SEI Investments (Europe) Limited

Financial Statements

for the year ended 31 December 2005

Registered number: 3765319

Directors' report

For the year ended 31 December 2005

The directors present their annual report on the affairs of SEI Investments (Europe) Limited ("the Company"), together with the accounts and auditors' report, for the year ended 31 December 2005.

Principal activities

The principal activity of the Company comprises of asset management services operating through the Company's London offices.

Business review

SEI Investments (Europe) Limited continued to capitalise on three major trends in the global marketplace: privatisation of pension funds, increased wealth accumulation among affluent investors and the elimination of barriers to global investing. Using the same asset management disciplines that have benefited U.S. clients, SEI Investments (Europe) Limited provides investment management programs tailored to the needs of institutional and affluent individual investors. Both the level of business and the year end financial position were satisfactory and the directors expect an increased level of business activity in the future.

During the year, the Company issued a further 4,200,000 £1 ordinary shares with the Company remaining wholly-controlled by the parent company.

The directors of the Company have also received a letter of support from SEI Investments Company, who control the Company, which provides that SEI Investments Company will continue to ensure that the Company has sufficient financial resources for the 12 month period subsequent to the date of these financial statements and will support the Company until it makes a profit.

Results and dividends

The audited accounts for the year ended 31 December 2005 are set out on pages 6 to 16. The result for the year after taxation was a loss of £928,919. (2004: restated loss of £4,362,428).

The directors did not recommend any dividend payments to be made for the year (2004: nil).

Prior year adjustment

In finalising the results for the year ended 31 December 2005, management became aware that it had not recorded rebates and related payables applicable to certain clients of the Company's advisory services correctly. The rebates and related payables which should have been recorded in the Company's accounts in 2004 were reflected in the accounts of another group company. As a result, the profit and loss account was overstated and the creditors account was understated each by £811,640, as detailed in note 13.

Directors

The directors who served during the period were as follows:

Patrick Disney
William Doran
Francis Jackson
Robert Nesher
Joseph Ujobai

Directors' interests

The directors who held office at 31 December 2005 had no interests in the shares of SEI Investments (Europe) Limited. The Company is a wholly-owned subsidiary of SEI Investments Company. The following is a list of directors that have share options in the ultimate parent company, SEI Investments Company.

Director	Number of share options at 12/31/2004	Number of share options exercisable at 12/31/2004	Number of share options granted during 2005	Number of share options exercised during 2005	Number of share options at 12/31/2005	Number of share options exercisable at 12/31/2005
Patrick Disney	136,000	60,000	15,000	--	151,000	96,000
William Doran	122,000	102,000	4,000	48,000	78,000	66,000
Francis Jackson	75,000	--	15,000	--	90,000	30,000
Joseph Ujobai	196,500	46,500	25,000	--	221,500	136,500
Robert Nesher	41,000	21,000	4,000	--	45,000	32,000

The following is a list of directors that have ordinary shares in the ultimate parent company, SEI Investments Company:

Director	**2005**	**2004**
Patrick Disney	6,888	5,588
William Doran	498,468	510,268
Robert Nesher	288,526	277,526
Joseph Ujobai	7,723	7,723

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the annual general meeting.

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company which enables them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SEI Investments (Europe) Limited
4th Floor, The Economist Building
25 St James's Street
London
SW1A 1HA

By order of the Board,

Patrick Disney
Director
26 April 2006

Independent auditors' report to the member of SEI Investments (Europe) Limited

We have audited the financial statements of SEI Investments (Europe) Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended; and

- have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
26 April 2006

Profit and loss account

For the year ended 31 December 2005

	Notes	Year ended 2005 £	Year ended as restated* 2004 £
Turnover	2	22,137,804	15,738,304
Operating expenses		(23,336,356)	(20,305,393)
Operating loss		(1,198,552)	(4,567,089)
Other (loss) income		(11,868)	50,520
Interest receivable	3	304,051	154,141
Loss on ordinary activities before taxation	4	(906,369)	(4,362,428)
Tax on loss on ordinary activities	5	(22,550)	-
Retained loss for the financial year		(928,919)	(4,362,428)

All activities derive from continuing operations.

The accompanying notes on pages 9 to 16 are an integral part of this profit and loss account.

*See note 13 for details of the restatement.

Statement of total recognised gains and losses

For the year ended 31 December 2005

	Notes	2005 £	2004 as restated* £
Loss for the financial year		(928,919)	(4,362,428)
Total recognised losses relating to the year		(928,919)	(4,362,428)
Prior year adjustment	13	(811,640)	--
Total losses recognised since last annual report		(1,740,559)	(4,362,428)

The accompanying notes on pages 9 to 16 are an integral part of this statement of total recognised gains and losses.

*See note 13 for details of the restatement.

