

Legal & General European Index Trust
Annual Manager's Report
for the year ended
31 July 2012



Contents

Page Number

Manager's Investment Report*	2
Authorised Status*	5
Directors' Statement	5
Statement of the Manager's Responsibilities	6
Statement of the Trustee's Responsibilities	6
Report of the Trustee	7
Portfolio Statement*	8
Independent Auditors' Report	18
Statement of Total Return	20
Statement of Change in Net Assets attributable to Unitholders	20
Balance Sheet	21
Notes to the Financial Statements	22
Distribution Table	32
Trust Facts	33
Synthetic Risk and Reward Indicator*	34
Performance Record	35
General Information*	37

* These collectively comprise the Authorised Fund Manager's Report.

Manager's Investment Report

Investment Objective and Policy

The investment objective of this Trust is to track the capital performance of the European equity markets, as represented by the FTSE World Europe (excluding UK) Index, by investing in a representative sample of stocks selected from all economic sectors (including a stock or stocks reasonably expected to be shortly included in that Index).

Securities in the FTSE World Europe (excluding UK) Index will be held with weightings generally proportionate to their company's market capitalisation.

From time to time non-Index constituents may be held as a result of a corporate action and these holdings will be sold or transferred as soon as reasonably practical.

Manager's Investment Report

During the year under review, the bid price of the Trust's R-Class distribution units fell by 15.16% compared with the fall of 16.39% for the FTSE World Europe (excluding UK) Index on a capital only basis, in Sterling adjusted terms (Source: Bloomberg).

The Trust's units are priced daily at midday, while the published Index, the FTSE World Europe (excluding UK) Index is valued at close of business, therefore these figures are not directly comparable.

Past performance is not a guide to future performance.

The value of investments and any income from them may go down as well as up.

Exchange rate changes may cause the value of any overseas investments to rise or fall.

The FTSE World Europe (excluding UK) Index is calculated by FTSE International Limited ("FTSE"). FTSE does not sponsor, endorse or promote this product.

All copyright in the index values and constituent list belongs to FTSE. Legal & General has obtained full licence from FTSE to use such copyright in the creation of this product.

"FTSE™", "FT-SE®" and "Footsie®" are trade marks of the London Stock Exchange Plc and The Financial Times Limited and are used by FTSE International Limited ("FTSE") under licence.

Market/Economic Review

Equities drifted lower in early summer 2011 against a backdrop of slower global economic growth, and fell sharply during the third quarter of the year as the problems besetting the euro area meant investors became increasingly risk averse. The Banking sector was particularly volatile as concerns grew that the weaker European financial institutions would become insolvent. Subsequently, markets rallied over the final quarter of 2011 and during the early months of 2012, as the European Central Bank's (ECB) provision of substantial long-term liquidity for the European Banking sector helped alleviate fears of a funding crisis, at least temporarily.

Manager's Investment Report continued

However, equity markets have become increasingly volatile in recent months as the debt crisis deepened and global economic indicators deteriorated. Both continental European and emerging markets were particularly weak as investors became more risk averse. In contrast, the US equity market performed relatively well, underpinned by the strength of the Dollar and robust corporate profitability.

Trust Review

Companies held within the Trust are held with weightings generally proportionate to those of the benchmark Index. Therefore, investment activity, other than to raise or invest cash, is only necessary when there are changes to the benchmark Index, or as a result of a corporate action. During the year under review there were four quarterly Index reviews.

At the Index review in September 2011, there were 37 additions and 15 deletions. The most significant addition was Subsea 7 (Luxembourg), whilst the largest deletions included Bank of Ireland (Ireland), Gamesa (Spain) and RTL Group (Belgium).

At the Index review in December 2011, there were no additions and only one deletion. CRH (Ireland) was removed from the Index due to a reclassification of country from Ireland to the UK after the company decided to transfer its primary listing to the London Stock Exchange. There were 47 shares in issue or free float changes to the existing constituents, with the most significant being an increase for RWE (Germany).

At the Index review in March 2012, there were no additions or deletions. There were, however, a number of free float and shares in issue changes, the most significant being a weight decrease for Hermes International (France).

At the Index review in June 2012, there were nine additions, the largest of which was OJSC Magnit (GDR) (Russia), and three deletions. There were also 36 changes to the free float capital of constituents.

At each of the four review effective dates the holdings within the portfolio were rebalanced accordingly.

Outside of the Index reviews, Bank of Ireland (Ireland) announced a debt for equity swap in early August 2011, resulting in an increase of 0.03% in its Index weighting. Capital raising activities included UniCredit (Italy), completing a massive rights issue at a deep discount in early January 2012, exerting a 0.17% impact on its Index weighting.

There was only one merger and acquisition event during the year under review, when Index constituent LVMH (France) acquired Bulgari (Italy) for cash in September 2011. Bulgari was subsequently deleted from the Index, having a 0.05% impact. Bouygues, a French industrial group, announced a partial buyback in November 2011; the Index weight of the stock was accordingly adjusted downwards by 0.03%. Other corporate activity included Synthes' (Switzerland) deletion from the Index as a result of a takeover by Johnson & Johnson on 13 June 2012. Cimpor (Portugal) was also deleted from the Index in June as a result of

Manager's Investment Report continued

the unconditional cash tender offer by Camargo Correa. Sara Lee spin off D.E. Master Blenders 1753 was added to the Index on 28 June 2012 with a value of around £6.2 billion.

The largest countries in the Index at the end of the period were France (21.9%), Switzerland (19.6%) and Germany (18.4%). The largest stocks were Nestle (4.7%), Novartis (3.4%) and Roche Holdings (2.8%).

Outlook

The rise in Italian, Spanish and even French bond yields marks a new phase in the crisis. Sovereign (Government) debt concerns are amplifying banking strains. This puts pressure on banks to deleverage, but accelerated asset sales and curbs on lending are further undermining growth prospects and exacerbating fiscal problems. Recession across the region seems inevitable. The question now is the extent of the contraction. This will depend on how aggressively fiscal policy is tightened and the severity of the credit crunch.

Policy-making in Europe remains fragmented and reactive. The plan unveiled by EU Heads of State in October 2011 already appears to be failing. The European Financial Stability Facility (EFSF) is insufficient to meet Italian and Spanish funding costs and cannot be leveraged significantly without undermining core euro area sovereign bond markets. Indeed, December 2011 saw ratings agency Standard & Poor's place 15 European area government bond markets on credit watch for a downgrade. There has also been no commitment from outside investors to inject capital into the EFSF.

The ECB continues to be too complacent. The latest ECB staff projections, which show Gross Domestic Product growth of -0.1% and 1.0% respectively for this year and next, but there are some serious downside risks. As a result, the ECB is expected to embark on additional easing measures once it starts to reflect these risks in its assessment of the outlook for price stability. But market belief that the ECB will increase its bond purchases in exchange for a closer fiscal union is probably misplaced, irrespective of the numerous hurdles on the way towards fiscal integration. The risk of a disorderly outcome in the European area has clearly increased and it appears that the Germans are willing to play brinkmanship to extract the maximum amount of reform. Ultimately it will probably take unconditional and unsterilised bond purchases (essentially a European quantitative easing) from the ECB to overcome investor concerns about being subordinated to the eurosystem in any future debt restructuring. A second restructuring of Greek debt, which would likely have to focus on the official sector, would offer an opportunity for the eurosystem to overcome these concerns by bearing losses.

Legal & General Investment Management Limited
(Investment Adviser)
24 August 2012

Authorised Status

Authorised Status

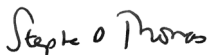
This Trust is an Authorised Unit Trust Scheme as defined in section 243 of the Financial Services and Markets Act 2000 and is a UCITS Retail Scheme within the meaning of the FSA Collective Investment Schemes sourcebook.

Directors' Statement

We hereby certify that this Manager's Report has been prepared in accordance with the requirements of the FSA Collective Investment Schemes sourcebook.



M. B. Boardman
(Director)



S. D. Thomas
(Director)

Legal & General (Unit Trust Managers) Limited
20 September 2012

Statement of Responsibilities

Statement of the Manager's Responsibilities

The Manager of the Trust is required by the FSA Collective Investment Schemes sourcebook (COLL) to prepare financial statements for each accounting period which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the net revenue and the net capital gains or losses on the Scheme property for the accounting period, and the financial position of the Trust at the end of that period. In preparing these financial statements, the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are prudent and reasonable;
- state whether applicable Accounting Standards have been followed, subject to any material departure disclosed and explained in the financial statements; and
- prepare the financial statements on the basis that the Trust will continue in operation unless it is inappropriate to presume this.

