
intrum justitia
WE WILL BE
A CATALYST
FOR A SOUND
ECONOMY
Annual Report 2007

INTRUM JUSTITIA IN BRIEF

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

> Intrum Justitia is undergoing a process of change. Having been a traditional debt collection company, Intrum Justitia is now working more closely with clients to design full-service credit management solutions with the goal of creating efficient processes that help clients to improve their cash flow and long-term profitability.

The Group's offering covers every stage of credit management, from credit information and invoicing through reminders and collection to debt surveillance and collection of written-off receivables. Intrum Justitia also works with purchased debt and specialized services related to credit management. To achieve the greatest possible success for all parties involved, our clients' customers are treated fairly and with respect.

OFFERING

Credit management

BEFORE THE SALES DECISION

PROSPECTING AND SEGMENTATION

- Risk assessment
- Credit information
- Credit advice

DURING THE AGREED PAYMENT PERIOD

PAYMENT ADMINISTRATION

- Financing
- Invoicing services
- Customer services
- VAT refunds

AFTER THE DUE DATE

COLLECTION PROCESS

- Reminders
- Collection
- Legal advice on collection-related issues
- Debt surveillance

Purchases of portfolios of written-off receivables

AFTER WRITE-OFF BY CLIENT

- Identification
- Analysis

ACQUISITION OF PORTFOLIO

- Evaluation
- Monitoring

IMPLEMENTATION OF COLLECTION PROCESS

- Collection using the same process as debt surveillance

Great potential in an expansive market

> The CMS market is poised for an exciting future. Today only about ten percent of the market is outsourced to professionals like Intrum Justitia. The overwhelming share of transactions is managed internally by companies. A number of overall trends point to an increase in outsourcing, however.

OVERALL TRENDS
- Increased global competition and globalisation.
- Higher consumption.
- Intensive technological development.
- Poorer payment habits.
- Higher degree of outsourcing.

WHICH MEAN
- More transaction-intensive companies and more frequent customer contacts.
- Organizations are focusing more on their core business.
- Higher debt among companies and households.
- Improved systems for credit evaluation.

AND LEAD TO
- Greater need to understand sales and payment processes.
- Greater need to monitor invoices and payments.
- Stronger focus on customer service.
- More customers with payment difficulties.

THE FUTURE
The CMS market continues to grow.

The Intrum Justitia Group in 2007

- Revenues rose to SEK 3,225.2 M (2,939.6).
- Operating earnings (EBIT) rose to SEK 667.8 M (586.7).
- Net earnings rose to SEK 462.0 (407.5).
- Earnings per share before dilution rose to SEK 5.86 (5.09).
- Investments in *Purchased Debt* corresponding to disbursement during the year, including the Austrian portfolio which has yet to be paid for, amounted to SEK 996.2 M (869.7).
- The Board of Directors proposes a dividend of SEK 3.25 per share (2.75).

THE SHARE ROSE	ORGANIC REVENUE GROWTH WAS
30%	**10%**
OPERATING EARNINGS ROSE	INVESTMENTS IN DEBT PORTFOLIOS ROSE
14%	**15%**

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

CONTENTS

! IR information on page 80.

Financial overview

INCOME STATEMENT, SEK M	2007	2006	2005	2004	2003	2002	2001
Revenues	3.225.2	2,939.6	2,823.2	2,740.5	2,864.6	2,774.9	2,320.6
Cost of sales	–1,868.9	–1,705.9	–1,679.6	–1,598.1	–1,765.7	–1,755.4	–1,427.1
Gross earnings	**1,356.3**	**1,233.7**	**1,143.6**	**1,142.4**	**1,098.9**	**1,019.5**	**893.5**
Sales and marketing expenses	–285.4	–261.9	–273.1	–304.1	–281.8	–257.3	–221.2
General and administrative expenses	–403.9	–385.5	–367.6	–410.5	–389.4	–287.8	–274.6
Goodwill amortization	–	–	–	–	–124.0	–126.7	–142.2
Items affecting comparability	–	–	–	–	–398.0	–8.5	–11.5
Participations in associated companies	0.8	0.4	0.7	2.8	0.4	7.0	–2.5
Operating earnings (EBIT)	**667.8**	**586.7**	**503.6**	**430.6**	**–93.9**	**346.2**	**241.5**
Net financial income/expense	–72.1	–59.6	–31.4	–36.4	–52.9	–107.8	–121.4
Earnings before tax	**595.7**	**527.1**	**472.2**	**394.2**	**–146.8**	**238.4**	**120.1**
Tax	–133.7	–119.6	–138.6	–70.8	–21.2	–65.4	–52.7
Net earnings for the year	**462.0**	**407.5**	**333.6**	**323.4**	**–168.0**	**173.0**	**67.4**
Of which attributable to							
Parent Company's shareholders	459.6	397.0	320.6	313.1	–180.2	–65.4	67.4
Minority interests	2.4	10.5	13.0	10.3	12.2	173.0	0.0
Net earnings for the year	**462.0**	**407.5**	**333.6**	**323.4**	**–168.0**	**173.3**	**67.4**

BALANCE SHEET, SEK M	2007	2006	2005	2004	2003	2002	2001
Assets							
Total fixed assets	3,880.1	3,118.3	2,743.5	2,166.3	2,201.4	2,450.1	2,357.9
of which purchased debt	1,882.2	1,317.9	933.0	407.0	340.0	313.3	224.6
Total current assets	1,513.3	1,343.2	1,392.5	1,452.8	1,479.2	1,278.2	1,002.6
Total assets	**5,393.4**	**4,461.5**	**4,136.0**	**3,619.1**	**3,680.6**	**3,737.3**	**3,360.5**
Shareholders' equity and liabilities							
Total shareholders' equity, incl. minority interests	1,842.4	1,492.6	1,316.1	1,531.0	1,258.1	1,538.7	529.5
Total liabilities	3,550.9	2,968.9	2,819.9	2,088.1	2,422.5	2,198.6	2,831.0
Total shareholders' equity and liabilities	**5,393.4**	**4,461.5**	**4,136.0**	**3,619.1**	**3,680.6**	**3,737.3**	**3,360.5**

KEY FIGURES	2007	2006	2005	2004	2003	2002	2001
Revenue increase, %	9.7	4.1	3.0	–4.3	3.2	19.6	37.0
Organic growth, %	10.4	4.3	–0.2	0.0	3.0	12.0	11.0
Operating margin, %	20.7	20.0	17.8	15.7	–3.3	12.5	10.4
Return on operating capital, %	21.1	21.5	22.3	21.6	6.0	20.5	19.9
Return on shareholders' equity, %	27.8	28.9	23.0	23.2	–13.0	16.8	13.4
Return on purchased portfolios, %	17.0	14.4	16.1	21.0	26.2	31.3	37.6
Net debt, SEK M	1,526.9	1,464.5	1,192.7	480.2	768.6	813.1	1,142.5
Net debt/equity, %	82.9	98.1	90.6	31.4	62.0	52.9	170.3
Equity/assets ratio, %	34.2	33.5	31.8	42.3	34.2	41.2	15.8
Interest coverage ratio, multiple	7.5	8.1	11.2	9.3	–1.5	3.0	1.9
Collection cases in stock, million	15.5	15.4	13.1	11.6	10.6	8.2	7.2
Total collection value, SEK billion	99.1	89.4	93.3	79.4	79.3	79.9	74.1
Average number of employees	3,093	2,954	2,863	2,945	2,870	2,661	2,396
Earnings per share before dilution, SEK	5.86	5.09	3.84	3.68	–2.12	2.61	–
Earnings per share after dilution, SEK	5.83	5.04	3.81	3.68	–2.12	2.61	–

We will be a catalyst for a sound economy

Many people associate Intrum Justitia with debt collection. They are both right and wrong. It is our largest service line. But this is only part of the picture. Our goal is to gain a stronger position, broaden our offering and create full-service solutions in all markets where we are represented.

2007 was of one of the most eventful years in Intrum Justitia's history. We began a process of change with the aim of establishing Intrum Justitia as a professional partner to companies that understand the value of long-term client relations in credit management services (CMS). This shift not only creates attractive business opportunities but also gives us a more significant role in society. Finland, Switzerland and Sweden are among the markets where we already have completed the large part of this transformation, which we will obviously benefit from as we continue in other markets.

The new strategy puts people at the center of everything we do. We are convinced this is crucial to our future, not only to create growth but also to give us a head start on the competition. Earlier we were primarily a traditional debt collection company with highly fragmented operations. By instead establishing shared business models and processes and a more uniform organization, we can benefit from tremendous synergies. I am happy to note that we have already made significant progress in strengthening our position in the CMS market in Europe.

The starting point in our strategic discussion was a desire to create greater benefits for our clients and ourselves. A large number of the Group's employees were involved in the discussion, and many questions have been raised with the aim of creating a more efficient company and an even better offering. An action plan drafted as a basis for our transformation included changes in the organization. Previously there was not much cooperation between subsidiaries. To gain more from synergies and share knowledge, the organization was divided into regions with clearer lines of responsibility. We also analyzed our client base and offering in various countries. In markets where we were overly dependent on individual clients or industries, we have focused on broadening the client base while also offering current clients more comprehensive solutions. We have now gained a number of new clients, and the efforts to boost sales have already produced positive results.

ORGANIZATIONAL DEVELOPMENT TO SUPPORT NEW STRATEGY

A pilot project in Sweden as part of the new strategy was successful. After having been a product-based organization, we are now more client and process oriented. This has improved efficiency and accelerated growth. We will gradually implement a similar process throughout the organization in 2008. To further ensure the success of the strategic shift, we have adopted a number of key performance indicators (KPIs), which we will continuously monitor. All done with our sights set on raising efficiency in the organization and improving competence.

We have also successfully begun work on strengthening our functional and regional organizations to create the right foundation for our new strategy. In our efforts to create a stronger Intrum Justitia, we have to reassess our competencies and complement them where needed. During the year we established a new human resources plan that includes a leadership program and new work methods for employees, more of which you can read about in the section, Employees.

During the first half year we bought out the minority owners of our Eastern European companies in order to fully benefit from the potential we see in these markets and more clearly integrate their operations into the Group's processes.

Another concrete result of the strategic discussion is a joint IT center, which will be established in Amsterdam in 2008. After previously using different types of servers and IT environments, our subsidiaries will now have a uniform solution. This means a big improvement in quality, not only making us more efficient as an organization but also more competitive in the market.

In order to be better placed in communicating with European legislators, we operate an EU representation office in Brussels. From there our public affairs staff can actively participate in opinion-building networks and policy debate on EU regulatory initiatives impacting the CMS industry and more promptly present Intrum Justitia's views to the various EU institutions.

During the year we also worked on internal branding to define our culture and future direction. This work has encompassed the entire organization and produced a uniform brand platform with clearly defined guidelines. To be successful, it is important that the whole Group works to achieve the same goals, with the same values, and that we appreciate each others' differences. The branding work has been carried out parallel with the strategic business development work and has created a strong foundation to develop the business.

In late 2007 the Norwegian Financial Supervisory Authority criticized our Norwegian subsidiary for incorrect reminder fees, and the company's debt collection license was revoked. We reacted quickly to correct the error, while appealing to the Norwegian Ministry of Justice. Pending a final decision about the license, our operations in Norway continue as normal.

