streetTRACKS S&P/ASX 200 Fund

(ARSN 097 712 377)

Annual Report

30 June 2006

streetTRACKS S&P/ASX 200 Fund

ARSN 097 712 377

Financial Report - 30 June 2006

Contents

Directors' report

The directors of State Street Global Advisors, Australia Services Limited (ABN 16 108 671 441), the Responsible Entity of streetTRACKS S&P/ASX 200 Fund (the "Fund"), present their report together with the financial report of the Fund, for the year ended 30 June 2006.

Principal activities

The Fund continued to invest funds in S&P/ASX 200 Accumulation Index listed equities in accordance with the provisions of the Fund Constitution.

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:

Bernard P Reilly (Resigned 1 August 2005)
James K MacNevin
Katrina L Sly
Robert C Goodlad (Appointed 1 August 2005)

Review of operations

The investment policy of the Fund continues to be that detailed in the current Product Disclosure Statement and in accordance with the provisions of the governing documents of the Fund.

Impact of applying Australian equivalents to International Financial Reporting Standards (AIFRS) for financial reporting

During the year the Fund applied AIFRS for financial reporting purposes.

The Fund has elected to adopt the exemption in AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* to not restate comparatives for the effects of AASB 132 *Financial Instruments: Disclosure and presentation* and AASB 139 *Financial Instruments: Recognition and measurement*. Accordingly the adjustments described below were made as of 1 July 2005.

Valuation of investments
For the purpose of determining unit prices for applications and redemptions, quoted investment positions are valued on a last reported sale basis on the relevant trading day, in accordance with the Fund Constitution and the governing documents of the Fund. These were also the values applied to the investments under previous AGAAP.

AIFRS requires that long quoted investment positions be valued at the closing bid prices (excluding provision for disposal costs) on the relevant trading day.

Amounts attributable to unitholders
AIFRS requires net assets attributable to unitholders to be classified and disclosed as a liability in the balance sheet with changes in net assets attributable to unitholders being reflected in the income statement. Under previous AGAAP, the net assets attributable to unitholders were presented as equity.

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:

Directors' report (continued)

	30 June 2006 $	30 June 2005 $
Net assets for unit pricing purposes	**476,805,144**	372,845,700
AIFRS adjustment for changes in valuation of financial instruments held at fair value	**(731,054)**	-
AIFRS reclassification of net assets attributable to unitholders to liabilities	**(476,074,090)**	-
Net assets under AIFRS	**-**	372,845,700

Results

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

	Year ended 30 June 2006 $	30 June 2005 $
Net operating profit	**87,601,647**	102,191,918
Distributions		
Distribution paid and payable	**22,509,017**	22,527,464
Distribution (cents per unit)	**244.22**	240.22

The table below demonstrates the performance of the Fund's classes of units as represented by the total return, which is calculated as the aggregation of the percentage capital growth and percentage distribution of income. The total return is shown for the past three years to 30 June 2006.

	2006 CPU	2005 CPU	2004 CPU
Changes in unit price	**725.44**	674.65	512.57
Distribution per unit	**244.22**	240.22	129.65
Total return	**969.66**	914.87	642.22

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.

Unit redemption price

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

	2006 $	2005 $	2004 $
At 30 June	**49.65**	42.40	35.65

Directors' report (continued)

Interests in the Fund

The movement in units on issue in the Fund during the year is set out below:

	30 June 2006 No.	30 June 2005 No.
Units on issue - 1 July	**8,793,902**	12,832,423
Units issued during the year	**894,191**	3,261,479
Units redeemed during the year	**(100,000)**	(7,300,000)
Units on issue - 30 June	**9,588,093**	8,793,902
Value of assets	**$**	$
Value of Fund assets at 30 June	**489,466,103**	386,599,526

The value of the Fund's assets 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 2006 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.

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 6 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 Corporations Act 2001. The directors are satisfied that the provision of non audit services by the auditor, set out in Note 6, did not compromise the auditor independence requirements of the Corporations 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

Directors' report (continued)

or a decision making capacity 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

	2006
	$
Tax compliance services including review of the Fund's tax return	4,160

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 14 on page 25 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 14 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.

Corporate governance

Corporate governance is detailed on pages 32 to page 37.

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]

Katrina L Sly
Director

Sydney
13 September 2006

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Auditor's Independence Declaration

As lead auditor for the audit of streetTRACKS S&P/ASX 200 Fund for the year ended 30 June 2006, 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 streetTRACKS S&P/ASX 200 Fund during the year.

