intrum justitia

ANNUAL REPORT 2006

INTRODUCTION TO INTRUM JUSTITIA

Intrum Justitia is Europe's leading Credit Management Services (CMS) company.

Our offering covers every stage of these services, from credit information and invoicing through sales ledger services, reminders and collection to debt surveillance and collection of written-off receivables. We also work with purchased debt and specialized services related to credit management. By offering efficient services and high quality relationships with both clients and debtors, we help our clients to improve their cash flow and long-term profitability.

Intrum Justitia was founded in Sweden in 1923. Today the Group has more than 90,000 clients and around 2,900 employees in 24 markets. The head office is located in Nacka, outside Stockholm, Sweden. The Intrum Justitia share was listed on Stockholmsbörsen (Stockholm Exchange) in June 2002 and since October 2006 it is listed on the OMX Nordic Exchange's Mid Cap list.

OUR CREDIT MANAGEMENT SERVICES

Marketing — *Sales* — *Agreed payment term* — *Due date ha*

CREDIT EVALUATION
- Credit information
- Credit decision
- Credit guarantee

PAYMENT MONITORING
- Financing
- Invoicing- and notification services
- Sales ledger and reminder services
- Interest invoicing
- Customer service

COLLECTION
- International collection
- Commercial and consumer collection

Intrum Justitia's service offering spans the entire credit management chain and is adapted to conditions in the 24 markets where the Group is active. As conditions in the form of acceptance of the industry and outsourcing change, the aim is to eventually offer the entire service portfolio in more countries.

Great potential in an expansive market

The CMS market is poised for an interesting future. Today only about 10 percent of the market is outsourced to professionals like Intrum Justitia. The remaining 90 percent is managed internally by companies and organizations. However, a number of overall trends point to an increase in outsourcing.

OVERALL TRENDS
- Increased global competition and internationalization.
- Deregulations.
- Innovation in financial products.

WHICH MEAN
- Focus on core business.
- More transaction-intensive companies and more (and more frequent) customer contacts in the market.
- Higher debt among companies and households.

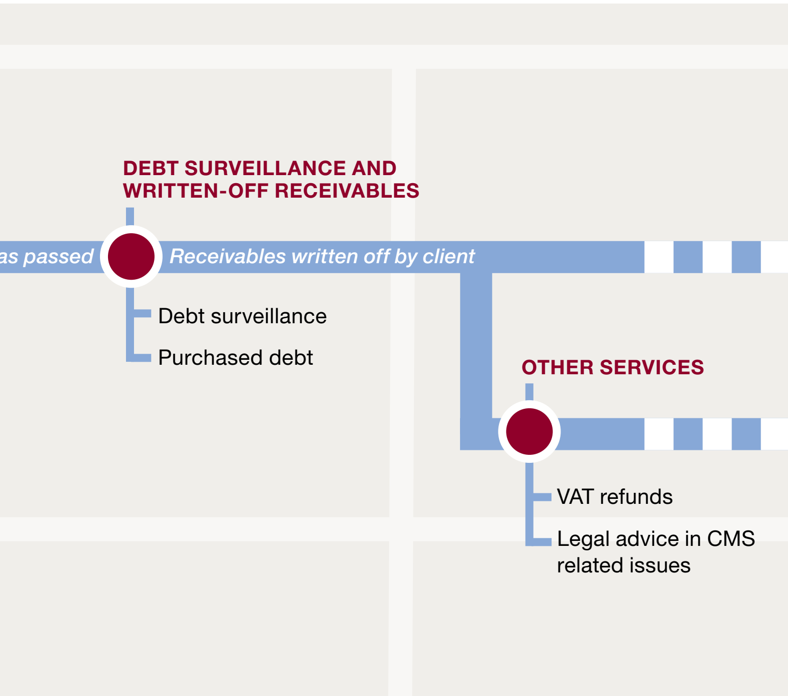
AND LEAD TO
- Increased outsourcing.
- Greater need to monitor invoices and payments.
- Greater need for understanding of sales processes.

THE FUTURE

The CMS market continues to grow.

Greater focus on client solutions

Our vision is to shift focus from being product-oriented to instead offering solutions with a goal of increasing and improving sales while at the same time strengthening relations with end customers.



Where you will find us

Intrum Justitia's share of the market

- >25%
- 10–25%
- <10%

The financial accounts comprise 22 countries, since Stirling Park in Scotland is included in the United Kingdom & Ireland region and Intrum á Íslandi ehf in Iceland is an associated company.

What we offer our clients

- *Fair pay... please!* A courteous attitude encourages long-term business.
- More cost-effective management of credit processes – better cash flows.
- Better decision guidance through our unique databases.

Contents

Welcome to Intrum Justitia. The black-and-white images of our employees were taken by Mats Lundqvist at our offices in Norway, Switzerland and Sweden.

This Annual Report is a translation from a Swedish original. In the event of any differences between this translation and the Swedish Annual Report (Årsredovisning 2006), the later should govern.

INFORMATION FOR SHAREHOLDERS

Annual General Meeting 2007
The Annual General Meeting of Intrum Justitia AB will be held on Wednesday, April 25, 2007 at 4:00 pm (CET) at World Trade Center, section D, New York Hall, Klarabergsviadukten 70, Stockholm, Sweden. A notice has been published in the Swedish daily press. The notice and other information released prior to the Annual General Meeting is available at www.intrum.com.

Dividend
The Board of Directors proposes a dividend of SEK 2.75 (2.25) per share for the fiscal year 2006, corresponding to 54 percent of net earnings for the year.

Financial report dates 2007

Interim report January–March	April 24
Annual General Meeting	April 25
Interim report January–June	July 26
Interim report January–September	November 8
Year-end report 2007	February 2008

Capital market day
On May 22, 2007 Intrum Justitia will arrange a capital market day for analysts, asset managers and journalists. Location: Intrum Justitia's office in Helsinki, Finland. For detailed information, see www.intrum.com.

Other
Financial reports are published in Swedish and English and can be ordered from Intrum Justitia AB, Corporate Communications Department, SE-105 24 Stockholm, Sweden, or accessed www.intrum.com.

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. In addition to these contacts, representatives of the company meet current and potential shareholders on other occasions such as one-on-ones and meetings with shareholder clubs. Please visit our website, www.intrum.com, for a general presentation of the Group as well as a detailed IR section with corporate governance documents, analysis tools, an insider register, etc. 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 Corporate Communications Department.

Shareholder contact
Anders Antonsson, Director of Corporate Communications,
Tel: +46 8 546 102 06, e-mail: ir@intrum.com.

The Intrum Justitia Group in 2006

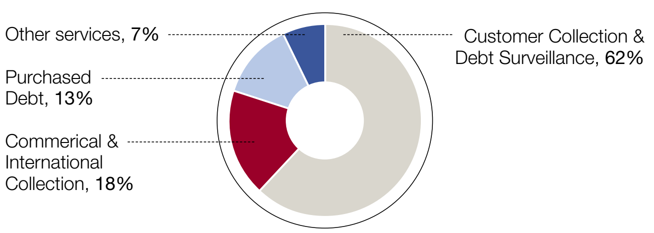
- Revenues amounted to SEK 2,939.6 M (2,823.2).
- Operating earnings (EBIT) rose to SEK 586.7 M (503.6).
- Net earnings rose to SEK 407.5 M (333.6).
- Earnings per share before dilution amounted to SEK 5.09 (3.84).
- The Board of Directors proposes a dividend of SEK 2.75 per share (2.25).
- Investments in portfolios of written-off receivables amounted to SEK 869.7 M.
- Michael Wolf was appointed the new President and CEO on September 1.

Key figures for the Group[1]	2006	2005
Revenues, SEK M	2,939.6	2,823.3
Operating earnings (EBIT), SEK M	586.7	503.6
Net earnings, SEK M	407.5	333.6
Operating margin, %	20.0	17.8
Return on operating capital, %	21.5	22.3
Return on shareholders' equity, %	28.9	23.0
Net debt, SEK M	1,464.5	1,192.7
Net debt/equity ratio, %	98.1	90.6
Equity/assets ratio, %	33.5	31.8
Interest coverage rate	8.1	11.2
Collection cases in stock, million	15.4	13.1
Gross collection value, SEK billion	89.4	93.3
Average number of employees	2,954	2,863
Number of shares on December 31	77,956,251	77,956,251
Share price on December 31, SEK	88.75	73.25

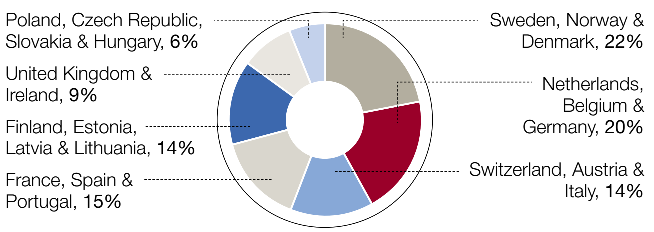
[1] For definitions, see page 26.

Most units developed well in 2006. We are especially pleased how our units in Finland, Switzerland and southern Europe have strengthened their positions. *Purchased Debt* operations continue to provide excellent support for our core business.

Revenues by service line 2006



Revenues by geographic region 2006



A FOUNDATION IS IN PLACE TO HELP CLIENTS DO BUSINESS MORE EFFICIENTLY

Thanks to the strong efforts of the employees of Intrum Justitia, 2006 was another record year. We were able to increase revenues and earnings. Revenues rose by 4.1 percent, while operating earnings increased 16.5 percent. The operating margin was 20 percent, compared with 17.8 percent in the previous year.

Most units developed well in 2006. We are especially pleased how our units in Finland, Switzerland and southern Europe have strengthened their positions. *Purchased Debt* operations continue to provide excellent support for our core business.

We continue to demand a high return on the portfolios of written-off receivables we buy. Lately we have increased our investments, though maintained the same quality requirements, which was confirmed by the valuation completed at the end of the year.

Our operations in England and Norway underwent extensive changes during the year to restore long-term profitability of these companies. In England, we have moved the large part of our operations to a new office in Liverpool, reducing costs in the process. Our Norwegian company have implemented new IT systems, which have significantly improved case management efficiency.

SHIFT IN THE INDUSTRY

The market we serve remains mostly small in scale and fragmented, and business is local. We believe the industry to be undergoing a shift in years ahead, and Intrum Justitia intends to play an active role in the development. Many other industries have raised standards and succeeded in redefining their markets. Our industry is headed in the same direction, as we strengthen our range of highly qualified, specialized and client-focused solutions.

Against this backdrop, we conducted a major strategic review in 2006. Our aim is to satisfy the expectations of clients and their customers by providing high quality and correct treatment in everything we do. Our vision is to shift the focus from being product-oriented to instead offering solutions with a goal of increasing and improving sales while at the same time strengthening relations with end customers.

"I am convinced that a greater client focus is the key to the part of the market still managed internally by companies. We can make the client's systems and processes more efficient, especially CRM, credit and sales ledger systems."

As a result, companies that now handle their own credit management will realize what a strong alternative Intrum Justitia offers. We want to be the partner that meets their quality demands through the entire process, from sales decision to final payment. Our main objective is clearly to convince more companies to choose Intrum Justitia as a partner for the entire sales and credit management process.

FROM PRODUCT TO SOLUTION

One of the most important components in the strategic shift is to enhance our offering. The next step will therefore be to take responsibility for the entire credit chain, which creates a number of synergies that help clients do business more profitably and efficiently.

I am convinced that a greater client focus is the key to the part of the market still managed internally by companies. We can make the client's systems and processes more efficient, especially CRM, credit and sales ledger systems. By linking them to our extensive databases of credit information, we can improve efficiency in every stage of the client's processes.

PRIORITIES 2007

Our ability to introduce a process-focused offering in each market is closely tied to its maturity. We know that our model works, thanks largely to the work that has been done in Finland and Switzerland, where our companies have developed well despite the maturity of their markets and limited opportunities to grow within the structures in place. One example of how a client-focused organization can increase sales and profitability is the work being done by our Swedish company in spring 2007. We have coordinated and strengthened our client focus, which means that clients can increase their sales while reducing risks – and thereby cutting costs.

Our priority in 2007 is to place greater focus on sales. In particular we whish to target the important B2B market – clients with other companies as their customers. The case volumes (and margins) from these clients are slightly lower than in the consumer market, but this is compensated by more stable revenue flows.

I also want to increase the level of cooperation within the Group and improve operational efficiency in every company. We are therefore going to formalize terminology within the Group. Under no circumstances, however, will this be done at the expense of the decentralized decision-making structure we have.

To retain our market-leading position, we must constantly be better and more efficient in our day-to-day work. To ensure this, we are trying to improve cooperation across national and organizational borders. This will help us define shared business models so that we can improve and benefit from the Group's expertise and experience.

"Our biggest challenge in 2007 is to add even more value for clients. To get there, we have to truly understand the needs and desires of our clients and debtors."

INVESTING IN PEOPLE

During a period of change it is important to invest in our organization. We need new ways of working and new competence. We will continue to train, educate and motivate employees so that they are prepared for the changes ahead – internally in the form of new routines and externally in the form of new demands from clients.

MARKET OUTLOOK

In 2007 we expect the market to grow in line with GDP. Underlying drivers point to an expansion of the total market. One of the most important factors is that corporate and household debt has risen by an annual average of 5–7 percent in the last five years. This, coupled with the introduction of the Basel II rules, should create greater demand for qualified credit management services. In addition, payment habits have deteriorated, and now the average payment delay is nearly 17 days. This is an increase of almost two days since 2003 and forces European companies in essence to finance the equivalent of EUR 25 billion in additional credit.

In summary, our biggest challenge in 2007 is to add even more value for clients. To get there, we have to truly understand the needs and desires of our clients and debtors. During my first halfyear as CEO I visited nearly every part of our Group. I am pleased to say that Intrum Justitia is truly Europe's leader in credit management services. The great commitment and professionalism in the company is the foundation we are building on.

Stockholm, March 2007

Michael Wolf
President and CEO

"I am pleased to say that Intrum Justitia is truly Europe's leader in credit management services. The great commitment and professionalism in the company is the foundation we are building on."

ENTIRE CREDIT CHAIN

One of the most important components in the strategic shift is to enhance our offering. The next step will therefore be to take responsibility for the entire credit chain, which creates a number of synergies that help clients do business more profitably and efficiently.

THE ROAD AHEAD

Business mission

Intrum Justitia is the leading European provider of credit management services (CMS) to businesses and government authorities. The Group helps its clients to improve their sales, profitability and cash flow. The combination of pan-European coverage and local expertise creates unrivalled value for our clients.

Financial objectives

INTRUM JUSTITIA'S FINANCIAL OBJECTIVES:

- To achieve 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.
- To maintain 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

CORNERSTONES OF INTRUM JUSTITIA'S STRATEGY:

➔ Offer a comprehensive range of credit management services

A comprehensive range of credit management services and efficient processes benefit clients. This in turn leads to stronger client relations and greater opportunities for added sales using Intrum Justitia's information on payment habits and credit use, for example.

Thanks to its extensive offering, Intrum Justitia is increasingly accepted as a natural CMS partner. This in turn leads to stronger business relations and creates opportunities for additional sales. Through its local presence, Intrum Justitia can offer clients and debtors, services tailored to the local market's maturity, regulations and practices. The Group also has well-established systems and processes for efficient credit management across borders within Europe. With a global network of agents, Intrum Justitia can provide clients with credit management services in 160 countries outside Europe.

➔ Work continuously to improve quality and efficiency

By automating management processes and coordinating IT systems, Intrum Justitia can achieve productivity improvements. In addition, it 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. Intrum Justitia also utilizes its own analysis models in order to optimize collection operations.

➔ Complement organic growth with acquisitions

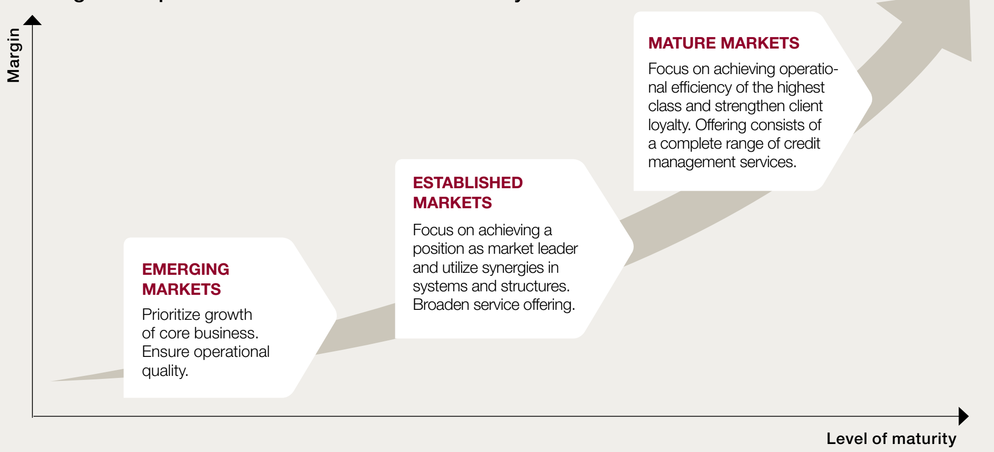
In addition to growing organically, Intrum Justitia seeks out opportunities to play an influential role in the industry's consolidation and to grow through acquisitions. The key criteria for acquisitions are to:

- broaden the service range in established markets,
- strengthen market position and improve cost efficiency,
- broaden the client base and database,
- establish Intrum Justitia in new markets.

➔ Build the brand

By building awareness of Intrum Justitia, the cost to launch various services can be reduced at the same time that opportunities for sustainable profitability will improve. Brand recognition is achieved through a distinctive identity and coordinated brandbuilding efforts utilizing channels such as advertising, sponsorship and the Internet. Marketing communications strategies and platforms are developed centrally and then adapted to local markets.

Strategies adapted to the various levels of maturity



The long-term aim is to offer comprehensive solutions in all markets where Intrum Justitia is active. In mature markets such as Finland and Switzerland, specialization is more prevalent and clients want full-service solutions. As less developed markets mature, other aspects of the credit management process are offered there as well. As Intrum Justitia proves the benefits of its full-service offering, outsourcing will increase.

WE ARE LEADING THE WAY IN CREDIT MANAGEMENT

Intrum Justitia is Europe's leading provider of credit management services. We offer a process-focused approach and full-service solutions that help clients build customer relationships, manage their businesses more efficiently and thereby improve profitability.

Over the years Intrum Justitia has grown from a provider of collection services to now offering a whole range of credit management services. We are in the midst of our next development stage, where we will use the unique information, know-how and the experience we have gained from every aspect of the sales, credit and payment process to help our clients manage their businesses more efficiently, while at the same time creating stable, long-term customer relationships with higher profitability.

Intrum Justitia also intends to grow in the business-to-business market. B2B cases are often more complex, which places tougher demands on the competence of the firms and companies who choose to manage the credit process. Intrum Justitia's efficient processes, extensive knowledge and pan-European network are important to success in the corporate market.

The market for credit management services is a dependent largely on national laws and local conditions. Client demand for credit management services is similar, though each local market has its distinctive qualities. When clients outsource their CRM, credit and sales ledger systems to us, every part of the credit management chain can be linked together to achieve higher efficiency in the sales, credit and payment process.

➔ SALES PROCESS

In the sales process – when our clients cultivate new customers and manage those they already have – Intrum Justitia can help with better segmenting and higher sales. Sales prospecting can be problematic if the right information about customers is missing or if the wrong customers are targeted.

➔ CREDIT PROCESS

We help clients make the right credit decisions and offer the right level of credit. Our extensive experience and access to credit information are critical. The key is to find the right balance. By offering limited credit, the seller risks losing a customer. By offering too large credits, the creditor may be exposed to unnecessarily high credit risks.

➔ PAYMENT PROCESS

One of our greatest strengths is being able to help clients make the right decision when an invoice is overdue. With our approach, they get paid while ensuring that the customer is treated fairly. This increases the prospects of maintaining customer loyalty and boosting profitability.

PROFITABILITY AND GROWTH
Clients benefit from Intrum Justitia's unparalleled information and experience from the sales, credit and payment processes.

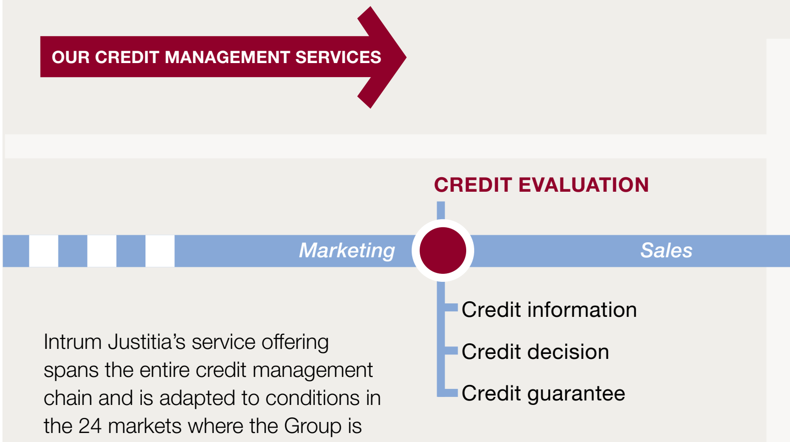
THE KEY TO MORE EFFICIENT BUSINESS PROCESSES

The total value of overdue receivables held by European companies is estimated at EUR 250 billion. In addition to trying to improve payment habits, companies can also benefit by better managing their credit processes. By offering full-service solutions, Intrum Justitia helps its clients manage their businesses more efficiently.

Our size and geographic coverage create economies of scale. In addition, we can effectively spread and share best practice methods and models. Taken together, it means that we can offer high cost efficiency in our solutions.

It is becoming increasingly important for us to provide clients with support outside their home markets. To complement our operations in 24 European markets, we have a network of agents in 160 countries outside Europe. As a result, we can service clients in practically any global market. All contacts are in the local language, and the methods and procedures we use in each country are adapted to local rules and practices.

Our offering is built on a number of cornerstones: extensive experience, effective support systems, comprehensive databases of credit information, a wide range of services, a code of ethics, and methods adapted to each situation and individual.



Intrum Justitia's service offering spans the entire credit management chain and is adapted to conditions in the 24 markets where the Group is active. As conditions in the form of acceptance of the industry and outsourcing change, the aim is to eventually offer the entire service portfolio in more countries.

Intrum Justitia's credit management services

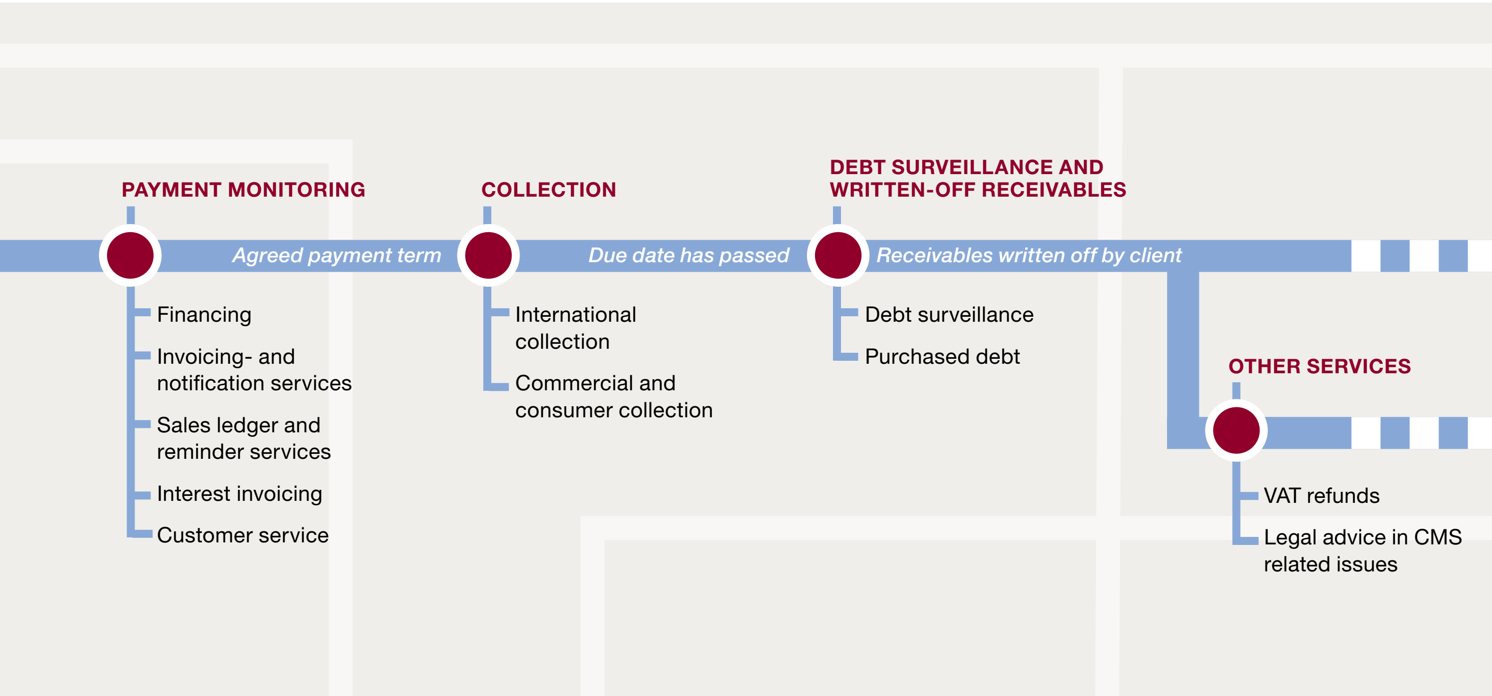
Intrum Justitia's service offering spans the entire credit management chain and is adapted to the conditions in the 24 markets where the Group is active. As conditions in the form of acceptance and outsourcing change, our aim is to eventually offer the entire portfolio of services in more countries.

➜ CREDIT EVALUATION

Credit information provides guidance for credit decisions, but is also an important component in companies' sales work. Access to accurate, up-to-date address information makes sales work more efficient. By avoiding prospective customers with low credit ratings, resources can be used more efficiently.

Credit decision provides clients with a detailed decision and recommendations whether a credit should be granted or denied. Interpretations are tailored to each company.

Credit guarantee means that Intrum Justitia reviews credit and charge card applications and guarantees the issuer payment if the cardholder does not pay.



PAYMENT MONITORING

Financing allows our clients, through invoice factoring, to free up working capital from accounts receivable quickly and efficiently.

Billing means that we compile client transactions and price them to ensure cost-effective billing.

Invoicing and notification services help clients free up resources. Electronic and paper invoices are sent out automatically through efficient, quality-assured routines.

Sales ledger and reminder services mean that we receive and book payments and offer efficient routines for reminders.

Interest invoicing means that we ensure payment for the extended credit on overdue receivables.

Customer service means that all contacts with customers regarding invoices and claims are handled by Intrum Justitia in a customer-focused and cost-effective manner.

COLLECTION

In **international collection**, we help companies get paid from debtors in other countries. Our presence and qualified partners in a large number of markets are important factors behind Intrum Justitia's effectiveness.

In **commercial and consumer collection**, our extensive experience, proven processes and reliable analyses make us effective at receiving payments, even for debts that are long overdue.

DEBT SURVEILLANCE AND WRITTEN-OFF RECEIVABLES

Debt surveillance means that we monitor our clients' written-off receivables. The right measures significantly increase the likelihood of getting paid.

Purchased debt means that we purchase written-off receivables, which frees up assets for clients and accelerates cash flows.

OTHER SERVICES

In addition to the services listed above, we can assist with **VAT refunds** and **legal advice in CSM related issues.**

FAIR PAY

Fair pay… please! is a promise to clients to ensure that debtors abide by their obligations without jeopardizing the business relationship between the client and debtor.

Fair pay… please! ensures a correct attitude toward debtors. It means being understanding and perceptive. Together with the debtors, we devise a solution acceptable to all parties.

Fair pay… please! is a commitment to Intrum Justitia's owners. Sound business ethics increase the prospects of the Group's successful development.

The Fair Pay-method

Fair pay… please! is Intrum Justitia's code of ethics and a commitment from us to our clients and their customers. It is our promise that clients and end-customers will always be treated fairly.

Intrum Justitia is the only company in the industry to apply a strict code of ethics – *Fair pay… please!* The purpose of the Fair pay method is to build respectful relationships with both creditors and debtors.

In our work, we show respect for individuals who, for whatever reason, face payment difficulties. Negotiation, realistic solutions and settlements increase the chances of getting debtors to pay.

The Fair Pay ethic also means that Intrum Justitia's employees are familiar with and follow the applicable and regulations in all our countries. Work is done promptly, efficiently and correctly.

The purpose of *Fair pay… please!* is to create long-term, profitable relationships between our clients and their customers. With a shortsighted approach to handling receivables, there is a risk that end-customers will turn to a competitor.

SEO, FINLAND

SEO OUTSOURCED THEIR CREDIT MANAGEMENT

SEO is one of Finland's leading gasoline retailers. One of the company's goals was to increase sales and improve customer relations by introducing an affinity card. An important part of its solution was to outsource credit management to Intrum Justitia.

The cooperation between Intrum Justitia and SEO (The Finnish Energy Cooperative Society) dates back to 2003, when SEO was planning the launch of a credit card it hoped would lead to higher sales and stronger relations with customers.

Early in the planning stages, SEO made it clear that processes that was not part of its core business would be outsourced. In addition, SEO's service to retailers and end customers would have to improve.

"We knew early on that it did not make sense handling all these processes in-house. We have reached our goal in credit management, which has proven profitable," says Kari Veromaa, president of SEO.

An important objective for Intrum Justitia is to improve client profitability by increasing the share of business that is profitable and reducing what is not. SEO's CFO, Ulla Lindström, notes that since Intrum Justitia took over responsibility for credit management very few cases have required collection.

Before SEO decided on a partner, it closely evaluated various partners' service packages comprising credit decisions, invoicing, sales ledger, debt surveillance and collection.

"We are very pleased with Intrum Justitia's service. The cooperation has been so positive that we are now looking at how we can expand it to increase the number of customers who use the card," says Kari Veromaa.

Scoring – for the best results when an invoice is overdue

We know from experience that a number of factors will affect the likelihood of getting paid on a receivable. The amount, source and age of the debt as well as the debtor's financial situation are all key factors.

By adapting measures to the situation, we can devote the right resources to the right receivables at the right time. We have developed unique scoring methods that help our clients get paid quickly and efficiently.

Our reliability is based on an ability to utilize the proprietary knowledge and information we have access to – mainly in our internal databases, though also external databases.

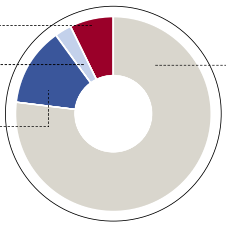
By continuously gathering new data, we better understand the payment habits of different groups, which then helps us further improve our scoring methods.

Intrum Justitia's revenue model

In 2006 the large part of Intrum Justitia's revenues was generated from CMS services provided on a contingent basis. Revenues from collection fees and commissions on collected amounts accounted for 77 percent of sales during the year. Subscription fees accounted for 3 percent.
Revenues from our portfolios of written-off receivables accounted for 13 percent, an increase of 2 percent compared with the previous year.

The fees and expenses that can be charged for credit management vary by country. Commissions tend to account for a larger share of revenues in Southern Europe. In Northern Europe, fees from clients and debtors provide a greater share.

Revenue distribution 2006



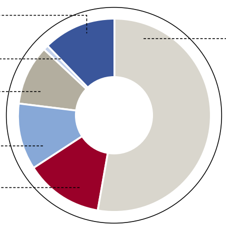
Purchased Debt

In recent years Intrum Justitia has increased its debt purchases. Since 2002 revenues from our portfolios have increased from SEK 163 M to approximately SEK 402 M. In 2006 we acquired 1,205 portfolios with a book value of SEK 838 M. The single largest portfolio, acquired from a German bank, consists of non-performing bank loans. The largest portfolios are comprised of bank loans, credit card receivables and receivables from telecom companies.

Competition in this market remains high from a number of sources. We target small and medium-sized portfolios of consumer receivables with relatively small amounts per receivable. In general, we acquire portfolios from clients with whom we have maintained long-term relationships. Access to extensive collection histories and sophisticated valuation methods make it easier for us to accurately measure the potential collectable value of these portfolios.

The most important success factors in this area are quality, efficiency and analytic ability. By devoting our energy and efforts to active cases instead of cases where customers are difficult to identify, for example, the prospects of getting paid are much higher.

Written-off receivables by type



GROWTH IN OUTSOURCING IS EXPANDING THE MARKET

Intrum Justitia's market is currently undergoing significant change. The greatest potential lies in expanding the market so that the level of outsourcing increases.

