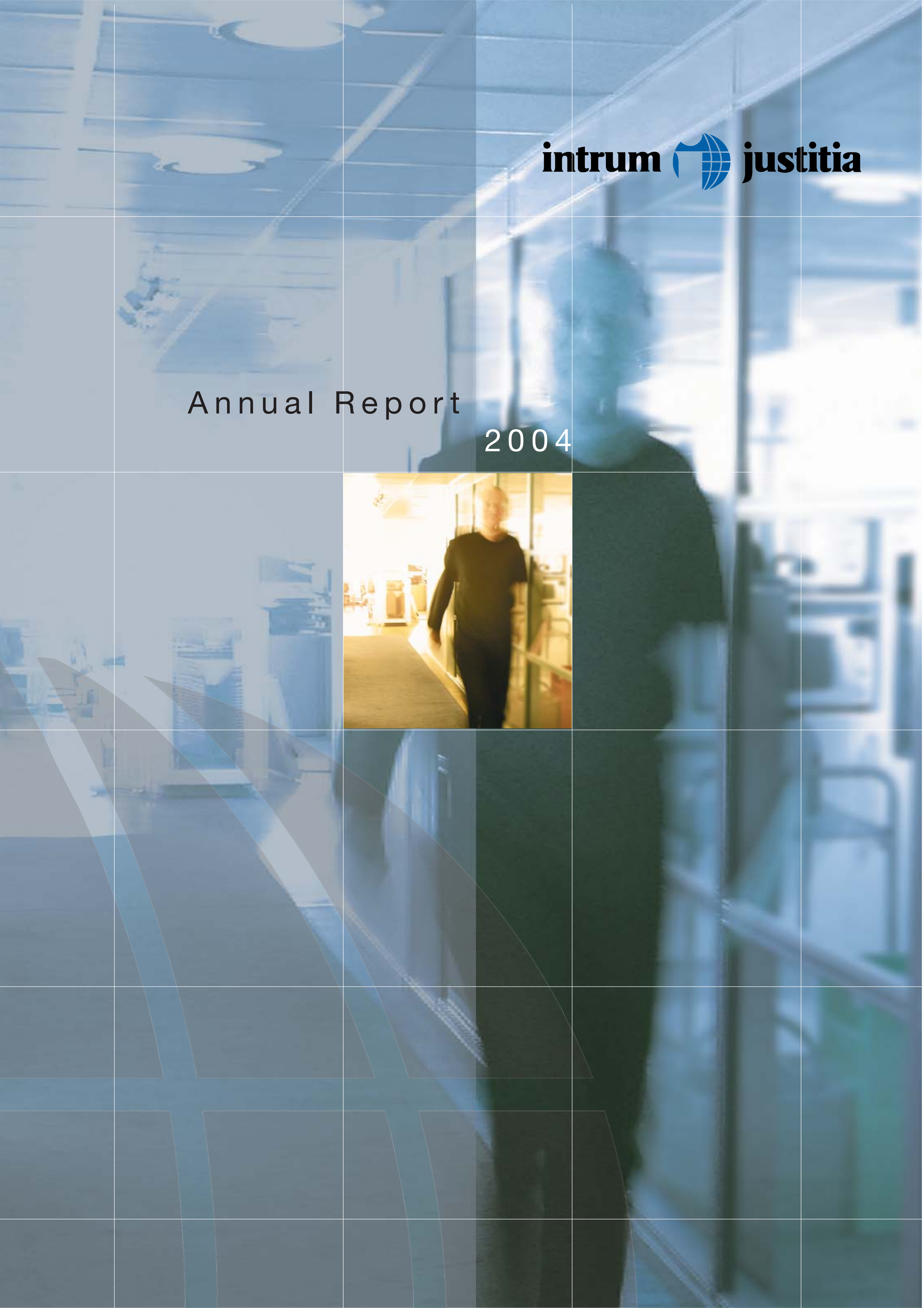


intrum justitia

Annual Report 2004

Contents

This Annual Report is a translation from a Swedish original. In the event of any differences between this translation and the original, the Swedish Annual Report (Årsredovisning 2004) shall govern.

Intrum Justitia in brief and highlights of the year

Intrum Justitia is Europe's leading Credit Management Services (CMS) company. Its services cover the entire credit management chain, from credit information via invoicing, reminders and collection to debt surveillance and collection of written-off receivables.

In each local market, Intrum Justitia offers efficient services and high quality in relationships with both clients and debtors, thereby helping clients to improve their cash flow and long-term profitability.

Most services are grouped within the service lines *Consumer Collection & Debt Surveillance* and *Commercial & International Collection*. Intrum Justitia also offers *Purchased Debt* services and a number of specialized services related to credit management.

Founded in Sweden in 1923, Intrum Justitia has more than 90,000 clients and around 2,900 employees in 21 European countries. The head office is located in Nacka, outside Stockholm, Sweden. The Intrum Justitia share has been listed on Stockholmsbörsen (Stockholm Exchange) since 2002.

2004 BY THE NUMBERS

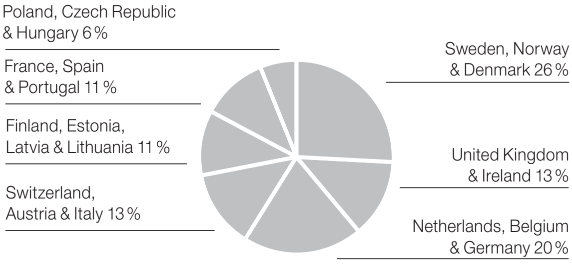
- Revenues amounted to SEK 2,848.8 M (2,864.6). Adjusted for exchange rate fluctuations, revenues were unchanged.
- EBITA rose to SEK 431.4 M (30.1).[1]
- Net earnings rose to SEK 200.4 M (–180.2).[1]
- Cash flow from operating activities remained strong at SEK 481.1 M (301.8).
- Earnings per share before and after dilution improved to SEK 2.36 (–2.12).[1]
- The Board of Directors proposes a redemption corresponding to approximately SEK 7 per share and a change in the dividend policy that increases the dividend payout.

Key figures for the Group	**2004**	**2003[1]**
Revenues, SEK M	2,848.8	2,864.6
Adjusted EBITA, SEK M	431.4	428.1
EBITA, SEK M	431.4	30.1
Operating profit (EBIT), SEK M	319.3	–93.9
Net earnings, SEK M	200.4	–180.2
Adjusted EBITA margin, %	15.1	14.9
Operating margin, %	11.2	–3.3
Return on operating capital (excl. goodwill), %	21.6	6.0
Return on shareholders' equity, %	15.0	–13.0
Net debt, SEK M	456.5	768.6
Net debt/equity ratio, %	31.8	62.0
Equity/assets ratio, %	40.5	33.7
Interest coverage ratio	6.9	–1.5
Collection cases in stock, million	11.6	10.6
Gross collection value, SEK billion	79.4	79.3
Average number of employees	2,945	2,870

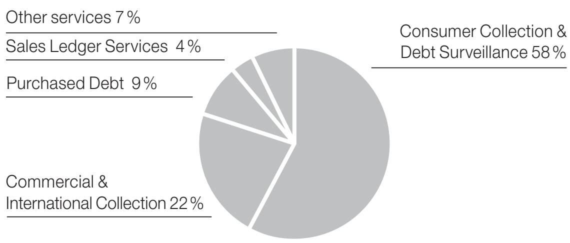
[1] The result for 2003 was charged with items affecting comparability totaling SEK 398.0 M, mainly attributable to measures and costs to correct accounting inaccuracies in England.

The five-year financial review and definitions is on pages 26–27. Key data per employee is shown on pages 22–23. Share data is on pages 63–64.

Revenues (external) by region 2004



Revenues (external) by service line 2004



Statement by the CEO

IMPROVED PROFITABILITY AND STRONGER FINANCIAL POSITION

The last year was distinguished primarily by consolidation, in order to make Intrum Justitia a better, stronger and more open company. We have strengthened many of the Group's key functions, while improving internal processes, further developing our range of services and enhancing client relations in several markets.

Intrum Justitia is the European leader in Credit Management Services (CMS). Although our emphasis is on collections, we strive to provide clients a complete range of services. This means services at the beginning of the payment chain – in the form of credit information – all the way until the end, with debt surveillance. As an important complement to our core business, we purchase written-off receivables and collect them on our own behalf. Add to that our local presence and expertise in 21 countries as well as a worldwide network, and the strength of our position is obvious.

With over 90,000 clients and more than 11 million collection cases, Intrum Justitia manages thousands of sensitive business relationships every day on behalf of a large sector of the European business community. Our collection operations are built on respect for our clients' integrity and business relationships, as well as for the debtor's situation. As the market leader in a large number of countries, Intrum Justitia helps clients to efficiently manage their receivables and improve results. With our size and established name, debtors usually give priority to a letter or call from Intrum Justitia.

In 2004 we worked to improve our range of services and better communicate with clients. As an example, clients can now monitor their sales ledgers online via Fair Pay Web. Another example is our recent client segmentation, so that many of our client service representatives now specialize in various industries and the specific conditions they face. In sales, we have expanded the cooperation between local companies and designed business solutions for clients with operations in several of the countries where Intrum Justitia is established.

I am convinced that these measures will produce results and that more clients will realize the advantages of outsourcing their collection services to Intrum Justitia.

Another advantage of being in so many countries is the ability to transfer expertise and experience between local companies. Even though Europe's markets have different rules and ways of working, there are great opportunities to share successful business solutions from one country to another. A good example is the establishment of our debt surveillance business based on the model that has been developed over years and applied successfully in Sweden.

During the year Intrum Justitia conducted an extensive survey called the European Payment Index to gain insight into the problems European companies face on a daily basis. Over 9,000 companies responded, and the conclusions came as little surprise. Uncertainty about payments and payment terms were cited as the most troublesome factors. Comparisons with a similar survey from 1997 show that payment habits have worsened, and that the risks in international trade have risen as a result.

Every year European companies lose significant sums of money because of unpaid invoices, which translates into poorer profitability, lost jobs and, at worst, bankruptcies. The results of the survey have attracted great attention from clients, the media and politicians. We will therefore continue to monitor payment patterns in European

Statement by the CEO

business and the impact of payment habits. Periodic updates will be provided in the Group's "Fair Pay Magazine" and websites.

Among the most important driving forces in Intrum Justitia's market, I would include the growing indebtedness of businesses and consumers and the trend among companies to reach out for professional help to manage their loans and receivables. Access to credits and low interest rates have kept consumer spending at a high level. Several countries are reporting record high household debt relative to income, including the Netherlands, UK and Germany. Many borrowers have problems paying and are already living beyond their means. An increase in interest rates will probably only worsen the situation.

An important factor in our growth is the willingness of companies to outsource portions of their administration. This willingness appears to be stronger in northern than southern Europe. High unemployment also has a tendency to make companies less willing to outsource. The most common argument for outsourcing is that it frees up resources to focus on core businesses. By outsourcing credit management to a specialist like Intrum Justitia, companies can also reduce bad debts and improve cash flow, boosting their profitability.

For more than 80 years we have been working in a challenging industry, which has given us unique competence and a deep understanding of our clients' needs and debtors' situation. Debt collection involves working with people's behaviors and relationships, and it means much more than sending out dunning letters. We therefore want to promote greater transparency, clearer rules and higher ethical standards in the collection industry as a whole, which will become increasingly important in times of growing competition. Our ethical rules are spelled in a policy we call *Fair Pay... please!* and are an important factor in our efforts to showcase Intrum Justitia as the industry leader and a partner clients can rely on.

If we do make a mistake, people should feel confident that we will correct it, as was the case with our English subsidiary, where we openly announced that accounting inaccuracies had been detected. During the past year we have worked hard to repay incorrectly distributed payments to clients and debtors. After extensive efforts by our employees, we are now able to put this incident behind us.

As a result of this work, the Stockholm Exchange (Stockholmsbörsen) decided to re-list the Intrum Justitia share on its O-list, and since July 1, 2004 it has traded on the Attract40 segment. In 2004 the share rose 36 percent.

As regards our financial results for 2004, I am pleased to note that operating earnings (EBITA) rose to SEK 431.3 M (30.1) and that our net earnings of SEK 200.4 M were the best in the company's history. Cash flow also improved strongly, which has allowed us to reduce net debt to SEK 457 M. In total, Intrum Justitia has liquid assets and unutilized credit facilities of SEK 1.2 billion, giving us a solid financial position.

Satisfactory financial results and a strong cash flow create the opportunity for needed investments. In addition to production-enhancing investments, we are able to invest in the *Purchased Debt* service line and/or acquisitions of well-managed, established collection companies.

Lastly, I would like to thank our clients for the confidence you have shown in Intrum Justitia by allowing us to manage an important aspect of your business. I would also like to thank all our employees, who contribute every day to making Intrum Justitia a successful and respected company.

Jan Roxendal
President and CEO

Operations and offering

Our core competence is the ability to get paid by applying the right measures at the right time.

BUSINESS MISSION

Intrum Justitia is the leading pan-European group offering Credit Management Services to corporate clients. We contribute to improved profitability and cash flow by more efficiently managing our clients' customer receivables. Our combination of pan-European coverage and local expertise creates unrivalled value.

CMS Credit Management Services

Intrum Justitia offers CMS services through its companies in 21 European countries, which are grouped in seven regions. Its services cover all stages of a company's credit management, from credit information via invoicing, reminders and collection to debt surveillance and collection of written-off receivables. Intrum Justitia also buys written-off receivables and offers a number of other specialized services related to credit management. As of 2005, the services are grouped in four service lines.

Regions

- Sweden, Norway & Denmark
- United Kingdom & Ireland
- Netherlands, Belgium & Germany
- Switzerland, Austria & Italy
- Finland, Estonia, Latvia & Lithuania
- France, Spain & Portugal
- Poland, Czech Republic & Hungary

Service lines

- Consumer Collection & Debt Surveillance
- Commercial & International Collection
- Purchased Debt
- Other services

CREDIT MANAGEMENT Intrum Justitia's services cover all the stages of a company's credit management process:

	BEFORE SALE	AGREED CREDIT PERIOD	AGREED CREDIT PERIOD HAS EXPIRED
CLIENT'S CREDIT MANAGEMENT STAGES	**Credit evaluation** To reduce the risk of losing money, it is important to learn about a counterparty's financial situation.	**Invoice date** Invoice sent out.	**Due date** Approximately one quarter of all invoices are not paid within the agreed credit period, forcing the seller to issue one or more reminders. These administrative measures take time, unnecessarily extending the credit period.
INTRUM JUSTITIA'S SERVICES	**Credit information** Credit information from Intrum Justitia makes it easier for the client to assess risks and preventing problems with non-payers. **Credit guarantee** Intrum Justitia offers a service to screen applications for new credit and debit cards on behalf of card issuers. **Credit decision** Intrum Justitia provides a detailed credit decision and recommendation whether or not the credit should be granted.	**Invoicing** By allowing Intrum Justitia to produce and send invoices, the client frees up time and resources. Both paper and electronic invoices are handled. **Sales ledger services** Intrum Justitia receives and books payments. Routine reports and continuous updates give clients full control over their sales ledger.	**Reminder management** Intrum Justitia's quick and efficient routines increase the likelihood of getting paid. **Interest invoicing** It is important for profitability that the client is also compensated for extended credit periods.

Operations and offering

EFFICIENCY AND KNOW-HOW CREATE VALUE FOR CLIENTS

Intrum Justitia's core business consists of collection services. Long experience, together with economies of scale and functional systems and processes, makes Intrum Justitia highly cost effective. The Group's strong brand and market position also help to improve the payment flow from debtors.

By letting Intrum Justitia take care of all or parts of their credit management, clients can improve their cash flow and reduce bad debts. The resources they free up can instead be used to develop their core competencies and bolster their competitive strength. With its broad geographic coverage and local knowledge, Intrum Justitia is also a valuable partner in managing international receivables.

Comprehensive approach produces the best results

Intrum Justitia's core competence is the ability to get paid. In most cases the older a debt becomes, the more difficult it is to collect, so time is a critical element in all credit management activities. Other factors that affect the probability of getting paid are the amount of the receivable, what was purchased and the debtor's personal circumstances.

To produce the best results in the long term therefore requires a comprehensive program of actions and approaches that make it possible to manage different groups of receivables and debtors in different ways. A comprehensive approach also improves opportunities to achieve synergies and economies of scale through the transfer of knowledge, process development and shared IT systems.

Right resources for the right debts

In order to achieve an optimal mix between effective collection and high cost effectiveness, Intrum Justitia has developed unique scoring models to determine the likelihood of receiving payment from a debtor in the short and long term. The models are based on access to internal and external information registers, where the factors that are unique to each case are coupled with historical collection patterns. Based on these results, it is determined which measures should be taken, thereby ensuring that Intrum Justitia devotes the right resources to the right debts at the right time.

Scoring at the same time is a dynamic model. By using scoring, Intrum Justitia obtains more detailed data on payment patterns, which leads to more reliable analyses and even more efficient collection management.

Collection actions

If the seller is not paid despite repeated reminders, debt collection is the next step. A percentage of all invoices become collection cases. Rarely are they a priority internally in an organization, reducing the chances that they will be paid.

Write off of receivable

If payment is still not received after a certain period, the receivable is written off in the seller's accounts, although the debt remains. Collecting on written-off receivables is difficult and time-consuming, so few companies give it priority.

RECEIVABLE IS DELINQUENT

RECEIVABLE IS WRITTEN OFF

Commercial and consumer collection

Collection services have been the Group's core business from the outset. Thanks to experience over many years, established processes and reliable analyses, Intrum Justitia is effective at getting paid, even for debts that are long overdue.

International collection

Intrum Justitia helps clients get paid when their debtors are located in another country thanks to global coverage through offices in 21 European countries and partners in another 160 countries.

Debt surveillance

Intrum Justitia monitors written-off receivables and works actively to collect them. Measures to reinstate time limits and cost-effective processes are important parts of this work.

Purchased debt

By selling problem receivables, clients can free up funds and bring forward cash flows. Intrum Justitia buys written-off consumer receivables and collects on them, in the same way that it collects on behalf of clients.

VAT refunds

Intrum Justitia helps companies to quickly and easily obtain refunds on value-added tax paid abroad.

Operations and offering

Geographic differences in the way people view debts
The debt collection business tends to differ by country. Differences can be great from one market to another, but in general markets in Northern and Western Europe are more developed than the rest of Europe. In Northern and Western Europe, legislation and traditions go further to encourage shorter payment periods, and companies are used to hiring outside credit management specialists. Intrum Justitia's considerable experience, combined with its local presence and knowledge, allows it to offer efficient services for every local market.

REVENUES

The largest part of Intrum Justitia's business is generated from CMS services provided on an assignment basis. Approximately two thirds of revenues are generated from commissions on collected amounts. The rest consist of fixed and variable fees from clients, including subscription fees for certain commercial collection services, reminder fees and debtors' fees. National regulations on the fees and expenses that can be charged for credit management vary substantially. For this reason, commissions tend to account for a larger share of revenues in Southern Europe, while fees from clients and debtors are of greater significance in Northern and Western Europe.

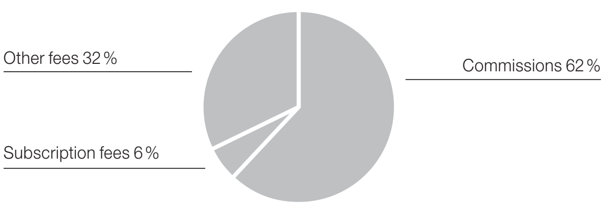
As part of its services, Intrum Justitia also purchases portfolios of written-off consumer receivables and collects them on its own accounts. The portfolios are purchased at prices below their nominal value. After they are purchased, Intrum Justitia retains all rights associated with these receivables. The company is then entitled to keep the entire amount it collects, including interest and any additional fees.

FAIR PAY – STRONG BUSINESS ETHICS

A prerequisite for sound business practices is that parties abide by their obligations. This is a matter of mutual respect and also involves the potential to profitably conduct business in the future.

- Fair Pay is a promise to Intrum Justitia's clients: to ensure that their customers abide by their obligations without damaging the reputation of the client.
- Fair Pay also means maintaining a correct attitude toward debtors: not to demand the impossible of those who find themselves in difficult situations and instead work together with them to find a solution that is realistic and acceptable to all parties.
- Fair Pay ultimately entails a commitment to Intrum Justitia's owners: to use modern, sound business ethics to increase the prospects of the Group's successful development.

Revenue distribution 2004



Operations and offering

A HISTORY OF DEBT COLLECTION

1923 Sven Göranson founds Intrum Justitia. The company offers collection services and grows into the industry leader in Sweden.

1970s A European expansion begins in 1971 through the company's establishment in Switzerland. In the same year Bo Göransson acquires the company from his father. Establishments in Denmark and Finland make Intrum Justitia a leader in debt collection in the Nordic region. Operations are started in Germany as well.

1980s The expansion continues, mainly through acquisitions of companies with local operations, to Norway, the Netherlands, Italy, France, Belgium, England and Wales. In the mid-1980s the head office is transferred to Amsterdam and a few years later Intrum Justitia is listed on the stock exchange in Luxembourg.

1990s The decade begins with Intrum Justitia's share listed on the London Stock Exchange. The Group's service offering is developed and expanded to include a comprehensive range of CMS services. At the same time Intrum Justitia continues to expand its European presence through acquisitions and new operations. In the late 1990s the Group is active in 19 European countries. In 1998 Intrum Justitia is bought out from the London Stock Exchange with the aim of restructuring its operations.

2000s The review and restructuring begun in 1998 continue. In 2001 Intrum Justitia acquires Dun & Bradstreet's operations in twelve countries. In 2002 the Parent Company changes its domicile to Sweden and Intrum Justitia AB is listed on Stockholmsbörsen. The head office is moved to Sweden. In 2002 and 2003 a number of regionally strong CMS companies are acquired, strengthening the Group's position in Spain, Portugal, France and Scotland, among other places. Operations are established in Lithuania in 2000 and in Latvia in 2002.

Our approach to debt collection and surveillance

Our Fair Pay policy emphasizes that efficiency must be combined with high ethical standards. Negotiations, realistic solutions and agreements are the tools we use to encourage debtors to pay. As far as possible, we avoid measures that are perceived as too vigorous.

When we receive a case, we turn to external registers and in-house data banks to check the overall debt profile of the party in question. We then do an assessment with the help of scoring, which gives us a good indication of the payment scope available and the approach we should use to achieve the best results. The assessment is based on available information and therefore varies by country.

We use written and telephone contacts in dealing with debtors. In some countries a field collection concept may be used. The particular method is largely tailored to each situation to encourage the person to cooperate and provide better results than the standard dunning letter.

An installment plan is the most common agreement reached. We continually monitor compliance with the plan and call to remind people in the event of a disruption in payments.

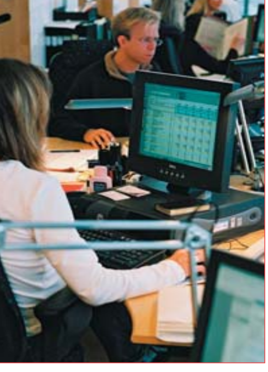
Following the initial assessment, some cases are classified as "passive". These may be cases that temporarily offer no payment scope or where we cannot establish contact with the debtor. Passive cases are monitored continually to reevaluate how they should be managed. For example, the debtor's financial situation may improve and thus we must keep it under surveillance so that together we can resolve the debt.

IT creates opportunities and increases demands

Information technology allows us to be more effective and further improve our services. By automating various processes and procedures, productivity in our contact centers has improved significantly, and this pattern is continuing. With automated calling and advanced voice recognition telephone functions, more contacts can be handled each day and individual cases are managed more effectively. Trials are also under way to use cell phone text messaging to send reminders.

New telecom and computer solutions are also creating greater interest in using the services of CMS specialists. At the same time clients are increasingly demanding specialized solutions. Even though we handle most practical aspects of credit management, clients want easy access to information on their cases, for example. This is where our specially designed web solutions play an important role.

One example is Fair Pay Web, an IT-based support for online collection management that we currently offer throughout the Nordic region and in a number of other important markets. Via Fair Pay Web, the client has access to updated sales ledger information round the clock. The client can also quickly and easily register new collection cases, leave messages for their account administrator and download various financial reports in real time.



FINANCIAL TARGETS

Intrum Justitia's financial targets are as follows:

- Average organic growth of at least 10 percent per year over a business cycle. Moreover, Intrum Justitia actively seeks opportunities to grow through selective acquisitions.
- A net debt/equity ratio (interest-bearing net debt as a percentage of shareholders' equity and minority interests) that does not exceed 100 percent over the long term.

STRATEGY

Intrum Justitia applies a strategy consisting of the following main elements:

Focus on national service offerings and operations
Managing receivables is basically a local business. Maintaining close proximity to clients and debtors increases the potential to provide efficient services tailored to the local market's maturity, regulations and practices.

Complement with international service offerings
As integration in Europe continues, more business is conducted across borders. Intrum Justitia has well-established systems and processes to manage receivables on an international basis within Europe. Through a global network of partners, clients receive assistance in approximately 160 countries outside Europe as well.

Offer a comprehensive range of credit management services (CMS)
A comprehensive range of credit management services and efficient processes create synergies that benefit clients in the form of improved cash flow, lower overheads, better use of resources and time savings. With its extensive offering, Intrum Justitia is increasingly accepted as the natural CMS supplier, which strengthens business relations and improves opportunities for added sales. Although the majority of its services involve credit and receivables management on an assignment basis, Intrum Justitia also buys written-off receivables that it collects on its own behalf.

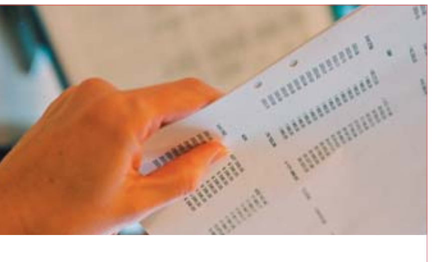
Work continuously to improve quality and efficiency
Increased automation of management processes and greater use of shared IT systems leads to gains in productivity. In addition, the Group has a number of Centers of Excellence to identify best practices for specific tasks or processes and ensure that they are used throughout the Group. To optimize collection operations, Intrum Justitia also utilizes its own analysis models.

Complement organic growth with acquisitions
In addition to growing organically, Intrum Justitia seeks out opportunities to play a driving role in the industry's consolidation and grow through acquisitions.

The key criteria in acquisitions are to:

- Broaden the service range in established markets;
- Achieve greater economies of scale and improved cost efficiency;
- Broaden the client base;
- Establish Intrum Justitia in new markets.

Continue to build the brand
Through increased awareness of the Group, the costs related to the launch of various services can be reduced at the same time that opportunities for sustainable profitability are improved. Increased brand recognition is created through a clear identity and coordinated brand-building efforts using channels such as advertising, sponsorship and the Internet. Marketing communication strategies and platforms are developed centrally, after which the Group's subsidiaries adapt them to their local markets. The branding strategy is focused on the Intrum Justitia brand. The aim is to incorporate acquired brands in this strategy as quickly as possible.



CUSTOMIZED SERVICE OFFERINGS

Intrum Justitia is active in countries with significant differences in terms of maturity and CMS traditions. The range of services it offers in each case is therefore adapted to local conditions. At the same time Intrum Justitia tries to contribute to each market's development through targeted efforts and activities.

Consolidating markets

These markets are generally characterized by a lower level of maturity with regard to commercial credit management and less of a tendency to outsource these services to specialists. CMS regulations may be less highly advanced. Market growth is determined to a great extent by how quickly and to what extent companies accept the arguments in favor of outsourcing.

Intrum Justitia's focus is on developing its core business — consumer and commercial collections — and concentrating its offerings in these areas. As client relations grow in number and strength, Intrum Justitia tries to increase interest in, and understanding of, modern credit management and the advantages of outsourcing. Consolidating markets include Italy, Portugal and the Baltic states.

Established markets

The market is fairly well established, which means lower overall growth. There are still a number of major client segments where the CMS outsourcing trend has not really taken off.

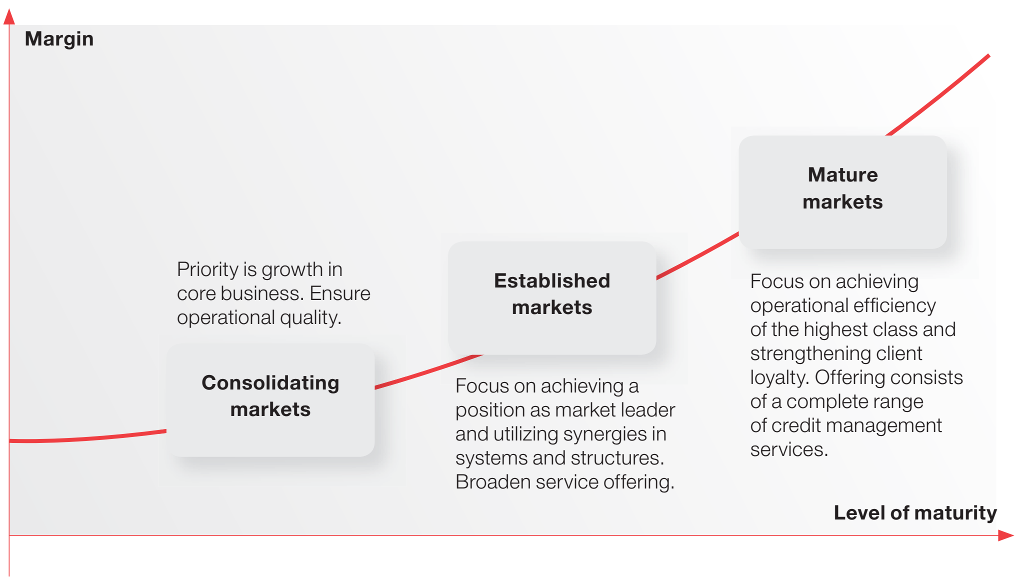
For these markets Intrum Justitia offers a larger range of services including debt surveillance and debt purchase. Group companies have usually gained a larger market share and the critical mass necessary to profitably automate management processes. Countries in this category include Belgium, France and Poland.

Mature markets

In general, companies in these markets have a good understanding of the importance of efficient credit management. Outsourcing of at least part of this process is widespread, and over time companies prefer to outsource their entire credit management processes to specialists.

The vast majority of Intrum Justitia's entities are operating in mature markets. In these markets, the company offers a comprehensive range of credit management services. Mature markets include Finland, Sweden and Switzerland.

