2010

INTRUM JUSTITIA | ANNUAL REPORT

intrum justitia

Contents

2010 in brief

This is Intrum Justitia in 2010. We have condensed the year and provided clues on where you can learn more about the things that interest you the most.

At the end of 2010 Intrum Justitia acquired Aktiv Kapital's Nordic credit management operation, which strengthened our position, particularly in Norway.

Investments in purchased debt amounted to SEK 1,050 M (871). The return on purchased debt was 16.3 percent (15.6).

Consolidated revenues for the 2010 financial year amounted to SEK 3,766 M (4,128). Organic growth was -0.8 percent.

26%

The currency-adjusted operating earnings for the credit management services segment increased by 26 percent.

Net earnings amounted to SEK 452 M (441) and earnings per share before dilution to SEK 5.67 (5.53).

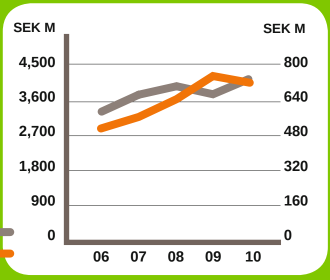
Cash flow from operations was SEK 1,630 M, an increase of 14 percent from the previous year.

Operating earnings (EBIT) amounted to SEK 731 M (668). Revenues and operating earnings included purchased debt revaluations as well as costs relating to acquisitions and regional restructuring of SEK -25 M (-106). Excluding these items, the operating earnings (EBIT) were SEK 756 M (774), which is equivalent to an operating margin of 20 percent (19).

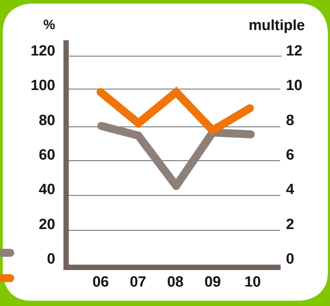
The Board of Directors proposes a dividend of SEK 4.10 per share (3.75).

Intrum Justitia strengthened its position in several sectors during the year, including telecom and finance, through new agreements with Swedbank, Nordea, Sunrise etc.

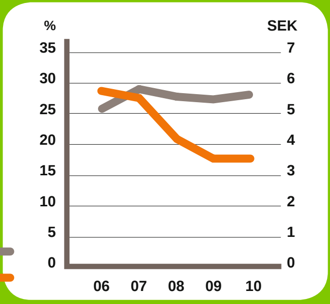
SALES AND OPERATING EARNINGS



INTEREST COVERAGE AND NET DEBT/EQUITY



ROE AND EARNINGS PER SHARE



SALES BY SERVICE LINE, %

Credit management services 78%
Financial services 22%

SALES BY REGION, %

Northern Europe 39%
Central Europe 24%
Western Europe 37%

KEY FIGURES	2010	2009	2008	2007	2006
Revenues, SEK M	3,766	4,128	3,678	3,225	2,940
Organic growth, %	–0.8	3.9	9.3	10.4	4.3
Operating result	730.6	668.2	697.3	667.8	586.7
Operating margin, %	19.4	16.2	19.0	20.7	20.0
Cash-flow from operations	1,630	1,433	1,261	1,013	874
Return on operating capital, %	15.7	14.3	17.2	21.1	21.5
Return on equity, %	17.6	17.8	20.8	27.8	28.9
Return on purchased debt, %	16.3	15.6	16.6	17.0	14.4
Net debt/equity, %	85.1	81.2	98.0	82.9	98.1
Equity /assets ratio, %	36.2	37.5	35.5	34,2	33,5
Interest coverage, multiple	7,2	7,6	4,6	7,5	8,1
Total collection value, SEK bn	123.3	128,7	126.3	99.1	89.4
Average number of employees	3,099	3,372	3,318	3,093	2,954
Earnings per share before dilution, SEK	5.67	5.53	5.58	5.86	5.09

2010 was the year when we finalized an extensive organizational change where we went from seven regions to three. Among other things, fewer but larger regions enables us to launch new services more quickly to our clients.

Within our investment operation of recievables we increased the currency adjusted operating result by 7 percent and within Credit Management Services the increase was 26 percent when adjusting for currency effects. In total we increased our operating result by 7 percent to SEK 731 M when adjusting for currency and costs attributable to acquisitions and regional restructuring.

In 2011 we believe in good growth for our regions Northern and Central Europe, while growth in Western Europe is expected to be somewhat slower.

We have good opportunities to increase the level of outsourcing of credit management services from our clients and we expect the recovery of the market for purchased debt to continue.

In 2011 we, around 3,100 co-workers at Intrum Justitia, will continue to deliver services to more than 90,000 companies in Europe and at the same time help hundreds of thousands of people to become free of debt and have a balanced economy.

We are
working to promote healthy payment behavior throughout Europe

Intrum Justitia has had a good year and I want to start by thanking all of our clients, our clients' customers and our employees for their strong commitment and cooperation, which have enabled us to successfully reach our goals in 2010!

WHAT VALUE IS INTRUM JUSTITIA ADDING?

A sound economy with growing prosperity and job opportunities is based on solid financing for businesses and industries. Being able to pay on credit or provide various types of credit when selling a product or service is essential if a society is to be able grow and generate prosperity for its citizens. Providing credit is an important aspect of good financing. On the other hand, overly extensive credit expansion creates instability and can end in disaster for individuals and businesses.

Good credit management is therefore a vital aspect in the creation of a sound economy. At the core of Intrum Justitia's business is our desire to do our part to create an efficient credit market in Europe. Intrum Justitia is a catalyst for a sound economy. This means that, as specialists in credit management, we support our clients in their efforts to improve their cash flow and reduce risk.

Intrum Justitia's goal is to be the biggest company in Europe offering credit management services, risk minimization and financial services based on our strong foundation in debt collection. With many years of debt collection experience behind us, we can offer our clients added value in the form of services that help them achieve appropriate market segmentation, effective management of payment flows, and more stable and predictable cash flows.

In 2010 we launched several new and attractive services to help our clients significantly improve their financial situations. We made millions of credit decisions last year alone and generated nearly 20 billions SEK in cash flow for our clients. We achieved this by having respectful relationships with our clients' customers that were based on our insights into people's payment capabilities and behavior.

> ”At the core of Intrum Justitia's business is our desire to do our part to create an efficient credit market in Europe.”

> ”By helping a debtor go from a shaky financial situation to a sound one, we also ensure that our client gets paid in the end. And that is when income is generated for Intrum Justitia.”

By helping a debtor go from a shaky financial situation to a sound one, we also ensure that our client gets paid in the end. And that is when income is generated for Intrum Justitia. Preventive measures include providing support to our clients in assessing potential credit customers and helping them to give the right amount of credit based on wise, insightful credit decisions and proactive reminder processes. If payment problems still occur, we take care of it by offering both payment plans and debt clearance options.

”By having fewer regions we can make better use of the economies of scale that exist between our national organizations and thereby be more cost effective.”

Creating this kind of value for our clients and their customers has made Intrum Justitia the leading credit management company in Europe. Our operating earnings in 2010 amounted to SEK 731 million. After adjustment for the costs incurred in connection with acquisitions and restructuring, as well as currency effects, our operating earnings increased by 7 percent in 2010. Cash flow from operations reached SEK 1.6 billion. The corresponding figure in 2009 was SEK 1.4 billion.

HOW DID OUR BUSINESS DEVELOP IN 2010?

In 2009 we launched an extensive process of organizational change. This was concluded at the end of 2010 when we reduced the number of regions from seven to three. This change is an important parameter allowing us to create the dynamic and client-oriented organization we have been aiming for. By having fewer regions we can make better use of the economies of scale that exist between our national organizations and thereby be more cost effective. We will be able to launch new services more quickly in an organization with fewer but larger regions.

Credit management is a fragmented industry which means there is good potential for us to complement our organic growth with acquisitions. In 2010, for example, we made two acquisitions for a total consideration of SEK 750 M.

In November we signed an agreement to acquire part of Aktiv Kapital’s Nordic operation. This transaction has significantly improved our market position in the Nordic region, above all in Norway where we are now one of the three biggest players in the market.

In December we acquired Nice Invest Nordic, a company that invests in overdue receivables from mail order and e-commerce clients, as well as the associated accrued financial receivables. The acquisition consists of an existing portfolio and exclusive forward flow contracts for the next five years.

Operating earnings within Credit Management Services increased by 26 percent adjusted for currency effects.

FINANCIAL SERVICES – CONTINUED STABILITY WITH A GOOD YIELD

There have been no major changes in our investment activity involving the purchase of overdue receivables. It has been another stable year with a good yield and a low level of risk. We raised our investment level to SEK 1,050 M, an increase of 21 percent. The return on our investments was 16.3 percent for the full year. Operating earnings from this segment, adjusted for currency effects, increased by 7 percent. We also had a good spread of risk in our investment activities in 2010, both geographically and across different sectors.

Operating earnings within Purchased Debt increased by 7 percent adjusted for currency effects.

BETTER CREDIT MANAGEMENT

Our credit management business showed substantial improvement in 2010. Major restructuring in countries like Spain, the UK and Hungary resulted in reduced sales but increased operating earnings for the Group. Our ongoing efficiency improvement efforts and intensified sales initiatives are also producing the desired results. The macroeconomic situation is, however, still problematic in large parts of Europe, which means that the costs we incur in solving debtors’ problems are higher. Our operating earnings in the credit management segment increased by 26 percent after adjustment for currency effects, and our margin was 14.4 (11.2) percent.

Intrum Justitia is well capitalized and had a debt/equity ratio of 85.1 percent at the end of the year. This means that financially we have the capacity to continue to expand in both credit management and financial services.

WHAT WILL HAPPEN IN 2011?

I am optimistic about the year that has just started. There are many indications that we will continue to see slow macroeconomic recovery in the southern parts of Europe. As unemployment goes down, payment capacity will increase in these countries. Intrum Justitia has a solid foundation and a very strong financial position, which will allow us to continue to grow and develop into Europe's leading credit management and financial services company.

We expect the macroeconomic situation and the market development we are seeing in our industry to lead to good earnings growth in our Northern and Central Europe regions, while slightly weaker growth is expected in our Western Europe region (including countries like Spain, Portugal, Italy, Ireland and the UK).

We believe we can successfully increase our clients' outsourcing of credit management services over time, and we are expecting the market for overdue receivable acquisitions to continue to recover. Above all, we are seeing an increase in demand for services where credit management is combined with purchasing receivables, making a more integrated relationship between Intrum Justitia and our clients. There will also be good opportunities for additional acquisitions.

”There is strong potential for growth and for Intrum Justitia to become Europe's leading credit management and financial services company.”

In 2011 we will continue to work on implementing our ”Intrum Way” strategy which incorporates four main focus areas:

• Strengthen Intrum Justitia's market position in every local market

In 2010 we improved our position in Norway from being the seventh to the third biggest player in the market. In Sweden we strengthened our position in the banking segment through new agreements with Nordea, Swedbank and Enter Card. We have also improved our position significantly in the telecom segment in Switzerland through a new agreement with the telecomoperator Sunrise. In southern Europe a number of players have withdrawn and our market share has increased.

• Developing our service offering further

We are continuing to develop our services. Our strategic cooperation with Swiss Post, which we announced in the fall, is a good example of this. By combining our very detailed knowledge of the Swiss market with our many years of debt collection experience and our established methods for evaluating the default risk of receivables, Intrum Justitia and Swiss Post can offer Swiss companies a complete service that incorporates credit information services, sales ledger management and payment guarantees.

• Internal efficiency and professionalism

We are continuing our efforts to deliver a little more value for clients and be a little more efficient every month. The improved margin in the credit management segment in 2010 is a good example of the effects of our efforts in this area.

• Help to promote healthy payment behavior

We are developing our analysis processes and continuing to work on encouraging the EU and local decision-makers to create regulations and establish behaviors that promote sound economic development.

To succeed with the ambition to be a modern and succesful credit management company these four corner stones are key factors for us.

THANK YOU TO ALL EMPLOYEES

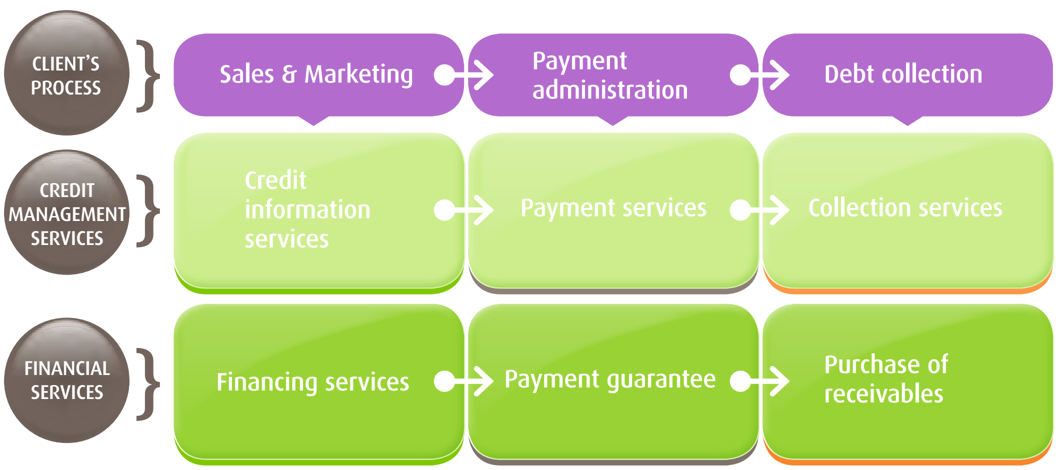
In order to succeed in an industry like ours it is essential to have the right people in the organization – and we have them. Intrum Justitia has been in the credit management market for many years and we continue to deliver high quality services to more than 90,000 businesses in Europe. We are also helping hundreds of thousands of people to become debt-free and to have better control of their finances. I am proud of the work that all of our employees do every day to help make our company the best in the industry. I want to express my gratitude to all of our employees for their commitment and hard work in 2010.

Lars Wollung
CEO and President
Stockholm, February 2011

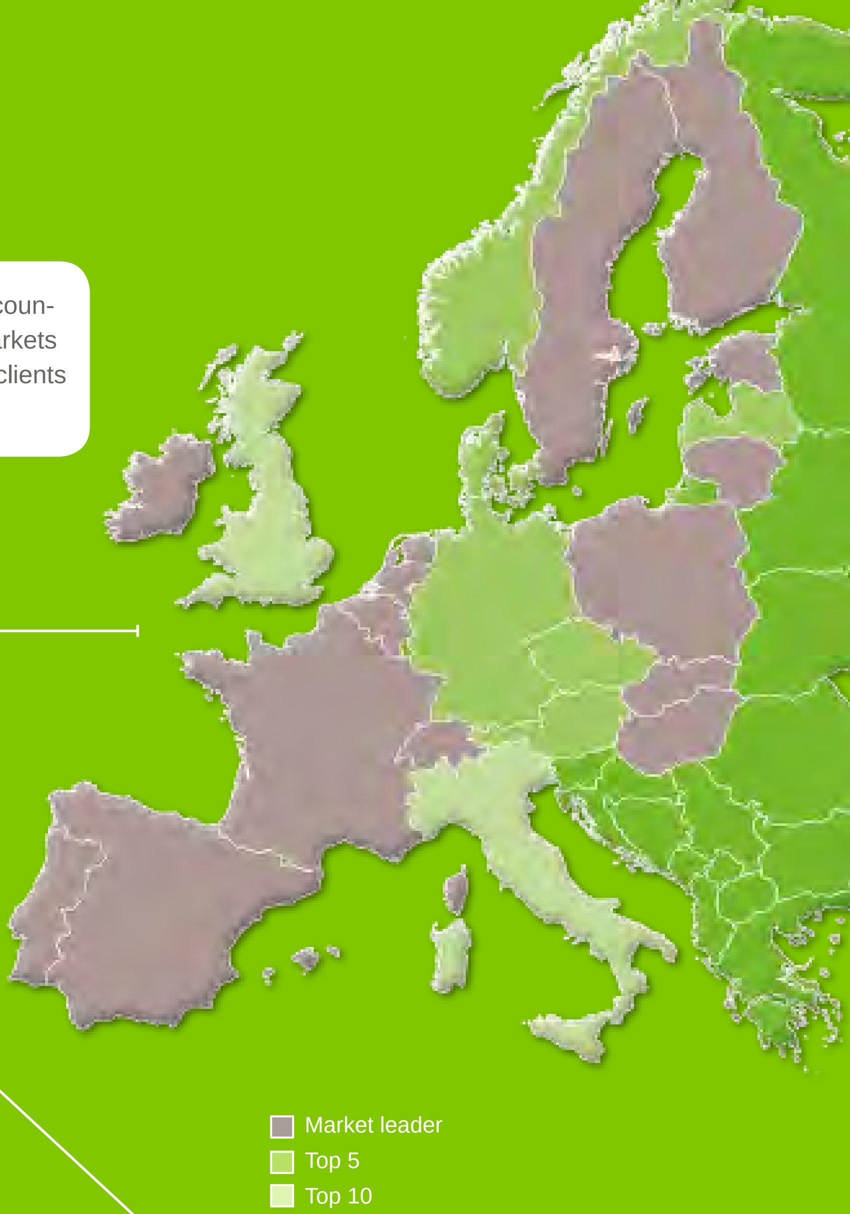
Intrum Justitia in brief

Intrum Justitia is the market-leading credit management services company in Europe. We offer our clients risk reduction and financial services based on a strong debt collection foundation. The Group was founded in 1923 and has around 3,100 employees in 22 countries.

We offer services covering the entire credit management chain – from prospecting and segmenting to payment management, collection and financial services. The core of our business is creating solutions that benefit businesses and society. We can do this because we understand people and their needs. Our clients, their customers and our employees should all feel that we are delivering solutions that everyone is satisfied with and can benefit from.



In addition to being present in 22 European countries, we have a network of agents in 170 markets outside Europe. This enables us to help our clients in essentially all of the world's markets.



Only around 10 percent of businesses in Europe use the services of a credit management company. This means that there is great development potential for us throughout Europe.

We streamline the credit management process for our clients, turning it from an administrative expense into a profit center.

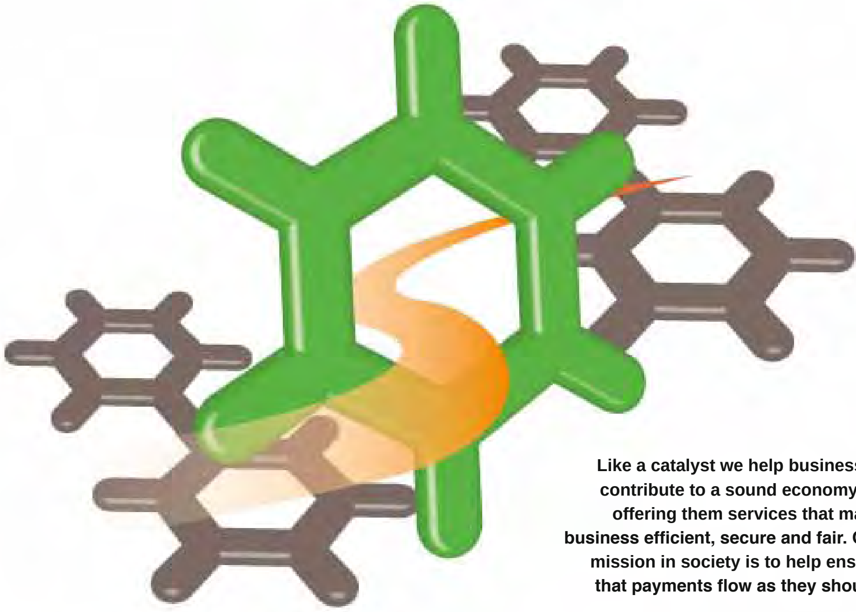
When people come into contact with us, they don't meet a company but a person who understands their needs and does everything possible to find solutions.

Our professional credit management allows businesses to contribute to a sound economy because our services make business transactions easy, secure and fair.

Intrum Justitia has more than 90,000 clients in Europe. The most significant sectors are telecom, utilities & water and banking & finance. Examples of clients are EnterCard, Fortum, Nordea, Provident Financial, Sunrise, Swedbank and Vodafone.

We are a catalyst for a sound economy

At Intrum Justitia we enable our clients to increase their sales, improve profitability and cash flow, and reduce financial risk. This makes them more competitive, which creates job opportunities and ultimately moves society in a positive direction. Intrum Justitia is a catalyst for a sound economy.



Like a catalyst we help businesses contribute to a sound economy by offering them services that make business efficient, secure and fair. Our mission in society is to help ensure that payments flow as they should.

We are the market-leading credit management company in Europe, offering our clients risk reduction and financial services based on a strong debt collection foundation.

Below we describe why we exist, what our goals are, what its like to work for Intrum Justitia, and how we work. We talk about the human aspect, how we help businesses to be more efficient, and more about what we mean when we say we are a catalyst for a sound economy.

BUSINESS CONCEPT

Intrum Justitia is a leading player in Europe in credit management and financial services with an attractive service offering aimed at businesses and public authorities. Clients are offered unique concepts where pan-European coverage is combined with local expertise. Intrum Justitia helps clients to improve their sales, profitability and cash flow, and to reduce their financial risk.

MISSION

Intrum Justitia is a catalyst for a sound economy. We facilitate business and help to create a healthy economy by providing services that make business easy, secure and fair. Our mission in society is to help payments flow as they should.

We all know how business works – the principle is simple. Companies produce goods and services. Consumers and businesses buy them – sometimes on credit. Intrum Justitia exists to manage the payment flow (invoices, credit assessment, debt collection and payment monitoring). We ensure that the flow of payments in society is efficient.

When companies get paid for their products they become profitable and they can build strong business relationships, grow and employ more staff. People feel good and consume more. In a sound economy both businesses and consumers feel good.

VISION

Our vision is to be a genuinely people-focused company that offers credit management and financial services that add considerable value.

VALUES

Our values define who we are and determine how we act; they form the mental foundation from which we work to offer our clients effective credit management services.

Understanding people

At Intrum Justitia there is a person behind every decision who becomes familiar with each individual situation, understands needs and is determined to find a solution. Only by truly understanding people can we turn a difficult situation into something positive for everyone involved. The core of our work is creating value for businesses and society through our understanding of people – both clients and their customers, as well as our employees.

Seeking insight to feed innovation

We are always seeking new knowledge, gathering business and credit information on individuals and companies in all European markets, gaining new experiences that are stored in our systems and then shared with everyone in our organization. Insights into business and trends are essential if we are to deliver innovative solutions to our clients. Insight is the mother of innovation.

Making a difference

We don't look for problems, we find solutions. We help our clients by providing credit management services that make them more competitive. Informed credit decisions, faster payment and smooth debt collection processes improve margins and cash flow. Intrum Justitia makes a difference – not just for our clients, employees and shareholders, but for society in general. Profitable companies create jobs and help move society in a positive direction.

Committing to challenge

We are often participants in sensitive situations. Sometimes people are stressed because their finances are at stake or they are handling large sums that are crucial for a company's future. We also affect the macroeconomy because our business is a catalyst for a sound economy, not just for individual businesses but for all of society. We welcome challenges. Challenges are what we live for.

STRATEGIES

Market leader in every local market

In the credit management sector understanding the market and its inhabitants is crucial in order to offer effective credit management solutions. Size is therefore one of the keys to our success, because we have assembled an extensive client register with access to business and credit information for many more individuals and businesses than smaller credit management companies have. With the help of a solid understanding of payment behaviors in every local market, we can help our clients to better understand their customers. In order to reach a market-leading position in all local markets, Intrum Justitia is constantly evaluating acquisition opportunities.

Comprehensive credit management services that support our clients' relationships with their customers

A complete offering of credit management services supports our clients in their relationships with their own customers. Clients can benefit from our knowledge of payment patterns and credit use to strengthen relationships with customers and increase the potential for more sales.

Intrum Justitia operates under the same brand in all local markets. Through our local presence we can offer clients and debtors services that are well-suited to the local market's maturity, regulations and practices. At the same time we offer a European brand with a strong international network. We have well-developed systems and processes for effective credit management across national borders in Europe. And our global network enables us to offer our clients credit management services in 170 countries outside Europe.

Greater benefits for clients through improved processes and methods

We are constantly working on enhancing the quality of the services we deliver to our clients. We streamline credit management processes and aim to use common IT systems to improve productivity. Within the Group we have a number of forums to enable employees to benefit from competences in the group. These forums are working on improving work methods and services for our clients. Intrum Justitia has also developed analysis methods to optimize debt collection management.

Healthy payment behavior in society

Intrum Justitia has an important role to play in society because we help companies and consumers to see the link between a healthy attitude to payments and a well-functioning economy.

Few people know that around 25 percent of all bankruptcies in Europe are caused by companies being paid late or not at all. This results in less business activity, fewer jobs and higher prices for consumers.

Our employees are crucial in their role of looking after and delivering high-quality services to businesses and consumers. Personal development, the knowledge that we have an important job to do, and pride in our ability to help promote a better credit and payment environment in society are therefore vital. Through the services Intrum Justitia offers, we are ensuring that there are fewer bankruptcies, greater economic growth and more job opportunities.

GOALS

Business goal

Intrum Justitia's goal is to promote business and help create sound economies by making business more easy, secure and fair. We are a leading player in Europe in credit management and financial services, and our goal is to be one of the three largest players in every local market.

Financial goals

Intrum Justitia's long-term financial goal is to achieve organic sales growth of 10 percent per year and to have pre-tax earnings growth that is at least in line with our organic growth.

In 2010 our organic growth amounted to -0.8 percent and pre-tax earnings grew by 8.7 percent. Since 2005 our average annual organic growth has been 5.3 percent, while pre-tax earnings have grown by 8.7 percent.

