INTRUM JUSTITIA ANNUAL REPORT

2011

intrum justitia

Content

2011 in brief

In many regards, 2011 was a record year for Intrum Justitia. Here, we summarize the most important figures and give some examples of significant events during the year. You can read more about the past year and what is currently happening in President and CEO Lars Wollung's statement on the next spread and you can find a brief presentation of Intrum Justitia on page 8.

15%

The operating margin in the Credit Management service line strengthened to 15 percent.

20%

was the ROI of our investments in purchased debt.

22%

Earnings per share rose by 22 percent.

The Board of Directors proposes a dividend of SEK 4.50 per share (4.10).
p 12, 33

Net earnings amounted to SEK 553 M (452) and earnings per share before dilution to SEK 6.91 (5.67).
p 36

Consolidated revenues for the 2011 financial year amounted to SEK 3,950 M (3,766). Organic growth was 2.1 percent (–0.8).
p 44

In June, Intrum Justitia purchased a major bank portfolio in Germany. This was the largest individual investment without partners in our history.
p 5

The Group-wide "Boosting Europe" campaign was launched in 2011. The purpose was to clarify how Intrum Justitia can help Europe emerge from the debt crisis.
p 4, 30

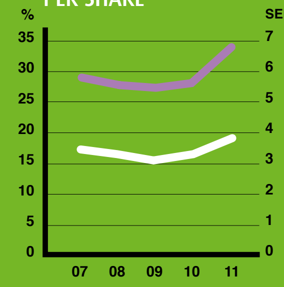
Operating earnings (EBIT) amounted to SEK 868 M (731) which is equivalent to an operating margin of 22 percent (19).
p 36

Cash flow from operations was SEK 1,768 M an increase of 8 percent from the previous year.
p 47

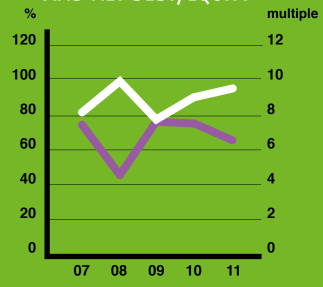
Investments in purchased debt amounted to SEK 1,804 M (1,050). The return on purchased debt was 19.5 percent (16.3).
p 20

KEY FIGURES	2011	2010	2009	2008	2007
Revenues, SEK M	3,950	3,766	4,128	3,678	3,225
Organic growth, %	2.1	–0.8	3.9	9.3	10.4
Operating result, SEK M	867.6	730.6	668.2	697.3	667.8
Operating margin, %	22.0	19.4	16.2	19.0	20.7
Cash-flow from operations, SEK M	1,768	1,630	1,433	1,261	1,013
Return on operating capital, %	16.9	15.7	14.3	17.2	21.1
Return on equity, %	20.5	17.6	17.8	20.8	27.8
Return on purchased debt, %	19.5	16.3	15.6	16.6	17.0
Net debt/equity, %	95.7	85.1	81.2	98.0	82.9
Equity /assets ratio, %	35.6	36.2	37.5	35.5	34,2
Interest coverage, multiple	6.5	7,2	7,6	4,6	7,5
Total collection value, SEK bn	151.3	123.3	128,7	126.3	99.1
Average number of employees	3,331	3,099	3,372	3,318	3,093
Earnings per share before dilution, SEK	6.91	5.67	5.53	5.58	5.86

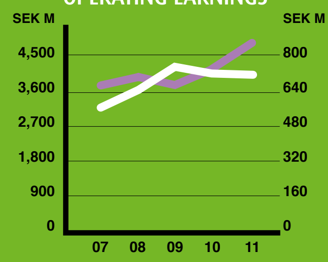
ROE AND EARNINGS PER SHARE



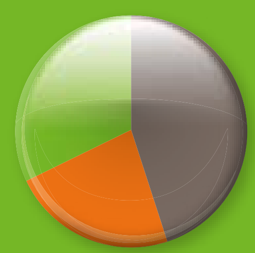
INTEREST COVERAGE AND NET DEBT/EQUITY



SALES AND OPERATING EARNINGS

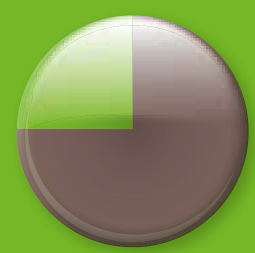


SALES BY REGION, %



Northern Europe 45%
Central Europe 23%
Western Europe 32%

SALES BY SERVICE LINE, %



Credit management services 75%
Financial services 25%

What would an additional EUR 300 billion do for Europe's economy?

On these pages, I would like to convey our mission – why we are here and what we contribute to companies and consumers in Europe. I want to relate what this contributes to our clients and, in turn, to their customers. I would also like to tell you about what we did in 2011 – a little of what lay behind the strong results that Intrum Justitia has reported. And I would like to talk about the future.

I would like to begin by thanking all of our clients for their confidence in us and all of our employees for their strong commitment. We look back on a strong year in 2011 – one of the strongest in Intrum Justitia's history in fact. Our operating result rose by 22 percent adjusted for currency and net earnings per share rose by 22 percent.

SURELY WE ALONE CANNOT SAVE EUROPE FROM CRISIS?

It's one thing to be paid late – another entirely to not be paid at all. Last year, receivables valued at more than EUR 300 billion were written off in Europe. That means companies lost out on payments for goods or services that they had delivered to the tune of no less than EUR 300 billion! A somewhat dizzying thought – but also a good motivator for me as CEO. Just think what an additional EUR 300 billion would do for Europe's economy. Alone it would not be enough to save Europe from its current crisis, but it would certainly help it on the way.

It is our mission to act as a catalyst for a sound economy. Fundamentally, it is a matter of ensuring that credit and payment flows function as they should. A sound economy that is growing and providing new job opportunities builds

on good company financing. It also builds on the possibility of providing and receiving credit when goods or services are sold. The days when everyone saved money to buy a car, for example, are long gone. The provision of credit is a prerequisite for consumption and a blossoming society but, at the same time, a source of risk if not handled correctly. In an environment where credit is approved all too frivolously, both individuals and companies risk finding themselves in economic difficulties. Good credit management is therefore a vital component in the development of a sound economy and Intrum Justitia is actively involved in creating a functioning credit market in Europe.

Intrum Justitia makes millions of credit decisions every year and generated around SEK 22 M in cash flow for our customers in 2011. We achieve this through preventive measures that support our clients' assessment of credit applicants and we help our clients approve the appropriate quantity of credits. We also accomplish this by means of a respectful relationship with our clients' customers, based on insights into people's payment situations and behaviors. When we are able to support people and help them settle their debts, we also help our clients secure payment. And it is in this way that Intrum Justitia generates earnings.

Because we create value for our clients and their customers in this way, we are able to continue developing our company, working towards the goal of becoming Europe's leading company in credit management, risk minimization and financial services based on solid collection operations.

A STRONG YEAR FULL OF ACTIVITY IN 2011

Our operating earnings for 2011 amounted to SEK 868 M. Adjusted for currency effects, operating income rose 22 percent. Cash flow from operations amounted to SEK 1.8 billion, compared with SEK 1.6 billion in 2010.

Outlook for the European debt crisis

Over the year, we saw several European countries be severely impacted by the ongoing debt crisis. Despite this, Europeans' willingness to pay remained in many countries, by and large, unchanged throughout the year.

Intrum Justitia will not remain unaffected by a continued weakening of the European economies and we know, for example, that increased unemployment will affect people's opportunities to pay. However, compared with the previous financial crisis in 2008-2009, Intrum Justitia is now better equipped to cope with a continued weakening of the macroeconomic situation, thanks to increased market efforts, improved internal efficiency and high readiness to adapt our cost structure.

Major opportunities for expansion through increased investment

In 2011, we witnessed how activity in the market for overdue and written-off receivables gradually rose. In June, we announced our acquisition of a German bank portfolio – Intrum Justitia's largest individual investment to date without co-investor partners. Our investments totaled SEK 1.8 billion; an increase of 72 percent compared with 2010.

Our mission is to be a catalyst for a sound economy. We want to make sure that credit granting and payment flows work as they should.

In the autumn, interest in selling assets in the form of written-off debt increased, particularly among banks in Central Europe. We see good opportunities to acquire additional large portfolios over the next few years.

Strengthened corporate governance – a precondition for future growth

In 2011, our focus on developing and strengthening our corporate governance structure to enable us to better meet the demands made of us by clients, investors and society increased. Naturally this process is important to those of us who work at Intrum Justitia – we gain a stronger framework and improved tools for our day-to-day operations. Personally, I find the external implication to this process all the more interesting, since our clients, shareholders and society are together imposing increasingly rigorous demands on us in terms of governance and risk management.

For clients choosing a long-term supplier, it is no longer sufficient for us to be able to offer the services required – it is also necessary to have a corporate governance structure that is approved by the client. The same applies also for credit and equity investors who provides the capital needed for our planned expansion.

Our social responsibility is closely interconnected with our mission to be a catalyst for a sound economy. For us, social responsibility means being profitable, generating good dividends for our shareholders, and adding more satisfied customers and employees by contributing something good to society through our services. More details of this can be found in our Corporate Governance Report on page 84.

CONTINUED ACTIVITY AND DEVELOPMENT IN 2012

Operational Excellence and Scoring

We will continue to develop our organization and to improve at utilizing the opportunities found within the Group. Our internal efficiency enhancement program, Operational Excellence, involves taking small steps each day to gradually improve efficiency in the management of our operations.

An important part of this is to continue improving our scoring capacity and in 2011 we invested in increased capacity and competence in this interesting area. Scoring entails applying statistics to better assess how to handle cases and thus to help clients and our clients customers. For example, in just one year, Intrum Justitia collects around SEK 22 billion on behalf of clients or on our own portfolios. If we succeed in improving our planning capacity so that the most optimal activities are carried out in the handling of cases – that is, if we can improve scoring capacity by, for example, 5 percent – this would entail a further SEK 1 billion in cash flow for our clients and, by extension, a to some extent increased return for us. We exist to help our clients secure more stable cash flows and this is one way to achieve that.

Financial services

We will extend our range of financial services over the next few years. Here, we mean services that help companies strengthen their liquidity more rapidly and that reduce the risk in having large amounts of credit outstanding. A good example is our acquisition of the Dutch company Buckaroo B.V. in early 2012. The acquisition means that we can increase our pace of expansion in the fast-growing e-trading segment.

By combining these new payment services with our own services, such as credit approval, payment guarantees and collection, we will also be able to offer new financial services to our clients and their customers. This will also provide the opportunity to develop a unique range of services and to make them available to clients through a single supplier.

Increased focus on financing

We will continue to expand and invest in the area of overdue and written-off receivables. We have very good opportunities to grow in our chosen niche over the next few years, and developing a broad and diversified financing strategy that enables us to benefit from these opportunities represents one important step on this route. In January 2011 we signed an agreement securing a new loan facility that allows us to borrow up to SEK 4 billion. The agreement matures in 2016.

In early 2012, we initiated a Medium Term Notes program that may allow us to extend and complement our financing substantially.

To be able to make acquisitions of really large portfolios, we are also working to identify potential co-investors.

Development of personnel and leadership is crucial

Intrum Justitia is, and will always be, a genuine people-focused company. On a daily basis, our employees encounter challenges in their contacts with people who find themselves in financial difficulties. Manag-

It's one thing to be paid late – another entirely to not be paid at all. Last year, receivables valued at EUR 300 billion* were written off in Europe. That means companies lost out on payments for goods or services that they had delivered to the tune of no less than EUR 300 billion! A somewhat dizzying thought – but also a good motivator for me as CEO. Just think what an additional EUR 300 billion would do for Europe's economy.

In 2012 we will be initiating an extended focus on developing the organization's leaders and managers.

* According to our research EPI 2011.

ing contacts with our clients' customers in a respectful and considerate manner is one of our most important tasks. In meeting these challenges, we must also devote considerable effort to recruiting the right people and providing them the scope for to develop within our organization.

In 2012 we will be initiating an extended focus on developing the organization's leaders and managers – an important and necessary process. We want to be the most attractive employer in our sector and a key task for our managers is helping employees succeed.

THANKS TO ALL EMPLOYEES!

More than 3,300 people work at Intrum Justitia. That is a large group of people, all working in the same direction and contributing to our clients' profitability through our capacity to offer tailored services throughout the credit management chain. At the same time, we are helping hundreds of thousands of people to become debt-free and to achieve order in their private finances. And, above all, we do this very well. In fact, we do it so well that we are Europe's leading credit management company. My thanks to all employees for a strong 2011!

Lars Wollung
President and CEO
Stockholm, March 2012

This is Intrum Justitia

Intrum Justitia is the market-leading credit management company in Europe, offering clients credit management and financial services based on a strong debt collection foundation. The Group was founded in 1923, employs some 3,300 people in 20 countries and collaborates with agent companies in a further 180 countries.

We offer services covering the entire credit management chain. From prospecting and segmenting to payment management, collection and financial services.

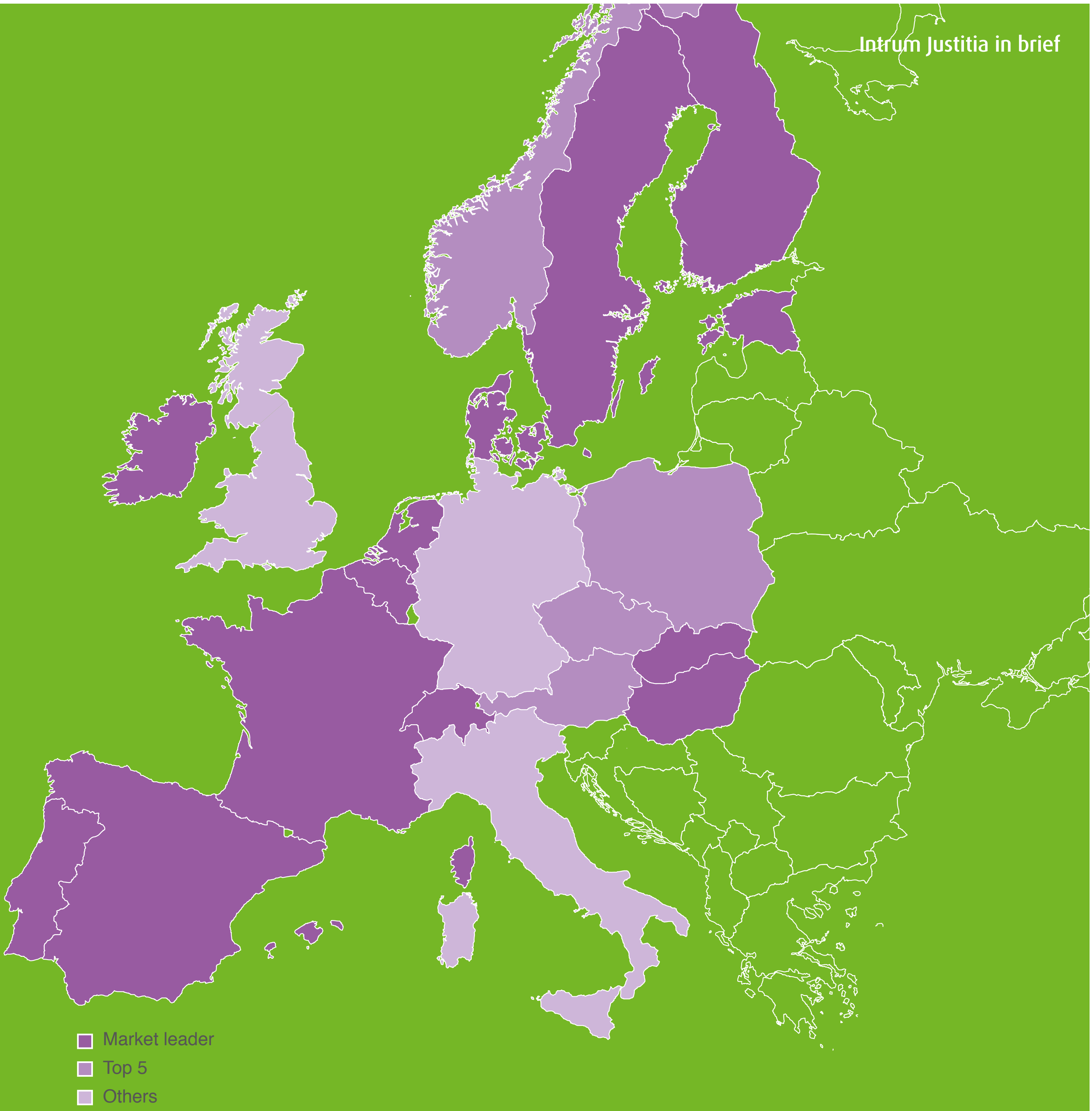
CUSTOMER PROCESS	Sales and marketing	Payment administration	Collection
CREDIT MANAGEMENT SERVICES	Credit optimization services	Payment services	Debt collection services
FINANCIAL SERVICES	Financing services	Payment guarantee	Purchasing of receivables

With our **credit optimization services**, we help our clients to decide who they should sell to and on what terms. With improved credit decisions, bills are paid and profitability rises.

Our **payment services** give clients the opportunity to obtain assistance with invoicing and sales ledgers. We also offer companies integrated on-line payment solutions. In this way, European companies can improve their cash flow and have more time over to develop their business.

With our **collection services**, our clients gain assistance in securing payment, even for overdue invoices. Intrum Justitia's advanced analysis tools and good insight into payment habits in Europe entail less bad credit, improved liquidity and increased profitability for our clients.

Through our **financial services**, companies are paid regardless of why a payment was not received originally. Our clients may sell their outstanding receivables to us and recieve some of the payment up front. Through payment guarantees, we can also guarantee payment to our clients even in cases where invoices are overdue.



People coming into contact with us do not meet a company but rather someone who understands their needs and who will do everything necessary to find a solution.

Our professional credit management facilitates business operations and contributes to a sound economy in society by means of services that make business straightforward, secure and fair.

Intrum Justitia has some 75,000 clients in Europe. The largest sectors we serve are telecom, energy and water, and banking and finance.

The core of our operations involves generating business and social value by understanding people and their needs. Our clients, their customers and our employees shall all feel that we provide solutions with which all parties are satisfied and from which all may benefit.

We set the ball in motion

Here, we outline our goals and our strategies for achieving those goals. We also describe why we exist, where we want to be and what it is like to work for Intrum Justitia. We talk about the human aspect, how we help businesses to be more efficient, and describe more closely what we mean when we say we are a catalyst for a sound economy.

Through our services, we enable our clients to increase their sales, improve profitability and cash flow, and reduce financial risk. This makes them more competitive, which, in turn increases their market share. This allows them to employ more people, which makes for a healthier society. We are a catalyst for a sound economy. Intrum Justitia sets the ball in motion.

OUR BUSINESS CONCEPT

Intrum Justitia is the market-leading credit management company in Europe, offering clients credit management and financial services based on a strong debt collection foundation. Our services are aimed at companies and authorities who are offered a unique concept in which 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 — WHY WE ARE HERE

Everyone understands how business works. Companies sell goods and services that are bought by consumers or other companies. Purchases are often invoiced or paid by credit card. Intrum Justitia exists to manage the payment flow – invoices, credit assessment, debt collection and payment monitoring. Our mission in society is to help payments flow as they should.

We are a catalyst for a sound economy. We facilitate business needs and help to create a healthy economy by providing services that make business easy, secure and fair. 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 — WHERE WE WANT TO BE

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

VALUES — WHO WE ARE

Credit management involves much more than finance and advanced IT systems. Our values describe the people behind the business – who we are and how we act. Our values form the mental foundation from which we work to offer our clients effective credit management services.

Understanding people

To find a favorable solution for each situation it is essential that we are able to empathize with and understand people's needs. Only by truly understanding people can we turn a difficult situation into something positive for everyone involved. This may, for example, involve helping people become debt free by providing advice and fair repayment programs. 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

Insights into business and trends are essential if we are to deliver innovative solutions for our clients. Through our own EPI (European Payment Index) survey, purchases of debt portfolios and all of the data received as part of our day-to-day operations, we compile business and credit information about individuals and companies in all European markets.

Making a difference

For us doing business it is not a matter of searching for faults, but of finding solutions. A solution-based approach allows us, through our services, to provide well-founded credit decisions, faster payments and smoother collection, which, in turn, makes for more profitable companies.

Accepting the challenge

We are often participants in sensitive situations. People's finances may be on the line, entire companies' fates may be determined and whole communities may be affected. Our business is a catalyst for a sound economy, not just for individual businesses but for all of society. Taking on challenges and transforming sensitive situations into positive ones is what we do on a daily basis.

STRATEGIES

Being a market leader in each local market

In the credit management sector, understanding the market and its participants is crucial in order to offer effective credit management solutions. Company size is therefore one of the keys to our success, because this is what allows us to build an extensive database with access to business and credit information for many more individuals and businesses than our smaller competitors have. With the help of a solid understanding of payment behaviors and the legal system in each local market, we can help our clients to better understand their customers. In order to reach or strengthen a market-leading position in all local markets, we constantly assess our opportunities to acquire complementary credit management companies and debt portfolios.

Maintaining a complete range of services that support our clients' relationships with their customers

A comprehensive offering of credit management services supports our clients in their relationships with their own customers. With the considerable amount of business and credit information that we possess including, for example, payment patterns and credit use, we are able to assist our clients with advances analyses of the credit and pay-

ment solutions that may able to offer their customers. Our clients' relationships with their customers are strengthened and opportunities for additional sales are increased.

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. Our global network enables us to offer our clients credit management services in 180 countries outside Europe.

Providing 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 – known as "scoring" – to optimize debt collection management.

Contributing to 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.

Many bankruptcies in Europe are hastened by companies being paid late or not at all. Our estimate is that 25 percent of all bankrupcies in Europe are hastened by late payments. This results in less business activity, fewer jobs and higher prices for consumers. We want to change that. Through the services Intrum Justitia offers, we are contributing to fewer bankruptcies, greater economic growth and more job opportunities.

Our employees are crucial in their role of safeguarding 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.

GOALS

Business goal

Intrum Justitia's goal is to contribute to simpler, more secure and fairer trade. In this way, business operations benefit and healthier economic conditions are generated across Europe. 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 each 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 2011 the organic growth was 2.1 percent and the pre-tax result increased with 18 percent.)

We also have a goal of achieving an annual return on purchased debt of at least 15 percent and to achieve a net debt/equity ratio of less than 150 percent. (In 2011 the net debt/equity ratio was 96 percent and the return on purchased debt was 19.5 percent.)

Dividend policy

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 general status of the company.

For 2011 the Board has proposed a dividend totaling SEK 359 M (SEK 4.50 per share), which is equivalent to approximately 65 percent of the net earnings for the year.

Surely Europe's leading credit management company doesn't work with small businesses? Well, yes. At my department, we offer a number of services that simplify daily life for small businesses, enhancing their liquidity and, in the long term, strengthening their business relations. Just as for our larger customers.

Through scoring, I am able to help our clients optimize their complete credit management process. Scoring is a sophisticated tool that we use to translate large quantities of data into invaluable information that supports increased business while reducing credit losses.

Credit management with consideration for the individual

Credit optimization, payment services and collection services represent our credit management offering.

When our clients want to sell goods or services, we help them assess their customers' or potential customers' financial situation. In this way, our clients are able to adapt their offerings to each particular situation. This is valuable in all sectors, regardless of whether they involve selling services that are paid for by credit card over the Internet or telephone subscriptions for the private market. Through us, our clients also gain ongoing monitoring of how their customers' credit status changes.

Once our client's transaction has been agreed, the payment administration process begins, involving, 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. At Intrum Justitia, this process is conducted with respect and consideration for the financial circumstances of the individual.

Intrum Justitia offers services in every part of the credit management chain. This complete offering does not only entail clients being able to meet all of their credit management needs through a single supplier. It also means that we are able to cross-reference and interpret information from our own databases, from clients and from external sources. Using this information, Intrum Justitia provides the basis for informed decisions so that clients can increase their sales and cash flows, reduce credit losses and improve their relationships with customers.

CREDIT OPTIMIZATION SERVICES

Credit information forms an important part of companies' sales efforts. With our credit optimization services, we help our clients to decide who they should sell to and on what terms. 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. The right solution is somewhere in between.

Successful credit management is based on a combination of knowledge, information and understanding. 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.

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.

CUSTOMERS GET THE RIGHT RECOMMENDATION WITH SCORING

Intrum Justitia uses scoring to better assess the creditworthiness or a certain group of people and to predict consumer payment habits and behaviors. The technique requires not only advanced statistical tools and considerable IT capacity, but also knowledge of psychology and good business acumen.

Scoring helps clients assess different groups of consumers based on historical

Credit optimization services

Payment services

Debt collection services

CASE – CREDIT OPTIMIZATION: ITELLA, MORE FORWARD LOOKING INFORMATION – LESS COLLECTION

Itella takes care of its client's important product and information flows in Europe and Russia.

Business customers account for approximately 96 per cent of net sales. To check and frequently monitor the payment capability of its customers can be a huge challenge for any organization. To avoid that the receivables become collection cases, Itella uses Intrum Justitia's Credit Information Service, which analyses Itella's customers on a daily basis. Credit risk analyses are done concerning the present customers, which are buying more and also on totally new customers. Intrum Justitia makes around 10.000 analyses per year for Itella. These forward looking actions have lowered the need for collection.

"One of the main advantages is Intrum Justitia's own database, which ensures the most up-to-date information of our customers' capability to pay their invoices. Also the information is reachable and in understandable format because of the online based interface", says Helena Junttila, Service Manager at Itella.

and statistical data. Understanding payment patterns before a sale is transacted can save resources and lower risk.

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.

CREDIT INFORMATION IN ALL MARKETS

Intrum Justitia's complete offering is based on our ability to provide information for better credit decisions to prevent payment problems.

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. Currently 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.

PAYMENT SERVICES

By letting Intrum Justitia take care of their invoicing and sales ledgers, our customers gain professional management of payments and reminders. They also secure faster payment, improve their customer relations and save time.

RECEIVING PAYMENT FASTER

We help companies secure faster payment 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.

GOOD CUSTOMER RELATIONS

Well conducted payment administration is important if companies are to be paid on time and in full. This process should be active and must therefore be well organized and up-to-date. Applying its knowledge of human behavioral patterns and payment trends, Intrum Justitia is able to adjust its procedures to the individual customer by, for example, adapting the design and frequency of payment reminders to their financial circumstances. By conducting payment administration in this way, we help our clients improve their relations with their customers.

Our invoicing and notification services also free up resources for our clients. Electronic and paper invoices are sent out automatically using quality-assured routines. In many sectors, such as the expanding e-trading business, well-functioning credit provision and payment processes are business critical.

An increasing number of companies and consumers want to use the Internet as a channel through which to buy and sell goods and services. Intrum Justitia offers a strong concept with different payment solutions linked to credit information and financial services, primarily for the Dutch market. However, the concept will also be developed for other markets.

DEBT COLLECTION SERVICES

With our large databases and analysis tools, we have a good understanding of consumers' payment habits and are able to conduct debt collection operations in a more respectful and individually adapted manner than companies with 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 and are thus better able to guide them towards becoming debt-free.

MANY BANKRUPTCIES COULD BE AVOIDED

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.

Bankruptcies are often due to insufficient liquidity caused by late payments. We estimate that 25 percent of all company bankruptcies in Europe 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 client's customers have been informed of their debt situa-

CASE – DEBT COLLECTION: YELL PUBLICIDAD

Yell Publicidad is a leading provider of directory services and was previously owned by Telefônica, Spains largest telecom operator. Yell has been a client of Intrum Justitia in Spain since 2004, where Intrum Justitia has mainly been working with cases that have reached phase two, i.e are older than 90 days after due date. In 2011 Intrum Justitia and Yell Publicidad extended the partnership to involve also newer cases, between 0-90 days after due date (phase one).

Being the first time that Yell assigned phase one cases to a specialized collection agency, the demands on Intrum Justitia's performance was high. Intrum had to create a special team of collection for Yell using Yell's information platform and brand to solve the cases.

