

SEI INVESTMENTS CO
Form 10-Q
August 04, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)*

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the quarterly period ended June 30, 2011

or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the transition period from to

0-10200

(Commission File Number)

SEI INVESTMENTS COMPANY

(Exact name of registrant as specified in its charter)

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Pennsylvania **23-1707341**
(State or other jurisdiction of (IRS Employer
incorporation or organization) Identification Number)
1 Freedom Valley Drive, Oaks, Pennsylvania 19456-1100
(Address of principal executive offices)(Zip Code)
(610) 676-1000
(Registrant's telephone number, including area code)
N/A
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares outstanding of the registrant's common stock as of July 31, 2011 was 182,579,428.

PART I. FINANCIAL INFORMATION**Item 1. Consolidated Financial Statements.****SEI Investments Company****Consolidated Balance Sheets***(unaudited)**(In thousands)*

	June 30, 2011	December 31, 2010
<u>Assets</u>		
Current Assets:		
Cash and cash equivalents	\$ 442,311	\$ 496,292
Restricted cash	4,000	4,000
Receivables from regulated investment companies	31,235	29,282
Receivables, net of allowance for doubtful accounts of \$868 and \$1,195 (Note 4)	149,425	136,490
Deferred income taxes	651	1,387
Securities owned (Note 6)	21,032	0
Other current assets	16,479	16,268
Total Current Assets	665,133	683,719
Property and Equipment, net of accumulated depreciation and amortization of \$177,779 and \$166,816 (Note 4)	136,543	140,568
Capitalized Software, net of accumulated amortization of \$103,479 and \$90,947	302,337	294,332
Investments Available for Sale (Note 6)	74,296	74,770
Trading Securities (Note 6)	64,183	104,594
Investment in Unconsolidated Affiliate (Note 2)	72,439	64,409
Other Assets, net	15,874	14,831
Total Assets	\$ 1,330,805	\$ 1,377,223

The accompanying notes are an integral part of these consolidated financial statements.

SEI Investments Company**Consolidated Balance Sheets***(unaudited)**(In thousands, except par value)*

	June 30, 2011	December 31, 2010
<u>Liabilities and Shareholders' Equity</u>		
Current Liabilities:		
Accounts payable	\$ 2,855	\$ 4,582
Accrued liabilities (Note 4)	101,335	121,410
Deferred revenue	361	1,608
Total Current Liabilities	104,551	127,600
Long-term Debt (Note 7)	40,000	95,000
Deferred Income Taxes	91,643	92,253
Other Long-term Liabilities (Note 11)	7,549	5,645
Total Liabilities	243,743	320,498
<u>Commitments and Contingencies (Note 12)</u>		
Equity:		
SEI Investments Company shareholders' equity:		
Common stock, \$.01 par value, 750,000 shares authorized; 183,175 and 186,141 shares issued and outstanding	1,832	1,861
Capital in excess of par value	585,619	565,393
Retained earnings	475,667	471,159
Accumulated other comprehensive income, net	7,042	3,157
Total SEI Investments Company shareholders' equity	1,070,160	1,041,570
Noncontrolling interest	16,902	15,155
Total Equity	1,087,062	1,056,725
Total Liabilities and Equity	\$ 1,330,805	\$ 1,377,223

The accompanying notes are an integral part of these consolidated financial statements.

SEI Investments Company**Consolidated Statements of Operations***(unaudited)**(In thousands, except per share data)*

	Three Months Ended June 30,	
	2011	2010
Revenues:		
Asset management, administration and distribution fees	\$ 172,331	\$ 154,774
Information processing and software servicing fees	56,035	61,296
Transaction-based and trade execution fees	9,394	12,318
Total revenues	237,760	228,388
Expenses:		
Subadvisory, distribution and other asset management costs	26,304	24,600
Software royalties and other information processing costs	7,188	6,374
Brokerage commissions	6,599	8,666
Compensation, benefits and other personnel	72,613	67,012
Stock-based compensation	3,810	6,278
Consulting, outsourcing and professional fees	29,398	22,702
Data processing and computer related	11,610	10,417
Facilities, supplies and other costs	14,098	13,586
Amortization	6,792	5,997
Depreciation	5,391	5,584
Total expenses	183,803	171,216
Income from operations	53,957	57,172
Net (loss) gain from investments	(1,948)	3,594
Interest and dividend income	1,436	1,502
Interest expense	(155)	(415)
Other income	0	1,070
Equity in earnings of unconsolidated affiliate	29,530	23,519
Net income before income taxes	82,820	86,442
Income taxes	28,707	32,603
Net income	54,113	53,839
Less: Net income attributable to the noncontrolling interest	(510)	(361)
Net income attributable to SEI Investments Company	\$ 53,603	\$ 53,478
Basic earnings per common share	\$.29	\$.28
Diluted earnings per common share	\$.29	\$.28
Dividends declared per common share	\$.12	\$.10

The accompanying notes are an integral part of these consolidated financial statements.

SEI Investments Company**Consolidated Statements of Operations**

(unaudited)

(In thousands, except per share data)

	Six Months Ended June 30,	
	2011	2010
Revenues:		
Asset management, administration and distribution fees	\$ 339,835	\$ 307,712
Information processing and software servicing fees	111,859	119,922
Transaction-based and trade execution fees	18,559	22,289
Total revenues	470,253	449,923
Expenses:		
Subadvisory, distribution and other asset management costs	52,600	50,183
Software royalties and other information processing costs	14,205	12,448
Brokerage commissions	13,180	16,091
Compensation, benefits and other personnel	143,638	134,228
Stock-based compensation	7,542	12,935
Consulting, outsourcing and professional fees	55,396	43,409
Data processing and computer related	22,913	20,345
Facilities, supplies and other costs	28,200	27,080
Amortization	13,023	11,897
Depreciation	11,002	10,790
Total expenses	361,699	339,406
Income from operations	108,554	110,517
Net gain from investments	5,330	21,073
Interest and dividend income	2,980	3,202
Interest expense	(359)	(886)
Other income	0	1,070
Equity in earnings of unconsolidated affiliate	58,479	47,593
Net income before income taxes	174,984	182,569
Income taxes	62,831	68,872
Net income	112,153	113,697
Less: Net income attributable to the noncontrolling interest	(822)	(799)
Net income attributable to SEI Investments Company	\$ 111,331	\$ 112,898
Basic earnings per common share	\$.60	\$.60
Diluted earnings per common share	\$.59	\$.59
Dividends declared per common share	\$.12	\$.10

The accompanying notes are an integral part of these consolidated financial statements.

SEI Investments Company

Consolidated Statements of Comprehensive Income

(unaudited)

(In thousands)

	Three Months Ended June 30,	
	2011	2010
Net income	\$ 54,113	\$ 53,839