Today there are two key trends impacting the CMS market. Firstly, all indications seem to point to that services traditionally handled in-house are increasingly being outsourced to professionals like Intrum Justitia. Secondly, payments delays are increasing, forcing European companies to finance the equivalent of EUR 25 billion in additional credit.

According to Intrum Justitia's calculations, an average of about 10 percent of the market is outsourced, with significant differences between countries.

In general, countries in northwestern Europe are more mature and frequently hire outside specialists like Intrum Justitia. Markets in Southern Europe have a lower level of outsourcing and greater payment risks.

LARGE MARKET POTENTIAL

According to Intrum Justitia's calculations, the value of the total outsourced market is about SEK 30 billion. Growth in the European CMS market is expected to outpace GDP. The greatest potential, however, lies in the share of the market that has yet to be outsourced. If outsourcing in Germany, France and the UK were to rise by 25 percent, the market would grow by about SEK 20-25 billion.

Intrum Justitia's way of working is distinguished by high quality in the entire chain, and the Group's offering should therefore be able to gain market share among companies that currently manage credit issues in-house due to high quality demands.

GROW FASTER THAN THE MARKET

Intrum Justitia's specialized expertise in credit management gives clients the opportunity to grow. The Group's access to broad-based, updated information can be used through the entire sales and payment process, helping clients to achieve faster growth.

Important market trends

There are a number of underlying market trends that, taken as a whole, are driving the CMS market in a positive direction.

➔ DEREGULATION

Deregulation around Europe is raising competition as more companies join the market, especially in financial services, telecommunication, energy and health care. Fierce competition means that companies are required to have the tools and knowledge to take greater risks and make faster credit decisions.

➔ HIGHER HOUSEHOLD DEBT

Indebtedness among households and companies is increasing. Higher debt leads to stronger demand for credit management services. Among EMU countries, household and corporate debt increased by 71 percent between January 1, 1998 and December 31, 2006, from EUR 4,912 billion to EUR 8,383 billion, or by 7 percent. All indications are that this trend will continue, since interest rates are relatively low, consumers are confident about the future, easy financing is available, the range of consumer credits is growing and credit is increasingly replacing cash as a means of payment.

➔ BASEL II

The Basel II Framework describes new capital adequacy rules and regulations for banks and financial institutions. One of the consequences of these rules is that companies in general, and small and medium-sized companies in particular, could see their credit ratings decline. This in turn will make it more difficult for them to obtain bank loans. To offset this trend and improve liquidity, companies will be forced to more professionally manage their capital flows.

Another potential result of the new capital adequacy rules is that banks may consider to sell off more of their underperforming credits. If this occurs, it will increase the supply of available debt.

➔ POORER PAYMENT HABITS

According to Intrum Justitia's European Payment Index 2006, payment risks are on the rise throughout Europe. Companies, organizations and government authorities generally became slower at paying on time. The average payment duration rose to 59.2 days in 2006 from 58.7 days a year earlier. The average payment delay also increased, from 16.3 days to 16.8 days.

Intrum Justitia's clients

Intrum Justitia has over 90,000 clients in 24 markets. Its most important client categories are banking and finance, telecoms and utilities. Utilities in particular are expected to grow in pace with deregulation and as acceptance of specialists like Intrum Justitia increases.

Over 85 percent of Intrum Justitia's clients renew their agreements when they expire. This is a good rate, but Intrum Justitia strives to raise it even more. Intrum Justitia is working actively to diversify its client base from a risk perspective. The 150 largest clients together accounted for 42 percent of the Group's revenues in 2006. No single client accounted for more than 2 percent.

DID YOU KNOW THAT...

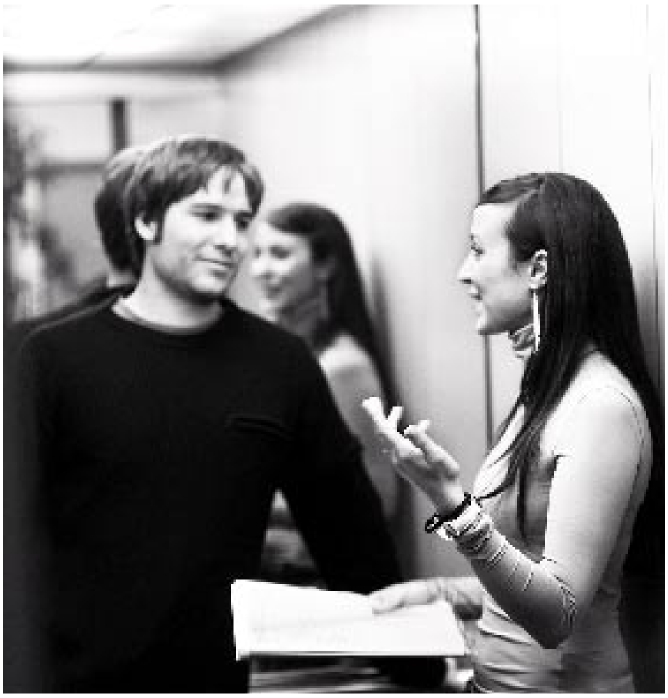
... overdue receivables in Europe are valued at EUR 250 billion.

... the average payment delay is 16.8 days.

... only 10 percent of the market is outsourced to professionals like Intrum Justitia.

Our competitors

Intrum Justitia is Europe's leading CMS company. Few competitors have operations in more than five countries and offer a broad range of services. Most of the 25,000 companies in the market are small local or regional businesses with a limited client base. This includes local collection firms or enforcement agencies as well as banks, legal firms and accounting firms with a core business other than credit management.



SWISS RAIL, SWITZERLAND

SWISS RAIL BOOSTS SALES

Swiss Rail's goal was clear: to increase sales of annual passes by reaching out to new customer segments. To get there, it had to develop a completely new system where customers could pay by monthly bill. The company decided to outsource these operations to Intrum Justitia and its partner yellowworld.

Swiss railroads in general – and Swiss Rail in particular – is known for its high standards, extensive reach and reliability. To strengthen its position as a leading transport company, state-owned Swiss Rail decided to look at new opportunities. Surveys showed that certain customers wanted to buy annual passes, but that it was too expensive to pay a year in advance.

The solution was to develop and launch a completely new system where customers could buy annual passes but pay monthly.

"Since we helped introduce the new system, Swiss Rail has reached its goal," says Gerhard Schwab, president of yellowworld. "It has raised sales by reaching out to new customers. Quality is high, and the company isn't taking any credit risk, since Intrum Justitia guarantees the payment."

Together with yellowworld, Intrum Justitia has set up a system whereby orders are registered by yellowworld, then a credit check is done by Intrum Justitia. When a customer is approved, Swiss Rail sends out the annual pass and yellowworld takes care of billing and receivables. Intrum Justitia guarantees all invoices, so it will pay Swiss Rail if an invoice is overdue and goes to collection, which is handled by Intrum Justitia as well.

"Because Intrum Justitia quickly makes contact with customers who don't pay, it can often help to resolve financial problems in time. In the process, Swiss Rail can keep them as customers," adds Gerhard Schwab.

"The company has raised sales by reaching out to new customer segments. Quality is high, and the company isn't taking any credit risk, since Intrum Justitia guarantees the payment."

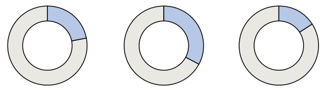
INTRUM JUSTITIA SERVES 24 EUROPEAN MARKETS

The financial accounts comprise 22 countries, since Stirling Park in Scotland is included in the United Kingdom & Ireland region and Intrum á Íslandi ehf in Iceland is an associated company.

REGION | **MARKET DATA** | **FINANCIAL INFORMATION BY REGION**

Region	Year established	Our position	Level of outsourcing	Market growth rate
SWEDEN	1923	1	>50%	0–5%
NORWAY	1982	2–5	>50%	0–5%
DENMARK	1977	1	25–50%	0–5%

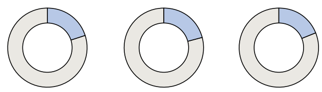
% of sales	% of earnings	% of employees
22%	33%	16%



	2006	2005	%
Revenues, SEK M	655.7	655.3	0.1
Operating earnings (EBIT), SEK M	192.1	169.8	13.1
Operating margin, %	29.3	25.9	3.4 pp

Region	Year established	Our position	Level of outsourcing	Market growth rate
NETHERLANDS	1983	1	25–50%	>10%
BELGIUM	1988	1	<10%	0–5%
GERMANY	1978	>5	10–25%	5–10%

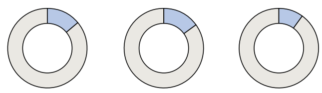
% of sales	% of earnings	% of employees
20%	21%	19%



	2006	2005	%
Revenues, SEK M	592.3	577.0	2.7
Operating earnings (EBIT), SEK M	124.6	116.2	7.2
EBIT margin, %	21.0	20.1	0.9 pp

Region	Year established	Our position	Level of outsourcing	Market growth rate
SWITZERLAND	1971	1	25–50%	0–5%
AUSTRIA	1995	2–5	25–50%	0–5%
ITALY	1985	2–5	10–25%	0–5%

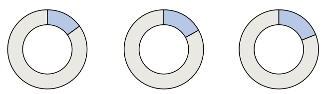
% of sales	% of earnings	% of employees
14%	15%	10%



	2006	2005	%
Revenues, SEK M	397.2	391.4	1.5
Operating earnings (EBIT), SEK M	88.3	83.8	5.4
EBIT margin, %	22.2	21.4	0.8 pp

Region	Year established	Our position	Level of outsourcing	Market growth rate
FRANCE	1987	1	<10%	0–5%
SPAIN	1994	1	<10%	0–5%
PORTUGAL	1997	1	<10%	0–5%

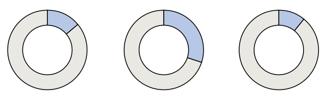
% of sales	% of earnings	% of employees
15%	17%	19%



	2006	2005	%
Revenues, SEK M	445.6	364.0	22.4
Operating earnings (EBIT), SEK M	99.9	72.7	37.4
EBIT margin, %	22.4	20.0	2.4 pp

Region	Year established	Our position	Level of outsourcing	Market growth rate
FINLAND	1978	1	>50%	5–10%
ESTONIA	1996	1	25–50%	5–10%
LATVIA	2002	2–5	25–50%	>10%
LITHUANIA	2000	1	25–50%	5–10%

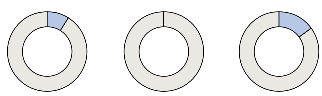
% of sales	% of earnings	% of employees
14%	30%	11%



	2006	2005	%
Revenues, SEK M	414.5	355.7	16.5
Operating earnings (EBIT), SEK M	174.5	146.8	18.9
EBIT margin, %	42.1	41.3	0.8 pp

Region	Year established	Our position	Level of outsourcing	Market growth rate
UNITED KINGDOM	1989	2–5	<10%	5–10%
IRELAND	1999	1	10–25%	0–5%

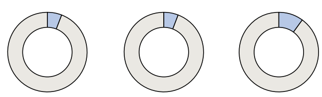
% of sales	% of earnings	% of employees
9%	neg	15%



	2006	2005	%
Revenues, SEK M	267.9	315.8	–15.2
Operating earnings (EBIT), SEK M	–33.4	–62.0	–
EBIT margin, %	–12.5	–19.6	–

Region	Year established	Our position	Level of outsourcing	Market growth rate
POLAND	1998	1	10–25%	>10%
CZECH REPUBLIC	1996	1	10–25%	0–5%
SLOVAKIA	2005	2–5	10–25%	5–10%
HUNGARY	1993	1	<10%	>10%

% of sales	% of earnings	% of employees
6%	6%	10%



	2006	2005	%
Revenues, SEK M	166.4	164.0	1.5
Operating earnings (EBIT), SEK M	32.4	36.2	–10.5
EBIT margin, %	19.5	22.1	-2.6 pp

There are several macroeconomic factors that affect Intrum Justitia's revenues. Strong economic development in one country often results in more invoices, which in turn create more cases for Intrum Justitia. Growing household debt is another variable that increases our revenues. However, the degree to which these variables interact is difficult to determine and it varies from country to country.

MACROECONOMIC DEVELOPMENT ACCORDING TO OECD

Sweden, Norway and Denmark: Economic growth in the region was very good in 2006 and is expected to continue in 2007 and 2008. Consumer spending is also expected to rise, especially in Norway and Sweden. In Denmark and Sweden, indebtedness has increased significantly.

All countries show signs of higher inflation and therefore higher long-term interest rates, which may impact household finances moving forward.

Netherlands, Belgium and Germany: After a year of good growth, Belgium will see a smaller increase in 2007 and 2008. Growth is supported by consumer spending.

In Germany, the economy picked up speed in 2006, but growth will level off slightly in 2007. Thanks to higher consumer spending, growth is expected to again accelerate in 2008.

In the Netherlands, the economy will continue to recover; in 2006 growth was 3 percent. A strong labor market will lead to higher consumer spending, but at a slower rate than the GDP.

Switzerland, Austria and Italy: After more than four years of stagnation, Italy has entered a recovery stage. Consumer spending is expected to increase in 2008.

The Austrian and Swiss economies developed well in 2006, but forecasts point to slower growth in 2007 and 2008. Consumer spending is essentially stagnant and remains below GDP growth.

France, Spain and Portugal: Spain's strong economic growth in recent years is starting to slow slightly. Consumer spending is not declining to the same extent.

In France, growth was modest in 2006 and will rise slightly in both 2007 and 2008. Consumer spending is driving development.

The Portuguese economy has found growth difficult, but in 2006 did grow slightly. Exports, rather than domestic spending, are driving the economy.

Finland, Estonia, Latvia and Lithuania: The Finnish economy grew very strongly in 2006, but will slow significantly in 2007 and 2008. Consumer spending is following much the same pattern. Debt levels in Finland have not risen as substantially as in many other European countries.

Strong economic growth in the Baltic countries is largely being driven by consumer spending, which in turn is mainly financed by higher household indebtedness.

United Kingdom and Ireland: Economic development in the UK in 2006 was in line with the average for the euro zone. Consumer spending was higher, however.

In 2006 Ireland reported strong economic growth, which is expected to continue in 2007 and 2008. Development has been driven by a substantial increase in consumer spending.

Indebtedness has increased significantly in both the UK and Ireland in the last ten years.

Poland, Czech Republic, Slovakia and Hungary: In the Czech Republic and Hungary, growth will decline in 2007 and 2008 compared with 2006. In Poland, growth will remain at about the same level as in 2006, about 5 percent. In Slovakia, the GDP rose by over 8 percent in 2006 and is expected to remain at about the same level in 2007 before leveling off in 2008.

In all the countries except Hungary, consumer spending is the driving factor behind economic development.

Source: OECD Economic Outlook No. 80

DEFINITIONS

Level of outsourcing = Share of the total market that is outsourced to third parties, .e.g., collection firms.

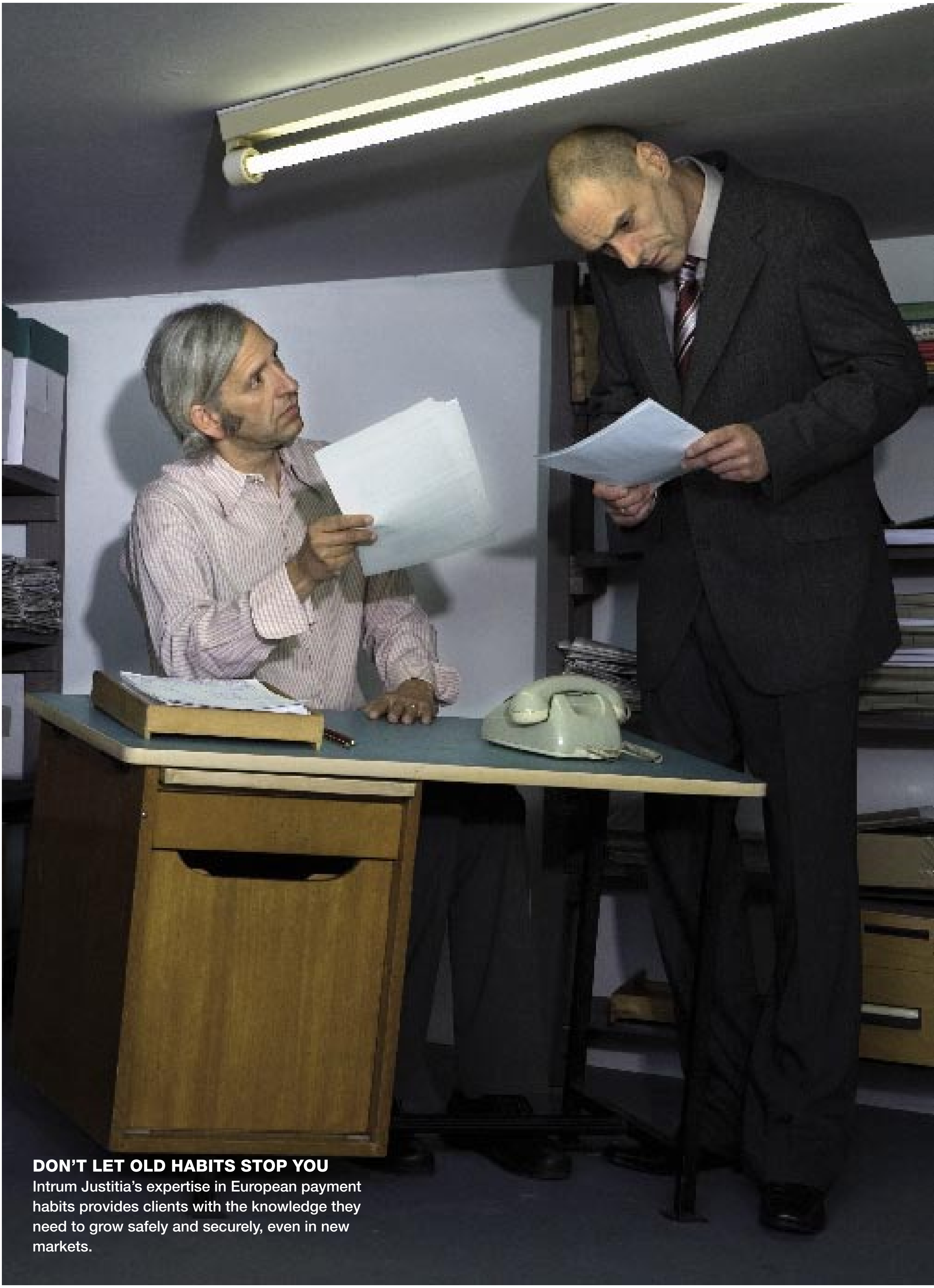
Market growth rate = Assumed growth in the market's total sales.

Operating earnings (EBIT) = Earnings before net financial items and income tax.

Operating margin = Operating earnings as a percentage of revenues.

PP = Percentage points.

Revenues = A company's or organization's total sales.



DON'T LET OLD HABITS STOP YOU

Intrum Justitia's expertise in European payment habits provides clients with the knowledge they need to grow safely and securely, even in new markets.

FASTER, SAFER PAYMENTS MEAN HIGHER ECONOMIC GROWTH

One of the EU's principles is the free movement of goods and services. This flexibility, and the economic growth it creates, is hindered by late payments. Small and medium-sized enterprises (SMEs) are especially vulnerable to cash flow problems.

Late payments hurt everyone. But especially SMEs, when larger companies and organizations don't pay their bills on time. Delaying payment usually does not entail a significant risk for large companies, since their suppliers in many cases are dependent on them. For smaller companies, on the other hand, it can create cash flow problems, which in turn can slow growth and even threaten their survival.

The EU Commission hopes that SMEs will generate a significant share of Europe's growth. That is where jobs can be created and where growth can be stimulated by free trade between EU member states. In reality, this has yet to happen. The results from the European Payment Index clearly show that European business executives cite payment uncertainties as the most important obstacle to international trade.

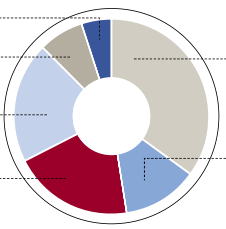
LATE PAYMENTS AND PAYMENT LOSSES

In addition to impacting companies' liquidity and delaying new investments, late payments slow the growth in international trade. The diagram below shows how an average company uses the capital it generates by working more efficiently with unpaid receivables.

The largest share, 35 percent, goes to investments that make the company more competitive. In other words, investments that lead to higher growth. The rest is divided between improving the company's liquidity and paying off bank loans. A small share is used to pay suppliers earlier.

Not only late payments but also payment losses are a serious risk for businesses. In total, payment losses in Europe rose from 1.7 percent in 2004 to 1.9 percent two years later.

Faster payments produce higher growth



The diagram shows how an average company uses the capital it generates by being more efficient with its receivables.
Source: European Payment Index, 2006.

STUDENT PROJECT, SWITZERLAND:

INTRUM JUSTITIA HELPS YOUNG DEBTORS IN SWITZERLAND

Young adults around the world increasingly find themselves trapped by debt. In Switzerland, debt and managing money hopefully will soon be added to the school curriculum since Intrum Justitia launched a project called Students, Debt and Money.

Easy access to credit cards, lax controls and tempting new forms of credit are among the key reasons so many young people fall into debt. In Switzerland, 30 percent of young people between the ages of 12 and 18 are now in debt, and the number of shopaholics has doubled in the last ten years.

In an effort to slow this tidal wave, Intrum Justitia started a project called Students, Debt and Money, where students aged 13 and 20 submitted entries as part of an educational module for "Managing money."

"It's great that our contest has had such a big impact. Hopefully it will help young people to be more cautious, with fewer falling into a debt trap," says Thomas Hutter, Managing Director of Intrum Justitia in Switzerland.

Intrum Justitia's initiative has received considerable attention. It was one of five entries nominated for a Swiss business ethics prize. Last fall the project won a prestigious PR honor, the Golden Communication Award.

Following the success of the first contest, people asked that it be repeated. In 2006 Intrum Justitia started a new contest, the Swiss School Award, which was divided into three themes:

- Elementary students are competing for the best poster or class diary with the theme "My money – mobile phones and spending money."
- Upper secondary classes are competing for the best concept for an information presentation with the theme "My money – teenagers and money."
- Other classes are vying for best submission in the category "My money – what do young people do with their money?"

"Through positive reinforcement, the participation of celebrities and interactive forms of education, we want to help young people in an entertaining way to be aware of the downside of debt," says Thomas Hutter.

LOWER COSTS THROUGH EFFICIENT CREDIT MANAGEMENT

The benefits of outsourcing credit management to a professional are underscored by a survey conducted by ACA, the Association of Credit and Collection Professionals:

- Collection firms recover USD 39.3 billion for private U.S. companies. This corresponds to 3 percent of pretax corporate earnings.
- Every household saved USD 351 which is what they would have had to pay if companies had raised their prices to compensate for credit losses.
- Collection of unpaid taxes by the U.S. federal agencies and state and local governments doubled from approximately USD 351.3 M in 2000 to just over USD 693.5 M in 2005.

Major differences in payment habits in Europe

Intrum Justitia's annual European Payment Index shows that payment risks continue to rise. The slowest payers are in the public sector, while consumers generally pay faster. Moreover, payment habits vary greatly by country and region.

Late payments are a problem for the entire economy. Many companies, organizations and public authorities pay late as a cheap source of financing. Usually they are exploiting their size to delay paying SMEs. The result is that small companies may face a serious liquidity crisis, which can lead to slower economic growth.

The survey shows that payment delays increased from an average of 15.1 days in 2004 to 16.8 days in 2006. The value of the increase alone is estimated at EUR 25 billion, or the entire GDP of Luxembourg.

The map to the right shows the European Payment Index for individual countries. The higher the index number, the higher the risk. An index value of 100 indicates an absence of payment risk, which usually means payments are in cash. In general, countries in northern Europe are better at paying than countries farther south.

Compared with the previous year, countries in southern Europe and the Baltic states noted the biggest improvements. The decline for the European index as a whole was mainly due to lower figures in France, Germany and the UK. Of the four largest economies, only Italy reported a lower risk.

The worst payers were in the public sector, which on average delayed payment by nearly 70 days. B2B payments took an average of nearly 60 days, while consumers were the fastest payers, at 42.5 days, or more than 27 days faster than the public sector; see the diagram below right.

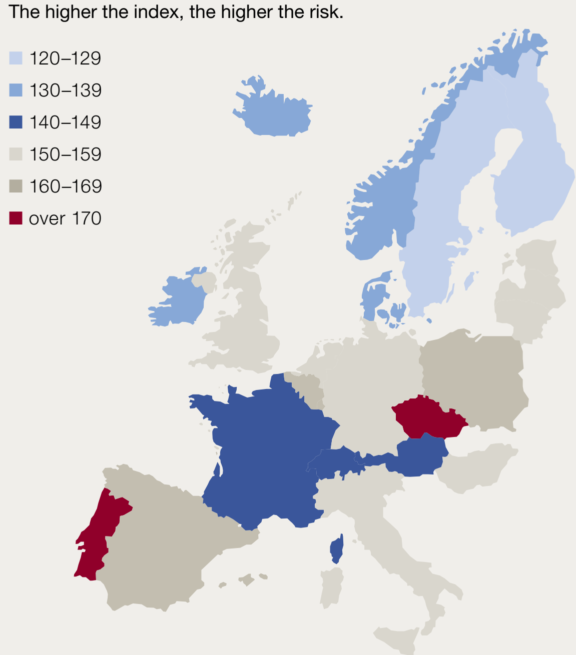
EUROPEAN PAYMENT INDEX

Twice a year Intrum Justitia conducts a comprehensive survey of payment habits in Europe. Called the European Payment Index (EPI), it is the largest survey of its kind.

In 2006 the EPI was conducted in 22 countries, and a total of 9,000 companies and authorities responded. The results are summarized in an index that shows the relative payment risk in each country. The survey is an effective tool to compare payment habits between markets and regions. The EPI report and detailed country reports provide companies and organizations with a reliable basis for decision making and effective benchmarks between companies and countries.

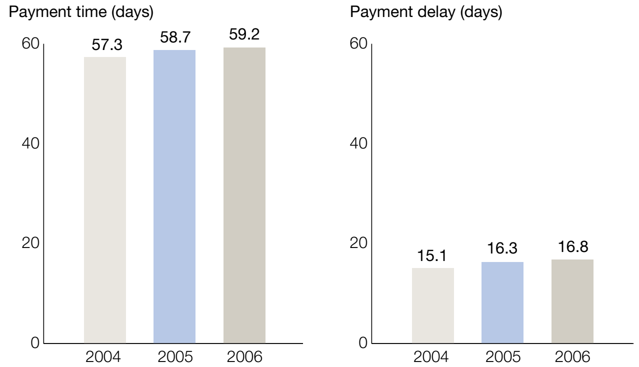
The complete index can be downloaded from www.europeanpayment.com

The higher the index, the higher the risk.



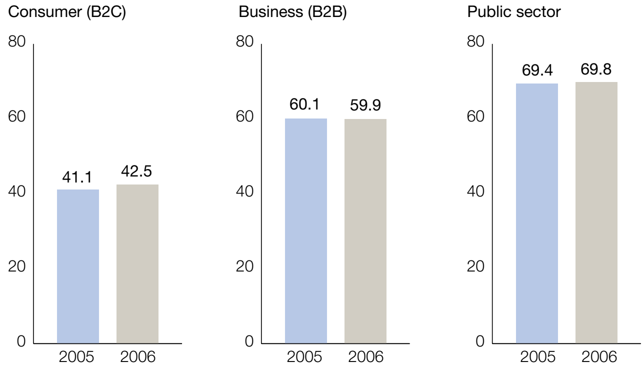
The map shows payment risks in Europe. A figure of 100 indicates the absence of payment risk; in other words, no credit is used, only cash. The higher the index value, the greater the risk.
Source: European Payment Index, 2006.

Payments are taking longer



Late payments are a problem for European businesses. Since 2004 payment times have increased by nearly 2 days and payment delays by 1.7 days.
Source: European Payment Index, 2006.

Public sector is the slowest payer



The diagram shows the average number of days it takes for consumers, businesses and the public sector to pay their bills. The slowest payer is the public sector.
Source: European Payment Index, 2006.

CLEARER, HARMONIZED LEGISLATION NEEDED IN EU

Regulations governing credit management services differ significantly between EU member states. The result is less competition, higher prices and slower economic growth. As an industry leader and the only pan-European player, Intrum Justitia is working actively in dialogue with legislators at a national and EU level to devise uniform or compatible regulations.

The European CMS market is governed in large part by national regulations. The lack of uniform rules for payments in the EU impedes the free movement of goods and services and therefore impacts economic growth.

Late payments often lead to bankruptcies and fewer job opportunities, especially for SMEs. The European Commission has estimated that late payments cause the loss of around 450,000 jobs a year. Several EU initiatives in recent years have attempted to harmonize rules for corporate collection and create simpler, faster procedures. In 2006 the EU Commission reviewed the directive from 2002 to fight late payments between companies.

In the EU, particularly in the UK though also in Germany and Austria, consumer indebtedness is growing rapidly. In the UK, household debt is now on par with the GDP. To curb debt problems, Intrum Justitia is trying to increase awareness of household indebtedness, including by providing decision-makers with information illuminating the problems associated with excessive debt.

The target groups for these efforts can be found at both a national and EU level. This is why Brussels, as home to many EU institutions, is a natural base for Intrum Justitia's regulatory work, the purpose of which is to:

- Illuminate the problem of late payments. Late or non payment limits trade between EU member states and thereby impedes economic growth. Intrum Justitia is working to put the problem of late payments high up on the EU's agenda for economic growth, the so-called Lisbon Agenda*.
- Identify laws and rules that prevent or complicate the work of independent credit management firms such as Intrum Justitia. Europe is still burdened, for example, with monopolies that prevent professional credit management companies from freely competing in the same market. Not only do monopolies lead to higher prices and poorer services, they may even violate the EU's basic principle of free movement of goods and services.
- Represent the credit management industry and provide input to the EU Commission on various legal proposals. Intrum Justitia has responded, for example, to a draft circulated on a new European Payment Procedure and European Payment Order (EPO).
- Promote the legal right to charge fees for late payment throughout the EU.
- Another important issue is how computer-based information on the credit ratings of consumers and businesses can be put to better use.

* The Lisbon Agenda is an action and development plan established by the European Council in Lisbon in 2000 to make the EU "the most competitive and dynamic knowledge-based economy in the world" by 2010.

FOCUS ON RESULTS

The reason why Intrum Justitia has managed better in its relationships with clients and end customers than many others in the industry is its high ethical standards and clear rules. The concept that creates winners is called *Fair pay… please!*

ETHICS, BUSINESS ACUMEN AND PROFESSIONALISM DISTINGUISH OUR ORGANIZATION

Intrum Justitia's success is rooted in its ability to recruit, train and retain competent employees. Getting there means offering extended training and qualified positions supervised by competent managers.

Intrum Justitia is a service company. Like all service companies, it is highly dependent on its employees' knowledge, motivation and service mindedness. They are the ones who ensure that our code of ethics – *Fair pay… please!* – is an integral part of our day-to-day work.

The code guarantees that our clients and their customers are satisfied with the service we provide and the results we achieve. Surveys we have conducted show that our clients are pleased with Intrum Justitia's work. For example, over 85 percent decide to extend their agreements with us when they expire.

Intrum Justitia intends to remain the CMS leader in Europe. To ensure this, extensive work is being done in the following areas:

➜ LEADERSHIP

For any workplace to function properly it requires good leadership. Inspirational leaders and managers are better at motivating their employees, which is a key competitive advantage.

According to a survey conducted in 2006, a clear majority of Intrum Justitia's nearly 3,000 employees feel that leadership has improved in the Group in the last two years. The improvement is due in relatively large part to the extensive management development program offered by Intrum Justitia. Over 150 managers at various levels have completed management training through the Group's virtual university, Intrum Academy.

➜ COMPETENT EMPLOYEES

Intrum Justitia adapts its competence training to the various languages, cultures and ways of doing business in the markets where it operates. Strengthening the competence of employees is a priority issue, especially in the areas of ethics, values and professionalism.

➜ WORK ENVIRONMENT AND CORPORATE CLIMATE

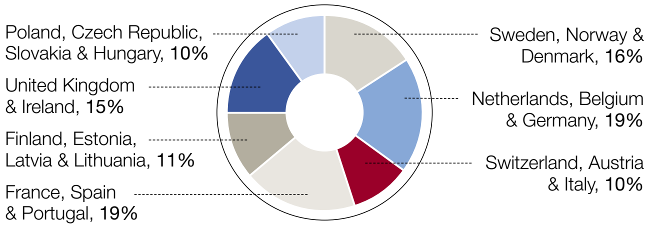
A positive work environment and an open corporate climate are essential if employees are to feel content and do good work. Intrum Justitia is continuously working to create a culture where there is a sense of freedom and openness to discuss new solutions. This in turn demands that Intrum Justitia's employees show respect for each other's opinions.