"We have partnered with Intrum Justitia for several years now, managing late payers in the different levels and segments of debt portfolios. The added value of this relationship lies in their professionalism, specialization, efficiency and results, both in collecting the outstanding balances as well as in the customer management. We are very satisfied with the results also on the newer cases that they now handle", says José Luis Castaño Pinillos, Head of Group collections at Yell Publicidad.

tion, received useful assistance from us and an opportunity to pay, but still don't pay, we can forward the matter to legal authorities, like bailiffs, for a decision. In many countries we have a joint legal department with legal representatives working on collecting late payments.

COLLECTION SERVICES IN 180 COUNTRIES

Intrum Justitia makes it easy for companies to collect payment, even in countries other than Intrum Justitia's home markets. Our presence and qualified partners in many markets are key elements in Intrum Justitia's success. We cover some 180 countries worldwide.

Financial services for stronger cash flow and reduced risk

Financing services, payment guarantees and purchasing of receivables represent our financial services offering.

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.

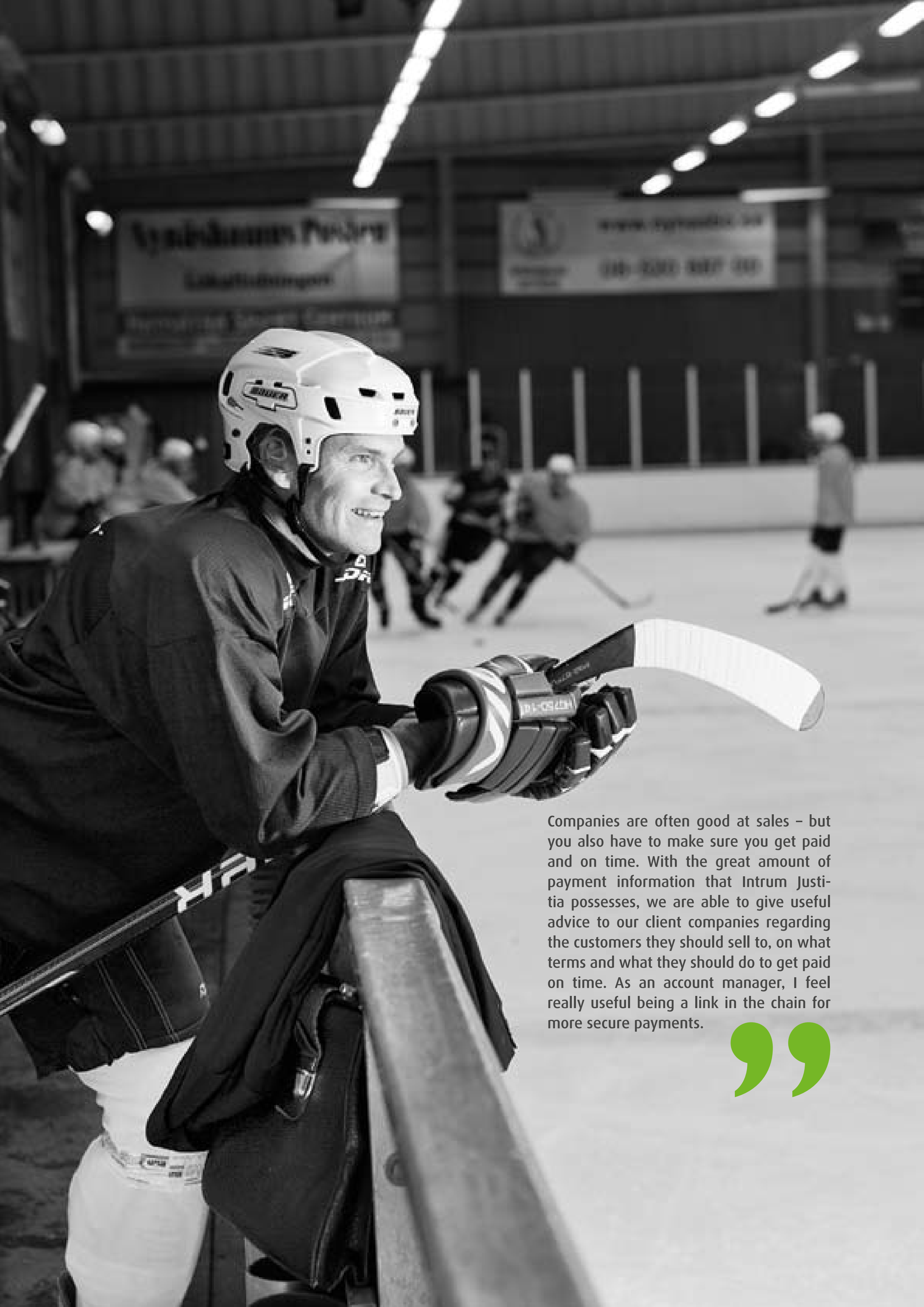
Financing services | Payment guarantee | Purchasing of receivables

FINANCING SERVICES

When companies seek to increase their liquidity or reduce their credit risk, we are able to offer them our financial services.

For a variety of reasons, companies may need to quickly increase their liquidity, for example, to make an investment or cover a capital requirement without tying up capital in trade receivables. Or companies may simply want to reduce their credit risk. To assist our clients in these situations, we offer various financing services, such as invoice factoring.

Factoring involves our client transferring the rights to its invoices to us before they fall due for payment, enabling them to quickly increase cash flow in their operations. Intrum Justitia currently offers factoring services primarily through partners, although we do also offer our own factoring services on a small scale in selected markets. The purpose is to assess our possibilities of offering proprietary factoring services on a larger scale in the future.



Companies are often good at sales – but you also have to make sure you get paid and on time. With the great amount of payment information that Intrum Justitia possesses, we are able to give useful advice to our client companies regarding the customers they should sell to, on what terms and what they should do to get paid on time. As an account manager, I feel really useful being a link in the chain for more secure payments.

CASE – PAYMENT GURANTEE: INTERDISCOUNT

Interdiscount is a division of Coop Switzerland, the second largest player in the Swiss retail market, with more than 50,000 employees. With nearly 200 branches throughout Switzerland, Interdiscount is the number one in sales of home electronics.

Interdiscount and Intrum Justitia has had a partnership for nearly 20 years, where Intrum Justitia provides Credit Decision-, Collection- and since 2011 also payment guarantee services. During this time the partnership has been optimized, deepened and expanded.

To offer consumer financing and service contracts have become very important in the home electonics industry. Thanks to the credit decision services provided by Intrum Justitia, Interdiscount can get a better picture of the creditworthiness of their customers. It is a big advantage for Interdiscount that they are able to have information about the solvency of their customers and that they can outsource the entire credit risk via the payment guarantee.

At Interdiscount it is appreciated that Intrum Juistita responds to the commercial needs of the company, can be flexible and has a high level of competence. Intrum Justitia meetswith great openness to new ideas and launches services that do not exist on the market in this form.

"As Intrum Justitia handles the credit management we can provide our customers with attractive payment solutions, and it allows us to better focus on customer needs in a dynamic market," said Pierre Wenger, Director Division Interdiscount.

"We are constantly working to expand our service offerings and therefore it is important for us to have a professional, highly competent and flexible partner. We want to be able to concentrate on our core business, without having to acquire our own know-how of Credit Management Services", Pierre Wenger, Director at Interdiscount concludes.

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 customer 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.

NO RISK AND SIMPLER 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.

PURCHASING OF RECEIVABLES

By purchasing outstanding receivables, Intrum Justitia frees up resources for clients and speeds up cash flow. An increasing number of customers are making use of this option.

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 client's 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.

PARTIAL PAYMENT IS BETTER THAN NONE AT ALL

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 consumer it is easier to become debt-free 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 the age and quality of the portfolio, the amount can be significantly lower than the amount of the receivable – commonly between 5 and 50 percent of the receivables' nominal value.

After purchasing a portfolio, individual scoring is conducted to ensure that cases are assigned a select chain of measures to optimize the outcome. This chain of actions determines who will receive a letter or phone call, or be given 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.

From SEK 163 million to SEK 1,088 million in ten years.

Over the past six years we have strengthened our expertise in the analysis and purchasing of debt portfolios. We have, for example, introduced a new production system for the Financial Services line, that integrates workflow management and evaluation tools. The new system industrializes our routines and increases the efficiency of the evaluation process.

The result of this was increased activity in the area and, with an increasing number of clients seeking to sell their portfolios, this has increased revenues from Purchased Debt from SEK 163 million in 2002 to SEK 1,088 million in 2011. In 2011 Intrum Justitia acquired portfolios for a value of SEK 1,804 million. Portfolio purchases are distributed relatively evenly geographically and between different sectors. At the close of 2011, no individual country accounted for more than 19 percent of our total portfolio.

A MARKET WITH A TURNOVER MEASURED IN BILLIONS

Although Intrum Justitia is primarily a European company, we operate in a global market for purchased debt. This market generates billions of SEK in revenue and consists of all types of credit portfolios.

The sellers are companies that grant credit, either as their primary service or as part of their overall business. Businesses from credit institutions, private and public companies and public authorities sell overdue receivables. By selling their receivables they

Major amounts can be at risk when companies don't get paid despite collection measures. In such cases, they can sell their outstanding receivables to us and get some of the payment up front. We can then conduct discussions with our clients customers on how to pay down their debt by means of payment plans, for example. This procedure benefits both us and our clients, while their customers become debt free.

Could Intrum Justitia help Europe get back on its feet? Sure we can — and that's one of the reasons I go to work every day as the head of Intrum Justitia's Swedish operations. Just imagine if we could influence all companies, organizations and private individuals to pay their bills. That would, for example, bring in an additional SEK 75 billion* to Swedish business and generate thousands of jobs! ”

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 credit management business, such as Intrum Justitia, as well as financial companies, including international investment banks. Around one third of Intrum Justitia's purchased debt portfolio comes from our credit management clients. In addition around one third of the portfolios that are aquired from companies where we have an established relation.

A clear trend in 2011 was the increasing interest from the European bank sector to divest itself of very large portfolios of overdue receivables. Implementing purchases of this kind entails longer cycles and imposes greater demands on strong financing compared with purchases of smaller portfolios. Historically, we have often collaborated with financial partners, such as Crédit Agricole or Goldman Sachs, when purchasing larger portfolios and efforts to establish new partnerships were intensified over the year.

FOCUS ON CONSUMER RECEIVABLES

We concentrate on unsecured consumer debt with a low nominal value as this is an area where we have extensive collection experience and well-developed analysis and valuation methods. Otherwise, the market for overdue receivables mainly consists of portfolios that are secured, through, for example, property holdings. The portfolios that Intrum Justitia purchases consist largely of unsecured bank loans and credit card debt among private individuals. These are followed by receivables originating from telecom, post order and infrastructure companies, as well as receivables from, for example, municipal companies. Most of the portfolios consist of relatively small receivables. The average amount per claim is SEK 7,200.

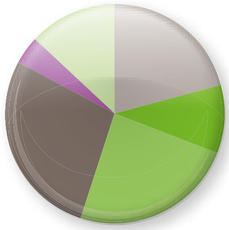
DETAILED ACCOUNTING IN THE INCOME STATEMENT AND BALANCE SHEET

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 15.6 and 19.5 percent over the past five years. The goal is to achieve an annual return of at least 15 percent.

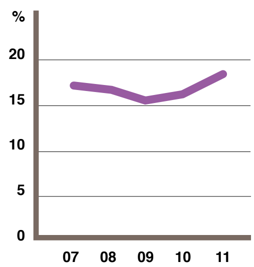
In the balance sheet, the value of each portfolio is recognized as a discounted value of all anticipated future cash flows. Cash flow forecasts are reviewed quarterly and reassessed based on, for example, achieved collection results, agreements with consumers on installment plans and macroeconomic information.

* According to research by Intrum Justitia, EPI 2011.

PORTFOLIOS BY BUSINESS SECTOR

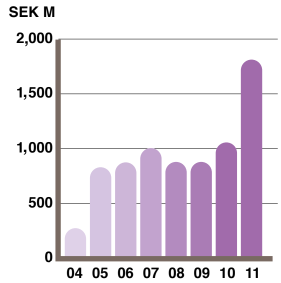


RETURN



The return on purchased debt investments amounted to 19.5 percent in 2011.

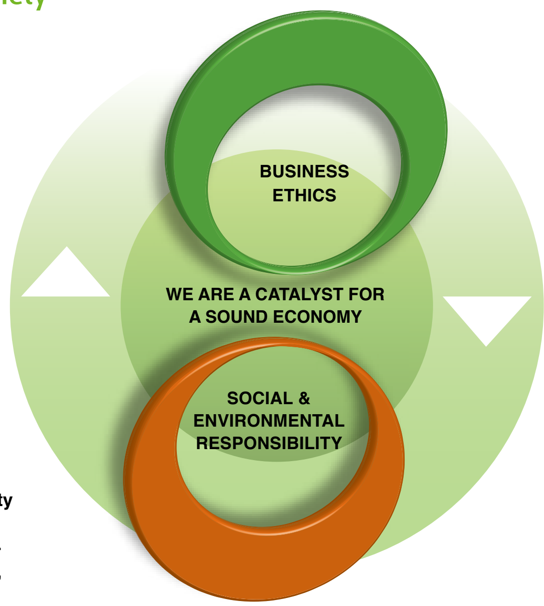
PURCHASED DEBT INVESTMENTS



The investment level in 2011 exceeded SEK 1.8 billion.

Our contribution to a healthy society

For Intrum Justitia, corporate social responsibility (CSR) means that we achieve our goals of being profitable, generating good dividends for our shareholders, and adding more satisfied customers and employees by contributing something to society through our services.



We assume our social responsibility by always striving to conduct our operations in a way that meet society's expectations of us – ethically, socially and environmentally.

The credit management sector offers a platform for economic growth by giving companies the opportunity to manage their credits in a more secure manner. As Europe's leading credit management company, we are committed to society's well-being via the services that we offer. We are a catalyst for a sound economy, which means we accept our responsibility in society and help businesses and consumers to conduct secure transactions.

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 collection management process. We help our clients provide good credit options with a reasonable level of risk for both the clients 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 parts in making a good deal.

VALUES AND BUSINESS ETHICS

Our values guide how we manage business with our customers and end customers. In addition to these values, Intrum Justitia applies ethical rules that guide and support our actions. These help us maintain a culture pervaded by openness, trust and integrity.

Intrum Justitia's ethical rules involve maintaining a respectful attitude towards clients and end customers and generating sound and secure business settlements between them.

RESPONSIBLE ATTITUDE

Our objective is to be able to implement the right measures throughout the credit management process.

Our position on social responsibility reduces the risk, that end customers consume more than they are able to pay for.

If things go wrong anyway, we help to find a way out of potentially difficult situations. We are in the business of finding solutions. We treat debtors with the respect they deserve and as a valuable target group. Our unique combination of consumer and market information allows us to find solutions for cash flow problems in a way that benefits companies as well as consumers.

This also means that our clients can improve their customer relations and generate considerably enhanced earnings if we help them assess and segment their markets, resulting in reduced credit losses and fewer lost customers.

OUR ENVIRONMENTAL IMPACT

Intrum Justitia is a service company with a limited impact on the environment. However, this does not prevent us from working actively to reduce our impact.

Besides improving our recycling processes, we work continuously to reduce our energy consumption and our travel. We have invested in efficient equipment for videoconferencing and thus curtailed our travel needs considerably. Our restructuring, with a new regional organization for the Group has also decreased our travel needs.

We want to attract, develop and retain the best people in the market

At Intrum Justitia we have high ambitions when it comes to human resources. We want to attract, develop 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.

INTRUM JUSTITIA'S LEADERSHIP PRINCIPLES

Intrum Justitia's values define who we are and determine how we act. These values reflect our company, serve as an inspiration to all managers and lead them to work together. A high priority maintains the expertise and leadership skills of all employees, following our leadership principles to ensure that we can develop and maintain the competence and motivation of our employees.

Team Spirit: Each manager in Intrum Justitia shall support the team by putting the team results before each individual, focusing on tasks in an environment of transparency and dialogue.

Playing coach: Intrum Justitia's leaders are making others successful by acting as a coach. We trust employees and empower them through a high level of delegation.

Results: We define, measure and reward performance of our employees by setting challenge yet achievable targets. We measure progress and reward achievements and celebrate success.

SKILLED AND MOTIVATED

We have around 3,300 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 every day to develop our company – from handling incoming calls from our clients customers 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.

	2011	2010	2009	2008	2007
Sales per employee, SEK M	1.19	1.22	1,22	1.11	1.04
Operating earnings per employee, SEK '000	260	236	199	210	215
Average number of employees	3,331	3,099	3,372	3,318	3,093
Percentage of women	64.4	62.6	62.5	62.6	62.4
Sick leave, %	4.3	3.9	4.8	3.7	4.4

INVESTING IN PROFESSIONAL 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 2011 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.

GROUP-WIDE SURVEY OF EMPLOYEES

We know that only motivated employees lead to satisfy our clients and customers, hence to business success. Therefore Intrum Justitia conducts every two year an employee motivation survey. Where after action plans according to the results are prepared in order to continually improve employees' motivation level in each country.

All employees at Intrum Justitia have an individual annual assessment talk with the direct superior and an individual development plan as a result of that assessment.

Intrum Justitia consists of 3,300 employees throughout Europe. Here, Wilko Wiesenhütter from Germany, Niina Nikkilä from Finland and Audrey Meunier from France tell us about life at their particular workplaces.

I am Niina Nikkilä and I have been working as a Production Manager and VAT Specialist in the VAT Services department in Intrum Justitia Oy in Finland for seven years.

VAT Services department offers to its clients services for reclaiming foreign VAT. One of our most important client groups is transport businesses that have to pay foreign VAT always when tanking their trucks abroad and naturally they want to get the VAT back. The process of reclaiming VAT from local tax authorities requires effort, knowledge of country-specific VAT legislation as well as language skills so most of the companies have decided to outsource the service to a specialist. We also offer VAT consultation, training and VAT registration services to our clients.

As a VAT Specialist my main responsibilities are contacts with foreign tax authorities, follow-up of country-specific VAT legislations and consulting clients in different kind of VAT issues. As a Production Manager I take care of the everyday work of my VAT Services team in Helsinki office consisting of twelve persons and I also work closely in co-operation with our VAT Refund Production Center in Tallinn, Estonia.

VAT issues are often considered complicated and something that businesses just need to cope with whether they like it or not. Therefore, it makes me happy to be able to solve the VAT problems of our clients and see them happy and grateful for the valuable service they could not have done on their own. Our pre-financed VAT refunds offer a good solution for those transport businesses that need to improve their liquidity or speed up their cash flow and our transport clients consider this service extremely valuable.

Taxation is also a field of constant change which challenges businesses as they need to be aware of what is happening next year and how to plan their business towards the changes. This is where we help with our up-to-date knowledge and experience – and definitely the constant change is also one of the factors that make this work so interesting.

My name is Audrey Meunier. I am 38 years old and I have worked for Intrum Justitia in France for 11 years. I am managing a team that are responsible for all specific administration for our B2C (business to consumer) clients, and that includes quite a lot of different things.

Among these, I work with client relations, which means that my team and I are responsible for maintaining a high level of client satisfaction, both in terms of production capacity, as well as relations between clients and Intrum Justitia's employees. We also work with the company's relations with the courts, enforcement services and with lawyers, and we make sure the process of taking cases through the legal system functions as it should.

Having studied law, I also work on certain legal issues for Intrum Justitia France, supporting our management on legal issues affecting our operations.

My team consists of 41 people, all of whom have special skills in their particular fields, and we all work well together. I enjoy my job because it is very varied and brings me into contact with many people and different areas of service within the company. That's what gets me to the office every day – the knowledge that I'll never be bored!

My name is Wilko Wiesenhütter, Head of Data Development Germany, Switzerland, Austria.

In my role as manager of our data development team, I am responsible for ensuring the availability of the best data to support our clients in taking risk-optimized credit decisions. In close collaboration with our clients, I am seeking insight into their business processes, making me able to carefully assess their credit risk areas and optimization potential. The main challenge is to find the right balance between enabling our clients to achieve more revenue and minimizing their credit risk exposure.

Once we have identified and designed the best solution, my team supports our clients throughout the integration process. It is a great moment to see when the integrated solution is live in production and delivers the desired results.

This is when a process of continuous improvement starts. As credit risk is constantly changing, the underlying models need to be monitored and adjusted regularly.

I love the challenge to work with interesting and motivated people of our clients to bring new solutions forward. It is great to work in a highly motivated pan-European team who is striving for the best solution and support for our clients.

Having a strong IT background, I find it fascinating to see how new technical developments like mobile payment or e-commerce combined with our services in the credit management area can lead to completely new business opportunities.

Was a binding agreement made? Were the goods delivered as agreed? When a dispute arises between our client and its customer, the solution may be to allow the courts to determine who is right. In such cases Intrum Justitia's legal department assists our client in the legal process.

If I can’t find a solution, we have a major problem – at worst, it could result in a bankruptcy. And I wouldn’t wish that on my worst enemy. That’s why it feels really good when I, as an account administrator, am able to help a customer get to grips with their debts. It’s always a matter of understanding each person’s particular situation and, together with them, finding a solution that works.

Several reasons to growth

More and more companies are discovering the difference between managing their entire credit management process in-house and contracting it out to a specialist such as Intrum Justitia. Despite this, we estimate that 90 percent of companies still do not contract out their credit management services. In other words, there is considerable growth potential for Intrum Justitia.

SIX MORE DRIVERS FOR GROWTH

- 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 have yet to establish their own competence in the area of credit management have need of 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.

SEVENTY FIVE THOUSAND CLIENTS IN 20 COUNTRIES

Our 150 largest clients account for more than 30 percent of Intrum Justitia's revenues. No single client accounts for more than 3 percent of revenues. Included among our largest clients are the Nordic banks Swedbank and Nordea, the Austrian insurance company VIG, Hungarian Provident Financial and VUB Bank in the Finance sector. In the medical sector we work with Swiss company Ärztekasse that administrates medical clinics. In telecom we have good partnerships with Cablecom in Switzerland, Vodafone in Hungary, Tele 2 in Austria and Slovak Telekom among others. In the energy sector, we work with the Nordic energy company Fortum, for example. In the retail segment we work with Swiss Interdiscount and coop@home among others.

In total, Intrum Justitia has 75,000 clients in 20 European countries. Most clients operate within the telecom, energy and water and banking and finance sectors.

FEW COMPETITORS WITH THE SAME BREADTH

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.

Some examples: of competitors that operate in several of Intrum Justitia's 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.

Intrum Justitia is working for a stronger Europe

Since 1998 Intrum Justitia has conducted an annual study of payment behavior in Europe. The report is titled the European Payment Index (EPI) and is presented to the European Commission each year. The importance and dissemination of the report has grown enormously since its inception and each year the hits it generates on Google number in the hundreds of millions. The report is used all over Europe as a basis for decisions on different types of credit matters. But we are doing more than this to strengthen Europe.

MISSING: EUR 300 BILLION

For a long time, Europe has been characterized by affluence and large, profitable economies. But in recent years, it has become increasingly evident that companies and entire countries are encountering harsher times economically. Companies are receiving payment later and later – if at all. Last year, debts valued at more than EUR 300 billion were written off in Europe. This figure includes mortgage debt, business loans and larger secured loands etc, hence not only the market in which Intrum Justitia is focusing, ie insecured consumer debt.

Here, as Europe's leading credit management company, Intrum Justitia has a major opportunity to make a difference. We can help companies secure payment for the goods and services they sell. We are a catalyst for a sound economy.

Just imagine if Intrum Justitia could play a role in ensuring that everyone paid their bills. Just think what an additional EUR 300 billion would do for Europe's economy. Among other effects, this could generate at least 500,000 new jobs and, according to our calculations avoid one in four bankruptcies. That would strengthen Europe.

EXTENSIVE MEDIA AND INTERNET EXPOSURE OF THE EPI

The results of the European Payment Index (EPI) are used to gain a better understanding of how European companies view payment behavior in their countries and how entire

HOW WE ARE STRENGTHENING EUROPE

1. We minimize risk before it is even incurred.

With our credit optimization services, we help our clients to decide who they should sell to and on what terms. With risk minimized, bills are paid, profitability rises and jobs are saved.

2. We ensure that our clients are paid faster.

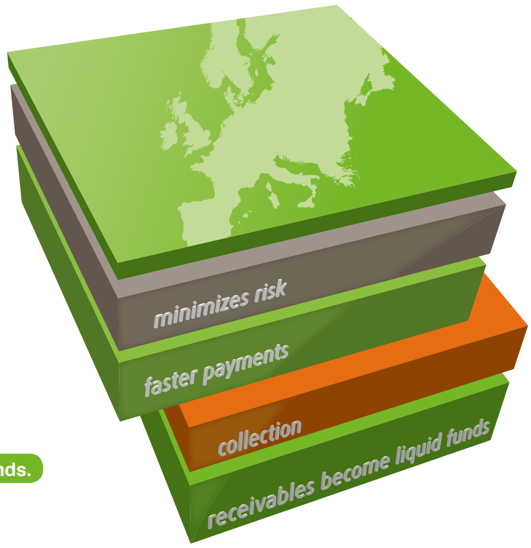
Our payment services give clients the opportunity to be paid faster and in full. In this way, European companies can improve their cash flow and have more time over to develop their business.

3. We ensure that our clients are paid.

Our collection services help our clients secure payment. Intrum Justitia's advanced analysis tools and good insight into payment habits in Europe entail less bad credit, improved liquidity and increased profitability.

4. Our clients' outstanding receivables become liquid funds.

Through our financial services, companies are paid regardless of why payment was not originally received. Our clients can sell their outstanding receivables to us and get some of the payment up front. Each time we assume responsibility for a claim, Europe's business performs a little better.



nations' economies are negatively affected by late or defaulted payments. The purpose is to change payment behaviors and improve legislation throughout Europe.

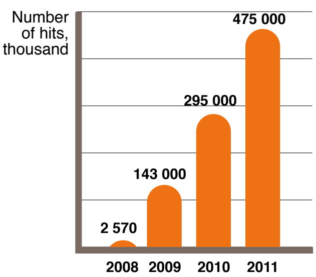
The importance and dissemination of the report has grown enormously over the past four years and in 2011, it generated 475 million hits on Google.

It is also mentioned and analyzed in the press. The EPI generated new articles with a press value of EUR 1.9 million in 2011.

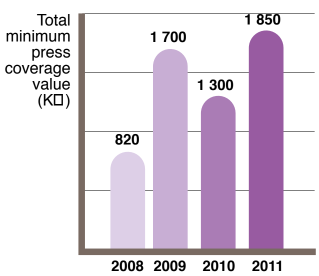
The content of the report is spread in many ways and is used worldwide as the basis for decisions on many types of credit matters.

This dissemination through the media is also an excellent means for building Intrum Justitia's brand and, at the same time, it annually generates hundreds of sales leads on Intrum Justitia's behalf, resulting in numerous new clients.

Google hits



Press value



The EPI generates extensive exposure for Intrum Justitia, both on the Internet and in the press. In addition to engendering an awareness of payment behaviors in Europe, this also successfully builds our brand and generates sales leads.

SUMMARY OF THE 2011 EPI — A DIVIDED EUROPE

Written-off debt across Europe has risen by EUR 12 billion over the past 12 months. In 2010, 2.7 percent of all transactions across Europe were written off as compared to 2.6 percent in 2009.

If all European businesses, public authorities and consumers paid their bills and invoices in full, the money saved from written-off bad debt would equate to a EUR 312 billion cash injection for businesses throughout Europe.

Companies in Europe who believe risks from debtors will increase are twice the number of those who believe risks will decrease in the coming 12 months – 32 percent vs. 14 percent.

The economies of Europe tell very different stories. Europe's largest economy, Germany, shows yet another sign of its economic strength. Germany, the powerhouse of Europe, saw written-off receivables decline by 8 percent in 2010. In Europe's third-largest economy, the UK, written-off receivables soared, rising 33 percent.

Other countries showing a significant decrease in written-off receivables include Switzerland, Iceland and Lithuania. Greece is seeing the worst development in written-off receivables by far, with an increase of 63 percent. Other countries with written-off receivables increasing by over 10 percent, are the UK, Ireland, Denmark, Austria, Portugal, Hungary and Sweden.