Michael Wolf

> *"Earlier we were primarily a traditional debt collection company with highly fragmented operations. By instead establishing shared business models and processes and a more uniform organization, we can benefit from tremendous synergies."*

OUR FINANCIAL OBJECTIVES

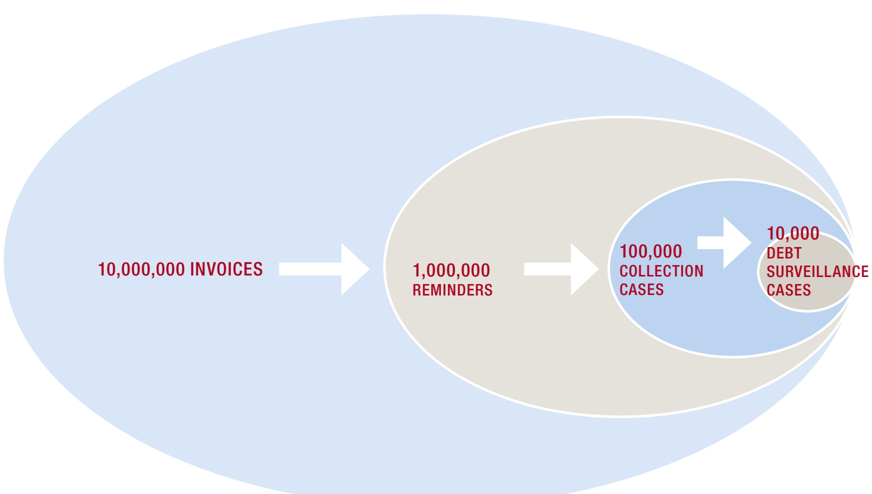
The journey that began in 2007 will continue for several years to come. In just a short time we have seen how this work has produced positive results. The improvements have been noticed and appreciated by clients, shareholders and other stakeholders, which contributed to an increase in sales and profitability during the year.

At the same time both service lines reported good growth, and organic growth was 10.4 percent. In connection with the Capital Markets Day held in May 2007 we presented the Group's financial objectives. Organic growth of 10 percent with margins in line with or exceeding this growth rate is important. We are therefore very pleased to have already achieved these objectives in 2007.

The *Purchased Deb*t service line is an important complement to our other operations. This area is growing strongly as well. We acquire debt portfolios that clients have written off. We then administer the receivables using the same process as our collection operations and maintain close contact with the debtors. The majority of the portfolios are bought from current clients in our core business, *Credit Management*. Today acquired portfolios account for approximately 20 percent of our revenues, and we are pleased with the return we have generated to date. During the year the return was 17.0 percent, compared with our objective of at least 15 percent. We also have a long-term objective that the debt/equity ratio will not exceed 150 percent. At year-end it was 82.9 percent.

In addition to growing organically through an improved offering, we intend to make selective acquisitions primarily in Europe's major economies. The European market is highly fragmented with an assortment of local companies, and we expect further industry-driven consolidation.

THE RIGHT MEASURES FROM THE START BENEFIT EVERYONE



With the right measures at every stage of the value chain, everyone wins. The illustration shows the relationships in the various stages of the payment process. Intrum Justitia is trying to contribute to a sound economy by shifting the focus from reactive management of collection cases to being proactive and offering solutions that reduce the problems associated with non-payments. With the Group's modern processes and extensive expertise, we can reduce collection cases and clients can instead sell more, while doing so more securely. Fewer problems translate into lower costs for individuals and society.

TEACHING SMART CONSUMPTION

We are working actively to improve general knowledge of managing personal finance avoid winding up in economic difficulties. Several of our subsidiaries are trying to raise awareness in society by providing information to schools, organizations, associations and so on. We are especially interested in reaching younger consumers before they fall in a debt trap. We are convinced that corporate clients want a partner to help them manage their most important assets – customer contacts and accounts receivable – properly and compassionately.

One of the most impactful trends in recent years is the growth in consumer spending, and that businesses and consumers are taking on greater debt. In combination with an introduction of the Basel II rules, this creates prospects of higher demand for professional CMS services. It means that clients will need sophisticated new tools to assess risks. They have to be able to determine quickly to whom they are selling to ensure they get paid for their products and services. Our unique databases are perfect for this. By using data from thousands of cases, we can evaluate how and when different debtors can be expected to pay. Our extensive experience combining up-to-date data and statistics with practical action gives clients a powerful advantage in the sales and payment process.

Getting in early in the value chain and offering a wider range of services will create attractive opportunities for Intrum Justitia. Today only ten percent of Europe's companies outsource their credit management. Of that number, Intrum Justitia has a market share of about ten percent. We face a major challenge to grow our share of the market and convince those who do not yet have a partner of the advantages of our solutions.

> *“With clearly defined objectives, closer cooperation between Group companies and greater focus on people – clients, their clients and employees – I am convinced we will improve the reputation of our industry and our company.”*

CATALYST FOR A SOUND ECONOMY

Another trend is that more clients are hiring companies like Intrum Justitia to handle the entire credit management process, not only collections. Outsourcing creates more winners, with an opportunity for higher profitability for everyone involved. When we take care of every aspect of the credit management process, our clients can instead improve efficiency in their organizations and focus on their core business, thereby creating stronger liquidity. Over time this leads to greater investments and more jobs. This is where we can make a difference in society. Our work contributes to a sound economy on several levels, as we play the role of catalyst. A number of studies, not least our own European Payment Index, show that late payments are one of Europe’s greatest obstacles to trade. In the annual survey, around 9,000 European businessmen were asked about the business climate. Their responses show that we have an important role to play by improving payment streams. Thousands of companies would like to sell more products and services to other countries, but are hesitant right now because of the problems they experience with payments across borders, resulting in late or unpaid invoices. Many of those who try to expand their business struggle with various regulations, guidelines and traditions – even within the EU. Late payments are forcing European businesses to pay around 25 billion euros more in interest every year to finance outstanding payments. The issue of simplifying cross-border trade is important for the EU. Intrum Justitia will continue to dialogue with decision-makers to encourage changes in today’s complex regulations and create a situation with uniform, clearly spelled-out rules in the CMS area.

Lastly, I would like to mention the credit crunch that has shaken parts of the financial market in the last year. In our experience we are recession resilient. With regard to debt purchases, we are likely to see growing interest among certain clients in selling their portfolios of written-off receivables, but it could take 12–18 months before the actual transactions take place.

So far banks and other credit institutions have been the most interested in this alternative, but we may be able to attract other client segments as a result of credit tightening and higher financing costs. Financing difficulties may also lead to higher demand for our services in the B2B segment.

If and when the financial uncertainties affects the real economy, causing a rise in unemployment and leaving more consumers insolvent, the number of cases we handle will inevitably increase, although on the other hand our success rate might decline. The challenge is to utilize our knowledge of payment habits and tools such as scoring to optimize the collection process and the costs involved. Moreover, we are reducing our dependence on collection revenue by joining with more clients to take proactive measures. Based on these scenarios, we believe we are well prepared for 2008.

I would like to take this opportunity to express the gratitude of our entire management team to all our employees, who have taken on great responsibility in the efforts to develop Intrum Justitia to meet the market’s requirements. With clearly defined objectives, closer cooperation between Group companies and greater focus on people – clients, their clients and employees – I am convinced we will improve the reputation of our industry and our company.

This makes me confident that 2008 will be an eventful year.

Stockholm, March 2008

Michael Wolf
President and CEO

The road ahead

BUSINESS MISSION

Intrum Justitia's objective is to promote business and contribute to sound economies by making trade easier, safer and fairer. The Group is a European leader in credit management services (CMS) with an attractive offering designed for businesses and government authorities. Clients are offered an unrivalled concept that combines a pan-European presence with local expertise. Intrum Justitia thereby helps to create conditions that promote sales, while improving profitability and cash flow for its customers.

STRATEGY

Important cornerstones of Intrum Justitia's strategy:

> OFFER A COMPREHENSIVE RANGE OF CREDIT MANAGEMENT SERVICES

Intrum Justitia offers a comprehensive solution comprising credit management services and efficient processes. A full-service solution often strengthens client relationships and creates opportunities for added sales. The Group helps both seller and buyer in a transaction to do business and pursue a mutually beneficial relationship.

Through its local presence, Intrum Justitia can offer clients services tailored to the local market's maturity, regulations and practices. The Group also has well-established systems and processes for efficient credit management across borders within Europe. With a global network of agents, Intrum Justitia can provide credit management services in 160 countries outside Europe.

> CONTINUOUSLY IMPROVE QUALITY AND EFFICIENCY

By automating management processes and coordinating IT systems, the Group can achieve productivity improvements. In addition, it has a number of Centers of Excellence to identify best practices for specific tasks or processes and ensure that they are used throughout the Group. Intrum Justitia also utilizes its own analysis models to optimize collection operations.

> BUILD THE BRAND

One of Intrum Justitia's objectives is to create a unified group and build the brand. Greater recognition will be achieved in the marketplace through a distinctive graphic identity and coordinated brand-building. In cooperation with its subsidiaries, the Group has formulated a new strategy and platform for marketing communications. The platform will be implemented gradually in 2008.

FINANCIAL OBJECTIVES

In connection with its Capital Markets Day in May 2007, Intrum Justitia presented new financial objectives for the Group. In 2007 it surpassed the objective of organic growth of 10 percent.

Intrum Justitia's financial objectives:

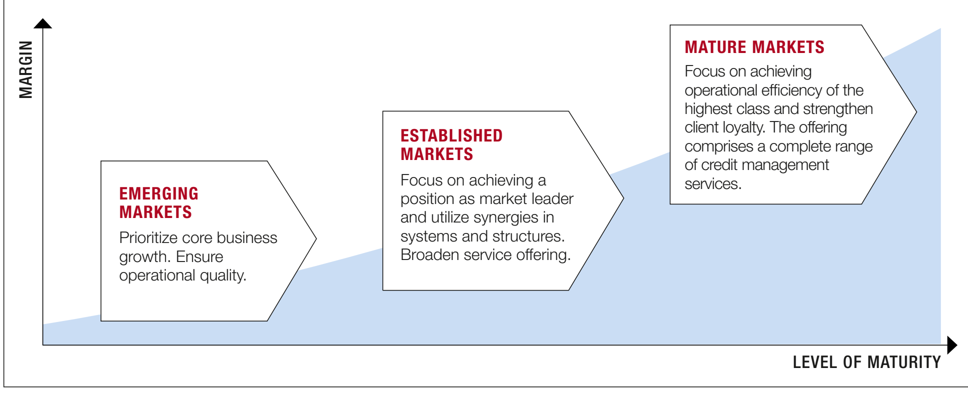
- Organic growth of 10 percent per year and generate pre-tax earnings which are at least in line with the annual organic growth.
- An annual return on purchased debt investments of at least 15 percent.
- A net debt/equity ratio (interest-bearing net debt as a percentage of shareholders' equity and minority interests) that does not exceed 150 percent over the long term.

Intrum Justitia will also actively seek out opportunities to grow through selective acquisitions.

Dividend policy

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

STRATEGIES ADAPTED TO VARIOUS LEVELS OF MARKET MATURITY



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

Employees make the difference

Intrum Justitia faces major challenges as a Group to fully implement the strategic transition. The aim is set high: To be one of the most popular employers in the industry.

Intrum Justitia is often seen as a traditional debt collection company focused on financial transactions. In 2007 a process of change was launched to become a more integrated, client-focused company with a stronger international profile. To be successful, employees must be treated as one of the company's most important resources.

The Group uses two different organizational models to work more effectively. In southern Europe, the region is staffed with functions for IT, finance, human resources and *Purchased Debt*, among other areas. The other model is used in Switzerland, Germany and Austria as well as in Scandinavia. They have instead integrated parts of their operational functions.

As part of the overall changes, a new strategy was formulated for human resources. The strategy is based on the results of a comprehensive internal survey, and several new activities were conducted during the year, including:

- In Sweden, a pilot project was conducted in accordance with the new strategy with a greater client and business focus. The project was a success and will gradually be introduced in the rest of the organization.
- To make the credit management process more efficient and encourage knowledge transfers between individuals, clients and markets, the company has invested in a new intranet. Employees will have access to the technological tools and user-friendly systems they need to better interact.
- The human resources department has been strengthened to meet the demand for skills training, while giving employees greater influence and getting them more involved. Moreover, measures have been taken to improve work environments and strengthen leadership.
- Initiatives have been taken to increase opportunities for international transfers, and international careers.
- The recruitment process has been improved, as has succession planning. Efforts to strengthen competence in certain areas will continue in 2008.
- A number of activities to strengthen the company's leader were conducted. In total, more than 200 managers have attended the leadership program ”Leading Across Frontiers” in 2005–2007.
- Internal branding has identified the distinguishing values of the Group's culture. Implementation of the platform will continue throughout the organization.