Peter van Dongen
Partner
PricewaterhouseCoopers

Sydney
13 September 2006

	Notes	Year ended 30 June 2006 $	30 June 2005 $
Investment income			
Dividends		**18,473,233**	18,736,293
Interest income		**60,070**	46,176
Net gains on financial instruments held at fair value through profit or loss	3	**70,323,275**	84,705,152
Other investment income		**72,430**	112,700
Total investment income		**88,929,008**	103,600,321
Expenses			
Responsible entity's fees	14	**39,246**	44,273
Manager's fees	14	**906,805**	879,367
Custody fees	14	**236,515**	227,716
Auditor's remuneration	6	**26,457**	38,134
Transaction costs		**42,747**	81,313
Other operating expenses	5	**49,826**	96,957
Stock loan expenses		**25,765**	40,643
Total operating expenses		**1,327,361**	1,408,403
Net operating profit		**87,601,647**	102,191,918
Financing costs attributable to unitholders			
Distributions to unitholders	4	**(22,509,017)**	-
Increase in net assets attributable to unitholders	7	**(65,092,630)**	-
Net profit/(loss) for the year		**-**	102,191,918

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

	Notes	**As at 30 June 2006 $**	As at 30 June 2005 $
Assets			
Cash and cash equivalents	8	**5,224,365**	12,703,887
Deposits held with brokers for margin		**387,776**	708,922
Financial assets held at fair value through profit or loss	9	**480,213,428**	369,169,132
Due from brokers - receivable for securities sold		-	858,403
Receivables	10	**3,640,534**	3,159,182
Total assets		**489,466,103**	386,599,526
Liabilities			
Payables		**159,765**	193,200
Due to brokers - payable for securities purchased		-	821,500
Distributions payable	4	**13,054,078**	12,725,141
Financial liabilities held at fair value through profit or loss	11	**178,170**	13,985
Total liabilities (excluding net assets attributable to unitholders)		**13,392,013**	13,753,826
Net assets attributable to unitholders (liability)	7	**476,074,090**	-
NET ASSETS		-	372,845,700
Equity			
Net assets attributable to unitholders (equity)	7	-	372,845,700

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

	Year ended 30 June 2006 $	30 June 2005 $
Total equity at the beginning of the financial year	**372,845,700**	457,498,071
Adjustments on adoption of AASB132 and AASB139 (note 2(p))	**(372,845,700)**	-
Total equity at the beginning of the financial year (restated)	-	457,498,071
Profit for the year	-	102,191,918
Total recognised income and expense for the year	-	102,191,918
Transactions with equity holders (applications and redemptions)	-	(164,316,825)
Distributions to equity holders	-	(22,527,464)
Total equity at the end of the financial year	-	372,845,700

Under AIFRS, net assets attributable to unitholders is classified as a liability rather than equity. As a result, after restating the 30 June 2005 closing balance, there is no equity at the start or end of the year.

The Fund has elected to adopt the exemption in *AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards* to not restate comparatives for the effects of *AASB132 Financial Instruments: Disclosure and Presentation*. As a result, for the comparative period, net assets attributable to unitholders is reported as equity.

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

	Notes	Year ended 30 June 2006 $	30 June 2005 $
Cash flows from operating activities			
Proceeds from sale of financial instruments held at fair value through profit or loss		**41,367,139**	43,411,771
Purchase of financial instruments held at fair value through profit or loss		**(42,307,461)**	(35,414,718)
Dividends received		**12,700,221**	18,748,413
Interest received		**60,070**	46,176
Other income received		**54,582**	123,176
Responsible entity's fees paid		**(37,396)**	(44,796)
Manager's fee paid		**(930,662)**	(812,759)
Custodian fee paid		**(244,642)**	(208,206)
Payment of other expenses		**(148,096)**	(247,047)
Net cash inflow from operating activities	16(a)	**10,513,755**	25,602,010
Cash flows from financing activities			
Proceeds from applications by unitholders		**-**	33,332
Payments for redemptions by unitholders		**-**	(44,781)
Distributions paid		**(17,993,277)**	(15,425,864)
Net cash outflow from financing activities		**(17,993,277)**	(15,437,313)
Net increase/(decrease) in cash and cash equivalents		**(7,479,522)**	10,164,697
Cash and cash equivalents at beginning of the year		**12,703,887**	2,539,190
Cash and cash equivalents at the end of the year	16(b)	**5,224,365**	12,703,887
Non-cash financing and operating activities			
During the year, the following applications and redemptions were satisfied by in specie assets transfers:			
Application		**39,155,039**	128,231,922
Redemption		**4,760,736**	294,901,479
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan		**4,186,803**	2,364,181

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 streetTRACKS 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 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 13 September 2006.