The Manager is also required to manage the Trust in accordance with the Trust Deed, the Prospectus and the COLL, maintain proper accounting records to enable them to ensure that the financial statements comply with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association (IMA) in October 2010 and the COLL and take in these respects reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of the Trustee's Responsibilities

The Trustee is responsible for the safekeeping of all the property of the Scheme (other than tangible moveable property) which is entrusted to it and for the collection of revenue that arises from that property.

It is the duty of the Trustee to take reasonable care to ensure that the Scheme is managed in accordance with the Financial Services Authority's Collective Investment Scheme sourcebook (COLL), as amended, the Scheme's Trust Deed and Prospectus, in relation to the pricing of, and dealings in, units in the Scheme; the application of the revenue of the Scheme; and the investment and borrowing of the Scheme.

Report of the Trustee

Report of the Trustee to the Unitholders of Legal & General European Index Trust ("the Trust")

Having carried out such procedures as we considered necessary to discharge our responsibilities as Trustee of the Scheme, it is our opinion that, based on the information available to us and the explanations provided, that, in all material respects, the Manager:

- has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Scheme's units and the application of the Scheme's revenue in accordance with the COLL, the Trust Deed and Prospectus, and
- has observed the investment and borrowing powers and restrictions applicable to the Scheme.

London
20 September 2012

National Westminster Bank Plc
Trustee and Depositary Services

Portfolio Statement

Portfolio Statement as at 31 July 2012

All investments are in ordinary shares unless otherwise stated. The percentages in brackets show the equivalent country holdings at 31 July 2011.

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
IRELAND — 0.37% (0.58%)			
373,310	Anglo Irish Bank [^]	—	—
34,583	Elan	253,926	0.02
295,300	Elan ADR	2,167,046	0.15
64,910	Kerry Group 'A'	1,860,259	0.13
355,991	Ryanair	1,108,322	0.07
		5,389,553	0.37
CONTINENTAL EUROPE — 98.26% (98.07%)			
Austria — 0.69% (0.82%)			
40,803	Andritz	1,410,918	0.10
137,155	Erste Bank Group	1,576,052	0.11
60,000	Immofinanz [^]	—	—
564,271	Immofinanz Immobilien Anlagen	1,162,490	0.08
84,267	OMV	1,691,828	0.12
34,426	Raiffeisen Bank International	708,962	0.05
16,859	Strabag	238,281	0.01
163,632	Telekom Austria	922,148	0.06
33,640	Verbund	405,787	0.03
82,059	Voest-Alpine	1,402,687	0.10
18,569	Wiener Staedtische Allgemeine	455,761	0.03
		9,974,914	0.69
Belgium — 2.55% (2.00%)			
1,288,296	Ageas	1,647,337	0.12
400,952	Anheuser-Busch InBev	19,933,265	1.38
129,961	Anheuser-Busch InBev (VVPR Strip) [†]	204	0.01
20,774	Bakaert	345,831	0.02
83,449	Belgacom	1,537,531	0.12
32,164	Colruyt	922,923	0.06
71	Delhaize Group ADR	1,622	—
52,074	Delhaize le Lion	1,191,059	0.08
318,089	Dexia	54,796	—
42,259	Groupe Bruxelles Lambert	1,780,586	0.12
83,917	KBC	1,132,181	0.08
8,799	Mobistar	172,282	0.01
88,681	SES Global 'A'	1,349,919	0.09
22,603	Solvay	1,530,780	0.11
44,306	Telenet	1,244,095	0.09
68,648	UCB	2,214,923	0.15
58,836	Umicore	1,639,883	0.11
		36,699,217	2.55
Czech Republic — 0.28% (0.33%)			
106,662	CEZ	2,314,881	0.16
8,279	Komerční Banka	911,600	0.07
63,014	Telefonica O2 Czech Republic	761,182	0.05
		3,987,663	0.28
Denmark — 2.97% (2.50%)			
735	A.P. Moller-Maersk 'A'	3,227,057	0.22
410	A.P. Moller-Maersk 'B'	1,713,831	0.12

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	Denmark — (cont.)		
2,628	Carlsberg 'A'	142,432	0.01
57,314	Carlsberg 'B'	3,003,759	0.21
15,794	Coloplast 'B'	1,909,797	0.13
471,617	Danske Bank	4,434,646	0.31
99,300	DSV	1,342,850	0.09
27,832	FLSmidth	1,073,479	0.07
31,069	Lundbeck 'H'	391,705	0.03
220,698	Novo Nordisk 'B'	21,693,031	1.51
136,991	Novozymes 'B'	2,166,836	0.15
3,889	Rockwool International	216,301	0.02
12,587	Trygvesta	460,312	0.03
98,706	Vestas Wind Systems	275,170	0.02
12,089	William Demant	721,354	0.05
		42,772,560	2.97
	Finland — 1.61% (1.86%)		
223,331	Fortum	2,395,799	0.17
33,043	Kesko	544,385	0.04
83,222	Kone	3,287,608	0.23
72,772	Metso	1,723,165	0.12
61,611	Neste Oil	413,929	0.03
1,883,473	Nokia	2,800,690	0.19
65,373	Nokian Renkaat	1,677,473	0.12
540,810	Outokumpu	313,158	0.02
50,819	Rautaruukki	211,898	0.01
282,783	Sampo 'A'	4,827,147	0.33
24,294	Sanoma	132,971	0.01
296,977	Stora Enso 'R'	1,087,837	0.08
265,912	UPM-Kymmene	1,839,608	0.13
99,685	Wartsila	1,918,635	0.13
		23,174,303	1.61
	France — 21.90% (22.49%)		
116,707	Accor	2,499,852	0.17
19,649	Aéroports de Paris	975,308	0.07
79,480	Air France-KLM	283,234	0.02
140,110	Air Liquide	10,064,880	0.70
16,536	Air Liquide (Prime De Fidélité)	1,188,909	0.08
972,345	Alcatel	644,127	0.05
157,500	Alcatel Lucent ADR	100,418	0.01
111,082	Alstrom	2,374,581	0.16
32,325	Arkema	1,522,238	0.11
34,625	Atos	1,239,451	0.09
1,152,293	AXA	9,095,031	0.63
8,900	AXA ADR	68,830	—
18,039	BIC	1,152,189	0.08
9,619	bioMérieux	520,462	0.04
524,576	BNP Paribas	12,828,065	0.89
2,465	Bolloré	350,907	0.02
118,928	Bouygues	1,932,803	0.13
26,661	Bureau Veritas	1,503,106	0.10
79,504	Cap Gemini	1,875,412	0.13
358,076	Carrefour	4,090,828	0.28
35,896	Christian Dior	3,195,856	0.22
265,368	Cie de St-Gobain	5,107,533	0.35
4,237	Ciments Francais	151,022	0.01
93,901	CNP Assurances	633,882	0.04
73,380	Compagnie Générale de Géophysique -Veritas	1,359,768	0.09