Strategies adapted to the various levels of maturity in the market



Market and regulatory systems

MARKET OVERVIEW

The overall CMS market can be defined as all management of invoices, reminders, collection cases and related services conducted in-house by companies and organizations or externally by service providers. The overwhelming majority of all CMS cases are currently managed in-house. Only a small share of all cases is outsourced to professional suppliers who act on behalf of clients. This *outsourced portion* of the market is where Intrum Justitia is active, and unless indicated otherwise it is this definition of the CMS market that Intrum Justitia uses.

Estimated CMS cases per year

Invoces/receivables	Reminders	Debt collection
30–40 billion	5 billion	1 billion

Although only limited data is available on the size of the overall CMS market, it can be estimated based on certain criteria, such as the number of invoices dispatched and the number of outstanding collection cases. Intrum Justitia estimates that 30–40 billion invoices are dispatched annually in the countries where the Group is active, and that they generate an estimated five billion reminders. Moreover, Intrum Justitia estimates that these reminders result in around a billion outstanding collection cases.

Since reliable statistics and uniform definitions are lacking to a large degree, it is also difficult to estimate the volume and scope of outsourced credit management services. For its core business – debt collection – Intrum Justitia estimates, however, that 10–20 percent of collection cases as defined above (i.e. approximately one billion) are outsourced. As of year-end 2004 Intrum Justitia managed 11.6 million collection cases. Based on these rough estimates of the total market and level of outsourcing, Intrum Justitia's share of the market for outsourced collection cases in the countries where the Group is active is 5–10 percent.[1]

[1] Intrum Justitia's estimates are based on recalculations of available statistics on invoices in the Nordic region such as Nordic Electronic Billing and Payment Market 2000–2005 from IDC, and from national collection associations.

THE MARKET'S DRIVING FORCES

A number of factors have a positive impact on the size and rate of growth of the CMS market:

Increased outsourcing

The overwhelming majority of all CMS cases in Europe are currently managed in-house by companies and organizations. As a result, continued market growth is determined by the degree to which companies choose to use outside suppliers for these services. A growing number recognize the benefits of focusing on operations where they have cutting-edge expertise and are hiring professional suppliers in non-core areas. This trend is most clearly manifest in transaction-intensive industries that have recently been deregulated such as financial services, telecommunication, utilities and healthcare.

Outsourcing creates efficient companies

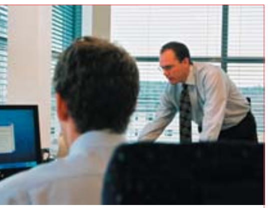
Greater competitive pressure imposes demands on companies to be efficient and deliver quality, compelling them to review and evaluate their operations at every level. The question they must answer is why are we doing this when some other company can do it for us better and less expensively? This is the driving force behind the outsourcing of in-house functions.

For the vast majority of companies, credit and receivables management is not part of their core business. Outsourcing such functions to Intrum Justitia offers a number of benefits:

- Access to leading-edge expertise and sophisticated technical support systems in the CMS area, without having to undertake costly investments.
- Improved cash flow.
- Bad debts and capital tied up in accounts receivable are reduced.
- Resources are freed up and can be focused on the development of the client's core competencies.
- By customizing the outsourcing assignment, better control can be maintained over financial information.
- Internal functions can be opened up to competition in a bid to cut costs and enhance productivity.
- Companies with international sales gain assistance in bridging cultural and language barriers in receivables management.

Deregulation

Deregulation in Europe, which has occurred primarily in areas such as telecommunications, healthcare, utilities and other public services, is driving market growth in several ways. An increase in the number of players in a market increase the supply of services, which in



turn adds to the number of invoices and payments that require monitoring. Stiffer competition and the emergence of specialized companies also prompt a growing number of companies to outsource receivables management and other operations that do not impact directly on their competitiveness.

Higher indebtedness among households and companies

The level of household and corporate indebtedness is a key indicator of the potential of the CMS market. Increased indebtedness can normally be expected to lead to more CMS cases in the form of reminders and collection management. Between January 1, 1998 and December 31, 2004 total household and corporate indebtedness in EMU countries rose 42 percent, from EUR 4,912 billion to EUR 6,959 billion.[1]

The increase in indebtedness is driven by several, partly interrelated factors, each of which would indicate increased market growth. Lending and credit facilities to private individuals in EMU countries has increased steadily in recent years. Attractive borrowing conditions – for example, in connection with mortgage financing – are one reason. Another is a greater range of, and access to, consumer credit. This trend has been fostered by low interest rates, a large supply of capital and simplifications in the laws governing lending.[2]

Another, more long-term and underlying trend affecting overall indebtedness in Europe is the decline in the use of cash at the expense of credit.

INTRUM JUSTITIA'S CLIENTS

In total, Intrum Justitia has over 90,000 clients. They include companies of every size and every type of business. The most important clients in terms of revenues are in telecom, banking and finance, the media and utilities. The latter sector is expected to grow in importance in the years ahead.

Intrum Justitia's 150 largest clients together accounted for approximately one third of Group sales in 2004. No client accounted for more than two percent of Group revenues. Loyalty to Intrum Justitia among clients is very high. Figures show that more than 85 percent of existing clients renew their contracts.

COMPETITIVE SITUATION

The European CMS industry is highly fragmented, with an estimated 25,000 suppliers. Most are small collection companies with national operations or local enforcement agencies. The market also includes a number of companies whose core business is other than receivables management, such as legal firms, banks and accounting firms. Accordingly, many of Intrum Justitia's competitors do not regard themselves primarily as CMS or collection companies.

Of the competitors that focus on CMS, there are only a few whose operations encompass a number of European countries and hardly any with a geographic coverage comparable to that of Intrum Justitia.

Many small collection companies

In *Sales Ledger Services*, a large number of competitors operate at a national level. The market is relatively immature, however.

While the market for debt collection services in Northern and Western Europe is fairly well developed, the rest of Europe is relatively immature. In recent years, however, industry growth has accelerated in several Southern European countries. In *Consumer Collection*, a large number of competitors operate at the national level. Several have core businesses unrelated to CMS. These include financial institutions, banks and companies with sales to a large number of customers. In some countries Intrum Justitia competes with collection agencies formed and owned collectively by transaction-intensive industries. In *Commercial Collection*, Intrum Justitia's major competitors are usually credit insurance companies with national operations or local legal firms.

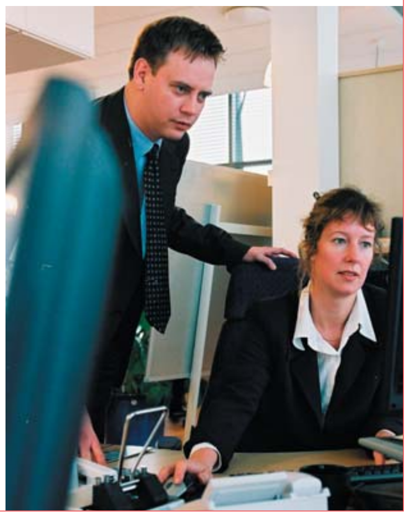
For more information on Intrum Justitia's market position and competitors in each country, see pages 17–19.

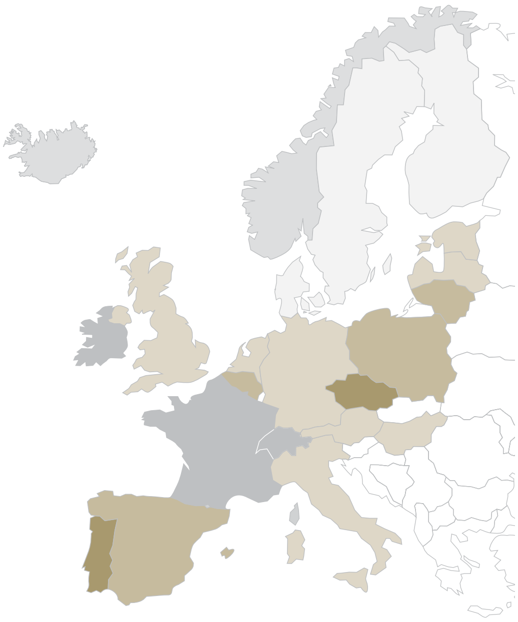
[1] Data pertaining to indebtedness is obtained from the European Central Bank, Monthly Bulletin, February 2005.
[2] The Euro Area Bank lending survey, ECB, October 2003.

Market and regulatory systems

Larger companies in Purchased Debt

In the *Purchased Debt* service line, the core competition consists of fewer but slightly larger companies. Most of the purchasing companies are active at a local or regional level, buying debts locally in a small scale. Like Intrum Justitia, a small number of purchasers acquire receivables in more than one country. Among them are several international banks, pension funds and other investment companies as well as financial service companies such as Norway's Aktiv Kapital. Many of Intrum Justitia's competitors focus on large portfolios with relatively large average amounts per receivable, usually with underlying security. Intrum Justitia focuses primarily on unsecured, small and medium-sized portfolios with relatively small average amounts. When acquiring large portfolios, Intrum Justitia cooperates with financial partners. To date two such cooperations have been established, with Crédit Agricole Lyonnais and Goldman Sachs.





European Payment Index

By weighing a number of factors, an index has been calculated for credit risks in each country. A value of 100 indicates a situation in which there are no payment risks, i.e. payments are made in cash, on time and without any credit.

The higher a country's value in the index, the greater the perceived credit risk. A value up to 125 indicates low to moderate risk. When doing business in these countries, it is recommended that preventive measures be taken in the form of credit checks and monitoring of established credit limits.

A value between 125 and 150 indicates more substantial payment risk. In this case companies must pay greater attention and have much to gain by taking action to protect themselves against credit losses, e.g. by hiring a professional CMS provider. A value over 150 signals high credit risk with a strong need to take action and seek professional assistance.

EUROPEAN PAYMENT INDEX – PAYMENT PATTERNS IN EUROPE

As a leader in credit management, Intrum Justitia has a large network of contacts among European companies, over 9,000 of which responded in the spring of 2004 to a survey on credit terms, payment habits and risk assessment. The results were presented by Intrum Justitia in June 2004 in the form of the European Payment Index.

The purpose of the study and index is to offer European companies a unique instrument to compare payment patterns and assess the risks of doing business between regions, countries and industries. The study therefore falls well in line with Intrum Justitia's business mission of helping clients improve their cash flow and increase profitability.

In summary, the results of the study[1] show that:

- Payment uncertainties are cited as the greatest obstacle to international trade, followed by payment terms, legal uncertainties and market risks.
- The average value for all 22 countries in the study is 152.
- With an average value of 129, the Nordic countries as a whole have the lowest payment risks. The lowest risk of all is in Finland, with a value of 123.
- The highest risks are in Portugal (191) and Czech Republic (176), followed by Lithuania and Spain.
- Payment delays in the Nordic countries average around one calendar week. In other words, payments are made after 31 days instead of the average payment term of 24 days.
- In other regions, payments are delayed by an average of two to three weeks. The exception is Portugal, where payments are more than five calendar weeks late.

[1] The complete report – "European Payment Index 2004 – Spring Report" contains additional information. The report can be ordered from Intrum Justitia or downloaded from www.intrum.com. A follow-up study will be presented in the spring of 2005.

Market and regulatory systems

Consolidation of a frequented industry

In recent years the CMS industry has been marked by a clear trend toward consolidation. A number of driving forces point to a continuation in this direction:

- The potential for economies of scale rises as a result of the increase in the number of clients with large invoice volumes and small amounts per case, notably as a result of deregulation in transaction-intensive industries.
- In pace with growing European integration, there is a greater need for businesses to manage receivables between countries. This in turn is leading to a greater demand for multinational CMS services.
- The development of new, sophisticated IT and telecom services increases opportunities to utilize economies of scale.
- Large CMS companies have a greater capacity to utilize in-house and external databases to develop and use scoring models to optimize collection measures, which makes these methods more effective.

REGULATORY SYSTEMS AND LEGISLATION

The European CMS industry is regulated by numerous laws and ordinances as well as by more or less accepted industry practices. The regulatory system comprises, among other things, provisions on:

- The amount of public information about a debtor available to a CMS company and how information from public and in-house sources should be handled.
- Statutes of limitations, meaning the period within which an unpaid debt can be collected and the ways in which the limitation period may be extended.
- The manner in which a debtor may be contacted and a debt collected.
- The types of fees and costs that may be charged and whether these can be passed on to the debtor or the client.
- Debt restructuring (consumer bankruptcy) legislation may regulate the amounts collectable from the debtor and methods of collection.

The regulatory system can differ from one country to the next. Some countries, for example, offer limited opportunities to access information on a buyer's credit status or personal information to identify debtors. This applies to both the selling party and CMS company. Furthermore, legal support for charging debtors fees is generally stronger in Northern Europe than in Southern Europe, where it is more common for CMS companies to charge fees to clients instead.

Harmonization of commercial collection regulations

The European Union has plans to harmonize the regulations governing commercial debt collection in its member states. An important step in this direction was taken in 2000 through the issuance of a directive in an effort to reduce late payment problems among companies. The directive, which came into force in August 2002, has been introduced in the legislation of all member states. The EU Commission has announced that it will review the directive beginning in 2005.

Payment delays cause bankruptcies and job losses, which makes the issue of payment habits within the EU a major problem for member states. The importance of better payment routines must also be seen in light of the EU's Lisbon strategy for economic, social and environmental renewal.

Consumer collection – quickly increasing debt levels

Legislation governing consumer debt collection and consumer protection varies considerably from one country to another. A substantially revised EU draft directive on consumer lending is still awaiting final consideration.

Many countries have statutes of limitations that curtail the opportunities to recover a debt. However, this legislation frequently permits an extension of the limitation period, such as when the creditor can show that efforts have been made to recover the debt. As a result, debt surveillance may be conducted over a protracted period, usually between two and ten years but in some countries up to thirty years.

Laws in some countries require that a creditor observes generally accepted lending practices. In Sweden this means that the creditor has a responsibility to protect

the consumer's interests and prevent overindebtedness. In several countries, however, indebtedness has increased dramatically in recent years. One example is the United Kingdom, where personal debt is now as high as the GNP. The increase in cross-border lending, not least due to the growth in Internet commerce, underlines the need for greater international cooperation to resolve the problem of consumer debt.

Public affairs – nationally and in the EU

The objective of Intrum Justitia's public affairs unit is to effectively represent the Group's interests on issues involving legislation and other political decisions affecting the CMS industry. The target groups for these efforts can be found at both a national and an EU level.

In 2004 Intrum Justitia played a prominent role in lobbying the issue of the opportunities available to CMS companies to offer their services in countries where they are limited in various ways by longstanding monopolies, e.g. in Denmark and Portugal. Through a number of contacts in the EU, attention was also drawn to European companies' late payments, which are often a major obstacle to trade between EU member states. Intrum Justitia plans to seek out further opportunities to lobby these issues in connection with the EU Commission's impending revision of the directive to combat late payments in commercial transactions.

A roundtable discussion organized in late 2004 by Intrum Justitia and one of Europe's leading think tanks, the Centre for European Policy Studies, called attention to the liquidity problems that possibly will be faced by SMEs when Europe's new capital adequacy requirements for banks (the so-called Basel II rules) take effect in early 2006.

Big differences in payment terms

	Finland	France	Netherlands	Poland	Sweden	Switzerland	United Kingdom
Average payment term in days	20	60	30	30	30	30	30
Usual number of reminders before legal enforcement process	2–3	3	6+	1–4	2	3	3
Reminder costs charged							
-private persons	Always	Never	Always	Mostly	Mostly	Seldom	Seldom
-businesses	Always	Hardly ever	Always	Hardly ever	Hardly ever	Sometimes	Seldom
Interest on late payment charged							
-private persons	Always	Never	Hardly ever	Hardly ever	Always	Seldom	Sometimes
-businesses	Always	Sometimes	Mostly	Hardly ever	Mostly	Sometimes	Seldom
Interest rate on late payment allowed by law							
-private persons	ECB reference rate + 7% p.a.	ECB reference rate x 1.5	1% p.a.	12.25% p.a.	RB reference rate + 8% p.a.	5% p.a.	BoE reference rate + 8% p.a.
-businesses	Acc. to contract, max. 16% p.a.	as above	as above	as above	as above	as above	as above
Enforcement of legal process (if amicable collection is unsuccessful)							
-private persons	Mostly	Sometimes	Sometimes	Sometimes	Sometimes	Seldom	Sometimes
-businesses	Mostly	Mostly	Mostly	Sometimes	Mostly	Seldom	Sometimes

National differences in legislation and practices make the CMS market complex. Among other things, the contractual payment term varies from country to country, as does the use of reminders and fees. The table above provides an overview of payment terms in a number of Intrum Justitia's markets.

Intrum Justitia in Europe

With operations in 21 European countries and partners in another 160 countries, we have a geographic coverage no other CMS company can match.

EUROPE'S LEADING CMS-COMPANY

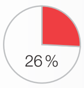
The 21 countries where Intrum Justitia is active are grouped into seven regions. Intrum Justitia's strongest positions in national CMS markets are in Finland, the Netherlands, Sweden and Switzerland. In all these countries, the Group's market share exceeds 25 percent. The Group's weakest positions are in Italy, Germany and Austria, with market shares below 5 percent.

Intrum Justitia also operates in Iceland, through a company in which it owns a 25-percent interest. Iceland is not included in the seven regions, however. Through a global network of partners, Intrum Justitia can also provide clients with services in around 160 countries outside Europe.

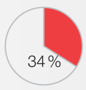
Market leader

Among the five largest CMS companies

SWEDEN, NORWAY & DENMARK



Percentage of Group revenues, 2004



Percentage of (EBITA), 2004

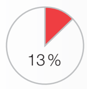
SEK M	2004	2003	Change, %
Revenues	732.1	729.3	0
EBITA	148.2	166.7	–11
Operating margin, %	20.2	22.9	–
No. of employees	462	462	0

Sweden. Intrum Justitia was founded in Sweden in 1923 and has long been the market leader. The CMS market in Sweden is relatively fragmented, although in recent years the industry has consolidated among larger, more focused companies. Other major players are Faktab and Svea Ekonomi.

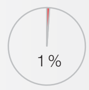
Norway. Intrum Justitia, which established operations in 1982, competes in a market distinguished by a high level of outsourcing and a number of small players. It is among the five largest CMS companies after Aktiv Kapital, Kredinor and Lindorff.

Denmark. Intrum Justitia has been active in Denmark since 1977. The market is less advanced than Sweden and Norway due to the legal requirement that lawyers must be used in the debt collection process. Intrum Justitia is one of the five largest CMS companies; other major players include CIS Denmark, Faktab and Lindorff.

UNITED KINGDOM & IRELAND



Percentage of Group revenues, 2004



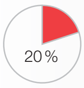
Percentage of (EBITA), 2004

SEK M	2004	2003	Change, %
Revenues	361.5	395.5	–9
EBITA	2.7	2.4	13
Operating margin, %	0.7	0.6	–
No. of employees	557	553	1

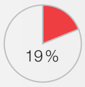
Operations in the **United Kingdom** were established in 1989. The industry comprises a small number of large companies with a strong position in the consumer debt collection market, and a large number of small companies primarily serving clients in the commercial segment. As a result, the market is relatively consolidated, with an estimated 90 percent controlled by six companies. Intrum Justitia has a strong market position; other major players include Moorcroft, Robinson Way and Wescot. In 2002 Intrum Justitia acquired Stirling Park, a leading provider of collection-related services in Scotland. Through this acquisition Intrum Justitia strengthened its relationships with Scottish clients and with the region's local authorities, Local competitors include BCW Group, George Walker and Scott & Co.

Ireland. Operations were established in 1999. The CMS market has expanded quickly thanks to growth in the Irish economy and increasing consumer credit. The acquisition of D&B RMS in 2001 has made Intrum Justitia the market leader. Competition consists of a number of small and a few large companies, including BCW Group and Cashflow Services.

NETHERLANDS, BELGIUM & GERMANY



Percentage of Group revenues, 2004



Percentage of EBITA, 2004

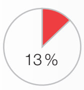
SEK M	2004	2003	Change, %
Revenues	581.1	607.6	–4
EBITA	80.0	94.9	–16
Operating margin, %	13.8	15.6	–
No. of employees	560	579	–3

Netherlands. A large number of CMS companies are active in the country. Intrum Justitia, established in 1983, has achieved a market-leading position through organic growth and acquisitions. Other major players include GGN, Graydon, Inkasso Unie and Transfair.

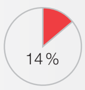
Belgium. Operations date back to 1988. 16 companies, all of which are members of the Belgian Collectors Association, together hold a market share of approximately 85 percent. Intrum Justitia became the market leader in 1998 through the acquisition of a leading collection company, a position it further strengthened through the acquisition of D&B RMS in 2001. Other players include Bureau Europe, Contentia and Fiducré.

Germany. Intrum Justitia was established in 1978. The market is highly fragmented and has a distinctly regional character, with different players in the various federal states. Major players include Creditreform, Deutscher Inkasso-Dienst (DID) and SWI.

SWITZERLAND, AUSTRIA & ITALY



Percentage of Group revenues, 2004



Percentage of EBITA, 2004

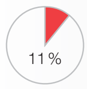
SEK M	2004	2003	Change, %
Revenues	367.8	351.3	5
EBITA	61.4	43.8	40
Operating margin, %	16.7	12.5	–
No. of employees	279	274	2

Switzerland. When Intrum Justitia commenced operations in Switzerland in 1971 it marked its first venture outside Sweden. Through organic growth and acquisitions, the business has expanded to become the market leader in a fragmented CMS market, with an especially strong position in services involving credit information and credit decisions. Other major players include Creditreform and Infoscore/Deltavista.

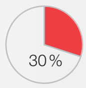
Austria. Operations were established in 1995. The market is fragmented, with numerous companies operating mainly on a regional level. Intrum Justitia is among the top five CMS companies in the country. Other players include Creditinfo and Kreditschutzverein.

Italy. Operations commenced in 1985. The CMS market is still relatively immature and fragmented, and consists in large part of commercial collection services. This is partly because Italian legislation restricts public access to personal information required to identify debtors. Intrum Justitia strengthened its position through the acquisition of D&B RMS, and today it is among the five largest players. Other major players include Advancing Trade, Assicom, Maran Service, Osirc and Tutela Recupero Crediti (TRC).

FINLAND, ESTONIA, LATVIA & LITHUANIA



Percentage of Group revenues, 2004



Percentage of EBITA, 2004

SEK M	2004	2003	Change, %
Revenues	316.5	283.8	12
EBITA	131.2	106.7	23
Operating margin, %	41.5	37.6	–
No. of employees	290	282	3

Finland. Intrum Justitia established operations in 1978. Following an acquisition in 1996, it is the market leader. The second largest CMS company is Contant. The rest of the market is split among a number of small companies.

The Baltic region is an emerging market for CMS. Intrum Justitia began operating in **Estonia** in 1996 and in **Lithuania** in 2000. Today the Group is the market leader in both countries. Other players in Estonia include BRC OÜ, Contant and Julianuse Inkasso, and in Lithuania Creditreform, Gelvoros saugos konsultavijos and Žvilgnis iš arčiau. In **Latvia**, where operations were established in 2002, Intrum Justitia is among the five largest CMS companies. Others include BaltRisk, Contant and Creditreform.

FRANCE, SPAIN & PORTUGAL

11 % Percentage of Group revenues, 2004

12 % Percentage of EBITA, 2004

SEK M	2004	2003	Change, %
Revenues	318.0	313.0	2
EBITA	50.0	42.3	18
Operating margin, %	15.7	13.5	–
No. of employees	417	387	8

France. Intrum Justitia was established in 1987. In recent years operations have greatly expanded through a restructuring and several acquisitions. Today Intrum Justitia is the market leader. The most recent acquisitions, of two leading consumer debt collection companies, were finalized around year-end 2002. Other major players include Coface SCRL, Contentia, Effico/Soreco and SFRB.

Operations were established in **Spain** in 1994 and in **Portugal** in 1997. The CMS market in these countries is still untapped, and companies rely mainly on in-house collection management. Intrum Justitia's operations are therefore relatively small in scale. However, its market shares have risen in recent years, partly as a result of the acquisitions of D&B RMS and the Spanish/Portuguese Vía Ejecutiva. Intrum Justitia is the market leader in both countries. Its primary competitors in Spain are Gesif and Grupo Lico, and in Portugal Cofase, Comfira and Credicontrolo.

POLAND, CZECH REPUBLIC & HUNGARY[1]

6 % Percentage of Group revenues, 2004

10 % Percentage of EBITA, 2004

SEK M	2004	2003	Change, %
Revenues	171.8	184.1	–7
EBITA	44.1	66.3	–33
Operating margin, %	25.7	36.0	–
No. of employees	357	299	19

Operations were established in **Hungary** in 1993, in the **Czech Republic** in 1996 and in **Poland** in 1998. Initially Intrum Justitia offered debt collection services to telecom companies alone, before gradually expanding to other segments and additional services.

In Hungary, Intrum Justitia is among the five largest CMS companies, together with Creditexpress, Kasolvenzia and Sigma. In Poland, Intrum Justitia is the market leader. Other companies with a strong position include Kasolvenzia, Kruk and Ultimo. The Group is market leader in the Czech Republic as well, competing mainly with Kasolvenzia.

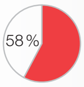
[1] The companies in this region are owned by Intrum Justitia Central Europe BV. This company in turn is 60 percent owned by the Intrum Justitia Group and 40 percent by a company in which one of the Group's regional managers is a co-owner.

Throughout this section, Intrum Justitia's competitors are presented in alphabetical order, without regard to their size or market position.

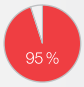
Service lines

The large part of our operations is in Consumer Collection & Debt Surveillance. This service line, together with Commercial & International Collection, accounted for approximately 80 percent of revenues in 2004.

CONSUMER COLLECTION & DEBT SURVEILLANCE



Percentage of Group revenues, 2004



Percentage of EBITA, 2004

MSEK	2004	2003	Change, %
Revenues	1,756.0	1,732.3	1
EBITA	409.5	398.1	3

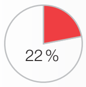
Consumer Collection services are designed for companies with a customer base made up of many private individuals, such as telecom, media, mail order and finance companies, utilities, real estate owners, public authorities and local governments. Assignments are characterized by a large number of receivables for small amounts.

Standardized processes are used to ensure that cases are managed as efficiently as possible. These processes include drawing up an installment plan, organizing collection and dealing with legal issues. At the same time Intrum Justitia has developed a number of industry concepts to adapt its management routines to each client's special needs and wishes.

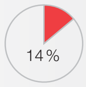
Debt Surveillance means that Intrum Justitia monitors consumer receivables and attempts to collect them on the client's behalf, even if the receivables have been written off in the client's accounts. Work on a portfolio usually continues for many years, and as market leader in a number of European countries the Group maintains a large number of surveillance cases. The majority of new assignments therefore concern individuals with debts that Intrum Justitia has previously had under surveillance. By focusing on the individual and his or her overall debt situation, the debtor has more motivation to reach and fulfill an agreement. This, coupled with the use of scoring models, allows Intrum Justitia to maintain a high level of efficiency in managing its cases.

Portfolio Group of receivables submitted for collection at the same time and/or by the same client.

COMMERCIAL & INTERNATIONAL COLLECTION



Percentage of Group revenues, 2004



Percentage of EBITA, 2004

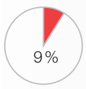
MSEK	2004	2003	Change, %
Revenues	640.5	665.3	–4
EBITA	60.5	56.7	7

Commercial Collection services focus on companies and organizations with unpaid receivables from other companies and organizations. These clients usually have a relatively small number of claims, each for a large amount, which require more specialized and individualized processing.

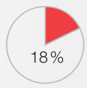
In *International Collection* services, Intrum Justitia works with receivables in which the debtor is in a country other than that of the client. The client hires Intrum Justitia in its own country, and Intrum Justitia then contacts the debtor or uses a partner in the country in which the debtor is resident. Because all contacts with the debtor are in its language and in accordance with local practices, an effective relationship is facilitated.

In addition to its own presence in 21 European countries, Intrum Justitia has a network of partners stretching to over 160 countries outside Europe. Intrum Justitia's clients thereby have access to services in most of the world. Equally, Intrum Justitia can assist the clients of other, non-European CMS companies in Europe.

PURCHASED DEBT



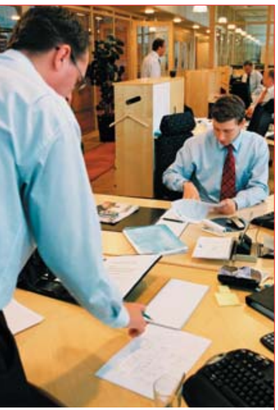
Percentage of Group revenues, 2004



Percentage of EBITA, 2004

MSEK	2004	2003	Change, %
Revenues	244.9	206.6	19
EBITA	79.2	85.6	–7

As an alternative to using Intrum Justitia for the collection of written-off receivables via conventional outsourcing assignments, companies can sell their receivables to Intrum Justitia. This is often a good alternative for clients looking for administrative cost savings and to realize the hidden value of their written-off receivables and thereby accelerate cash flows.



Portfolios of receivables are purchased at prices below their nominal value. Such cases are managed in the same manner as other collection assignments, except that Intrum Justitia retains the entire amount it collects, including interest and collectable fees. The purchase of written-off receivables is an important channel for Intrum Justitia to generate cases for its *Consumer Collection & Debt Surveillance* service line.

In its purchases, Intrum Justitia focuses on small and medium sized portfolios of consumer receivables with relatively small amounts per receivable. The portfolios are purchased from clients with whom Intrum Justitia has maintained long-term relationships, so the receivables in question are usually familiar. Together with the Group's valuation methods and access to extensive collection history, this creates a good potential to predict future cashflow.

To facilitate the purchase of larger portfolios at attractive risk levels, Intrum Justitia also cooperates with other companies. In 2002 a cooperation was established with one of Europe's leading banks, Crédit Agricole Lyonnais, to purchase overdue consumer receivables in the Nordic region. The cooperation is managed by a joint venture company. In 2003 a similar joint venture, comprising two companies, was established with the global investment bank Goldman Sachs to invest in several European countries, excluding the Nordic region. The first purchase, consisting of an unsecured British bank loan portfolio, was made in July 2004.