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

Application of AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards

This is the first annual financial report of the Fund prepared in accordance with AIFRS. *AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing this financial report.

The financial statements of the Fund until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (previous AGAAP). Previous AGAAP differs in certain respects from AIFRS. When preparing the 30 June 2006 financial statements, the directors have amended certain accounting and valuation methods applied in the previous AGAAP financial statements to comply with AIFRS. The comparative figures in respect of the year ended 30 June 2005 were restated to reflect these adjustments.

The Fund has elected to adopt the exemption in *AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards* to not restate comparatives for the effects *of AASB 132 Financial instruments: Disclosure and presentation* and *AASB 139 Financial instruments: Recognition and measurement.*

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRS on net assets attributable to unitholders and profit are given in note 2(p).

Historic cost convention

The financial statements have been prepared under the historical-cost convention, as modified by the revaluation of securities and derivative financial instruments held at fair value with changes in fair value recognised through the income statement.

The balance sheet presents assets and liabilities in decreasing order of liquidity and does not distinguish between current and non-current items.

2 Summary of significant accounting policies (continued)

(b) Financial instruments

From 1 July 2004 to 30 June 2005

As the Fund has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 only from 1 July 2005, previous AGAAP has been applied to the comparative information on financial instruments within the scope of AASB 132 and AASB 139. For the comparative period, financial instruments were measured at net market value, with securities priced based on a last trade basis and including provision for future disposal costs.

From 1 July 2005 to 30 June 2006

(i) Classification

The Fund's investments are categorised as at fair value through profit or loss category, which comprises:

- Financial instruments held for trading

  These include derivative financial instruments including futures, forward contracts, options and interest rate swaps. All derivatives in a net receivable or payable position are shown gross and reported as either derivative financial assets or derivative financial liabilities. 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 equity instruments.

(ii) Recognition

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.

(iii) Measurement

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.

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 current bid prices, while financial liabilities are priced at current asking prices.

2 Summary of significant accounting policies (continued)

(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 investor's equal undivided, vested, and indefeasible interest in the Assets as a whole, subject to the 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. Because the Fund's redemption unit price is based on different valuation principles to that applied in financial reporting, a valuation difference exists, which has been treated as a component of net assets attributable to unitholders. Changes in the value of this financial liability are recognised in the income statement as they arise.

In the comparative period, net assets attributable to unitholders was classified as equity and represented the unitholders' interest in the net assets of the Fund.

(d) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments. 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 and expenses are 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 foreign withholding tax recorded as an expense.

(f) Expenses

All expenses, including Responsible Entity's fees, investment management fees 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.

2 Summary of significant accounting policies (continued)

(g) Income tax (continued)

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 to unitholders by cash or reinvestment. The distributions are recognised in the income statement as finance costs attributable to unitholders.

Given the adoption of AASB 132 and the recognition of net assets attributable to unitholders as a liability, distributions paid and payable are recognised as a financing cost.

Prior to the adoption of AASB 132, distributions were treated as a distribution of equity.

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

Income not distributed is reflected as an (increase)/decrease in the net assets attributable to unitholders (liability) and may consist of unrealised changes in the net fair value of financial instruments held at fair value through profit or loss, derivative financial instruments, accrued income not yet assessable, expenses provided or accrued for which are not yet deductible, net capital losses and tax free or tax deferred income. Net capital gains on the realisation of any financial instruments (including any adjustments for tax deferred income previously taken directly to net assets attributable to unitholders) and accrued income not yet assessable will be included in the determination of distributable income in the same year in which it becomes assessable for tax.

Given the adoption of AASB 132 and the recognition of net assets attributable to unitholders as a liability, the (increase)/decrease in net assets attributable to unitholders is reflected as a financing cost.

Prior to the adoption of AASB 132, income not distributed was treated as a transfer to/from equity.

(j) Foreign currency translation

i) 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.

ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year-end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(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.