INTRUM JUSTITIA AND THE COMMUNITY

- Intrum Justitia has a program called “Sensitive spending and responsible lending” to teach the public and lenders about smart lending. Providing education and sharing knowledge are important to help consumers and businesses avoid the debt trap.
- Intrum Justitia complies with applicable rules on Personal Data Protection and treats information with respect and integrity.
- Intrum Justitia treats environmental issues seriously and follows internal guidelines to contribute to a sustainable society.
- In 2008 a new Corporate Social Responsibility (CSR) policy will be drafted.

” To be successful, employees must be treated as one of the company's most important resources. ”

VALUES

> **We understand people.** Behind every transaction, every company, every invoice, every debt and every ambition is a person. By understanding people, the Group can contribute to profitable business relationships, unhindered trade and sound, long-term business practices for everyone involved.

> **We are committed to challenge.** Intrum Justitia deals with situations that can impact the future of a business or an individual. Intrum Justitia affects the economy from as well a small and a large perspective depending on how well it succeeds in contributing to trade and sound business practices.

> **We seek insights through ingenuity.** Intrum Justitia has to understand what is valuable to people. By being the market leader and having the necessary expertise, it can create new solutions that benefit clients, their customers and other stakeholders.

> **We make a difference.** Many companies and individuals need help managing their finances. Intrum Justitia's role is to develop solutions that contribute to a sound, stable economy.

WHY DO WE USE HUNDREDS OF DIFFERENT LETTERS?

ANSWER: We try to understand each individual and we know the best way to deal with a range of situations. This translates into better business and more satisfied clients!

> If you happen to receive a letter from Intrum Justitia, it is a special letter, written just for you. If you missed a payment for the first time, you will receive a different letter from the one sent to a person who is often late. Some people receive a reminder in the form of a poem. Others get clearly spelled out instructions on how to make a payment.

HOW DO WE KNOW WHO PAYS AND WHY?

> Intrum Justitia was founded in 1923. Since then we have been in contact with nearly every Swede at some point. As we have grown, we have also gotten to know other Europeans and their traditions. We have collected various types of information on people, which we can use to predict the payment habits of various groups. This helps companies that want to improve customer service or adapt their communications to specific target audiences.

ANSWER: **We work with the best information on consumers, which helps us to analyze different groups and predict their payment habits.**

We offer full-service CMS solutions

CASE: SWISS SURVEY

"YOU PROFIT BY PAYING ON TIME"

Late payment costs 1.7 billion CHF

Most Swiss are late with their payments, which impacts various levels of society.

In a 2007 survey 73 percent of Swiss consumers who were late on their payments denied that they had put themselves in debt in the last 12 months. Groups at risk of falling into debt, like young people, usually acknowledge their situation quicker than groups at lower risk.

The survey shows that taxes are the last bill the average Swiss pays. Other things come first. The most important are bills for basic needs. Highest on the list are rent, health insurance and education. Credit card and telephone bills are paid less reliably, and often late. Paying taxes comes next to last on the list of priorities, just ahead of mail-order bills.

Intrum Justitia has analyzed the effect of late payments on the Swiss cantons and the country's cities and municipalities. At the time of the study the added costs totaled 1.7 billion Swiss francs. If these taxes were all paid on time, governments would save millions a year, which would enable it to cut taxes by around 1.6 percent.

Swiss municipalities often wait too long (52.4 days) before sending out an initial reminder. In Intrum Justitia's experience, the chances of an overdue receivable getting paid rise the earlier reminders are sent out.

In general, Swiss municipalities still use written reminders. Many are hesitant to use modern communication channels such as SMS and e-mail, even though it could speed up payments.

" If taxes were paid on time, governments would save millions a year ... "

Intrum Justitia offers full-service credit management solutions. With our methods, clients can improve their customer relations and do business more efficiently.

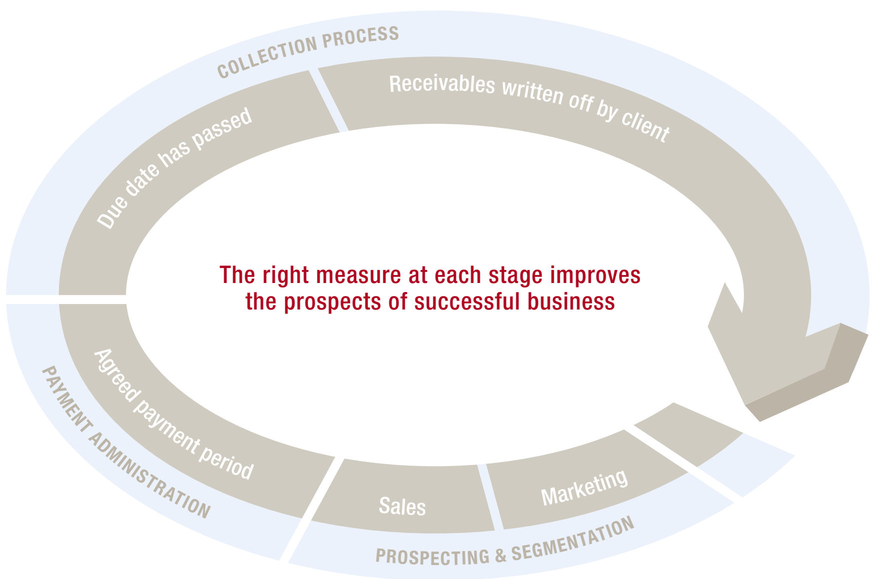
Intrum Justitia is currently undergoing a process of change that will expand its offering from strictly debt collection services to full-service credit management solutions. The goal is to provide a better, broader range of credit management services in all markets.

The key to the work is to use the unique information, knowledge and experience the Group has gained from various aspects of the sales, credit and payment processes. By using its collective know-how, Intrum Justitia helps clients do business more efficiently and create stable, long-term customer relationships while remaining profitable. A greater sales focus will strengthen the Group's presence in the B2B market. Intrum Justitia hopes create a better balance between the corporate market, where it has the majority of its clients, and the consumer market, and in that way ensure a steadier flow of credit cases. Intrum Justitia's efficient processes, broad-based know-how and European network are important sales arguments in the B2B market.

EXTENSIVE GEOGRAPHIC COVERAGE

With operations in 24 markets and a network of agents in 160 countries outside Europe, Intrum Justitia can service clients in practically any global market. Obviously the methods and routines the Group uses are adapted to local rules and practices. The offering is built on a number of cornerstones: extensive experience, effective support systems, comprehensive databases of credit information, a wide range of services and methods adapted to each situation and individual.

INTRUM JUSTITIA'S CREDIT MANAGEMENT SERVICES



Intrum Justitia offers solutions at every stage of the credit management chain. By starting the process early, information can be combined with experience, and the most effective measures can be taken each point along the way. Knowledge about payment habits and credit processes can then be used for more secure sales.

PROSPECTING & SEGMENTATION
- RISK ASSESSMENT
- CREDIT INFORMATION
- CREDIT ADVICE

PAYMENT ADMINISTRATION
- FINANCING
- INVOICING AND NOTIFICATION SERVICES
- SALES LEDGER AND REMINDER SERVICES
- INTEREST INVOICING
- CUSTOMER SERVICES

COLLECTION PROCESS
- COMMERCIAL AND CONSUMER COLLECTION
- INTERNATIONAL COLLECTION
- DEBT SURVEILLANCE
- PURCHASED DEBT

OTHER SERVICES
- VAT REFUNDS
- LEGAL ADVICE ON CMS-RELATED ISSUES

INTRUM JUSTITIA'S CREDIT MANAGEMENT SERVICES

Intrum Justitia's goal is to offer its entire portfolio of services in the 24 markets where it is active. As conditions in the form of acceptance and outsourcing change, services can be expanded.

Prospecting & segmentation

> **RISK ASSESSMENT** means that different groups of consumers are judged based on historical and statistical data. Being aware of payment patterns before a sale conserves resources and reduces risks.

> **CREDIT INFORMATION** provides guidance for credit decisions, but is also an important component in companies' sales work. Prospective customers can be targeted more precisely with accurate information, improving the efficiency of sales efforts.

> **CREDIT ADVICE** provides clients with a detailed decision and recommendation whether a credit should be granted or denied. Interpretations are tailored to each company.

Payment administration

> **FINANCING** allows clients, through invoice factoring and purchases, to free up working capital from accounts receivable quickly and efficiently.

> **BILLING** means that Intrum Justitia compiles client transactions and prices them to ensure cost-effective billing.

> **INVOICING AND NOTIFICATION SERVICES** help clients to free up resources. Electronic and paper invoices are sent out automatically through efficient, quality-assured routines.

> **SALES LEDGER AND REMINDER SERVICES** mean that Intrum Justitia receives and books payments and offers efficient routines for reminders.

> **INTEREST INVOICING** means that we ensure payment for extended credit on overdue receivables.

> **CUSTOMER SERVICES** mean that all contacts with customers regarding invoices and claims are handled by Intrum Justitia in a customer-focused and cost-effective manner.

Collection process

> **COMMERCIAL AND CONSUMER COLLECTION** utilizes Intrum Justitia's experience, proven processes and reliable analyses to effectively get paid, even on debts that are long overdue.

> **INTERNATIONAL COLLECTION** helps companies get paid from debtors in other countries. Intrum Justitia's presence and partners in a large number of markets are an important reason for its effectiveness.

> **DEBT SURVEILLANCE** means that Intrum Justitia monitors its clients' written-off receivables. The right measures significantly increase the likelihood of getting paid.

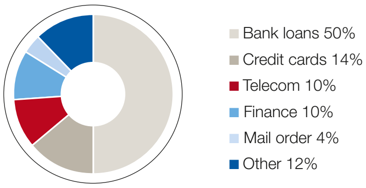
> **PURCHASED DEBT** means that Intrum Justitia purchases written-off receivables, which frees up assets for clients and accelerates cash flows.

Other services

In addition to the services listed above, Intrum Justitia assists with VAT refunds and legal advice on CMS-related issues.

Increased activity and stronger competence

Written-off receivables by type



As an important complement to Credit management services, Intrum Justitia buys portfolios of written-off receivables. In recent years the service line *Purchased Debt* has grown in importance as more of clients decide to sell their debt portfolios. Intrum Justitia has therefore strengthened its organization by adding more regional and local contacts that are familiar with local market conditions.

An important complement to *Credit Management* is the Group's offering in *Purchased Debt*. This service line is a logical extension of managing receivables which, despite collections and other measures, have not been paid and have been written off by the client. The benefit for the seller is better liquidity, by getting part of the amount right away and avoiding the risk of not getting paid at all. The benefit for Intrum Justitia is that a purchase facilitates long-term collections.

Intrum Justitia buys portfolios after evaluating when and how much of the debts will be paid. This forecast serves as a basis for the price it pays for the portfolio. Normally this is considerably less than the nominal value of the receivables. After a purchase, an individual scoring is done; in other words, each case is reviewed and assigned an action plan specifying how it should be handled. This chain determines which debtors receive a letter or phone call, which ones are given a payment plan and which cases are set aside for the time being. By monitoring statutes of limitations, maintaining frequent contact with debtors and finding the best solutions for everyone involved, even old debts get paid.

Since 2005 Intrum Justitia has increased its activity in *Purchased Debt*, partly because more clients want to sell their portfolios and partly because the Group has strengthened its competence in the analysis and purchase of portfolios with this type of receivable. Since 2002 revenue from purchased portfolios has increased from SEK 163 M to approximately SEK 574 M in 2007. By the end of 2007 Intrum Justitia had acquired 1,139 portfolios totalling a carrying amount of SEK 1,882 M. The single largest portfolio contains written-off receivables from an Austrian bank with an aggregate outstanding principal of approximately SEK 6 billion.

The majority of the purchased debt market consists of receivables with underlying security such as real estate. Intrum Justitia has decided to limit its financial risks by concentrating on cases where it has a collection history and sophisticated analysis and valuation models, i.e., unsecured small and medium-sized consumer debts. Portfolio purchases are divided geographically and by industry. By far the largest share consists of bank loans and unsecured credit card debt from consumers who can no longer can pay the interest or principal. Most of the portfolios are therefore small and medium-sized and average SEK 10,000 per receivable.