We also have a goal of achieving an annual return on purchased debt of at least 15 percent and in the long-term to achieve a net debt/equity ratio of less than 150 percent. In 2010 the return on purchased debt was 16.3 percent and the net debt/equity ratio was 85.1 percent.

Dividend goal

Intrum Justitia's Board of Directors intends to annually propose a dividend or its equivalent to shareholders that over time averages at least half of the net earnings for the year after tax. Decisions relating to dividend proposals take into account future revenues, financial position, capital requirements and the status in general.

For 2010 the Board has proposed a dividend totaling SEK 327 million (SEK 4.10 per share), which is equivalent to approximately 72 percent of the net earnings for the year.

Respectful credit management

with supplementary financial services

When companies want to sell a product or service they need to evaluate their existing and potential customers and gather information in order to provide each of them with the appropriate offering. This could involve selling telephony or power services, products that are paid for online or by credit card. Our clients also need to be able to monitor changes in risk levels, e.g. if a customer's credit status has changed. When a client sells a product or service, the payment administration process begins and involves, for example, invoicing and sales ledgers. When invoice payments are overdue, an efficient debt-collection process is needed to ensure that full payment is received for the product or service. Intrum Justitia offers services in every part of this chain, and our services are often adapted to a client's specific needs. Providing a complete offering means not only that all of a client's credit management service needs are met by one supplier, but we are also able to use and interpret information in our own databases that we have obtained from both clients and external sources. By gathering all of this information, Intrum Justitia has the basis for informed decisions so that clients can increase their sales and cash flow, reduce credit losses and improve their relationships with their customers.

>

Our credit management offering

Credit information, payment services & debt collection services.

Credit information services

Credit information provides guidance for credit decisions and is an important component of a company's sales and marketing work. With our credit information services, we help our clients to decide who they should sell to and on what terms. Successful credit management is based on a combination of knowledge, information and understanding. By focusing on people, Intrum Justitia offers credit management that works.

The foundation for successful credit management is laid long before the first invoice is issued. Our clients often have good information on their customers. But by using information from different sources and supported by Intrum Justitia's own analysis models, our clients' risk assessment processes are made easier and granting credit to new and existing customers is more secure. The company selling a product is able to make the right credit decision with the right level of credit. If sellers are too restrictive, they could lose customers, and if they are too generous when granting credit, the result could be a credit loss.

After many years of working in the European credit markets, we have an extensive register of consumer payment patterns, and understanding these is key to a good credit decision.

SCORING FOR THE RIGHT RECOMMENDATION

Intrum Justitia can help companies identify and enter new markets while ensuring that they don't waste time and money selling to customers who are not creditworthy. Intrum Justitia uses scoring to better assess the creditworthiness or a certain group of people and to predict consumer payment habits and behaviors. Effective scoring helps the client to assess different groups of consumers based on historical and statistical data. Understanding payment patterns before a sale is transacted can save resources and lower risk. The technique requires not only advanced statistical tools and considerable IT capacity, but also knowledge of psychology and good business acumen.

We provide clients with detailed recommendations on whether credit should be granted or denied. Even risky customers can be accepted and contribute to the company's earnings, albeit with different payment conditions. Interpretations are based on the circumstance of each individual client. In some market segments, Intrum Justitia makes credit decisions on behalf of clients and guarantees payment based on the credit information available.

WE HAVE IT ALL COVERED

Intrum Justitia's complete offering is based on our ability to provide information for better credit decisions to prevent payment problems. That's why we provide our clients with credit information in all markets. Clients who, for example, want to combine information from their sales ledger with external credit information can turn to Intrum Justitia instead of two different suppliers. Right now Intrum Justitia has licenses to operate a credit information business in Sweden, Switzerland and Finland. In other markets we meet our clients' external credit information needs using information from third parties.

FEWER CREDIT LOSSES FOR NOKIAN TYRES

Nokian Tyres Plc is the largest tyre manufacturer in the Nordic region. Intrum Justitia is helping Nokian Tyres with constant monitoring of changes in the liquidity of the company's customers in order to avoid credit losses.

This monitoring service is part of Intrum Justitia's comprehensive credit management service and is based on the market information we have gathered.

Seeking insight to feed innovation

We are always seeking new knowledge, gathering business and credit information about individuals and companies in all European markets, gaining new experiences that are stored in our systems and then shared throughout our organization. Insights into business and trends are essential if we are to deliver innovative solutions to our clients. Insight is the mother of innovation.

Understanding people

At Intrum Justitia there is a person behind every decision who becomes familiar with each individual situation, understands needs, and is determined to find a solution. Only by truly understanding people can we turn a difficult situation into something positive for everyone involved. The core of our work is creating value for businesses and society through our understanding of people – both clients and their customers, as well as our employees.

Payment services

Information is important even after invoices have been sent. Similarly, the actual timing of invoicing is critical for most companies. By outsourcing invoicing and sales ledgers to Intrum Justitia, our clients can professionalize the management of payments and reminders.

RECEIVING PAYMENT FASTER

We help our clients to receive payment faster and avoid collection processes by ensuring that payment reminders are consistent and on time. Intrum Justitia's analysis of customers' payment patterns provides the information needed to create tailored reminders for customers who are behind with their payments, and this protects the relationship between our client and its customers and also protects future business potential.

WELL-ORGANIZED 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 active and must therefore be well organized and up-to-date. Intrum Justitia's knowledge of human behavioral patterns and payment trends can be used to adjust the way each individual customer is treated. The type and frequency of payment reminders can, for example, be adapted to the customer's financial situation.

Well-organized payment administration helps our clients to improve their relationships with their customers. Our invoicing and notification service frees up resources for our clients. Electronic and paper invoices are sent out automatically using quality-assured routines.

Intrum Justitia handles all contacts with clients' customers with respect to invoices and claims in a customer-oriented and efficient way based on the service level agreement with the client.

Intrum Justitia offers for example payment services to e-commerce companies, where the need for a well functioning credit granting process and payment process is business critical.

OUTSOURCED CREDIT MANAGEMENT AT AZ JAN PORTAELS

With 435 beds, 100 doctors and 750 employees, AZ Jan Portaels in Belgium is a dynamic hospital that is very much evolving. The AZ Jan Portaels team cares for more than 11,000 patients a year. It is also responsible for approximately 62,000 consultations at the ambulant care unit and approximately 20,000 day clinic treatments each year. AZ Jan Portaels has outsourced most of its credit management activities to Intrum Justitia. The hospital chose to have its reminders sent by our services, an explicit example of payment services offered by Intrum. Particularly in the soft sector, which includes hospitals, it is important not to forget the human side of credit management. By maintaining specific contacts with debtors before proceeding to the amicable debt collection stage, Intrum Justitia helps AZ Jan Portaels to maintain good contact with its patients.

Debt collection services

If someone has failed to pay despite reminders, a debt collection process is often set in motion. With our large databases and analysis tools, we have a good understanding on a consumer's payment habits and can collect debt more effectively and purposefully than companies will less access to information. We can, for example, identify the difference between consumers with temporary financial problems and others who are in a more serious situation.

WE REDUCE THE NUMBER OF BANKRUPTCIES

Late payments not only put a strain on liquidity for the seller of a product or service, but the longer they wait to take steps, the less likely it is they will be paid in full. Private individuals may move away to avoid creditors, and companies go bankrupt.

An estimated 25 percent of all corporate bankruptcies are caused by late payments. When a company has losses due to doubtful receivables, it needs to work even harder to compensate for the loss and this may mean raising prices or lowering costs.

Intrum Justitia's experience, tried and tested processes and analysis methods make the work of collecting payment highly efficient, even from debtors who are very late with their payments.

Thanks to our solid knowledge of our sector, Intrum Justitia is able to efficiently handle complex receivables between companies and large volumes of consumer credit.

If the debt collection process is still not bearing fruit, even after the clients customers have been informed of their debt situation, received useful assistance from us and an opportunity to pay, but still don't pay, we can forward the matter to our legal representative for a decision.

In many countries we have a joint legal department with legal representatives working on collecting late payments. We also have a network of collection agents around the world.

WELL MANAGED RECEIVABLES AT FORTUM

Nordic energy company Fortum and Intrum Justitia have been working together with debt collection services for more than 10 years. Intrum helps Fortum to manage overdue receivables throughout the collection process and asists with legal expertise in disputes. A comprehensive service which, thanks to good cooperation, is helping Fortum to make wise credit decisions that improves its cash flow and at the same time maintains good relationships with end customers.

WE COVER MORE THAN 170 COUNTRIES

Intrum Justitia makes it easy for companies to collect payments in other countries than its home market as well. Our presence and qualified partners in many markets are key elements in Intrum Justitia's success. We cover more than 170 countries worldwide.

Our financial services offering

Financing services, payment guarantee & purchase of receivables

Intrum Justitia's financial services help our clients to improve their cash flow and reduce financial risk. Our Credit Management Services and Financial Services departments cooperate and support each other on a daily basis because credit management services can be refined through the considerable amount of information about customers generated in our portfolios of purchased receivables, and our databases can be enhanced. This information enables us to offer our clients effective debt collection methods. Similarly, our cooperation with companies within credit management provides important information on which to base good assessments of future investments in outstanding receivables.

Financing services

Companies may sometimes, for a variety of reasons, need to quickly increase their liquidity, e.g. to make an investment or cover a capital requirement without tying up capital in trade receivables. Another reason might be that they want to reduce their credit risk. To assist our clients in these situations, Intrum Justitia offers various financing services, such as invoice factoring.

No-recourse factoring involves the transfer of all rights by a company of its invoices before they are due for payment to quickly increase cash flow. Intrum Justitia currently only offers factoring services through partners. The option of including factoring in Intrum Justitia's overall service offering is under consideration.

Payment guarantee

Many of our customers operate businesses that involve extending large amounts of credit to end customers, and financial risk can therefore arise.

One example could be a company that wishes to offer payment by invoice for its webshop. To ensure the payment of the transaction, we offer services that provide a payment guarantee based on a credit decision and credit limit monitoring.

By using Intrum Justitia's stored information, the company can check at the time of the sale if the customer is creditworthy and offer bespoke payment options. If the customers decides to pay on credit, Intrum Justitia can guarantee that the company will receive the full amount for the sale. We take over invoices that become overdue and handle them as normal collection cases.

BETTER CASH FLOW AND LESS ADMINISTRATION

Because our clients are guaranteed payment when unpaid invoices are overdue, they do not put their cash flow at risk or use their own resources for the administration of reminders and collection cases.

Purchase of receivables

More and more of our clients are taking the opportunity to sell portfolios of outstanding receivables. By purchasing receivables, Intrum Justitia frees up resources for clients and speeds up cash flow.

Purchasing overdue receivables is a logical step in managing receivables that, despite collection and other measures, have not been paid and have therefore become a credit risk for the client. Examples could be trade receivables or unsecured loans between companies and private individuals, or between companies. The clients customer is still liable for payment, but the cost of collecting payment is considered so unpredictable and the creditor would have to write off all or part of the debt. The receivable still has financial value, however, and can be sold to a third party who continues to attempt to collect payment.

IMPROVED LIQUIDITY

The benefit for our clients is improved liquidity because they get paid for a portion of the receivable immediately and thereby avoid the risk of receiving no payment at all. The benefit for us is that we can continue with more long-term collection measures on our own behalf and for the client's customer it becomes easier to become free of debt since we can help to gradually lower the debt in various ways, for example through payment plans. Intrum Justitia purchases portfolios after making an assessment of when and how much of the debt in the various cases will be paid. The price we pay for the portfolio is based on this forecast. Depending on age and quality, the amount can be significantly lower than the amount of the receivable. Typically the price may be around five to fifty percent of the receivable's nominal value.

After purchasing a portfolio, individual collection scoring that the various cases are handled through an action network which optimizes recovery. This action network determines who will receive a letter or phone call, a payment plan structure, and which cases will be left alone for the time being. By monitoring the period of limitation, keeping in frequent contact with the debtor, and finding the best solutions for all parties, even old debts can be paid.

EXTENSIVE SERVICE PACKAGE INCLUDING PAYMENT GUARANTEE

In Switzerland Intrum Justitia and Debtors Service Ltd (a subsidiary of Swiss Post) offer clients a complete payment guarantee solution. This service, called Factoring Plus, includes managing sales ledgers, pre-financing and payment guarantees. The sales ledger management service also includes creditworthiness checks, accounting and reminders. Intrum Justitia is responsible for delivering creditworthiness checks and payment guarantees. Factoring Plus is well suited for e-commerce companies and businesses that offer invoicing services and that quickly need access to liquid funds.

Increased revenue from purchase of receivables

Over the past five years Intrum Justitia has increased its purchasing of receivables, in part because more clients want to sell their portfolios, and in part because we have increased our expertise in analyzing and purchasing portfolios with these types of receivables. Since 2002 our revenues have increased from SEK 163 million to around SEK 861 million in 2010. In 2010 Intrum Justitia acquired 240 portfolios for a value of SEK 1,050 M. Portfolio purchasing is divided up geographically and by different sectors. At the end of 2010, no single country accounted for more than 22 percent of our total portfolio. During 2010, Intrum Justitia introduced a production software for the Financial Services line, which includes workflow management and evaluation tools. It further industrializes our routines and increases the efficiency in the evaluation process.

A PLAYER IN THE GLOBAL MARKET

The market for overdue receivables is global, generates billions of SEK in revenue and consists of all types of credit portfolios. The companies selling their receivables are companies that grant credit, either as their primary service or as part of their overall business.

Committing to challenge

We are often participants in sensitive situations. Sometimes people are stressed because their finances are at stake or they are handling large sums that are crucial for a company's future. We also affect the macro-economy because our business is a catalyst for a sound economy, not just for individual businesses but for all of society. We welcome challenges. Challenges are what we live for.

Making a difference

We don't look for problems, we find solutions. We help our clients by providing credit management services that make them more competitive. Informed credit decisions, faster payment and smooth debt collection processes improve margins and cash flow. Intrum Justitia makes a difference – not just for our clients, employees and shareholders, but for society in general. Profitable companies create jobs and help society move in a positive direction.

Credit institutions, private and public companies and public authorities are among them. By selling their receivables they can quickly access liquid assets and concentrate on their core business, at the same time as they avoid not getting paid at all.

Buyers of overdue receivables include companies in the industry such as Intrum Justitia and financial ones such as international investment banks. Around one third of Intrum Justitia's portfolio of purchased receivables comes from our credit management clients. The remainder is purchased by Intrum Justitia from external partners. In the case of large portfolio investments, Intrum Justitia often works with financial partners such as Crédit Agricole or Goldman Sachs. Other partnerships are being evaluated on a continuous basis, and in January 2010, we announced a partnership with East Capital and the European Bank of Reconstruction and Development relating to joint investment in the Russian market.

SPECIALISTS IN CONSUMER DEBT

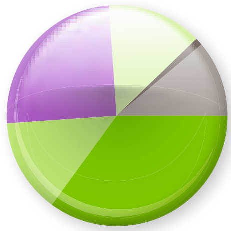
The market for written-off receivables mainly consists of receivables that are secured, e.g. real estate. We have decided, however, to concentrate on small and medium-sized unsecured consumer debt as this is an area where we have extensive collection experience and well-developed analysis and valuation methods. The portfolios Intrum Justitia purchases consist largely of unsecured bank loans and credit card debt belonging to private individuals, followed by receivables originating from telecom, mail order and infrastructure, as well as receivables, e.g. from municipal companies. Most of the portfolios thus have amounts of around SEK 7,100 per claim.

TRANSPARENT ACCOUNTS

In our income statement, revenue from receivables is recognized as the collected amount less amortization. In recent years amortization has been around 50 percent of the collected amount. The amortization of each portfolio's carrying value is based on the change in the discounted present value of future cash flows between two periods according to the portfolio's initial effective interest rate. The amortization amount is a relatively stable portion of the anticipated collections over the remaining life of the portfolio. The return on purchased debt has been between 14.4 and 17.0 percent over the past five years. The goal is to achieve an annual return of at least 15 percent.

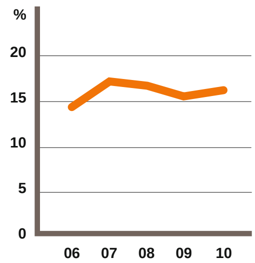
In the balance sheet, the value of each portfolio is recognized as the discounted value of all anticipated future cash flows. Cash flow forecasts are reviewed quarterly and reassessed based on, for example, achieved collection results, agreements with debtors on installment plans and macroeconomic information.

PORTFOLIOS BY BUSINESS SECTOR



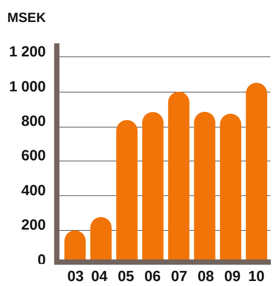
- Bank loans 35% (39)
- Credit cards 14% (15)
- Telecom 25% (23)
- Finance 14% (15)
- Mail-order 1% (1)
- Utilities 11% (7)

YIELD



The return on investments in overdue receivables was 16.3% in 2010.

INVESTMENTS IN PURCHASED DEBT



The investment level in 2010 exceeded 1 billion SEK.

Our thoughts about corporate social responsibility

At Intrum Justitia we understand that it pays to have a long-term perspective and to assume our social responsibility. For us, corporate social responsibility (CSR) is not an empty phrase – we really believe in it. CSR is a means for our company to earn more money, give bigger dividends to our shareholders, and have more satisfied customers and employees because we are contributing something to society through our services.

A SOUND ECONOMY

Our ambition of being a "catalyst for a sound economy" means exactly that – we are assuming our responsibility in society by helping businesses and consumers to enter into sound and secure business transactions. Our aim is to initiate the right activity at the right time in the credit granting, invoicing and claim management processes. We help our clients provide good credit options with a reasonable level of risk for both the client's themselves and the credit recipient. We also offer various methods for managing invoices, payments and claims – all based on the customer's payment capabilities so that we can support both parties in making a good deal.

WE FIND SOLUTIONS

Our position on social responsibility enables us to reduce the risk that a credit recipient, i.e. a consumer or company, will consume more than they can pay for. If things go wrong anyway, we provide them with support to get out of a bad situation.

We are not in the business of looking for problems – we want to find solutions. We treat debtors with the respect they deserve and as members of a valuable target group. Our unique combination of consumer and market information allows us to find the best solutions for cash flow problems in a way that benefits everyone. It also means that our clients can create better relationships with their customers and significantly improve their results because we help them with prospecting and segmenting their markets, lowering their credit losses, and ensuring that they lose fewer customers.

PERSONAL FINANCE EDUCATION FOR YOUNG PEOPLE

Another way for us to help build a sound economy is to educate people. A clear trend has emerged in many European countries in recent years where more and more, younger and younger people are getting into financial difficulties because of too much debt. Teaching young people to manage their personal finances and have healthy payment behavior is something we prioritize at Intrum Justitia.

Some examples:

- In Finland Intrum Justitia sets up information tents every summer in central Helsinki and Tammerfors to educate Finnish consumers about the consequences of late payments.

- In Switzerland Intrum Justitia has, for several years now, arranged the Swiss School Award, a competition for schoolchildren and classes on the theme of managing money. Students as well as teachers and businesses throughout Switzerland are involved in the project.

- In 2010 Intrum Justitia launched a university partnership in Belgium to increase awareness about and interest in credit management.

Intrum Justitia has been visiting schools in several countries and informing students about the best way to manage their personal finances and avoid debt traps.

FEWER SOCIAL PROBLEMS

We are helping to reduce problems in society in general by ensuring that fewer private individuals get into financial difficulties and fewer people go bankrupt.

Here is an example of a now debt-free consumer:

Hi!

I have spent the last four years in a downward spiral, both financially and emotionally. I lost my job and a lot of things I took for granted. In all of the interactions in this state of financial ruin you are treated with contempt and faced with claims that you can't handle.

Thankfully I have good friends and I am inclined to include the people at Intrum among them. You manage to turn paying off debt into a positive experience without the unpleasantness. I feel that you respect the people you work with. There are no lectures in your letters – just a cheerful and positive tone. I have to give you credit for doing a job that cannot always be easy. Pass this on to all of your employees – you are well worth the praise!

Yours sincerely,
Mikael

For more information about Intrum Justitia's corporate social responsibility and environmental work, see page 39.

Our goal is to be

the employer of choice in our industry

At Intrum Justitia we are very ambitious about human resources. We have set our sights on attracting, developing and retaining the best people in the market – a necessity if we are to achieve our vision of being a genuinely people-focused company offering credit management and financial services that add considerable value.

SKILLED AND MOTIVATED

We have around 3,100 employees at a workplace that is diverse, offers equal opportunities, and where everyone is treated with respect. More than 75 different nationalities are working at Intrum Justitia. Our well-being and development are crucial to our success and growth, just as skilled and motivated employees are integral parts in a strong and successful business.

Intrum Justitia's employees are specialists in the various areas associated with credit management. We work purposefully every day to develop our company – from handling incoming calls from debtors to meeting our clients to reach new agreements with different companies. Our work also involves handling collection cases or analyzing investments in portfolios of receivables.

INVESTING IN PROFESSINAL DEVELOPMENT

Our goal is to be the employer of choice in our industry. In all countries where we operate we are developing routines for management planning, succession planning, internal recruitment and professional development. Our HR strategy greatly emphasizes recruitment, competence development and performance improvement. In 2010 we continued to invest in professional development by, for example, focusing on training. A high priority has been providing improved tools to enhance the expertise and leadership skills of all employees – from the lowest positions in the company to top decision-makers.

GROUP-WIDE SURVEY OF EMPLOYEES

Communication and consultation with employees – either directly or through a staff council is a key area. The staff attitude survey ("Inject"), which is conducted bi-annually throughout the Group, provides valuable insights into staff ideas about how we can continue to develop Intrum Justitia into the most attractive employer in the market. The most recent survey was conducted in the fall of 2010 and has provided key information for our continued efforts in 2011. Managers have access to a detailed result report which they then discuss with their staff.

Through our intranet, IntrumNet, all employees can obtain information about our business, country-specific routines and news.

	2010	2009	2008	2007	2006
Sales per employee, SEK m	1.22	1.22	1.11	1.04	0.99
Operating earnings per employee, SEK '000	236	199	210	215	198
Average number of employees	3,099	3,372	3,318	3,093	2,954
Percentage of women	62.6	62.5	62.6	62.4	63.1
Sick leave, %	3.9	4.8	3.7	4.4	4.8

In 2010 only about 10 percent of the credit management services market was outsourced. In other words, the potential exists for us to significantly increase our market share.

90,000 clients in 22 countries

– plus growth potential

The market for professional credit management services is growing. There are many reasons for this, but in general the market is growing because more and more businesses are discovering the difference between handling the whole credit management process themselves and outsourcing it to a specialist.

Despite this trend of credit management that is traditionally handled internally being increasingly outsourced to specialist companies like Intrum Justitia, only about 10 percent of the credit management services market is outsourced. In other words, the potential exists for us to significantly increase our market share.

WHY IS THE MARKET FOR PROFESSIONAL CREDIT MANAGEMENT SERVICES GROWING?

- Fluctuations in business make it unprofitable to staff up for peak periods.
- Specialized and leaner organizations understand that it is more profitable to concentrate on their core business.
- Smaller companies cannot afford in-house credit management experts, yet still need such expertise.
- New companies that are still feeling their way need the expertise and efficiency they can get from specialists.
- Following up on late payments costs European businesses and official bodies an estimated EUR 25 billion a year.
- Several industries are deregulating – including financial services, telecommunications, energy and healthcare. Deregulation increases competition and invoice volume, which means that companies need the necessary tools and knowledge to take greater risks and make faster credit decisions.

CLIENTS

Intrum Justitia has 90,000 clients in 22 European countries. The main industries are telecom, infrastructure (energy and water) and banking and finance. In 2010 Intrum Justitia also experienced good growth in sectors such as telecom, utilities and e-commerce. The 150 biggest clients account for around 40 percent of the company's revenues. No client stand for more than 2 percent of total revenues.

Examples of clients are the Nordic banks Swedbank and Nordea, the Austrian bank BAWAG, Swedish credit card company EnterCard and Hungarian Provident Financial in the Finance sector. In the medical sector we work with Swiss company Ärztekasse that administrates medical clinics and Belgian AZ Jan Portaels. In telecom we have good cooperations with Sunrise in Switzerland, Vodafone in Hungary and Slovak Telekom among others and in the energy sector the Nordic energy company Fortum is a good example.

COMPETITORS

Intrum Justitia has competitors in all geographical markets and in all parts of the credit management chain. The credit management sector is, however, still very fragmented, which means that there are few competitors with an equally extensive offering and with the same geographical reach as Intrum Justitia.

Examples of competitors that operate in several of Intrum Justitias markets are Arvato Inforscore, Cetelem-Effico, Coface, EOS and Lindorff. In the financial services segment Intrum Justitia has competitors such as Aktiv Kapital which focuses mainly on investing in portfolios of receivables.

In individual geographical markets there are a number of smaller companies focusing on parts of the credit management chain, such as local collections companies, law firms and accounting firms.

Sound business and a more favorable economic climate

A dynamic economy would be impossible without credit.Credit is essential for economic growth. Our advice and services help our clients make sound credit decisions and manage their credit portfolios in a professional manner. The result is better business for our clients in the form, for example, of increased sales and better cash flow, less credit loss and improved customer relations, and a more favorable economic climate.

SLOW RECOVERY

We are currently seeing a slow macroeconomic recovery in Europe, albeit with significant differences between the regions where Intrum Justitia operates. It is easier to solve consumers' financial problems now compared to at the peak of the global financial crisis in 2009. The effects of the crisis are still being felt in parts of Europe, however, and Intrum Justitia's business is therefore affected as well.