2 Summary of significant accounting policies (continued)

(l) Receivables

Receivables may include amounts for dividends, interest and securities sold where settlement has not yet occurred. Fund distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment. Amounts are generally received within 30 days of being recorded as receivables.

(m) Payables

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

Trades are recorded on trade date, and normally settled within three business days. Purchases of securities and investments that are unsettled at reporting date are included in payables.

The distribution amount payable to unitholders as at the reporting date is recognised separately on the balance sheet as unitholders are presently entitled to the distributable income as at 30 June 2006 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.

2 Summary of significant accounting policies (continued)

(p) Impact of the adoption of AIFRS

As stated in note 2(a), the Fund has elected to adopt the exemption in AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards to defer the application of AASB 132 and AASB 139. As a result, no adjustments were required to be made to figures previously reported on transition to AIFRS on 1 July 2004, and no adjustments are required to be made to the net profit for the year ended 30 June 2005. Upon application of AASB 132 and AASB 139 from 1 July 2005 certain adjustments have been made to the 30 June 2005 figures previously reported, as set out below. For the purposes of this note "unitholders' funds" has the same meaning as the presentation of "net assets attributable to unitholders" in the balance sheet.

Reconciliation of total unitholders' funds as presented under previous AGAAP to that under AIFRS:

	Notes	1 July 2005 $
Total unitholders' funds brought forward under previous AGAAP		372,845,700
Changes in valuation of securities and derivative financial instruments	A	(445,843)
Reclassification of unitholders' funds to debt	B	(372,399,857)
Total unitholders' funds brought forward under AIFRS		-

A In accordance with AASB 139, the valuation of securities has been changed to take into account the following:
- valuation at bid price, rather than at last sale price, resulting in a decrease to asset carrying values for equities; and
- the valuation is no longer net of disposal costs.

B In accordance with AASB 132, unitholders' funds are classified as a liability and are no longer reported as equity for financial statement presentation purposes.

(q) New accounting standards and UIG interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2006 reporting periods. The directors' assessment of the impact of these new standards (to the extent relevant to the Fund) and interpretations is set below:

AASB 7 Financial Instruments: Disclosures and AASB 2005-10 Amendments to Australian Accounting Standards [AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB1023 & AASB 1038]

AASB 2005-4 Amendments to Australian Accounting Standards [AASB 139, AASB 132, AASB 1, AASB 1023 & AASB 1038]

AASB 7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007. AASB 2005-4 is applicable to annual reporting periods beginning on or after 1 January 2006. 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 will impact the type of information disclosed in relation to the Fund's financial instruments.

3 Net gains on financial instruments held at fair value through profit or loss

	Year ended	
	30 June 2006 $	30 June 2005 $
Net unrealised gain on financial instruments held at fair value through profit or loss	**65,120,128**	31,180,960
Net realised gain on financial instruments held at fair value through profit or loss	**5,203,147**	53,524,192
Total net gains on financial instruments held at fair value through profit or loss	**70,323,275**	84,705,152

In the comparative period, the "Net movement in unrealised gain on financial instruments" was disclosed as "Unrealised changes in the net market value of investment securities".

4 Distributions to unitholders

	Year ended			
	30 June 2006 $	**30 June 2006 CPU**	30 June 2005 $	30 June 2005 CPU
Distributions paid - December	**9,454,939**	**108.07**	9,802,323	95.52
Distributions payable - June	**13,054,078**	**136.15**	12,725,141	144.70
	22,509,017	**244.22**	22,527,464	240.22

As unitholders are presently entitled to the distributable income of the Fund, no income tax is payable by the Fund.

5 Other operating expenses

	Year ended	
	30 June 2006 $	30 June 2005 $
Sundry	**3,552**	54,129
Dividend withholding tax	**46,274**	42,828
	49,826	96,957

6 Auditor's remuneration

	Year ended	
	30 June 2006 $	30 June 2005 $
Audit of financial statements	**22,297**	17,934
Non-audit services – Tax services	**4,160**	20,200
Total remuneration for auditors	**26,457**	38,134

7 Net assets attributable to unitholders

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

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.