➜ ATTRACTIVE EMPLOYER

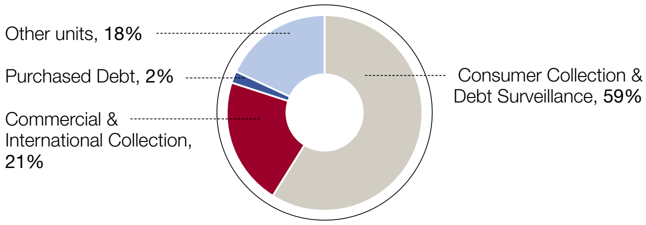
Intrum Justitia's aim is to be the most attractive employer in the credit management industry. Surveys among employees serve as the basis for improvements. Throughout its operations, Intrum Justitia wants its employees to feel like part of the process of building the company's future.

Communication is the key to a better corporate climate, shorter decision-making channels and decentralized decisions, but it requires a consensus on rules, responsibilities and authority.

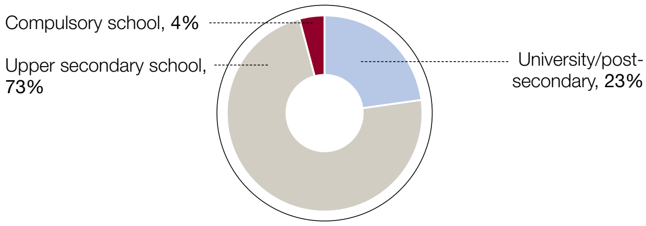
Employees by region



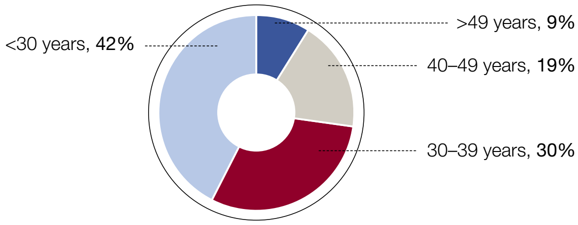
Employees by service line



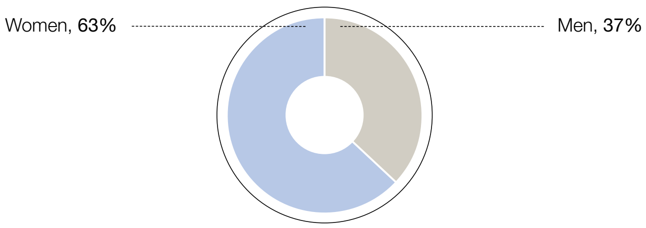
Education level



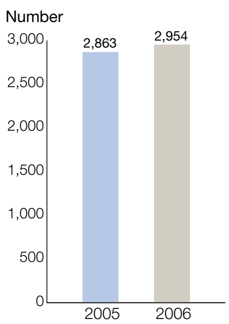
Age distribution



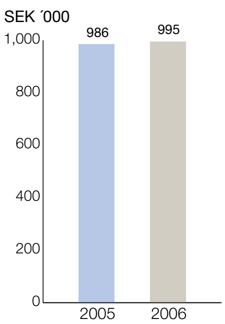
Gender distribution



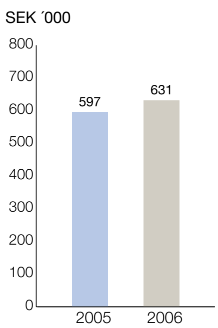
Average number of employees



Revenues per employee



Value-added per employee



FINLAND

MODERN CONSUMER PSYCHOLOGY: THE KEY TO SUCCESSFUL NEGOTIATION

Consumer psychology and effective negotiation strategies. These two successful methods for effective communication with debtors are also the key to putting in place a good installment plan.

There can be many reasons why debtors have not paid their bills. They could have forgotten or perhaps been away on vacation. They may have a problem owing to the size of their debt. It can be especially difficult to get paid if the consumer is in debt to many different companies.

In Finland, experience has shown that motivational strategies produce good results. “For collection to succeed, it is important to understand why the debtor won’t pay. We also have to set clear goals and motivate them to overcome any obstacles to paying,” says Peter Lundin, head of debt surveillance in Finland.

To understand the debtor’s actions and situation, Intrum Justitia utilizes modern methods that involve consumer psychology. The most commonly used methods are lifecycle psychology, social competence and motivation and transaction theory.

For example, Intrum Justitia in Finland has found that emotional arguments can be the best way to motivate payers. The goal is to get debtors to contact Intrum Justitia. When they do, motivation theory often plays a critical role in understanding how the debtor sees the future.

“Transaction theory helps us get a sense of how the person is dealing with his debt problem. Through training in social competence, we understand the debtors’ feelings and motives and can adapt our communication accordingly,” adds Peter Lundin.

On the whole, consumer psychology benefits debtors and Intrum Justitia’s clients alike, and makes the work more stimulating for employees.

FINANCIAL REVIEW

SEK M	2006	2005	2004	2003	2002	2001
INCOME STATEMENT						
Revenues	2,939.6	2,823.2	2,740.5	2,864.6	2,774.9	2,320.6
Cost of sales	–1,705.9	–1,679.6	–1,598.1	–1,765.7	–1,755.4	–1,427.1
Gross earnings	**1,233.7**	**1,143.6**	**1,142.4**	**1,098.9**	**1,019.5**	**893.5**
Sales and marketing expenses	–261.9	–273.1	–304.1	–281.8	–257.3	–221.2
General and administrative expenses	–385.5	–367.6	–410.5	–389.4	–287.8	–274.6
Goodwill amortization	–	–	–	–124.0	–126.7	–142.2
Items affecting comparability	–	–	–	–398.0	–8.5	–11.5
Participations in associated companies	0.4	0.7	2.8	0.4	7.0	–2.5
Operating earnings (EBIT)	**586.7**	**503.6**	**430.6**	**–93.9**	**346.2**	**241.5**
Net financial income/expense	–59.6	–31.4	–36.4	–52.9	–107.8	–121.4
Earnings before tax	**527.1**	**472.2**	**394.2**	**–146.8**	**238.4**	**120.1**
Tax	–119.6	–138.6	–70.8	–21.2	–65.4	–52.7
Net earnings for the year	**407.5**	**333.6**	**323.4**	**–168.0**	**173.0**	**67.4**
Of which attributable to:						
Parent Company's shareholders	397.0	320.6	313.1	–180.2	173.3	67.4
Minority interests	10.5	13.0	10.3	12.2	–0.3	0.0
Net earnings for the year	**407.5**	**333.6**	**323.4**	**–168.0**	**173.0**	**67.4**
BALANCE SHEET						
Assets						
Total fixed assets	3,118.3	2,743.5	2,166.3	2,201.4	2,450.1	2,357.9
Total current assets	1,343.2	1,392.5	1,452.8	1,479.2	1,287,2	1,002.6
Total assets	**4,461.5**	**4,136.0**	**3,619.1**	**3,680.6**	**3,737.3**	**3,360.5**
Shareholders' equity and liabilities						
Total shareholders' equity, incl. minority interests	1,492.6	1,316.1	1,531.0	1,258.1	1,538.7	529.5
Total liabilities	2,968.9	2,819.9	2,088.1	2,422.5	2,198.6	2,831.0
Total shareholders' equity and liabilities	**4,461.5**	**4,136.0**	**3,619.1**	**3,680.6**	**3,737.3**	**3,360.5**
KEY FIGURES						
Operating margin, %	20.0	17.8	15.7	–3.3	12.5	10.4
Return on operating capital, %	21.5	22.3	21.6	6.0	20.5	19.9
Return on shareholders' equity, %	28.9	23.0	23.2	–13.0	16.8	13.4
Net debt, SEK M	1,464.5	1,192.7	480.2	768.6	813.1	1,142.5
Net debt/equity, %	98.1	90.6	31.4	62.0	52.9	107.3
Equity/assets ratio, %	33.5	31.8	42.3	33.7	41.1	15.7
Interest coverage ratio, multiple	8.1	11.2	9.3	–1.5	3.0	1.9
Collection cases in stock, million	15.4	13.1	11.6	10.6	8.2	7.2
Total collection value, SEK billion	89.4	93.3	79.4	79.3	79.9	74.1
Average number of employees	2,954	2,863	2,945	2,870	2,661	2,396

DEFINITIONS

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 OMXS 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.

Dilution Theoretical impact of outstanding employee stock options on the number of shares and shareholders' equity.

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

Earnings per share Net earnings for the year attributable to the Parent Company's shareholders divided by the average number of shares during the year.

Equity/assets ratio Shareholders' equity including minority interests 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 financial expense divided by financial expense.

Net debt Interest-bearing liabilities and pension provisions less liquid funds and interest-bearing receivables.

Operating capital Sum of shareholders' equity including minority interests, interest-bearing liabilities and pension provisions 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 earnings Earnings before net financial items and income tax.

Operating margin Operating earnings as a percentage of revenues.

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

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

Return on operating capital Operating earnings divided by average operating capital.

Return on shareholders' equity Net earnings for the year attributable to the Parent Company's shareholders as a percentage of average shareholders' equity attributable to the Parent Company's shareholders.

Revenues Variable collection commissions, fixed collection fees, debtor fees, guarantee commissions, subscription revenue and income from purchased debt operations.

Value-added per employee The sum of operating earnings before depreciation plus payroll costs divided by the average number of employees during the year.

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

SEK M	2006	2005	2004	2003	2002	2001
Revenues by region						
Sweden, Norway & Denmark	655.7	655.3	624.4	729.3	712.0	617.6
Netherlands, Belgium & Germany	592.3	577.0	581.3	607.6	561.7	428.5
Switzerland, Austria & Italy	397.2	391.4	370.5	351.3	413.7	350.9
France, Spain & Portugal	445.6	364.0	318.1	313.0	192.4	125.7
Finland, Estonia, Latvia & Lithuania	414.5	355.7	314.0	283.8	246.3	211.7
United Kingdom & Ireland	267.9	315.8	370.1	395.5	525.4	484.6
Poland, Czech Republic, Slovakia & Hungary	166.4	164.0	162.1	184.1	123.4	101.6
Total	**2,939.6**	**2,823.2**	**2,740.5**	**2,864.6**	**2,774.9**	**2,320.6**
Operating earnings (EBIT) by region						
Sweden, Norway & Denmark	192.1	169.8	153.0	166.7	170.6	141.7
Netherlands, Belgium & Germany	124.6	116.2	80.2	94.9	61.4	71.0
Switzerland, Austria & Italy	88.3	83.8	64.1	43.8	90.6	55.4
France, Spain & Portugal	99.9	72.7	50.1	42.3	6.8	–3.2
Finland, Estonia, Latvia & Lithuania	174.5	146.8	128.7	106.7	97.7	71.3
United Kingdom & Ireland	–33.4	–62.0	11.3	2.4	115.3	99.2
Poland, Czech Republic, Slovakia & Hungary	32.4	36.2	34.4	66.3	22.1	22.5
Participations in associated companies	0.4	0.7	2.8	0.4	7.0	–2.5
Central expenses	–92.1	–60.6	–94.0	–95.4	–90.1	–60.2
Items affecting comparability	–	–	–	–398.0	–8.5	–11.5
Total	**586.7**	**503.6**	**430.6**	**30.1**	**472.9**	**383.7**
Revenues by service line						
Consumer Collection & Debt Surveillance	1,914.8	1,837.2	1,756.0	1,732.3	1,597.1	1,343.4
Commercial & International Collection	566.5	617.2	640.5	665.3	706.0	587.7
Purchased Debt	402.3	321.6	258.1	206.6	163.1	136.0
Sales Ledger services	–	–	–	113.9	101.2	65.7
Other services	225.3	197.7	216.2	233.6	276.0	224.2
Internal elimination	–169.3	–150.5	–130.3	–87.1	–68.5	–36.4
Total	**2,939.6**	**2,823.2**	**2,740.5**	**2,864.6**	**2,774.9**	**2,320.6**
Operating earnings (EBIT) by service line						
Consumer Collection & Debt Surveillance	471.6	411.1	409.5	398.1	370.4	312.5
Commercial & International Collection	47.9	67.4	60.5	56.7	102.0	69.6
Purchased Debt	161.8	108.2	78.6	85.6	84.2	78.5
Sales Ledger services	–	–	–	–55.6	–37.4	–28.6
Other services	–11.5	–27.1	–36.9	20.1	39.0	14.6
Participations in associated companies	0.4	0.7	2.8	0.4	7.0	–2.5
Central expenses	–83.5	–56.7	–83.9	–77.2	–83.8	–48.9
Items affecting comparability	–	–	–	–398.0	–8.5	–11.5
Total	**586.7**	**503.6**	**430.6**	**30.1**	**472.9**	**383.7**

Figures for 2004–2006 are presented according to International Financial Reporting Standards (IFRS), while those for 2001–2003 are presented according to previous accounting principles (Swedish GAAP) and are not restated to IFRS. Differences primarily relate to the accounting principle for purchased debt as well as goodwill amortization.

Figures for 2002 exclude the effect of the adjustment for accounting inaccuracies in England. The adjustment is reported as an item affecting comparability in 2003.

The tables Operating earnings (EBIT) by region and by service line for 2001–2003 refer to operating earnings before goodwill amortization (EBITA). All years refer to externally generated operating earnings after deducting shared Group expenses.

As of 2005 *Sales Ledger Services* is reported as part of *Other services* rather than as a separate service line. Also, *Purchased Debt* includes certain services as of 2005 that had previously been reported under *Other services*.

Figures for 2001 pertain to the Group with Intrum Justitia Holding NV as the Parent Company, restated to conform to Swedish accounting principles.

INTRUM JUSTITIA'S SHARE ROSE BY 21 PERCENT IN 2006

LISTING

The Intrum Justitia share has been listed on Stockholmsbörsen since 2002. A trading lot comprises 200 shares. Since 2006 the share is included in the Nordic Exchange's Mid Cap list of companies with a market capitalization between EUR 150 million and EUR 1 billion.

SHARE CAPITAL

Intrum Justitia AB's share capital amounts to SEK 1,559,125.02, distributed among 77,956,251 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.

EMPLOYEE STOCK OPTION PROGRAM

The Annual General Meeting in 2003 approved an employee stock option program conferring the right to acquire not more than 2,525,000 shares in Intrum Justitia AB at a price of SEK 57 per share. In connection with the share redemption in 2005, the strike price was changed to SEK 54.60 per share and the number of shares that the employee stock option program confers was increased by four percent. The program is intended for 20 senior executives. The options expire on May 30, 2009. If fully exercised, the options will dilute the number of shares and votes by approximately four percent. Owing to the current terms, 2,794,064 new shares are expected to be issued in connection with the exercise of employee stock options. See also Note 27, page 61.

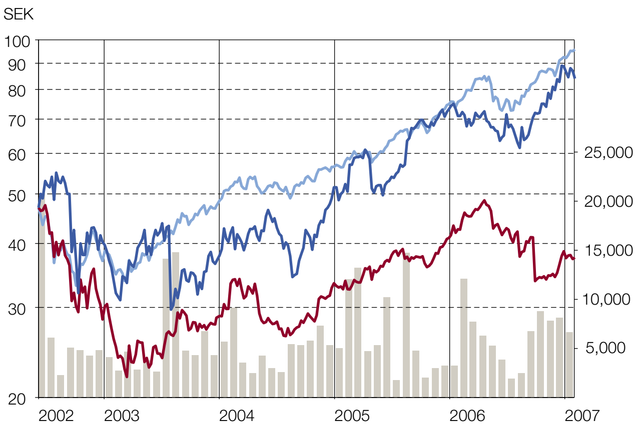
MARKET VALUE, PRICE TREND AND TURNOVER

In 2006 the price of the Intrum Justitia share rose from SEK 73.25 to SEK 88.75, or by 21.2 percent. During the same period Stockholmsbörsen's All-Share Index rose by 23.6 percent. The lowest price paid for the share during the year was SEK 61.50, on August 14, and the highest SEK 89.50, on December 27. Intrum Justitia's year-end share price gives it a market capitalization of SEK 6,918 M (5,710). Share trades were settled on every business day of the year. An average of 295,960 shares was traded per day (316,095). The turnover rate, i.e. the share's liquidity, was 0.95 (0.91), against 1.45 (1.24) for Stockholmsbörsen as a whole.

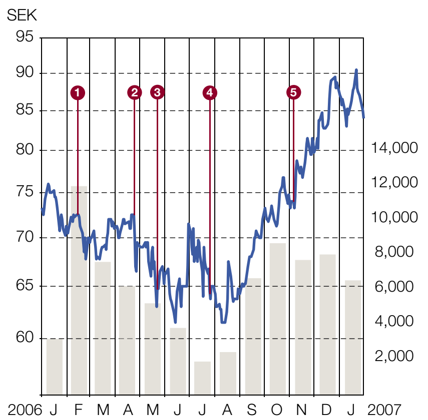
ANALYSTS WHO COVER INTRUM JUSTITIA

ABG Sundal Collier	K Melhuus & J E Gjerland
Carnegie	Mikael Löfdahl
Handelsbanken	Peter Grabe
Kaupthing	N Glifberg & J Hernander
SEB Enskilda	Stefan Andersson
Standard & Poor's	Joakim Ström

Share price performance and trading, 2002-2006



Trends and trading 2006



Source: FINDATA

Important events

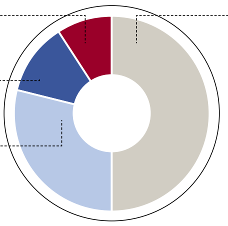
1. February 15 – Full-year report 2005
2. April 25 – Interim report January–March
3. May 23 – Michael Wolf new CEO
4. July 25 – Interim report January–June; Purchase of German portfolio
5. November 8 – Interim report January–September

Changes in share capital

Year	Transaction	Change in share capital	Total share capital	Total no. of shares	Par value per share
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
2005	Redemption[4]	–140,587.06	1,559,125.02	77,956,251	0.02

[1] Directed to the Industri Kapital 1997 Fund and Synergy at a subscription price of SEK 0.02 per share as part of the legal restructuring of the Intrum Justitia Group.
[2] New issue of 1,402,228 shares each to the Industri Kapital 1997 Fund and Synergy at a subscription price of SEK 4.432 per share and 3,803,190 shares each to the Industri Kapital 1997 Fund and Synergy at a subscription price of SEK 0.02 per share.
[3] New issue of 30,638,298 shares to retail and institutional investors at a subscription price of SEK 47 per share.
[4] Redemption of 7,029,353 shares for a cash payment of SEK 84 per share. The procedure entailed the distribution of the total sum of SEK 590,465,652 to the shareholders, whereby the company's share capital was reduced by SEK 140,587.06 and its share premium reserve was reduced by SEK 590,325,064.94.

Shareholders



SHAREHOLDERS

At year-end 2006 Intrum Justitia had 5,087 shareholders, compared with 4,227 a year earlier. The eight members of the Group Management Team held a total of 1,046,923 Intrum Justitia shares and 975,000 employee stock options at year-end. Michael Wolf also has 300,000 call options issued by Cevian Capital. Intrum Justitia's Board Members owned 30,584 shares as well as a total of 210,000 call options issued by Cevian Capital. As of year-end Intrum Justitia did not hold any of its own shares.

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 the fiscal year 2006 the Board is proposing a dividend of SEK 2.75 per share, corresponding to approximately 54 percent of net earnings after tax. The proposed record day for the dividend is April 30, 2007.

Ownership structure as of December 31, 2006

Total no. of shares: 77,956,251	No. of shares	Capital and votes, %
Landsbanki Íslands	9,129,784	11.7
Cevian Capital	7,846,494	10.1
Lannebo Funds	4,643,410	6.0
SEB Funds	3,387,410	4.3
Parkerhouse Investments	3,000,000	3.8
Didner & Gerge equity funds	2,243,000	2.9
HQ funds	2,191,500	2.8
Swedbank Robur funds	2,162,709	2.8
SEB-Trygg Liv	1,552,000	2.0
Carnegie funds	1,347,900	1.7
Total, ten largest shareholders	37,504,207	48.1

Shareholdings by size

Holding, no. of shares	No. of shareholders	Total no. of shares	Capital and votes, %
1 – 1,000	3,446	1,518,689	2.0
1,001 – 10,000	1,328	4,174,342	5.4
10,001 – 50,000	177	3,995,004	5.1
50,001 – 100,000	29	2,142,174	2.7
100,001 – 500,000	75	17,596,186	22.6
500,001 – 1,000,000	19	13,477,868	17.3
1,000,001 – 5,000,000	11	18,087,020	23.2
>5,000,001	2	16,964,968	21.8
Totalt	5,087	77,956,251	100.0

No. of shareholders who own one trading lot or less: 1,407

Data per share[1]

	2006	2005	2004	2003	2002
Earnings before dilution, SEK	5.09	3.84	3.68	–2.12	2.61
Earnings after dilution, SEK	5.04	3.81	3.68	–2.12	2.61
Operating cash flow, SEK	5.95	6.31	5.71	3.55	3.92
Shareholders' equity before dilution, SEK	18.73	16.48	17.68	14.60	18.10
Shareholders' equity after dilution, SEK	20.46	18.67	17.68	14.60	18.10
Dividend/proposed dividend, SEK	2.75[2]	2.25	0.00*	0.00	1.00
Dividend payout, %	54.0	54.7	0.0*	0.0	49.0
Share price at year-end, SEK	88.75	73.25	51.50	38.00	40.50
Yield, %	3.1	3.1	0,0	0.0	2.5
P/S, multiple	2.4	2.2	1.6	1.1	1.2
P/E, multiple	17.4	19.1	14.0	neg	15.5
Beta	0.8	0.6	0.5	0.4	0.6
No. of shares at year-end	77,956,251	77,956,251	84,985,604	84,985,604	84,985,604
No. of shares at year-end after dilution	78,794,959	78,629,289	84,985,604	84,985,604	84,985,604
Average no. of shares	77,956,251	83,483,441	84,958,604	84,958,604	66,399,468

[1] For definitions, see page 26.
[2] Proposed dividend.
* In 2005 a redemption offer was implemented whereby shareholders were able to redeem every twelfth share in Intrum Justitia AB for SEK 84 per share. In total, SEK 590.5 M was distributed to the company's shareholders, corresponding to approximately SEK 6.95 per share.

Figures for 2004–2006 are presented according to International Financial Reporting Standards (IFRS), while those for 2001–2003 are presented according to previous accounting principles (Swedish GAAP) and are not restated to IFRS.

FINANCIAL REPORTS

Contents

Board of Directors' report

The Board of Directors and the President and CEO of Intrum Justitia AB (publ) hereby submit the following annual report and consolidated financial statements for the financial year 2006. The company has its registered address in Stockholm and corporate identity number 556607-7581.

THE INTRUM JUSTITIA GROUP

IIntrum Justitia is Europe's leading Credit Management Services (CMS) company. The Group's offering covers every stage of these services, from credit information and invoicing through sales ledger services, reminders and collection to debt surveillance and collection of written-off receivables. The Group also works with purchased debt and 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 24 European markets. The head office is located in Nacka, outside Stockholm, Sweden. The Intrum Justitia share was listed on Stockholmsbörsen (Stockholm Exchange) in June 2002 and since October 2006 is listed on the OMX Nordic Exchange's Mid Cap list.

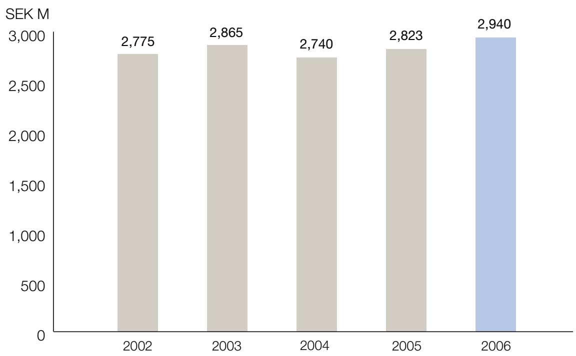
KEY EVENTS DURING THE YEAR

- In January the Group modified its legal structure, whereby most of its operating subsidiaries, which were previously owned through a wholly owned holding company in the Netherlands, are now owned directly by the Parent Company, Intrum Justitia AB (publ). The restructuring provides more efficient controls, simplifies administration and makes it possible for profit-generating subsidiaries to pay share dividends directly to the Parent Company.
- The Annual General Meeting in April reelected Sigurjón Th. Árnason, Helen Fasth-Gillstedt, Lars Förberg, Bo Ingemarson and Jim Richards to the Board of Directors and elected Lars Lundquist, Michael Wolf and Lars Wollung as new members. Lars Lundquist was elected as Chairman of the Board and Bo Ingemarson as Deputy Chairman. The Annual General Meeting also resolved to approve the Board's proposal for the principles of remuneration and other employment terms for senior management. The basic principle is that Intrum Justitia will offer market terms, enabling the Group to recruit and retain highly qualified executives with the ability to achieve established goals. It was also resolved to amend the articles of association to adapt them to the new Companies Act that entered into force on January 1, 2006.
- In May a capital markets day was held in Nacka, Sweden, at which around 60 financial analysts, investors and journalists met with members of Group Management. The company presented its outlook for the credit management industry, the *Purchased Debt* service line and the English subsidiary's development.
- In May it was announced that Michael Wolf would take over as President and CEO on September 1, 2006, succeeding Jan Roxendal, who resigned. Michael Wolf therefore stepped down as a member of the Board. Michael Wolf had been Executive Vice President and Head of the Europe and Latin America Division at Skandia, prior to which he had served as Skandia's CFO. Earlier he was an employee of SEB Merchant Banking, based in various locations including in New York and London. Michael Wolf holds a Master of Science in Economics from Stockholm University.
- In July Intrum Justitia and Goldman Sachs agreed to acquire a large portfolio of written-off, non-performing bank loans from one of Germany's leading banks through a joint venture. The portfolio comprises over 65,000 accounts with an aggregate outstanding principal and interest value of approximately EUR 485 M (approximately SEK 4.5 billion).
- In September the Group divested its English field services division to a group of investors led by former UK and Ireland managing director John Easden. The new company – Face2Face Contact Limited – will work closely with Intrum Justitia in field collections.

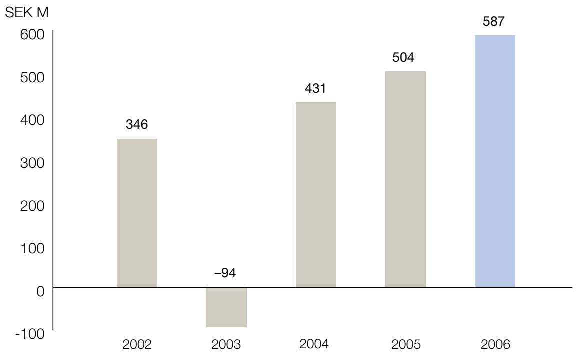
REVENUES AND EARNINGS

Consolidated revenues amounted to SEK 2,939.6 M (2,823.2) for the year. Of the revenue increase of 4.1 percent, 4.3 percentage points are organic growth, –0.4 percentage points are currency effects and 0.2 percentage points are related to portfolio revaluations and the previous year's acquisitions. The revenue increase is mainly attributable to two regions, Finland, Estonia, Latvia & Lithuania, and France, Spain & Portugal, where the Group's market shares increased. Another important factor is the increased activity in purchased debt in many markets.

Consolidated revenues



Consolidated operating earnings

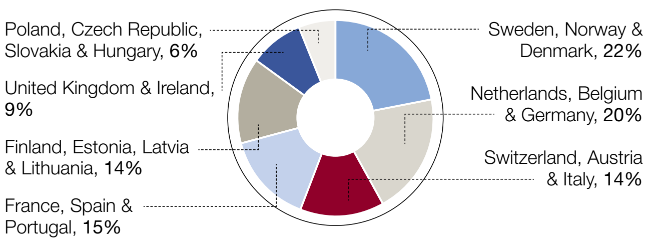


Operating earnings rose to SEK 586.7 M (503.6). The earnings improvement is attributable to the revenue increase in the Finland, Estonia, Latvia & Lithuania and France, Spain & Portugal regions, efficiency gains in several countries and reduced losses in England and Norway. Earnings for the previous year were charged with nonrecurring expenses of SEK 30.3 M for the write-down of the IT system in England.

Earnings before tax for the year rose to SEK 527.1 M (472.2 M), while net earnings amounted to SEK 407.5 M (333.6).

GEOGRAPHIC REGIONS

Share of consolidated revenues



Sweden, Norway & Denmark
The Swedish company reported good earnings for the year despite a weak revenue trend. The company maintains good productivity and quality, which is compensating for the harsh competition it faces. To coordinate and strengthen its client focus, the company has initiated a reorganization based on client processes rather than products. In total, some 20 employees are expected to be redundant, mainly through attrition.

The Norwegian company, which ramped up a new production system at the beginning of the year, has raised efficiency and become profitable on a monthly basis in its commission-based operations.

The region's revenues amounted to SEK 655.7 M (655.3), an increase of 0.1 percent. Operating earnings were SEK 192.1 M (169.8), equivalent to an operating margin of 29.3 percent (25.9). Regional revenues and earnings include revaluations of purchased portfolios of SEK 18.6 M, net (2.1).

Netherlands, Belgium & Germany
During the year the company in the Netherlands focused on further improving quality in its more complex collection cases, which has proved successful. In addition, a cooperation was established during the year with an enforcement agency-type organization to faster, more efficiently process legal cases.

The German company developed positively during the year thanks to improved efficiency and cost controls. Cost savings have been achieved by moving the operations in Mannheim to, and coordinating them with, the operations in Darmstadt. During the year a large portfolio of bank loans was purchased from one of Germany's leading banks. Collections from this portfolio are meeting projections.

Regional revenues for the year amounted to SEK 592.3 M (577.0), an increase of 2.7 percent. Operating earnings amounted to SEK 124.6 M (116.2) with an operating margin of 21.0 percent (20.1). Regional revenues and earnings include revaluations of purchased portfolios of SEK 0.5 M, net (-0.7).

Switzerland, Austria & Italy
The entire region developed positively in terms of revenues and earnings.

Regional revenues for the year amounted to SEK 397.2 M (391.4), an increase of 1.5 percent. Operating earnings amounted to SEK 88.3 M (83.8) with an operating margin of 22.2 percent (21.4). Regional revenues and earnings include revaluations of purchased portfolios of SEK -13.0 M, net (1.7).

France, Spain & Portugal
The region's ability to improve efficiency, mainly by utilizing the Group's best practices, in combination with higher volumes, has raised productivity, contributing to the region's positive development.

Regional revenues for the year amounted to SEK 445.6 M (364.0), an increase of 22.4 percent. Operating earnings amounted to SEK 99.9 M (72.7) with an operating margin of 22.4 percent (20.0). Regional revenues and earnings include revaluations of purchased portfolios of SEK 0.0 M, net (2.9).

Finland, Estonia, Latvia & Lithuania
In Finland, operations were affected by legislative changes that limit the opportunity to charge debtor fees, change settlement procedures for incoming payments from debtors and shorten the statute of limitations on consumer receivables. Despite these changes, the company's revenues and earnings developed well during the year. Concept development continues.

Regional revenues for the year amounted to SEK 414.5 M (355.7), an increase of 16.5 percent. Operating earnings amounted to SEK 174.5 M (146.8) with an operating margin of 42.1 percent (41.3). Regional revenues and earnings include revaluations of purchased portfolios of SEK 20.7 M, net (3.8).

United Kingdom & Ireland
In 2006 restructuring work continued according to plan. In 2007 the move from the office in Stratford to Liverpool will be completed and sales efforts can be intensified. The work to identify and improve deficient processes has been intensive. Reported earnings include the positive effect of the sale of the office buildings in Scotland. Towards the end of the year operating activities became profitable on a monthly basis, though on a weak level.

Efficiency improvements in processes and IT systems led to savings in Ireland, primarily through redundancies.

The number of employees in the region as a whole was 420 at year-end, a net decrease of 93 for the year.

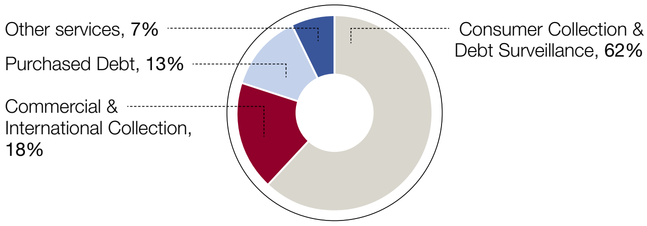
Regional revenues for the year amounted to SEK 267.9 M (315.8), a decrease of 15.2 percent. Operating earnings amounted to SEK –33.4 M (-62.0). Regional revenues and earnings include revaluations of purchased portfolios of SEK -24.3 M, net (-8.8). It should be noted that last year's earnings included a charge of SEK 30.3 M to write off a discontinued project to replace the IT system.