SALES LEDGER SERVICES[1]

4 % Percentage of Group revenues, 2004

Negative Percentage of EBITA, 2004

MSEK	2004	2003	Change, %
Revenues	129.9	113.9	14
EBITA	–32.3	–55.6	–

This service line offers services that allow clients to outsource their invoice and sales ledger management. Clients are primarily companies and organizations with large invoice volumes and numerous individuals as customers.

If a client decides to let it handle the entire chain of administration, Intrum Justitia begins by producing and dispatching invoices. It then takes charge of the client's sales ledger accounting, including receipt and bookkeeping of payments. If the client's customer does not pay within the agreed time, Intrum Justitia monitors the invoice and sends out reminders. A reminder may include information extracted from several invoices. If the customer still does not pay despite the reminders, Intrum Justitia will consult its client on the collection actions it wishes to take.

OTHER SERVICES

7 % Percentage of Group revenues, 2004

Negative Percentage of EBITA, 2004

MSEK	2004	2003	Change, %
Revenues	207.8	233.6	–11
EBITA	–9.4	20.1	–

Intrum Justitia also offers a range of other CMS-related services, usually in response to local client requirements. The most important are as follows:

Credit information and decision
In some countries, Intrum Justitia offers credit information on commercial businesses and individuals and provides advice used in the credit approval process.

Guaranteed credit screening[2]
In Switzerland, Intrum Justitia offers services in the form of screening applications for new credit and debit cards on behalf of card issuers. Approval of each application is based on a scoring analysis. Receivables arising from nonpayment are purchased by Intrum Justitia and managed by the *Purchased Debt* service line.

Purchase of fresh receivables[2]
In Norway, Intrum Justitia purchases fresh receivables (debts that are normally less than 90 days overdue). Acquired receivables are managed by the *Consumer Collection & Debt Surveillance* service line.

VAT Refund services
VAT Refund services are available to companies seeking to obtain VAT refunds from EU countries. Companies are often eligible for VAT refunds on certain types of purchases but would rather avoid the extra administrative work involved. These services are offered in some ten countries.

[1] As of 2005, Sales Ledger Services will be included in Other services.
[2] As of 2005, this service will be accounted for under Purchased Debt.

Employees

Intrum Justitia is active in a personnel-intensive service industry and has around 2,900 employees in 21 countries.

In a smooth-running, goal-focused organization, every member of staff – from the top executive to the most recent new employee – shares a common view of the company and its strategy and objectives. Everyone also knows how they can contribute to reaching those objectives.

The first step in making Intrum Justitia an even better, more goal-focused and efficient organization has been taken by Group Management. The goal is to increase employees' motivation and sense of responsibility by clarifying professional roles, duties and authority and by giving every employee the right tools and training needed to perform his or her duties.

In the spring of 2004 a Group-wide employee survey was conducted under project name *inject*. A questionnaire was sent to around 2,800 employees who were asked a number of questions on their job situation and possibilities of influencing it as well as on the leadership they receive.

Just over 2,300 employees replied, achieving a response rate of 83 percent, which is both encouraging and challenging. The overall results of the survey show that a majority of employees want to participate by taking responsibility for their own, and the company's, development. Employees expressed pride in working for Intrum Justitia. They are also strongly aware of how the company generates its profit, not to mention the importance of high ethical standards and entrepreneurship.

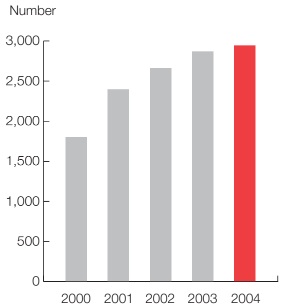
The survey also pointed to areas of improvement. As a direct result, there is now a subsequent program covering objective follow-ups, succession planning, leadership development and promotion of the Group's talents.

The dialogue that has been opened through *inject* will continue and serve as a cornerstone in Intrum Justitia's efforts to maintain its reputation as a good employer.

Key data, employees

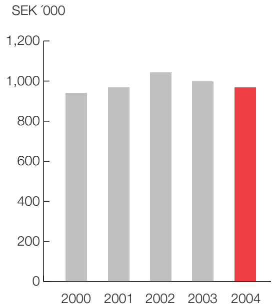
Training costs per Group employee amounted to SEK 3,392 in 2004. Employee turnover in the Group as a whole was 23 percent. Turnover varies considerably between various employee categories and units, which is natural since certain units are staffed largely by temporary employees. Total sick leave in the Group in 2004 amounted to 6.0 percent of employees' aggregate working hours. In 2003 the corresponding figure was 4.9 percent.

Average number of employees



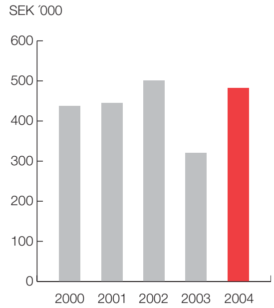
The average number of employees increased by three percent in 2004 to 2,945.

Revenues per employee



Revenues per employee decreased by three percent during the year to SEK 967,000.

Value-added per employee



Value-added per employee increased by 51 percent during the year to SEK 482,000. Value-added is computed as the sum of operating earnings after depreciaton plus payroll costs divided by the average number of employees during the year.

Employees

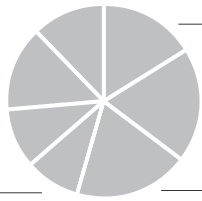
Expertise, reliability, ethics and discretion

Satisfied clients keep coming back. Satisfied clients are also more likely to use more of the services we offer. We are proud of the loyalty clients have shown us. Over 85 percent decide to renew their contracts.

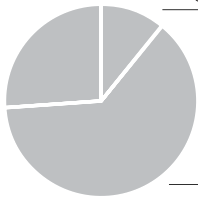
The keys to raising the number of satisfied clients – aside from offering a wide range of services – are efficiency, experties, reliability and discretion. These values are manifested in our policy *Fair Pay... please!*

Our administrators are trained to quickly handle a wide spectrum of issues, while at the same time safeguarding the client's reputation and the debtor's integrity. In complex cases where expertise is needed in negotiating or legal issues, a number of specialists are available. Our large clients are appointed special account managers who provide an established contact and are responsible for ensuring that the client's expectations are met or exceeded.

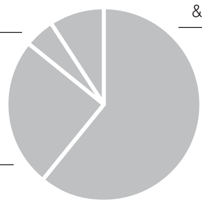
Employees by region



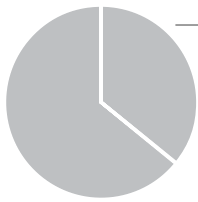
Education level



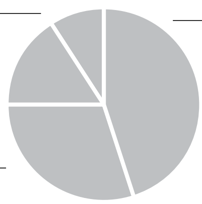
Employees by service line



Gender distribution



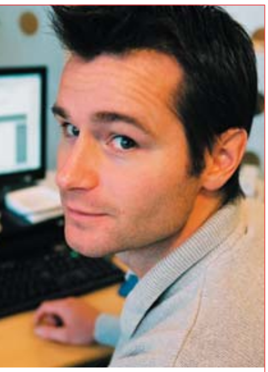
Age distribution

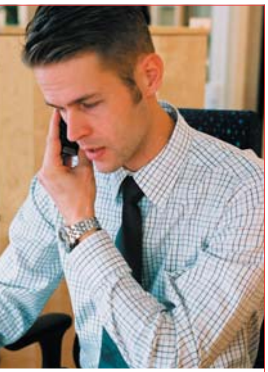


Further information on employees can be found in Notes 25–29.

Risks and risk management

While not intended to be comprehensive, the following list presents a number of risk factors that are considered especially important in determining Intrum Justitia's future.





OPERATIONAL RISKS

Operations in many countries

The international scope of Intrum Justitia's business entails risks, mainly due to regulatory differences in the more than twenty countries where the Group is active. Intrum Justitia must handle different tax structures, accounting standards and currencies, at the same time that it has to recruit and retain employees with the right competencies and integrity.

There are major differences in legislation, culture, practices and market size between countries. To succeed in CMS throughout Europe requires a local presence and understanding of local conditions. Responsibility for managing and developing operations must lie to a significant extent with the Group's regions and national subsidiaries. The Group's development is therefore dependent on the knowledge, experience, integrity and commitment of local and regional management as well as Group Management's ability to oversee and control a decentralized organization.

Expansion in different countries

Future expansion may give rise to strains on managerial, operational and financial resources stemming, for example, from the recruitment and training of new employees and the management of additional offices and client contacts.

Opportunities to successfully complete acquisitions are dependent on Intrum Justitia's ability to identify and evaluate acquisition targets and to effectively integrate them into existing operations. A potential acquisition may also depend on the approval of a government authority or other third party.

Changes in the regulatory environment

The CMS industry is regulated by various national statutes and regulations, which may also be affected by EU directives. Changes in the regulatory environment may curtail Intrum Justitia's future operations or involve cost increases in order to comply with regulations.

Cyclicality

While certainly not unaffected by economic conditions, the CMS industry, in Intrum Justitia's experience, has historically been affected less by economic fluctuations than many other industries thanks to "stabilizing factors" during both good times and bad. For Intrum Justitia, the effects of economic conditions in individual markets are also mitigated by the Group's geographic diversity.

During periods of economic growth, the number of business transactions rises, as does lending in general and thus the number of invoices in circulation. Payment capacity also increases, due to which the percentage of invoices that result in overdue receivables and debt collection cases falls. In absolute terms, the number of overdue receivables and collection cases usually rises, however, at the same time that improved payment capacity leads to better opportunities to collect debt.

Conversely, during recession, the number of business transactions and invoices decrease. Payment capacity is adversely affected, due to which a larger proportion of invoices lead to overdue receivables and collection cases. The number of new cases decreases while the number of debt surveillance cases rises and opportunities to collect worsen.

FINANCIAL RISKS

Risks inherent in purchased debt

As part of its operations, Intrum Justitia acquires portfolios of written-off consumer receivables and works actively to collect them. Unlike conventional collection operations, where Intrum Justitia works on behalf of clients in return for commissions and fees, in this case it assumes all the rights and risks associated with the receivables. The portfolios are purchased at prices below their nominal value, and Intrum Justitia retains the entire amount it collects, including interest and fees.

To minimize the risks in this business, Intrum Justitia exercises prudence in its purchase decisions. The focus is on small and medium sized portfolios with relatively low average amounts, to help spread risks. Purchases are usually made from clients with whom the Group has maintained long relationships, so it is usually familiar with the receivables in question.

Intrum Justitia places high yield requirements on purchased portfolios. Before every acquisition a careful assessment is made based on a projection of future cash flows (collected amount) from the portfolio. In its calculations, Intrum Justitia is aided by its long experience in collection management and its scoring models. Intrum Justitia therefore feels that it has the expertise needed to valuate these types of receivables.

Risks are also managed through limits on the scope and structure of purchased portfolios:

- The Group's total assets in purchased portfolios may not exceed SEK 600 M.
- No single portfolio may account for more than 25 percent of the total value of the portfolios.
- A maximum of 50 percent of total book value of the portfolios may originate from any one country.

To facilitate the purchase of larger portfolios at attractive risk levels, Intrum Justitia cooperates with other companies and shares in the equity investment and profits. To date two such cooperations have been established, with Crédit Agricole Lyonnais in 2002 and with Goldman Sachs in 2003.

Guarantees in conjunction with the screening of credit card applications in Switzerland

As part of its service offering in Switzerland, Intrum Justitia screens new credit card applications on behalf of card issuers and guarantees payment to the issuers of the face value of the cardholder's debt in the event of nonpayment. In the last two years these operations have been scaled back, partly due to a planned adjustment to current economic conditions. As a result, the total value of the guaranteed debt has declined to SEK 833.4 M (942.9) at year-end. The principal risk is associated with credit card debt due for more than 30 days, which at year-end totaled SEK 9.8 M (15.2).

Intrum Justitia manages risk in this business through the implementation of strict credit limits on new cards and by an analysis of the credit status of card applicants. As of December 31, 2004 Intrum Justitia has allocated a provision of SEK 28.1 M (32.0) in its balance sheet to cover payments that may be required under the guarantees.

Currency fluctuations

Intrum Justitia operates in 21 countries. The results and financial position of subsidiaries are reported in the relevant foreign currencies and later translated into SEK for inclusion in the consolidated financial statements. Consequently, fluctuations in exchange rates affect the Group's earnings, shareholders' equity and other items in its accounts.

In each country, purchased debt portolio investments, all revenues and most operating expenses are denominated in local currency, due to which currency fluctuations have a limited impact on the company's operating earnings in that currency. Thus, revenues and expenses in the national currency are matched in a natural manner, limiting transaction exposure.

The translation of the balance sheets of foreign subsidiaries to SEK results in a balance sheet exposure that affects the size of the Group's shareholders' equity. Intrum Justitia has an exposure mainly through its net assets in euro, though also in UK Sterling and Swiss francs, and to a lesser extent in other currencies. The effect on shareholders' equity can be reduced by matching the assets valued in each local currency with the liabilities in the same currency, or through financial hedging. The Group's current policy is not to actively hedge its translation exposure.

Interest rate fluctuations

Intrum Justitia's interest-bearing net borrowing amounted to SEK 456.5 M on December 31, 2004 (768.6). Lending rates are tied to market interest rates. Maturities are short, generally three months. As a result, changes in market interest rates quickly impact the Group's financial net.

Interest rate increases can have an indirect effect on case submissions and earnings in its collection operations, as private individuals find it harder to pay the interest on mortgage loans and other debt-financed purchases.

Sensitivity analysis

The following table illustrates the estimated effects on the Group of changes in several variables. The calculations should not be seen as an indication that these particular variables are more or less likely to change. Also, the calculations assume that all other factors that can affect the Group remain unchanged.

Payroll costs (incl. social security contributions)	**EBITA**
+ 1%	SEK –11.0 M

Value of Swedish krona vs. other currencies	**EBITA**
+ 1%	SEK –3.2 M

Interest rate on Intrum Justitia's own net borrowings	**Earnings after financial items**
+ 1 percentage point	SEK –4.6 M

Financial review

SEK M	2004 Acc. to IFRS[1]	2004	2003	2002[2]	2001	2000
Consolidated income statements						
Revenues	2,740.5	2,848.8	2,864.6	2,774.9	2,320.6	1,694.1
Cost of sales	–1,598.1	–1,710.6	–1,765.7	–1,755.4	–1,427.1	–1,047.2
Gross earnings	**1,142.4**	**1,138.2**	**1,098.9**	**1,019.5**	**893.5**	**646.9**
Sales and marketing expenses	–304.1	–304.1	–281.8	–257.3	–221.2	–141.3
General and administrative expenses	–410.5	–405.5	–389.4	–287.8	–274.6	–228.6
Goodwill amortization	–	–112.1	–124.0	–126.7	–142.2	–116.9
Items affecting comparability	–	–	–398.0	–8.5	–11.5	22.8
Participations in associated companies	2.8	2.8	0.4	7.0	–2.5	0.0
Operating earnings (EBIT)	**430.6**	**319.3**	**–93.9**	**346.2**	**241.5**	**182.9**
Net financial income/expense	–36.4	–36.4	–52.9	–107.8	–121.4	–100.9
Earnings after financial items	**394.2**	**282.8**	**–146.8**	**238.4**	**120.1**	**82.0**
Current and deferred taxes	–70.8	–72.7	–21.2	–65.4	–52.7	–30.3
Minority interests	–10.3	–10.3	–12.2	0.3	0.0	1.1
Net result for the year	**313.1**	**200.4**	**–180.2**	**173.3**	**67.4**	**52.8**
Consolidated balance sheets						
Assets						
Total fixed assets	2,162.5	2,079.0	2,201.4	2,450.1	2,357.9	1,819.6
Total current assets	1,468.5	1,468.5	1,479.2	1,287.2	1,002.6	613.4
Total assets	**3,631.0**	**3,547.5**	**3,680.6**	**3,737.3**	**3,360.5**	**2,433.0**
Shareholders' equity and liabilities						
Total shareholders' equity	1,512.6	1,436.3	1,240.8	1,537.8	528.3	477.1
Minority interests	27.6	27.6	17.3	0.9	1.2	1.4
Total liabilities, including provisions	2,090.8	2,083.6	2,422.5	2,198.6	2,831.0	1,954.5
Total shareholders' equity and liabilities	**3,631,0**	**3,547,5**	**3,680.6**	**3,737.3**	**3,360.5**	**2,433.0**

Definitions

Adjusted EBITA Operating result before goodwill amortization and items affecting comparability.

Adjusted EBITA margin Adjusted EBITA as a percentage of revenues.

Average number of employees Average number of employees during the year, recalculated to full-time positions.

Beta Measure of the share price's fluctuation in relation to the market as a whole, in the form of the SAX All-Share Index, over the course of the year. Changes that precisely follow the index produce a beta of 1.0. A figure below 1.0 means that the changes in the share price have been smaller than those in the index.

Collection cases in stock Total number of debt collection cases within the *Consumer Collection & Debt Surveillance* and *Commercial & International Collection* service lines at year-end.

Dividend payout Dividend as a percentage of net earnings for the year.

Earnings per share Net earnings for the year divided by the average number of shares during the year.

EBITA Operating result before goodwill amortization.

EBITEquity/assets ratio Shareholders' equity as a percentage of total assets.

Gross collection value Total amount outstanding to collect on behalf of clients on due date, including interest accrued prior to due date. Includes purchased debt but not penalty interest or fees.

Interest coverage ratio Earnings after financial items plus interest expense and similar items as a percentage of interest expense and similar income statement items.

Net debt Interest-bearing loans (total long-term liabilities and current liabilities to credit institutions) less liquid funds and interest-bearing receivables.

Operating capital Sum of shareholders' equity, minority interests, pension commitments and interest-bearing liabilities less liquid funds and interest-bearing receivables.

Operating cash flow per share Cash flow from operating activities divided by the number of shares at year-end.

Operating margin Operating earnings as a percentage of revenues.

P/E Price/earnings ratio: year-end share price divided by earnings per share.

P/S Price/sales ratio: year-end share price divided by sales per share.

Return on operating capital Earnings after financial items plus financial expense and goodwill amortization, divided by average operating capital.

Return on shareholders' equity Net result for the year as a percentage of average shareholders' equity.

Yield Dividend per share divided by the year-end share price.

Financial review

SEK M	2004	2003	2002[2]	2001	2000
Revenues by region					
Sweden, Norway & Denmark	732.1	729.3	712.0	617.6	543.5
United Kingdom & Ireland	361.5	395.5	525.4	484.6	409.1
Netherlands, Belgium & Germany	581.1	607.6	561.7	428.5	220.8
Switzerland. Austria & Italy	367.8	351.3	413.7	350.9	232.2
Finland, Estonia, Latvia & Lithuania	316.5	283.8	246.3	211.7	156.8
France, Spain & Portugal	318.0	313.0	192.4	125.7	84.6
Poland, Czech Republic & Hungary	171.8	184.1	123.4	101.6	47.1
Total	**2,848.8**	**2,864.6**	**2,774.9**	**2,320.6 1**	**694.1**
Operating earnings before goodwill amortization (EBITA) by region[3]					
Sweden, Norway & Denmark	148.2	166.7	170.6	141.7	114.7
United Kingdom & Ireland	2.7	2.4	115.3	99.2	99.3
Netherlands, Belgium & Germany	80.0	94.9	61.4	71.0	38.5
Switzerland, Austria & Italy	61.4	43.8	90.6	55.4	45.1
Finland, Estonia, Latvia & Lithuania	131.2	106.7	97.7	71.3	42.0
France, Spain & Portugal	50.0	42.3	6.8	–3.2	–15.4
Poland, Czech Republic & Hungary	44.1	66.3	22.1	22.5	1.3
Participations in associated companies	2.8	0.4	7.0	–2.5	0.0
Central expenses	–89.0	–95.4	–90.1	–60.2	–48.5
Items affecting comparability	–	–398.0	–8.5	–11.5	22.8
Total	**431.4**	**30.1**	**472.9**	**383.7**	**299.8**
Revenues by service line					
Consumer Collection & Debt Surveillance	1,756.0	1,732.3	1,597.1	1,343.4	1,040.3
Commercial & International Collection	640.5	665.3	706.0	587.7	335.4
Purchased Debt	244.9	206.6	163.1	136.0	95.3
Sales Ledger Services[4]	129.9	113.9	101.2	65.7	–
Other services	207.8	233.6	276.0	224.2	258.7
Internal elimination	–130.3	–87.1	–68.5	–36.4	–35.6
Total	**2,848.8**	**2,864.6**	**2,774.9**	**2,320.6**	**1,694.1**
Operating earnings before goodwill amortization (EBITA) by service line[3]					
Consumer Collection & Debt Surveillance	409.5	398.1	370.4	312.5	251.3
Commercial & International Collection	60.5	56.7	102.0	69.6	35.9
Purchased Debt	79.2	85.6	84.2	78.5	52.3
Sales Ledger Services[4]	–32.3	–55.6	–37.4	–28.6	–
Other services	–9.4	20.1	39.0	14.6	–15.1
Participations in associated companies	2.8	0.4	7.0	–2.5	0.0
Central expenses	–78.9	–77.2	–83.8	–48.9	–47.4
Items affecting comparability	–	–398.0	–8.5	–11.5	22.8
Total	**431.4**	**30.1**	**472.9**	**383.7**	**299.8**

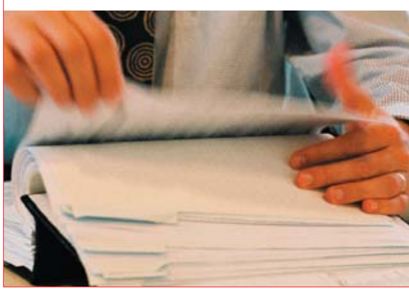
[1] Restated in accordance with International Financial Reporting Standards (IFRS). For a detailed summary of the effects of the new rules, see Note 36, page 59.

[2] Excluding the effect of the adjustment for accounting inaccuracies in England. The adjustment is reported as an item affecting comparability in 2003.

[3] EBITA for regions and service lines is the externally generated EBITA less central marketing expenses.

[4] Sales Ledger Services is a separate service line since January 1, 2001. In 2000 Sales Ledger Services were accounted for as part of Other services.

In all tables the figures for years before 2002 pertain to the Group with Intrum Justitia Holding NV as the Parent Company, restated to conform to Swedish accounting principles.



Financial statements

- Revenues amounted to SEK 2,848.8 M (2,864.6). Adjusted for exchange rate fluctuations, revenues were unchanged.
- EBITA rose to SEK 431.4 M (30.1).[1]
- Net earnings rose to SEK 200.4 M (–180.2).[1]
- Cash flow from operating activities remained strong at SEK 481.1 M (301.8).
- Earnings per share before and after dilution improved to SEK 2.36 (–2.12).[1]
- The Board of Directors proposes a redemption corresponding to approximately SEK 7 per share and a change in the dividend policy that increases the dividend payout.

[1] The result for 2003 was charged with items affecting comparability totaling SEK 398.0 M, mainly attributable to measures and costs to correct accounting inaccuracies in England.

Board of Directors' report

The Board of Directors and the President of Intrum Justitia AB (publ) hereby submit the following annual report and consolidated financial statements for the financial year 2004. The company has its registered address in Stockholm and corporate identity number 556607-7581.

THE INTRUM JUSTITIA GROUP

Founded in 1923, Intrum Justitia is Europe's leader in Credit Management Services (CMS). The Group's services cover the entire credit management chain, from credit information via invoicing, reminders and collection to debt surveillance and collection of written-off receivables. Most services are grouped within the service lines *Consumer Collection & Debt Surveillance* and *Commercial & International Collection*. Intrum Justitia also works with *Purchased Debt* and a number of specialized services related to credit management. Operations are organized into seven regions. The Group has around 2,900 employees in 21 European countries.

KEY EVENTS DURING THE YEAR

The review of the English subsidiary's accounting inaccuracies that began in 2003 was completed during the year. As a result of the investigation, the company's share was traded from August 20, 2003 on the so-called Observation section of Stockholmsbörsen's O-list. After the Group audit for 2003 was completed, Stockholmsbörsen decided on March 29, 2004 to move the company's share back to its ordinary place on the O-list. Since July 1, 2004 the share has been traded on the Attract40 segment.

The Annual General Meeting in May replaced the previous auditors, Öhrlings PricewaterhouseCoopers, and elected the accounting firm KPMG Bohlins AB as auditors for a period of four years, until 2008.

In June the Group presented the European Payment Index, a study of payment habits in 22 countries. The results, based on a survey of over 9,000 European companies, underscores the significant risks still associated with lending and the long payment delays in the European economy. Difficulties in getting paid across borders, even within the EU's common market, is cited as the single largest problem.

In June the Group increased its ownership interest in the Icelandic associated company Intrum á Íslandi ehf, from 20 to 25 percent.

In July the joint venture between Intrum Justitia and Goldman Sachs made its first purchase, acquiring an unsecured bank loan portfolio in the United Kingdom.

In October Intrum Justitia announced the acquisition of the Irish debt collection company Legal & Trade (Ireland) Ltd. In November 2004 Intrum Justitia decided, however, to withdraw from the acquisition, when the financial prerequisites on which Intrum Justitia based the acquisition were no longer at hand, based on new information provided by the seller, Legal & Trade Financial Services Ltd. The matter is currently being processed in the Irish courts.

REVENUES AND EARNINGS

Consolidated revenues for the year were unchanged in local currency. Continued growth in Finland, Sweden and Switzerland, with rising volume from clients in the telecom and energy sectors, was offset mainly by lower revenues in England, Germany and Norway, due to lower inflow of cases.

Operating earnings (EBITA) increased to SEK 431.4 M (30.1). No items affecting comparability were reported in 2004, while 2003 was charged with a total of SEK 398 M, of which SEK 356 M related to the accounting problems in England and SEK 42 M to the integration of the German operations and a rationalization package in Belgium and the Netherlands. After a revaluation of the purchased debt portfolios, the value of the Norwegian portfolios was written down by SEK 22.1 M. For other portfolios, a renewed estimation of anticipated future cash flow led to lower amortization, which positively affected revenues and earnings by SEK 18.9 M. Operating earnings (EBIT) increased to SEK 319.3 M (–93.9).

Earnings before tax and minority interests for the year increased to SEK 282.9 M (–146.8), while net earnings amounted to SEK 200.4 M (–180.2).

GEOGRAPHIC REGIONS

Sweden, Norway & Denmark

The Swedish company reported solid revenue growth and maintained good margins. Revenues rose mainly in *Consumer Collection & Debt Surveillance*, including higher volume from the energy and telecom sectors. Revenues increased during the third quarter, and a tax refund in August was positive for the company's debt surveillance operations, which contributed to the earnings increase during the year.

The Norwegian company was unable to match its revenues of the previous year, mainly due to difficulty compensating for lost volume from a major client. The company's earnings were also affected by problems collecting on portfolios of fresh receivables and the write-down of purchased debt portfolios by SEK 22.1 M following a revaluation.

In Denmark, debt surveillance services developed positively and contributed to the increase in revenues and earnings. Although attorneys have traditionally held a strong position in the market, collection companies' more cost-effective routines are increasingly being utilized, especially for small debts.

Regional revenues amounted to SEK 732.1 M (729.3) for the year. Operating earnings (EBITA) amounted to SEK 148.2 M (166.7).

United Kingdom & Ireland

The recovery after the accounting problems in 2003 has taken time. Efforts are still being made in the United Kingdom to improve processes and routines, due to which sales work with new clients was not a priority. The company lost volume during the year, which affected revenues and earnings. A limited sales campaign for new clients was begun during the fourth quarter, at the same time that work continued with the existing client base. Thanks to improvements in routines and administration, more clients are again positive to returning to Intrum Justitia. The subsidiary Stirling Park was acquired in 2002. Its main clients are local authorities and government departments, a focus on a niche group unique to Intrum Justitia.

The Irish company lost volume slightly compared with the previous year. It also devoted time to the acquisition process that was broken off in 2004. In relation to its size, the *Sales Ledger* service line increased its revenues substantially and is generating steady earnings.

Regional revenues amounted to SEK 361.5 M (395.5) for the year. Operating earnings (EBITA) amounted to SEK 2.7 M (2.4).

Netherlands, Belgium & Germany

The Dutch operations reported a major inflow of cases from the telecom and energy sectors, and growth was good during the first half-year. Growth slowed slightly during the second half due to a lower volume inflow than the previous year. Debt surveillance posted the best performance during the year and was affected positively by purchased debt. European Outsourcing Services (EOS) was integrated during the year with the other Dutch operations. The increase in demand, mainly in the finance and media sectors, is not yet enough to cover costs.

The former production manager from the successful Dutch operations was appointed the new country manager in Belgium. Cooperations have been established with the Dutch operations in several areas, particularly the development of IT systems. Earnings have recovered and the company achieved a better margin.

The German operations have a new management, and a review of operations has been made together with the Swiss regional management. The previously weak sales organization has been restructured and strengthened. A recovery in volume after the earlier loss of large clients was noted during the latter part of the year.

Regional revenues amounted to SEK 581.1 M (607.6) for the year. Operating earnings (EBITA) amounted to SEK 80.0 M (94.9).

Switzerland, Austria & Italy

In Switzerland, volume grew in 2004, leading to higher revenues and an improved margin. The volume increase was generated in the telecom and healthcare sectors, while credit and guarantee operations decreased in scope.

Revenue growth in Austria has remained weak, resulting in a loss for the year. An adjustment in the value of a portfolio of purchased debt has been charged against earnings.

The operating loss in Italy necessitated further changes during the year. Although a major client from the energy sector was added in *Consumer Collection & Debt Surveillance* in late 2003, the new volume did not compensate for previously lost clients.

Regional revenues amounted to SEK 367.8 M (351.3) for the year. Operating earnings (EBITA) amounted to SEK 61.4 M (43.8).

Finland, Estonia, Latvia & Lithuania

Growth in the Finnish operations remained stable in 2004. Good volume, in part from clients in the telecom sector, contributed to the increase that took place mainly in *Consumer Collection & Debt Surveillance*. Efficiency improvements in this service line reinforced the positive effect on earnings of this higher volume.

The Estonian company has developed positively, in part because it now produces part of the VAT Recovery service offered in the Nordic countries. Lithuania developed in line with the previous year. In Latvia, revenues increased significantly, but from a low level.

Regional revenues amounted to SEK 316.5 M (283.8) for the year. Operating earnings (EBITA) amounted to SEK 131.2 M (106.7).

France, Spain & Portugal

The French company's growth slowed during the second half of 2004 due to lower volume from the telecom sector. Operating earnings remained strong.