	As at			
	30 June 2006 No.	30 June 2005 No.	**30 June 2006 $**	30 June 2005 $
Opening balance on 30 June	**8,793,902**	12,832,423	**372,845,700**	457,498,071
AIFRS adjustment	**-**	-	**(445,843)**	-
Restated opening balance on 1 July	**8,793,902**	12,832,423	**372,399,857**	457,498,071
Applications	**800,000**	3,200,000	**39,155,536**	128,265,254
Redemptions	**(100,000)**	(7,300,000)	**(4,760,736)**	(294,946,260)
Units issued upon reinvestment of distributions	**94,191**	61,479	**4,186,803**	2,364,181
Transfer of net undistributed income (to)/from the income statement	**-**	-	**65,092,630**	79,664,454
Closing balance	**9,588,093**	8,793,902	**476,074,090**	372,845,700

In the current period, under AIFRS, net assets attributable to unitholders is classified as a liability (classified as equity prior to the application of AASB 132). Consequently, distributions and the movement in the net assets attributable to unitholders are recognised as a finance cost in the current period's income statement.

In the comparative period, as net assets attributable to unitholders is classified as equity, the funds net operating profit was either distributed or transferred to/from equity.

(a) Unrealised capital gains

At the reporting date, the Fund had net unrealised taxable capital gains of $56,947,500 (2005: $29,952,360), which if realised would be assessable, after any offset of realised capital losses.

(b) Realised capital losses

At the reporting date, the Fund had no realised capital losses (2005: $nil) available to offset against future assessable capital gains.

(c) Realised capital gains distributed in specie

The Fund had realised capital gains of $739,709 (2005:$37,215,613), which were distributed to redeeming unitholders by way of in specie asset redemptions.

8 Cash and cash equivalents

	As at	
	30 June 2006 $	30 June 2005 $
Cash at bank	**5,224,365**	12,703,887

9 Financial assets held at fair value through profit or loss

	As at 30 June 2006 Fair value $	30 June 2005 Market value $
Designated at fair value through profit or loss		
Shares in companies listed on a prescribed stock exchange	**480,213,428**	369,169,132
Total financial assets held at fair value through profit or loss	**480,213,428**	**369,169,132**

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.

Scrip lending

The Fund has entered into scrip lending arrangements with State Street Bank & Trust 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. Collateral of at least 105% of the value of any scrip lent is maintained by State Street Bank & Trust. The total net market value of assets subject to scrip lending arrangements at the reporting date, and which are included in the above, amounts to $480,958,482 (2005: $369,169,132). The total value of scrip on loan at 30 June 2006 amounted to $33,700,885 (2005: $20,259,361).

Material investments

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

2006

Security Description	**Principal Activities**	**Total Fair Value $**	**% of Total Fund Investments %**
BHP Billiton Ltd	Mining	**51,224,005**	**10.70**
Commonwealth Bank of Australia	Banking & Finance	**28,787,761**	**6.01**
National Australia Bank	Banking & Finance	**28,304,523**	**5.91**
ANZ Bank Group	Banking & Finance	**24,452,909**	**5.11**

2005

Security Description	Principal Activities	Total Market Value $	% of Total Fund Investments %
BHP Billiton Ltd	Mining	30,279,502	7.91
Commonwealth Bank of Australia	Banking & Finance	22,643,854	5.92
National Australia Bank	Banking & Finance	22,337,697	5.84

10 Receivables

	As at	
	30 June 2006 $	30 June 2005 $
Dividend receivable	**3,613,806**	3,150,779
Other receivables	**26,728**	8,403
	3,640,534	3,159,182

11 Financial liabilities held at fair value through profit or loss

	As at	
	30 June 2006 Fair value $	30 June 2005 Market value $
Held for trading		
Derivatives(note 12)	**178,170**	13,985
Total financial liabilities held at fair value through profit or loss	**178,170**	13,985

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.

12 Derivative financial instruments (continued)

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.

30 June 2006		**Fair Values**	
	Contract/ notional $	**Assets $**	**Liabilities $**
Australian share price index futures	**7,098,000**	**-**	**178,170**

30 June 2005		Fair Values	
	Contract/ notional $	Assets $	Liabilities $
Australian share price index futures	1,495,550	-	13,985

13 Financial risk management

The Fund is exposed to market price risk, interest rate risk, credit risk, liquidity risk and currency risk arising from the financial instruments it holds. The risk management policies employed by the Fund to manage these risks are discussed below.

(a) Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part, under a contract. Concentrations of credit risk are minimised primarily by:

- ensuring counterparties, together with the respective credit limits, are approved
- ensuring that transactions are undertaken with a large number of counterparties, and
- ensuring that the majority of transactions are undertaken on recognised exchanges.