The EPI 2011 shows the average time from an invoice being issued until payment is received to be 56 days for business-to-business payments and 65 days when the public sector is to pay an invoice, business-to-business increasing by one day and the public sector by two days compared to the previous year.

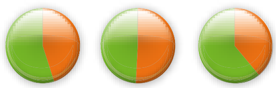
Of all companies in Europe, 28 percent see late payments as a threat to survival whilst 45 percent see late payments as a factor prohibiting growth. In the UK, 55 percent of companies see late payments as a threat to survival and 65 percent consider them as prohibiting growth. In Germany, on the other hand, only 17 percent of companies see late payments as a threat to survival and 23 percent consider them as prohibiting growth.

Regions

Intrum Justitia has operations in 20 countries organized into three regions.

Northern Europe

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

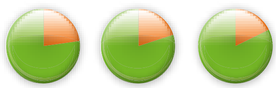


% of sales	% of profit	% of employees
45%	51%	39%

	2011	2010	%	%fx*
Revenues	1,759	1,434	22.6	26.8
Operating earnings	435	322	35.3	39.3
Operating margin, %	24.7	22.4	2.3ppt	

Central Europe

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

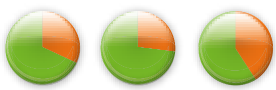


% of sales	% of profit	% of employees
23%	22%	17%

	2011	2010	%	%fx*
Revenues	899	926	- 3.0	- 3.3
Operating earnings	193	198	- 2.6	- 3.5
Operating margin, %	21.5	21.4	0.1ppt	

Western Europe

	Established	Market position
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	Other
United Kingdom	1989	Other



% of sales	% of profit	% of employees
32%	27%	41%

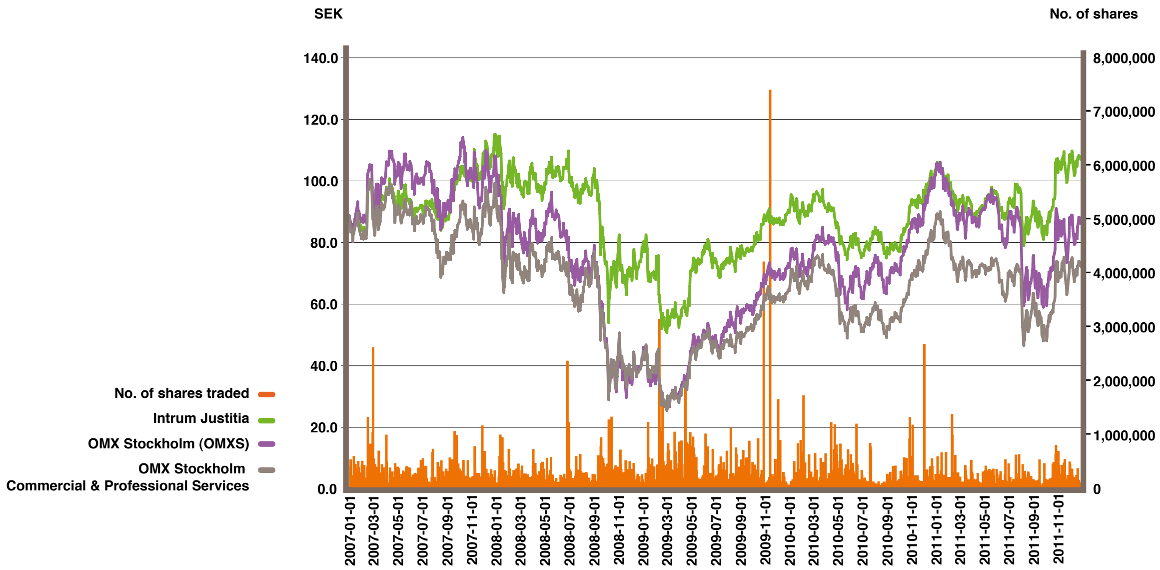
	2011	2010	%	%fx*
Revenues	1,274	1,403	- 9.2	- 4.0
Operating earnings	230	209	10.4	16.7
Operating margin, %	18.1	14.9	3.3ppt	

* At the end of 2011, a decision was made to close the operations in Latvia and Lithuania. These closures will be implemented during 2012.

* % fx refer to change in adjusted for foreign exchange effects.

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

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 M and EUR 1 billion.

SHARE CAPITAL

Intrum Justitia AB's share capital amounted to SEK 1,594,893 on December 31, 2011 distributed among 79,744,651 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. On September 20, 2011, the share capital was reduced by SEK 5,000 through the withdrawal of the 250,000 shares that the company had previously repurchased to secure the provision of the performance-based stock options program adopted by the 2008 Annual General Meeting but that matured without value on December 31, 2010.

MARKET CAPITALIZATION, PRICE TREND AND TURNOVER

In 2011 the price of Intrum Justitia's share rose from SEK 103.50 to SEK 107.75, an increase of 4.1 percent. During the same period the NASDAQ OMX Stockholm index declined by 16.7 percent. The lowest price paid for the share during the year was SEK 79.00 on August 8, and the highest was SEK 109.75 on December 6. The price at the end of the year gave a market capitalization for Intrum Justitia of SEK 8,592 M (8,254). Share trades were concluded on every business day of the year. An average of 213,017 shares were traded per day (278,314) on the NASDAQ OMX Stockholm Exchange. In total, when including all marketplaces on which the Intrum Justitia share trades, an average of 331,651 shares traded per day during the year. Trade on the NASDAQ OMX Stockholm Exchange accounted for 64 percent of total trade in 2011. Trades were also made via the Chi-X and Turquoise exchanges, as well as through Dark Pools and other OTC trading venues. The turnover rate, i.e. the share's liquidity, amounted to 0.67 (0.85), compared with 0.43 (0.87) for the NASDAQ OMX Stockholm Exchange as a whole.

SHAREHOLDERS

At the end of 2011 Intrum Justitia had 7,418 shareholders, compared to 7,168 the year before. The nine members of the Group Management Team held a combined 322,105 shares in Intrum Justitia at the end of the year. Intrum Justitia's board members owned 45 500 shares. Intrum Justitia AB held no treasury shares at the end of 2011.

DIVIDEND POLICY

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 the company's future revenues, financial position, capital requirements and the situation in general.

For the 2011 financial year the Board is proposing a dividend of SEK 4.50 per share, corresponding to around 65 percent of the net earnings after tax. The proposed record date for the dividend is April 30, 2012.

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
2011	Reduction of the share capital[8)]	– 5,000	1,594,893,00	79,774,651	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.

8) The holding of 250,000 shares was cancelled during the year.

SHAREHOLDINGS BY SIZE

Holding, no. of shares	No. of shareholders	Total no. of shares	Capital and votes, %
1–1,000	6,180	1,864,927	2.3
1,001 – 10,000	908	2,913,431	3.7
10,001 – 50,000	175	4,170,245	5.2
50,001 – 100,000	44	3,140,750	3.9
100,001 – 500,000	81	20,367,327	25.5
500,001 – 1,000,000	13	10,120,487	12.7
1,000,001 – 5,000,000	17	37,197,484	46.6
Total	**7,418**	**79,774,651**	**100**

Number of shareholders owning 100 shares or less: 2,362

OWNERSHIP STRUCTURE AS OF DECEMBER 31

Total no. of shares 79,744,651	No. of shares	Capital and votes. %
Fidelity Investment Management	7,981,067	10.0
Carnegie Funds	4,698,000	5.9
Lannebo Funds	3,700,000	4.6
CapMan Oyj	3,607,550	4.5
State of New Jersey Pension Fund	2,500,000	3.1
Swedbank Robur Funds	2,325,336	2.9
First Swedish National Pension Fund	2,316,939	2.9
Fourth Swedish National Pension Fund	2,255,635	2.8
SEB Funds	2,086,814	2.6
SHB Funds	2,063,848	2.6
Total, 10 largest shareholders	**33,535,189**	**33.0**

DATA PER SHARE

	2011	2010	2009	2008	2007
Earnings before dilution, SEK	6.91	5.67	5.53	5.58	5,86
Earnings after dilution, SEK	6.91	5.67	5.53	5.56	5,83
Operating cash flow, SEK	22.15	20.37	19.12	15.88	12,85
Shareholders' equity before dilution, SEK	35.26	32.21	31.96	30.19	23,30
Shareholders' equity after dilution, SEK	35.26	32.21	31.96	30.28	23,46
Dividend / proposed dividend, SEK	4.50	4.10	3.75	3.50	3,25
Dividend payout, %	65.1	72.3	67.9	63.2	55,5
Share price at year-end, SEK	107.75	103.50	89.75	78.50	115,0
Yield, %	4.2	4.0	4.2	4.5	2,8
P/S, multiple	2.2	2.2	1.7	1.7	2,8
P/E, multiple	15.6	18.3	16.3	14.2	19,6
Beta	0.7	0.7	0.7	0.8	0.7
No. of shares at year-end	79,744,651	79,774,651	79,744,651	79,342,171	79,089,851
No. of shares at year-end after dilution	79,744,651	79,774,651	79,744,651	79,640,093	79,513,063
Average no. of shares	79,744,651	79,774,651	79,658,944	79,148,161	78,436,068
Average no. of shares after dilution	79,744,651	79,774,651	79,681,973	79,446,083	78,859,280

Financial overview

Income statement. SEK M	2011	2010	2009	2008	2007
Revenues	3,949.8	3,766.0	4,127.8	3,677.7	3,225.2
Cost of sales	–2,362.8	–2,322.6	–2,599.2	–2,195.3	–1,868.9
Gross earnings	**1,587.0**	**1,443.4**	**1,528.6**	**1,482.4**	**1,356.3**
Sales and marketing expenses	–242.9	–303.8	–338.2	–307.3	–285.4
General and administrative expenses	–470.4	–410.7	–506.5	–426.8	–403.9
Disposal of operation/Goodwill impairment	–8.8	0.0	–16.0	–51.8	–
Participation in associated companies	2.7	1.7	0.3	0.8	0.8
Operating earnings (EBIT)	**867.6**	**730.6**	**668.2**	**697.3**	**667.8**
Net financial items	–114.8	–91.3	–79.8	–127.6	–72.1
Earnings before tax	**752.8**	**639.3**	**588.4**	**569.7**	**595.7**
Tax	–200.1	–187.3	–147.8	–128.0	–133.7
Net earnings for the period	**552.7**	**452.0**	**440.6**	**441.7**	**462.0**
Of which attributable to Parent Company shareholders	551.4	452.0	440.5	441.7	459.6
Non controlling interests	1.3	0.0	0.1	0.0	2.4
Net earnings for the period	**552.7**	**452.0**	**440.6**	**441.7**	**462.0**

Balance sheet, SEK M	2011	2010	2009	2008	2007
Assets					
Total fixed assets	6,022.8	5,243.3	4,862.1	4,978.3	3,880.1
of which purchased debt	3,228.7	2,373.4	2,311.9	2,330.3	1,882.2
Total current assets	1,884.5	1,871.7	1,936.8	1,762.7	1,513.3
Total assets	**7,907.3**	**7,115.0**	**6,798.9**	**6,741.0**	**5,393.4**
Shareholders' equity and liabilities					
Total shareholders' equity	2,813.3	2,576.6	2,548.9	2,395.3	1,842.5
Total liabilities	5,094.0	4,538.4	4,250.0	4,345.7	3,550.9
Total shareholders' equity and liabilities	**7,907.3**	**7,115.0**	**6,798.9**	**6,741.0**	**5,393.4**

Key figures	2011	2010	2009	2008	2007
Revenues, SEK M	3,949.8	3,766.0	4,127.8	3,677.7	3,225.2
Revenues excl. revaluations, SEK M	3,931.0	3,762.8	4,163.5	3,675.5	3,213.7
Organic growth, %	2.1	–0.8	3.9	9.3	10.4
Operating earnings, SEK M	867.6	730.6	668.2	697.3	667.8
Operating earnings excl. revaluations SEK M	848.8	727.4	703.9	695.1	656.3
Operating margin excl. revaluations, %	21.6	19.3	16.9	18.9	20.4
Interest coverage ratio, multiple	6.5	7.2	7.6	4.6	7.5
Return on total capital, %	11.8	10.7	10.0	12.0	13.9
Return on capital employed %	15.6	14.4	13.4	16.8	20.2
Return on operating capital %	16.9	15.7	14.3	17.2	21.1
Return on shareholders' equity, %	20.5	17.6	17.8	20.8	27.8
Return on purchased debt, %	19.5	16.3	15.6	16.6	17.0
Equity/assets ratio, %	35.6	36.2	37.5	35.5	34.2
Average number of employees	3,331	3,099	3,372	3,318	3,093

Board of Directors' Report

The Board of Directors and the President and CEO of Intrum Justitia AB (publ) hereby submit the annual report and consolidated financial statements for the 2011 fiscal year.

THE INTRUM JUSTITIA GROUP

Intrum Justitia AB (publ) (corporate identity number 556607-7581) is domiciled in Stockholm and is a public limited liability company and conducts operations in accordance with the Swedish Companies Act. Intrum Justitia's operations were founded in Sweden in 1923 and have, through acquisitions and organic growth expanded to become one of Europe's leading credit management companies. The Parent Company was registered in 2001 and has been listed on the NASDAQ OMX Stockholm exchange since June 2002. At December 31, 2011, the share capital in the company amounted to SEK 1,594,893 M and the number of shares to 79,744,651. The Group maintains operations through subsidiaries, associated companies and joint ventures in 22 countries.

SIGNIFICANT EVENTS DURING THE YEAR

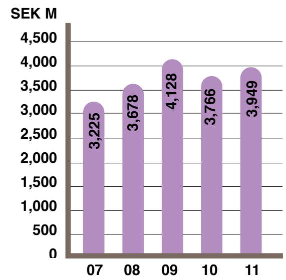
• At the Annual General Meeting in March, Matts Ekman, Helen Fasth-Gillstedt, Lars Lundquist, Joakim Rubin, Charlotte Strömberg and Fredrik Trägårdh were re-elected as directors and Joakim Westh was newly elected as a director. Lars Lundquist was re-elected as Chairman of the Board. Lars Förberg declined re-election. The AGM also approved the Board of Directors' dividend proposal and its proposal regarding principles of remuneration and other terms of employment for senior management.

• In June, Intrum Justitia purchased a portfolio of overdue receivables in Germany with a nominal value of EUR 300 M. The seller of the portfolio was a german bank. The purchase entailed Intrum Justitia taking on 40 employees who continue to run the operation from the offices in Hannover, Germany.

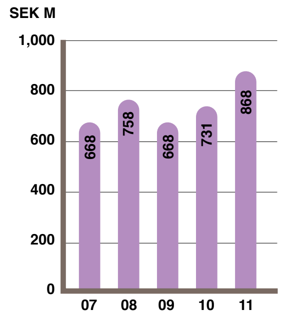
• In September, Intrum Justitia acquired the Danish credit management company Difko Inkasso A/S. The acquired company conducts credit management operations and acts as an investor in purchased debt. The company has some 20 employees. The acquisition strengthens Intrum Justitia's market position in Denmark.

• In October, Intrum Justitia entered an agreement with Experto Credite in the UK. The transaction means that Intrum Justitia will remain in the UK market as an investor in purchased debt but that its employees, premises and collection operations will be transferred to Experto Credite.

• I December, a decision was made to phase out the operations in Latvia and Lithuania and to integrate the Estonian operations with the operations in Finland.



Consolidated revenues



Consolidated operating earnings, excluding impairment of goodwill

REVENUES AND EARNINGS

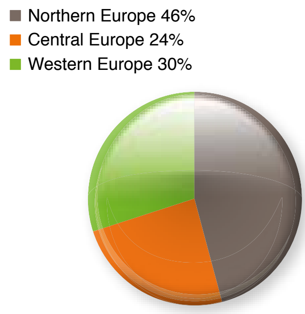
Consolidated net revenues during the year amounted to SEK 3,949.8 M (3,766.0). The increase in revenue amounted to 4.9 percent including organic growth of 2.1 percentage points, currency effects of 3.2 percentage points, effects from the revaluation of purchased debt of 0.4 percentage points, and acquisition effects of 5.6 percent. Operating earnings amounted to SEK 867.6 M (730.6). Revenues and operating earnings

NET REVENUES EXCLUDING REVALUATIONS. SEK M	2011	2010	2009	2008	2007
Northern Europe	1,758.7	1,434.1	1,432.2	1,323.5	1,189.7
Central Europe	898.6	926.2	1,039.2	922.6	759.6
Western Europe	1,273.7	1,402.5	1,692.1	1,429.4	1,264.4
Total	**3,931.0**	**3,762.8**	**4,163.5**	**3,675.5**	**3,213.7**

OPERATING EARNINGS EXCLUDING REVALUATIONS, SEK M	2011	2010	2009	2008	2007
Northern Europe	435.2	321.6	354.2	369.5	329.0
Central Europe	193.0	198.2	207.4	259.4	209.3
Western Europe	230.1	208.5	142.0	65.4	117.2
Participations in associated companies	–8.8	–	–	–	–
Total	–0.7	–0.9	0.3	0.8	0.8
Summa	**848.8**	**727.4**	**703.9**	**695.1**	**656.3**

NET REVENUES BY SERVICE LINE, SEK M	2011	2010	2009	2008	2007
Credit Management	3,292.9	3,274.3	3,548.3	3,217.9	2,852.1
Purchased Debt	1,088.2	860.5	924.1	783.6	573.7
Elimination of internal transactions	–431.2	–368.8	–344.6	–323.8	–200.6
Total	**3,949.8**	**3,766.0**	**4,127.8**	**3,677.7**	**3,225.2**

OPERATING EARNINGS BY SERVICE LINE, SEK M	2011	2010	2009	2008	2007
Credit Management	492.2	471.9	398.3	501.0	494.8
Purchased Debt	545.2	382.6	361.9	349.3	271.8
Disposal of operations/ Goodwill impairment	–8.8	–	–16.0	–51.8	–
Participations in associated companies	–0.7	-0.9	0.3	0.8	0.8
Central costs	–160.3	–123.0	–76.3	–102.0	–99.6
Total	**867.6**	**730.6**	**668.2**	**697.3**	**667.8**



GEOGRAPHICAL REGIONS
Share of consolidated revenues (%)

include net reassessments of purchased debt of SEK 18.8 M (3.2).

Charged against the year's operating earnings were a loss of SEK –8.8 M on the divestment of the Group's 33 percent holding in Icelandic associated company Motus ehf (formerly Intrum á Íslandi ehf), provisions totaling SEK 8.3 M for costs in connection with the closure of operations in Latvia and Lithuania and integration costs of SEK 22.8 M for acquisitions.

Earnings before tax for the year increased to SEK 752.8 M (639.3) and net earnings were SEK 552.7 M (452.0).

GEOGRAPHICAL REGIONS

Northern Europe

The region consists of the Group's operations for customers in Denmark, Estonia, Finland, Latvia, Lithuania, Norway, Poland, Russia and Sweden.

Regional revenues, excluding purchased debt revaluations, amounted to SEK 1,758.7 M (1,434.1) during the year. In local currencies, revenues rose by 26.8 percent. Operating earnings excluding revaluations amounted to SEK 435.2 M (321.6), corresponding to a margin of 24.7 percent (22.4). In local currencies, operating earnings improved by 39.3 percent.

The region's earnings for the year were burdened with integration costs of SEK 22.8 M attributable to previously implemented acquisitions. During the year, the acquired companies were integrated into Intrum Justitia's operations with good results. In December, a decision was made to close the operations in Latvia and Lithuania, burdening the earnings for the year by SEK 8.3 M.

The strong growth in revenues in the region is partly being driven by the acquisitions made in 2010 and 2011 but also by good organic growth. Thanks to a favorable trend in both the Credit Management and Financial Services service lines, operating earnings are also developing well. The result trend is being driven by a favorable level of investment in purchased debt, market activities and increased efficiency. In Poland, investments in legal measures are giving favorable effects and additional investments are planned for the future. During the year, Difko Inkasso was acquired, strengthening the market position in Denmark, particularly in credit management services.

Central Europe

The region consists of the Group's operations for customers in Switzerland, Slovakia, the Czech Republic, Germany, Hungary and Austria.

Regional revenues, excluding purchased debt revaluations, amounted to SEK 898.6 M (926.2) during the year. In local currencies, revenues fell by 3.3 percent. Operating earnings excluding revaluations amounted to SEK 193.0 M (198.2), corresponding to a margin of 21.5 percent (21.4). In local currencies, operating earnings fell by 3.5 percent.

Development in Hungary, the Czech Republic and Slovakia remains good with positive operating earnings in all three countries. Switzerland and Austria are also developing well. However, the region has been negatively affected by weak development in Germany where both sales activities in credit management services and investment activities regarding new purchased debt portfolios have been at a low level for an extended period. However, at the end of June, a large bank portfolio of overdue receivables was acquired from a german bank, improving the future outlook for Germany. The focus on internal efficiency in the Credit Management service line is also improving the outlook for that service line.

Western Europe

The region consists of the Group's operations for customers in Belgium, France, Ireland, Italy, the Netherlands, Portugal, Spain and the UK.

Regional revenues, excluding purchased debt revaluations, amounted to SEK 1,273.7 M (1,402.5) during the year. In local currencies, revenues fell by 4.0 percent. Operating earnings excluding revaluations amounted to SEK 230.1 M (208.5), corresponding to a margin of 18.0 percent (14.9). In local currencies, operating earnings improved by 16.7 percent.

Operating earnings in the region developed favorably over the year thanks to strong development in purchased debt portfolios and good cost control in the Credit Management service line. The macroeconomic situation in countries such as Spain, Portugal, Italy and Ireland remain exposed, which has affected revenues negatively, although Intrum Justitia's work to enhance efficiency and productivity are increasing its competitiveness and earnings capacity. Efforts to reduce the cost base and increase sales activities in the Netherlands have generated results, with operating earnings contributing positively to the region.

SERVICE LINES

Intrum Justitia's service offering is divided into two areas of operations:

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

• Financial Services. Financing services, payment guarantees and purchasing of receivables, i.e. acquisition of portfolios of overdue consumer receivables at less than their nominal value, after which Intrum Justitia collects the receivables on its own behalf.

Credit Management

Over the year, revenues for the service line amounted to SEK 3,292.9 M (3.274.3). Adjusted for currency effects, revenues rose by 4.3 percent over the year. Operating earnings amounted to SEK 492.2 M (471.9), corresponding to an operating margin of 14.9 percent (14.4).

Adjusted for currency effects, operating earnings rose by 6.4 percent. Development in the service line was stable during the quarter with rising revenues and operating earnings. Several group-wide initiatives to enhance efficiency in operations are starting to generate positive results. Intrum Justitia's investments to process more cases through the legal systems over the past year are giving the desired results and are continuing, primarily in Eastern Europe.

Financial Services

Revenues for the service line amounted to SEK 1,088.2 M (860.5). Operating earnings amounted to SEK 545.2 M (382.6), corresponding to an operating margin of 50.1 percent (44.5).

Operating earnings for the year include negative net reassessments of SEK 18.8 M, including a negative reassessment of SEK 7.2 M for individual portfolio as a consequence of an unfavorable decision by a court in a dispute between Intrum Justitia and the seller of the portfolio. Intrum Justitia has, for reasons of caution, chosen to write-down the value of the portfolio.

Disbursements for investments in purchased debt amounted to SEK 1,803.6 M (1,049.6) over the year. The return on purchased debt was 19.5 percent (16.3). At the end of the year, the Group's purchased debt portfolios had a carrying value of SEK 3,228.7 M (2,373.4).

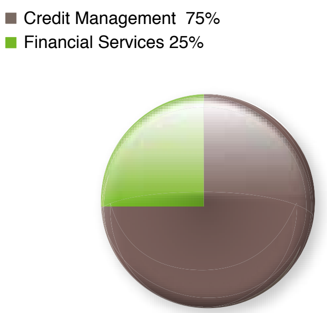
The level of activity in the purchased debt remains very good with strong growth in investment in small and medium-sized portfolios. In addition, the aggravated macroeconomic trend in Europe led to more banks showing an interest in selling large consumer debt portfolios.

In accordance with IFRS, Intrum Justitia applies an accounting model (the effective interest method) where the carrying amount of each debt portfolio, and thus earnings, is based on discounted future cash flows updated quarterly.

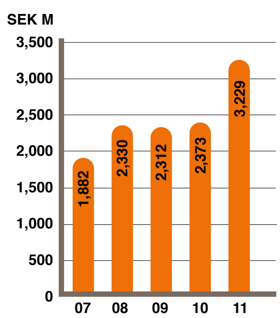
The discount rate varies by portfolio based on the estimated effective interest rate at the time of acquisition. If estimated future cash flows change, the effective interest rate can be adjusted within the range 8–25 percent. In this way, the carrying amount is not affected by changes in cash flow projections as long as the effective interest rate falls within the stipulated range.

A portfolio is never carried at higher than cost. In other words, the portfolios are not marked to market. During the year the carrying amount of purchased debt was adjusted by a net of SEK 18.8 M (3.2) due to changes in estimates of future cash flows. For a specification by region, see the Table. Adjustments are reported as part of the year's 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.

SEK M	2011	GROUP 2010
Revaluation of purchased debt by region		
Northern Europe	18.0	11.0
Central Europe	7.3	–1.9
Western Europe	–6.5	–5.9
Total	**18.8**	**3.2**



SERVICE LINES
Share of consolidated revenues (%)



Carrying value, purchased debt

EXPENSES

The gross profit margin improved somewhat compared with the preceding year, among other things as an effect of the efficiency enhancement program in several countries.

Overall expenses for sales, marketing and administration remain largely unchanged compared with the preceding year.

Depreciation/amortization

Operating earnings for the year were charged with depreciation/amortization amounting to SEK 173.2 M (171.4). Operating earnings before depreciation/amortization therefore amounted to SEK 1,040.8 M (902.0). The carrying amount of client relations carried in the Balance Sheet and attributable to revaluations to fair value in connection with acquisitions amounted to SEK 101.9 M (156.0). These were amortized by SEK 12.8 M (14.5) during the year.

NET FINANCIAL ITEMS

Net financial items amounted to an expense of SEK 114.8 M (91.3), including positive exchange rate differences of SEK 7.8 M (negative 8.6), amortization of borrowing costs of SEK 34.9 M (14.0) and other financial items of a negative net SEK 10.3 M (9.1).

TAXES

The tax expense for the year amounted to 26.6 percent (29.3) of earnings before tax, including effects of resolved tax disputes and similar amounting to a negative net of SEK 29.3 M (27.8). The tax expense, excluding non-recurring items attributable to tax disputes amounted to 22.7 percent (24.9).

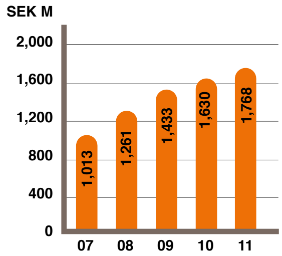
Intrum Justitia's assessment is that the tax expense will, over time, be around 25 percent of earnings before tax excluding tax adjustments attributable to tax disputes and similar non-recurring items.

The average tax expense depends, among other things, on opportunities to recognize positive taxable earnings in all countries in which the Group operates and to utilize the tax-loss carryforwards that exist in certain countries against future earnings. At the close of 2011, these tax-loss carryforwards were estimated at SEK 1,834.0 M, of which SEK 1,107.2 M was in Sweden and SEK 382.6 M was in the UK.

For further information on the Group's taxes and tax disputes, see also Note 8.

CASH FLOW AND INVESTMENTS

Cash flow from operating activities over the year amounted to SEK 1,767.6 M (1,629.8). Cash flow from operating activities includes a reversal of the period's amortization of purchased debt. Disbursements during the year for purchased debt investments amounted to SEK 1,803.6 M (1,049.6). Over the year, SEK 119.8 M (145.5) was invested in tangible and intangible fixed assets.