Balance sheet

As at 31 December 2005

	Notes	2005 £	2004 (restated*) £
Fixed assets			
Tangible assets	8	375,568	582,197
Current assets			
Debtors	9	7,741,389	4,717,038
Cash at bank and in hand		9,153,743	6,352,161
Restricted cash		145,324	130,596
		17,040,456	11,199,795
Creditors: Amounts falling due within one year	10	(9,398,195)	(7,035,244)
Net assets		8,017,829	4,746,748
Capital and reserves			
Called-up share capital	11	30,000,000	25,800,000
Profit and loss account	12	(21,982,171)	(21,053,252)
Total shareholders' funds	12	8,017,829	4,746,748

The accounts on pages 6 to 16 were approved by the board of directors on 26 April 2006 and were signed on its behalf by:

Patrick Disney
Director

The accompanying notes on pages 9 to 16 are an integral part of this balance sheet.

*See note 13 for details of the restatement.

1. Accounting Policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the prior year.

Basis of accounting
The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Tangible fixed assets
Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Computer equipment	3 years
Office furniture	5 years
Leasehold improvements	10 years

Deferred taxation
The Company applies Financial Reporting Standard 19 'Deferred tax' (FRS 19) to account for deferred taxation. The Standard requires full provision to be made for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation. There is no material effect on current and prior year loss after tax as under the previous accounting policy deferred tax was provided in full for such items. The additional disclosures required by FRS 19 are provided in Note 5 to the Financial Statements.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

A deferred tax asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

Cash Flow Statement
The Company has taken advantage of the exemption from preparing a cash flow statement afforded by FRS 1 (revised 1996) because it is a wholly-owned subsidiary of SEI Investments Company which prepares consolidated accounts which are publicly available.

Turnover
Turnover is recognised on an accrual basis.

Pension costs and other post retirement benefits

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Cash and cash equivalents

The Company considers investment instruments purchased with an original maturity of three months or less to be cash equivalents.

Restricted Cash

Restricted cash includes amounts held as collateral with a securities clearing firm.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. All exchange differences are included in the profit and loss account.

Leases

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the year to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter year is used.

2. Turnover

Turnover represents investment advisory services and is recognised on an accrual basis.

	2005	**2004** as restated*
	£	£
Fees for advisory services	22,137,804	15,738,304

*See note 13 for details of the restatement.

3. Interest receivable

During the year ended 31 December 2005, interest income of £304,051 (2004: £154,141) was earned on a UK Treasury Reserve deposit and deposits with banks.

4. Result on ordinary activities before taxation

The result on ordinary activities before taxation is stated after charging:

	2005	2004
	£	£
Operating lease charges	955,960	1,229,945
Depreciation	266,039	238,937
Change in allowance for doubtful accounts	71,523	(1,487)
Auditors remuneration for audit services	40,691	10,448
Auditors remuneration for non-audit services	147,591	62,693

5. Tax on loss on ordinary activities

(a) Tax on loss on ordinary activities comprised:

	2005	2004 as restated*
	£	£
Deferred tax origination and reversal of timing differences		
Net operating losses	169,740	1,208,160
Depreciation	78,343	70,409
Valuation allowance	(248,083)	(1,278,569)
Tax on loss on ordinary activities	--	--

The charge for corporation tax and the credit for deferred tax have been calculated by reference to corporation tax at a rate of 30% (2004: 30%).

(b) Factors affecting tax charge for the year

	2005	2004 as restated*
	£	£
Loss on ordinary activities before tax	(906,369)	(4,362,428)
Loss on ordinary activities multiplied by corporation tax rate at the UK standard rate of 30% (2004: 30%)	(271,911)	(1,308,728)
Effects of:		
Losses carried forward from prior year	(7,486,519)	(6,317,456)
Depreciation	79,812	73,715
Prior year provision to tax return adjustment	(6,439)	39,097
Permanent differences	22,358	26,853
Overseas taxes	22,550	-
Tax losses carried forward	7,662,699	7,486,519
Current tax charge for the year	22,550	--

*See note 13 for details of the restatement.

(c) Factors that may affect future tax changes

As of 31st December 2005 there is an unrecognised deferred tax asset from net operating loss, measured at the standard rate of 30% of £7,662,699 (2004: restated asset of £7,486,519) and book tax difference on depreciation of 30% of £234,145 (2004: £155,792). These deferred tax assets relate to the current year and prior year unutilised expenses. It is considered uncertain when there will be a liability in the future against which the deferred tax asset can be offset. Therefore, the tax asset has not been recognised.

6. Staff costs

The average number of employees (including executive directors) during the year was:

	2005 Number	**2004** Number
Investment Management	13	7
Sales	19	15
Administration	35	28
	67	50

Their aggregate remuneration comprised:

	2005 £	**2004** £
Wages and salaries	7,753,937	5,647,489
Social security costs	1,309,600	1,347,323
Other pension costs (Note 14)	370,952	264,684
	9,434,489	7,259,496

7. Directors' remuneration and transactions

Remuneration

The remuneration of the directors included in staff costs above was as follows:

	2005 £	2004 £
Emoluments	642,824	582,157
Company contributions to money purchase pension schemes	32,076	32,890
	674,900	615,047

Pensions

The number of directors who were members of pension schemes during the year was 2 (2004: 2).