In Spain, revenue and earnings have risen strongly. The case inflow from clients in banking and financial services also contributed to growth in the *Sales Ledger* service line.

Growth in Portugal remained good, with higher volume mainly from the telecom sector, which was reflected in strongly improved operating earnings for the year.

Regional revenues amounted to SEK 318.0 M (313.0) for the year. Operating earnings (EBITA) amounted to SEK 50.0 M (42.3).

Poland, Czech Republic & Hungary

The Polish market has become more competitive in the *Purchased Debt* service line. Investment volumes in this area did not reach the previous year's levels, which negatively affected the year's revenues and earnings.

The Czech market is still growing, bolstered by deregulations. Intrum Justitia's revenue and earnings growth stems mainly from clients in the energy sector, though also from the financial services and insurance industries.

In Hungary, the company worked intensely to stop its losses by cutting costs, at the same time that major efforts were made to compensate for the clients and volume lost in 2003. The company succeeded well and reported a stable final quarter of 2004.

Regional revenues amounted to SEK 171.8 M (184.1) for the year. Operating earnings (EBITA) amounted to SEK 44.1 M (66.3).

Since April 2003 there has been a 40-percent minority interest in the companies in Poland, Hungary and the Czech Republic.

SERVICE LINES

Intrum Justitia's range of services has during 2004 been divided between five service lines:

- *Consumer Collection & Debt Surveillance.* Collections from private individuals, normally on behalf of companies and public authorities, with a large number of small receivables, in addition to long-term surveillance of consumer receivables that clients have written off.

- *Commercial & International Collection.* Collection on behalf of companies and public authorities where the party liable for payment is another company, and collections where the holder of the receivable and the party liable for payment are in different countries.
- *Purchased Debt.* Acquisition of portfolios of written-off consumer receivables at an amount less than the portfolios' nominal value.
- *Sales Ledger services.* Invoicing, issuing reminders, sales ledger services and invoice-related client support services.
- *Other services.* Other services related to the CMS process, such as credit information and credit guarantees.

Consumer Collection & Debt Surveillance

This service line accounted for 58 percent of the Group's revenues in 2004. Continued high spending in many countries and increased access to consumer credits were the main reasons for higher volume in this service line.

Revenues increased to SEK 1,756.0 M (1,732.3). Organic growth was two percent, mainly due to Finland, France, Sweden and Switzerland, where case volume from new and existing telecom, healthcare and energy clients was good. The Netherlands and Poland also contributed to growth, principally through higher debt surveillance volume. This business has developed positively now that debt surveillance services are offered in more of the Group's markets. Operating earnings (EBITA) for the year improved by three percent to SEK 409.5 M (398.1).

Commercial & International Collection

Service line revenues amounted to SEK 640.5 M (665.3). The main reason for the decrease is lower case volume in Italy and Germany. Growth was also slowed by a lower inflow of cases in Belgium and France during the second half of the year. However, Intrum Justitia continued to generate a strong inflow of new cases in England, Portugal and Spain. The Nordic countries otherwise had a stronger year than 2003. Operating earnings (EBITA) for 2004 increased by seven percent to SEK 60.5 M (56.7).

Purchased Debt

Service line revenues increased to SEK 244.9 M (206.6) in 2004. Operating earnings (EBITA) amounted to SEK 79.2 M (85.6). The revenue increase is mainly due to Finland, Sweden and Switzerland, where collections from existing portfolios were good throughout the year. Collections from portfolios acquired during the year in the Netherlands and Spain also contributed to the strong revenue increase. The operating margin in the service line decreased to 32 percent, against 41 percent in the previous year. The decrease is due in part to lower collections from the Austrian, English and Polish portfolios and in part to higher portfolio pricing in Poland. After a revaluation of purchased debt portfolios, the Group has also written down the value of the Norwegian portfolios by SEK 18.9 M. For other portfolios, an estimation of anticipated future cash flows led to lower amortization, which positively affected revenues and earnings by SEK 18.9 M. The estimation of future cash flows is in line with upcoming IFRS rules.

The year's investments in Purchased Debt portfolios amounted to SEK 253.6 M (200.8). The book value of written-off receivables at year-end, SEK 390.6 M, is divided among a number of countries, the most important of which are the United Kingdom (34 percent), Switzerland (18 percent), Finland (12 percent) and Poland (9 percent). The Board of Directors has set limits for this service line's scope and portfolio structure, with the Group's total assets in acquired portfolios not exceeding SEK 600 M, no single portfolio accounting for more than 25 percent of the total value of the portfolios, and a maximum of 50 percent of receivables originating from any one country.

Sales Ledger services

Service line revenues increased during the year to SEK 129.9 M (113.9). The increase is due largely to England, France and Spain, where higher demand, mainly from the telecom, finance and media sectors, has led to an increased case volume. Intrum Justitia has also noted higher demand for sales ledger services from small and medium sized enterprises.

Operating earnings (EBITA) amounted to SEK –32.3 M (–55.6). The deficit was largely due to costs in connection with the migration to a new production system in Sweden and the move and integration of the EOS unit with other operations in the Netherlands. In addition, local operations have not yet reached critical volume. A reduced deficit is expected in 2005. The service line is contributing positively to the Group through synergies by generating collection cases for other service lines.

This service line will be reported under *Other services* as of 2005.

Other services

Service line revenues decreased during the year to SEK 207.8 M (233.6). Operating earnings (EBITA) amounted to SEK –9.4 M (20.1). The decrease in revenues during the year is mainly due to the Swiss credit information and credit guarantee operations as well as poorer results from fresh receivable purchases in Norway. The latter has also had a significant effect on operating earnings. Operating earnings for the year were also charged with SEK 3.2 M for a write-down in the value of the Norwegian portfolios.

Credit guarantee operations in Switzerland and purchases of fresh receivables in Norway will be reported under *Purchased Debt* as of 2005.

EXPENSES

The Group's improved gross profit margin is largely the result of higher productivity and cost reductions. During the year the sales and marketing organization was strengthened in several countries. The increase in total administrative expenses relates mainly to England, which had exceptionally high expenses for legal, audit and consulting services during the first half year, at the same time that the local organization has been strengthened.

NET FINANCIAL ITEMS

Financial expenses were lower than the previous year and net financial items amounted to SEK –36.4 M (–52.9), an improvement due to lower net debt and lower interest rates, which produced a better financial net.

CASH FLOW AND INVESTMENTS

Cash flow from operating activities improved to SEK 481.1 M during the year, against SEK 301.8 M in 2003. This is mainly due to higher earnings, lower net tax payments and freed-up working capital, with the exception of repayments of SEK 70.4 M for previously unallocated receipts in England, which was charged against cash flow in 2004. During the year the Group's English subsidiary received refunds of previously paid preliminary tax for the years 2001–2003 totaling SEK 53.5 M.

Investments in tangible fixed assets amounted to SEK 37.1 M and in intangible fixed assets other than goodwill SEK 34.5 M. The Group is not engaged in any research and development other than the development of its IT systems. The investments for the year pertain largely to hardware and software for the IT systems, mainly for production. Technological development is rapid and new technical solutions have facilitated collection operations and other credit administration. At the same time demands are increasing for customized solutions, and it is of strategic importance for Intrum Justitia to be able to continuously adapt to changes in demand. A new production system has been implemented in Italy and Switzerland in recent years, with the introduction of new systems under way in Norway and the United Kingdom as well.

Purchases of debt amounted to SEK 266.8 M (200.8) during the year.

During the year SEK 2.0 M was invested in associated companies when the Group's interest in the Icelandic associated company Intrum á Íslandi ehf was increased from 20 to 25 percent. Investments of SEK 8.4 M in subsidiaries relate mainly to the additional contingent payment for the Scottish company Stirling Park, in accordance with the acquisition agreement.

FINANCING

The Group's financial position has strengthened during the year and net debt amounted to SEK 456.5 M (769.0) at year-end. The net debt/equity ratio improved to 0.32 (0.62).

Shareholders' equity amounted to SEK 1,436.3 M (1,240.8) and was positively affected by SEK 1.7 M from exchange rate fluctuations, which was offset by a negative net effect of SEK 6.6 M after tax for a change in accounting principles for pensions.

As of December 31, 2004 liquid assets totaled SEK 338.3 M (243.2). Unutilized credit facilities amounted to SEK 385.8 M (301.7).

CURRENCY EXPOSURE AND CURRENCY POLICY

Intrum Justitia reports revenues and expenses in Swedish krona (SEK). A significant share of the Group's revenues and expenses is in other currencies, which means that reported earnings and financial position in SEK are affected by fluctuations in exchange rates. The Group has a treasury policy that includes guidelines for managing currency exposure. Refer to Note 33 Financial instruments and concentration of risk.

Transaction exposure

Fluctuations in exchange rates have only a limited impact on each subsidiary's operating earnings since most of their revenues and expenses both denominates in local currency. The Group's earnings in SEK, on the other hand, are affected by fluctuations in the exchange rates used to translate subsidiaries' accounts. If a company has large cash flows in a currency other than its local one, excluding intra-Group transactions, the treasury policy requires that 75 percent of these cash flows for large amounts be hedged on a rolling twelve-month basis.

Translation exposure

When the balance sheets of foreign subsidiaries are translated to SEK, it creates a currency exposure since these balance sheets are denominated in other currencies. The effect is limited, however, because the Group's treasury policy requires all companies to be financed in their local currency. This exposure affects shareholders' equity in the Group, but, in accordance with the treasury policy, is not hedged.

TAX

The Group reported a tax expense for the full-year of SEK 72.2 M. The expense was affected positively by SEK 15.6 M for tax that the English subsidiary had previously expensed and paid for the year 2001. The amount was refunded in 2004, together with preliminary tax for 2002 and 2003, which had already been reported as a receivable in the annual accounts for 2003. The Group has not recognized any deferred tax receivables for the tax loss carry forwards in England.

Following tax audits in Finland, Norway and Sweden, the tax authorities in each country questioned certain deductions for the years 1998–2003. Intrum Justitia has appealed and does not expect the tax authorities' rulings to result in any cost to the company. The tax effect of the above deductions is reported as a contingent liability, totaling SEK 70.3 M. The tax audit in Denmark has been concluded and no significant questions remain.

MINORITY INTERESTS

Minority interests of SEK –10.3 M in the income statement and SEK 27.6 M in the balance sheet refer principally to the 40 percent minority ownership of the Group's companies in Poland, the Czech Republic and Hungary as of April 2003. After the closing date, in January 2005, an agreement was signed with the minority owners governing investments in portfolios of written-off receivables in Poland, the Czech Republic and Hungary and the calculation of the variable commission on these portfolios. See below under Highlights after closing date.

ACQUISITIONS

In October Intrum Justitia signed an agreement to acquire the Irish collection company Legal & Trade (Ireland) Ltd., but in November decided to withdraw from the acquisition when the financial prerequisites on which Intrum Justitia based its decision to acquire the company were no longer at hand, based on new information provided by the seller, Legal & Trade Financial Services Ltd. The matter is currently being processed in the Irish courts.

HUMAN RESOURCES

The average number of employees during the year was 2,945 (2,870). The number of employees increased in Finland, France and Poland to handle expanded volume, but decreased in Austria and Germany.

ENVIRONMENTAL IMPACT

The company has no operations requiring licensing or notification obligation according to Sweden's environmental code.

MARKET AND OUTLOOK

Several of the Group's geographic markets are reporting good growth. The trend toward outsourcing and increased consumer borrowing is expected to continue, which will especially benefit the *Consumer Collection & Debt Surveillance* service line.

FINANCIAL OBJECTIVE

Intrum Justitia's financial target is to achieve an average organic growth of at least 10 percent per year over a business cycle. Moreover, Intrum Justitia actively seeks opportunities to grow through selective acquisitions.

PARENT COMPANY

The publicly listed parent company, Intrum Justitia AB (publ), owns the subsidiaries, provides the Group's head office functions, and handles certain Group-wide development, services and marketing activities. Certain services are also provided directly for local companies.

The parent company had revenues of SEK 39.0 M (34.3) and a pre-tax deficit of SEK –67.5 M (–16.5). It invested SEK 0.5 M (1.9) in fixed assets during the year and had liquid assets of SEK 7.7 M (0.0) at year-end. The average number of employees was 23 (20).

Of the parent company's revenues during the year, SEK 39.0 M (34.2) relates to sales to Group companies, and of its expenses SEK 16.0 M (29.3) relates to purchases from Group companies.

In accordance with the resolution of the Annual General Meeting in May 2004, the company applied to reduce its share premium reserve in the parent company by SEK 500.0 M and transfer the amount to a reserve to be used in accordance with the decision of future Annual General Meetings. The application was approved by the Stockholm district court in September 2004.

HIGHLIGHTS AFTER CLOSING DATE

Refinancing

On February 11, 2005 Intrum Justitia AB signed a five-year syndicated loan facility of EUR 210 M with Danske Bank A/S, Nordea Bank AB and Svenska Handelsbanken AB. Each bank's share is EUR 70 M. The facility will be used for, among other things, to refinance the current loan facility of EUR 150 M. The agreement increases the number of banks involved. The Group's strong financial position ensured improved, flexible terms.

Clarification of agreement with related party

In connection with a previous agreement, Intrum Justitia and Visegrad NV, the minority owner of the Group subsidiary Intrum Justitia Central Europe BV, signed a new agreement in January 2005 that in principle governs investments in purchased debt portfolios in Poland, the Czech Republic and Hungary and partly specifies the calculation of the variable commission on these portfolios. The variable commission is calculated as the amount exceeding Intrum Justitia's yield requirement on each of the investments in purchased debt portfolios in the three aforementioned countries. Visegrad NV's share of the variable commission for 2004 amounts to SEK 2.0 M

OTHER

Stock option program

The Annual General Meeting in 2003 approved Employee Stock Option Program 2003/2009, intended as an incentive program for around 20 employees in executive positions in the Intrum Justitia Group. Allocation of stock options took place in 2004. Refer to Note 29 Stock-related compensation for employees.

Shareholders

The company's largest shareholders as of December 31, 2004 are the Industri Kapital 1997 Fund, Parkerhouse Investments and Cevian Capital. Refer to the table on page 63.

Proposed redemption of shares

The Board of Directors proposes that no dividend be paid for fiscal year 2004. With reference to Intrum Justitia's strong financial position and good continued cash flow situation, the Board proposes that the Annual General Meeting approve a payment to shareholders of approximately SEK 600 M, corresponding to approximately SEK 7 per share, through an offer to redeem shares. Trading in redemption rights is expected to take place on Stockholmsbörsen beginning in May 2005. Payment of redemption proceeds is expected to take place around the end of June 2005. Information on the redemption price, redemption ratio and other details of the offer will be announced in connection with the notice of the Annual General Meeting. The Board of Directors is confident that following the redemption the company will still have the capacity to expand through organic growth, debt purchases and company acquisitions.

New dividend policy

The Board of Directors has amended the dividend policy: The aim of Intrum Justitia's Board of Directors is to annually propose that shareholders receive a dividend or other forms of distribution that over time averages at least half of net profit for the year after tax. According to the previous policy, the dividend would average at least 30 percent of net earnings for the year after tax. Decisions related to the dividend proposal will take into account the company's future revenues, financial condition, capital requirements and situation in general.

CORPORATE GOVERNANCE

Intrum Justitia already meets a large part of the requirements in the Swedish Code of Corporate Governance. It intends to further develop its existing corporate governance routines in accordance with the code. In addition, Intrum Justitia will monitor how Stockholmsbörsen updates its rules with respect to the code and intends to follow the exchange's recommendations on the code's application.

According to Intrum Justitia's Articles of Association, the Board of Directors shall consist of no less than five and no more than nine members with no more than four deputies. The work involved in drafting a proposal for the Board's composition is done by a Nomination Committee (see below). The Annual General Meeting on May 5, 2004 elected nine Board members and no deputies. At the Extraordinary General Meeting on August 17, 2004 one member was replaced and one deputy was elected. The President of the company is not a member of the Board, but is co-opted to all Board meetings with the exception of those where an evaluation of the Board's work and the President are on the agenda. The company's external legal counsel serves as the Secretary of the Board.

The Board meeting following the Annual General Meeting elected Bo Ingemarson as Chairman and Björn Fröling as Vice Chairman.

The composition of the Board ensures efficient support and control of the work of Group management.

Rules of procedure

At its meeting every year following the Annual General Meeting, the Board establishes the rules of procedure for the Board, including instructions on the delegation of responsibilities between the Board, the President and the committees within the Board, as well as on the format for the company's financial reporting. The Board has established two committees: a Remuneration Committee and an Audit Committee. These committees are subordinate to the Board and do not relieve the members of the Board of any of their duties and obligations. There is otherwise no overall delegation of the Board's work between its members. The rules of procedure are based on the Swedish Companies Act's guidelines on the overall responsibilities of the Board of Directors and President and otherwise on the decision-making procedure approved by the Board.

The Board's rules of procedure contain provisions stipulating when and how the Board will meet. One of the year's meetings is devoted to strategic issues. There are also rules stating that the Board's internal discussions and minutes must remain confidential. The rules of procedure also stipulate that investments within the Group exceeding EUR 750,000 require Board approval.

The Board meets regularly in accordance with the schedule laid down in the rules of procedure, which also includes recurring decision points.

In 2004 the Board held 14 meetings (previous year 12), with a 92 percent attendance rate. The main topics of discussion of the meetings were as follows:

- quarterly reports
- auditors' reviews (external and internal audits)
- strategic reviews
- reviews of core processes
- acquisitions and cooperation projects
- capital structure issues
- action programs for countries and operations with sub-par profitability
- payroll and compensation issues, including incentive programs
- questions in connection with the replacement of the auditors
- risk management issues
- accounting issues in connection with IFRS
- investigation work on the accounting problems in England in 2003, and
- evaluation of the Board's work.

Audit Committee

The purpose of the Audit Committee is to ensure a high standard of quality in audits of the company and the Group and to facilitate contacts between the Board of Directors and the auditor elected by the Annual General Meeting. The committee also works to improve quality in the monitoring and control of the company's financial exposure and risk management. The Audit Committee consists of three members of the Board, who in 2004 were Björn Fröling (Chairman), Maria Lilja and Bo Ingemarson. The company's CFO and the auditor elected by the Annual General Meeting are co-opted to the committee's meetings, as is the Group Chief Accountant when necessary.

The Audit Committee met five times in 2004. The issues it covered included quarterly reports, the year-end accounts, audit work for the Group (external and internal), questions in connection with the replacement of the auditors, investment proposals, capital structure, the introduction of IFRS and follow-ups of the investigation of the accounting problems in the English subsidiary in 2003. In addition, the committee dealt with risk management issues in the Group and the policy for internal controls and audits, and in addition established guidelines for services other than audits that are procured from the company's auditors. The Audit Committee reports to the Board, which makes the final decisions.

Remuneration Committee

The purpose of the Remuneration Committee is to evaluate payroll and compensation issues, primarily as relates to the President and Group Management Team. The Remuneration Committee consists of three Board members, who in 2004 were Bo Ingemarson (Chairman), Reinhold Geijer and Dennis Punches (through August 17) and Lars Förberg (from August 17). The company's human resource director and, when necessary, the President, attend the committee's meetings. In 2004 the committee met four times, at which time it discussed and decided on the framework of the year's salary revision for the entire Group, and in particular the senior executives, including the principles for variable compensation and pensions. The Group strictly applies the grandfather principle. The Remuneration Committee reports to the Board, which makes the final decisions regarding significant issues.

Principles for Board members' compensation

Compensation for Board members is determined by the Annual General Meeting. For fiscal year 2004 it approved total compensation of SEK 1,650,000, to be divided among the members as determined by the Board. The Board decided to pay each member fees of SEK 145,445, to pay the Chairman SEK 445,445 and to pay the deputy SEK 41,000. Furthermore, the Annual General Meeting approved a fee of SEK 225,000 for committee work. From this amount, the Board paid SEK 75,000 to each member of the Audit Committee. In addition to these fees, the company reimburses members for travel and out-of-pocket expenses related to their Board work.

Evaluation of the Board

The Board conducts an annual evaluation of its work in the form of a survey compiled by the Chairman based on responses by the members. In addition, verbal discussions are held on matters of relevance to the evaluation. The Chairman presents the results of the evaluation to the Board and the Nomination Committee. The purpose of the survey is to illuminate questions involving the Board's mix of competencies, priorities, material and the atmosphere at its meetings, as well as to identify possible improvements.

Board members' independence

All of the Board's members are independent of the company. All of the Board's members, with the following exceptions, are independent of the principal shareholders:

Lars Förberg	Managing partner	Cevian Capital
Christian Salamon	Partner	Industri Kapital
Gerard De Geer	Partner	Industri Kapital
Bo Göransson	Chairman	Parkerhouse Investments
Björn Fröling	Adviser	Parkerhouse Investments

Management of the Group and internal control

The Board of Directors is ultimately responsible for the company's organization and management of its affairs. The President manages day-to-day operations in accordance with the Board's guidelines and instructions. To advise him, the President has a Group Management Team (GMT) consisting of the President and Vice President of the Parent Company, the CFO and the regional managers. GMT meets regularly to discuss financial results, strategic issues and Group guidelines.

The Intrum Justitia Group is organized in matrix form, where financial follow-ups are made primarily by geographic region, and secondarily by service line.

In the geographic regions, each country manager has substantial responsibility. The Parent Company exerts control, in part through representation on the local company's board. Furthermore, a handbook has been used for several years to describe the Group's rules on business ethics, authorization, accounting rules, etc. The Parent Company has business controllers and financial controllers who monitor the operations of subsidiaries from various perspectives.

Every subsidiary files monthly accounts with an income statement divided along service lines, a balance sheet, volume data, etc. The accounts are consolidated at the Group level and included in a monthly report to the Group Management Team and the Board. Comparisons are made with the previous year, budgeted figures and the latest forecast, which is updated quarterly. During the year a special project was conducted to develop key performance indicators to monitor the performance of the subsidiaries. Alongside revenue and earnings, the indicators include the success rate for collection cases and the average handling time per case.

An internal audit is in place to ensure compliance with the handbook's rules, judge the efficiency of current processes and propose improvements to subsidiaries' internal controls. During the year internal auditors visited and conducted audits of approximately half the Group's companies, where they studied the local management, sales organization, production organization, client service departments and human resources unit. Every visit is documented in an analysis of strengths and weaknesses and proposals for improvements to the company's internal controls. The reports have been presented to the Group Management Team and the Audit Committee, and in summarized form to the Board.

Nomination Committee

The Annual General Meeting on May 5, 2004 instructed the Chairman of the Board to form annually, at the conclusion of the third quarter, a Nomination Committee by convening the five largest shareholders. It is up to the committee to decide whether the Chairman should be among its members. The committee appoints an owner representative from among its members to serve as chairman.

For the Annual General Meeting in 2005, the Nomination Committee consists of Christian Salamon (Industri Kapital), chairman, Bo Göransson (Parkerhouse Investment), Christer Gardell (Cevian Capital), Göran Espelund (Lannebo funds) and Björn Lind (SEB funds). One of the five largest shareholders has declined to participate and SEB funds, as the sixth largest shareholder, has been invited to take part in the work. In total, the Nomination Committee represents approximately 59 percent of the owners' share capital.

The purpose of the Nomination Committee is to:

- evaluate the Board and its work,
- nominate Board members for the upcoming year,
- propose compensation for members of the Board, and
- propose candidates for auditors' elections and compensation for auditors.

The proposal of the Nomination Committee is presented in the notice of the Annual General Meeting 2005.

HARMONIZATION OF NEW ACCOUNTING PRINCIPLES

From January 1, 2005 Intrum Justitia will adapt its reporting to the International Financial Reporting Standards (IFRS, formerly IAS). The annual report for 2005 and the interim reports will contain comparative figures for 2004 restated to IFRS, where January 1, 2004 will be considered Intrum Justitia's transition date to IFRS. A preliminary calculation of the effects of IFRS on the consolidated accounts for 2004 is provided in Note 36 Reporting according to IFRS.

PROPOSED DISPOSITION OF PROFIT

The following funds in the Parent Company are at the disposition of the Annual General Meeting:

SEK	
Balance carried forward	328,175,558
Reserve to be used in accordance with the decision of future General Meeting of Shareholders	500,000,000
Earnings for the year	–53,545,837
Total	**774,629,721**

The balance carried forward from the previous year has been increased by the year's Group contributions received during the year, which amounted to SEK 93,600,000, net, after tax. In addition, SEK 500,000,000 is available in a reserve to be used in accordance with the decision of future General Meeting of Shareholders after the share premium reserve was reduced by a corresponding amount. The Board and President propose that the earnings be carried forward.

Unrestricted equity in the Group, according to the consolidated balance sheet amounts to SEK 473.2 M. No transfer to restricted reserves is proposed.

For further information on the earnings and financial position of the Parent Company and the Group, refer to the income statements, balance sheets, summary of changes in shareholders' equity, cash flow statements and accompanying notes that follow.

Stockholm, Sweden, March 21, 2005

Bo Ingemarson
Chairman

Björn Fröling

Lars Förberg

Gerard De Geer

Reinhold Geijer

Bo Göransson

Maria Lilja

Jim Richards

Christian Salamon

Jan Roxendal
President and CEO

Our Audit Report was submitted on March 21, 2005
KPMG Bohlins AB

Carl Lindgren
Authorized Public Accountant

Income statements

		Group		Parent Company	
SEK M	Note	2004	2003	2004	2003
Revenues	2	2,848.8	2,864.6	39.0	34.3
Cost of sales		–1,710.6	–1,765.7	–2.2	–7.6
Gross earnings		**1,138.2**	**1,098.9**	**36.8**	**26.7**
Sales and marketing expenses		–304.1	–281.8	–21.0	–19.2
General and administrative expenses		–405.5	–389.4	–98.8	–106.4
Goodwill amortization		–112.1	–124.0	–	–
Items affecting comparability	4	–	–398.0	–	–
Participations in associated companies	5	2.8	0.4	–	–
Operating earnings (EBIT)	2	**319.3**	**–93.9**	**–83.0**	**–98.9**
Interest income and similar items	6	11.1	6.7	42.1	83.1
Interest expenses and similar items	7	–47.5	–59.6	–26.6	–0.7
Earnings after financial items		**282.9**	**–146.8**	**–67.5**	**–16.5**
Tax on earnings for the year	8	–72.2	–21.2	14.0	5.9
Minority interests		–10.3	–12.2	–	–
Net earnings for the year		**200.4**	**–180.2**	**–53.5**	**–10.6**
Data per share*, SEK					
Share price at year-end		51.50	38.00	–	–
Basic and diluted earnings per share	1	2.36	–2.12	–	–
Basic and diluted earnings per share, excl. goodwill amortization		3.68	–0.66	–	–
Denominator for earnings per share, ’000		84,986	84,986	–	–
Number of shares outstanding at year-end, ’000		84,986	84,986	–	–

* Further information on the share can be found on pages 63–64. For definitions, see page 26.