Cash flow from operating activities

Research and development

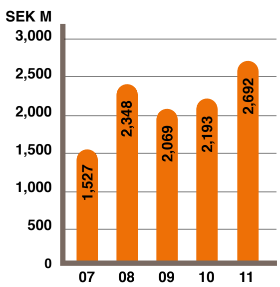
The Group is not engaged in any research and development other than the development of its IT systems. Investments for the year primarily involved hardware and software for IT systems, primarily for production. Technical development is rapid and correctly used, new technical solutions can enhance efficiency in the management of customer receivables and the utilization of the Group's databases. In pace with increasing demands for customer-adapted IT solutions, it is of strategic importance for Intrum Justitia to continuously be able to meet changes in the demand scenario.

FINANCING

At December 31, 2011, net debt amounted to SEK 2,691.6 M, compared with SEK 2,193.3 at December 31, 2010.

Shareholders' equity, including holdings lacking a decisive influence, amounted to SEK 2,813.3 M, compared with SEK 2,576.6 M at the end of 2010.

As of December 31, 2011 the Group had liquid assets of SEK 624.8 M, compared with SEK 507.1 M at the end of 2010. Unutilized credit facilities within the framework of the Group's syndicated loan facility amounted to SEK 1,383.4 M, compared with SEK 233.7 M at the end of 2010. In addition, the company has undertaken to maintain unutilized credits corresponding to a portion of any outstanding commercial papers. Adjusted for this, unutilized credits within the syndicated loan facility amounted to approximately SEK 900 M at the end of the year.



Net debt

The Group's syndicated loan facility of EUR 310 M, maturing in March 2013, was renegotiated in April as a new syndicated loan facility of SEK 4 billion with the same banks and maturing in April 2016. The new facility enables ancillary financing of as much as about SEK 2 billion. In 2011, Intrum Justitia also issued a commercial paper that, at the end of the year, amounted to SEK 616.6 M.

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

See also Note 37.

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.

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.

Economic fluctuations

The credit management sector is affected negatively by a weakened economy. However, Intrum Justitia's assessment is that, historically, it has been less affected by economic fluctuations than many other sectors. Risks associated with changes in economic conditions are managed through ongoing dialog with the each country management team and through regular checks on developments in each country.

Changes in regulations

With regard to risks associated with changes in regulations in Europe, Intrum Justitia continuously monitors the EU's regulatory efforts to be able to indicate potentially negative effects for European credit management companies and to work for favorable regulatory changes.

Market risks

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 to the Group's central finance function in Stockholm, which ensures economies of scale when pricing financial transactions. Because the finance function can take advantage of temporary surpluses and deficits in the Group's various countries of operation, the Group's total interest expense can be reduced.

In each country, investments, revenues and most operating expenses are denominated in local currencies, and thus currency fluctuations have a relatively minor effect on operating earnings. Revenues and expenses in national currency are thereby hedged in a natural way, which limits transaction exposure. When the balance sheets of foreign subsidiaries are recalculated in SEK, a translation exposure arises that affects consolidated shareholders' equity. This translation exposure is limited by raising loans in foreign currencies.

Liquidity risks

The Group's long-term financing risk is limiting 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.

While available, the current loan facility can be utilized by the Parent Company withdrawing amounts in various currencies, with short maturities, usually SEK, EUR or CHF and usually with a maturities of three or six months. The loan is carried primarily in foreign currency, to hedge the Group against translation exposure in relation to net assets outside Sweden. 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 10 percent of the Group's annual revenues. The Group has deposited its liquid assets with established financial institutions where the risk of loss is considered remote. Intrum Justitia'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's central finance function prepares regular liquidity forecasts with the purpose of optimizing the balance between loans and liquid funds so that the net interest expense is minimized without, for that matter, incurring difficulties in meeting external commitments.

Credit risks

As part of its normal operations, the Group incurs outlays for court expenses, legal representation, enforcement authorities and similar – outlays that are necessary for collection to be conducted through the legal system. In certain cases, these outlays can be passed on to, and collected from debtors. In many cases Intrum Justitia has agreements with its clients whereby 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.

Risks inherent in purchased debt

To minimize the risks in this business, caution is exercised in purchase decisions. The focus is on small and medium-sized portfolios with relatively low average amounts, to help spread risks. In 2011, the average nominal value per case was about SEK 7,200. 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. The acquisitions generally involve unsecured debt, which reduces the capital investment and significantly simplifies administration compared with collateralized receivables.

Purchased debt portfolios are usually purchased at prices significantly below the nominal value of the receivables, and Intrum Justitia retains the entire amount it collects, including interest and fees. 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.

Scoring entails the consumer's payment capacity being assessed with the aid of statistical analysis. 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 conducted with, for example, Crédit Agricole SA, Goldman Sachs and East Capital since. Risks are further diversified by acquiring receivables from clients in different sectors and different countries.

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

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. A provision is made in the balance sheet to cover expenses that may arise due to the guarantee.

Financing risk

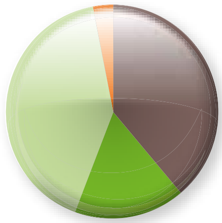
The Group's loan facility contains a number of operations-related and financial covenants, including limits on certain financial indicators. The Group Management Team carefully monitors these key financial indicators, so that it can quickly take measures if there is a risk that one or more limits may be exceeded.

GOODWILL

Consolidated goodwill amounted to SEK 2,204.3 M (2,152.5). The change during the year was attributable to the adjustment of the acquisition analyses for acquisitions made in 2010 (SEK 11.3 M), new goodwill attributable to Difko Inkasso (SEK 32.6 M), other acquisitions (SEK 5.4 M), and exchange rate differences (SEK 2.5 M).

EMPLOYEES

The average number of employees during the year was 3,331 (3,099). The number of employees has increased in connection with acquisitions in Northern Europe. Over the year, personnel turnover was 23 percent (24). Of the total number of employees during the year, 64 percent were women (63). The percentage of employees with university-level degrees was 33 per-



Number of employees by geographical region (%)

cent (30). Sick leave amounted to 4.3 percent (3.9) of the number of working days within the Group.

For further information on employees, wages and remunerations, see also Notes 28-31.

SOCIAL RESPONSIBILITY AND THE ENVIRONMENT

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

Intrum Justitia's role in society

The credit management sector offers a platform for economic growth by giving companies the opportunity to manage their credits in a more secure manner. As Europe's leading credit management company, Intrum Justitia is deeply committed to society's well-being. Intrum Justitia is a catalyst for a sound economy, which means that it accepts its responsibility in society and helps businesses and consumers to conduct secure transactions.

Business ethics

The company's values guide how it manages its business with customers and debtors. In addition to these values, Intrum Justitia applies ethical rules that guide and support its actions. These help in maintaining a culture pervaded by openness, trust and integrity. Intrum Justitia's ethical rules are unique within the credit management sector. To a large extent, they involve maintaining a respectful attitude towards clients and debtors and generating sound and secure business settlements between them. Concrete aspects of ethical rules include how applicable legislation and regulations are followed, how debtors' integrity is respected and how confidential information is ensured to remain within the company.

Working conditions

A sustainable and commercially successful business relies on skilled and motivated employees. 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. 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. In each country, operations are subject to environmental requirements that, as a minimum correspond to local environmental legislation to the extent it is applicable to the Group's operations.

As a service company, Intrum Justitia has a limited impact on the environment. Nonetheless, that does not prevent the company from working actively to decrease its environmental impact. Besides recycling processes having been improved, continuous efforts are in progress to reduce energy consumption and travel. We have invested in equipment for video-conferencing and thus curtailed our travel needs considerably. The new regional organization of the Group has also reduced travel needs.

MARKET OUTLOOK

Europe is characterized by considerable regional differences and there is substantial uncertainty regarding the macroeconomic situation in several countries. For Intrum Justitia as a whole, no weakening of collectability can currently be discerned among our clients' customers (debtors).

In Intrum Justitia's view, the Group's strategic focus is well attuned to the market trend, with a broadening of credit management services and a link to risk reduction and financial services based on strong, market-leading collection operations. In a substantially weakened macroeconomic situation in Europe, with increased unemployment, Intrum Justitia is negatively affected.

Companies' need to generate stronger and more predictable cash flow is increasing, as is the need to create additional alternatives for the financing of working capital, for example by selling receivables. These are trends that, in the long term, will benefit Intrum Justitia.

PARENT COMPANY

The publicly listed Parent Company, Intrum Justitia AB (publ), owns the subsidiaries, provides the Group's head office functions and handles certain Group-wide development work, services and marketing.

The Parent Company reported net revenues of SEK 74.8 M (61.9) for the year and earnings before tax of SEK -18.3 M (-278.8), including share dividends and Group contributions from subsidiaries of SEK 243.1 M (272.3) and impairment of holdings in subsidiaries by SEK 145.7 M (462.1).

The Parent Company invested SEK 0.8 M (0.9) in fixed assets during the year and had, at the end of the year, SEK 272.3 M (138.3) in cash and equivalents. The average number of employees was 42 (25).

EVENTS AFTER THE BALANCE SHEET DATE

Acquisition of a Dutch supplier of invoicing and payment solutions

On January 13, 2012, Intrum Justitia entered an agreement to acquire the Dutch company Buckaroo BV, a supplier of invoicing and payment solutions with several value-adding services particularly for e-trading customers. The company has developed an integrated system for the acceptance of payments via the Internet using, for example, credit cards, direct debit and bank transfers.

The company has some 40 employees and about 2,500 active customers and has grown strongly in recent years. Revenues for

2011 amounted to EUR 5.3 M with an operating margin of about 8 percent.

The purchase consideration was paid in connection with the finalization of the transaction and amounted to EUR 8 M based on a net debt-free valuation. The agreement also allows for an additional purchase consideration of up to EUR 32 M in 2013-2015, which is to be paid if certain financial targets are achieved. In that eventuality, most of the purchase consideration will be paid in 2015. Including a possible additional purchase consideration, the company's valuation on a net debt-free basis in relation to EBIT is considerably lower than Intrum Justitia's corresponding valuation at the time of acquisition. The acquisition is expected to contribute positively to Intrum Justitia's earnings per share in 2012.

The acquisition was completed on January 31, 2012 and will therefore be consolidated from February 1, 2012. The acquisition analysis had not been completed at the time of publishing the annual report.

New regional manager in Central Europe

As of February 8, 2012 Per Christofferson, the Group's Director of Credit Management Services, became the acting regional manager for Central Europe. This is a consequence of the decision by the former regional manager, Thomas Hutter, to leave that position to instead become the President of the Swiss subsidiary. Hutter was previously responsible both for the region and for the Swiss operations. The process of recruiting a new regional manager has commenced and is expected to be completed in the first half of 2012.

Bond loan (Medium Term Note)

In March 2012 Intrum Justitia issued bonds for SEK 1 billion within the frame-work for the company's MTN program. The bonds are unsecured and extend over a period of five years, maturing in March 2017. Of the total amount SEK 575 M has been issued at a fixed coupon of 5.125 percent and SEK 425 at available rate of STIBOR 3 months +3.10 percent.

THE SHARE AND SHAREHOLDERS

At year-end the company had 79,744,651 outstanding shares following the cancellation in 2011 of the 250,000 that were repurchased in 2008 and held as treasury shares. All shares carry equal voting rights and an equal share in the company's assets and earnings.

The company's largest shareholders at yearend were Fidelity Investment Management (10.0 percent of the share capital), Carnegie Funds (5.9), Lannebo Funds (4.6) and CapMan Oyj (4.5). See also the table on page 34.

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 2011 the Board held 13 meetings (11 the previous year).

For a description of the work of the Board, please see the Corporate Governance Report on pages 84-99. The Corporate Governance Report is also available at the corporate website www.intrum.com.

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

The 2011 Annual General Meeting resolved to adopt remuneration principles for senior executives and these are summarized in Note 30. The Board proposes the following guidelines for resolution by the 2012 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 2013 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 in which Intrum Justitia is present to attract, motivate and retain highly skilled executives. Individual remuneration levels shall be based on the factors of competence, responsibility and performance.

The total remuneration may be based upon four main components: base salary, short and long-term variable salary programs and pension benefits. In addition, other benefits of limited value, such as a company car, may also be offered.

The base salary depends on the complexity of the work and the individual's work performance and competence. The variable remunerations shall be capped. The short and long-term variable remuneration shall further be balanced so that the maximum short-term part does not exceed 50 percent of the total maximum outcome of the year's total variable salary program. There are deviations from this in a few older employment contracts.

Short-term variable salary

Short-term variable salary is set for one year at a time and shall be subject to the achievement of predetermined and measurable goals. Such targets may be individual and general, as well as qualitative and quantitative. Goals shall be agreed in writing. Profitability-based objectives and discretionary based objectives related to the ongoing strategy transformation are examples of objectives used.

The one-year variable part of the salary contribute to decrease the share of fixed costs and to focus the efforts on fields of activity that the Board wants to prioritize.

Short-term variable salary shall be maximized at 50 percent of fixed annual salary. There are deviations from this in a few older employment agreements.

For the President and other current senior executives, the cost for the short-term variable salary program for 2012 is not estimated to exceed MSEK 13.6 excluding social charges.

Long-term variable salary

The aim of Intrum Justitia's long-term variable salary programs is to stimulate participants, whose efforts are deemed to have a direct impact on the group's results, profitability and value growth, to further increased efforts, by aligning their long-term interests and perspective with those of the shareholders. The aim of the program is further to create a long-term commitment to Intrum Justitia, to strengthen the overall perspective of Intrum Justitia and to offer participants an opportunity to share in Intrum Justitia's long-term success and value creation. Another target is to decrease the share of fixed costs.

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

Miscellaneous

New pension plans shall be defined contribution-based and the size of the pensionable salary shall be capped.

At termination of employment by Intrum Justitia, severance pay (if any) of not more than 12 month's salary shall be paid. There are deviations from this in a few existing employment agreements.

It shall be possible for the Board to deviate from these principles if special reasons exist in an individual case.

PROPOSED APPROPRIATION OF EARNINGS

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	– 681,202,485
Retained earnings	5,165,383,665
Net earnings for the year	–18,403,980
Total	**4,577,033,076**

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

SEK	
Dividend	
79,744,651 shares x SEK 4.50	SEK 358,850,930
Balance carried forward	4,218,182,146
Total	**4,577,033,076**

The Board of Directors' complete statement motivating the proposed disposition of profit for the 2011 financial year will be presented in a separate document prior to the 2012 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, scope and risks of the company's operations, 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 29, 2012 by the Board of Directors of the Parent Company, which proposes their adoption by the Annual General Meeting on April 25, 2012.

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 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 29, 2012

Lars Lundquist
Chairman of the Board

Matts Ekman
Board member

Helen Fasth-Gillstedt
Board member

Joakim Rubin
Board member

Charlotte Strömberg
Board member

Fredrik Trägårdh
Board member

Joakim Westh
Board member

Lars Wollung
President and CEO

Consolidated income statement

SEK M	NOTE	2011	2010
Revenues	2, 3	3,949.8	3,766,0
Cost of sales		–2,362.8	–2,322,6
Gross earnings		**1,587.0**	**1,443,4**
Sales and marketing expenses		–242.9	–303,8
Administrative expenses		–470.4	–410,7
Divestments of shares in associated companies		–8.8	0,0
Participations in associated companies	5	2.7	1,7
Operating earnings (EBIT)	2, 4	**867.6**	**730,6**
Financial income	6	22.2	11,1
Financial expenses	7	–137.0	–102,4
Net financial items		**–114.8**	**–91,3**
Earnings before tax		**752.8**	**639,3**
Taxes	8	–200.1	–187,3
Income for the year		**552.7**	**452,0**
Of which attributable to:			
Parent Company's shareholders		551.4	452,0
Non-controlling interest		1.3	0,0
Income for the year		**552.7**	**452,0**
Earnings per share, before and after dilution (SEK)		**6.91**	**5.67**
Statement of comprehensive income			
Income for the year		552.7	452,0
Other comprehensive income:			
Change in translation reserve for the year		0.9	–122,7
Exchange rate differences transferred to income for the year		10.1	0.0
Comprehensive income for the year		**563.7**	**329.3**
Of which attributable to:			
Parent Company's shareholders		562.2	329,3
Non-controlling interest		1.5	0,0
Comprehensive income for the year		**563.7**	**329,3**
Data per share, SEK	9		
Share price at end of the year		107.75	103,50
Earnings per share before and after dilution		6.91	5,67
Average no. of shares before and after dilution, thousands		79,745	79,745
Number of shares outstanding at end of the year, thousands*		79,745	79,995

For definitions, see page 88
* Including the company's own holdings of 250,000 shares at the close of 2010.

Consolidated balance sheet

SEK M	NOTE	DEC 31, 2011	DEC 31, 2010
ASSETS			
Fixed assets			
Intangible fixed assets	10		
Capitalized expenditure for IT development		281.1	314.5
Client relationships		101.9	156.0
Other intangible fixed assets		25.6	17.5
Goodwill		2,204.3	2,152.5
Total intangible fixed assets		**2,612.9**	**2,640.5**
Tangible fixed assets	11		
Computer hardware		21.4	37.6
Other tangible fixed assets		44.4	46.3
Total tangible fixed assets		**65.8**	**83.9**
Other fixed assets			
Shares and participations in associated companies	14	12.2	20.3
Other shares and participations	15	0.3	0.9
Purchased debt	16	3,228.7	2,373.4
Deferred tax assets	8	71.1	75.9
Other long-term receivables	17	31.8	48.4
Total other fixed assets		**3,344.1**	**2,518.9**
Total fixed assets		**6,022.8**	**5,243.3**
Current assets			
Current receivables			
Accounts receivable	18	265.7	268.3
Client funds		580.1	599.4
Tax assets		27.8	33.1
Other receivables	19	266.8	325.1
Prepaid expenses and accrued income	20	119.3	138.7
Total current receivables		**1,259.7**	**1,364.6**
Liquid assets	21	**624.8**	**507.1**
Total current assets		**1,884.5**	**1,871.7**
TOTAL ASSETS		**7,907.3**	**7,115.0**

Consolidated balance sheet

SEK M	NOTE	DEC 31, 2011	DEC 31, 2010
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	906.2
Reserves		290.2	279.4
Retained earnings		1,613.6	1,389.2
Total shareholders' equity attributable to Parent Company's shareholders		**2,811.6**	**2,576.4**
Shareholders' equity attributable to non-controlling interest		1.7	0.2
Total shareholders' equity		**2,813.3**	**2,576.6**
Long-term liabilities			
Liabilities to credit institutions	25	2,588.1	2,588.6
Other long-term liabilities		60.8	78.9
Provisions for pensions	23	46.0	32.1
Other long-term provisions	24	2.7	15.1
Deferred tax liabilities	8	89.7	79.3
Total long-term liabilities		**2,787.3**	**2,794.0**
Current liabilities			
Liabilities to credit institutions	25	4.6	0.4
Commercial paper	25	616.6	–
Client funds payable		580.1	599.4
Accounts payable		132.8	141.4
Income tax liabilities		203.5	201.6
Advances from clients		27.4	27.2
Other current liabilities	26	228.7	260.5
Accrued expenses and prepaid income	26	505.3	502.6
Other short-term provisions	24	7.7	11.3
Total current liabilities		**2,306.7**	**1,744.4**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITRIES		**7,907.3**	**7,115.0**

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

Consolidated cash flow statement

SEK M	NOTE	2011	2010
Operating activities			
Operating earnings	2	867.6	730.6
Depreciation/amortization	4, 10, 11	173.2	171.4
Amortization of purchased debt	16	888.1	800.1
Adjustments for items not included in cash flow	2	8.3	–14.3
Interest received		22.3	11.1
Interest paid and financial expenses		–99.2	–68.4
Income tax paid		–176.8	–105.0
Cash flow from operating activities before changes in working capital		**1,683.5**	**1,525.5**
Changes in working capital		84.1	104.3
Cash flow from operating activities		**1,767.6**	**1,629.8**
Investing activities			
Purchases of intangible fixed assets	10	–97.1	–119.0
Purchases of tangible fixed assets	11	–22.7	–26.5
Debt purchases*	16	–1,803.6	–1,049.6
Purchases of shares in subsidiaries and associated companies*	14, 38	–43.4	–460.9
Disposals of shares in associated company	14	3.1	0.0
Other cash flow from investing activities		17.5	10.5
Cash flow from investing activities		**–1,946,2**	**–1,645.5**
Financing activities			
Borrowings		1,185.8	874.3
Repayment of loans		–561.4	–536.8
Share dividend to Parent Company's shareholders		–327.0	–299.0
Cash flow from financing activities		**297.4**	**38.5**
Change in liquid assets		**118.8**	**22.8**
Opening balance of liquid assets		**507.1**	**491.4**
Exchange rate differences in liquid assets		–1.1	–7.1
Closing balance of liquid assets	21	**624.8**	**507.1**
Unutilized credit facilities	25	1,383.4	233.7
Available liquidity		**2,008.2**	**740.8**

* The acquisition of Nice Invest Nordic AB in 2010 included purchased debt of SEK 178.4 M and the acquisition of Difko Inkasso A/S in 2011 included purchased debt of SEK 24.4 M. They are reported in the row Debt Purchases.

Condensed statement of changes in consolidated shareholders' equity

See also Note 22

SEK M	Number of shares outstanding	Share capital	Other capital contribu-tions	Reserves	Retained earnings incl. net earnings for the year	Total	Non-controlling interest	Total share-holders' equity
Opening balance, January 1, 2010	79,744,651	1.6	908.8	402.1	1,236.2	2,548.7	0.2	2,548.9
Income for the year 2010					452.0	452.0		452.0
Other comprehensive income 2010				–122.7		–122.7		–122.7
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**
Income for the year 2011					551.4	551.4	1.3	552.7
Other comprehensive income 2011				10.8		10.8	0.2	11.0
Share dividend					–327.0	–327.0		–327.0
Closing balance. December 31, 2011	**79,744,651**	**1.6**	**906.2**	**290.2**	**1,613.6**	**2,811.6**	**1.7**	**2,813.3**

The item reserves include only the translation reserve.
Accumulated exchange rate differences since the transition to IFRS amounted to SEK 290.2 M (297.4) at the close of 2011.

Parent Company income statement

SEK M	NOTE	2011	2010
Revenues	3	74.8	61.9
Gross earnings		**74.8**	**61.9**
Sales and marketing expenses		–15.4	–13.4
Administrative expenses		–140,1	–106.3
Operating earnings	**4**	**–80.7**	**–57.8**
Income from participations in Group companies	6	243.1	272.3
Interest income and similar items	6	118.4	77.1
Impairment of shares in subsidiaries	7	–145.7	–462.1
Interest expenses and similar items	7	–153.4	–108.3
Net financial items		**62.5**	**–221.0**
Earnings before tax		**–18.3**	**–278.8**
Current tax	8	–0.1	–0.1
Income for the year		**–18.4**	**–278.9**
Statement of comprehensive income			
Income for the year		–18.4	–278.9
Other comprehensive income:			
Change in translation reserve (fair value reserve)		21.0	250.6
Comprehensive income for the year		**2.6**	**–28.2**

Parent Company balance sheet

SEK M	NOTE	DEC 31, 2011	DEC 31, 2010
ASSETS			
Fixed assets			
Intangible fixed assets	10		
Capitalized expenditure for IT development		0.8	0.9
Total intangible fixed assets		**0.8**	**0.9**
Tangible fixed assets	11		
Computer hardware		0.1	0.1
Other tangible fixed assets		0.5	0.3
Total tangible fixed assets		**0.6**	**0.4**
Financial fixed assets			
Participations in Group companies	12	6,748.6	6,748.6
Receivables from Group companies		968.1	725.0
Other long-term receivables	17	0.0	5.0
Total financial fixed assets		**7,716.7**	**7,478.6**
Total fixed assets		**7,718.1**	**7,479.9**
Current assets			
Current receivables			
Tax assets		1.8	1.8
Receivables from Group companies		2,454.8	1,845.9
Other receivables	19	2.5	4.8
Prepaid expenses and accrued income	20	14.3	10.8
Total current receivables		**2,473.4**	**1,863.3**
Liquid assets	21		
Cash and bank balances		272.3	88.3
Short-term investments		0.0	50.0
Total liquid assets		**272.3**	**138.3**
Total current assets		**2,745.7**	**2,001.6**
TOTAL ASSETS		**10,463.8**	**9,481.5**

Parent Company balance sheet

SEK M	NOTE	DEC 31, 2011	DEC 31, 2010
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		–681.2	–702.2
Retained earnings		5,165.3	5,771.2
Income for the year		–18.4	–278.9
Total non-restricted equity		**4,577.0**	**4,901.4**
Total shareholders' equity		**4,861.1**	**5,185.5**
Provisions			
Provisions for pensions	23	0.0	5.0
Total provisions		**0.0**	**5.0**
Long-term liabilities			
Liabilities to credit institutions	25	2,588.1	2,588.6
Liabilities to Group companies		1,218.9	1,032.0
Total long-term liabilities		**3,807.0**	**3,620.6**
Current liabilities			
Commercial paper	25	616.6	0.0
Accounts payable		5.1	6.7
Liabilities to Group companies		1,113.5	627.5
Other current liabilities		1.6	1.6
Accrued expenses and prepaid income	26	58.9	34.6
Total current liabilities		**1,795.7**	**670.4**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**10,463.8**	**9,481.5**
Pledged assets		None	None
Contingent liabilities		89.5	None

Parent Company cash flow statement

SEK M	NOTE	2011	2010
OPERATING ACTIVITIES			
Operating earnings		–80.7	–57.8
Depreciation/amortization	4	0.5	0.3
Adjustments for items not included in cash flow		–	–2.7
Interest received		118.4	77.1
Interest paid and financial expenses		–115.4	–85.8
Income tax paid		–0.1	0.2
Cash flow from operating activities before changes in working capital		**–77.3**	**–68.7**
Changes in working capital		6.1	–0.9
Cash flow from operating activities		**–71.2**	**–69.6**
Investing activities			
Purchases of intangible fixed assets	10	–0.3	–0.6
Purchases of tangible fixed assets	11	–0.4	–0.3
Share dividend from subsidiaries		207.1	209.0
Cash flow from investing activities		**206.4**	**208.1**
Financing activities			
Borrowings		1,181.7	874.3
Amortization of loans		–554.3	–395.7
Net loans to subsidiaries		–301.6	–339.6
Share dividend to Parent Company's shareholders		–327.0	–299.0
Cash flow from financing activities		**–1.2**	**–160.0**
Change in liquid assets		**134.0**	**–21.5**
Opening balance of liquid assets		**138.3**	**159.8**
Closing balance of liquid assets	21	**272.3**	**138.3**

Condensed statement of consolidated 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	Income for the year	Total share-holders' equity
Opening balance, January 1, 2010	**79,744,651**	**1.6**	**282.5**	**111.3**	**–952.8**	**4,479.6**	**1,593.2**	**5,515.4**
Disposition of previous year's earnings						1,593.2	–1,593,2	0.0
Effect of employee stock option program						–2.6		–2.6
Share dividend						–299.0		–299.0
Income for the year 2010							–278.9	–278.9
Other comprehensive income 2010					250.6			250.6
Closing balance. December 31, 2010	**79,744,651**	**1.6**	**282.5**	**111.3**	**–702.2**	**5,771.2**	**–278.9**	**5,185.5**
Disposition of previous year's earnings						–278.9	278.9	0.0
Share dividend						–327.0		–327.0
Income for the year 2011							–18.4	–18.4
Other comprehensive income 2011					21.0			21.0
Closing balance. December 31, 2011	**79,744,651**	**1.6**	**282.5**	**111.3**	**–681.2**	**5,165,3**	**–18.4**	**4,861.1**

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

Notes

NOTE 1
SIGNIFICANT ACCOUNTING AND VALUATION PRINCIPLES

General
The Parent Company Intrum Justitia AB (publ) is a registered company domiciled in Stockholm, Sweden. The address of the company's headquarters is Marcusplatsen 1A, Nacka, SE-105 24 Stockholm, Sweden. The company is listed on the NASDAQ OMX Nordic, Mid Cap list.

The financial reports were approved for publication by the company's Board of Directors on March 29, 2012. The balance sheets and income statements will be presented to the Annual General Meeting on April 25, 2012. The consolidated accounts can be changed by the company's owners after having been approved by the Board of Directors.

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.

The consolidated and annual accounts pertain to January 1–December 31 for income statement items and December 31 for balance sheet items.