CLEAR NEED FOR BETTER CREDIT MANAGEMENT AND RISK ASSESSMENT

Unsustainable levels of household debt in the USA and Europe triggered the global financial crisis. When the crisis spread to the real economy, companies not only found themselves facing a sharp decline in demand, but longer payment times and pressure on cash flow as well. Today many companies are clearly in need of better credit management and risk assessment. Companies are also increasingly aware of the fact that credit management is not their core business and that a professional would be better at handling the entire process – from prospecting customers and making credit decisions to collecting debt. The benefits of professional credit management include faster payments, lower costs, improved cash flow and better control over receivables.

Our clients also benefit from having access to the latest expertise in building customer loyalty and identifying and penetrating new markets. Professional credit management ensures that companies avoid wasting time and money on marketing aimed at customers who are not creditworthy. We offer our clients a menu of credit management solutions – from a single credit management service to total credit management outsourcing.

ON-TIME PAYMENT – A MATTER OF SURVIVAL

In these times of slow recovery, good credit management is even more important because credit environments have deteriorated or are risky in several markets. This applies to all parts of the credit cycle – from prospecting to debt collection.

On-time payment is a matter of survival for many small and medium-sized enterprises. For companies providing consumer credit, understanding their customers' creditworthiness and payment behavior can help reduce their risk and stimulate sales.

Intrum Justitia plays an active role in the market and provides expertise and services to both international corporations and small businesses. This helps our clients improve their business and helps build a healthier economy.

European Payment Index (EPI) 2010 – on the right path

Since 1998 Intrum Justitia has conducted an annual survey of changes in payment behavior in Europe. The results are used to gain a better understanding of how European companies view payment behavior in their country and how an entire nation's economy is negatively affected by late payments.

The 2010 survey revealed that many of the 3,900 or so small and medium-sized enterprises included in the survey are still having financial problems, despite political pledges about recovery. European banks are still cautious in granting credit, which is mainly affecting small businesses.

The increasing percentage of bankruptcies in 2009 in Europe gave rise to an increase in write-downs. In 2009 169,000 European companies filed for bankruptcy. The European Commission's small and medium-sized enterprises section predicted that this figure would grow to 200,000 in 2010, which represents an increase of 18 percent. The unwillingness of banks to extend more credit to small and medium-sized enterprises is probably driving this trend.

SLOW RECOVERY

Despite the fact that growth in Europe is modest, there are signs today of a slow recovery in several European countries. The conclusion from the European Payment Index is that the late payment situation has stabilized since 2009, but that the future for European businesses is still uncertain. In the countries hit the hardest by the financial crisis in 2008 and 2009, there are still few signs of improvement in terms of getting paid on time for products and services. Pessimism is highest among companies in the countries hit the hardest by the financial crisis.

SHORTER LATE PAYMENT PERIODS BUT INCREASE IN WRITTEN-OFF RECEIVABLES

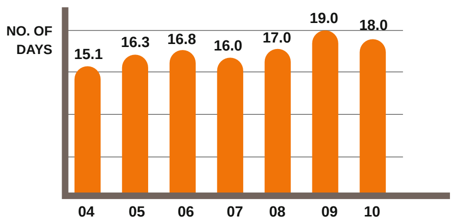
One piece of good news from the 2010 EPI is that the average late payment period for payments in Europe, i.e. the period after an invoice falls due for payment, has gone down by one day, from 19 days in 2009 to 18 days in 2010. This means that companies are waiting for a shorter period for payment compared to just over a year ago. This good news is counteracted by the fact that the average percentage of receivables that are written off has risen to 2.6 percent, from 2.4 percent the previous year – a figure that was 1.9 percent in 2007. This means that the percentage of invoices that are never paid and ultimately written off has increased every year since 2007.

Somewhat surprisingly, companies tend to react slowly when it comes to handling late payments. Despite the obvious drawback of getting paid late or not at all, close to 65 percent of companies wait an average of 85 days before sending a case to a credit management company.

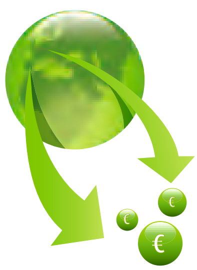
BETTER LEGISLATION IS NEEDED

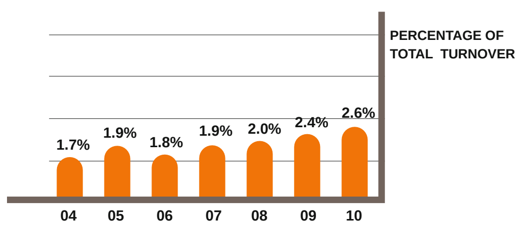
Outside the Nordic countries most respondents in the survey want better legislation to enable them to collect reminder fees and penalty interest as this is difficult when it is not the normal practice in their country. In the Nordic region this is supported by local regulations and payment patterns here are much healthier compared with countries in, for example, Southern Europe.

An obvious consequence of late payments is lost income and lower liquidity for companies. This, combined with a lack of confidence that banks will provide businesses with financial support to generate growth, makes for a challenging situation for many small and medium-sized enterprises. The results of the European Payment Index emphasize the need for better credit management by many European companies. Analyzing the creditworthiness of prospective clients and thereby being able to offer several payment options is a step in the right direction.



LATE PAYMENT IN EUROPE,
average



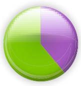
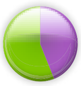


CREDIT LOSSES IN EUROPE,
average

Regions

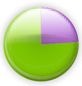
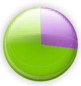
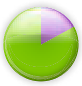
Intrum Justitia has operations in 22 countries organized into three regions.

Northern Europe	Established	Market position
Sweden	1923	Market leader
Finland	1910	Market leader
Denmark	1977	Top 5
Norway	1982	Top 5
Estonia	1996	Market leader
Latvia	2002	Top 5
Lithuania	2000	Market leader
Poland	1998	Top 5

% of sales	% of profit	% of employees
 39%	 44%	 39%

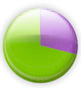
Northern Europe	2010	2009	%	fx %*
Revenues	1 434	1 432	0,1	5,9
Operating earnings	322	354	–9,2	–3,3
Operating margin (%)	22,4	24,7	–2.3 ppt	

Central Europe	Established	Market position
Switzerland	1971	Market leader
Germany	1978	Top 10
Austria	1995	Top 5
Czech Republic	1996	Top 5
Slovakia	2005	Market leader
Hungary	1993	Market leader

% of sales	% of profit	% of employees
 24%	 27%	 17%

Central Europe	2010	2009	%	fx %*
Revenues	926	1 039	–10,9	–5,5
Operating earnings	198	207	–4,4	–0,2
Operating margin (%)	21,4	20,0	1.4 ppt	

Western Europe	Established	Market position
United Kingdom	1989	Top 10
Ireland	1999	Market leader
Netherlands	1983	Market leader
Belgium	1988	Market leader
France	1987	Market leader
Spain	1994	Market leader
Portugal	1997	Market leader
Italy	1985	Top 10

% of sales	% of profit	% of employees
 37%	 29%	 44%

Western Europe	2010	2009	%	fx %*
Revenues	1 403	1 692	–17,1	–7,9
Operating earnings	209	196	6,3	18,2
Operating margin (%)	14,9	11,6	3.3 ppt	

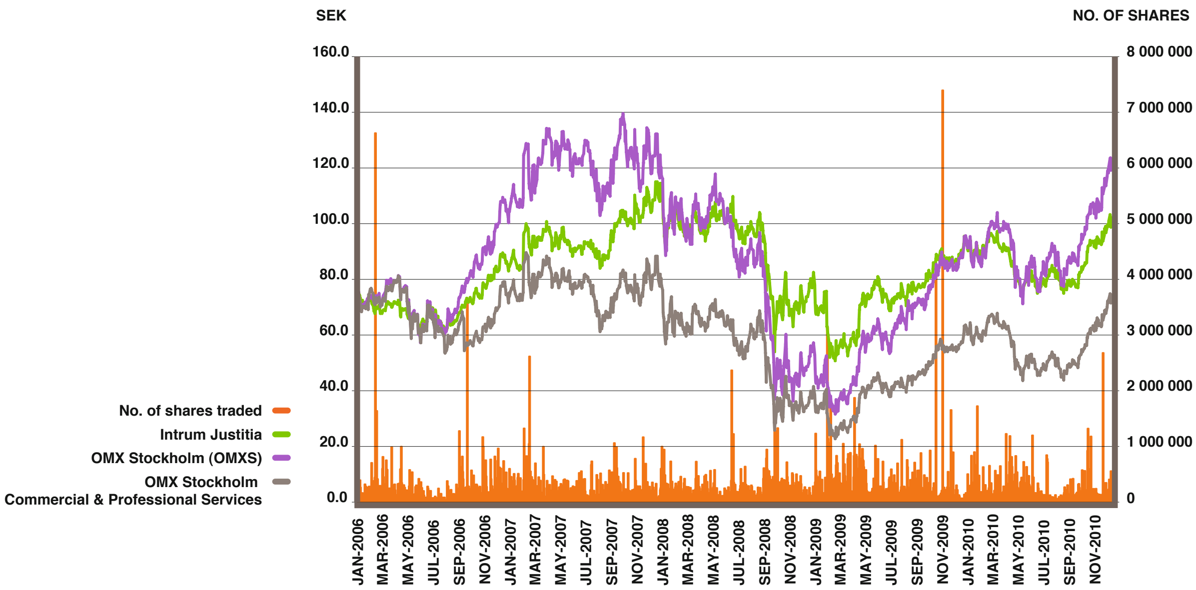
The operating result in 2009 is adjusted for costs of SEK –54.1 M attributable to the UK.

Revaluations of purchased debt are excluded from Group revenues. Group profit is operating earnings (EBIT) excluding purchased debt revaluations.

* Change adjusted for currency effects in 2010.

The share

Intrum Justitia's shares have been listed on NASDAQ OMX Stockholm since June 2002. A trading lot consists of 100 shares. Since June 2006 the shares have been listed on the NASDAQ OMX Stockholm Mid Cap list of companies with a market capitalization of between EUR 150 million and EUR 1 billion.



SHARE CAPITAL

Intrum Justitia AB's share capital amounted to SEK 1,599,893 on December 31, 2010 distributed among 79,994,651 shares with a quota value per share of SEK 0.02. Each share entitles the holder to one vote and an equal share in the company's assets and earnings.

SHARE-BASED REMUNERATION FOR EMPLOYEES

Performance-Based Share Program

The Annual General Meeting in 2008 resolved to adopt a Performance-Based Share Program for 2008 consisting of a maximum of 300,000 performance shares allocated to no more than 70 individuals (the President & CEO, other senior executives and other key individuals). A performance share in this program entitled the holder to acquire one share in Intrum Justitia for SEK 10 at a date in the future. The program was divided into two parts, one of which, corresponding to 50 percent of the performance shares, had a performance period extending from January 1, 2008 to December 31, 2009, and expired with no value. The second part, also corresponding to 50 percent of the performance shares, had a performance period extending from January 1, 2008 to December 31, 2010. Like the first part, the performance criteria with respect to growth in earnings per share etc. were not met and this program expired with no value. See also Note 32, page 71. No similar share-based program was decided upon in 2010.

MARKET CAPITALIZATION, PRICE TREND AND TURNOVER

In 2010 the price of Intrum Justitia's share rose from SEK 89.75 to SEK 103.50, an increase of 15.3 percent. During the same period the NASDAQ OMX Stockholm index increased by 21.2 percent. The lowest price paid for the share during the year was SEK 74.50 on May 25, and the highest was SEK 103.50 on December 30. The price at the end of the year gave a market capitalization for Intrum Justitia of SEK 8,254 M (7,157). Share trades were concluded on every business day of the year. An average of 278,314 shares were traded per day (402,383). The turnover rate, i.e. the share's liquidity, amounted to 0.85 (0.92), compared to 0.87 (1.07) for NASDAQ OMX Stockholm as a whole.

SHAREHOLDERS

At the end of 2010 Intrum Justitia had 7,168 shareholders, compared to 7,154 the year before. The seven members of the Group Management Team held a combined 325,500 shares in Intrum Justitia at the end of the year. In addition to that the CEO holds 260,000 call options issued by a former shareholder. Intrum Justitia's board members owned 46,500 shares and Intrum Justitia AB was holding 250,000 treasury shares at the end of 2010.

DIVIDEND POLICY

Intrum Justitia's Board of Directors intends to annually propose a dividend or equivalent form of distribution to shareholders that over time averages at least half of the year's net earnings after tax. Decisions relating to dividend proposals take into account the company's future revenues, financial position, capital requirements and the situation in general. For the 2010 financial year the Board is proposing a dividend of SEK 4.10 per share, corresponding to around 72 percent of the net earnings after tax. The proposed record date for the dividend is April 5, 2011.

CHANGES IN SHARE CAPITAL

	Transaction	Change in share capital	Total capital	Total no. of shares	Quota value per share
2001	Founding of the company	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	54,347,306	0.02
2002	New issue[3)]	612,765.96	1,699,712.08	84,985,604	0.02
2005	Redemption[4)]	–140,587.06	1,559,125.02	77,956,251	0.02
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 Industri Kapital 1997 Fund and Synergy at a subscription price of SEK 0.02 per share as part of the legal restructuring of the Intrum Justitia Group.

2) 1,402,228 shares each to Industri Kapital 1997 Fund and Synergy at a subscription price of SEK 4.432 per share, and 3,803,190 shares each to Industri Kapital 1997 Fund and Synergy at a subscription price of SEK 0.02 per share.

3) 30,638,298 shares to the public 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 involved the distribution of a total of SEK 590,325,064.94 to the company's shareholders, whereby the company's share capital was reduced by SEK 140,587.06, while the 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 and the same number of votes, as new shares were subscribed for through the exercise of employee options.

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 and the same number of votes, as new shares were subscribed for through the exercise of employee options.

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 and the same number of votes, as new shares were subscribed for through the exercise of employee options.

SHAREHOLDINGS BY SIZE

Holding, no. of shares	No. of share-holders	Total no. of shares	Capital and votes, %
1–1,000	5,904	1,892,984	2.4
1,001 – 10,000	920	2,915,592	3.6
10,001 – 50,000	157	3,651,248	4.6
50,001 – 100,000	58	4,164,087	5.2
100,001 – 500,000	93	21,278,468	26.6
500,001 – 1,000,000	22	14,974,441	18.7
1,000,001 – 5,000,000	14	31,117,831	38.9
Total	**7,168**	**79,994,651**	**100**

No. of shareholders who own
one trading lot (100 shares) or less: 2,109

OWNERSHIP STRUCTURE AS OF DECEMBER 31

Total no. of shares 79,994,651	No. of shares	Capital and votes. %
Carnegie Funds	5,108,000	6.4
Swedbank Robur Funds	3,509,419	4.4
CapMan Oy	3,407,550	4.3
SEB Funds	3,097,341	3.9
Lannebo Funds	2,938,972	3.7
Fourth Swedish Nat'l Pension Fund	2,394,270	3.0
Öresund Investment AB	2,388,000	3.0
Länsförsäkringar Funds	2,342,175	2.9
First Swedish Nat'l Pension Fund	2,198,962	2.7
SHB Funds	2,171,056	2.7
Total	**29,555,745**	**33.0**

DATA PER SHARE

	2010	2009	2008	2007	2006
Earnings before dilution, SEK	5.67	5.53	5.58	5,86	5,09
Earnings after dilution, SEK	5.67	5.53	5.56	5,83	5,04
Operating cash flow, SEK	20.37	19.12	15.88	12,85	11,09
Shareholders' equity before dilution, SEK	32.21	31.96	30.19	23,30	18,73
Shareholders' equity after dilution, SEK	32.21	31.96	30.28	23,46	20,46
Dividend / proposed dividend, SEK	4.10	3.75	3.50	3,25	2,75
Dividend payout, %	72.3	67.9	63.2	55,5	54,0
Share price at year-end, SEK	103.50	89.75	78.50	115,0	88,75
Yield, %	4.0	4.2	4.5	2,8	3,1
P/S, multiple	2.2	1.7	1.7	2,8	2,4
P/E, multiple	18.3	16.3	14.2	19,6	17,4
Beta	0.7	0.7	0.8	0,7	0,8
No. of shares at year-end	79,774,651	79,744,651	79,342,171	79,089,851	77,956,251
No. of shares at year-end after dilution	79,774,651	79,744,651	79,640,093	79,513,063	78,794,959
Average no. of shares	79,774,651	79,658,944	79,148,161	78,436,068	77,956,251
Average no. of shares after dilution	79,774,651	79,681,973	79,446,083	78,859,280	78,794,959

Financial overview

Income statement. SEK M	2010	2009	2008	2007	2006
Revenues	3,766.0	4,127.8	3,677.7	3,225.6	2,939.6
Cost of sales	–2,322.6	–2,599.2	–2,195.3	–1,868.9	–1,705.9
Gross earnings	**1,443.4**	**1,528.6**	**1,482.4**	**1,356.3**	**1,233.7**
Sales and marketing expenses	–303.8	–338.2	–307.3	–285.4	–261.9
General and administrative expenses	–410.7	–506.5	–426.8	–403.9	–385.5
Disposal of operation/Goodwill impairment	0.0	–16.0	–51.8	–	–
Participation in associated companies	1.7	0.3	0.8	0.8	0.4
Operating earnings (EBIT)	**730.6**	**668.2**	**697.3**	**667.8**	**586.7**
Net financial items	–91.3	–79.8	–127.6	–72.1	–59.6
Earnings before tax	**639.3**	**588.4**	**569.7**	**595.7**	**527.1**
Tax	–187.3	–147.8	–128.0	–133.7	–119.6
Net earnings for the period	**452.0**	**440.6**	**441.7**	**462.0**	**407.5**
Of which attributable to Parent Company shareholders	452.0	440.5	441.7	459.6	397.0
Non controlling interests	0.0	0.1	0.0	2.4	10.5
Net earnings for the period	**452.0**	**440.6**	**441.7**	**462.0**	**407.5**

Balance sheet, SEK M	2010	2009	2008	2007	2006
Assets					
Total fixed assets	5,243.3	4,862.1	4,978.3	3,880.1	3,118.3
of which purchased debt	2,373.4	2,311.9	2,330.3	1,882.2	1,317.9
Total current assets	1,871.7	1,936.8	1,762.7	1,513.3	1,343.2
Total assets	**7,115.0**	**6,798.9**	**6,741.0**	**5,393.4**	**4,461.5**
Shareholders’ equity and liabilities					
Total shareholders’ equity	2,576.6	2,548.9	2,395.3	1,842.5	1,492.6
Total liabilities	4,538.4	4,250.0	4,345.7	3,550.9	2,968.9
Total shareholders’ equity and liabilities	**7,115.0**	**6,798.9**	**6,741.0**	**5,393.4**	**4,461.5**

Key figures	2010	2009	2008	2007	2006
Revenues, SEK M	3,766.0	4,127.8	3,677.7	3,225.2	2,939.6
Revenues excl. revaluations, SEK M	3,762.8	4,163.5	3,675.5	3,213.7	2,932.4
Organic growth, %	–0.8	3.9	9.3	10.4	4.3
Operating earnings, SEK M	730.6	668.2	697.3	667.8	586.7
Operating earnings excl. revaluations SEK M	727.4	703.9	695.1	656.3	579.5
Operating margin excl. revaluations, %	19.3	16.9	18.9	20.4	19.8
Interest coverage ratio, multiple	7.2	7.6	4.6	7.5	8.1
Return on total capital, %	10.7	10.0	12.0	13.9	14.0
Return on capital employed %	14.4	13.4	16.8	20.2	20.5
Return on operating capital %	15.7	14.3	17.2	21.1	21.5
Return on shareholders’ equity, %	17.6	17.8	20.8	27.8	28.9
Return on purchased debt, %	16.3	15.6	16.6	17.0	14.4
Equity/assets ratio, %	36.2	37.5	35.5	34.2	33.5
Average number of employees	3,099	3,372	3,318	3,093	2,954

Board of Directors' Report

The Board of Directors and the President & CEO of Intrum Justitia AB (publ) hereby submit the annual report and consolidated financial statements for the 2010 fiscal year. The company is registered in Stockholm and its corporate identity number is 556607-7581.

THE INTRUM JUSTITIA GROUP

Intrum Justitia is Europe's leading credit management services (CMS) company offering comprehensive services designed to improve client cash flows and profitability. Founded in 1923, Intrum Justitia now has just over 90,000 clients and 3,100 employees in subsidiaries in 22 countries and an associated company in Iceland. The share has been listed on NASDAQ OMX Stockholm since 2002.

SIGNIFICANT EVENTS DURING THE YEAR

• In January Intrum Justitia, East Capital Explorer and East Capital Financials Fund announced that they intend to invest in a joint venture that will purchase portfolios of unsecured nonperforming consumer credit primarily in the Russian market. The portfolios purchased by the joint venture will be serviced by selected local credit management companies.

• At the Annual General Meeting in March, Matts Ekman, Helen Fasth-Gillstedt, Lars Förberg, Charlotte Strömberg, Fredrik Trägårdh and Lars Lundquist were re-elected as Board members. Joakim Rubin was elected as a new member of the Board. Lars Lundquist was re-elected as Chairman of the Board. Bo Ingemarson declined re-election. The Annual General Meeting also approved the Board's proposal for principles of remuneration and other terms of employment for senior executives.

• During the year the company changed its organisational structure so that the previous seven geographic regions were replaced with three: Northern Europe (Denmark, Estonia, Finland, Latvia, Lithuania, Norway, Poland, Russia and Sweden), Central Europe, (Switzerland, Slovakia, Czech Republic, Germany, Hungary and Austria) and Western Europe (Belgium, France, Ireland, Italy, the Netherlands, Portugal, Spain and the United Kingdom). The purpose of the change is to enable new services to be launched more quickly and achieve benefits of scale within the Intrum Justitia Group.

• In November Intrum Justitia announced the acquisition of Aktiv Kapital's Nordic operation which provides credit management services to external clients. The acquisition was finalized on 16 December. The acquired business has around 150 employees in Norway, Sweden and Finland and had sales of NOK 234.6 M in 2010. The acquisition strengthens Intrum Justitia's market position, mainly in the Norwegian market. In Finland and Sweden the company's leading position in the market is further reinforced.

• In December Intrum Justitia announced the acquisition of Nice Invest Nordic AB, a company that invests in overdue receivables from mail order and e-commerce clients and the financial debt arising in connection with the receivables. This acquisition, which was finalized on 28 December, further strengthened Intrum Justitia's market position in Sweden. The acquisition consists of an existing portfolio as well as forward-flow contracts.

• In December a new joint venture was formed between the European Bank for Reconstruction and Development (EBRD) and the joint venture company that is co-owned by East Capital Explorer, East Capital Financials Fund and Intrum Justitia. The purpose of this company is to acquire written-off consumer loans from Russian financial institutions. The commitment of Intrum Justitia, East Capital Explorer and East Capital Financials Fund remains the same; the investment capacity may, however, increase over the next three years.

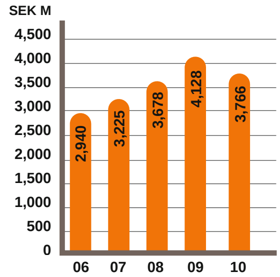
REVENUES AND EARNINGS

The consolidated net revenues for the year amounted to SEK 3,766.0 M (4,127.8). The revenue change of –8.8 percent includes organic growth of –0.8 percentage points, currency effects of –7.1 percentage points, the effect of revaluations of purchased receivables of 0.9 percentage points, acquisition effects of –0.2 percentage points and the effect of changes in the financial statements in the Netherlands of –1.6 percentage points. The operating earnings amounted to SEK 730.6 M (668.2). Revenues and operating earnings included net purchased debt revaluations of SEK 3.2 M (–35.7).

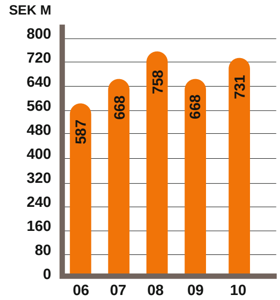
The operating earnings for the year were charged with integration and regional restructuring costs of SEK –24.8 M (acquisition and integration costs of SEK –15.3 M and restructuring costs of SEK –9.4 M).

The operating earnings for the previous year were charged with nonrecurring costs of SEK –70.1 M (loss from the divestment of the Scottish operations of SEK –16.0 M, nonrecurring costs in connection with efficiency improvements in England of SEK –43.8 M and provisions for anticipated losses related to lease guarantees for the company's former offices of SEK –10.3 M).

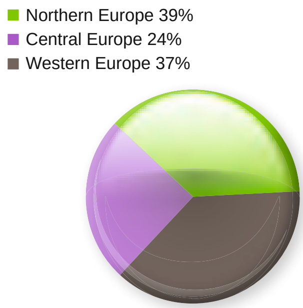
The operating earnings excluding revaluations were SEK 727.4 M (703.9), equivalent to an operating margin of 19.3 percent (16.9). Earnings before tax amounted to SEK 639.3 M (588.4) and net earnings were SEK 452.0 M (440.6).



Revenues



Operating earnings
(excl. goodwill impairment)



GEOGRAPHICAL REGIONS
Share of consolidated revenues, %

GEOGRAPHIC REGIONS

Northern Europe

The region consists of Denmark, Estonia, Finland, Latvia, Lithuania, Norway, Poland, Russia and Sweden.

