intrum justitia

WE ARE A CATALYST FOR A SOUND ECONOMY

INTRUM JUSTITIA ANNUAL REPORT 2009

Contents

INTRUM JUSTITIA IN ONE MINUTE

Intrum Justitia is Europe's leading Credit Management Services (CMS) company and offers services designed to improve clients' cash flow and long-term profitability.

The Group was founded in 1923 and employs 3,400 professionals in 22 countries across Europe.

Two synergistic service lines

Credit Management Services

Intrum Justitia's offering covers every need in the credit management chain. From credit evaluation, invoicing, sales ledger services, reminders and debt collection to debt surveillance and collection of overdue receivables – locally and worldwide.

Purchased Debt

Intrum Justitia buys portfolios of written down receivables. These are well distributed geographically and by segment and consist largely of small and large unsecured consumer loans.

Improving our clients' businesses

Our core business is to streamline credit management processes and turn them from an administrative expense to a profit center for the client. Intrum Justitia's services help them to identify creditworthy customers and facilitate timely payments.

90,000 clients in Europe and growing

Intrum Justitia has more than 90,000 clients in Europe. Our main customer sectors are telecommunications, utilities, banking and finance.

Excellent growth opportunities

Around ten percent of European companies outsource all their credit management activities. Intrum Justitia thus enjoys substantial potential throughout the region.

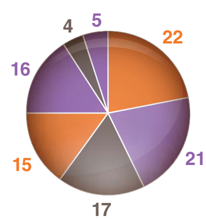
We are a catalyst for a sound economy

Professional credit management makes business easy, secure and fair, thereby contributing to a sustainable society.

A true people company

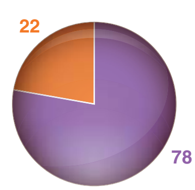
When people deal with us they do not meet a company but a person who understands their needs and is dedicated to finding solutions.

Sales by region, %



- Switzerland, Germany, Austria **22**
- France, Spain, Portugal, Italy **21**
- Sweden, Norway, Denmark **17**
- Netherlands, Belgium **15**
- Finland, Estonia, Latvia, Lithuania **16**
- United Kingdom, Ireland **4**
- Poland, Czech Republic, Slovakia, Hungary **5**

Sales by service line, %



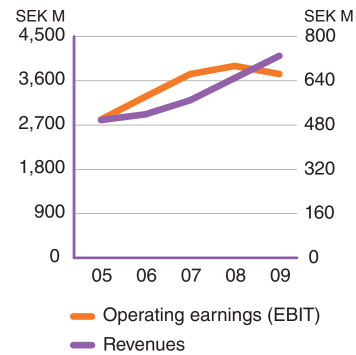
- Credit Management **78**
- Purchased Debt **22**

2009 IN BRIEF

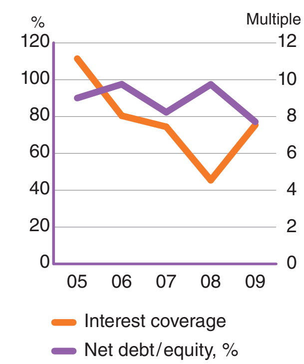
- Consolidated revenues for the full-year 2009 amounted to SEK 4,128 M (3,678), an increase of 12 percent. Organic growth was 4 percent.
- Operating earnings (EBIT) amounted to SEK 668 M (697). Revenues and earnings include Purchased Debt revaluations as well as non-recurrring items of SEK –106 M (–50). Excluding these items, operating earnings (EBIT) were SEK 774 M (747), corresponding to an operating margin of 19 percent (20).
- Net earnings amounted to SEK 441 M (442) and earnings per share before dilution were SEK 5.53 (5.58) for the full year.
- Investments in Purchased Debt were SEK 871 M (872). The return on Purchased Debt was 16 percent (17).
- Cash flow from operations reached SEK 1,523 M, an increase of 21 percent from 2008.
- At year-end 2009 net debt to equity stood at 78 percent (98).
- Intrum Justitia strengthened its position in France by entering into a joint venture with Coface, the purpose of which is B2C debt collection.
- Lars Wollung assumed the position of CEO and President on February 1, 2009.
- The Board of Directors proposes a dividend of SEK 3.75 per share (3.50).

KEY FIGURES	2009	2008	2007	2006	2005
Revenues, SEK M	4,128	3,678	3,225	2,940	2,823
Organic growth, %	3.9	9.3	10.4	4.3	–0.2
Operating margin, %	16.2	19.0	20.7	20.0	17.8
Return on operating capital, %	14.4	17.2	21.1	21.5	22.3
Return on equity, %	17.8	20.8	27.8	28.9	23.0
Return on purchased debt, %	15.6	16.6	17.0	14.4	16.1
Net debt/equity, %	77.7	98.0	82.9	98.1	90.6
Equity/assets ratio, %	38.5	35.5	34.2	33.5	31.8
Interest coverage, multiple	7.6	4.6	7.5	8.1	11.2
Total collection value, SEK bn	128.7	126.3	99.1	89.4	93.3
Average number of employees	3,372	3,318	3,093	2,954	2,863
Earnings per share before dilution, SEK	5.53	5.58	5.86	5.09	3.84

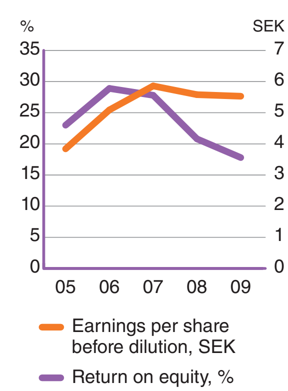
Sales and operating earnings



Interest coverage and net debt/equity



ROE and earnings per share



STATEMENT BY THE CEO

To Intrum Justitia, 2009 meant stable results and a strong financial position that makes future business possible.

Stable results in a turbulent environment

The year that passed

The chapter on 2009 is complete. It was a disruptive year that showed the world just how important professional credit management services really are. Our net earnings of SEK 441 M were unchanged compared with 2008. Although our goal is to create growth no matter what the circumstances, the financial crisis was exceptional, and had a negative impact on us in the short term.

Due to dramatically higher unemployment and uncertainty in the EU, households were not only late on their payments, but in many cases did not pay at all. The average collection case required more resources from Intrum Justitia in 2009, which adversely affected margins in our CMS operations. Our stable results are satisfactory given the turbulent macroeconomic conditions and considerable restructuring costs we faced last year.

Our response to events

In early 2009 payment habits worsened as did people's solvency in many countries soon after. Volumes in the market for written-off receivables were low. Future uncertainty made it difficult for buyers and sellers to agree on how to price receivables.
We responded to events by intensifying our collection operations in order to generate cash flow for our clients and ourselves. We increased costs in order to ensure thorough collections, at the cost of lower margins.

The strategy proved to be successful. We gained market share in many countries. Collections and revenues from our portfolios of written-off receivables increased by 21 and 18 percent, respectively. We managed to exceed our collection forecast in all four quarters of the year. This means that our portfolio is still valued conservatively. Despite a global crisis, our portfolio remained stable.

Successful turnaround in UK and Ireland

In April 2009 we decided to restructure our operations in the United Kingdom and Ireland. We launched a program with the goal of breaking even in the fourth quarter after five consecutive years of losses. And it worked, as evidenced by operating earnings of SEK 9 M in the last quarter of 2009.

In the summer of 2009 we initiated improvement programs in several regions. In Scandinavia, we launched a program at mid-year with the goal of raising operating earnings in 2010. In the DACH region (Switzerland, Germany and Austria), we began to reshape the management team, which was completed in early January 2010. During the second half of 2009 the purchased debt market began to recover. We invested twice as much in the fourth quarter as in the first.

Two other regions, Southern Europe (France, Italy, Spain and Portugal) and Netherlands/Belgium, performed well during the year.

Success for our international services

Revenues from international services grew by 39 percent compared with 2008 as the crisis forced international companies to protect their receivables and cash flows. A growing number of current and potential clients have their sights set on more centralized and global forms of credit management.

Thanks to efforts to expand our network of agents around the world, we can react more flexibly to meet our clients' needs. Today the network consists of agents in more than 170 countries outside Europe. We expect the number of clients and revenues to increase in 2010.

Future outlook

Solid financial position

We are in a favorable position thanks to strong finances. Cash flow from operating activities amounted to SEK 1,523 M in 2009, corresponding to 2/3 of the book value of our purchased debt portfolio. The net debt/equity ratio was 78 percent at year-end, which is low considering that our goal is not to exceed 150 percent. And we have agreed to a new three-year credit facility of EUR 310 M. In other words, we have a stable financial platform for future business.

Better liquidity for clients

We anticipate a gradual improvement in the purchased debt market in the years ahead. Several of our competitors disappeared in 2009, while others had to change their strategies when financing dwindled.

Intrum Justitia continues to pursue a selective strategy where we can maximize our expertise and experience. This means we are avoiding aggressive price competition and targeting small and medium-sized portfolios and special buying opportunities.

We will continue to share the risks in larger investments with partners. The strategy is also helping us to leverage our Credit Management Services line. New investment partnerships were prepared and finalized during the year.

Improvement program and enhanced CMS offering

The trend toward more professional credit management is intensifying due to the recession, which has made current and potential clients increasingly aware of the benefits.

"We are adapting to a changing world. Intrum Justitia has an attractive offering, European and global coverage, committed employees and a strong financial position."

Credit management is important in every customer relationship long before an invoice is overdue. The work begins as early as the sales prospecting and credit evaluation stage. Our strategic efforts to expand the range of credit management services and a continued focus on selective purchases of written-off receivables put us in a position to benefit from our clients' growing awareness.

We expect further challenges in the CMS market in 2010. Solvency will not improve as long as unemployment keeps rising in Europe. Intrum Justitia will continue to pursue legal actions against more debtors, which will lead to higher costs in the short term, but will also generate revenues going forward.

We will work hard to increase productivity and cost efficiency, while at the same time expanding our offering. Products and services will be developed for growing markets such as e-commerce and international solutions.

We are adapting to a constantly changing world. There are always opportunities for business no matter what the economic climate. Intrum Justitia has an attractive offering, European and global coverage, committed employees and a strong financial position. We are a company that puts people at the center of what we do and that has the market's most effective and broadest range of Credit Management Services. Our success has for years depended on the day-to-day efforts of employees at a local level, at the same time that we have maintained a long-term perspective on our operations. This approach will continue to serve as the basis of our actions.

Professional employees are the key to success

Intrum Justitia is clearly recognized and respected for qualities that date back in time. What has also struck me during my first year as CEO is the openness to change and ideas in the organization.

Our strengths are the result of two factors. First, we have a clear understanding of how to utilize our know-how to create value for our clients and shareholders. Secondly, our employees are true professionals. It is in difficult times like these that we prove who we really are, and the strong spirit in this company is inspiring. I would like to thank all of Intrum Justitia's employees for their positive attitude and the commitment they showed in 2009.

A new chapter on 2010

Now we are writing a new chapter for 2010. Let's make it exciting and productive. In this chapter we want to write about how we improved our clients' cash flows and helped them to retain and develop their customers, how people who were late on their payments were able to come back with our support, and, lastly, that our efforts led to an improvement in earnings per share and the continued confidence of our shareholders.

Lars Wollung
CEO and President
Stockholm, February 2010

CONCEPT, VISION AND STRATEGIES

The company was founded in 1923 in Sweden and grew to be the industry leader in its home market, with a focus on collection services. Today Intrum Justitia is the leading supplier of Credit Management Services in Europe.

In 2008 we embarked on our strategic journey from a debt collection firm to a European Credit Management Services company with a uniform client and process oriented organization and shared vision.

Our values

Intrum Justitia is founded on four core values that distinguish the brand and our actions towards all stakeholders:

- Committing to challenge
- Making a difference
- Seeking insight to feed innovation
- Understanding people

These values embody the way we work together to deliver effective client solutions and build client relationships. By applying these values we enhance our ability to deliver high levels of service and business performance over the long term.

Our vision

Our vision is to be a true people-focused company that offers comprehensive financial solutions in all our geographical markets. One company, one brand and a total Credit Management Services offering in all markets.

We judge our progress towards this vision by measuring our clients and their customer retention and by keeping a close eye on employee satisfaction and third-party recognition of our achievements.

Our mission

We are a catalyst for a sound economy. We are here to facilitate business and help create sound economies by making trade smooth, safe and fair.

Our clients

Intrum Justitia has more than 90,000 clients in 22 European countries. Our main customer sectors are telecom, utilities, banking and finance.

Our 150 largest clients account for about 40 percent of Group revenue. No single client accounted for more than 2 percent of revenue in 2009.

Excellent scope exists for expanding the client base and offering existing clients a broader range of services. The aggregate value of unpaid invoices today and the average late payment in Europe is 19 days (17 days in 2008), according to the European Payment Index, Intrum Justitia's annual survey.

Our services

Offering a combination of credit management services (from prospecting to collections) and purchased debt creates significant values for both clients and Intrum Justitia. As a result Intrum Justitia gains cross-service benefits and is not totally dependent on any one business.

Our service lines, Credit Management Services and Purchased Debt, support each other. The portfolios of written-off receivables provide information for Intrum Justitia's databases. By managing written-off receivables, Intrum Justitia achieves economies of scale. The capability to buy written-off receivables means that Intrum Justitia can help its clients with more than just collection. By acquiring the receivables, Intrum Justitia sees to that the client gets paid immediately.

Growth drivers

We have identified four major growth drivers to strengthen Intrum Justitia's position in the next five years:

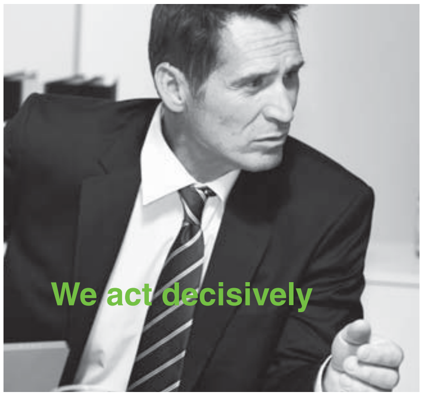
- Operational excellence and better use of IT
- Our transformational journey towards becoming a full credit management services company with a broader service offering to clients.
- Invest in Purchased Debt through own investments and partnerships.
- Selective acquisitions.

Financial objectives

- Attain annual organic growth of 10 percent.
- Generate pre-tax profit growth that is at least in line with annual organic growth.
- Achieve minimum annual return on investments in Purchased Debt of 15 percent.
- Maintain a long-term debt/equity ratio of less than 150 percent.

THREE AMBITIONS FOR 2010

Intrum Justitia is navigating a clear line through changing conditions, taking effective actions today while creating a strong foundation for growth for tomorrow. For many years we have performed well through strong management of day-to-day local operations while maintaining a long-term approach to value generation. This strategy continues to guide our actions. Here we present three key strategic ambitions for 2010.



We act decisively

Competent GMT and operational excellence

We have strengthened the Group Management structure to promote faster decisions and implement new developments swiftly across our various national markets.

With the appointment in 2009 of a new Operations Director responsible for Group-wide integration of operational excellence, service offerings and IT, the Operations Team is now complete. The Operations Team will design and implement new service offerings throughout the Group, as well as restructure and complete existing service offerings. The team will work with a strong focus on operational excellence and the transformation of Intrum Justitia's business information into a competitive advantage.

The Group IT center in Amsterdam will continue to help create more cost-effective and secure IT infrastructure and solutions.

Full Credit Management Services offering

With the full CMS offering we are strengthening our customer portfolio and gaining market share as we gear up to meet and exceed client expectations. The offering will also mitigate price pressure. A broader service offering will help the sales force to push for cross- and up-selling techniques, thus increasing revenue per client.

Quick responses to changing conditions

Multinational companies are increasingly looking for centralized, efficient and transparent CMS solutions to adapt to economic conditions and maintain a global perspective in CMS management information. We are geared up to manage this demand through improved international cooperation, clear pricing strategies and a full service offering in all countries.

Our extended service offering and local presence in 22 European markets means we alone can offer export companies centralized international CMS solutions. Intrum Justitia's global coverage encompasses almost 200 countries. We are uniquely positioned in the world market with our own offices across Europe and a centrally managed network of more than 170 agents.

The brand strategy and core values contribute to a uniform organization and shared vision going forward. Together with our unique and exclusive service offering we make a difference. We combine global capacity, the option of centralized solutions and local expertise in each of the countries where we operate.

We improve business agility

Improved business information

Our new scoring methods increase the probability of getting paid. By knowing our clients' customer payment habits we can apply the right measures to obtain payment on their behalf as quickly as possible. We work constantly to enhance our information databases, reduce time and decrease collection costs.

Stronger client relationships through expanded offering

We are concentrating on client activities and a broader service offering to further improve clients' cash flow. By tying in with their administration systems we move forward together in the credit management chain. The tailor-made solutions that we develop also make it easier for them to provide the best service to their customers, thus increasing customer relationships.

Comprehensive international CMS in 200 countries

Well structured, transparent and centralized credit management processes are in demand. We are actively addressing business-to-business companies that export to a number of different countries and are interested in global credit management. Thanks to our international network of agents we can help clients around the world. By establishing routines with Intrum Justitia in one country the client easily gets access to our Credit Management Services globally, both in countries where Intrum Justitia has its own operations or through our network of agents.

We plan ahead

Managing risk in a changing market

We will continue our selective strategy in purchased debt through our own investments as well as investment partnerships. The combination of our service lines CMS and Purchased Debt creates significant benefits for clients and Intrum Justitia alike.

We are educating consumers and young people

We help our clients' customers to solve their payment problems and to prevent them. Through information and education we are working to increase financial acumen among consumers, particularly young people. Here, our strategy comprises personal presentations and providing information in books and online applications, including websites.

We will acquire companies and credit management teams

We will look actively for selective acquisitions and/or to take over clients' credit management teams. More and more companies are looking for cost cutting measures and focusing on their core business. The key criteria for any acquisition is that it complements the service offering in established markets, strengthens our market position and creates better cost efficiencies, enhances our information data as well as broadens the client base or establishes Intrum Justitia in new markets. Apart from that, an acquisition must generate a positive return.

Shared IT systems and improved web

Intrum Justitia's focus on shared IT systems will enhance our European presence even further. We are also looking to launch a more commercial intrum.com website to better inform visitors of the solutions we offer and eventually sell services online. The new intrum.com will be the portal for all country websites, thus strengthening the one brand – one company philosophy as well as using all websites for commercial purposes.

CMS IS A GROWING MARKET

The market for Credit Management Services is expanding as companies grow more conscious of their importance. Outsourcing of credit management can help companies in a critical area where they don't have enough resources.

Intrum Justitia's strategic focus on an expanded CMS offering is highly suited to the current economic environment.

Our current and potential clients are becoming increasingly aware of the need for professional Credit Management in every customer relationship long before an invoice is overdue, even as early as the sales prospecting and credit evaluation stages. This should increase our chances of new and added sales through the entire credit management chain.

90 percent of the market still untapped

Several important trends are ongoing in the CMS market. Companies that traditionally handled credit management in-house are outsourcing it to specialists like Intrum Justitia. Today we estimate that approximately 10 percent of the market is outsourced. Intrum Justitia has competitors in every geographical market and every stage of the entire CMS chain. Few players have an offering comparable to Intrum Justitia's in terms of breadth. No competitor has the combination of breadth and geographical coverage. Smaller companies in individual markets target portions of the credit management chain, such as local debt collectors, law firms and accounting firms.

Reasons for outsourcing

- Fluctuations in business make it unwise to staff up for peak periods.
- Sophisticated, leaner organizations often choose to concentrate on their core competencies.
- Smaller companies cannot afford expert, in-house credit management, yet have critical needs.
- Newer companies still feeling their way need the expertise and efficiencies of outsourcing.
- European businesses and official bodies spend an estimated minimum of Euro 25 billion every year because they have to follow up on late payers.
- Many industries are deregulating, including financial services, telecommunications, energy and health care. Deregulation increases competition and invoice volume. It also means that companies must have the tools and knowledge to take greater risks and make faster credit decisions.

INTRUM JUSTITIA'S CMS OFFERING

Intrum Justitia's offering spans the entire credit management chain, from credit information and invoicing through sales ledger and collection. Intrum Justitia also buys written-off receivables and offers specialized credit management-related services. Our business strategy mirrors client needs and its success reflects our willingness to listen to what our clients want. Where possible, we will tailor our services to match their needs.

Prospecting and segmentation

Intrum Justitia can help companies to identify and spur successful penetration into new markets while ensuring that time and money is not wasted on efforts to sell to customers who should not be on the prospect list from the start. Intrum Justitia uses scoring to better assess the credit worthiness of a specific group of people and predict consumer payment habits and behaviors. This technology requires not only advanced statistical tools and considerable IT capacity, but also the knowledge of psychology and good business acumen. Scoring is used at every level of the credit management chain.

Risk assessment

Different groups of consumers are evaluated based on historical and statistical data. Awareness of patterns before a sale can conserve resources and reduce risks.

Credit information

Credit information provides guidance for credit decisions and should be an important component of companies' sales and marketing work. Prospects can be targeted more precisely with accurate information, improving the efficiency and effectiveness of sales and marketing efforts and investments.

Credit advice

We provide clients with a detailed recommendation on whether credit should be granted or denied.

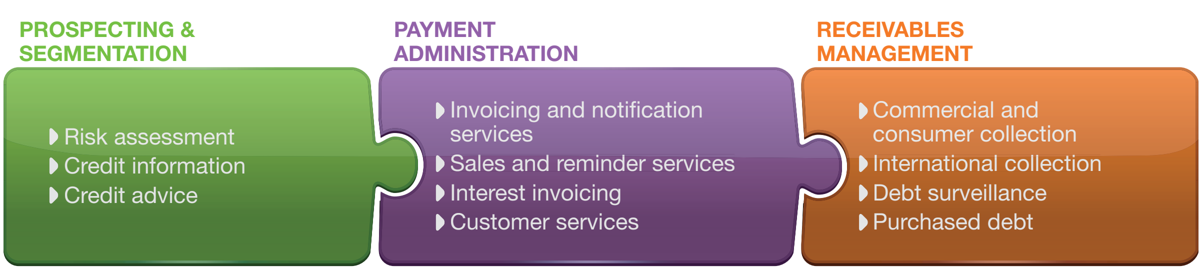
Even risky customers can be accepted and contribute to earnings, albeit with different payment conditions. Interpretations are tailored to each company.

In certain market segments Intrum Justitia handles the credit decision on its clients' behalf, guaranteeing payment based on the credit information.

Payment administration

This part of the credit management process is vital if companies are to be paid on time and in full. Payment administration should be used actively and must therefore be well organized and updated. Better organized payment administration helps to improve customer relationships. More and more companies feel it is necessary to move toward prevention of bad debt. Utilizing Intrum Justitia's understanding of human behavior and payment trends, each customer can be treated differently. For example, the form and frequency of payment reminders can be adapted to each situation. Intrum Justitia helps clients to maintain and improve relationships with their customers.

The credit management chain



Information is vital throughout the entire Credit Management chain. Intrum Justitia provides knowledge about consumer preferences, creditworthiness and payment habits.

Invoicing and notification services

Our invoicing and notification services free up resources instantly. Electronic and/or paper invoices are sent out automatically through quality-assured procedures.

Sales ledger and reminder services

Intrum Justitia handles the invoices, books payments and offers efficient reminder services.

Interest invoicing

Intrum Justitia ensures payment for extended credit on overdue receivables.

Customer services

We handle all contacts with clients' customers regarding invoices and claims in a customer-oriented and smooth manner, based on the service level agreement with the client.

Receivables management

Waiting for payment not only puts a strain on liquidity. The longer you wait to take action, the less likely it is you will be paid at all. Individuals can move house to avoid creditors; companies may resort to bankruptcy. It is estimated that some 30 percent of company bankruptcies are caused by debtors not paying on time. In general, losing money because of bad debt means that companies have to work harder to make up for the loss. Or increase their prices. Or lower costs.

Commercial and consumer collection

Intrum Justitia uses its experience, proven processes, and analysis to ensure effective payment, even on debts that are long overdue. Through its extensive know how, Intrum Justitia can effectively handle complex business-to-business claims as well as high volumes of consumer claims. To collect efficiently, Intrum Justitia uses scoring techniques.

Legal collection

Generally Intrum Justitia recommends that claims be sent for legal collection only if the debtor has been properly notified of his arrears and given the chance and help to pay.

If amicable collection efforts are fruitless, we can forward a case to our attorneys and retain a judgment. In many countries we have a joint legal department with attorneys that work to recover clients past due accounts. Additionally, Intrum Justitia has a network of collection attorneys worldwide that help with accounts. In the event of legal action, required fees will be listed and presented separately for the consideration of the client.

International collection

We help companies to obtain payment from debtors in other countries. Our presence and qualified partners in many markets worldwide are key elements in our success. We can cover almost 200 countries worldwide.

Debt surveillance

Intrum Justitia monitors written-off receivables on behalf of clients. Taking the right measures significantly increases the likelihood of getting paid.

Purchased debt

By purchasing written-off receivables, Intrum Justitia frees up assets for clients and speeds up cash flow. Credit Management Services and Purchased Debt work together and support each other. The former benefits from the latter, thus optimizing total know-how. The information gathered and deployed guarantees clients that Intrum Justitia uses the most efficient and effective collection strategies.

Full service credit management – outsourcing

From invoicing to collecting, outsourcing has become one of the tools of choice for progressive companies seeking a more profitable and better service. Companies of all sizes – from multinationals to small enterprises – use outsourcing to obtain better results at lower cost.

Other services

Intrum Justitia also offers:

- Credit process analysis
- Security management
- VAT refund service
- Legal advice on CMS-related issues
- Consultancy
- Management for hire
- Customer services related to CMS

THE BENEFITS OF PROFESSIONAL CREDIT MANAGEMENT

The global financial crisis underlines the need for improved credit management and risk surveillance. Intrum Justitia provides professional Credit Management Services that contribute to better business for all, companies and consumers alike.

The benefits of professional credit management

Companies are increasingly aware that credit management is not their core business and that professionals would be better at handling the whole process – from prospecting customers and making credit decisions to collecting debt.

Benefits from outsourcing the entire credit management chain include faster payment, reduced costs, improved cash flow and enhanced control over receivables. Gains also include access to best practices introduced by credit management experts – a process that helps companies build customer loyalty, identify new markets and speed up successful penetration. Professional Credit Management ensures that companies avoid wasting time and money on trying to sell to customers who should not be on the prospect list from the start.

Intrum Justitia offers firms a menu-based choice in credit management solutions, from a single Credit Management Service to total credit management outsourcing.

Payment risks increase during a downturn

The global financial crisis underlines the need for improved credit management and risk surveillance. Many experts would identify an under-appreciation of credit risk as the main factor underlying the recent turmoil. Failure to fully appreciate credit risk has been observed in financial institutions, throughout markets and across economies. For many companies, the credit crunch and recession are a wake-up call, reminding them that much more professional management of credit risk is required.

International companies run greater risks

Awareness of country-specific payment risks is imperative for international businesses. For example, the average rate of punctual payment in the different countries studied in the European Payment Survey varies widely. Intrum Justitia has the knowledge to help companies reduce country-specific risks.

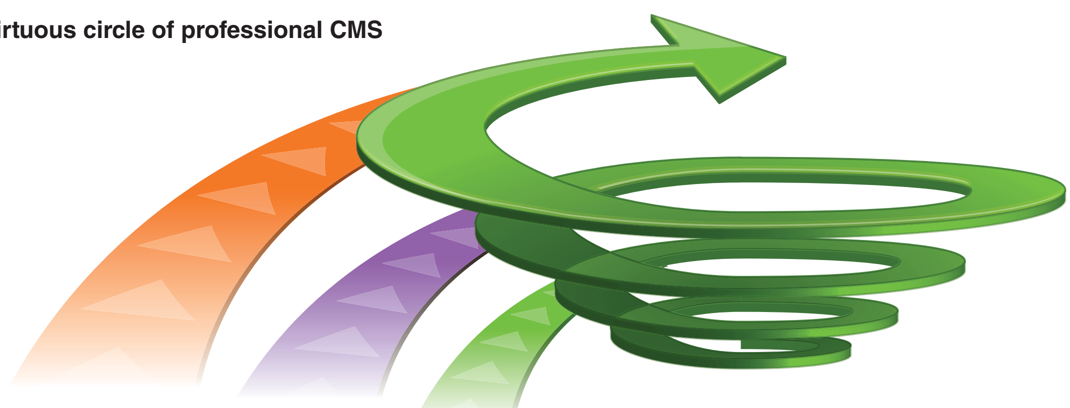
Multinational companies that have grown by acquisition may face the complication of multiple data platforms and different credit procedures in each location. This makes obtaining "global view" management information difficult and leads to wildly varying collection performance from country to country.

As an experienced credit management outsourcing provider, Intrum Justitia puts in place credit management policies and uniform procedures at a national and international level. These are agreed to with relevant departments in each market (such as sales and customer service), whose participation serves to integrate credit management with the business.

Intrum Justitia plays an active role

Intrum Justitia plays an active role in the market and contributes its expertise and services to multinational companies and small enterprises alike. The result is better business for our clients as well as a more efficient economy.

The virtuous circle of professional CMS



Professional Credit Management Services improve clients' competetiveness. Informed credit decisions, faster payment and smooth debt collection improve margins and cash flow, thus creating conditions for an even better business as well as a more efficient economy for all.

EUROPEAN PAYMENT INDEX 2009

Payment risks increased in 2009 in the wake of financial crisis. The delay in getting payment beyond the agreed term stretched on average to 19 days compared to 17 days in 2008. Further deterioration may seriously affect companies' cash flow and could lead to bankruptcies.

The 2009 Intrum Justitia European Payment Survey reveals a decrease in the likelihood of consumers, businesses and public authorities paying on time in 2009 compared to 2008. At the time of the survey the majority of respondents also expected a further deterioration. As the world struggled to cope with the worst economic downturn in many decades, companies found it harder and harder to get paid on time.

The survey shows that in 2009 the delay in getting payment beyond the agreed term stretched on average to 19 days, compared to 17 days in 2008. Each lost payment day costs money. Many companies are endeavoring to reduce the duration of credit offered, especially for consumers. The survey was carried out between January and March 2009, at a time when the effects of the financial crisis, especially the increase in written-off receivables, were visible.

Increase in written-off receivables

The average percentage of written-off debts increased from 1.9 percent in 2007 to 2 percent in 2008 and 2.4 percent in 2009. This may not seem much at first glance but the graph below demonstrates how much extra effort must be invested in sales to counteract the written-off amounts by firms due either to bad debts or chasing what is owed.

One of the sectors hit hardest by bad debt is professional services, which spans a spectrum of fragmented business activities often carried out by smaller companies and sole traders. It has the highest write-off rate of any sector in Europe, with a huge 4.7 percent of debts expected to be written off in 2009 compared to the EU average of 2.4 percent.

The pan-European average for time taken to receive payment increased from 55.5 days in 2008 to 57 days in 2009. Again, there were strong variations between countries. The survey found that 65 percent of companies across Europe wait almost 85 days on average before seeking professional payment collection assistance. It is clear from the chart below that the chance of getting paid in full after 85 days is decreasing rapidly amid the current financial turmoil in which companies can go bankrupt on short notice.