Accounting standards applied
In the Annual Report for Intrum Justitia AB (publ), the consolidated accounts have been prepared in accordance with the Annual Accounts Act, the International Financial Reporting Standards (IFRS) and the International Accounting Standards issued by the International Accounting Standards Board (IASB), as well as 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 stated in the section "Parent Company accounting principles".

Assumptions
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.

Assessments made by the company that have a significant effect on the financial statements and estimates that may cause material adjustments to the financial statements of subsequent years are described in greater detail in Note 39.

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 2011

Effective from 2011, the requirements of IAS 1 Presentation of Financial Statements have been changed with regard to the organization of the Statement of Changes in Shareholders' Equity. Accordingly, in the Statement of Changes in Shareholders' Equity, the former item Comprehensive income for the year has been split, with separate specifications for Income for the year and Other comprehensive income for the year. The adjusted presentation is applied for the year at hand and the comparison year. The changes have not given rise to any adjustments in amounts in the financial statements.

Other changes of IFRS that apply from 2011 have not had any material impact on the Group's reporting.

Changes that enter into force in or after 2012

The Group has decided against early application of any new or amended accounting recommendations or interpretations that enter into force in or after 2012.

Effective from 2015, IFRS 9 Financial Instruments will apply and is intended to replace IAS 39 Financial Instruments: Recognition and Measurement. IASB has published the first two of at least three sections that will together form IFRS 9. This first section deals with the classification and measurement 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. In October 2010, the IASB also published parts of IFRS 9, which addresses the classification and assessment of financial liabilities that are voluntarily assessed at fair value according to the fair value option. For these liabilities, the change in value is to be split between changes attributable to the entity's own creditworthiness and changes in a reference interest rate. The company's current view is that IFRS 9 will have no material impact on the company's earnings and position, but that disclosure requirements are increasing.

Effective from 2013, IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities and IFRS 13 Fair Value Measurement will apply. Preliminarily, IFRS 11 is judged to entail Intrum Justitia no longer being able report its joint venture companies according to the proportional method but that they will instead have to be reported according to the equity method.

Effective from 2013, a new version of IAS 19 Employee Benefits will also apply. The change entails the discontinuation of the corridor method. Actuarial gains and losses are to be recognized in other comprehensive income. The calculated return on managed assets is to be based on the discount rate applied in the calculation of the pension commitment. The difference between actual and calculated return on managed assets is to be recognized in other comprehensive income. Intrum Justitia will not be applying this change prospectively.

Other changes to IFRS for future application are not expected to have any material effect on the consolidated accounts.

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 entails acquisitions of subsidiaries being viewed as transactions through which the Group indirectly acquires the subsidiary's assets and assumes 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. This analysis determines, in part, the cost of the holdings or operations and, in part, the fair value of the identifiable assets, liabilities and contingent liabilities assumed on the date of acquisition. The cost of the subsidiary's shares or operations consists of the fair value of the compensation on the transfer date. Transaction expenses directly attributable to the acquisition are included for transactions before January 1, 2010. For acquisitions as of January 1, 2010, transaction expenses are expensed as they are incurred. The cost also includes conditional purchase considerations. These are accounted for at fair value at the acquisition date, and are revalued at every time of reporting. The change is accounted for in income for the year, given that the purchase price does not include an equity instrument.

In business combinations where cost exceeds the net value of the acquired assets and assumed liabilities and contingent liabilities, the difference is reported as goodwill. When the difference is negative, it is recognized directly in the income statement.

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 arising from transactions with associated companies and joint ventures are eliminated to a degree corresponding to the Group's ownership of those companies. 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 in the income statement and instead reduce the carrying value of the investment.

Any discrepancy at the point of acquisition between the cost of the holding and the owning company's share of the net fair value of the identifiable assets and liabilities and contingent liabilities of the associated company is reported 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 Interests in Associates. 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 accounts 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 in the income statement – in the operating result 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 in the income statement.

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 in the income statement. They are recognized at fair value excluding transaction expenses. 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. Receivables are recognized when the company has performed and there is a contractual obligation on the counterparty to pay, even if an invoice has not yet been received. 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. The only financial instrument that is regularly revalued to fair value are derivatives instruments (forward exchange contracts). They are valued according to a valuation method that is founded on real market data, and thus is referred to level 2 in the valuation hierarchy in IFRS 7.

Long-term receivables and other receivables

Long-term receivables and other receivables are those 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 accounts receivable and are assessed at amortized cost.

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 in the income statement 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 projected 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 projected future cash flows on the acquisition date. Changes in the carrying value of the portfolios are reported as amortization for the period and are recognized in the income statement on the revenue line.

In connection with the purchase of each portfolio of receivables, a projection is made of the portfolio's cash flows. Cash flows include the nominal amount, reminder fees, collection fees and late interest that, based on a probability assessment, are expected to be received from debtors, less projected collection costs. With this projection 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 projections 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 projections 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 projections 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 projection 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 projections are treated symmetrically, i.e., both increases and decreases in projected flows affect the portfolios' book value and, as a result, earnings. However, the portfolios are never recognized at higher than cost.

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. Impairment needs are addressed when receivables have fallen overdue for payment by a certain number of days, which differs between countries, or if Intrum Justitia becomes aware that the counterparty has become insolvent. Provisions for impaired receivables are recognized as sales and marketing expenses. The anticipated maturity of accounts receivable is short, so they are carried at amortized cost without discounting.

Legal outlays

The Group incurs outlays for court fees, legal representation, enforcement authorities, 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. The anticipated maturity of these receivable is short, so they are carried at amortized cost without discounting.

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 interest 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 interest 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.

Forward exchange contracts are classified as financial assets recognized at fair value via profit and loss and assessed at fair value without deductions for transaction expenses that may arise on sale or similar.

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 in the income statement as exchange rate differences.

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 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 useful life. 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 useful lives (5–10 years).

Other intangible fixed assets

Other intangible assets involve other acquired rights and are amortized on a straight-line basis over their estimated useful lives (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 in the income statement. 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. Intrum Justitia's operations in each geographical region (Northern Europe, Central Europe and Western Europe) are considered the Group's cash-generating units in this regard.

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.

The residual value and useful life of each asset are assessed annually. 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 in the income statement 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 in the income statement.

Taxes

The Group applies IAS 12 Income Taxes.

Income taxes consist of current tax and deferred tax. Income taxes are recognized in the income statement 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 tax to be paid or refunded in the current year, applying the tax rates valid on the balance sheet date, which includes adjustment of 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.

Shareholders' 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 projected 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 expenses.

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 useful life and intangible assets not yet brought into 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 geographical region (Northern Europe, Central Europe or Western Europe) 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 in the income statement. 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. Upon calculating the value in use, future cash flows are discounted at a discount rate that takes into account risk-free 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 in the income statement 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 to its 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 earnings.

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 previously had employee stock options, including so-called performance shares, issued to senior executives. In 2011 there were no outstanding options for employees.

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 initiated in 2011.

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.

Charge card guarantees

Intrum Justitia reviews charge card applications for card issuers and, for a certain fee, guarantees full compensation for those issuers in the event that card holders fail to pay. The guarantee entails an undertaking by Intrum Justitia to acquire the receivable from the creditor at its nominal value once it has fallen overdue for payment by a certain number of days. The revenue, in the form of a guarantee fee, is recognized when the guarantees are issued, while a liability is recognized in the balance sheet for expected losses related to those guarantees. If the card holder fails to make payment, Intrum Justitia acquires the claim. The disbursement is recognized among purchased debt in the balance sheet, less the liability recognized when the guarantee was issued.

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.

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.

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 avai-

NOTE 1 – cont.

lable 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). 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.

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 accounting principles of the Group and the Parent Company

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 and repayments of shareholder contributions.

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 and repayments of shareholder contributions.

Group contributions and shareholders' contributions for legal entities

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

Group contributions received are recognized as dividends and Group contributions paid are recognized as shareholders' contributions. Group contributions are recognized directly in the equity of the recipient and are carried as shares and participations by the contributor to the extent that no impairment needs to be applied.

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 commitments for the benefit of subsidiaries are carried at fair value in the Parent Company balance sheet if it is likely that payment will be received.

NOTE 2

OPERATING SEGMENTS

GROUP	2011	2010
SEK M		
Revenues from external clients by geographical region		
Northern Europe	1,776.7	1,445.1
Central Europe	905.9	924.3
Western Europe	1,267.2	1,396.6
Total	**3,949.8**	**3,766.0**

Revenues from external clients by country		
Finland	666.0	591.7
Sweden	656.5	585.4
Switzerland	473.2	484.4
France	408.4	429.7
Netherlands	327.8	376.2
Other countries	1,417.9	1,298.6
Total	**3,949.8**	**3,766.0**

Intra-Group revenues by geographical region		
Northern Europe	115.9	93.2
Central Europe	191.9	173.4
Western Europe	91.8	98.2
Elimination	–399.6	–364.8
Total	**0.0**	**0.0**

Operating earnings by geographical region		
Northern Europe	453.2	332.6
Central Europe	200.3	196.3
Western Europe	223.6	202.6
Loss on disposal of shares in associated companies	–8.8	–
Participations in earnings of associated companies	–0.7	–0.9
Total operating earnings	**867.6**	**730.6**
Net financial items	–114.8	–91.3
Earnings before tax	**752.8**	**639.3**

Assets		
Northern Europe	3,111.5	2,643.6
Central Europe	1,937.7	1,670.0
Western Europe	2,427.5	2,449.7
Group-wide/eliminations	430.6	351.7
Total	**7,907.3**	**7,115.0**

GROUP	2011	2010
Tangible and intangible fixed assets by country		
Sweden	559.4	602.7
Finland	525.2	545.4
Switzerland	248.1	229.3
Netherlands	126.6	128.1
France	163.4	173.1
Other countries	1,056.0	1,045.8
Total	**2,678.7**	**2,724.4**

Liabilities and provisions		
Northern Europe	1,575.6	1,371.4
Central Europe	566.5	545.2
Western Europe	798.8	1,082.0
Group-wide/eliminations	2,153.1	1,539.8
Total	**5,094.0**	**4,538.4**

Investments in tangible and intangible fixed assets		
Northern Europe	55.6	64.2
Central Europe	41.5	20.9
Western Europe	16.4	39.8
Group-wide/eliminations	8.6	13.3
Total	**122.1**	**138.2**

Depreciation/amortization		
Northern Europe	–71.9	–58.4
Central Europe	–37.9	–39.5
Western Europe	–40.5	–44.4
Group-wide/eliminations	–22.9	–29.1
Total	**–173.2**	**–171.4**

Adjustments for other items not included in cash flow		
Northern Europe	5.0	–3.2
Central Europe	7.5	1.7
Western Europe	–15.7	–14.1
Group-wide/eliminations	11.5	1.3
Total	**8.3**	**–14.3**

Participations in associated companies		
Western Europe	3.4	3.4
Group-wide/eliminations	–0.7	–1.7
Total	**2.7**	**1.7**

Shares in associated companies		
Western Europe	12.2	12.2
Group common/eliminations	0.0	8.1
Total	**12.2**	**20.3**

	2011	2010
Revenues by service line		
Credit Management	3,292.9	3,274.3
Financial Services	1,088.2	860.5
Elimination of inter-service line revenue	–431.3	–368.8
Total	**3,949.8**	**3,766.0**

Operating earnings by service line	2011	2010
Credit Management	492.2	471.9
Financial Services	545.2	382.6
Disposal of minority interest	–8.8	–
Participations in earnings of associated companies	–0.7	–0.9
Central expenses	–160.3	–123.0
Total	**867.6**	**730.6**

No individual customer is responsible for generating more than 3 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 allocated among 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	**2011**	**2010**	**2011**	**2010**
Collection fees, commissions and debtors fees	2,528.1	2,439.8	–	–
Subscription revenues	85.5	91.7	–	–
Collections on purchased debt	1,929.7	1,614.9	–	–
Amortization of purchased debt	-906.9	-803.3	–	–
Revaluation purchased debt	18.8	3.2	–	–
Commission revenues from credit card guarantee fees	46.2	45.7	–	–
Revenues from Group	–	–	74.8	61.9
Other	248.4	374.0	–	–
Total	**3,949.8**	**3,766.0**	**74.8**	**61.9**

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

NOTE 4

DEPRECIATION

	GROUP		PARENT COMPANY	
SEK M	2011	2010	2011	2010
Capitalized expenditure for IT development	–114.4	–104.6	–0.2	–0.2
Client relationships	–12.8	–14.5	–	–
Other intangible fixed assets	–13.0	–11.0	–	–
Computer hardware	–17.4	–25.3	0.0	–0.1
Other tangible fixed assets	–15.6	–16.0	–0.3	0.0
Total	**–173.2**	**–171.4**	**–0.5**	**–0.3**

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

	GROUP		PARENT COMPANY	
SEK M	2011	2010	2011	2010
Cost of sales	–158.7	–152.8	–	–
Sales and marketing expenses	–3.8	–4.9	–	–
Administrative expenses	–10.7	–13.7	–0.5	–0.3
Total	**–173.2**	**–171.4**	**–0.5**	**–0.3**

NOTE 5

PARTICIPATIONS IN ASSOCIATED COMPANIES

	GROUP	
SEK M	2011	2010
Motus ehf, Reykjavik (Iceland)	–0.3	–1.7
IJCOF SAS, Lyon (France)	3.0	3.4
Total	**2.7**	**1.7**

NOT 6

FINANCIAL INCOME

	GROUP		PARENT COMPANY	
SEK M	2011	2010	2011	2010
Interest income from Group companies	–	–	105.5	74.0
Other interest income	22.2	8.2	12.9	3.1
Dividends from Group companies	–	–	243.1	272.3
Distribution received on other shares	–	2.9	–	–
Total	**22.2**	**11.1**	**361.5**	**349.4**

Distribution received on other shares relates to payment obtained in connection with the liquidation of NetGiro International AB.

Revenues include interest income attributable to purchased debt amounting to SEK 1,022.8 M (811.6), 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.

The item Dividends from Group Companies include Group contribution received from subsidiaries in Sweden of SEK 36.0 M (61.0).

NOTE 7

FINANCIAL EXPENSES

	GROUP		PARENT COMPANY	
SEK M	2011	2010	2011	2010
Interest expenses to Group companies	–	–	–23.5	–16.9
Interest expenses	–99.6	–70.7	–89.5	–68.6
Translation differences	7.8	–8.6	5.6	–0.7
Amortization of capitalized borrowing costs	–34.9	–14.0	–34.9	–14.0
Impairment of shares in subsidiaries	–	–	–145.7	–462.1
Other financial expenses	–10.3	–9.1	–11.1	–8.1
Total	**–137.0**	**–102.4**	**–299.1**	**–570.4**

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

NOTE 8

TAXES

The tax expense for the year breaks down as follows:

	GROUP	
MSEK	2011	2010
Current tax		
Tax expense attributable to earnings for the year	–156,9	–133,6
Tax attributable to settled tax disputes and similar	–29,3	–27,8
Other tax adjustments attributable to previous years	5,3	0,0
Deferred tax		
Deferred tax related to temporary differences	26,2	17,0
Deferred tax income in tax value of capitalized loss carryforwards	13,0	9,7
Deferred tax expense attributable to previously capitalized tax value in tax-loss carryforwards	–58,4	–52,6
Total	**–200,1**	**–187,3**

During the year, no taxes were recognized for discontinued operations or capital gains.

The Group's Finnish company incurred an additional tax expense of SEK 41.8 M in 2010 through the conclusion to the company's detriment of a tax dispute regarding the years 1999-2002. During 2011, the Finnish tax authorities decided to reassess the years 2003 to 2007, with the result that an additional SEK 29.3 M in taxes were debited and expensed. The company has appealed on the grounds of the reassessment being erroneous in nature and the deadline for reassessment having been passed. The interest expense for which the company's deduction has been disallowed ceased after 2007, so no additional tax for 2008 or later years is expected to arise.

Following a tax audit of the Group's Swedish parent company for the 2009 financial year, the Swedish Tax Agency ruled to disallow deductions for Group-internal interest charged to the Belgian subsidiary and corrected a deduction regarding unrealized exchange rate losses on Group-internal loans. The Tax Agency also resolved to impose a tax surcharge of SEK 19.1 M. Intrum Justitia takes the view, however, that its tax returns contained no fraudulent misstatements and that the conditions for a tax surcharge have therefore not been met. Consequently, the company has appealed the ruling to the Administrative Court with regard to the tax surcharge and has not made any provision for this in the annual accounts.

In connection with a tax audit in Belgium, the Belgian tax authorities questioned in December 2011 the company's right to notional interest deductions. The company will request a reassessment of the tax authorities' decision but risks, in the worst-case scenario, being liable to pay additional tax for 2008 and 2009 as well as a tax surcharge and interest totaling SEK 94.1 M. In the opinion of the company, the tax authorities' assessment is incorrect since it refers to legal cases regarding situations different from that at hand. Consequently, Intrum Justitia has not made provisions for additional taxes in the annual accounts.

Intrum Justitia AB is seated in Sweden where the nominal corporate tax rate is 26.3 percent. 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 expected tax cost following a corporate tax rate of 26.3 percent:

	GROUP			
	2011		2010	
Reconciliation	**SEK M**	**%**	**SEK M**	**%**
Earnings before tax	752.8		639.3	
Income tax calculated at standard rate in Sweden, 26.3 percent	**–198.0**	**26.3**	**–168.1**	**26.3**
Effect of different tax rates in other countries	68.9	–9.2	62.1	–9.7
Tax effect of tax-exempt income and non-deductible expenses	–6.4	0.9	–10.5	1.6
Unrecognized tax assets pertaining to loss carryforwards	–56.9	7.6	–56.1	8.8
Utilized previously unrecognized tax assets pertaining to loss carryforwards	16.3	–2.2	5.9	–0.9
Adjustments to previous years and other	–24.0	3.2	–20.6	3.2
Total tax on net earnings for the year	**–200.1**	**26.6**	**–187.3**	**29.3**

Unrecognized tax assets for loss carryforwards relate to 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 others include the two above-mentioned non-recurring items.

Corresponding reconciliation for the Parent Company:

	PARENT COMPANY			
	2011		2010	
Reconciliation	**SEK M**	**%**	**SEK M**	**%**
Earnings before taxes	–18.3		–278.8	
Income tax calculated at standard rate in Sweden, 26.3 percent	**4.8**	**26.3**	**73.3**	**26.3**
Tax effect of tax-exempt income and non-deductible expenses	16.1	88.0	–66.0	–23.6
Unrecognized tax assets pertaining to loss carryforwards	–21.0	–114.8	–7.4	2.7
Total tax on net earnings for the year	**–0.1**	**–0.5**	**–0.1**	**0.0**

Tax-exempt income and non-deductible expenses in the Parent Company consist primarily of share dividends from subsidiaries as well as impairment of shares in subsidiaries. As a result of both income items and unrealized translation differences recognized in other comprehensive income, the Parent Company had accumulated loss carryforwards of SEK 530.0 M (1,100.0) at year-end. Of the decrease from last year SEK 754.8 M is attributable to a correction of previously wrongly stated information about unrealized foreign exchange losses. No deferred tax assets are recognized for these loss carryforwards as the parent company is not expected to have positive taxable results in the coming years.

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			
	2011		2010	
	Asset/ liability	**Income/ expense**	**Asset/ liability**	**Income/ expense**
Legal expenses	–1.7	0.0	–1.7	–1.6
Purchased debt	–6.6	6.8	–16.4	1.5
Intangible assets	–29.2	14.9	–44.6	–0.1
Tax-loss carryforwards	11.3	–45.4	55.8	–42.9
Provisions for pensions	3.4	–0.4	3.6	–0.5
Other	4.2	4.9	–0.1	17.7
Total	**–18.6**	**–19.2**	**–3.4**	**–25.9**
Deferred tax assets	71.1		75.9	
Deferred tax liabilities	–89.7		–79.3	
Total	**–18.6**		**–3.4**	

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.

The Group has expected loss carryforwards that can be utilized against future earnings totaling SEK 1,834.0 M (2,289.2) after reduction attributable to an adjustment of foreign exchange losses as stated above. Of this amount, SEK 99.6 M (129.5) serves as the basis of the deferred tax assets of SEK 11.3 M (39.1) 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 Denmark, the Netherlands, Norway, Switzerland, Slovakia and Austria. Of these countries, all but Slovakia account for positive taxable results for 2011. The accounts are based on an assessment that all six countries have good opportunities of achieving or maintaining positive results over the next few years. Deferred tax assets are not recognized for countries with negative results unless it is assumed highly likely that the loss for the year is only temporary.

Countries where the use of loss carryforwards is subject to maturity are only Slovakia with SEK 7.6 M (7.9) and Poland with SEK 29.7 M (13.6). In these two countries the loss carryforwards can be used only for a five-year period from the year when the loss occurred. A deferred tax asset is reported concerning loss carryforwards in Slovakia corresponding to 19 percent of the total loss, however not in Poland.

The loss carryforwards for which no deferred tax assets are recognized relate to countries including Sweden with SEK 1,107.2 M (1,623.6) and the UK with SEK 382.6 M (326.7).

No tax items for the year have been recognized in other comprehensive income or in equity.

NOTE 9

EARNINGS PER SHARE

	GROUP	
	2011	**2010**
Net earnings for the year attributable to Parent Company's shareholders (SEK M)	551.4	452.0
Number of shares at the start of the year and at year-end	79,744,651	79,744,651
Weighted average number of shares during the year before dilution	79,744,651	79,744,651
Earnings per share before and after dilution (SEK)	**6,91**	**5,67**

The Group has had a Performance-Based Share Program introduced in 2008, where up to 144,473 shares could 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 could have been purchased by employees provided that certain performance conditions were 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 2010 or 2011.

NOTE 10

INTANGIBLE FIXED ASSETS

SEK M	GROUP 2011	GROUP 2010	PARENT COMPANY 2011	PARENT COMPANY 2010
Capitalized expenditure for IT development				
Acquisition cost, opening balance	930.9	882.0	5.4	4.8
Capitalized expenditures for the year	76.2	110.2	0.3	0.6
Disposals	–212.9	–9.1	–0.2	–
Reclassification	29.5	1.4	–	–
Purchases via acquisition	–	25.0	–	–
Translation differences	–3.6	–78.6	–	–
Accumulated acquisition cost, closing balance	**820.1**	**930.9**	**5.5**	**5.4**
Accumulated amortization, opening balance	–490.8	–429.1	–4.5	–4.3
Disposals	83.1	7.9	–	–
Reclassification	–19.3	–0.3	–	–
Purchases via acquisition	0.0	–5.3	–	–
Depreciation for the year	–114.4	–104.6	–0.2	–0.2
Translation differences	2.4	40.6	–	–
Accumulated depreciation, closing balance	**–539.0**	**–490.8**	**–4.7**	**–4.5**
Impairments, opening balance	–125.6	–125.6	–	–
Disposals	125.6	–	–	–
Accumulated impairment, closing balance	**0.0**	**–125.6**	**0.0**	**0.0**
Carrying value	**281.1**	**314.5**	**0.8**	**0.9**
Client relationships				
Acquisition cost, opening balance	214.3	129.6	–	–
Reclassification	–41.1	–	–	–
Capitalized expenditures for the year upon business acquisitions	–	101.4	–	–
Translation differences	–0.5	–16.7	–	–
Accumulated acquisition cost, closing balance	**172.7**	**214.3**	**–**	**–**
Accumulated depreciation, opening balance	–58.3	–51.3	–	–
Depreciation for the year	–12.8	–14.5	–	–
Translation differences	0.3	2.8	–	–
Accumulated depreciation, closing balance	**–70.8**	**–58.3**	**–**	**–**
Carrying value	**101.9**	**156.0**	**0.0**	**0.0**
Other intangible fixed assets				
Acquisition cost, opening balance	38.4	42.9	–	–
Capitalized expenditures for the year	21.0	1.4	–	–
Translation differences	–0.2	–5.9	–	–
Accumulated acquisition cost, closing balance	**59.2**	**38.4**	**–**	**–**

SEK M	GROUP 2011	GROUP 2010	PARENT COMPANY 2011	PARENT COMPANY 2010
Accumulated depreciation, opening balance	–20.9	–12.7	–	–
Depreciation for the year	–13.0	–11.0	–	–
Translation differences	0.3	2.8	–	–
Accumulated depreciation, closing balance	**–33.6**	**–20.9**	**–**	**–**
Carrying value	**25.6**	**17.5**	**0.0**	**0.0**

SEK M	GROUP 2011	GROUP 2010	PARENT COMPANY 2011	PARENT COMPANY 2010
Goodwill				
Acquisition cost, opening balance	2,152.5	1,825.3	–	–
Acquisitions for the year	49.3	468.2	–	–
Translation differences	2.5	–141.0	–	–
Accumulated acquisition cost, closing balance	**2,204.3**	**2,152.5**	**–**	**–**
Accumulated impairment, closing balance	**–**	**–**	**–**	**–**
Carrying value	**2,204.3**	**2,152.5**	**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.

Disbursements during the year regarding investments in intangible fixed assets amounted to SEK 97.1 M (119.0) for the Group.

Impairment tests for cash-generating units containing goodwill

The Group treats the following geographical regions as cash-generating units in the sense referred to in IAS 36 Impairment of Assets. The carrying amounts for goodwill are distributed among the regions as follows:

SEK M	2011	2010
Northern Europe	1,123.3	1,075.7
Central Europe	296.2	292.1
Western Europe	784.8	784.7
Total	**2,204.3**	**2,152.5**

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 projection 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 2012-2014 and thereafter an annual increase of cash-flows of 3.0 percent (3.0). The cash flows have been discounted to present value applying the Group's weighted average cost of capital, which is estimated at 9.75 percent (10.49) per year before tax, corresponding to 7.31 percent (7.87) per year after 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.

Sensitivity analysis

Assuming a future reduction in cash flow of 20 percent compared to that on which impairment testing has been based, the estimated recovery value exceeds the carrying amount by a good margin and there is no need to recognize any impairment.

NOTE 11

TANGIBLE FIXED ASSETS

	GROUP		PARENT COMPANY	
SEK M	2011	2010	2011	2010
Computer hardware				
Acquisition cost, opening balance	230.1	203.3	1.1	1.0
Investments for the year	11.5	13.0	–	0.1
Sales and disposals	–8.7	–6.4	–	–
Reclassification	–30.0	0.9	–	–
Purchases via acquisition	0.0	38.8	–	–
Translation differences	–1.1	–19.5	–	–
Accumulated acquisition cost, closing balance	**201.8**	**230.1**	**1.1**	**1.1**
Accumulated depreciation, opening balance	–192.5	–160.6	–1.0	–0.9
Sales and disposals	8.4	5.7	–	–
Reclassification	20.0	–0.9	–	–
Purchases via acquisition	0.0	–26.0	–	–
Depreciation for the year	–17.4	–25.3	0.0	–0.1
Translation differences	1.1	14.6	–	–
Accumulated depreciation, closing balance	**–180.4**	**–192.5**	**–1.0**	**–1.0**
Carrying value	**21.4**	**37.6**	**0.1**	**0.1**
Other tangible fixed assets				
Acquisition cost, opening balance	219.8	224.3	1.9	1.7
Investments for the year	13.4	13.5	0.5	0.2
Sales and disposals	–8.9	–11.9	–	–
Reclassification	–0.4	2.3	–	–
Purchases via acquisition	0.0	10.2	–	–
Translation differences	–0.8	–18.6	–	–
Accumulated acquisition cost, closing balance	**223.1**	**219.8**	**2.4**	**1.9**
Accumulated depreciation, opening balance	–173.5	–172.7	–1.6	–1.6
Sales and disposals	8.9	10.5	–	–
Reclassification	1.1	–1.6	–	–
Purchases via acquisition	0.0	–6.9	–	–
Depreciation for the year	–15.6	–16.1	–0.3	0.0
Translation differences	0.4	13.3	–	–
Accumulated depreciation, closing balance	**–178.7**	**–173.5**	**–1.9**	**–1.6**
Carrying value	**44.4**	**46.3**	**0.5**	**0.3**

Disbursements during the year for investments in tangible fixed assets amounted to SEK 22.7 M (26.5) for the Group.