NET REVENUES EXCLUDING REVALUATIONS. SEK M	2010	2009	2008	2007	2006
Northern Europe	1,434.1	1,432.2	1,323.5	1,189.7	1,092.0
Central Europe	926.2	1 039.2	922.6	759.6	654.7
Western Europe	1,402.5	1,692.1	1,429.4	1,264.4	1,185.7
Total	**3,762.8**	**4,163.5**	**3,675.5**	**3,213.7**	**2,932.4**

OPERATING EARNINGS EXCLUDING REVALUATIONS, SEK M	2010	2009	2008	2007	2006
Northern Europe	321.6	354.2	369.5	329.0	297.5
Central Europe	198.2	207.4	259.4	209.3	152.0
Western Europe	208.5	142.0	65.4	117.2	129.6
Participations in associated companies	–0.9	0.3	0.8	0.8	0.4
Total	**727.4**	**703.9**	**695.1**	**656.3**	**579.5**

NET REVENUES BY SERVICE LINE, SEK M	2010	2009	2008	2007	2006
Credit Management	3,274.3	3,548.3	3,217.9	2,852.1	2,706.6
Purchased Debt	860.5	924.1	783.6	573.7	402.3
Elimination of internal transactions	–368.8	–344.6	–323.8	–200.6	–169.3
Total	**3,766.0**	**4,127.8**	**3,677.7**	**3,225.2**	**2,939.6**

OPERATING EARNINGS (EBIT) BY SERVICE LINE, SEK M	2010	2009	2008	2007	2006
Credit Management	471.9	398.3	501.0	494.8	508.0
Purchased Debt	382.6	361.9	349.3	271.8	161.8
Disposal of operations/ Goodwill impairment	–	–16.0	–51.8	–	–
Participations in associated companies	-0.9	0.3	0.8	0.8	0.4
Central costs	–123.0	–76.3	–102.0	–99.6	–83.5
Total	**730.6**	**668.2**	**697.3**	**667.8**	**586.7**

There are several attractive commercial opportunities in the region, particularly in the banking sector.

Earnings have improved in Denmark in particular, where Intrum Justitia is working more closely with clients to manage current bank loans. Earnings improved towards the end of the year in Sweden as well, when internal efficiency improvements had the desired effect. Meanwhile, sales activities were intensified in 2010 and several new contracts were signed, which is now bearing fruit in the form of increased revenues. Cost control and sales activities are also continuing in the Norwegian operation. In Finland Intrum Justitia has successfully penetrated the energy sector. Earnings in Poland are still negatively affected by expenditure related to legal action.

The region's margin was negatively affected by a higher amortization rate on purchased portfolios compared with previous years. This is partly due to the higher proportion of fresh receivables. These types of cases typically involve a smaller debt and faster repayment pace, and are mainly purchased from clients in the telecom sector. The risk level is lower but they have a negative impact on the margin.

Regional revenues for the year excluding, purchased debt revaluations, amounted to SEK 1,434.1 M (1,432.2). Earnings in local currencies increased by 5.9 percent. Operating earnings excluding revaluations amounted to SEK 321.6 M (354.2), equivalent to a margin of 22.4 percent (24.7). Operating earnings fell in local currencies by –3.3 percent.

Central Europe

The region consists of Switzerland, Slovakia, Czech Republic, Germany, Hungary and Austria.

The new management team for the old Switzerland, Austria and Germany region implemented a comprehensive improvement program at the beginning of the year aimed at achieving higher sales and cost efficiencies. This bore fruit in the second half of 2010 and its full effects are expected in 2011. Activity on the market for purchased debt is still at a low level and consequently, Intrum Justitia's investment level has been low for a long period.

Earnings for the year in the Czech Republic, Slovakia and Hungary have been effected by significant expenses that have been expensed and that relate to court costs. However, a savings program was implemented in Hungary where the number of employees was cut by about a quarter. Efforts to turn the negative trend around in Hungary, Czech Republic and Slovakia have been successful and resulted in profitability in these countries at the end of the year.

Regional revenues for the year, excluding purchased debt receivables, amounted to SEK 926.2 M (1,039.2). Revenue fell in local currencies by –5.5 percent. Operating earnings excluding revaluations amounted to SEK 198.2 M (207.4), equivalent to a margin of 21.4 percent (20.0). Operating earnings fell in local currencies by –0.2 percent.

Western Europe

The region consists of Belgium, France, Ireland, Italy, the Netherlands, Portugal, Spain and the United Kingdom.

Based on the macroeconomic development in southern Europe, this region performed well during the year. Cost control measures and good growth in purchased debt operations resulted in an improved margin. Intrum Justitia's market share has increased and the partnership with Coface, which started at the end of 2009, got off to a successful start. The partnership involves B2C collections in the French market. As part of the efforts to improve the region's profitability, the number of employees in Spain has been reduced.

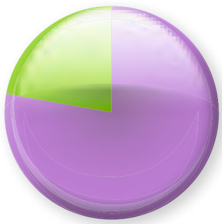
Intrum Justitia's Belgian operation also demonstrated strong growth, with the addition of new clients in both CMS and purchased debt operations. The region was, however, affected by a weak trend in the Netherlands, where earnings were affected by restructuring costs and weak growth. Cost adjustments and intensified sales activities are important priorities in 2011.

The restructuring in the United Kingdom & Ireland is still satisfactory. The purchased debt operation is profitable and the focus continues to be on investing in additional portfolios in the British market.

Regional revenues for the year, excluding purchased debt revaluations, amounted to SEK 1,402.5 M (1,692.1). Revenues in local currencies fell by –7.9 percent. Operating earnings excluding revaluations amounted to SEK 208.5 M (142.0), equivalent to a margin of 14.9 percent (8.4). Operating earnings in local currencies improved by 18.2 percent.

An adjustment to the accounting principles in this region negatively affected revenues in the amount of SEK 64.4 M; however the change had no impact on operating earnings.

■ Credit management services 78%
■ Financial services 22%



SERVICE LINES
Share of consolidated revenues, %

SERVICE LINES

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

• Credit Management. Credit information, payment services and debt collection.

• Financial Services. Financing, payment guarantee and purchase of receivables. Acquisition of portfolios of consumer 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.

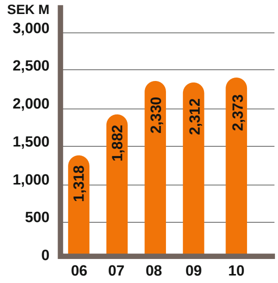
CREDIT MANAGEMENT

The service line's revenues for the year amounted to SEK 3,274.3 M (3,548.3). Revenues in local currencies fell by –0.5 percent. Operating earnings amounted to SEK 471.9 M (398.3), equivalent to a margin of 14.4 percent (11.2). Operating earnings in foreign currencies improved by 26.0 percent.

PURCHASED DEBT

The service line's revenues for the year amounted to SEK 860.5 M (924.1). Revenues in local currencies were largely unchanged despite a negative effect relating to changes to the financial statements in the Netherlands; see below. Operating earnings increased to SEK 382.6 M (361.9).

Disbursements for investments in purchased debt amounted to SEK 1,049.6 M (870.6) including SEK 178.4 M in connection with the acquisition of Nice Invest Nordic AB. The return on purchased debt was 16.3 percent



Carrying value of purchased debt

(15.6) for the full year. As of year-end, the Group's purchased debt had a carrying value of SEK 2.373.4 M (2,311.9).

At year-end Intrum Justitia acquired Nice Investment Nordic AB, a company that invests in overdue receivables from mail order and e-commerce clients and the financial debt arising in connection with the receivables. The acquisition involved an investment of SEK 178.4 M in existing purchased debt portfolios as well as forward-flow contracts for a combined nominal value of SEK 915 M over the next five years.

Activity in the purchased debt operation was very successful, particularly towards the end of the year, and the prospects are good for investment in 2011 as well.

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 quarter, is based on discounted future cash flows updated quarterly. The discounted rate applied 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 of 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 remains 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 3.2 M (–35.7) due to changes in estimates of future cash flows as specified below. 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.

EXPENSES

The gross profit margin was higher than the previous year, partly as a result of efficiency improvement programs in several countries and because unprofitable customer contracts in England were terminated. Administrative

SEK M	2010	GROUP 2009
Revaluation of purchased debt by region		
Northern Europe	11.0	3.3
Central Europe	–1.9	–6.8
Western Europe	–5.9	–32.2
Total	**3.2**	**–35.7**

costs for the previous year included nonrecurring expenses relating to the restructuring in England. Central costs for 2010 were charged with the cost of the acquisition and integration of purchased operations in the Northern Europe region in the amount of SEK –15.3 M and restructuring costs in connection with the transition to three geographical regions of SEK –9.4 M.

Depreciation/amortization

Operating earnings for the year were charged with depreciation/amortization of SEK 171.4 M (164.9). Operating earnings before depreciation/amortization therefore amounted to SEK 902.0 M (833.1). The value of client relationships recognized in the balance sheet and relating to fair value revaluations in connection with acquisitions amounted to SEK 156.0 M (78.3) including 101.4 M attributable to Nice Invest Nordic AB. Client relationships were amortized during the year in the amount of SEK 14.5 M (21.8).

Share-based payment schemes

In 2008 a performance-based share program was introduced in accordance with a resolution at the Annual General Meeting and was divided into two parts: performance periods 2008 – 2009 and 2008 – 2010 respectively. The performance criteria in the form of growth in earnings per share was not reached for either part of the scheme, and the performance shares that could have been exercised to acquire shares in 2010 – 2012 and 2011 – 2013 respectively have expired without value.

The share-based payment schemes are recognized in accordance with IFRS 2 Share-Based Payment, and statement UFR 7 from the Swedish Financial Reporting Board. Accordingly, the cost may vary between years depending on the share price and option value.

The effect on earnings of the Group's share-based payment schemes relates to the part of the scheme with performance period 2008 – 2010 and amounted to a costs reduction of SEK 2.6 M compared to a cost of SEK 0.4 M for the same period the previous year.

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

NET FINANCIAL ITEMS

The net financial expense amounted to SEK –91.3 M (–79.8), including an exchange rate difference of SEK –8.6 M (4.8). The net interest expense was affected by higher market interest rates.

TAXES

The Group lost a tax dispute in Finland and has paid and expensed an additional tax payment for 1999–2002 of SEK 41.8 M including fees of SEK 21.5 M. The company has appealed the fees.

During the year the Group's Swedish subsidiary received a tax rebate of SEK 14.0 M which was taken up as an expense in 2009.

The tax expenses for the year , excluding one-off items amounted to 24.9 percent (25.1). The tax expense for the group is dependent in part on how the earnings break down between subsidiaries in different countries with different tax rates. As a whole, the assessment that the tax expense will be around 25 percent of pre-tax earnings still stands.

The average tax expense depends in part on the Group's ability to achieve positive earnings in the countries where pre-tax earnings are negative. In some cases loss carryforwards from previous years exist and can be used to offset future profits. At the end of 2010 the Group had loss carryforwards totaling SEK 2,289.2 M (1,962.6). Of this amount, SEK 129.5 M (287.7) is the basis for deferred tax assets recognized in the balance sheet because the Group has concluded that the loss carryforwards can be used to offset taxable profit over the next few years.

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

RECLASSIFICATION IN THE FINANCIAL STATEMENTS

In 2010 a correction was made to the reporting of client funds in the Group's subsidiary in the Netherlands. Since the first quarter of 2009 this company had based its classifications in the balance sheet on partially incorrect information which was corrected in 2010. The effect was a reclassification in the balance sheet that affects the lines: Other receivables, Client funds and Current liabilities to credit institutions. The comparison figures from 2009 have been restated based on the correction and the effect on the balance sheet as of December 31, 2009 is that Clients funds on the assets side and the liabilities side each increased by SEK 87.4 M and Other current receivables and Current liabilities to credit institutions also each increased by SEK 87.4 M

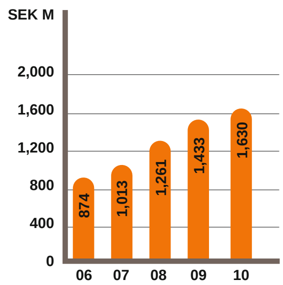
A gross amount recognised in the income statement relating to repayments of expenses in the Netherlands was also corrected. The correction has not effected the operating earnings.

If the new principle had been applied in 2009, the revenues for the year would have been SEK 64.4 M lower than reported.

CASH FLOW AND INVESTMENTS

Cash flow from operating activities improved during the year to SEK 1,629.8 M (1,433.4). Disbursements during the year for purchased debt investments amounted to SEK 1,049.6 M (870.6).

During the year SEK 145.5 M (235.9) was invested in tangible and intangible fixed assets.



Cash flow from operating activities

Research and development

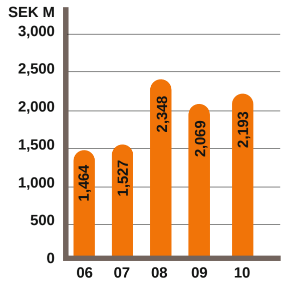
The Group is not engaged in any research and development other than the development of its IT systems. Investments for the year largely relate to hardware and software for IT systems, mainly for production. Technological development is rapid and, if used in the right way, new technical solutions can improve efficiency in the management of client receivables and use of the Group's databases. As demand for customized IT solutions grow, it is of strategic importance for Intrum Justitia to constantly adapt to changes in demand. In 2009 the production system for collections in Switzerland and Austria was upgraded and was successfully implemented in 2010 in Germany as well to achieve efficiency improvements.

FINANCING

Net debt as of December 31, 2010 amounted to SEK 2,193.3 M, compared to SEK 2,069.0 M as of December 31, 2009. The net debt as of December 31, 2009 was restated from the previously reported SEK 1,981.6 M in connection with the reclassification in the financial statements described above, whereupon the net debt/equity ratio at the close of 2009 was changed from 77.7 percent to 81.2 percent.

Shareholders' equity including minority interest amounted to SEK 2,576.6 M, compared to SEK 2,548.9 M at the beginning of the year.

As of December 31, 2010 the Group had liquid assets of SEK 507.1 M, compared to SEK 491.4 M the previous year. Unutilized credit facilities amounted to SEK 233.7 M, compared to SEK 849.7 M the previous year.



Net debt

The Group's syndicated loan of EUR 310 M expiring in February 2010 was repaid in January and replaced by a new syndicated loan of the same amount expiring in March 2013.

Most of the Parent Company's and the Group's external borrowing has been arranged in foreign currencies since February 2009 as a means of hedging against net exposure in the Group's foreign subsidiaries.

RISK 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 is associated with risk. In order to manage risk in a balanced way, it must first be identified and assessed. 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 relating to the regulatory environment and financial risks.

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

Strategic risks

Cyclicality

The CMS industry, while in no way unaffected by economic conditions, has historically, in Intrum Justitia's experience, been less affected by economic fluctuations than many other sectors. This is due to stabilizing forces in both good times and bad. For Intrum Justitia, the effects of economic conditions in individual markets are also reduced by the Group's geographic diversity.

During periods of economic growth the number of business transactions rises, as does lending in general and thus the number of invoices in circulation. Payment capacity also increases and consequently the percentage of invoices that become overdue and go to collections declines. In absolute terms, however, the number of overdue receivables and collection cases usually rises at the same time as improved payment capacity makes it easier to collect debt.

Conversely, during a recession, the number of business transactions and invoices falls. Payment capacity is adversely affected and consequently a greater percentage of the invoices result in overdue receivables and collection cases. The effect is that the number of new cases decreases, while the number of cases that go to collections increases and collection becomes more difficult.

Acquisitions

The ability to successfully implement acquisitions depends on Intrum Justitia's capacity 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 public authority or other third party,

Operational risks

Risks of errors and mistakes

Problems in IT systems, mistakes by employees, deficiencies in internal control and criminal activity can unfortunately cause problems 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 or mistakes.

Operations in different countries

There are risks associated with the international scope of Intrum Justitia's business. These mainly relate to differences in laws and regulations in the 22 countries where the Group has operations. Different regulatory and currency issues must be managed at the same time as Intrum Justitia must recruit and retain personnel with the right competence and integrity.

There are significant differences in legislation, culture, practices and market size in the various countries. Running a successful CMS business across Europe requires a local presence and understanding of local conditions. Responsibility for managing and developing operations must rest 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 relating to the regulatory environment

Changes in regulations

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 limit Intrum Justitia's future operations or involve an increase in costs to comply with regulations. Because of these risks, Intrum Justitia is constantly monitoring the EU's regulatory work in order to call attention to the potential for negative effects on European CMS companies, and lobbies for favourable changes in regulations.

Financial risks

See also Note 38.

Market risk

This consists of the risks relating to changes in exchange rates and interest 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. Currency fluctuations therefore have little effect on operating earnings in the local currency. Revenues and expenses are matched in a natural manner, which limits transaction exposure.

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

Interest rate risks are primarily related to the Group's interest-bearing net debt, which amounted to SEK 2,193.3 M (2,069.0) at year-end. Interest rates on loans are tied to the market rate. Interest fixing terms are short, generally three months, and consequently, 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 expense to guarantee that the Group can fulfil 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

This consists of the risk that Intrum Justitia's counterparties will be unable to fulfil 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 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, it assumes all of the rights and risks associated with the receivables, The portfolios are usually purchased at prices significantly below their nominal value, and Intrum Justitia retains the entire amount it collects, including interest and fees.

To minimize the risks in this business, Intrum Justitia exercises caution in its purchase decisions. The focus is on small and medium-sized portfolios with relatively low average amounts, which helps to spread the risk. Purchases are usually made from clients with whom the Group has maintained long-term relationships and therefore 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 works in cooperation with other companies and shares in the equity investment and profits. Such alliances have been in place with Crédit Agricole SA since 2002, with Goldman Sachs since 2003 and with East Capital since 2010.

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 1,371.2 M (1,270.9), of which receivables more than 30 days overdue amounted to SEK 5.5 M (0.8).

Intrum Justitia manages the risk associated with this business through strict credit limits on new cards and by analyzing the credit ratings of card applicants. As of year-end Intrum Justitia had allocated a provision of SEK 15.4 M (14.0) in its balance sheet to cover payments that may arise under the guarantees.

GOODWILL

The Group's goodwill amounted to SEK 2,152.5 M, compared to SEK 1,825.3 M as of December 31, 2009.

The change is attributable to the acquisition of Aktiv Kapital's Nordic credit management operation in the amount of SEK 429.2 M and Nice Invest Nordic in the amount of SEK 39.0 M, as well as exchange rate differences of SEK –141.0 M.

NON-FINANCIAL EARNINGS INDICATORS

Employees

The average number of employees during the year was 3,099 (3,372). The number of employees decreased mainly in the United Kingdom, Spain and Hungary. Employee turnover during the year was 24 percent (25). Women accounted for 63 percent (63) of the employees during the year. The percentage of employees with college-level degrees was 30 percent (28).

For more information on the employees and salaries and other remuneration, see also Notes 28 – 32 and page 25 in the Annual Report.

Employees by geographical region, %

Social responsibility and the environment

The Group continues to pursue its corporate social responsibility (CSR) work. See page 24 in the Annual Report.

The purpose of running a business is to provide shareholders with a return on their investment. Striving for profitability helps to ensure a company's long-term survival. In addition to this, Intrum Justitia has an important mission as a catalyst for a sound economy where businesses can receive and grant credit. With its credit management services, the company is helping to make business easy, fair and secure, and is thereby promoting a sustainable economy. In a general sense, Intrum Justitia's business objectives coincide with society's sustainability goals. The company's business activity and sustainability work are, from this perspective, identical.

Intrum Justitia follows the OECD guidelines for multinational corporations.

Business ethics

Intrum Justitia works according to a strict code of ethics which is unique in the CMS industry. The code stresses respectful relationships with creditors and debtors, and fair payment arrangements between Intrum Justitia's clients and their customers. In Intrum Justitia's code of ethics, paying close attention to what is prescribed by law, respecting the integrity of the debtor in all situations, and ensuring information security for all parties involved, as well as conducting all credit management and receivables work in a professional way, i.e. efficiently and accurately, are all clear norms.

Working conditions

A sustainable and commercially successful business relies on skilled and motivated employees. The Group has a high level of ambition in the area of human resources, setting its sights on attracting, developing and retaining the best people in the market. Part of Intrum Justitia's vision is to be a true people company. The employees have the right to secure and healthy workplaces, as well as fair compensation in line with market levels. Men and women are given the same opportunities. The goal in recruiting managers is to find the most competent and qualified candidates regardless of gender. No employee may be submitted to 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 decline union membership.

Environment

The environment is a topical issue, but it is also complex in that a balance is required between various environmental risks and interests. While Intrum Justitia naturally wants to help improve the environment, it does not claim to have answers to all of the questions regarding environmental priorities.

Intrum Justitia does not have any operations in Sweden that are subject to licensing or reporting requirements according to the Environmental Code. The Group operates in the service sector and its operations are therefore considered to have limited environmental impact. Environmental requirements are applied in each country and are at least equivalent to local environmental legislation to the extent they apply to the Group's operations.

Intrum Justitia works to systematically improve efficiencies in its energy consumption and travel, thereby reducing the company's environmental footprint. The Group's policy includes encouraging alternatives to transport and travel, such as conference calls and video and web conferences. Regionalization has also reduced the need for travel within the Group. Through environmentally adapted procurement, improved recycling processes and reduced waste volumes, Intrum Justitia is reducing its environmental footprint as well as its costs.

MARKET OUTLOOK

We are witnessing a slow macroeconomic recovery in Europe with significant differences between regions. Intrum Justitia has a better chance now of solving customers' (debtors) financial problems than at the peak of the global financial crisis. Although collectability is not back at the level that existed before the financial crisis, the situation has stabilized.

We are seeing an increase in demand for integrated credit management and financial services. There is a growing need among our clients for a stronger and more predictable cash flow. The need for more options to finance working capital is also growing.

We believe that Intrum Justitia's strategic focus on an expansion of credit management services connected to risk-reducing and financing services based on a strong, market-leading collections foundation, is well-suited to developments in the market. We are anticipating considerable demand for these types of services in the years ahead.

The Group's acquisitions of small and medium-sized portfolios of overdue receivables are in the long term expected to amount to around SEK 800 M per year. This does not include individual acquisitions of larger portfolios. Intrum Justitia has a long-term investment strategy with a low risk profile, the stability of which was demonstrated during the financial crisis.

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 the Purchased Debt operation 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 opportunities to grow through selective acquisitions.

In 2010 organic growth was -0.8 percent and pre-tax earnings increased by 8.7 percent compared to the previous year. Return on capital invested in the Purchased Debt service line amounted to 16.3 percent. The net debt/equity ratio was 85.1 percent at the end of the year. During the year, Intrum Justitia acquired Aktiv Kapital's Nordic's credit management operation as well as Nice Investment Nordic AB, a company focusing on purchasing overdue receivables from Swedish mail order companies.

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 as well as services and marketing.

The Parent Company reported net revenues for the year of SEK 61.9 M (57.7) and a pre-tax loss of SEK –339.8 M (1,116.7).

Earnings include share dividends from Group companies of SEK 211.3 M (83.5) and write-downs of shares in subsidiaries of SEK -462.1 M (-25.7).

The Parent Company invested SEK 0.9 M (0.5) in fixed assets during the year and had liquid assets amounting to SEK 138.3 M (159.8) at year-end. The average number of employees was 25 (25).

THE SHARE AND SHAREHOLDERS

At year-end the company had 79,994,651 outstanding shares, of which 250,000 were repurchased and held as treasury shares. The 250,000 treasury shares represented 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 an equal share in the company's assets and earnings.

The company's largest shareholders at year-end were Carnegie Funds (6.4 percent of the share capital), Swedbank Robur Funds (4.4), CapMan Oyi (4.3) and SEB Funds (3.4). See also the table on page 32.

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 obliged to disclose according to the provisions in chapter 6, paragraph 2a, sections 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 2010 the Board held 11 meetings (12 the previous year).

For a description of the Board's work, please refer to the Corporate Governance Report on pages 82 – 87. The Corporate Governance Report is also available on the Group's website, www.intrum.com.

THE BOARD OF DIRECTOR'S PROPOSAL REGARDING PRINCIPLES FOR REMUNERATION AND OTHER TERMS OF EMPLOYMENT FOR SENIOR EXECUTIVES

The 2010 Annual General Meeting resolved to adopt remuneration principles for senior executives and these are summarized in Note 31. The Board proposes the following guidelines for resolution by the 2011 Annual General Meeting:

The Board proposes that the guidelines be approved by the Annual General Meeting and that they be applied during the period until the 2012 Annual General Meeting.

The guidelines apply to the President and the members of Intrum Justitia's Group Management Team. The proposal has been prepared by the Board and its Remuneration Committee.

Intrum Justitia's success depends upon 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 employees. Individual remuneration levels shall be based on experience, competence, responsibility and performance.

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

The base salary depends on the complexity of the work and the individual's performance, experience and competence. Variable remuneration is subject to a predetermined ceiling. Moreover, the balance between short- and long-term variable salary programs shall be such that the former may not constitute more than 50 percent of the total outcome of outstanding variable salary programs in any given year. Deviations exist in the case of a few older employment contracts.

Short-term variable salary

Short-term variable salary is determined one year at a time and is conditional on the achievement of certain pre-set targets. Such targets may be individual and general, as well as qualitative and quantitative. The targets are to be agreed in writing. 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 areas of operations that the Board wishes to prioritize.

Short term variable salary may not exceed 50 percent of fixed base salary. Deviations exist in the case of a few older employment contracts.

The maximum cost for Intrum Justitia's variable salary programs for the President and other current senior executives for 2011 is estimated to SEK 13 M, excluding social security expenses.

Long-term variable salary

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. The aim is also to create a long-term commitment to Intrum Justitia, to reinforce a holistic view of the company and to offer participants an opportunity to share in Intrum Justitia's long-term success and value creation. A further goal is to reduce the proportion of fixed costs.