Balance sheets

SEK M	Note	Group Dec 31, 2004	Group Dec 31, 2003	Parent Company Dec 31, 2004	Parent Company Dec 31, 2003
ASSETS					
Fixed assets					
Intangible fixed assets	9				
Capitalized development expenditure for software and other intangibles		104.2	117.8	1.4	1.4
Goodwill		1,401.0	1,528.1	–	–
Total intangible fixed assets		**1,505.2**	**1,645.9**	**1.4**	**1.4**
Tangible fixed assets	10				
Computer hardware		38.0	57.0	0.2	0.4
Other equipment		48.7	40.3	0.4	0.6
Total tangible fixed assets		**86.7**	**97.3**	**0.6**	**1.0**
Financial fixed assets					
Shares and participations in subsidiaries	11	–	–	600.9	600.9
Shares and participations in associated companies	13	4.3	0.4	–	–
Shares and participations in other companies	14	0.2	0.4	–	–
Purchased debt	15	390.6	340.0	–	–
Deferred tax assets	8	84.7	107.3	2.8	25.3
Receivables from Group companies		–	–	922.7	1,100.0
Other long-term receivables	16	7.3	10.1	1.4	3.0
Total financial fixed assets		**487.1**	**458.2**	**1,527.8**	**1,729.2**
Total fixed assets		**2,079.0**	**2,201.4**	**1,529.8**	**1,731.6**
Current assets					
Current receivables					
Accounts receivable		345.9	353.8	–	–
Purchased fresh receivables	17	18.8	40.6	–	–
Client funds		397.3	475.2	–	–
Tax assets		3.0	29.4	0.6	–
Receivables from Group companies		–	–	281.2	674.8
Other receivables	18	287.2	263.4	6.5	4.3
Prepaid expenses and accrued income	18	78.0	73.6	1.5	3.7
Total current receivables		**1,130.2**	**1,236.0**	**289.8**	**682.8**
Cash and cash equivalents		**338.3**	**243.2**	**7.7**	**0.0**
Total current assets		**1,468.5**	**1,479.2**	**297.5**	**682.8**
TOTAL ASSETS	2	**3,547.5**	**3,680.6**	**1,827.3**	**2,414.4**

Balance sheets

SEK M	Note	Group Dec 31, 2004	Group Dec 31, 2003	Parent Company Dec 31, 2004	Parent Company Dec 31, 2003
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity					
Restricted equity					
Share capital		1.7	1.7	1.7	1.7
Restricted reserves/share premium reserve		961.4	1,519.2	872.8	1,372.8
Total restricted equity		**963.1**	**1,520.9**	**874.5**	**1,374.5**
Non-restricted equity					
Non-restricted reserves/retained earnings		272.8	–99.9	828.1	245.1
Net earnings for the year		200.4	–180.2	–53.5	–10.6
Total non-restricted equity		**473.2**	**–280.1**	**774.6**	**234.5**
Total shareholders' equity		**1,436.3**	**1,240.8**	**1,649.1**	**1,609.0**
Minority interests		**27.6**	**17.3**	**–**	**–**
Provisions					
Provisions for pensions	19	32.4	11.9	–	–
Provisions for deferred taxation	8	21.8	13.6	–	–
Other provisions	20	14.4	23.6	–	–
Total provisions		**68.6**	**49.1**	**0.0**	**0.0**
Long-term liabilities					
Liabilities to credit institutions	21	731.3	844.1	–	18.0
Liabilities to Group companies		–	–	10.1	42.6
Other long-term liabilities		9.6	24.4	1.0	–
Total long-term liabilities		**740.9**	**868.5**	**11.1**	**60.6**
Current liabilities					
Liabilities to credit institutions	21	53.9	143.7	–	89.1
Client funds payable		397.3	475.2	–	–
Accounts payable		195.2	168.4	4.8	8.7
Income tax liabilities		37.2	39.2	–	–
Advances from customers		30.1	32.1	–	–
Liabilities to Group companies		–	–	140.4	608.9
Other current liabilities	22	223.6	312.7	2.2	23.0
Accrued expenses and prepaid income	22	336.8	333.6	19.7	15.1
Total current liabilities		**1,274.1**	**1,504.9**	**167.1**	**744.8**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,547.5**	**3,680.6**	**1,827.3**	**2,414.4**
Pledged assets	23	–	–	–	–
Contingent liabilities	24	916.7	960.6	5.0	–

Cash flow statements

SEK M	Note	Group 2004	Group 2003	Parent Company 2004	Parent Company 2003
Operating activities					
Operating earnings	2	319.3	–93.9	–83.0	–98.9
Depreciation/amortization	3	211.4	223.4	0.9	0.5
Write-down of goodwill	4	–	103.0	–	–
Adjustment for expenses not included in cash flow	2	11.1	29.4	–	–
Interest received		11.1	6.7	42.1	83.1
Interest paid and other financial expenses		–46.0	–50.6	–23.1	–0.7
Income tax paid		–15.3	–81.6	–	–
Cash flow from operating activities before changes in working capital		**491.6**	**136.4**	**–63.1**	**–16.0**
Changes in working capital		59.9	–32.8	1.4	18.7
Repayments in England of non-allocated receipts		–70.4	–	–	–
Working capital effect of correction to English operations		–	198.2	–	–
Cash flow from operating activities		**481.1**	**301.8**	**–61.7**	**2.7**
Investing activities					
Purchases of tangible fixed assets	10	–37.1	–49.7	–0.1	–0.5
Purchases of intangible fixed assets	9	–34.5	–48.1	–0.4	–1.4
Purchases of debt	15	–266.8	–200.8	–	–
Amortization of purchased debt	15	190.6	166.3	–	–
Purchases of subsidiaries and associated companies	34	–10.4	–73.5	–	–
Expenses from cancelled company acquisition	34	–17.4	–	–	–
Other cash flow from investing activities		2.8	0.3	1.6	–3.0
Cash flow from investing activities		**–172.8**	**–205.5**	**1.1**	**–4.9**
Financing activities					
Dividend		–	–85.0	–	–85.0
Proceeds from loans		0.0	119.0	–	107.1
Amortization of loans		–218.5	0.0	–131.6	–
Net lending to subsidiaries		–	–	199.9	–26.1
Cash flow from financing activities		**–218.5**	**34.0**	**68.3**	**–4.0**
Change in liquid assets		**89.8**	**130.3**	**7.7**	**–6.2**
Liquid assets at beginning of year		**243.2**	**123.4**	**0.0**	**6.2**
Translation difference in liquid assets		5.3	–10.5	–	–
Liquid assets at year-end		**338.3**	**243.2**	**7.7**	**0.0**
Unutilized credit lines		385.8	301.7	–	–
Available liquidity		**724.1**	**544.9**	**–**	**–**

Changes in shareholders' equity

Group, SEK M	Number of shares outstanding	Share capital	Restricted capital	Non-restricted reserves	Net earnings for the year	Total shareholders' equity
Opening balance, January 1, 2003	**84,985,604**	**1.7**	**1,408.3**	**–45.5**	**173.3**	**1,537.8**
Disposition of previous year's earnings				173.3	–173.3	0.0
Transfer between restricted and non-restricted equity			144.3	–144.3		0.0
Translation differences			–33.4	1.6		–31.8
Dividend				–85.0		–85.0
Net earnings for the year 2003					–180.2	–180.2
Closing balance, December 31, 2003	**84,985,604**	**1.7**	**1,519.2**	**–99.9**	**–180.2**	**1,240.8**
Change in accounting principle for pensions				–6.6		–6.6
Opening balance, January 1, 2004 in accordance with new accounting principle	**84,985,604**	**1.7**	**1,519.2**	**–106.5**	**–180.2**	**1,234.2**
Disposition of previous year's earnings				–180.2	180.2	0.0
Reduction in share premium reserve			–500.0	500.0		0.0
Transfer between restricted and non-restricted equity			–51.6	51.6		0.0
Translation differences			–6.2	7.9		1.7
Net earnings for the year 2004					200.4	200.4
Closing balance, December 31, 2004	**84,985,604**	**1.7**	**961.4**	**272.8**	**200.4**	**1,436.3**

Accumulated translation differences taken directly to equity amounted to SEK –20.7 M (–22.4) on December 31, 2004. The translation difference during the year was not affected by hedges.

Parent Company, SEK M	Number of shares outstanding	Share capital	Share premium reserve	Retained earnings	Net earnings for the year	Total shareholders' equity
Opening balance, January 1, 2003	**84,985,604**	**1.7**	**1,372.8**	**305.4**	**–4.9**	**1,675.0**
Disposition of previous year's earnings				–4.9	4.9	0.0
Dividend				–85.0		–85.0
Group contribution received from Intrum Justitia International AB				41.1		41.1
Tax effect of Group contribution				–11.5		–11.5
Net earnings for the year 2003					–10.6	–10.6
Closing balance, December 31, 2003	**84,985,604**	**1.7**	**1,372.8**	**245.1**	**–10.6**	**1,609.0**
Disposition of previous year's earnings				–10.6	10.6	0.0
Reduction in share premium reserve			–500.0	500.0		0.0
Group contribution received from Intrum Justitia International AB				130.0		130.0
Tax effect of Group contribution				–36.4		–36.4
Net earnings for the year 2004					–53.5	–53.5
Closing balance, December 31, 2004	**84,985,604**	**1.7**	**872.8**	**828.1**	**–53.5**	**1,649.1**

As of December 31, 2004 there were 84,985,604 shares outstanding, each with a par value of SEK 0.02. All shares have equal voting rights.

Note 1 Accounting and valuation principles

General

The annual report for Intrum Justitia AB (publ) is prepared in accordance with the Annual Accounts Act and the recommendations and pronouncements of the Swedish Financial Accounting Standards Council. From 2004 Intrum Justitia applies *RR 29 Employee Benefits*, which affects the reporting of defined benefit pension commitments to employees. The Parent Company applies the relevant aspects of the Group's accounting principles. For a detailed description, see below.

From 2005 Intrum Justitia will report according to the International Financial Reporting Standards (IFRS, formerly IAS), which mainly has an effect on the reporting of goodwill, employee stock options, derivatives and purchased debt. See Note 36.

Basis of preparation and presentation

The consolidated financial statements are prepared according to the purchase method which, among other effects, means that shareholders' equity in the Group consists of the total of reported equity in the Parent Company and the equity the respective subsidiaries earned following acquisition.

Consolidation

The consolidated accounts include the accounts of all subsidiaries. A subsidiary is a company in which the Parent Company directly or indirectly owns shares representing more than 50 percent of the voting rights or otherwise has power to exercise control over operations.

The consolidated financial statements are prepared according to the acquisition method. This means that shareholders' equity in subsidiaries at the time of acquisition, defined as the difference between assets and liabilities reported at market value, are eliminated in their entirety. The Group shareholders' equity thus includes only the portion of subsidiaries' equity that arose subsequent to acquisition. If the acquisition cost of the shares in the subsidiary exceeds the estimated market value of the company's net assets according to the acquisition analysis, the difference is reported as goodwill.

Subsidiaries are consolidated from the date of acquisition. Subsidiaries cease being consolidated from the date of disposal.

All intra-Group sales, interest debits, liabilities and receivables, as well as profits generated within the Group, are eliminated in the consolidated accounts.

Foreign currency transactions and translations

Assets and liabilities are translated to SEK at closing day exchange rates, while income statement items are translated to SEK using average exchange rates for the period.

In the annual accounts for 2003 and 2004, the following exchange rates versus the Swedish krona have been used for the Group's most important currencies:

	Closing day rate Dec. 31, 2004	Closing day rate Dec. 31, 2003	Average rate for 2004	Average rate for 2003
CHF	5.8373	5.8220	5.8996	6.0116
EUR	9.0052	9.0869	9.1154	9.1219
GBP	12.6905	12.9039	13.3836	13.2380
NOK	1.0871	1.0775	1.0889	1.1450

Translation differences arise from the translation of the subsidiaries' financial reports in part because year-end exchange rates vary between financial report dates and in part because average exchange rates can deviate from the year-end rate. Exchange rates attributable to the translation of subsidiaries and shares in associated companies are reported directly under shareholders' equity as translation differences. On disposal of an entity, such translation differences are recognized as part of the gain/loss on the sale.

Long-term receivables and liabilities between the Parent Company and its subsidiaries can be seen as an extension or reduction of the Group's investment in each company. Such receivables and liabilities are therefore reported at acquisition cost in the Parent Company, while translation differences incurred on such receivables and liabilities are taken directly to equity.

The Group records all transactions in the local currency of the country in which it operates. Transactions in currencies other than the local currency are reported at the exchange rate in effect on the transaction day. With the clearing or settling of such transactions, the exchange rate may vary from the one in effect on the transaction day, in which case a (realized) exchange rate difference arises. Monetary assets and liabilities in foreign currency are revalued at the closing day rate on each reporting occasion, in which case (unrealized) exchange rate differences arise. Realized and unrealized exchange rate differences of this type are reported in the income statement under operating income if, for example, they relate to accounts receivable or accounts payable, but in the financial items if they pertain to financial investments and borrowing in a foreign currency.

To avoid translation differences, receivables or liabilities in foreign currency are sometimes hedged using foreign exchange contracts. Until the foreign exchange contract expires, the foreign receivable or liability is reported at the exchange rate in effect when the hedge was obtained. The difference between the forward rate and current exchange rate (the contract premium) is accrued over the foreign exchange contract's maturity and is reported as interest income or interest expense.

In 2004 the Group did not hedge any flow exposure for anticipated payments or disbursements in foreign currency.

Financial assets and liabilities

A financial instrument is defined as any form of agreement giving rise to a financial asset in a company and a financial liability or equity instrument in a counterparty.

Financial assets carried in the balance sheet include cash and bank balances, client funds and receivables. Financial liabilities include borrowings, financial lease obligations and other operating liabilities.

Liquid assets are defined as the sum of cash, bank balances and other liquid securities that do not vary significantly in value and can easily be converted to cash or cash equivalents. Client funds are reported on a separate line in the balance sheet and therefore are not included in the Group's reported liquid assets.

The Group has entered into various caps and floors contracts to reduce the exposure to fluctuations in interest rates. Premiums paid on the purchase of caps and premiums received on the sale of floors are capitalized when the contract is entered into and deferred on the balance sheet, whereupon the premiums are amortized as other finance expenses over the term of the related contracts using the straight-line method. The differential to be paid or received as the interest rate changes is accounted for as interest income or expenses on a net basis.

Gains and losses that arise on the settlement of interest rate contracts are accrued as an adjustment to the balance of the outstanding obligation and depreciated as an interest expense over the remaining term of the contract. If an obligation is terminated in advance, any realized or unrealized gain or loss on the interest rate contract is reported as income or cost at the time the obligation is terminated.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets acquired, according to the acquisition analysis. The goodwill which could arise in an acquisition of operations other than through the purchase of shares is reported in the same way.

Goodwill is reported in the balance sheet as an intangible asset and is amortized using the straight-line method over its estimated useful life. The useful life of each item is individually assessed based on the estimated economic life of that item, which results in amortization periods up to 20 years for strategic acquisitions. Part of goodwill is depreciated up to 17 years on the basis of the expected cash flow of the acquired operation.

The fair value of goodwill for each cash-generating unit is tested annually in relation to the acquired operations' performance and expected future cash flows. If deemed necessary, goodwill is written down based on this test.

Goodwill arising from the acquisition of a foreign company is treated as an asset in the foreign company's currency and translated in the consolidated accounts at the exchange rate in effect at balance sheet date.

Development costs for computer software

Costs associated with IT development are generally expensed as incurred. Cases where the costs of development can be attributed to identifiable assets that will be controlled by the Group and have future economic benefits extending beyond one year are recognized as intangible assets. Such costs include staff costs for the development team and other directly related costs.

Expenditures which enhance and extend the functionality of computer software programs beyond their original useful lives are recognized as a capital improvement and added to the carrying amount of the underlying intangible asset.

IT development costs that are recognized as intangible assets are amortized using the straight-line method over their useful lives, not exceeding a period of five years.

Costs associated with the maintenance of existing computer software are expensed as incurred.

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation. Depreciation is calculated using the straight-line method to write off the historical cost of each asset over its estimated useful life as follows:

Leasehold improvements of others' properties	Over the lease term (1–5 years)
Furniture, cars and fixtures	3–5 years
Computer hardware	3–5 years

Gains and losses on sale or disposal of tangible fixed assets are based on their carrying amounts and included in other operating expenses in the income statement.

Leasing

Leases of fixed assets in which the Group assumes substantially all the benefits and risks of ownership are classified as capital leases. With capital leasing, the leasing object is reported in the balance sheet as a fixed asset, with the estimated present value of the future lease payments reported as a liability. That part of the leasing expense that falls due for payment within one year is reported as a current liability, with the remaining part carried as a long-term liability. Each lease payment is allocated between the principal lease obligation and related interest charges. The related interest charges are recorded as they arise over the lease period as a financial expense. Fixed assets acquired under capital leases are depreciated over the useful life of the asset.

Operating lease payments are expensed as incurred over the term of the lease.

Shares and participations in associated companies

Associated companies are companies that are not subsidiaries but where the Parent Company, directly or indirectly, has at least 20 percent of the voting rights or otherwise exercises significant influence, but does not control the partially owned company.

Participations in associated companies are reported in the consolidated accounts in accordance with the equity method, which means at acquisition cost adjusted for the Group's share of the change in the associated company's net assets. The value of participations includes goodwill from the acquisition. Included in the consolidated income statement is the Group's profit participation less goodwill amortization.

Joint ventures

Joint ventures pertain to companies in which Intrum Justitia and another part owner, in accordance with a share ownership agreement, conduct operations jointly. The Group's joint ventures all constitute legal entities, which are reported in the consolidated financial reports in accordance with the proportional method. This means that Intrum Justitia's share of assets, liabilities, revenues and expenses in the jointly owned company is consolidated, item for item, with corresponding items in the consolidated income statement and balance sheet.

Shares and participations in other companies

Investments in companies where the Parent Company, directly or indirectly, has less than 20 percent of the voting rights and does not exercise significant influence are reported at acquisition cost. Dividends, if any, are recognized as income when received. Provisions are recorded for impairment in value considered permanent.

Capitalized debt costs

Costs related to securing bank financing are reported as other long-term receivables and amortized as financial expenses in the consolidated income statement over the life of loan.

Accounts receivables and reimbursable court costs

Accounts receivable represent invoiced amounts, including value-added tax, less an allowance for doubtful accounts. Provisions for doubtful accounts are recorded based on a review of outstanding amounts at the end of an accounting period. Bad debts are written off as they are identified.

The Group receives compensation for the court and legal costs incurred in the United Kingdom when unpaid receivables are collected, assuming that collection is successful. These costs are deducted from the amount collected. The portion of paid court and solicitors' costs that are assessed and could be recovered in this manner is reported as a receivable based on a review of ongoing court cases at year-end.

Client funds

Client funds, which are reported as receivables and liabilities in the balance sheet, represent cash received on collection of a specific debt on behalf of a client and payable to the client within a specified period. Client funds are liquid funds with a restricted disposition right. The same amount is reported as a liability.

Taxes

The tax expense for the year consists of income tax paid for the year and the change during the year in deferred tax liabilities and tax assets.

When differences arise between the value for tax purposes and the reported value of assets and liabilities, a deferred tax asset or tax liability is reported. Such temporary differences arise mainly from fixed assets and provisions for pensions. Deferred tax assets include the value of tax loss carryforwards in instances where they are likely to be utilized to offset taxable surpluses within the foreseeable future.

Deferred tax assets and tax liabilities are reported according to the tax rate in effect for the respective country on the balance sheet date.

Provisions

The Group reports a provision when an obligation may arise as the result of a potential event, where it is likely that resources will be demanded for a settlement of the obligation and a reliable estimate of the amount can be made. Provision is made for an amount corresponding to the best estimate of payment demanded for settling the obligation on the balance sheet date. Provisions are reviewed at the end of each year. A provision for restructuring measures is made when an approved, detailed, formal restructuring plan exists, with well-founded expectations among those who will be affected by the restructuring.

Pension obligations

The Group has previously reported pension obligations in accordance with the local practice in each country, but as of 2004 applies *RR 29 Employee Benefits*.

The Group's pension obligations are, for the most part, secured through official pension arrangements or insurance solutions. Pension obligations vary between countries on the basis of legislation and different pension systems.

For pension arrangements in which the Group has committed itself to a defined contribution plan, the obligation vis-à-vis employees ceases when the agreed premium has been paid to an insurance company or its equivalent. Such pension plans are usually financed through payments from the employees as well as from the Group companies in question.

For other arrangements in which defined benefit pensions have been committed to, the obligations do not cease until the agreed pensions have been paid. Provisions for pensions are then reported using the projected unit credit method. With the help of this method, pension costs are accrued over the employee's term of active service.

Pension obligations in Sweden that are met through pension-insurance premiums to Alecta in the so-called ITP plan are reported as defined contribution pension plans.

Revenue recognition

Revenue, consisting of commissions and collection fees, is recognized on collection of the debt. Subscription revenue is recognized proportionately over the term of the underlying service contracts, which usually is one year.

Purchased debt

Purchased debt represents portfolios of written-off consumer debts purchased at prices below the nominal receivable amounts.

In the income statement, revenues derived from purchased debt are reported as the collected amount less amortization. The collection is performed by the same personnel who handle collections and debt surveillance on behalf of external clients within the *Consumer Collection & Debt Surveillance* service line. The cost of collection is debited internally at market price and expensed in the income statement as a cost of services sold.

The portfolios are reported in the balance sheet as financial fixed assets. Book value is comprised of acquisition cost less accumulated amortization. A quarterly assessment is formulated of anticipated cash flow and the collection percentage for each portfolio during its estimated remaining useful period. The amortization for the following quarter is calculated by dividing the remaining book value of the portfolio by the estimated cash flow for the next year. This produces an amortization percentage for each portfolio, which is multiplied by the next quarter's estimated cash flow to determine the quarterly amortization. A new assessment and calculation are made again at the beginning of the next quarter. The amortization is booked directly to the balance sheet as a decrease in the book value of the purchased debt.

Purchased fresh receivables

In certain instances, portfolios are bought which are collected within a few months. Such portfolios are amortized for the period until payment is received and reported under current assets. Revenue is reported in a similar way as for other purchased portfolios. Amounts paid on such portfolios are reported as revenue and amortization is treated as a production cost and reported as a cost of services sold.

Minority interests

The minority participations in the income statement consist of that portion of the subsidiary's net results that are not directly or indirectly owned by the Parent Company. Minority interests in the balance sheet are that portion of shareholders' equity in the respective subsidiary not directly or indirectly owned by the Parent Company.

Cash flow statements

Cash flow statements are prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation *RR 7 Cash Flow Statements*. The cash flow statements show changes in the cash position during the year. Cash flow is subdivided into cash flows from operations, investing activities and financing activities.

Foreign subsidiaries' transactions are translated in the cash flow statements at the average exchange rate during the period. Subsidiaries purchased and sold are reported as cash flow from investing activities net, after deduction for liquid funds in the acquired or divested company.

Items affecting comparability

The Swedish Financial Accounting Standards Council's recommendation *RR 4 Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Principles* requires the disclosure of the effect on earnings of noteworthy events and transactions when comparing earnings for the period with other periods or companies. Such events and transactions include write-downs, fluctuations in exchange rates, the sale of significant fixed assets, the sale or liquidation of operations and similar restructurings, job actions, changes in estimates and forecasts, and corrections of errors in previous years' accounts. Intrum Justitia therefore reports major exceptional items of a non-recurrent nature on a separate line in the income statement, items affecting comparability. In 2003 items affecting comparability included expenses. In 2004 there were no items affecting comparability.

Earnings per share

Earnings per share consist of the net result for the year divided by a weighted average of the number of shares outstanding during the year. In 2004 the Group issued options to subscribe for new shares as part of an employee stock option program. Because the present value of the options' strike price exceeds the year's average market listing, there is no dilution effect from the option program in the calculation of earnings per share.

Segments

In its segment reporting, Intrum Justitia considers geographic regions as its primary segments and service lines as secondary segments. The geographic regions are *Sweden, Norway & Denmark; United Kingdom & Ireland; Netherlands, Belgium & Germany; Switzerland, Austria & Italy; Finland, Estonia, Latvia & Lithuania; France, Spain & Portugal* and *Poland, Czech Republic & Hungary.* The service lines are *Consumer Collection & Debt Surveillance, Commercial & International Collection, Purchased Debt, Sales Ledger Services* and *Other services*. In addition, there are central expenses that are not distributed by geographic region or service line. The distribution by geographic region and service line conforms to the segment distribution used for internal Group follow-ups. Key ratios such as number of employees, number of cases and revenues are used when distributing expenses in a Group company between service lines. Goodwill amortization is not distributed by service line.

Note 2 Information by geographic region and service line

SEK M	Group 2004	Group 2003
Revenues from external clients by geographic region		
Sweden, Norway & Denmark	732.1	729.3
United Kingdom & Ireland	361.5	395.5
Netherlands, Belgium & Germany	581.1	607.6
Switzerland, Austria & Italy	367.8	351.3
Finland, Estonia, Latvia & Lithuania	316.5	283.8
France, Spain & Portugal	318.0	313.0
Poland, Czech Republic & Hungary	171.8	184.1
Total	**2.848.8**	**2.864.6**
Intra-Group revenues by geographic region		
Sweden, Norway & Denmark	7.0	1.4
United Kingdom & Ireland	27.1	29.1
Netherlands, Belgium & Germany	21.7	6.6
Switzerland, Austria & Italy	30.8	25.8
Finland, Estonia, Latvia & Lithuania	19.4	18.7
France, Spain & Portugal	20.4	2.7
Poland, Czech Republic & Hungary	45.3	11.9
Elimination	–171.7	–96.2
Total	**0.0**	**0.0**
Operating earnings before goodwill amortization (EBITA) by region		
Sweden, Norway & Denmark	148.2	166.7
United Kingdom & Ireland	2.7	2.4
Netherlands, Belgium & Germany	80.0	94.9
Switzerland, Austria & Italy	61.4	43.8
Finland, Estonia, Latvia & Lithuania	131.2	106.7
France, Spain & Portugal	50.0	42.3
Poland, Czech Republic & Hungary	44.1	66.3
Participations in associated companies	2.8	0.4
Central expenses	–89.0	–95.4
Items affecting comparability	–	–398.0
Total	**431.4**	**30.1**

For a geographic distribution of items affecting comparability, see Note 4.

SEK M	Group 2004	Group 2003
EBITA margin, %		
Sweden, Norway & Denmark	20.2	22.9
United Kingdom & Ireland	0.7	0.6
Netherlands, Belgium & Germany	13.8	15.6
Switzerland, Austria & Italy	16.7	12.5
Finland, Estonia, Latvia & Lithuania	41.5	37.6
France, Spain & Portugal	15.7	13.5
Poland, Czech Republic & Hungary	25.7	36.0
Participations in associated companies	–	–
Group total	**15.1**	**1.1**
Operating earnings after goodwill amortization (EBIT) by region		
Sweden, Norway & Denmark	114.0	130.0
United Kingdom & Ireland	–14.5	–378.3
Netherlands, Belgium & Germany	64.9	37.3
Switzerland, Austria & Italy	46.3	28.5
Finland, Estonia, Latvia & Lithuania	114.4	88.7
France, Spain & Portugal	40.5	32.8
Poland, Czech Republic & Hungary	44.1	66.3
Participations in associated companies	2.8	0.4
Central expenses	–93.2	–99.6
Total	**319.3**	**–93.9**

SEK M	Group 2004	Group 2003
Assets		
Sweden, Norway & Denmark	679.9	672.2
United Kingdom & Ireland	627.2	679.9
Netherlands, Belgium & Germany	619.9	657.8
Switzerland, Austria & Italy	628.3	653.2
Finland, Estonia, Latvia & Lithuania	383.3	414.9
France, Spain & Portugal	407.9	397.6
Poland, Czech Republic & Hungary	176.8	160.3
Other/Eliminations	24.2	44.7
Total	**3,547.5**	**3,680.6**
Liabilities and provisions		
Sweden, Norway & Denmark	646.8	622.1
United Kingdom & Ireland	595.6	831.1
Netherlands, Belgium & Germany	481.9	468.0
Switzerland, Austria & Italy	531.4	542.9
Finland, Estonia, Latvia & Lithuania	120.6	158.7
France, Spain & Portugal	386.1	378.1
Poland, Czech Republic & Hungary	89.1	53.7
Other/Eliminations	–767.9	–632.1
Total	**2,083.6**	**2,422.5**
Investments in tangible and intangible fixed assets		
Sweden, Norway & Denmark	9.0	11.7
United Kingdom & Ireland	12.5	18.4
Netherlands, Belgium & Germany	19.1	14.8
Switzerland, Austria & Italy	9.9	21.7
Finland, Estonia, Latvia & Lithuania	16.9	7.6
France, Spain & Portugal	3.3	19.2
Poland, Czech Republic & Hungary	7.1	9.4
Other/Eliminations	2.4	2.7
Total	**80.2**	**105.5**
Depreciation/amortization		
Sweden, Norway & Denmark	–41.7	–42.7
United Kingdom & Ireland	–28.5	–34.2
Netherlands, Belgium & Germany	–26.1	–30.4
Switzerland, Austria & Italy	–50.0	–48.6
Finland, Estonia, Latvia & Lithuania	–22.9	–22.6
France, Spain & Portugal	–15.6	–15.9
Poland, Czech Republic & Hungary	–7.0	–5.7
Other/Eliminations	–19.6	–23.3
Total	**–211.4**	**–223.4**
Items not affecting cash flow		
Sweden, Norway & Denmark	22.6	0.0
United Kingdom & Ireland	0.0	15.2
Netherlands, Belgium & Germany	–9.2	21.6
Switzerland, Austria & Italy	0.0	–7.4
Finland, Estonia, Latvia & Lithuania	0.0	0.0
France, Spain & Portugal	0.0	0.0
Poland, Czech Republic & Hungary	0.0	0.0
Other/Eliminations	–2.3	0.0
Total	**11.1**	**29.4**

SEK M	Group 2004	Group 2003
Participations in associated companies		
Sweden, Norway & Denmark	0.0	0.0
United Kingdom & Ireland	0.0	0.0
Netherlands, Belgium & Germany	0.0	0.0
Switzerland, Austria & Italy	0.0	0.0
Finland, Estonia, Latvia & Lithuania	0.0	0.0
France, Spain & Portugal	0.0	0.0
Poland, Czech Republic & Hungary	0.0	0.0
Other/Eliminations	2.8	0.4
Total	**2.8**	**0.4**
External and intra-Group revenues by service line		
Consumer Collection & Debt Surveillance	1,756.0	1,732.3
Commercial & International Collection	640.5	665.3
Purchased Debt	244.9	206.6
Sales Ledger Services	129.9	113.9
Other services	207.8	233.6
Elimination of inter-service line revenue	–130.3	–87.1
Total	**2,848.8**	**2,864.6**
Revenues from external clients by service line		
Consumer Collection & Debt Surveillance	1,646.3	1,649.6
Commercial & International Collection	629.1	660.9
Purchased Debt	244.9	206.6
Sales Ledger Services	120.7	113.9
Other services	207.8	233.6
Total	**2,848.8**	**2,864.6**
Operating earnings before and after goodwill amortization (EBITA and EBIT) by service line		
Consumer Collection & Debt Surveillance	409.5	398.1
Commercial & International Collection	60.5	56.7
Purchased Debt	79.2	85.6
Sales Ledger Services	–32.3	–55.6
Other services	–9.4	20.1
Participations in associated companies	2.8	0.4
Central expenses	–78.9	–77.2
Items affecting comparability	–	–398.0
Total EBITA	**431.4**	**30.1**
Goodwill amortization	–112.1	–124.0
Total EBIT	**319.3**	**–93.9**
EBITA margin, %		
Consumer Collection & Debt Surveillance	23.3	23.0
Commercial & International Collection	9.4	8.5
Purchased Debt	32.3	41.4
Sales Ledger Services	–24.9	–48.8
Other services	–4.5	8.6
Group total	**15.1**	**1.1**

EBITA equals earnings before financial items, taxes, goodwill amortization and minority interests.

EBIT equals earnings before financial items, taxes and minority interests.

EBITA margin equals EBITA as a percentage of net revenues.

Central expenses that cannot be distributed by geographic area are reported under central expenses, which also include expenses for head office operations in Nacka and Amsterdam.

Intra-Group sales between the various regions are made on commercial terms.

In light of how the Group and its subsidiaries are organized, goodwill amortization, assets and liabilities cannot be accurately distributed by service line.

Note 3 Depreciation and amortization

SEK M	Group 2004	Group 2003	Parent Company 2004	Parent Company 2003
Capitalized expenditures for software and other intangibles	–54.9	–44.7	–0.4	–
Goodwill	–112.1	–124.0	–	–
Computer hardware	–25.5	–28.1	–0.2	–0.1
Other equipment, tools, fixtures and fittings	–18.9	–26.6	–0.3	–0.4
Total	**–211.4**	**–223.4**	**–0.9**	**–0.5**

A large part of the Group's goodwill has arisen when it was bought out from the London stock exchange in 1998 and through company acquisitions in 2001. On the acquisition date, goodwill is divided by country, but not by function. Amortization of goodwill is reported on a separate line in the income statement, since it is not possible after the fact to meaningfully divide it by function .