(b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Fund's exposure to interest rate risk and the weighted average effective interest rate is set out in the following table:

13 Financial risk management (continued)

30 June 2006	Weighted average effective interest rate (% pa)	Floating interest rate $	Fixed interest rate 3 months or less $	4 to 12 months $	1 to 5 years $	Over 5 years $	Non-interest bearing $	Total $
Assets								
Cash and cash equivalents	0.75	5,224,365	-	-	-	-	-	5,224,365
Deposits held with brokers for margin	4.05	387,776	-	-	-	-	-	387,776
Receivables		-	-	-	-	-	3,640,534	3,640,534
Financial assets held at fair value through profit or loss		-	-	-	-	-	480,213,428	480,213,428
Total assets		5,612,141	-	-	-	-	483,853,962	489,466,103
Liabilities								
Distributions payable		-	-	-	-	-	13,054,078	13,054,078
Payables		-	-	-	-	-	159,765	159,765
Financial liabilities held at fair value through profit or loss		-	-	-	-	-	178,170	178,170
Total liabilities (excluding net assets attributable to unitholders)		-	-	-	-	-	13,392,013	13,392,013
Net assets attributable to unitholders		5,612,141	-	-	-	-	470,461,949	476,074,090

13 Financial risk management (continued)

30 June 2005	Weighted average effective interest rate (% pa)	Floating interest rate $	Fixed interest rate 3 months or less $	4 to 12 months $	1 to 5 years $	Over 5 years $	Non-interest bearing $	Total $
Assets								
Cash and cash equivalents	0.75	12,703,887	-	-	-	-	-	12,703,887
Deposits held with brokers for margin	4.86	708,922	-	-	-	-	-	708,922
Due from brokers - receivable for securities sold		-	-	-	-	-	858,403	858,403
Receivables		-	-	-	-	-	3,159,182	3,159,182
Financial assets held at fair value through profit or loss		-	-	-	-	-	369,169,132	369,169,132
Total assets		13,412,809	-	-	-	-	373,186,717	386,599,526
Liabilities								
Distributions payable		-	-	-	-	-	12,725,141	12,725,141
Due to brokers - payable for securities purchased		-	-	-	-	-	821,500	821,500
Payables		-	-	-	-	-	193,200	193,200
Financial liabilities held at fair value through profit or loss		-	-	-	-	-	13,985	13,985
Total liabilities (excluding net assets attributable to unitholders)		-	-	-	-	-	13,753,826	13,753,826
Net assets attributable to unitholders		13,412,809	-	-	-	-	359,432,891	372,845,700

(c) Foreign exchange risk

The Fund has no significant direct foreign exchange risk exposure.

(d) Market price risk

Market price risk is the risk that the value of the Fund's investment portfolio will fluctuate as a result of changes in market prices. This risk is managed by ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approved limits. Market price risk analysis is conducted regularly on a total portfolio basis which includes the effect of derivatives.

(e) Liquidity and cash flow risk

Liquidity risk is the risk that the Fund will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments associated with financial instruments. Cash flow risk is the risk that the future cash flows derived from holding financial instruments will fluctuate. The risk management guidelines adopted are designed to minimise liquidity and cash flow risk through:

- ensuring that there is no significant exposure to illiquid or thinly traded financial instruments, and
- applying limits to ensure there is no concentration of liquidity risk to a particular counterparty or market.

13 Financial risk management (continued)

(f) Fair value of financial assets and financial liabilities

All financial assets and financial liabilities included in the balance sheet are carried at amounts which approximate fair value.

14 Related party transactions

Responsible entity

The Responsible Entity of streetTRACKS 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 0.01% per annum 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:

Bernard P Reilly (Resigned 1 August 2005)
James K MacNevin
Katrina L Sly
Robert C Goodlad (Appointed 1 August 2005)

Responsible Entity's/manager's fees and other transactions

The Investment Manager of streetTRACKS 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 Management Expense Ratio) were capped at 0.286% p.a. (2005: 0.286% p.a.).

During the year the manager's fees were capped at 0.275% p.a (2005: 0.275% p.a.). The cap takes account of both Goods and Services Tax (GST) payable on the operating fees and expenses of the Fund and also the benefit of reduced input tax credit.

The custodian and administrator of streetTRACKS 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).