CASE: PURCHASED DEBT

PHOTO: FRANK DIEMEL

”PEOPLE TODAY TREAT DEBT DIFFERENTLY”

Gijsbert Wassink and Kari Kyllönen discuss portfolio purchases.

Working with debts and risks

Intrum Justitia's *Purchased Debt* service line continues to grow, and concluded 2007 with a major portfolio acquisition.

With 20 years at Intrum Justitia, the last nine of those in charge of the Group's growing *Purchased Debt* operations, Kari Kyllönen is an authority in the field. He has spent much of his career understanding how risks are priced and debts are managed. In recent years he has built up and assumed responsibility for the Group's portfolio purchases. The central unit in Zug, Switzerland now has a staff of seven to go along with a network of contacts at local Intrum Justitia offices.

Responsible for the central entity in Zug is Gijsbert Wassink. After 15 years at Intrum Justitia, he has gained a broad base of experience from several countries.

YOU BOTH HAVE EXTENSIVE EXPERIENCE IN THE CMS INDUSTRY. HOW ARE CLIENTS MANAGING RECEIVABLES DIFFERENTLY NOW?

Kari: I worked in banking for many years and I see how people today treat debt differently. When I got my start at a Finnish bank, there was a lengthy process to get a loan. Now more banks and alternatives are available to those who need credit. Because of the deregulation of the financial services industry, unrestricted mobility within the EU and the growing impact of new technology such as the Internet and mobile phones on lending, managing credit requires greater knowledge and experience. You need risk assessment and business acumen rather than administrative resources. In addition, Intrum Justitia and other professionals have become better at understanding the financials.

Gijsbert: I have noticed that our clients are placing higher priority on how they manage overdue receivables. Before they saw it mainly as a nuisance, but now debt management is handled by most of our clients quite professionally. In the sales process, we often have contact with senior decision-makers, who put demands on more than just price. It is also important to them how the buyer of the portfolio manages the relationships with customers and the services the buyer can provide them in the form of installment plans and other solutions.

WHAT WAS THE MOST IMPORTANT THING THAT HAPPENED TO YOUR BUSINESS IN 2007?

Kari: We continued to build regional and local competence by hiring more customer service representatives and analysts so that we can identify, valuate and bid on a large number of attractive portfolios. We gradually expanded the business to more countries, and our geographical spread of risks has improved. Furthermore, we have a good partner in Goldman Sachs that helps us with analysis work with large portfolios. In 2007 we analyzed more than 700 portfolios and decided to buy 38 percent of them, which is more than the previous year. Of the total of 1,139 portfolios the Group currently works with, 75 percent contain bank loans and credit card debts, while the rest are telecom and mail order debts. Of this amount, about a third comes from clients in *Credit Management* that decided to sell us some of the portfolios we had previously worked on because they require specialized action. Since we have the historical data, we can predict when payments will be made.

Gijsbert: The year ended with one of our biggest portfolio purchases ever. Together with the French investment bank Calyon we acquired nonperforming bank loans from an Austrian bank. What distinguished this from most of our previous acquisitions is that a portion of the loans are mortgage-backed. With our experience with this type of portfolio, coupled with the efficient structure we have built up by co-ordinating infrastructure and other resources in Switzerland, Germany and Austria, we are convinced the portfolios will generate a return of at least 15 percent, in line with the Group's requirements.

HOW WOULD YOU DESCRIBE THE COMPETITION?

Kari: There is a lot of it, partly in the form of industrial players and partly financial firms that work with local collection agencies. We have not seen a noticeable change in prices. There are still markets where price levels clearly exceed what our valuation model justifies. Since we are active in 24 markets, however, we can focus on those with portfolios that are more interesting to us. Our pan-European structure is an advantage, since we can shift our focus to less competitive markets.

Gijsbert: We face just about the same competition in all the open auctions we take part in.

MANY PEOPLE TALKED ABOUT THE CREDIT CRUNCH BY THE END OF 2007 – WHAT DO YOU THINK?

Gijsbert: I feel the most important thing is that companies are becoming more conscious about credit and the best way to manage it. Several of our portfolios come from sellers who know us and know that Intrum Justitia uses methods that will not damage their customer relations. This creates a special relationship we want to build on by offering advice how they can avoid credit problems in the future.

Kari: From a macroeconomic perspective, there aren't any factors that give us major concern about the market segments we have chosen. We use prudent assessments of how much we can collect and at the same time monitor any changes in national laws.

HOW CAN WE EARN MONEY IF WE REDUCE THE NUMBER OF COLLECTION CASES?

ANSWER: **When we help our clients with full-service solutions, everyone profits.**

> While it may seem that reducing the number of collection cases runs counter to Intrum Justitia's mission, that's not the case. We want to help clients primarily by making sure they get paid on time. Late payments cost money and are an annoyance that can be avoided with Intrum Justitia's full-service solution. Even before a sale is made, we provide advice on which client groups are expected to pay late and how payments can be made to avoid future collections. It's a more profitable solution for everyone involved.

WHY IS A STEADY PAYMENT STREAM IMPORTANT?

> A company is dependent on good liquidity to pay salaries and suppliers, make investments for the future, etc. By essentially financing customers who avoid payments, businesses hurt their own growth and therefore create fewer jobs. Households also gain when everyone pays on time. If Intrum Justitia and other professional CMS providers weren't around, every household would have to pay over SEK 2,000 more per year for merchandise and services to cover the credit costs unnecessarily borne by companies. Source: *www.acanternational.org*

ANSWER: Companies and individuals both win. If companies improve their liquidity, they can invest more, which leads to higher profits and more jobs.

Intrum Justitia's market continues to change, creating great potential

There are two important trends impacting the CMS market. One is that credit management as traditionally handled in-house by companies is increasingly being outsourced to professionals like Intrum Justitia. The other is that payment delays are increasing, forcing European companies to finance the equivalent of EUR 250 billion in credit.

According to Intrum Justitia's own calculations, about 10 percent of the market is currently outsourced, with significant differences between countries. In general, countries in northwestern Europe are more mature and hire outside specialists, while countries in southern Europe have a lower level of outsourcing and greater payment risks.

LARGE MARKET POTENTIAL

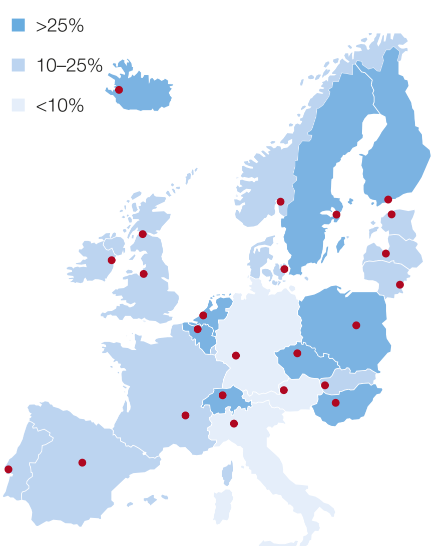
Intrum Justitia estimates the total value of the outsourced market in Europe at about SEK 30 billion. The market is expected to outpace GDP. If outsourcing in Germany, France and the UK were to increase to 25 percent, for example, the market would grow by about SEK 20–25 billion. Growth offers Intrum Justitia great market potential.

INTRUM JUSTITIA'S CLIENTS

Intrum Justitia has over 90,000 clients in 24 markets. Its largest segments are banking and finance, telecom and utilities. Utilities in particular are expected to grow in pace with deregulation in several European markets.

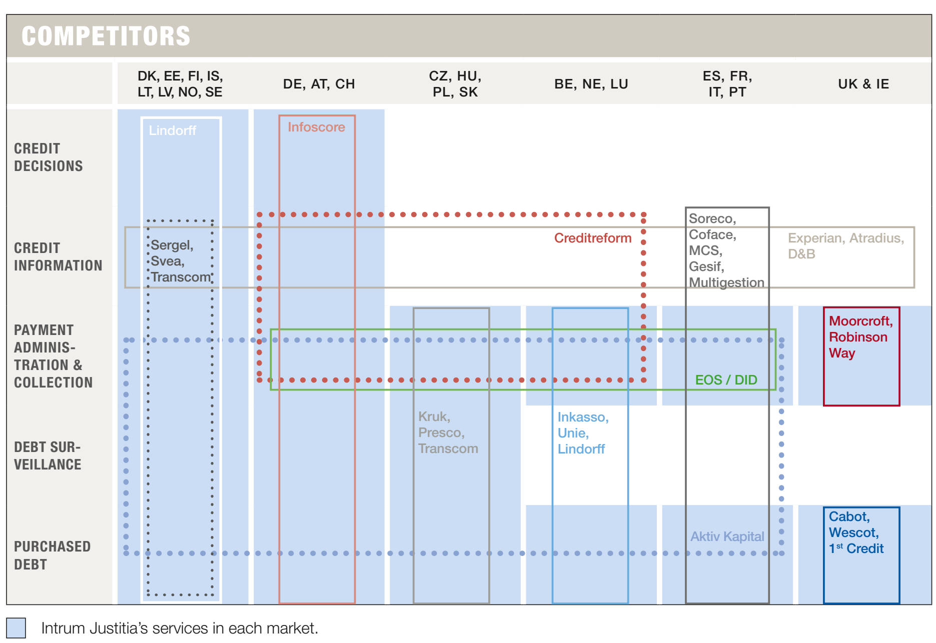
Among Intrum Justitia's clients, 91 percent renew their contracts when they expire, a figure the Group is trying to raise even higher. The 150 largest clients together accounted for about 40 percent of the Group's revenues. No single client accounted for more than 2 percent. There are certainly opportunities to expand the client base and offer existing clients a broader range of services, considering large the aggregate value of unpaid invoices and the average late payment in Europe is 17 days.

Intrum Justitia's share of the market



To complement our operations in 24 European markets, Intrum Justitia has a network of agents in 160 countries outside Europe. As a result, the Group can service clients in practically any global market. All contacts are in the local language, and the methods and procedures used in each country are adapted to local rules and practices.

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



The illustration shows a selection of competitors and their main countries and services. Most are small, local collection firms, enforcement agencies, banks and accounting firms.

CHANGES IN THE MARKET

Intrum Justitia's market is being driven by a number of factors.

Deregulation

Many of Europe's industries are deregulating, including financial services, telecommunications, energy and health care. Deregulation increases competition and means more invoices. It also means that companies must have the tools and knowledge to take greater risks and make faster credit decisions.

Higher consumer debt

A continuing trend is the rise in household debt, which is creating greater demand for credit management services. In the last ten years, from January 1, 1998 to December 31, 2007, total debt among households and business in EMU countries rose by 87 percent, from 4,912 billion to 9,191 billion euros, or by 6.4 percent per year. There are signs that debt will continue to increase due to relatively low interest rates, consumer optimism and easy financing.

Basel II

The new Basel II capital adequacy rules for banks and financial institutions require banks to maintain higher capital adequacy ratios. One of the consequences of the directive is that businesses generally could incur higher costs and see their credit ratings decline, making it more difficult to obtain bank loans. To counter this and improve liquidity, companies will be forced to more professionally manage their capital flows. Another potential result is that banks may have to sell their underperforming loans. If this occurs, it will increase the supply of available debt for the *Purchased Debt* service line.

Poorer payment habits

Payment risks continue to increase in Europe, as the Group's survey, the European Payment Index 2006, showed. The average payment duration rose by 0.5 days to 59.2 days in 2006 compared with the previous year. At the same time the average payment delay also increased, from 16.3 days to 16.8 days.