Poland, Czech Republic, Slovakia & Hungary
Operations in the Polish company continued to be adversely affected by slow activity in the *Purchased Debt* service line. The companies in the Czech Republic, Slovakia and Hungary have developed well, with rising revenues and steady or improved earnings. Regional revenues for the year amounted to SEK 166.4 M (164.0), an increase of 1.5 percent. Operating earnings amounted to SEK 32.4 M (36.2) with an operating margin of 19.5 percent (22.1). Regional revenues and earnings include revaluations of purchased portfolios of SEK 4.7 M, net (13.4).

Since April 2003 there is a 40 percent minority interest in the region's companies.

SERVICE LINES

Share of consolidated revenues



Intrum Justitia's range of services is reported in 2006 in the following four service lines:

- *Consumer Collection & Debt Surveillance*. Collections from private individuals on behalf of companies and public authorities that normally have a large number of small receivables, in addition to long-term surveillance of consumer receivables.
- *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, after which Intrum Justitia collects the receivables on its own behalf. The service line also includes guarantees for purchases of card receivables.
- *Other services*. Other services related to the CMS process, such as sales ledger services, credit information and VAT refund services.

Consumer Collection & Debt Surveillance
Service line revenues during the year amounted to SEK 1,914.8 M (1,837.2) with operating earnings of SEK 471.6 M (411.1). The service line accounted for 62 percent of the Group's revenues.

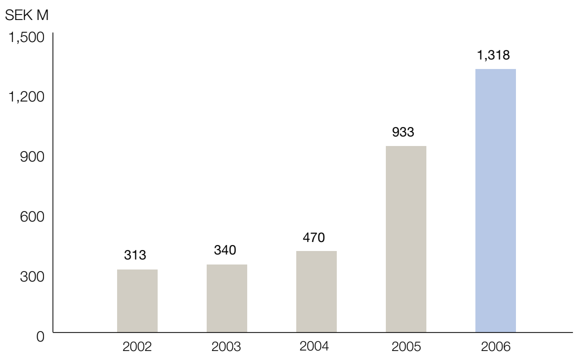
Continued high consumer spending in many countries and increased access to consumer credit have led to higher volumes in the service line.

Commercial & International Collection
Service line revenues during the year amounted to SEK 566.5 M (617.2) with operating earnings of SEK 47.9 M (67.4).

The revenue decrease is largely due to countries in northern Europe, where case volumes were low due to favorable economic conditions.

Purchased Debt

Book value of purchased debt



Service line revenues during the year amounted to SEK 402.3 M (321.6) with operating earnings of SEK 161.8 M (108.2).

The Group's purchases of written-off receivables have increased significantly in recent years. The book value at year-end 2006 amounted to SEK 1,317.9 M (933.0), divided among 1,205 (801) portfolios. This means that book value increased more than five times during the five-year period since year-end 2001, when it was SEK 224.6 M.

The year's investments in purchased debt portfolios amounted to SEK 838.4 M (835.9), corresponding to disbursements of SEK 869.7 M (821.7) during the year. Intrum Justitia applies an accounting model where the book value of each debt portfolio, and therefore quarterly earnings, is based on an estimate of future cash flows updated quarterly. In 2006 the book value of purchased portfolios was adjusted by SEK 7.2 M (14.4), net, due to changes in such estimates. The adjustments were as follows:

SEK M	2006	2005
Sweden, Norway & Denmark	18.6	2.1
Netherlands, Belgium & Germany	0.5	–0.7
Switzerland, Austria & Italy	–13.0	1.7
France, Spain & Portugal	0.0	2.9
Finland, Estonia, Latvia & Lithuania	20.7	3.8
United Kingdom & Ireland	–24.3	–8.8
Poland, Czech Republic, Slovakia & Hungary	4.7	13.4
Total	**7.2**	**14.4**

Adjustments are reported as part of amortization for the year, which affects revenues and operating earnings correspondingly. This is because revenues in *Purchased Debt* are reported as the net of collected amounts less amortization.

Portfolio purchases during the year were acquired from the original creditors in a number of different industries, the most important of which are banking (53 percent), telecommunications (13 percent), finance (11 percent), credit cards (10 percent) and mail order (1 percent).

Other services

Service line revenues during the year amounted to SEK 225.3 M (197.7) with operating earnings of SEK –11.5 M (–27.1).

The losses are primarily attributable to sales ledger services. The Group is working to reduce these losses. These operations are expected to be an important element in the Group's strategy to offer a comprehensive range of services and thereby form closer cooperations with clients.

EXPENSES

The Group's gross profit margin was higher than the previous year, which is largely due to the write-down in 2005 of the IT project in the UK. At the same time the Group's sales and marketing expenses decreased as a result of savings measures in several countries. The increase in general and administrative expenses is mainly due to higher expenses for the employee stock option program (from SEK 7.5 M in 2005 to SEK 17.4 M) and expenses of SEK 9.2 M in connection with the replacement of the President and CEO.

DEPRECIATION/AMORTIZATION

Operating earnings were charged with depreciation/amortization of SEK 80.8 M (87.6). Operating earnings before depreciation/amortization thereby amounted to SEK 667.5 M (591.2).

Other intangible fixed assets recognized in the balance sheet and attributable to revaluations to fair value in connection with acquisitions amount to SEK 18.2 M (19.6). They have been amortized by SEK 5.5 M (4.9).

EXPENSES FOR EMPLOYEE STOCK OPTION PROGRAM

The Group's operating earnings were charged with SEK 17.4 M (7.5) for warrants for the Group's Employee Stock Option Program 2003/2009. The expense does not represent an actual disbursement by the company. The dilution effect for 2006, calculated according to *IAS 33 Earnings per share*, corresponds to 838,708 shares.

The employee stock option program originally comprised options to subscribe for 3,358,250 new shares, of which 2,525,000 were issued to senior executives of the Group and 833,250 to a Group company to cover the future liquidity effect of social security costs in connection with the exercise of the options. In connection with the share redemption program in 2005, the strike price was changed from SEK 57.00 to SEK 54.60. At the same time the number of shares represented by the options increased by four percent. Based on earnings per share in 2006, the highest allowed utilization ratio for allocated employee stock options is limited to 80 percent. The cost and dilution effect for the employee stock option program is therefore estimated at 2,794,064 shares.

The cost increase compared with the previous year is an effect of the company's application of a statement (URA 46) from the Swedish Financial Accounting Standards Council's Emerging Issues Task Force on *IFRS 2* and social security costs. According to the recommended accounting principle, the cost of the employee stock option program rises when the share price (and consequently the option value) rises.

For more information on the employee stock option program, see Note 27 Share-based payment for employees.

NET FINANCIAL ITEMS

Net financial items amounted to SEK –59.6 M (–31.4). Interest expenses were higher than the previous year due to higher borrowings and higher market interest rates.

TAX

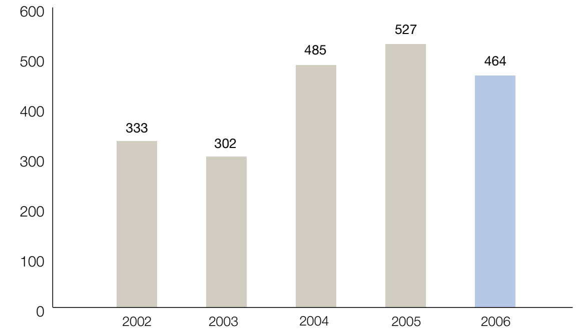
The tax rate in the annual accounts of 22.7 percent is slightly lower than the 25.0 percent that had previously been estimated for the year. The difference is mainly due to a Group contribution paid at year-end by the Group's subsidiary in Sweden to Italy of SEK 39.7 M, reducing the Group's tax expense by SEK 11.1 M. The Group contribution was offset in the Italian company against losses in previous years. In the company's opinion, the Group contribution is tax deductible in Sweden in accordance with the European Court of Justice's so-called Marks & Spencer ruling. The company's interpretation of the EU's rules was upheld in an advance ruling by the Swedish National Tax Board received in March 2007. The Swedish tax authorities have appealed the ruling. The Group's tax expense is dependent in part on how earnings are distributed between subsidiaries in different countries with different tax rates. For 2007 and beyond, the estimated tax expense of 25 percent of pre-tax earnings is reiterated.

The Group's companies have total tax loss carryforwards of SEK 427.6 M for which no deferred tax assets are reported.

For more information on the Group's taxes, see Note 8 Current and deferred tax on earnings for the year.

CASH FLOW AND INVESTMENTS

Cash flow from operating activities



Cash flow from operating activities amounted to SEK 463.7 M (527.0) during the year. The decrease in cash flow is mainly due to higher disbursements for interest and taxes. In several of the Group's companies, the year's tax payments exceeded the tax expense, partly due to insufficient tax withholdings in the previous year.

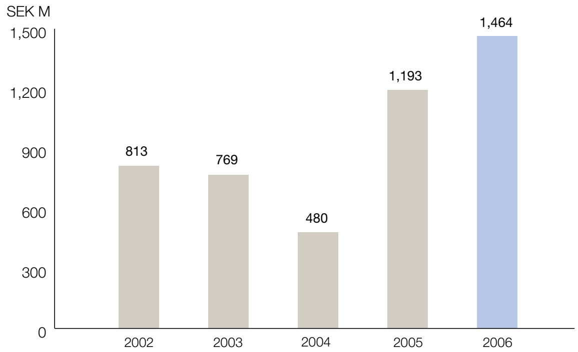
The Group's investments in tangible and intangible fixed assets in 2006 amounted to SEK 109.0 M (96.9), corresponding to disbursements during the year of SEK 106.1 M (96.9). The Group is not engaged in any research and development other than the development of its IT systems. Investments for the year largely pertain to hardware and software for IT systems, mainly for production. Technological development is rapid and, if used correctly, new technical solutions can improve efficiency in the management of client receivables and use of the Group's databases. As demands for customized IT solutions grow, it is strategically important for Intrum Justitia to continuously adapt to changes in demand. Investments during the year mainly refer to the further development and modification of a new production system in Norway.

For the full-year 2007 the Group's investments in tangible and intangible fixed assets are estimated at SEK 100–130 M.

Investments in debt portfolios amounted to SEK 838.4 M (835.9) for the year, corresponding to disbursements of SEK 869.7 M (821.7).

FINANCING

Net debt



Net debt as of December 31, 2006 amounted to SEK 1,464.5 M, compared with SEK 1,192.7.2 M at year-end 2005. The increase is mainly due to purchases of debt portfolios during the year.

Shareholders' equity including the minority share amounted to SEK 1,492.6 M (1,316.1).

At year-end the Group had liquid assets of SEK 217.4 M (198.5). Unutilized credit facilities amounted to SEK 278.9 M (628.8). The Group's available liquidity was therefore SEK 496.3 M (827.3).

The Group is primarily financed with shareholders' equity and a five-year syndicated loan facility that expires in 2010. Given current market conditions and the Group's financial position, Intrum Justitia feels certain that there are relatively good opportunities to obtain additional bank financing if needed.

RISKS AND RISK MANAGEMENT

Operational risks	Financial risks
• Operations in many countries	• Purchased debt
• Expansion	• Charge card guarantees
• Regulatory environment	• Currency fluctuations
• Cyclicality	• Interest rates

All economic activities entail risk-taking. One prerequisite in order to manage risks in a balanced manner is that they have been identified and assessed. Intrum Justitia is conducting a risk management project at both a Group and company level, where risks are systematically being assessed.

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

Operation in different countries

The international scope of Intrum Justitia's business entails risks, mainly due to differences in laws and regulations in more than 20 countries where the Group is active. Various regulatory and currency issues must be managed at the same time that Intrum Justitia must recruit and retain personnel with the right competence and integrity.

There are significant 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 the senior 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, IT systems 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 governmental 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 regulations and directives. Changes in the regulatory environment may curtail Intrum Justitia's future operations or involve cost increases in order to comply with regulations. Because of these risks, Intrum Justitia continuously monitors the EU's regulatory work in order to call attention to potentially negative effects for European CMS companies and lobbies for favorable rule changes.

Cyclicality

While certainly not unaffected by economic conditions, the CMS industry, in Intrum Justitia's experience, has historically been less affected by economic fluctuations than many other industries due to "stabilizing factors" during periods of economic growth and recession. For Intrum Justitia, the effects of economic conditions in individual markets are also mitigated by the Group's geographical 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, and consequently the percentage of invoices that fall overdue and become debt collection cases declines. In absolute terms, however, the number of overdue receivables and collection cases usually rises 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, and consequently 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 collection becomes more difficult.

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, which helps to mitigate risks. Purchases are usually made from clients with whom the Group has maintained long relationships.

Intrum Justitia requires high yield returns 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 belives that it has the expertise required to evaluate these types of receivables. Risks are also managed through limits on the scope and structure of purchased portfolios:

- 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.

Risks are spread by purchasing portfolios from sellers in different countries and industries as well as portfolios with different estimated maturities. Moreover, the Group has strategic cooperations with outside partners that further reduce financial exposure.

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 Calyon Bank in 2002 and with Goldman Sachs in 2003.

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

As part of its service offering in Switzerland, Intrum Justitia screens new charge 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. The total value of the guaranteed debt has gradually decreased and amounted to SEK 676.4 M (945.9) at year-end. The principal risk is associated with receivables past due for more than 30 days, which at year-end totaled SEK 3.9 M (12.3).

Intrum Justitia manages risk in this business through strict credit limits on new cards and by analyzing the credit ratings of card applicants. As of year-end Intrum Justitia has allocated a provision of SEK 8.7 M (30.6) in its balance sheet to cover payments that may arise under the guarantees.

Currency fluctuations

Intrum Justitia operates in 22 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 portfolio 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 to not actively hedge its translation exposure.

Interest rate fluctuations

Intrum Justitia's interest-bearing net debt amounted to SEK 1,464.5 M (1,192.7) at year-end. 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.

For more information on financial risks, see Note 32 Financial instruments and concentration of risk.

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) + 1%	**EBIT** SEK –11,8 M
Value of Swedish krona vs. other currencies + 1%	**EBIT** SEK –4,6 M
Interest rate on Intrum Justitia's net borrowings + 1 %	**Earnings before tax** **SEK** –13,3 M

ACQUISITIONS

In 2005 the acquisition of Legal & Trade Collections (Ireland) Ltd, now Intrum Justitia Collections (Ireland) Ltd, was completed. The purchase price has been subject to dispute, a final ruling on which is expected in 2007 at the earliest. In 2006 a deferred payment was issued in accordance with the share purchase agreement to the sellers of the Slovakian company Creditexpress Slovakia s.r.o., now named Intrum Justitia Slovakia s.r.o., which Intrum Justitia acquired in 2005.

GOODWILL

Consolidated goodwill amounted to SEK 1,524.4 M (1,573.4) at year–end. The change during the year is due to fluctuating exchange rates. All goodwill in the Group was tested for impairment at year-end 2006 with the results showing no need for writedowns.

NON-FINANCIAL PROFIT INDICATORS

Human resources

The average number of employees during the year was 2,954 (2,863). The number of employees decreased mainly in the English subsidiary, but increased in Finland, the Netherlands and Spain. For more information on employees, including a distribution by gender and remuneration principles for senior executives, see pages 24–25 and Notes 23–27.

Environmental impact

Intrum Justitia's environmental impact is considered small, since the Group is engaged in office-based operations. Moreover, in most countries the Group has a policy designed to minimize environmental impact, for example, by steering the choice of transports and travel toward alternatives with less environmental impact and by utilizing video and web conferencing. In general, the price of a product or service that the Group buys presumably reflects the aggregate energy and manpower consumed to produce that product or service. By continuously weighing cost against benefit when making purchasing decisions, unnecessary energy consumption and environmental impact is minimized.

MARKET AND OUTLOOK

In the last five years consumer credits have grown by 5–7 percent, and both households and companies have increased their debt. From a short-term perspective there are no signs that this trend will slow. This, coupled with the introduction of the Basel II rules, should create greater demand for qualified credit management services.

Intrum Justitia estimates that only ten percent of the total market is currently outsourced to professional CMS providers. Client needs are similar regardless of geographic market, and Intrum Justitia therefore believes that its offering of services with a strong information content will drive the increase in outsourcing.

In Intrum Justitia's opinion, there are good opportunities for synergies by establishing uniform business models, processes and organizational structures.

FINANCIAL OBJECTIVES

The Group's long-term financial objectivs is to achieve average organic growth of at least ten percent per year. Moreover, the Group actively seeks opportunities to grow through selective acquisitions.

The Group's other financial target is 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.

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.

The Parent Company reported revenues for the full year of SEK 34.2 M (29.0) and a pre-tax deficit of SEK -142.3 M (2.2). The higher deficit is attributable to, among other things, the costs of the employee stock option program and an increased net interest expense owing to a change in the Group's corporate structure. The Parent Company's expenses during the year for the employee stock option program include expenses that in previous years were recognized in the consolidated accounts but not in the Parent Company's accounts. Earnings were also charged with expenses of SEK 9.2 M in connection with the replacement of the President and CEO.

The Parent Company invested SEK 2.3 M (0.7) in fixed assets during the year and at year-end had liquid assets of SEK 0.0 M (0.0) and short-term investments of SEK 18.7 M (0.0). The average number of employees was 25 (23).

EVENTS AFTER CLOSING DATE

Nomination Committee's proposal to the AGM 2007

On January 31, 2007 the Nomination Committee presented its proposal to the Annual General Meeting to re-elect Helen Fasth-Gillstedt, Lars Förberg, Bo Ingemarson, Lars Lundquist and Lars Wollung and to elect Matts Ekman and Ársæll Hafsteinsson as new Board Members. Sigurjón Th. Árnason and Jim Richards have declined re-election. Furthermore, the Nomination Committee proposes the re-election of Lars Lundquist as Chairman of the Board and Bo Ingemarson as Deputy Chairman. Shareholders representing about approximately 37.7 percent of the share capital and votes in the company have announced their support for the proposal.

Increased ownership share in Intrum á Islandi ehf

On February 28, 2007 Intrum Justitia increased its holding in the Icelandic associated company from 25 percent to 33.3 percent through a purchase of shares. The purchase price was SEK 8.3 M.

OTHER

Shareholders

The company's largest shareholders as of year-end are Landsbanki Íslands, Cevian Capital and Lannebo Funds. Refer to the table on page 29.

BOARD WORK

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. All members are elected by the Annual General Meeting.

In 2006 the Board held 12 meetings (previous year 11).

For a description of the Board's work, refer to the Corporate governance report on pages 66–71.

Proposed disposition of profit

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

SEK	
Retained earnings	774,922,229
Net earnings for the year	–102,427,547
Total	**672,494,682**

Retained earnings from the previous year have been increased by Group contributions received during the year, which amounted to SEK 82,080,000, net, after tax.

The Board of Directors and the President and CEO propose that the earnings be distributed as follows:

SEK	
Dividend, 77,956,251 shares x SEK 2.75	214,379,690
Balance carried forward	458,114,992
Total	**672,494,682**

The Board of Directors' complete statement motivating the proposed disposition of profit for the financial year 2007 is presented in a separate document prior to the Annual General Meeting. It concludes, among other things, that the proposed dividend is in line with the company's dividend policy and that the Board, having considered the nature of the company's operations, its scope and risks, as well as the company's and the Group's consolidation requirements, liquidity and financial position in other respects, has found no indications that the proposed dividend is unjustified.

The financial reports have been approved for release on March 16, 2007 by the Board of Directors of the Parent Company, which proposes their adoption by the Annual General Meeting on April 25, 2007.

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.

To the best of our knowledge, the annual report has been prepared in accordance with generally accepted accounting standards for listed companies. The information that is provided reflects actual conditions, and nothing of significance has been omitted that could affect the impression of the Parent Company and the Group created by the annual report.

Stockholm, March 16, 2007

Lars Lundquist
Chairman

Sigurjón Th. Árnason

Helen Fasth-Gillstedt

Lars Förberg

Bo Ingemarson

Jim Richards

Lars Wollung

Michael Wolf
President and CEO

Consolidated income statement

SEK M	NOTE	GROUP DEC. 31, 2006	GROUP DEC. 31, 2005
Revenues	2, 3	2,939.6	2,823.2
Cost of sales		–1,705.9	–1,679.6
Gross earnings		**1,233.7**	**1,143.6**
Sales and marketing expenses		–261.9	–273.1
General and administrative expenses		–385.5	–367.6
Participations in associated companies	5	0.4	0.7
Operating earnings (EBIT)	2, 4	**586.7**	**503.6**
Financial income	6	14.5	15.0
Financial expenses	7	–74.1	–46.4
Net financial items		**–59.6**	**–31.4**
Earnings before tax		**527.1**	**472.2**
Tax	8	–119.6	–138.6
Net earnings for the year		**407.5**	**333.6**
Of which attributable to			
Parent Company's shareholders		397.0	320.6
Minority interests		10.5	13.0
Net earnings for the year		**407.5**	**333.6**
Data per share, SEK	1		
Share price at end of period		88.75	73.25
Earnings per share before dilution		5.09	3.84
Equivalent value, excl. C shares		5.09	3.94
Earnings per share after dilution		5.04	3.81
Average number of shares before dilution, '000		77,956	83,483
Equivalent value, excl. C shares		77,956	81,442
Average number of shares after dilution, '000		78,795	84,156
Number of shares at end of period, '000		78,795	77,956

The dilution effect in earnings is an effect of the Group's employee stock option program, see Note 27, and corresponds to 838,708 shares for the year (673,038). Further information on the share can be found on pages 28–29. For definitions, see page 26.

Consolidated balance sheet

SEK M	NOTE	GROUP DEC. 31, 2006	GROUP DEC. 31, 2005
ASSETS			
Fixed assets			
Intangible fixed assets	9		
Capitalized expenditure for IT development and other intangibles		130.8	123.5
Goodwill		1,524.4	1,573.4
Total intangible fixed assets		**1,655.2**	**1,696.9**
Tangible fixed assets	10		
Computer hardware		35.6	36.9
Other equipment		45.1	44.3
Total tangible fixed assets		**80.7**	**81.2**
Financial fixed assets			
Shares and participations in associated companies	13	5.4	5.2
Shares and participations in other companies	14	0.1	0.3
Purchased debt	15	1,317.9	933.0
Deferred tax assets	8	39.4	24.9
Other long-term receivables	16	19.6	2.0
Total financial fixed assets		**1,382.4**	**965.4**
Total fixed assets		**3,118.3**	**2,743.5**
Current assets			
Current receivables			
Accounts receivable	17	252.0	362.2
Client funds		480.3	464.2
Tax assets		36.3	28.6
Other receivables	17	263.7	263.0
Prepaid expenses and accrued income	17	93.5	76.0
Total current receivables		**1,125.8**	**1,194.0**
Liquid assets			
Cash and bank balances		198.7	198.5
Short-term investments		18.7	0.0
Total cash and cash equivalents		**217.4**	**198.5**
Total current assets		**1,343.2**	**1,392.5**
TOTAL ASSETS		**4,461.5**	**4,136.0**

SEK M	NOTE	GROUP DEC. 31, 2006	GROUP DEC. 31, 2005
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Shareholders' equity attributable to Parent Company's shareholders			
Share capital		1.6	1.6
Other paid-in capital		812.3	794.9
Reserves		–24.1	39.6
Retained earnings		670.0	448.4
Total shareholders' equity attributable to Parent Company's shareholders		**1,459.8**	**1,284.5**
Shareholders' equity attributable to minority		32.8	31.6
Total shareholders' equity		**1,492.6**	**1,316.1**
Long-term liabilities			
Liabilities to credit institutions	20	1,618.6	1,348.0
Other long-term liabilities		1.0	10.4
Provisions for pensions	18	34.3	34.9
Deferred tax liabilities	8	25.4	26.2
Other long-term provisions	19	2.1	5.2
Total long-term liabilities		**1,681.4**	**1,424.7**
Current liabilities			
Liabilities to credit institutions	20	27.8	7.0
Client funds payable		480.3	464.2
Accounts payable		118.6	198.3
Income tax liabilities		78.1	100.0
Advances from clients		34.9	28.1
Other current liabilities		194.7	240.7
Accrued expenses and prepaid income	21	351.9	348.2
Other short-term provisions	19	1.2	8.7
Total current liabilities		**1,287.5**	**1,395.2**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**4,461.5**	**4,136.0**

For an analysis of the changes in shareholders' equity, refer to the report on page 45.
For information on the Group's pledged assets and contingent liabilities, see Note 22.

Consolidated cash flow statement

SEK M	NOTE	GROUP DEC. 31, 2006	GROUP DEC. 31, 2005
Operating activities			
Operating earnings	2	586.7	503.6
Depreciation/amortization	4	80.8	87.6
Adjustment for expenses not included in cash flow	2	8.0	40.1
Interest received		14.3	14.2
Interest paid and other financial expenses		–69.2	–38.3
Income tax paid		–164.5	–74.7
Cash flow from operating activities before changes in working capital		**456.1**	**532.5**
Changes in working capital		7.6	–5.5
Cash flow from operating activities		**463.7**	**527.0**
Investing activities			
Purchases of tangible fixed assets	10	–44.8	–34.7
Purchases of intangible fixed assets	9	–61.3	–62.2
Debt purchases	15	–869.7	–821.7
Sale of tangible assets		11.1	–
Amortization of purchased debt	15	409.8	327.3
Purchases of subsidiaries and other companies	33	–1.9	–0.1
Lending to third parties		–17.6	–
Other cash flow from investing activities		0.1	0.0
Cash flow from investing activities		**–574.3**	**–591.4**
Financing activities			
Borrowing		615.0	1 348.8
Amortization of loans		–294.0	–830.5
Share redemption		–	–590.5
Expenses for share redemption		–	–6.0
Share dividend to Parent Company's shareholders		–175.4	–
Share dividend to minority owners		–8.7	–12.9
Cash flow from financing activities		**136.9**	**–91.1**
Change in liquid assets		**26.3**	**–155.5**
Opening balance of liquid assets		**198.5**	**338.3**
Exchange rate differences in liquid assets		–7.4	15.7
Closing balance of liquid assets		**217.4**	**198.5**
Unutilized credit lines		278.9	628.8
Available liquidity		**496.3**	**827.3**

Parent Company income statement

SEK M	NOTE	PARENT COMPANY DEC. 31, 2006	PARENT COMPANY DEC. 31, 2005
Revenues	2, 3	34.2	29.0
Gross earnings		**34.2**	**29.0**
Sales and marketing expenses		–15.3	–17.5
General and administrative expenses		–120.6	–68.2
Operating earnings	2, 4	**–101.7**	**–56.7**
Interest income and similar items	6	156.5	93.8
Interest expenses and similar items	7	–197.1	–34.9
Net financial items		**–40.6**	**58.9**
Earnings before tax		**–142.3**	**2.2**
Tax on earnings for the year	8	39.9	1.3
Net earnings for the year		**–102.4**	**3.5**

Parent Company balance sheet

SEK M	NOTE	PARENT COMPANY DEC. 31, 2006	PARENT COMPANY DEC. 31, 2005
ASSETS			
Fixed assets			
Intangible fixed assets	9		
Capitalized expenditure for IT development and other intangibles		2.6	1.4
Total intangible fixed assets		**2.6**	**1.4**
Tangible fixed assets	10		
Computer hardware		0.2	0.1
Other equipment		0.4	0.5
Total tangible fixed assets		**0.6**	**0.6**
Financial fixed assets			
Shares and participations in subsidiaries	11	6,973.0	600.9
Deferred tax assets	8	8.0	0.0
Receivables from Group companies		698.7	1,335.5
Total financial fixed assets		**7,679.7**	**1,936.4**
Total fixed assets		**7,682.9**	**1,938.4**
Current assets			
Current receivables			
Accounts receivable	17	0.0	0.2
Client funds			
Tax assets		2.9	0.0
Receivables from Group companies		1,864.1	1,681.5
Other receivables	17	9.3	7.0
Prepaid expenses and accrued income	17	2.3	19.6
Total current receivables		**1,878.6**	**1,708.3**
Cash and bank balances		0.0	0.0
Short-term investments		18.7	0.0
Total current assets		**1,897.3**	**1,708.3**
TOTAL ASSETS		**9,580.2**	**3,646.7**

SEK M	NOTE	PARENT COMPANY DEC. 31, 2006	DEC. 31, 2005
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted equity			
Share capital		1.6	1.6
Statutory reserve/share premium reserve		282.4	282.4
Total restricted equity		**284.0**	**284.0**
Non-restricted equity			
Retained earnings		775.0	834.9
Net earnings for the year		–102.4	3.5
Total non-restricted equity		**672.6**	**838.4**
Total shareholders' equity		**956.6**	**1,122.4**
Long-term liabilities			
Liabilities to credit institutions	20	1,617.0	1,346.3
Liabilities to Group companies		5,938.8	0.0
Provisions for pensions	18	0.3	1.6
Total long-term liabilities		**7,556.1**	**1,347.9**
Current liabilities			
Liabilities to credit institutions	20	3.8	2.0
Accounts payable		2.8	2.7
Tax liabilities		0.0	17.6
Liabilities to Group companies		1,021.5	1,133.0
Other current liabilities		1.8	1.2
Accrued expenses and prepaid income	21	37.6	19.9
Total current liabilities		**1,067.5**	**1,176.4**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**9,580.2**	**3,646.7**

For an analysis of the changes in shareholders' equity, refer to the report on page 45.

Parent Company cash flow statement

SEK	NOTE	PARENT COMPANY DEC. 31, 2006	PARENT COMPANY DEC. 31, 2005
Operating activities			
Operating earnings		–101.7	–56.7
Depreciation/amortization	4	1.1	0.7
Adjustment for expenses not included in cash flow		29.9	0.0
Interest received		143.0	93.8
Interest paid and other financial expenses		–193.7	–31.5
Income tax paid		–20.5	–3.4
Cash flow from operating activities before changes in working capital		**–141.9**	**2.9**
Changes in working capital		36.7	–30.6
Cash flow from operating activities		**–105.2**	**–27.7**
Investing activities			
Purchases of tangible fixed assets		–0.3	–0.3
Purchases of intangible fixed assets		–2.0	–0.4
Purchases of subsidiaries	13, 33	–6,372.1	0.0
Cash flow from investing activities		**–6,374.4**	**–0.7**
Financing activities			
Borrowing		565.2	1,348.8
Amortization of loans		–294.0	0.0
Net loans to subsidiaries		6,389.0	–731.6
Share redemption		–	–590.5
Expenses for share redemption		–	–6.0
Repayment of shareholders’ contribution by subsidiary		13.5	–
Share dividend to Parent Company’s shareholders		–175.4	–
Cash flow from financing activities		**6,498.3**	**20.7**
Change in liquid assets		**18.7**	**–7.7**
Opening balance of liquid assets		**0.0**	**7.7**
Closing balance of liquid assets		**18.7**	**0.0**

Summary of changes in shareholders' equity

GROUP, SEK M	Number of shares outstanding	Share capital	Other paid-in capital	Reserves	Retained earnings incl. earnings for the year	Total	Minority interests	Total share-holders' equity
		SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS						
Opening balance, January 1, 2005	**84,985,604**	**1.7**	**1,377.8**	**–11.1**	**133.8**	**1,502.2**	**28.8**	**1,531.0**
Change in translation reserve for the year				50.7		50.7	2.7	53.4
Total change in net assets recognized in shareholders' equity, excl. transactions with company's owners		0.0	0.0	50.7	0.0	50.7	2.7	53.4
Net earnings for the year					320.6	320.6	13.0	333.6
Total change in net assets excl. transactions with company's owners		0.0	0.0	50.7	320.6	371.3	15.7	387.0
Effect of employee stock option program			7.5			7.5		7.5
Share dividend						0.0	–12.9	–12.9
Share redemption	–7,029,353	–0.1	–590.4			–590.5		–590.5
Transaction expenses for share redemption					–8.3	–8.3		–8.3
Tax effect of transaction expenses					2.3	2.3		2.3
Closing balance, December 31, 2005	**77,956,251**	**1.6**	**794.9**	**39.6**	**448.4**	**1,284.5**	**31.6**	**1,316.1**
Change in translation reserve for the year				–63.7		–63.7	–0.6	–64.3
Total change in net assets recognized in shareholders' equity, excl. transactions with company's owners		0.0	0.0	–63.7	0.0	–63.7	–0.6	–64.3
Net earnings for the year					397.0	397.0	10.5	407.5
Total change in net assets excl. transactions with company's owners		0.0	0.0	–63.7	397.0	333.3	9.9	343.2
Effect of employee stock option program			17.4			17.4		17.4
Share dividend					–175.4	–175.4	–8.7	–184.1
Closing balance, December 31, 2006	**77,956,251**	**1.6**	**812.3**	**–24.1**	**670.0**	**1,459.8**	**32.8**	**1,492.6**

Accumulated exchange rate differences recognized in equity since the transition to IFRS amounted to SEK -24.1 M (39.6) on December 31, 2006. The exchange rate difference during the year was not affected by hedges.