Long-term variable salary programs are to be performance-based. The estimated value at the time of implementation of the programs shall be limited to a certain proportion of the participant's current fixed base salary; 150 percent for the President and 50 percent for other members of the Group Management Team.

Other

New pension plans shall be premium-based with the pensionable portion of the individual's salary being capped.

In the event of termination by the company, a maximum of 12 months' severance pay shall apply. Deviations exist in the case of a few existing employment contracts.

The Board of Directors shall have the right to depart from the established principles if there is particular justification for doing so in individual cases.

PROPOSED APPROPRIATION OF PROFIT

The Parent Company's distributable funds are at the disposal of the Board of Directors as follows:

SEK	
Share premium reserve	111,255,876
Fair value reserve	–702,170,810
Retained earnings	5,816,113,079
Net earnings for the year	–323,781,344
Total	**4,901,417,801**

Retained earnings from the previous year have increased the Group contributions received during the year, which amounted to SEK 44,957,000 net after tax.

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

SEK	
Dividend,	
79,744,651 shares x SEK 4.10	326,953,069
Balance carried forward	4,574,464,732
Total	**4,901,417,801**

The Board of Directors' complete statement motivating the proposed disposition of profit for the 2010 financial year will be presented in a separate document prior to the 2011 Annual General Meeting. It concludes, among other things, that the proposed dividend is in line with the company's dividend policy and that the Board, having considered the nature of the company's operations, its scope and risks, as well as the company's and the Group's consolidation requirements, liquidity and financial position in general, has found no indications that the proposed dividend is unjustified.

The financial reports have been approved for release on March 7, 2011 by the Board of Directors of the Parent Company, which proposes their adoption by the Annual General Meeting on March 31, 2011.

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

The Board of Directors and the President & CEO 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 gives 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, March 7, 2011

Lars Wollung
President & CEO

Lars Lundquist
Chairman of the Board

Matts Ekman
Board member

Helen Fasth-Gillstedt
Board member

Lars Förberg
Board member

Joakim Rubin
Board member

Charlotte Strömberg
Board member

Fredrik Trägårdh
Board member

Consolidated income statement

SEK M	NOTE	2010	2009
Revenues	2, 3	3,766.0	4,127.8
Cost of sales		–2,322.6	–2,599.2
Gross profit		**1,443.4**	**1,528.6**
Sales and marketing expenses		–303.8	–338.2
General and administrative expenses		–410.7	–506.5
Disposal of operations		0.0	–16.0
Participations in associated companies	5	1.7	0.3
Operating earnings (EBIT)	2, 4	**730.6**	**668.2**
Financial income	6	11.1	9.5
Financial expenses	7	–102.4	–89.3
Net financial items		**–91.3**	**–79.8**
Earnings before tax		**639.3**	**588.4**
Tax	8	–187.3	–147.8
Net earnings for the year		**452.0**	**440.6**
Of which attributable to:			
Parent Company's shareholders		452.0	440.5
Non-controlling interest		0.0	0.1
Net earnings for the year		**452.0**	**440.6**
Statement of comprehensive income			
Net earnings for the year		452.0	440.6
Other comprehensive income:			
Change in translation reserve		–122.7	–29.5
Total comprehensive income for the year		**329.3**	**411.1**
Of which attributable to:			
Parent Company's shareholders		329.3	411.0
Non-controlling interest		0.0	0.1
Total comprehensive income for the year		**329.3**	**411.1**
Data per share, SEK	9		
Share price at end of period		103.50	89.75
Earnings per share before and after dilution		5.67	5.53
Average number of shares before and after dilution, '000		79,745	79,659
Number of shares at end of period, '000 *		79,995	79,995

For definitions see page 88
* Including 250,000 treasury shares.

Consolidated balance sheet

SEK M	NOTE	31 DEC 2010	31 DEC 2009
ASSETS			
Fixed assets			
Intangible fixed assets	**10**		
Capitalized expenditure for IT development		314.5	327.3
Client relationships		156.0	78.3
Other intangible assets		17.5	30.2
Goodwill		2,152.5	1,825.3
Total intangible fixed assets		**2,640.5**	**2,261.1**
Tangible fixed assets	**11**		
Computer hardware		37.6	42.7
Other tangible fixed assets		46.3	51.6
Total tangible fixed assets		**83.9**	**94.3**
Other fixed assets			
Shares and participations in associated companies	14	20.3	11.1
Other shares and participations	15	0.9	0.2
Purchased debt	16	2,373.4	2,311.9
Deferred tax assets	8	75.9	117.2
Other long-term receivables	17	48.4	66.3
Total other fixed assets		**2,518.9**	**2,506.7**
Total fixed assets		**5,243.3**	**4,862.1**
Current assets			
Current receivables			
Accounts receivable	18	268.3	281.0
Client funds		599.4	614.3
Tax assets		33.1	32.1
Other receivables	19	325.1	404.3
Prepaid expenses and accrued income	20	138.7	113.7
Total current receivables		**1,364.6**	**1,445.4**
Cash and cash equivalents	21	507.1	491.4
Total current assets		**1,871.7**	**1,936.8**
TOTAL ASSETS		**7,115.0**	**6,798.9**

Consolidated balance sheet

SEK M	NOTE	31 DEC 2010	31 DEC 2009
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		906.2	908.8
Reserves		279.4	402.2
Retained earnings		1,389.2	1,236.1
Total shareholders' equity attributable to Parent Company's shareholders		**2,576.4**	**2,548.7**
Shareholders' equity attributable to non-controlling interest		0.2	0.2
Total shareholders' equity		**2,576.6**	**2,548.9**
Long-term liabilities			
Liabilities to credit institutions	25	2,588.6	0.1
Other long-term liabilities		78.9	3.1
Provisions for pensions	23	32.1	39.4
Other long-term provisions	24	15.1	15.4
Deferred tax liabilities	8	79.3	35.0
Total long-term liabilities		**2,794.0**	**93.0**
Current liabilities			
Liabilities to credit institutions	25	0.4	2,519.4
Client funds payable		599.4	614.3
Accounts payable		141.4	143.0
Income tax liabilities		201.6	155.9
Advances from clients		27.2	33.2
Other current liabilities		260.5	208.5
Accrued expenses and prepaid income	26	502.6	458.4
Other short-term provisions	24	11.3	24.3
Total current liabilities		**1,744.4**	**4,157.0**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**7,115.0**	**6,798.9**

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

Consolidated cash flow statement

SEK M	NOTE	2010	2009
Operating activities			
Operating earnings	2	730.6	668.2
Depreciation/amortization	4, 10, 11	171.4	164.9
Amortization of purchased debt	16	800.1	816.5
Adjustments for other items not included in cash flow	2	–14.3	38.0
Interest received		11.1	9.6
Interest paid and other financial expenses		–68.4	–112.8
Income tax paid		–105.0	–124.5
Cash flow from operating activities before changes in working capital		**1,525.5**	**1,459.9**
Changes in working capital		104.3	–26.5
Cash flow from operating activities		**1,629.8**	**1,433.4**
Investing activities			
Purchases of intangible fixed assets	10	–119.0	–192.0
Purchases of tangible fixed assets	11	–26.5	–43.9
Debt purchases*	16	–1,049.6	–870.6
Purchases of shares in subsidiaries and associated companies*	39	–460.9	0.0
Business disposals		0.0	7.6
Other cash flow from investing activities		10.5	22.3
Cash flow from investing activities		**–1,645.5**	**–1,076.6**
Financing activities			
Borrowings		874.3	723.5
Amortization of loans		–536.8	–603.7
Proceeds received from exercise of employee stock options		0.0	22.0
Share dividend to Parent Company's shareholders		–299.0	–278.4
Cash flow from financing activities		**38.5**	**–136.6**
Change in liquid assets		**22.8**	**220.2**
Opening balance of liquid assets		**491.4**	**294.3**
Exchange rate differences in liquid assets		–7.1	–23.1
Closing balance of liquid assets	**21**	**507.1**	**491.4**
Unutilized credit facilities	25	233.7	849.7
Available liquidity		**740.8**	**1,341.1**

* The acquisition of Nice Invest Nordic AB included purchased debt of SEK 178.4 M. They are reported in the row Debt Purchases.

Condensed statement of changes in shareholders' equity – Group

See also note 22

SEK M	Number of shares out-standing	Share capital	Other paid-in capital	Reserves	Retained earnings incl. net earnings for the year	Total	Non con-trolling interest	Total share-holders' equity
Opening balance, January 1, 2009	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**
Total comprehensive income for 2010				–122.7	452.0	329.3		329.3
Effect of employee stock option program			–2.6			–2.6		–2.6
Share dividend					–299.0	–299.0		–299.0
Closing balance, December 31, 2010	**79,744,651**	**1.6**	**906.2**	**279.4**	**1,389.2**	**2,576.4**	**0.2**	**2,576.6**

Accumulated exchange rate differences since the transition to IFRS amounted to SEK 279.4 M (402.1) on December 31, 2010.

Parent Company income statement

SEK M	NOTE	2010	2009
Revenues	3	61.9	57.7
Gross earnings		**61.9**	**57.7**
Sales and marketing expenses		–13.4	–21.0
General and administrative expenses		–106.3	–85.7
Operating earnings	**4**	**–57.8**	**–49.0**
Income from participations in Group companies	6	211.3	83.5
Result from intra-Group share transaction	6	0.0	1,150.8
Interest income and similar items	6	77.1	155.5
Impairment of shares in subsidiaries	7	–462.1	–25.7
Interest expenses and similar items	7	–108.3	–198.4
Net financial items		**–282.0**	**1,165.7**
Earnings before tax		**–339.8**	**1,116.7**
Tax on earnings for the year	8	16.0	74.8
Net earnings for the year		**–323.8**	**1,191.5**
Statement of comprehensive income			
Net earnings for the year		–323.8	1,191.5
Other comprehensive income:			
Change in translation reserve (fair value reserve)		250.6	–198.0
Total comprehensive income for the year		**–73.2**	**993.5**

Parent Company balance sheet

SEK M	NOTE	31 DEC 2010	31 DEC 2009
ASSETS			
Fixed assets			
Intangible fixed assets	10		
Capitalized expenditure for IT development		0.9	0.5
Total intangible fixed assets		**0.9**	**0.5**
Tangible fixed assets	11		
Computer hardware		0.1	0.1
Other tangible fixed assets		0.3	0.1
Total tangible fixed assets		**0.4**	**0.2**
Financial fixed assets			
Participations in Group companies	12	6,748.6	7,204.7
Receivables from Group companies		725.0	372.8
Other long-term receivables	17	5.0	0.5
Total financial fixed assets		**7,478.6**	**7,578.0**
Total fixed assets		**7,479.9**	**7,578.7**
Current assets			
Current receivables			
Tax assets		1.8	2.0
Receivables from Group companies		1,845.9	1,834.3
Other receivables	19	4.8	5.1
Prepaid expenses and accrued income	20	10.8	10.1
Total current receivables		**1,863.3**	**1,851.5**
Liquid assets	21		
Cash at hand		88.3	151.7
Short-term investments		50.0	8.1
Total liquid assets		**138.3**	**159.8**
Total current assets		**2,001.6**	**2,011.3**
TOTAL ASSETS		**9,481.5**	**9,590.0**

Parent Company balance sheet

SEK M	NOTE	31 DEC 2010	31 DEC 2009
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	22		
Restricted equity			
Share capital		1.6	1.6
Statutory reserve		282.5	282.5
Total restricted equity		**284.1**	**284.1**
Non-restricted equity			
Share premium reserve		111.3	111.3
Fair value reserve		–702.2	–952.8
Retained earnings		5,816.1	4,881.3
Net earnings for the year		–323.8	1,191.5
Total non-restricted equity		**4,901.4**	**5,231.3**
Total shareholders' equity		**5,185.5**	**5,515.4**
Provisions			
Provisions for pensions	23	5.0	2.3
Total provisions		**5.0**	**2.3**
Long-term liabilities			
Liabilities to credit institutions	25	2,588.6	0.0
Liabilities to Group companies		1,032.0	1,230.2
Total long-term liabilities		**3,620.6**	**1,230.2**
Current liabilities			
Liabilities to credit institutions	25	0.0	2,349.7
Accounts payable		6.7	4.1
Liabilities to Group companies		627.5	472.9
Other current liabilities		1.6	1.4
Accrued expenses and prepaid income	26	34.6	14.0
Total current liabilities		**670.4**	**2,842.1**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**9,481.5**	**9,590.0**
Pledged assets		None	None
Contingent liabilities		None	None

Parent Company cash flow statement

SEK M	NOTE	2010	2009
OPERATING ACTIVITIES			
Operating earnings		–57.8	–49.0
Depreciation/amortization	4	0.3	0.4
Adjustments for other items not included in cash flow		–2.7	–1.8
Interest received		77.1	155.5
Interest paid and other financial expenses		–85.8	–220.2
Income tax paid		0.2	15.8
Cash flow from operating activities before changes in working capital		**–68.7**	**–99.3**
Changes in working capital		–0.9	1.3
Cash flow from operating activities		**–69.6**	**–98.0**
Investing activities			
Purchases of intangible fixed assets	10	–0.6	–0.4
Purchases of tangible fixed assets	11	–0.3	–0.1
Other cash flow from investing activities		0.0	0.3
Cash flow from investing activities		**–0.9**	**–0.2**
Financing activities			
Borrowings		874.3	633.6
Amortization of loans		–395.7	–592.9
Net loans to subsidiaries		–339.6	374.2
Proceeds received from exercise of employee stock options		0.0	22.0
Share dividend from subsidiaries		209.0	83.5
Share dividend to Parent Company's shareholders		–299.0	–278.4
Cash flow from financing activities		**49.0**	**242.0**
Change in liquid assets		**–21.5**	**143.8**
Opening balance of liquid assets		**159.8**	**16.0**
Closing balance of liquid assets	21	**138.3**	**159.8**

Condensed statement of changes in shareholders' equity – Parent Company

See also Note 22.

SEK M	Number of shares outstanding	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, 2009	**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
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					–198.0		1,191.5	993.5
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**
Disposition of previous year's earnings						1,191.5	–1,191.5	0.0
Effect of employee stock option program						–2.6		–2.6
Share dividend						–299.0		–299.0
Group contribution received from								
Intrum Justitia Sverige AB						61.0		61.0
Tax effect of Group contributions						–16.1		–16.1
Net earnings for the year					250.6		–323.8	–73.2
Closing balance. December 31, 2010	**79,744,651**	**1.6**	**282.5**	**111.3**	**–702.2**	**5,816.1**	**–323.8**	**5,185.5**

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

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 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.

The financial reports were approved to be published by the Board of the Parent Company on March 7 2011.

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 2010

Revised versions of IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements apply as of 2010, which means that the definition of a 'business' has changed, that transaction costs associated with a business combination are to be expensed, that conditional purchase prices must be set at fair value at the point of acquisition and that effects of revaluation of liabilities related to conditional purchase prices must be recognized as income or an expense in the profit/loss statement for the year. Changes have also been introduced that affect the recognition of acquisitions of companies without a controlling interest, and the recognition of acquisitions from owners without a controlling interest. The changes are only applied prospectively for acquisitions made in 2010 and onwards. Other changes of IFRS that apply from 2010 have not had any material impact on the Group's reporting.

From 2010 onwards, the Parent Company will be applying the new regulations in the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities, which means that the regulations in IAS 1 Presentation of Financial Statements, including the statement of comprehensive income, shall, where appropriate, also be applied by the Parent Company.

Changes that enter into force in or after 2011

The Group has decided against early application of any new or amended accounting recommendations or interpretations that enter into force in or after 2011.

As of 2013, IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement. IASB has published the first of at least three phases that will together comprise IFRS 9. The first phase deals with the classification and valuation of financial assets. The categories for financial assets contained in IAS 39 will be replaced by two categories, where valuation is carried out at fair value or amortized cost. IFRS 9 also includes new rules for how changes of real value on own liabilities shall be reported. Intrum Justitia has not yet decided whether the new principles will be applied as they have been approved by the EU, prior to or as of 2013.

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.

Transaction costs associated with company acquisitions are expensed as they arise, except for acquisitions made before January 1, 2010, when such costs were included in the cost of the shares.

Non-controlling interests arise in cases where the acquisition does not relate to the entire subsidiary. There are two options for recognizing non-controlling interests. The two options are to recognize the percentage of non-controlling interests that makes up proportional net assets, or to recognize non-controlling interests at fair value, which means that non-controlling interests form a percentage of goodwill. The method used for recognizing non-controlling interests can be made on a case by case basis.

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 31 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 include 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 makes 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 income after a certain interval. A provision is recognized in the balance sheet corresponding to the anticipated repayments of incorrectly received payments 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 or group of countries 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 distributed across the term of the loan as financial expenses in the consolidated income statement. 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 2010.

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 the 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 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 as well as short term investments. 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.

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 Northern Europe (Denmark, Estonia, Finland, Latvia, Lithuania, Norway, Poland, Russia and Sweden), Central Europe (Austria, Czech Republic, Germany, Hungary, Slovakia and Switzerland) and Western Europe (Belgium, France, Ireland, Italy, Netherlands, Portugal, Spain and United Kingdom). In 2009 the Group reported in seven regions that were merged to three in 2010. The comparison numbers for 2009 are presented according to the new regions. Central and common expenses are not distributed to

NOTE 1 – cont.

the geographical regions in proportion to its revenues adjusted for purchasing power. The regional distribution 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 Accounting for Legal Entities from the Swedish Financial Reporting Board. RFR 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, including transaction costs. 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 IFRS 2, 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. Financial guarantee agreements for the benefit of subsidiaries are only reported as provision in the Parent company's balance sheet if payment is likely to be recquired.

NOTE 2

OPERATING,SEGMENTS

GROUP	2010	2009
SEK, M		
Revenues from external clients by geographical region		
Northern Europe	1,445.1	1,435.5
Central Europe	924.3	1,032.4
Western Europe	1,396.6	1,659.9
Total	**3,766.0**	**4,127.8**
Revenues from external clients by country		
Sweden	585.4	545.2
Finland	591.7	639.3
Switzerland	376.2	499.1
Netherlands	484.4	471.9
France	429.7	460.3
Other countries	1,298.6	1,512.0
Total	**3,766.0**	**4,127.8**
Intra-Group revenues by geographical region		
Northern Europe	93.2	90.7
Central Europe	173.4	182.3
Western Europe	98.2	115.6
Elimination	–364.8	–388.6
Total	**0.0**	**0.0**
Operating earnings by geographical region		
Northern Europe	332.6	357.5
Central Europe	196.3	200.6
Western Europe	202.6	109.8
Central costs	–0.9	0.3
Total operating earnings	**730.6**	**668.2**
Net financial items	–91.3	–79.8
Earnings before tax	**639.3**	**588.4**
Operating margin, percent		
Northern Europe	23.0	24.9
Central Europe	21.2	19.4
Western Europe	14.5	6.6
Group total	**19.4**	**16.2**
Assets		
Northern Europe	2,643.6	2,099.8
Central Europe	1,670.0	1,874.9
Western Europe	2,449.7	2,865.6
Group common assets/eliminations	351.7	–41.4
Total	**7,115.0**	**6,798.9**

GROUP	2010	2009
Tangible and intangible fixed assets by country		
Sweden	602.7	447.0
Finland	545.4	211.9
Switzerland	229.3	275.1
Netherlands	128.1	142.1
France	173.1	205.2
Other countries	1,045.9	1,074.1
Total	**2,724.5**	**2,355.4**

Liabilities and provisions		
Northern Europe	1,371.4	807.4
Central Europe	545.2	727.3
Western Europe	1,082.0	1,338.5
Other/Eliminations	1,539.8	1,376.8
Total	**4,538.4**	**4,250.0**

Investments in tangible and intangible fixed assets		
Northern Europe	64.2	82.9
Central Europe	20.9	69.5
Western Europe	39.8	33.5
Other/Eliminations	13.3	39.9
Total	**138.2**	**225.8**

Depreciation/amortization		
Northern Europe	–21.0	–21.5
Central Europe	–22.5	–30.8
Western Europe	–43.4	–53.8
Other/Eliminations	–84.5	–58.8
Total	**–171.4**	**–164.9**

Adjustments for other items not included in cash flow		
Northern Europe	–3.2	0.6
Central Europe	1.7	–14.0
Western Europe	–14.1	53.0
Other/Eliminations	1.3	–1.6
Total	**–14.3**	**38.0**

Participations in associated companies		
Western Europe	3.4	–
Other/Eliminations	–1.7	0.3
Total	**1.7**	**0.3**

Revenues by service line		
Credit Management	3,274.3	3,548.3
Purchased debt	860.5	924.1
Elimination of inter-service line revenue	–368.8	–344.6
Total	**3,766.0**	**4,127.8**

Operating earnings by service line	2010	2009
Credit Management	471,9	398,3
Purchased debt	382,6	361,9
Goodwill impairment	–	–16,0
Participations in associated companies	–0,9	0,3
Central expenses	–123,0	–76,3
Total	**730,6**	**668,2**

Operating margin, %		
Credit Management	14,4	11,2
Purchased debt	44,5	39,2
Group total	**19,4**	**16,2**

No individual customer is responsible for generating more than two percent of the Group's total revenue.

The distribution of revenues and earnings by geographical region is based on where clients are located.

The geographical regions include Northern Europe (Denmark, Estonia, Finland, Latvia, Lithuania, Norway, Poland, Russia and Sweden); Central Europe (Switzerland, Slovakia, the Czech Republic, Germany, Hungary and Austria) and Western Europe (Belgium, France, Ireland, Italy, the Netherlands, Portugal, Spain and the UK).

Central and joint expenses are spread across the geographical regions in proportion to their purchasing power parity-adjusted sales. The break-down by geographical region is also used for internal monitoring in the Group.

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

Internal transactions between the business areas Financial Services and Credit Management Services relate to payment on commercial terms for work carried out within Credit Management regarding handling and collection of the Group's purchased debt. Payment is made in the form of a commission that is recognized as a cost within purchased debt, but which is eliminated in the Consolidated Income Statement.

NOTE 3

REVENUE DISTRIBUTION

	GROUP		PARENT COMPANY	
SEK M	2010	2009	2010	2009
Collection fees, commissions and debtors fees	2,439.8	2,728.8	–	–
Subscription revenues	91.7	99.6	–	–
Collections on purchased debt	1,614.9	1,699.4	–	–
Amortisation of purchased debt	–803.3	–780.8	–	–
Revaluation purchased debt	3.2	–35.7	–	–
Credit card guarantee fees	45.7	41.2	–	–
Revenues from Group companies	–	–	61.9	57.7
Other	374.0	375.3	–	–
Total	**3,766.0**	**4,127.8**	**61.9**	**57.7**

The revenues from purchased debt consists of the collected amounts less amortisations, i.e the decrease of the book value of the portfolio in the period. See also Note 16.

Compared to 2009 a correction of paid back outlays in the Netherlands has been made for 2010. This correction has no effect on the result. If it would have been applied in 2009 the reported revenues would have decreased by SEK 64.4 M.

NOTE 4

DEPRECIATION

SEK M	GROUP 2010	2009	PARENT COMPANY 2010	2009
Capitalized expenditure for IT development	–104.6	–84.7	-0.2	-0.3
Client relationships	–14.5	–21.8	–	–
Other intangibles	–11.0	–9.8	–	–
Computer hardware	–25.3	–29.7	-0.1	0.0
Other tangible fixed assets	–16.0	–18.9	0.0	–0.1
Total	**–171.4**	**–164.9**	**–0.3**	**–0.4**

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

SEK M	GROUP 2010	2009	PARENT COMPANY 2010	2009
Cost of sales	–152.8	–147.8	–	–
Sales and marketing expenses	–4.9	–5.2	–	–
General and administrative expenses	–13.7	–11.9	–0.3	–0.4
Total	**–171.4**	**–164.9**	**–0.3**	**–0.4**

NOTE 5

PARTICIPATIONS IN ASSOCIATED COMPANIES

SEK M	GROUP 2010	2009
Motus ehf (formerly Intrum á Íslandi), Reykjavik (Iceland)	–1.7	0.3
IJCOF SAS, Lyon (France)	3.4	–
Total	**1.7**	**0.3**

NOTE 6

FINANCIAL INCOME

SEK M	GROUP 2010	2009	PARENT COMPANY 2010	2009
Interest income from Group companies	–	–	74.0	153.9
Other interest income	8.2	9.5	3.1	1.6
Dividends from Group companies	–	–	211.3	83.5
Distribution received on other shares	2.9	–	–	–
Result from intra-Group share transactions	–	–	–	1 150.8
Total	**11.1**	**9.5**	**288.4**	**1 389.8**

The Parent Company's result from the intra-Group share transaction during 2009 relates to the profit from the sale of shares in Intrum NV, Belgium, to group company Fair Pay Please AB. The sale was made at estimated market value.

Other shares received relate to payment obtained in connection with the liquidation of Netgiro International AB.

Operating earnings include interest income attributable to purchased debt amounting to SEK 811.6 M (918.6), defined as the difference between the year's collected amount and amortization for the year. Amortization comprises the portion of the cost of the portfolio that, owing to allocation under the effective interest method, accrues over the current year.