Urgent need for improved credit management

The evidence from the European Payment Index report underlines the urgent need for improved credit management. Measures to be taken include such elementary steps as analyzing a potential customer before doing business with them and trying payment alternatives such as part or upfront payment from slow payers.

Based on feedback from 5,000 chief executives, corporate financial officers and experts in 25 European countries, the report concluded that bad debts drive up the price of goods and services. If companies did not have to allocate costs to get paid or have to write off huge sums of money, they would be able to offer lower prices, increase their investments or improve margins.

Credit losses are hard to compensate

Payment loss effect						
Margin	**2 %**	**3 %**	**4 %**	**5 %**	**6 %**	**7 %**
Written off amount in Euro	Extra sales needed	Extra sales needed	Extra sales needed	Extra sales needed	Extra sales needed	Extra sales needed
Euro 500	25,000	16,667	12,500	10,000	8,333	7,143
Euro 10,000	500,000	333,333	250,000	200,000	166,667	142,857

Businesses with low margins need to increase sales substantially to recoup payment losses.

PURCHASED DEBT

Purchased Debt is an independent service within Intrum Justitia and at the same time an integral part of our offering to clients.

Advantageous coordination

Credit Management Services and Purchased Debt work together and support each other. The former can be optimized with information from the latter. Collection of Intrum Justitia' s proprietary Purchased Debt contributes to consistently high capacity utilization in the CMS service line.

Overdue receivables can be sold

Written-off receivables are overdue receivables that the creditor has taken an accrual against because their nominal value can not completely be recovered, e.g., accounts receivable and loans with or without security, between businesses and consumers or between different businesses.

The debtor is still obligated to pay, but the cost of getting paid is considered so high that the creditor has written-off the debt. It still has an economic value, however, and can be sold to a third party that continues to try to secure payment. The price of overdue receivables varies by the type of receivable. Intrum Justitia acquires portfolios within its niche at an average of less than 10 percent of their nominal value.

Large market

The global market for non-performing receivables generates billions of SEK in revenue and comprises all types of credit portfolios. The sellers are companies that grant credit as their principal service or merely as part of their overall business. Credit institutions, private and public companies and government authorities are among them. By disposing of these non-performing debts, they quickly access liquid assets and can concentrate on their core business. They also avoid the risk of not getting paid at all.

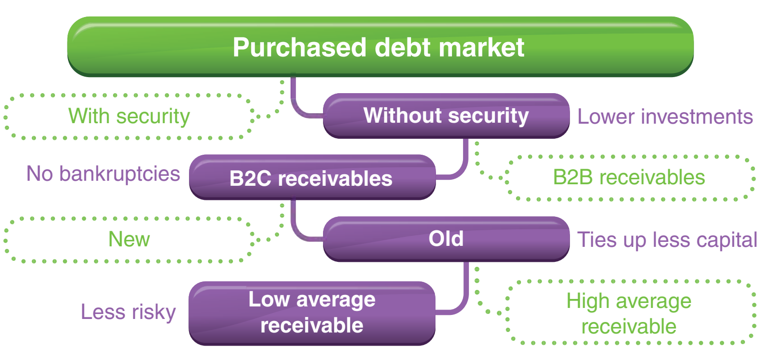
Buyers of overdue receivables include industry players such as Intrum Justitia as well as financial specialists such as international investment banks. About 30 percent of our debt portfolios come from our CMS clients. The remainder is bought from outside parties. In the case of large portfolio investments, we usually cooperate with financial partners such as Calyon or Goldman Sachs.

We bid for portfolios after an evaluation of when and how much of the debts in the various cases will be paid. The projected cost of collection to achieve this projected recovery is determined in close cooperation with the CMS service line. This projection serves as the basis of the price the Group pays for the portfolio. We usually do not sell portfolios after we have purchased them.

Growing portfolio

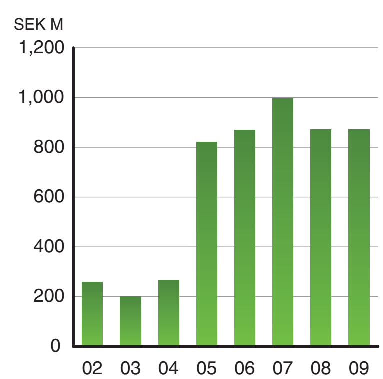
The purchased debt market mainly consists of receivables with underlying security, such as real estate. We have decided, however, to concentrate on the type of cases where we have collection experience and sophisticated analysis and valuation models, i.e., unsecured small and medium-sized consumer debts. The

Intrum Justitia's chosen niche



By choosing at a number of junctions in the Purchased Debt market, Intrum Justitia has acquired portfolios that best suit its resources and experiences.

Investments in written-off receivables



At year-end 2009, Intrum Justitia had 2,870 (2,300) portfolios with a carrying value of SEK 2,312 M (2,330).

portfolios we acquire consist largely of unsecured bank loans and credit card debts granted to individuals, followed by receivables originating from telecom, mail order, utilities and municipal authorities.

Purchased portfolios are distributed geographically and by segment. No single country accounted for more than 13 percent of Intrum Justitia's total portfolio at year-end 2009.

At year-end 2009 Intrum Justitia had 2,870 (2,300) portfolios with a carrying value of SEK 2,312 M (2,330).

Most of the portfolios can be described as small or medium-sized, with an average amount of SEK 8,500 per claim. Intrum Justitia's total portfolio is rapidly amortized. Portfolios bought in 2009 accounted for 29 percent of the total carrying value at the year-end of 2009.

High return

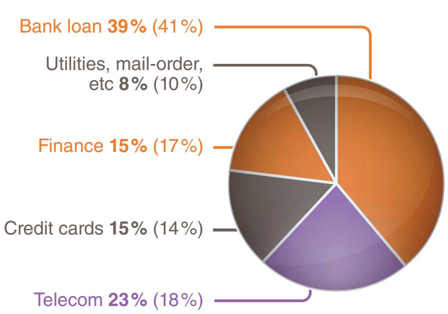
In the income statement, revenue from receivables is recognized as the collected amount less amortization. In recent years amortization has been around 45 percent of the collected amount. The amortization of each portfolio's carrying value is based on the movement of the discounted future net cash flows at the current IRR between two periods and is a relatively stable proportion of the forecasted collections over the remaining life cycle of the portfolio.

The return on purchased debt carrying value has ranged between 14.4 and 21.0 percent in the last five years. The goal of an annual return of at least 15 percent was established in 2007.

In the balance sheet, the value of each portfolio is recognized as the discounted value of all anticipated future cash flows. Current cash flow forecasts are reassessed on a quartely basis and updated based on, among other things, achieved collection results, agreements reached with debtors on instalment plans and macroeconomic information.

Even though the recession made collections tougher during 2009, net revaluations during 2009 represented SEK –36 M or only just over 1.5 percent of the book value of the total portfolio. During the last two years our actual overall collections quarter by quarter have exceeded projections.

Portfolio distributed by segment



Intrum Justitia's portfolio consists of unsecured small and large consumer debts.

Increased activity

We have a central unit responsible for Purchased Debt. Some work is done locally in the regions. Portfolios are purchased continuously. After a purchase, we own the receivables and manage them in the same way as our clients' receivables.

Since 2005 we have increased our activity in the purchased debt area, partly because more clients want to sell their portfolios and partly because we have strengthened our competence in analysis and purchases of portfolios with these types of receivables. Since we made the decision to expand the service line, we have invested nearly SEK 4,500 M in purchased debt. The carrying value of the total portfolio amounted to SEK 2,312 M at year-end 2009.

We plan to continue to invest at least SEK 700 M per year in small and medium-sized portfolios, in addition to possible investments in larger individual portfolios.

Synergies

The analysis of new portfolios in cooperation with the CMS service line increases the understanding of optimizing collections. This improved know-how is also applied in the service of third parties. Purchases of forward flow portfolios deliver a steady flow of collection cases that enable a good utilization of our collection capacity in our CMS service line.

Collection data derived from the handling of Purchased Debt portfolios is valuable, because we have more freedom to test different collection strategies on own cases (champion challenger). This data improves the quality of the extensive credit information databases of Intrum Justitia. This credit information improves the credit application processes for many of our clients and helps us to determine the most efficient and effective collection strategies for written-off receivables.

Partnerships

Strategic partnerships are entered into if complementary know-how exists or the investment levels for a particular portfolio is too large for Intrum Justitia to acquire on its own.

We entered into a long-term partnership with Goldman Sachs in 2004. During 2009 we acquired the shares in the joint ventures with Goldman Sachs because the size of the portfolios no longer justified shared ownership. Goldman Sachs remains a partner, however.

Another long-term partnership exists with Credit Agricole's investment branch Calyon, which started in 2001 and to which new investments have been added in recent years. Other partnerships are assessed on a continuous basis and in January 2010 a joint venture was announced with East Capital in Russia to invest in non-performing consumer loans.

INTRUM JUSTITIA PROMOTES SUSTAINABILITY

Due to the very nature of our business, sustainability is at the heart of our operations. We ensure that creditors are payed on time and that debtors are treated respectfully. Also, Intrum Justitia is reducing its environmental impact by systematically reducing its energy consumption.

Intrum Justitia's mission

It is our mission to be a catalyst for a sound economy. We do this not only by treating debtors respectfully and ensuring fair payment; we promote sustainability throughout the entire credit management chain.

Companies left to operate on their own cash flow

A dynamic economy would be impossible without credit. Credit is imperative for economic growth but is less available than it was, forcing more companies than ever to live off their own cash flow. On-time payment is a matter of survival for many small and medium sized enterprises

For suppliers in countries with deteriorating or risky credit environments, professional credit management is much more important today. This applies at every level of the credit management cycle – from prospecting to collection.

Many companies are trying to drive down costs, while others emphasize lean management structures and seek to minimize overhead without sacrificing quality or service. Many agree that credit management is not their core business and that professionals would be better at handling the whole process. Intrum Justitia offers a menu of credit management solutions – from a single service to total credit management outsourcing.

Good credit management contributes to sustainability

Credit management is today fully integrated in every phase of the customer process, from identification of audiences and segmentation to payment processing, allocation, reconciliation and collection, credit review and approval processes.

Intrum Justitia's advisory services often start with collection. Firms that implement best practices at the collection level soon feel the need for earlier-stage services, such as credit evaluation and decisions and professional credit portfolio management. Intrum Justitia's offering meets that demand.

Intrum Justitia plays an active role and contributes its expertise and services. We are uniquely positioned to assist companies throughout Europe with professional credit management. The result is better business for them and their customers and a more efficient economy – which is good for all.

Sustainability at every level of credit management

A sustainable economy requires efficient credit management and hinges on a responsible credit culture, sound lending practices and on-time payments. The sustainability aspects of credit management differ between the different stages of the credit management chain.

Prospecting and segmentation

We have a close understanding of how solvency differs between the various segments of business and society. Applying our insight, we help clients to reduce credit losses and increase sales to creditworthy customers. The result is long-term customer relationships and improved allocation of economic resources.

Payment administration

Outsourcing a general ledger to Intrum Justitia is one way to professionalize credit management and allows clients to concentrate on their core business. At Intrum Justitia we apply our understanding of human behavior and adapt our treatment of customers to their personal circumstances. Intrum Justitia helps clients to maintain and improve their customer relationships.

Receivables management

Sustainable receivables management work not only means ensuring that our client's customer pays, but also helping the debtor to remain financially sustainable. Intrum Justitia looks at the person behind the debt and helps to devise payment plans. Critical factors here are respectful treatment and offering solutions that make the client the first payment choice for its customers.

Clients

Aiming to provide best-in-class services, we can stand out from our peers and encourage prospects to choose us as their business partner.

Clients' customers

We make a difference by following a set of governing principles unique in our industry. The philosophy is to treat lenders and borrowers respectfully and mediate fair payment between our clients and their customers. We respect the integrity of the debtor in every situation and handle with confidentiality all information about the parties involved. Our goal is for debtors to recognize us as the company they prefer to pay first and fast.

Employees

We employ about 3,400 people. Their well-being and professional development are crucial to our success and future growth.

We are committed to equal opportunities and a diverse and inclusive workplace where everyone is treated with respect. We perform an extensive bi-annual survey (Inject) of staff attitudes that provides vital feedback and enables us to track key issues and drive progress.

Human resources managers implement learning and developments plans for all employees throughout the Group to ensure they develop the core skills and behaviors we need to be successful.

Our people, our value

It is our vision to be the employer of choice in our industry, attracting and retaining the right people to meet our business goals. Here our initiatives have included the launch and implementation of individual performance management (IPM) programs in 22 countries. IPM is the basis for many other important HR processes like management planning, succession planning, internal job market and people development. Thanks to harmonized job descriptions and processes Intrum Justitia can match the right job with the right person – nationally and internationally.

From 2010 all Intrum Justitia websites will fully support and promote our vision so we can attract new employees from a wider field and offer more tools for future employees to stay in touch and learn about our company. Our people strategy continues to emphasize recruitment, skills development and performance improvement.

In 2009 we continued to invest in the development of our staff, applying a learning approach based on improving professional skills. Improved knowledge tools and leadership capabilities from entry level to senior management still have priority.

Employee communication and involvement

Employee communication and consultation, either directly or via staff councils, is an important area. The Inject Survey provides valuable insights into employees' views and is a primary communication tool. This fully electronic survey will be conducted again in September 2010, with detailed results made available for line managers to discuss with their staff. The IntrumNet remains the information source for all employees. Here they can find all information about the business, along with country-specific procedures and news.

Suppliers

Working with partners whose values and principles mirror our own enables us to maintain our high standards and minimize risk.

Investors

We encourage dialogue with existing and potential investors and analysts, to give them a better understanding of our business and strengthen our relationship with them.

General public

Intrum Justitia takes a preventive approach to ensure that fewer people and businesses encounter payment difficulties. The company runs projects to show people how to prevent financial difficulties by managing their finances more sensibly. We also help consumers to avoid financial problems, offering presentations for young people in schools, launching websites with financial advice and contributing to books on managing personal finances.

Legislators and politicians

Late payments are currently one of the biggest obstacles to trade in Europe, costing business and government an estimated Euro 25 billion in 2009. Intrum Justitia is lobbying to encourage decision-makers to facilitate cross-border trade and establish simple, transparent rules in the CMS area.

Environment

Systematic reductions of energy consumption and travel are reducing Intrum Justitia's costs and environmental impact. Group policy is to prioritize alternatives to transport and travel, such as telephone meetings, video and web conferencing. We have invested substantially in video conferencing, which can now be used in all countries and minimizes travel and optimizes communications. Regionalization has also contributed to less need for travel within the Group.

Less paper

We are legally obliged to send out letters via normal post. To improve relations with debtors we are working towards more on-line tools for communications. We have already implemented Intrum.web in several countries to handle claims fully online, including payments. Questions can be asked directly online in an easy-to-use chat program. We are also looking in other situations to replace paper with phone calls, SMS and email. This is not only helping us to use less paper, but often creates closer contacts and better solutions.

Through environmentally preferable procurement, improved recycling and reduced waste, Intrum Justitia is reducing its impact on the environment and its costs.

CREDIT MANAGEMENT AIDS RECOVERY

Unsustainable levels of household debt in the US and Europe precipitated the global financial crisis. When the contagion spread to the real economy, companies not only found themselves facing a steep decline in demand, but longer payment times and consequent pressure on cash flow. The macroeconomic situation has improved, but it is too early to judge what will happen when large government stimulus packages are unwound.

Household debt

USA

In the US, debt actually decreased in the third quarter of 2008, for the first time since records began in 1952. Recovery will be slow as long as the most powerful engine of global demand – the US consumer – is deep in debt. US household debt reached $14 trillion in 2009, or 100 percent of GDP.

EU

Total debt held by European households increased by nearly 10 percent per year in 2002–2007, or twice as fast as nominal GDP. In 2008 household asset prices fell dramatically as financial markets and real estate values nosedived, especially in previously stellar markets like Ireland, Denmark, Spain and the UK. Securities staged a recovery in 2009, but faltering house prices are still impeding growth in markets such as the UK.

Eastern Europe

The rapid increase in debt among Europe's emerging economies was driven by nominal economic growth of 17 percent per year during 2002–2006. Currency swings precipitated a loan crisis as people across the region took cheaper loans in Swiss francs, euros and Japanese yen. These loans appeared advantageous but proved a dire choice for many. Hungary was hit especially hard. Fortunately, relatively few Hungarian households took the yen loan gamble, a market offering that was withdrawn as the credit crisis unfolded. But upwards of 80 percent had already taken out loans in Swiss franc and euro, creating a risen debt mountain.

Steep rise in unemployment makes collection harder

Economic difficulties drive the number of collection cases higher and also make collection more time-consuming and thus more expensive. Higher consumer indebtedness and rising unemployment in many European countries have created tight budgets in a growing number of households.

Unemployment rates in Denmark, Sweden, Ireland, the UK and Spain have risen sharply in the last 12 months, a pattern mirrored in the economies of Estonia, Czech Republic and Slovakia.

Unemployment rose from 7.0 percent to 9.6 percent in Europe in 2009, an almost 40 percent increase in the total number of people out of work. But the picture was patchy. Employment in some countries held up reasonably well (in Germany, the unemployment rate stood at 7.6 percent) but was much weaker in others. In Spain, for instance, the jobless rate came close to 19 percent.

The circle of rising property prices and consumer lending seen in the boom years has now been reversed. Countries that have suffered the biggest falls in house prices in the last two years – such as Ireland, Denmark, Spain and the UK – have also seen the heaviest drops in private consumption.

Households fall behind on payments

Intrum Justitia knows that when households have less money to spend they choose or have to set different payment priorities, putting food, energy and housing bills first. Bills for other products and services tend to be deferred, ending up as delinquent receivables.

For Intrum Justitia this means more debtor contacts, several cases per debtor, more payment plans for debtors and more debt surveillance cases.

Companies that offer consumer credit are facing higher risks. By understanding their customers' credit ratings and payment habits they can reduce risk and promote higher sales. Specialized credit management will accelerate economic recovery in recessionary markets.

Companies need cash flow

The European Commission forecasted up to 200,000 corporate insolvencies in Europe in 2009. The reluctance of banks to lend to small and medium sized enterprises will force thousands of otherwise viable firms out of business. Meanwhile, companies, public authorities and private individuals are taking longer to settle their bills than ever before, further endangering businesses and draining their cash flow.

Professional credit management is crucial

As the global recession forces businesses into adjustment processes, companies are becoming much more dependent on their own cash flow.

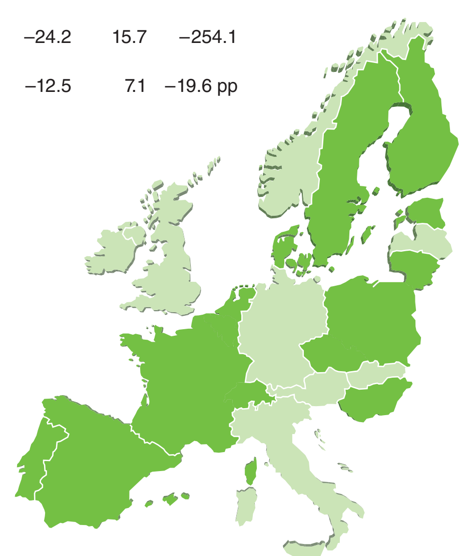
Professional credit management is so much more important today at every point in the credit cycle – from prospecting to collection.

INTRUM JUSTITIA'S REGIONS

Region	Market share, %	% of Group sales	% of Group profit	% of employees	SEK M	2009	2008	%
Sweden	>25				Revenues	718.5	713.2	0,7
Norway	10–25	17	23	15	Operating earnings	165.4	191.8	–13.8
Denmark	10–25				Operating margin,%	23.0	26.9	–3.9 pp
Netherlands	>25	15	15	13	Revenues	643.4	543.4	18.4
Belgium	>25				Operating earnings	104.4	96.9	7.7
					Operating margin,%	16.2	17.8	–1.6 pp
Switzerland	>25				Revenues	915.1	778.2	17.6
Germany	<10	22	34	13	Operating earnings	242.6	267.3	–9.2
Austria	<10				Operating margin,%	26.5	34.3	–7.8 pp
France	10–25				Revenues	879.1	659.5	33.3
Spain	10–25	21	23	26	Operating earnings	163.5	124.5	31.3
Portugal	10–25							
Italy	10–25				Operating margin,%	18.6	18.9	–0.3 pp
Finland	>25				Revenues	644.6	534.5	20.6
Estonia	10–25	16	31	12	Operating earnings	217.9	217.0	0.4
Latvia	10–25							
Lithuania	10–25				Operating margin,%	33.8	40.6	–6.8 pp
United Kingdom	<10	4	–14	8	Revenues	169.6	226.5	–25.1
Ireland	<10				Operating earnings	–100.1	–114.4	–12.5
					Operating margin,%	–59.0	–50.5	–8.5 pp
Poland	10–25				Revenues	193.2	220.2	–12.3
Czech Republic	>25	5	–3	13	Operating earnings	–24.2	15.7	–254.1
Slovakia	10–25							
Hungary	>25				Operating margin,%	–12.5	7.1	–19.6 pp

Revaluations of purchased debt are excluded from Group revenues.
Operating profit (EBIT) exclude purchased debt revaluations and non-allocated central costs.
pp=percentage points

Intrum Justitia operates in 22 countries organized in seven regions, each of which is a platform for complete offerings and shared support functions (Sales & Marketing, IT, HR Finance and Legal affairs).



THE SHARE

Listing
The Intrum Justitia share has been listed on NASDAQ OMX Stockholm since June 2002. A trading lot comprises 100 shares. Since June 2006 the share is quoted on NASDAQ OMX Stockholm's Mid Cap list of companies with a market capitalization between EUR 150 M and EUR 1 billion.

Share capital
Intrum Justitia AB's share capital amounted to SEK 1,599,893.02 on December 31, 2009, distributed among 79,994,651 shares, each with a quota value of SEK 0.02. All the shares have one vote and share equally in the company's assets and earnings.

Share-based payment for employees
Performance-Based Share Program
The Annual General Meeting in 2008 resolved to approve a Performance-Based Share Program for 2008 comprising not more than 300,000 performance shares allocated to not more than 70 persons (the CEO and President, other key executives and key managers). A performance share under the program confers the right to acquire one share in Intrum Justitia at a future date for SEK 10. The program is divided into two parts, one of which, corresponding to 50 percent of the performance shares, has a performance period extending from January 1, 2008 to December 31, 2009 and can be exercised during the period May 15, 2010-May 15, 2012. The conditions regarding e.g., growth in earnings per share have not been met and this part of the program will lapse. The other part, corresponding to 50 percent of the performance shares, has a performance period extending from January 1, 2008 to December 31, 2010 and can be exercised during the period May 15, 2011-May 15, 2013. Furthermore, the participant must, as a rule, remain employed by Intrum Justitia until the first day that the performance shares can be exercised, i.e., May 15, 2010 and May 15, 2011, respectively. The performance shares outstanding as per December 31, 2009 could entitle 38 employees to acquire a total of not more than 137,485 shares in Intrum Justitia AB. As existing shares will be delivered upon exercise of the performance shares, the total number of shares outstanding will not increase in connection with the exercise of the performance shares. See also Note 32, page 59.

No corresponding share-based program was adopted in 2009.

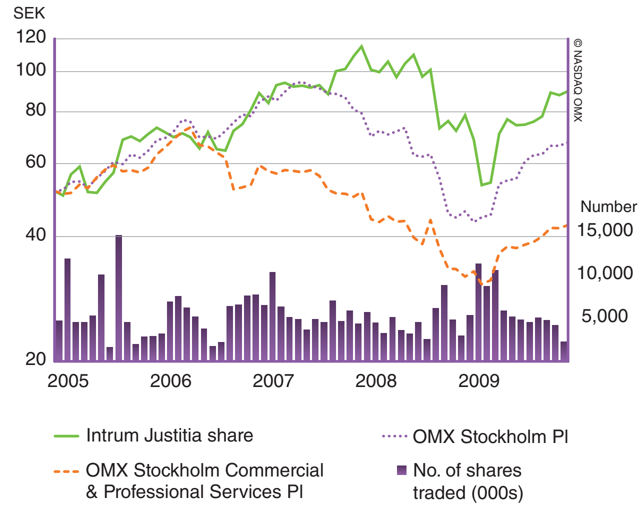
Market capitalization, price trend and turnover
In 2009 the price of the Intrum Justitia rose from SEK 78.50 to SEK 89.75, or by 14.3 percent. During the same period the NASDAQ OMX Stockholm Index increased by 43.7 percent. The lowest price paid for the share during the year was SEK 50.75, on March 2, and the highest was SEK 91.00, on November 12.

Intrum Justitia's year-end share price gives it a market capitalization of SEK 7,157 M (6,247). Share trades were settled on every business day of the year. An average of 402,383 shares was traded per day (287,321). The turnover rate, i.e., the share's liquidity, was 0.92 (0.91), against 1.07 (1.32) for NASDAQ OMX Stockholm as a whole.

Shareholders
At year-end 2009 Intrum Justitia had 7,154 shareholders, compared with 6,320 a year earlier. The eleven members of the Group Management Team held a combined 797,417 Intrum Justitia shares and 57,674 performance shares at year-end. Moreover, CEO Lars Wollung and Regional Managing Director of the time Monika Elling had 280,000 and 100,000 call options, respectively, issued by Cevian Capital. Intrum Justitia's Board Members owned 43,842 shares and a total of 85,000 call options issued by Cevian Capital. At year-end 2009 Intrum Justitia AB was holding 250,000 treasury shares.

Dividend policy
Intrum Justitia's Board of Directors has as its aim to annually propose that shareholders receive a dividend or equivalent form of distribution that over time averages at least half of net earnings for the year, after tax. Decisions relating to the dividend proposal take into account the company's future revenues, financial condition, capital requirements and situation in general.

For fiscal year 2009 the Board is proposing a dividend of SEK 3.75 per share, corresponding to approximately 68 percent of net earnings after tax. The proposed record day for the dividend is March 30, 2010.



Analysts who cover Intrum Justitia

ABG Sundal Collier	J E Gjerland & R Henze
Carnegie	Mikael Löfdahl
Cheuvreux	Niklas Kristoffersson
Handelsbanken	Lars Hallström
Nordea	Mats Liljedahl
SEB Enskilda	Stefan Andersson
Swedbank	Sven Sköld

Changes in share capital

	Transaction	Change in share capital	Total share capital	Total no. of shares	Quota value per share, SEK
2001	Incorporation	100,000	100,000	1,000	100
2001	Split 5000:1	0	100,000	5,000,000	0.02
2001	New issue [1]	778,729.4	878,729.4	43,936,470	0.02
2002	New issue [2]	208,216.72	1,086,946.12	43,936,470	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
2007	Exercise of employee stock options [5]	22,672	1,581,797.02	79,089,851	0.02
2008	Exercise of employee stock options [6]	10,046.40	1,591,843.42	79,592,171	0.02
2009	Exercise of employee stock options [7]	8,049.60	1,599,893.02	79,994,651	0.02

1) Directed to the Industri Kapital 1997 Fund and Synergy at a subscription price of SEK 0.02 as part of the legal restructuring of the Intrum Justitia Group.

2) New issue of 1,402,228 shares each to 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.

5) During the period July 1– December 31, 2007 Intrum Justitia's share capital increased from SEK 1,559,152.02 to SEK 1,581,797.02, corresponding to 1,133,600 new shares with an equal number of votes.

6) During the period January 1– December 31, 2008 Intrum Justitia's share capital increased from SEK 1,581,797.02 to SEK 1,591,843.42, corresponding to 502,320 new shares with an equal number of votes.

7) During the period January 1– December 31, 2009 Intrum Justitia's share capital increased from SEK 1,591,843.42 to SEK 1,599,893.02, corresponding to 402,480 new shares with an equal number of votes.

Shareholdings by size

Holding, no. of shares	No. of shareholders	Total no. of shares	Capital and votes, %
1 – 1,000	5,671	1,829,232	2.3
1,001 – 10,000	1,107	3,471,583	4.3
10,001 – 50,000	196	4,564,043	5.7
50,001 – 100,000	49	3,492,387	4.4
100,001 – 500,000	98	22,946,308	28.7
500,001 – 1,000,000	17	11,379,839	14.2
1,000,001 – 5,000,000	16	32,311,259	40.4
>5,000,001	0	0	0
Total	**7,154**	**79,994,651**	**100**

No. of shareholders who own one trading lot (100 shares) or less: 1,990.