The share capital as of December 31, 2006 comprised 77,956,251 shares. All shares carry equal voting rights.

Other paid-in capital refers to equity contributed by the owners or arising as an effect of the Group's employee stock option program.

Reserves refer exclusively to the translation reserve, which contains exchange rate differences arising as of January 1, 2004 from the translation of financial reports from foreign operations as well as long-term intra-Group receivables and liabilities that represent an increase or decrease in the Group's net investment in the foreign operations.

Retained earnings refer to earnings in the Parent Company and subsidiaries, joint ventures and associated companies.

PARENT COMPANY, SEK M	Number of shares outstanding	Share capital	Statutory reserve/ share premium reserve	Retained earnings	Net earnings for the year	Total share-holders' equity
Opening balance, January 1, 2005	**84,985,604**	**1.7**	**872.8**	**828.1**	**–53.5**	**1,649.1**
Disposition of previous year's earnings				–53.5	53.5	0.0
Share redemption	–7,029,353	–0.1	–590.4			–590.5
Transaction expenses for share redemption				–8.3		–8.3
Tax effect of transaction expenses				2.3		2.3
Group contribution received from Intrum Justitia International AB				92.0		92.0
Tax effect of Group contribution				–25.7		–25.7
Net earnings for the year					3.5	3.5
Closing balance, December 31, 2005	**77,956,251**	**1.6**	**282.4**	**834.9**	**3.5**	**1,122.4**
Disposition of previous year's earnings				3.5	–3.5	0.0
Effect of employee stock option program				29.9		29.9
Share dividend				–175.4		–175.4
Group contribution received from Intrum Justitia International AB				114.0		114.0
Tax effect of Group contribution				–31.9		–31.9
Net earnings for the year					–102.4	–102.4
Closing balance, December 31, 2006	**77,956,251**	**1.6**	**282.4**	**775.0**	**–102.4**	**956.6**

Notes

NOTE 1. ACCOUNTING AND VALUATION PRINCIPLES

ACCOUNTING RECOMMENDATIONS APPLIED

The annual report for Intrum Justitia AB (publ) is prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as approved by the EU Commission for application within the EU. Further, the Swedish Financial Accounting Standards Council's recommendations *RR 30:05 Supplementary Rules for Consolidated Financial Statements and RR 32:05 Accounting in Legal Entities have been applied.*

The Parent Company applies the same accounting principles as the Group except in the cases noted below under the section on the Parent Company's accounting principles.

ASSUMPTIONS

The Parent Company's functional currency is Swedish kronor (SEK), which is also the reporting currency for the Parent Company and for the Group. The financial reports are therefore presented in SEK. All amounts, unless indicated otherwise, are rounded off to the nearest million, with one decimal. Assets and liabilities are carried at historical cost, with the exception of certain financial assets and liabilities, which are carried at fair value.

The preparation of financial reports in accordance with IFRS requires Management to make estimates and assumptions that affect the application of the accounting principles and the carrying amounts of assets, liabilities, revenue and expenses. Estimates and assumptions are based on historical experience and a number of other factors that under current circumstances seem reasonable. The result of these estimates and assumptions is then used to determine the carrying amount of assets and liabilities that otherwise is not clearly indicated by other sources. Actual outcomes may deviate from these estimates and assumptions.

Estimates and assumptions are reviewed regularly, and the effect on carrying amounts is recognized through profit or loss. Changes in estimates are reported in the period in which the change is made, provided it has affected only this period, or the period the change was made and future periods if the change affects both current and future periods.

Estimates made by Management that have a significant impact on the financial reports and estimations, which could necessitate significant adjustments in financial reports in subsequent years, are described in more detail in Note 35.

The accounting principles described below for the Group have been applied consistently for all periods in the Group's financial reports, unless otherwise indicated. The accounting is based on the Group's opening balance sheet according to IFRS as of January 1, 2004, which was included in last year's annual report. The Group's accounting principles have been applied consistently in the consolidation of the Parent Company, subsidiaries, associated companies and joint ventures.

The annual report and consolidated accounts have been approved for release by the Board of Directors on March 16, 2007. The consolidated income statement and balance sheet and the Parent Company's income statement and balance sheet will be presented to the Annual General Meeting on April 25, 2007 for adoption.

CHANGES IN ACCOUNTING PRINCIPLES

Changes that entered into force in 2006

A number of amendments to IFRS entered into force in 2006. One of them is the amendment to *IAS 19 Employee Benefits*, which the EU Commission approved, which permits actuarial gains and losses on defined benefit pensions to be recognized directly against shareholders' equity. This new rule is not applied by Intrum Justitia in the annual accounts for 2006. As the Group has only limited defined benefit pensions, the effect would be insignificant.

There are also new IFRS rules on net investments in independent foreign operations, hedging accounting, the fair value option and financial guarantees. These amendments do not have a significant impact on Intrum Justitia's reporting, either.

Changes that entered into force in 2007

As of 2007 expanded disclosure requirements are in effect for financial instruments as well as new rules on the reversal of impairment losses reported in interimreports. These new IFRS rules are not expected to have a significant impact on Intrum Justitia's reporting, either.

CLASSIFICATION ISSUES

Non-current assets and long-term liabilities in the Parent Company and the Group consist of amounts that are expected to be recovered or paid more than twelve months after the closing day. Current assets and current liabilities in the Parent Company and the Group consist of amounts that are expected to be recovered or paid within twelve months of the closing day.

CONSOLIDATION

The Group applies *IFRS 3 Business Combinations.*

The consolidated accounts include the annual accounts of all subsidiaries, i.e., companies in which the Parent Company, directly or indirectly, holds more than 50 percent of the votes or otherwise can exercise control over operations. Control means, directly or indirectly, the right to shape a company's financial and operating strategies in order to obtain economic benefits.

The consolidated accounts are prepared according to the acquisition method, which means that the acquisition of a subsidiary is treated as a transaction where the Group indirectly acquires the subsidiary's assets and takes over its liabilities and contingent liabilities. The Group's equity therefore includes only the portion of the subsidiary's equity added since acquisition. The Group's cost is determined through an acquisition analysis in connection with the acquisition. The analysis determines the cost of the shares or operations as well as the fair value of acquired, identifiable assets and assumed liabilities and contingent liabilities. The cost of the subsidiary's shares or operations consists of the fair value of the compensation on the transfer date and transaction expenses directly attributable to the acquisition. In acquisitions where the cost exceeds the net value of acquired assets and assumed liabilities and contingent liabilities, the difference is reported as goodwill. When the difference is negative, it is recognized directly through profit or loss.

The financial reports of subsidiaries are included in the consolidated accounts from the acquisition date until the decisive influence ceases.

Intra-Group receivables and liabilities, revenue and expenses, and unrealized gains and losses that arise from intra-Group transactions within the Group are eliminated in their entirety in the consolidated accounts.

Unrealized gains from transactions with associated companies and joint ventures are eliminated to the extent they correspond to the Group's ownership interest in the company. Unrealized losses are eliminated in the same way as unrealized gains, to the extent there is an indication of impairment.

TRANSACTIONS IN FOREIGN CURRENCY

The Group applies *IFRS 21 Effects of Changes in Foreign Exchange Rates.*

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

	Closing day rate		Average	
	December 31 2006	December 31 2005	2006	2005
CHF	5.6242	6.0543	5.8843	5.9971
EUR	9.0423	9.4228	9.2549	9.2849
GBP	13.4881	13.7141	13.5752	13.5782
NOK	1.0946	1.1751	1.1504	1.1601

Assets and liabilities in foreign operations, including goodwill and other Group surplus and deficit values, are translated from the functional currency to the Group's reporting currency, Swedish kronor, at the closing day exchange rate. Revenue and expenses are translated at the average rate, which serves as an approximation of the rate that applied on each transaction date. Translation differences arise in the translation of subsidiary accounts in part because the closing day rate changes between closing days and in part because the average rate deviates from the closing day rate. Translation differences are recognized directly in equity as a translation reserve.

Long-term receivables and liabilities between the Parent Company and subsidiaries can be seen as an extension or reduction of the net investment in each company. Such receivables and liabilities are therefore reported at cost in the Parent Company, while translation differences incurred on them are recognized directly in equity in the consolidated accounts.

When foreign operations are sold, cumulative translation differences attributable to those operations are realized.

The company has zeroed cumulative translation differences attributable to the period prior to January 1, 2004, the date of transition to IFRS.

Group companies prepare their accounts in the local functional currency in the country where they have their operations. Transactions in a currency other than the local currency are recognized at the exchange rate in effect on the transaction day. When such transactions are offset or settled, the exchange rate may deviate from the one that applied on the transaction day, in which case a (realized) exchange rate difference arises. Moreover, monetary assets and liabilities in foreign currency are translated at the closing day rate on each closing day, due to which an (unrealized) exchange rate difference arises. Both realized and unrealized exchange rate differences of this type are recognized in the income statement – in operating earnings if, for example, they refer to accounts receivable or accounts payable, or in net financial items if they refer to financial investments and borrowing in foreign currency.

To avoid exchange rate differences, receivables and liabilities in foreign currency are sometimes hedged through forward exchange contracts. The Group's holding of forward exchange contracts is marked to market on each closing day, and changes in value are recognized through profit or loss.

During the year the Group did not hedge any other flow exposure pertaining to anticipated receipts or disbursements in foreign currency.

FINANCIAL ASSETS AND LIABILITIES

The Group applies *IAS 39 Financial Instruments: Recognition and Measurement.*

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, on the asset side, cash and bank balances, accounts receivable and other equity instruments, loans receivable, purchased debt and derivatives. Client funds are reported on a separate line in the balance sheet and therefore are not included in the Group's reported liquid assets. Included among liabilities and equity are accounts payable, client funds payable, debt and equity instruments in issue, loan liabilities and derivatives.

Financial instruments are initially recognized at cost, corresponding to the instrument's fair value plus transaction expenses. An exception is made for financial instruments in the category financial assets, which are recognized at fair value through profit or loss. They are recognized at fair value excluding transaction expenses. Subsequent measurement depends on how they are classified, as indicated below.

A financial asset or financial liability is recognized in the balance sheet when the company becomes party to the instrument's contractual terms. Accounts receivable are recognized in the balance sheet when an invoice has been sent. Liabilities are recognized when the counterparty has performed and there is a contractual obligation to pay, even if an invoice has not yet been received. Trade accounts payable are recognized when an invoice is received.

A financial asset is removed from the balance sheet when the rights in the agreement are realized, expire or the company loses control over them. A financial liability is removed from the balance sheet when the obligation in the agreement has been discharged or otherwise extinguished.

The fair value of listed financial assets corresponds to their listed market price on the closing day. The fair value of unlisted financial assets is determined by using valuation techniques, e.g., recently conducted transactions, the price of similar instruments and discounted cash flows. For further information, see Note 32.

LONG-TERM RECEIVABLES AND OTHER RECEIVABLES

Long-term receivables and other current receivables are receivables that arise when the company provides money without the intent to trade its claim. If the anticipated maturity is longer than one year they constitute long-term receivables, and if it is shorter they are other receivables. These receivables fall into the category loans receivable and accounts receivable.

ACCOUNTS RECEIVABLE

Accounts receivable are classified in the category loans receivable and accounts receivable. Accounts receivable are recognized at the amount expected to be received after deducting impaired receivables, which are evaluated individually. The anticipated maturity of accounts receivable is short, due to which they are carried at nominal amount without discounting. Provisions for impaired receivables are recognized as costs to sell.

RECEIVABLES FOR REIMBURSABLE COURT COSTS

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 when closing the accounts.

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.

LIQUID ASSETS

Liquid assets consist of cash and cash equivalents as well as immediately available balances with banks and similar institutions. The Group's short-term investments consist of overnight investments with banks that are available within no more than one day.

LIABILITIES

Liabilities are classified as other financial liabilities, which means that they are initially recognized at the amount received after deducting transaction expenses. Subsequent to acquisition, loans are carried at amortized cost according to the effective rate method. Long-term liabilities have an anticipated maturity of more than one year, while short-term liabilities have a maturity of less than one year. The Group's long-term loans generally have short fixed interest periods, which means that the nominal loan amount plus accrued interest is a good approximation of the liability calculated according to the effective rate model.

ACCOUNTS PAYABLE

Accounts payable are classified in the category other financial liabilities. Accounts payable have a short anticipated maturity and are carried without discounting at nominal amount.

DERIVATIVES AND HEDGE ACCOUNTING

Derivatives include forward exchange contracts, options and swaps utilized to reduce exchange rate and interest rate risks. Derivatives are also contractual terms embedded in other agreements. Embedded derivatives are recognized separately if they are not closely related to the host agreement. Changes in the value of independent or embedded derivatives are recognized through profit or loss based on the purpose of the holding. If the derivative is used for hedge accounting, value changes are recognized on the same line in the income statement as the hedged item. Value increases and decreases in the derivative are recognized, even if hedge accounting is not applied, as income/expenses in operating earnings or within net financial items, based on the purpose of the derivative and whether its use is related to an operating or financial item.

The Group does not meet the conditions to apply hedge accounting according to *IAS 39.*

Forward exchange contracts are used to hedge assets or liabilities against foreign exchange risks. Hedge accounting is not needed for these hedges because the hedged item and the hedging instrument are carried at fair value with changes in value recognized through profit or loss with regard to exchange rate differences. Changes in the value of operations-related receivables and liabilities are recognized in operating earnings, while changes in the value of financial receivables and liabilities are recognized in net financial items.

GOODWILL

Goodwill represents the difference between the cost of an acquisition and the fair value of the acquired assets, assumed liabilities and contingent liabilities.

If the Group's cost of the acquired shares in a subsidiary exceeds the market value of the subsidiary's net assets according to the acquisition analysis, the difference is recognized as Group goodwill. The goodwill that can arise through business combinations implemented through other than a purchase of shares is recognized in the same way.

For business combinations where the cost is less than the net value of acquired assets and assumed and contingent liabilities, the difference is recognized directly through profit or loss.

Goodwill is recognized at cost less accumulated impairment losses. The fair value of goodwill is determined annually for each cash-generating unit in relation to the unit's performance and anticipated future cash flow. If deemed necessary, goodwill is written down on the basis of this evaluation.

Goodwill that arises from the acquisition of a company outside Sweden is classified as an asset in the local currency and translated in the accounts at the closing day rate.

For acquisitions that took place prior to January 1, 2004, goodwill is reported after impairment testing at cost, which corresponds to recognized value according to previous accounting principles. The classification and accounting treatment of acquisitions that took place prior to January 1, 2004 were not reassessed according to *IFRS 3* in the preparation of the Group's opening balance according to IFRS as of January 1, 2004.

DEVELOPMENT COSTS FOR INFORMATION SYSTEMS

The Group applies *IAS 38 Intangible Assets.*

Expenditures for IT development and maintenance are generally expensed as incurred. If expenditures for development can be attributed to identifiable assets that will be controlled by the Group and have a period of use extending beyond one year, they are capitalized and recognized as intangible assets. Such costs include staff costs for the development team and other direct and indirect costs.

Expenditures that enhance and extend the functionality of computer software programs beyond their original useful lives are 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, though generally not exceeding a period of five years. The asset is recognized at cost less accumulated amortization and impairment losses.

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

TANGIBLE FIXED ASSETS

The Group applies *IAS 16 Property, Plant and Equipment.*

Tangible fixed assets are recognized at cost less accumulated depreciation and impairment losses. Cost includes the purchase price and costs directly attributable to putting the asset into place and condition to be utilized in accordance with the purpose of the purchase. Examples of directly attributable costs are delivery and handling, installation, consulting services and legal services. Borrowing costs are not included in the cost of internally produced fixed assets. Depreciation is booked on a straight-line basis over an asset's anticipated useful life as follows:

Leasehold improvements of others' properties	Over lease term (1–5 years)
Furniture, vehicles and equipment	3–5 years
Computers	3–5 years

The carrying amount of a tangible fixed asset is excluded from the balance sheet when the asset is sold or disposed of or when no economic benefits are expected from its use or disposal of the asset. The gain or loss that arises on the sale or disposal of an asset is comprised of the difference between the sales price and the asset's carrying amount less direct costs to sell. Gains and losses are recognized as other operating earnings.

An annual determination is made of each asset's residual value and a period of use.

Tangible fixed assets are recognized as an asset in the balance sheet if it is likely that the future economic benefits will accrue to the company and the cost of the asset can be reliably estimated.

LEASING

The Group applies *IAS 17 Leases*. Leasing is classified in the consolidated accounts as either finance or operating leasing.

When a lease means that the Group, as lessee, essentially enjoys the economic benefits and bears the economic risks attributable to the leased asset, it is classified as a finance lease. The leased asset is recognized in the balance sheet as a fixed asset, while the estimated present value of future lease payments is recognized as a liability. The portion of the lease fee that falls due for payment within one year is recognized as a current liability, while the remainder is recognized as a long-term liability. For each lease payment, the actual lease fee is separated from the related interest charge. Interest expenses are recognized over the lease term as a financial expense. Fixed assets acquired through financial leasing are depreciated over the asset's period of use.

In operating leasing, lease payments are expensed over the lease term.

ASSOCIATED COMPANIES

The Group applies *IAS 28 Investments in Associates.*

Associated companies are companies that are not subsidiaries but where the Parent Company, directly or indirectly, has at least 20 percent of the votes or otherwise exercises significant but not decisive influence over the partly owned company.

Participations in associated companies are recognized in the consolidated accounts according to the equity method, which means that the holding in the associated company is recognized at cost and subsequently adjusted to the Group's share of the change in the associated company's net assets. The value of the shares includes goodwill from the acquisition. The consolidated income statement includes the Group's profit participation less goodwill impairment.

Any difference between the cost of an acquisition and the owner's share of the net fair value of the associated company's identifiable assets, liabilities and contingent liabilities is recognized in accordance with *IFRS 3*.

The equity method is applied from the date a significant influence arises until the time it ceases or the associated company becomes a subsidiary.

JOINT VENTURES

The Group applies *IAS 38 Investments in Joint Ventures.*

Joint ventures pertain to companies in which Intrum Justitia and another part owner manage operations cooperatively in accordance with a shareholders agreement. 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.

Only equity earned subsequent to acquisition is recognized in the Group's equity. The proportional method is applied from the date when shared decisive influence is obtained until the date when shared decisive influence ceases.

SHARES AND PARTICIPATIONS IN OTHER COMPANIES

Investments in companies where the Parent Company, directly or indirectly, owns less than 20 percent of the shares and does not exercise significant influence are recognized at fair value if they can be reliably determined, or otherwise at cost less impairment losses, if any. Dividends, if any, are recognized as income when received. Provisions are allocated for impairments in value if considered permanent.

CAPITALIZED DEBT COSTS

The Group applies *IAS 23 Borrowing Costs.*

Expenses to ensure bank financing are amortized as financial expenses in the consolidated income statement over the term of the borrowing. The amount is recognized in the balance sheet as a deduction to the loan liability.

The Group and Parent Company do not capitalize interest in the cost of assets.

TAXES

The Group applies *IAS 12 Income Taxes.*

Income taxes consist of current tax and deferred tax. Income taxes are recognized through profit or loss unless the underlying transaction is recognized directly in equity, in which case the related tax effect is also recognized in equity.

Current tax is the tax paid or received for the current year, applying the tax rates that apply as of the closing day, including adjustments for current tax attributable to previous periods.

Deferred tax is calculated according to the balance sheet method based on temporary differences between the carrying amount of assets and liabilities and their value for tax purposes. The following temporary differences are not taken into account: temporary differences that arise in the initial reporting of goodwill, the initial reporting of assets and liabilities in a transaction other than a business combination and which, at the time of the transaction, do not affect either the recognized or taxable result, or temporary differences attributable to participations in subsidiaries and associated companies that are not expected to be reversed within the foreseeable future. The valuation of deferred tax is based on how the carrying amounts of assets or liabilities are expected to be realized or settled. Deferred tax is calculated by applying the tax rates and tax rules that have been set or essentially are set as of the closing day.

Deferred tax assets from deductible temporary differences and tax loss carryforwards are only recognized to the extent it is likely that they will be utilized within the foreseeable future. The value of deferred tax assets is reduced when they are utilized or when it is no longer considered likely that they can be utilized.

EQUITY

Share repurchases and transaction expenses are recognized directly against equity. Dividends are recognized as a liability after they are approved by the Annual General Meeting.

PROVISIONS

The Group applies *IAS 37 Provisions, Contingent Liabilities and Contingent Assets.*

A provision is recognized in the balance sheet when the Group has a legal or informal obligation owing to an event that has occurred and it is likely that an outflow of economic resources will be required to settle the obligation and a reliable estimate of the amount can be made. Where it is important when in time payment will be made, provisions are estimated by discounting the forecast future cash flow at a pretax interest rate that reflects current market estimates of the time value of money and, where appropriate, the risks associated with the liability.

A provision for restructuring is recognized when the Group has established a detailed, formal restructuring plan and the restructuring has either begun or been publicly announced. No provision is made for future operating losses.

A provision for a loss contract is recognized when anticipated benefits that the Group expects to receive from a contract are less than the unavoidable costs to fulfill the obligations as set out in the contract.

CONTINGENT LIABILITIES

A contingent liability is recognized when there is a possible obligation that arises from past events and whose existence will be confirmed only by one or more uncertain future events or when there is an obligation that is not recognized as a liability or provision because it is not probable that an outflow of resources will be required.

IMPAIRMENT

The Group applies *IAS 36 Impairment of Assets.*

The carrying amount of the Group's assets, with certain exceptions, is tested on each closing day for any indication of impairment.

For goodwill and other intangible assets with an indeterminate period of use and intangible assets not yet ready for use, recoverable values are calculated annually.

If essentially independent cash flows cannot be isolated for individual assets, the assets are grouped at the lowest levels where essentially independent cash flows can be identified (cash-generating units). Intrum Justitia's operations in each country are considered the Group's cash-generating units in this regard. An impairment loss is recognized when the carrying amount of an asset or cash-generating unit exceeds its recoverable value. Impairment losses are recognized through profit or loss.

Impairment losses attributable to a cash-generating unit are mainly allocated to goodwill, after which they are divided proportionately among other assets in the unit.

Calculation of recoverable amount

The recoverable amount of cash-generating units is the higher of their fair value less costs to sell and value in use. Value in use is measured by discounting future cash flows using a discounting factor that takes into account the risk-free rate of interest and the risk associated with the specific asset.

Reversal of depreciation (amortization)

Impairment of goodwill is not reversed. Impairment of other assets is reversed if a change has been made in the assumptions that served as the basis for determining the recoverable amount. Impairment is reversed only to the extent the carrying amount of the assets following the reversal does not exceed the carrying amount that the asset would have had if the impairment had not been recognized.

PENSION OBLIGATIONS

The Group applies *IAS 19 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. Obligations for fees from defined contribution plans are expensed in the income statement when they arise.

For defined benefit pension plans, the pension obligation does not cease until the agreed pensions have been paid. Provisions for pensions are recognized with the help of *the projected unit credit method.* Using this method, pension expenses are accrued over the employee's active term of employment. The Group's net obligation is calculated separately for each plan by estimating the future compensation that employees have earned through employment in present and previous periods. This compensation is discounted to present value and the fair value of any investments assets is deducted.

When the compensation in a plan increases, the portion of the increased compensation attributable to the employee's service in previous periods is expensed through the income statement on a straight-line basis over the average period until the compensation is fully vested. If the compensation is fully vested, an expense is recognized directly through profit or loss.

For actuarial gains and losses that arise from the calculation of the Group's obligation for plans after January 1, 2004, the so-called corridor rule is applied. This means that the portion of the cumulative actuarial gains and losses exceeding 10 percent of the higher of the commitments' present value and the fair value of assets under management is recognized over the anticipated average remaining period of employment of the employees covered by the plan. Actuarial gains and losses are otherwise not taken into account.

If the calculation leads to an asset for the Group, the carrying amount of the asset is limited to the net of unrecognized actuarial losses and unrecognized costs associated with employment in previous periods and the present value of future repayments from the plan or reduced future payments to the plan.

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 solutions.

SHARE-BASED PAYMENT

The Group applies *IFRS 2 Share-based Payment* and pronouncement URA 46 from the Swedish Financial Accounting Standards Council's Emerging Issues Task Force.

The Group has issued employee stock options to senior executives, which may require the issuance of shares in Intrum Justitia.

The fair value of the allotted options is recognized as a staff cost with a corresponding increase in equity. Fair value is initially calculated at the time of allotment and distributed over the vesting period. The fair value of the options is calculated according to the Black-Scholes model and takes into account the terms and conditions of the allotted instruments. All changes in the fair value of the liability are recognized through profit or loss as a staff cost.

Social security expenses attributable to share-based payment issued to employees as compensation for services rendered are expensed in the periods the services are rendered. The provision for social security expenses is based on the fair value of the options on the reporting date. Fair value is calculated with the same valuation model used when the options were issued.

REVENUE RECOGNITION

The Group applies *IAS 18 Revenue*.

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 is usually one year.

RECOGNITION OF EXPENSES

Payments for operating leases are recognized through profit or loss on a straight-line basis over the lease term. Benefits received in connection with the signing of an agreement are recognized as part of the total lease expense through profit or loss.

Minimum lease fees for finance leases are divided between interest expense and amortization of the outstanding liability. Interest expense is divided over the lease term so that each reporting period is charged with an amount corresponding to a fixed interest rate for the liability recognized in each period. Variable fees are expensed in the period in which they arise.

Financial income and expenses consist of interest income on bank balances and receivables and interest-bearing securities, bank fees, interest expenses on loans, dividend income, exchange rate differences, realized and unrealized gains on financial investments, and derivatives used in financial operations.

PURCHASED DEBT

Purchased debt represents portfolios of written-off consumer debts purchased at prices significantly below the nominal receivable. They are reported according to the rules for loans and receivables in *IAS 39*, i.e., at amortized cost according to effective interest model.

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 for the *Purchased Debt* service line as a cost of services sold.

Reporting follows the effective interest method, where the carrying value of each portfolio corresponds to the present value of all forecast future cash flows discounted by an effective interest rate determined on the date the portfolio was acquired, based on the relation between cost and the forecast future cash flows on the acquisition date. Changes in the carrying value of the portfolios are comprised of amortization for the period and are recognized through profit or loss on the revenue line.

In connection with the purchase of each portfolio of written-off receivables, a forecast is made of the portfolio's forecast cash flows. Cash flows include the loan amount, reminder fees, collection fees and late interest that, based on a probability assessment, are expected to be received from debtors, less forecast collection costs. With this forecast and the acquisition price including transaction costs as a basis, each portfolio is assigned an initial effective interest rate that is then used to discount cash flows through the life of the portfolio. Current cash flow forecasts are monitored over the course of the year and updated based on, among other things, achieved collection results, agreements reached with debtors on installment plans and macroeconomic information. Cash flow forecasts are made at the portfolio level, since each portfolio of receivables consists of a small number of homogeneous amounts. On the basis of the updated cash flow forecasts and initial effective interest rate, a new carrying value for the portfolio is calculated in the closing accounts. Changes over time in the book value can be divided into a time and interest rate component and a component related to changes in estimates of future cash flows. Changes in cash flow forecasts are treated symmetrically, i.e., both increases and decreases in forecast flows affect the portfolios' book value and, as a result, earnings. However, the portfolios are never recognized at higher than cost.

CASH FLOW STATEMENT

The Group applies *IAS 7 Cash Flow Statements.*

The cash flow statement includes changes in the balance of liquid assets. The Group's liquid assets consist of cash and bank balances. Cash flow is divided into cash flows from operating activities, investment activities and financing activities.

Foreign subsidiaries' transactions are translated in the cash flow statement at the average exchange rate for the period. Acquired and divested subsidiaries are reported as cash flow from investing activities, net, after deducting liquid assets in the acquired or divested company.

EARNINGS PER SHARE

The Group applies *IAS 33 Earnings per Share.*

Earnings per share consist of net earnings for the year (attributable to the Parent Company's shareholders) divided by a weighted average number of shares during the year. Shares issued or redeemed during the year are included in the calculation from the date the proceeds from the transaction are paid to or by Intrum Justitia.

Since 2004 the Group has an employee stock option program for which the Parent Company has issued options to senior executives in the Group to subscribe for new shares. During the year the employee stock option program gave rise to a dilution effect on earnings per share calculated according to *IAS 33.* The dilution effect consists of the difference between the number of shares comprised by the option program and the number of shares at market value corresponding to the present value of future subscription proceeds.

SEGMENTS

The Group applies *IAS 14 Segment Reporting.*

A segment is a part of the Group identifiable for reporting purposes that either supplies goods or services (business areas) or goods or services in a specific economic area (geographic region) exposed to risks and opportunities that differ from other segments. Segment information is provided for the Group only.

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, Slovakia & Hungary.* The service lines are *Consumer Collection & Debt Surveillance, Commercial & International Collection, Purchased Debt* 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 follow-ups. Key ratios such as number of employees, number of cases and revenues are sometimes used when distributing expenses in a Group company between service lines.

PARENT COMPANY'S ACCOUNTING PRINCIPLES

The Parent Company has prepared the annual report according to the Annual Accounts Act (1995:1554) and the Swedish Financial Accounting Council's recommendation *RR 32:05* Accounting in Legal Entities.

RR 32:05 means that the Parent Company, in the annual report for the legal entity, must apply all EU-approved IFRS and pronouncements as far as possible within the framework of the Annual Accounts Act and taking into account the connection between reporting and taxation. The recommendation specifies exemptions and additions relative to IFRS.

DIFFERENCES BETWEEN THE GROUP'S AND PARENT COMPANY'S ACCOUNTING PRINCIPLES

Differences between the Group's and Parent Company's accounting principles are indicated below. The accounting principles for the Parent Company as stated below have been applied consistently to all periods presented in the Parent Company's financial reports.

Subsidiaries, associated companies and joint ventures

Shares in subsidiaries, associated companies and joint ventures are recognized by the Parent Company according to the acquisition value method. Revenue includes only dividends received and repayments of shareholders' contributions, provided they stem from profits earned after acquisition. Dividends exceeding those earnings are considered a repayment of the investment and reduce the carrying amount of the shares.

Long-term monetary balances

Long-term monetary balances between the Parent Company and independent foreign operations that represent an expansion or reduction in the Parent Company's investment in the foreign operations are carried in the Parent Company at historical exchange rates.

Group contributions and shareholders' contributions for legal entities

The company reports Group contributions and shareholders' contributions in accordance with pronouncement URA 7 of the Swedish Financial Accounting Standards Council's Emerging Issues Task Force. Shareholders' contributions are recognized directly in the shareholders' equity of the recipient and capitalized in the shares and participating interests of the contributor, to the extent impairment is not required. Group contributions are recognized based on their economic intent. This means that Group contributions paid in order to minimize the Group's total taxes are recognized directly in retained earnings after deducting the current tax effect.

Group contributions equated with dividends are recognized as a dividend. This means that Group contributions received and the effect on current tax are recognized through profit or loss. Group contributions paid and the effect on current tax are recognized directly in retained earnings.

Group contributions equated with shareholders' contributions are recognized by the recipient directly in retained earnings taking into account the effect on current tax. The contributor recognizes the Group contribution and its effect on current tax as an investment in shares in Group companies to the extent impairment is not required.

Other

The Parent Company has no leases classified as finance leases in its own accounts or the consolidated accounts. Nor does the Parent Company have any pension obligations recognized as defined benefit plans in its own accounts or the consolidated accounts.

Financial instruments are carried at fair value in the Parent Company only if permitted by the Annual Accounts Act. In a separate pronouncement in February 2007, the Swedish Financial Accounting Standards Council has opened the opportunity for legal entities to report currency derivatives at cost instead of fair value. Intrum Justitia has not applied this new principle in the accounts for 2006.