NOTE 12

GROUP COMPANIES

SEK M	2011	2010
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	0.0
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
Total carrying value	**6,748.6**	**6,748.6**

SEK M	2011	2010
Opening balance	6,478.6	7,204.7
Capital contributions paid	145.7	6.0
Impairment of shares in subsidiaries	–145.7	–462.1
Closing balance	**6,748.6**	**6,748.6**

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

Shares owned by Parent Company	Corporate identity no.	Domicile	Share of capital
AUSTRIA			
Intrum Justitia GmbH	FN 48800s	Salzburg	100%
Schimmelpfeng Auskunftei GmbH	FN 105105t	Salzburg	100%
DENMARK			
Intrum Justitia A/S	DK 10613779	Copenhagen	100%
Difko Inkasso A/S	DK 20357509	Holstebro	100%
ESTONIA			
Intrum Justitia AS	10036074	Tallinn	100%
FINLAND			
Intrum Justitia Oy	FI 14702468	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 Forderungsmanagement GmbH	HRB 8997	Darmstadt	100%
Intrum Justitia Bankenservice GmbH	HRB 5345	Darmstadt	100%
Schimmelpfeng Creditmanagement GmbH	HRB 85778	Darmstadt	100%

Shares owned by Parent Company	Corporate 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%
PORTUGAL			
Intrum Justitia Portugal Unipessoal Lda.	503,933,180	Lisbon	100%
SPAIN			
Intrum Justitia Ibérica S.A.U.	A28923712	Madrid	100%
SWEDEN			
Intrum Justitia Sverige AB	556134–1248	Stockholm	100%
Intrum Justitia 3PDC AB	556442–5816	Uppsala	100%
Svensk Delgivningsservice AB	556397–1414	Stockholm	100%
Intrum Justitia International AB	556570–1181	Stockholm	100%
SWITZERLAND			
Intrum Justitia AG	CH–020.3.020.656–9	Zurich	100%
Inkasso Med AG	CH–020.3.913.313–8	Zurich	70%
Schimmelpfeng Auskunftei AG	CH–020.3.921.420–2	Zurich	100%
Intrum Justitia Finance Service AG	CH–020.3.912.665–1	Zurich	100%
UNITED KINGDOM			
Collector Services Ltd	3515447	Liverpool	100%
Intrum Justitia (Holdings) Ltd	1356148	Liverpool	100%
Intrum Justitia Ltd	1918920	Liverpool	100%
Outstanding Services (Credit Control) Ltd	1014132	Liverpool	100%
Credit Ancillary Services (Scotland) Ltd	SC70627	Glasgow	51%
Debt Investigations (UK) Ltd	4164669	Liverpool	100%

Subsidiaries of Intrum Justitia International AB	Corporate identity no.	Domicile	Share of capital
POLAND			
Intrum Justitia Towarzystwo Funduszy Inwestycyjnych S.A	108-00-01-076	Warsaw	100%
Intrum Justitia Debt Fund 1 Fundusz Inwestycyjny Zamkniety Niestandaryzowany Fundusz Sekurytyzacyjny	108-00-01-900	Warsaw	100%
SWEDEN			
Fair Pay Management AB	556239–1655	Stockholm	100%
Fair Pay Please AB	556259–8606	Stockholm	100%
SWITZERLAND			
Intrum Justitia Debt Finance AG	CH–020.3.020.910–7	Zug	100%
Intrum Justitia Debt Finance Domestic AG	CH–170.3.026.065–5	Zug	100%
Intrum Justitia Licensing AG	CH–020.3.926.747–8	Zug	100%

Subsidiaries of Fair Pay Please AB	Corporate 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	Corporate identity no.	Domicile	Share of capital
CZECH REPUBLIC			
Intrum Justitia s.r.o.	25083236	Prague	100%
HUNGARY			
Intrum Justitia Követeléskezelő Zrt.	01–10–044857	Budapest	100%
Intrum Justitia Hitel Ügyintéző Szolgáltatás Kft	01–09–268230	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 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 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%

Subsidiaries of Fair Pay Management AB	Corporate identity no.	Domicile	Share of capital
SWEDEN			
Nice Invest Nordic AB	556786–4854	Varberg	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 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 receivables primarily in Austria.

Inca sarl
The company is domiciled in Luxembourg, with corporate identity number B 139513. There are 12,500 shares outstanding in the company, of which Intrum Justitia owns 35 percent. The other shares are owned by DGAD International, a company owned by 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 Financial Fund AB. The company's operations started in 2010 and comprise ownership of 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 14,285 outstanding shares, of which EE–DF AG owns 70 percent and the European Bank for Reconstruction and Development (EBRD) owns 30 percent. The company's operations started in 2011 and comprise ownership of 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)	2011	2010
Revenues	48.9	59.7
Operating expenses	–22.5	–26.2
Operating earnings	**26.4**	**33.5**
Net financial items	–0.7	–0.2
Earnings after financial items	**25.7**	**33.3**
Taxes	–0.5	–1.4
Earnings for the year	**25.2**	**31.9**

Balance sheet (SEK M)	2011	2010
Fixed assets	141.0	152.8
Current assets	9.5	9.8
Cash and bank balances	25.1	18.3
Total assets	**175.6**	**180.9**
Shareholders' equity	144.3	167.8
Current liabilities	31.3	13.1
Total equity and liabilities	**175.6**	**180.9**

NOTE 14

ASSOCIATED COMPANIES

			GROUP	
SEK M	Corporate identity no.	Share of capital	2011	2010
Motus ehf, Reykjavik (Iceland)	701195–3109	–	–	8.1
IJCOF SAS, Lyon (France)	514528435	21.4%	12.2	12.2
Carrying value			**12.2**	**20.3**
Opening balance			20.3	11.1
Participations			2.7	1.7
Dividends received			–3.0	–
Acquired			–	10.3
Divested			–7.2	–
Exchange rate difference			–0.6	–2.8
Closing balance			**12.2**	**20.3**

Intrum Justitia's holding, corresponding to 33 percent of the shares in Motus ehf, was divested during the year. The purchase price amounts to SEK 9.2 M, of which one third was paid to Intrum Justitia's bank account in Iceland, one third will be obtained in 2014 and one third in 2016.

The Group's participation in the earnings of its associated companies corresponds to revenues of SEK 14.1 M (39.1), net income of SEK 2.7 M (1.7), assets of SEK 13.1 M (28.0) and liabilities SEK 2.8 M (12.1).

NOTE 15

OTHER SHARES AND PARTICIPATIONS

	GROUP	
SEK M	2011	2010
Various other shares	0.3	0.9
Carrying value	**0.3**	**0.9**
Opening balance	0.9	0.2
Acquired	0.0	0.7
Divested	–0.6	0.0
Closing balance	**0.3**	**0.9**

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.

NOTE 16

PURCHASED DEBT

	GROUP	
SEK M	2011	2010
Acquisition cost, opening balance	6,143.3	5,801.7
Purchases	1,728.4	915.5
Disposals	–0.3	–
Reclassification	23.0	–
Purchases via acquisition	24.4	205.9
Translation difference	–113.3	–779.8
Accumulated acquisition cost, closing balance	**7,805.5**	**6,143.3**
Amortization, opening balance	–3,769.9	–3,489.8
Amortization for the year	–888.1	–800.1
Purchases via acquisition	0.0	–27.5
Translation difference	81.2	547.5
Accumulated amortization, closing balance	**–4,576.8**	**–3,,769.9**
Carrying value	**3,228.7**	**2,373.4**

Amortization for the year SEK M	GROUP 2011	GROUP 2010
Time and interest component	–906.9	–803.3
Revaluation in connection with changes in expectations in projections of future cash flows	32.1	65.6
Impairment in connection with changes in expectations in projections of future cash flows	–13.3	–62.4
Total amortization for the year	**–888.1**	**–800.1**

Payments during the year for investments in purchased debt amounted to SEK 1,803.6 M (1,049.6).

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

NOTE 17

OTHER LONG-TERM RECEIVABLES

	GROUP		PARENT COMPANY	
SEK M	2011	2010	2011	2010
Deposits with landlords	1.9	1.8	–	–
Deposits with clients	0.2	0.3	–	–
Lending to law firms	0.3	0.3	–	–
Purchase consideration for shares in associated companies	6.1	–	–	–
VAT claims on purchased debt	23.3	41.0	–	–
Endowment insurance	0.0	5.0	0.0	5.0
Total	**31.8**	**48.4**	**0.0**	**5.0**
Opening balances	49.5	67.4	5.0	0.5
Reclassified	–5,0	–	–5,0	–
On loan	0.2	0.1	–	–
Claim recognized on sales of assets	6.2	–	–	–
Paid-in insurance premiums	–	4.5	–	4.5
Repaid	–17.8	–15.1	–	–
Exchange rate difference	–0.2	–7.4	–	–
Closing balance	**32.9**	**49.5**	**0.0**	**5.0**
Accumulated impairment, opening balance	–1.1	–1.1	–	–
Accumulated impairment, closing balance	**–1.1**	**–1.1**	**0.0**	**0.0**
Carrying value	**31.8**	**48.4**	**0.0**	**5.0**

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	2011	2010	2011	2010
Non-delinquent receivables	160.5	181.5	0.0	0.0
Accounts receivable overdue <30 days	64.5	38.3	–	–
Accounts receivable 30–60 days	16.5	22.2	–	–
Accounts receivable overdue 61-90 days	10.8	9.7	–	–
Accounts receivable > 90 days	44.5	51.3	–	–
Total accounts receivable	**296.8**	**303.0**	**0.0**	**0.0**

	GROUP		PARENT COMPANY	
SEK M	2011	2010	2011	2010
Reserve for impaired receivables, opening balance	–34.7	–39.7	0.0	0.0
Reserve for impaired receivables for the year	–9.3	–10.2	–	–
Incurred losses for the year	2.8	2.5	–	–
Withdrawals from reserve for impaired accounts receivable for the year	10.0	8.0	–	–
Exchange rate difference	0.1	4.7	–	–
Impaired receivables, closing balance	**–31.1**	**–34.7**	**0.0**	**0.0**
Carrying value	**265.7**	**268.3**	**0.0**	**0.0**

See also Note 37.

NOTE 19

OTHER RECEIVABLES

	GROUP		PARENT COMPANY	
SEK M	2011	2010	2011	2010
Outlays on behalf of clients	110.9	163.7	–	–
Less: reserve for uncertainty in outlays on behalf of clients	–9.0	–3.8	–	–
Total	**101.9**	**159.9**	**–**	**–**
VAT claims on purchased debt	96.8	58.7	–	–
To be recovered from Netherlands bailiffs	31.5	51.9	–	–
Other	36.6	54.6	2.5	4.8
Total	**164.9**	**165.2**	**2.5**	**4.8**
Carrying value	**266.8**	**325.1**	**2.5**	**4.8**

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 12 months is recognized as current.

Expenses paid to bailiffs in the Netherlands for collection cases can in some cases be recovered from them if the collection measures fail. When it emerges that Intrum Justitia is entitled to request that the amount be returned from the bailiff, 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	2011	2010	2011	2010
Prepaid rent	16.8	11.9	0.8	0.6
Prepaid insurance premiums	5.0	8.0	1.7	1.5
Prepayments for purchased debt	12.9	20.0	0.0	0.0
Accrued income	49.0	66.0	0.5	0.0
Derivatives with positive value	9.2	8.2	9.2	8.2
Other	26.4	24.6	2.1	0.5
Carrying value	**119.3**	**138.7**	**14.3**	**10.8**

NOTE 21

LIQUID ASSETS

	GROUP		PARENT COMPANY	
SEK M	**2011**	**2010**	**2011**	**2010**
Cash and bank balances	591.2	428.1	272.3	88.3
Restricted bank accounts	33.6	28.6	0.0	0.0
Short-term investments	0.0	50.4	0.0	50.0
Total	**624.8**	**507.1**	**272.3**	**138.3**

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 the end of 2010 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 shall 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.

	2011		2010	
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	79,994,651	1,599,893.02
Canceled shares (treasury holdings)	–250,000	–5,000.00	–	–
Closing balance	**79,744,651**	**1,594,893.02**	**79,994,651**	**1,599,893.02**
Treasury shares	–	–	–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 were repurchased for SEK 25.7 M to guarantee future payment consequences in connection with the Group's Performance-Based Share Program. The repurchased shares were canceled in 2011, reducing share capital by SEK 5,000.

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 previously made to the statutory reserve, excluding transferred share premium reserves, are included in this item. Dividends paid and share repurchases are deducted from the amount.

Since the balance sheet date, the Board of Directors has proposed a dividend of SEK 4.50 per share, or a total payout of SEK 358.9 M. In 2011 a dividend of SEK 4.10 per share (3.75) was paid, corresponding to a total dividend 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.

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 non-controlling interests, which at year-end totaled SEK 2,813.3 M (2,576.6).

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 non-controlling interests. The Board of Directors has established financial objectives for the Group, where one of the restrictions is that the debt/equity ratio may not exceed 150 percent over the long term. There is also an external limit in the form of one of the covenants in the Group's main loan facility, which requires that the debt/equity ratio not exceed 175 percent.

The debt/equity ratio was 95.7 percent (85.1) at year-end.

NOTE 23

PENSIONS

Employees in Intrum Justitia's companies are covered by various pension benefits. Some are defined benefit plans, of which some in Norway are funded 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. In the Group's companies in France, Italy, Norway and Germany the defined contribution pension plans are complemented with defined benefits plans. Employees in these countries account for a total of 27 (22) 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	**2011**	**2010**	**2009**	**2008**	**2007**
Present value of fully or partly funded obligations	69.7	73.9	38.9	36.8	40.3
Fair value of assets under management	–63.9	–66.9	–39.5	–37.2	–34.0
Surplus/deficit in the plan	**5.8**	**7.0**	**–0.6**	**–0.4**	**6.3**
Present value of unfunded obligations	38.7	26.6	32.6	32.9	29.5
Present value of net obligation	**44.5**	**33.6**	**32.0**	**32.5**	**35.8**
Unrecognized actuarial gains/losses	1.5	–1.5	7.4	6.9	–0.8
Provisions for pensions	**46.0**	**32.1**	**39.4**	**39.4**	**35.0**

Reconciliation of fair value of assets under management:

	GROUP	
SEK M	**2011**	**2010**
Opening balance	66.9	39.5
Expected return on assets under management	2.8	1.8
Actuarial gains and losses	–4.3	–2.2
Fees paid, funded obligations	0.1	3.0
Pensions paid, funded obligations	–1.7	–0.8
Assets under management in acquired operations	–	28.9
Translation difference	0.1	–3.3
Closing balance	**63.9**	**66.9**

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

	GROUP	
SEK M	**2011**	**2010**
Opening balance	32.1	39.4
Pension cost recognized in the income statement	8.3	1.8
Fees paid	–1.2	–3.8
Pensions paid	–1.6	–0.9
Pension provisions in acquired operations	9.0	0.0
Translation difference	–0.6	–4.4
Closing balance	**46.0**	**32.1**

The pension cost recognized in the income statement can be specified as follows:

	GROUP	
SEK M	**2011**	**2010**
Service costs for employment in current period	7.2	1.9
Interest expense for obligation	3.7	2.7
Expected return on assets under management	–2.8	–2.8
Recognized actuarial gains and losses	0.2	0.0
Total pension cost recognized in the income statement	**8.3**	**1.8**

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

	GROUP	
SEK M	**2011**	**2010**
Discount rate as of December 31	3.0–4.6%	3.0–4.6%
Expected rate of increase in compensation	2.0–4.0%	2.0–4.0%
Expected return on assets under management as of December 31	4.6–4.8%	4.6%
Expected pension increases	0.7–5.0%	0.5–5.0%
Future adjustment to social security base	3.7–4.2%	3.7–4.2%

The Group also finances a number of defined contribution plans, the costs of which amounted to SEK 77.2 M (79.2) of which SEK 9.8 M (9.2) in the parent company.

For the Group's employees in Norway, there are commitments for a compulsory service pension, which are secured through insurance with the insurance company Storebrand Livforsikring. The funded pension commitment corresponds to a share of Storebrand's total investment assets, which consist of bonds (61 percent), equities (17 percent), real estate (16 percent) and others (6 percent). During the year Intrum Justitia paid SEK 0.1 M (3.0) to the plan, while disbursements to retirees amounted to SEK 1.7 M (0.8). In 2012 payments to the plan are estimated at SEK 3.2 M, with disbursements to retirees of SEK 1.5 M.

The expected return of the plan assets constitutes of the Norwegian government board yield, adjusted for the expected differences in return of different types of investment, that in turn is based on previous experience.

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 113 percent (146). 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.

Also for the Group's employees in Belgium there are pension plans, secured through insurance solutions that possibly should be reported as a defined benefit plan if the company would have had access to information that would have made this possible.

NOTE 24

OTHER PROVISIONS

	GROUP	
SEK M	**2011**	**2010**
Opening balances	26.4	39.7
Provisions for the year	5.5	4.6
Amounts that have been used during the year	–6.9	–14.9
Unused amounts that were reversed during the year	–14.7	0.0
Translation difference	0.1	–3.0
Closing balances	**10.4**	**26.4**
Of which long-term provisions	2.7	15.1
Of which short-term provisions	7.7	11.3
Total provisions	**10.4**	**26.4**
Of which attributable to the United Kingdom	9.6	22.8
Of which attributable to Belgium	0.8	3.6
Total provisions	**10.4**	**26.4**

Short-term provisions are expected to be settled in 2012. Long-term provisions are expected to be settled later.

Provisions in UK refer to rent and dilapidation costs for the company's previous premises. They have partly been reversed in 2011 when the rental contract was taken over by a new tenant. Intrum Justitia will, however, guarantee the new tenants undertaking according to the contract.

Provisions in Belgium refer to staff layoffs and other restructuring costs that were decided on by Solutius N.V. before Intrum Justitia acquired the company.

NOTE 25

BORROWING

	GROUP		PARENT COMPANY	
SEK M	**2011**	**2010**	**2011**	**2010**
Long-term liabilities				
Bank loans	**2,588.1**	**2,588.6**	**2,588.1**	**2,588.6**
Current liabilities				
Bank overdraft facilities	4.6	0.4	0.0	0.0
Commercial paper	616.6	0.0	616.6	0.0
Total	**3,209.3**	**2,589.0**	**3,204.7**	**2,588.6**

Intrum Justitia AB signed a five-year syndicated loan facility totaling EUR 4,000 M with Nordea Bank AB and Swedbank on April 16, 2011, to replace the previous one from 2010. The loan limit of EUR 4,000 M can be utilized for borrowing in a number of different currencies.

On December 31, 2011, the loan limit had been utilized for loans in SEK totaling SEK 0.0 M (220.0), Swiss francs totaling CHF 25.7 M (84.7) and in euro totaling EUR 271.1 M (198.9). The unutilized portion of the facility amounted to SEK 1,383.4 M (168.7). In addition, the company has undertaken to maintain unutilized credits corresponding to a portion of any outstanding commercial papers. Adjusted for this, unutilized credits within the syndicated loan facility amounted to approximately SEK 900 M at the end of the year.

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, 2011 and 2010 respectively, 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.

Over the year, Intrum Justitia also had access to a 364-day facility at Nordea totaling SEK 65 M, although this was terminated before the end of the year. The parent company also has an agreement of uncommitted credit facilities with Danske Bank and Swedbank of EUR 15 M and SEK 70 M, that were not used at year end.

During 2011, commercial papers were issued, amounting to a value at year-end of SEK 616.6 M, or nominally SEK 620.0 M.

	GROUP		PARENT COMPANY	
SEK M	**2011**	**2010**	**2011**	**2010**
Maturities of long-term bank borrowings				
Between 1 and 2 years	–	–	–	–
Between 2 and 3 years	–	2,588.6	–	2588.6
Between 3 and 4 years	–	–	–	–
Between 4 and 5 years	2,588,1	–	2,588,1	–
Total	**2,588,1**	**2,588.6**	**2,588,1**	**2,588.6**

	GROUP		PARENT COMPANY	
SEK M	**2011**	**2010**	**2011**	**2010**
Unused lines of credit excluding guarantee facility				
Expiring within one year	–	65.0	–	65.0
Expiring beyond one year	1,383.4	168.7	1,383.4	168.7
Total	**1,383.4**	**233.7**	**1,383.4**	**233.7**

See also Note 37.

NOTE 26

ACCRUED EXPENSES AND PREPAID INCOME

	GROUP		PARENT COMPANY	
SEK M	**2011**	**2010**	**2011**	**2010**
Accrued social security	46.3	35.4	7.5	4.0
Accrued vacation pay	87.7	85.3	5.8	4.6
Accrued bonus cost	84.3	68.8	16.1	8.0
Prepaid subscription income	39.5	36.7	–	–
Reserves for losses on charge card guarantees	16.6	15.4	–	–
Accrued interest	18.2	7.9	16.7	7.8
Reserve for closure of operations in Lithuania and Latvia.	8.3	–	–	–
Other accrued expenses	204.4	253.1	12.8	10.2
Total	**505.3**	**502.6**	**58.9**	**34.6**

NOTE 27

PLEDGED ASSETS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

	GROUP		PARENT COMPANY	
SEK M	**2011**	**2010**	**2011**	**2010**
Pledged assets				
Deposits	1.9	2.1	–	–
Restricted bank accounts	33.6	28.6	–	–
Total	**35.5**	**30.7**	**–**	**–**
Contingent assets	None	None	None	None
Contingent liabilities				
Charge card guarantees	1,571.6	1,371.2	–	–
Performance guarantees in collection operations	0.1	0.1	–	–
Guarantee undertaking	96.3	7.1	89.5	–
Tax disputes	113.2	0.0	19.1	–
Total	**1,781.2**	**1,378.4**	**108.6**	**–**

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 1,571.6 M (1,371.2) at year-end, of which receivables overdue by more than 30 days amounted to SEK 1.9 M (5.5). Intrum Justitia's risk in this operation is managed through strict credit limits on the issuance of new charge cards and through analysis of the credit rating of cardholders. As of year-end Intrum Justitia had allocated SEK 16.6 M (15.4) 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.

Guarantee commitments

Intrum Justitia has issued guarantees for external bank loans for a small number of partners.

Tax disputes

Following a tax audit of the Group's Swedish parent company for the 2009 financial year, the Swedish Tax Agency ruled to disallow deductions for Group-internal interest charged to the Belgian subsidiary and corrected a disclosure regarding unrealized exchange rate losses on Group-internal loans. The Tax Agency also resolved to impose a tax surcharge of SEK 19.1 M. Intrum Justitia takes the view, however, that its tax returns contained no fraudulent misstatements and that the conditions for a tax surcharge have therefore not been met. Consequently, the company has appealed the ruling to the Administrative Court with regard to the tax surcharge and has not made any provision for this in the annual accounts.

In connection with a tax audit in Belgium, the Belgian tax authorities questioned in December 2011 the company's right to notional interest deductions. The company will request a reassessment of the tax authorities' decision but risks, in the worst-case scenario, being liable to pay additional tax for 2008 and 2009 as well as a tax surcharge and interest totaling SEK 94.1 M. In the opinion of the company, the tax authorities' assessment is incorrect since it refers to legal cases regarding situations different from that at hand. Consequently, Intrum Justitia has not made provisions for additional taxes in the annual accounts.

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 THE PARENT COMPANY			
	2011		2010		2011		2010	
	men	women	men	women	men	women	men	women
Belgium	38	71	35	73	–	–	–	–
Denmark	18	42	20	41	–	–	–	–
Estonia	7	27	8	27	–	–	–	–
Finland	112	296	104	270	–	–	–	–
France	142	351	109	281	–	–	–	–
Ireland	20	35	21	34	–	–	–	–
Italy	21	62	20	58	–	–	–	–
Latvia	20	18	15	14	–	–	–	–
Lithuania	3	11	2	12	–	–	–	–
Netherlands	164	123	189	141	–	–	–	–
Norway	62	89	27	35	–	–	–	–
Poland	106	162	111	129	–	–	–	–
Portugal	18	59	17	61	–	–	–	–

NOTE 28

AVERAGE NUMBER OF EMPLOYEES, CONT.

	GROUP				OF WHICH THE PARENT COMPANY			
	2011		2010		2011		2010	
	men	women	men	women	men	women	men	women
Switzerland	109	92	120	76	–	–	–	–
Slovakia	20	34	19	35	–	–	–	–
Spain	65	209	62	202	–	–	–	–
UK	14	11	19	15	–	–	–	–
Sweden	139	240	147	229	17	15	13	12
Czech Republic	17	22	21	21	–	–	–	–
Germany	55	103	56	104	–	–	–	–
Hungary	28	64	26	57	–	–	–	–
Austria	7	25	11	25	–	–	–	–
Total	**1,185**	**2,146**	**1,159**	**1,940**	**17**	**15**	**13**	**12**
		3,331		**3,099**		**32**		**25**

Of the Group's employees 34 percent are younger than 30 years old, 32 percent are 30-39 years, 23 percent are 40-49 years and 11 percent are 50 years or older.

	GROUP			
	2011		2010	
	men	women	men	women
Gender distribution of senior executives				
Board of Directors	5	2	5	2
Group Management Team	9	–	8	–
Country Managers	12	3	13	4
Board members in subsidiaries (percent)	94	6	97	3

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

NOTE 29

SALARIES AND OTHER REMUNERATION

	GROUP		PARENT COMPANY	
	2011	2010	2011	2010
Salaries and other remuneration to Senior Executives, i.e., Board, Managing Directors and Deputy Managing Directors	59.3	53.7	10.6	9.6
Salaries and other remuneration to other employees				
Northern Europe	469.6	410.0	–	–
Central Europe	227.5	225.8	–	–
Western Europe	383.5	410.0	–	–
Head offices and central operations	65.9	53.7	42.9	33.3
Total salaries and other remuneration, Group	**1,205.8**	**1,153.2**	**53.5**	**42.9**
Social security costs	318.4	305.3	26.0	22.5
Of which pension costs	85.5	81.0	9.8	9.2
Costs for employee stock option program, including social security costs	–	–2.6	–	–2.6
Total	**1,524.2**	**1,455.9**	**79.5**	**62.8**

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 30.

NOTE 30

TERMS AND CONDITIONS OF EMPLOYMENT FOR SENIOR EXECUTIVES

Remuneration to Company Management

The annual general meeting 2011 adopted the following guidelines for remuneration to company management. The guidelines apply to the CEO and the members of the group management team.

Intrum Justitia's success depends on the commitment and professionalism of its staff. The total remuneration shall be competitive within each market in which Intrum Justitia is present to attract, motivate and retain highly skilled executives. Individual remuneration levels shall be based on the factors of experience, competence, responsibility and performance.

The total remuneration may be based upon four main components; base salary, short- and long-term variable salary programmes and pension. In addition hereto, other benefits of limited value, such as a company car, may be offered.

The base salary depends on the complexity of work and the individual's work performance, experience and competence. The variable remunerations shall be capped. The short- and long-term variable remunerations shall further be balanced so that the maximum short-term part does not exceed half the total maximum outcome of one year's all variable salary programmes. There are deviations from this in a few older employment agreements.

Short-term variable salary

Short-term variable salary is set for one year at a time and shall be subject to the achievement of predetermined and measurable goals. Such goals may be general or individual as well as qualitative or quantitative. All goals shall be agreed in writing. Profitability based objectives and discretionary based objectives related to the ongoing strategy transformation are examples of objectives used.

The one-year variable part of the salary contributes to decrease the share of fixed costs and to focus the efforts on fields of activity that the board wants to prioritise.

Short-term variable salary shall not exceed 50 percent of the fixed annual salary. There are deviations from this in a few older employment agreements.

Long-term variable salary

The aim of Intrum Justitia's long-term variable salary programmes is to stimulate the participants - whose efforts are deemed to have a direct impact on the group's result, profitability and value growth - to further increased efforts, by aligning their long-term interests and perspectives with those of the shareholders. The aim of the programmes is further to create a long-term commitment to Intrum Justitia, to strengthen the overall perspective of Intrum Justitia and to offer the participants an opportunity to take part of Intrum Justitia's long-term success and value creation. Another target is to decrease the share of fixed costs.