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 2006 $	30 June 2005 $
Responsible Entity fees for the year for State Street Global Advisors, Australia Services Limited	**39,246**	44,273
Custodian and administrator fees for the year	**236,515**	227,716
Management fees for the year	**906,805**	879,367
Aggregate amounts payable to the Responsible Entity at the reporting date	**153,066**	172,384

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

14 Related party transactions (continued)

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:

2006

Unitholder	Number of units held	Interest held	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund
	(Units)	%	(Units)	(Units)	$
SSgA Australian Equities Index Trust	227,029	2.37	12,414	(2)	548,968

2005

Unitholder	Number of units held	Interest held	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund
	(Units)	%	(Units)	(Units)	$
SSgA Australian Equities Index Trust	214,617	2.44	8,499	-	510,878

Key management personnel Unitholdings

The key management personnel of State Street Global Advisors, Australia Services Limited held units in the Fund as follows:

2006

Unitholder	Number of units held (Units)	Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Fund ($)
Bernard P Reily	-	-	-	-	-
James K MacNevin	-	-	2	(70)	-
Katrina L Sly	-	-	-	-	-
Robert C Goodlad	-	-	-	-	-

2005

Unitholder	Number of units held (Units)	Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Fund ($)
Bernard P Reily	-	-	-	-	-
James K MacNevin	68	< 1	2	-	163
Katrina L Sly	-	-	-	-	-
Robert C Goodlad	-	-	-	-	-

14 Related party transactions (continued)

Key management personnel remuneration

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.

Investments

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

15 Segment information

The Fund is organised into one 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.

16 Reconciliation of net profit to net cash inflow from operating activities

	2006	2005
	$	$
(a) Reconciliation of net profit to net cash inflow from operating activities		
Net profit	**-**	102,191,918
Increase in net assets attributable to unitholders	**65,092,630**	-
Distribution to unitholders	**22,509,017**	-
Proceeds from sale of financial instruments held at fair value through profit or loss (including net realised gains/(losses))	**41,367,139**	43,411,771
Purchase of financial instruments held at fair value through profit or loss and derivative financial instruments	**(42,307,461)**	(35,414,718)
Net gains on financial instruments held at fair value through profit or loss	**(70,323,275)**	(84,705,152)
Dividend income reinvested	**(5,309,508)**	-
Net change in receivables	**(481,352)**	22,596
Net change in payables	**(33,435)**	95,595
Net cash inflow from operating activities	**10,513,755**	25,602,010
(b) Components of cash and cash equivalents		
Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the balance sheet as follows:		
Cash and cash equivalents	**5,224,365**	12,703,887

17 Net operating profit per unit attributable to unitholders

	30 June 2006 CPU	30 June 2005 CPU
Changes in unit price	**725.44**	674.65
Distribution per unit	**244.22**	240.22
Total	**969.66**	914.87

The Fund allocates net operating profit to unitholders on a daily basis for the purpose of determining daily unit prices. Net operating profit per unit is represented by the movement in the Fund's daily unit redemption price for the year plus distributions per unit.

Because net operating profit has been allocated to unitholders on a daily basis, the actual daily number of units on issue have been used in the calculation of earnings per unit. This approach does not require the calculation of a weighted average number of units on issue for the year.

The Fund's ex-distribution unit price at 30 June 2006 was $49.65 (2005 : $42.40).

18 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 2006 or on the results and cash flows of the Fund for the year ended on that date.

19 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2006 and 30 June 2005.

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 2006 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, 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]

Katrina L Sly
Director

Sydney
13 September 2006

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Independent audit report to the members of streetTRACKS S&P/ASX 200 Fund

Audit opinion

In our opinion the financial report of streetTRACKS S&P/ASX 200 Fund:

- gives a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of streetTRACKS S&P/ASX 200 Fund as at 30 June 2006, and of its performance for the year ended on that date, and
- is presented in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This opinion must be read in conjunction with the rest of our audit report.

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity, accompanying notes to the financial statements, and the directors' declaration for the streetTRACKS S&P/ASX 200 Fund (the registered scheme) for the year ended 30 June 2006.

The directors of the registered scheme are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the registered scheme. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected. For further explanation of an audit, visit our website http://www.pwc.com/au/financialstatementaudit.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the registered scheme's financial position, and of its performance as represented by the results of its operations, changes in equity and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

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

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

PricewaterhouseCoopers

Peter van Dongen
Partner

Sydney
13 September 2006

streetTRACKS 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 Fund and perform the functions conferred on it by the Fund'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:
    - gain an improper advantage for itself or another person, or
    - cause detriment to the unitholders of the Fund;
- ensure that the Fund property is valued at regular intervals appropriate to the nature of the property;
- ensure that all payments out of the Fund 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 Fund 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 Fund'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.