CASE: GERMANY

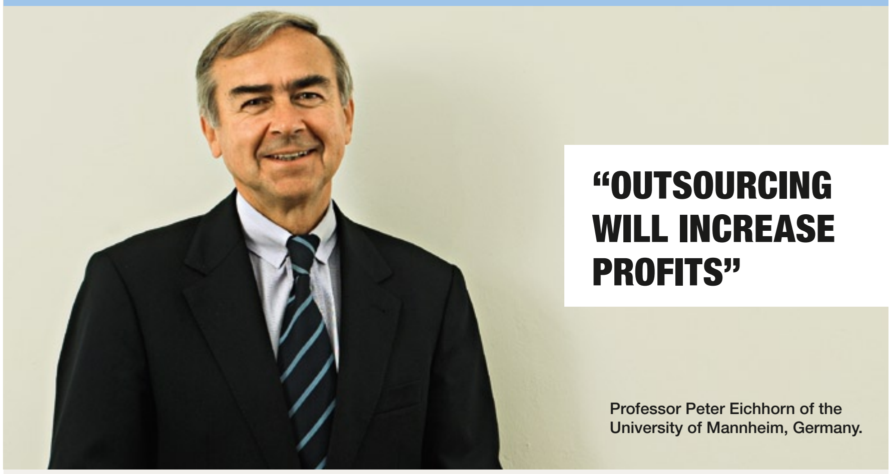


PHOTO: ALEX BECKER

"OUTSOURCING WILL INCREASE PROFITS"

Professor Peter Eichhorn of the University of Mannheim, Germany.

Advantages to using outside collection firms

Half of all German municipalities have to borrow money to pay their own bills on time, because their debtors are paying them late. One solution is to outsource debt collection to specialists, says Peter Eichhorn, professor of business administration at the University of Mannheim.

WHAT TYPE OF RECEIVABLES DO LOCAL GOVERNMENTS HAVE FROM RESIDENTS AND BUSINESSES?

"Some of the receivables carry the right to demand payment from another party owing to a civil suit or an obligation such as a sales, rental or leasing agreement. There are also those stemming from unpaid taxes, municipal fees and other, similar revenue streams. While the former are generally administered by municipal courts, the local government's finance department is usually responsible for collecting public debts."

HOW CAN A PRIVATE COLLECTION COMPANY HELP LOCAL GOVERNMENTS?

"With databases and expertise in debt collection, they can provide cost estimates. Professional debt collection makes it easier to project liquidity and determine which receivables can be collected."

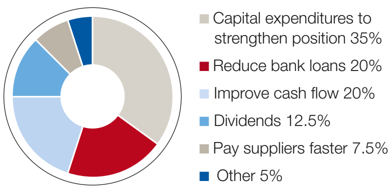
"A collection company can provide administrative support for much of the process that begins with the first written reminder, then continues with telephone calls, confirmations and eventually long-term debtor surveillance. The company can also support a local government by providing advice on how to reorganize credit management using professional methods."

HOW DO LOCAL GOVERNMENTS GAIN BY OUTSOURCING CREDIT MANAGEMENT?

"It certainly reduces the workload on their administrative staff, which in turn cuts staff costs. Since collection companies are specialists, they can collect outstanding receivables quicker and more successfully, as well as provide certain guarantees. This significantly strengthens revenues for the local government."

Society needs efficient credit management

Faster payments mean faster growth



The diagram shows how an average business uses the capital it obtains by more efficiently managing its outstanding receivables.

Source: European Payment Index 2006

Efficient payment streams support economic growth and mobility between countries.

The biggest obstacle to cross-border business is slow payments, according to the European Payment Index 2006. Small and medium-sized enterprises (SMEs) are creating most of Europe's new jobs, and their growth is affected by free trade between EU countries. In reality, however, it does not quite work that way yet. On the contrary, SMEs are hurt by late payments, which create cash flow problems. This in turn slows their growth and may even threaten their survival.

Late payments hurt companies by delaying new investments and slowing international trade. The diagram to the left shows how an average company uses the capital it generates by more efficiently managing its outstanding receivables. The largest share, 35 percent, goes to investments that make the company more competitive. In other words, investments that lead to higher growth. The rest is divided between improving the company's liquidity and paying off bank loans. A small share is used to pay suppliers in advance.

Not only late payments but also payment losses are a serious, growing risk for businesses.

FINLAND

PHOTO: JUHA RAHKONEN

Anna Johnsson and Malin Pettersson in the advice booth.

Streetside advice in Helsinki

Intrum Justitia in Finland set up a "debt advice booth" in the main square in Helsinki every weekday this past summer. It marked the sixth consecutive summer that advisers met with thousands of clients, customers and passersby to inform them about Intrum Justitia and about managing debt.

SCORING

Method to predict the likelihood of getting paid

There are a number of factors that determine the likelihood of a receivable getting paid. The amount, source and age of the debt as well as the debtor's financial situation are all key factors. By adapting measures to the situation, the right resources can be devoted to the right receivables at the right time. Intrum Justitia utilizes proprietary knowledge and information in scoring models that help clients get paid quickly and efficiently.

Scoring is like a scientific experiment in that it uses statistical modeling based on internal and external information stored in various databases, along with experience, evaluation potential and reproducibility. By continuously gathering new data, we improve information on various groups' payment habits, which in turn helps us to refine our scoring methods.

Henrik Grönqvist and Peter Svensson, who are responsible for automation and scoring, say that the scoring method provides clients with concrete benefits.

"It shows which measure works best to get paid from an individual or a company," says Peter. "The result is higher, more successful collections."

Henrik says that scoring makes it possible to compare and understand results from different methods, at the same time that you can ensure that decisions are based on proven, results-driven methodology.

"Scoring compiles various types of data and converts it into information that facilitates fast, automated alternatives how to respond. This improves action programs, since scoring is used to decide on the best measures for debt collection and surveillance, and with credit applications is used to advice whether to approve or deny," says Peter.

The scoring method has proven so effective since its introduction in Sweden in 1998 that it is now used in 12 European countries. In all, 54 scorecards cover 24 business processes.

EUROPEAN CONSUMERS SLOPPY WITH PAYMENTS

Payment risks continue to rise in Europe, and the reason is a change in society's values. The results of the European Payment Index survey conducted by Intrum Justitia in recent years show that consumers are getting worse at paying their debts. Thousands of European companies participated in the survey.

Traditionally reliable German-speaking countries (Germany, Switzerland, Austria) have become less reliable in their payment habits. The main reason for the current trend is thought to be a change in society's values. The relationship between the customer and supplier plays a big role when people decide to pay. A strong relationship between the two increases the chances of getting paid.

Consumers are no longer scared or threatened by late bills the way they used to be. Reminders and orders to pay debts are treated less seriously. The experience it has gained from its scoring method helps Intrum Justitia to predict consumer payment habits and offer more effective measures than the competition.

MAJOR DIFFERENCES IN PAYMENT HABITS IN EUROPE

The entire economy is hurt when so many companies, organizations and public authorities use late payments as a cheap source of financing. SMEs are usually the ones affected when large companies and public authorities put off paying.

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

In general, countries in northern Europe are more reliable at paying than countries farther south. The Baltics and countries in southern Europe noted the biggest improvements in 2006 compared with the year before. The trend was worse in the

CASE: SWISS SCHOOL AWARD 2007

A boxing lesson with Stefan Anghern.

PHOTO: DOMINIC FISCHER

"IT'S TABOO TO SERIOUSLY TALK ABOUT MONEY"

The fight against the debt starts in school

What is the best way to warn young people about the debt? Intrum Justitia in Switzerland got help from the country's sports stars.

Young people run three times the risk of adults of falling into a debt trap. And the trend is growing. Intrum Justitia in Switzerland has decided to do something about it.

On May 15, 2007 the company presented the second annual "Swiss School Award My Money" in Bern. Around 400 students from around the country presented their work on the theme, "Young People and Money."

Presentations were mixed with entertainment. For example, youngsters had the opportunity to test their speed and reactions in a boxing gym with former professional fighter Stefan Anghern. Also, football stars from BSC Young Boys and ski jumper Andreas Küttel were on hand to sign autographs.

Christine Egerszegi, former president of the Swiss National Council who held the opening address at the award ceremony, was impressed with the students' efforts. The country's most powerful woman stressed that growing debt is an important issue for the country's leaders. "Our schools take up the subject far too late, and unfortunately it is taboo in most families to seriously talk about money," she said.

Beat W. Zemp, chairman of the Swiss teachers union, agreed, but added that there are other channels available besides the classroom. "The award ceremony today shows that there are opportunities to reach young people without having to introduce a new subject in school," he said.

" Our schools take up the subject far too late, and unfortunately it is taboo in most families to seriously talk about money. "

UK, Germany and France, while the risk in Italy pointed in the other direction and decreased. On average B2B payments took 59 days, while consumers took 42 days.

CREDIT RISKS DECREASE BUT THE TREND PERSISTS

Economic growth in large parts of Europe has led to lower credit risks. But since no fundamental changes have been made to combat the problem of late payments, credit risks are expected to rise again.

Among ten key European countries, seven (Germany, UK, France, Spain, the Netherlands, Belgium and Poland) are reporting lower credit risks, one has the same risks (Greece) and two report higher risks (Italy and Denmark).

On a pan-European basis (average for all countries), payment times in the consumer market decreased from 42.5 days in the spring of 2006 to 42.0 days, while the B2B market decreased from 59.9 to 58.6 days and the public sector decreased from 69.8 to 68.9 days.

The worst payers in Europe are in the public sector. Companies that responded to the survey were slightly pessimistic about credit risks looking ahead to 2007. Baltic companies were the most optimistic, while companies in German- and Greek-speaking areas were the most pessimistic. Hungary, the only country where credit risks increased, was the most pessimistic of all 25 countries in the survey, while Latvia, followed by Slovakia and the Czech Republic, had the most optimistic forecasts.

CASE: THE PEOPLE BEHIND THE DEBT

PHOTO: JONTE WENTZEL

"YOU HAVE TO TREAT PEOPLE WITH RESPECT"

Anna Gulja and Tina Morling meet to discuss Tina's situation.

How Tina became debt free

It took a while before Tina Morling understood that Anna Gulja from Intrum Justitia could actually help her. Now Tina is finally debt free.

Anna Gulja is a member of a specialized team of experienced administrators, whose job is to handle the most difficult debts. For more than ten years she has maintained contact with Tina Morling.

It didn't take long before Tina understood that Anna wasn't about to give up. "Just the word 'collection' is scary," Tina says. "But the more contact I had with Anna, the easier things have gotten. She has been fair, and I like the fact that we have met face-to-face. The folks at Intrum Justitia are just regular people."

Tina's history is typical of this type of surveillance case. It began with a bank loan of SEK 80,000 when Tina and her partner bought an apartment in the early 1980s. At one point when she was the only breadwinner, the household became overly sensitive to changes in interest rates. In the early '90s they obtained a new loan to pay off their old debts, but quickly fell into a trap.

In the mid-90s, when Tina's case ended up in Intrum Justitia's debt surveillance department, the debt had grown to SEK 600,000. A lot of it was interest. That was when Anna entered the picture.

Initially Tina followed the payment plan she and Anna had agreed on. In the first year she paid SEK 500 a month; then it increased. At one point Tina made an extra payment to get rid of a few small debts she had been stuck with the entire time. A few years ago Anna felt that Tina could speed up her payments after her salary had been raised. But Tina was hesitant and continued to pay the old monthly amount.

In the summer of 2006 Tina contacted Anna and asked for a new agreement. By refinancing the loan, Tina was able to reduce her debt. But when she received the application papers, Tina became upset that she had to include her partner's income.

"I didn't understand why he had to be dragged into this," Tina says. During a difficult period in her life an incident occurred that forced her to stop the monthly payments.

Intrum Justitia forwarded her case to Sweden's enforcement agency, which threatened to seize part of Tina's property. That came as a shock. "At first I was quite angry," she admits. "But in reality I was angry at myself."

Tina eventually filed her application and arranged a bank loan to put her financial house in order.

Continuous dialogue with legislators to improve laws

Intrum Justitia actively dialogues with legislators at the national and EU level to encourage harmonized or compatible regulations for the entire EU.

The European CMS market is steered in some parts by national regulations. In recent years the European Commission has worked intensely to revise the directive on late payments between companies. In 2007 Intrum Justitia was one of the referral bodies who contributed with suggestions for improvements. A new directive is not expected to be ready before 2010.

The European Commission has estimated that late payments cause a large number of bankruptcies and the loss of hundreds of thousands of jobs every year. Consumer debt is growing rapidly across the EU. In the UK, household debt is now on par with the GDP.