NOTE 2. INFORMATION BY GEOGRAPHIC REGION AND SERVICE LINE

	GROUP	
SEK M	2006	2005
Revenues from external clients by geographic region		
Sweden, Norway & Denmark	655.7	655.3
Netherlands, Belgium & Germany	592.3	577.0
Switzerland, Austria & Italy	397.2	391.4
France, Spain & Portugal	445.6	364.0
Finland, Estonia, Latvia & Lithuania	414.5	355.7
United Kingdom & Ireland	267.9	315.8
Poland, Czech Republic, Slovakia & Hungary	166.4	164.0
Total	2,939.6	2,823.2
Intra-Group revenues by geographic region		
Sweden, Norway & Denmark	9.3	9.1
Netherlands, Belgium & Germany	32.6	25.9
Switzerland, Austria & Italy	34.0	47.8
France, Spain & Portugal	38.9	28.6
Finland, Estonia, Latvia & Lithuania	29.7	25.8
United Kingdom & Ireland	22.0	26.5
Poland, Czech Republic, Slovakia & Hungary	22.9	24.8
Elimination	–189.4	–188.5
Total	0.0	0.0
Operating earnings (EBIT) by region		
Sweden, Norway & Denmark	192.1	169.8
Netherlands, Belgium & Germany	124.6	116.2
Switzerland, Austria & Italy	88.3	83.8
France, Spain & Portugal	99.9	72.7
Finland, Estonia, Latvia & Lithuania	174.5	146.8
United Kingdom & Ireland	–33.4	–62.0
Poland, Czech Republic, Slovakia & Hungary	32.4	36.2
Participations in associated companies	0.4	0.7
Central expenses	–92.1	–60.6
Total	586.7	503.6
Operating margin (EBIT), %		
Sweden, Norway & Denmark	29.3	25.9
Netherlands, Belgium & Germany	21.0	20.1
Switzerland, Austria & Italy	22.2	21.4
France, Spain & Portugal	22.4	20.0
Finland, Estonia, Latvia & Lithuania	42.1	41.3
United Kingdom & Ireland	–12.5	–19.6
Poland, Czech Republic, Slovakia & Hungary	19.5	22.1
Group total	20.0	17.8

SEK M	GROUP 2006	GROUP 2005
Assets		
Sweden, Norway & Denmark	822.2	823.7
Netherlands, Belgium & Germany	877.0	636.7
Switzerland, Austria & Italy	567.9	735.2
France, Spain & Portugal	793.1	689.9
Finland, Estonia, Latvia & Lithuania	459.1	406.8
United Kingdom & Ireland	676.2	707.5
Poland, Czech Republic, Slovakia & Hungary	187.6	163.3
Other/Eliminations	78.4	–27.1
Total	4,461.5	4,136.0
Liabilities		
Sweden, Norway & Denmark	688.3	774.2
Netherlands, Belgium & Germany	507.7	355.9
Switzerland, Austria & Italy	264.6	451.2
France, Spain & Portugal	498.1	719.1
Finland, Estonia, Latvia & Lithuania	130.5	143.7
United Kingdom & Ireland	720.1	1 136.3
Poland, Czech Republic, Slovakia & Hungary	95.7	79.4
Other/Eliminations	63.9	–839.9
Total	2,968.9	2,819.9
Investments in tangible and intangible fixed assets		
Sweden, Norway & Denmark	24.1	15.7
Netherlands, Belgium & Germany	20.3	10.8
Switzerland, Austria & Italy	14.7	11.2
France, Spain & Portugal	4.5	3.9
Finland, Estonia, Latvia & Lithuania	12.0	8.8
United Kingdom & Ireland	8.6	35.4
Poland, Czech Republic, Slovakia & Hungary	7.6	5.3
Other/Eliminations	17.2	5.8
Total	109.0	96.9
Depreciation/amortization		
Sweden, Norway & Denmark	–7.9	–7.6
Netherlands, Belgium & Germany	–11.2	–10.9
Switzerland, Austria & Italy	–17.2	–21.1
France, Spain & Portugal	–4.5	–5.4
Finland, Estonia, Latvia & Lithuania	–8.4	–8.8
United Kingdom & Ireland	–13.8	–16.5
Poland, Czech Republic, Slovakia & Hungary	–8.2	–8.2
Other/Eliminations	–9.6	–9.1
Total	–80.8	–87.6
Adjustment for expenses not included in cash flow		
Sweden, Norway & Denmark	1.4	0.0
Netherlands, Belgium & Germany	–7.2	3.0
Switzerland, Austria & Italy	–0.6	0.0
France, Spain & Portugal	0.9	0.0
Finland, Estonia, Latvia & Lithuania	6.6	0.0
United Kingdom & Ireland	–10.1	30.3
Poland, Czech Republic, Slovakia & Hungary	0.0	0.0
Other/Eliminations	17.0	6.8
Total	8.0	40.1

SEK M	GROUP 2006	GROUP 2005
Participations in associated companies		
Sweden, Norway & Denmark	0.0	0.0
Netherlands, Belgium & Germany	0.0	0.0
Switzerland, Austria & Italy	0.0	0.0
France, Spain & Portugal	0.0	0.0
Finland, Estonia, Latvia & Lithuania	0.0	0.0
United Kingdom & Ireland	0.0	0.0
Poland, Czech Republic, Slovakia & Hungary	0.0	0.0
Other/Eliminations	0.4	0.7
Total	0.4	0.7
Revenues by service line		
Consumer Collection & Debt Surveillance	1 914.8	1 837.2
Commercial & International Collection	566.5	617.2
Purchased Debt	402.3	321.6
Other services	225.3	197.7
Elimination of inter-service line revenue	–169.3	–150.5
Total	2,939.6	2,823.2
Operating (EBIT) earnings by service line		
Consumer Collection & Debt Surveillance	471.6	411.1
Commercial & International Collection	47.9	67.4
Purchased Debt	161.8	108.2
Other services	–11.5	–27.1
Participations in associated companies	0.4	0.7
Central expenses	–83.5	–56.7
Total	586.7	503.6
Operating margin, %		
Consumer Collection & Debt Surveillance	24.6	22.4
Commercial & International Collection	8.5	10.9
Purchased Debt	40.2	33.6
Other services	–5.1	–13.7
Group total	20.0	17.8

The distribution of revenues and earnings by geographic region is based on where clients are located. Central expenses that cannot be distributed by geographic area are reported under central expenses, which also include expenses for head office operations.

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

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

NOTE 3. REVENUE DISTRIBUTION

	GROUP		PARENT COMPANY	
SEK M	2006	2005	2006	2005
Collection fees, commissions and debtors fees	2,386.7	2,355.8	–	–
Subscription revenues	98.3	102.7	–	–
Revenues from purchased debt	402.3	321.6	–	–
Revenues from Group companies	–	–	33.3	28.7
Other	221.6	193.6	0.9	0.3
Elimination	–169.3	–150.5	–	–
Total	2,939.6	2,823.2	34.2	29.0

Revenues from purchased debt consist of collected amounts less amortization, i.e., the decrease for the period in the book value of the portfolios.

NOTE 4. DEPRECIATION AND AMORTIZATION

	GROUP		PARENT COMPANY	
SEK M	2006	2005	2006	2005
Capitalized expenditure for IT development and other intangibles	–44.8	–48.9	–0.8	–0.4
Computer hardware	–20.2	–20.3	–0.1	–0.2
Other equipment	–15.8	–18.4	–0.2	–0.1
Total	–80.8	–87.6	–1.1	–0.7

Amortization has been charged to each function as an operating expense as follows:

	GROUP		PARENT COMPANY	
SEK M	2006	2005	2006	2005
Cost of sales	–63.0	–68.3	–	–
Sales and marketing expenses	–7.1	–8.0	–	–
General and administrative expenses	–10.7	–11.3	–1.1	–0.7
Total	–80.8	–87.6	–1.1	–0.7

NOTE 5. PARTICIPATIONS IN ASSOCIATED COMPANIES

	GROUP	
SEK M	2006	2005
Intrum á Íslandi ehf, Reykjavik (Iceland)	0.4	0.7
Total	0.4	0.7

NOTE 6. INTEREST INCOME AND SIMILAR ITEMS

	GROUP		PARENT COMPANY	
SEK M	2006	2005	2006	2005
Interest income from Group companies	–	–	141.3	92.2
Other interest income	14.5	15.0	1.7	1.6
Repayment of shareholders' contribution by subsidiary	–	–	13.5	–
Total	14.5	15.0	156.5	93.8

NOTE 7. INTEREST EXPENSES AND SIMILAR ITEMS

	GROUP		PARENT COMPANY	
SEK M	2006	2005	2006	2005
Interest expenses to Group companies	–	–	–134.7	–6.8
Interest expenses	–65.3	–36.9	–62.1	–30.7
Translation differences	–6.8	–0.4	2.3	6.9
Amortization of capitalized debt costs	–0.9	–2.2	–0.9	–2.2
Other financial expenses	–1.1	–6.9	–1.7	–2.1
Total	–74.1	–46.4	–197.1	–34.9

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

Pretax earnings and the tax charge for the year for Swedish and foreign operations were as follows:

	GROUP	
SEK M	2006	2005
Earnings before tax		
Sweden	14.1	131.5
Foreign	513.0	340.7
Total	527.1	472.2
Current tax		
Sweden	–1.5	–22.2
Foreign	–131.5	–87.2
Deferred tax		
Sweden	8.0	1.4
Foreign	5.4	–30.6
Total	–119.6	–138.6

The tax expense in Sweden has been reduced by SEK 11.1 M through a Group contribution of SEK 39.7 M to the Group company in Italy, which it offset losses from previous years. In Intrum Justitia's opinion, the Group contribution is tax deductible in Sweden as a consequence of the European Court of Justice's so-called Marks & Spencer ruling in 2005. The company's interpretation of the EU's rules was upheld in an advance ruling by the Swedish National Tax Board received in March 2007. The Swedish tax authorities have appealed the ruling.

Intrum Justitia AB is domiciled in Sweden, where the nominal corporate tax rate is 28 percent. The Group has operations in 22 countries in Europe with varying tax rates. The following reconciliation explains the deviation between the Group's current tax cost and the anticipated tax cost based on a corporate tax rate of 28 percent.

	GROUP 2006		GROUP 2005	
Reconciliation	SEK M	%	SEK M	%
Earnings after financial items	527.1		472.2	
Income tax calculated at standard rate in Sweden, 28%	–147.6	28.0	–132.2	28.0
Effect of different tax rates in other countries	19.4	–3.7	27.1	–5.7
Tax effect of tax-exempt income and non-deductible expenses	–2.3	0.4	–6.2	1.3
Utilized, previously unreported tax assets pertaining to loss carryforwards (net)	9.0	–1.7	–36.3	7.7
Adjustments to previous years and other	1.9	–0.3	9.0	–1.9
Total tax on net earnings for the year	–119.6	22.7	–138.6	29.4

Unreported tax assets pertaining to tax loss carryforwards refer 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. This item also includes the effect of Group contributions paid to Italy, as described above.

Corresponding reconciliation for Parent Company:

	PARENT COMPANY 2006		PARENT COMPANY 2005	
Reconciliation	SEK M	%	SEK M	%
Earnings after financial items	–142.3		2.2	
Income tax calculated at standard rate in Sweden, 28%	39.8	28.0	–0.6	28.0
Tax effect of tax-exempt income and non-deductible expenses	0.1	0.1	–0.4	18.2
Adjustments to previous years and other	0.0	0.0	2.3	–104.6
Total tax on net earnings for the year	39.9	28.1	1.3	–58.4

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 2006		GROUP 2005	
	Asset/ Liability	Income/ Expense	Asset/ Liability	Income/ Expense
Deferred tax assets				
Advances for clients	13.3	–5.4	19.4	1.6
Purchased debt	0.0	–1.1	0.7	2.4
Intangible assets	0.0	–1.1	0.4	–0.9
Loss carryforwards	13.5	13.5	0.0	–20.3
Provisions for pensions	6.7	1.8	0.0	–4.4
Other	5.9	3.1	4.4	2.7
Total	39.4	10.8	24.9	–18.9
Deferred tax liabilities				
Purchased debt	–10.0	7.2	–15.6	–3.5
Intangible assets	–14.6	–4.7	–10.1	–6.8
Other	–0.8	0.1	–0.5	0.0
Total	–25.4	2.6	–26.2	–10.3
Net	14.0	13.4	–1.3	–29.2

Deferred tax assets of SEK 8.0 M (0.0) the Parent Company refer to loss carryforwards.

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

The deduction entitlement that may be realized in the future owing to the Group's accumulated losses in various countries amounts to SEK 475.7 M (529.5) as of year-end. Loss carryforwards in Sweden and Norway total SEK 48.1 M, for which deferred tax assets of SEK 13.5 M (0.0) are reported, since they are expected to be utilized to offset future taxable earnings. Accumulated losses for which no deferred tax assets are reported therefore amount to SEK 427.6 M (529.5) and primarily relate to the UK and Italy.

With regard to ongoing tax disputes, refer to Note 22 Pledged assets, contingent assets and contingent liabilities.

Tax items reported directly against shareholders' equity

	GROUP		PARENT COMPANY	
SEK M	2006	2005	2006	2005
Transaction expenses for share redemption	0.0	2.3	0.0	2.3
Current tax attributable to Group contributions received	–	–	–31.9	–25.7
Total	0.0	2.3	–31.9	–23.4

NOTE 9. INTANGIBLE FIXED ASSETS

	GROUP		PARENT COMPANY	
SEK M	2006	2005	2006	2005
Capitalized expenditure for IT development and other intangibles				
Acquisition cost, opening balance	566.0	482.4	2.2	1.8
Capitalized expenditures for the year	64.2	62.2	2.0	0.4
Disposals	–12.7	–28.9	–	–
Reclassification	0.2	10.0	–	–
Company acquisitions	–	24.4	–	–
Acquired through business combination	–	0.3	–	–
Translation differences	–18.7	15.6	–	–
Accumulated acquisition cost, closing balance	**599.0**	**566.0**	**4.2**	**2.2**
Accumulated amortization, opening balance	–327.9	–265.0	–0.8	–0.4
Disposals	5.4	1.8	–	–
Reclassification	–	–7.0	–	–
Acquired through business combination	–	–0.1	–	–
Amortization for the year	–44.8	–48.9	–0.8	–0.4
Translation differences	9.1	–8.7	–	–
Accumulated amortization, closing balance	**–358.2**	**–327.9**	**–1.6**	**–0.8**
Impairments, opening balance	–114.6	–113.2	–	–
Translation differences	4.6	–1.4	–	–
Accumulated impairments, closing balance	**–110.0**	**–114.6**	**–**	**–**
Carrying amount	**130.8**	**123.5**	**2.6**	**1.4**
Goodwill				
Acquisition cost, opening balance	1,573.4	1,505.8	–	–
Translation differences	–49.0	67.6	–	–
Accumulated acquisition cost, closing balance	**1,524.4**	**1,573.4**	**–**	**–**
Accumulated impairments, closing balance	**–**	**–**	**–**	**–**
Carrying amount	**1,524.4**	**1,573.4**	**–**	**–**

Payments during the year for investments in intangible fixed assets amounted to SEK 61.3 M (62.2) for the Group.

Impairment tests for cash-generating units containing goodwill

Intrum Justitia treats each country where the Group has operations as a cash-generating unit in the sense referred to in *IAS 38 Intangible Assets*. The consolidated balance sheet includes goodwill attributable to 15 of the 22 countries, with a total book value of SEK 1,524.4 M. The goodwill value is distributed among the largest countries as follows:

SEK M	2006	2005
Sweden	369.0	369.0
United Kingdom	343.9	349.6
Switzerland	164.6	177.2
Finland	114.8	119.6
Netherlands	110.3	114.9
France	104.2	108.6
Norway	98.5	105.7
Other countries	219.2	228.8
Total	1,524.4	1,573.4

Impairment testing of goodwill for each cash-generating unit was done prior to preparation of the annual accounts. The recoverable amount is determined through an estimation of net realizable value. For each cash-generating unit, Management has compiled a forecast of annual future cash flows based on historical experience and the company's own plans and estimates for the future. The cash flows have been discounted to present value applying the Group's weighted average cost of capital, which is estimated at 7.4 percent per year before tax. The fair value determined through the present value calculation, less assumed costs to sell of three percent, has been compared for each unit with the Group's net book value of the unit's assets and liabilities. The test gave no indication of an impairment need. Had any of the book values exceeded the fair value less costs to sell, an impairment loss would have been recognized, primarily relative to goodwill. Refer to Note 35. Since the impairment test is done by calculating an estimated recoverable amount, principles for company valuation have been applied. This entails, among other things, a discounting of the future cash flows. Cash flow forecasts for the years 2007–2009 are based on the companies' business plans, which are internal documents. A sensitivity analysis initially showed that no indication of impairment of goodwill would be attributable to Finland, France, the Netherlands, Switzerland or Sweden even when assuming unchanged future revenues, margins and cash flows. For goodwill attributable to the UK and Norway, unchanged revenues would require that the losses were reversed to earnings and that the companies reach a sustainable operating margin of at least ten and five percent, respectively.

NOTE 10. TANGIBLE FIXED ASSETS

	GROUP		PARENT COMPANY	
SEK M	2006	2005	2006	2005
Computer hardware				
Acquisition cost, opening balance	187.7	168.1	0.6	0.5
Investments for the year	20.6	23.4	0.2	0.1
Sales and disposals	–8.3	–4.9	–	–
Reclassification	–	–9.9	–	–
Acquired through business combination	–	2.6	–	–
Translation differences	–7.2	8.4	–	–
Accumulated acquisition cost, closing balance	**192.8**	**187.7**	**0.8**	**0.6**
Accumulated depreciation, opening balance	–150.8	–130.1	–0.5	–0.3
Sales and disposals	8.1	1.3	–	–
Reclassification	–	6.9	–	–
Acquired through business combination	–	–2.0	–	–
Depreciation for the year	–20.2	–20.3	–0.1	–0.2
Translation differences	5.7	–6.6	–	–
Accumulated depreciation, closing balance	**–157.2**	**–150.8**	**–0.6**	**–0.5**
Carrying amount	**35.6**	**36.9**	**0.2**	**0.1**
Other equipment				
Acquisition cost, opening balance	202.6	183.7	1.4	1.2
Investments for the year	24.2	11.3	0.1	0.2
Sales and disposals	–13.9	–3.8	–	–
Reclassification	–0.2	–0.1	–	–
Acquired through business combination	–	2.2	–	–
Translation differences	–7.7	9.3	–	–
Accumulated acquisition cost, closing balance	**205.0**	**202.6**	**1.5**	**1.4**
Accumulated depreciation, opening balance	–158.3	–135.0	–0.9	–0.8
Sales and disposals	7.9	3.4	–	–
Reclassification	–	0.1	–	–
Acquired through business combination	–	–1.8	–	–
Depreciation for the year	–15.8	–18.4	–0.2	–0.1
Translation differences	6.3	–6.6	–	–
Accumulated depreciation, closing balance	**–159.9**	**–158.3**	**–1.1**	**–0.9**
Carrying amount	**45.1**	**44.3**	**0.4**	**0.5**

Payments during the year for investments in tangible fixed assets amounted to SEK 44.8 M (34.7) for the Group.

NOTE 11. SHARES AND PARTICIPATIONS IN SUBSIDIARIES

SEK M	2006	2005
Intrum N.V, Belgium	235.6	–
Intrum Justitia A/S, Denmark	188.4	–
Intrum Justitia AS, Estonia	0.7	–
Intrum Justitia Oy, Finland	1,649.0	–
Intrum Justitia SAS, France	345.0	–
Intrum Justitia SpA, Italy	50.1	–
Intrum Justitia Sia, Latvia	3.3	–
UAB Intrum Justitia, Lithuania	15.6	–
Fair Pay Please AS, Norway	154.2	–
Intrum Justitia Portugal Unipessoal Lda, Portugal	70.7	–
Intrum Justitia AG, Switzerland	942.3	–
Intrum Justitia Ibérica S.A.U, Spain	197.9	–
Collector Services Ltd, United Kingdom	456.2	–
Intrum Justitia Sweden Holding AB, Sweden	1,649.0	–
Intrum Justitia International AB, Sweden	600.9	600.9
Intrum Justitia Holding GmbH, Germany	376.9	–
Intrum Justitia Inkasso GmbH, Austria	37.2	–
Carrying amount	**6,973.0**	**600.9**

SEK M	2006	2005
Opening balance	600.9	600.9
Capital contributions paid	530.1	0.0
Acquisition of subsidiaries	5,842.0	–
Closing balance	**6,973.0**	**600.9**

The acquisition of subsidiaries in 2006 was an internal transaction.

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	Corp. identity no.	Domicile	Share of capital
AUSTRIA			
Intrum Justitia Inkasso Gesellschaft m. b. H.	**FN 48800s**	**Salzburg**	**100%**
Schimmelpfeng Credit Management GmbH	FN 105105t	Salzburg	100%
BELGIUM			
Intrum N.V	**BE 0426237301**	**Ghent**	**100%**
Outsourcing Partners N.V	BE 0466643442	Ghent	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 SAS	**B322 760 497**	**Lyon**	**100%**
Socogestion SAS	B414 613 539	Lyon	100%
GERMANY			
Intrum Justitia Holding GmbH	**HRB 4709**	**Darmstadt**	**100%**
Intrum Justitia Inkasso GmbH	HRB 4622	Darmstadt	100%
Schimmelpfeng Forderungs-management GmbH	HRB 8997	Darmstadt	100%
Intrum Data Systems (Deutschland) GmbH	HRB 5345	Darmstadt	100%
ITALY			
Intrum Justitia SpA	**03776980488**	**Milan**	**100%**
LATVIA			
Intrum Justitia Sia	**40003574557**	**Riga**	**100%**

LITHUANIA			
UAB Intrum Justitia	124235171	Vilnius	100%
NORWAY			
Fair Pay Please AS	979 683 529	Oslo	100%
Intrum Justitia AS	848 579 122	Oslo	100%
PORTUGAL			
Intrum Justitia Portugal Unipessoal Lda.	7318	Lisbon	100%
SPAIN			
Intrum Justitia Ibérica S.A.U.	A28923712	Madrid	100%
Intrum International S.A.	A79927423	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%
Intrum Justitia International AB	556570-1181	Stockholm	100%
SWITZERLAND			
Intrum Justitia AG	CH-020.3.020.656-9	Zurich	100%
Inkasso Med AG	CH-020.3.913.313-8	Zurich	70%
Kiss Kredit-Info-Service-System AG	CH-020.3.921.420-2	Zurich	100%
Intrum Justitia Finance Service AG	CH-020.3.912.665-1	Zurich	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	Glasgow	51%
MTW Associates Ltd	4164604	Liverpool	100%
Debt Investigations (UK) Ltd	4164669	Liverpool	100%
Stirling Park LLP	SO300097	Glasgow	100%

Subsidiaries of Intrum Justitia International AB	Corp. identity no.	Domicile	Share of capital
NETHERLANDS			
I.C.S International Collections Services BV	33.273.472	Amsterdam	100%
POLAND			
Intrum Justitia Towarzystwo Funduszy Inwestycyjnych S.A	1080001076	Warsaw	100%
Intrum Justitia Debt Fund 1 Fundusz Inwestycyjny Zamknięty Niestandaryzowany Fundusz Sekurytyzacyjny			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 of I.C.S. BV	Corp. identity no.	Domicile	Share of capital
NETHERLANDS			
Intrum Justitia BV	33.204.349	Amsterdam	100%

Subsidiaries of Intrum Justitia BV	Corp. identity no.	Domicile	Share of capital
HUNGARY			
Intrum Justitia Követeléskezelő Zrt.	01-10-044857	Budapest	100%
IRELAND			
Intrum Justitia Ireland Ltd	175808	Dublin	100%
Default investigation (Ireland) Ltd	358355	Dublin	100%
Intrum Justitia Collections (Ireland) Ltd	96724	Dublin	100%
NETHERLANDS			
Intrum Justitia Nederland BV	27.134.582	The Hague	100%
Intrum Justitia Central Europe BV	33.241.142	Amsterdam	60%
POLAND			
Intrum Justitia Debt Finance Poland Sp.zo.o	521-31-83-398	Warsaw	100%

Subsidiaries of Intrum Justitia Central Europe BV	Corp. identity no.	Domicile	Share of capital
CZECH REPUBLIC			
Intrum Justitia s.r.o.	25083236	Prague	100%
HUNGARY			
Intrum Justitia Hitel Ügyintéző Szolgáltatás Kft	01-09-268230	Budapest	100%
POLAND			
Intrum Justitia Sp.zo.o.o	521-28-85-709	Warsaw	100%
Intrum Justitia Debt Surveillance Sp.zo.o	783-15-41-469	Warsaw	100%
Intrum Justitia Kancelaria Radcy Prawnego Macieja Czasaka SK	521-33-33-283	Warszawa	70%
SLOVAKIA			
Intrum Justitia Slovakia s. r. o.	35 831 154	Bratislava	100%

Intrum Justitia Central Europe BV is a holding company that owns the shares in the Group's operating companies in Poland, Czech Republic, Slovakia and Hungary. Since 2003 Intrum Justitia Central Europe BV is 40 percent owned by Visegrad NV, a company in which former 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 at a purchase price corresponding to 16 percent of the current EBITDA multiple for the Intrum Justitia Group multiplied by EBITDA for Intrum Justitia's operations in Poland, Czech Republic, Slovakia 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 Note 26 Terms and conditions of employment for senior executives.

NOTE 12. PARTICIPATIONS IN JOINT VENTURES

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 of the joint ventures' income statements and balance sheets. All three companies invest in portfolios of written-off receivables. None have any employees.

The three companies reported according to the proportional method are:

Intrum Crédit 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 50 percent. The other shares are owned by Crédit Agricole Stockholm Branch of Calyon Bank SA. The company's operations were started in 2002 and comprise ownership of written-off receivables in Finland.

SDF 50 AG
The company is domiciled in Zug, Switzerland, with corporate identity number CH-170.3.026.713-6. There are 28,600,002 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's operations were started in 2005 and comprise ownership of written-off receivables in Spain and Germany.

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's operations were started in 2004 and comprise ownership of written-off receivables in the UK

Intrum Justitia's aggregate share of the income statements and balance sheets of these partly owned companies, after adjusting to the Group's accounting principles, amounts to:

Income statement

SEK M	2006	2005
Revenues	62.9	46.6
Operating expenses	–27.3	–12.7
Operating earnings	35.6	33.9
Net financial items	–9.8	–2.8
Earnings after financial items	25.8	31.1
Current and deferred tax	–7.2	–8.7
Net earnings for the year	18.6	22.4

Balance sheet

SEK M	2006	2005
Financial fixed assets	393.4	284.7
Current assets	12.3	11.5
Cash and bank balances	4.5	7.3
Total assets	410.2	303.5
Equity	152.8	117.5
Long-term liabilities	15.3	15.7
Current liabilities	242.1	170.3
Total equity and liabilities	410.2	303.5

NOTE 13. SHARES AND PARTICIPATIONS IN ASSOCIATED COMPANIES

			GROUP	
SEK M	Corporate identity no.	Share of capital	2006	2005
Intrum á Íslandi ehf, Reykjavik (Iceland)	701195-3109	25%	5.4	5.2
Carrying amount			5.4	5.2

SEK M	2006	2005
Opening balance	5.2	4.3
Profit shares	0.4	0.7
Exchange rate difference	–0.2	0.2
Closing balance	5.4	5.2

NOTE 14. SHARES AND PARTICIPATIONS IN OTHER COMPANIES

			GROUP	
SEK M	Corporate identity no.	Share of capital	2006	2005
Netgiro International AB, Stockholm (Sverige)	556564-9190	4%	0.0	0.0
Other shares			0.1	0.3
Carrying amount			0.1	0.3

SEK M	2006	2005
Opening balance	0.3	0.2
Divested shares	–0.2	0.0
Exchange rate difference	0.0	0.1
Closing balance	0.1	0.3

Other shares primarily refer to a few small holdings of lesser value. There is no significant difference between the fair value and book value of these shareholdings.

The shares in Netgiro International AB are not listed and it is impossible to reliably determine the fair value of the holding. The company reported a loss in 2006.

NOTE 15. PURCHASED DEBT

	GROUP	
SEK M	2006	2005
Acquisition cost, opening balance	1,854.5	945.8
Purchases of written-off debt	838.4	835.9
Translation differences	–107.7	72.8
Accumulated acquisition cost, closing balance	2,585.2	1,854.5
Amortization, opening balance	–921.5	–538.8
Amortization for the year	–409.8	–327.3
Translation differences	64.0	–55.4
Accumulated amortization, closing balance	–1,267.3	–921.5
Carrying amount	1, 317.9	933.0

Payments during the year for investments in purchased debt amounted to SEK 869.7 M (821.7).

Since the introduction of the International Financial Reporting Standards, IFRS, purchased debt is recognized according to an effective interest model. The book value of each portfolio is determined through a present value calculation of estimated future cash flows from the portfolio by applying the initial effective interest rate determined when the portfolio was acquired. The change in the book value constitutes amortization for the period. Amortization consists of a time and interest rate component totaling SEK –417.0 (-341.7) and a component related to changes in forecast future cash flows. Changes in cash flow forecasts are treated symmetrically, i.e., the effect of increases as well as decreases is recognized through profit or loss. Increases in forecast future cash flows during the year affected earnings positively by SEK 70.8 M (23.8) and decreases negatively by SEK –63.6 M (-9.4).

NOTE 16. OTHER LONG-TERM RECEIVABLES

Other long-term receivables primarily refer to borrowings from joint ventures and deposits in connection with the rental of premises. These receivables are not expected to be repaid in the year ahead.

NOT 17. ACCOUNTS RECEIVABLE, OTHER RECEIVABLES AND PREPAID EXPENSES AND ACCRUED INCOME

	GROUP		PARENT COMPANY	
SEK M	2006	2005	2006	2005
Accounts receivable, gross	290,0	417.3	0.0	0.2
Less: Provisions for impaired receivables	–38.0	–55.1	0.0	0.0
Total	252.0	362.2	0.0	0.2

	GROUP		PARENT COMPANY	
SEK M	2006	2005	2006	2005
Other receivables				
Outlays on behalf of clients	177.6	168.1	0.0	0.0
Receivable related to court costs	25.4	34.6	0.0	0.0
Endowment insurance for CEO	0.3	1.6	0.3	1.6
Other	60.4	58.7	9.0	5.4
Total	263.7	263.0	9.3	7.0

	GROUP		PARENT COMPANY	
SEK M	2006	2005	2006	2005
Prepaid expenses and accrued income				
Prepaid rent	12.0	12.4	0.4	0.4
Prepaid insurance premiums	4.5	6.0	1.0	2.8
Prepaid expenses for purchased debt	6.7	0.0	0.0	0.0
Accrued income	24.2	24.2	0.0	0.0
Other	46.1	33.4	0.9	16.4
Total	93.5	76.0	2.3	19.6

NOTE 18. PROVISIONS FOR PENSIONS

Employees in Intrum Justitia's companies are covered by various pension benefits. Some are defined benefit plans and are fully financed through assets administered by fund managers.

The Group applies *IAS 19 Employee Benefits*, which contains, among other things, uniform regulations on the actuarial calculation of provisions for pensions in defined benefit plans. Defined benefit pension plans are used by the Group's companies in Belgium, France, Italy, Norway and Germany. Employees in these countries total account for 23 percent of the entire Group's personnel. The pension plan in Norway is a funded obligation insured with the Norwegian insurance company Storebrand. Other pension plans are not funded.

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

	GROUP	
SEK M	2006	2005
Present value of fully or partly funded obligations	32.0	31.1
Fair value of assets under management	–28.7	–27.8
Deficit in the plan	3.3	3.3
Present value of unfunded obligations	27.7	26.0
Present value of net obligation	31.0	29.3
Unrecognized actuarial gains	3.3	5.6
Provisions for pensions	34.3	34.9

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

	GROUP	
SEK M	2006	2005
Opening balance	34.9	32.4
Pension cost recognized through profit or loss	5.3	4.3
Fees paid	–4.2	–3.6
Translation differences	–1.7	1.8
Closing balance	34.3	34.9

The Group recognizes actuarial gains and losses through profit or loss. The pension cost recognized through profit or loss can be specified as follows:

	GROUP	
SEK M	2006	2005
Costs for employment in current period	4.1	4.4
Interest expense for obligation	2.4	2.5
Assumed return on assets under management	–1.4	–2.6
Recognized actuarial gains	0.2	0.0
Total pension cost recognized through profit or loss	5.3	4.3

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

	GROUP	
	2006	2005
Discount rate as of December 31	2.0–5.0%	2.0–4.5%
Assumed rate of increase in compensation	2.5–3.0%	2.5–3.0%
Assumed return on assets under management as of December 31	5.5%	5.5%
Assumed pension increases	1.5–3.0%	1.5–3.0%
Future adjustment to social security base	2.5–3.0%	2.5–3.0%

The Group also finances a number of defined contribution plans, the costs of which amounted to SEK 54.1 M (49.1).

For the Group's employees in Norway, commitments for retirement and family pensions are secured through insurance with the insurance company Storebrand Livforsikring, so-called OTP pensions. The funded pension commitment corresponds to a share of Storebrand's total investment assets, which consist of bonds (57 percent), equities (27 percent), real estate (10 percent) and other (6 percent). During the year Intrum Justitia paid SEK 2.5 M to the plan, while disbursements to retirees amounted to SEK 0.6 M. In 2007 payments to the plan are estimated at SEK 1.6 M, with disbursements to retirees of SEK 0.7 M.