Long-term variable salary programmes shall be performance-based. The estimated maximum annual value at the time of implementation of the programmes shall be limited to a certain part of the participant's current fixed annual salary, 150 percent for the CEO and 50 percent for other members of the group management.

Miscellaneous

New pension plans shall be defined contribution-based and the size of the pensionable salary shall be capped.

At termination of employment by Intrum Justitia, severance pay of not more than 12 months' salary shall be paid. There are deviations from this in a few existing employment agreements.

Remuneration and benefits during the year

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

The group of other senior executives changed during the year and refers in the table below to Johan Brodin (November-December), Per Christofferson, Erik Forsberg (November-December), Thomas Hutter, Kari Kyllönen, Pascal Labrue, Bengt Lejdström, Gijsbert Wassink and Rickard Westlund. Amounts given correspond to full compensation for the full-year 2011, including earned but not yet paid variable remuneration for 2011.

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

SEK	Base salary/fee	Variable comp-ensation	Other benefits	Pension costs	Share-based payment	Other comp-ensatio	Total
Board of Directors							
Lars Lundquist, Chairman	850,000 (1)	–	–	–	–	–	850,000
Matts Ekman	500,000 (1)	–	–	–	–	–	500,000
Helen Fasth Gillstedt	375,000 (1)	–	–	–	–	–	375,000
Joakim Rubin	400,000 (1)	–	–	–	–	–	400,000
Charlotte Strömberg	350,000 (1)	–	–	–	–	–	350,000
Fredrik Trädgårdh	375,000 (1)	–	–	–	–	–	375,000
Joakim Westh	350,000 (1)	–	–	–	–	–	350,000
Senior executives							
Lars Wollung	3,419,668	1,828,200	102,243	2,736,705	–	–	8,806,816
Other senior executives, nine individuals	17,023,491	8,314,379	972 407	3,637,121	–	–	29,947,398
Total	**23,643,159**	**10,142,579**	**1,074,650**	**6,373,826**	**–**	**–**	**41,234,214**

1) Refers to the period from the AGM 2011 to the AGM 2012.

Remunerations to other senior executives refer to compensation for the full-year to those who were senior executives at the end of the year and those who were senior executives for part of 2011.

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 3,200,000 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 received a fixed annual salary for 2011 of SEK 4,440,000. In 2011 he has converted SEK 1,128,000 from cash salary to pension insurance premiums. In addition, he has the opportunity to receive variable compensation up to 200 percent of his base salary, 50 percent within the framework of the annual variable salary program and 150 percent within the framework of the long-term incentive program.

In addition to his fixed and variable compensation, Lars Wollung has 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 percent of a year's salary in variable compensation (a higher share occurs in a few older employment agreements). 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 the Group's operating earnings.

The long-term incentive plan was introduced in 2008 and is 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 some 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 31.

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), Matts Ekman and Joakim Rubin. The CEO and President and the company's HR Director are co-opted to the committee's meetings, though not when their own remuneration is discussed.

NOTE 31
SHARE-BASED PAYMENT

The Group has applied a performance-based share program, as adopted by the 2008 Annual General Meeting, that could have 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 program required a predetermined growth rate in the Group's earnings per share that was not achieved, with the result that the performance shares expired without value at the end of 2010.

The reported effect of the program on earnings during 2010 amounted to a cost reduction of SEK 2.6 M, calculated according to IFRS 2 and UFR 7.

The share program did not give rise to any dilution effects since the performance requirements were not met.

NOTE 32
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	
	2011	2010	2011	2010
Audit assignments, external auditors				
KPMG	8.6	7.9	0.7	0.7
Other assignments				
KPMG audit activities beyond the audit assignment	0.0	0.0	0.0	0.0
KPMG tax advisory services	2.0	1.7	0.8	0.6
KPMG other assignments	2.5	1.7	0.3	0.3
Total KPMG	**13.1**	**11.3**	**1.8**	**1.6**
Audit assignments, other auditors	0.4	0.2	0.0	0.0

NOTE 33

OPERATIONAL LEASING

	GROUP		PARENT COMPANY	
	2011	2010	2011	2010
Obligations for rental payments on non-cancelable leases				
Year 1	124.6	115.8	3.0	2.1
Year 2–4	233.0	230.8	1.4	1.6
Year 5 and thereafter	46.4	40.8	0.0	0.0
Total	**404.0**	**387.4**	**4.4**	**3.7**

Lease costs for operating leases amounted to SEK 124.0 M (130.0) during the year, of which SEK 2.6 M (2.5) in the Parent Company.

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

NOTE 34

FINANCE LEASING

	GROUP	
	2011	2010
Present value of minimum lease payments		
Within one year	0.3	1.6
Later than one but within five years	0.1	2.7
Later than five years	0.1	0.1
Total	**0.5**	**4.4**

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

NOTE 35

INVESTING COMMITMENTS

Commitments to acquire fixed assets amounted at year-end to SEK 0.1 M (0.1).

NOTE 36

FINANCIAL INSTRUMENTS

The total reported value of financial assets for the Group amounted to SEK 5,056.1 M (4,195.9) on the balance day. Financial assets classified as loan and receivables amounted to SEK 5,046.9 M (4,187.7), and financial assets valued at fair value through profit and loss to SEK 9.2 M (8.2).

The total reported value of financial assets for the Parent Company amounted to SEK 3,707.4 M (2,727.2) on the balance sheet date. Financial assets classified as loan receivables and accounts receivables amounted to SEK 3,698.2 M (2,719.0), and financial assets valued at fair value through profit and loss amounted to SEK 9.2 M (8.2).

The total reported value of financial liabilities for the Group amounted to SEK 4,704.9 M (4,162.3) on the balance sheet date. Financial liabilities valued at amortized cost amounted to SEK 4,704.1 M (4,161.5), and financial liabilities valued at fair value through profit and loss amounted to SEK 0.8 M (0.8).

The total reported value of financial liabilities for the Parent Company amounted to SEK 5,602.7 M (4,291.0) on the balance sheet date. Financial liabilities valued at amortized cost amounted to SEK 5,601.9 M (4,290.2), and financial liabilities valued at fair value through profit and loss amounted to SEK 0.8 M (0.8).

Purchased debt

Purchased debt is classified as loans and receivables and 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 in the income statement. 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. On the balance sheet date, the recognized value of purchased debt amounted to SEK 3,228.7 M (2,373.4). An account of purchased debt by year acquired is provided in Note 37.

Accounts receivable

Accounts receivable are recognized at amortized cost with no discount being applied since the remaining maturity is judged to be short. Accounts receivable amounted to SEK 265.7 M (268.3) on the balance sheet date.

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. Other receivables, including accrued income, amounted to SEK 936.9 M (1,047.1) on the balance sheet date. The item includes forward exchange contracts valued at SEK 9.2 M (8.2), which are classified as assets measured at fair value through profit and loss (available for sale). The remaining SEK 927.7 M (1,038.9) is classified as loan receivables.

For the Parent Company, other receivables, including receivables from Group companies, amounted to SEK 3,435.1 M (2,588.9). The item includes forward exchange contracts valued at SEK 9.2 M (8.2), which are classified as assets measured at fair value through profit and loss (available for sale). The remaining SEK 3,425.9 M (2,580.7) is classified as loan receivables.

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. Cash and bank balances are classified as loan receivables and amounted at year-end to SEK 624.8 M (507.1). For the Parent Company, the corresponding amount was SEK 272.3 M (138.3) on the balance sheet date.

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. On the balance sheet date, consolidated liabilities to credit institutions amounted to SEK 2,592.7 M (2,589.0) and for the Parent Company, they amounted to SEK 2,588.1 M (2,588.6).

Commercial papers

The Parent Company and the Group had commercial papers outstanding for a value of SEK 616.6 M (–) on the balance sheet date.

Accounts payable

Accounts payable have short maturities. Liabilities in foreign currency are translated in the accounts at balance sheet date rates. Consequently, carrying value corresponds to fair value. Consolidated accounts payable amounted to SEK 132.8 M (141.4). For the Parent Company, the corresponding amounts were SEK 5.1 (6.7).

Other liabilities

The Parent Company's and the Group's other liabilities have short maturities. Liabilities in foreign currency for the Group are translated in the accounts at balance sheet date rates. Consequently, carrying value corresponds to fair value. Other liabilities, including accrued expenses amounted to SEK 1,362.8 M (1,431.9) on the balance sheet date. The item includes forward exchange contracts for SEK 0.8 M (0.8), recognized at fair value through profit and loss. Other liabilities, excluding these forward exchange contracts amounted to SEK 1,362.0 M (1,431.1).

For the Parent Company, other liabilities amounted to SEK 2,392.9 M (1,695.7) on the balance sheet date and included liabilities to Group companies and accrued expenses. Forward exchange contracts are recognized at fair value through profit and loss (available for sale) and amounted to SEK 0.8 M (0.8). Other liabilities, excluding these forward exchange contracts amounted to SEK 2,392.1 M (1,694.9).

NOT 37

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 relatively little need for investment and operating capital, external capital needs in our Credit Management operations are relatively low. The purchased debt operation have a substantially higher capital requirement, particularly in times of expansion.

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), Polish zloty (PLN), and Norwegian kroner (NOK).

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

Currency	Dec. 31, 2011	Dec 31 2010	Average 2011	Average 2010
EUR	8.95	8.99	9.03	9.54
CHF	7.36	7.21	7.35	6.91
PLN	2.04	2.27	2.20	2.39
NOK	1.15	1.15	1.16	1.19

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. The subsidiaries' projected flow exposure is not hedged at present. All major known currency flows are hedged on a continuous basis in the Group and the Parent Company through forward exchange contracts.

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 earnings, as well as equity and other items in its financial statements.

The Group's revenues are distributed by currency as follows:

SEK M	2011	2010
SEK	656.5	585.4
EUR	2,230.1	2,298.7
CHF	473.2	484.4
PLN	138.3	57.3
NOK	194.7	96.4
Other currency	257.0	243.8
Total	**3,949.8**	**3,766.0**

An appreciation of the Swedish krona of 10 percentage points on average in 2011 against the Euro would thus have affected revenues by SEK –223.0 M, against CHF by SEK –47.3 M, against PLN by SEK –13.8 M and against NOK by SEK –19.4 M.

In terms of net assets by currency, shareholders' equity in the Group, excluding non-controlling interests, is distributed as follows:

SEK M	2011	2010
SEK	909.6	1,220.2
EUR	3,091.9	2,719.5
– less EUR hedged through foreign currency loans	–1,862.3	–1,343.4
CHF*	296.6	381.4
– less CHF hedged through foreign currency loans	–293.4	–791.9
PLN	221.6	81.1
NOK	242.1	241.0
Other currency	205.5	68.5
Total	**2,811.6**	**2,576.4**

*The exposure to CHF was temporarily double hedged over the end of 2010.

An appreciation of the Swedish krona of 10 percentage points as per December 31, 2011 against the Euro would have affected shareholders' equity in the Group by SEK –123 M, against CHF by SEK –0.3 M, against PLN by SEK –22.2 M and against NOK by SEK –24.2 M.

Interest rate risks

Interest rate risks relate primarily to the Group's interest-bearing net debt, which amounted to SEK 2,691.6 M (2,193.3) on December 31, 2011. The loan rate is tied to the market rate.

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 24.5 M. A five-percent increase would have adversely affected net financial items by SEK 122.1 M. No derivatives were used in the Parent Company or any of its subsidiaries to hedge interest rate risks in 2010–2011.

Liquidity risk

Liquidity risk is 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 April 2011, the Group has a syndicated loan facility of SEK 4,000 M from Nordea, and Swedbank maturing in March 2016.

While available, the facility was utilized by the Parent Company, which withdrew amounts in various currencies, with short maturities, usually SEK, EUR or CHF and usually with a maturities of three or six months. The loan was carried primarily in foreign currency, 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 the operating result before depreciation and amortization. If the limits are exceeded the loans fall due. 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.

In 2011, Intrum Justitia also issued a commercial paper that, at the end of the year, amounted to SEK 616.6 M.

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. The Group has deposited its liquid assets with established financial institutions where the risk of loss is considered remote. The Group's finance function prepares regular liquidity forecasts with the purpose of optimizing the balance between loans and liquid funds so that the net interest expense is minimized without, for that matter, incurring difficulties in meeting external commitments.

The table below provides an analysis of the financial liabilities of the Group and the Parent Company broken down according to the amount of time remaining until the contractual maturity date. The amounts given in the table are the contractual, undiscounted cash flows. The amounts falling due within 12 months agree with the carrying amounts since the discount effect is negligible.

Financial liabilities in the balance sheet – Group SEK M	Within one year	2-5 years	Later than 5 years	Total
December 31, 2011				
Long-term receivables and other receivables	1,434.8	60.8		1,495.6
Liabilities to credit institutions	4.6	2,588.1		2,592.7
Commercial papers	616.6			616.6
Total	**2,056.0**	**2,648.9**	**0.0**	**4,704.9**
December 31, 2010				
Accounts payable and other liabilities	1,494.4	78.9		1,573.3
Liabilities to credit institutions	0.4	2,588.6		0.4
Total	**1,494.8**	**2,667.5**	**0.0**	**4,162.3**

The Group has issued charge card guarantees (see further description under separate heading) of SEK 1,571.6 M (1,371.2) that theoretically could fall due within a year from the balance sheet date.

Financial liabilities in the balance sheet – Parent Company SEK M	Within one year	2-5 years	Later than 5 years	Total
December 31, 2011				
Long-term receivables and other receivables	65.6			65.6
Liabilities to credit institutions		2,588.1		2,588.1
Commercial papers	616.6			616.6
Liabilities to Group companies	1,113.5	1,218.9		2,332.4
Total	**1,795.7**	**3,807.0**	**0.0**	**5,602.7**
December 31, 2010				
Accounts payable and other liabilities	42.9			42.9
Liabilities to credit institutions		2,588.6		2,588.6
Liabilities to Group companies	627.5	1,032.0		1659.5
Total	**670.4**	**3,620.6**	**0.0**	**4,291.0**

Credit risk

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

For financial assets owned by Intrum Justitia, no collateral or other credit reinforcements have been received. The maximum credit exposure for each class of financial assets therefore corresponds to the carrying amount.

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 3 percent of revenues. Most accounts receivable outstanding are with customers previously known to the Group and whose creditworthiness is good. For an analysis of accounts receivable by age, see Note 18.

Purchased debt

As part of its operations, Intrum Justitia acquires portfolios of consumer overdue 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, at the time of acquisition, overestimates its ability to collect the amounts or underestimates the costs of collection. The maximum theoretical risk is of course that the entire carrying value of SEK 3,228.7 M (2,373.4) 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 7,200. Portfolios are normally acquired from customers with whom the Group has had a long-term relationship. The acquisitions generally involve unsecured debt, requiring relatively less capital and significantly simplifying 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 projection 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 Crédit Agricole SA since 2002, with Goldman Sachs sedan 2003 and with East Capital since 2010.

Risks are diversified by acquiring receivables from clients in different sectors and different countries. The Group's purchased debt portfolios include debtors in 21 countries.

The Group's total carrying amount for purchased debt is distributed as follows:

Country	Distribution, % 2011	Distribution, % 2010
Finland	9	10
the Netherlands	11	11
Germany	16	9
Switzerland	7	7
Sweden	19	22
Other countries	38	41

The Group's purchased debt portfolios are distributed by sector as follows:

Segment	Distribution, % 2011	Distribution, % 2010
Telecoms	24	25
Bank sector	21	35
Credit card debts	10	14
Other financial businesses	28	14
Other segments	17	12

The receivables are overdue but have not been written off, at a point in time just before they were acquired by Intrum Justitia.

Of the total carrying value on the balance sheet date, 43 percent represents portfolio acquisitions in 2011, 16 percent acquisitions in 2010, 9 percent acquisitions in 2009, and 13 percent acquisitions in 2008. The remaining 19 percent relates to receivables acquired in or before 2007, which have therefore been past due for more than four years. In the case of a large share of the oldest receivables, Intrum Justitia has reached agreement with the debtors on payment plans.

These are no purchased receivables that individually are assessed to be written down.

Outlays on behalf of clients

As an element in its operations, the Group incurs outlays for court fees, legal representation, enforcement authorities, 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 that is not expected to become insolvent. On the balance sheet date, forward exchange contracts amounted to SEK 9.2 M (8.2).

Derivatives

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

Outstanding forward exchange contracts at year end in the Parent Company and Group include the following currencies:

Currency	Local currency	Hedged amount, sell
CHF	39,226	–8,426,798
CZK	2,715,318	–128,957,121
DKK	–	–175,415,184
EUR	35,090,819	–44,643,246
GBP	9,228	–20,834,576
HUF	–	–3,960,772,814
LTL	–	–490,609
NOK	47,652,728	–
PLN	–	–152,319

Forward exchange contracts are classified as financial assets measured at fair value through profit and loss (available for sale). The carrying value at year-end corresponds to fair value, SEK 8.4 M (7.4), net. Changes in the value of forward exchange contracts recognized during the year in the income statement amounted to SEK 18.9 M (81.8). 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 –13.2 M (–82.5) during the year. The net effect in the income statement of exchange rate differences attributable to receivables and liabilities as well as forward exchange contracts is SEK 5.7 M (–0.7).

Charge card guarantees

As part of its service offering in Switzerland, Intrum Justitia reviews charge card applications for certain 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. This entails a risk being incurred that Intrum Justitia must compensate the customer for the guaranteed amount in the event that the invoices are not paid on time. The total guarantee at year-end amounted to SEK 1,571.6 M (1,371.2), of which receivables overdue by more than 30 days amounted to SEK 1.9 M (5.5). Intrum Justitia's risk in this operation is managed through strict credit limits on the issuance of new charge cards and through analysis of the credit rating of cardholders. As of year-end Intrum Justitia had allocated SEK 16.6 M (15.4) in the balance sheet to cover payments that may arise due to the guarantee.

NOTE 38

BUSINESS COMBINATIONS

Difko Inkasso A/S

On September 30, 2011, Intrum Justitia acquired 100 percent of the shares in the Danish credit management company Difko Inkasso A/S. The acquired company conducts credit management operations and acts as an investor in purchased debt. The acquisition strengthens Intrum Justitia's market position in Denmark. The company was consolidated as of September 30, 2011 and contributed to consolidated revenues for the year by SEK 5.4 M and to operating earnings by SEK –0.1 M. Integration costs charged against consolidated earnings amounted to SEK 3.9 M and transaction costs for the aquisition were SEK 0.7 M. If the acquisition would have been executed by January 2011, it would have contributed to the Group's revenues by SEK 27.2 M and to the operating result by SEK 4.0 M. In the Cash-flow statement SEK 24.4 M from the acquisition is reported under Debt purchases.

Preliminarily, the acquisition is reported according to the following:

SEK M	Carrying amounts before the acquisition	Consolidated fair value
Intangible fixed assets	2.3	2.3
Purchased debt	24.4	24.4
Current assets	1.9	1.9
Liquid assets	1.9	1.9
Deferred tax	1.3	1.3
Current liabilities	–3.3	–3.3
Net assets	28.5	28.5
Goodwill		32.6
Purchase consideration paid		–61.1
Liquid assets (acquired)		1.9
Net effect on cash and equivalents		–59.2

The acquired company owned acquired overdue receivables that at the time of the acquisition amounted to a nominal value of SEK 208.3 M plus accrued interest rates and fees of at total amount of SEK 320.3 M. Of the receivables SEK 55.7 M were expected to be claimed. The fair value of the receivables at the time of the acquisition were SEK 24.4 M.

Reported goodwill can be derived to synergies.

Svensk Delgivningsservice AB

On October 31, 2011, Intrum Justitia acquired 100 percent of the shares in the writ-service company Svensk Delgivningsservice AB. The acquisition makes Intrum Justitia the market leader in writ-service in Sweden. The company was consolidated as of October 31, 2011 and contributed to consolidated revenues by SEK 1.8 M. If the acquisition would have been executed by January 1, 2011 it would have contributed to the Group's revenues by SEK 11.4 M and to the operating result by SEK 0.8 M.

The results include acquisition costs for the acquisition of SEK 0.8 M.

Preliminarily, the acquisition is reported according to the following:

SEK M	Carrying amounts before the acquisition	Consolidated fair value
Current assets	2.6	2.6
Liquid assets	0.0	0.0
Current liabilities	–2.0	–2.0
Net assets	0.6	0.6
Consolidated goodwill		5.4
Purchase consideration paid in cash		–6.0
Net effect on cash and equivalents		–6.0

Reported goodwill can be derived to synergies.

Buckaroo B.V.

After the balance sheet date, on January 13 2012, Intrum Justitia entered into an agreement to acquire the Dutch company Buckaroo B.V., a supplier of payment solutions primarily to clients within e-commerce, with a number of value added services. The purchase price, that was paid when the deal was closed on January 31 2012, amounts to EUR 8 M based on a cash and debt-free valuation. Furthermore, the agreement includes a possible earn-out payment of up to EUR 32 M during 2013-2015, that will be paid out if certain financial targets are achieved. The acquisition analysis is not yet concluded but the acquisition is preliminary expected to result in a reported goodwill of approximately SEK 217 M.

Other

In 2010, Intrum Justitia acquired Aktiv Kapital's Nordic credit management operations, with SEK 429.2 being recognized as goodwill. In 2011, the purchase consideration was adjusted up by SEK 2.7 M, with goodwill being adjusted by the same amount.

In 2010, Nice Invest Nordic AB was also acquired, with SEK 39.0 M being recognized as goodwill. In 2011 the acquisition analysis was adjusted, with recognized goodwill increasing by SEK 8.6 M.

Following a dispute in connection with the 2004 acquisition of the Irish company Legal & Trade Ireland Ltd, the courts ruled in 2005 and 2010 that Intrum Justitia should be repaid SEK 3.0 M and SEK 2.1 M respectively of the purchase consideration. The latter of these amounts was settled in 2011.

Following the 2008 acquisition of the French companies Cronos and SSE, discussions were held with the sellers concerning the acquired companies' net debt at the time of the acquisition. In 2011, Intrum Justitia reversed a provision for the additional purchase consideration of SEK 5.7 M, affecting net earnings for the year favorably.

NOTE 39

CRITICAL ESTIMATES AND ASSUMPTIONS

To be able to prepare the accounts in accordance with generally accepted accounting practices, company management and the Board of Directors must make assessments and assumptions that affect reported income and expense items, asset and liability items, as well as other disclosures. Management has discussed with the Audit Committee the Group's critical accounting principles and estimates as well as the application of these.

Estimates and assumptions are continuously assessed on the basis of historical experience and other factors, including expectations of future events considered reasonable under prevailing conditions. Actual outcomes may vary from the assessments made.

The areas in which estimates and assumptions could entail significant risk of adjustment in the recognized amounts for assets and liabilities in future financial years are primarily the following:

Impairment testing of goodwill

As indicated in Note 10, an impairment test of goodwill was done prior to the preparation of the annual accounts. The geographical regions are judged to achieve a sufficient degree of integration that they form combined cash generating units. Recoverable amounts for cash generating units have been established by calculating their value in use. The assumptions and assessments made with regard to expected cash flows and discount rates in the form of weighted average cost of capital, as well as a sensitivity analysis are detailed in Note 10. Projections of future cash flows are based on the best possible assessments of future revenues and operating expenses.

The cash-flow in 2011 for certain countries has been charged with considerable outlays for court expenses in the debt collection operation as legal activities have increased. The company's experience is that these kinds of outlays generate positive cash-flows with a backlog of one or more years.

Purchased debt

As indicated in Note 16, the recognition of purchased debt is based on the company's own projection of future cash flows from acquired portfolios. Although the company has historically had good projection accuracy with regard to cash flows, future deviations cannot be ruled out.

The Group applies internal rules and a formalized decision-making process in the adjustment of previously established cash flow projections. These entail, among other things, that cash flow projections are only in exceptional cases adjusted in the first year of ownership of a portfolio. Furthermore, the decision to amend a cash flow projection normally requires that the local management in the country in question and the management of the Purchased Debt service line are in agreement. All changes in cash flow projections are ultimately decided on by a central investment committee.

Useful lifetimes of intangible and tangible fixed assets

Group management establishes assessed useful lifetimes and thus consistent amortization and depreciation for the Group's intangible and tangible fixed assets. These estimates are based on historical knowledge of equivalent assets' useful lifetimes. Useful lifetimes and estimated residual values are tested on each balance sheet date and adjusted when necessary. Recognized values for each balance sheet date for intangible and tangible fixed assets, see Notes 10 and 11.

Assessment of deferred tax assets

Deferred tax assets for tax-loss carryforwards or other future tax deductions are recognized to the extent it is deemed likely that the deduction can be made against future taxable surpluses.

Carrying amounts for deferred tax assets on each balance sheet date are provided in Note 8.

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.

NOTE 40

RELATED PARTIES

List of transactions with related parties

	GROUP	
SEK M	**2011**	**2010**
Purchase of services		
Benno Oertig chairman in Stade de Suisse (sponsoring and conferences)	2.1	2.2
Motus ehf, Reykjavik (Iceland) (purchase of collection services)	0.0	0.4
Total	**2.1**	**2.6**

In addition to associated companies and joint ventures, related parties include the Board of Directors and senior executives, according to Note 30, 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.

Motus ehf, Reykjavik (Iceland), in which Intrum Justitia held 33 percent of shares up until the first quarter of 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 in the Group (see Note 12) are related parties of the Parent Company. The Parent Company does not have any other related party transactions.

Audit Report

To the annual meeting of the shareholders of Intrum Justitia AB (publ), corporate identity number 556607-7581

REPORT ON THE ANNUAL ACCOUNTS

We have audited the annual and consolidated accounts for Intrum Justitia AB (publ) for 2011. The annual and consolidated accounts of the Company are included in the printed version of this document on pages 36-78.

RESPONSIBILITY OF THE BOARD OF DIRECTORS AND THE PRESIDENT FOR THE ANNUAL AND CONSOLIDATED ACCOUNTS.

The Board of Directors and the President are responsible for the preparation of annual accounts that give an accurate view in accordance with the Annual Accounts Act and consolidated accounts that give an accurate view in accordance with international financial reporting standards as adopted by the EU and the Annual Accounts Act, as well as for the internal controls deemed necessary by the Board of Directors and President as necessary in preparing annual and consolidated accounts that do not contain material misstatements, whether these are due to irregularities or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the annual and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. These standards demand that we adhere to professional requirements and that we plan and perform the audit to obtain reasonable assurance that the annual and consolidated accounts are free of material misstatement.

An audit entails gathering by various means audit evidence supporting the amounts and disclosures in the annual and consolidated accounts. The auditor selects the measures to be performed by assessing, among other aspects, the risk for material misstatements in the annual and consolidated accounts, whether these are due to irregularities or error. In this risk assessment, the auditor takes into account those parts of the internal control processes that are relevant to how the Company prepares the annual and consolidated accounts to provide an accurate view with the purpose of drawing up review measures that are appropriate to conditions, albeit not with the purpose of making any statements regarding the efficacy of the Company's internal control processes. An audit also includes assessing the appropriateness of the accounting principles used and the reasonableness of the estimates made by the Board of Directors and President in the accounts, as well as assessing the overall presentation of the annual and consolidated accounts.

We believe that the audit evidence we have gathered is sufficient and appropriate as a basis for our statements.

STATEMENTS

It is our opinion that the annual accounts have been prepared in accordance with the Annual Accounts Act and give in all material regards an accurate view of the Company's financial position as per December 31, 2011 and its financial results and cash flow over the year in accordance with the Annual Accounts Act, and that the consolidated accounts have been prepared in accordance with the Annual Accounts Act and provide in all material regards an accurate view of the Group's financial position as per December 31, 2011 and its financial results and cash flow over the year in accordance with International Standards on Auditing as adopted by the EU and the Annual Accounts Act. We believe that our audit provides a reasonable basis for our opinion set out below.

We therefore recommend that the Annual General Meeting approve the consolidated income statement and balance sheet and the income statement and balance sheet of the Parent Company.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual and consolidated accounts, we have also audited the proposed appropriation of the Company's earnings and the administration of Intrum Justitia AB (publ) by the Board of Directors and the President in 2011.