Ownership structure as of December 31, 2009

Total no. of shares: 79,994,651	No. of shares	Capital and votes, %
SEB Funds	5,279,980	6.6
Länsförsäkringar Funds	3,830,150	4.8
CapMan Oyj	3,407, 550	4.3
NBI hf Iceland	3,129,784	3.9
Fourth Swedish Nat'l Pension Fund	2,685,601	3.4
Investment AB Öresund	2,600,000	3.3
Swedbank Robur Funds	2,588,052	3.2
Lannebo Funds	2,477,500	3.1
HQ Funds	2,232,491	2.8
Fidelity Funds	2,168,599	2.7
Total	**30,399,707**	**38.0**

Data per share

	2009	2008	2007	2006	2005
Earnings before dilution, SEK	5.53	5.58	5.86	5.09	3.84
Earnings after dilution, SEK	5.53	5.56	5.83	5.04	3.81
Operating cash flow, SEK	19.12	15.88	12.85	11.09	10.15
Shareholders' equity before dilution, SEK	31.96	30.19	23.30	18.73	16.48
Shareholders' equity after dilution, SEK	31.96	30.28	23.46	20.46	18.67
Dividend/proposed dividend, SEK	3.75	3.50	3.25	2.75	2.25
Dividend payout, %	67.9	63.2	55.5	54.0	54.7
Share price at year-end, SEK	89.75	78.50	115.0	88.75	73.25
Yield, %	4.2	4.5	2.8	3.1	3.1
P/S, multiple	1.7	1.7	2.8	2.4	2.2
P/E, multiple	16.3	14.2	19.6	17.4	19.1
Beta	0.7	0.8	0.7	0.8	0.6
No. of shares at year-end	79,744,651	79,342,171	79,089,851	77, 956,251	77, 956,251
No. of shares at year-end after dilution	79,744,651	79,640,093	79,513,063	78,794,959	78,629,289
Average no. of shares	79,658,944	79,148,161	78,436,068	77, 956,251	83,483,441
Average no. of shares after dilution	79,681,973	79,446,083	78,859,280	78,794,959	84,156,479

FINANCIAL OVERVIEW

Income statement (SEK M)	2009	2008	2007	2006	2005
Revenues	4,127.8	3,677.7	3,225.2	2,939.6	2,823.2
Cost of sales	–2,599.2	–2,186.4	–1,868.9	–1,705.9	–1,679.6
Gross earnings	**1,528.6**	**1,491.3**	**1,356.3**	**1,233.7**	**1,143.6**
Sales and marketing expenses	–338.2	–307.3	–285.4	–261.9	–273.1
General and administrative expenses	–506.5	–426.8	–403.9	–385.5	–367.6
Disposal of operation/Goodwill impairment	–16.0	–60.7	–	–	–
Participations in associated companies	0.3	0.8	0.8	0.4	0.7
Operating earnings (EBIT)	**668.2**	**697.3**	**667.8**	**586.7**	**503.6**
Net financial items	–79.8	–127.6	–72.1	–59.6	–31.4
Earnings before tax	**588.4**	**569.7**	**595.7**	**527.1**	**472.2**
Tax	–147.8	–128.0	–133.7	–119.6	-138,6
Net earnings for the period	**440.6**	**441.7**	**462.0**	**407.5**	**333.6**
Of which attributable to:					
Parent Company's shareholders	440.5	441.7	459.6	397.0	320.6
Minority interests	0.1	0.0	2.4	10.5	13.0
Net earnings for the period	**440.6**	**441.7**	**462.0**	**407.5**	**333.6**

Balance sheet (SEK M)	2009	2008	2007	2006	2005
Assets					
Total fixed assets	4,862.1	4,978.3	3,880.1	3,118.3	2,743.5
of which Purchased debt	2,311.9	2,330.3	1,882.2	1,317.9	933.0
Total current assets	1,762.0	1,762.7	1,513.3	1,343.2	1,392.5
Total assets	**6,624.1**	**6,741.0**	**5,393.4**	**4,461.5**	**4,136.0**
Shareholders' equity and liabilities					
Total shareholders' equity incl. minority interests	2,548.9	2,395.3	1,842.5	1,492.6	1,316.1
Total liabilities	4,075.2	4,345.7	3,550.9	2,968.9	2,819.9
Total shareholders' equity and liabilities	**6,624.1**	**6,741.0**	**5,393.4**	**4,461.5**	**4,136.0**

Key figures	2009	2008	2007	2006	2005
Revenues, SEK M	4,127.8	3,677.7	3,225.2	2,939.6	2,823.2
Revenues excl. revaluations, SEK M	4,163.5	3,675.5	3,213.7	2,932.4	2,808.8
Organic growth, %	3.9	9.3	10.4	4.3	–0.2
Operating earnings, SEK M	668.2	697.3	667.8	586.7	503.6
Operating earnings excl. revaluations, SEK M	703.9	695.1	656.3	579.5	489.2
Operating margin excl. revaluations, %	16.9	18.9	20.4	19.8	17.4
Interest coverage ratio, multiple	7.6	4.6	7.5	8.1	11.2
Return on total capital, %	10.1	12.0	13.9	14.0	13.4
Return on capital employed, %	13.4	16.8	20.2	20.5	20.5
Return on operating capital, %	14.4	17.2	21.1	21.5	22.3
Return on shareholders' equity, %	17.8	20.8	27.8	28.9	23.0
Return on purchased debt, %	15.6	16.6	17.0	14.4	16.1
Equity/assets ratio, %	38.5	35.5	34.2	33.5	31.8
Average number of employees	3,372	3,318	3,093	2,954	2,863

The Board of Directors and the CEO and President of Intrum Justitia AB (publ) hereby submit the following annual report and consolidated financial statements for the fiscal year 2009. The company has its registered address in Stockholm, Sweden and corporate identity number 556607–7581.

The Intrum Justitia group

Intrum Justitia is Europe's leading Credit Management Services (CMS) group, offering comprehensive services designed to measurably improve clients' cash flows and long-term profitability. Founded in 1923, Intrum Justitia has 3,400 employees in subsidiaries in 22 countries as well as one associated company. The Intrum Justitia share has been listed on NASDAQ OMX Stockholm since 2002.

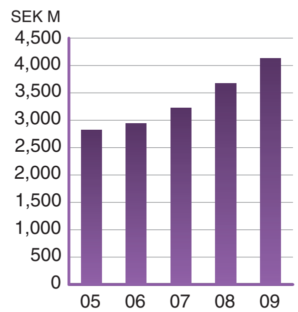
Significant events during the year

- In February Lars Wollung took over as Chief Executive Officer and President of Intrum Justitia. On the same date he resigned from his position as member of the Board of Directors of the company.
- At the Annual General Meeting in April, Matts Ekman, Helen Fasth Gillstedt, Lars Förberg, Bo Ingemarson and Lars Lundquist were re-elected as Board members and Charlotte Strömberg and Fredrik Trädgårdh were elected as new Board members. Lars Lundquist was re-elected as Chairman of the Board and Bo Ingemarson was re-elected as Deputy Chairman. The Annual General Meeting also approved the Board's proposal for principles for remuneration and other terms of employment for key executives, as well as to amend the summons procedure for general meetings in the articles of association, conditional upon an anticipated amendment to the Swedish Companies Act.
- At a Capital Markets Day it hosted in London in June, Intrum Justitia discussed the Group's development during the first five months of the year and presented information in connection with the press releases issued earlier the same week. One of them regarded Intrum Justitia's purchase of Goldman Sachs' share of two joint ventures that since 2003 had successfully acquired large portfolios of impaired debt in Germany, Spain and United Kingdom. It was also announced that negotiations were under way with employee representatives in England and Ireland on changes in the Group's operations in the region, which would likely entail layoffs. Further, Stirling Park's operations in Scotland were divested.
- In September Intrum Justitia completed a review of its UK operations, due to which the region increased its focus on the Purchased Debt business area in England. As a consequence, the staff was reduced by 247 employees by the end of the third quarter 2009. The number of employees in Ireland was reduced from 40 to 30 and a new management structure was implemented.
- In December Intrum Justitia reached an agreement to enter into a joint venture with Coface in France. The purpose is to jointly run B2C collection business previously owned by Coface Services. Coface has a global presence with 7,000 employees in 67 countries. The joint venture will be based in Lyon and have 50 employees.

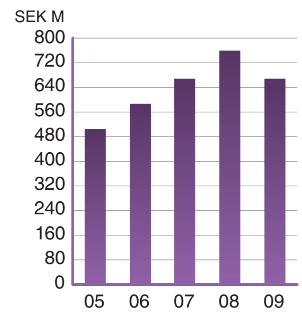
Revenues and earnings

Consolidated revenues during the year amounted to SEK 4,127.8 M (3,677.7). The revenue increase of 12.2 percent included organic growth of 3.9 percentage points, currency effects of 8.6 percentage points, acquisition effects of 0.7 percentage points and –1.0 percentage points related to revaluations of purchased debt. Organic growth was mainly attributable to the Purchased debt service line, while the Credit Management service line was adversely affected by macroeconomic conditions, especially in Eastern Europe. Revenues in Credit Management were also affected by the termination of unprofitable customer contracts in the United Kingdom & Ireland region. Operating earnings amounted to SEK 668.2 M (697.3). Revenues and operating earnings included net purchased debt revaluations of SEK –35.7 M (+2.2). Earnings for the year also included a loss of SEK –16.0 M on the divestment of the Scottish operations, non-recurring expenses of SEK –43.8 M in connection with efficiency improvements in England and SEK –10.3 M in provisions for anticipated losses related to lease guarantees for the company's former offices. Earnings in 2008 included a gain of SEK 8.9 M on the sale of the operations of the Swiss credit information company KISS Kredit-Info-Service-System AG and goodwill impairment attributable to the Scottish operations of SEK 60.7 M. Excluding revaluations, nonrecurring expenses and acquisition effects, operating earnings were SEK 774.0 M (746.9), corresponding to an operating margin of 18.6 percent (20.3). Operating earnings were also charged with acquisition-related amortization of intangible assets of SEK –21.8 M (–10.3). Earnings before tax amounted to SEK 588.4 M (569.7) and net earnings were SEK 440.6 M (441.7).

Consolidated revenues

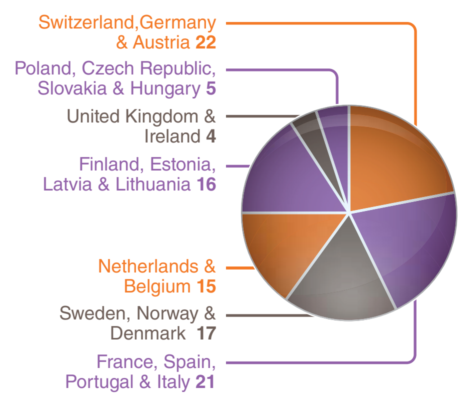


Consolidated operating earnings (excl. goodwill impairment)



Geographical regions

Share of consolidated revenues (%)



Sweden, Norway & Denmark

Regional operations were reorganized during the year to reduce costs and facilitate future growth and efficiency. A greater focus on sales activities for certain clients in the banking and financial sector has produced positive results, mainly in Denmark, though also in Sweden.

The region has invested in improved customer quality through strategic IT upgrades with "One Interface" and "Transaction Broker." A legal amendment in Norway pertaining to debtors' fees will have a limited impact on the region's revenues and earnings from 2010.

Regional revenues excluding PD revaluations increased during the year by 0.7 percent to SEK 718.5 M (713.2). Operating earnings excluding revaluations amounted to SEK 165.4 M (191.8), corresponding to a margin of 23.0 percent (26.9).

Netherlands & Belgium

The region developed favorably during the year, especially in Belgium, where organic growth, combined with the acquisition completed in spring 2008, contributed to higher market shares.

Consumer collections remain stable, while B2B collections are being affected by the growing number of companies with payment problems.

Slower activity in portfolio purchases has been offset to some extent by higher profitability in CMS services, where new clients were added in the telecom, energy and financial services industries.

Regional revenues increased during the year by 18.4 percent to SEK 643.4 M (543.4). Operating earnings amounted to SEK 104.4 M (96.9), corresponding to a margin of 16.2 percent (17.8).

REVENUES EXCLUDING REVALUATIONS (SEK M)	2009	2008	2007	2006	2005
Sweden, Norway & Denmark	718.5	713.2	679.0	637.1	653.2
Netherlands & Belgium	643.4	543.4	403.8	389.7	391.6
Switzerland, Germany & Austria	915.1	778.2	614.3	553.9	521.0
France, Spain, Portugal & Italy	879.1	659.5	575.9	504.0	415.9
Finland, Estonia, Latvia & Lithuania	644.6	534.5	441.9	393.8	351.9
United Kingdom & Ireland	169.6	226.5	284.3	292.2	324.6
Poland, Czech Republic, Slovakia & Hungary	193.2	220.2	214.5	161.7	150.6
Total	**4,163.5**	**3,675.5**	**3,213.7**	**2,932.4**	**2,808.8**

OPERATING EARNINGS EXCLUDING REVALUATIONS (SEK M)	2009	2008	2007	2006	2005
Sweden, Norway & Denmark	165.4	191.8	189.3	173.5	167.7
Netherlands & Belgium	104.4	96.9	64.0	72.7	92.3
Switzerland, Germany & Austria	242.6	267.3	195.1	149.2	108.1
France, Spain, Portugal & Italy	163.5	124.5	120.1	103.4	68.4
Finland, Estonia, Latvia & Lithuania	217.9	217.0	178.8	153.8	143.0
United Kingdom & Ireland	–100.1	–114.4	–23.4	–9.1	–53.2
Poland, Czech Republic, Slovakia & Hungary	–24.2	15.7	42.9	27.7	22.8
Participations in associated companies	0.3	0.8	0.8	0.4	0.7
Central costs	–65.9	–104.5	–111.3	–92.1	–60.6
Total	**703.9**	**695.1**	**656.3**	**579.5**	**489.2**

REVENUES BY SERVICE LINE (SEK M)	2009	2008	2007	2006	2005
Credit Management	3,548.3	3,217.9	2,852.1	2,706.6	2,652.1
Purchased Debt	924.1	783.6	573.7	402.3	321.6
Elimination of inter-service line revenue	–344.6	–323.8	–200.6	–169.3	–150.5
Total	**4,127.8**	**3,677.7**	**3,225.2**	**2,939.6**	**2,823.2**

OPERATING EARNINGS (EBIT) BY SERVICE LINE (SEK M)	2009	2008	2007	2006	2005
Credit Management	398.3	501.0	494.8	508.0	451.4
Purchased Debt	361.9	349.3	271.8	161.8	108.2
Disposal of operation/Goodwill impairment	–16.0	–51.8	–	–	–
Participations in associated companies	0.3	0.8	0.8	0.4	0.7
Central costs	–76.3	–102.0	–99.6	–83.5	–56.7
Total	**668.2**	**697.3**	**667.8**	**586.7**	**503.6**

Switzerland, Germany & Austria

The regional cooperation in Switzerland, Germany and Austria was further strengthened, leading to synergy gains. The region's new management team which gradually came into place in late 2009 has launched a comprehensive improvement program aimed at higher sales and cost efficiencies.

Together with its partners, Intrum Justitia acquired three large debt portfolios in this geographical region in 2006-2008. The portfolios have performed very well, but the contribution to earnings is gradually falling as the portfolios age.

Regional revenues excluding PD revaluations increased during the year by 17.6 percent to SEK 915.1 M (778.2). Operating earnings excluding revaluations amounted to SEK 242.6 M (267.3), corresponding to a margin of 26.5 percent (34.3). Earnings in the previous year included a gain of SEK 8.9 M on the divestment of Kredit-Info-Service-System AG.

France, Spain, Portugal & Italy

Market share in France has grown thanks in part to the successful acquisitions of Cronos and SSE in late 2008. Synergies exceed expectations, and the integration of their operations has progressed according to plan. A joint venture with Coface as of 2010 on B2C collections in the French market further increases Intrum Justitia's market share.

CMS operations in Spain and Italy have also developed well. Purchased debt operations performed somewhat weaker, however, due to macroeconomic conditions.

Regional revenues excluding PD revaluations increased during the year by 33.3 percent to SEK 879.1 M (659.5). Operating earnings excluding revaluations amounted to SEK 163.5 M (124.5), corresponding to a margin of 18.6 percent (18.9).

Finland, Estonia, Latvia & Lithuania

Intrum Justitia's market shares in the region have increased. Investments have been made in operating improvements to increase success rates and quality, as well as in a new contact center in Tampere.

Solid growth was achieved in CMS, but the operating margin has been hurt by higher legal costs due to macroeconomic conditions. The increased share of fresh receivables in the region's purchased debt portfolio has reduced the risk level but adversely affected the margin.

Regional revenues excluding PD revaluations increased during the year by 20.6 percent to SEK 644.6 M (534.5). Operating earnings excluding revaluations amounted to SEK 217.9 M (217.0), corresponding to a margin of 33.8 percent (40.6).

United Kingdom & Ireland

The region has reported operating losses for a number of years. A restructuring was implemented in 2009 to stop the losses.

Attempts were made in England to change pricing for clients of the CMS operations. The majority of clients did not accept the price adjustment which would have been necessary to achieve profitability, and unprofitable contracts were therefore terminated. After negotiations with the staff, which concluded in September, 247 employees were laid off during the third quarter. The initial results of the restructuring have been positive, and the region reported an operating profit during the fourth quarter. Purchased debt operations are profitable, and the focus going forward is on investing in additional portfolios in the British market.

Ten employees have been let go in Ireland as well. The Scottish operations were divested during the year.

Regional revenues excluding PD revaluations amounted to SEK 169.6 M (226.5). Operating earnings excluding revaluations amounted to SEK –100.1 M (–114.4). The 2009 result included a loss of SEK 16.0 M on the sale of the operations in Scotland, SEK 43.8 M in nonrecurring expenses in connection with efficiency improvements in England, and an expense of SEK 10.3 M for lease guarantees for the English company's previous offices. The 2008 results were charged with SEK 60.7 M for goodwill impairment in Scotland.

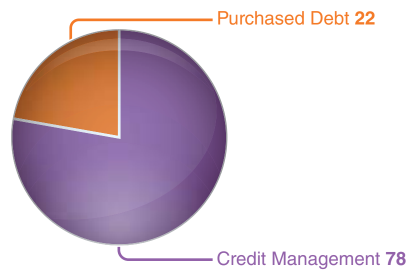
Poland, Czech Republic, Slovakia & Hungary

Macroeconomic conditions have hurt the region's financial development, and several important clients have been lost, resulting in a significant drop in revenues. Cost cuts and efficiency improvements were implemented during the year, but did not fully meet expectations. As a result, the region's improvement program will be intensified.

Regional revenues excluding PD revaluations amounted to SEK 193.2 M (220.2) during the year. Operating earnings excluding revaluations amounted to SEK –24.2 M (15.7).

Service lines

Share of consolidated revenues (%)



Service lines

Intrum Justitia's offering is divided into two service lines:

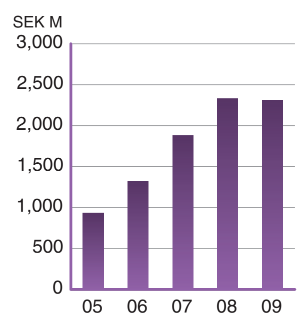
- Credit Management. Debt collection and other collection management services.
- Purchased debt. Acquisition of portfolios of written-off receivables at less than their nominal value, after which Intrum Justitia collects the receivables on its own behalf. The service line also includes guarantees for charge card receivables.

Credit Management

Service line revenues increased by 10.3 percent during the year, from SEK 3,217.9 M to SEK 3,548.3 SEK M. Operating earnings amounted to SEK 398.3 M (501.0), corresponding to an operating margin of 11.2 percent (15.6). The service line was generally affected by macroeconomic conditions, especially in Eastern Europe, with higher collection costs and poorer outcomes from incoming cases. Growth remained good in southern and western Continental Europe as well as in international collections.

Purchased Debt

Carrying value of purchased debt



Service line revenues increased by 17.9 percent during the year, from SEK 783.6 M to SEK 924.1 M. Operating earnings amounted to SEK 361.9 M (349.3). In accordance with IFRS, Intrum Justitia applies an accounting model (the effective interest method) where the carrying amount of each debt portfolio, and thus net earnings for the year, is based on discounted future cash flows updated quarterly. The discount rate varies by portfolio based on the estimated effective interest rate at the time of acquisition. If estimated future cash flows change, the effective interest rate can be adjusted within the range 8–25 percent. In this way, the carrying amount is not affected by changes in cash flow projections as long as the effective interest rate falls within the stipulated range. A portfolio is never carried at higher than cost. In other words, the portfolios are not marked to market.

During the year the carrying amount of purchased debt was adjusted by a net of SEK –35.7 M (+2.2) due to changes in estimates of future cash flows, as specified below.

SEK M	2009	2008
Sweden, Norway & Denmark	–0.7	–0.9
Netherlands & Belgium	0.0	0.0
Switzerland, Germany & Austria	2.4	–0.1
France, Spain, Portugal & Italy	–30.1	–14.8
Finland, Estonia, Latvia & Lithuania	5.6	14.6
United Kingdom & Ireland	–2.1	–2.6
Poland, Czech Republic, Slovakia & Hungary	–10.8	6.0
Total	**–35.7**	**2.2**

Adjustments are reported as part of quarterly amortization, as a result of which revenues and operating earnings are affected equally. This is because Purchased Debt revenues are reported as the net of the collected amount less amortization.

Disbursements for investments in purchased debt amounted to SEK 870.6 M (871.6) during the year. The comparative figure for 2008 excludes a payment of SEK 332.5 M to purchase a large portfolio of nonperforming bank loans in Austria agreed to in 2007. The return on purchased debt was 15.6 percent (16.6). As of year-end the Group's purchased debt portfolios had a carrying value of SEK 2,311.9 M (2,330.3).

Expenses

The gross profit margin fell compared with the previous year, partly as a result of higher legal expenses in collection operations caused by the recession. General and administrative expenses include a cost reduction of SEK 1.2 M attributable to the Employee Stock Option Program, compared with a cost reduction of SEK 13.1 M in the previous year. General and administrative expenses have also been charged with nonrecurring expenses attributable to the restructuring in England. Central costs have decreased compared to previous year because 2008 was charged with marketing costs related to the launch of a new brand identity.

Depreciation/amortization

Operating earnings were charged with depreciation/amortization of SEK 164.9 M (121.5). Operating earnings before depreciation/amortization therefore amounted to SEK 833.1 M (818.8). Other intangible fixed assets recognized in the balance sheet and attributable to revaluations to fair value in connection with acquisitions amounted to SEK 78.3 M (105.7) and were amortized by SEK 21.8 M (10.3).

Share-based payment schemes

The Employee Stock Option Program 2003/2009 provided 20 Group employees in senior positions the opportunity to acquire a total of 2,038,400 new shares at a strike price of SEK 54.60 per share during the period July 1, 2007–May 30, 2009. As of May 30, 2009, all of these options had been exercised.

A new performance-based share program introduced in 2008 in accordance with the resolution of the Annual General Meeting entitled 38 employees to acquire as of December 31, 2009 a total of not more than 137,485 shares at a strike price of SEK 10.00 per share during the periods May 15, 2010–May, 15, 2012 and May 15, 2011–May 15, 2013. The number of shares has been adjusted and may be further adjusted for dividends, among other things, and is contingent on a predetermined growth rate in the Group's earnings per share. According to these terms, the performance shares that could have been utilized to subscribe for shares in 2010-2012 will expire without value.

The share-based payment schemes are recognized in accordance with accounting standard IFRS 2 Share-based Payment and statement UFR 7 from the Swedish Financial Reporting Board. Accordingly, the cost can vary between years depending on the share price, option value, actual social security expenses when the options are exercised, etc. For the year, the schemes entailed a cost of SEK 0.4 M compared with a cost reduction of SEK 13.1 M during the same period of 2008.

For more information on share-based payment schemes, see Note 32.

Net financial items

The net financial expense amounted to SEK 79.8 M, against a year-earlier expense of SEK 127.6 M, including translation differences of SEK 4.7 M (–9.7). The net interest expense was positively affected by lower market interest rates.

Taxes

The tax expense for the year amounted to 25.1 percent (20.3) of earnings before goodwill impairment and taxes. The Group's tax expense is dependent in part on how earnings are distributed between subsidiaries in different countries with different tax rates. As a whole, the determination for 2010 and beyond is that the tax expense will be around 25 percent of pre-tax earnings.

The figure does not include any potential effects of the Group's current tax dispute in Finland. The tax dispute relates to an amount of SEK 51.6 M. Fees and interest may be additional. The dispute concerns, among other things, the deductibility of interest expenses in a holding company after a restructuring of the Group in connection with its delisting from the London Stock Exchange in 1998.

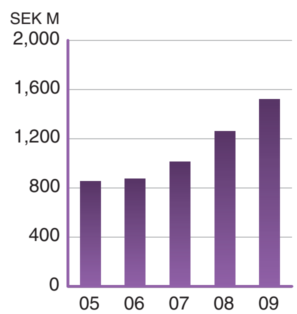
In the opinion of Intrum Justitia, the Finnish tax authority's claim runs counter to current practice, and the company has not reported any liabilities in the balance sheet for this dispute.

At year-end the Group had tax loss carryforwards of approximately SEK 2.0 billion for which deferred tax assets are only partly recognized.

For more information on the Group's taxes, see Note 8.

Cash flow and investments

Cash flow from operating activities (SEK M)



Cash flow from operating activities improved during the year to SEK 1,523.3 M (1,261.3). Going forward, the recognition of cash flow from operating activities will include a reversal of amortized purchased debt. Disbursements during the year for purchased debt investments amounted to SEK 870.6 M (871.6). The comparative figure for 2008 included SEK 332.5 M to purchase a large portfolio of nonperforming bank loans in Austria agreed to in 2007 but paid for in 2008.

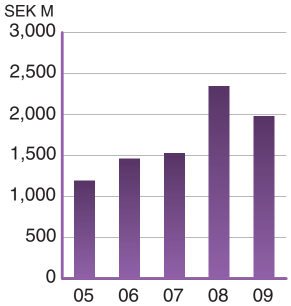
During the year SEK 235.9 M (193.6) was invested in tangible and intangible fixed assets.

Research and development

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. In 2009 the production system used for collections in Switzerland and Austria was upgraded and implemented in Germany as well to achieve efficiency improvements.

Financing

Net debt (SEK M)



Net debt as of December 31, 2009 amounted to SEK 1,981.6 M, compared with SEK 2,348.4 M on December 31, 2008. Shareholders' equity including minority interests amounted to SEK 2,548.9 M, compared with SEK 2,395.3 M at the beginning of the year. As of December 31, 2009 the Group had liquid assets of SEK 491.4 M (294.3).

Unutilized credit facilities amounted to SEK 849.7 M (959.0). The Group's syndicated loan facility of EUR 310 M expiring in February 2010 was prepaid in January and replaced by a new syndicated loan of the same amount expiring in March 2013. The new loan agreement was signed in December 2009.

The large part of the Parent Company's and the Group's external funding has been arranged in foreign currency since February 2009 as a hedge against the Group's net exposure in foreign subsidiaries.

Risks and risk management

Intrum Justitia defines risk as all factors which could have a negative impact on the ability of the Group to achieve its business objectives.

All economic activity entails risk. In order to manage risks in a balanced manner, they must first be identified and evaluated. Intrum Justitia conducts risk management at both a Group and company level, where risks are evaluated in a systematic manner.

Intrum Justitia's risk management covers strategic risks, operational risks, risk related to the regulatory environment and financial risks.

The following summary is by no means comprehensive, but does offer examples of risk factors which are considered especially important to Intrum Justitia's future development.

Strategic risks

Cyclicality

While in no way 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 leads 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.

Acquisitions

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.

Operational risks

Risk of errors and omissions

Problems in IT systems, omissions by employees, deficiencies in internal control and criminal actions in some cases can unfortunately cause errors that affect Intrum Justitia, the Group's clients or their customers. Intrum Justitia has insurance coverage that protects the Group as well as the Board of Directors and employees against such risks, e.g., if claims for damages are filed due to errors and omissions.

Operations in different countries

The international scope of Intrum Justitia's business entails risks, mainly due to differences in laws and regulations in the 22 markets 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.

Risks related to the regulatory environment

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.

Financial risks

See also Note 38.

Market risk

Market risk consists of risks related to changes in exchange rates and interest rate levels.

The results and financial position of foreign subsidiaries are reported in each country's currency and translated to Swedish kronor for inclusion in the consolidated accounts. Consequently, fluctuations in exchange rates affect the Group's earnings and equity.

In each country, the investments, revenues and the majority of operating expenses are in the local currency, because of which currency fluctuations have little effect on operating earnings in local currency. Revenues and expenses are matched in a natural manner, which limits the transaction exposure.

The translation exposure that arises when the balance sheets of foreign subsidiaries are translated to SEK affects the Group's other comprehensive income. The translation exposure has been hedged since February 2009 through loans in foreign currency.

Interest rate risks are primarily related to the Group's interest-bearing net debt, which amounted to SEK 1,981.6 M (2,348.4) at year-end. Interest rates on loans are tied to the market rate. Interest fixing terms are short, generally three months, due to which changes in the market rate quickly impact the Group's net financial items.

Financing risk

Financing risk consists of the risk of a loss or higher than expected costs to guarantee that the Group can fulfill its payment obligations to third parties in the short and long term. The Group's central treasury department prepares weekly liquidity forecasts in order to optimize the balance between loans and liquid assets, so that the net interest expense can be minimized without necessarily risking difficulties in fulfilling outside obligations.

The Group's long-term financing risk is minimized by securing committed loan facilities.

Credit risk
Credit risk consists of the risk that Intrum Justitia's counterparties are unable to fulfill their obligations to the Group. Financial assets that could expose the Group to credit risks consist of liquid assets, accounts receivable, purchased debt, outlays on behalf of clients, derivatives and guarantees.

Risks inherent in purchased debt
As part of its operations, Intrum Justitia acquires portfolios of written-off consumer receivables and tries 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 usually 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, due to which it has a thorough understanding of the receivables in question.

Intrum Justitia places high yield requirements on purchased debt 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 believes that it has the expertise required to evaluate these types of receivables.

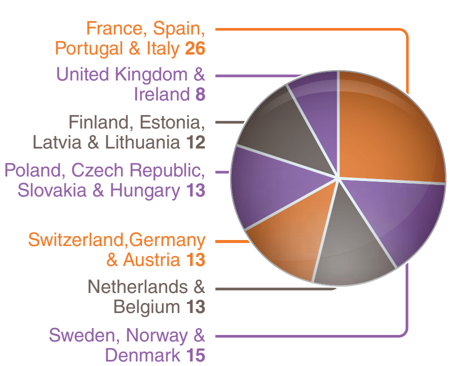
To facilitate the purchase of larger portfolios at attractive risk levels, Intrum Justitia cooperates with other companies and shares in the equity investment and profits. Such alliances have been in place with Calyon Bank since 2002 and with Goldman Sachs since 2003. In 2009 Intrum Justitia also reached agreement with East Capital on a similar cooperation.

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 – for a fee – 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 amounted to SEK 1,270.9 M (796.7) at year-end, of which receivables overdue by more than 30 days amounted to SEK 0.8 M (1.5).

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 14.0 M (9.5) in its balance sheet to cover payments that may arise under the guarantees.

Goodwill
The Group's goodwill amounted to SEK 1,825.3 M (1,895.9). The change is attributable to the sale of the Scottish operations, Stirling Park (SEK –15.9), as well as exchange rate differences of SEK –54.7 M.

Non-financial earnings indicators
Share of employees by geographical region (%)



Employees
The average number of employees during the year was 3,321 (3,318). The number of employees decreased in the United Kingdom & Ireland region during the latter part of the year. Employee turnover was 25 percent (27) during the year. Women accounted for 63 percent (63) of employees during the year. The share of employees with a college-level degree was 28 percent (26).

For more information on employees and salaries and other remuneration, see Notes 28-32.

Social responsibility and the environment
The Group continues to pursue its Corporate Social Responsibility (CSR) work. See pages 14 in the annual report.

Intrum Justitia's role in society
Intrum Justitia's goal is to be a catalyst for a sound economy. With its credit management services, the company helps to make business easy, fair and secure, and thereby promotes a sustainable economy. In a general sense, Intrum Justitia's business objectives coincide with society's sustainability goals.

Professional ethics
Intrum Justitia applies a strict code of ethics unique in the CMS industry. The code stresses respectful relationships with creditors and debtors and fair payment between Intrum Justitia's client and its customer. It is vital that debtors are treated with integrity in every situation, that information on all parties is kept secure, and that all CMS and receivables work is conducted professionally, i.e., promptly, efficiently and accurately.

Working conditions
Intrum Justitia has nearly 3,400 employees. For the Group to achieve its objectives requires employees who enjoy their work and are given the opportunity to develop professionally. Employee surveys are conducted biannually. Employees have the right to safe and healthy workplaces as well as fair compensation. Men and women must be treated equally. The goal in recruiting managers is to find the most competent and qualified candidate regardless of gender. No employee may be subjected to any form of discrimination, nor is any form of sexual harassment tolerated. All employees have the right to organize and join unions as well as to negotiate collectively if they wish, although they also have the right to refuse union membership.

Environment
The environment is a topical issue, but it is also complex in that a balance is required between various environmental risks. While Intrum Justitia naturally supports the environment, it does not claim to have all the answers to the difficult questions regarding environmental priorities.

Intrum Justitia does not have any operations in Sweden subject to licensing or reporting requirements according to Environmental Code. The Group is active in the service sector and its operations therefore have limited impact on the environment. Environmental requirements are applied in every country which are at least equivalent to local environmental rules to the extent they apply to the Group's operations.