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 the fiscal year, Alecta's clients have not been provided enough information to report the plan as defined benefit. Nor is there a contractual agreement how surpluses and deficits in the plan are to be distributed among plan participants. The ITP plan secured through insurance with Alecta is therefore reported by Intrum Justitia as if it were a defined contribution plan. At year-end 2005 Alecta's surplus in the form of the collective funding ratio was 143.1 percent (128.5). 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 *IAS 19*.

Pension provisions in the Parent Company relate to commitments for endowment insurance obtained on behalf of the current and former President and CEO. The Company reports the policies as an asset.

NOTE 19. OTHER PROVISIONS

Long-term provisions

	GROUP	
SEK M	2006	2005
Opening balance	5.2	0.0
Provisions for the year	0.7	5.2
Release during the year	–3.7	0.0
Translation differences	–0.1	0.0
Closing balance	**2.1**	**5.2**
Provision for refurbishment of leased premises	2.1	5.2

Short-term provisions

	GROUP	
SEK M	2006	2005
Opening balance	8.7	14.4
Provisions for the year	0.0	0.0
Release during the year	–7.4	–6.2
Translations differences	–0.1	0.5
Closing balance	**1.2**	**8.7**
Provision for onerous contract, rent for premises, etc.	1.2	8.7

NOTE 20. LIABILITIES TO CREDIT INSTITUTIONS

	GROUP		PARENT COMPANY	
SEK M	2006	2005	2006	2005
Long-term loans	1,618.6	1,348.0	1,617.0	1,346.3
Current loans	27.8	7.0	3.8	2.0
Total	1,646.4	1,355.0	1,620.8	1,348.3

Since the beginning of 2005 Intrum Justitia has a five-year syndicated loan facility of EUR 210 M with Danske Bank A/S, Svenska Handelsbanken AB and Nordea Bank AB. The loan limit of EUR 210 M can be utilized for borrowing in a number of different currencies. As per December 31, 2006 the facility had only been used for loans in SEK, totaling SEK 1,620.8 M (1,348.3). The unutilized portion amounted to SEK 278.9 M (628.8). The loan carries a variable interest rate based on the interbank rate in each currency with a margin. The loan facility contains a number of operations-related and financial covenants, including limits on certain financial indicators. As of December 31, 2006 the Company was not in breach of any such financial covenants. 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.

	GROUP		PARENT COMPANY	
SEK M	2006	2005	2006	2005
Maturities of long-term bank borrowings				
Between 1 and 2 years	–	–	–	–
Between 2 and 3 years	–	–	–	–
Between 3 and 4 years	1,618.6	–	1,617.0	–
Between 4 and 5 years	–	1,348.0	–	1,346.3
Total	1,618.6	1,348.0	1,617.0	1,346.3

	GROUP		PARENT COMPANY	
SEK M	2006	2005	2006	2005
Unused lines of credit excluding guarantee facility				
Expiring within one year	–	–	–	–
Expiring beyond one year	278.9	628.8	278.9	628.8
Total	278.9	628.8	278.9	628.8

NOTE 21. ACCRUED EXPENSES AND PREPAID INCOME

	GROUP		PARENT COMPANY	
SEK M	2006	2005	2006	2005
Accrued social security expenses	33.1	27.2	4.5	2.1
Accrued vacation pay	55.9	51.6	3.0	2.5
Accrued bonus cost	45.2	55.4	3.1	3.7
Prepaid subscription income	44.2	54.4	–	–
Provisions for losses on credit card guarantees	8.7	30.6	–	–
Other accrued expenses	164.8	129.0	27.0	11.6
Total	351.9	348.2	37.6	19.9

NOTE 22. PLEDGED ASSETS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

	GROUP	
SEK M	2006	2005
Pledged assets	–	–

	GROUP	
SEK M	2006	2005
Contingent assets	–	–

	GROUP	
SEK M	2006	2005
Contingent liabilities		
Guarantees for charge card debts	676.4	945.9
Dispute with tax authority in Sweden	–	3.8
Dispute with tax authority in Norway	4.8	5.2
Other contingent liabilities	18.7	11.2
Total	699.9	966.1

Charge card guarantees

In combination with other services provided in Switzerland, the company has issued guarantees for charge card debts totaling SEK 676.4 M (945.9). The company's main risk relates to those portions of the charge card debts that are more than 30 days overdue, which amounted to SEK 3.9 M (12.3). 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

Subsequent to tax audits in Sweden, Norway and Finland, these respective tax authorities questioned the company's deduction of certain costs for the period 1998–2003. The company has appealed and considers that the tax authorities' claims will not result in any significant expenses for the company.

The tax disputes in Sweden were settled in 2006 without any additional tax expenses.

In October 2005 the subsidiary in Norway was reassessed for licensing fees for the years 1998–2002, corresponding to an additional tax expense of SEK 13.4 M. The company was obligated to pay the entire amount in 2005 but appealed to the tax authority in January 2006, and has only expensed SEK 8.1 M of the disputed tax amount. The tax effect over and above the provision in the balance sheet is reported as a contingent liability of SEK 4.8 M. Fees and interest may be additional.

The Finnish Tax Board ruled in favor of the subsidiary in Finland in 2004 in a dispute concerning the deductibility of certain interest expenses and liquidation results. The state's tax agent has appealed to the courts. The additional tax expense, if the tax authority should eventually win the dispute, amounts to SEK 20.9 M. Fees and interest may be additional. No contingent liability is reported for the tax dispute in Finland.

For information on the Group's tax situation in other respects, including the deduction claimed in accordance with the Marks & Spencer ruling, see Note 8 Current and deferred tax on earnings for the year.

Other
On May 22, 2002 Tore Nuland filed a summons application at Nacka District Court against Intrum Justitia AB, inter alia. The application relates to claims tried by Norwegian courts in the late 1980s without any possibility for further appeal. Intrum Justitia regards the claims as groundless and accordingly has not accounted any contingent liability.

NOTE 23. AVERAGE NUMBER OF EMPLOYEES

	GROUP				OF WHICH PARENT COMPANY			
	2006		2005		2006		2005	
	Men	Women	Men	Women	Men	Women	Men	Women
Austria	5	32	7	29	–	–	–	–
Belgium	20	34	22	26	–	–	–	–
Czech Republic	19	27	21	27	–	–	–	–
Denmark	18	27	16	26	–	–	–	–
Estonia	7	22	7	22	–	–	–	–
Finland	69	192	63	185	–	–	–	–
France	87	235	70	186	–	–	–	–
Germany	65	97	59	108	–	–	–	–
Hungary	35	46	19	51	–	–	–	–
Ireland	16	28	15	33	–	–	–	–
Italy	13	55	11	51	–	–	–	–
Latvia	2	7	3	5	–	–	–	–
Lithuania	3	14	3	11	–	–	–	–
Netherlands	185	159	192	164	–	–	–	–
Norway	34	51	37	59	–	–	–	–
Poland	68	68	86	102	–	–	–	–
Portugal	9	36	5	26	–	–	–	–
Slovakia	17	20	5	11	–	–	–	–
Spain	55	137	38	88	–	–	–	–
Sweden	117	234	148	199	14	11	15	8
Switzerland	104	87	90	85	–	–	–	–
United Kingdom	142	256	172	280	–	–	–	–
Total	1,090	1,864	1,089	1,774	14	11	15	8
		2,954		2,863		25		23

At year-end the Parent Company's Board of Directors consisted of seven members, of whom six were men and one a woman. On the same date the Group Management Team consisted of nine persons, of whom seven were men and two women. Of the board members of Group subsidiaries, 81 percent were men and 19 percent women. Of the Group's country managers, 20 were men and two women.

The Group's policy is to offer men and women equal opportunities. When recruiting managers, the goal is to find the most highly qualified and competent candidates regardless of gender.

NOTE 24. SICK LEAVE

	GROUP		PARENT COMPANY	
	2006	2005	2006	2005
Sick leave among employees in the Group's Swedish companies, expressed as a percentage of the employees' aggregate normal working hours				
Men	2.0	1.6	0.5	1.4
Women	6.3	8.3	1.5	*
Employees aged 29 or younger	3.3	4.2	*	*
Employees aged 30-49	5.8	7.0	0.7	1.0
Employees aged 50 or older	3.2	4.5	*	*
Total	4.8	5.9	0.9	1.1
Of which long-term sick leave (60 days or more)	42	51	0	0

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

During the year absenteeism in the Group as a whole, including foreign subsidiaries, corresponded to 5.5 percent (6.1) of employees' aggregate normal working hours.

NOTE 25. SALARIES AND OTHER REMUNERATION

	GROUP		PARENT COMPANY	
SEK M	2006	2005	2006	2005
Salaries and other remuneration to Board, Presidents and Executive Vice Presidents	71.2	48.3	11.0	5.7
Salaries and other remuneration to other employees				
Sweden, Norway & Denmark	174.8	175.2	–	–
Netherlands, Belgium & Germany	199.1	192.6	–	–
Switzerland, Austria & Italy	113.0	107.0	–	–
France, Spain & Portugal	114.0	116.9	–	–
Finland, Estonia, Latvia & Lithuania	92.9	84.9	–	–
United Kingdom & Ireland	117.9	117.4	–	–
Poland, Czech Republic, Slovakia & Hungary	34.1	34.0	–	–
Head offices and central operations	24.1	19.7	19.3	16.1
Total salaries and other remuneration, Group	**941.1**	**896.0**	**30.3**	**21.8**
Social security costs	238.1	213.6	17.3	13.6
Of which pension costs	59.4	53.4	7.6	6.4

The aggregate cost in the Group of salaries and other remuneration, social security costs, including pension costs, and the cost of the employee stock option program amounts to SEK 1,196.6 M (1,117.1).

Salaries and other remuneration in the Group also include remuneration in forms other than cash payments, such as a free or subsidized car, housing and meals. Parent Company figures strictly refer to cash payments.

No bonuses have been paid to the Board or President.

NOTE 26. TERMS AND CONDITIONS OF EMPLOYMENT FOR SENIOR EXECUTIVES

Principles and guidelines for determining salaries and other remuneration for Management

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

The Annual General Meeting has also adopted principles of remuneration and other employment terms for senior Management. According to these principles, Intrum Justitia offers market terms, enabling the Group to recruit and retain highly qualified executives with the ability to achieve established goals. As far as possible, remuneration structures should be predictable in terms of the cost for the company and the benefits for the employee, and be based on factors such as position, competence, experience and performance. The principles of remuneration may vary within the Group depending on local conditions.

Relationship between fixed and variable remuneration as well as the connection between performance and compensation

Remuneration consists of a fixed base salary and variable compensation, the latter of which is paid to reward the achievement of certain targets in a simple, transparent manner. Management's variable compensation depends on the extent to which predetermined targets are met. In addition to the annual variable compensation program, a long-term incentive program has been in place since 2005 and until 2007. Clear targets have been defined in advance for remuneration from this program, which will be paid out in 2008 up to a maximum of two years' salary.

Non-monetary benefits, pension, termination and severance

Management's non-monetary benefits shall reflect work performance and correspond to what is considered reasonable according to market practice. Management's pension terms should correspond to what generally applies for similar executives in the market and be based on defined contribution pension solutions. Termination and severance payment for members of the Group Management Team may not exceed 24 months' salary.

REMUNERATION AND BENEFITS DURING THE YEAR

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

Aside from the President and CEO, the circle of senior executives has changed during the year and the term "other senior executives" in the table below refers to Monika Elling, Marcel van Es, Thomas Feodoroff, Eva Kanyuk, Kari Kyllönen, Pascal Labrue, Lennart Laurén and Benno Oertig.

SEK thousand	Base salary/ fee	Variable compen-sation	Other benefits	Pension costs	Total*
Chairman of the Board through April 24, 2006 Bo Ingemarson	412	–	–	–	412
Chairman of the Board from April 25, 2006 Lars Lundquist	300	–	–	–	300
Other Board members [1]	878				878
Former Board members [2]	187				187
President Jan Roxendal through August 31, 2006	3,200	1,353	70	800	5,423
President Michael Wolf from September 1, 2006	1,167	624	22	408	2,221
Other senior executives, eight persons [3]	13,900	8,725	580	1,980	25,185
Total	**20,044**	**10,702**	**672**	**3,188**	**34,606**

* Remuneration refers to gross amounts actually paid in 2006.

1) Refers to Sigurjon Árnason, Helen Fasth-Gillstedt, Lars Förberg, Jim Richards and Lars Wollung. A specification per person can be found in the corporate governance report on page 68.

2) During the year Björn Fröling, Leif Palmdahl and Michael Wolf stepped down from the Board. Michael Wolf has declined all Board fees.

3) 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 decisions of the Annual General Meeting, total fees paid to members of the Board of Directors, including fees for the Audit Committee, amounted to SEK 2,200,000 for the year. The amount includes fees paid to the Chairman. Board fees are distributed between Directors as determined by the Board. The Directors have no pension benefits or severance agreements.

President and CEO

On September 1, 2006 Michael Wolf took over as President and CEO, succeeding Jan Roxendal.

In accordance with his employment agreement, Michael Wolf received a fixed annual salary of SEK 3,500,000, in addition to which he has the opportunity to receive variable compensation up to 100 percent of his base salary, half of which within the framework of the short-term incentive program and half as a payment in 2008 within the framework of the long-term incentive program. The maximum variable compensation for 2006 within the short-term incentive program was SEK 875,000, of which he received SEK 624,000. Variable compensation within the long-term incentive program is paid out in 2008 up to a maximum of SEK 2,625,000.

In addition to his fixed and variable compensation, Michael Wolf receives a company car and pension insurance with an annual premium corresponding to 35 percent of his salary, a small portion of which is allocated for endowment insurance premiums that are not tax-deductible for the company. The minimum retirement age is 60, but can be raised if agreed to by the company. Further, the President has 75,000 employee stock options as part of the Group's employee stock option program, see Note 27.

If Michael Wolf terminates his employment agreement, he has a six months term of notice. If terminated by the company, his notice is twelve months and severance equal to two years' salary.

According to the employment agreement with Jan Roxendal, President and CEO until August 31, 2006, he receives his monthly base salary through August 31, 2007 as well as severance totaling SEK 3,000,000 during the period September 2006–August 2007, pension, bonus and retained employee stock options (500,000 options).

Other senior executives

All senior executives receive a fixed annual salary and variable compensation. The latter is based on the results achieved in their area of responsibility, the Group's operating earnings and individual performance objectives.

As noted above, Management's variable compensation is currently based on two incentive plans, one short-term and one long-term. The former entails an annual bonus opportunity for senior executives to receive a maximum of one year's salary in variable compensation. The long-term incentive plan means in principle that senior executives can receive a maximum of two years' salary based on results during the period 2005–2007, i.e., three years. As a result, this variable component can be paid out no earlier than four years after the plan's inception, i.e., 2008. Both forms of variable compensation depend on the extent to which predetermined targets are met. The targets are set high for both incentive plans and are especially qualified for the plans with longer terms. The long-term plan does not automatically recur. Regional managers generally have performance objectives where 80 percent of their variable compensation is based on the region's operating earnings and 20 percent on the Group's operating earnings.

The former 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 34 Transactions with related parties.

Notice of termination for members of Group Management Team varies from six to twelve 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 27 Share-based payment for employees.

DECISION-MAKING PROCESS

The Board of Directors has appointed a Remuneration Committee to handle compensation issues, primarily as regards the President and Group Management Team. The committee is comprised of two members, who during the year were Bo Ingemarson, who was succeeded at the Annual General Meeting 2006 by Lars Lundquist (Chairman), and Lars Förberg. The President and the company's human resources director are co-opted to the committee's meetings, though not when their own remuneration is discussed. For a description of the committee's work during the year, see the corporate governance report on page 70.

NOTE 27. SHARE-BASED PAYMENT FOR EMPLOYEES

The Annual General Meeting in 2003 approved the 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 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 believes 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 options are allocated as follows: to the President and CEO 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 as follows, primarily in May 2004: A total of 20 employees received options to subscribe for 2,450,000 new shares, of which 500,000 to then President and CEO Jan Roxendal. Slight reallocations were subsequently made. Current President and CEO Michael Wolf has 75,000 options. The employee stock options have been issued free of charge. The Intrum Justitia Group pays all social security contributions in connection with the benefit.

To secure the company's commitment in accordance with the employee 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 during the period July 1, 2007–May 30, 2009. Of this number, 2,525,000 options were issued to employees and 833,250 options can be sold to cover the liquidity effect of any social security costs.

As a result of the share redemption in 2005, the strike price of the options was changed from SEK 57.00 per share to SEK 54.60 per share. At the same time the number of shares comprised by options rose by four percent.

The right to acquire new shares through the employee stock option program was related to the average annual percentage increase in the Intrum Justitia Group's earnings per share (before goodwill amortization) through fiscal year 2006, with fiscal year 2002 as a basis. The average annual increase in earnings per share during the period ranged between nine and ten percent, which means the highest allowed utilization ratio for allotted employee stock options of 80 percent.

As indicated above, the employee stock option program originally comprised options to subscribe for 3,358,250 new shares. The number of shares increased by four percent as a result of the share redemption in 2005, but is limited to 80 percent as a result of conditions regarding the highest allowed utilization ratio based on growth in earnings per share. The cost and dilution effect of the employee stock option program is thereby estimated at 2,794,064 shares.

The reported cost of the program during the year was SEK 17.4 M (7.5), calculated according to *IFRS 2* Share-based payment and applying statement URA 46 from the Swedish Financial Accounting Standards Council's Emerging Issues Task Force, which covers *IFRS 2* and social security contributions. The company thereby values the services received from employees in exchange for allotted options on the basis of the value of the allotted options. Of the year's cost for the option program, SEK 3.4 M (1.1) refers to Jan Roxendal's options and SEK 0.5 M (0.0) to Michael Wolfs options. The cost is based on a theoretical calculation of the options' market value according to the Black-Scholes model. On the date of issuance, May 7, 2004, the option value was calculated assuming an interest rate of 4.5 percent, 21.0 percent volatility (based on historical experience) and a share price of SEK 40.50. The option value with regard to social security costs has been recalculated as of December 31, 2006 assuming an interest rate of 3.7 percent, 21.0 percent volatility and a share price of SEK 88.75.

NOTE 28. FEES TO AUDITORS

	GROUP		PARENT COMPANY	
SEK M	2006	2005	2006	2005
Audit assignments				
KPMG	8.4	11.8	0.6	0.9
PricewaterhouseCoopers	0.1	0.9	0.0	0.0
Other assignments				
KPMG	2.5	3.0	1.3	1.6
PricewaterhouseCoopers	0.5	1.9	0.2	0.7
Audits and other assignments, other auditors	0.7	0.8	0.0	0.0
Total	12.2	18.4	2.1	3.2

Audit assignments refer to the examination of the annual report and accounting records as well as the administration by the Board and the President, other tasks related to the duties of the company's auditors and consultation or other services that may result from observations noted during such examinations or implementation of such other tasks. All other tasks are defined as other assignments.

Other assignments performed by KPMG and PricewaterhouseCoopers during the year largely refer to tax advice.

NOTE 29. OPERATING LEASING

	GROUP		PARENT COMPANY	
SEK M	2006	2005	2006	2005
Obligations for rental payments on leases that may not be terminated in advance				
Year 1	70.8	74.1	1.8	1.8
Years 2–4	163.6	153.8	3.4	3.2
Year 5 and thereafter	110.9	103.3	0.1	0.0
Total	345.3	331.2	5.3	5.0

Lease costs for operating leases in 2006 amounted to SEK 113.4 M (112.0) in the Group, of which SEK 1.6 M (1.9) in the Parent Company. Operating leasing primarily refers to offices for the Group's operations in 22 countries. No single lease is of material significance to the Group in terms of amount.

NOTE 30. FINANCE LEASING

SEK M	GROUP 2006	2005
Minimum lease payments and their present value		
Year 1	1.6	0.6
Years 2–4	4.2	0.4
Year 5 and thereafter	0.0	0.0
Total	5.8	1.0

The present value of future lease payments according to finance leases is recognized in the balance sheet included in the item Other liabilities.

NOTE 31. INVESTMENT OBLIGATIONS

Obligations to acquire fixed assets amounted to SEK 0.0 M (1.0) at year-end.

NOTE 32. FINANCIAL INSTRUMENTS AND CONCENTRATION OF RISK

ACCOUNTING AND VALUATION PRINCIPLES

For a description of accounting and valuation principles, refer to Note 1. As a rule, Intrum Justitia carries financial instruments at fair value and recognizes changes in value through profit or loss.

CARRYING AMOUNT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Shares in subsidiaries, associated companies and other companies

The Parent Company's holdings of shares in subsidiaries are recognized at cost. Holdings in the Group of other shares in associated companies are recognized according to the equity method. The holdings are not marked to market and fair values cannot be reliably determined.

Shares in other companies refer to a four-percent holding in a company that is not publicly listed and where fair value cannot be determined without difficulty, as well as several small shareholdings in listed companies where both the carrying amount and fair value are insignificant in relation to the Group's total assets.

Purchased debt

Purchased debt is recognized at amortized cost according to an effective interest method. The Group restates the carrying amount by calculating the present value of estimated future cash flows at the receivables' original effective interest rate. Adjustments are recognized through profit or loss. With this valuation method, the carrying amount is the best estimate of the fair value of debt portfolios in the Company's opinion.

Other receivables

Other receivables have short maturities. Receivables and foreign currency are translated in the accounts at closing day rates. Consequently, the carrying amount corresponds to fair value.

Liquid assets

Liquid assets mainly consist of bank balances. Liquid assets in foreign currency are translated in the accounts at closing day rates. Consequently, the carrying amount corresponds to fair value.

Liabilities to credit institutions

The Parent Company's and the Group's loan liabilities carry market rate interest with short interest fixing terms. Liabilities in foreign currency are translated in the accounts at closing day rates. Consequently, the carrying amount corresponds to fair value.

Other liabilities

The Parent Company's and the Group's other liabilities have short maturities. Liabilities in foreign currency are translated in the accounts at closing day rates. Consequently, the carrying amount corresponds to fair value.

Derivatives

The Parent Company and the Group hold forward exchange contracts to a limited extent. The contracts have short maturities, typically one or more months. All outstanding forward exchange contracts are restated at fair value in the accounts, with adjustments recognized through profit or loss.

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's 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

In each country, all revenues and the large part of operating expenses are 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. Revenues and expenses in national currency are thereby hedged in a natural way, which limits transaction exposure. 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 in the Group and the Parent Company through the use of forward exchange contracts. Outstanding forward exchange contracts as of December 31, 2006 in the Parent Company and the Group comprised the following currencies:

Local currency	Hedged amount, buy	Hedged amount, sell
CHF	69,121	13,655,797
CZK	12,397,376	–
DKK	13,933,456	1,004,576
EUR	811,771	30,168,377
GBP	803,645	15,482,992
HUF	–	1,311,673,970
LVL	–	42,050
LTL	–	365,019
NOK	1,295,527	52,305,503
PLN	–	5,420,335

Forward exchange contracts are classified as financial assets carried at fair value through profit or loss (held for sale). The carrying amount as of December 31, 2006 corresponds to fair value, SEK 1.8 M (1.0). During the year the changes in value of forward exchange contracts were recognized in the Group profit or loss in the amount of SEK 27.4 M (–39.2). The purpose of these forward exchange contracts has been to minimize exchange rate differences in the Parent Company attributable to receivables and liabilities in foreign currency. These exchange rate differences amounted to SEK –25.1 M (46.1) during the year. The net effect on the income statement of exchange rate differences attributable to receivables and liabilities as well as forward exchange contracts is SEK 2.3 M (6.9).

Translation exposure

Intrum Justitia operates in 22 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 during the year, 83 percent (83) 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 2006: CHF, SEK +30 M; EUR, SEK +158 M; GBP, SEK +23 M, and NOK, SEK +10 M.

Interest rate risks

Intrum Justitia's operations are not capital intensive, which, in combination with the Group's strong cash flows, means that interest rate risk is minimized through 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 13.3 M.

Derivatives are used to hedge interest rate risks. In 2001 the Group entered into interest rate cap contracts. These contracts matured in 2006 without value.

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.

Since February 2005 Intrum Justitia AB has 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 expire in its entirety on February 11, 2010. To date the facility has been utilized through the Parent Company, which has requested the withdrawal of individual loan amounts in various currencies, with short maturities, usually SEK and three or six months.

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 annual revenues.

Credit risk

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

The Group's cash and cash equivalents consist primarily of bank balances and other short-term financial assets with a remaining maturity 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 that operate in various industries, and are not concentrated in a specific geographic region. The Group's largest client accounts for less than 3 percent of revenues. Provisions for and/or established credit losses for accounts receivable amounted to SEK 1.6 M (5.8) during the year.

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 significantly 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 structure of purchased portfolios, which means 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.

As an element in its 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 they 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 recognized and estimated value of the balance sheet item is SEK 25.4 M (34.6). Realized losses for court costs are expensed as identified.

The credit risk from the Group's forward exchange contracts and interest rate cap contracts 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 676.4 M (945.9). See Note 22. In the annual accounts Intrum Justitia has allocated SEK 8.7 M (30.6) 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 33. BUSINESS COMBINATIONS

On June 15, 2005 the Group acquired 100 percent of the shares in Creditexpress Slovakia (now Intrum Justitia Slovakia s.r.o.) for SEK 5.9 M and in 2005 paid a first instalment of SEK 3.8 M in cash. The second partial payment, SEK 1.9 M, was paid in June 2006 as provided for in the share purchase agreement since the company reached its expected operating earnings as of May 31, 2006. The final payment of SEK 0.2 M, which is expected to be paid in July 2007, is not contingent on the company's earnings, but rather that the company's president (also the seller) remains an employee until this time.

In October 2004 Intrum Justitia announced the acquisition of the Irish company Legal & Trade (Ireland) Ltd (now named Intrum Justitia Collections Ltd). In November 2004, however, Intrum Justitia decided to withdraw from the acquisition when the financial prerequisites on which it had based its decision were no longer at hand, due to new information provided by the seller, Legal & Trade Financial Services Ltd. The ruling by the Irish High Court in June 2005 did not result in rescinding the transfer, but Intrum Justitia was awarded a repayment of approximately SEK 3 M from the purchase price in 2005. Intrum Justitia has appealed the decision. A final ruling on the dispute is expected in 2007 at the earliest. The company is consolidated in the Group's financial statements since June 2005. In 2006 no financial transactions have taken place regarding this acquisition.

EFFECTS OF ACQUISITIONS:

Acquisitions have the following effects on the Group's assets and liabilities.

The acquired companies' net assets upon acquisition:

Acquired companies	Fair value recognized in the Group	
SEK M	2006	2005
Intangible fixed assets	–	24.3
Tangible fixed assets	–	1.0
Accounts receivable and other receivables	–	18.3
Liquid assets	–	0.6
Accounts payable and other liabilities	–	–15.8
Net identifiable assets and liabilities	**–**	**28.4**
Deferred tax on surplus value	–	–3.4
Purchase price paid in cash	–	21.2
Capitalized acquisition costs	–	0.9
Exchange rate difference	–	0.8
Owed to sellers	–	2.1
Cash (acquired)	–	0.6
Net cash flow	–1.9	–0.1

NOTE 34. TRANSACTIONS WITH RELATED PARTIES

	GROUP	
SEK M	2006	2005
Sales of services		
Dustin AB (sale of sales ledger services)	4.3	4.4
Intrum á Íslandi ehf, Reykjavik (Iceland) (sale of scoring services)	0.1	0.0
Total	4.4	4.4
Purchase of services		
Dustin AB (purchase of IT equipment)	0.3	0.3
Marcel van Es (rental of apartment)	0.2	0.1
Förvaltnings AB Kaven (purchase of consulting services)	–	0.1
Stade de Suisse Wankdorf Nationalstadion AG (client events and sponsorships)	1.0	–
Intrum á Íslandi ehf, Reykjavik (Iceland) (purchase of collection services)	0.3	–
Total	1.8	0.5
Minority interest		
Visegrad NV (minority interest in earnings of IJ Central Europe BV)	–10.5	–13.0
Total	–10.5	–13.0

In addition to associated companies and joint ventures, related parties include the Board of Directors and senior executives, according to Note 26, 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.

In 2005 Intrum Justitia paid compensation for consulting services performed by Björn Fröling, at that time a Board member of Intrum Justitia AB, through payment to a company he controls, Förvaltnings AB Kaven.

Marcel van Es, Intrum Justitia's regional manager, has received rent for an apartment in Amsterdam that the company has used.

Benno Oertig, Intrum Justitia's regional manager, is chairman of Stade De Suisse Wankdorf Nationalstadion AG, Bern, which owns the football club BSC Young Boys Betrieb AG, which Intrum Justitia AG sponsors. In addition, the company arranges conferences and events for Intrum Justitia.

Intrum á Íslandi ehf, Reykjavik (Iceland) manages international collection cases on Intrum Justitia's behalf and invoices a fee for its services. Intrum Justitia in turn invoices Intrum á Íslandi ehf, Reykjavik (Iceland) for scoring services, among other things.

Intrum Justitia Central Europe BV is the holding company for the Group's operating companies in Poland, Slovakia, the Czech Republic and Hungary. Forty percent of the shares in Intrum Justitia Central BV are owned by Visegrad NV, where Henning Bensland, Intrum Justitia's former regional manager, is a co-owner. As a result, a minority interest has existed since April 2003.

All transactions with related parties were made on market terms, at arm's length.

The subsidiaries are related parties; see Note 11.

NOTE 35. CRITICAL ESTIMATES AND ASSUMPTIONS

Management has discussed with the Audit Committee developments, choices and disclosures regarding the Group's critical accounting principles and estimates as well as the application of these principles and estimates.

Certain critical accounting estimates have been made through the application of the Group's accounting principles described below.

IMPAIRMENT TESTING OF GOODWILL

As indicated in Note 9, an impairment test of goodwill was done prior to preparation of the annual accounts. For some cash-generating units, particularly in the UK and Norway, the impairment test is based on an assumption that the operating margin will improve significantly in the years ahead in relation to the outcome for the past year.

Based on the size of these companies and the maturity of each market, it is considered likely that Intrum Justitia's operations in these two countries will eventually have the opportunity to reach an operating margin that does not deviate significantly from the Group average.

PURCHASED DEBT

As indicated in Note 15, the recognition of purchased debt is based on the company's own forecast of future cash flows from acquired portfolios. Although the company has historically had good forecast accuracy with regard to cash flows, future deviations cannot be ruled out.

Internal rules and routines were introduced during the year to better formalize the decision-making process by which previous cash flow projections are adjusted. Only in exceptional cases may a cash flow projection be adjusted in the first year that a portfolio is owned. Furthermore, the decision to amend a cash flow projection normally requires that the local management in the country in question is in agreement with the management of the *Purchased Debt* service line, or that the decision is taken by a central investment committee.

TAX DISPUTES

As indicated in Note 8 and Note 22, the Group is involved in tax disputes in Finland and Norway. Provisions have only been allocated for the dispute in Norway, and in that case not for the entire amount of the tax authority's claim. Also reported is the positive effect on the Group's tax expense of the Group contributions paid to Italy by the Swedish company with the support of the Marks & Spencer ruling.

The Group's reporting is based on risk assessments prepared in cooperation with tax advisers.

REPORTING OF JOINT VENTURES

As indicated in Note 12, three joint ventures are reported according to the proportional method in the consolidated financial statements. Intrum Justitia's interest in these companies is 50, 50 and 25 percent.

The choice of accounting method for these joint ventures is not based primarily on ownership interest but rather the degree of control over the companies. The three companies in question are managed jointly with partners (Calyon Bank and Goldman Sachs) and controlled jointly by the co-owners as per agreements. Against this backdrop, Intrum Justitia has decided to consolidate these companies according to the proportional method.

REPORTING OF POLISH INVESTMENT FUND

As indicated in Note 11, Intrum Justitia established a Polish investment fund during the year to purchase and own portfolios of written-off receivables. Intrum Justitia is the fund's only owner, and from the Group's perspective it essentially operates like a subsidiary. Against this backdrop, Intrum Justitia has resolved to consolidate the investment fund in the consolidated financial statements as a subsidiary.

Audit report

To the annual meeting of the shareholders 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 and CEO of Intrum Justitia AB (publ) for the year 2006. The Board of Directors and the President are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of the International Financial Reporting Standards, IFRS, as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. 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 have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards, IFRS, as adopted by the EU and the Annual Accounts Act and give a true and fair view of the Group's financial position and results of operations. The statutory administration report is consistent with other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders that the income statements and balance sheets of the Parent Company and the Group be adopted, that the loss 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 16, 2007
KPMG Bohlins AB

Carl Lindgren
Authorized Public Accountant

CORPORATE GOVERNANCE REPORT

APPLICATION OF THE SWEDISH CODE OF CORPORATE GOVERNANCE

This corporate governance report has been prepared in accordance with the rules in Chapter 5 of the Swedish Code of Corporate Governance ("the Code") in order to describe how the Company has applied the Code during the period covered by the annual report. This corporate governance report does not constitute part of the formal annual report and has not been reviewed by the Company's auditor.