RESPONSIBILITY OF THE BOARD OF DIRECTORS AND THE PRESIDENT

The Board of Directors is responsible for the proposed appropriation of the Company's profit or loss, and the Board of Directors and the President are responsible for the administration of the Company in accordance with the Companies Act.

AUDITORS' RESPONSIBILITY

It is our responsibility, based on our audit, to express an opinion, with a reasonable degree of certainty, on the proposed appropriation of the Company's earnings and the administration of the Company. We have conducted our audit in accordance with generally accepted auditing standards in Sweden. As a basis for our statement regarding the proposed appropriation of the Company's earnings, we have reviewed the statement by the Board of Directors explaining its proposal and a selection of the data on which this is based to ascertain whether the proposal complies with the Companies Act.

As a basis for our statement regarding discharge from liability, we have, in addition to our audit of the annual and consolidated accounts, reviewed significant decisions, measures and conditions in the Company to ascertain whether any director or the President is liable for compensation to the Company. In our review, we have also considered whether any director or the President has in any other way contravened the Companies Act, the Annual Accounts Act or the Articles of Association.

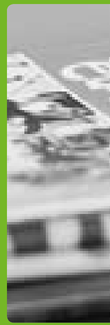
We believe that the audit evidence we have gathered is sufficient and appropriate as a basis for our statements.

STATEMENTS

We recommend that the Annual General Meeting appropriate Company's earnings in accordance with the proposal presented in the statutory administration report (Board of Directors' Report) and that the directors and the President be discharged from liability for the financial year.

Stockholm, March 29, 2012

KPMG AB
Carl Lindgren
Authorized Public Accountant



Board of Directors

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 31 March 2011 the Nomination Committee's proposal for the Board to consist of seven members and no deputies was adopted. Matts Ekman, Helen Fasth-Gillstedt, Lars Lundquist, Joakim Rubin, Charlotte Strömberg and Fredrik Trägårdh were re-elected to the Board. Joakim Westh was elected as a new Director. Lars Lundquist was re-elected as Chairman of the Board.

1. Lars Lundquist

Born 1948, 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 Lung Foundation. Mr. Lundquist holds an M.Sc. in Economics from the Stockholm School of Economics and an MBA from the University of Wisconsin. No of shares in Intrum Justitia: 25,000

2. Matts Ekman

Born 1946

Director since 2007. Former Executive Vice President and CFO of the Vattenfall Group. He has also been CFO of the Electrolux Group. Mr. Ekman is Chairman of the trading house Ekman & Co and Director of Carnegie Fonder AB, Profoto AB, EMANI (Belgium) and Spendrup Invest. He has an M.Sc. from the University of Lund and an MBA from the University of California at Berkeley. No of shares in Intrum Justitia: 14,500

3. Helen Fasth-Gillstedt

Born 1962

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, Swedesurvey AB, Samhall AB and member of Save the Children Sweden's Advisory Group. Ms. Fasth-Gillstedt holds an M.Sc. from the Stockholm School of Economics. No of shares in Intrum Justitia: 0

4. Joakim Rubin

Born 1960

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 and B & B Tools. 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 an M.Sc. from the Institute of Technology at Linköping University. No of shares in Intrum Justitia: 0

5. Charlotte Strömberg

Born 1959

Director since 2009. She is a Chairman of the Board in Castellum AB, Director of Boomerang AB, the Fourth Swedish National Pension Fund, Swedbank AB and Skanska AB. Charlotte Strömberg has previously held positions as CEO of property consultant Jones Lang LaSalle in the Nordic countries, she held several leading positions at Carnegie Investment Bank AB Head of Investment Banking among others, and at Alfred Berg, ABN Amro. Ms. Strömberg holds an M.Sc. from the Stockholm School of Economics. No of shares in Intrum Justitia: 3,000

6. Fredrik Trägårdh

Born 1946

Director since 2009. Fredrik Trägårdh is the CEO of Net Insight AB and was formerly that company's CFO. Mr. Trägårdh has held positions as CFO at DaimlerChrysler Rail Systems GmbH, Berlin, and several management positions at ABB Financial Services in Sweden and Switzerland. Mr. Trägårdh holds an M.Sc. in Business Administration and International Economics from the Göteborg School of Economics. No of shares in Intrum Justitia: 0

7. Joakim Westh

Born 1961

Director since 2011. Mr. Westh has been Senior Vice President at Ericsson with responsibility for strategy, procurement and operational excellence, and Group Vice President at Assa Abloy. He was also previously a partner at management consultancy firm McKinsey & Co. He is a Director of Swedish Match, SAAB AB, Rörvik Timber AB and Absolent AB. Mr. Westh is a graduate engineer from the Royal Institute of Technology in Stockholm and the Massachusetts Institute of Technology (MIT). No of shares in Intrum Justitia: 3,000

AUDITOR

Carl Lindgren

Born 1959

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.

Directors' independence

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


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Group Management Team

The Group Management Team consists of the Chief Executive Officer and President of the parent company, vice president, the Group's Chief Financial Officer, the Regional Managing Directors, the Group's Chief Risk Officer and the Directors of the Financial Services and Credit Management Service Lines respectively.

1. Lars Wollung

Born 1961,
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.

2. Erik Forsberg,

Born 1971, Chief Financial Officer (CFO)

Mr Forsberg joined as CFO in November 2011. He previously held the same position at PR software company Cision, which is listed on the NASDAQ OMX Smallcap list. Erik Forsberg has previously held positions as CFO, Group Treasurer and Business Controller at companies including EF Education. Forsberg holds a M.Sc. in Economics from the Stockholm School of Economics. No. of shares in Intrum Justitia AB: 0

3. Gijsbert Wassink

Born 1965, 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.

4. Per Christofferson

Born 1968, Director for Credit Management Services and acting Regional Managing Director Central Europe

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, where he also has been advisor to 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: 5,345.

5. Rickard Westlund

Born 1966, 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.

6. Kari Kyllönen

Born 1953, Vice President

Mr. Kyllönen is the Group Vice President. Additionally, he works in Operational Excellence for developing the 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.

7. Johan Brodin

Born 1968, Chief Risk Officer

Mr Brodin joined as Chief Risk Office (CRO) in November 2011. Previous to that Johan Brodin was CRO at SBAB Bank. SBAB Bank has around 400 employees and is owned by the Swedish Government. The banks outstanding debt portfolio amounts to approximately SEK 250 billion. Johan Brodin has previously held different positions within risk control at Handelsbanken, as well as Management consultant within financial services at KPMG and Oliver Wyman. Brodin holds a M.Sc. in Economics from Örebro University. No. of shares in Intrum Justitia AB: 0

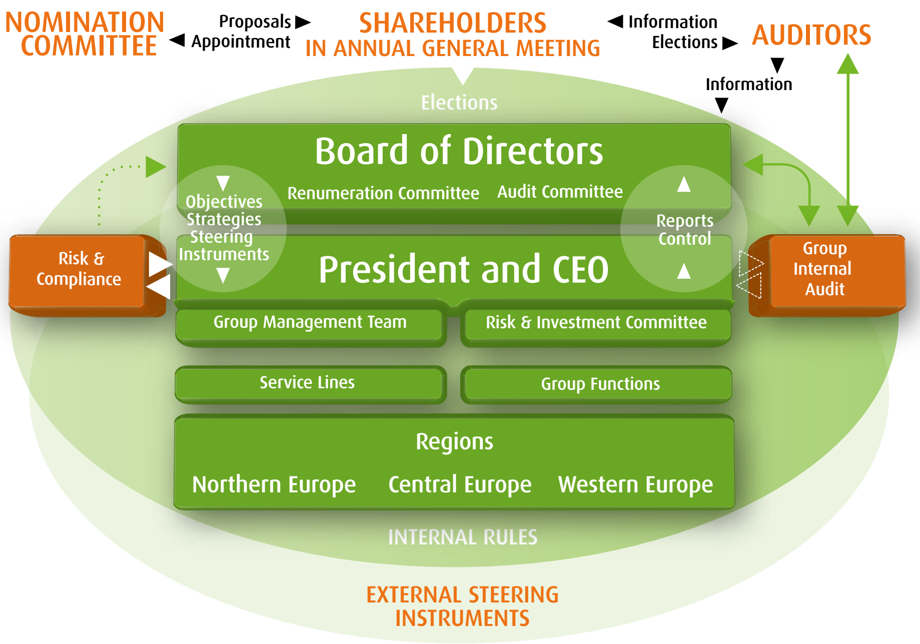
8. Pascal Labrue

Born 1967, 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.

Corporate governance report

The Corporate Governance of Intrum Justitia exists to strengthen the confidence of clients, society and the capital markets through a clear allocation of responsibilities and well-balanced rules between owners, the board, group management team and the different control functions. Intrum Justitia AB (publ) is a Swedish public company domiciled in Stockholm. The company is listed on the NASDAQ OMX Stockholm exchange.



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 2011. 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 31, 2011, 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 4.10 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 2010 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,
- to authorize the Board of Directors to decrease the share capital, to buy back treasury shares via the stock market, and
- to adopt guidelines for the appointment of a new Nominating Committee.

At the Annual General Meeting, 43.85 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 were present.

NOMINATING COMMITTEE

The tasks of the Nomination Committee include nominating directors for election at the next Annual General Meeting (AGM). The 2011 AGM of assigned the Chairman of the Board to convene the five largest shareholders of the Company based on known voting power at the end of August to appoint a member each to the Nomination Committee.

The composition of the Nomination Committee ahead of the 2012 AGM was announced on October 19, 2011: Hans Hedström, Chairman of the Nomination Committee (appointed by Carnegie Funds), Mats Gustafsson (Lannebo Funds), Conny Karlsson (CapMan Oyj), Pia Axelsson (Fourth Swedish National Pension Fund) and Anders Rydin (SEB Funds). The Chairman of the Board Lars Lundquist serves as a co-opted member of the Nomination Committee. The company's legal counsel has served as the secretary of the Nomination Committee.

On January 31, 2012 the Nomination Committee represented a total of approximately 20.5 percent of the share capital in Intrum Justitia.

Besides nominating the Directors and the Chairman of the Board, the duties of the Nomination Committee include evaluating the Board and its work, proposing a Chairman for the AGM, proposing compensation for the Board and its committees, and proposing candidates for auditors' elections and compensation for auditors.

The Chairman of the Board reported on the results of the evaluation of the Board to the Nomination Committee. In addition, the members of the Nomination Committee have held individual meeting with the current directors. The Nomination Committee's proposal to the 2012 AGM was presented in the notice of 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 three times. No compensation has been paid to the members of the Nomination Committee.

THE BOARD

The board has the overall responsibility to manage the concerns of Intrum Justitia in the interest of its owners. All members are elected by the AGM. At the 2011 AGM, seven Directors were elected without deputies. Lars Lundquist was elected as Chairman of the Board. Further information about the Directors, including their share holdings, can be found on pages 80-81.

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 of Directors has established an Audit Committee and a Remuneration Committee. Until the end of September 2011, an Investment Committee also existed to oversee the Group's purchases of debt. The committees are mainly subordinated to the Board and do not relieve the Board members of their duties and responsibilities. The committees are presented in more detail on the following pages.

THE BOARD'S RULES OF PROCEDURE

Each year, the Board of Directors reassesses and sets rules of procedure, instructions for the two committees and instructions for the President. The latter also includes instructions regarding financial reporting.

These control documents contain 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 Board's rules of procedure are based on the overarching rules included in 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:

- the 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;
- the assessment of the Board of Directors and its work, the assessment of the President, and
- 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 preceded by an open discussion led by the Chairman. The Board

ATTENDANCE IN BOARD MEETINGS IN 2011

	Matts Ekman	Helen Fasth-Gillstedt	Fredrik Trägårdh	Lars Lundquist	Joakim Rubin	Charlotte Strömberg	Joakim* Westh	Lars** Förberg
28 January	●	●	●	●	●	●	–	●
8 February	●	●	●	●	●	●	–	●
24 February	–	●	●	●	●	●	–	●
7 March	–	●	–	–	●	●	–	●
31 March	●	●	●	●	●	●	●	–
2 May	●	●	●	●	●	●	●	–
20 June	●	●	●	●	●	●	●	–
23 June	–	●	●	●	●	●	●	–
17 July	●	–	●	●	●	●	–	–
29 September	●	●	●	●	●	●	●	–
29 September	●	●	●	●	●	●	●	–
25 October	●	●	●	●	●	●	●	–
18 November	●	●	●	●	●	●	●	–
13 December	●	●	●	●	●	●	●	–

● Present – Non-present

* Elected at the AGM 2011
** Left his assignment at the AGM 2011

met 14 times in 2011 (11 times in 2010). Over the year, the Board devoted particular focus to the following issues:

- the Group's earnings and financial postion,
- interim reporting,
- corporate governance, risk management and internal control,
- corporate acquisitions, the expansion of services and acquisitions of major debt portfolios,
- review of the company's strategic direction,
- the financing of the Group, and
- the assessment of the work of the Board and the assessment of the President.

The company's auditor attended one Board meeting during the year.

ASSESSMENT OF THE BOARD AND PRESIDENT

The Board conducts an annual evaluation of the composition of the Board with the purpose of addressing issues including competence, priorities, Board materials, the climate at meetings and identifying possible improvements. The Chairman presents the results of the evaluation to the Nomination Committee and the complete Board. The Board makes continuous evaluations of the President and discusses this at least one meeting without his presence.

COMPENSATION FOR DIRECTORS

According to the resolution of the 2011 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 650,000 to be used as remuneration for committee work over and above ordinary Board work, in total SEK 3,200,000. 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 350,000 is divided equally between the seven members of the Remuneration and Investment Committees. Due to the phasing-out of the Investment Committee for debt purchases in September 2011, compensation paid for committee work amounted to only SEK 550,000.

AUDIT COMMITTEE

The Audit Committee has a preparatory role and reports on its work to the Board. 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 risk management with regard to the financial reporting. The committee should also ensure it is updated on the auditor's work, ensure the independence of the auditor and, if needed, assist the Nomination Committee in nominating the auditor. The committee has established guidelines for which services, other than auditing services, the company may procure from the auditor.

From the AGM to December 2011 the Audit Committee consisted 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 Audit Committee met five times in 2011 (ten times in 2010). The auditor attended four of these meetings. All members of the committee have been present at all meetings.

The issues covered by the committee included quarterly reports, interim reporting, procurement of auditing services, risk management and internal control with special attention to the organization of internal control measures, and the Group's accounting principles. Further to this the committee has considered the year-end accounts, audit work for the Group, 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

The tasks of the committee – principally the preparation of major acquisitions of debt portfolios – have been assumed by the Board.

From the AGM until September 2011 when it was phased out, the Investment Committee consisted of Joakim Rubin (Chairman) Lars Lundquist, Charlotte Strömberg and Joakim Westh. All members of the committee are independent in relation to the company, its management and in relation to the principal shareholders.

The Investment Committee met ten times in 2011 (seven times in 2010). Joakim

Westh was absent at three meetings. Otherwise, all members attended all meetings.

REMUNERATION COMMITTEE

The duties of the Remuneration Committee include preparing Board decisions on matters of remuneration principles, compensation levels and other terms of employment conditions for the senior management team, monitoring and assessing variable remuneration programs for senior management and monitoring and assessing general remuneration structures and compensation levels within the Group. 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 assess the use of these guidelines.

The Remuneration Committee consists of Lars Lundquist (Chairman), Matts Ekman and Joakim Rubin. All members of the committee are independent in relation to the company, its management and in relation to the principal shareholders.

The Company's Human Resources Director – who is also the committee's secretary – attends the committee's meetings as does the President when necessary.

In 2011 the committee met five times (twice in 2010). All members of the committee were present at all meetings.

PRINCIPLES FOR REMUNERATION FOR SENIOR EXECUTIVES

The 2011 AGM adopted the Board's proposal on the principles of compensation and other terms of employment for the senior executives. The guidelines regulate 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 for remunerations for senior executives applied in 2011 are described in Note 30, on page 72. The Board's complete proposal regarding guidelines for 2012 can be found in the Board of Directors' report on page 42.

For a more detailed account of wages and remunerations for senior executives, see Note 30 on page 72.

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 Chief Risk Officer.

The GMT meets regularly to discuss economic and financial targets and results, strategy 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 82-83.

RISK- AND INVESTMENT COMMITTEE

The CEO has established a risk- and investment committee consisting of directors of the group management team, with the task of making investment decisions, primarily in purchase of receivables.

INTERNAL AUDIT

Internal audit constitutes the independent review function that reports directly to the board via the audit committee. The function is currently being build up. With the purpose of strengthening the internal audit a new manager has been appointed from October 1, 2011. Going forward, the task of the internal audit will be to review and evaluate the efficiency in steering control, risk assessment and internal control in the Group and will report to the audit committee and the Group management team on a quarterly basis.

RISK AND COMPLIANCE

In 2011 the Board and audit committee have put special attention to strengthening the overall organisation around the Group's steering and control. As a part of this, a function to handle risk and compliance has been established. The function is currently being build up and is led by a new Chief Risk Officer (CRO) since November 1, 2012. The CRO is part of the Group management team and have two major responsibilities: to proactively work to creating a risk awareness already when business decisions are made and are followed up regularly, and being responsible for the Risk and Compliance Control function, that aims to assure an independent follow-up and control of financial as well as operational activities and observance of laws and regulations.

AUDITOR

The 2008 AGM elected the accounting firm KPMG AB as auditor for the Parent Company 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 beyond the auditing assignment. The size of the compensation paid to KMPG is indicated in Note 32 on page 73. As Intrum Justitia's auditor, KPMG is obliged to test its independence prior to every decision when providing independent advice to Intrum Justitia alongside its auditing assignment.

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

Board of Directors' Report on Internal Control

The responsibility of the Board of Directors for internal control is regulated by the Swedish Companies Act and the Code. The Code includes a requirement for annual external reporting on how internal control processes regarding financial reporting are organized. These controls serve to assure reasonable reliability in financial reporting. Financial reporting comprises interim reports, year-end reports and most of the annual report.

FRAMEWORK

Intrum Justitia's internal control efforts follow the COSO framework (the Committee of Sponsoring Organisation of the Treadway Commission). The framework is based on five internal control components as described below.

CONTROL ENVIRONMENT

The Board of Directors bears the ultimate responsibility for the internal control of the company's financial reporting. The Board's Audit Committee monitors adherence to set guidelines for financial reporting and internal control and maintains ongoing contacts with the company's auditors. The objective is to ensure that applicable laws and regulations are adhered to and that the financial reporting complies with Intrum Justitia's accounting principles in accordance with IFRS and that operations are conducted in an efficient and appropriate way.

The basis for good internal control is the control environment, which includes the values and ethics on which the Board and Management base their actions, but also the Group's organization, leadership, decision-making paths, authorities and responsibilities, as well as the skills and knowledge of the employees. Intrum Justitia's values include "working to promote a sound economy", which, alongside the Group's business concepts, targets and strategies, guides its day-to-day work.

Over the year, a Corporate Governance project has been conducted with the purpose of further strengthening and clarifying the internal control and governance of the company and the Group. Within the framework of this project, an updated set of Group-wide internal regulations has been developed and launched via the Group's intranet. These regulations also include the rules that are directly attributable to financial reporting and regulatory compliance in that area. In 2012, there will be a continued focus on introducing the Group-wide regulations in all countries and on developing a Group-wide Code of Conduct clarifying for employees and other stakeholders how the Group rules are applied in practice.

RISK ASSESSMENT

The Group's risks are managed through an interplay between the Board, Group Management and local operations. The Board and Group Management work continuously to identify and manage overarching risks, while the management of each local operation is responsible for identifying, assessing and managing, in accordance with the internal regulations, the risks that primarily affect the local operations. Each local management team is responsible for ensuring that there is a well-functioning process that engenders risk awareness, identifies new risks at an early stage and manages known risks in a cost-effective way.

The risk assessment of the financial reporting serves to establish what risks affect reporting by the Group's companies, business areas and processes. The Group-wide risk management process includes identifying and assessing the most significant risks affecting the financial reporting and ensuring that suitable measures are taken to mitigate those risks. This work is based, in part, on self-assessment by operations, but also on an independent assessment of risks in the financial reporting conducted by the Group's treasury and finance function and that forms the basis for ongoing efforts to continuously improve internal control in the financial reporting process.

CONTROL ACTIVITIES

Risk assessment guides control activities. Controls are designed to manage the risks identified in the work described above. The control structures are based on the Group's minimum requirements for internal controls in financial reporting and consist both of company-wide controls, controls at transaction level and general IT controls.

Control activities cover all subsidiaries within the Group and include methods and activities to secure assets, ascertain accuracy and reliability in internal and external financial reports and to ensure adherence to legislation and established internal guidelines. The subsidiaries' self-assessment process continued over the year and the quarterly assurance from the local company managers and financial managers has been another important component in safeguarding internal control of financial reporting.

Over the year, the focus has been on working with internal regulation projects that, in the long term, will result in further strengthened control of financial reporting.

INFORMATION AND COMMUNICATION

The company works continuously to engender an awareness among employees of the control instruments applicable in financial reporting, both external and internal. Responsibilities and authorities are communicated within the Group to enable reporting and feedback from operations to Group Management and the Board's Audit Committee. Within the framework of the Corporate Governance project carried out over the year and that is set to continue in 2012, the ongoing focus will be on these areas of particular importance for financial reporting.

All of the internal guidelines are accessible on the intranet and employee training is conducted on an ongoing basis. The local finance managers are part of a network that meets annually to disseminate and share experiences, exchange information on new regulations and changes in the Group's accounting principles, and to discuss the requirements imposed on internal control processes. Among other things, the network works to increase coordination and opportunities for comparisons of analyses, follow-up of accounting and business systems and the development of various key figures.

FOLLOW-UP

The Group is organized on a matrix model, whereby financial review primarily follows the three geographical regions and, secondarily the service lines. Within the geographical regions, the respective regional and country managers bear considerable responsibility. Group Management exerts control both through Board representation in the local companies and through the Group finance department, which follows up the subsidiaries' financial reporting from various angles.

Each month, the subsidiaries report their monthly closing figures, consisting of income statements organized by service line, balance sheets and volume figures, entering these into the Group's reporting system. The closing figures are consolidated as a monthly report to Group Management and the Board. Consolidated accounts are prepared each month for internal follow-up and analysis. The subsidiaries receive feedback from the Group on their reporting and in-depth follow-up meetings are held with each region on a quarterly basis.

The follow-up of the internal control with regard to financial reporting is conducted primarily by the Group treasury and finance function, as well as by the Board's Audit Committee. At the assignment of the Board, the internal audit also reviews and assesses how the internal control is organized and its efficacy, as well as following up on outstanding material observations from previous audits.

Stockholm 29 March 2012
The Board of Intrum Justitia AB (publ)

The Auditor's statement on the Corporate Governance Report

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

The Board of Directors are responsible for the Corporate Governance Report for 2011 for pages 84-89 and that it has been prepared in accordance to the Annual Account Act.

We have read the Corporate Governance Report, and based on this and our knowledge of the company and the Group we believe that we have enough ground for our statements. This implies that our statutory review of the Corporate Governance Report has a different focus and substantially lower scope than the focus and scope of an audit according to International Standards of Auditing and good auditing practice in Sweden.

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 29 March 2012
KPMG AB
Carl Lindgren
Auktoriserad revisor

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 non control, interest, 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 2011

The Annual General Meeting of Intrum Justitia AB will be held on Wednesday, April 25, 2012 at 3:00 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 proposes a dividend of SEK 4.50 (4.10) per share for fiscal year 2011.

Financial report dates 2012

Annual General Meeting 2012,
April 25
Interim report January–March,
April 25
Interim report January–June,
July 20
Interim report January–September,
October 24

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.

Shareholder contact

Annika Billberg
Ph. +46 8-546 10 203
e-mail: ir@intrum.com

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.

Addresses

Intrum Justitia AB
Marcusplatsen 1A, Nacka
105 24 Stockholm, Sweden
Ph +46 8 546 10 200
Fax +46 8 546 10 211
www.intrum.com
info@intrum.com

Financial Services
Intrum Justitia Debt
Finance AG
Alpenstrasse 2
CH-6300 Zug, Switzerland
Ph + 41 41 727 86 86
Fax +41 41 727 86 87

Austria
Intrum Justitia GmbH
Andromeda Tower
Donau-City-Strasse 6, st 7
AT-1220, Wienna,
Austria
Ph +43 1 260 88 00
Fax +43 260 88 990
www.intrum.at

Belgium
Intrum NV
Martelaarslaan 53
B-9000 Gent, Belgium
Ph +32 9 218 90 94
Fax +32 9 218 90 51
www.intrum.be

Czech Republic
Intrum Justitia s.r.o.
Prosecka 851/64
19000 Prague 9
Prosek, Czech Republic
Ph +420 277 003 730
Fax +420 283 880 902
www.intrum.cz

Denmark
Intrum Justitia A/S
Lyngbyvej 20, 2 Etage
DK-2100 Copenhagen Ø
Denmark
Ph +45 33 69 70 00
Fax +45 33 69 70 29
www.intrum.dk

Estonia
Intrum Justitia AS
Rotermanni 8
EE-Tallinn 10111, Estonia
Ph +372 6060 990
Fax +372 6060 991
www.intrum.ee

Finland
Intrum Justitia Oy
PL 47
FI-00811 Helsinki
Finland
Ph +358 9 229 111
Fax +358 9 2291 1911
www.intrum.fi

France
Intrum Justitia SAS
97 Allée Alexandre Borodine
CS-80008
FR-69795 Siant Priest Cedex
France
Ph +33 4 7280 1414
Fax +33 4 7280 1415
www.intrum.fr

Germany
Intrum Justitia GmbH
Pallaswiesenstr. 180–182
DE-64293 Darmstadt,
Germany
Ph +49 6151 816 0
Fax +49 6151 816 155
www.intrum.de

Hungary
Intrum Justitia Kft
Pap Károly u. 4–6
HU-1139 Budapest, Hungary
Ph +36 1 459 9400
Fax +36 1 459 9574
www.intrum.hu

Italy
Intrum Justitia S.p.A.
Viale E. Jenner 53
IT-20159 Milan, Italy
Ph +39 02 288 701
Fax +39 02 288 70 411
www.intrum.it

Ireland
Intrum Justitia Ireland Ltd
1st Floor, Block C
Ashtown Gate, Navan Road
IE- Dublin 15
Ph +353 1 869 22 22
Fax +353 1 869 22 44
www.intrum.ie

Netherlands
Intrum Justitia Nederland B.V.
Box 84096
NL-2508 AB The Hague
Netherlands
Ph +31 70 452 70 00
Fax +31 70 452 89 80
www.intrum.nl

Norway
Intrum Justitia AS
Box 6354 Etterstad
NO-0604 Oslo 6, Norway
Ph +47 23 17 10 00
Fax +47 23 17 10 20
www.intrum.no

Poland
Intrum Justitia Sp. z o.o.
Ul. Domaniewska 41
PL-02-672 Warszaw, Poland
Ph +48 22 576 66 66
Fax +48 22 576 66 68
www.intrum.pl

Portugal
Intrum Justitia Portugal Lda
Alameda dos Oceanos
Edifício Espace
Lote 1.06.Q1.04
Piso 1, Bloco 2, A/B
Parque das Nações
1990-207 Lisboa
Portugal
Ph: +351 21 317 22 00
Fax:+351 21 317 22 09
www.intrum.pt

Slovakia
Intrum Justitia Slovakia s.r.o.
P.O. Box 50
Karadzicova 8
SK-821 08 Bratislava
Slovakia
Ph +421 2 32 16 32 16
Fax +421 2 32 16 32 80
www.intrum.sk

Spain
Intrum Justitia Ibérica S.A.U.
Juan Esplandiú 11–13
PL 9
ES-28007 Madrid, Spain
Ph +34 91 423 4600
Fax +34 902 876 692
www.intrum.es

Sweden
Intrum Justitia Sverige AB
105 24 Stockholm, Sweden
Ph +46 8 616 77 00
Fax +46 8 640 94 02
www.intrum.se

Switzerland
Intrum Justitia AG
Eschenstrasse 12
CH-8603 Schwerzenbach
Switzerland
Ph +41 44 806 5656
Fax +41 44 806 5660
www.intrum.ch

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