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	France — (cont.)		
494,389	Crédit Agricole	1,384,354	0.10
29,459	Dassault Systèmes	1,839,626	0.13
207,962	EADS	4,846,973	0.34
114,097	Edenred	1,937,825	0.13
33,427	Eiffage	559,218	0.04
126,963	Électricité de France	1,666,715	0.12
5,219	Eramet	353,945	0.02
106,472	Essilor International	5,921,858	0.41
7,308	Euler Hermes	289,955	0.02
15,572	Eurazeo	402,687	0.03
23	Eurazeo Rights	12	—
81,555	Eutelsat Communications	1,566,814	0.11
26,563	Faurecia	276,221	0.02
14,179	Fonciere des Regions	652,724	0.05
1,003,126	France Télécom	8,612,810	0.60
839,424	GDF Suez	12,005,543	0.83
9,426	Gecina	559,102	0.04
22,332	Groupe Casino	1,197,141	0.08
326,265	Groupe Danone	12,683,139	0.88
279,965	Groupe Eurotunnel	1,266,666	0.09
4,190	Hermès International	728,855	0.05
9,934	ICADE	489,511	0.03
10,459	Iliad	911,520	0.06
18,430	Imerys	591,323	0.04
250,659	Immoeast^	—	—
22,787	Ipsen	345,976	0.02
37,987	JC Decaux	494,066	0.03
55,197	Klépierre	1,148,170	0.08
109,108	Lafarge	3,247,396	0.23
63,584	Lagardère	1,103,312	0.08
129,056	Legrand	2,633,500	0.18
148,710	L'Oréal	11,425,585	0.79
187,387	LVMH	18,363,314	1.27
93,994	Michelin	4,116,477	0.29
497,915	Natixis	801,992	0.06
68,720	Pages Jaunes	75,549	0.01
132,256	Pernod-Ricard	9,086,440	0.63
141,840	Peugeot	695,937	0.05
47,393	Pinault-Printemps-Redoute	4,549,728	0.32
73,888	Publicis Groupe	2,338,862	0.16
112,599	Renault	3,159,091	0.22
54,878	Rexel	591,286	0.04
101,273	Sagem	2,225,164	0.15
654,604	Sanofi-Aventis	34,204,285	2.37
275,270	Schneider Electric	10,075,690	0.70
97,085	SCOR	1,493,050	0.10
11,908	SEB	505,381	0.04
388,302	Société Générale	5,650,839	0.39
58,546	Sodexo Alliance	2,839,089	0.20
351,042	STMicroelectronics	1,230,628	0.09
195,424	Suez Environnement	1,388,078	0.10
56,638	Technip	3,869,050	0.27
79,051	TF1	429,398	0.03
50,169	Thales	993,886	0.07
1,120,922	Total	33,305,096	2.31
44,745	Unibail	5,481,518	0.38
37,891	Valeo	1,045,866	0.07
60,255	Vallourec	1,591,204	0.11

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
France — (cont.)			
267,746	Veolia Environnement	1,952,510	0.14
282,867	Vinci	7,736,804	0.54
640,050	Vivendi	7,788,353	0.54
19,462	Wendel Investissement	895,468	0.06
20,537	Zodiac Aerospace	1,289,710	0.09
		315,670,977	21.90
Germany — 18.36% (18.56%)			
104,599	adidas	5,057,609	0.35
228,079	Allianz	14,603,604	1.01
27,314	Axel Springer	783,328	0.05
463,102	BASF	21,895,280	1.52
417,880	Bayer	20,513,067	1.42
57,484	Beiersdorf	2,431,545	0.17
17,549	Bilfinger Berger	926,037	0.06
151,612	BMW	7,238,199	0.50
90	BMW (Preference Shares)	2,884	—
25,906	Brenntag	1,831,153	0.13
40,636	Celesio	473,950	0.03
2,148,858	Commerzbank	2,135,257	0.15
40,865	Continental	2,385,183	0.17
533,328	Daimler	16,996,893	1.18
466,152	Deutsche Bank	9,008,520	0.63
99,379	Deutsche Boerse	3,187,391	0.22
112,847	Deutsche Lufthansa	919,418	0.06
451,821	Deutsche Post	5,188,349	0.36
1,638,407	Deutsche Telekom	11,819,622	0.82
2,300	Deutsche Telekom ADR	16,527	—
961,194	E.ON	13,103,598	0.91
6,059	Fielmann	348,097	0.02
17,540	Fraport	641,191	0.05
71,615	Fresenius	4,874,212	0.34
113,211	Fresenius Medical Care	5,269,242	0.37
95,404	Gea Group	1,673,383	0.12
14,825	Hamburger Hafen und Logistik	213,944	0.02
33,939	Hannover Rueckversicherungs	1,305,915	0.09
92,006	HeidelbergCement	2,754,596	0.19
6,650	HeidelbergCement (VVPR Strip)^A	—	—
65,430	Henkel	2,435,661	0.17
90,544	Henkel (Preference Shares)	4,108,600	0.29
30,165	Hochtief	923,315	0.06
13,904	Hugo Boss	896,896	0.06
538,351	Infineon Technologies	2,533,921	0.18
96,768	K+S	3,074,475	0.21
43,719	Kabel Deutschland	1,746,592	0.12
42,312	Lanxess	1,906,069	0.13
69,799	Linde	6,648,781	0.46
21,166	MAN	1,276,175	0.09
32,574	Merck	2,089,752	0.15
82,730	Metro	1,452,053	0.10
88,904	Munich Re	8,106,652	0.56
76,601	Porsche (Preference Shares)	2,515,012	0.18
2,751	Puma	489,741	0.03
287,537	RWE 'A'	7,239,740	0.50
21,805	Salzgitter	506,075	0.04
460,447	SAP	18,788,039	1.30
451,751	Siemens	24,397,206	1.69
5,142	SMA Solar Technology	101,847	0.01
34,280	Software	711,995	0.05

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
Germany — (cont.)			
27,675	Suedzucker	604,173	0.04
193,001	ThyssenKrupp	2,277,475	0.16
120,467	TUI	491,930	0.03
55,230	United Internet	628,595	0.04
14,381	Volkswagen	1,463,906	0.10
85,295	Volkswagen (Preference Shares)	9,353,786	0.65
8,157	Wacker Chemie	336,159	0.02
		264,702,615	18.36
Greece — 0.19% (0.44%)			
265,442	Alpha Bank	249,420	0.02
76,110	Coca-Cola Hellenic Bottling Company	830,778	0.06
209,825	EFG Eurobank Ergasias	105,316	0.01
117,937	Greek Organisation of Football Prognostics	450,662	0.03
49,376	Hellenic Petroleum	205,301	0.01
171,350	Hellenic Telecommunications Organisation	273,713	0.02
19,800	Hellenic Telecommunications Organization ADR	15,906	—
460,977	National Bank of Greece	454,811	0.03
56,122	Public Power	100,635	0.01
		2,686,542	0.19
Hungary — 0.30% (0.37%)			
6,955	Gedeon Richter	753,277	0.05
211,649	Magyar Telekom	252,747	0.02
40,358	MOL	1,911,310	0.13
145,827	OTP Bank	1,447,777	0.10
		4,365,111	0.30
Italy — 4.99% (5.96%)			
742,003	A2A	201,496	0.01
778,531	Assicurazioni Generali	6,260,761	0.43
248,467	Atlantia	2,128,466	0.15
63,718	Autogrill	335,782	0.02
322,727	Banca Carige	156,425	0.01
2,560,930	Banca Monte dei Paschi di Siena	372,985	0.03
1,054,810	Banco Popolare Scarl	799,522	0.06
37,820	Buzzi Unicem	242,393	0.02
140,377	Davide De Campari Milano	614,453	0.04
253,959	Edison	176,686	0.01
3,528,987	Enel	6,466,163	0.45
1,040,937	Enel Green Power	951,209	0.07
1,365,917	ENI	18,300,167	1.27
37,748	EXOR	541,502	0.04
459,754	Fiat	1,484,653	0.10
461,972	Fiat Industrial	2,910,197	0.20
211,499	Finmeccancia	506,770	0.04
23,909	IFI - Istituto Finanziario Industriale	291,682	0.02
5,746,320	Intesa Sanpaolo	4,774,039	0.33
21,820	Intesa Sanpaolo (Non-convertible)	14,198	—
23,587	Lottomatica	299,389	0.02
67,906	Luxottica Group	1,518,081	0.11
416,808	Mediaset	477,160	0.03
231,574	Mediobanca	508,450	0.04
109,227	Mediolanum	233,322	0.02