Note 4 Items affecting comparability

SEK M	Group 2004	Group 2003	Parent Company 2004	Parent Company 2003
England				
Correction of accounting inaccuracies in England arising in previous years	–	–79.6	–	–
Reserve for unallocated payments from debtors in England	–	–103.5	–	–
Costs for investigation of accounting inaccuracies in England	–	–33.9	–	–
Accounting reserve in England	–	–15.0	–	–
Write-down of goodwill attributable to England	–	–103.0	–	–
Write-down of other consolidated surplus values attributable to England	–	–20.5	–	–
Total, England	–	*–355.5*	–	–
Netherlands, Belgium & Germany				
Restructuring expenses in Netherlands, Belgium & Germany region	–	–42.5	–	–
Total	**0,0**	**–398.0**	**0,0**	**0,0**

The Swedish Financial Accounting Standards Council's recommendation *RR 4 Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Principles* requires a disclosure of the effect on earnings of noteworthy events and transactions when comparing earnings for the period with other periods or companies. Intrum Justitia therefore reports major nonrecurring expenses on a separate line in the income statement, items affecting comparability.

In 2003 a total of SEK 355.5 M was recognized in expenses attributable to serious shortcomings in the English subsidiary's reporting and routines.

Of this amount, SEK 79.6 M relates to restatements due to the company's use of inadequate reconciliation routines, whereby revenues were reported twice. As a result, differences arose between the financial accounts and sub-ledger information in the production system.

An additional provision of SEK 103.5 M was allocated to adapt the English subsidiary to the Group's policy on unallocated payments.

The investigation of the accounting inaccuracies was conducted together with external consultants hired from accounting and law firms at a cost of SEK 33.9 M.

Furthermore, a provision of SEK 15.0 M was allocated in the closing accounts for possible reconciliation differences in England that had not yet been investigated, referred to above as an accounting reserve. Based on a new evaluation at year-end 2004, this reserve is no longer needed.

The review of the value of cash-generating units in the Group done in connection with the closing of the accounts led to a decision to write down the goodwill attributable to England by SEK 103.0 M. In addition, other surplus values at the Group level were adjusted by SEK 20.5 M.

In 2003 SEK 42.5 M was also recognized for the costs to integrate the German operations and implement an action program in the Netherlands and Belgium. Integration costs include staff redundancies, rental costs for premises that are no longer used and the termination of agreements with suppliers, including a law firm in Germany.

Note 5 Participations in associated companies

SEK M	Group 2004	Group 2003
Intrum á Íslandi ehf., Reykjavik (Iceland)	2.8	–
Netgiro International AB, Stockholm (Sweden)	–	0.4
Total	**2.8**	**0.4**

Note 6 Interest income and similar items

	Group		Parent Company	
SEK M	2004	2003	2004	2003
Interest income from Group companies	–	–	41.3	82.9
Other interest income	11.1	6.7	0.8	0.2
Total	**11.1**	**6.7**	**42.1**	**83.1**

Note 7 Interest expenses and similar items

	Group		Parent Company	
SEK M	2004	2003	2004	2003
Interest expenses to Group companies	–	–	–6.3	–2.8
Interest expenses	–42.6	–39.7	–8.3	0.0
Translation differences	0.1	–7.5	–8.5	2.6
Amortization of capitalized debt costs	–0.7	–1.5	–	–0.4
Write-down of shares in Netgiro International AB	–	–4.8	–	–
Other financial expenses	–4.3	–6.1	–3.5	–0.1
Total	**–47.5**	**–59.6**	**–26.6**	**–0.7**

Translation differences from accounts receivable and accounts payable are reported in operating earnings. The amounts were negligible.

Note 8 Current and deferred tax on earnings for the year

The earnings (+)/loss (–) after financial items and tax cost for the year for Swedish and foreign operations were as follows:

SEK M	Group 2004	Group 2003
Earnings after financial items		
Sweden	137.2	40.5
Foreign	145.7	–187.3
Total	**282.9**	**–146.8**
Current tax		
Sweden	–0.7	–15.6
Foreign	–39.9	–21.5
Deferred tax		
Sweden	–22.5	–5.4
Foreign	–9.1	21.3
Total	**–72.2**	**–21.2**

Intrum Justitia AB is domiciled in Sweden, where the nominal corporate tax rate is 28 percent. The Group has operations in 21 countries in Europe with varying tax rates. The following reconciliation explains the deviation between the Group's actual tax cost and the anticipated tax cost based on a corporate tax rate of 28 percent.

	Group 2004		Group 2003	
Reconciliation	SEK M	%	SEK M	%
Earnings after financial items	282.9		–146.8	
Income tax calculated at standard rate in Sweden, 28%	**–79.2**	**28.0**	**41.1**	**28.0**
Effect of different tax rates in other countries	31.0	–11.0	34.8	23.7
Tax effect of non-deductible items affecting comparability	0.0	0.0	–62.8	–42.6
Tax effect of other non-deductible expenses	–36.2	12.8	–62.9	–42.8
Utilized, previously unreported tax assets pertaining to loss carryforwards (net)	–11.6	4.1	28.4	19.3
Other	23.8	–8.4	0.0	0.1
Total tax on net earnings for the year	**–72.2**	**25.5**	**–21.2**	**–14.5**

Expenses not deductible for tax purposes pertain mainly to goodwill amortization, and in 2003 to goodwill write-downs and the portion of other items affecting comparability related to England. Net utilization of previously unrecognized tax losses refers to the net positive tax effect during the year arising from the utilization of loss carryforwards that previously had not been reported as a deferred tax asset and the negative tax effect during the year due to losses in other countries where no deferred tax asset is reported for reasons of prudence. "Other" relates mainly to adjustments in the tax attributable to previous years, largely in the UK.

When differences arise between the tax value and reported value of assets and liabilities, a deferred tax asset or tax liability is reported. Such temporary differences arise mainly for provisions for pensions and fixed assets. Deferred tax assets include the value of loss carryforwards in the instances where they are likely to be utilized to offset taxable surpluses within the foreseeable future.

	Group 2004		Group 2003	
	Asset/ Liability	Income/ Expense	Asset/ Liability	Income/ Expense
Deferred tax assets				
Intangible assets	34.1	–2.3	38.6	–5.2
Provisions for pensions	4.4	0.8	1.9	1.5
Loss carryforwards	27.4	–18.1	64.7	19.9
Other	18.8	–6.1	2.1	0.0
Total	**84.7**	**–25.7**	**107.3**	**16.2**
Deferred tax liabilities				
Intangible assets	–3.2	0.0	–5.1	0.2
Other	–18.6	–5.9	–8.5	–0.5
Total	**–21.8**	**–5.9**	**–13.6**	**–0.3**
Net	**62.9**	**–31.6**	**93.7**	**15.9**

Deferred tax assets in the Parent Company refer to loss carryforwards.

Deferred tax assets and liabilities are considered to fall due for payment after more than one year.

The deduction entitlement that may be realizable in the future as a consequence of the Group's accumulated losses in various countries amounts at year-end 2004 to SEK 395.8 M (202.6), of which SEK 93,7 M (171.0) is in companies where the Group reports deferred tax assets totaling SEK 27.4 M (64.7) for loss carryforwards. The value of loss carryforwards in the Group's various companies is reported as a deferred tax asset when it is likely that the loss carryforwards will be used in the immediate years ahead.

Of the accumulated losses, SEK 295,6 M (156.5) relates to countries where, according to current tax legislation, it can be deducted against future taxable surpluses without time limits.

In regard to ongoing tax disputes, refer to Note 24 Contingent liabilities.

Note 9 Intangible fixed assets

	Group		Parent Company	
SEK M	2004	2003	2004	2003
Capitalized development expenditure for software and other intangibles				
Acquisition cost, opening balance	403.8	344.9	1.4	–
Capitalized expenditures for the year	42.7	55.8	0.4	1.4
Disposals	–2.9	–5.8	–	–
Reclassification	39.6	16.3	–	–
Translation differences	–0.8	–7.4	–	–
Accumulated acquisition cost, closing balance	**482.4**	**403.8**	**1.8**	**1.4**
Accumulated amortization, opening balance	–172.5	–117.5	0.0	0.0
Disposals	5.8	3.3	–	–
Reclassification	–44.0	–14.8	–	–
Amortization for the year	–54.9	–44.7	–0.4	0.0
Translation differences	0.6	1.2	–	–
Accumulated write-downs, closing balance	**–265.0**	**–172.5**	**–0.4**	**0.0**
Write-downs, opening balance	–113.5	–114.0	–	–
Translation differences	0.3	0.5	–	–
Accumulated write-downs, closing balance	**–113.2**	**–113.5**	**–**	**–**
Net book value	**104.2**	**117.8**	**1.4**	**1.4**
Goodwill				
Acquisition cost, opening balance	2,602.2	2,665.7	–	–
Acquisitions during the year	0.7	38.4	–	–
Sales and disposals	–6.9	–6.3	–	–
Translation differences	–29.5	–95.6	–	–
Accumulated acquisition cost, closing balance	**2,566.5**	**2,602.2**	**–**	**–**
Accumulated amortization, opening balance	–973.3	–874.0	–	–
Sales and disposals	0.0	0.0	–	–
Amortization for the year	–112.1	–124.0	–	–
Translation differences	18.6	24.7	–	–
Accumulated amortization, closing balance	**–1,066.8**	**–973.3**	**–**	**–**
Write-downs, opening balance	–100.8	0.0	–	–
Write-downs for the year	0.0	–103.0	–	–
Translation differences	2.1	2.2	–	–
Accumulated write-downs, closing balance	**–98.7**	**–100.8**	**–**	**–**
Net book value	**1,401.0**	**1,528.1**	**–**	**–**

Note 10 Tangible fixed assets

	Group		Parent Company	
SEK M	2004	2003	2004	2003
Computer hardware				
Acquisition cost, opening balance	328.4	351.5	0.5	0.1
Investments for the year	17.9	33.5	0.0	0.4
Sales and disposals	–133.5	–16.6	–	–
Reclassification	–47.9	–17.4	–	–
Translation differences	3.2	–22.6	–	–
Accumulated acquisition cost, closing balance	**168.1**	**328.4**	**0.5**	**0.5**
Accumulated depreciation, opening balance	–271.4	–290.6	–0.1	0.0
Sales and disposals	123.8	15.5	–	–
Reclassification	45.5	14.5	–	–
Depreciation for the year	–25.5	–28.1	–0.2	–0.1
Translation differences	–2.5	17.3	–	–
Accumulated depreciation, closing balance	**–130.1**	**–271.4**	**–0.3**	**–0.1**
Net book value	**38.0**	**57.0**	**0.2**	**0.4**
Other equipment				
Acquisition cost, opening balance	160.2	159.3	1.1	1.0
Investments for the year	19.2	16.2	0.1	0.1
Sales and disposals	–6.7	–7.7	–	–
Reclassification	11.5	0.5	–	–
Translation differences	–0.5	–8.1	–	–
Accumulated acquisition cost, closing balance	**183.7**	**160.2**	**1.2**	**1.1**
Accumulated depreciation, opening balance	–119.9	–105.1	–0.5	–0.1
Sales and disposals	5.2	6.2	–	–
Reclassification	–1.5	–0.1	–	–
Depreciation for the year	–18.9	–26.5	–0.3	–0.4
Translation differences	0.1	5.6	–	–
Accumulated depreciation, closing balance	**–135.0**	**–119.9**	**–0.8**	**–0.5**
Net book value	**48.7**	**40.3**	**0.4**	**0.6**

Note 11 Shares and participations in subsidiaries

The Group's Parent Company is Intrum Justitia AB (publ), domiciled in Stockholm with corporate identity number 556607-7581. The Group's subsidiaries are listed below.

Shares owned by Parent Company	Corporate identity no.	Domicile	Share of capital	Book value SEK M
SWEDEN				
Intrum Justitia International AB	556570-1181	Stockholm	100%	600.9

Shares owned within Group	Corporate identity no.	Domicile	Share of capital
SWEDEN			
Intrum Justitia International AB	556570-1181	Stockholm	100%

Subsidiaries within Intrum Justitia International AB Group	Corporate identity no.	Domicile	Share of capital
NETHERLANDS			
I.C.S International Collector Services BV	33.273.472	Amsterdam	100%
SWITZERLAND			
Intrum Justitia Debt Finance AG	CH-020.3.020.910-7	Zug	100%
Intrum Justitia Debt Finance Domestic AG	CH-170.3.026.065-5	Zug	100%
Intrum Justitia Licensing AG	CH-020.3.926.747-8	Zug	100%

Subsidiaries within I. C. S. International Collector Services BV Group	Corporate identity no.	Domicile	Share of capital
NETHERLANDS			
Intrum Justitia BV	33.204.349	Amsterdam	100%

Subsidiaries within Intrum Justitia BV Group	Corporate identity no.	Domicile	Share of capital
AUSTRIA			
Intrum Justitia Inkasso Gesellschaft m. b. H.	FN 48800s	Salzburg	100%
Intrum Creditcontrol Auskunftgesellschaft m. b. H.	FN 105105t	Salzburg	100%
BELGIUM			
Intrum Justitia Credit Management Services N.V	138.832	Ghent	100%
Outsourcing Partners N.V	635.281	Ghent	100%
CZECH REPUBLIC			
Intrum Justitia s.r.o.	25083236	Prague	100%
DENMARK			
Intrum Justitia A/S	DK 10613779	Copenhagen	100%
ESTONIA			
Intrum Justitia AS	10036074	Tallinn	100%
FINLAND			
Intrum Justitia Oy	FI14702468	Helsinki	100%
FRANCE			
Intrum Justitia France S.A.	B322 760 497	Lyon	100%
Intrum Justitia SAS	B385 373 162	Lyon	100%
Socegestion S.A	B414 613 539	Nanterre	100%
GERMANY			
Intrum Justitia Holding GmbH	HRB 4709	Darmstadt	100%
Intrum Justitia Inkasso GmbH	HRB 4622	Darmstadt	100%
Schimmelpfeng Forderungsmanagement GmbH	HRB 8997	Darmstadt	100%
Intrum Data Systems (Deutschland) GmbH	HRB 5345	Darmstadt	100%
HUNGARY			
Intrum Justitia Hitel Ügyintéző Szolgáltatás Kft	01-09-268230	Budapest	100%
Intrum Justitia Követeléskezeló Rt	01-10-044857	Budapest	100%
IRELAND			
Intrum Justitia Ireland Ltd	175808	Dublin	100%
ITALY			
Intrum Justitia SpA	03776980488	Milan	100%
LATVIA			
Intrum Justitia Sia	40003574557	Riga	82%
LITHUANIA			
UAB Intrum Justitia	124235171	Vilnius	80%
NETHERLANDS			
Intrum Justitia Central Europe BV	33.241.142	Amsterdam	60%
Intrum Justitia Finance BV	33.229.790	Amsterdam	100%
Intrum Justitia International BV	33.273.504	Amsterdam	100%
Intrum Justitia Nederland BV	27.134.582	The Hague	100%
Intrum Justitia Credit Services BV	33.244.259	Amsterdam	100%
Intrum Justitia European Outsourcing Services BV	24.289.495	The Hague	100%
NORWAY			
Fair Pay Please AS	979 683 529	Oslo	100%
Intrum Justitia AS	848 579 122	Oslo	100%
Bryn Creditservice AS	981 957 822	Oslo	100%
Bryn Fakturaservice AS	984 633 173	Oslo	100%
POLAND			
Intrum Justitia Sp.zo.o	521-28-85-709	Warsaw	100%
Intrum Justitia Debt Surveillance Sp.zo.o	783-15-41-469	Poznan	100%
Kancelaria Prawnicza Maciej Panfil I Partner SK	521-31-27-632	Warsaw	75%
Intrum Justitia Debt Finance Poland Sp.zo.o	521-31-83-398	Warsaw	100%
PORTUGAL			
Intrum Justitia Portugal Lda	7318	Lisbon	100%
SPAIN			
Intrum International S.A.	A79927423	Madrid	100%
Intrum Justitia Ibérica S.A.U.	A28923712	Madrid	100%
SWEDEN			
Intrum Justitia Sweden Holding AB	556542-7696	Stockholm	100%
Intrum Justitia Sverige AB	556134-1248	Stockholm	100%
Intrum Justitia Inkassosystem AB	556245-2309	Stockholm	100%
Fair Pay Management AB	556239-1655	Stockholm	100%

SWITZERLAND

Intrum Justitia AG	CH-020.3.020.656-9	Zürich	100%
Inkasso Med AG	CH-020.3.913.313-8	Zürich	70%
Kiss Kredit-Info-Service-System AG	CH-020.3.921.420-2	Zürich	100%
KISSdirect AG in liquidation	CH-020.3.020.182-8	Zürich	50%
Intrum Justitia Finance Service AG	CH-020.3.912.665-1	Zürich	100%

UNITED KINGDOM

Collector Services Ltd	3515447	Stratford-Upon-Avon	100%
Intrum Justitia (Holdings) Ltd	1356148	Stratford-Upon-Avon	100%
Intrum Justitia Ltd	1918920	Stratford-Upon-Avon	100%
Outstanding Services (Credit Control) Ltd	1014132	Stratford-Upon-Avon	100%
Bureau of Defaulters in England, Wales and Scotland Ltd	1007597	Stratford-Upon-Avon	100%
Office of Debt Recovery Ltd	2852544	Stratford-Upon-Avon	100%
Credit Ancillary Services (Scotland) Ltd	SC70627	Edinburgh	51%
MTW Associates Ltd	4164604	Liverpool	100%
Debt Investigations (UK) Ltd	4164669	Liverpool	100%
Stirling Park LLP	SO300097	Glasgow	100%

Intrum Justitia Central Europe BV is a holding company that owns the shares in the Group's operating companies in Poland, Czech Republic and Hungary. Since 2003 Intrum Justitia Central Europe BV is 40 percent owned by Visegrad NV, a company in which regional manager Henning Bensland is a co-owner along with another former employee. According to an agreement, Intrum Justitia has the right to repurchase 20 percent of the shares in Intrum Justitia Central Europe BV from Visegrad NV. If Intrum Justitia utilizes this opportunity, the purchase price for Visegrad NV's 20 percent interest, according to the option agreement, will be 16 percent of the current EBITDA multiple multiplied by EBITDA for Intrum Justitia's operations in Poland, Czech Republic and Hungary. If Intrum Justitia exercises its option as indicated above, Visegrad NV in turn has an option to sell its remaining 20 percent to Intrum Justitia, based on a similar price calculation. See also Note 28 Terms and conditions of employment for senior executives.

The Polish subsidiary Kancelaria Prawnicza Maciej Panfil I Partner SK is excluded from the consolidated accounts due to significant, longstanding obstacles stemming from a legal dispute with the minority owners, which considerably limits Intrum Justitia's ability to exercise influence over the subsidiary.

In October Intrum Justitia signed an agreement to acquire all the shares in the Irish company Legal & Trade (Ireland) Ltd., but in November 2004 decided to withdraw from the acquisition. The matter is currently being processed in the Irish courts. The company is excluded from Intrum Justitia's consolidated accounts.

Note 12 Companies reported according to the proportional method

Intrum Justitia is co-owner of three companies which, based on agreements with the other owners, are treated as joint ventures and reported according to the proportional method. This means that each line in Intrum Justitia's consolidated income statement and balance sheet includes an amount corresponding to the Group's interest in the respective line in joint ventures' income statements and balance sheets. All three companies invest in portfolios of overdue receivables. None have any employees.

The three companies reported according to the proportional method are:

Intrum Credit Agricole Indosuez Debt Finance AB
The company is domiciled in Stockholm with corporate identity number 556259-8606. There are 48,000 shares outstanding in the company, of which Intrum Justitia owns half. The other shares are owned by Credit Agricole Stockholm Filial to Calyon Bank SA.

SDF 75 AG
The company is domiciled in Zug, Switzerland with corporate identity number CH-170.3.026.714-4. There are 12,100,002 shares outstanding in the company, of which Intrum Justitia owns 25 percent. The other shares are owned by ELQ Investors, Ltd, a company owned by Goldman Sachs. The company commenced operations in 2004.

SDF 50 AG
The company is domiciled in Zug, Switzerland with corporate identity number CH-170.3.026.713-6. There are 100,002 shares outstanding in the company, of which Intrum Justitia owns 50 percent. The other shares are owned by ELQ Investors, Ltd, a company owned by Goldman Sachs. The company had no operating activities in 2003 or 2004.

Intrum Justitia's share of the income statements and balance sheets of the partly owned companies, after adjusting to the Group's accounting principles and distributing appropriations and untaxed reserves in tax and net earnings, amounts to:

Income statements

SEK M	2004	2003
Revenues	24.0	12.9
Operating expenses	–7.6	–5.7
Operating earnings	**16.4**	**7.2**
Net financial items	–2.9	–2.3
Earnings after financial items	**13.5**	**4.9**
Current and deferred tax	–3.8	–1.4
Net earnings for the year	**9.7**	**3.5**

Balance sheets

SEK M	2004	2003
Financial fixed assets	69.7	22.9
Current assets	5.2	2.0
Cash and bank balances	8.6	6.1
Total assets	**83.5**	**31.0**
Equity	30.3	6.8
Provisions	2.8	0.5
Long-term liabilities	9.5	16.0
Current liabilities	40.9	7.7
Total equity and liabilities	**83.5**	**31.0**

Note 13 Shares and participations in associated companies

SEK M	Corporate identity no.	Share of capital	Group 2004	2003
Intrum á Íslandi ehf. Reykjavik (Iceland)	701195-3109	25%	4.3	0.0
SDF 50 AG. Zug (Switzerland)	CH-170.3.026.713-6	50%	–	0.1
SDF 75 AG. Zug (Switzerland)	CH-170.3.026.714-4	25%	–	0.3
Total			**4.3**	**0.4**

SEK M	2004	2003
Opening balance	0.4	0.0
Investments in associated companies	2.0	0.4
Reclassifications	–0.4	0.0
Participations	2.8	0.0
Share of associated companies' tax	–0.4	0.0
Exchange rate difference	–0.1	0.0
Closing balance	**4.3**	**0.4**

The holdings in SDF 50 AG and SDF 75 AG were reclassified in 2004 as companies reported according to the proportional method. See Note 12.

The holding in Intrum á Íslandi ehf increased during the year from 20 to 25 percent through the purchase of shares.

Note 14 Shares and participations in other companies

SEK M	Corporate identity no.	Share of capital	Group 2004	2003
Netgiro International AB, Stockholm (Sweden)	556564-9190	9%	0.0	0.0
Other shares			0.2	0.4
Total			**0.2**	**0.4**

SEK M	2004	2003
Opening balance	0.4	5.4
Write-downs	–0.1	–4.8
Exchange rate difference	–0.1	–0.2
Closing balance	**0.2**	**0.4**

Other shares refer primarily to minor holdings in a number of listed companies in the telecom and insurance industries.

The book value of the shares in Netgiro International AB was written down to nil in 2003 based on an updated assessment of recovery value.

Note 15 Purchased debt

SEK M	Group 2004	2003
Acquisition cost, opening balance	1,752.0	1,572.2
Purchases of written-off debt	253.6	200.8
Translation differences	4.0	–21.0
Accumulated acquisition cost, closing balance	**2,009.6**	**1,752.0**
Amortization, opening balance	–1,412.0	–1,258.9
Amortization for the year	–190.6	–166.3
Translation differences	–4.3	13.2
Accumulated amortization, closing balance	**–1,606.9**	**–1,412.0**
Write-downs, opening balance	–	–
Write-downs for the year	12.1	–
Translation differences	0.0	–
Accumulated write-downs, closing balance	**12.1**	**–**
Net book value	**390.6**	**340.0**

Note 16 Other long-term receivables

Other long-term receivables refer primarily to capitalized debt costs of SEK 4.9 M and deposits in connection with the rental of premises. These receivables are not expected to be repaid in the year ahead.

Note 17 Purchased fresh receivables

SEK M	Group 2004	2003
Acquisition cost, opening balance	353.2	291.0
Purchases of fresh receivables	83.9	101.3
Translation differences	1.9	–39.1
Accumulated acquisition cost, closing balance	**439.0**	**353.2**
Amortization, opening balance	–312.6	–248.0
Amortization for the year	–96.3	–97.3
Translation differences	–1.3	32.7
Accumulated amortization, closing balance	**–410.2**	**–312.6**
Write-downs, opening balance	–	–
Write-downs for the year	–10.0	–
Translation differences	0.0	–
Accumulated write-downs, closing balance	**–10.0**	**0.0**
Net book value	**18.8**	**40.6**

Note 18 Other receivables and prepaid expenses and accrued income

	Group	
SEK M	2004	2003
Other receivables		
Outlays on behalf of clients	157.9	171.4
Receivable related to court and solicitors costs	44.3	33.2
Receivable from Legal & Trade Financial Services Ltd for purchase price on withdrawn acquisition	17.4	–
Other	67.6	58.8
Total	**287.2**	**263.4**

Other receivables in the Parent Company amount to SEK 6.5 M (4.3) and relate primarily to value-added tax.

	Group		Parent Company	
SEK M	2004	2003	2004	2003
Prepaid expenses and accrued income				
Prepaid rent	6.2	6.5	0.0	0.2
Prepaid insurance premiums	2.8	4.7	0.0	0.0
Accrued income	23.9	27.5	0.0	0.0
Other	45.1	34.9	1.1	3.2
Total	**78.0**	**73.6**	**1.5**	**3.7**

Note 19 Provisions for pensions

The personnel in the Group's companies are covered by various pension benefits. Some are defined benefit plans and are wholly financed through assets administered by fund managers.

From 2004 the Group applies the Swedish Financial Accounting Standards Council's recommendation *RR29 Employee Benefits*, which contains, among other things, uniform regulations on the actuarial calculation of provisions for pensions in defined-benefit pension plans. These pensions were previously reported by each Group company in accordance with the local practice in their country. The change in accounting principles have resulted in an increase in provisions for defined-benefit pensions and similar commitments in Finland, France, Italy and Norway totaling SEK 18.6 M through a decrease in shareholders' equity of SEK 6.6 M, a deferred tax receivable of SEK 0.7 M and a reclassification of other long-term liabilities of SEK 11.3 M. Provisions for pensions are also reported in Germany, which in previous years had already applied the same type of actuarial calculation as stipulated in *RR 29*.

Provisions for pensions at year-end can be sub-divided into the following components:

	Group	
SEK M	2004	2003
Present value of funded obligations	55.3	58.1
Fair value of assets	–23.3	–46.1
Present value of obligations	**32.0**	**12.0**
Unrecognized actuarial gains	0.4	–0.1
Provisions for pensions	**32.4**	**11.9**

The change in balance sheet item Provisions for pensions is specified as follows:

	Group	
SEK M	2004	2003
Opening balance	11.9	19.5
Change in accounting principle	18.6	0.0
Net pension cost for the period	6.2	–5.9
Contribution paid	–4.1	–1.9
Translation differences	–0.2	0.2
Closing balance	**32.4**	**11.9**

The amounts reported as Net pension cost for the period are included in the consolidated income and are specified as follows:

	Group	
SEK M	2004	2003
Service cost	4.4	–6.4
Interest expense	1.8	1.9
Anticipated return on assets	0.0	–1.4
Net actuarial gain during the year	0.0	0.0
Total pension cost	**6.2**	**–5.9**

In calculating Provisions for pensions, the following assumptions are used:

	Group	
	2004	2003
Discount rate	2.0–5.3%	4.0–6.0%
Anticipated rate of increase in compensation	2.5–3.0%	2.0–3.0%
Anticipated return on assets	5.0–7.0%	5.0–7.0%
Anticipated pension increases	1.7–3.0%	1.5–3.0%
Adjustment to social security base	2.5–3.0%	2.5–3.0%

The Group also finances a number of defined contribution plans, its costs of which amounted to SEK 52.3 M (51.0).The commitments for retirement and family pensions for the Group's Swedish employees are secured through insurance with Alecta according to the so-called ITP plan. According to a statement (URA 42) from the Swedish Financial Accounting Standards Council's Emerging Issues Task Force, the ITP plan is a multi-employer defined benefit plan. For fiscal year 2004, however, Alecta's clients have not been provided enough information to report the plan as defined benefit. The ITP plan secured through insurance with Alecta is therefore reported by Intrum Justitia as if it were a defined contribution plan. Alecta's surplus can be distributed to policyholders and/or insureds. At year-end 2004 Alecta's surplus in the form of the collective funding ratio was 128 percent (120). The collective funding ratio consists of the market value of Alecta's assets as a percentage of the insurance obligations calculated according to Alecta's actuarial assumptions, which do not agree with *RR 29*.

Note 20 Other provisions

	Group	
SEK M	2004	2003
Restructuring provision, Netherlands, Belgium & Germany region	14.4	23.6
Total	**14.4**	**23.6**

	Group	
SEK M	2004	2003
Opening balances	23.6	2.1
Provisions for the year	0.0	229.3
Release during the year	–9.1	–207.6
Translation differences	–0.1	–0.2
Closing balance	**14.4**	**23.6**

In connection with the decision in 2003 to intensify the integration in Germany and the action program in the Netherlands and Belgium, a provision of SEK 46.1 M was allocated for restructuring costs, including redundancies, premises and agreements with suppliers. SEK 22.5 M of the provision was utilized in 2003 and SEK 9.1 M in 2004. As of December 31, 2004 SEK 14.4 M remained, primarily related to remaining costs for premises associated with terminated leases.

In 2003 SEK 0.1 M was also utilized from a provision allocated in 2001 for restructuring costs in connection with the integration of Vía Ejecutiva in Spain, while SEK 2.0 M was reversed for a provision allocated in connection with the acquisition of Stirling Park in Scotland in 2002. In addition, provisions of SEK 183.2 M were allocated in 2003 for reserve requirements in England, which were either utilized in their entirety or reported as a liability during the same year.

Note 21 Liabilities to credit institutions

SEK M	Group 2004	2003
Long-term	731.3	844.1
Current	53.9	143.7
Total	**785.2**	**987.8**

In 2001 Intrum Justitia signed a credit agreement with Svenska Handelsbanken that was changed in April 2003 to a five-year credit agreement totaling EUR 150 M. As of December 31, 2004 the Group had utilized a total of SEK 809.4 M of the loan facilities, while the unutilized portion, after amortization, amounted to SEK 385.8 M. The loan carries a variable interest rate based on the interbank rate in each currency plus a mark-up. There are a number of operating and financial covenants associated with the Credit Facility, including limits on certain key financial ratios. In addition, the credit agreement includes covenants that may restrict, condition or prohibit the Group from incurring additional debt, making acquisitions, disposing of assets, making capital and finance lease expenditures, allowing assets to be encumbered, changing the scope of the Group's business and entering into a merger agreement.

