

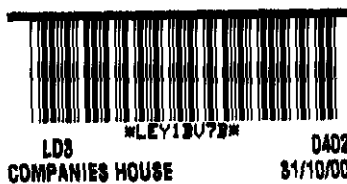


ARTHUR ANDERSEN

SEI Investments (Europe) Limited

Annual report and accounts
for the period ended 31 December 1999

Registered number: 3765319



Directors' report

For the period ended 31 December 1999

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 period ended 31 December 1999.

Principal activities

The principal activities of the Company comprise asset management and technology services.

Business review

SEI Investments (Europe) Limited is capitalising 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 will provide investment management programs tailored to the needs of institutional and affluent individual investors. The Company has been involved in the start-up phase of the business in the UK. This has involved hiring the team for sales and marketing, as well as investment research, and working to gain authorisation from the Investment Management Regulatory Organisation ("IMRO").

Subsequent to 31 December 1999, the Company increased its authorised share capital from £1,000 to £100,000,000 and were granted admission to IMRO Membership. Details of these significant events since the balance sheet date are contained in note 8 to the accounts.

Results and dividends

The audited accounts for the period ended 31 December 1999 are set out on pages 4 to 9. The result for the period after taxation was £nil.

The directors did not recommend any dividend payments to be made for the period.

Directors

The directors who served during the period were as follows:

Todd Cipperman
Carl Guarino
Cynthia Parrish
Joseph Ujobai

Mr. Patrick Disney was appointed a director of the Company on 8 February 2000.

Directors' report (continued)

Directors' Interests

The directors who held office at 31 December 1999 had no interests in the shares of SEI Investments (Europe) Limited. The Company is a wholly owned subsidiary of SEI Investments Company.

Year 2000

Throughout the event period, a variety of tests and activities were performed to validate our critical applications, software, hardware, systems and infrastructure were operating as expected. The testing was completed successfully and there were no ongoing issues.

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

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 period. 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 and enable 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

27 October 2000

Director

To the Shareholders of SEI Investments (Europe) Limited

We have audited the accounts on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the Company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the Company, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company at 31 December 1999 and of the Company's result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors

1 Surrey Street
London
WC2R 2PS
27 October 2000

Profit and loss account

For the period ended 31 December 1999

	Notes	1999 £
Turnover		-
Other income		252,962
Operating expenses	1,2	<u>(252,962)</u>
Operating result		<u>-</u>
Result on ordinary activities before taxation		-
Tax on result on ordinary activities		<u>-</u>
Result on ordinary activities after taxation		<u>-</u>

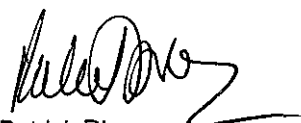
All activities derive from continuing operations. There are no recognised gains or losses other than the result for the current period.

The accompanying notes are an integral part of this profit and loss account.

Balance sheet
31 December 1999

	Notes	1999 £
Current assets		
Cash at bank and in hand		14,976
Debtors	3	<u>64,789</u>
		79,765
Creditors: Amounts falling due within one year	4	<u>(78,765)</u>
Net assets		<u>1,000</u>
Capital and reserves		
Called-up share capital	5	1,000
Profit and loss account		<u>-</u>
Equity shareholders' funds	6	<u>1,000</u>

The accounts on pages 4 to 9 were approved by the board of directors on 27 October 2000 and signed on its behalf by:


Patrick Disney

Director

27 October 2000

The accompanying notes are an integral part of this balance sheet.

Statement of accounting policies

For the period ended 31 December 1999

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

Basis of accounting

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

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

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Turnover and other income

Turnover was zero for the Company during the period ended 31 December 1999 as the Company was in the start-up phase of its business. Other income relates to amounts received from the parent company.

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.

Foreign currency

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

Leases

Rentals under operating leases are charged 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 period 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 period is used.

Notes to accounts
For the period ended 31 December 1999

1 Result on ordinary activities before taxation

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

	1999 £
Auditors' remuneration for audit services	5,000
Operating lease rentals	5,396

2 Staff costs

The Company had two employees as at 31 December 1999.

	1999 £
Their aggregate remuneration comprised:	
Wages and salaries	83,953
Social security costs	4,530
Other pension costs (see note 7)	4,546
	<u>93,029</u>

Directors' emoluments paid by the Company comprised of £nil.

3 Debtors

	1999 £
VAT receivable	26,969
Other debtors	40,506
Prepayments and accrued income	4,994
	<u>64,789</u>

4 Creditors: Amounts falling due within one year

	1999 £
Other taxation and social security	15,101
Accruals and deferred income	59,118
Accrued pension contributions	4,546
	<u>78,765</u>

Notes to accounts (continued)
For the period ended 31 December 1999

5 Called-up share capital

	1999 £
<i>Authorised</i>	
1,000 ordinary shares of £1.00 each	1,000
	<hr/>
	1,000
	<hr/>
<i>Allotted, called-up and fully-paid</i>	
1,000 ordinary shares of £1.00 each	1,000
	<hr/>
	1,000
	<hr/>

During the period the Company allotted 1,000 ordinary shares with a nominal value of £1.00 for cash consideration of £1,000.

6 Reconciliation of movements in shareholders' funds

	1999 £
Result for the period	-
Issue of ordinary share capital	1,000
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Net addition to shareholders' funds	1,000
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Opening shareholders' funds as previously stated	-
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Closing shareholders' funds	1,000
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7 Pension arrangements

The Company operates a number of defined contribution schemes for which the pension cost charge for the year amounted to £4,546.

8 Subsequent events

On 5 May 2000, SEI Investments (Europe) Limited was granted admission to membership of the Investment Management Regulatory Organisation (IMRO).

On 28 April 2000, the Company increased its authorised share capital from £1,000 to £100,000,000 by the creation of 99,999,000 Ordinary shares of £1.00 each ranking in all respects *pari passu* with the initial 1,000 Ordinary shares of £1.00 each in the capital of the Company. A further 1,049,000 shares were issued on 28 April 2000 with control remaining with the ultimate parent company (see note 9).

Notes to accounts (continued)
For the period ended 31 December 1999

9 Ultimate controlling party

The directors regard SEI Investments Company, a company incorporated in the United States of America, as the ultimate parent company and the ultimate controlling party.

SEI Investments Company is the parent company of the largest and smallest group of which the Company is a member and for which group accounts are drawn up. Copies of the accounts are available from One Freedom Valley Drive, Oaks, Pennsylvania, 19456.

10 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.