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
Italy — (cont.)			
164,509	Parmalat	197,862	0.01
144,940	Parmalat Finanziaria^	—	—
121,448	Pirelli	789,313	0.06
102,526	Prysmian	1,063,728	0.07
166,677	Saipem	4,899,488	0.34
854,547	Snam Rete Gas	2,196,116	0.15
6,744,268	Telecom Italia	3,522,422	0.24
2,951,910	Telecom Italia (RNC)	1,309,434	0.09
734,771	Terna	1,547,694	0.11
2,198,201	UniCredit	4,957,248	0.34
483,281	Unione di Banche Italiane	885,516	0.06
		71,934,772	4.99
Luxembourg — 0.91% (0.97%)			
31,586	Aperam	277,751	0.02
588,932	ArcelorMittal	6,098,760	0.42
79,485	SES	1,217,404	0.09
186,827	Subsea 7	2,470,854	0.17
237,541	Tenaris	2,985,344	0.21
		13,050,113	0.91
Netherlands — 5.83% (5.16%)			
967,101	Aegon	2,829,930	0.20
575,187	Ahold	4,456,620	0.31
117,282	Akzo Nobel	4,110,571	0.29
216,249	ASML	8,078,752	0.56
45,389	Corio	1,291,920	0.09
245,907	D.E. Master Blenders 1753	1,786,897	0.12
356,948	Elsevier	2,677,913	0.19
39,374	Fugro	1,651,010	0.11
44,954	Gemalto	2,172,576	0.15
153,474	Heineken	5,310,551	0.37
52,906	Heineken Holding	1,550,620	0.11
1,940,882	ING Group	8,244,790	0.57
37,524	Koninklijke Boskalis Westminster	786,131	0.05
89,049	Koninklijke DSM	2,824,001	0.20
24,431	Koninklijke Vopak	988,846	0.07
763,095	KPN	3,960,425	0.27
504,513	Philips Electronics	7,081,288	0.49
209,584	PostNL	542,881	0.04
114,635	Qiagen	1,303,361	0.09
62,203	Randstad	1,210,127	0.08
91,013	SBM Offshore	705,536	0.05
212,236	TNT Express	1,469,933	0.10
786,660	Unilever	17,398,403	1.21
153,503	Wolters Kluwer	1,644,310	0.11
		84,077,392	5.83
Norway — 1.93% (1.86%)			
99,406	Aker Kvaerner	937,483	0.07
613,589	DNB	4,106,041	0.28
96,878	Gjensidige-Forsikring	757,193	0.05
89,110	Kvaerner	131,207	0.01
509,972	Norsk Hydro	1,323,076	0.09
520,468	Orkla ASA	2,351,775	0.16
643,880	Statoil	9,854,382	0.68
223,013	Storebrand 'A'	541,160	0.04
418,363	Telenor	4,543,861	0.32

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	Norway — (cont.)		
107,998	Yara International	3,264,714	0.23
		27,810,892	1.93
	Poland — 0.99% (1.11%)		
17,402	Bank Handlowy w Warszawie	257,688	0.02
52,761	Bank Pekao	1,404,599	0.10
5,890	BRE Bank	318,099	0.02
64,217	Enea	190,797	0.01
510,432	Get Bank	159,638	0.01
21,170	ING Bank Slaski	307,631	0.02
16,288	Jastrzebska Spolka Weglowa	282,815	0.02
77,715	KGHM Polska Miedz	1,873,294	0.13
372,243	Polska Grupa Energetyczna	1,331,721	0.09
154,125	Polski Koncern Naftowy Orlen	1,086,323	0.08
981,525	Polskie Gornictwo Naftowe I Gazownictwo	748,713	0.05
327,467	Powszechna Kasa Oszczednosci Bank Polski	2,035,819	0.14
33,559	Powszechny Zaklad Ubezpieczen	2,257,192	0.16
299,825	Synthos	302,467	0.02
672,513	TAURON Polska Energia	579,686	0.04
338,003	Telekomunikacja Polska	1,022,943	0.07
86,147	TVN	129,784	0.01
		14,289,209	0.99
	Portugal — 0.43% (0.65%)		
3,231,155	Banco Comercial Portugues	230,240	0.02
982,232	Banco Espirito Santo	384,561	0.03
217,694	Brisa-Auto Estradas de Portugal	466,554	0.03
1,098,752	Energias de Portugal	1,597,689	0.11
122,532	Galp Energia	1,051,576	0.07
124,431	Jeronimo Martins	1,227,178	0.09
463,641	Portugal Telecom	1,208,946	0.08
		6,166,744	0.43
	Spain — 5.87% (7.82%)		
200,644	Abertis Infraestructuras	1,602,533	0.11
10,467	Acciona	295,507	0.02
29,266	Acerinox	189,380	0.01
101,714	ACS	1,064,463	0.07
115,414	ACS Bonus Rights	88,566	0.01
167,234	Amadeus	2,293,588	0.16
1,189,184	Banco de Sabadell	1,456,353	0.10
41,061	Banco Espanol de Credito	69,320	—
700,667	Banco Popular Espanol	835,588	0.06
5,847	Banco Santander	22,993	—
4,649,317	Banco Santander Rights	542,446	0.04
4,543,470	Banco Santander SA	17,898,751	1.24
168,063	Bankinter	338,210	0.02
2,544,238	BBVA	10,758,017	0.75
8,957	Corporacion Financiera Alba	188,386	0.01
589,614	Criteria Caixacorp	1,253,021	0.09
332,413	Distribuidora Internacional de Alimentacion	1,045,067	0.07
129,745	EDP Renovaveis	252,971	0.02
94,233	Enagas	1,044,464	0.07
41,721	Endesa	423,063	0.03
23,989	FCC	153,317	0.01
280,135	Ferrovial	1,941,294	0.14

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
Spain — (cont.)			
210,099	Gas Natural	1,669,824	0.12
103,708	Grifols	2,073,212	0.14
2,243,347	Iberdrola	5,269,852	0.37
77,985	Indra Sistemas	438,141	0.03
125,877	Industria de Diseno Textil	8,634,381	0.60
487,567	Mapfre Corporacion	578,399	0.04
75,434	Mediaset	243,417	0.02
28,795	Red Electrica de Espana	727,043	0.05
437,703	Repsol YPF	4,606,378	0.32
2,186,251	Telefonica	16,055,998	1.11
70,743	Zardoya Otis	502,425	0.04
		84,556,368	5.87
Sweden — 7.51% (6.61%)			
163,235	Alfa Laval	1,816,320	0.13
174,680	Assa Abloy 'B'	3,377,309	0.23
316,059	Atlas Copco 'A'	4,554,977	0.32
196,615	Atlas Copco 'B'	2,515,258	0.17
132,604	Boliden	1,286,864	0.09
149,013	Electrolux 'B'	2,126,627	0.15
31,185	Elekta 'B'	923,086	0.06
1,485,346	Ericsson 'B'	8,785,005	0.61
116,798	Getinge 'B'	2,132,505	0.15
295,182	Hennes & Mauritz 'B'	6,972,308	0.48
130,570	Hexagon 'B'	1,604,373	0.11
30,314	Holmen 'B'	515,744	0.04
230,100	Husqvarna 'B'	741,613	0.05
186,080	Industrivarden 'A'	1,703,083	0.12
8,291	Industrivarden 'C'	71,887	—
216,178	Investor 'B'	2,886,907	0.20
122,325	Kinnevik 'B'	1,607,236	0.11
122,515	Lundin Petroleum	1,672,792	0.12
29,839	Modern Times Group 'B'	871,516	0.06
1,518,433	Nordea Bank	9,073,061	0.63
114,055	Ratos 'B'	766,899	0.05
635,898	Sandvik	5,662,309	0.39
211,161	Scania 'B'	2,329,833	0.16
172,002	Securitas 'B'	886,111	0.07
1,091,042	Skandinaviska Enskilda Banken 'A'	5,105,153	0.35
204,365	Skanska 'B'	1,973,711	0.14
203,535	SKF 'B'	2,685,688	0.19
123,098	SSAB Svenskt Stal 'A'	646,266	0.05
36,469	SSAB Svenskt Stal 'B'	167,265	0.01
307,614	Svenska Cellulosa 'B'	3,336,467	0.23
310,721	Svenska Handelsbanken 'A'	6,871,185	0.48
487,694	Swedbank 'A'	5,385,509	0.37
107,410	Swedish Match	2,869,777	0.20
209,932	Tele2 'B'	2,220,007	0.15
1,096,997	TeliaSonera	4,643,328	0.32
309,148	Volvo	2,440,332	0.17
632,462	Volvo 'B'	4,995,445	0.35
		108,223,756	7.51
Switzerland — 19.59% (17.61%)			
1,148,428	ABB	12,746,052	0.88
50,367	Actellon	1,462,677	0.10
69,691	Adecco	1,977,073	0.14
48,038	Aryzta	1,510,565	0.10
23,485	Baloise Holdings	991,797	0.07