Intrum Justitia systematically improves efficiencies in its energy consumption and travel, thereby reducing its costs and environmental impact. The Group's policy is to prioritize transport and travel alternatives that consume fewer resources. During the year considerable investments were made in videoconferencing equipment, which can now be used by all of the Group's companies. Regionalization has also led to less need for travel within the Group. Whenever possible, physical letters to clients and debtors are replaced by electronic communication online, by telephone and text messaging, which reduces costs, paper consumption and waste volumes.

Market outlook
Intrum Justitia's strategic focus on an expanded CMS offering should be even more relevant in the current macroeconomic environment. Current and potential clients are becoming increasingly aware of the need for professional credit management as early as the sales prospecting and credit evaluation stages, which increases Intrum Justitia's chances of new and added sales throughout the entire CMS chain.

The declining solvency of many in society is expected to lead to a larger inflow of cases for Intrum Justitia's collection and payment monitoring services. Poorer solvency means, however, that individual cases on average will require greater collection resources, which could adversely affect margins if not compensated by higher volume and internal efficiency improvements.

Purchased debt operations are affected by access to portfolios that meet Intrum Justitia's valuation requirements. The Group's annual acquisitions of small and medium-sized portfolios are estimated at SEK 700 M in the long term. In addition to this, it may acquire larger portfolios. Intrum Justitia is exhibiting caution with regard to purchased debt in order to maintain a low risk profile and financial capacity. The Group's financial objectives remain firm.

Financial objectives

Intrum Justitia's financial objectives are to reach organic growth of 10 percent per year and generate pre-tax earnings which are at least in line with annual organic growth. Moreover, the Group will achieve an annual return on investments in Purchased Debt of at least 15 percent. The net debt/equity ratio (interest-bearing net debt as a percentage of shareholders' equity and minority interests) will not exceed 150 percent over the long term. Intrum Justitia will also actively seek out opportunities to grow through selective acquisitions.

Organic growth was 3.9 percent in 2009 and earnings per share grew by 3.3 per cent compared to the previous year. Return on investment in Purchased Debt was 15.6 percent. Net debt to equity stood at 77.7 percent at year-end. No acquisitions were made during the year.

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 work, services and marketing.

The Parent Company reported revenues of SEK 57.7 M (60.9) and earnings before tax of SEK 1,116.7 M (4,384.3) for the year.

Earnings include share dividends of SEK 83.5 M (4,728.7) from subsidiaries, SEK 1,150.8 M (0.0) from intra-Group share transactions and SEK 25.7 M (1.7) in write-downs of shares in subsidiaries.

During the year the Parent Company invested SEK 0.4 M (0.3) in fixed assets and had liquid assets of SEK 159.8 M (16.0) as of December 31. The average number of employees was 25 (26).

Events after the balance sheet date

New Regional Managing Director in Scandinavia

In January 2010 Monika Elling stepped down as Regional Managing Director for Sweden, Norway & Denmark. The Managing Director for Sweden, Rickard Westlund, took over as acting Regional Managing Director for Scandinavia on January 25, 2010.

Purchased debt cooperation with East Capital

In January 2010 Intrum Justitia and East Capital Explorer, together with the East Capital Financials Fund, announced that they intend to invest in a joint venture to purchase portfolios of unsecured nonperforming consumer loans mainly in the Russian market. The total investment is estimated at EUR 20 M, of which Intrum Justitia intends to invest EUR 10 M. The portfolios purchased by the joint venture will be serviced by selected local CMS providers.

The share and shareholders

At year-end the company had 79,994,651 shares outstanding, of which 250,000 were repurchased and held as treasury shares. The 250,000 treasury shares correspond to 0.3 percent of the total outstanding shares at year-end or SEK 5,000 of the quota value. The treasury shares were purchased in 2008 for SEK 25.7 M. All shares carry equal voting rights and share equally in the company's assets and earnings.

The company's largest shareholders at year-end were SEB Funds (6.6 percent of the share capital), Länsförsäkringar Funds (4.8), CapMan Oy (4.3) and NBI hf (3.9). See also the table on page19. The two largest shareholders at year-end 2008, NBI hf and Cevian Capital, gradually reduced their interests in Intrum Justitia during the year.

The Articles of Association do not contain any preemption clauses or other limitations on the transferability of the shares, and there are no other circumstances that the company is obligated to disclose according to the provisions in chapter 6, section 2a, points 3–11 of the Annual Accounts Act.

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 2009 the Board held 13 meetings (14 in the previous year).

For a description of the Board's work, refer to the Corporate governance report on page 70.

The Board of directors' proposal regarding principles for remuneration and other terms of employment for senior executives

The Annual General Meeting 2009 resolved to adopt remuneration principles for senior executives, which are summarized in Note 31. The Board proposes that the following guidelines for resolution by the Annual General Meeting 2010.

The Board proposes that the principles shall be applied for the time until the Annual General Meeting 2011. The proposed principles have been prepared by the Board and its Remuneration Committee.

Intrum Justitia's success depends on the commitment and professionalism of its staff. Total remuneration shall be competitive within each market where Intrum Justitia operates to attract, motivate and retain highly skilled executives. Individual remuneration levels shall be based on experience, competence, responsibility and performance.

Total remuneration is based upon four main components; base salary, short- and long-term variable salary programs and pension benefits. Other benefits such as a company car may be offered as well.

The base salary depends on the complexity of work and the individual's performance, experience and competence. Variable remuneration may not exceed fixed remuneration. Moreover, to balance short- and long-term variable salary programs, the former may not constitute more than 50 percent of the anticipated outcome of each year's outstanding variable salary programs. Deviations exist in the case of a few current employment contracts.

Short-term variable salary programs are based on the achievement of certain targets, individual and general, qualitative and quantitative, to be agreed in writing with the individual. Short-term variable salary programs are set for one year at a time and are capped either at a certain percentage of base salary or a fixed maximum amount. Examples of targets include profitability-based and discretionary-based targets related to the ongoing strategic transformation. The one-year variable salary component helps to reduce the share of fixed costs and focuses efforts on activities that the Board wishes to prioritize. The maximum cost for Intrum Justitia's variable salary programs for the CEO and President and other current senior executives for 2010 is estimated to SEK 19 M, excluding social security expenses.

The goal of Intrum Justitia's long-term variable salary programs is to encourage participants, whose efforts are deemed to have a direct impact on the company's results, profitability and value growth, to improve their performance, by aligning their long-term interests and perspective with those of shareholders, as well as to reduce fixed costs. The aim is to create a long-term commitment to Intrum Justitia, to strengthen the overall perspective in Intrum Justitia and to offer participants an opportunity to share in Intrum Justitia's long-term success and value creation. Long-term variable salary programs are performance-based. The estimated value at the time of implementation of the programs may not exceed 50 percent of participants' current annual base salary. The long-term variable salary component contributes to making salaries more competitive in a market where competition for personnel is intense.

Pension plans may be defined benefit or defined contribution and shall be inviolable. In principle, new plans shall be defined contribution. The size of pensionable salary is capped.

If terminated by the company, severance is normally paid for a maximum of 12 months. Deviations exist in the case of a few current employment contracts.

The Board has the right to deviate from the established principles for special reasons in individual cases.

Proposed disposition of profit

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

SEK	
Share premium reserve	111,255,876
Fair value reserve	–952,831,139
Retained earnings	4,881,321,508
Net earnings for the year	1,191,518,351
Total	**5,231,264,596**

Retained earnings from the previous year have been increased by Group contributions received during the year, which amounted to SEK 401,665,000, net, after tax.

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

SEK	
Dividend, 79,744,651 shares x SEK 3.75	299,042,441
Balance carried forward	4,932,222,155
Total	**5,231,264,596**

The Board of Directors' complete statement motivating the proposed disposition of profit for the financial year 2009 is presented in a separate document prior to the Annual General Meeting 2010. 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 February 25, 2010 by the Board of Directors of the Parent Company, which proposes their adoption by the Annual General Meeting on March 25, 2010.

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 notes.

The Board of Directors and the CEO and President certify that the annual report has been prepared in accordance with generally accepted accounting standards in Sweden and that the consolidated accounts have been prepared in accordance with the international accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards. The annual accounts and consolidated accounts give a true and fair view of the financial position and results of the Parent Company and the Group. The Board of Directors' report for the Parent Company and the Group give a true and fair overview of the operations, financial position and results of the Parent Company and the Group and describes significant risks and uncertainties that the Parent Company and the companies in the Group face.

Stockholm, February 25, 2010

Lars Wollung
CEO and President

Lars Lundquist
Chairman

Bo Ingemarson
Deputy Chairman

Matts Ekman
Board Member

Lars Förberg
Board Member

Fredrik Trägårdh
Board Member

Helen Fasth Gillstedt
Board Member

Charlotte Strömberg
Board Member

CONSOLIDATED INCOME STATEMENT

SEK M	NOTE	2009	2008
Revenues	2,3	4,127.8	3,677.7
Cost of sales		–2,599.2	–2,195.3
Gross profit		**1,528.6**	**1,482.4**
Sales and marketing expenses		–338.2	–307.3
General and administrative expenses		–506.5	–426.8
Disposal of operations		–16.0	8.9
Goodwill impairment		–	–60.7
Participations in associated companies	5	0.3	0.8
Operating earnings (EBIT)	2, 4	**668.2**	**697.3**
Financial income	6	9.5	30.8
Financial expenses	7	–89.3	–158.4
Net financial items		**–79.8**	**–127.6**
Earnings before tax		**588.4**	**569.7**
Tax	8	–147.8	–128.0
Net earnings for the year		**440.6**	**441.7**
Of which attributable to:			
Parent Company's shareholders		440.5	441.7
Minority interests		0.1	0.0
Net earnings for the year		**440.6**	**441.7**
Statement of comprehensive income			
Net earnings for the year		440.6	441.7
Other comprehensive income: Change in translation reserve		–29.5	334.2
Tax impact of items recognized in comprehensive income	8	0.0	47.3
Total comprehensive income for the year		**411.1**	**823.2**
Of which attributable to:			
Parent Company's shareholders		411.0	823.2
Minority interests		0.1	0.0
Total comprehensive income for the year		**411.1**	**823.2**
Data per share, SEK	9		
Share price at end of period		89.75	78.50
Earnings per share before dilution		5.53	5.58
Earnings per share after dilution		5.53	5.56
Average number of shares before dilution, '000		79,659	79,148
Average number of shares after dilution, '000		79,682	79,446
Number of shares at end of period, '000 *		79,995	79,592

For definitions see page 76

* Including 250,000 treasury shares.

CONSOLIDATED BALANCE SHEET

SEK M	NOTE	Dec. 31, 2009	Dec. 31, 2008
ASSETS			
Fixed assets			
Intangible fixed assets	10		
Capitalized expenditure for IT development		327.3	263.2
Client relationships		78.3	105.7
Other intangibles assets		30.2	26.7
Goodwill		1,825.3	1,895.9
Total intangible fixed assets		**2,261.1**	**2,291.5**
Tangible fixed assets	11		
Computer hardware		42.7	51.4
Other tangible fixed assets		51.6	54.7
Total tangible fixed assets		**94.3**	**106.1**
Other fixed assets			
Shares and participations in associated companies	14	11.1	23.2
Other shares and participations	15	0.2	0.1
Purchased debt	16	2,311.9	2,330.3
Deferred tax assets	8	117.2	132.8
Other long-term receivables	17	66.3	94.3
Total other fixed assets		**2,506.7**	**2,580.7**
Total fixed assets		**4,862.1**	**4,978.3**
Current assets			
Current receivables			
Accounts receivable	18	281.0	315.2
Client funds		526.9	618.7
Tax assets		32.1	33.9
Other receivables	19	316.9	333.0
Prepaid expenses and accrued income	20	113.7	167.6
Total current receivables		**1,270.6**	**1,468.4**
Cash and cash equivalents	21	491.4	294.3
Total current assets		**1,762.0**	**1,762.7**
TOTAL ASSETS		**6,624.1**	**6,741.0**

CONSOLIDATED BALANCE SHEET

SEK M	NOTE	Dec. 31, 2009	Dec. 31, 2008
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	22		
Shareholders' equity attributable to Parent Company's shareholders			
Share capital		1.6	1.6
Other paid-in capital		908.8	888.0
Reserves		402.2	431.6
Retained earnings		1,236.1	1,074.0
Total shareholders' equity attributable to Parent Company's shareholders		**2,548.7**	**2,395.2**
Shareholders' equity attributable to minority		0.2	0.1
Total shareholders' equity		**2,548.9**	**2,395.3**
Long-term liabilities			
Liabilities to credit institutions*	25	0.1	2,440.9
Other long-term liabilities		3.1	2.3
Provisions for pensions	23	39.4	39.4
Other long-term provisions	24	15.4	20.8
Deferred tax liabilities	8	35.0	60.5
Total long-term liabilities		**93.0**	**2,563.9**
Current liabilities			
Liabilities to credit institutions*	25	2,432.0	161.7
Client funds payable		526.9	618.7
Accounts payable		143.0	211.8
Income tax liabilities		155.9	130.9
Advances from clients		33.2	33.3
Other current liabilities		208.5	173.8
Accrued expenses and prepaid income	26	458.4	451.6
Other short-term provisions	24	24.3	0.0
Total current liabilities		**3,982.2**	**1,781.8**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**6,624.1**	**6,741.0**

For information on the Group's pledged assets and contingent liabilities, see Note 27.

* The Group's syndicated loan facility of EUR 310 M expired in February 2010 and is recognized as short-term in the balance sheet at year-end 2009. The loan was repaid in January 2010 and replaced by a new syndicated loan of the same amount maturing in March 2013.

CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY – GROUP

See also Note 22.

GROUP, SEK M	Number of shares out-standing	Shareholders' equity attributable to Parent Company's shareholders: Share capital	Other paid-in capital	Reserves	Retained earnings incl. net earnings for the year	Total	Minority interests	Total share-holders' equity
Opening balance, January 1, 2008	79,089,851	1.6	875.5	50.1	915.2	1,842.4	0.1	1,842.5
Total comprehensive income for 2008				381.5	441.7	823.2		823.2
Effect of employee stock option program			–14.9			–14.9		–14.9
Increase in share capital from exercise of employee stock options	502,320		27.4			27.4		27.4
Purchase of treasury shares	–250,000				–25.7	–25.7		–25.7
Share dividend					–257.2	–257.2		–257.2
Closing balance, December 31, 2008	**79,342,171**	**1.6**	**888.0**	**431.6**	**1,074.0**	**2,395.2**	**0.1**	**2,395.3**
Total comprehensive income for 2009				–29.5	440.6	411.1	0.1	411.2
Effect of employee stock option program			–1.2			–1.2		–1.2
Increase in share capital from exercise of employee stock options	402,480		22.0			22.0		22.0
Share dividend					–278.4	–278.4		–278.4
Closing balance, December 31, 2009	**79,744,651**	**1.6**	**908.8**	**402.1**	**1,236.2**	**2,548.7**	**0.2**	**2,548.9**

Accumulated exchange rate differences since the transition to IFRS amounted to SEK 402.1 M (431.6) on December 31, 2009.

CONSOLIDATED CASH FLOW STATEMENT

SEK M	NOTE	2009	2008
OPERATING ACTIVITIES			
Operating earnings	2	668.2	697.3
Depreciation/amortization and goodwill impairment	4, 10	164.9	182.2
Amortization of purchased debt	16	816.5	653.8
Adjustments for other items not included in cash flow	2	38.0	–25.3
Interest received		9.6	31.1
Interest paid and other financial expenses		–112.8	–93.5
Income tax paid		–124.5	–136.1
Cash flow from operating activities before changes in working capital		**1,459.9**	**1,309.5**
Changes in working capital		63.4	–48.2
Cash flow from operating activities		**1,523.3**	**1,261.3**
INVESTING ACTIVITIES			
Purchases of intangible fixed assets	10	–192.0	–146.0
Purchases of tangible fixed assets	11	–43.9	–47.6
Debt purchases	16	–870.6	–1,204.1
Purchases of shares in subsidiaries and associated companies	14, 39	0.0	–207.3
Business disposals		7.6	15.5
Other cash flow from investing activities		22.3	–57.4
Cash flow from investing activities		**–1,076.6**	**–1,646.9**
FINANCING ACTIVITIES			
Borrowings		633.6	973.0
Amortization of loans		–603.7	–317.2
Proceeds received from exercise of employee stock options		22.0	27.4
Acquisition of treasury shares		–	–25.7
Share dividend to Parent Company's shareholders		–278.4	–257.2
Cash flow from financing activities		**–226.5**	**400.3**
Change in liquid assets		**220.2**	**14.7**
Opening balance of liquid assets		**294.3**	**259.8**
Exchange rate differences in liquid assets		–23.1	19.8
Closing balance of liquid assets	21	**491.4**	**294.3**
Unutilized credit lines	25	849.7	959.0
Available liquidity		**1,341.1**	**1,253.3**

* Cash flow from investing activities comprises actual payments for investments during the period. The purchased debt figure for 2008 included SEK 332.5 M for the Austrian debt portfolio acquired in 2007 together with Calyon Bank.

PARENT COMPANY INCOME STATEMENT

SEK M	NOTE	2009	2008
Revenues	3	57.7	60.9
Gross earnings		**57.7**	**60.9**
Sales and marketing expenses		–21.0	–20.9
General and administrative expenses		–85.7	–88.4
Operating earnings	4	**–49.0**	**–48.4**
Income from participations in Group companies	6	83.5	4,728.7
Result from intra-Group share transaction	6	1,150.8	0.0
Interest income and similar items	6	155.5	144.2
Impairment of shares in subsidiaries	7	–25.7	–1.7
Interest expenses and similar items	7	–198.4	–438.5
Net financial items		**1,165.7**	**4,432.7**
Earnings before tax		**1,116.7**	**4,384.3**
Tax on earnings for the year	8	74.8	35.1
Net earnings for the year		**1,191.5**	**4,419.4**

PARENT COMPANY BALANCE SHEET

SEK M	NOTE	Dec. 31, 2009	Dec. 31, 2008
ASSETS			
Fixed assets			
Intangible fixed assets	10		
Capitalized expenditure for IT development		0.5	0.4
Total intangible fixed assets		0.5	0.4
Tangible fixed assets	11		
Computer hardware		0.1	0.1
Other tangible fixed assets		0.1	0.2
Total tangible fixed assets		0.2	0.3
Financial fixed assets			
Participations in Group companies	12	7,204.7	12,135.2
Deferred tax assets	8	0.0	68.5
Receivables from Group companies		372.8	155.6
Other long-term receivables	17	0.5	0.8
Total financial fixed assets		7,578.0	12,360.1
Total fixed assets		**7,578.7**	**12,360.8**
Current assets			
Current receivables			
Accounts receivable	18	0.0	0.0
Tax assets		2.0	17.7
Receivables from Group companies		1,834.3	2,249.3
Other receivables	19	5.1	5.4
Prepaid expenses and accrued income	20	10.1	12.3
Total current receivables		1,851.5	2,284.7
Liquid assets	21	159.8	16.0
Total current assets		**2,011.3**	**2,300.7**
TOTAL ASSETS		**9,590.0**	**14,661.5**

PARENT COMPANY BALANCE SHEET

SEK M	NOTE	Dec. 31, 2009	Dec. 31, 2008
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	22		
Restricted equity			
Share capital		1.6	1.6
Statutory reserve		282.5	282.4
Total restricted equity		284.1	284.0
Non-restricted equity			
Share premium reserve		111.3	89.3
Fair value reserve		–952.8	–754.8
Retained earnings		4,881.3	339.8
Net earnings for the year		1,191.5	4,419.4
Total non-restricted equity		5,231.3	4,093.7
Total shareholders' equity		**5,515.4**	**4,377.7**
Provisions			
Provisions for pensions	23	2.3	2.0
Total provisions		2.3	2.0
Long-term liabilities			
Liabilities to credit institutions	25	0.0	2,438.1
Liabilities to Group companies		1,230.2	7,136.2
Total long-term liabilities		**1,230.2**	**9,574.3**
Current liabilities			
Liabilities to credit institutions	25	2,349.7	73.5
Accounts payable		4.1	4.6
Liabilities to Group companies		472.9	589.7
Other current liabilities		1.4	3.4
Accrued expenses and prepaid income	26	14.0	36.3
Total current liabilities		**2,842.1**	**707.5**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**9,590.0**	**14,661.5**
Pledged assets		None	None
Contingent liabilities		None	None

PARENT COMPANY CASH FLOW STATEMENT

SEK M	NOTE	2009	2008
OPERATING ACTIVITIES			
Operating earnings		–49.0	–48.4
Depreciation/amortization	4	0.4	0.9
Adjustments for other items not included in cash flow		–1.8	–16.6
Interest received		155.5	144.2
Interest paid and other financial expenses		–220.2	–426.0
Income tax paid		15.8	5.9
Cash flow from operating activities before changes in working capital		**–99.3**	**–340.0**
Changes in working capital		1.3	–28.1
Cash flow from operating activities		**–98.0**	**–368.1**
INVESTING ACTIVITIES			
Purchases of intangible fixed assets	10	–0.4	–0.2
Purchases of tangible fixed assets	11	–0.1	–0.1
Purchases of shares in subsidiaries	12	0.0	–491.2
Other cash flow from investing activities		0.3	0.4
Cash flow from investing activities		**–0.2**	**–491.1**
FINANCING ACTIVITIES			
Borrowings		633.6	919.7
Amortization of loans		–592.9	–291.2
Net loans to subsidiaries		374.2	434.2
Proceeds received from exercise of employee stock options		22.0	27.4
Acquisition of treasury shares		0.0	–25.7
Share dividend from subsidiaries		83.5	58.7
Share dividend to Parent Company's shareholders		–278.4	–257.2
Cash flow from financing activities		**242.0**	**865.9**
Change in liquid assets		**143.8**	**6.7**
Opening balance of liquid assets		**16.0**	**9.3**
Closing balance of liquid assets	**21**	**159.8**	**16.0**

CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY – PARENT COMPANY

See also Note 22.

PARENT COMPANY. SEK M	Number of shares out-standing	Share capital	Statutory reserve	Share premium reserve	Fair value reserve	Retained earnings	Net ear-nings for the year	Total share-holders' equity
Opening balance. January 1, 2008	**79,089,851**	**1.6**	**282.4**	**61.9**	**16.9**	**549.8**	**–59.8**	**852.8**
Disposition of previous year's earnings						–59.8	59.8	0.0
Translation difference					–819.0			–819.0
Tax effect of translation difference					47.3			47.3
Effect of employee stock option program						–14.9		–14.9
New share issues in connection with exercise of employee stock options	502,320			27.4				27.4
Acquisition of treasury shares	–250,000					–25.7		–25.7
Share dividend						–257.2		–257.2
Group contribution received from Intrum Justitia International AB						85.0		85.0
Group contribution received from Intrum Justitia Sverige AB						120.0		120.0
Tax effect of Group contributions						–57.4		–57.4
Net earnings for the year							4,419.4	4,419.4
Closing balance. December 31, 2008	**79,342,171**	**1.6**	**282.4**	**89.3**	**–754.8**	**339.8**	**4,419.4**	**4,377.7**
Disposition of previous year's earnings						4,419.4	–4,419.4	0.0
Translation difference					–198.0			–198.0
Effect of employee stock option program						–1.2		–1.2
New share issues in connection with exercise of employee stock options	402,480		0.1	22.0				22.1
Share dividend						–278.4		–278.4
Group contribution received from Intrum Justitia International AB						445.0		445.0
Group contribution received from Intrum Justitia Sverige AB						100.0		100.0
Tax effect of Group contributions						–143.3		–143.3
Net earnings for the year							1,191.5	1,191.5
Closing balance. December 31, 2009	**79,744,651**	**1.6**	**282.5**	**111.3**	**–952.8**	**4,881.3**	**1 191.5**	**5,515.4**

The share capital and statutory reserve are restricted equity. Other items are non-restricted equity.

Notes

NOTES

NOTE 1. SIGNIFICANT ACCOUNTING AND VALUATION PRINCIPLES

Accounting standards applied

The annual report for Intrum Justitia AB (publ) is prepared with respect to the consolidated accounts 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. Further, recommendation RFR 1.2 Supplementary Accounting Rules for Groups from the Swedish Financial Reporting Board has 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 recognized at historical cost, with the exception of certain financial assets and liabilities, which are measured at fair value.

The preparation of financial reports in accordance with IFRS requires the Board of Directors and Management to make estimates and assumptions that affect the application of the accounting principles and the carrying values 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 values of assets and liabilities that otherwise are not clearly indicated by other sources. Actual outcomes may deviate from these estimates and assumptions.

Estimates and assumptions are reviewed regularly. Changes in estimates are recognized 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 the company that have a significant impact on the financial reports and estimates, which could necessitate significant adjustments in financial reports in subsequent years, are described in more detail in Note 40.

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 the annual report for 2005. The Group's accounting principles have been applied consistently in the consolidation of the Parent Company, subsidiaries, associated companies and joint ventures.

Changes in accounting principles

Changes that entered into force in 2009

As of 2009 the Group applies the new IFRS 8 Operating Segments. IFRS 8 introduces a management's view of how operating segments are divided and presented. The standard has been applied in accordance with the transitional rules by restating comparative-year figures to the requirements in IFRS 8. One effect is that reporting has been adapted to how operations in the regions are coordinated and managed. The new reported regions are Sweden, Norway & Denmark; the Netherlands & Belgium; Switzerland, Germany & Austria; France, Spain, Portugal & Italy; Finland, Estonia, Latvia & Lithuania; United Kingdom & Ireland; and Poland, Czech Republic, Slovakia & Hungary. The new regional breakdown represents a minor change compared with financial statements in previous years.

As of 2009 the Group also applies the new version of IAS 1 Presentation of Financial Statements. The amendments require that revenues and expenses previously recognized directly in equity instead are recognized in other comprehensive income, which the Group presents after net earnings for the year in a separate statement of comprehensive income directly after the income statement. Since the amendments only affect terminology, no amounts have been changed with respect to earnings per share or other items in the financial statements. For 2009 Intrum Justitia has chosen not to use the new titles for the financial statements introduced in IAS 1: statement of comprehensive income, statement of financial positions, statement of changes in equity and statement of cash flows.

As of 2009 the Group also applies the new disclosure requirements introduced in IFRS 7 Financial Instruments. The new requirements have mainly affected Note 37. Further, the amendments to IFRS 7 change disclosure requirements for liquidity risk.

As of 2009 the Group applies the amended IAS 23 Borrowing Costs. The amendments require the Group to capitalize borrowing costs in the cost of qualified assets effective January 1, 2009. Borrowing costs were previously expensed in the period to which they were attributed rather than capitalized. According to the transitional provisions in IAS 23, the amendments apply prospectively and therefore have not had any impact on previous years. In 2009 no investments were made in qualified assets.

Amended accounting rules also apply to share-based compensation with respect to vesting terms and termination, as well as certain types of financial instruments, embedded derivatives, customer loyalty programs and catalogue costs. None of these amended rules has a material effect on Intrum Justitia.

Changes that enter into force in or after 2010

The Group has decided against early application of any new or amended accounting recommendations or interpretations that enter into force in or after 2010.

The revised versions of IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements apply as of 2010 Accordingly, the definition of operations has changed, transaction costs from business combinations are expensed, conditional consideration is measured at fair value at the time of acquisition, and the effects of the revaluation of liabilities related to conditional consideration are recognized as an income or expense in earnings for the year. Changes have also been made in the recognition of acquisitions with minority owners and acquisitions from minorities. The amendments only apply prospectively to acquisitions in or after 2010.

IFRS 9 Financial Instruments, which applies as of 2013, will replace IAS 39 Financial Instruments: Recognition and Measurement. IASB has published the first of at least three parts that together will constitute IFRS 9. The first part treats the classification and valuation of financial assets. The categories of financial assets included in IAS 39 have been replaced by two categories, where valuations are made at fair value or amortized cost. Intrum Justitia has not yet finalized its assessment of what consequences IFRS 9 will have for the Group.

Amended accounting rules also apply as of 2010 to the hedging of net investments in foreign operations, share-based payment, pensions, disclosures on related parties, etc. None of these amended rules are expected to have a material effect on Intrum Justitia.

The changes in the layout and terminology of financial statements, including the statement of comprehensive income, will also be used where applicable by the Parent Company as of 2010, in accordance with RFR 2.3 Reporting by Legal Entities.

Classification issues

Fixed 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 balance sheet date. 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 balance sheet date.

Consolidation

Subsidiaries

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.

A new acquisition analysis is not prepared in connection with acquisitions of shares from minority owners of subsidiaries where Intrum Justitia already had control; instead, the difference between the purchase price and the acquired minority share is recognized as goodwill.

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

Intra-Group receivables and liabilities, revenue and expenses, and unrealized gains and losses that arise from 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.

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 influence without having control 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. The amount is recognized on the line, Participations in associated companies. Dividends received from the associated company are not recognized through profit or loss and instead reduce the carrying value of the investment.

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.

If the Group's share of reported losses in the associated company exceeds the carrying value of its participations, the value of those participations is reduced to nil. Losses can also be offset against the Group's unsecured receivables from the associated company if they constitute part of the net investment. Further losses are not recognized provided the Group has not issued guarantees to cover them.

Joint ventures

The Group applies IAS 38 Investments in Joint Ventures.

Joint ventures pertain to companies in which Intrum Justitia and other part-owners manage operations jointly in accordance with a shareholder 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 control is obtained until the date it ceases.

Foreign currency

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

Transactions in foreign currency

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 exchange rates on each balance sheet date, due to which an (unrealized) exchange rate difference arises. Both realized and unrealized exchange rate differences of this type are recognized through profit or loss – 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 balance sheet date, and changes in value are recognized through profit or loss.

Translation of the financial statements of foreign operations

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 exchange rate on balance sheet date. 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 balance sheet date rate changes each period and in part because the average rate deviates from balance sheet date rate. Translation differences are recognized directly in total comprehensive income as the year's change in the 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 translation differences are therefore recognized in the consolidated financial statements in total comprehensive income.

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

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

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 instruments recognized 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 recognized 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 balance sheet date. 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 37.

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 and receivables.

Accounts receivable

Accounts receivable are classified in the category loans and receivables. Accounts receivable are recognized at the amount expected to be received after deducting impaired receivables, which are determined individually or according to statistical models based on historical experience in each country. The need to write-down receivables will be taken into account when a certain number of days have passed since they fell due. The number will vary from country to country. Provisions for impaired receivables are recognized as sales and marketing expenses. The anticipated maturity of accounts receivable is short, so they are carried at nominal amount without discounting.

Legal outlays
The Group incurs outlays for court fees, legal representation, bailiffs, etc., which can be charged to and collected from debtors. In certain cases Intrum Justitia has agreements with its clients where any expenses that cannot be collected from debtors are instead refunded by the client. The amount that is expected to be recovered from a solvent counterparty is recognized as an asset in the balance sheet on the line, Other receivables.

Client funds
Client funds, which are reported as assets 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. Short-term investments consist of investments with an insignificant risk of fluctuating in value, which can easily be converted to cash and have a maturity of not more than three months from acquisition.