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 contained in this statement. 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.

The RE Board of directors 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:

- monitoring business performance;
- monitoring the financial position, including reviewing the integrity of the financial reporting;
- ensuring the availability of adequate resources to meet objectives;
- 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, 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 Constitution allows.

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

The Compliance Committee

The Corporations Act requires that an RE of a Scheme must apply adequate measures in operating the Fund to ensure compliance with the Corporations Act. SSgA,ASL 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 C Goodlad (Chair - appointed 1 August 2005);
Mr Richard E Stokes (external); and
Mr Dennis Wildenburg (external).
Mr Bernard P Reilly (resigned 1 August 2005);

Mr Goodlad has over 23 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 2005/2006 should be the General Manager 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 quarterly Compliance Committee meetings

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

Compliance Committee meetings are held quarterly. 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.

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 financial statements 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 audit by external independent, professional auditors.

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 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 are considered and adopted. The external auditors are also invited to attend the quarterly Compliance Committee meetings.

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 License, the Corporations Act and the ASX Listing Rules.

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.

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 streetTRACKS 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 Product Disclosure Statements 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

Although holding a wholesale Australian Financial Services License, as units are available through the ASX, the RE recognises the specific needs of retail investors and accordingly ensures that SSgA has at all times staff who are PS146 qualified.

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.

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 Product Disclosure Statement.

There is no additional remuneration to the Directors and Company Secretary due to their involvement with the RE.

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 of Directors 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.

The following unitholder information set out below was applicable as at 15 August 2006.

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

Distribution of holdings

	Number of unitholders
1 - 1,000	1,684
1,001-5,000	498
5,001-10,000	53
10,001-100,000	36
100,001 and over	7
Total	2,278

There were 13 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 15 August 2006 are listed below:

	Ordinary units	
Name	**Number held**	**Percentage of units on issue**
ANZ NOMINEES LIMITED	4,320,572	44.88%
CITICORP NOMINEES PTY LIMITED	664,570	6.90%
DERVAT NOMINEES PTY LIMITED	599,381	6.23%
WESTPAC CUSTODIAN NOMINEES LIMITED	457,996	4.76%
WESTPAC CUSTODIAN NOMINEES LIMITED	311,496	3.24%
ELISE NOMINEES PTY LIMITED	164,038	1.70%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	150,611	1.56%
NATIONAL NOMINEES LIMITED	92,082	0.96%
FETA NOMINEES PTY LIMITED	74,834	0.78%
ANZ NOMINEES LIMITED	56,124	0.58%
MR ROBERT CLARK	51,801	0.54%
MR BRETT ROBERT ELLIS	39,127	0.41%
BELIKE NOMINEES PTY LTD	35,843	0.37%
INVIA CUSTODIAN PTY LIMITED	33,500	0.35%
AUST EXECUTOR TRUSTEES NSW LTD	33,072	0.34%
BT (QUEENSLAND) PTY LIMITED	31,527	0.33%
DR BARRY NADER	31,000	0.32%
BELIKE NOMINEES PTY LIMITED	28,118	0.29%
SOMOKE PTY LIMITED	26,000	0.27%
CHRYSALIS INVESTMENTS PTY LTD	25,000	0.26%
Total	**7,226,692**	**75.06%**

Substantial holders

Substantial holders in the Fund are set out below:

	Number Held	Percentage
ANZ Nominees Limited	4,320,572	44.88%

The information set out above is summarised from substantial holder notices received by the Responsible Entity during the year to 15 August 2006. 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 Product Disclosure Statement for the Fund for further information.

Voting rights

- 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.

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
Bernard P Reilly (Resigned 1 August 2005)
Robert C Goodlad (Appointed 1 August 2005)
James K MacNevin
Katrina L Sly

Secretary
Jo Proud

Compliance Committee
Robert C Goodlad
Dennis Wildenburg
Richard E Stokes

Auditors of the Fund
PricewaterhouseCoopers
201 Sussex Street
Sydney NSW 2000

Solicitors to the Responsible Entity
Freehills
MLC Centre
19-29 Martin Place
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.