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	Switzerland — (cont.)		
1,639	Banque Cantonale Vaudoise	538,353	0.04
982	Barry Callebaut	559,346	0.04
7,791	BKW	149,279	0.01
149,021	Clariant	1,013,924	0.07
261,931	Compagnie Financiere Richmont	9,627,716	0.67
600,332	Credit Suisse Group	6,506,404	0.45
8,913	EMS-Chemie Holding	1,127,474	0.08
100,695	GAM Holding	705,462	0.05
20,802	Geberit	2,604,292	0.18
4,702	Givaudan	2,909,611	0.20
122,352	Holcim	4,612,875	0.32
105,982	Julius Baer	2,414,687	0.17
30,143	Kuehne & Nagel	2,155,015	0.15
439	Lindt & Spruengli (Part Certified)	859,452	0.06
68	Lindt & Spruengli (Registered)	1,548,421	0.11
25,623	Lonza Group	739,259	0.05
1,739,796	Nestlé	67,917,614	4.71
62,217	Nobel Biocare Holding	364,118	0.03
1,299,504	Novartis	48,485,333	3.36
18,474	Pargesa	724,192	0.05
5,905	Partners Group	688,859	0.05
25,118	Phonak Holding	1,504,381	0.10
24,067	PSP Swiss Property	1,370,852	0.10
352,172	Roche Holding	39,797,995	2.76
9,642	Schindler Holding (Part Certified)	722,640	0.05
15,006	Schindler Holding (Registered)	1,117,811	0.08
2,940	SGS	3,759,271	0.26
541	Sika AG	646,627	0.04
4,097	Straumann	349,513	0.02
17,202	Sulzer	1,415,923	0.10
23,857	Swatch Group	1,068,144	0.07
15,558	Swatch Group 'B'	3,993,898	0.28
15,537	Swiss Life Holding	951,308	0.07
26,192	Swiss Prime Site	1,393,741	0.10
186,821	Swiss Re	7,475,691	0.52
10,400	Swisscom	2,667,754	0.19
47,131	Syngenta	10,277,556	0.71
131,795	Transocean	4,043,828	0.28
43,500	Transocean (USD)	1,319,325	0.09
1,920,137	UBS	13,001,847	0.90
74,070	Zurich Financial Services	10,571,673	0.73
		282,389,628	19.59
	Turkey — 1.36% (0.95%)		
1,002,827	Akbank	2,428,050	0.17
120,314	Anadolu Efes Biracilik ve Malt Sanayii	1,063,562	0.07
121,701	Arcelik	388,852	0.03
37,025	BIM Birlesik Magazalar	1,038,411	0.07
36,847	Coca-Cola Icecek	363,659	0.03
448,159	Dogan Holding	130,465	0.01
359,950	Emlak Konut Gayrimenkul Yatirim	306,691	0.02
270,261	Enka Insaat ve Sanayi	502,761	0.03
753,233	Eregli Demir ve Celik Fabrikalari (Erdemir)	526,796	0.04
38,029	Ford Otomotiv	238,966	0.02
419,963	Haci Omer Sabanci Holding	1,165,910	0.08
382,780	KOC Holdings	978,428	0.07
16,607	Koza Altin Isletmeleri	213,426	0.01

Portfolio Statement continued

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
Turkey — (cont.)			
91,893	Tuerk Otomobil	272,079	0.02
436,094	Turk Hava Yollari Anonim Ortakligi	529,485	0.04
255,725	Turk Telekomunikasyon	655,477	0.04
450,220	Turkcell Iletism Hizmetleri	1,630,317	0.11
1,011,922	Turkiye Garanti Bankasi	2,543,475	0.18
187,810	Turkiye Halk Bankasi	1,020,134	0.07
675,986	Turkiye Is Bankasi	1,238,325	0.09
155,726	Turkiye Sise ve Cam Fabrikalari	143,188	0.01
652,539	Turkiye Valiflar Bankasi	875,680	0.06
50,167	Turpras-Turkiye Petrol Rafinerileri	712,402	0.05
435,424	Yapi ve Kredi Bankasi	579,683	0.04
		19,546,222	1.36
NORTH AMERICA — 0.30% (0.22%)			
Bermuda — 0.30% (0.22%)			
173,927	Seadrill	4,382,035	0.30
FUTURES — 0.01% (0.00%)			
296	DJ Euro Stoxx 50 Future Expiry September 2012	109,202	0.01
56	Swiss Market Index Future Expiry September 2012	95,418	—
		204,620	0.01
Portfolio of investments		1,426,055,206	98.94
Net other assets		15,291,875	1.06
Total net assets		£1,441,347,081	100.00%

† This is an unlisted security and has been valued at the Manager's best assessment of its fair value.

^ These are delisted securities and have been valued at the Manager's best assessment of their fair value.

Total purchases for the year: £187,964,018.

Total sales for the year: £208,535,962.

Independent Auditors' Report

Independent Auditors' Report to the Unitholders of Legal & General European Index Trust ("the Trust")

We have audited the financial statements of Legal & General European Index Trust for the year ended 31 July 2012 which comprise the statement of total return, the statement of change in net assets attributable to unitholders, the balance sheet, the related notes and the distribution table. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Management Association (the "Statement of Recommended Practice for Authorised Funds").

Respective responsibilities of Authorised Fund Manager and Auditors

As explained more fully in the Statement of Manager's Responsibilities the Authorised Fund Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Trust's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authorised Fund Manager; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Authorised Fund Manager's Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent Auditors' Report continued

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Trust at 31 July 2012 and of the net revenue and the net capital losses of the scheme property of the Trust for the year then ended; and
- have been properly prepared in accordance with the Statement of Recommended Practice for Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.

Opinion on other matters prescribed by the Collective Investment Schemes sourcebook

In our opinion:

- we have obtained all the information and explanations we consider necessary for the purposes of the audit; and
- the information given in the Authorised Fund Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Collective Investment Schemes sourcebook requires us to report to you if, in our opinion:

- proper accounting records for the Trust have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

London
20 September 2012

PricewaterhouseCoopers LLP
Chartered Accountants
& Statutory Auditors

The accounts are published at:

<http://www.legalandgeneral.com/investments/fund-information/managers-reports>, which is a website maintained by the Manager.

- The maintenance and integrity of the Legal & General website is the responsibility of the Authorised Fund Manager; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial Statements

Statement of Total Return for the year ended 31 July 2012

	Notes	31/07/12		31/07/11	
		£	£	£	£
Income					
Net capital (losses)/gains	2	(285,756,001)		137,363,903	
Revenue	3	61,236,816		64,803,859	
Expenses	4	(10,801,658)		(13,201,240)	
Finance costs: Interest	6	(565)		(1,279)	
Net revenue before taxation		<u>50,434,593</u>		<u>51,601,340</u>	
Taxation	5	(6,665,785)		(6,567,707)	
Net revenue after taxation for the year		<u>43,768,808</u>		<u>45,033,633</u>	
Total return before distributions		(241,987,193)		182,397,536	
Finance costs: Distributions	6	(43,768,808)		(45,033,633)	
Change in net assets attributable to Unitholders from investment activities		<u>£(285,756,001)</u>		<u>£137,363,903</u>	

Statement of Change in Net Assets attributable to Unitholders for the year ended 31 July 2012

	31/07/12		31/07/11	
	£	£	£	£
Opening net assets attributable to Unitholders		1,749,013,651		1,674,664,879
Amounts received on creation of units		161,165,127		108,986,578
In-specie cancellations		(116,300,780)		—
Amounts paid on cancellation of units		<u>(79,198,948)</u>		<u>(187,390,741)</u>
		(34,334,601)		(78,404,163)
Change in net assets attributable to Unitholders from investment activities		(285,756,001)		137,363,903
Retained distribution on accumulation units		12,421,928		15,388,334
Unclaimed distribution		<u>2,104</u>		<u>698</u>
Closing net assets attributable to Unitholders		<u>£1,441,347,081</u>		<u>£1,749,013,651</u>

Financial Statements continued

Balance Sheet as at 31 July 2012

		31/07/12		31/07/11	
	Notes	£	£	£	£
ASSETS					
Investment assets		1,426,055,206		1,729,306,949	
Debtors	7	13,687,777		7,668,144	
Cash and bank balances	8	35,849,221		45,194,698	
Amounts held at futures clearing houses and brokers	8	679,055		316,827	
Total other assets		50,216,053		53,179,669	
Total assets		1,476,271,259		1,782,486,618	
LIABILITIES					
Investment liabilities			—	(40,114)	
Creditors	9	(5,451,605)		(1,505,259)	
Bank overdrafts	8	(1,445,884)		(3,174,978)	
Distribution payable on distribution units		(28,026,689)		(28,752,616)	
Total other liabilities		(34,924,178)		(33,432,853)	
Total liabilities		(34,924,178)		(33,472,967)	
Net assets attributable to Unitholders		£1,441,347,081		£1,749,013,651	

Notes to the Financial Statements

1. Accounting Policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments and in accordance with the Statement of Recommended Practice for Authorised Funds issued by the IMA in October 2010.