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
Derivatives consist of forward exchange contracts used to reduce exchange rate risks attributable to assets and liabilities in foreign currency. Derivatives are also contractual terms embedded in other agreements. Embedded derivatives are recognized separately if they are not closely related to the host agreement.

Hedge accounting is not needed for forward exchange contracts because the hedged item and the hedging instrument are carried at fair value with changes in value recognized through profit or loss as 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.

Hedge accounting with regard to exchange rate risk in the net investment in foreign subsidiaries
Investments in foreign subsidiaries (net assets including goodwill) have been hedged to some extent since February 2009 through loans in foreign currency or forward exchange contracts that are translated on the closing date to the exchange rate then in effect. Translation differences for the period on financial instruments used to hedge a net investment in a Group company are recognized in the degree the hedge is effective in total comprehensive income, while cumulative changes are recognized in equity (translation reserve). As a result, translation differences that arise when Group companies are consolidated are neutralized.

Intangible fixed assets

Capitalized expenses for IT development
The Group applies IAS 38 Intangible Assets.

Expenditures for IT development and maintenance are generally expensed as incurred. Expenditures for software development that can be attributed to identifiable assets under the Group's control and with anticipated future economic benefits are capitalized and recognized as intangible assets. These capitalized costs include staff costs for the development team and other direct and indirect costs. Borrowing costs are included in the cost of qualified fixed assets effective January 1, 2009.

Additional expenditures for previously developed software, etc. are recognized as an asset in the balance sheet if they increase the future economic benefits of the specific asset to which they are attributable, e.g., by improving or extending a computer program's functionality beyond its original use and estimated period of use.

IT development costs that are recognized as intangible assets are amortized using the straight-line method over their useful lives (3–5 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.

Client relationships
Client relationships that are recognized as fixed assets relate to fair value revaluations recognized upon acquisition in accordance with IFRS 3. They are amortized on a straight-line basis over their estimated period of use (5–10 years).

Other intangible fixed assets
Relate to other acquired rights are amortized on a straight-line basis over their estimated period of use (3–5 years).

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 balance sheet date 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.

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 the way intended. Examples of directly attributable costs are delivery and handling, installation, consulting services and legal services. Borrowing costs are included in the cost of qualified assets effective January 1, 2009. Depreciation is booked on a straight-line basis over the asset's anticipated useful life (3–5 years).

The carrying value 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 value 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. 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.

In operating leasing, lease payments are expensed over the lease term. Payments are recognized through profit or loss on a straight-line basis over the lease term. Benefits received in connection with the signing of an operating lease are recognized as part of the total lease expense through profit or loss.

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 total comprehensive income, in which case the related tax effect is also recognized in total comprehensive income. Current tax is the tax paid or received for the current year, applying the tax rates that apply as of the balance sheet date, 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 value 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 values 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 balance sheet date.

Deferred tax assets from deductible temporary differences and tax loss carryforwards are only recognized if it is likely they will be utilized within the foreseeable future. The value of deferred tax assets is reduced when it is no longer considered likely 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 a detailed, formal restructuring plan has been established and the restructuring has either begun or been publicly announced. No provision is made for future operating losses.

A provision for termination costs is recognized only if the persons in question have known or presumed to have expected to be terminated by the balance sheet date.

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.

A provision for dilapidation agreements on leased premises is recognized if there is a contractual obligation to the landlord, within the foreseeable future, to restore the premises to a certain condition when the lease expires.

Unidentified receipts and excess payments

The Group receives large volumes of payments from debtors for itself and its clients. There are instances where the sender's reference information is missing or incorrect, which make it difficult to allocate the payment to the right case. There are also situations where payments are received on closed cases. In such instances a reasonable search and attempt is made to contact the payment sender, but failing this the payment is recognized as revenue after a certain interval. A provision is recognized in the balance sheet corresponding to the anticipated repayments of incorrectly received payments based on a probability analysis.

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 value of the Group's assets, with certain exceptions, is tested on each balance sheet date for any indication of impairment. IAS 36 is applied to impairment testing of all assets with the exception of financial assets, which are valued according to IAS 39, investment assets for pension liabilities, which are valued according to IAS 19 Employee Benefits, and tax assets, which are valued according to IAS 12.

If there is any indication of impairment, the asset's recoverable value is estimated. 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 level where essentially independent cash flows can be identified, i.e., a cash-generating unit. 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 value 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.

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.

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 value of the assets following the reversal does not exceed the carrying value that the asset would have had if the impairment had not been recognized.

Employee benefits

The Group applies IAS 19 Employee Benefits, IFRS 2 Share-based Payment and statement UFR 7 IFRS 2 and social security contributions for listed enterprises from the Swedish Financial Reporting Board.

Pension obligations

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. See also Note 23 for a further description.

Defined contribution pension plans are plans where the company's obligation is limited to the fees it has committed to pay. The size of the employee's pension depends in part on the fees the company pays to an insurance company and in part on the return generated and actuarial factors. Consequently, it is the employee who assumes the investment risk and actuarial risk. The company's obligations for defined contribution pension plans are expensed through profit and loss as they are vested by employees who render services on behalf of the company.

For defined benefit pension plans, the pension obligation does not cease until the agreed pensions have been paid. The Group's net obligation for defined benefit pension plans is calculated separately for each plan by estimating future compensation the employees has earned in current and previous periods; this compensation is discounted present value. The calculation is performed by an actuary using the so-called Projected Unit Credit Method. The fair value of Intrum Justitia's share of any investment assets as of the balance sheet date is calculated as well.

Actuarial gains and losses may arise in the determination of the present value of the obligation and the fair value of investment assets. They arise either because the actual outcome deviates from previous assumptions or the assumptions change. Intrum Justitia applies a corridor rule, which means that the portion of the accumulated actuarial gains and losses exceeding ten 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.

The carrying value of pensions and similar obligations recognized in the balance sheet corresponds to the present value of the obligations on the balance sheet date less the fair value of investment assets, unrecognized actuarial gains and losses and unrecognized costs for service during previous periods.

All the components included in the costs for the period for a defined benefit plan are recognized in operating profit.

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 has issued employee stock options, including so-called performance shares, to senior executives, which may require the issuance of shares in Intrum Justitia AB.

An option program gives employees the opportunity to acquire shares in the company. 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 allotted options is calculated according to the Black-Scholes model and takes into account the terms and conditions of the allotted instruments. The recognized cost corresponds to the fair value of an estimate of the number of options earned. This cost is adjusted in subsequent periods to reflect the actual number of options earned.

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.

Borrowing costs

The Group applies IAS 23 Borrowing Costs.

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

The Group and Parent Company capitalize borrowing costs in the cost of qualified assets effective January 1, 2009. In terms of amount, qualified assets are material fixed assets with long completion times. No such investments were made in 2009.

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.

Financial income and expenses

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 consists of portfolios of delinquent consumer debts purchased at prices significantly below the nominal receivable. They are recognized according to the rules for loans and receivables in IAS 39, i.e., at amortized cost according to effective interest model.

Revenues from purchased debt are recognized through profit or loss 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 Credit Management 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 initial 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 purchase 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. The Group applies internal application rules which mean that the initial effective interest rate can be adjusted in certain cases without a change in the carrying value of the portfolio for minor forecasts adjustments within a predetermined interval. 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, investing activities and financing activities.

The layout of the cash flow statement has been changed from previous years by reversing the amortization of purchased debt in cash flow from operating activities instead of including it in cash flow from investing activities.

Cash flow from investing activities includes only actual disbursements for investments during the year.

Foreign subsidiaries' transactions are translated in the cash flow statement at the average exchange rate for the period. Acquired and divested subsidiaries are recognized 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 repurchased during the year are included in the calculation from the date the proceeds from the transaction are paid to or by Intrum Justitia.

The Group had an employee stock option program for which the Parent Company issued options to senior executives in the Group to subscribe for shares at a predetermined price during the period July 1, 2007–May 30, 2009. In 2009 the employee stock option program gave rise to a dilution effect on earnings per share corresponding to unexercised options calculated according to IAS 33. The dilution effect consists of the difference between the number of options exercised and the number of shares at market value corresponding to the subscription proceeds. A Performance-Based Share Program was introduced in 2008, but has not yet caused any dilution effect since the conditions regarding growth in earnings per share, for example, have not yet been met.

Segments

The Group applies IFRS 8 Operating Segments as of this year.

An operating segment is a part of the Group from which it can generate revenues and incur expenses and for which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to assess performance and allocate resources to the operating segment.

Intrum Justitia's operating segments are the geographical regions Sweden, Norway & Denmark; Netherlands & Belgium; Switzerland, Germany & Austria; France, Spain, Portugal & Italy; Finland, Estonia, Latvia & Lithuania; United

Kingdom & Ireland; and Poland, Czech Republic, Slovakia & Hungary. In addition, there are central expenses that are not distributed by geographical region or by service line. The distribution by geographical region is also used for internal follow-ups in the Group.

Parent Company's accounting principles

The Parent Company has prepared the annual report according to the Annual Accounts Act (1995:1554) and recommendation RFR 2.2 Accounting for Legal Entities from the Swedish Financial Reporting Board. RFR 2.2 means that the Parent Company, in the annual report for the legal entity, must apply all EU-approved IFRS and statements 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 at cost. Revenue includes dividends received.

Group contributions and shareholders' contributions for legal entities

The company reports Group contributions and shareholders' contributions in accordance with statement UFR 2 of the Swedish Financial Reporting Board.

Group contributions are recognized according to their financial implications, i.e., Group contributions paid or received to minimize the Group's total tax, are recognized directly in retained earnings after deducting the current tax effect. 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.

In accordance with IFRIC 11, the Parent Company recognizes the cost of the employee stock options and performance shares issued on behalf of employees in subsidiaries as shareholder contributions to each subsidiary accrued over the vesting period.

Other

The Parent Company has no leases classified as finance leases 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.

NOTE 2. OPERATING SEGMENTS

	GROUP	
SEK M	**2009**	**2008**
Revenues from external clients by geographical region		
Sweden, Norway & Denmark	717.8	712.3
Netherlands & Belgium	643.4	543.4
Switzerland, Germany & Austria	917.5	778.1
France, Spain, Portugal & Italy	849.0	644.7
Finland, Estonia, Latvia & Lithuania	650.2	549.1
United Kingdom & Ireland	167.5	223.9
Poland, Czech Republic, Slovakia & Hungary	182.4	226.2
Total	**4,127.8**	**3,677.7**
Revenues from external clients by country		
Sweden	545.2	560.2
Finland	639.3	538.8
Switzerland	499.1	387.0
Netherlands	471.9	404.1
France	460.3	306.8
Other countries	1,512.0	1,480.8
Total	**4,127.8**	**3,677.7**

	GROUP	
SEK M	**2009**	**2008**
Intra-Group revenues by geographical region		
Sweden, Norway & Denmark	20.9	29.4
Netherlands & Belgium	13.6	12.7
Switzerland, Germany & Austria	174.7	127.6
France, Spain, Portugal & Italy	85.1	71.0
Finland, Estonia, Latvia & Lithuania	55.2	63.6
United Kingdom & Ireland	16.9	18.2
Poland, Czech Republic, Slovakia & Hungary	22.2	21.0
Elimination	–388.6	–343.5
Total	**0.0**	**0.0**
Operating earnings by geographical region		
Sweden, Norway & Denmark	164.7	190.9
Netherlands & Belgium	104.4	96.9
Switzerland, Germany & Austria	245.0	267.2
France, Spain, Portugal & Italy	133.4	109.7
Finland, Estonia, Latvia & Lithuania	223.5	231.6
United Kingdom & Ireland	–102.2	–117.0
Poland, Czech Republic, Slovakia & Hungary	–35.0	21.7
Participations in associated companies	0.3	0.8
Central expenses	–65.9	–104.5
Total operating earnings	**668.2**	**697.3**
Net financial items	–79.8	–127.6
Earnings before tax	**588.4**	**569.7**
Operating margin, percent		
Sweden, Norway & Denmark	22.9	26.8
Netherlands & Belgium	16.2	17.8
Switzerland, Germany & Austria	26.7	34.3
France, Spain, Portugal & Italy	15.7	17.0
Finland, Estonia, Latvia & Lithuania	34.4	42.2
United Kingdom & Ireland	–61.0	–52.3
Poland, Czech Republic, Slovakia & Hungary	–19.2	9.6
Group total	**16.2**	**19.0**
Assets		
Sweden, Norway & Denmark	1,129.6	1,097.3
Netherlands & Belgium	1,215.2	1,232.0
Switzerland, Germany & Austria	1,550.6	1,223.8
France, Spain, Portugal & Italy	1,092.6	1,410.0
Finland, Estonia, Latvia & Lithuania	853.5	893.5
United Kingdom & Ireland	397.6	478.2
Poland, Czech Republic, Slovakia & Hungary	441.0	445.2
Other/Eliminations	–56.0	–39.0
Total	**6,624.1**	**6,741.0**
Tangible and intangible fixed assets by country		
Sweden	447.0	421.7
Finland	211.9	196.5
Switzerland	275.1	259.5
Netherlands	142.1	154.8
France	205.2	228.6
Other countries	1,074.1	1,136.5
Total	**2,355.4**	**2,397.6**
Liabilities and provisions		
Sweden, Norway & Denmark	571.6	740.4
Netherlands & Belgium	534.6	735.6
Switzerland, Germany & Austria	496.4	611.6
France, Spain, Portugal & Italy	372.0	607.0
Finland, Estonia, Latvia & Lithuania	223.0	227.2
United Kingdom & Ireland	257.1	406.5
Poland, Czech Republic, Slovakia & Hungary	243.7	230.5
Other/Eliminations	1,376.8	786.9
Total	**4,075.2**	**4,345.7**

NOTE 2, CONT.

SEK M	GROUP 2009	GROUP 2008
Investments in tangible and intangible fixed assets		
Sweden, Norway & Denmark	40.0	42.1
Netherlands & Belgium	23.0	59.6
Switzerland, Germany & Austria	65.0	49.3
France, Spain, Portugal & Italy	8.5	67.6
Finland, Estonia, Latvia & Lithuania	41.9	31.6
United Kingdom & Ireland	1.9	5.7
Poland, Czech Republic, Slovakia & Hungary	5.6	7.9
Other/Eliminations	39.9	38.4
Total	**225.8**	**302.2**
Depreciation/amortization		
Sweden, Norway & Denmark	–6.6	–19.6
Netherlands & Belgium	–23.4	–20.7
Switzerland, Germany & Austria	–24.7	–19.7
France, Spain, Portugal & Italy	–21.4	–11.8
Finland, Estonia, Latvia & Lithuania	–12.5	–16.3
United Kingdom & Ireland	–9.1	–11.8
Poland, Czech Republic, Slovakia & Hungary	–8.4	–8.3
Other/Eliminations	–58.8	–13.3
Total	**–164.9**	**–121.5**
Adjustments for other items not included in cash flow		
Sweden, Norway & Denmark	0.6	1.0
Netherlands & Belgium	–14.0	–8.0
Switzerland, Germany & Austria	0.0	–2.5
France, Spain, Portugal & Italy	4.8	0.0
Finland, Estonia, Latvia & Lithuania	0.0	0.0
United Kingdom & Ireland	48.2	0.0
Poland, Czech Republic, Slovakia & Hungary	0.0	0.0
Other/Eliminations	–1.6	–15.8
Total	**38.0**	**–25.3**
Participations in associated companies		
Other/Eliminations	0,3	0,8
Total	**0,3**	**0,8**
Revenues by service line		
Credit Management	3,548.3	3,217.9
Purchased debt	924.1	783.6
Elimination of inter-service line revenue	–344.6	–323.8
Total	**4,127.8**	**3,677.7**
Operating earnings by service line		
Credit Management	398.3	501.0
Purchased debt	361.9	349.3
Goodwill impairment	–16.0	–51.8
Participations in associated companies	0.3	0.8
Central expenses	–76.3	–102.0
Total	**668.2**	**697.3**
Operating margin, %		
Credit Management	11.2	15.6
Purchased debt	39.2	44.6
Group total	**16.2**	**19.0**

No single client accounts for more than two percent of the Group's consolidated revenues. The distribution of revenues and earnings by geographical region is based on where clients are located. Central expenses that cannot be distributed by geographical area are reported under central expenses, which also include expenses for head office operations. Intra-Group sales between regions are made on commercial terms.

NOTE 3. REVENUE DISTRIBUTION

SEK M	GROUP 2009	GROUP 2008	PARENT COMPANY 2009	PARENT COMPANY 2008
Collection fees, commissions and debtors fees	2,728.8	2,838.1	–	–
Subscription revenues	99.6	93.7	–	–
Collections on purchased debt	1,699.4	1 410.2	–	–
Amortization purchased debt	–780.8	–656.0	–	–
Revaluation purchased debt	–35.7	2.2	–	–
Credit card guarantees fees	41.2	27.2	–	–
Revenues from Group companies	–	–	57.7	60.0
Other	719.9	286.1	0.0	0.9
Elimination	–344.6	–323.8	–	–
Summa	**4,127.8**	**3,677.7**	**57.7**	**60.9**

NOTE 4. DEPRECIATION AND AMORTIZATION

SEK M	GROUP 2009	GROUP 2008	PARENT COMPANY 2009	PARENT COMPANY 2008
Capitalized expenditure for IT development	–84.7	–63.4	–	–0.7
Client relationships	–21.8	–10.3	–	–
Other intangibles	–9.8	–3.8	–0.3	–
Computer hardware	–29.7	–26.8	0.0	–0.1
Other equipment	–18.9	–17.2	–0.1	–0.1
Total	**–164.9**	**–121.5**	**–0.4**	**–0.9**

Depreciation/amortization has been charged to each function as an operating expense as follows:

SEK M	GROUP 2009	GROUP 2008	PARENT COMPANY 2009	PARENT COMPANY 2008
Cost of sales	–147.8	–101.5	–	–
Sales and marketing expenses	–5.2	–7.4	–	–
General and administrative expenses	–11.9	–12.6	–0.4	–0.9
Total	**–164.9**	**–121.5**	**–0.4**	**–0.9**

NOTE 5. PARTICIPATIONS IN ASSOCIATED COMPANIES

SEK M	GROUP 2009	GROUP 2008
Intrum á Íslandi ehf., Reykjavik (Iceland)	0.3	0.8
Total	**0.3**	**0.8**

NOTE 6. FINANCIAL INCOME

SEK M	GROUP 2009	GROUP 2008	PARENT COMPANY 2009	PARENT COMPANY 2008
Interest income from Group companies	–	–	153.9	140.4
Other interest income	9.5	24.6	1.6	3.8
Dividends from Group companies	–	–	83.5	4,728.7
Distribution received on other shares	–	6.2	–	–
Result from intra-Group share transactions	–	–	1,150.8	–
Summa	**9.5**	**30.8**	**1,389.8**	**4,872.9**

The Parent Company's result from intra-Group share transactions relates to the result from the sale to the Group company Fair Pay Please AB of the shares in Intrum NV. Belgium. The sale was executed at estimated market value.

NOTE 7. FINANCIAL EXPENSES

	GROUP		PARENT COMPANY	
SEK M	2009	2008	2009	2008
Interest expenses to Group companies	–	–	–131.6	–303.7
Interest expenses	–72.2	–144.2	–68.3	–129.9
Exchange rate differences	4.8	–9.7	5.3	–1.3
Amortization of capitalized borrowing costs	–1.7	–1.7	–1.7	–1.7
Impairment of shares in subsidiaries	–	–	–25.7	–1.7
Other financial expenses	–20.2	–2.8	–2.1	–1.9
Total	**–89.3**	**–158.4**	**–224.1**	**–440.2**

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

NOTE 8. TAX

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

	GROUP	
SEK M	2009	2008
Earnings before tax		
Sweden	–81.0	–192.5
Other countries	669.4	762.2
Total	**588.4**	**569.7**
Current tax		
Sweden	–18.8	0.3
Other countries	–144.7	–128.2
Deferred tax		
Sweden	–47.8	–2.8
Other countries	63.5	2.7
Total	**–147.8**	**–128.0**

In accordance with an advance ruling based on the European Court of Justice's so-called Marks & Spencer case, Group contributions were paid by the Group's Swedish company to its Italian company, and deductions of SEK 39.7 M and SEK 18.0 M were claimed in the Swedish company's tax returns for 2006 and 2007, respectively. The Swedish Tax Agency appealed the advance ruling, however. According to the Swedish Supreme Administrative Court's ruling in March 2009, such deductions are not permitted in Sweden, since Group contributions to foreign companies are granted only if the receiving company has been liquidated.

Intrum Justitia AB is domiciled in Sweden, where the nominal corporate tax rate was 28.0 percent in 2008 and 26.3 percent in 2009. 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 26.2 or 28.0 percent.

	GROUP			
	2009		2008	
Reconciliation	SEK M	%	SEK M	%
Earnings after financial items	588.4		569.7	
Income tax calculated at standard rate in Sweden, 26.3 and 28.0 % respectively	**–154.8**	**26.3**	**–159.5**	**28.0**
Effect of different tax rates in other countries	70.1	–11.9	7.1	–1.3
Tax effect of tax-exempt income and non-deductible expenses	–28.1	4.8	–27.2	4.8
Unrecognized tax assets pertaining to loss carryforwards	–99.3	16.9	–91.0	16.0
Utilized previously unrecognized tax assets pertaining to loss carryforwards	2.6	–0.4	7.5	–1.3
Effect on deferred tax assets of change in tax rate in Sweden	–	–	–5.8	1.0
Adjustments to previous years and other	61.7	–10.6	140.9	–24.7
Total tax on net earnings for the year	**–147.8**	**25.1**	**–128.0**	**22.5**

Unrecognized tax assets pertaining to loss carryforwards relate to the positive tax effect during the year arising from the utilization of loss carryforwards that previously had not been recognized as deferred tax assets (primarily applies to Italy) and the negative tax effect during the year due to losses in countries where deferred tax assets are not recognized for reasons of prudence (primarily applies to Sweden, the UK and Hungary). Adjustments to previous years and other include a tax reduction arising in the Group due to special "notional interest deductions" in Belgium and a more favorable tax situation in Switzerland following a ruling in Intrum Justitia's favor by the Swedish Supreme Administrative Court concerning CFC taxation. Corresponding reconciliation for Parent Company:

	PARENT COMPANY			
	2009		2008	
Reconciliation	SEK M	%	SEK M	%
Earnings after financial items	1,116.7		4,384.3	
Income tax calculated at standard rate in Sweden, 26.3 and 28.0 % respectively	**–293.7**	**26.3**	**–1,227.6**	**28.0**
Tax effect of tax-exempt income and non-deductible expenses	–294.6	26.4	1,542.5	–35.2
Effect on deferred tax assets of change in tax rate in Sweden	–	–	–5.5	0.0
Unrecognized tax assets pertaining to loss carryforwards	663.1	–59.4	–274.3	6.4
Total tax on net earnings for the year	**74.8**	**–6.7**	**35.1**	**–0.8**

Tax-exempt income in the Parent Company consists of share dividends and similar transfers from subsidiaries as well as gains on intra-Group share sales. The Parent Company has accumulated loss carryforwards of SEK 715.6 M (1,157.7) at year-end 2009 as a result of both income items and unrealized translation differences recognized in other comprehensive income. After an assessment is made of how much of this amount can realistically be utilized against taxable gains in Sweden in the foreseeable future, a deferred tax asset is recognized in the consolidated balance sheet for a limited portion, of which SEK 0.0 M (68.5) in the Parent Company. The effect on the Parent Company's tax rate is indicated in the reconciliation above as Unrecognized tax assets pertaining to loss carryforwards.

When differences arise between the tax value and carrying value of assets and liabilities, a deferred tax asset or tax liability is recognized. 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			
	2009		2008	
	Asset/ Liability	Income/ Expense	Asset/ Liability	Income/ Expense
Legal outlays	15.8	1.5	11.5	0.0
Purchased debt	16.0	22.8	–4.7	5.1
Intangible assets	–48.6	5.7	–55.4	–17.5
Loss carryforwards	82.0	–15.7	102.5	11.6
Provisions for pensions	5.3	–0.4	5.8	–2.0
Other	11.7	1.8	12.6	2.7
Total	**82.2**	**15.7**	**72.3**	**–0.1**
Deferred tax assets	117.2	–12.3	132.8	7.7
Deferred tax liabilities	–35.0	28.0	–60.5	–7.8
Total	**82.2**	**15.7**	**72.3**	**–0.1**

NOTE 8, CONT.

Deferred tax assets of SEK 0.0 M (68.5) in the Parent Company refer to loss carryforwards.

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

The Group has loss carryforwards that can be utilized to offset future earnings totaling SEK 1,962.6 M (1,638.7). Of this amount, SEK 287.7 M (360.8) serves as the basis for deferred tax assets of SEK 82.0 M (102.5), which is recognized in the balance sheet since the loss carryforwards are expected to be utilized to offset earnings in the years ahead. Deferred tax assets are also recognized for companies in Sweden, Norway, Poland and Slovakia, though in limited amounts, despite that these companies had negative taxable results for 2009. The reporting is based on an evaluation of the prospects of generating positive taxable earnings again in the years ahead.

Loss carryforwards for which no deferred tax assets are recognized include the UK with SEK 359.2 M (193.0).

With regard to ongoing tax disputes, refer to Note 27.

Tax items reported in other comprehensive income or directly against shareholders' equity

	GROUP		PARENT COMPANY	
SEK M	**2009**	**2008**	**2009**	**2008**
Tax attributable to unrealized exchange rate differences on long-term intra-Group transactions	–	47.3	–	47.3
Current tax attributable to Group contributions received	–	–	–143.3	–57.4
Total	**0.0**	**47.3**	**–143.3**	**–10.1**

NOTE 9. DATA PER SHARE

	GROUP	
	2009	**2008**
Net earnings for the year attributable to Parent Company's shareholders (SEK M)	440.5	441.7
Number of shares outstanding at beginning of year	79,342,171	79,089,851
Acquisition of treasury shares	–	–250,000
Increase in share capital through exercise of employee stock options	402,480	502,320
Number of shares outstanding at year-end	**79,744,651**	**79,342,171**

	GROUP	
	2009	**2008**
Weighted average number of shares during the year before dilution	79,658,944	79,148,161
Dilution effect attributable to employee stock option program	23,029	297,922
Weighted average number of shares during the year after dilution	**79,681,973**	**79,446,083**
Earnings per share before dilution (SEK)	5.53	5.58
Earnings per share after dilution (SEK)	5.53	5.56

The Group's Employee Stock Option Program 2003/2009 entailed new share issues during the year when option holders exercised their options. The last options were exercised in May 2009 and the program has thus been concluded.

The dilution effect has been calculated according to the rules in IAS 33 Earnings per Share and consists of the difference between the number of shares added through the option program and the number of shares at market value that correspond to the subscription proceeds.

The Group also has a Performance-Based Share Program introduced in 2008, where up to 137,485 shares can be subscribed by employees of the Group during the periods May 15, 2010–May 15, 2012 and May 15, 2011–May 15, 2013. The shares can be purchased by employees provided that certain performance conditions have been met, including in terms of growth in earnings per share. The performance conditions were not met for the shares that could have been purchased at the beginning of 2010, and these rights will expire without value.

NOTE 9, CONT.

As of year-end 2009 the performance conditions have not yet been met for the performance shares that can be purchased beginning in 2011, as a result of which they did not give rise to any dilution in 2009. In 2008 the company repurchased 250,000 shares to hedge any future payment consequences of the year's Performance-Based Share Program.

NOTE 10. INTANGIBLE FIXED ASSETS

	GROUP		PARENT COMPANY	
SEK M	**2009**	**2008**	**2009**	**2008**
Capitalized expenditure for IT development				
Acquisition cost, opening balance	779.8	640.8	4.4	4.2
Capitalized expenditures for the year	166.7	136.5	0.4	0.2
Disposals	–31.0	–95.2	–	–
Acquired through business combination	0.0	4.0	–	–
Translation differences	–33.5	93.7	–	–
Accumulated acquisition cost, closing balance	**882.0**	**779.8**	**4.8**	**4.4**
Accumulated amortization, opening balance	–383.2	–366.6	–4.0	–3.3
Disposals	29.9	92.8	–	–
Acquired through business combination	0.0	–3.8	–	–
Amortization for the year	–84.7	–63.4	–0.3	–0.7
Translation differences	8.9	–42.2	–	–
Accumulated amortization, closing balance	**–429.1**	**–383.2**	**–4.3**	**–4.0**
Impairments, opening balance	–133.4	–115.3	–	–
Translation differences	7.8	–18.1	–	–
Accumulated impairments, closing balance	**–125.6**	**–133.4**	**0.0**	**0.0**
Carrying value	**327.3**	**263.2**	**0.5**	**0.4**
Client relationships				
Acquisition cost, opening balance	138.8	30.3	–	–
Capitalized expenditures for the year upon business acquisitions	0.0	89.7	–	–
Translation differences	–9.2	18.8	–	–
Accumulated acquisition cost, closing balance	**129.6**	**138.8**	**0.0**	**0.0**
Accumulated amortization, opening balance	–33.1	–17.2	–	–
Amortization for the year	–21.8	–10.3	–	–
Translation differences	3.6	–5.6	–	–
Accumulated amortization, closing balance	**–51.3**	**–33.1**	**0.0**	**0.0**
Carrying value	**78.3**	**105.7**	**0.0**	**0.0**
Other intangible fixed assets				
Acquisition cost, opening balance	32.8	4.5	–	–
Capitalized expenditures for the year	15.1	24.6	–	–
Translation differences	–5.0	3.7	–	–
Accumulated acquisition cost, closing balance	**42.9**	**32.8**	**0.0**	**0.0**
Accumulated amortization, opening balance	–6.1	–2.5	–	–
Amortization for the year	–9.8	–3.8	–	–
Translation differences	3.2	0.2	–	–
Accumulated amortization, closing balance	**–12.7**	**–6.1**	**0.0**	**0.0**
Carrying value	**30.2**	**26.7**	**0.0**	**0.0**

NOTE 10, CONT.

SEK M	GROUP 2009	GROUP 2008	PARENT COMPANY 2009	PARENT COMPANY 2008
Goodwill				
Acquisition cost, opening balance	1,956.6	1,614.6	–	–
Acquisitions during the year	–	204.8	–	–
Sales during the year	–76.6	–	–	–
Translation differences	–54.7	137.2	–	–
Accumulated acquisition cost, closing balance	**1,825.3**	**1,956.6**	**–**	**–**
Impairments, opening balance	–60.7	–	–	–
Sales during the year	60.7	–	–	–
Impairments for the year	–	–60.7	–	–
Accumulated impairments, closing balance	**–**	**–60.7**	**0.0**	**0.0**
Carrying value	**1,825.3**	**1,895.9**	**0.0**	**0.0**

The divestment of Stirling Park in Scotland in 2009 reduced the carrying value of goodwill by SEK 15.9 M.

Capitalized expenditures for IT development are primarily developed internally with in-house staff and/or outside consultants. Client relations and goodwill are acquired in connection with business combinations. Other intangible fixed assets are primarily acquired externally.