NOTE 7

FINANCIAL EXPENSES

SEK M	KONCERNEN 2010	2009	MODERBOLAGET 2010	2009
Interest expenses to Group companies	–	–	–16.9	–131.6
Interest expenses	–70.7	–72.2	–68.6	–68.3
Exchange rate differences	–8.6	4.8	–0.7	5.3
Amortization of capitalized borrowing costs	–14.0	–1.7	–14.0	–1.7
Impairment of shares in subsidiaries	–	–	–462.1	–25.7
Other financial expenses	–9.1	–20.2	–8.1	–2.1
Total	**–102.4**	**–89.3**	**–570.4**	**–224.1**

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:

SEK M	GROUP 2010	2009
Earnings before tax		
Sweden	18.8	–81.0
Other countries	620.5	669.4
Total	**639.3**	**588.4**
Current tax		
Sweden	1.9	–18.8
Other countries	–163.3	–144.7
Deferred tax		
Sweden	–33.3	–47.8
Other countries	7.4	63.5
Total	**–187.3**	**–147.8**

The tax expense for the year includes two significant items attributable to previous years.

The tax dispute in Finland, details of which were given in the company's previous annual reports, came to a conclusion in 2010, with the Supreme Administrative Court in Finland refusing the company leave to appeal. This means that the ruling from the lower court, which was not in favor of the company, still stands. The dispute concerned, among other things, the deductibility of interest expenses in a holding company after a restructuring of the Group in connection with a change to loan financing after its delisting from the London Stock Exchange in 1998. As a result of the ruling, the company has paid and expensed additional tax for 1999-2002 of SEK 41.8 M, including a tax surcharge of SEK 21.5 M. The company has appealed the tax surcharge.

During the year, the Group's Swedish subsidiary was refunded SEK 14.0 M in taxes that had been expensed in 2009. The background to the transaction is the group contributions that were paid to the Group's Italian companies in 2006 and 2007, according to a preliminary ruling based on the European Court's Marks and Spencer case. According to a decision from the Swedish Supreme Administrative Court in 2009, the transfer to Italy was not tax deductible, but at the request of the company, the tax authority reviewed the taxation in 2010. This resulted in the amount being reclassified as a group contribution to the Parent Company, which means that it can be partially offset against loss carryforwards, for which no deferred tax assets have been recognized.

Intrum Justitia AB is seated in Sweden where the nominal corporate tax rate is 26.3 procent. The Group has operations in 22 countries in Europe, with various tax rates. The following reconciliation explains the deviation between the Group's actual tax cost and the expetcted tax cost following a corporate tax rate of 26.3 percent:

	GROUP			
	2010		2009	
Reconciliation	SEK M	%	SEK M	%
Earnings after financial items	639.3		588.4	
Income tax calculated at standard rate in Sweden, 26.3 percent	**–168.1**	**26.3**	**–154.8**	**26.3**
Effect of different tax rates in other countries	62.1	–9.7	70.1	–11.9
Tax effect of tax-exempt income and non-deductible expenses	–10.5	1.6	–28.1	4.8
Unrecognized tax assets pertaining to loss carryforwards	–56.1	8.8	–99.3	16.9
Utilized previously unrecognized tax assets pertaining to loss carryforwards	5.9	–0.9	2.6	–0.4
Adjustments to previous years and other	–20.6	3.2	61.7	–10.6
Total tax on net earnings for the year	**–187.3**	**29.3**	**–147.8**	**25.1**

Unrecognized tax assets for loss carryforwards relate to the positive tax effect during the year, which arise through utilization of loss carryforwards that had never previously been recognized as deferred tax assets, and the negative tax effect during the year that is due to losses in countries where there has been no recognition of deferred tax assets as it is not likely enough that sufficient taxable surpluses will arise within a foreseeable future. Adjustments to previous years and other includes the two above-mentioned non-recurring items.

Corresponding reconciliation for the Parent Company:

	PARENT COMPANY			
	2010		2009	
Reconciliation	SEK M	%	SEK M	%
Earnings after financial items	–339.8		1 116.7	
Income tax calculated at standard rate in Sweden, 26.3 percent	**89.4**	**26.3**	**–293.7**	**26.3**
Tax effect of tax-exempt income and non-deductible expenses	–66.0	–19.4	–294.6	26.4
Effect on deferred tax assets of change in tax rate in Sweden	–7.4	2.2	663.1	–59.4
Total tax on net earnings for the year	**16.0**	**4.7**	**74.8**	**–6.7**

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 1,100.0 M (715.6) at year-end 2010 as a result of both income items and unrealized translation differences recognized in other comprehensive income.

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			
	2010		2009	
	Asset/ Liability	Income/ Expense	Asset/ Liability	Income/ Expense
Legal outlays	14.2	–1.6	15.8	1.5
Purchased debt	–12.8	1.5	16.0	22.8
Intangible assets	–27.9	–0.1	–22.9	5.7
Loss carryforwards	39.1	–42.9	82.0	–15.7
Provisions for pensions	4.8	–0.5	5.3	–0.4
Other	–20.8	17.7	–14.0	1.8
Total	**–3.4**	**–25.9**	**82.2**	**15.7**
Deferred tax assets	75.9	–43.1	117.2	–12.3
Deferred tax liabilities	–79.3	17.2	–35.0	28.0
Total	**–3.4**	**–25.9**	**82.2**	**15.7**

The deferred tax assets and income tax liabilities are expected to be due for payment in over one year.

The Group has loss carryforwards that can be utilized against future earnings totaling SEK 2,289.2 M (1,962.6). Of this amount, SEK 129.5 M (287.7) serves as the basis of the deferred tax assets of SEK 39.1 M (82.0) recognized in the balance sheet, since the tax loss carryforwards are expected to be utilized against taxable earnings in the years ahead. Deferred tax assets are recognized for companies in Germany, Belgium, Denmark, Norway and Slovakia. The recognition is based on an assessment of the possibility of achieving positive taxable earnings again over the next few years.

The loss carryforwards for which no deferred tax assets are recognized relate to the UK and other countries, totaling SEK 326.7 M (359.2).

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

	GROUP		PARENT COMPANY	
SEK M	2010	2009	2010	2009
Current tax attributable to Group contributions received	–	–	–16.1	–143.3
Total	**0.0**	**0.0**	**–16.1**	**–143.3**

NOTE 9

EARNINGS PER SHARE

	GROUP	
	2010	2009
Net earnings for the year attributable to Parent Company's shareholders (SEK M)	452.0	440.5
Number of shares outstanding at beginning of year	79,744,651	79,342,171
Increase in share capital through exercise of employee stock options	–	402,480
Number of shares outstanding at year-end	**79,744,651**	**79,342,171**
Weighted average number of shares during the year before dilution	79,744,651	79,658,944
Dilution effect attributable to employee stock option program	–	23,029
Weighted average number of shares during the year after dilution	**79,744,651**	**79,681,973**
Earnings per share before dilution (SEK)	5.67	5.53
Earnings per share after dilution (SEK)	5.67	5.53

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 136,710 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 in any part of the program and the rights expired without value. They did not imply any dilution effect in 2009 or 2010.

NOTE 10

INTANGIBLE FIXED ASSETS

	GROUP		PARENT COMPANY	
SEK M	**2010**	**2009**	**2010**	**2009**
Capitalized expenditure for IT development				
Acquisition cost, opening balance	882.0	779.8	4.8	4.4
Capitalized expenditures for the year	110.2	166.7	0.6	0.4
Disposals	–9.1	–31.0	–	–
Reclassification	1.4	–	–	–
Acquired through business combination	25.0	–	–	–
Translation differences	–78.6	–33.5	–	–
Accumulated acquisition cost, closing balance	**930.9**	**882.0**	**5.4**	**4.8**
Accumulated amortization, opening balance	–429.1	–383.2	–4.3	–4.0
Disposals	7.9	29.9	–	–
Reclassification	–0.3	–	–	–
Acquired through business combination	–5.3	–	–	–
Amortization for the year	–104.6	–84.7	–0.2	–0.3
Translation differences	40.6	8.9	–	–
Accumulated amortization, closing balance	**–490.8**	**–429.1**	**–4.5**	**–4.3**
Impairments, opening balance	–125.6	–133.4	–	–
Translation differences	–	7.8	–	–
Accumulated impairments, closing balance	**–125.6**	**–125.6**	**0.0**	**0.0**
Carrying value	**314.5**	**327.3**	**0.9**	**0.5**
Client relationships				
Acquisition cost, opening balance	129.6	138.8	–	–
Capitalized expenditures for the year upon business acquisitions	101.4	–	–	–
Translation differences	–16.7	–9.2	–	–
Accumulated acquisition cost, closing balance	**214.3**	**129.6**	**0.0**	**0.0**
Accumulated amortization, opening balance	–51.3	–33.1	–	–
Amortization for the year	–14.5	–21.8	–	–
Translation differences	7.5	3.6	–	–
Accumulated amortization, closing balance	**–58.3**	**–51.3**	**0.0**	**0.0**
Carrying value	**156.0**	**78.3**	**0.0**	**0.0**
Other intangible fixed assets				
Acquisition cost, opening balance	42.9	32.8	–	–
Capitalized expenditures for the year	1.4	15.1	–	–
Translation differences	–5.9	–5.0	–	–
Accumulated acquisition cost, closing balance	**38.4**	**42.9**	**0.0**	**0.0**

	GROUP		PARENT COMPANY	
SEK M	**2010**	**2009**	**2010**	**2009**
Accumulated amortization, opening balance	–12.7	–6.1	–	–
Amortization for the year	–11.0	–9.8	–	–
Translation differences	2.8	3.2	–	–
Accumulated amortization, closing balance	**–20.9**	**–12.7**	**0.0**	**0.0**
Carrying value	**17.5**	**30.2**	**0.0**	**0.0**
Goodwill				
Acquisition cost, opening balance	1,825.3	1,956.6	–	–
Aqcuistions for the year	468.2	–	–	–
Divestments for the year	–	–76.6	–	–
Translation differences	–141.0	–54.7	–	–
Accumulated acquisition cost, closing balance	**2,152.5**	**1,825.3**	**–**	**–**
Impairments, opening balance	–	–60.7	–	–
Divestments for the year	–	60.7	–	–
Accumulated acquisition cost, closing balance	**–**	**–**	**0.0**	**0.0**
Carrying value	**2,152.5**	**1,825.3**	**0.0**	**0.0**

Capitalized expenditure for IT development is mainly generated internally using our own employees and/or contracted consultants. Client relations and goodwill are acquired in connection with business acquisitions. Other intangible fixed assets are mainly acquired externally. Payments during the year regarding investments in intangible fixed assets amounted to SEK 119.0 M (192.0) for the Group.

Impairment tests for cash-generating units containing goodwill

Intrum Justitia treats the following groups of countries where the Group has operations as cash-generating units in the sense referred to in IAS 36 Impairment of Assets. Previous years each country has been treated as a cash-generating unit in connection to impairment tests, but the operations in each group of countries are now regarded to be integrated to such an extent that they are to be seen as cash generating units. The goodwill value is distributed among the largest countries as follows:

SEK M	2010	2009
Sweden, Norway, Denmark, Finland och The Baltics	1,059.8	620.6
Netherlands, Belgium, UK and Ireland	518.2	584.3
Germany, Switzerland and Austria	292.1	296.2
Poland, Hungary, Czech Republic and Slovakia	63.4	72.7
Spain and Portugal	22.2	25.5
France	137.7	158.1
Italy	59.1	67.9
Total	**2,152.5**	**1,825.3**

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 2011–2013 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 7.87 percent (7.93) 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 a need of goodwill impairment.

NOTE 11

TANGIBLE FIXED ASSETS

	GROUP		PARENT COMPANY	
SEK M	2010	2009	2010	2009
Computer hardware				
Acquisition cost, opening balance	203.3	228.2	1.0	1.0
Investments for the year	13.0	23.0	0.1	–
Sales and disposals	–6.4	–33.6	–	–
Reclassification	0.9	4.1	–	–
Acquired through business combinations	38.8	–	–	–
Divested through business sales	–	–8.5	–	–
Translation differences	–19.5	–9.9	–	–
Accumulated acquisition cost, closing balance	**230.1**	**203.3**	**1.1**	**1.0**
Accumulated depreciation, opening balance	–160.6	–176.8	–0.9	–0.9
Sales and disposals	5.7	33.1	–	–
Reclassification	–0.9	–1.4	–	–
Acquired through business combinations	–26.0	–	–	–
Divested through business sales	–	7.1	–	–
Depreciation for the year	–25.3	–29.7	-0.1	–
Translation differences	14.6	7.1	–	–
Accumulated depreciation, closing balance	**–192.5**	**–160.6**	**–1.0**	**–0.9**
Carrying value	**37.6**	**42.7**	**0.1**	**0.1**
Other tangible fixed assets				
Acquisition cost, opening balance	224.3	240.9	1.7	1.7
Investments for the year	13.5	21.0	0.2	
Sales and disposals	–11.9	–23.2	–	–
Reclassification	2.3	–0.7	–	–
Acquired through business combinations	10.2	–	–	–
Divested through business sales	0.0	–3.6	–	–
Translation differences	–18.6	–10.1	–	–
Accumulated acquisition cost, closing balance	**219.8**	**224.3**	**1.9**	**1.7**
Accumulated depreciation, opening balance	–172.7	–186.2	–1.6	–1.5
Sales and disposals	10.5	21.6	–	–
Reclassification	–1.6	0.0	–	–
Acquired through business combinations	–6.9	–	–	–
Divested through business sales	–	3.0	–	–
Depreciation for the year	–16.0	–18.9	–	–0.1
Translation differences	13.2	7.8	–	–
Accumulated depreciation, closing balance	**–173.5**	**–172.7**	**–1.6**	**–1.6**
Carrying value	**46.3**	**51.6**	**0.3**	**0.1**

Payments during the year for investments in tangible fixed assets amounted to SEK 26.5 M (43.9) for the Group.

NOTE 12

GROUP COMPANIES

SEK M	2010	2009
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	0.0
UAB Intrum Justitia, Lithuania	0.0	0.0
Intrum Justitia 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	0,0	456,2
Intrum Justitia Sverige 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	**6 748,6**	**7 204,7**

SEK M	2010	2009
Opening balance	7,204.7	12,135.2
Capital contributions paid	6.0	0.8
Impairment of shares in subsidiaries	–462.1	–25.7
Intra-Group sale of shares in subsidiaries	–	–4,905.6
Closing balance	**6,748.6**	**7,204.7**

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 %
Intrum Justitia Finland Oy	FI06165666	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 Credit-management GmbH	HRB 85778	Darmstadt	100 %

Shares owned by Parent Company	Corp. identity no.	Domicile	Share of capital
ITALY			
Intrum Justitia SpA	03776980488	Milano	100 %
LATVIA			
Intrum Justitia SIA	40003574557	Riga	100 %
Intrum Justitia SDC SIA	40103314641	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 3PDC AS	892 007 802	Oslo	100 %
Intrum Justitia Norge AS	950 104 368	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 Sverige AB	556134-1248	Stockholm	100 %
Intrum Justita 3PDC AB	556442-5816	Uppsala	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	Warszawa	100%
Intrum Justitia Debt Fund 1 Fundusz Inwestycyjny Zamkniety Niestandaryzowany Fundusz Sekurytyzacyjny			100%
SWEDEN			
Fair Pay Management AB	556239-1655	Stockholm	100 %
Nice Invest Nordic AB	556786-4854	Varberg	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 %

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 Követeléskezelő 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 Justitia Central Europe BV	Corp. identity no.	Domicile	Share of capital
CZECH REPUBLIC			
Intrum Justitia s.r.o.	25083236	Prague	100 %
HUNGARY			
Intrum Justitia Hitel Ügyintéző Szolgáltatás Kft	01-09-268230	Budapest	100 %
POLAND			
Intrum Justitia Sp.zo.o.o	521-28-85-709	Warsaw	100 %
Intrum Justitia 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:

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 Crédit Agricole SA. The company's operations were started in 2007 and comprise ownership of written-off receivables in Austria.

Ilnca 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 Crédit Agricole SA. The company's operations were started in 2007 and comprise financing of LDF 65 sarl.

EE-DF AG

The company is domiciled in Zug, Switzerland, with corporate identity number CH-170.3.034.475-1. There are 10,000 shares outstanding in the company, of which Intrum Justitia owns 50 percent. The other shares are owned by East Capital Explorer AB and East Capital Financials Fund AB. The company's operations started in 2010 and comprise ownership of written-off receivables in Russia.

RDF-I AG

The company is domiciled in Zug, Switzerland, with corporate identity number CH-170.3.035.250-2. There are 10,000 shares outstanding in the company, of which EE-DF AG owns 100 percent. The intention is for 30 percent of the shares in the company to be owned by the European Bank for Reconstruction and Development (EBRD). The company's operations will start up in 2011 and will comprise ownership of written-off receivables in Russia.

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

Income statement (SEK M)	2010	2009
Revenues	59.7	78.6
Operating expenses	–26.2	–35.3
Operating earnings	**33.5**	**43.3**
Net financial items	–0.2	–16.9
Earnings after financial items	33.3	26.4
Current and deferred tax	–1.4	–0.8
Net earnings for the year	**31.9**	**25.6**

Balance sheet (SEK M)	2010	2009
Financial fixed assets	152.8	379.7
Current assets	9.8	9.0
Cash and bank balances	18.3	22.3
Total assets	**180.9**	**411.0**
Equity	167.8	238.0
Long-term liabilities	0.0	166.0
Current liabilities	13.1	7.0
Total equity and liabilities	**180.9**	**411.0**

NOTE 14

ASSOCIATED COMPANIES

SEK M	Corporate identity no.	Share of capital	GROUP 2010	GROUP 2009
Motus ehf (formerly Intrum á Íslandi), Reykjavik (Iceland)	701195-3109	33.3%	8.1	11.1
IJCOF SAS, Lyon (France)	514528435	21.4%	12.2	–
Carrying value			**20.3**	**11.1**
Opening balances			11.1	23.2
Participations			1.7	0.3
Acquired			10.3	–
Exchange rate difference			–2.8	–12.4
Closing balance			**20.3**	**11.1**

The Group's share of the associated company's revenue is SEK 39.1 M (25.6), net earnings SEK 1.7 M (0.3), assets SEK 28.0 M (12.5) and liabilities SEK 12.1 M (5.6).

NOTE 15

OTHER SHARES AND PARTICIPATIONS

SEK M	Corporate identity no.	Share of capital	GROUP 2010	GROUP 2009
NetGiro International AB, Stockholm (Sweden) (subject to liquidation)	556564-9190	4 %	0.0	0.0
Other shares			0.9	0.2
Carrying value			**0.9**	**0.2**
Opening balances			0.2	0.1
Acquired			0.7	–
Exchange rate difference			0.0	0.1
Closing balance			**0.9**	**0.2**

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, liquidation of NetGiro International AB has been initiated.

NOTE 16

PURCHASED DEBT

SEK M	GROUP 2010	GROUP 2009
Acquisition cost, opening balance	5,801.7	5,206.6
Purchases of debt	915.5	911.9
Purchases via acquisition	205.9	–
Translation differences	–779.8	–316.8
Accumulated acquisition cost, closing balance	**6,143.3**	**5,801.7**
Amortization, opening balance	–3,489.8	–2,876.3
Amortization for the year	–800.1	–816.5
Purchases via acquisition	–27.5	–
Translation differences	547.5	203.0
Accumulated amortization, closing balance	**–3,769.9**	**–3,489.8**
Carrying value	**2,373.4**	**2,311.9**

Amortization for the year SEK M	GROUP 2010	2009
Time and interest component	–803.3	–780.8
Revaluation in connection with changes in expectations in forecasts of future cash flows	65.6	68.2
Impairment in connection with changes in expectations in forecasts of future cash flows	–62.4	–103.9
Total amortization for the year	**–800.1**	**–816.5**

Payments during the year for investments in purchased debt amounted to SEK 1,049.6 M (870.6).

For a description of Intrum Justitia's accounting principles for purchased debt, see Note 1, page 57.

	GROUP		PARENT COMPANY	
MSEK	2010	2009	2010	2009
Accumulated reserve for impaired receivables, opening balance	–39.7	–39.3	0.0	0.0
Reserve for impaired receivables for the year	–10.2	–16.3	–	–
Realized client losses for the year	2.5	5.6	–	–
Withdrawals from reserve for impaired accounts receivable for the year	8.0	8.5	–	–
Translation difference	4.7	1.8	–	–
Accumulated impaired receivables, closing balance	**–34.7**	**–39.7**	**0.0**	**0.0**
Carrying values	**268.3**	**281.0**	**0.0**	**0.0**

NOTE 17

OTHER LONG-TERM RECEIVABLES

	GROUP		PARENT COMPANY	
SEK M	2010	2009	2010	2009
Deposits with landlords	1.8	5.3	–	–
Deposits with clients	0.3	0.3	–	–
Lending to law firms	0.3	0.3	–	–
Long-term VAT receivable	41.0	59.9	–	–
Endowment insurance	5.0	0.5	5.0	0.5
Total	**48.4**	**66.3**	**5.0**	**0.5**
Opening balances	67.4	95.4	0.5	0.8
Reclassified from current receivables	–	–	–	–
On loan	0.1	75.3	–	–
Paid-in insurance premiums	4.5	0.0	4.5	–
Repaid	–15.1	–98.6	–	–0.3
Exchange rate difference	–7.4	–4.7	–	–
Closing balance	**49.5**	**67.4**	**5.0**	**0.5**
Accumulated impairment, opening balance	–1.1	–1.1	–	–
Accumulated impairment, closing balance	**–1.1**	**–1.1**	**0.0**	**0.0**
Carrying value	**48.4**	**66.3**	**5.0**	**0.5**

A long-term VAT receivable arises in the Netherlands in connection with the purchase of overdue 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 receivable.

NOTE 18

ACCOUNTS RECEIVABLE

	GROUP		PARENT COMPANY	
SEK M	2010	2009	2010	2009
Non-delinquent receivables	181.5	166.3	0.0	0.0
Accounts receivable overdue <30 days	38.3	49.6	–	–
Accounts receivable overdue 31-60 days	22.2	25.4	–	–
Accounts receivable overdue 61-90 days	9.7	16.0	–	–
Accounts receivable overdue > 91 days	51.3	63.4	–	–
Total accounts receivable	**303.0**	**320.7**	**0.0**	**0.0**

NOTE 19

OTHER RECEIVABLES

	GROUP		PARENT COMPANY	
SEK M	2010	2009	2010	2009
Outlays on behalf of clients	285.8	503.4	–	–
Less: reserve for uncertainty in outlays on behalf of clients	–94.5	–141.4	–	–
Total	**191.3**	**362.0**	**–**	**–**
Capital insurance for senior executives	0.3	2.1	0.3	2.1
VAT refund claims on purchased debt	27.3	0.0	–	–
To be recovered from Netherlands enforcement authorities	51.9	0.0	–	–
Other	54.3	40.2	4.5	3.0
Total	**133.8**	**42.3**	**4.8**	**5.1**
Carrying value	**325.1**	**404.3**	**4.8**	**5.1**

A VAT receivable is incurred in the Netherlands when purchasing overdue receivables. The VAT portion of the receivable can be recovered from the tax authorities if it is not collected from the debtor and is therefore recognized as a separate receivable. The portion that is expected to be recovered within twelve months is recognized as current.

Expenses paid to bailiffs in the Netherlands for collection cases can in some cases be recovered from the bailiffs if the collection measures fail. When it emerges that Intrum Justitia is entitled to request that the amount be returned from the bailiffs, the amount is moved from Outlays on behalf of clients, to To recover from bailiffs.

NOTE 20

PREPAID EXPENSES AND ACCRUED INCOME

	GROUP		PARENT COMPANY	
SEK M	2010	2009	2010	2009
Prepaid rent	11.9	18.2	0.6	0.4
Prepaid insurance premiums	8.0	6.8	1.5	1.6
Prepaid expenses for purchased debt	20.0	2.5	–	–
Accrued income	66.0	41.0	–	–
Derivative assets (forward exchange contracts)	8.2	7.5	8.2	7.5
Other	24.6	37.7	0.5	0.6
Carrying value	**138.7**	**113.7**	**10.8**	**10.1**

NOTE 21

LIQUID ASSETS

	GROUP		PARENT COMPANY	
SEK M	**2010**	**2009**	**2010**	**2009**
Cash and bank balances	428.1	434.9	88.3	151.7
Restricted bank accounts	28.6	48.4	0.0	0.0
Short-term investments	50.4	8.1	50.0	8.1
Total	**507.1**	**491.4**	**138.3**	**159.8**

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 each year 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.

	2010		2009	
Changes in share capital	**No. of shares**	**Share capital (SEK)**	**No. of shares**	**Share capital (SEK)**
Opening balance	79,994,651	1,599,893.02	79,592,171	1,591,843.42
New share issues in connection with exercise of employee stock options	–	–	402,480	8,049.60
Closing balance	**79,994,651**	**1,599,893.02**	**79,994,651**	**1,599,893.02**
Treasury shares	–250,000	–5,000.00	–250,000	–5,000.00
Net	**79,744,651**	**1,594,893.02**	**79,744,651**	**1,594,893.02**

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 4.10 per share (3.75), or a total estimated payout of SEK 327.0 M (299.0).

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.r i utländska dotterföretag. Fond för verkligt värde är fritt eget kapital.

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 2,576.6 M (2,548.9).