(b) Recognition of revenue

Revenue from quoted equities and non-equity shares is recognised net of attributable tax credits when the security is quoted ex-dividend. Revenue from unquoted equity investments is recognised net of attributable tax credits when the dividend is declared.

Overseas revenue received after the deduction of withholding tax is shown gross of taxation, with the taxation consequences shown within the taxation charge.

Special dividends are treated as either revenue or capital depending on the facts of each particular case.

Revenue from derivative instruments are treated in accordance with Note 1(h).

All other revenue is recognised on an accruals basis.

(c) Treatment of expenses

All expenses (other than those relating to the purchase and sale of investments and Stamp Duty Reserve Tax) are charged against revenue on an accruals basis.

(d) Distribution Policy

The policy is to distribute, on an annual basis, all available revenue, after deduction of those expenses which are chargeable in calculating the distribution.

The Manager's periodic fee is deducted from revenue for the purpose of calculating the distribution.

The ordinary element of stock dividends is treated as revenue and forms part of the distribution. In the case of an enhanced stock dividend, the value of the enhancement is treated as capital and does not form part of the distribution.

Distributions which have remained unclaimed by Unitholders for over six years are credited to the capital property of the Trust.

(e) Basis of valuation of investments

All investments are valued at their fair value as at 12 noon on 31 July 2012, being the last working day of the accounting year. The fair value for non-derivative securities is bid market price, excluding any accrued interest and the fair value for derivative instruments is the cost of closing out the contract at the balance sheet date.

Where values cannot be readily determined, the securities are valued at the Manager's best assessment of their fair value.

Notes to the Financial Statements continued

(f) Taxation

Provision is made for taxation at current rates on the excess of investment revenue over expenses, with relief for overseas taxation taken where appropriate.

Deferred tax is provided for on all timing differences that have originated but not reversed by the balance sheet date, other than those differences that are regarded as permanent. Any liability to Deferred tax is provided for at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

(g) Foreign exchange

Transactions in foreign currencies are translated at the rate of exchange ruling on the date of the transaction. Where applicable, assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at 12 noon on 31 July 2012, being the last working day of the accounting year.

(h) Derivative instruments

Financial derivative instruments may be used by the Trust for efficient portfolio management, for example to hedge investment exposure or to adjust exposure in a cost effective manner. Derivative instruments held within the Trust have been accounted for and taxed in accordance with the Statement of Recommended Practice for Authorised Funds (IMA SORP 2010). Derivative transactions have been treated as either revenue or capital depending on the motives and circumstances on acquisition.

2. Net capital (losses)/gains

	31/07/12	31/07/11
	£	£
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(282,884,420)	136,779,557
Derivative contracts	(1,751,439)	156,321
Forward currency contracts	(23,326)	—
Currency (losses)/gains	(1,040,787)	471,186
Transaction charges	(56,029)	(43,161)
Net capital (losses)/gains	<u>(285,756,001)</u>	<u>137,363,903</u>

Notes to the Financial Statements continued

3. Revenue

	31/07/12	31/07/11
	£	£
Non-taxable overseas dividends	58,954,360	63,189,983
Taxable overseas dividends	465,237	1,338,129
Stock dividends	1,811,406	272,159
Bank interest	5,813	3,213
Margin interest	—	45
HMRC Interest	—	330
	<u>61,236,816</u>	<u>64,803,859</u>

4. Expenses

	31/07/12	31/07/11
	£	£
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic fee	8,514,987	10,320,200
Registration fees	<u>1,818,155</u>	<u>2,202,843</u>
	<u>10,333,142</u>	<u>12,523,043</u>
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Trustee's fees	180,936	213,955
Safe custody fees	<u>277,569</u>	<u>453,412</u>
	<u>458,505</u>	<u>667,367</u>
Other expenses:		
Audit fee	8,080	7,700
VAT on audit fee	1,348	1,200
FSA fee	146	143
Legal and Professional fees	<u>437</u>	<u>1,787</u>
	<u>10,011</u>	<u>10,830</u>
Total expenses	<u>10,801,658</u>	<u>13,201,240</u>

Notes to the Financial Statements continued

5. Taxation

(a) Analysis of taxation charge in year

	31/07/12	31/07/11
	£	£
Overseas tax	6,665,785	6,567,707
Current tax [note 5(b)]	6,665,785	6,567,707
Deferred tax [note 5(c)]	—	—
Total taxation	6,665,785	6,567,707

(b) Factors affecting taxation charge for the year

The current tax charge excludes capital gains and losses for the reason that Authorised Unit Trusts are not subject to Corporation Tax on these items. Current tax differs from taxation assessed on net revenue before taxation as follows:

Net revenue before taxation	50,434,593	51,601,340
Net revenue before taxation multiplied by the applicable rate of Corporation Tax 20% (2011: 20%)	10,086,919	10,320,268
Effects of:		
Overseas tax	6,665,785	6,567,707
Relief for overseas tax treated as an expense	(23,262)	(47,516)
Revenue not subject to taxation	(12,123,421)	(12,692,429)
Excess unutilised management expenses	2,059,764	2,419,677
Current tax	6,665,785	6,567,707

(c) Provision for deferred tax

There is no provision for deferred tax in the current or prior year. At the year end there is a potential deferred tax asset of £5,635,069 (£3,575,305 as at 31 July 2011) due to surplus management expenses. It is unlikely the Trust will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised (31 July 2011: same).

Notes to the Financial Statements continued

6. Finance costs

Distributions

The distributions take account of revenue received on the creation of units and revenue deducted on the cancellation of units and comprise:

	31/07/12	31/07/11
	£	£
Final distribution	40,448,617	44,140,950
	40,448,617	44,140,950
Add: Revenue deducted on cancellation of units	3,999,308	1,612,092
Less: Revenue received on creation of units	(679,117)	(719,409)
Distribution for the year	43,768,808	45,033,633
Interest		
Bank overdraft interest	565	1,279
Total finance costs	43,769,373	45,034,912

7. Debtors

	31/07/12	31/07/11
	£	£
Amounts receivable for creation of units	3,928,015	1,087,674
Sales awaiting settlement	21,062	—
Receivable for FX contracts	3,780,182	—
Accrued revenue	577,826	430,181
Bank interest	—	1,191
Recoverable overseas tax	5,379,534	6,149,098
Recoverable VAT	1,158	—
	13,687,777	7,668,144

8. Net uninvested cash

	31/07/12	31/07/11
	£	£
Amounts held at futures clearing houses and brokers	679,055	316,827
Cash and bank balances	35,849,221	45,194,698
Bank overdrafts	(1,445,884)	(3,174,978)
Net uninvested cash	35,082,392	42,336,547

Notes to the Financial Statements continued

9. Creditors

	31/07/12	31/07/11
	£	£
Amounts payable for cancellation of units	753,735	249,255
Payable for FX contracts	3,755,651	—
Accrued expenses	942,219	1,255,686
Bank overdraft interest	—	318
	<u>5,451,605</u>	<u>1,505,259</u>

10. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (31 July 2011: same).

11. Risk in relation to financial instruments

The Trust's investment objective is stated on page 2. In pursuing its objective, the Trust holds financial instruments which expose it to various types of risk. The main risks, and the Manager's policy for managing these risks, which were applied consistently throughout the current and preceding year, are set out below.

(a) Credit and liquidity risk

Credit risk is the risk of suffering loss due to another party not meeting its financial obligations. The primary source of this risk to the Trust is for trade counterparties to fail to meet their transaction commitments. This risk is managed by appraising the credit profile of financial instruments and trade counterparties.