INFORMING ABOUT DEBT

To help curbing debt problems, Intrum Justitia is trying to increase awareness about consumers' over-indebtedness, in part by providing decision-makers with information on the adverse effects of excessive debt levels. It is also working actively, through information and education, to increase the financial acumen of consumers, particularly young consumers, to get them to learn about money management and better understanding loan responsibilities. For this reason, Brussels, as home to many EU institutions, is a natural base for Intrum Justitia's lobbying and regulatory work, the purpose of which is to:

- Illuminate the problem of late payments. Late or non-payment limits trade between EU member states and impedes economic growth. Intrum Justitia is working to put the problem of late payments higher up on the EU's agenda for economic growth, the so-called Lisbon Agenda*.

- Represent the CMS industry in general and Intrum Justitia in particular by providing input to the EU Commission on various legal proposals. For example, it has submitted an opinion on the proposal to freeze bank accounts, "Improving the efficiency of the enforcement of judgments in the EU: The Attachment of Bank Accounts," and stressed the importance of providing consumers with better loan information through its comments on "Retail financial services in the Single Market" and an informative overview of various Intrum Justitia initiatives on "Sensible spending and responsible lending".

- Identify laws and rules that prevent or complicate the work of independent credit management firms such as Intrum Justitia. Europe is still burdened, for example, with monopolies that prevent CMS professionals from freely competing in the marketplace. Not only do monopolies lead to higher prices and poorer services, they may also violate the EU's basic principle of free movement of goods and services.

- Draw attention to the importance of making better use of computer-based information on the credit ratings and payment habits of consumers and businesses.

NEW RULES

As of January 2008 Finland has a new rule that consumer debts accepted by the courts are generally written off within 15 years. Receivables without a judgment have a three-year statute of limitations, which can be extended with reminders. Finland is currently the only EU member state with such a rule.

In Denmark the exclusive right of attorneys to act as a legal representative on payment cases up to DKK 50,000 expired on January 1, 2008.

A new law also takes effect in Germany on July 1, 2008 that permits CMS companies like Intrum Justitia to legally represent the interests of its clients in certain cases.

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

Intrum Justitia's share rose by 30 percent in 2007

LISTING

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

SHARE CAPITAL

Intrum Justitia AB's share capital amounted to SEK 1,581,797.02 on December 31, 2007, distributed among 79,089,851 shares, each with a par value of SEK 0.02. All the shares have one vote and share equally in the company's assets and earnings.

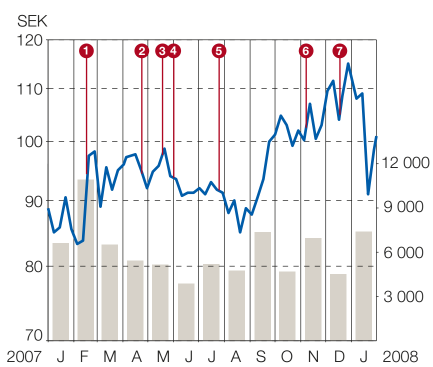
EMPLOYEE STOCK OPTION PROGRAM

The Annual General Meeting in 2003 approved an employee stock option program conferring the right to acquire not more than 2,525,000 shares in Intrum Justitia AB at a price of SEK 57.00 per share. Due to the share redemption in 2005 the strike price was adjusted to SEK 54.60 per share and the number of shares that the program confers was increased by 4 percent. The program was intended for 20 senior executives. The options can be exercised during the period July 1, 2007–May 30, 2009. If fully exercised, the options will dilute the number of shares and votes by approximately 4 percent. During the period July 1–December 31, 2007, Intrum Justitia's share capital increased from SEK 1,559,125.02 to SEK 1,581,797.02, corresponding to 1,133,600 new shares with an equal number of votes. A maximum of 904,800 additional shares can be issued. See also Note 32 on page 64.

MARKET VALUE, PRICE TREND AND TURNOVER

In 2007 the price of the Intrum Justitia share rose from SEK 88.75 to SEK 115.00, or by 29.6 percent. During the same period the OMX Stockholm Index fell by 6.0 percent. The lowest price paid for the share during the year was SEK 82.25, on February 13, and the highest was SEK 115.00, on December 28.

Share price performance 2007

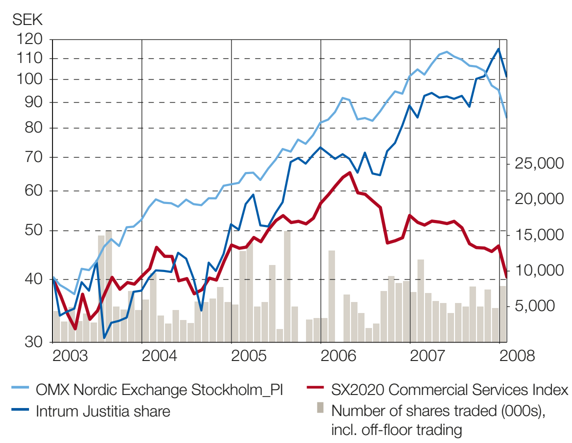


Source: FINDATA ISIN-code: 0000936478

Important events 2007

1. February 15
   Full-year report 2006
2. April 24
   Interim report January–March
3. May 18
   New financial objectives presented
4. May 31
   Acquisition of minority interest in IJ Central Europe finalised
5. July 26
   Interim report January–June
6. November 8
   Interim report January–September
7. December 17
   Purchase of Austrian portfolio of written-off receivables

Share price performance and trading, 2002–2007



ANALYSTS WHO COVER INTRUM JUSTITIA	
ABG Sundal Collier	J E Gjerland & R Henze
Carnegie	Mikael Löfdahl
Cheuvreux	J Ahlberg & R Alfvén
Handelsbanken	Peter Grabe
Kaupthing	Nina Glifberg
SEB Enskilda	Stefan Andersson
Standard & Poor's	Joakim Ström

CHANGES IN SHARE CAPITAL

Year	Transaction	Change in share capital	Total share capital	Total no. of shares	Par value per share,SEK
2001	Incorporation	100,000	100,000	1,000	100
2001	Split 5,000:1	0	100,000	5,000,000	0.02
2001	New issue [1]	778,729.40	878,729.40	43,936,470	0.02
2002	New issue [2]	208,216.72	1,086,946.12	54,347,306	0.02
2002	New issue [3]	612,765.96	1,699,712.08	84,985,604	0.02
2005	Redemption [4]	–140,587.06	1,559,125.02	77,956,251	0.02
2007	Exercise of employee stock options [5]	22,672.00	1,581,797.02	79,089,851	0.02

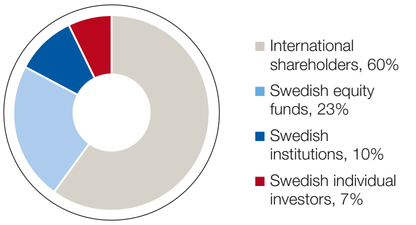
1) Directed to the Industri Kapital 1997 Fund and Synergy at a subscription price of SEK 0.02 as part of the legal restructuring of the Intrum Justitia Group.
2) New issue of 1,402,228 shares each to the Industri Kapital 1997 Fund and Synergy at a subscription price of SEK 4.432 per share and 3,803,190 shares each to the Industri Kapital 1997 Fund and Synergy at a subscription price of SEK 0.02 per share.
3) New issue of 30,638,298 shares to retail and institutional investors at a subscription price of SEK 47 per share.
4) Redemption of 7,029,353 shares for a cash payment of SEK 84 per share. The procedure entailed the distribution of the total sum of SEK 590,465,652 to the shareholders, whereby the company's share capital was reduced by SEK 140,587.06 and its share premium reserve was reduced by SEK 590,325,064.94.
5) During the period July 1–December 31, 2007 Intrum Justitia's share capital increased from SEK 1,559,152.02 to SEK 1,581,797.02, corresponding to 1,133,600 new shares with an equal number of votes.

Intrum Justitia's year-end share price gives it a market capitalization of SEK 9,095 M (6,918). Share trades were settled on every business day of the year. An average of 288,432 shares was traded per day (279,078). The turnover rate, i.e., the share's liquidity, was 0.92 (0.95), against 1.39 (1.45) for the OMX Nordic Exchange Stockholm as a whole.

SHAREHOLDERS

At year-end 2007 Intrum Justitia had 4,825 shareholders, compared with 5,087 a year earlier. The ten members of the Group Management Team held a combined 1,566,659 Intrum Justitia shares and 590,000 employee stock options at year-end. Moreover, CEO Michael Wolf and CFO Monika Elling have 300,000 and 100,000 call options, respectively, issued by Cevian Capital. Intrum Justitia's Board Members owned 32,584 shares and 170,000 call options issued by Cevian Capital. At year-end Intrum Justitia did not own any of its own shares.

Shareholders



SHAREHOLDINGS BY SIZE

Holding. no. of shares	No. of shareholders	Total no. of shares	Capital and votes, %
1–1,000	3,628	1,301,005	1.6
1,001–10,000	866	2,779,731	3.5
10,001–50,000	153	3,558,937	4.5
50,001–100,000	62	4,451,814	5.6
100,001–500,000	77	17,415,144	22.0
500,001–1,000,000	27	19,134,984	24.2
1,000,001–5,000,000	8	13,483,268	17.1
>5,000,001	2	16,964,968	21.5
Total	4,823	79,089,851	100.0

No. of shareholders who own one trading lot or less: 2,560.

OWNERSHIP STRUCTURE AS OF DECEMBER 31, 2007

Total no. of shares: 79,089,851	No. of shares	Capital and votes, %
Landsbanki Íslands	9,129,784	11.5
Cevian Capital	7,841,479	9.9
SEB funds	3,975,521	5.0
Swedbank Robur funds	3,146,610	4.0
Lannebo funds	2,526,400	3.2
SHB/SPP funds	2,168,227	2.7
Parkerhouse Investments	2,000,000	2.5
Nordea funds	1,805,697	2.3
Hermes Investment Mgmt	1,475,000	1.9
State of New Jersey Pension Fund	1,267,000	1.6
Total, ten largest shareholders	35,335,718	44.7

DIVIDEND POLICY

Intrum Justitia's Board of Directors has as its aim to annually propose that shareholders receive a dividend that over time averages at least half of net earnings for the year, after tax. Decisions relating to the dividend proposal take into account the company's future revenues, financial condition, capital requirements and situation in general. For fiscal year 2007 the Board is proposing a dividend of SEK 3.25 per share, corresponding to approximately 55.5 percent of net earnings after tax. The proposed record day for the dividend is April 15, 2008.

DATA PER SHARE[1]

	2007	2006	2005	2004	2003
Earnings before dilution, SEK	5.86	5.09	3.84	3.68	–2.12
Earnings after dilution, SEK	5.83	5.04	3.81	3.68	–2.12
Operating cash flow, SEK	6.75	5.95	6.31	5.71	3.55
Shareholders' equity before dilution, SEK	23.30	18.73	16.48	17.68	14.60
Shareholders' equity after dilution, SEK	23.46	20.46	18.67	17.68	14.60
Dividend/proposed dividend, SEK	3.25 [2]	2.75	2.25	0.00*	0.00
Dividend payout, %	55.5	54.0	54.7	0.0*	0.0
Share price at year-end, SEK	115.00	88.75	73.25	51.50	38.00
Yield, %	2.8	3.1	3.1	0.0	0.0
P/S, multiple	2.8	2.4	2.2	1.6	1.1
P/E, multiple	19.6	17.4	19.1	14.0	neg
Beta	0.7	0.8	0.6	0.5	0.4
No. of shares at year-end	79,089,851	77,956,251	77,956,251	84,985,604	84,985,604
No. of shares at year-end after dilution	79,513,063	78,794,959	78,629,289	84,985,604	84,985,604
Average no. of shares	78,436,068	77,956,251	83,483,441	84,958,604	84,958,604
Average no. of shares after dilution	78,859,280	78,794,959	84,156,479	84,985,604	84,985,604

1) For definitions, see page 78.
2) Proposed dividend.
* In 2005 a redemption offer offered shareholders the opportunity to redeem every twelfth share in Intrum Justitia AB for SEK 84 per share. In total, SEK 590.5 M was distributed to the company's shareholders, corresponding to approximately SEK 6.95 per share.