Payments during the year for investments in intangible fixed assets amounted to SEK 192.0 M (146.0) 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 36 Impairment of Assets. The consolidated balance sheet includes goodwill attributable to 15 of the 22 countries, with a total carrying value of SEK 1,825.3 M (1,895.9). The goodwill value is distributed among the largest countries as follows:

SEK M	2009	2008
Sweden	369.0	369.0
Belgium	248.3	263.8
UK	219.3	231.0
Switzerland	202.9	215.7
France	158.1	168.0
Finland	131.0	139.2
Netherlands	125.8	133.7
Norway	111.6	99.5
Other countries	259.3	276.0
Total	**1,825.3**	**1,895.9**

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 its value in use. 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 calculation is based on a detailed forecast for the years 2010–2013 and thereafter an annual increase of 3 percent. The cash flows have been discounted to present value applying the Group's weighted average cost of capital, which is estimated at 7.93 percent per year before tax. The recoverable amount 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 goodwill impairment attributable to Belgium, Finland, France, Netherlands, Switzerland or Sweden, even when assuming unchanged future revenues, margins and cash flows. Impairment testing of goodwill attributable to the UK and Norway assumes a significant earnings improvement, however.

NOTE 11. TANGIBLE FIXED ASSETS

SEK M	GROUP 2009	GROUP 2008	PARENT COMPANY 2009	PARENT COMPANY 2008
Computer hardware				
Acquisition cost, opening balance	228.2	201.5	1.0	1.0
Investments for the year	23.0	24.8	–	–
Sales and disposals	–33.6	–24.9	–	–
Reclassification	4.1	0.2	–	–
Acquired through business combinations	–	0.9	–	–
Divested through business sales	–8.5	–	–	–
Translation differences	–9.9	25.7	–	–
Accumulated acquisition cost, closing balance	**203.3**	**228.2**	**1.0**	**1.0**
Accumulated depreciation, opening balance	–176.8	–153.7	–0.9	–0.8
Sales and disposals	33.1	23.1	–	–
Reclassification	–1.4	–	–	–
Acquired through business combinations	–	–	–	–
Divested through business sales	7.1	–	–	–
Depreciation for the year	–29.7	–26.8	0.0	–0.1
Translation differences	7.1	–19.4	–	–
Accumulated depreciation, closing balance	**–160.6**	**–176.8**	**–0.9**	**–0.9**
Carrying value	**42.7**	**51.4**	**0.1**	**0.1**
Other tangible fixed assets				
Acquisition cost, opening balance	240.9	210.4	1.7	1.6
Investments for the year	21.0	13.7	–	0.1
Sales and disposals	–23.2	–18.3	–	–
Reclassification	–0.7	–0.2	–	–
Acquired through business combinations	–	8.0	–	–
Divested through business sales	–3.6	–	–	–
Translation differences	–10.1	27.3	–	–
Accumulated acquisition cost, closing balance	**224.3**	**240.9**	**1.7**	**1.7**
Accumulated depreciation, opening balance	–186.2	–158.9	–1.5	–1.4
Sales and disposals	21.6	15.6	–	–
Reclassification	0.0	–	–	–
Acquired through business combinations	–	–4.0	–	–
Divested through business sales	3.0	–	–	–
Depreciation for the year	–18.9	–17.2	–0.1	–0.1
Translation differences	7.8	–21.7	–	–
Accumulated depreciation, closing balance	**–172.7**	**–186.2**	**–1.6**	**–1.5**
Carrying value	**51.6**	**54.7**	**0.1**	**0.2**

Payments during the year for investments in tangible fixed assets amounted to SEK 43.9 M (47.6) for the Group.

NOTE 12. GROUP COMPANIES

SEK M	2009	2008
Intrum N.V, Belgium	–	4,905.6
Intrum Justitia A/S, Denmark	188.4	188.4
Intrum Justitia AS, Estonia	0.7	0.7
Intrum Justitia Oy, Finland	1,649.0	1,649.0
Intrum Justitia SAS, France	345.0	345.0
Intrum Justitia SpA, Italy	50.1	50.1
Intrum Justitia Sia, Latvia	0.0	7.6
UAB Intrum Justitia, Lithuania	0.0	17.2
Intrum Justitia BV (formerly I.C.S International Collector Services BV), Netherlands	376.6	376.6
Fair Pay Please AS, Norway	263.9	263.9
Intrum Justitia Portugal Unipessoal Lda, Portugal	70.7	70.7
Intrum Justitia AG, Switzerland	942.3	942.3
Intrum Justitia Ibérica S.A.U, Spain	197.9	197.9
Collector Services Ltd, United Kingdom	456.2	456.2
Intrum Justitia Sweden AB, Sweden	1,649.0	1,649.0
Intrum Justitia International AB, Sweden	600.9	600.9
Intrum Justitia Holding GmbH, Germany	376.9	376.9
Intrum Justitia Inkasso GmbH, Austria	37.2	37.2
Carrying value	**7,204.7**	**12,135.2**

SEK M	2009	2008
Opening balance	12,135.2	6,974.0
Capital contributions paid	0.8	114.6
Distribution in kind received	–	4,670.0
Impairment of shares in subsidiaries	–25.7	–
Sale of subsidiaries	–	–
Intra-Group sale of shares in subsidiaries	–4,905.6	–
Acquisition of subsidiaries	–	376.6
Closing balance	**7,204.7**	**12,135.2**

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 GmbH	FN 48800s	Salzburg	100 %
Schimmelpfeng Auskunftei GmbH	FN 105105t	Salzburg	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 GmbH	HRB 4622	Darmstadt	100 %
Schimmelpfeng Forderungs-management GmbH	HRB 8997	Darmstadt	100 %
Intrum Data Systems (Deutschland) GmbH	HRB 5345	Darmstadt	100 %
Schimmelpfeng Creditmanagement GmbH	HRB 85778	Darmstadt	100 %
ITALY			
Intrum Justitia SpA	03776980488	Milan	100 %
LATVIA			
Intrum Justitia SIA	40003574557	Riga	100 %
LITHUANIA			
UAB Intrum Justitia	124235171	Vilnius	100 %
NETHERLANDS			
Intrum Justitia BV	33.273.472	Amsterdam	100 %
NORWAY			
Fair Pay Please AS	979 683 529	Oslo	100 %
Intrum Justitia AS	848 579 122	Oslo	100 %
Intrum Justitia Norway AS	892 007 802	Oslo	100 %
PORTUGAL			
Intrum Justitia Portugal Unipessoal Lda.	503 933 180	Lisbon	100 %
SPAIN			
Intrum Justitia Ibérica S.A.U.	A28923712	Madrid	100 %
Intrum International S.A.	A79927423	Madrid	100 %
SWEDEN			
Intrum Justitia Sweden AB	556134-1248	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 %
Schimmelpfeng Auskunftei 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	Liverpool	100 %
Intrum Justitia (Holdings) Ltd	1356148	Liverpool	100 %
Intrum Justitia Ltd	1918920	Liverpool	100 %
Outstanding Services (Credit Control) Ltd	1014132	Liverpool	100 %
Credit Ancillary Services (Scotland) Ltd	SC70627	Glasgow	51 %
Debt Investigations (UK) Ltd	4164669	Liverpool	100 %
Intrum Justitia (Scotland) Ltd	SC320518	Glasgow	100 %

Subsidiaries of Intrum Justitia International AB	Corp. identity no.	Domicile	Share of capital
POLAND			
Intrum Justitia Towarzystwo Funduszy Inwestycyjnych S.A	1080001076	Warsaw	100 %
Intrum Justitia Debt Fund 1 Fundusz Inwestycyjny Zamkniety Niestandaryzowany Fundusz Sekurytyzacyjny			100 %
SWEDEN			
Fair Pay Management AB	556239-1655	Stockholm	100 %
Fair Pay Please AB	556259-8606	Stockholm	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 %

NOTE 12, CONT.

Subsidiaries of Fair Pay Please AB	Corp. identity no.	Domicile	Share of capital
BELGIUM			
Intrum N.V	BE 0426237301	Ghent	100 %
Outsourcing Partners N.V	BE 0466643442	Ghent	100 %
Solutius Belgium N.V	BE 0439189571	Brussels	100 %

Subsidiaries of Intrum Justitia BV	Corp. identity no.	Domicile	Share of capital
HUNGARY			
Intrum Justitia Követeléskezeló Zrt.	01-10-044857	Budapest	100 %
IRELAND			
Intrum Justitia Ireland Ltd	175808	Dublin	100 %
Default Investigation (Ireland) Limited	358355	Dublin	100 %
NETHERLANDS			
Intrum Justitia Nederland BV	27.134.582	The Hague	100 %
Intrum Justitia Central Europe BV	33.241.142	Amsterdam	100 %
Intrum Justitia Data Centre BV	27.306.188	Amsterdam	100 %
POLAND			
Intrum Justitia Debt Finance Poland Sp.zo.o	521-31-83-398	Warsaw	100 %
Intrum Justitia Debt Surveillance Sp.zo.o	783-15-41-469	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 Ügyintézó Szolgáltatás Kft	01-09-268230	Budapest	100 %
POLAND			
Intrum Justitia Sp.zo.o.o	521-28-85-709	Warsaw	100 %
Intrum Justitia Kancelaria Radcy Prawnego Macieja Czasaka SK	521-33-33-283	Warsaw	70 %
SLOVAKIA			
Intrum Justitia Slovakia s. r. o.	35 831 154	Bratislava	100 %

NOTE 13. JOINT VENTURES

Intrum Justitia is co-owner of 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 these companies invest in portfolios of written-off receivables. None have any employees.

The companies reported according to the proportional method are:

SDF 50 AG
The company is domiciled in Zug, Switzerland, with corporate identity number CH-170.3.026.713-6. Intrum Justitia owned 50 percent of the shares, but in June 2009 acquired the other shares from the other co-owner, ELQ Investors, Ltd, a company owned by Goldman Sachs. SDF 50 AG was subsequently merged with another subsidiary of the Intrum Justitia Group. 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. Intrum Justitia owned 25 percent of the shares, but in June 2009 acquired the other shares from the other co-owner, ELQ Investors, Ltd, a company owned by Goldman Sachs. SDF 75 AG was subsequently merged with another subsidiary of the Intrum Justitia Group. The company's operations were started in 2004 and comprise ownership of written-off receivables in the UK.

LDF 65 sarl
The company is domiciled in Luxembourg, with corporate identity number B 134749. There are 231 shares outstanding in the company, of which Intrum Justitia owns 35 percent. The other shares are owned by DGAD International, a company owned by Calyon Bank. The company's operations were started in 2007 and comprise ownership of written-off receivables in Austria.

Inca sarl
The company is domiciled in Luxembourg, with corporate identity number B 139513. There are 12,500 shares outstanding in the company, of which Intrum Justitia owns 35 percent. The other shares are owned by DGAD International, a company owned by Calyon Bank. The company's operations were started in 2008 and comprise funding for LDF 65 sarl.

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, is as follows. SDF 50 AG and SDF 75 AG are included in the results below until the point in time when they ceased being joint ventures.

Income statement

SEK M	2009	2008
Revenues	78.6	124.3
Operating expenses	–35.3	–53.8
Operating earnings	**43.3**	**70.5**
Net financial items	–16.9	–5.8
Earnings after financial items	**26.4**	**64.7**
Current and deferred tax	–0.8	–0.7
Net earnings for the year	**25.6**	**64.0**

Balance sheet

SEK M	2009	2008
Financial fixed assets	379.7	541.3
Current assets	9.0	4.0
Cash and bank balances	22.3	46.6
Total assets	**411.0**	**591.9**
Equity	238.0	240.2
Long-term liabilities	166.0	252.6
Current liabilities	7.0	99.1
Total equity and liabilities	**411.0**	**591.9**

NOTE 14. ASSOCIATED COMPANIES

SEK M	Corporate identity no.	Share of capital	GROUP 2009	2008
Intrum á Íslandi ehf, Reykjavik (Iceland)	701195-3109	33,3 %	11.1	23.2
Carrying value			**11.1**	**23.2**
Opening balances			23.2	15.0
Participations			0.3	0.8
New share issue			–	4.0
Exchange rate difference			–12.4	3.4
Closing balance			**11.1**	**23.2**

The Group's share of the associated company's revenue is SEK 25.6 M (34.9), net earnings SEK 0.3 M (0.8), assets SEK 12.5 M (18.1) and liabilities SEK 5.6 M (10.7).

NOTE 15. OTHER SHARES AND PARTICIPATIONS

SEK M	Corporate identity no.	Share of capital	GROUP 2009	2008
NetGiro International AB, Stockholm (Sweden)	556564-9190	4 %	0.0	0.0
Other shares			0.2	0.1
Carrying value			**0.2**	**0.1**
Opening balances			0.1	0.1
Exchange rate difference			0.1	0.0
Closing balance			**0.2**	**0.1**

Other shares primarily refer to a few small holdings of lesser value. There is no significant difference between the fair value and carrying 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. Following the disposal of the operating company NetGiro to Digital River Inc. in 2007, NetGiro International AB will be liquidated.

NOTE 16. PURCHASED DEBT

SEK M	GROUP 2009	2008
Acquisition cost, opening balance	5,206.6	3,730.6
Purchases of written-off debt	911.9	859.8
Translation differences	–316.8	616.2
Accumulated acquisition cost, closing balance	**5,801.7**	**5,206.6**
Amortization, opening balance	–2,876.3	–1,848.4
Amortization for the year	–816.5	–653.8
Translation differences	203.0	–374.1
Accumulated amortization, closing balance	**–3,489.8**	**–2,876.3**
Carrying value	**2,311.9**	**2,330.3**

Amortization for the year SEK M	GROUP 2009	2008
Time and interest component	–780.8	–656.0
Revaluation in connection with changes in expectations in forecasts of future cash flows	68.2	41.0
Impairment in connection with changes in expectations in forecasts of future cash flows	–103.9	–38.8
Total amortization for the year	**–816.5**	**–653.8**

Payments during the year for investments in purchased debt amounted to SEK 870.6 M (1,204.1).

For a description of Intrum Justitia's accounting principles for purchased debt, see Note 1, page 44.

NOTE 17. OTHER LONG-TERM RECEIVABLES

SEK M	GROUP 2009	2008	PARENT COMPANY 2009	2008
Deposits with landlords	5.3	6.0	–	–
Deposits with clients	0.3	–	–	–
Lending to law firms	0.3	1.6	–	–
Long-term VAT receivable	59.9	85.9	–	–
Endowment insurance	0.5	0.8	0.5	0.8
Total	**66.3**	**94.3**	**0.5**	**0.8**
Opening balances	95.4	9.7	0.8	1.1
Reclassified from current receivables	–	22.4	–	–
On loan	75.3	65.9	–	–
Repaid	–98.6	–14.5	–0.3	–0.3
Exchange rate difference	–4.7	11.9	–	–
Closing balance	**67.4**	**95.4**	**0.5**	**0.8**
Accumulated impairment, opening balance	–1.1	–1.1	–	–
Accumulated impairment, closing balance	**–1.1**	**–1.1**	**0.0**	**0.0**
Carrying value	**66.3**	**94.3**	**0.5**	**0.8**

A long-term VAT receivable arises in the Netherlands in connection with the purchase of written-off receivables. The VAT portion of the receivable can be recovered from the tax authority if it is not collected from the debtor and is therefore recognized separately as a long-term receivable.

NOTE 18. ACCOUNTS RECEIVABLE

MSEK	GROUP 2009	2008	PARENT COMPANY 2009	2008
Non-delinquent receivables	166.3	165.8	0.0	0.0
Accounts receivable overdue <30 days	49.6	58.0	–	–
Accounts receivable overdue 31-60 days	25.4	39.9	–	–
Accounts receivable overdue 61-90 days	16.0	25.3	–	–
Accounts receivable overdue > 91 days	63.4	65.5	–	–
Total accounts receivable	**320.7**	**354.5**	**0.0**	**0.0**
Accumulated reserve for impaired receivables, opening balance	–39.3	–37.4	0.0	0.0
Reserve for impaired receivables for the year	–16.3	–9.2	–	–
Realized client losses for the year	5.6	2.6	–	–
Withdrawals from reserve for impaired accounts receivable for the year	8.5	11.2	–	–
Translation difference	1.8	–6.5	–	–
Accumulated reserve for impaired receivables, closing balance	**–39.7**	**–39.3**	**0.0**	**0.0**
Carrying values	**281.0**	**315.2**	**0.0**	**0.0**

No security has been issued by Intrum Justita's clients for the Group's accounts receivables attributable to them. In certain countries it is possible to offset accounts receivable against the client funds liability with the same client.

NOTE 19. OTHER RECEIVABLES

	GROUP		PARENT COMPANY	
SEK M	**2009**	**2008**	**2009**	**2008**
Outlays on behalf of clients	416.0	428.1	–	–
Less: reserve for uncertainty in outlays on behalf of clients	–141.4	–139.0	–	–
Total	**274.6**	**289.1**	**–**	**–**
Endowment insurance for retirement of former staff	2.1	1.1	2.1	1.1
Other	40.2	42.8	3.0	4.3
Total	**42.3**	**43.9**	**5.1**	**5.4**
Carrying value	**316.9**	**333.0**	**5.1**	**5.4**

NOTE 20. PREPAID EXPENSES AND ACCRUED INCOME

	GROUP		PARENT COMPANY	
SEK M	**2009**	**2008**	**2009**	**2008**
Prepaid rent	18.2	16.1	0.4	0.4
Prepaid insurance premiums	6.8	11.6	1.6	1.1
Prepaid expenses for purchased debt	2.5	13.8	–	–
Accrued income	41.0	58.7	–	–
Derivative assets (forward exchange contracts)	7.5	10.3	7.5	10.3
Other	37.7	57.1	0.6	0.5
Carrying value	**113.7**	**167.6**	**10.1**	**12.3**

NOTE 21. LIQUID ASSETS

	GROUP		PARENT COMPANY	
SEK M	**2009**	**2008**	**2009**	**2008**
Cash and bank balances	434.9	259.3	151.7	16.0
Restricted bank accounts	48.4	35.0	0.0	0.0
Short-term investments	8.1	0.0	8.1	0.0
Total	**491.4**	**294.3**	**159.8**	**16.0**

Short-term investments have an insignificant risk of fluctuating in value, can easily be converted to cash and mature in not more than three months from acquisition. Short-term investments at year-end 2009 consisted of overnight investments with banks which were available the first business day after the turn of the year.

NOTE 22. SHAREHOLDERS' EQUITY

Share capital

According to the Articles of Association of Intrum Justitia AB (publ), the company's share capital will amount to not less than SEK 1,500,000 and not more than SEK 6,000,000. All shares are fully paid in, carry equal voting rights and share equally in the company's assets and earnings. No shares are reserved for transfer.

	2009		2008	
Changes in share capital	**No. of shares**	**Share capital (SEK)**	**No. of shares**	**Share capital (SEK)**
Opening balance	79,592,171	1,591,843,42	79,089,851	1,581,797.02
New share issues in connection with exercise of employee stock options	402,480	8,049.60	502,320	10,046,40
Closing balance	**79,994,651**	**1,599,893,02**	**79,592,171**	**1,591,843,42**
Treasury shares	–250,000	–5,000,00	–250,000	–5,000,00
Net	**79,744,651**	**1,594,893,02**	**79,342,171**	**1,586,843,42**

Share repurchase

In 2008, 250,000 shares of the total of 79,994,651shares outstanding were repurchased for SEK 25.7 M to guarantee the delivery of shares and payment of social security costs in connection with the Group's Performance-Based Share Program. The amount is recognized as a reduction in retained earnings.

Other shareholders' equity in the Group

Other paid-in capital

Refers to equity other than share capital contributed by the owners or arising owing to the Group's shared-based payment programs. Also included are share premiums paid in connection with new issues.

Reserves

Refer exclusively to the translation reserve, which contains all 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. The amount also includes exchange rate differences arising since January 1, 2009 on the Parent Company's external loans in foreign currency, which are intended to hedge the Group's translation exposure attributable to net assets in foreign subsidiaries.

Retained earnings including net earnings for the year

Refer to earnings in the Parent Company and subsidiaries, joint ventures and associated companies. Provisions to the statutory reserve, excluding transferred share premium reserves, were previously included in this item. Dividends paid and share repurchases are deducted from the amount.

Following the balance sheet date the Board of Directors proposed a dividend of SEK 3.75 per share (3.50), or a total estimated payout of SEK 299.0 M (278.4).

Other shareholders' equity in the Parent Company

Statutory reserve

Refers to provisions to the statutory reserve and share premium reserve prior to 2006. The statutory reserve is restricted equity and may not be reduced through profit distributions.

Share premium reserve

When shares are issued at a premium, the amount exceeding their quota value is transferred to the share premium reserve. Provisions to the share premium reserve as of 2006 are non-restricted equity.

Fair value reserve

Refers to unrealized exchange rate gains or losses on long-term monetary transactions with subsidiaries as well as external loans in foreign currency, which are intended to hedge the Group's translation exposure attributable to net assets in foreign subsidiaries. The fair value reserve is non-restricted equity.

Retained earnings

Refer to retained earnings from the previous year less the dividend paid and share repurchases. Retained earnings are non-restricted equity.

Capital structure

The company's definition of capital corresponds to shareholders' equity including the minority share, which at year-end totaled SEK 2,548.9 M (2,395.3).

The measure used to monitor the company's capital structure is the debt/equity ratio, defined as the sum of interest-bearing liabilities and pension provisions less liquid assets and interest-bearing receivables, divided by equity including the minority share. The Board of Directors has established financial objectives for the Group, where one of the restrictions is that the debt/equity ratio may not exceed 150 percent over the long term. There is also an external limit in the form of one of the covenants in the Group's main loan facility, which requires that the debt/equity ratio not exceed 175 percent.

The debt/equity ratio was 77.7 percent (98.0) at year-end.

NOTE 23. 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 account for a total of 25 (26) 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	**2009**	**2008**	**2007**	**2006**	**2005**
Present value of fully or partly funded obligations	38.9	36.8	40.3	32.0	31.0
Fair value of assets under management	–39.5	–37.2	–34.0	–28.7	–27.8
Surplus/deficit in the plan	**–0.6**	**–0.4**	**6.3**	**3.3**	**3.2**
Present value of unfunded obligations	32.6	32.9	29.5	27.7	26.0
Present value of net obligation	**32.0**	**32.5**	**35.8**	**31.0**	**29.2**
Unrecognized actuarial gains/losses	7.4	6.9	–0.8	3.3	5.6
Provisions for pensions	**39.4**	**39.4**	**35.0**	**34.3**	**34.8**

Reconciliation of fair value of assets under management:

	GROUP	
SEK M	**2009**	**2008**
Opening balance	37.2	34.0
Assumed return on assets under management	2.2	1.9
Actuarial gains and losses	–7.7	1.1
Fees paid	3.3	3.7
Pensions paid, funded obligations	0.0	–0.8
Translation differences	4.5	–2.7
Closing balance	**39.5**	**37.2**

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

	GROUP	
SEK M	**2009**	**2008**
Opening balance	39.4	35.0
Pension cost recognized through profit or loss	5.9	7.1
Fees paid	–4.9	–6.1
Pensions paid, unfunded obligations	–0.2	–0.2
Translation differences	–0.8	3.6
Closing balance	**39.4**	**39.4**

The Group recognizes actuarial gains and losses through profit or loss according to the so-called corridor rule. The pension cost recognized through profit or loss can be specified as follows:

	GROUP	
SEK M	**2009**	**2008**
Costs for employment in current period	4.3	6.2
Interest expense for obligation	2.8	2.7
Assumed return on assets under management	–2.2	–1.9
Recognized actuarial gains and losses	1.0	0.1
Total pension cost recognized through profit or loss	**5.9**	**7.1**

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

	GROUP	
	2009	**2008**
Discount rate as of December 31	2.0–5.5 %	2.0–6.0 %
Assumed rate of increase in compensation	2.0–4.3 %	2.0–4.0 %
Assumed return on assets under management as of December 31	5.0–6.0 %	5.0–6.0 %
Assumed pension increases	1.3–3.0 %	2.0–3.8 %
Future adjustment to social security base	3.5–4.0 %	1.5–3.8 %

The Group also finances a number of defined contribution plans, the costs of which amounted to SEK 68.3 M (60.7).

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 (59 percent), equities (15 percent), real estate (14 percent) and other (12 percent). During the year Intrum Justitia paid SEK 3.7 M (3.7) to the plan, while disbursements to retirees amounted to SEK 0.0 M (0.8). In 2010 payments to the plan are estimated at SEK 3.3 M, with disbursements to retirees of SEK 0.8 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 from the Swedish Financial Reporting Board, UFR 3, 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 Alecta's surplus in the form of the collective funding ratio was 141 percent (112). 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 conform to IAS 19.

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

NOTE 24. OTHER PROVISIONS

	GROUP	
SEK M	**2009**	**2008**
Opening balances	20,8	0,4
Provisions in acquired companies	–	27,3
Provisions for the year	36,7	0,2
Release during the year	–15,6	–12,7
Translation differences	–2,2	5,6
Closing balances	**39,7**	**20,8**
Of which long-term provisions	15,4	20,8
Of which short-term provisions	24,3	0,0
Total provisions	**39,7**	**20,8**
Of which attributable to United Kingdom	34,1	0,5
Of which attributable to Belgium	5,6	20,3
Total provisions	**39,7**	**20,8**
Provisions related to leases on rented offices	29,3	0,5
Provisions for layoffs and other restructuring costs	10,4	20,3
Total provisions	**39,7**	**20,8**

NOTE 24, CONT.

Short-term provisions are expected to be settled in 2010. Long-term provisions are expected to be settled later.

Provisions related to leases on rented offices apply to the English company's previous premises in Stratford and the current offices in Liverpool.

Provisions for layoffs and other restructuring costs refer to provisions for a restructuring of the acquired Belgian company Solutius, which was decided on before Intrum Justitia acquired the company in 2008, as well as costs in connection with efficiency improvements to the UK operations.

NOTE 25. LIABILITIES TO CREDIT INSTITUTIONS

	GROUP		PARENT COMPANY	
SEK M	**2009**	**2008**	**2009**	**2008**
Long-term liabilities				
Bank loans	0.1	2,440.9	0.0	2,438.1
Long-term liabilities				
Bank overdraft facilities	82.3	106.7	0.0	18.5
Bank loans	2,349.7	55.0	2,349.7	55.0
Total	**2,432.1**	**2,602.6**	**2,,349.7**	**2,511.6**

Since the beginning of 2005 Intrum Justitia has had a five-year syndicated loan facility of EUR 210 M with Danske Bank A/S, Svenska Handelsbanken AB and Nordea Bank AB. On January 21, 2008 it was increased by EUR 100 M to EUR 310 M. The limit of EUR 310 M can be utilized for funding in a number of different currencies.

Intrum Justitia AB signed a three-year syndicated loan facility totaling EUR 310 M with Nordea Bank AB and Swedbank on December 23, 2009 to replace the previous funding from 2005. The new loan facility took effect on January 14, 2010. The new loan limit of EUR 310 M can be utilized for borrowing in a number of different currencies.

As of December 31, 2009 the facility had only been used for loans in SEK, totaling SEK 100.0 M (2,511.7), and in euro, totaling EUR 218.0 M (0.0). The unutilized portion amounted to SEK 849.7 M (959.0). The loan carries a variable interest rate based on the interbank rate in each currency with a margin. Both loan facilities contain a number of operations-related and financial covenants, including limits on certain financial indicators. As of December 31, 2009 the Company was not in breach of any 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, incurring 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	**2009**	**2008**	**2009**	**2008**
Maturities of long-term bank borrowings				
Between 1 and 2 years	0.1	2,440.9	0.0	2,438.1
Between 2 and 3 years	–	–	–	–
Between 3 and 4 years	–	–	–	–
Between 4 and 5 years	–	–	–	–
Total	**0.1**	**2,440.9**	**0.0**	**2,438.1**

	GROUP		PARENT COMPANY	
SEK M	**2009**	**2008**	**2009**	**2008**
Unused lines of credit excluding guarantee facility				
Expiring within one year	849.7	–	849.7	–
Expiring beyond one year	–	959.0	–	959.0
Total	**849.7**	**959.0**	**849.7**	**959.0**

NOTE 26. ACCRUED EXPENSES AND PREPAID INCOME

	GROUP		PARENT COMPANY	
SEK M	**2009**	**2008**	**2009**	**2008**
Accrued social security expenses	33.8	30.5	1.9	2.4
Accrued vacation pay	79.3	70.4	4.1	3.0
Accrued bonus cost	57.5	71.3	1.3	4.6
Prepaid subscription income	49.7	50.9	–	–
Provisions for losses on charge card guarantees	14.0	9.5	–	–
Accrued interest	0.1	17.3	0.1	17.3
Other accrued expenses	224.0	201.7	6.6	9.0
Total	**458.4**	**451.6**	**14.0**	**36.3**

NOTE 27. PLEDGED ASSETS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

	GROUP		PARENT COMPANY	
SEK M	**2009**	**2008**	**2009**	**2008**
Pledged assets				
Deposits	5.6	6.0	–	–
Restricted bank accounts	48.4	35.0	–	–
Total	**54.0**	**41.0**	**–**	**–**
Contingent assets	None	None	None	None
Contingent liabilities				
Charge card guarantees	1,270.9	796.7	–	–
Performance guarantees in collection operations	2.8	3.2	–	–
Guarantee on behalf of legal firm	–	0.3	–	–
Dispute with tax authority in Sweden	–	21.3	–	–
Dispute with tax authority in Finland	51.6	54.8	–	–
Total	**1,325.3**	**876.3**	**–**	**–**

Pledged assets

Refers to deposits and restricted bank balances that can be claimed by clients, suppliers or authorities if Intrum Justitia does not fulfill its contractual obligations.

Charge card guarantees

As part of its service offering in Switzerland, Intrum Justitia reviews charge card applications for card issuers and guarantees – for a fee – that the issuers will receive full compensation for the value of their receivables if the cardholder fails to pay. The total guarantee amounts to SEK 1,270.9 M (796.7) at year-end, of which receivables overdue by more than 30 days amounted to SEK 0.8 M (1.5). Intrum Justitia's risk in this operation is managed through strict credit limits on the issuance of new charge cards and through analysis of the credit rating of cardholders. As of year-end Intrum Justitia had allocated SEK 14.0 M (9.5) in the balance sheet to cover payments that may arise due to the guarantee.

Performance guarantees in collection operations

In certain cases Intrum Justitia guarantees clients a specific success rate in its collection operations or for other services. Accrued expenses are recognized for these guarantees corresponding to the estimated loss according to calculations based on historical experience and future expectations.

NOTE 27, CONT.

Tax disputes

The company is involved in a tax dispute in Finland subsequent to tax audits in 2002–2003. The Tax Board ruled in the company's favor in a decision in 2004, but the Tax Agency appealed and a lower court ruled in the Tax Agency's favor in 2008 and 2009. In the company's opinion, the rulings run counter to current practice in Finland. It has appealed and has not earmarked reserves for the disputed amount of SEK 51.6 M. Fees and interest may be additional.

For more information on the Group's tax situation in other respects, see Note 8.