Liquidity risk relates to the capacity to meet liabilities. The primary source of this risk to the Trust is the liability to Unitholders for any cancellation of units. This risk is minimised by holding cash and readily realisable securities and via access to overdraft facilities.

Notes to the Financial Statements continued

(b) Market risk

Market risk arises mainly from uncertainty about future prices. The primary source of this risk to the Trust is the potential movement in the value of financial instruments held as a result of price fluctuations. The Manager adheres to the investment guidelines and borrowing powers established in the Trust Deed, Prospectus and the COLL. In this way, the Manager monitors and controls the exposure to risk from any type of security, sector or issuer.

The Trust may also use derivative instruments to mitigate risk and reduce costs. These instruments are not utilised for speculative purposes. Derivative instruments were utilised during the current year.

(c) Foreign currency risk

Foreign currency risk is the risk of movements in the value of overseas financial instruments as a result of fluctuations in exchange rates. This risk is managed by the utilisation of forward currency contracts as necessary. Forward currency contracts were utilised during the current year but not utilised during the preceding year.

The foreign currency profile of the Trust's net assets at the balance sheet date was:

31/07/12	Net foreign currency assets		
	Monetary exposures	Non-monetary exposures	Total
Currency	£'000	£'000	£'000
Czech Koruna	5	3,988	3,993
Danish Krone	84	42,773	42,857
Euro	7,093	913,352	920,445
Hungarian Forint	4	4,365	4,369
Norwegian Krone	65	34,664	34,729
Polish Zloty	35	14,289	14,324
Swedish Krona	1	108,224	108,225
Swiss Franc	4,296	281,166	285,462
Turkish Lira	4	19,546	19,550
US Dollar	4	3,690	3,694

31/07/11	Net foreign currency assets		
	Monetary exposures	Non-monetary exposures	Total
Currency	£'000	£'000	£'000
Czech Koruna	16	5,674	5,690
Danish Krone	32	43,798	43,830
Euro	9,142	1,175,069	1,184,211
Hungarian Forint	110	6,446	6,556
Norwegian Krone	135	36,486	36,621
Polish Zloty	306	19,417	19,723
Swedish Krona	14	115,569	115,583
Swiss Franc	5,304	305,978	311,282
Turkish Lira	14	16,518	16,532
US Dollar	13	4,316	4,329

Notes to the Financial Statements continued

(d) Interest rate risk

Interest rate risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates. The Trust's only interest bearing financial instruments were its bank balances and overdraft facilities as disclosed in note 8. Cash is deposited, and overdraft facilities utilised, on normal commercial terms and earn or bear interest based on LIBOR or its overseas equivalent.

(e) Derivative risk — Sensitivity analysis

Derivative risk arises from uncertainty about future market movements. This risk is managed by the policies shown within Market risk.

The Manager, where he considers it appropriate, uses futures contracts to gain market exposure with reduced dealing costs. At the year end, the effect of derivatives was to increase the exposure of the Trust by £7,731,539 representing 0.54% of the net assets of the Trust (0.11% as at 31 July 2011).

This results in an effective equity exposure at the year end of 99.47% (99.36% as at 31 July 2011) of net assets, which means that the gain or losses of the Trust will be 0.9947 (0.9936 as at 31 July 2011) times the gains or losses if the Trust was fully invested in equities.

(f) Fair value

The fair value of a financial instrument is the amount for which it could be exchanged between knowledgeable, willing parties in an arm's length transaction. There is no significant difference between the value of the financial assets and liabilities, as shown in the financial statements, and their fair value.

Notes to the Financial Statements continued

12. Portfolio transaction costs

	31/07/12		31/07/11	
	£	£	£	£
Analysis of total purchase costs:				
Purchases before transaction costs		187,892,837		155,625,494
Commission	58,949		74,355	
Taxes	12,232		262	
		<u>71,181</u>		<u>74,617</u>
Total purchase costs		<u>71,181</u>		<u>74,617</u>
Gross purchases total		<u>187,964,018</u>		<u>155,700,111</u>
Analysis of total sale costs:				
Sales before transaction costs		208,562,994		219,188,409
Commission	(27,007)		(55,697)	
Futures commission	—		(1,144)	
Fees	(25)		(3,276)	
		<u>(27,032)</u>		<u>(60,117)</u>
Total sales costs		<u>(27,032)</u>		<u>(60,117)</u>
Total sales net of transaction costs		<u>208,535,962</u>		<u>219,128,292</u>

Included in sales before transaction costs are in-specie cancellations of £116,300,780 that have not suffered any commission or fees.

13. Unit classes

The Trust currently has two unit classes: R-Class and I-Class. The annual management charge on each unit class can be found on page 37. The net asset value of each unit class, the net asset value per unit and the number of units in each class are given in the comparative table on page 35. The distribution per unit class is given in the distribution table on page 32. All classes have the same rights on winding up.

Notes to the Financial Statements continued

14. Ultimate controlling party and related party transactions

The Manager and Trustee are regarded as controlling parties of the Trust by virtue of having the ability to act in concert in respect of Trust operations. The ultimate controlling parties of the Manager and Trustee are Legal & General Group Plc and The Royal Bank of Scotland Plc, respectively. These entities and their subsidiaries are also related parties of the Trust.

Legal & General (Unit Trust Managers) Limited acts as principal on all the transactions of units in the Trust. The aggregate monies received through creations or paid on cancellations are disclosed in the Statement of Change in Net Assets attributable to Unitholders.

At the year end, the Manager and its associates held 58.14% (44.01% as at 31 July 2011) of the Trust's units in issue. There were no units held by the Trustee or its associates. Details of all other material related party transactions during the year and any payment amounts outstanding at the balance sheet date are disclosed in notes 4, 6, 7 and 9 to the financial statements, the Statement of Change in Net Assets attributable to Unitholders and the Portfolio Statement. Within note 9, accrued expenses and bank overdraft interest (including amounts due to associates and agents) of £122,204 (£162,857 as at 31 July 2011) are due to the Trustee and £819,820 (£1,082,700 as at 31 July 2011) are due to the Manager.

15. Post balance sheet market movements

As at the close of business on the balance sheet date the Net Asset Value per R-Class distribution unit was 159.61p. The Net Asset Value per R-Class distribution unit for the Trust as at 12 noon on 18 September 2012 was 173.10p. This represents an increase of 8.45% from the year end value. Over the same period the FTSE World Europe (excluding UK) Index also rose by 8.66% (Source: Bloomberg).

Distribution Table

Distribution Table for the year ended 31 July 2012

Group 1: units purchased prior to a distribution period

Group 2: units purchased during a distribution period

Equalisation is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to the holders of these units as a return of capital. As capital it is not liable to Income Tax but must be deducted from the cost of units for Capital Gains Tax purposes.

Final dividend distribution in pence per unit			Period 01/08/11 to 31/07/12	
	Net Revenue	Equalisation	Distribution 30/09/12	Distribution 30/09/11
R-Class distribution Units				
Group 1	4.3362	—	4.3362	4.5832
Group 2	3.5159	0.8203	4.3362	4.5832
R-Class accumulation Units				
Group 1	5.2484	—	5.2484	5.4145
Group 2	4.3688	0.8796	5.2484	5.4145
I-Class distribution Units				
Group 1	5.2211	—	5.2211	5.5179
Group 2	4.2360	0.9851	5.2211	5.5179
I-Class accumulation Units				
Group 1	6.4549	—	6.4549	6.6216
Group 2	5.5431	0.9118	6.4549	6.6216

Trust Facts

Total Expense Ratios

	31 Jul 12	31 Jul 11
R-Class	0.84%	0.84%
I-Class	0.31%	0.37%

The Total Expense Ratio is the ratio of the Trust's operating costs (excluding overdraft interest and transaction charges) to the average net assets of the Trust.

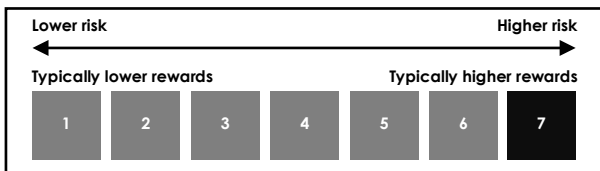
Ongoing Charges Figure

	31 Jul 12
R-Class	0.84%
I-Class	0.31%

The Ongoing Charges Figure (OCF) is the ratio of the Trust's total discloseable costs (excluding overdraft interest) to the average net assets of the Trust.

