA LIMITED	419,583	2.31
CITICORP NOMINEES PTY LIMITED	362,223	2.00
ANZ SECURITIES (NOMINEE) PTY LTD	265,117	1.46
ABNED NOMINEES PTY LTD	232,414	1.28
FORTIS CLEARING NOMINEES P/L	229,670	1.27
WARBONT NOMINEES PTY LTD	207,749	1.15
SISTER MARGARET CHAPLIN	105,382	0.58
POTOS SERVICES PTY LTD	100,001	0.55
BOND STREET CUSTODIANS LIMITED	99,364	0.55
BELIKE NOMINEES PTY LIMITED	93,895	0.52
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	92,952	0.51
HEALTH PARTNERS LIMITED	91,550	0.50
MR RICHARD FRANK HORTON BERRYMAN	84,000	0.46
Total	<u>9,339,590</u>	<u>51.49</u>

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Unitholder Information (continued)

Substantial holder

Substantial holder in the Fund is set out below:

	Number held	Percentage of units on issue
ANZ NOMINEES LIMITED <SL CASH INCOME A/C>	2,193,801	12.10

The information set out above is summarised from substantial holder notices received by the Responsible Entity during the year to 31 July 2008. This information may not accurately reflect current holdings. Unitholders in the Fund have been granted relief by ASIC so that they are only required to file substantial holder notices twice per year (within 2 business days of each 1 July and 31 December). Please see the current PDS for the Fund for further information.

Voting rights

- Unitholders in the Fund are entitled to
 - On a show of hands - each member of the Fund has 1 vote;
 - On a poll - each member of the Fund has 1 vote for each dollar value of the total interests they hold in the Fund.
- Subject to the Corporations Act, ASX Listing Rules and the Fund's Constitution, at meetings of unitholders of the Fund, SSgA,ASL as the Responsible Entity, is entitled to vote in respect of units it holds for other registered managed investment schemes.

Corporate Directory

Responsible Entity

State Street Global Advisors, Australia Services Limited
ABN 16 108 671 441
Australian Financial Services Licence 274900

Registered Office

Level 38 Aurora Place
88 Phillip Street
Sydney NSW 2000

Phone: (02) 9240 7600

Directors of the Responsible Entity

Robert C Goodlad
James K MacNevin (resigned on 1 August 2007)
Katrina L Sly
Jonathan M Shead (appointed on 1 August 2007)

Secretary

Jo Proud (resigned 3 September 2007)
Phil Maher (appointed 3 September 2007)

Compliance Committee

Robert C Goodlad
Dennis Wildenburg
Richard E Stokes

Auditors of the Fund

PricewaterhouseCoopers
201 Sussex Street
Sydney NSW 2000

Principal Registry

Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000

Phone: (02) 8280 7100

Stock Exchange Quotations

The Fund is listed on the Australian Stock Exchange Limited. Its listing code is STW.