Other

The Group is otherwise involved in legal actions in the normal course of business. In the opinion of the Board, none of these disputes are expected to give rise to any significant cost.

NOTE 28. AVERAGE NUMBER OF EMPLOYEES

	GROUP				OF WHICH PARENT COMPANY			
	2009		2008		2009		2008	
	Men	Women	Men	Women	Men	Women	Men	Women
Austria	6	37	3	32	–	–	–	–
Belgium	39	56	40	59	–	–	–	–
Czech Republic	21	29	20	33	–	–	–	–
Denmark	21	40	22	30	–	–	–	–
Estonia	8	31	9	26	–	–	–	–
Finland	88	253	84	217	–	–	–	–
France	117	272	105	266	–	–	–	–
Germany	60	117	56	120	–	–	–	–
Hungary	30	81	52	81	–	–	–	–
Ireland	12	26	21	31	–	–	–	–
Italy	27	85	17	72	–	–	–	–
Latvia	6	10	2	12	–	–	–	–
Lithuania	1	12	4	10	–	–	–	–
Netherlands	204	156	194	154	–	–	–	–
Norway	33	37	31	36	–	–	–	–
Poland	98	127	92	108	–	–	–	–
Portugal	17	55	15	49	–	–	–	–
Slovakia	21	34	20	30				
Spain	82	240	70	205	–	–	–	–
Switzerland	121	88	110	85	–	–	–	–
Sweden	122	238	118	224	12	13	15	11
UK	129	95	165	198	–	–	–	–
Total	**1,263**	**2,109**	**1,240**	**2,078**	**12**	**13**	**15**	**11**
		3,372		**3,318**		**25**		**26**

Of the Group's employees, 39 percent younger than 30 years old, 31 percent are 30–39, 19 percent are 40–49 and 11 percent are 50 or older.

	GROUP			
	2009		2008	
	Men	Women	Men	Women
Gender distribution of senior executives				
Board of Directors	5	2	6	1
Group Management Team	10	1	9	3
Country MDs	15	3	17	3
Board members in subsidiaries (percent)	73	27	73	27

Five members of the Group Management Team are employees of the Parent Company. There is no separate management team for the Parent Company.

NOTE 29. SICK LEAVE

Sick leave among employees of the Group's Swedish companies, expressed as a percentage of the employees' aggregate normal working hours.

	GROUP		PARENT COMPANY	
	2009	**2008**	**2009**	**2008**
Men	3.0	1.7	4.7	0.4
Women	5.8	4.7	7.4	4.8
Employees aged 29 or younger	7.5	5.1	*	*
Employees aged 30–49	3.5	3.5	6.7	3.1
Employees aged 50 or older	6.2	2.8	*	*
Total	**4.8**	**3.7**	**6.2**	**0.3**
Of which long-term sick leave (60 days or more)	31	34	82	87

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

During the year sick leave in the Group as a whole, including foreign subsidiaries, corresponded to 4.8 percent (4.4) of the employees' aggregate normal working hours.

NOTE 30. SALARIES AND OTHER REMUNERATION

	GROUP		PARENT COMPANY	
	2009	**2008**	**2009**	**2008**
Salaries and other remuneration to senior executives, i.e., Board, Presidents and Executive Vice Presidents	84.6	85.9	7.9	8.9
Salaries and other remuneration to other employees				
Sweden, Norway & Denmark	214.3	180.3	–	–
Netherlands & Belgium	204.6	166.2	–	–
Switzerland, Germany & Austria	224.1	197.3	–	–
France, Spain, Portugal & Italy	208.4	158.6	–	–
Finland, Estonia, Latvia & Lithuania	162.5	126.1	–	–
United Kingdom & Ireland	64.3	103.1	–	–
Poland, Czech Republic, Hungary & Slovakia	56.4	54.1	–	–
Head offices and central operations	39.9	35.1	24.4	25.9
Total salaries and other remuneration, Group	**1,259.1**	**1,106.7**	**32.3**	**34.8**
Social security costs	304.5	275.9	17.3	19.8
Of which pension costs	74.2	69.8	7.4	8.5
Costs for employee stock option program, including social security costs	–1.2	–13.1	–1.8	–13.1
Total	**1,562.4**	**1,369.5**	**47.8**	**41.5**

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, however.

For information on compensation to the Group's senior executives, see Note 31.

NOTE 31. TERMS AND CONDITIONS OF EMPLOYMENT FOR SENIOR EXECUTIVES

Remuneration principles for senior executives
The Chairman of the Board and other Board members receive fees determined by the Annual General Meeting, including additional fees for committee work. The company also compensates Board members for travel expenses in connection with their Board work.

The Annual General Meeting in 2009 adopted the following principles of remuneration for senior executives.

According to these principles, Intrum Justitia will offer 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 will be predictable in terms of the cost for the company and the benefits for the employee, and will 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. According to the principle for management's variable compensation, such compensation generally will not exceed the annual base salary. Management's variable compensation will depend on the extent to which predetermined targets are met. In 2009 an incentive program was established whereby senior executives and other key persons can receive part of their annual salary in the form of cash compensation. Performance is measured during a three-year period, and to receive a distribution these individuals must remain employees.

Non-monetary benefits, pension, termination and severance
Management's non-monetary benefits shall facilitate performance and conform to what is considered reasonable according to market practice. Management's pension terms will correspond to what generally applies for similar executives in the market in terms of defined contribution solutions. Termination and severance pay for members of the Group Management Team may not exceed 24 months' salary.

Remuneration and benefits during the year
Remuneration for the CEO and President and other senior executives consists of a base salary, variable compensation, other benefits and pensions.

The group of other senior executives changed during the year and refers in the table below to Per Christofferson, Monika Elling, Marcel van Es, Thomas Feodoroff, Mats Göransson, Thomas Hutter, Kari Kyllönen, Pascal Labrue, Bengt Lejdström, Benno Oertig, Eva Rydén, Mita Ryrbäck Reinefjord, Chris Savage, Bogusław Skuza and Gijsbert Wassink.

Pension benefits and remuneration in the form of financial instruments, etc. as well as other benefits to the CEO and other senior executives are included in total remuneration.

NOTE 31, CONT.

SEK	Base salary/fee	Variable compensation	Other benefits	Pension costs	Share-based payment	Other compensation	Total	Pension obligations
Board of Directors								
Lars Lundquist, Chairman	830,000 [1)]	–	–	–	–	–	830,000	–
Bo Ingemarson, Deputy Chairman	450,000 [1)]	–	–	–	–	–	450,000	–
Matts Ekman	380,000 [1)]	–	–	–	–	–	380,000	–
Lars Förberg	340,000 [1)]	–	–	–	–	–	340,000	–
Helen Fasth Gillstedt	375,000 [1)]	–	–	–	–	–	375,000	–
Charlotte Strömberg	340,000 [1)]	–	–	–	–	–	340,000	–
Fredrik Trägårdh	375,000 [1)]	–	–	–	–	–	375,000	–
Senior executives								
Lars Wollung	4,751,800	0	86,909	1,492,995	–	–	6,331,704	–
Other senior executives, 15 persons	30,632,807	1,002,184	2,517,594	3,825,941	3,071,053	–	41,049,579	–
Total	**38,474,607**	**1,002,184**	**2,604,503**	**5,318,936**	**3,071,053**	**0**	**50,471,283**	**0**

1) Refers to the period April 1, 2009 – March 31, 2010

Compensation to other senior executives refers to compensation for the full year for persons who were senior executives at year-end as well as persons who were senior executives for part of 2009.

Board of Directors

In accordance with the Annual General Meeting's resolution, total fees paid to Board members, including for committee work, amounted to SEK 3,090,000 for the year. Board fees are distributed between Directors as determined by the AGM according to the proposal of the Nomination Committee. The Directors have no pension benefits or severance agreements.

CEO and President

According to the new employment agreement with CEO and President Lars Wollung as of February 1, 2009, he receives a fixed annual salary of SEK 4,200,000. During 2009 he also received a non-recurring salary payment of SEK 800,000 when his employment began. In addition, he has the opportunity to receive variable compensation up to 100 percent of his base salary, half within the framework of the annual variable salary program and half within the framework of the long-term incentive program.

In addition to his fixed and variable compensation, Lars Wollung receives a company car in accordance with the Group's policy. The company pays pension insurance premiums corresponding to 35 percent of his fixed annual salary. Lars Wollung's severance is equivalent to one year's salary.

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, who are eligible to receive a maximum of one year's salary in variable compensation. The long-term incentive plan gave senior executives the opportunity to receive a maximum of 50 percent of their annual salary in the form of cash compensation. Both forms of variable compensation depend on the extent to which predetermined targets are met. The targets have been set high for both incentive plans, especially the long-term plan. Regional managers generally have performance objectives where 85 percent of their variable short-term compensation is based on the region's operating earnings and 15 percent on other operating targets.

The long-term incentive plan, introduced in 2008, was based on average growth in earnings per share (EPS) during three consecutive calendar years.

The notice of termination for members of Group Management Team varies between two and twelve months, regardless of whether termination is initiated by the employee or the company. Benno Oertig has an employment contract expiring on May 16, 2013.

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 programs

With regard to share-based payment, refer to Note 32.

Decision-making process

The Board of Directors has appointed a Remuneration Committee to handle compensation issues, primarily as regards the CEO and President and Group Management Team. The committee is comprised of two members, who during the year were Lars Lundquist (Chairman) and Matts Ekman. The CEO and President and the company's human resources director are co-opted to the committee's meetings, though not when their own remuneration is discussed.

NOTE 32. SHARE-BASED PAYMENT

The Group has an Employee Stock Option Program 2003/2009 and a Performance-Based Share Program approved by the Annual General Meeting 2008.

Employee Stock Option Program 2003/2009

The AGM 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 during the period July 1, 2007–May 30, 2009. Stock options were allotted in May 2004. In total, 20 employees received options to subscribe for 2,450,000 new shares, of which 500,000 to then CEO and President Jan Roxendal. The employee stock options were issued free of charge. Intrum Justitia was responsible for paying society security expenses.

To secure the company's commitment, a total of 3,358,250 options were issued to subscribe for shares. Of this number, 2,525,000 options were available to issue to employees and 833,250 options were available to sell to cover the liquidity effect of any social security expenses. As a result of share redemptions 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 covered by the options increased by four percent.

The original allotment of options entitled employees to subscribe for up to 2,450,000 shares. The number of shares rose by four percent as a result of share redemptions in 2005, but was limited to 80 percent due to conditions on the highest allowable utilization ratio based on growth in earnings per share. A total of 2,038,400 new shares were subscribed during the period July 1, 2007–May 30, 2009, of which the last 402,480 shares were subscribed in 2009. The option to sell additional options to cover the liquidity effects of society security expenses has not been utilized, because of which provisions for society security expenses recognized directly against equity during the options' vesting period have been reversed.

The reported cost of the program corresponded in 2009 to a reduction of SEK 0.3 M, compared with a cost reduction of SEK 15.0 M in 2008. The impact on earnings is calculated according to IFRS 2 Share-based Payment and applying statement UFR 7 from the Swedish Financial Reporting Board. 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.

Performance-Based Share Program from 2008

A new Performance-Based Share Program was introduced in 2008 in accordance with the resolution of the Annual General Meeting. As of December 31, 2009, 38 employees were eligible to acquire a total of not more than 137,485 shares at a strike price of SEK 10.00 per share, of which half during the period May 15, 2010-May 15, 2012 and half during the period May 15, 2011-May 15, 2013. This Performance-Based Share Program does not include CEO Lars Wollung. The number of shares has been adjusted and may be further adjusted in view of share dividends, among other things, and requires a predetermined growth rate in the Group's earnings per share. According to these terms, the performance shares that could have been exercised to acquire shares in 2010-2012 will expire without value.

The reported cost of the program during the year amounted to SEK 0.7 M (1.9), calculated according to IFRS 2 and UFR 7. 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 15, 2008, the option value was calculated assuming an interest rate of 4.1 percent, 27.8 percent volatility (based on historical experience) and a share price of SEK 102.05. The option value with regard to social security expenses has been recalculated as of December 31, 2009 assuming an interest rate of 1.7 percent, 27.8 percent volatility and a share price of SEK 89.75.

The Performance-Based Share Program from 2008 has not caused any dilution effect since the performance conditions have not yet been met.

NOTE 33. FEES TO AUDITORS

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 during the year largely refer to tax advice.

	GROUP		PARENT COMPANY	
SEK M	**2009**	**2008**	**2009**	**2008**
Audit assignments				
KPMG	10.1	9.1	0.7	0.7
Other assignments				
KPMG	4.1	4.2	1.9	1.7
Audits and other assignments, other auditors	1.1	0.8	0.0	0.0
Total	**15.3**	**14.1**	**2.6**	**2.4**

NOTE 34. OPERATIONAL LEASING

	GROUP		PARENT COMPANY	
SEK M	**2009**	**2008**	**2009**	**2008**
Obligations for rental payments on non-cancelable leases				
Year 1	140.1	125.2	2.3	1.9
Years 2–4	241.8	211.1	3.3	3.0
Year 5 and thereafter	69.8	102.8	0.0	0.0
Total	**451.7**	**439.1**	**5.6**	**4.9**

Lease costs for operating leases amounted to SEK 139.5 M (124.4) during the year, of which SEK 2.7 M (2.2) in the Parent Company.

Operating leasing primarily refers to offices for the Group's operations in its countries. No single lease is of material significance to the Group in terms of amount.

NOTE 35. FINANCE LEASING

	GROUP	
SEK M	**2009**	**2008**
Minimum lease payments and their present value		
Within one year	0.7	0.3
Later than one but within five years	0.6	0.3
Later than five years	0.1	0.0
Total	**1.4**	**0.6**

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

NOTE 36. INVESTING COMMITMENTS

Commitments to acquire fixed assets amounted to SEK 0.0 M (4.8) at year-end.

NOTE 37. FINANCIAL INSTRUMENTS

Carrying value and fair value of financial instruments
Financial instruments are recognized in the balance sheet as follows.

2009 GROUP

SEK M	At fair value through profit or loss, held for sale	Loans and receivables	Other liabilities	Total carrying value	Fair value
Purchased debt		2,311.9		2,311.9	2,311.9
Accounts receivable		281.0		281.0	281.0
Other receivables	7.5	1,048.4		1,055.9	1,055.9
Liquid assets		491.4		491.4	491.4
Total	**7.5**	**4,132.7**	**0.0**	**4,140.2**	**4,140.2**
Liabilities to credit institutions			2,432.1	2,432.1	2,432.1
Accounts payable			143.0	143.0	143.0
Other liabilities	1.3		1,463.8	1,465.1	1,465.1
Total	**1.3**	**0.0**	**4,038.9**	**4,040.2**	**4,040.2**

2008 GROUP

SEK M					
Purchased debt		2,330.3		2,330.3	2,330.3
Accounts receivable		315.2		315.2	315.2
Other receivables	10.3	1,237.2		1,247.7	1,247.5
Liquid assets		294.3		294.3	294.3
Total	**10.3**	**4,177.0**	**0.0**	**4,187.3**	**4,187.3**
Liabilities to credit institutions			2,602.6	2,602.6	2,602.6
Accounts payable			211.8	211.8	211.8
Other liabilities	3.1		1,528.2	1,531.3	1,531.3
Total	**3.1**	**0.0**	**4,342.6**	**4,345.7**	**4,345.7**

2009 PARENT COMPANY

SEK M	At fair value through profit or loss, held for sale	Loans and receivables	Other liabilities	Total carrying value	Fair value
Receivables from Group companies		2,207.1		**2,207.1**	2,207.1
Other receivables	7.5	10.2		**17.7**	17.7
Liquid assets		159.8		**159.8**	159.8
Total	**7.5**	**2,377.1**	**0.0**	**2,384.6**	**2,384.6**
Liabilities to credit institutions			2,349.7	**2,349.7**	2,349.7
Accounts payable			4.1	**4.1**	4.1
Liabilities to Group companies			1,703.1	**1,703.1**	1,703.1
Other liabilities	1.3		16.4	**17.7**	17.7
Total	**1.3**	**0.0**	**4,073.3**	**4,074.6**	**4,074.6**

2008 PARENT COMPANY

SEK M					
Receivables from Group companies		2,404.9		2,404.9	2,404.9
Other receivables	10.3	94.4		104.7	104.7
Liquid assets		16.0		16.0	16.0
Total	**10.3**	**2,515.3**	**0.0**	**2,525.6**	**2,525.6**
Liabilities to credit institutions			2,511.6	2,511.6	2,511.6
Accounts payable			4.6	4.6	4.6
Liabilities to Group companies			7,725.9	7,725.9	7,725.9
Other liabilities	3.1		38.6	41.7	41.7
Total	**3.1**	**0.0**	**10,280.7**	**10,283.8**	**10,283.8**

NOTE 37, CONT.

The only financial instruments that are regularly restated at fair value are derivatives (forward exchange contracts). They are measured based on a valuation technique that uses observable market data and thus falls under Level 2 according to the valuation hierarchy in IFRS 7.

Purchased debt
Purchased debt is recognized at amortized cost according to an effective interest method. The Group restates the carrying value by calculating the present value of estimated future cash flows at the receivables' original effective interest rate. Adjustments are recognized through profit or loss. In the company's opinion, the market's yield requirements in the form of effective interest rates on new portfolios have remained fairly constant despite turbulence in global financial markets in recent years. With this valuation method, the carrying value is the best estimate of the fair value of debt portfolios, in the company's opinion.

Other receivables
Other receivables have short maturities. Receivables in foreign currency are translated in the accounts at balance sheet date rates. Consequently, carrying value corresponds to fair value.

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

Liabilities to credit institutions
The Parent Company's and the Group's loan liabilities carry market rate interest with short fixed interest terms. Liabilities in foreign currency are translated in the accounts at balance sheet date rates. Consequently, carrying value 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 balance sheet date rates. Consequently, carrying value corresponds to fair value.

Derivatives
The Parent Company and the Group hold a limited number of forward exchange contracts. 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. Outstanding forward exchange contracts as of December 31, 2009 in the Parent Company and the Group comprised the following currencies:

Local currency	Hedged amount, buy	Hedged amount, sell
CHF	13,190,264	29,368,251
CZK	242,086	170,841,217
DKK	4,774,862	–
EEK	–	708,631
EUR	894,846	37,589,891
GBP	49,878	22,449,785
HUF	203,126,667	3,296,065,415
LTL	–	98,008
LVL	–	323,973
NOK	37,582,326	–
PLN	–	82,915

Forward exchange contracts are classified as financial assets measured at fair value through profit or loss (held for sale). The carrying value as of December 31, 2009 corresponds to fair value, SEK 6.2 M (7.2), net. Changes in the value of forward exchange contracts recognized during the year through profit or loss amounted to SEK 65.6 M (–130.9). 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 –60.3 M (129.6) during the year. The net effect through profit or loss of exchange rate differences attributable to receivables and liabilities as well as forward exchange contracts is SEK 5.3 M (–1.3).

NOTE 38. FINANCIAL RISKS AND FINANCIAL POLICIES

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.

Market risk

Market risk consists of risks related to changes in exchange rates and interest rate levels.

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. The most important currencies for the Intrum Justitia Group, other than Swedish kronor (SEK), are euro (EUR), Swiss francs (CHF), British pounds (GBP) and Norwegian kroner (NOK).

The following exchange rates have been used to translate transactions in foreign currency in the financial accounts:

Currency	Dec. 31, 2009	Dec. 31, 2008	Average 2009	Average 2008
EUR	10.32	10.96	10.62	9.61
CHF	6.94	7.37	7.03	6.06
GBP	11.44	11.28	11.93	12.09
NOK	1.24	1.11	1.22	1.17

Exchange rate risk can be divided into transaction exposure and translation exposure. Transaction exposure consists of net operating and financial receipts and disbursements in different currencies. Translation exposure consists of the effects from the translation of the financial reports of foreign subsidiaries and associated companies to SEK.

Transaction exposure
In each country, all revenues and most operating expenses are denominated in local currencies, and thus currency fluctuations have only a limited impact on the company's operating earnings 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 forward exchange contracts. The subsidiaries' projected flow exposure is not hedged at present, however.

Translation exposure
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 the SEK exchange rate against these currencies affect the Group's revenues and operating earnings, as well as equity and other items in its financial statements.

NOTE 38, CONT.

The Group's revenues and earnings in SEK are affected by fluctuations in exchange rates when subsidiary earnings are translated from local currency to SEK. The Group's revenues are distributed by currency as follows:

SEK M	2009	2008
SEK	545.6	561.5
EUR	2,620.7	2,155.2
CHF	499.1	387.0
GBP	130.3	186.6
NOK	95.6	84.9
Other currencies	236.5	302.5
Total	**4,127.8**	**3,677.7**

An appreciation of the Swedish krona of 10 percentage points on average in 2009 against the Euro would thus have affected revenues with SEK –262.1 M, against CHF with SEK –49.9 M, against GBP with SEK –13.0 M and against NOK with SEK –9.6 M.

Shareholders' equity in the Group, excluding minority interests, is distributed with net assets by currency as follows:

SEK M	2009	2008
SEK	1,241.7	–930.1
EUR	2,857.4	2,494.0
– less EUR hedged through foreign currency loans	–2,250.3	–
CHF	481.1	437.0
GBP	59.1	199.8
NOK	156.8	140.2
Other currencies	2.9	54.3
Total	**2,548.7**	**2,395.2**

According to a Board resolution in February 2009, the Group's translation exposure with regard to net assets in foreign currency has been hedged by converting external loans in SEK to EUR.

An appreciation of the Swedish krona of 10 percentage points as per year-end in 2009 against the Euro would have affected shareholders' equity in the Group with SEK –60.7 M, against CHF with SEK –48.1 M, against GBP with SEK –5.9 M and against NOK with SEK –15.7 M.

Interest rate risks

Intrum Justitia has a strong cash flow which gives the Group the option of repaying loans or investing in written-off receivables. The Group's loans have short fixed interest terms, usually between three and six months.

A one-percent increase in market interest rates would have adversely affected net financial items by approximately SEK 21.7 M. A five-percent would have adversely affected net financial items by SEK 108.2 M.

No derivatives were used to hedge interest rate risks in 2008–2009.

Financing risk

Consists of the risk of a loss or higher than expected costs to ensure the Group's ability to fulfill its short- and long-term payment obligations to outside parties.

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.

The Group had a syndicated loan facility of EUR 310 M from Danske Bank, Handelsbanken and Nordea that expired in February 2010. The loan was prepaid in January 2010 and replaced by a new syndicated loan facility of the same amount expiring in March 2013. The new loan agreement was signed with Nordea and Swedbank in December 2009.

While available, the facility was utilized by the Parent Company, which withdrew amounts in various currencies, with short maturities, usually SEK and three or six months. The loan was carried primarily in foreign currency, mainly EUR, to hedge the Group against translation exposure in relation to net assets outside Sweden

The Group's loan facility has a number of operational and financial conditions, including limits on certain key financial indicators such as debt divided by shareholders' equity and debt divided by operating earnings before depreciation and amortization. The Group Management Team carefully monitors these key financial indicators, so that it can quickly take measures if there is a risk that a limit may be exceeded. If the limits are exceeded the loans fall due.

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, amounts to at least ten percent of the Group's annual revenues.

Credit risk

Consists of the risk that Intrum Justitia's counterparties are unable to fulfill their obligations to the Group.

Financial assets that potentially subject the Group to credit risk include cash and cash equivalents, accounts receivable, purchased debt, outlays on behalf of clients, derivatives and guarantees. In general Intrum Justitia's financial assets are not secured or credit enhanced. The maximum exposure for each class of financial asset is therefore equal to the carrying value.

Liquid assets

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 liquid assets with established financial institutions where the risk of loss is considered remote.

Accounts receivable

The Group's accounts receivable from clients and debtors in various industries, and are not concentrated in a specific geographical region. The Group's largest client accounts for less than two percent of revenues. Provisions for impaired receivables amounted to SEK 16.3 M (9.2) during the year. For an age analysis of over-due receivables, see Note 18. Based on historical data the Group considers that no write-down is necessary for receivables that have not yet fallen due. The main part of accounts receivables are owned by clients that are previously known to the Group and that have good credit-worthiness.

Purchased debt

As part of its operations, Intrum Justitia acquires portfolios of written-off consumer receivables and tries 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.

The acquired receivables are overdue and in many cases are from debtors who are having payment problems. It is obvious, therefore, that the entire nominal amount of the receivable will not be recovered. On the other hand, the receivables are acquired at prices significantly below their nominal value. The risk in this business is that Intrum Justitia could, at the time of acquisition, overestimate its ability to collect the amounts or underestimate the costs of collection. The maximum theoretical risk is that the entire carrying value of SEK 2,311.9 M (2,330.3) would become worthless and have to be written off.

To minimize the risks in this business, Intrum Justitia exercises prudence in its purchase decisions. The focus is on small and medium-sized portfolios with relatively low average amounts, to help spread risks. The average nominal value per case is approximately SEK 8,500. Purchases are usually made from clients with whom the Group has maintained long relationships, so it is usually familiar with the receivables in question. The acquisitions generally involve unsecured debt, which reduces the capital investment and significantly simplifies administration compared with collateralized receivables. Intrum Justitia places high yield requirements on the portfolios it acquires. Prior to an acquisition, a careful evaluation is made based on a forecast of future cash flow (collected amount) from the portfolio. In these calculations Intrum Justitia benefits from its extensive experience in debt collection and from the Group's scoring methods. Intrum Justitia therefore believes it is capable of evaluating this type of receivable. To facilitate acquisitions of large portfolios at an attractive risk level, Intrum Justitia cooperates with other companies and shares the capital infusions and profits. Such alliances have been in place with Calyon Bank since 2002 and with Goldman Sachs sedan 2003. In 2009 Intrum Justitia also reached agreement with East Capital on a similar partnership.

Risks are diversified by acquiring receivables from clients in different sectors and different countries. The Group's portfolio comprises receivables from debtors in 21 countries, the largest of which are Germany (12.7 percent of the Group's total carrying value of purchased debt), Sweden (12.5 percent), Finland (12.3 percent), Austria (9.5 percent) and the Netherlands (9.5 percent). Of the total payable value of the Group's portfolio of written-off receivables sellers in the banking sector account for 39 percent, telecoms 23 percent, credit card debts 15 percent, other finance 15 percent and other segments 8 percent.

NOTE 38, CONT.

Of the total carrying value at year-end, 26 percent represents portfolio acquisitions in 2009, 23 percent acquisitions in 2008, acquisitions 25 percent in 2007. The remaining 26 percent relates to receivables acquired in or before 2006, which have therefore been past due for over three years. In the case of a large share of the oldest receivables, Intrum Justitia has reached agreement with the debtors on payment plans.

Outlays on behalf of clients
As an element in its operations, the Group incurs outlays for court fees, legal representation, bailiffs, etc., which can be charged to and collected from debtors. In many cases Intrum Justitia has agreements with its clients where any expenses that cannot be collected from debtors are instead refunded by the client. The amount that is expected to be recovered from a solvent counterparty is recognized as an asset in the balance sheet on the line, Other receivables.

Derivative contracts
The credit risk in the Group's forward exchange contracts is because the counterparty generally is a large bank or financial institution. The company does not expect any of these counterparties to become insolvent.

Charge card guarantees
As part of its service offering in Switzerland, Intrum Justitia reviews charge card applications for card issuers and guarantees – for a fee – that the issuers will receive full compensation for the value of their receivables if the cardholder fails to pay. The total guarantee at year-end amounted to SEK 1,270.9 M (796.7), of which receivables overdue by more than 30 days amounted to SEK 0.8 M (1.5). Intrum Justitia's risk in this operation is managed through strict credit limits on the issuance of new charge cards and through analysis of the credit rating of cardholders. As of year-end Intrum Justitia had allocated SEK 14.0 M (9.5) in the balance sheet to cover payments that may arise due to the guarantee.

NOTE 39. BUSINESS COMBINATIONS

In 2009 the Intrum Justitia Group did not acquire any subsidiaries.

Effects of acquisitions in 2008

Cronos group and SSE
In early December 2008 Intrum Justitia acquired all the shares in the French companies Cronos group and SSE for a combined purchase price of EUR 5.8 M, corresponding to approximately SEK 60.0 M. Acquisition costs amounted to SEK 1.7 M. Discussions were held in 2009 regarding the acquired companies' debt. A final agreement is expected in 2010, due to which the debt to the sellers of SEK 5.7 M still remains as of December 31, 2009.

Cronos group's and SSE's net assets at acquisition:

SEK M	Carrying value before acquisition	Adjustment to fair value	Fair value recognized in the Group
Intangible fixed assets	0.0	49.5	49.5
Tangible fixed assets	2.0		2.0
Current assets	54.8		54.8
Liquid assets	–1.4		–1.4
Interest-bearing liabilities	–2.2		–2.2
Deferred tax liabilities/assets	–1.0	–16.4	–17.4
Current liabilities	–62.6		–62.6
Net assets	**–10.4**	**33.1**	**22.7**
Group goodwill			39.0
Purchase price paid in cash and acquisition costs			**–56.0**
Liability to sellers			–5.7
Liquid assets (acquired)			–1.4
Net effect on liquid assets			**–57.4**

Solutius Belgium NV
On March 18, 2008 Intrum Justitia finalized the acquisition of all the shares in Solutius Belgium NV for EUR 16.4 M in cash, corresponding to SEK 153.9 M. Acquisition costs amounted to SEK 9.3 M.

Solutius group's net assets at acquisition:

SEK M	Carrying value before acquisition	Adjustment to fair value	Fair value recognized in the Group
Intangible fixed assets	0.0	42.2	42.2
Tangible fixed assets	3.0		3.0
Current assets	13.4		13.4
Liquid assets	17.5		17.5
Interest-bearing liabilities	–26.4		–26.4
Provisions	–27.3		–27.3
Deferred tax liabilities/assets	13.3	–14.4	–1.1
Current liabilities	–23.7		–23.7
Net assets	**–30.2**	**27.8**	**–2.4**
Group goodwill			165.8
Purchase price paid in cash and acquisition costs			**–163.4**
Liability to sellers			17.5
Liquid assets (acquired)			**–145.9**
Net effect on liquid assets			

Other

In October 2004 Intrum Justitia announced the acquisition of the Irish company Legal & Trade (Ireland) Ltd, which later changed its name to Intrum Justitia Collections Ltd. In November 2004 Intrum Justitia announced that it no longer wished to finalize the acquisition, since the financial grounds on which it had made its decision no longer applied after the release of new information by the seller. According to a ruling by the Irish High Court in June 2005, the acquisition could not be rescinded, but Intrum Justitia was awarded a repayment of SEK 3.0 M in 2005. This ruling was appealed by Intrum Justitia, which received a partial victory from the Irish Supreme Court in 2009, whereby the Group will receive an additional credit of approximately SEK 3.1 M.

NOTE 40. 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 10, an impairment test of goodwill was done prior to the preparation of the annual accounts. For a few cash-generating units, primarily United Kingdom and Norway, impairment testing is based on the assumption that the operating margin will improve significantly in the years ahead relative 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 16, 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.

Furthermore, the decision to amend a cash flow projection is preceded by a discussion between the local management in the country in question and the management of the Purchased Debt service line.