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 ter m. 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 85.1 percent (81.2) 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 26 (25) 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	**2010**	**2009**	**2008**	**2007**	**2006**
Present value of fully or partly funded obligations	73.9	38.9	36.8	40.3	32.0
Fair value of assets under management	–66.9	–39.5	–37.2	–34.0	–28.7
Surplus/deficit in the plan	**7.0**	**–0.6**	**–0.4**	**6.3**	**3.3**
Present value of unfunded obligations	26.6	32.6	32.9	29.5	27.7
Present value of net obligation	**33.6**	**32.0**	**32.5**	**35.8**	**31.0**
Unrecognized actuarial gains/losses	–1.5	7.4	6.9	–0.8	3.3
Provisions for pensions	**32.1**	**39.4**	**39.4**	**35.0**	**34.3**

Reconciliation of fair value of assets under management:

	GROUP	
SEK M	2010	2009
Opening balance	39.5	37.2
Assumed return on assets under management	1.8	2.2
Actuarial gains and losses	–2.2	–7.7
Fees paid	3.0	3.3
Pensions paid, funded obligations	–0.8	0.0
Assets in acquired company	28.9	–
Translation differences	–3.3	4.5
Closing balance	**66.9**	**39.5**

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

	GROUP	
SEK M	2010	2009
Opening balance	39.4	39.4
Pension cost recognized through profit or loss	1.8	5.9
Fees paid	–3.8	–4.9
Pensions paid, unfunded obligations	–0.9	–0.2
Translation differences	0.0	–
Closing balance	–4.4	–0.8
Closing balance	**32.1**	**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	2010	2009
Costs for employment in current period	1.9	4.3
Interest expense for obligation	2.7	2.8
Assumed return on assets under management	–2.8	–2.2
Recognized actuarial gains and losses	0.0	1.0
Total pension cost recognized through profit or loss	**1.8**	**5.9**

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

	GROUP	
SEK M	2010	2009
Discount rate as of December 31	3.0-4.6%	2.0-5.5%
Assumed rate of increase in compensation	2.0-4.0%	2.0-4.3%
Assumed return on assets under management as of December 31	4.6%	5.0-6.0%
Assumed pension increases	0.5-5.0%	1.3-3.0%
Future adjustment to social security base	3.7-4.2%	3.5-4.0%

The Group also finances a number of defined contribution plans, the costs of which amounted to SEK 79.2 M (68.3).

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 (64 percent), equities (16 percent), real estate (15 percent) and other (5 percent). During the year Intrum Justitia paid SEK 3.0 M (3.7) to the plan, while disbursements to retirees amounted to SEK 0.8 M (0.0). In 2011 payments to the plan are estimated at SEK 2.8 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 146 percent (141). 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 present and former senior executives. The Company reports the policies as an asset.

NOTE 24

OTHER PROVISIONS

	GROUP	
SEK M	2010	2009
Opening balances	39.7	20.8
Provisions for the year	4.6	36.7
Release during the year	–14.9	–15.6
Translation differences	–3.0	–2.2
Closing balances	**26.4**	**39.7**
Of which long-term provisions	15.1	15.4
Of which short-term provisions	11.3	24.3
Total provisions	**26.4**	**39.7**
Of which attributable to United Kingdom	22.8	34.1
Of which attributable to Belgium	3.6	5.6
Total provisions	**26.4**	**39.7**
Provisions related to leases on rented offices	22.8	29.3
Provisions for layoffs and other restructuring costs	3.6	10.4
Total provisions	**26.4**	**39.7**

Short-term provisions are expected to be settled in 2011. 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	
MSEK	2010	2009	2010	2009
Long-term liabilities				
Bank loans	2 588.6	0.1	2,588.6	0.0
Short-term liabilities				
Bank overdraft facilities	0.4	169.7	0.0	0.0
Bank loans	0.0	2,349.7	0.0	2,349.7
Total	**2,589.0**	**2,519.5**	**2,588.6**	**2,349.7**

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 one from 2005. The new loan facility entered into force on January 14, 2010. The loan limit of EUR 310 M can be utilized for borrowing in a number of different currencies.

On December 31, 2010, the loan limit had been utilized for loans in SEK totaling SEK 220.0 M (100.0), Swiss francs totaling CHF 84.7 M (0.0) and in euro totaling EUR 198.9 M (218.0). The unutilized portion of the facility amounted to SEK 168.7 M (849.7). The loan carries a variable interest rate based on the interbank rate in each currency, with a margin. The loan facility contains a number of operations-related and financial covenants, including limits on certain financial indicators. As of December 31, 2010, the Company was not in breach of any such financial covenants. In addition, the credit agreement includes covenants that may restrict, condition or prohibit the Group from incurring additional debt, making acquisitions, disposing of assets, making capital and finance lease expenditures, allowing assets to be encumbered, changing the scope of the Group's business and entering into a merger agreement.

As of December 31, 2010, Intrum Justitia also had access to a 364-day facility with Nordea totaling SEK 65 M, through the acquisition of Nice Invest Nordic AB. As of the same date, the loan limit had been utilized for loans in SEK totaling SEK 0.0 M (-).

	GROUP		PARENT COMPANY	
SEK M	**2010**	**2009**	**2010**	**2009**
Maturities of long-term bank borrowings				
Between 1 and 2 years	–	0.1	–	0.0
Between 2 and 3 years	2,588.6	–	2,588.6	–
Between 3 and 4 years	–	–	–	–
Between 4 and 5 years	–	–	–	–
Total	**2,588.6**	**0.1**	**2,588.6**	**0.0**

	GROUP		PARENT COMPANY	
SEK M	**2010**	**2009**	**2010**	**2009**
Unused lines of credit excluding guarantee facility				
Expiring within one year	65.0	849.7	65.0	849.7
Expiring beyond one year	168.7	–	168.7	–
Total	**233.7**	**849.7**	**233.7**	**849.7**

NOTE 26

ACCRUED EXPENSES AND PREPAID INCOME

	GROUP		PARENT COMPANY	
SEK M	**2010**	**2009**	**2010**	**2009**
Accrued social security expenses	35,4	33,8	4,0	1,9
Accrued vacation pay	85,3	79,3	4,6	4,1
Accrued bonus cost	68,8	57,5	8,0	1,3
Prepaid subscription income	36,7	49,7	–	–
Provisions for losses on charge card guarantees	15,4	14,0	–	–
Accrued interest	7,9	0,1	7,8	0,1
Other accrued expenses	253,1	224,0	10,2	6,6
Total	**502,6**	**458,4**	**34,6**	**14,0**

NOT 27

PLEDGED ASSETS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

	GROUP		PARENT COMPANY	
SEK M	**2010**	**2009**	**2010**	**2009**
Pledged assets				
Deposits	2,1	5,6	–	–
Restricted bank accounts	28,6	48,4	–	–
Total	**30,7**	**54,0**	**–**	**–**
Contingent assets	Inga	Inga	Inga	Inga
Contingent liabilities				
Charge card guarantees	1 371,2	1 270,9	–	–
Performance guarantees in collection operations	0,1	2,8	–	–
Guaranty undertaking	7,1	–	–	–
Dispute with tax authority in Finland	–	51.6	–	–
Total	**1 378,4**	**1 325,3**	**–**	**–**

Pledged assets

Refers to deposits and restricted bank balances that can be claimed by clients, suppliers or authorities in the event that Intrum Justitia were not to meet 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 1,371.2 M (1,270.9) at year-end, of which receivables overdue by more than 30 days amounted to SEK 5.5 M (0.8). 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 15.4 M (14.0) 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.

Tax dispute

The company has been involved in a tax dispute in Finland following a tax audit in 2002–2003. The dispute was concluded in 2010 with the Supreme Administrative Court in Finland refusing the company leave to appeal. This means that the ruling from the lower court, which was not in favor of the company, still stands. The dispute concerned, among other things, the deductibility of interest expenses in a holding company after a restructuring of the Group in connection with a change to loan financing after its delisting from the London Stock Exchange in 1998. As a result of the ruling, the company has paid additional tax for 1999-2002 of SEK 41.8 M, including a tax surcharge of SEK 21.5 M. The Company has appealed the tax surcharge. For more information on the Group's tax situation, 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			
	2010		2009		2010		2009	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
Austria	11	25	6	37				
Belgium	35	73	39	56				
Czech Republic	21	21	21	29				
Denmark	20	41	21	40				
Estonia	8	27	8	31				
Finland	104	270	88	253				
France	109	281	117	272				
Germany	56	104	60	117				
Hungary	26	57	30	81				
Ireland	21	34	12	26				
Italy	20	58	27	85				
Latvia	15	14	6	10				
Lithuania	2	12	1	12				
Netherlands	189	141	204	146				
Norway	27	35	33	37				
Poland	111	129	98	127				
Portugal	17	61	17	55				
Slovakia	19	35	21	34				
Spain	62	202	82	240				
Switzerland	120	76	121	88				
Sweden	147	229	122	238	13	12	12	13
UK	19	15	129	95				
Total	**1,159**	**1,940**	**1,263**	**2,109**	**13**	**12**	**12**	**13**
		3,099		**3,372**		**25**		**25**

Of the Group's employees 37 percent are younger than 30 years old, 32 percent are 30-39 years, 21 percent are 40-49 years and 10 percent are 50 years or older.

	2010		2009	
GROUP	MEN	WOMEN	MEN	WOMEN
Gender distribution of senior executives				
Board of Directors	5	2	5	2
Group Management Team	8	–	10	1
Country MDs	13	4	15	3
Board members in subsidiaries (percent)	97	3	73	27

Four members of the Group Management Team are employees of the Parent Company. There is no 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	
	2010	2009	2010	2009
Men	2.5	3.0	0.5	4.7
Women	4.9	5.8	8.8	7.4
Employees aged 29 or younger	6.3	7.5	*	*
Employees aged 30–49	3.0	3.5	3.9	6.7
Employees aged 50 or older	4.6	6.2	*	*
Total	**3.9**	**4.8**	**3.9**	**6.2**
Of which long-term sick leave (60 days or more)	32	31	75	82

* 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 3.9 percent (4.8) of the employees' aggregate normal working hours.

NOTE 30

SALARIES AND OTHER REMUNERATION

	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
Salaries and other remuneration to senior executives, i.e., Board, Presidents and Executive Vice Presidents	53.7	84.6	9.6	7.9
Salaries and other remuneration to other employees				
Northern Europe	410.0	401.3	–	–
Central Europe	225.8	243.3	–	–
Western Europe	410.0	477.3	–	–
Head offices and central operations	53.7	52.6	33.3	24.4
Total salaries and other remuneration, Group	**1,153.2**	**1,259.1**	**42.9**	**32.3**
Social security costs	305.3	304.5	22.5	17.3
Of which pension costs	81.0	74.2	9.2	7.4
Costs for employee stock option program, including social security costs	–2.6	–1.2	–2.6	–1.8
Total	**1,455.9**	**1,562.4**	**62.8**	**47.8**

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 2010 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 2010 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.

SEK	Base salary/fee	Variable comp-ensation	Other benefits	Pension costs	Share-based payment	Other comp-ensation	Total
Board of Directors							
Lars Lundquist, Chairman	830,000 (1)	–	–	–	–	–	830,000
Joakim Rubin	406,250 (1)	–	–	–	–	–	406,250
Matts Ekman	407,500 (1)	–	–	–	–	–	407,500
Lars Förberg	300,000 (1)	–	–	–	–	–	300,000
Helen Fasth Gillstedt	431,250 (1)	–	–	–	–	–	431,250
Charlotte Strömberg	340,000 (1)						340,000
Fredrik Trägårdh	375,000 (1)						375,000
Senior executives							
Lars Wollung	3,990,735	1,203,300	108,730	1,883,000	–	–	7,185,765
Other senior executives, 10 persons	22,668,554	7,920,296	1,296,125	2,937,772	–	–	34,822,748
Total	**29,749,289**	**9,123,596**	**1,404,855**	**4,820,772**	**–**	**–**	**45,098,513**

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

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 above to Per Christofferson, Marcel van Es (until September 2010), Thomas Feodoroff (until July 2010), Thomas Hutter, Kari Kyllönen, Pascal Labrue, Bengt Lejdström, Bogusław Skuza (until September 2010), Gijsbert Wassink and Rickard Westlund.

Amounts given correspond to full compensation for the full-year 2010, including earned but not yet paid variable renumeration for 2010. Pension benefits and compensations in form of financial instruments etc, as well as other benefits to the CEO and other senior executives is included in the total compensation.

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 employment agreement with CEO and President Lars Wollung as of February 1, 2009, he receives a fixed annual salary of SEK 4,200,000. 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 50-80 percent of a 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 80 percent of their variable short-term compensation is based on the region's operating earnings and 20 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 from two and twelve months, regardless of whether termination is initiated by the employee or the company.

Pension benefits vary 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. 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 three members, who during the year were Lars Lundquist (Chairman) and Matts Ekman as well as Joakim Rubin as of January 2011. The CEO and President and the company's CFO 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. 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 for the program in 2009 corresponded to a decrease in costs of SEK 0.3 M. The effect on the result was calculated according to IFRS 2 Share-based Payment and by applying the statement UFR 7 from the Swedish Finacial Reporting Board.

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, that could hav enabled 43 employees the possibility to acquire a total of not more than 144,473 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 did not include CEO Lars Wollung. The number of shares was adjusted in view of share dividends in 2009 and 2010, among other things. However, it required a predetermined growth rate in the Group's earnings per share that was not achieved and therefore the shares have expired without value.

The reported cost of the program during 2010 amounted to SEK 2.6 M (compared to a cost of SEK 0.7 M in 2009), calculated according to IFRS 2 and UFR 7.

The Performance-Based Share Program from 2008 has not caused any dilution effect since the performance conditions were not 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.

	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
Audit assignments				
KPMG	7.9	10.1	0.7	0.7
Other assignments				
KPMG Audit in excess of audit assignment	0.0	0.0	0.0	0.0
KPMG Tax advice	1.7	2.9	0.6	1.9
KPMG Other assignments	1.7	1.2	0.3	0.0
Audits and other assignments, other auditors	0.8	1.1	0.0	0.0
Total	**12.1**	**15.3**	**1.6**	**2.6**

NOTE 34

OPERATIONAL LEASING

	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
Obligations for rental payments on non-cancelable leases				
Year 1	115.8	140.1	2.1	2.3
Year 2–4	230.8	241.8	1.6	3.3
Year 5 and thereafter	40.8	69.8	0.0	0.0
Total	**387.4**	**451.7**	**3.7**	**5.6**

Lease costs for operating leases amounted to SEK 130.0 M (139.5) during the year, of which SEK 2.5 M (2.7) 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.

NOT 35

FINANCE LEASING

	GROUP	
	2010	2009
Minimum lease payments and their present value		
Within one year	1.6	0.7
Later than one but within five years	2.7	0.6
Later than five years	0.1	0.1
Total	**4.4**	**1.4**

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 0.1 M (0.0) 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.

2010 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		2,373.4		2,373.4	2,373.4
Accounts receivable		268.3		268.3	268.3
Other receivables	8.2	964.7		972.9	972.9
Liquid assets		507.1		507.1	507.1
Total	**8.2**	**4,113.5**	**0.0**	**4,121.7**	**4,121.7**
Liabilities to credit institutions			2,589.0	2,589.0	2,589.0
Accounts payable			141.4	141.4	141.4
Other liabilities	0.8		997.3	998.1	998.1
Total	**0.8**	**0.0**	**3,727.7**	**3,728.5**	**3,728.5**
Purchased debt		2,311.9		2,311.9	2,311.9
Accounts receivable		281.0		281.0	281.0
Other receivables	7.5	1,077.4		1,084.9	1,084.9
Liquid assets		491.4		491.4	491.4
Total	**7.5**	**4,161.7**	**0.0**	**4,169.2**	**4,169.2**
Liabilities to credit institutions			2,519.5	2,519.5	2,519.5
Accounts payable			143.0	143.0	143.0
Other liabilities	1.3		897.2	898.5	898.5
Total	**1.3**	**0.0**	**3,559.7**	**3,561.0**	**3,561.0**

2010 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		2,570.9		2,570.9	2,570.9
Other receivables	8.2	1.6		9.8	9.8
Liquid assets		138.3		138.3	138.3
Total	**8.2**	**2,710.8**	**0.0**	**2,719.0**	**2,719.0**
Liabilities to credit institutions			2,588.6	2,588.6	2,588.6
Accounts payable			6.7	6.7	6.7
Liabilities to Group companies			1,659.5	1,659.5	1,659.5
Other liabilities	0.8		5.8	6.6	6.6
Total	**0.8**	**0.0**	**4,260.6**	**4,261.4**	**4,261.4**

2009 PARENT COMPANY SEK M					
Receivables from Group companies		2,207.1		2,207.1	2,207.1
Other receivables	7.5	0.1		7.6	7.6
Liquid assets		159.8		159.8	159.8
Total	**7.5**	**2,367.0**	**0.0**	**2,374.5**	**2,374.5**
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		2.4	3.7	3.7
Total	**1.3**	**0.0**	**4,059.3**	**4,060.6**	**4,060.6**

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 determines 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.

Accounts payable
Accounts payable have short maturities according to the tabel below. Liabilities in foreign currency are translated in the accounts at balance sheet date rates. Consequently, carrying value corresponds to fair value.

MSEK	GROUP 2010	GROUP 2009	PARENT COMPANY 2010	PARENT COMPANY 2009
Accounts payable due < 30 days	129.7	135.4	6.6	4.1
Accounts payable due 31-90 days	10.6	7.1	–	–
Accounts payable due > 91 days	1.1	0.5	0.1	0.0
Total accounts payable	**141.4**	**143.0**	**6.7**	**4.1**

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

Outstanding forward exchange contracts at year end in the parent company and in the Group comprise the following currencies:

Local currency	Local currency	Hedged amount, sell
CHF	–	1 471 799
CZK	4,441,819	138,114,747
DKK	–	54,360,258
EUR	18,055,977	22,841,309
GBP	–	21,852,477
HUF	–	2,335,379,615
LTL	–	914,336
LVL	–	322,739
NOK	39,131,771	–
PLN	9,170	1,848,170
RUB	–	25,800,000

Forward exchange contracts are classified as financial assets measured at fair value through profit or loss (held for sale). The carrying value at year-end corresponds to fair value, SEK 7.4 M (6.2), net. Changes in the value of forward exchange contracts recognized during the year through profit or loss amounted to SEK 81.8 M (65.6). 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 –82.5 M (–60.3) 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 –0.7 M (5.3).

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 the Credit Management 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 2010	Dec 31 2009	Average 2010	Average 2009
EUR	8.99	10.32	9.54	10.62
CHF	7.21	6.94	6.91	7.03
GBP	10.54	11.44	11.13	11.93
NOK	1.15	1.24	1.19	1.22

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.

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	2010	2009
SEK	585.4	545.6
EUR	2,298.7	2,620.7
CHF	484.4	499.1
GBP	57.3	130.3
NOK	96.4	95.6
Other currencies	243.8	236.5
Total	**3,766.0**	**4,127.8**

An appreciation of the Swedish krona of 10 percentage points on average in 2010 against the Euro would thus have affected revenues with SEK –229.9 M, against CHF with SEK –48.4 M, against GBP with SEK –5.7 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	2010	2009
SEK	1,220.2	1,241.7
EUR	2,719.5	2,857.4
– less EUR hedged through foreign currency loans	–1,343.4	–2,250.3
CHF	381.4	481.1
– less CHF hedged through foreign currency loans	–791.9	–
GBP	45.3	59.1
NOK	241.0	156.8
Other currency	104.3	2.9
Total	**2,576.4**	**2,548.7**

The exposure to CHF was temporarily double hedged over the year-end. An appreciation of the Swedish krona of 10 percentage points as per 31 December 2010 against the Euro would have affected shareholders' equity in the Group with SEK –137.6 M, against CHF with SEK +41.0 M, against GBP with SEK –4.5 M and against NOK with SEK –24.1 M.

Interest rate risks

Intrum Justitia has a strong cash flow which gives the Group the option of repaying loans or investing in overdue 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 21.3 M. A five-percent would have adversely affected net financial items by SEK 106.5 M.

No derivatives were used to hedge interest rate risks in 2009–2010.

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.

Since 2010 the Group has a syndicated loan facility of EUR 310 M from Nordea, and Swedbank with availability to March 2013.

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.

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 10.2 M (16.3) during the year.

Purchased debt

As part of its operations, Intrum Justitia acquires portfolios of 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 of course that the entire carrying value of SEK 2,373.4 M (2,311.9) 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 7,100. 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 and with East Capital and the European Bank or Reconstruction and Development since 2010.

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 Sweden (22 percent of the Group's total carrying value of purchased debt), Netherlands (11 percent), Finland (10 percent), Germany (9 percent) and Austria (8 percent). Of the total payable value of the Group's portfolio of receivables sellers in the banking sector account for 35 percent, telecoms 25 percent, credit card debts 14 percent, other finance 14 percent and other segments 12 percent.

Of the total carrying value at year-end, 26 percent represents portfolio acquisitions in 2010, 19 percent acquisitions in 2009, 18 percent acquisitions in 2008. The remaining 17 percent relates to receivables acquired in or before 2007, 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 1,371.2 M (1,270.9), of which receivables overdue by more than 30 days amounted to SEK 5.5 M (0.8). 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 15.4 M (14.0) in the balance sheet to cover payments that may arise due to the guarantee.

NOTE 39

ACQUISITIONS OF OPERATIONS

The Nordic CMS operation of Aktiv Kapital

The 16 of December 2010 Intrum Justitia finalised the acquisition of Aktiv Kapital's Nordic credit management operations for external clients. The acquired operation includes all shares in three companies that together have 150 employees in Norway, Sweden and Finland and revenues in 2010 amounted to SEK 234.6 M. Through the aqcuistion Intrum Justitia stregthens its market position, primarily in Norway. In Finland and Sweden the market leadership is further stretgthened.

Costs related to the acquisition amounted to SEK –6.0 M. The result is also charged with costs of SEK 5.6 M for restructuring the acquired operation.

Preliminary the acquistion is reported in accordance to the following:

SEK M	Carrying value before acquisition	Adjustment to fair value	Fair value recognized in the Group
Intangible fixed assets	0.4	19.3	19.7
Tangible fixed assets	14.3	–	14.3
Current assets	26.0	–	26.0
Liquid assets	120.8	–	120.8
Deferred tax liabilities/assets	–4.2	–4.9	–9.1
Current liabilities	–41.1	–	–41.1
Net assets			**130.6**
Group goodwill			429.2
Purchase price paid in cash and acquisition costs			**–559.8**
Liquid assets (acquired)			120.8
Net effect on liquid assets			**–439.0**

The acquired operations are consolidated from December 16 2010 and is contributing to the Group revenues with SEK 10.6 M and to the Group operating result with SEK –3.8 M. If the aqcuistion would have been executed by January 1 2010 it would have contributed to the Group revenues with SEK 234.6 MSEK and to the operating result with SEK 46.6 M. The reported goodwill item is attributable to synergies and increased market share.

Nice Invest Nordic AB

On December 28 2010 Intrum Justitia stregthened its market position in Sweden further by acquiring Nice Invest Nordic AB, wich focuses on investing in Purchased Debt from clients within mail-order and e.commerce and financial receivables that such business entail. The acquisition includes an existing portfolio and an agreement regarding forward-flow contracts.

Preliminary the acquistion is reported according to the following. In the Cash-flow statement SEK 178.4 M from the acquisition is reported under Debt Purchases.

Net assets of Nice Invest Nordic AB at the time of the acquisition:

SEK M	Carrying amounts before the acquisition	Fair value adjustment	Consolidated fair value
Intangible fixed assets	–	101.4	101.4
Tangible fixed assets	1.8	–	1.8
Purchased Debt	102.8	75.6	178.4
Interest-bearing liabilities	–99.6	–	–99.6
Deferred tax	–	–30.0	–30.0
Current liabilities	–1.0	–	–1.0
Net assets	**4.0**	**147.0**	**151.0**
Goodwill			**39.0**
Cash consideration			**–190.0**
Net impact on cash and bank			–190.0

Acquisition costs charged against the operating result amounted to SEK 3.7 M.

The acquired company is consolidated from December 28 2010. It has not contributetd to the Group's revenues or result in 2010.
If the acquisition would have been executed by January 1 2010 it would have contributed to the Group's revenues with SEK 15.9 M and to the operating result with SEK 7.3 M. The goodwill item is attributable to increased market share on the market for mail-order and e-commerce.

Other

In October 2004 Intrum Justitia announced the acquisition of the Irish company Legal & Trade (Ireland) 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 Legal & Trade Financial Services Ltd. According to a ruling 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, whereby the Group will receive an additional credit of another SEK 2.1 M.

After the acquisition of the french companies Cronos Group and SSE in 2008, a discussion concering the acquired companies debt situation was held in 2009. In the end of 2010 a final agreement had not yet been met why the debt of SEK 5.7 M to the sellers remains per the 31 of December 2010.

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. In previous years each country has been considered a cash-generating unit in the impairment test, but the company is now assessing that several groups of countries are integrated to such an extent that they are to be considered cash-generating units. For the cash-generating unit Poland, Czech Republic, Slovakia and Hungary the 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.

The cash-flow in 2010 for these countries have been charged with extraordinary high outlays for courtexpenses in the debt collection operation as legal activities have increased. The company's experience is that these kind of outlays generates positive cash-flows with one or a few years backlog.

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.

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

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	2010	2009
Purchase of services		
Benno Oertig chairman in Stade de Suisse (sponsring and conferences)	2.2	1.6
Intrum Iceland á Íslandi ehf, Reykjavik (Iceland) (purchase of collection services)	0.4	0.9
Total	**2.6**	**2.5**

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.

Benno Oertig, former regional manager at Intrum Justitia, is Chairman of Stade De Suisse Wankdorf Nationalstadion AG, Bern, which owns the football club BSC Young Boys Betrieb AG, a team sponsored by Intrum Justitia AG. In addition, the company arranges conferences and customer events on behalf of Intrum Justitia.

Intrum á Íslandi ehf, Reykjavik (Iceland), which changed its name to Motus ehf in 2011, manages international collection cases on Intrum Justitia's behalf and invoices a fee for its services.