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

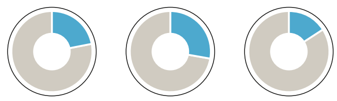
Intrum Justitia serves 24* European markets

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

REGION | MARKET DATA | FINANCIAL INFORMATION BY REGION

Region	Year established	Our position	Level of outsourcing	Market growth rate
Sweden	1923	1	>50%	0–5%
Norway	1982	2–5	>50%	0–5%
Denmark	1977	1	25–50%	0–5%

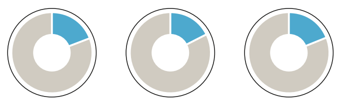
% of sales	% of earnings	% of employees
21%	30%	14%



	2007	2006	%
Revenues, SEK M	689.1	655.7	5.1
Operating earnings (EBIT), SEK M	199.4	192.1	3.8
Operating margin, %	28.9	29.3	–0.4 pe

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

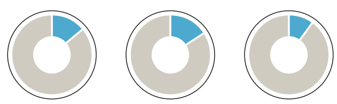
% of sales	% of earnings	% of employees
20%	20%	19%



	2007	2006	%
Revenues, SEK M	625.1	592.3	5.5
Operating earnings (EBIT), SEK M	135.6	124.6	8.6
Operating margin, %	21.7	21.0	–0.8 pe

Region	Year established	Our position	Level of outsourcing	Market growth rate
Switzerland	1971	1	25–50%	0–5%
Austria	1995	2–5	25–50%	0–5%
Italy	1985	2–5	10–25%	0–5%

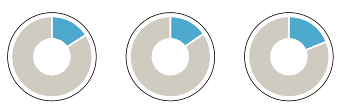
% of sales	% of earnings	% of employees
14%	18%	9%



	2007	2006	%
Revenues, SEK M	451.3	397.2	13.6
Operating earnings (EBIT), SEK M	121.4	88.3	37.5
Operating margin, %	26.9	22.2	4.7 pe

Region	Year established	Our position	Level of outsourcing	Market growth rate
France	1987	1	<10%	0–5%
Spain	1994	1	<10%	0–5%
Portugal	1997	1	<10%	0–5%

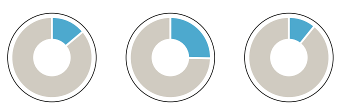
% of sales	% of earnings	% of employees
16%	17%	21%



	2007	2006	%
Revenues, SEK M	509.5	445.6	14.3
Operating earnings (EBIT), SEK M	114.1	99.9	14.2
Operating margin, %	22.4	22.4	0.0 pe

Region	Year established	Our position	Level of outsourcing	Market growth rate
Finland	1980	1	>50%	5–10%
Estonia	1996	1	25–50%	5–10%
Latvia	2002	2–5	25–50%	>10%
Lithuania	2000	1	25–50%	5–10%

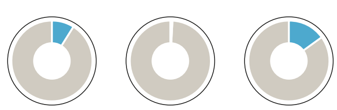
% of sales	% of earnings	% of employees
14%	28%	11%



	2007	2006	%
Revenues, SEK M	448.5	414.5	8.2
Operating earnings (EBIT), SEK M	185.4	174.5	6.2
Operating margin, %	41.3	42.1	–0.8 pe

Region	Year established	Our position	Level of outsourcing	Market growth rate
United Kingdom	1989	2–5	<10%	5–10%
Ireland	1999	1	10–25%	0–5%

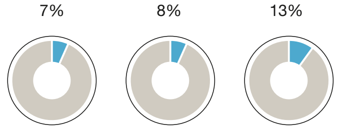
% of sales	% of earnings	% of employees
8%	neg	13%



	2007	2006	%
Revenues, SEK M	273.7	267.9	2.2
Operating earnings (EBIT), SEK M	–34.0	–33.4	–
Operating margin, %	–12.4	–12.5	0.1 pe

Region	Year established	Our position	Level of outsourcing	Market growth rate
Poland	1998	1	10–25%	>10%
Czech Republic	1996	1	10–25%	0–5%
Slovakia	2005	2–5	10–25%	5–10%
Hungary	1993	1	<10%	>10%

% of sales	% of earnings	% of employees
7%	8%	13%



	2007	2006	%
Revenues, SEK M	228.0	166.4	37.0
Operating earnings (EBIT), SEK M	56.4	32.4	74.1
Operating margin, %	24.7	19.5	5.2 pe

WHY ARE INDIVIDUALS IMPORTANT?

> Intrum Justitia is Europe's leading CMS company. The Group has operations in 24 markets and a network of partners in 160 countries. We have developed many of the services that are now considered industry standards. Among our 90,000 clients are companies that are building Europe, from the smallest sole proprietors to multinational groups. Our employees are proud to help thousands of clients every day to get paid using effective, intelligent solutions.

ANSWER: We are successful in our industry and in Europe. Intrum Justitia is a popular employer. We offer the opportunity to work in an international environment and to help people.

FINANCIAL REPORTS

Contents

Board of Directors' report

The Board of Directors and the President of Intrum Justitia AB (publ) hereby submit the following annual report and consolidated financial statements for the fiscal year 2007. The company has its registered address in Stockholm and corporate identity number 556607–7581.

THE INTRUM JUSTITIA GROUP

Intrum Justitia is Europe's leading Credit Management Services (CMS) company. The Group's offering covers every stage of these services, from credit information and invoicing through reminders and collection to debt surveillance and collection of written-off receivables. Intrum Justitia also works with purchased debt and specialized services related to credit management. Founded in Sweden in 1923, Intrum Justitia has more than 90,000 clients and around 3,100 employees in 24 European markets. The head office is located in Nacka, outside Stockholm, Sweden. The Intrum Justitia share was listed on the OMX Nordic Exchange in June 2002 and since June 2006 is listed on its Mid Cap list.

KEY EVENTS DURING THE YEAR

- In February Intrum Justitia increased its holding in the Icelandic company Intrum á Íslandi from 25.0 percent to 33.3 percent. The acquisition took place after Kaupthing decided to sell its 25 percent interest to the other owners, which, in addition to Intrum Justitia, consist of Icelandic banks. The purchase price amounted to SEK 8.3 M.

- The Annual General Meeting in April reelected Helen Fasth-Gillstedt, Lars Förberg, Bo Ingemarson, Lars Lundquist and Lars Wollung to the Board of Directors and elected Matts Ekman and Ársæll Hafsteinsson as new members. Lars Lundquist was reelected as Chairman of the Board and Bo Ingemarson as Deputy Chairman. The Annual General Meeting also approved the Board's proposal for the principles of remuneration and other employment terms for senior management.

- In May a Capital Markets Day was held in Helsinki, at which around 40 financial analysts, investment managers and journalists met with members of management, who presented the Group's new and revised financial objectives.

- An agreement was reached in April, closing May, to acquire the minority interest of 40 percent in the holding company Intrum Justitia Central Europe BV and its wholly owned subsidiaries in Poland, the Czech Republic, Slovakia and Hungary for approximately SEK 100 M.

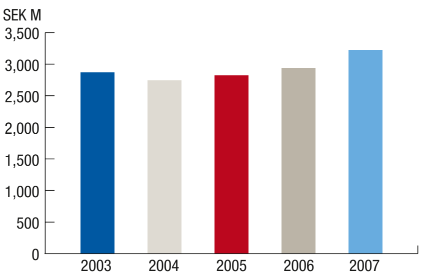
- In the summer it was discovered that the Group's Norwegian subsidiary had distributed a number of letters with incorrect reminder fees. The error was limited to two clients and represented 0.2 percent of the cases handled annually by the Norwegian subsidiary. After the mistake was detected, the computer program in question was corrected and all those who received the letters were contacted and all incorrect charges were refunded. According to a decision by the Norwegian Financial Supervisory Authority, Kredittilsynet, the errors were sufficient cause to revoke the company's license to conduct collection operations in Norway. However, the company may continue operating until the matter is ultimately resolved by the Norwegian Ministry of Justice, to which Intrum Justitia has appealed Kredittilsynet's ruling.

- In December, but effective October, Intrum Justitia and the French investment bank Calyon together acquired an Austrian portfolio of written-off receivables with an aggregate outstanding principal of EUR 640 M. The seller was Bank Austria Creditanstalt. The purchase price amounted to around EUR 100 M, of which Intrum Justitia's share was approximately EUR 35 M or SEK 330 M.

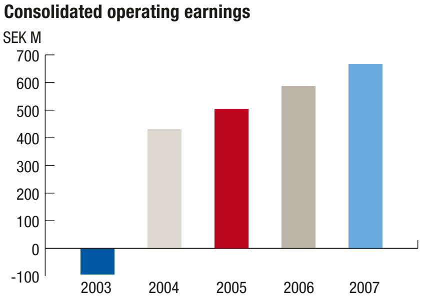
REVENUES AND EARNINGS

Consolidated revenues for the full year amounted to SEK 3,225.2 M (2,939.6). The revenue increase of 9.7 percent included organic growth of 10.4 percentage points, currency effects of –0.3 percentage points, 0.1 percentage points owing to portfolio revaluations and –0.5 percent from positive nonrecurring items in the fourth quarter 2006. The revenue increase is attributable in part to higher activity in purchased debt and in part to strong growth in credit management mainly in the regions Poland, Czech Republic, Slovakia & Hungary and France, Spain & Portugal.

Consolidated revenues



Consolidated operating earnings

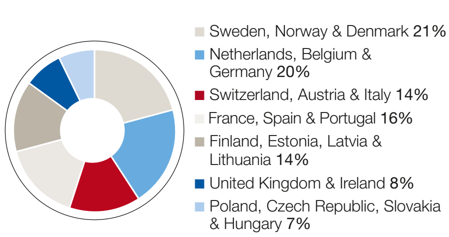


Operating earnings amounted to SEK 667.8 M (586.7). The earnings improvement is also largely due to higher activity in purchased debt, in addition to continued good results in credit management, with specially good margins in regions with mature operations and good market shares such as Finland, Estonia, Latvia & Lithuania and Sweden, Norway & Denmark.

Earnings before tax for the year rose by 13.0 percent to SEK 595.7 M (527.1), while net earnings for the period amounted to SEK 462.0 M (407.5).

GEOGRAPHICAL REGIONS

Share of consolidated revenues



Sweden, Norway & Denmark

The Swedish company organized during the year two client segments instead of the previous seven product areas. The reorganization led to nonrecurring expenses of SEK 9.0 M but as a whole has succeeded well and makes operations more efficient. The number of employees has been reduced by 33.

In 2008 greater focus will be placed on a regionalization, i.e., coordination of operations within the region.

Regional revenues for the year amounted to SEK 689.1 M (655.7) and operating earnings amounted to SEK 199.4 M (192.1). Regional revenues and earnings include revaluations of purchased portfolios of SEK 10.1 M (18.6), net. Excluding this revaluation, revenues amounted to SEK 679.0 M (637.1), an increase of 6.6 percent. Operating earnings excluding the revaluation amounted to SEK 189.3 M (173.5), an increase of 9.1 percent, corresponding to an operating margin of 27.9 percent (27.2).

Netherlands, Belgium & Germany

In 2007 the region invested in process improvements and strengthened its organization, an effort that will continue in 2008.

The Netherlands has broadened its client offering to include new, efficient solutions for cases involving small amounts.

The German operations, including the large portfolio of receivables acquired at mid-year 2006, developed well. A number of processes have been borrowed from the Swiss operations, which has led to a significantly higher collection success rate. In 2008 the Swiss production system will be introduced.