SEK M	Group 2004	2003
Maturities of long-term bank borrowings		
Between 1 and 2 years	39.6	52.7
Between 2 and 3 years	39.6	52.7
Between 3 and 4 years	651.9	52.7
Between 4 and 5 years	–	686.0
Total	**731.1**	**844.1**

SEK M	Group 2004	2003
Unused lines of credit outstanding		
Expiring within one year	0.0	0.0
Expiring beyond one year	385.8	301.7
Total	**385.8**	**301.7**

After the closing day, on February 11, 2005 Intrum Justitia AB signed a five-year syndicated loan facility of EUR 210 M with Danske Bank A/S, Svenska Handelsbanken AB and Nordea Bank AB. Each bank's share is EUR 70 M. The facility will be used for general corporate purposes and to refinance the current loan facility of EUR 150 M. The agreement increases the number of banks involved. The Group's strong financial position ensured improved, flexible terms.

Note 22 Accrued expenses and prepaid income

SEK M	Group 2004	Group 2003	Parent Company 2004	Parent Company 2003
Accrued social security expenses	27.9	30.0	3.2	0.6
Accrued vacation pay	46.3	43.1	1.7	1.7
Accrued bonus cost	36.2	26.5	3.1	5.9
Prepaid subscription income	53.2	63.9	–	–
Provisions for losses on credit card guarantees	28.1	32.0	–	–
Reconciliation differences in the English operations	0.0	14.6	–	–
Other accrued expenses	145.1	123.5	11.7	6.9
Total	**336.8**	**333.6**	**19.7**	**15.1**

Note 23 Pledged assets

SEK M	Group 2004	Group 2003	Parent Company 2004	Parent Company 2003
Pledged assets	–	–	–	–

No shares in subsidiaries or other assets are pledged any longer.

Note 24 Contingent liabilities

SEK M	Group 2004	2003
Guarantees for credit card debts	833.4	924.9
Dispute with tax authority in Sweden	36.8	24.5
Dispute with tax authority in Norway	12.4	0.0
Dispute with tax authority in Finland	21.1	0.0
Other contingent liabilities	13.0	11.2
Total	**916.7**	**960.6**

The Parent Company's contingent liability of SEK 5.0 M (–) refers to a Parent Company guarantee issued to a bank for a subsidiary's overdraft facility.

Credit card guarantees

In combination with other services sold in Switzerland, the company has issued guarantees for credit card debts totaling SEK 833.4 M (942.9). The company's main risk relates to those portions of the credit card debts that are more than 30 days overdue, which amounted to SEK 9.8 M (15.2). The company has booked an accrual for its anticipated loss according to calculations based on historic experience and future expectations. Moreover, certain clients are no longer active and therefore no longer use Intrum Justitia. Consequently, the company does not consider that it has any guarantees in effect for these clients.

Tax disputes

Following tax audits in Finland, Sweden and Norway the tax authorities in each country questioned certain deductions for the years 1998–2003. Intrum Justitia has appealed and does not expect the tax authorities' rulings to result in any cost to the company. The tax effect of the above deductions is reported as a contingent liability, totaling SEK 70.3 M. Were Intrum Justitia to lose any of these disputes, it would have to pay penalties and interest as well. The tax audit in Denmark has been concluded and no significant questions remain.

Other

On May 22, 2002 a law suit was filed in the Nacka district court by Tore Nuland against Intrum Justitia AB and others. The suit pertains to claims that Norwegian courts dismissed in the late 1980s without the possibility of appeal. Intrum Justitia considers the claims to be unfounded and therefore is reporting no contingent liability.

In Switzerland, Intrum Justitia is involved in a dispute with a partner in its guarantee operations. Intrum Justitia has both receivables from and liabilities to the partner which have not been paid pending a legal resolution. In its accounts, Intrum Justitia has allocated provisions corresponding to the anticipated outcome of the dispute.

In October 2004 Intrum Justitia acquired all the shares in the Irish company Legal & Trade Collections (Ireland) Ltd., but decided in November 2004 to withdraw the acquisition when the financial prerequisites on which Intrum Justitia based its decision to acquire the company were no longer at hand, due to new information provided by the seller, Legal & Trade Financial Services. The matter is currently being processed in the Irish courts. Intrum Justitia has reported the purchase price as a short-term receivable (see Note 18) and allocated provisions corresponding to the anticipated outcome of the dispute.

The Group is otherwise involved in various legal actions in the normal course of business. In the opinion of management, the outcome of such actions is not expected to give rise to any significant loss.

Note 25 Average number of employees

	Group				Parent Company			
	2004		2003		2004		2003	
	men	women	men	women	men	women	men	women
Austria	33	7	18	29	–	–	–	–
Belgium	17	31	17	36	–	–	–	–
Czech Republic	19	29	20	26	–	–	–	–
Denmark	17	28	18	34	–	–	–	–
Estonia	6	20	9	18	–	–	–	–
Finland	61	177	60	168	–	–	–	–
France	74	233	59	215	–	–	–	–
Germany	64	121	71	140	–	–	–	–
Hungary	16	37	17	35	–	–	–	–
Ireland	5	20	8	22	–	–	–	–
Italy	11	59	6	60	–	–	–	–
Latvia	3	5	2	6	–	–	–	–
Lithuania	2	16	3	16	–	–	–	–
Netherlands	167	160	164	163	–	–	–	–
Norway	34	66	38	65	–	–	–	–
Poland	109	147	82	119	–	–	–	–
Portugal	4	26	4	24	–	–	–	–
Spain	37	43	44	41	–	–	–	–
Sweden	121	219	121	206	17	6	13	7
Switzerland	86	83	83	80	–	–	–	–
United Kingdom	183	349	180	343	–	–	–	–
Total	**1,069**	**1,876**	**1,024**	**1,846**	**17**	**6**	**13**	**7**
		2,945		**2,870**		**23**		**20**

On December 31, 2004 the Parent Company's Board of Directors consisted of nine members and one deputy. Of the members, eight are men and one a woman. The deputy is a man. On the same date the Group Management Team consisted of ten persons, all of whom are men. Of the Board members of Group subsidiaries, 93 percent are men and 7 percent women.

Note 26 Sick leave absences

	Group		Parent Company	
	2004	2003	2004	2003
Sick leave among employees in the Group's Swedish companies, expressed as a percentage of the employees' aggregate normal working hours				
Men	2.7	2.8	1.0	0.6
Women	8.4	10.5	*	*
Employees aged 29 or younger	4.6	8.1	*	*
Employees aged 30-49	7.8	9.1	1.0	1.6
Employees aged 50 or older	5.2	2.5	*	*
Total	**6.6**	**7.6**	**1.0**	**1.4**
Of which long-term sick leave (60 days or more)	47.0	26.5	0.0	0.0

* Not reported since the number of employees in the category is less than ten.

During the year sick leave absences in the Group as a whole, including foreign subsidiaries, corresponded to 6.0 percent (4.9) of employees' aggregate normal working hours.

Note 27 Salaries, other remuneration and social security costs

	Group		Parent Company	
SEK M	2004	2003	2004	2003
Salaries and other remuneration to Board, Presidents and Executive Vice Presidents in Parent Company and Subsidiaries	45.5	56.4	8.4	13.3
Salaries and other remuneration to other employees				
Sweden, Norway & Denmark	169.5	163.3	–	–
United Kingdom & Ireland	125.3	91.8	–	–
Netherlands, Belgium & Germany	201.3	192.5	–	–
Switzerland, Austria & Italy	105.6	115.2	–	–
Finland, Estonia, Latvia & Lithuania	72.6	68.1	–	–
France, Spain & Portugal	98.7	79.9	–	–
Poland, Czech Republic & Hungary	33.6	28.5	–	–
Head offices and central operations	23.6	17.5	16.0	10.8
Total salaries and other remuneration, Group	**875.7**	**813.2**	**24.4**	**24.1**
Social security costs	225.8	198.5	17.9	13.2
Of which pension costs	58.5	45.1	9.9	5.0

Note 28 Terms and conditions of employment for senior executives

Principles

The Chairman of the Board and other Directors receive fees set by the Annual General Meeting, including special fees for work on the Audit Committee. The company also compensates Board members for travel and out-of-pocket expenses in connection with their Board work.

Remuneration for the President and other senior executives consists of a base salary, variable compensation, other benefits, pensions and financial instruments.

The other senior executives changed during the year and refer in the table below to Henning Bensland, John Easden, Marcel van Es, Thomas Feodoroff, Lennart Laurén, Benno Oertig, Bertil Persson, Pascal Labrue (from February 1) and Bo Askvik (from August 1). During the year Jan Steenberg stepped down from his position with the Group and as a senior executive.

Pension benefits and remuneration in the form of financial instruments, etc. and other benefits for the President and other senior executives are part of their total compensation.

Remuneration and benefits during the year

SEK thousand	Base salary/fee	Variable compen-sation	Other benefits	Pension costs	Total
Chairman of the Board Bo Ingemarson	520	–	–	–	520
President Jan Roxendal	3,000	667	63	750	4,480
Other senior executives, eight persons [1]	12,839	8,999	594	1,818	24,250
Total	**16,359**	**9,666**	**657**	**2,568**	**29,250**

[1] Compensation for other senior executives refers to compensation for the full year for persons who were senior executives at year-end.

Board of Directors

In accordance with the decision of the Annual General Meeting, total fees paid to members of the Board of Directors amounted to SEK 1,650,000 for the year. In addition, the Annual General Meeting has resolved to pay fees of SEK 225,000 for committee work. Board fees are distributed between Directors as determined by the Board. The Directors have no pension benefits or severance agreements. The Board has decided that Director Björn Fröling shall, in addition to his Board fee, receive SEK 100,000 for consulting work in connection with the legal investigation of the accounting problems in the English subsidiary.

President

In accordance with his employment agreement, President and CEO Jan Roxendal receives a fixed annual salary of SEK 3,000,000 with a variable salary of up to SEK 2,000,000 and a company car as per the Group's car policy. The company pays pension insurance premiums corresponding to 25 percent of the President's fixed annual salary. Jan Roxendal has chosen to deduct SEK 60,000 per month from his gross salary to pay for additional pension insurance premiums. The company contributes to the pension the cost it saves through lower employer's contributions. Jan Roxendal has a minimum retirement age of 60, which can be extended if agreed by the company. The variable compensation for 2004 will be paid out in cash. If Jan Roxendal terminates his employment agreement, he has a six-month term of notice. If terminated by the company, his notice is twelve months and severance of SEK 3,000,000 will be paid, provided that termination is not due to a breach of contract on Roxendal's part.

Other senior executives

All senior executives, including the Executive Vice President, receive a fixed annual salary and variable compensation. The latter is based the results achieved in their area of responsibility, the Group's operating earnings and individual performance objectives. Variable compensation can be as high as 100 percent of fixed annual salary, but is usually lower. Regional managers generally have performance objectives where 50 percent of their variable compensation is based on the region's operating earnings, 30 percent on the Group's operating earnings and 20 percent on individual performance. One regional manager has an employment agreement that entitles him to receive 10 percent of his region's operating earnings before goodwill amortization, up to a maximum of SEK 5,800,000. This agreement was renegotiated to a lower level as of January 1, 2005.

Regional manager Henning Bensland is a co-owner of Visegrad NV, a company that owns 40 percent of the shares in Intrum Justitia Central Europe BV. Refer to Note 35 Transactions with related parties.

Notice of termination for members of Group Management Team varies from 6 to 12 months, regardless of whether termination is initiated by the employee or the company.

Pension benefits vary from individual to individual and from country to country. In several cases, they are included in monthly salaries. The majority of the senior executives are entitled to retire at age 65, one at 62. All pension benefits are defined contribution.

Incentive program

With regard to stock-related compensation, refer to Note 29 Stock-related compensation for employees.

Decision-making process

The Board of Directors has appointed a Remuneration Committee to provide recommendations to the Board on compensation issues, primarily as regards the President and Group Management Team. The Remuneration Committee consisted of three Board members in 2004: Bo Ingemarson (Chairman), Reinhold Geijer and Dennis Punches. The latter stepped down during the year and was replaced by Lars Förberg. The President and the company's human resource director are co-opted to the committee's meetings.

In 2004 the committee held one scheduled meeting and three called sessions. The scheduled meeting discussed a new plan for a three-year incentive program for certain regional managers, the Group's stock-related compensation (employee stock option program), and the framework for compensation levels in 2005. The called sessions discussed mainly the salaries for newly hired senior executives and the variable compensation paid for 2003. The committee's recommendations are submitted to the Board for decision.

Note 29 Stock-related compensation for employees

The Annual General Meeting in 2003 approved Employee Stock Option Program 2003/2009 entitling employees to acquire up to 2,525,000 shares in Intrum Justitia AB (publ) for SEK 57 per share, intended as an incentive program for around twenty persons in senior positions in the Intrum Justitia Group.

The stock options will be allocated as follows: to the President of Intrum Justitia AB a maximum of 500,000 options and to others eligible to participate between 75,000 and 150,000 options. Allotments take into consideration each employee's performance and position within, and efforts on behalf of, the Intrum Justitia Group.

Allotments were made in May 2004 as follows: A total of 18 employees received options free of charge to subscribe for a total of 2,400,000 new shares, of which 500,000 were allotted to the President. Additional options to subscribe for a total of 125,000 new shares were retained for future allocation by the Board.

The right to acquire new shares through the Employee Stock Option Program is related to the average annual percentage increase in the Intrum Justitia Group's earnings per share (before goodwill amortization) from fiscal year 2003 through fiscal year 2006, with earnings per share (before goodwill amortization) for fiscal year 2002 as a basis. The negative effect on earnings per share from any extraordinary dividend, meaning a dividend that exceeds Intrum Justitia's stated dividend objective at the time, is eliminated by equating such a dividend with a share repurchase. The following table shows the relationship between the increase in earnings according to the above and the highest allowable utilization ratio for allotted employee stock options.

Average annual increase in earnings per share (before goodwill amortization) in 2003–2006, %	Highest allowable utilization ratio for allotted employee stock options, %
0–<6	0
≥6–<7	20
≥7–<8	40
≥8–<9	60
≥9–<10	80
≥10	100

The minimum requirement in terms of earnings growth was not achieved in 2003-2004. Average growth for the years 2003–2006 is used as a basis instead.

Employee stock options are issued free of charge. The Intrum Justitia Group pays all social security contributions in connection with the benefit. In order to cover the liquidity effect that may arise from any social security contributions, warrants on a total of 833,250 shares were issued to a subsidiary of the Group.

To cover the company's obligation under the stock option program, the Annual General Meeting in 2003 approved the issue of 3,358,250 detachable warrants entitled to subscribe for shares in Intrum Justitia AB (publ), where each warrant permits subscription for one share at a price of SEK 57 per share, thereby hedging the shares that can be transferred to employees in accordance with Employee Stock Option Program 2003/2009 as well as the liquidity effect of the social security contributions in connection with program. If fully exercised, the warrants would raise the share capital by SEK 67,165, corresponding to approximately four percent of both the share capital and voting rights. The warrants expire on July 1, 2009. The theoretical market value of the options on the issuance date, calculated according to the Black-Scholes model, has been estimated at SEK 20.0 M, not taking into account the restrictions on the exercise of the options.

The reason for introducing Intrum Justitia AB's Employee Stock Option Program 2003/2009 was that the Board of Directors felt that it is important to recruit and retain competent executives and key personnel within the Group and to provide current and future senior executives and key personnel the opportunity to become owners of Intrum Justitia AB. The Board feels that this will align their interests with those of the Group and strengthen loyalty to the company in the years ahead, especially since option holders are required to remain employees to exercise their options. Since the program is an incentive for senior executives and key personnel within the Intrum Justitia Group, it is expected to positively affect the Group's development and thereby benefit shareholders.

The stock option program and warrants are not reported in the company's income statement and balance sheet for 2004, in accordance with generally accepted accounting principles in Sweden.

Because the present value of the strike price exceeds the year's average market listing, the option program has not been taken into account in the calculation of earnings per share, in accordance with *RR 18 Earnings per share*.

Note 30 Fees to auditors

	Group		Parent Company	
SEK M	**2004**	**2003**	**2004**	**2003**
Audit assignments				
PricewaterhouseCoopers	2.3	9.0	0.2	2.2
KPMG	8.3	0.0	0.8	0.0
Other assignments, PricewaterhouseCoopers	5.9	37.0	0.9	2.9
Other assignments, KPMG	1.3	0.0	0.8	0.0
Audits and other assignments, other auditors	0.2	3.5	0.0	2.9
Total	**18.0**	**49.5**	**2.7**	**8.0**

Note 31 Operational leasing

	Group		Parent Company	
SEK M	**2004**	**2003**	**2004**	**2003**
Obligations for rental payments for irrevocable rental contracts				
Year 1	79.0	92.2	0.4	1.0
Years 2–4	144.3	156.0	0.0	0.4
Year 5 and thereafter	113.5	104.9	0.0	0.0
Total	**336.8**	**353.1**	**0.4**	**1.4**

Group leasing costs for operational leasing in 2004 amounted to SEK 94.3 M (111.2), of which SEK 1.6 M (2.0) is in the Parent Company.

Note 32 Financial leasing

	Group	
SEK M	**2004**	**2003**
Minimum lease payments and their present value		
Within one year	0.3	0.3
Later than one year but less than five years	0.6	0.1
Later than five years	0.0	0.0
Total	**0.9**	**0.4**

The present value of future lease payments according to financial leases reported in the balance sheet are included in the item Other liabilities.

Note 33 Financial instruments and concentration of risk

Accounting and valuation principles

For a description of accounting and valuation principles, refer to Note 1.

Reported value and fair value of interest-bearing financial instruments

Non-interest-bearing financial instruments are reported at fair value. Current and long-term interest-bearing receivables and liabilities carry a market rate of interest. For these items, reported value is therefore considered fair value. In light of current interest rates, the fair value of current interest rate cap contracts is negligible.

For non-interest-bearing financial instruments as well, reported value corresponds to fair value.

Principles of financing and financial risk management

The financial risks that arise in Intrum Justitia's operations are limited. Thanks to a strong cash flow, combined with little need for investment and operating capital, external capital needs in operations are low.

Intrum Justitia' financing and financial risks are managed within the Group in accordance with the treasury policy established by the Board of Directors. The treasury policy contains rules for managing financial activities, delegating responsibility, measuring and identifying financial risks and limiting these risks.

Internal and external financial operations are concentrated in Group Treasury in Stockholm, which ensures economies of scale when pricing financial transactions. Because Group Treasury can take advantage of temporary surpluses and deficits in the Group's various countries of operation, the Group's total interest expense can be minimized.

Exchange rate risk

Exchange rate risk is the risk that fluctuations in exchange rates will negatively affect the Group's income statement, balance sheet and/or cash flows. Exchange rate risk can be divided into transaction exposure and translation exposure. Transaction exposure consists of the net of operating and financial receipts and disbursements in different currencies. Translation exposure consists of the equity in foreign subsidiaries and associated companies in foreign currency and any goodwill in connection with acquisitions.

Transaction exposure

Since operations are local, the large part of every company's revenues and operating expenses is denominated in local currencies, and thus currency fluctuations have only a limited impact on the company's operating earnings denominated in local currency. National operations seldom have receivables and liabilities in foreign currency, thus transaction exposure is limited. The currency exposure that arises within the operating activities is limited to the extent it pertains to international collection operations. All major known currency flows are hedged on a continuous basis.

Translation exposure

Intrum Justitia operates in 21 countries. Fluctuations in exchange rates affect the value of net assets in foreign currency. When the balance sheets for foreign subsidiaries are translated to SEK, balance sheet exposure arises because these balance sheets are expressed in currencies other than SEK. The results and financial position of subsidiaries are reported in the relevant foreign currencies and later translated into SEK for inclusion in the consolidated financial statements. Consequently, fluctuations in the SEK exchange rate vis-à-vis these currencies affect the Group's revenues and operating earnings, as well as equity and other items in its financial statements. Fluctuations between SEK and other currencies can therefore have an unfavorable effect on earnings and financial position as indicated in the consolidated financial statements. This exposure is minimized through the limited need for equity locally and by financing in local currency. As a result, net exposure in foreign assets is not hedged.

Consolidated earnings in SEK are affected by exchange rate fluctuations since earnings by subsidiaries are translated to SEK. Of the Group's revenues in 2004, 84 percent (85) was from operations outside Sweden. Exchange rate exposure does not affect the competitive situation faced by local subsidiaries, however, since they essentially operate in local currency. As a result, this exposure is not hedged.

A ten-percent appreciation in exchange rates against SEK and each currency with the greatest exposure would have had the following effect on revenues in 2004: CHF, SEK +25 M; EUR, SEK +142 M; GBP, SEK +33 M, and NOK, SEK +21 M.

Interest rate risks

Because Intrum Justitia's operations are not especially capital intensive and in light of the Group's strong cash flows, the Board of Directors has chosen to minimize interest rate risk with short interest fixing terms, on average less than one year.

A one-percent increase in market interest rates would adversely affect net financial items by approximately SEK 6 M.

Derivatives are used to hedge interest rate risks. In 2001 the Group entered into interest rate cap contracts. These contracts create an interest rate cap on certain variable-rate borrowings from banks. The contracts mature by October 26, 2006.

The Group's caps as of December 31, 2004:

Local currency	Notional amount	Cap rate, %
GBP	3,000,000	7.25
CHF	7,000,000	5.25
EUR	10,500,000	6.50
NOK	17,500,000	9.25
SEK	26,250,000	6.25
DKK	2,275,000	6.75

Financing risk

The Group's long-term financing risk is minimized through long-term financing in the form of committed lines of credit. The Group's objective is that at least 35 percent of total committed loans have a remaining maturity of at least three years and that not more than 35 percent of the total have a remaining maturity of less than 12 months.

In April 2003 Intrum Justitia signed a five-year credit agreement totaling EUR 150 M with Svenska Handelsbanken. The loan consists of various facilities and has a fixed amortization of EUR 4.4 M per year. The credit agreement has a number of operating and financial covenants, including limits on certain key financial ratios. In addition, the agreement includes covenants that may restrict, condition or prohibit the Group from incurring additional debt, making acquisitions, disposing of assets, making capital and finance lease expenditures, allowing assets to be encumbered, changing the scope of the Group's business and entering into a merger agreement.

After the closing day, on February 11, 2005 Intrum Justitia AB signed a five-year syndicated loan facility of EUR 210 M with Danske Bank A/S, Svenska Handelsbanken AB and Nordea Bank AB. Each bank's share is EUR 70 M. The facility will be used for general corporate purposes and to refinance the current loan facility of EUR 150 M from Handelsbanken. The agreement increases the number of banks involved. The Group's strong financial position ensured improved, flexible terms.

Liquidity risk

Liquidity risk is defined as the risk that extra costs will arise as a result of a shortage of liquidity reserves. The Group's aim is that the liquidity reserve, which consists of cash, bank balances, short-term liquid investments and the unutilized portion of committed lines of credit, should amount to at least ten percent of the Group's sales.

Credit risk

Financial assets that potentially subject the Group to credit risk consist of cash equivalents, accounts receivable, purchased debt, outlays on behalf of clients, derivatives and guarantees.

The Group's cash equivalents consist primarily of bank balances and other short-term financial assets with remaining durations of less than three months. The Group has deposited its cash equivalents with established financial institutions where the risk of loss is considered remote.

The Group has accounts receivable and purchased debt from clients who operate in various industries and are not concentrated in any specific geographic region. The Group's largest client accounts for less than two percent of revenues. As part of its operations, Intrum Justitia acquires portfolios of written-off consumer receivables and works to collect them. Unlike its conventional collection operations, where Intrum Justitia works on behalf of clients in return for commissions and fees, in this case it assumes all the rights and risks associated with the receivables. The portfolios are purchased at prices below their nominal value, and Intrum Justitia retains the entire amount it collects, including interest and fees. To minimize the risks in this business, Intrum Justitia exercises prudence in its purchase decisions. The focus is on small portfolios with relatively low average amounts, to help spread risks. Purchases are usually made from clients with whom the Group has maintained long relationships, so it is usually familiar with the receivables in question. Risks are also managed through limits on the scope and structure of purchased portfolios, which means that the Group's total assets in purchased portfolios may not exceed SEK 600 M, that no single portfolio may account for more than 25 percent of the total value of the portfolios, and that a maximum of 50 percent of receivables may originate from any one country. A large part of the portfolios relate to receivables in England, Finland, Poland and Switzerland. The portfolio structure throughout 2004 fell within the limits set by the Board of Directors.

As an element in these operations, Intrum Justitia incurs outlays on behalf of clients, including for legal and court costs. The manner in which these costs are settled with clients and debtors differs between countries. In the United Kingdom, court costs incurred to collect outstanding debts are capitalized as these costs are reimbursed to the Group when the litigation has been finalized and the case successfully settled. A credit risk is considered to exist, due to which provisions for doubtful recovery are recorded based on a review of the outstanding litigation at the end of an accounting period. The estimated value of the balance sheet item is SEK 44.3 M. Realized losses for court costs are expensed as identified.

The credit risk from the Group's interest rate and currency derivatives is entirely dependent on the counterparty, which is generally a large bank or financial institution. The company does not expect any of these counterparties to become insolvent.

In combination with other services it sells in Switzerland, the company has issued guarantees for credit card debts totaling SEK 833.4 M (924.9). The company's main risk relates to those portions of the credit card debts that are more than 30 days overdue, which amounted to SEK 9.8 M (15.2). The company has booked accruals for its anticipated loss according to calculations based on historic experience and future expectations. Moreover, certain clients are no longer active and therefore no longer use Intrum Justitia. Consequently, the company does not consider that it has any guarantees in effect for these clients. As of December 31, 2004, Intrum Justitia has allocated SEK 28.1 M (32.0) in the balance sheet to cover payments that may arise due to the guarantee. There is no guarantee, however, that these provisions will cover all possible future payments that arise. If the receivable from Intrum Justitia exceeds the provision in the balance sheet because of the aforementioned guarantee, earnings could be affected negatively.

Note 34 Company acquisitions

2004 Acquisitions

In October 2004 Intrum Justitia announced the acquisition of the Irish company Legal & Trade (Ireland) Ltd. In November 2004, however, Intrum Justitia decided to withdraw the acquisition when the financial prerequisites on which it based its decision were no longer at hand, due to new information provided by the seller, Legal & Trade Financial Services Ltd. The matter is currently being processed in the Irish courts. Intrum Justitia paid the purchase price to the seller, which is reported as a short-term receivable of SEK 17.4 M.

2003 Acquisitions

In January 2003 the French collection company Cofreco was acquired for SEK 50.4 M, which gave rise to SEK 34.4 M of goodwill. Through the acquisitions of Jean Riou Contentieux in 2002 and Cofreco in 2003, Intrum Justitia became the market leader in the French CMS market.

Note 35 Transactions with related parties

SEK M	Group 2004	Group 2003
Sales of services		
Dustin AB (sale of sales ledger services)	5.9	5.1
Total	**5.9**	**5.1**
Purchase of services		
Dustin AB (purchase of IT equipment)	0.2	0.3
Travel Focus Ltd (purchase of tickets and other travel services)	0.0	0.2
M5 Ltd (purchase of IT consulting services)	0.0	3.5
Fathom Ltd (purchase of IT consulting services)	0.0	8.1
Total	**0.2**	**12.1**
Receivables		
Henning Bensland (clearing account)	0.0	0.1
Total	**0.0**	**0.1**
Payables		
Pension commitment	0.0	1.3
Total	**0.0**	**1.3**
Sale of shareholding		
Visegrad NV (sale of shares in IJ Central Europe BV)	0.0	0.3
Total	**0.0**	**0.3**
Minority interest		
Visegrad NV (minority interest in earnings of IJ Central Europe BV)	–10.3	–12.5
Total	**–10.3**	**–12.5**

In addition to associated companies and joint ventures, related parties include the Board of Directors and senior executives, according to Note 28, as well as close family members to these executives and other companies over which they can exert a significant influence.

Intrum Justitia sells sales ledger services to and buys IT equipment from Dustin AB, a company in which Lennart Laurén, a regional manager at Intrum Justitia, is a board member and co-owner.

Bo Göransson, a member of Intrum Justitia AB's Board, is also a board member and co-owner of Travel Focus Ltd. Intrum Justitia buys tickets and other travel services from Travel Focus Ltd.

Intrum Justitia has purchased IT consulting services from M5 Ltd and Fathom Ltd. James Burton, a former regional manager at Intrum Justitia, is a co-owner of M5 Ltd and a member of the board of Fathom Ltd.

Pension obligations pertain to a widow's pension for Bo Göransson's mother, who is now deceased, and dates back to a transaction in 1971 when Bo Göransson acquired the company from his father.

In accordance with an option agreement, Intrum Justitia in 2003 sold 40 percent of the shares in Intrum Justitia Central Europe BV to Visegrad NV. Intrum Justitia Central Europe BV is the holding company for the Group's operating companies in Poland, the Czech Republic and Hungary. Henning Bensland, Intrum Justitia's regional manager, is a co-owner of Visegrad NV. The transaction created a minority interest in earnings as of April 2003.

Note 36 Reporting according to IFRS

From January 1, 2005 Intrum Justitia will adapt its reporting to the International Financial Reporting Standards (IFRS, formerly IAS). The annual report for 2005 and the interim reports will contain comparative figures for 2004 restated to IFRS, where January 1, 2004 will be considered Intrum Justitia's transition date to IFRS.

The following information on the significant anticipated effects of the transition is preliminary and may change if the IFRS recommendations or their interpretation change during the year.

Pursuant to IFRS, new rules apply to the preparation of acquisition analyses and consolidated accounts. As a consequence, the Group will no longer amortize goodwill. This raises consolidated earnings for 2004 by SEK 112.1 M and raises the book value of goodwill as of December 31, 2004 by SEK 104.8 M.

The theoretical value of the Group's employee stock option program will be accrued as a personnel cost during the period May 2004–December 2006. The value will be adjusted over this period for changes in the conditions for exercising the options. The reporting change for employee stock options decreases operating earnings for 2004 by SEK 5.0 M and raises other provisions as of December 31 by SEK 5.0 M.

Another effect of IFRS is that currency futures and other derivatives used in the Group's treasury operations will be marked to market when closing the accounts. This will not have a significant impact on the Group's closing accounts for 2004.

In the reporting of purchased debt, amortization will be calculated according to an effective interest rate method, where the book value of each portfolio consists of the present value of estimated future cash flows discounted by an effective interest rate determined at the time of the portfolio's acquisition. Reported revenues consist of the collected amount less amortization for the period. The effect on operating earnings of the new method to calculate amortization will be positive, SEK 4.2 M. In the balance sheet, the book value of purchased debt rises by SEK 12.4 M.