Highest-paid director

The above amounts for remuneration include the following in respect of the highest paid director:

	2005 £	2004 £
Emoluments	286,154	295,840
Company contributions to money purchase schemes	14,662	12,375
	300,816	308,215

8. Tangible fixed assets

	Computer equipment £	Software £	Office furniture £	Leasehold Improvements £	Total £
Cost or valuation					
At 1 January 2005	282,566	14,688	347,628	449,202	1,094,084
Additions	42,493	--	15,191	3,694	61,378
Retirements	(2,214)	--	--	--	(2,214)
At 31 December 2005	322,845	14,688	362,819	452,896	1,153,248
Depreciation					
At 1 January 2005	160,431	4,241	160,910	186,305	511,887
Charge for the year	76,762	4,896	64,642	119,739	266,039
Retirements	(246)	--	--	--	(246)
At 31 December 2005	236,947	9,137	225,552	306,044	777,680
Net book value					
At 31 December 2004	122,135	10,447	186,718	262,897	582,197
At 31 December 2005	85,898	5,551	137,267	146,852	375,568

9. Debtors

	2005	2004
	£	£
VAT receivable	105,570	154,998
Prepayments and accrued income	324,626	428,043
Trade debtors	7,311,193	4,133,997
	7,741,389	4,717,038

10. Creditors: Amounts falling due within one year

	2005	2004 as restated*
	£	£
Other taxation and social security	919,844	644,236
Amounts owed to the parent	4,868,595	3,629,694
Accruals and deferred income	3,609,756	2,761,314
	9,398,195	7,035,244

*See note 13 for details of the restatement.

11. Called-up share capital

	2005	2004
	£	£
Authorised		
100,000,000 ordinary shares of £1 each	100,000,000	100,000,000
Allotted, called-up and fully-paid		
30,000,000 ordinary shares of £1 each	30,000,000	25,800,000

During the year the Company allotted 4,200,000 ordinary shares with a nominal value of £1 for the forgiveness of £4,200,000 of intercompany debt.

12. Reconciliation of movements in shareholders' funds

	2005	2004 as restated*
	£	£
Loss for the year	(928,919)	(4,362,428)
Issue of ordinary share capital	4,200,000	4,000,000
Net addition (loss) to shareholders' funds	3,271,081	(362,428)
Opening shareholders' funds	4,746,748	5,109,176
Closing shareholders' funds	8,017,829	4,746,748

	Called up share capital	Profit and loss Account as restated*	Total equity shareholders Funds as restated*
	£	£	£
At 1 January 2005	25,800,000	(21,053,252)	4,746,748
Loss for the year	--	(928,919)	(928,919)
Issue of ordinary share capital	4,200,000	--	4,200,000
At 31 December 2005	30,000,000	(21,982,171)	8,017,829

*See note 13 for details of the restatement.

13. Prior year adjustment

During the year, management became aware that it had not recorded rebates and related payables applicable to certain clients of the Company's advisory services correctly. The rebates and related payable at year end which should have been recorded in the Company's accounts in 2004 were reflected in the accounts of another group company. As a result, the profit and loss account was overstated and the creditors account was understated each by £811,640, as detailed below:

	Profit and loss account
	£
At 31 December 2004 as previously reported	(20,241,612)
Prior year adjustment	(811,640)
At 31 December 2004 as restated	(21,053,252)
Loss for the year	(928,919)
At 31 December 2005	(21,982,171)

	Creditors
	£
At 31 December 2004 as previously reported	(6,223,604)
Prior year adjustment	(811,640)
At 31 December 2004 as restated	(7,035,244)

14. Pension arrangements

The Company operates a number of defined contribution schemes for which the pension cost charge for the year amounted to £370,952 (2004: £264,684).

15. Ultimate controlling party

The directors regard SEI Global Investments Corporation, a company incorporated in the United States of America, as the parent company and 100 percent owner of SEI Investments (Europe) Limited. SEI Investments Company is the ultimate parent company and 100 percent owner of SEI Global Investments Corporation. Copies of the accounts of SEI Investments Company are available from One Freedom Valley Drive, Oaks, Pennsylvania, USA 19456.

16. Lease commitments

At 31 December 2005, the company has annual commitments under non-cancellable operating leases expiring as follows:

	2005	2004
	£	£
Within one year	508,368	220,842
Within two to five years	62,400	714,369
	570,768	935,211

17. Related party transactions

As a subsidiary undertaking of SEI Investments Company, the Company has taken advantage of the exemption in FRS 8 "Related party disclosures" from disclosing transactions with other members of the group headed by SEI Investments Company. Apart from intergroup transactions, no related parties transactions were entered into.

18. Financial resources

The directors of the Company have also received a letter of support from SEI Investments Company, who controls the Company, which provides that SEI Investments Company will continue to ensure that the Company has sufficient financial resources to meet the FSA's regulatory requirements for the 12 month period subsequent to the date of these financial statements.

19. Subsequent event

On 30 January 2006, the Company received a capital contribution of £2,810,410 from the parent company, SEI Global Investments Corporation.