Corporate governance at Intrum Justitia comprises structures and processes for management and control of the Company's operations for the purpose of creating value for the Company's owners and other stakeholders.

As of July 1, 2005 Intrum Justitia applies the Code, which, in accordance with an agreement between Aktiemarknadsbolagens förening (Association of Stock Market Companies) and Stockholmsbörsen (the Stockholm Exchange), has been incorporated in Stockholmsbörsen's revised regulations. Furthermore, Intrum Justitia's corporate governance complies with the applicable rules in the Swedish Companies Act, Stockholmsbörsen's listing agreement, the rules of Näringslivets Börskommitté (Swedish Industry and Commerce Stock Exchange Committee), the decisions of Aktiemarknadsnämnden (Swedish Securities Council) and the Company's articles of association.

The Company has not deviated from the Code during the period covered by the annual report.

NOMINATION COMMITTEE

The Annual General Meeting on April 25, 2006 instructed the Chairman of the Board to contact the five largest shareholders in the Company at the conclusion of the third quarter to request that each appoint one representative to serve on a Nomination Committee. The purpose of the committee is to nominate Board members for election at the upcoming Annual General Meeting. Accordingly, representatives of these five shareholders were summoned to form a Nomination Committee that, at the time of its formation and on December 31, 2006, represented a total of approximately 37.7 percent of the share capital in Intrum Justitia. The composition of the Nomination Committee was announced on October 23, 2006.

For the Annual General Meeting in 2007, the Nomination Committee consists of Christer Gardell (Chairman of the Nomination Committee representing Cevian Capital); Árni Thor Thorbjörnsson (Landsbanki Íslands), who succeeded Landsbanki's previous representative, Ársæll Hafsteinsson, on December 20, 2006; Björn Fröling (Parkerhouse Investments); Göran Espelund (Lannebo Funds) and Björn Lind (SEB Funds and SEB Trygg Liv). Moreover, the Chairman of the Board, Lars Lundquist, has served as a co-opted member of the Nomination Committee. The Secretary of the Board has served as the co-opted Secretary of the Nomination Committee.

Besides nominating Board members and proposing who to elect as Chairman of the Board, the task of the Nomination Committee is inter alia to evaluate the Board and its work, propose compensation for the Board and its committees and when necessary, propose candidates for auditors' elections and compensation for auditors.

After its appointment, the Nomination Committee met on three occasions during the autumn of 2006 and once in January 2007. All members were present at these meetings.

The Chairman of the Board has conducted an evaluation of the Board and the work of individual members during the year. This evaluation has since been reported to the Nomination Committee, together with an assessment of the needs for special competence on the Board and an analysis of available resources.

The Nomination Committee's proposal for the Chairman and other Board members, its proposal for Board fees and compensation for committee work, and its proposal for the Chairman at the Annual General Meeting 2007 were announced on January 31, 2007 and are presented in the notice to the Annual General Meeting 2007. The proposals will then be presented to the Annual General Meeting for resolution. Shareholders have been provided the opportunity to submit proposals to the Nomination Committee. No such proposals have been submitted within the applicable deadline.

No compensation has been paid to the Chairman of the Nomination Committee or to any other member of the committee for their work.

CONTENTS OF THIS CORPORATE GOVERNANCE REPORT

The purpose of this report is to provide an overview of relevant information on corporate governance issues, including:

- Description of the Nomination Committee's work
- Information on the members of the Board of Directors
- Description of the Board's work
- Description of the committees' work
- Information on the Company's auditor
- Information on senior management
- Compensation to the senior management, and
- Incentive programs.

This report also contains a description of how internal control is organized with regard to fiancial reporting.

COMPOSITION OF THE BOARD

According to Intrum Justitia's articles of association, the Board shall consist of at least five and no more than nine members with no more than four deputies. All members are elected by the Annual General Meeting.

The Annual General Meeting on April 25, 2006 elected eight Board members with no deputies. Due to his appointment as the new President and CEO effective as of September 1, 2006, Michael Wolf stepped down from the Board on June 16, 2006. Following Mr. Wolf's resignation, the Company's Board thus consists of seven members and one vacancy.

At the Annual General Meeting, Lars Lundquist was elected Chairman of the Board and Bo Ingemarson Deputy Chairman.

Board of Directors

Lars Lundquist, 60, *Chairman*
Chairman since April 2006. Lars Lundquist was formerly Executive Vice President and Chief Financial Officer of the SEB Group. He is Chairman of JM AB and Chairman of its remuneration and investment committees, Chairman of Försäkrings AB Erika and director and treasurer of the Swedish Heart and Lung Foundation. Mr. Lundquist holds a M.Sc. in economics from the Stockholm School Economics and an MBA from the University of Wisconsin, USA
No. of shares in Intrum Justitia AB: 15,000
No. of call options from Cevian Capital: 50,000

Bo Ingemarson, 56, *Deputy Chairman*
Chairman during the period 2002–2006 and Deputy Chairman from April 2006. Mr. Ingemarson is also Chairman of Ostnor AB and SalusAnsvar AB and a Director of Anticimex 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 as President and CEO of If Skadeförsäkring AB (1999–2002). He holds a M.Sc. from the Stockholm School of Economics, Sweden.
No. of shares in Intrum Justitia AB: 15,584
No. of call options from Cevian Capital: 40,000

Sigurjón Th. Árnason, 40
Director since 2005. Mr. Árnason is President and CEO of Landsbanki Íslands hf. Before joining Landsbanki, he was Chief Operations Officer at Búnaarbanki Íslands hf. During the period 1995–1998 he was Head of Economics and Budgeting at the same bank as well as a part-time lecturer at the University of Iceland (1995–1997). Mr. Árnason is a Director of a number of Icelandic companies including Creditinfo hf., Hömlur hf., Landsafl hf. and Intrum á Íslandi ehf. and chairs the salary negotiation committee for Iceland's banks. He holds a B.S. in Engineering from the University of Iceland and an MBA in finance from the University of Minnesota.
No. of shares in Intrum Justitia AB: 0
No. of call options from Cevian Capital: 0

Helen Fasth-Gillstedt, 44
Director since 2005. Ms. Fasth-Gillstedt is Vice President Strategic Leadership of the SAS Group. She has worked in several positions in the Scandinavian airline and travel group since 1998 and spent twelve years in management positions at the Norwegian oil company Statoil. Ms. Fasth-Gillstedt holds a M.Sc. from the Stockholm School of Economics.
No. of shares in Intrum Justitia AB: 0
No. of call options from Cevian Capital: 40,000

Lars Förberg, 41
Director since 2004. Mr. Förberg is Managing Partner of Cevian Capital. 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
No. of call options from Cevian Capital: 0

Jim Richards, 54
Director since 2004. Mr. Richards was President and Chief Executive Officer of West Asset Management, a subsidiary of West Corporation, USA. Founded by Mr. Richards, West Asset Management is active in credit administration. Mr. Richards is a member of ACA International. He studied at Temple University, Philadelphia, USA.
No. of shares in Intrum Justitia AB: 0
No. of call options from Cevian Capital: 40,000

Lars Wollung, 45
Director since 2006. Mr. Wollung is President and Chief Executive Officer of the management and IT consulting company Acando. He was one of the founders of Acando in 1999 in his position as Vice President and in 2001 became President. For nine years he worked as a management consultant at McKinsey & Company with international assignment in fields such as corporate strategy, organizational changes and operational improvement programs. He is Chairman of Transia AB and Mountainlife AB and a Director of IT-företagen. Mr. Wollung holds a M.Sc. in economics from the Stockholm School of Economics and a M.Sc. in engineering from the Royal Institute of Technology in Stockholm.
No. of shares in Intrum Justitia AB: 0
No. of call options from Cevian Capital: 40,000


Lars Lundquist


Bo Ingemarson


Sigurjón Th. Árnason


Helen Fasth-Gillstedt


Lars Förberg


Jim Richards

DIRECTORS' INDEPENDENCE

All directors are independent in relation to the company and its management. All directors other than Sigurjón Th. Árnason, President and CEO of Landsbanki Íslands hf., and Lars Förberg, Managing Partner of Cevian Capital, are independent in relation to the largest shareholders.


Lars Wollung

The Board is composed to effectively support and control the work of the management. All Board members are independent in relation to the Company and its management. All members except Sigurjón Th. Árnason (Landsbanki Íslands) and Lars Förberg (Cevian Capital) are independent in relation to the principal shareholders.

The composition of the Board thereby complies with the requirements of both the Code and Stockholmsbörsen with respect to the number of independent members in relation to the Company, its management and principal shareholders.

The President of the Company is not a member of the Board, but attends all Board meetings except when the evaluation of the Board's work and the President are on the agenda.

Tom Hård, partner at the lawfirm Mannheimer Swartling Advokatbyrå, was Secretary of the Board until October 2006. Since October 2006, the role of Secretary of the Board is held by the Group's General Counsel, Eva Kanyuk.

The Board has appointed an Audit Committee, a Remuneration Committee and an Investment Committee for purchased debt from among its members. The committees are subordinated to the Board and do not relieve the Board members of their duties and responsibilities. Other than the abovementioned committees, there is no general delegation of the Board's work among its members. The committees are presented in more detail on the following pages.

THE BOARD'S RULES OF PROCEDURE

At its statutory meeting every year following the Annual General Meeting, the Board reviews and establishes the rules of procedure for its work, including instructions on the delegation of responsibilities and work between the Board, the President and the Board committees, as well as on the forms of the company's financial reporting.

The rules of procedure are based on the rules of the Swedish Companies Act on the overall responsibilities of the Board and President and otherwise on the decision-making procedure approved by the Board.

In addition to the delegation of responsibility that generally applies according to the Companies Act, the rules of procedure primarily govern the following:

- Keeping of Board meetings and decision points normally on the agenda at each meeting;
- The duties of the Chairman, the President and CEO, the Remuneration, Investment and Audit Committees, specifying the delegation of the Board's decision-making authority and which issues always require a decision by the Board;
- The Board's internal discussions and minutes, which are treated confidentially.

THE MEETINGS OF THE BOARD

The Board meets regularly in accordance with the schedule laid down in the rules of procedure.

Every Board meeting follows a predetermined agenda. The agenda and background information on each information or decision point are sent to all Board members and well in advance of each meeting. Decisions by the Board are taken after an open discussion led by the Chairman.

In 2006 the Board held 12 meetings (11 the previous year). The main discussion topics of of the meetings were as follows:

- the Group's results and financial position
- interim reports
- auditors' reviews (external and internal audits)
- strategies for the Group
- risk management issues and internal control of, among other things, financial reporting
- reviews of core processes
- acquisitions and cooperation projects
- capital structure issues
- special action programs for underperforming countries and operations
- payroll and compensation issues, including incentive programs
- evaluation of the Board's work and evaluation of the President and CEO
- financial objectives
- establishment of a special Investment Committee for the *Purchased Debt* service line.

Board of Directors folllowing AGM on April 25, 2006[1]

Name	Position	Born	Nationality	Elected	Nomination Committee	Audit Committee	Remuneration Committee	Investment Committee	Independence[2]	Totalt annual fee[3] SEK	Shares[4]	Call options
Sigurjón Th. Árnason	Member	1966	Iceland	2005	–	–	–	–	No	200,000	0	0
Helen Fasth-Gillstedt	Member	1962	Sweden	2005	–	Member	–	–	Yes	275,000	0	40,000
Lars Förberg	Member	1965	Sweden	2004	–	–	Member	Member	No	200,000	0	0
Bo Ingemarson	Deputy Chairman	1950	Sweden	2002	–	Chairman	–	Member	Yes	350,000	15,584	40,000
Lars Lundquist	Chairman	1948	Sweden	2006	Co-opted	Member	Chairman	Chairman	Yes	575,000	15,000	50,000
Jim Richards	Member	1952	USA	2004	–	–	–	–	Yes	200,000	0	40,000
Lars Wollung	Member	1962	Sweden	2006	–	–	–	–	Yes	200,000	0	40,000

[1] No information is reported for Michael Wolf, who was elected at the AGM and stepped down on June 16, 2006 due to his appointment as President and CEO.
[2] In relation to the principal shareholders. All members are independent in relation to the company and the management.
[3] From AGM 2006 to AGM 2007.
[4] Holdings of shares in Intrum Justitia AB include those held via companies and by related parties and are valid as per December 31, 2006.

Attendance at Board meetings 2006

	Sigurjón Th. Árnason	Helen Fasth-Gillstedt	Björn Fröling	Lars Förberg	Bo Ingemarson	Lars Lundquist	Leif Palmdahl	Jim Richards	Lars Wollung
Feb. 14	0	X	X	X	X	–	X	0	–
Mar. 16	0	X	X	X	X	–	X	X	–
Apr. 24	0	X	X	X	X	–	0	X	–
Apr. 25	0	X	–	X	X	X	–	X	X
May	X	X	–	X	X	X	–	X	X
May 16	0	X	–	X	X	X	–	0	0
Jul. 3	0	X	–	X	0	X	–	X	X
Jul. 25	0	X	–	X	X	X	–	0	X
Aug. 31	0	X	–	X	X	X	–	X	X
Sep. 18	0	X	–	X	X	X	–	0	X
Nov. 7	0	X	–	X	X	X	–	X	X
Dec. 18	0	X	–	X	X	X	–	0	0

X = Present 0 = Absent
– = Not a member of the Board at the time

Among the areas that the Board paid special attention to in 2006 was the *Purchased Debt* service line, which was distinguished by significantly higher intensity. Around a thousand portfolios were evaluated during the year. To simplify decision-making and improve efficiency, a special Purchased Debt Investment Committee was established during autumn 2006. The Board also decided to abolish the internal investment limits in this service line. Special attention was also devoted to strategic and organizational issues mainly owing to the appointment of a new President and CEO during autumn 2006. Moreover, a number of operating subsidiaries were transferred internally from Intrum Justitia BV to Intrum Justitia AB, as decided in 2005, to achieve a simplified Group structure.

According to previous practice, the Board met twice with the Company's auditor, on one occasion without the presence of the President or other members of management.

BOARD EVALUATION

The Board conducts an annual evaluation of its work in the form of a questionnaire compiled by the Chairman and answered by the Board members. The purpose of the questionnaire is to address issues regarding inter alia competence, priorities, Board material, the climate at meetings and possible improvements. In addition, verbal discussions are held on matters of interest to the evaluation. Based on this information, the Chairman presents the results of the evaluation to the Board and the Nomination Committee.

COMPENSATION FOR BOARD MEMBERS

According to the resolution of the Annual General Meeting 2006, the Board receives fees of SEK 1,900,000, of which SEK 500,000 is paid to the Chairman and SEK 200,000 to each of the other Board members, as well as an additional SEK 300,000 to be used as remuneration for committee work over and above ordinary Board work, in total SEK 2,200,000. With regard to remuneration for committee work, the Board decided that the amount set by the Annual General Meeting is to be divided so that the Chairman of the Audit Committee receives SEK 150,000 and the remainder is divided equally between the other two members of the Committee. Other Committees received no remuneration for their work during the year.

Due to Michael Wolf's participation in no more than two Board meetings before his appointment as President and CEO and his resignation from the Board, he declined any Board fees.

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 and the Company's auditor. The committee also works to improve quality in the monitoring and control of the Company's financial exposure and risk management. The Audit Committee consisted until the statutory Board meeting in 2006 of Björn Fröling (Chairman), Bo Ingemarson and Helen Fasth-Gillstedt, after which it consisted of Bo Ingemarson (Chairman), Lars Lundquist and Helen Fasth-Gillstedt. All current members are independent in relation to the company and the management and in relation to the principal shareholders. 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 6 times in 2006 (four times in 2005). All members were present at all meetings.

The work of the committee is governed by the instructions that constitute part of the Board's rules of procedure. The issues covered by the committee included quarterly reports, the year-end accounts, audit work for the Group (external and internal) and investment proposals. In addition, the committee dealt with issues of internal control and assisted the Board by preparing the Board's work to secure the quality of the Company's financial reporting, evaluated the work of the auditors and established guidelines for services other than audits that are procured from the Company's auditor. The Audit Committee reports to the Board, which makes the final decisions. The Audit Committee met with the Company's auditor six times during the year.

INVESTMENT COMMITTEE

Against the background of the significant increase in activity in the *Purchased Debt* service line in 2006 and to effectively meet the need for quick investment decisions, the Board established a special Investment Committee in November 2006 to evaluate and decide on investments in written-off receivables in the range of EUR 8–20 M. Investments exceeding the upper limit must be approved by the Board in its entirety. For such investments, the Investment Committee serves in an advisory capacity to the Board. The Investment Committee's members are Lars Lundquist (Chairman), Bo Ingemarson and Lars Förberg. All three – with the exception of Lars Förberg, who is not independent in relation to the principal shareholders – are independent in relation to the Company, management and principal shareholders. During autumn 2006 the Committee met on one occasion, at which all its members were present. The Committee has not received any remuneration for its work. The Investment Committee reports to the Board.

REMUNERATION COMMITTEE

The purpose of the Remuneration Committee is to evaluate the Group's overall payroll structure, fixed and variable remuneration components, and other benefits to senior management and executives reporting directly to the President and CEO. Its duties also include the evaluation of the connection between performance and compensation, issues involving bonus and incentive programs, pensions, severance payments, etc. The Committee also assists the Board in drafting proposals for guidelines for remuneration for the senior management that the Board presents to the Annual General Meeting. The Group strictly applies the grandfather principle.

The Remuneration Committee consisted of Bo Ingemarson and Lars Lundquist, who succeeded Bo Ingemarson as Chairman at the Board's meeting following the Annual General Meeting in April 2006, and Lars Förberg. Lars Förberg is not independent in relation to the principal shareholders. The Company's human resources director and, when necessary, the President, attend the committee's meetings. In 2006 the committee met three times (seven times the previous year) and discussed issues such as the framework of the year's salary revision for senior executives, the principles for variable compensation (i.e., levels, targets and outcomes), pensions and other issues mentioned above within the framework of the committee's competence and duties. All members were present at all meetings. The Remuneration Committee reports to the Board, which makes the final decisions.

COMPENSATION PRINCIPLES FOR SENIOR MANAGEMENT

Prior to the Annual General Meeting 2006, the Board presented for resolution a proposal on the principles of compensation and other employment terms for the senior management in accordance with the Code's rules (which have since been replaced by provisions in the Companies Act on guidelines for compensation for senior executives). The proposal addressed the relationship between fixed and variable remuneration and the relationship between performance and remuneration, non-monetary benefits, issues related to pensions, dismissal and severance payments and how the Board deals with these issues. For further details on salaries and other remuneration for senior management, refer to Note 26 on page 60 in the Annual Report. The Board's complete proposal for the principles for remuneration and other terms of employment for senior management for 2007 is available on the Company's web site.

INCENTIVE PROGRAMS

For information on stock-related compensation, refer to Note 27 on page 61.

GROUP MANAGEMENT TEAM

The Group Management Team (GMT) consists of the President of the Parent Company, the CFO and the Regional Managing Directors. The Group *Purchased Debt* Director and the company's General Counsel are also members of the team as of the autumn of 2006. The GMT meets regularly to discuss economic and financial results, strategic issues and Group-wide guidelines. These discussions, decisions and guidelines are also part of the control of financial reporting.

AUDITOR

The Annual General Meeting 2004 elected the accounting firm KMPG Bohlins AB (KPMG) as auditor of Intrum Justitia AB with Authorized Public Accountant Carl Lindgren as chief auditor. The auditor was elected for a term ending at the conclusion of the Annual General Meeting 2008. The Auditor is independent. In accordance with the decision of the Audit Committee, Intrum Justitia has consulted KPMG on tax and reporting issues unrelated to its auditing assignment. The size of the compensation paid to KMPG is indicated in Note 28, page 61. KMPG is obligated, as the auditor of Intrum Justitia, to test its independence prior to every decision to provide independent advice to Intrum Justitia unrelated to its auditing assignment.


Michael Wolf


Monika Elling


Marcel van Es


Thomas Feodoroff


Eva Kanyuk


Kari Kyllönen


Pascal Labrue


Lennart Laurén


Benno Oertig

Group Management Team

Michael Wolf, 44, *President and Chief Executive Officer*
Mr. Wolf assumed the duties of President and CEO on September 1, 2006. Before joining the Group, he served as Executive Vice President and Head of the Europe and Latin America Division of Skandia. Mr. Wolf was Head of Skandia's German division (1999–2001) and CFO of the group (2002–2003). In 1985–1998 he was an employee of SEB Merchant Banking, based in various locations including London and New York. Mr. Wolf holds a M.Sc. in Economics from Stockholm University. He is a Director of East Capital AB, but otherwise has no significant assignments outside the company and holds no significant shareholdings or ownership interests in companies with which Intrum Justitia has important business relations.
No. of shares in Intrum Justitia AB: 10,000.
No. of employee stock options: 75,000.
No. of call options: 300,000.

Monika Elling, 44, *Chief Financial Officer*
Ms. Elling assumed her duties in December 2005. Before joining the Group, she was an analyst at Enskilda Securities in Stockholm, where she had been employed since 1999. During the period 1987–1989 she was Financial Director at Sandvik Öberg, and in 1989–1992 she served as business controller with acting branch manager responsibility at Industor. From 1992 to 1994 she was the CFO and COO of Arrow Lock Group in the U.S., now part of the Assa Abloy Group. Between 1994 and 1998 Ms. Elling worked for Securitas, mainly as manager of Cash Handling Services. She has a degree from Stockholm School of Economics combined with MBA studies at McGill University in Montreal, Canada, as well as a mechanical engineering degree from Teknikum Växjö. Elling is a Director of AB Lindex.
No. of shares in Intrum Justitia AB: 0.
No. of employee stock options: 150,000.

Marcel van Es, 40, *Regional Managing Director*
Marcel van Es joined the company in 1988 and in 2000 was given responsibility for operations in the Netherlands. Since 2005 he is Regional Managing Director for Belgium, Ireland, the Netherlands and the United Kingdom. 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.

Thomas Feodoroff, 55, *Regional Managing Director*
Mr. Feodoroff has been employed by the company since 1978 and is the Regional Managing Director for Finland, Estonia, Latvia & Lithuania. Since March 2007 he is also acting Regional Managing Director for Poland, the Czech Republic, Slovakia & Hungary. 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.

Eva Kanyuk, 36, *General Counsel*
Employed as General Counsel of Intrum Justitia since 2005 and Secretary of the Board of Directors since October 2006. She holds a Master of Law Exame (LL.M.) from the School of Business, Economics and Law at Göteborg University in 1996. After court services at the Mölndal District Court in 1997–1998, Ms. Kanyuk worked at the law firm of Mannheimer Swartling in 1998–2005 and the law firm of Davis Polk and Wardwell in New York in 2003–2004. Member of the Swedish Bar Association between 2002 and 2005.
No. of shares in Intrum Justitia AB: 0.
No. of employee stock options: 0.

Kari Kyllönen, 60, *Director*
Responsible for *Purchased Debt*. Kyllönen has been an employee at Intrum Justitia since 1996, after the acquisition of Tietoperintä Oy in Finland, where he was CEO since 1987. Prior to that Mr. Kyllönen spent 15 years as an executive at Föreningsbanken in Finland AB. Kyllönen has been responsible for the *Purchased Debt* service line since 1999. He holds a Master of Science from Tampere University.
No. of shares in Intrum Justitia AB: 73,438.
No. of employee stock options: 100,000.

Pascal Labrue, 39, *Regional Managing Director*
Mr. Labrue has been an employee at Intrum Justitia since 2000 and since February 2004 has served as Regional Managing Director for France, Italy, Spain & Portugal. 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.

Lennart Laurén, 49, *Regional Managing Director*
Mr. Laurén has been an employee at Intrum Justitia since 1998 and since September 2003 has served as Regional Managing Director for Denmark, Norway & Sweden as well as Iceland. 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: 298,539.
No. of employee stock options: 150,000.

Benno Oertig, 55, *Regional Managing Director*
Mr. Oertig has worked for the Intrum Justitia Group for over 30 years. He was founder of Credit-control Data AG, which was acquired by Intrum Justitia in 1992. During the period 1992–1994 Mr. Oertig was responsible for marketing, after which he became Regional Managing Director for Switzerland, Germany and Austria. Mr. Oertig is a member of Beirat in Schufa.
No. of shares in Intrum Justitia AB: 300,000.
No. of employee stock options: 150,000.

CHANGES IN THE GROUP MANAGEMENT TEAM
As of March 1, 2007 Henning Bensland stepped down as Regional Managing Director for Poland, the Czech Republic, Slovakia and Hungary. Since autumn 2006 the Group Management Team includes, as noted above, the Director of the *Purchased Debt* service line, Kari Kyllönen, and the company's General Counsel, Eva Kanyuk.

The shareholding data reported above includes shares owned thorugh companies and related parties and reflects holdings as per December 31, 2006.

Group function	Head
Communication & Investor Relations	Anders Antonsson
International Collections	Anders Carlström
Human Resources	Mita Ryrbäck Reinefjord (as of June 1, 2007)
Public Affairs	Leif Hallberg
Chief Information Officer	Rob de Vries (until March 31, 2007)

Report on internal control

The Board of Directors' report on internal control of financial reporting for the fiscal year 2006*.

In accordance with the provisions of the Companies Act and the Code, the Board is ultimately responsible for the internal control of financial reporting. The basis of internal control of financial reporting is comprised of the control environment with organization, decision-making channels, authorization and responsibilities documented and communicated in governing documents such as internal policies, guidelines, manuals and codes.

The main purpose of the internal control is to ensure that the Company's objectives and strategies are followed and executed and that the interests of the shareholders and other stakeholders are protected. Internal control is also a means to verify that the financial reporting is reliable and prepared in accordance with generally accepted accounting principles and that applicable laws and regulations have been complied with. Intrum Justitia follows the international Internal Control – Integrated Framework issued by the Committee of Sponsoring Organization of the Treadway Commission (COSO). The internal control is based on COSO and comprises risk assessment, control activities, information and communication and monitoring. All of these steps help to verify the accuracy, thoroughness and reliability of the financial reporting and ensure compliance with implemented guidelines for financial reporting. Control of the quality of the financial reporting is based on the below principal delegation of responsibilities, control routines and governing documents:

Control of reporting by Group companies

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

In the geographic regions, each country manager has a significant responsibility. The Parent Company excercises control, both through representation on the local company's board and through the Parent Company's business and financial controllers, who monitor the operations of subsidiaries from various perspectives. Each controller is responsible for monitoring a number of countries. Each 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 senior management and the Board. Consolidated accounts are prepared each month for internal use. Financial reporting is submitted in the form of figures in a Group-wide reporting system and written comments according to a special template. Instructions and rules on written reports and figures can be found in Intrum Justitia's handbook (see below). The results in the monthly accounts are compared with the previous year, budgeted figures and the latest forecast, which is updated quarterly. Along with revenue and earnings, the indicators include the volume of new collection cases, the value of the existing caseload and collected amounts.

Group Treasury

Management of financial risks such as interest rate risk, financing risk, liquidity risk and credit risk is handled by Group Treasury. Intrum Justitia's finance policy contains rules on how financial activities are managed, how responsibilities are delegated, how financial risks are measured and identified, and when and how they can be mitigated or eliminated.

Internal audit

As a complement to the external audit, an internal audit is conducted each year to ensure compliance with the handbook's rules, to evaluate the efficiency of processes and to propose improvements to the internal control of the subsidiaries. The internal audit function was outsourced in 2003 to an accounting firm. Prior to 2006 these outsourced internal auditors had visited and conducted audits of approximately half of the Group's companies, where they examined the local management, sales organization, production organization, client service departments and human resources units. Each visit is documented in an analysis of strengths and weaknesses and proposals for improvements. The reports are presented to the senior management and the Audit Committee, and in summarized form to the Board. The internal audit has led to continuous evaluations and follow-ups to ensure that any deficiencies are alleviated.

Internal control

Aside from the internal audit described above, which was conducted primarily with the assistance of external resources, Intrum Justitia is building up its own internal control function. As part of this effort, an internal control project was initiated in 2006 in which every subsidiary in the Group responded to a questionnaire on the status of internal control within their company with an emphasis on their accounting organization. Based on the results of the survey, work has begun to alleviate the deficiencies that were identified. At the same time companies with the highest level of internal control in each area were identified, which will help in sharing knowledge within the Group. An expanded process with focus on legal compliance will be carried out in 2007.

Finance and accounting network

The subsidiaries' accounting and financial managers are part of a network that meets regularly to exchange experiences and share knowledge. Conferences are held once or twice a year with the aim of maintaining a high level of quality in financial reporting by discussing issues concerning the Group's accounting principles, examining the requirements on internal control, improving quality and efficiency in processes and monitoring, and ensuring efficient sharing of knowledge within the Group.

Communication with the Company's auditor

As an element in the audit, the auditor elected by the Annual General Meeting, KPMG Bohlins AB, also reviews a sample of controls. KPMG reports on its findings and suggests actions to the Audit Committee/Board of Intrum Justitia AB twice a year. Prior to these meetings, observations from audits of subsidiaries are presented to each local management group. These observations are acted upon and followed up in a systematic manner within each unit.

IT and manual controls

Intrum Justitia's financial reporting and risk management are also based on a number of control activities at various levels in companies and service lines. They are conducted through both IT systems that support various operating processes and more conventionally designed manual controls to prevent, detect and correct errors and deviations. Examples of manual controls include authorization routines and requirements for approval from superiors for verifications, as well as logbooks of transactions and changes in basic data. Emphasis is placed on solely including approved business transactions in the financial reporting.

Intrum Justitia's handbook

The Group also uses a handbook that summarizes important internal policies, governing documents and regulations and that, among other things, describes Group-wide rules on business ethics, authorization and accounting. Included are the Board of Directors' rules of procedure, accounting manual, information policy, finance policy, insider rules and authorization instructions. All financial reporting follows the handbook's accounting, reporting and authorization instructions, which in turn are based on IFRS. The handbook's rules are primarily based on the guidelines and rules laid down by the Company's Board of Directors, the GMT and each responsible senior executive.

* This report does not constitute part of the formal annual report and has not been reviewed by the Company's auditors.

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HISTORY

1923 Sven Göranson founds Intrum Justitia.

1920s–1960s Intrum Justitia is founded and grows into the industry leader in Sweden. The focus is on collection services.

1970s A European expansion begins. Intrum Justitia becomes a leader in receivables management with a focus on debt collection in the Nordic region.

1971 Bo Göransson acquires Intrum Justitia from his father. The company establishes operations in Switzerland, marking the start of an expansion throughout Europe over the next 20 years.

1980s The expansion continues, mainly through acquisitions of companies with local operations. In the mid-1980s the head office is moved from Stockholm to Amsterdam.

1990s Intrum Justitia's share is listed on the London Stock Exchange. The Group's service offering is developed and expanded to include a comprehensive range of CMS services. In the late 1990s Intrum Justitia is taken private with the aim of restructuring its operations.

1998 Operations are established in Poland. Acquisitions of Assu-Ré Credit Management Services in Belgium and Inkasso und Finanzierungs AG in Switzerland. Synergy Ltd and the Industri Kapital.

1997 Fund acquire 100 percent of Intrum Justitia through a public tender. The share is delisted from the London Stock Exchange.

2000s The review and restructuring begun in 1998 continues. In 2002 the Parent Company moves to Sweden and Intrum Justitia AB is listed on Stockholmsbörsen. A number of regionally strong CMS companies are acquired.

2001 Acquisition of Dun & Bradstreet's European receivables management operations.

2002 The Parent Company changes its domicile from the Netherlands Antilles to Sweden, moving its head office to Sweden as well. Intrum Justitia AB is listed on Stockholmsbörsen. Operations are established in Latvia. Acquisition of Stirling Park in Scotland. The acquisitions of Jean Riou Contentieux and Cofreco make Intrum Justitia the market leader in France.

2003 A cooperation agreement is signed with Goldman Sachs in the *Purchased Debt* service line.

2004 Intrum Justitia's European Payment Index shows that European payment habits are worsening. This is one of the biggest obstacles to growth for many companies in the EU.

2005 Acquisition of the Slovakian collection company Credit-express Slovakia, now Intrum Justitia Slovakia.

Narva. Photography: Mats Lundqvist, Thron Ullberg, Johnér and Getty Images. Printing: Alfa Print 2007

THREE REASONS TO CHOOSE INTRUM JUSTITIA

- *Fair pay... please!* A courteous attitude encourages long-term business
- Cost-effective management of credit processes – better cash flows
- Better decision guidance through our unique databases

intrum justitia

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