The estimated combined effects of IFRS on the consolidated income statement and balance sheet for 2004, including the effect of deferred tax, in comparison with generally accepted accounting principles in Sweden (Swedish GAAP), are indicated below.

Income statement January–December 2004

SEK M	According to Swedish GAAP	Adjustments: Purchased debt	Adjustments: Employee stock options	Adjustments: Goodwill	According to IFRS
Revenues	2,848.8	–108.3	–	–	2,740.5
Cost of sales	–1,710.6	112.5	–	–	–1,598.1
Gross earnings	**1,138.2**	**4.2**	**0.0**	**0.0**	**1,142.4**
Sales and marketing expenses	–304.1	–	–	–	–304.1
General and administrative expenses	–405.5	–	–5.0	–	–410.5
Goodwill amortization	–112.1	–	–	112.1	0.0
Items affecting comparability	0.0	–	–	–	0.0
Participations in associated companies	2.8	–	–	–	2.8
Operating earnings (EBIT)	**319.3**	**4.2**	**–5.0**	**112.1**	**430.6**
Net financial items	–36.4	–	–	–	–36.4
Earnings after financial items	**282.9**	**4.2**	**–5.0**	**112.1**	**394.2**
Tax on earnings for the year	–72.2	–0.8	–	2.2	–70.8
Minority interests	–10.3	–	–	–	–10.3
Net earnings for the year	**200.4**	**3.4**	**–5.0**	**114.3**	**313.1**

Balance sheet December 31, 2004

SEK M	According to Swedish GAAP	Adjustments: Purchased debt	Adjustments: Employee stock options	Adjustments: Goodwill	According to IFRS
ASSETS					
Intangible fixed assets					
Capitalized development expenditure for software and other intangibles	104.2				104.2
Goodwill	1,401.0			104.8	1,505.8
Total intangible fixed assets	**1,505.2**	**0.0**	**0.0**	**104.8**	**1,610.0**
Tangible fixed assets	**86.7**				**86.7**
Financial fixed assets					
Shares and participations in associated companies and other companies	4.5				4.5
Purchased debt	390.6	12.4			403.0
Deferred tax assets	84.7			–33.7	51.0
Other long-term receivables	7.3				7.3
Total financial fixed assets	**487.1**	**12.4**	**0.0**	**–33.7**	**465.8**
Total fixed assets	**2,079.0**	**12.4**	**0.0**	**71.1**	**2.162.5**
Current assets					
Accounts receivable	345.9				345.9
Purchased receivables	18.8				18.8
Client funds received	397.3				397.3
Tax assets	3.0				3.0
Other receivables	287.2				287.2
Prepaid expenses and accrued income	78.0				78.0
Cash and cash equivalents	338.3				338.3
Total current assets	**1,468.5**	**0.0**	**0.0**	**0.0**	**1,468.5**
TOTAL ASSETS	**3,547.5**	**12.4**	**0.0**	**71.1**	**3,631.0**
SHAREHOLDERS' EQUITY AND LIABILITIES					
Restricted equity					
Share capital	1.7				1.7
Restricted reserves	961.4				961.4
Non-restricted equity					
Non-restricted reserves	272.8	6.8		–43.2	236.4
Net earnings for the period	200.4	3.4	–5.0	114.3	313.1
Total shareholders' equity	**1,436.3**	**10.2**	**–5.0**	**71.1**	**1,512.6**
Minority interests	**27.6**				**27.6**
Provisions					
Provisions for pensions	32.4				32.4
Provisions for deferred taxation	21.8	2.2			24.0
Other provisions	14.4		5.0		19.4
Total provisions	**68.6**	**2.2**	**5.0**	**0.0**	**75.8**
Long-term liabilities					
Liabilities to credit institutions	731.3				731.3
Other long-term liabilities	9.6				9.6
Total long-term liabilities	**740.9**	**0.0**	**0.0**	**0.0**	**740.9**
Current liabilities					
Liabilities to credit institutions	53.9				53.9
Client funds payable	397.3				397.3
Accounts payable	195.2				195.2
Income tax liabilities	37.2				37.2
Advances from customers	30.1				30.1
Other current liabilities	223.6				223.6
Accrued expenses and prepaid income	336.8				336.8
Total current liabilities	**1,274.1**	**0.0**	**0.0**	**0.0**	**1,274.1**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**3,547.5**	**12.4**	**0.0**	**71.1**	**3,631.0**

Balance sheet January 1, 2004 (opening balance for IFRS)

SEK M	According to Swedish GAAP	Adjustments: Purchased debt	Adjustments: Employee stock options	Adjustments: Goodwill	According to IFRS
ASSETS					
Intangible fixed assets					
Capitalized development expenditure for software and other intangibles	117.8				117.8
Goodwill	1,528.1				1,528.1
Total intangible fixed assets	**1,645.9**	**0.0**			**1,645.9**
Tangible fixed assets	**97.3**				**97.3**
Financial fixed assets					
Shares and participations in associated companies and other companies	0.8				0.8
Purchased debt	340.0	9.0			349.0
Deferred tax assets	107.3				107.3
Other long-term receivables	10.1				10.1
Total financial fixed assets	**458.2**	**9.0**			**467.2**
Total fixed assets	**2,201.4**	**9.0**			**2,210.4**
Current assets					
Accounts receivable	353.8				353.8
Purchased receivables	40.6				40.6
Client funds received	475.2				475.2
Tax assets	29.4				29.4
Other receivables	263.4				263.4
Prepaid expenses and accrued income	73.6				73.6
Cash and cash equivalents	243.2				243.2
Total current assets	**1,479.2**	**0.0**			**1,479.2**
TOTAL ASSETS	**3,680.6**	**9.0**			**3,689.6**
SHAREHOLDERS' EQUITY AND LIABILITIES					
Restricted equity					
Share capital	1.7				1.7
Restricted reserves	1,519.2				1,519.2
Non-restricted equity					
Non-restricted reserves	–280.1	7.4			–272.7
Total shareholders' equity	**1,240.8**	**7.4**			**1,248.2**
Minority interests	**17.3**				**17.3**
Provisions					
Provisions for pensions	11.9				11.9
Provisions for deferred taxation	13.6	1.6			15.2
Other provisions	23.6				23.6
Total provisions	**49.1**	**1.6**			**50.7**
Long-term liabilities					
Liabilities to credit institutions	844.1				844.1
Other long-term liabilities	24.4				24.4
Total long-term liabilities	**868.5**	**0.0**			**868.5**
Current liabilities					
Liabilities to credit institutions	143.7				143.7
Client funds payable	475.2				475.2
Accounts payable	168.4				168.4
Income tax liabilities	39.2				39.2
Advances from customers	32.1				32.1
Other current liabilities	312.7				312.7
Accrued expenses and prepaid income	333.6				333.6
Total current liabilities	**1,504.9**	**0.0**			**1,504.9**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**3,680.6**	**9.0**			**3,689.6**

Audit report

To the Annual General Meeting of Intrum Justitia AB (publ)
Corporate identity number: 556607-7581

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the President of Intrum Justitia AB (publ) for the year 2004. These accounts and the administration of the company and the application of the Annual Accounts Act when preparing the annual accounts and the consolidated accounts are the responsibility of the Board of Directors and the President. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President and significant estimates made by the Board of Directors and the President when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any Board member or the President. We also examined whether any Board member or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and, thereby, give a true and fair view of the company's and the Group's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the general meeting of shareholders that the income statements and balance sheets of the Parent Company and the Group be adopted, that the profit of the Parent company be dealt with in accordance with the proposal in the administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm, March 21, 2005

KPMG Bohlins AB

Carl Lindgren
Authorized Public Accountant

The share and shareholders

Listing and share capital

The Intrum Justitia share has been listed on the O-list of Stockholmsbörsen (ticker IJ) since June 7, 2002. A trading lot comprises 200 shares. Since July 1, 2004 the share is included in the Attract40 section on the O-list, which consists of shares that meet certain criteria, including with regard to the company's market capitalization and turnover. During the period August 20, 2003 – March 26, 2004 the share was traded on the Observation section, pending the clarification of the accounting inaccuracies in Intrum Justitia's English subsidiary.

On December 31, 2004 Intrum Justitia had SEK 1,699,712 in share capital, distributed among 84,985,604 shares, each with a par value of SEK 0.02. All the shares have one vote and share equally in the company's assets and earnings.

Market value, price trend and turnover

In 2004 the price of the Intrum Justitia share rose from SEK 38.00 to SEK 51.50, or by 36 percent. During the same period Stockholmsbörsen's All-Share Index rose by 18 percent. The lowest price paid for the share during the year was SEK 32.80, on August 23, and the highest SEK 51.50, on December 30. Intrum Justitia's year-end share price gives it a market capitalization of SEK 4,377 M (3,229).

Share trades were settled on every business day of the year. An average of 235,949 shares was traded per day. The turnover rate – i.e. the share's liquidity – was 0.8, against 1.3 for Stockholmsbörsen as a whole.

Changes in share capital

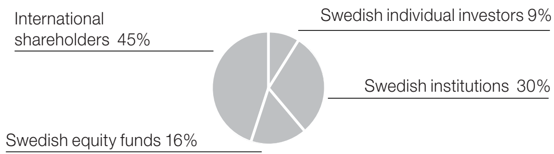
Year	Transaction	Increase in share capital	Total share capital	Total no. of shares	Par value per share, SEK
2001	Incorporation	100,000	100,000	1,000	100
2001	Split 5,000:1	0	100,000	5,000,000	0.02
2001	New issue [1]	778,729.40	878,729.40	43,936,470	0.02
2002	New issue [2]	208,216.72	1,086,946.12	54,347,306	0.02
2002	New issue [3]	612,765.96	1,699,712.08	84,985,604	0.02

[1] Directed to the Industri Kapital 1997 Fund and Synergy Ltd (company owned by a trust, of which Bo Göransson is the nominated beneficiary) at a subscription price of SEK 0.02 as part of the legal restructuring of the Intrum Justitia Group.

[2] New issue of 1,402,228 shares each to Synergy Ltd and the Industri Kapital 1997 Fund for a subscription price of SEK 4.432 per share and 3,803,190 shares each to Synergy Ltd and the Industri Kapital 1997 Fund for a subscription price of SEK 0.02 per share.

[3] New issue of 30,638,298 shares to retail investors in Sweden and international institutional investors at a subscription price of SEK 47 per share.

Shareholders



At year-end 2004 Intrum Justitia had 4,833 shareholders, compared with 3,458 a year earlier.

Principal shareholders and ownership structure [1]

Principal shareholders	No. of shares	Capital and votes, %
Industri Kapital 1997 Fund [2]	21,230,669	25.0
Parkerhouse Investments [3]	15,850,000	18.7
Cevian Capital	7,150,669	8.4
Lannebo funds	3,446,400	4.1
Didner & Gerge mutual fund	3,423,400	4.0
SEB funds	1,645,900	1.9
Handelsbanken/SPP funds	1,391,029	1.6
Second Swedish National Pension Fund	1,268,364	1.5
Robur funds	1,153,000	1.4
Fidelity funds	1,030,700	1.2
Total, ten largest shareholders	**57,590,131**	**67.8**

Holding, no. of shares	No. of shareholders	Total no. of shares	Capital and votes, %
1–1,000	3,322	1,485,488	1.8
1,001–10,000	1,251	4,061,032	4.8
10,001–50,000	150	3,468,641	4.1
50,001–100,000	31	2,408,362	2.8
100,001–500,000	50	10,408,605	12.2
500,001–1,000,000	15	9,662,066	11.4
>1,000,000	14	53,491,410	62.9
Total		**84,985,604**	**100.0**

[1] According to the VPC shareholder register on December 30, 2004.

[2] Industri Kapital 1997 Ltd. acts as a general partner or agent to the investors who together are the Industri Kapital 1997 Fund and to Laureth Limited Partnership, which co-invests with the Industri Kapital 1997 Fund. For the purpose of this table, the Industri Kapital 1997 Fund includes Laureth Limited Partnership.

[3] Company owned by a trust, of which Bo Göransson is the nominated beneficiary.

Dividend policy

Intrum Justitia's Board of Directors has as its aim to annually propose that shareholders receive a dividend that over time averages at least half of net earnings for the year, after tax. Decisions relating to the dividend proposal take into account the company's future revenues, financial condition, capital requirements and situation in general. For fiscal year 2004 the Board proposes that no dividend be paid (0). The Board also proposes a payment to shareholders of approximately SEK 600 M, corresponding to approximately SEK 7 per share, through an offer to redeem shares.

The share and shareholders

Dilution effects of employee stock option program

The Annual General Meeting in 2003 approved an employee stock option program offering the rights to acquire not more than 2,525,000 shares in Intrum Justitia AB at a price of SEK 57 per share. The program is intended for around twenty senior executives and the options expire after July 1, 2009. In 2004, 2,400,000 employee stock options were allocated. To guarantee Intrum Justitia's commitment as part of the program, the Annual General Meeting also decided to issue 3,358,250 warrants to subscribe for new shares. If the warrants are fully exercised, the number of shares and votes will be diluted by approximately four percent. For further information, see Note 29, page 55.

Analysts who cover Intrum Justitia

ABG Sundal Collier	Espen Bruu Syversen
Carnegie	Charlotte Widmark
Cazenove	Gorm I. Thomassen
Enskilda Securities	M Elling and C Lannebo
Handelsbanken	Henrik Talborn
Kaupthing Bank	Lars Frick
Morgan Stanley	Carolina Jimenez
Standard & Poor's	Stefan Andersson

Data per share[1]	2004	2003	2002
Earnings, SEK	2.36	–2.12	2.61
Earnings after dilution, SEK	2.36[2]	–2.12	2.61
Operating cash flow, SEK	5.66	3.55	3.92
Shareholders' equity, SEK	16.90	14.60	18.10
Shareholders' equity after dilution, SEK	16.90[2]	14.60	18.10
Dividend, SEK	0.0[3]	0.00	1.00
Dividend payout, %	0.0	0.0	49.0
Share price at year-end, SEK	51.50	38.00	40.50
Yield, %	0.0	0.0	2.5
P/E, multiple	21.8	neg	15.5
P/S, multiple	1.5	1.1	1.2
Beta	0.5	0.4	0.6
No. of shares at year-end	84,985,604	84,985,604	84,985,604
No. of shares at year-end after dilution	84,985,604	84,985,604	84,985,604
Average no. of shares	84,958,604	84,958,604	66,399,468

[1] For definitions, see page 26.
[2] Earnings per share and Shareholders' equity per share have not been affected by dilution from the Group's stock option program as the current strike price exceeds the year's average market price of the share.
[3] Proposed dividend.

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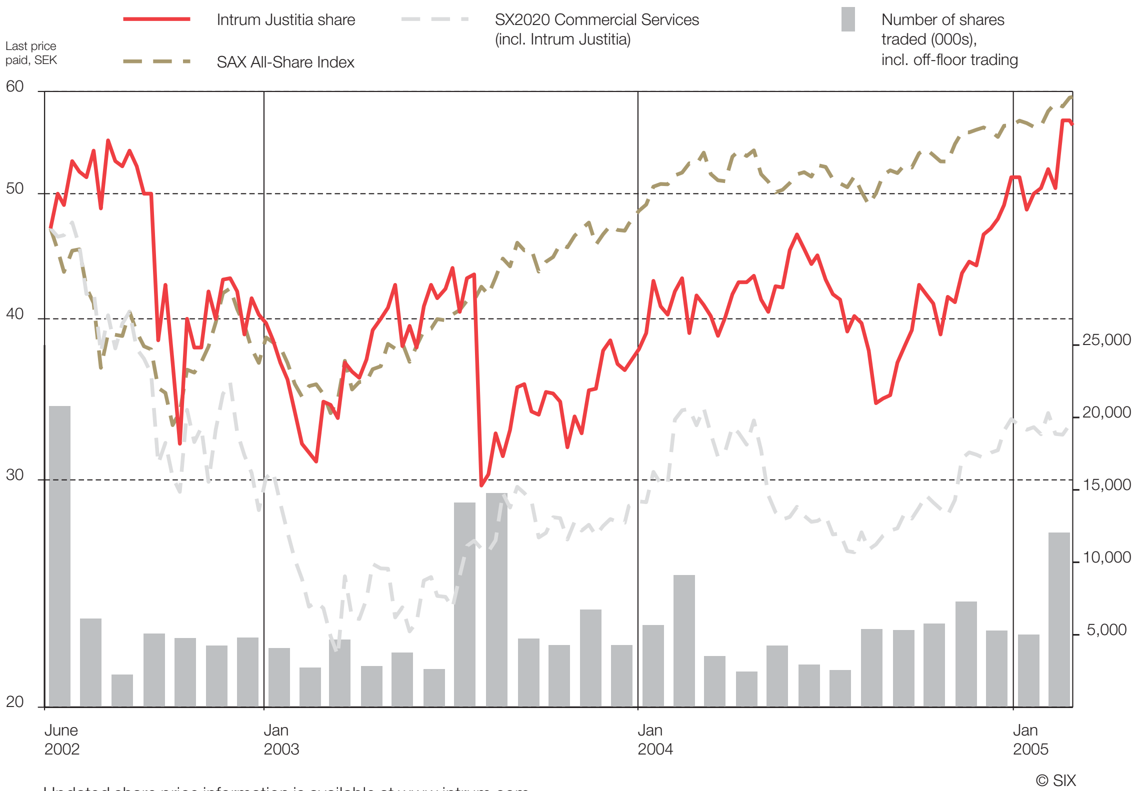
Share price trend and trading



Updated share price information is available at www.intrum.com

Board of Directors and Auditors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1. Bo Ingemarson, age 54, Chairman
Chairman since 2002. Chairman of the Remuneration Committee and Member of the Audit Committee. Bo Ingemarson is also Chairman of Ostnor AB and a member of the Boards of Modul 1 Data AB and Uppsala University. He has served as CFO of Sparbanken Sverige AB (1991–1993) and Skanska AB (1993–1997), as Vice President – Asset Management at Försäkringsaktiebolaget Skandia AB (1997–1999), and most recently as President and CEO of If Skadeförsäkring AB. He holds a M.Sc. from the Stockholm School of Economics, Sweden.
No. of shares in Intrum Justitia AB: 17,000.

2. Björn Fröling, 48, Vice Chairman
Board Member since 2002. Chairman of the Audit Committee. Björn Fröling is also Chairman of E. Öhman J:or Fondkommission AB and member of the Boards of Braganza AS, Malmö Aviation AB, Talisman Energy AB and E. Öhman J:or AB, among others. He was previously Managing Director and Partner in Lazard AB and prior to that with Brummer & Partners, Alfred Berg and Morgan Grenfell. He holds a M.Sc. from the Stockholm School of Economics, Sweden.
No. of shares in Intrum Justitia AB: 20,000.

3. Lars Förberg, 39
Board Member since August 17, 2004, and from this date also member of the Remuneration Committee. Lars Förberg is Managing Partner of Cevian Capital. Lars Förberg is also member of the Board of AB Lindex. He was formerly Chief Investment Officer at Custos and Investment Manager at Nordic Capital. He holds a M.Sc. from the Stockholm School of Economics, Sweden.
No. of shares in Intrum Justitia AB: 0.

4. Gerard De Geer, 55
Board Member since 2004. Gerald De Geer is a Partner in Industri Kapital since 2001 responsible for Operations & Business Control. He is also Chairman of Citylink AB and a member of the Boards of Consolis Oy Ab, Elektrokoppar Holding AB, MacGREGOR International AB and Continental Bakeries BV. He had previously served eight years as Vice President of A. T. Kearney in Stockholm. In addition, he has twelve years of experience from senior positions at, among others, Ovako, SKF Steel, Lesjöfors and Cameron Iron Works in Texas, USA. Gerald De Geer holds an MBA from Harvard Business School and a M.Sc. from the Stockholm School of Economics, Sweden.
No. of shares in Intrum Justitia AB: 0.

5. Reinhold Geijer, 52
Board Member since 2001. Member of the Remuneration Committee. Reinhold Geijer is President and CEO of Nordisk Renting AB and a member of a number of Boards of Directors, including those of Nefab AB and the Seventh Swedish Pension Fund. He was previously CEO of AB Spintab, and President and CEO of Sparbanken Sverige and FöreningsSparbanken AB. He holds a M.Sc. from the Stockholm School of Economics, Sweden.
No. of shares in Intrum Justitia AB: 12,000.

6. Bo Göransson, 67
Board Member since 2001. Bo Göransson acquired the company in 1971 and served during various periods until 1998 first as CEO and then Chairman. He also serves as Chairman of Parkerhouse Investments BV and Amfa Finans AB, and as a Director of Collection House Ltd and Travel Focus Ltd.
No. of shares in Intrum Justitia AB: 15,850,000.

7. Maria Lilja, 60
Board Member since 2001. Member of the Audit Committee. Maria Lilja is Chairwoman of Mandator AB and a member of the Boards of Bilia AB, Diageo plc, E. Öhman J:or AB, Observer AB and Poolia AB. She was President and CEO of Nyman & Schultz from 1993 to 1996, and Head of European Operations for American Express Corporate Travel Team from 1996 to 2000. She holds a degree in Market Economics from RMI in Stockholm, Sweden.
No. of shares in Intrum Justitia AB: 100,000.

8. Jim Richards, 52
Board Member since 2004. Jim Richards is President and CEO of Attention, LLC, a subsidiary of West Corporation, USA. Attention, LLC was founded by Jim Richards and is active in CMS. He is also a member of West Corporation's management team and a committee member of the Healthcare Services Program of ACA International. He studied at Temple University, Philadelphia, USA.
No. of shares in Intrum Justitia AB: 0.

9. Christian Salamon, 44
Board Member since 2001. Christian Salamon has been a Partner in Industri Kapital since 1997. From 1988 to 1997 he worked for McKinsey & Co. in Scandinavia and, prior to that, for the Atlas Copco Group in Switzerland. He is also a member of the Boards of Alfa Laval AB, Oriflame Cosmetics SA and Telefos AB. He holds an MBA from Harvard Business School and a M.Sc. from the Royal Institute of Technology in Stockholm, Sweden.
No. of shares in Intrum Justitia AB: 0.

DEPUTY BOARD MEMBER

10. Dennis Punches, 69
Board Member from 2001 to August 17, 2004, thereafter a Deputy Board Member. Member of the Remuneration Committee until August 17. Dennis Punches is President of Payback, LP, a real estate and investment partnership in the United States. He is also Chairman of Attention, LLC, USA, a Director of Call Solutions, Inc., USA, and Non-Executive Chairman of Collection House Ltd. He was President for 26 years and Chairman for 11 years at Payco American Corporation. He holds a B.Sc. from Carroll College, Wisconsin, USA.
No. of shares in Intrum Justitia AB: 123,000.

SECRETARY OF THE BOARD

Ingrid Westin Wallinder, 47
Secretary of the Board since 2003. Ingrid Westin Wallinder is an attorney and partner in RydinCarlsten Advokatbyrå AB.
No. of shares in Intrum Justitia AB: 0.

STATUTORY AUDITORS

KPMG Bohlins AB
Öhrlings PricewaterhouseCoopers AB, which was elected as the company's auditor at an Extraordinary General Meeting of Intrum Justitia AB in June 2001 until the conclusion of the Annual General Meeting in 2005, was replaced by the Annual General Meeting in May 2004. The meeting elected the accounting firm KPMG Bohlins AB as auditor of Intrum Justitia AB (with Authorized Public Accountant Carl Lindgren as responsible auditor) until the conclusion of the Annual General Meeting in 2008.

The indicated number of shares includes those held via companies and by family members and is valid as at December 31, 2004.


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1. Jan Roxendal, 51, President and Chief Executive Officer
Jan Roxendal assumed his duties as President and CEO in February 2003. During the period July 2003–February 2004 he also took over managerial responsibility for the United Kingdom & Ireland region. He joined the company from ABB, where he was in charge of the Financial Services division and was Executive Vice President of ABB Ltd. in Switzerland. Jan Roxendal joined ASEA/ABB in 1984 and was appointed President of the Financial Services business area in 1991. From 1998 to 2002 he was also a member of ABB's Group management. Before joining ABB he worked at SEB and Swedish Export Credit. As a result of his background in banking, he holds a Higher General Banking Certificate.
No. of shares in Intrum Justitia AB: 50,000. No. of employee stock options: 500,000.

2. Bo Askvik, 46, Chief Financial Officer
Bo Askvik has been an employee of Intrum Justitia since August 2004. He most recently held a similar position at the Swedish industrial group SAPA AB, where he had been employed since 1997. Between 1983 and 1997 he held various financial positions at Nordstjernan, Östgöta Enskilda Bank, Neste and Borealis. He holds a M.Sc. from the Stockholm School of Economics, Sweden.
No. of shares in Intrum Justitia AB: 25,000. No. of employee stock options: 150,000.

3. Henning Bensland, 42, Regional Managing Director
Henning Bensland joined the company in 1993 and has been Regional Managing Director of Poland, Czech Republic & Hungary since 1999. From 1992 to 1993 Henning Bensland was Business Development Director of Kontrax Telekom. Between 1988 and 1992 he held the positions of Area Manager and Product Manager at LM Ericsson. He holds a B.Sc. in Economics from Stockholm University and a M.Sc. in Engineering from the Royal Institute of Technology in Stockholm. Henning Bensland is co-owner of a company that owns 40 percent of Intrum Justitia Central Europe BV, a holding company for the operations in Poland, the Czech Republic and Hungary.
No. of shares in Intrum Justitia AB: 2,084. No. of employee stock options: 0.

4. John Easden, 41, Regional Managing Director
John Easden joined the company in 2002 and in March 2004 was given responsibility for operations in the United Kingdom & Ireland region. He has extensive marketing and sales experience in the financial sector, including Abbey National, Alliance & Leicester and Legal and General. John Easden holds a B.Sc. in Systems Science from the City University, London.
No. of shares in Intrum Justitia AB: 0. No. of employee stock options: 150,000.

5. Marcel van Es, 38, Regional Managing Director
Marcel van Es joined the company in 1988 and in 2000 was given responsibility for operations in the Netherlands. In October 2003 his managerial responsibility was expanded to include Intrum Justitia Belgium. He holds a B.Sc. in Economics from Hogeschool Rotterdam.
No. of shares in Intrum Justitia AB: 0. No. of employee stock options: 150,000.

6. Thomas Feodoroff, 52, Regional Managing Director
Thomas Feodoroff has been employed by the company since 1979 and is the Regional Managing Director of Finland, Estonia, Latvia & Lithuania. He studied at the Swedish School of Economics and Business Administration in Helsinki, Finland.
No. of shares in Intrum Justitia AB: 297,587. No. of employee stock options: 150,000.

7. Pascal Labrue, 37, Regional Managing Director
Pascal Labrue has been an employee at Intrum Justitia since 2000 and since February 2004 has served as Regional Managing Director of France, Spain & Portugal. As of 2005 his regonal responsibility also include Italy. He was previously employed by the CMS company B.I.L. Pascal Labrue graduated from ESC Bordeaux.
No. of shares in Intrum Justitia AB: 119,713. No. of employee stock options: 150,000.

8. Lennart Laurén, 47, Regional Managing Director
Lennart Laurén has been an employee at Intrum Justitia since 1998 and since September 2003 has served as Regional Managing Director of Sweden, Norway & Denmark. He was active for many years in the Swedish banking sector, including as regional manager for SEB-Bolån during the 1990s. Lennart Laurén holds a Higher General Banking Certificate and has studied management accounting and tax law.
No. of shares in Intrum Justitia AB: 142,842. No. of employee stock options: 150,000.

9. Benno E Oertig, 52, Regional Managing Director
Benno Oertig has worked for the Intrum Justitia Group for over 25 years. He founded Creditcontrol Data AG, which was acquired by Intrum Justitia in 1992. During the period 1992–1994 Oertig was responsible for marketing, after which he was put in charge of the Switzerland, Austria & Italy region. In July 2004 his responsibility was increased to include Germany.
No. of shares in Intrum Justitia AB: 300,000. No. of employee stock options: 150,000.

Bertil Persson, 54, Vice President
Bertil Persson has been an employee at Intrum Justitia since December 2000. In January 2005 he stepped down from his position as Administrative Director and CFO but remains a Vice President of Intrum Justitia AB until December 31, 2005.
No. of shares in Intrum Justitia AB: 0. No. of employee stock options: 100,000.

The indicated number of shares includes those held via companies and by family members and is valid as at December 31, 2004.

Group functions	Head
Communication & Investor Relations	Anders Antonsson
Debt Surveillance	Susanne Bruce
Business Development	Anders Carlström
International Collections	Dominique Desgoutte
Human Resources	Thomas Fredholm
Public Affairs	Leif Hallberg
Mergers & Acquisitions	Kent Hansson
Purchased Debt	Kari Kyllönen
Chief Information Officer	Rob de Vries

Annual General Meeting 2005

The Annual General Meeting of Intrum Justitia AB will be held on Wednesday, April 27, 2005 at 4:00 pm (CET) in Södra Paviljongen, Vasagatan 1, Stockholm. A notice will be published in the Swedish daily press. The notice and other information released prior to the Annual General Meeting will also be available at www.intrum.com.

Dividend

The Board of Directors proposes that no dividend be paid for fiscal year 2004. The Board of Directors also proposes that the Annual General Meeting approve a payment to shareholders of approximately SEK 600 M, corresponding to approximately SEK 7 per share, through an offer to redeem shares. Trading in redemption rights is expected to take place on Stockholmsbörsen beginning in May 2005. Payment of redemption proceeds is expected to take place around the end of June. Information on the redemption price, redemption ratio and other details of the offer will be announced in connection with the notice of the Annual General Meeting.

Financial report dates 2005

Interim report January–March	April 27
Annual General Meeting	April 27
Interim report January–June	August 17
Interim report January–September	October 26
Year-end report 2005	February 2006

The reports are published in Swedish and English. Financial reports and other information about the company can be accessed at www.intrum.com or can be ordered from Intrum Justitia AB, Corporate Communications Department, SE-105 24 Stockholm, Sweden.

Communication with shareholders, analysts and the media is a priority for Intrum Justitia. A presentation of the Group's results and operations is made for analysts and investors in Stockholm and London directly after the release of each interim report. The Group also publishes a magazine for its stakeholders, Fair Pay Magazine, which provides information on developments in the CMS industry and at Intrum Justitia. The magazine can be ordered from the Communications Department.

Shareholder contact

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