The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a trust and is calculated based on the last period's figures. The OCF will be included in all Managers' Reports for periods ending 28 February 2012 onwards in accordance with the FSA Collective Investment Schemes sourcebook and the additional guidance provided for the Statement of Recommended Practice for Authorised Funds issued by the IMA in July 2011. As a result the OCF will replace the TER in all subsequent reports, however, as prior period figures have not been calculated the TER will be retained as a comparative figure.

Synthetic Risk and Reward Indicator



- This risk and reward indicator is based on historical data which may not be a reliable indication of the Trust's risk and reward category in the future.
- The category is based on the rate at which the value of the Trust has moved up and down in the past.
- This Trust is in category seven because it invests in European company shares which generally provide higher rewards and higher risks than other investments such as bonds, cash or commercial property.
- The Trust's category is not guaranteed to remain the same and may change over time.
- Even a trust in the lowest category is not a risk free investment.

Performance Record

Net Asset Values

Accounting Date	Net Asset Value Of Trust	Net Asset Value Per Unit	Number Of Units In Issue
31 July 10			
R-Class			
Distribution Units	£1,017,383,797	175.03p	581,253,583
Accumulation Units	£222,413,625	206.84p	107,528,903
I-Class			
Distribution Units	£85,408,835	175.06p	48,789,103
Accumulation Units	£349,458,622	210.25p	166,208,049
31 July 11			
R-Class			
Distribution Units	£1,072,095,820	188.97p	567,339,820
Accumulation Units	£243,156,817	228.69p	106,326,900
I-Class			
Distribution Units	£94,172,469	188.97p	49,833,571
Accumulation Units	£339,588,545	233.47p	145,449,904
31 July 12			
R-Class			
Distribution Units	£941,239,246	159.61p	589,713,653
Accumulation Units	£200,363,032	198.40p	100,990,539
I-Class			
Distribution Units	£75,052,806	159.61p	47,021,731
Accumulation Units	£224,691,997	203.66p	110,325,640

Past performance is not a guide to future performance.

The price of units and any income from them may go down as well as up.

Exchange rate changes may cause the value of any overseas investments to rise or fall.

Performance Record continued

Unit Price Range and Net Revenue

R-Class Units

Year	Highest Offer	Lowest Bid	Net Revenue
Distribution Units			
2007	224.20p	195.00p	3.5322p
2008	224.90p	128.20p	4.6756p
2009	197.10p	118.50p	4.0227p
2010	198.40p	164.00p	3.4982p
2011	213.50p	144.90p	4.5832p
2012 ⁽¹⁾	180.10p	150.10p	4.3362p
Accumulation Units			
2007	246.20p	211.40p	3.8868p
2008	248.00p	144.90p	5.1595p
2009	228.40p	133.90p	4.5446p
2010	234.30p	190.00p	4.0508p
2011	252.20p	175.40p	5.4145p
2012 ⁽¹⁾	217.90p	181.60p	5.2484p

I-Class Units

Year	Highest Offer	Lowest Bid	Net Revenue
Distribution Units			
2007	224.90p	195.30p	4.1994p
2008	224.40p	128.30p	5.4459p
2009	197.30p	118.20p	4.5852p
2010	200.00p	164.70p	4.3641p
2011	214.20p	144.80p	5.5179p
2012 ⁽¹⁾	180.60p	150.90p	5.2211p
Accumulation Units			
2007	247.30p	212.10p	4.5500p
2008	248.50p	146.20p	6.0278p
2009	231.30p	134.80p	5.2239p
2010	239.40p	193.00p	5.1100p
2011	257.30p	179.00p	6.6216p
2012 ⁽¹⁾	223.20p	186.50p	6.4549p

⁽¹⁾ The above tables show the highest offer and lowest bid prices to 31 July 2012 and net revenue per unit to 30 September 2012.

Past performance is not a guide to future performance.

The price of units and any income from them may go down as well as up.

Exchange rate changes may cause the value of any overseas investments to rise or fall.

General Information

Constitution

Launch date:	13 June 1989
Period end date for distribution:	31 July
Distribution date:	30 September
Minimum initial lump sum investment:	R-Class £500 I-Class £100,000
Minimum monthly contribution:	R-Class £50 I-Class N/A
Valuation point:	12 noon
Management charges:	R-Class Annual 0.65% I-Class Annual 0.20%*
Initial charges:	R-Class Nil I-Class Nil

* With effect from 1 February 2012 - see Significant Changes on page 38.

Pricing and Dealing

The prices are published on the internet at www.legalandgeneral.com/investments/fund-information/daily-fund-prices immediately after they become available.

Dealing in units takes place on a forward pricing basis, from 8:30am to 6:00pm, Monday to Friday.

Buying and Selling Units

Units may be bought on any business day from the Manager or through a financial adviser by telephoning, completing an application form or on the internet at www.legalandgeneral.com. Units may normally be sold back to the Manager on any business day at the bid price calculated at the following valuation point.

ISA Status

This Trust may be held within this tax advantaged savings arrangement. The favourable tax treatment of ISAs may not be maintained. For full written information, please contact your usual financial adviser or ring 0370 050 0955.

Call charges will vary. We may record and monitor calls.

Stamp Duty Reserve Tax

Stamp Duty Reserve Tax suffered on the surrender of units where applicable, has been charged against the capital assets of the Trust.

General Information continued

Prospectus and Manager's Reports

The Manager will send to all persons on the Unitholder Register annual and interim short form reports.

Copies of the Prospectus and the most recent annual or interim reports are available free of charge by telephoning 0370 050 0955 or by writing to the Manager.

Do you have difficulty in reading information in print because of a disability? If so, we can help. We are able to produce information for our clients in large print and braille. If you would like to discuss your particular requirements, please contact us on 0370 050 0955.

Call charges will vary. We may record and monitor calls.

Significant Changes

Change in Trustee

As part of an internal re-structuring in 2011, The Royal Bank of Scotland Group Plc transferred its Trustee and Depositary Services business from The Royal Bank of Scotland Plc to National Westminster Bank Plc and consequently National Westminster Bank Plc was appointed as Trustee of the Trust on 1 October 2011.

As Trustee, National Westminster Bank Plc will have the same duties and responsibilities as The Royal Bank of Scotland Plc. The change of Trustee will have no impact on the way the Trust is operated.

Change to Annual Management Charge

With effect from 1 February 2012, the annual management charge fee for I-Class units has been reduced from 0.30% to 0.20%.

Change to Registration Fees

With effect from 1 February 2012, the registration fee for I-Class units has been reduced from 0.03% to 0.01%.

General Information continued

Manager

Legal & General (Unit Trust Managers) Limited

Registered in England No. 01009418

Registered office:

One Coleman Street,

London EC2R 5AA

Telephone: 0370 050 3350

Authorised and regulated by the Financial Services Authority

Directors of the Manager

M. B. Boardman

S. C. Ellis

M. J. Gregory

S. R. Pistell

S. D. Thomas

Secretary

A. Fairhurst

Registrar

Legal & General (Portfolio Management Services) Limited

P.O. Box 6080

Wolverhampton WV1 9RB

Authorised and regulated by the Financial Services Authority

Dealing: 0370 050 0956

Enquiries: 0370 050 0955

Registration: 0370 050 0955

Call charges will vary. We may record and monitor calls.

Trustee to 30 September 2011:

The Royal Bank of Scotland Plc

Trustee and Depositary Services

Gogarburn

P.O. Box 1000

Edinburgh EH12 1HQ

Authorised and regulated by the Financial Services Authority

From 1 October 2011:

National Westminster Bank Plc

Trustee and Depositary Services

135 Bishopsgate

London EC2M 3UR

Authorised and regulated by the Financial Services Authority

Independent Auditors

PricewaterhouseCoopers LLP

7 More London Riverside

London SE1 2RT

Investment Adviser

Legal & General Investment Management Limited

One Coleman Street,

London EC2R 5AA

Authorised and regulated by the Financial Services Authority

**Authorised and regulated by the
Financial Services Authority**

Legal & General
(Unit Trust Managers) Limited
Registered in England No. 01009418
Registered office:
One Coleman Street,
London EC2R 5AA
www.legalandgeneral.com