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

The subsidiaries are related parties, see Note 12, but the Parent Company 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 2010. The company's Annual Report and consolidated accounts appear on page 34-76 of the printed verion of this document. 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, March 7, 2011

KPMG AB
Carl Lindgren
Certified Accountant

Board of Directors

LARS LUNDQUIST

Age 63, 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 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: 25,000.
No. of call options: 0.

LARS LUNDQUIST

JOAKIM RUBIN

JOAKIM RUBIN

Age 49

Director since 2010. Joakim Rubin is a Senior Partner at CapMan Public Market Fund and part of Cap Man Plc's management team, as well as a Director of Proffice AB. Between 1995 and 2008 Mr. Rubin held a number of positions at Handelsbanken Capital Markets, including Head of Corporate Finance and Debt Capital Markets. Mr. Rubin has a M.Sc. from the Institute of Technology at Linköping University.
No. of shares in Intrum Justitia AB: 0.
No. of call options: 0.

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. At the AGM on 25 March 2010 the Nomination Committee's proposal for the Board to consist of seven members and no deputies was adopted. Fredrik Trägårdh, Charlotte Strömberg, Matts Ekman, Helen Fasth-Gillstedt, Lars Förberg and Lars Lundquist were re-elected to the Board. Joakim Rubin was elected as a new Director. Lars Lundquist was re-elected as Chairman of the Board.

DIRECTORS' INDEPENDENCE

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

CHARLOTTE STRÖMBERG

Age 51

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, the Fourth Swedish National Pension Fund and Skanska AB. 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.

CHARLOTTE STRÖMBERG

HELEN FASTH-GILLSTEDT

Age 48

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 Director of AcadeMedia AB and member of Save the Children Advisory Group. Ms. Fasth Gillstedt holds a M.Sc. from the Stockholm School of Economics.
No. of shares in Intrum Justitia AB: 4,000.
No. of call options: 0.

HELEN FASTH-GILLSTEDT

LARS FÖRBERG

Age 45

Director since 2004. Mr. Förberg is Managing Partner and joint owner 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.

LARS FÖRBERG

FREDRIK TRÄGÅRDH

FREDRIK TRÄGÅRDH

Age 54

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 Daimler-Chrysler 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

MATTS EKMAN

MATTS EKMAN

Age 64

Director since 2007. Former Executive Vice President and CFO of the Vattenfall Group. He was also CFO of the Electrolux Group. Mr. Ekman is Chairman of the trading house Ekman & Co and Director of Carnegie Fonder AB, HQ AB, 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: 14,500.
No. of call options: 0.

AUDITOR

CARL LINDGREN

Age 52

Principal Auditor since 2004. Mr. Lindgren is an Authorized Public Accountant at KPMG and has been a Director of KPMG AB since 2000 and Chairman of the Board since 2008. He performs other audit duties for Arla, Brummer & Partners, Castellum, KF and Nordea.
No. of shares in Intrum Justitia AB: 0.
No. of call options: 0.

Group Management Team

The Group Management Team 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 the Directors of the Financial Services and Credit Management Service Lines respectively.

BENGT LEJDSTRÖM

Age 48, 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 holdsna 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: 5,000.

No. of call options: 0.

LARS WOLLUNG

LARS WOLLUNG

Age 49, 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 Director of Sigma 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: 260,000.

BENGT LEJDSTRÖM

GIJSBERT WASSINK

Age 45, Director of Financial Services

Mr. Wassink joined Intrum Justitia in 1992 and as of August 2009 is Director for the Group's Financial Services 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 VU University in Amsterdam.

No. of shares in Intrum Justitia AB: 0.

No. of call options: 0.

GIJSBERT WASSINK

PER CHRISTOFFERSON

Age 42, Director for Credit Management Services

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 Christofferson 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: 3,000.

No. of call options: 0.

PER CHRISTOFFERSON

THOMAS HUTTER

THOMAS HUTTER

Age 43, Regional Managing Director

Mr. Hutter joined Intrum Justitia in 1994 and became the Regional Managing Director for Central Europe in October 2010. Prior to that he was the Regional Managing Director of Austria, Germany and Switzerland. He has been Managing Director in Switzerland since 2003 and since 2007 has also been Managing Director in 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: 1,485.

No. of call options: 0.

KARI KYLLÖNEN

Age 64, Vice President

Mr. Kyllönen is the Group Vice President. 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 Union Bank of Finland. He has been responsible for the Purchased Debt service line between 1999-2009. He holds a M.Sc. from Tampere University.

No. of shares in Intrum Justitia AB: 132,718.

No. of call options: 0.

RICKARD WESTLUND

PASCAL LABRUE

KARI KYLLÖNEN

RICKARD WESTLUND

Age 44, Regional Managing Director

Mr. Westlund joined Intrum Justitia as Managing Director for Intrum Justitia Sverige AB in November 2009 and assumed the position as Regional Managing Director for Scandinavia and became the Regional Managing Director for Northern Europe in 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 University.

No. of shares in Intrum Justitia AB: 0.

No. of call options: 0.

PASCAL LABRUE

Age 43, Regional Managing Director

Mr. Labrue has been an employee since 2000 and he is the Regional Managing Director for Western Europe since October 2010. Prior to that he served as Regional Managing Director for Italy, France, Portugal and Spain. He was previously director at B.I.L., a leading CMS company in France. Mr. Labrue is a graduate of ESC Bordeaux.

No. of shares in Intrum Justitia AB: 164,042.

No. of call options: 0.

Corporate governance report

Intrum Justitia AB (publ) is a Swedish public company seated in Stockholm. The company is listed on NASDAQ OMX Stockholm. This corporate governance report has been prepared in accordance with the rules of the Annual Accounts Act and the Swedish Code of Corporate Governance ("the Code") in order to describe how the Company has applied the Code during 2010. 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.

ANNUAL GENERAL MEETING

The Annual General Meeting is Intrum Justitia's highest decision-making body at which the shareholders exercise their right to make decisions regarding the company's affairs. Each share corresponds to one vote. The Annual General Meeting was held on March 25, 2010, and the following decisions were made:

- to adopt the income statements and balance sheets for the Company and the Group,
- to pay a dividend of SEK 3.75 per share in accordance with the proposal of the Board of Directors,
- to discharge the Board of Directors and the President from liability for the fiscal year,
- to elect the Board of Directors and Chairman of the Board,
- to agree on remuneration to the Board of Directors and auditor,
- to adopt guidelines on compensation for senior executives, and
- to authorize the Board of Directors to buy back and sell their own shares on the stock exchange, in order to be able to honor commitments under the 2008 performance-based incentive program.

At the Annual General Meeting, 31.14 percent of the shares were represented. The President, auditor and all members of the Board of Directors who were proposed as new or re-elected members, with the exception of Charlotte Strömberg, were present.

NOMINATION COMITTEE

The task of the Nomination Comitee, among others, is to nominate directors for election at the next Annual General Meeting (AGM). The AGM of 2010 resolved that the Chairman of the Board shall convene the five largest shareholders of the Company based on voting power at the end of August to appoint a member each to the Nomination Committee.

The composition of the Nomination Committee was announced on September 27 2010: Conny Karlsson, Chairman of the Nomination Committee (representing CapMan Public Market Fund), Hans Hedström (Carnegie Fonder), KG Lindvall (Swedbank Robur Funds), Philip Wendt (Länsförsäkringar Funds) and Mats Gustafsson (Lannebo Funds). Moreover, Chairman of the Board Lars Lundquist has served as a co-opted member of the Nomination Committee. One of the company's legal counclers has served as the co-opted secretary of the Nomination Committee.

On December 31, 2010 the Nomination Committee represented a total of approximately 22 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.

The Nomination Committee's proposal of the 2011 AGM were announced on February 1, 2010 and is presented in the notice to the AGM. 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 five times in 2010. No compensation has been paid to the Chairman of the Nomination Committee or to any other members of the committee for their work.

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. At the AGM 2010 seven Directors with no deputies were elected. Lars Lundquist was elected as Chairman of the Board. Further information about the Board of Directors, including share holding, is found on pages 78-79.

The Board is composed to effectively support and control the work of the management. All Directors are independent in relation to the Company and its management as well as in relation to the principal shareholders. The composition of the Board thereby complies with the requirements of the Code in this respect.

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

The Board has appointed an Audit Committee, a Remuneration Committee and an Investment Committee for purchased debt. The committees are mainly 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

ATTENDANCE AT BOARD MEETINGS IN 2010

	Matts Ekman	Helen Fasth-Gillstedt	Lars Förberg	Joakim Rubin	Lars Lundquist	Charlotte Strömberg	Fredrik Trägårdh
2 February	●	●	●	–	●	●	–
15 February	●	●	●	–	–	●	–
25 February	●	●	–	–	●	●	–
25 March	●	●	●	●	●	–	●
21 April	●	●	●	●	●	●	●
26 May	●	●	●	●	●	●	●
18 July	●	●	●	●	●	●	●
17 September	–	●	●	●	●	●	–
23-24 September	●	●	●	●	●	●	●
25 October	●	●	●	●	●	●	●
20 December	●	●	●	●	●	●	–

● Present – Absent

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 the rules of procedure primarily govern other issues such as:

- Number 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;
- Evaluation of the Board and the work of the Board as well as evaluationg the CEO.
- The forms of the Boards meetings and minutes.

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 2010 the Board held 11 meetings (12 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)
- Risk management issues and internal control of financial reporting, among other things
- Compliance
- Acquisitions and investments in larger portfolios of recievables.
- Review of the company's strategic direction.
- Special action programs for underperforming countries, regions or operations
- Evaluation of the Board's work and evaluation of the President

The company´s auditor have paricipated at meetings during the year.

EVALUATION OF BOARD AND CEO

The Board conducts an annual evaluation of the composition of the Board with the purpose of to address issues regarding, inter alia, competence, priorities, Board material, the climate at meetings and possible improvements. The Chairman presents the results of the evaluation to the Board and the Nomination Committee. In 2010 the evaluation was done with the assistance of an external consultant. The Board makes continuous evaluations of the CEO and discuss this at atleast one meeting without his presence.

COMPENSATION FOR DIRECTORS

According to the resolution of the 2010 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. The remuneration for committee work is 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

From the AGM to December 2010 the Audit Comittee consisted of Helen Fasth-Gillstedt (Chairman), Fredrik Trägårdh and Joakim Rubin. From December 2010 the Audit Committee consist of Matts Ekman (Chairman), 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 and the Group Chief Accountant are co-opted to the committee's meetings. The latter is also appointed secretary of the Committee.

The duty of the Audit Committee is, among other things, to supervise the Group's financial reporting and to monitor the efficiency in the Group's internal control, internal auditing and resik management with regard to the financial reporting. The committee should also ensure its updated on the auditor's work, ensure the independence of the auditor and, if needed, assist the Nomination Committee in nominating the auditor.

The Audit Committee reports to the Board, which makes the final decisions.

The Audit Committee met ten times in 2010 (five times in 2009). The auditor attended seven of these meetings. All members of the committee have been present at all meetings.

The issues covered by the committee included quarterly reports, risk management and internal control with special attention to the organisation of the internal control, as well as the reporting of outlays and client funds in the Netherlands. Further to this the Committee has considered the year-end accounts, audit work for the Group (external and internal), investment proposals, taxes and refinancing, as well as assisting 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.

INVESTMENT COMMITTEE

From the AGM to December 2010 the Investment Committee consisted of Lars Lundquist (Chairman), Matts Ekman and Joakim Rubin. From December 2010 it consisted of Joakim Rubin (Chairman), Lars Lundquist and Charlotte Strömberg. All directors are independent in relation to the company, its management and in relation to the principal shareholders.

The Investment Committee is mainly working with the Financial Services operations. The committee may, with support from a delegation in the Board's rules of procedure decide on investments in receivables up to EUR 20 M. This ensures that the operation can be run quickly, efficiently and with adequate competence. Investments exceeding the upper limit must be approved by the Board in its entirety. The Investment Committee met seven times during the year (four times in 2009). Charlotte Strömberg was abscent at two meetings, other than that all members were present at all meetings.

RENUMERATION COMMITTEE

From the AGM to December 2010 the Renumeration Committee consisted of Lars Lundquist (Chairman) and Matts Ekman. From December it consisted of Lars Lundquist (Chairman), Matts Ekman and Joakim Rubin. All directors are independent in relation to the company, its management and in relation to the principal shareholders. The duties of the Remuneration Committee, among others, include prepare the decision of the Board in matters of compensation principles and compensation levels and other employment conditions for the senior management team.

The Committee also assists the Board in drafting proposals for guidelines for remuneration for senior management that the Board presents to the AGM, and also to monitor and evaluate the use of these guidelines.

The Company's Human Resources Director (in 2010 the Company's Chief Financial Director) and, when necessary, the President, attend the committee's meetings. In 2010 the committee met two times (nine times the previous year). All members were present at both meetings.

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.

PRINCIPLES FOR REMUNERATION FOR KEY EXECUTIVES

The 2010 AGM determined the proposal on the principles of compensation and other employment terms for the senior management. The guidelines regulates 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.

The principles of 2010 for renumeration of senior executives is described in Note 31, page 70. The Board's complete proposal for the principles of renumeration and other terms of employment for senior management for 2011 can be found in the Board of Directors' report on page 40.

For further details on salaries and other remuneration for senior management, refer to Note 31 on page 70.

GROUP MANAGEMENT TEAM

The Group Management Team (GMT) consists of the CEO and President of the Parent Company, the Chief Financial Officer, the Directors of the two service lines Financial Services and Credit Management Services and the Regional Managing Directors.

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.

More information about the GMT is to be found on pages 80-81.

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 72. 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 code is avaliable at the web page of the Swedish Corporate Governance Board, www.bolagsstyrningskollegiet.se

The Board of Directors' report on internal control

Intrum Justitia's work on internal control follows the COSO model* and is designed to ensure, with a reasonable degree of assurance, the reliability of the financial reporting and its compliance with applicable laws and regulations.

CONTROL ENVIRONMENT

The control environment includes the values and ethics on which the Board and the management base their actions, as well as the Group's organization, leadership, decision-making channels, authorizations and responsibilities, and the skills of employees. Intrum Justitia's values include "work to contribute to a sound economy," which together with the Group's business concept, objectives and strategies guide the company's day-to-day work. The Group also has a Business Code of Ethics and a Code of Conduct. In addition, there are also external and internal means of control.

The Board has overall responsibility for internal control of financial reporting. The Board has established rules of procedure, which clarify the distribution of responsibilities and tasks between the Board, the Board's committees and the President, as well as instructions for the President. The Board and the Audit Committee ensure compliance with established principles for financial reporting and internal control and are in ongoing contact with the Company's auditors.

The objective is to ensure that relevant laws and rules are complied with, that financial reporting adheres to Intrum Justitia's accounting principles under IFRS and that operations are run in an effective, efficient and appropriate manner.

The internal means of control for financial reporting, including reporting instructions and authorization powers, are summarized in a handbook, which is available to all employees on the company's intranet. The handbook clarifies the responsibility of local and regional managers for internal control in subsidiaries. The handbook also contains the company's information and communication policy, insider rules, accounting rules, finance policy, and the treasury policy, which covers the management of financial risks such as interest rate, financing, liquidity and credit risks. The handbook is updated regularly.

During 2010 the Board and Audit Committee focused on strengthening internal control, particularly in subsidiaries. This is to be achieved by, among other things, a local Compliance Officer being appointed for each market with clear responsibility for managing and coordinating local risk management, internal control and compliance work. This local work is to be reported back to the central Internal Control function, which together with other departments at head office will coordinate and compile this work and report on it to the Group Management Team (GMT), Audit Committee and the Board as necessary.

Internal auditing has as of the start of 2010/2011 been separated from the Internal Control function and now reports directly to the Audit Committee. The Internal Control function will work more specifically with the issues of quality and analysis of financial reporting and coordination, and analysis and reporting of self-assessment by subsidiaries is carried out on an ongoing basis. The Internal Control function will work closely with Group Legal Compliance and the new position of Risk Manager.

The Board and Audit Committee have also decided to strengthen the Group's work on risk by appointing a central Risk Manager with responsibility for group-wide risk management, with primary focus on financial risks.

Group Legal Compliance is led by the Group's general counsel and is responsible for monitoring local compliance with business-critical laws and rules, e.g. authorization and personal information management, as well as group-wide insurance issues. The Internal Control function, Group Legal Compliance and the new position of Risk Manager report to the Group CFO

RISK ASSESSMENT

The Group's risks are managed through coordination between the Board, the GMT

* Comittee of Sponsoring Organizations of the Treadway Commission (COSO)

and local business operations. The Board and the management work on an ongoing basis to identify and manage overall risks, while, in accordance with internal regulations, the management for each local operation is responsible for identifying, evaluating and managing those risks that primarily relate to local operations. Each local management team is responsible for ensuring that a well-functioning process is in place to create risk-awareness, early identification of new risks and cost-effective management of known risks.

The Group-wide risk management process regarding financial reporting comprises the identification and evaluation of the most significant risks within the service lines and processes of Group companies. Risk management involves the acceptance, reduction or elimination of risks and involves requirements being set in terms of risk control and the level of control.

Subsidiaries' management teams provide a yearly risk assessment report to the central Internal Control function. These assessments are compiled and reported on to the Audit Committee.

CONTROL ACTIVITIES

Control activities are governed by risk assessment. Controls are designed to manage those risks that have been identified by the work set out above. The control structures are based on the Group's minimum requirements for internal control of financial reporting and consist of both company-wide controls, controls at transaction level and general controls.

Control activities encompass all subsidiaries within the Group and include methods and activities to secure assets, verify accuracy and reliability in internal and external financial reports, and to ensure compliance with laws and established guidelines. The following control activities are undertaken:

Self-assessment

Each subsidiary carries out a self-assessment on an annual basis regarding compliance with Group rules. An extensive survey is used to measure the extent to which the defined requirements have been fulfilled. This self-assessment survey is reported over the Group intranet by the local responsible managing director. As part of this process, the Internal Control function carries out a validation of the responses in the survey for the those areas deemed particularly relevant. In the event of material deviations being identified, proposed measures to address these deviations are drawn up, together with a timetable for their implementation. The assessments are compiled and reported to the GMT and the Audit Committee.

Internal Audit

Internal audits have previously been carried out by the Internal Control function, based on a timetable approved by the Audit Committee. The timetable is based on the annual risk assessment and established at the end of year calendar year. The audit is written up into an audit report, containing observations and recommendations, along with proposed measures from local management to be taken in order to address any deviations.

The Internal Audit function has as of the start of 2010/2011 been transferred to a separate unit that reports directly to the Audit Committee.

Financial reporting

Local financial reporting work is led by local financial managers. They have a key role in creating the environment needed to ensure transparent, relevant and up-to-date financial information. Local financial managers are responsible for ensuring that internal guidelines are followed and that necessary routines exist and work.

In conjunction with quarterly reporting of accounts to head office, local managing directors and local financial managers provide a letter of representation, in which they report on a range of issues and state their understanding of how satisfactory internal control works.

Processes for acquisitions

The Group has specific processes for ensuring that acquisitions of companies or businesses are appropriately approved and carefully analyzed with regard to financial and operational consequences. The Group also undertakes regular evaluations of previously made acquisitions.

Valuation of purchased debt portfolios

The company has established an Investment Panel (which should not be confused with the Board's Investment Committee) consisting of some of the GMT. The panel meets every quarter to analyze and ensure the correct valuation of the Group's portfolios of purchased debt so that they complies with the Group's revaluation principles.

Risks and risk management, comprising risk factors deemed to be of special significance to the Group's future development, are dealt with in the Board of Directors' Report on page 37-38.

INFORMATION AND COMMUNICATION

The company works constantly to create awareness among employees about the appropriate means of control that apply to financial reporting, both external and internal. Responsibilities and authorizations are communicated within the Group in order to facilitate reporting and feedback from the business operations to the Internal Control function, the GMT and the Board's Audit Committee. All internal guidelines are available on the intranet and ongoing employee training is provided.

The local financial managers are part of a network that meets regularly in order to share knowledge and experiences, inform staff about new regulations and changes in Group accounting principles and discuss the requirements of internal control. This network works continually to improve coordination and benchmarks for analysis models and monitoring of primarily accounting and business systems, development of various key performance indicators and profitability per customer.

MONITORING

The Group is organized in the form of a matrix, with financial monitoring primarily performed by geographic region – of which there are three – and also by service line. The respective region and country managers within the geographic regions have considerable responsibility. The GMT exercises control through representation on the Boards of local companies and through the Group's finance department monitoring the subsidiaries' financial reporting from various perspectives.

Each subsidiary reports 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 the GMT and the Board. Consolidated accounts are prepared each month for internal monitoring and analysis. The Group provides the subsidiaries with feedback on their reporting. Local management provides a written account of material deviations from the previous year's and budgeted results, along with details of important events in business operations. In addition to revenue and earnings figures, indicators provided include the volume of new collection cases, the gross collection value and collected amounts.

The internal control follows up annually on the self-assessment provided by subsidiaries and the measures undertaken to ensure a satisfactory degree of internal control at local level. After the subsidiaries have reported their responses, the Internal Control function carries out a detailed follow-up of the responses. In certain cases, local visits are also carried out. The recommendations provided by the internal audit are followed up annually. The status of the work on action plans is reported to the GMT and the Audit Committee.

Stockholm 7 March 2011

The Board of Directors Intrum Justitia AB

The Auditor's statement on the Corporate Governance Report

To the Annual General Meeting of Intrum Justitia AB (publ), coprorate identity number 556607-7581.

The Board of Directors are responsible for the Corporate Governance Report and that it has been prepared in accordance to the Annual Account Act.

As a foundation for our statement whether the Corporate Governance Report has been prepared and is consistent to the annual report and the consolidated accounts or not, we have read the Corporate Governance Report and assessed its statutory content based on our knowledge of the company.

We believe that a corporate governance report has been prepared and that its statutory information is in accordance to the annual report and the consolidated accounts.

Stockholm 7 March 2011
KPMG AB
Carl Lindgren
Authorised Accountant

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 2010

The Annual General Meeting of Intrum Justitia AB will be held on Thursday, March 31, 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 4.10 (3.75) per share for fiscal year 2010.

Financial report dates 2010

Annual General Meeting 2011	March 31
Interim report January–March	May 3
Interim report January–June	July 18
Interim report January–September	October 26

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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A printed version of this annual report can be ordered via ir@intrum.com or be downloaded as a pdf-document at www.intrum.com.

In case of any discrepancy between the Swedish and English versions of this Annual Report, the Swedish version shall govern.

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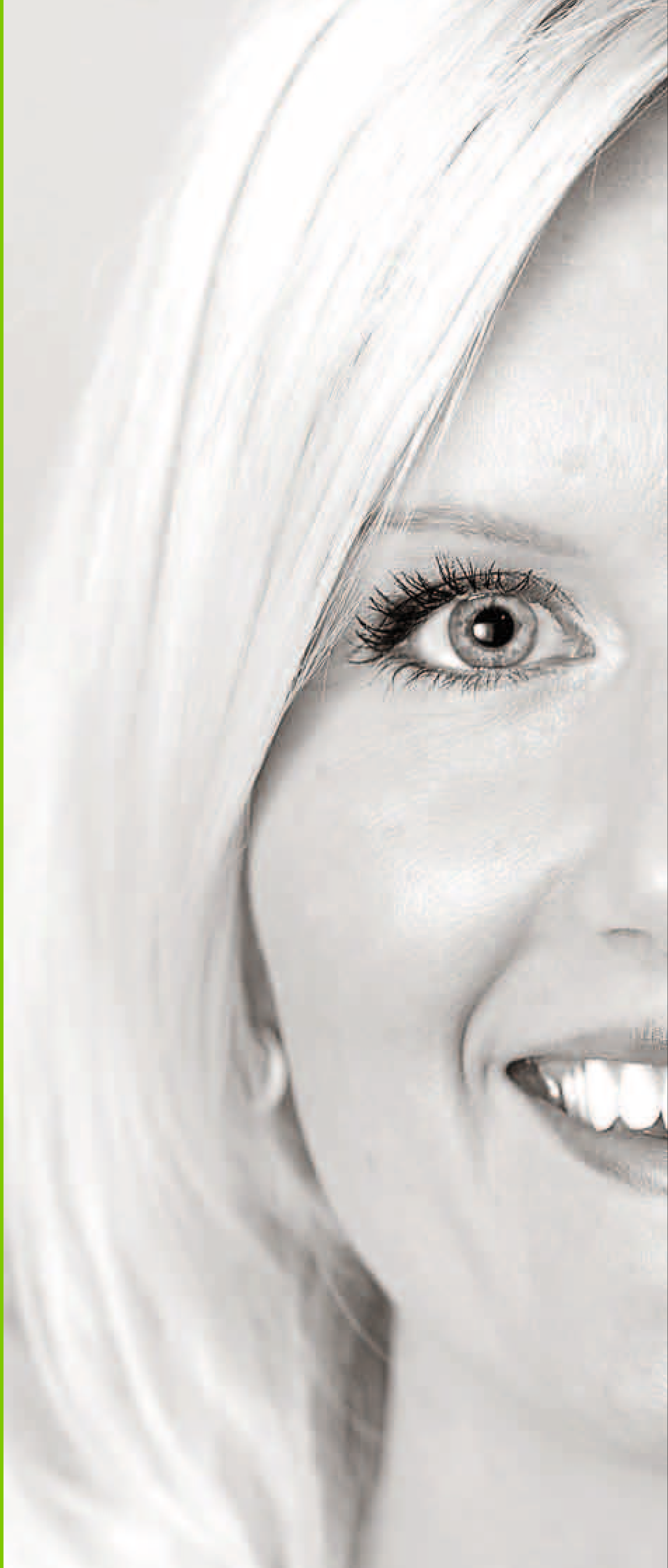

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