NOTE 40, CONT.

All changes in cash flow projections are ultimately decided on by a central investment committee.

Tax dispute
As indicated in Note 8 and Note 27, the Group is involved in a tax dispute in Finland. No provisions have been allocated. The Group's reporting is based on risk assessments prepared in cooperation with the Group's outside tax advisers.

Reporting of joint ventures
As indicated in Note 13, two joint ventures are reported according to the proportional method in the consolidated financial statements. Intrum Justitia's interest in these companies is 35 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 companies in question are managed jointly with a partner (Calyon Bank) 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
The Group has operated in Poland since 2006 through an investment fund designed 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.

Going concern
In connection with the preparation of the year-end accounts, the Board of Directors formally expressed its opinion of the company's status as a going concern, especially against the backdrop of the global financial turmoil and limited global access to long-term credit. The Board stated that the Group has had a positive cash flow for a number of years and that debt financing is secured until March 2013 in the form of a syndicated loan according to an agreement signed in December 2009. Against this backdrop, the Board is confident that the annual accounts can be prepared on the basis of the assumption that the company will continue to operate indefinitely.

NOTE 41. RELATED PARTIES

List of transactions with related parties

	GROUP	
SEK M	**2009**	**2008**
Sales of services		
Dustin AB (sale of sales ledger services)	–	1.7
Intrum á Íslandi ehf, Reykjavik (Iceland) (sale of scoring services)	0.0	0.1
Total	**0.0**	**1.8**
Purchase of services		
Dustin AB (purchase of IT equipment)	–	1.7
Benno Oertig, Chairman of Stade de Suisse (sponsorships and conferences)	1.6	2.5
Intrum á Íslandi ehf, Reykjavik (Iceland) (purchase of collection services)	0.9	1.3
Total	**2.5**	**5.5**

In addition to associated companies and joint ventures, related parties include the Board of Directors and senior executives, according to Note 31, as well as close family members to these executives and other companies over which they can exert a significant influence.

Lennart Laurén, a former regional managing director at Intrum Justitia, was a board member of Dustin AB, a company that has been both a client of and supplier to Intrum Justitia.

Benno Oertig, Intrum Justitia's regional managing director for part of the year, 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), e.g., for scoring services.

Three members of the Group Management Team have been recruited from senior positions at Acando AB, a management and IT consultancy firm where Intrum Justitia is a client. Since none of these individuals has been a senior executive and thus been able to exert significant influence over both Intrum Justitia and Acando at the same time, the transactions between the companies are not recognized as related-party transactions.

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

The Parent Company also treats subsidiaries as related parties (see Note 12), but has no transactions with other related parties.

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 for the fiscal year 2009. 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 earnings 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 fiscal year.

Stockholm, February 26, 2010

KPMG AB

Carl Lindgren
Authorized Public Accountant

BOARD OF DIRECTORS

Intrum Justitia's Articles of Association state that the Board of Directors shall consist of a minimum of five and a maximum of nine Directors, with a maximum of four Deputies.

All Directors are elected by the Annual General Meeting. The Annual General Meeting on April 16, 2009, adopted the Nomination Committee's proposal that the Board should comprise seven Directors, with no Deputies.

Matts Ekman, Helen Fasth Gillstedt, Lars Förberg, Bo Ingemarson and Lars Lundquist were reelected as Directors and Charlotte Strömberg and Fredrik Trägårdh were elected as new Directors. Lars Lundquist was reelected Chairman of the Board and Bo Ingemarson was reelected Deputy Chairman of the Board. Lars Wollung stepped down as a Director on February 1, 2009, when he took over as President and CEO.

Lars Lundquist

Age 62, Chairman

Director and Chairman since April 2006. Mr Lundquist is the Chairman of the Boards and Remuneration Committees of JM AB and Vasakronan AB, the Chairman of Försäkrings AB Erika, Deputy Chairman of the Sixth Swedish National Pension Fund and Director and Treasurer of the Swedish Heart- and Lungfoundation. Mr Lundquist holds a M.Sc. in Economics from the Stockholm School of Economics and an MBA from the University of Wisconsin.
No. of shares in Intrum Justitia AB: 15,000.
No. of call options: 25,000.

Bo Ingemarson

Age 59, Deputy Chairman

Director since 2002. Chairman from 2002 to 2006 and Deputy Chairman from April 2006. Mr. Ingemarson is President of the Swedish Brain Foundation and a Director of Anticimex AB. He has served as CFO of Sparbanken Sverige AB and Skanska AB and as Vice President and Head of Asset Management at Försäkringsaktiebolaget Skandia AB, and as President and CEO of If Skadeförsäkring AB. He holds a M.Sc. from the Stockholm School of Economics.
No. of shares in Intrum Justitia AB: 15,842.
No. of call options: 20,000.

Matts Ekman

Age 63

Director since 2007. Former Executive Vice President and CFO of the Vattenfall Group. He was also CFO of the Electrolux Group and earlier CFO at Gränges AB. Mr. Ekman is Chairman of the trading house Ekman & Co and Director of Investment AB Öresund, Profoto AB, EMANI (Belgium) and Spendrup Invest. He has a M.Sc. from University of Lund and an MBA from University of California at Berkeley.
No. of shares in Intrum Justitia AB: 10,000.
No. of call options: 20,000.

Helen Fasth Gillstedt

Age 47

Director since 2005. Ms. Fasth Gillstedt is President of Blong AB and has previously held various senior positions at the SAS airline and travel group and at the Norwegian oil company Statoil. She is a Director of AcadeMedia AB. 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: 20,000.

Lars Förberg

Age 44

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. Mr. Förberg holds a M.Sc. from the Stockholm School of Economics.
No. of shares in Intrum Justitia AB: 0.
No. of call options: 0.

Charlotte Strömberg

Age 50

Director since 2009. Charlotte Strömberg is CEO of Jones Lang LaSalle Holding AB with regional responsibility for Sweden and the other Nordic countries. She is a Director of Gant Company AB and of the Fourth Swedish National Pension Fund. Ms. Strömberg has held positions as Head of Investment Banking Sweden and Head of Equity Capital Markets at Carnegie Investment Bank AB and as Senior Project and Account Manager in Corporate Finance at Alfred Berg, ABN Amro. Ms. Strömberg holds a M.Sc. from the Stockholm School of Economics.
No. of shares in Intrum Justitia AB: 3,000.
No. of call options: 0.

Fredrik Trägårdh

Age 53

Director since 2009. Fredrik Trägårdh is the Chief Executive Officer of Net Insight AB and was formerly the company's Chief Financial Officer. Mr. Trägårdh has held positions as Senior Vice President and Head of Group Finance at DaimlerChrysler Rail Systems GmbH, Berlin, and several management positions at ABB Financial Services in Sweden and Switzerland. Mr. Trägårdh holds a M.Sc. in Business Administration and International Economics from the Göteborg School of Economics.
No. of shares in Intrum Justitia AB: 0.
No. of call options: 0

Auditor

Carl Lindgren

Age 51

Principal Auditor since 2004. Mr Lindgren is an Authorized Public Acccountant at KPMG AB where he is also Chairman of the Board. He performs other audit duties for Arla, Brummer & Partners, Investor, MTG and Nordea.
No. of shares in Intrum Justitia AB: 0.
No. of call options: 0.

Information on holdings

The number of shares indicated includes those held via companies and by related parties and is valid as per December 31, 2009.


Lars Lundquist


Matts Ekman


Helen Fasth Gillstedt


Lars Förberg


Bo Ingemarson


Charlotte Strömberg


Fredrik Trägårdh

Directors' independence

All Directors are independent in relation to the Company, its management and in relation to the principal shareholders.

GROUP MANAGEMENT TEAM

The Group Management Team* (GMT) consists of the Chief Executive Officer and President of the Parent Company, the Group's Chief Financial Officer, the Regional Managing Directors, the Group's Chairman and Director of the Purchased Debt Service Line respectively, and Operations Director.

Lars Wollung

Age 48, President and Chief Executive Officer

Mr. Wollung took up the position on February 1, 2009. He was previously President and Chief Executive Officer of the management and IT consulting company Acando AB. He co-founded Acando in 1999, serving first as Vice President and then President from 2001. For nine years he worked as a management consultant at McKinsey & Company, undertaking international assignments in fields such as corporate strategy, organizational change and operational improvement programs. He is Chairman of Transia AB and Mountainlife AB. Mr. Wollung holds a M.Sc. in Economics from the Stockholm School of Economics and an M.Sc. in Engineering from the Royal Institute of Technology in Stockholm.
No. of shares in Intrum Justitia AB: 20,000.
No. of call options: 280,000.
No. of performance shares: 0.

Bengt Lejdström

Age 47, CFO

Mr. Lejdström joined Intrum Justitia as CFO in November 2009. He was previously CFO and acting CEO of the management and IT consulting company Acando AB, where he was employed from 2008. Prior to Acando, Mr. Lejdström worked for NASDAQ OMX Stockholm, the European Central Bank, and as a management consultant or line manager for several different companies in the financial services industry. Mr. Lejdström holds a M.Sc. in Economics from the Stockholm School of Economics and has taken several management courses at the Stockholm School of Economics IFL Executive Education, IBM and Rational Management.
No. of shares in Intrum Justitia AB: 2,000.
No. of call options: 0.
No. of performance shares: 0.

Kari Kyllönen

Age 63, Chairman of Purchased Debt

Mr. Kyllönen is Chairman of the Purchased Debt service line since summer 2009. Additionally, he works in Operational Excellence for developing Group's business processes. He has been an employee since 1996, following the acquisition of Tietoperintä Oy in Finland, where he was CEO from 1987. Prior to that Mr. Kyllönen was an executive at Föreningsbanken i Finland AB. He has been responsible for the Purchased Debt service line since 1999. He holds a M.Sc. from Tampere University.
No. of shares in Intrum Justitia AB: 132,718.
No. of performance shares: 5,370.

Gijsbert Wassink

Age 44, Director of Purchased Debt

Mr. Wassink joined Intrum Justitia in 1992 and as of August 2009 is Director for the Group's Purchased Debt operations. He has held several leading positions at Intrum Justitia. Since 2007 he has been Managing Director for the Group's Purchased Debt operations. Before joining Intrum Justitia he was an auditor with Coopers & Lybrand. Mr. Wassink holds a degree in Economics and Business Administration from the University in Amsterdam.
No. of shares in Intrum Justitia AB: 0.
No. of performance shares: 1,740.

Per Christofferson

Age 41, Operations Director

Mr. Christofferson joined Intrum Justitia in September 2009. He was previously Vice President and Business Area Director at the management and IT consulting company Acando AB. Mr Christoferson has been advisor to several CIOs and other operations directors for multinational clients. He has a M.Sc. from CWRU (Case Western Reserve University) Cleveland, Ohio, and a M.Sc in Engineering from the Institute of Technology in Linköping, Sweden.
No. of shares in Intrum Justitia AB: 1,000.
No. of performance shares: 0.

Rickard Westlund

Age 43, Acting Regional Managing Director

Mr. Westlund joined Intrum Justitia as Managing Director for Intrum Justitia Sverige AB in November 2009 and assumed the position as Acting Regional Managing Director in January 2010. Mr. Westlund held several positions at Lindorff between 2006 and 2009 such as inter alia Director of Capital Collection, CEO Lindorff Capital AS and Head of Capital Scandinavia. Prior to Lindorff, Mr. Westlund was CEO for Aktiv Kapital Sweden and has also worked at Swedbank for eleven years where he held the position as Head of Loan Process between 2000 and 2003. Mr. Westlund holds a M.Sc. in economics from Örebro.
No. of shares in Intrum Justitia AB: 0.
No. of performance shares: 0.

Marcel van Es

Age 43, Regional Managing Director

Mr. van Es joined the company in 1988. Since 2002 he is Regional Managing Director for Belgium and the Netherlands. In April 2009, Mr. van Es resumed the position as Regional Managing Director for United Kingdom and Ireland, a position he also held between 2005 and 2008. He holds a B.Sc. in Economics from Hogeschool Rotterdam.
No. of shares in Intrum Justitia AB: 0.
No. of Performance Shares: 10,307.

Thomas Hutter

Age 42, Regional Managing Director

Mr. Hutter joined Intrum Justitia in 1994 and as of August 2009 is Regional Managing Director for Switzerland, Germany and Austria. He has been Managing Director in Switzerland since 2003 and since 2007 has also been Managing Director in Austria and responsible for the operations in Switzerland, Germany and Austria. Before joining Intrum Justitia, he held various sales management positions. Mr. Hutter has been a Director of the Swiss trade association Verband Schweizerischer Inkassotreuhandinstitute (VSI) since 1999 and became its President in April 2009.
No. of shares in Intrum Justitia AB: 0.
No. of performance shares: 2,485.

Thomas Feodoroff

Age 58, Regional Managing Director

Mr. Feodoroff has been employed by the company since 1978 and is Regional Managing Director for Finland, Estonia, Latvia and Lithuania. From March 2007 to August 2008 he was also acting Regional Managing Director for Poland, the Czech Republic, Slovakia and Hungary. Mr. Feodoroff studied at the Swedish School of Economics in Helsinki.
No. of shares in Intrum Justitia AB: 422,387.
No. of performance shares: 13,864.

Pascal Labrue

Age 42, Regional Managing Director

Mr. Labrue has been an employee since 2000 and since February 2004 has served as Regional Managing Director for France, Italy, Spain and Portugal. He was previously employed by B.I.L., a CMS company. Mr. Labrue is a graduate of ESC Bordeaux.
No. of shares in Intrum Justitia AB: 164,042.
No. of performance shares: 11,804.

Boguslaw Skuza

Age 54, Regional Managing Director

Mr. Skuza joined the company in October 2008 and is Regional Managing Director for Poland, Slovakia, the Czech Republic and Hungary. Previously he served as President and CEO of Skandia's Polish operations and also held executive positions with several international companies in Poland, such as FIAT Insurance and Marsh & McLennan. Mr. Skuza is President of the Polish Foundation for the Club of Rome, Vice President of the Polish Association for the Club of Rome and member of the Program Council for Polish Foundation for Management Promotion.
He holds a master's degree from Gdansk University.
No. of shares in Intrum Justitia AB: 0.
No. of performance shares: 5,223.

* In 2009 and in January 2010 a number of changes in the composition of GMT were implemented. Due to these changes, the above presentation reflects the composition of the GMT as per February. At the end of 2009 the GMT consisted of Lars Wollung, Bengt Lejdström, Kari Kyllönen, Gijsbert Wassink, Per Christoferson, Monika Elling, Marcel van Es, Thoms Hutter, Thomas Feodoroff, Pascal Labrue and Boguslaw Skuza.


Lars Wollung


Per Christofferson


Thomas Feodoroff


Thomas Hutter


Kari Kyllönen


Pascal Labrue


Bengt Lejdström


Boguslaw Skuza


Marcel van Es


Gijsbert Wassink

Information on holdings

The number of shares indicated includes those held via companies and by related parties and are valid as per December 31, 2009. During the year certain senior executives exercised all or part of their employee stock options 2003/2009 within the framework of the program described in Note 32 on page 59.

CORPORATE GOVERNANCE REPORT

Application of the Swedish Code of Corporate Governance

This corporate governance report has been prepared in accordance with the rules 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. The 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. Intrum Justitia applies the Code as of July 1, 2005. Intrum Justitia's corporate governance also complies with the applicable rules in the Swedish Companies Act, NASDAQ OMX Stockholm's rule book for issuers, the decisions of the Swedish Securities Council and the Company's Articles of Association. The Company has not deviated from the Code's provisions during the period covered by the annual report.

Nomination Committee

The Annual General Meeting on April 16, 2009 resolved that the Chairman of the Board shall convene the five largest shareholders of the Company, with respect to voting power, at the end of the third quarter of the year to appoint a member each to the Nomination Committee. One of the purposes of the committee is to nominate Board members for election at the upcoming AGM. In accordance with the AGM's resolution, representatives of the five shareholders were summoned and the Nomination Committee's initial composition was announced on September 24, 2009. Due to subsequent changes in the Company's ownership structure, the composition of the Nomination Committee was modified on November 2, 2009. For the AGM in 2010 the Nomination Committee consists of Anders Rydin (Chairman of the Nomination Committee), representing SEB Funds, Hannes J Hafstein (Horn Fjárfestingarfélag ehf), KG Lindvall (Swedbank Robur), Philip Wendt (Länsförsäkringar Funds) and Conny Karlsson (CapMan Public Market Fund). Moreover, 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.

On December 31, 2009 the Nomination Committee represented a total of approximately 22.8 percent of the share capital in Intrum Justitia.

Besides nominating the Directors, the Chairman of the Board and the Chairman of the AGM, the duties of the Nomination Committee are, 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. The Chairman of the Board 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 Directors, Board fees, committee work compensation, auditors and the Chairman of the 2010 AGM were announced on December 21, 2009 and are presented in the notice to the AGM. The proposals will be presented to the AGM for resolution. Shareholders have been offered the opportunity to submit proposals to the Nomination Committee. No proposals were submitted within the assigned time period. The Nomination Committee met three times between November 2009 and December 2009. All members were present at all three meetings, except Philip Wendt (Länsförsäkringar Funds), who was not able to attend on two occasions. No compensation has been paid to the Chairman of the Nomination Committee or to any other members of the committee for their work.

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 senior management.

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

Composition of the Board

According to Intrum Justitia's Articles of Association, the Board shall consist of at least five and not more than nine members with not more than four deputies. All members are elected by the AGM. The AGM on April 16, 2009 elected seven Directors with no deputies. Lars Lundquist was elected as Chairman of the Board and Bo Ingemarson as Deputy Chairman.

The Board is composed to effectively support and control the work of the management. All Directors are independent in relation to the Company, its management and principal shareholders. The composition of the Board thereby complies with the requirements of the Code with respect to the number of independent members in relation to the Company, its management and principal shareholders. The CEO and 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. The Secretary of the Board is the

Attendance at Board meetings in 2009

	Matts Ekman	Helen Fasth Gillstedt	Lars Förberg	Bo Ingemarson	Lars Lundquist	Charlotte Strömberg	Fredrik Trägårdh
February 6	●	●	●	●	●	X	X
February 9	●	●	●	●	●	X	X
March 11	●	●	–	●	●	X	X
April 16	●	●	●	●	●	●	●
April 20	●	●	●	●	●	●	●
April 27	●	●	●	●	●	●	●
May 18	●	●	●	●	●	●	●
May 25	●	●	●	●	●	●	–
July 17	●	●	●	●	●	●	●
October 6	●	●	●	●	●	●	●
October 21	●	●	●	–	●	●	–
December 10	●	●	●	●	●	●	●
December 22	●	●	●	–	●	●	●

● Present – Absent X Not member of the Board at the time

Group's General Counsel, Eva Rydén. 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 the first ordinary meeting after its statutory meeting every year following the AGM 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 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, and 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.

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 Directors well in advance of each meeting. Decisions by the Board are taken after an open discussion led by the Chairman. In 2009 the Board held 13 meetings (14 in the previous year). The main discussion topics 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 financial reporting, among other things
- Compliance issues
- Reviews of core processes
- Acquisitions
- Special action programs for underperforming countries, regions or operations
- Evaluation of the Board's work and evaluation of the President
- Structural transformation to CMS companies
- Wind up the CMS operations in England and restructure the remaining operations
- Divestment of the Scottish operations
- Refinancing of the Company's loan facilities
- New partnerships and joint ventures in both credit management and purchased debt.

In accordance with earlier practice, the Board met twice during the year 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 own work in the form of a questionnaire answered by Directors. 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, 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 Directors

According to the resolution of the 2009 AGM, the Board receives fees of SEK 2,550,000, of which SEK 750,000 is paid to the Chairman and SEK 300,000 to each of the other Directors, as well as an additional SEK 540,000 to be used as remuneration for committee work over and above ordinary Board work, in total SEK 3,090,000. With regard to remuneration for committee work, it was decided that the amount set by the AGM is to be divided such that the Chairman of the Audit Committee receives SEK 150,000, the other two members of the Committee receive SEK 75,000 and the remaining SEK 240,000 is divided equally between the six members of the Remuneration Committee and the Investment Committee.

Audit Committee

The purpose of the Audit Committee is to ensure a high standard of quality in the Group's accounting and to monitor and control the Company's financial exposure and risk management. The committee also facilitates contacts between the Board and the Company's auditor, sets the guidelines by which services other than auditing are procured from the auditor, evaluates the auditor's work and assists the Nomination Committee in nominating the auditor and recommending the auditor's compensation.

Since the AGM the Audit Committee has consisted of Bo Ingemarson (Chairman) and Helen Fasth Gillstedt and Fredrik Trägårdh. All members are independent in relation to the Company and the management as well as the principal shareholders. The Company's CFO, the auditor elected by the AGM and the Group Chief Accountant are co-opted to the committee's meetings. The Audit Committee met five times in 2009 (five times in 2008). All members attended or participated by telephone in all the meetings, with the exception of one meeting which Helen Fasth Gillstedt and Fredrik Trägårdh were not able to attend. 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), investment proposals, taxes and refinancing. In addition, the committee dealt with issues of internal control and assisted the Board in its preparations to assure the quality of the Company's financial reporting, particularly with respect to the accounting of purchased debt and goodwill. The Audit Committee reports to the Board, which makes the final decisions. The auditor has attended all the meetings of the Audit Committee during the year.

Investment Committee

The Board's Investment Committee facilitates and ensures that evaluations and decisions on investments in written-off receivables in the range of EUR 8-20 M can be made quickly, efficiently and with adequate competence. Investments exceeding the upper limit must be approved by the Board in its entirety. For such investments and the acquisitions that the Board delegated in individual cases, the Investment Committee has served in an advisory capacity to the Board. Since the 2009 AGM the Investment Committee has consisted of Lars Lundquist (Chairman), Matts Ekman, Lars Förberg and Charlotte Strömberg. All members are independent in relation to the Company, its management and principal shareholders. The Investment Committee reports to the Board. The Investment Committee met four times during the year (six times in 2008). All members attended all the meetings.

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 the President, other senior executives and executives reporting directly to the President. Its duties also include the evaluation of the connection between performance and compensation, issues involving bonus and variable salary, pensions, severance payments, etc. The Committee also assists the Board in drafting proposals for guidelines for remuneration for senior management that the Board presents to the AGM. The Group strictly applies the grandfather principle. Since the 2009 AGM the Remuneration Committee has consisted of the independent members Lars Lundquist (Chairman) and Matts Ekman. The Company's Human Resources Director and, when necessary, the President, attend the committee's meetings. In 2009 the committee met nine times with all members present at all the meetings (seven times the previous year) and discussed issues such as the framework of the year's salary revision for senior executives, principles for variable compensation (i.e., targets and outcomes), pensions and other issues mentioned above within the framework of the committee's competence and duties. The Remuneration Committee reports to the Board.

Principles for remuneration for key executives

Prior to the 2009 AGM the Board presented for resolution a proposal on the principles of compensation and other employment terms for the senior management in accordance with the provisions of 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 31on page 57.The Board's complete proposal for the principles of remuneration and other terms of employment for senior management for 2010 can be found in the Board of Directors' report on page 27.

Group Management Team

The Group Management Team (GMT) consists of the CEO and President of the Parent Company, the Chief Financial Officer, the Regional Managing Directors, the Group's Chairman and the Director of the Purchased Debt service line respectively, and the Operations Director. 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 2008 AGM elected the accounting firm KPMG AB 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 2012 AGM. The Auditor is independent. In accordance with the resolution 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 33 on page 59. KPMG is obligated as the auditor of Intrum Justitia to test its independence prior to every decision when providing independent advice to Intrum Justitia unrelated to its auditing assignment.

THE BOARD OF DIRECTORS' REPORT ON INTERNAL CONTROL

The Board of Directors is responsible for internal control according to the Swedish Companies Act and the Swedish Code of Corporate Governance. This report has been prepared in accordance with the Swedish Code of Corporate Governance and is limited to describing how the internal control of financial reporting is organized. The report has not been subject for an audit by the company's auditors.

Intrum Justitia follows the framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Internal control work has been designed to ensure with reasonable degree of assurance that Intrum Justitia's objectives are achieved with respect of reliable financial reporting and compliance with applicable laws, ordinances and regulations connected to financial reporting. The foundation for good internal control is a control environment that creates discipline and structure for the four other parts of internal control work: risk assessment, control activities, information and communication and monitoring.

Control environment

The control environment includes the values and ethics on which the Board, the Audit Committee, the President and the Group Management Team (GMT) base their communication and actions, but also the Group's organization, leadership, decision making channels, authorizations and responsibilities, as well as the skills of employees. In Intrum Justitia's values includes the work to contribute to a sound economy and to live up to the brand promise, which together with the Group's business concept, objectives and strategies guide employees in their daily work. Furthermore, Intrum Justitia's Business Code of Ethics contains principles on how operations are conducted and a Code of Conduct, which include the principles that employees should adapt in their work.

The Board has the overall responsibility for the internal control of the financial reporting and has established written instructions, rules of procedure, which clarify the delegation of responsibilities between the Board, each committee and the President. The most important duty of the Audit Committee, which is appointed by the Board, is to ensure compliance with established principles for financial reporting and internal control and that appropriate contacts are maintained with the Company's auditors.

The Group has an Internal Control function that works with audits, evaluations and various projects within the Group functions Finance, HR, IT, Legal affairs and Operational Excellence. In some countries and regions a Compliance Officer is appointed, responsible for the Company being compliant with applicable regulations connected to the business.

The Internal Control function under the Group Coordinator of Internal Control, reports to the GMT and the Audit Committee and supports Group companies and business areas in their internal control work. The internal means of control for financial reporting can be found in Intrum Justitia's handbook. The handbook summarizes important internal governing documents and regulations and describes, among other things, the Group-wide rules on business ethics and authorizations. Also included are the Group's information and communication policy, insider rules, accounting principles, finance policy and treasury policy, the last of which covers management of financial risks, i.e., interest rate, financing, liquidity and credit risks.

Risk assessment

Intrum Justitia's risk assessment of financial reporting involves identifying and evaluating the most significant risks in the Group companies' businesses and processes. The results serve as basis for designing the processes.

Risk management means that risks are accepted, reduced or eliminated and that requirements are placed on controls and control levels.

Risk assessments of financial reporting are done once a year by the management of each subsidiary under the guidance of the Group's Internal Control function. Results are reported to the GMT and the Audit Committee.

Control activities

Control activities are designed based on the controls used to manage the Group's risks. Significant risks identified with respect to financial reporting are managed through control structures within the companies and business areas, as well as through processes that ensure that the basic requirements for external financial reporting are met.

Control structures are based on the Group's minimum requirements for internal control of financial reporting and consist of company-level controls, controls on transaction level and IT general controls. Controls can be both preventive and detective with errors and deviations corrected to comply with established objectives and guidelines. Control activities include among others account reconciliations, authorization of journal vouchers and various automatic and semi-automatic embedded controls in IT systems for process and transfer of information.

Information and communication

Information and communication are dealing with both internal and external information and communication. Internal communication begins by creating awareness among employees of the external and internal laws, ordinances and accounting principles that apply to financial reporting. Responsibilities and authorizations are clearly communicated within the Group to facilitate reporting and feedback from operations to the Internal Control function, the GMT and the Board's Audit Committee.

Information is distributed for example through Intrum Justitia's intranet and by educating the Group's employees..

Good communication is based on an understanding of each other and the questions at hand, which is why internal communication also includes periodic meetings and conferences. 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 purpose of maintaining a high level of quality in financial reporting by discussing the Group's accounting principles, handling requirements that are set on the internal control, develop quality and efficiency in processes and monitoring, and sharing knowledge within the Group. Participants in the network work continuously to improve coordination and benchmarks for analysis models primarily for accounting- and business systems, and for developing different key performance indicators.

Monitoring

The purpose of monitoring the internal control is to ensure with reasonable assurance that the financial reporting complies with applicable laws, ordinances and accounting principles for Intrum Justitia as a publicly listed company. Monitoring is performed by different activities as business performance reviews against set objectives, self-assessments, external and internal audits and other monitoring activities. Monitoring that the internal control of financial reporting are effective, are done by the Audit Committee, the Internal Control function, the GMT and by subsidiaries' managements.

The Intrum Justitia Group is organized in matrix form, where business performance reviews are primarily performed by geographic region, and secondarily by service line. In the geographic regions, each regional and country manager has considerable responsibility. The GMT exercises control through representation on the boards of local companies and through the Group's controllers, who are following up the financial reporting of the subsidiaries from various perspectives.

Each subsidiary report monthly accounts with an income statement divided along service lines, a balance sheet and volume data. The monthly accounts are consolidated at Group level and included in a monthly report to GMT and the Board. Consolidated accounts are prepared each month for internal use. Financial reporting is submitted both in form of figures in a Group-wide reporting system, as well as in written form in a special template with comments on significant deviations. Instructions and rules on written reports with comments and on reporting of figures, can be found in Intrum Justitia's financial handbook. The results in the monthly accounts are compared with last years' and budgeted results. Along with revenue and earnings, the indicators include the volume of new collection cases, the gross collection value and collected amounts.

The internal control function conducts an annual survey with questions on the control of the financial and legal processes, which have been identified as essential to the Group. After operating subsidiaries report their answers, they are reviewed by a member of the Internal Control function. Based on the results, work is conducted to attend to possible deficiencies in the internal control . The results of the survey are continuously followed up and reported to the GMT and the Group's Audit Committee.

Furthermore, internal audits are conducted annually of a number of subsidiaries based on performed risk assessments. The risk and audit plan is approved by Intrum Justitia's Audit Committee. Reporting of the results with action plans is made to the GMT and the Audit Committee.

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 OMX Stockholm 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 Credit Management 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.

Yield

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

INFORMATION FOR SHAREHOLDERS

Annual General Meeting

The Annual General Meeting of Intrum Justitia AB will be held on Thursday, March 25, 2010 at 4:00 pm (CET) at Berns (Kammarsalen), Berzelli Park, Stockholm, Sweden. A notice will be published in the Svenska Dagbladet and Post- och Inrikes Tidningar. The notice and other information released prior to the Annual General Meeting are available at www.intrum.com.

Dividend

The Board of Directors and the President and CEO proposes a dividend of SEK 3.75 (3.50) per share for fiscal year 2009.

Financial report dates 2010

Annual General Meeting 2010	March 25
Interim report January–March	April 22
Interim report January–June	July 19
Interim report January–September	October 26

Capital Markets Day

Intrum Justitia annually arranges an Capital Markets Day in Stockholm for analysts, asset managers and journalists on June 1, 2010.
For further information, see www.intrum.com.

Other information from Intrum Justitia

Financial reports are published in Swedish and English and can be ordered from Intrum Justitia AB, Corporate Communications Department, SE-105 24 Stockholm, Sweden. The reports and other information from the company are published on the Group's website, www.intrum.com.

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

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This annual report is distributed only to shareholders who have expressly requested a printed version. In case of any discrepancy between the Swedish and English versions of this Annual Report, the Swedish version shall govern.

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Intrum Justitia's annual report 2009 has been produced in cooperation with Wildeco.
Photography: Tobias Lundkvist. Printing: Åtta45, Stockholm, 2010.

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