Financial review

SEK M	2007	2006	2005	2004	2003	2002	2001
Revenues by region							
Sweden, Norway & Denmark	689.1	655.7	655.3	624.4	729.3	712.0	617.6
Netherlands, Belgium & Germany	625.1	592.3	577.0	581.3	607.6	561.7	428.5
Switzerland, Austria & Italy	451.3	397.2	391.4	370.5	351.3	413.7	350.9
France, Spain & Portugal	509.5	445.6	364.0	318.1	313.0	192.4	125.7
Finland, Estonia, Latvia & Lithuania	448.5	414.5	355.7	314.0	283.8	246.3	211.7
United Kingdom & Ireland	273.7	267.9	315.8	370.1	395.5	525.4	484.6
Poland, Czech Republic, Slovakia & Hungary	228.0	166.4	164.0	162.1	184.1	123.4	101.6
Total	**3,225.2**	**2,939.6**	**2,823.2**	**2,740.5**	**2,864.6**	**2,774.9**	**2,320.6**
Operating earnings (EBIT) by region							
Sweden, Norway & Denmark	199.4	192.1	169.8	153.0	166.7	170.6	141.7
Netherlands, Belgium & Germany	135.6	124.6	116.2	80.2	94.9	61.4	71.0
Switzerland, Austria & Italy	121.4	88.3	83.8	64.1	43.8	90.6	55.4
France, Spain & Portugal	114.1	99.9	72.7	50.1	42.3	6.8	–3.2
Finland, Estonia, Latvia & Lithuania	185.4	174.5	146.8	128.7	106.7	97.7	71.3
United Kingdom & Ireland	–34.0	–33.4	–62.0	11.3	2.4	115.3	99.2
Poland, Czech Republic, Slovakia & Hungary	56.4	32.4	36.2	34.4	66.3	22.1	22.5
Participations in associated companies	0.8	0.4	0.7	2.8	0.4	7.0	–2.5
Central expenses	–111.3	–92.1	–60.6	–94.0	–95.4	–90.1	–60.2
Items affecting comparability	–	–	–	–	–398.0	–8.5	–11.5
Total	**667.8**	**586.7**	**503.6**	**430.6**	**30.1**	**472.9**	**383.7**
Revenues by service line							
Credit Management	2,852.1	2,706.6	2,652.1	2,612.7	2,745.1	2,680.3	2,221.0
Purchased Debt	573.7	402.3	321.6	258.1	206.6	163.1	136.0
Internal elimination	–200.6	–169.3	–150.5	–130.3	–87.1	–68.1	–36.4
Total	**3,225.2**	**2,939.6**	**2,823.2**	**2,740.5**	**2,864.6**	**2,774.9**	**2,320.6**
Operating earnings (EBIT) by service line							
Credit Management	494.8	508.0	451.4	433.1	419.3	474.0	368.1
Purchased Debt	271.8	161.8	108.2	78.6	85.6	84.2	78.5
Participations in associated companies	0.8	0.4	0.7	2.8	0.4	7.0	–2.5
Central expenses	–99.6	–83.5	–56.7	–83.9	–77.2	–83.8	–48.9
Items affecting comparability	–	–	–	–	–398.0	–8.5	–11.5
Total	**667.8**	**586.7**	**503.6**	**430.6**	**30.1**	**472.9**	**383.7**

Figures for 2004–2007 are presented according to International Financial Reporting Standards (IFRS), while those for 2001–2003 are presented according to previous accounting principles (Swedish GAAP) and are not restated to IFRS. Differences primarily relate to the accounting principle for purchased debt as well as goodwill amortization.

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

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

Purchased Debt includes certain services as of 2005 that had previously been reported under *Credit Management*.

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

Regional revenues for the year amounted to SEK 625.1 M (592.3) and operating earnings amounted to SEK 135.6 M (124.6). Regional revenues and earnings include revaluations of purchased portfolios of SEK –3.6 M (0.5), net. Excluding this revaluation, revenues amounted to SEK 628.7 M (591.8), an increase of 6.2 percent. Operating earnings excluding the revaluation amounted to SEK 139.2 M (124.1), an increase of 12.2 percent, corresponding to an operating margin of 22.1 percent (21.0).

Switzerland, Austria & Italy

Switzerland, Germany and Austria continued to improve their regional cooperation, creating synergies and raising revenues and earnings. Production in Austria has been integrated with Switzerland.

The portfolio of non-performing Austrian bank loans acquired in the fourth quarter together with the French investment bank Calyon has developed according to plan and contributed SEK 18.2 M to regional revenues for the year and SEK 11.4 M to earnings.

Regional revenues for the year amounted to SEK 451.3 M (397.2) and operating earnings amounted to SEK 121.4 M (88.3). Regional revenues and earnings include revaluations of purchased portfolios of SEK –2.7 M (–13.0), net. Excluding this revaluation, revenues amounted to SEK 454.0 M (410.2), an increase of 10,7 percent. Operating earnings excluding the revaluation amounted to SEK 124.1 M (101.3), an increase of 22.5 percent, corresponding to an operating margin of 27.3 percent (24.7).

France, Spain & Portugal

During the year process improvements were introduced to further improve regional earnings.

Regional revenues for the year amounted to SEK 509.5 M (445.6) and operating earnings amounted to SEK 114.1 M (99.9). Regional revenues and earnings include revaluations of purchased portfolios of SEK –1.8 M (0.0), net. Excluding this revaluation, revenues amounted to SEK 511.3 M (445.6), an increase of 14.7 percent. Operating earnings excluding the revaluation amounted to SEK 115.9 M (99.9), an increase of 16.0 percent, corresponding to an operating margin of 22.7 percent (22.4).

Finland, Estonia, Latvia & Lithuania

The region continues to broaden its client offering, in line with the Group's strategy, and during the period a critical mass was achieved for the payment monitoring service. An amendment to enforcement laws adopted in 2007 changed the priority of payments from the Finnish bailiff. The new rules reduced revenues and operating earnings by SEK 3.4 M. As of January 2008 Finland has a new rule that consumer debts accepted by the courts are generally written off within 15 years. This will have an estimated negative effect on revenues and earnings of approximately SEK 10 M on a full-year basis.

Regional revenues for the year amounted to SEK 448.5 M (414.5) and operating earnings amounted to SEK 185.4 M (174.5). Regional revenues and earnings include revaluations of purchased portfolios of SEK 6.6 M (20.7), net. Excluding this revaluation, revenues amounted to SEK 441.9 M (393.8), an increase of 12.2 percent. Operating earnings excluding the revaluation amounted to SEK 178.8 M (153.8), an increase of 16.3 percent, corresponding to an operating margin of 40.5 percent (39.1).

United Kingdom & Ireland

The last remaining operations in Stratford-upon-Avon were moved during the year to Liverpool. Despite that a restructuring program was successfully implemented in 2005, reducing annual costs by SEK 45 M, earnings have not reached the expected level. Revenues, and thus profitability, continue to be slowed by the fact that new contracts with clients have not compensated for slower activity in *Purchased Debt*. A cautious approach has intentionally been taken with regard to new portfolio purchases. Collections from older, profitable client volumes have been completed faster than work with new volumes has begun. Efforts in England to improve long-term profitability are progressing and England is one of the priority countries for introduction of the Group's best practices.

Regional revenues for the year amounted to SEK 273.7 M (267.9) and operating earnings amounted to SEK –34.0 M (–33.4). Regional revenues and earnings include revaluations of purchased portfolios of SEK –10.6 M (–24.3), net. The region's figures for 2006 include positive nonrecurring items of SEK 17.4 M in revenues and SEK 14.4 M in operating earnings for the sale of office properties in Scotland, among other things. Excluding revaluations of portfolios and nonrecurring items in the previous year, revenues increased by 3.5 percent to SEK 284.3 M (274.8), while earnings amounted to SEK –23.4 M (–23.5).

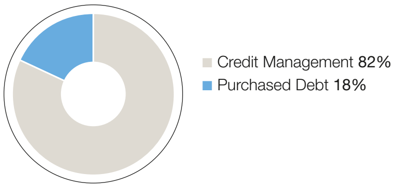
Poland, Czech Republic, Slovakia & Hungary

Regional revenues and earnings developed positively as a result of higher client activity and investments to improve productivity.

Regional revenues for the year amounted to SEK 228.0 M (166.4) and operating earnings amounted to SEK 25.2 M (22.9). Regional revenues and earnings include revaluations of purchased portfolios of SEK 13.5 M (4.7), net. Excluding this revaluation, revenues amounted to SEK 214.5 M (161.7), an increase of 32.7 percent. Operating earnings excluding the revaluation amounted to SEK 42.9 M (27.7), an increase of 54.9 percent, corresponding to an operating margin of 20.0 percent (17.1).

SERVICE LINES

Share of consolidated revenues



Intrum Justitia's service offering is reported in 2007 in the following two service lines:

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

Credit Management

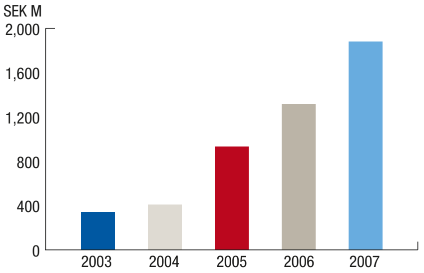
Service line revenues during the year amounted to SEK 2,852.1 M (2,706.6), with operating earnings of SEK 494.8 M (508.0). The service line accounted for 82 percent of the Group's revenues. Changes in average internal commission rates on collections on behalf of the *Purchased Debt* service line negatively affected earnings for *Credit Management* by approximately SEK 33.2 M compared with the previous year.

Purchased Debt

Service line revenues increased by 42.6 percent during the year, from SEK 402.3 M to SEK 573.7 M. Operating earnings amounted to SEK 271.8 M (161.8). The operating margin remained high at 47.4

percent, against 40.2 percent in the previous year. The revenue increase was positively affected by the higher investment rate the Group has maintained since 2005.

Carrying value, purchased debt



In accordance with IFRS, Intrum Justitia applies an accounting model (the effective interest method) where the carrying value of each debt portfolio, and thus quarterly earnings, is based on discounted future cash flows updated quarterly. The discount rate used for each portfolio varies 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 value 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 more than cost. In other words, the portfolios are not marked to market.

The carrying value of purchase debt has been adjusted due to changes in estimates of future cash flows of SEK 11.5 M (7.2), net. The adjustments were distributed as follows:

SEK M	2007	2006
Sweden, Norway & Denmark	10.1	18.6
Netherlands, Belgium & Germany	–3.6	0.5
Switzerland, Austria & Italy	–2.7	–13.0
France, Spain & Portugal	–1.8	0.0
Finland, Estonia, Latvia & Lithuania	6.6	20.7
United Kingdom & Ireland	–10.6	–24.3
Poland, Czech Republic, Slovakia & Hungary	13.5	4.7
Total	11.5	7.2

Disbursements for investments in portfolios amounted to SEK 666.2 M (869.7) during the year. In addition, an agreement was reached in December to acquire an Austrian portfolio where Intrum Justitia's share of the purchase price is approximately SEK 330 M. Payment will be made in June 2008. The return on purchased debt was 17.0 percent (14.4). As of December 31 the Group's purchased debt portfolios had a carrying value of SEK 1,882.2 M (1,317.9), an increase of 42.8 percent during the year.

EXPENSES

The gross profit margin is at about the same level as the previous year, while the Group's sales and marketing expenses as well as administrative expenses are rising at a slower rate than revenues. Administrative expenses include expenses for the employee stock option program of SEK 9.9 M (17.4).

Depreciation/amortization

Operating earnings were charged with depreciation/amortization of SEK 90.8 M (80.8). Operating earnings before depreciation/amortization thereby amounted to SEK 758.6 M (667.5).

Other intangible fixed assets recognized in the balance sheet and attributable to revaluations to fair value in connection with acquisitions amount to SEK 13.1 M (18.2). They have been amortized by SEK 5.9 M (5.5).

Costs for employee stock option program

The Group's Employee Stock Option Program 2003/2009, which was approved by the Annual General Meeting in 2003, provides 20 Group employees in senior positions an opportunity to acquire new shares at a strike price of SEK 54.60 per share during the period July 1, 2007–May 30, 2009. The effect of the option program on Group earnings calculated according to the accounting recommendation *IFRS 2 Share-based Payment* and statement UFR 7 from the Swedish Financial Reporting Board, amounted to SEK –9.9 M (–17.4) for the year.

The total cost for the program is estimated at SEK 39.8 M in 2003–2007, but may be adjusted due to fluctuations in the share price and for actual social security costs when further options are exercised. During the year 1,133,600 new shares were subscribed through the exercise of the options, whereby the share capital increased from SEK 1,559,125.02 to SEK 1,581,797.02. The dilution effect from the remaining options corresponds to 423,212 shares when calculating earnings per share in accordance with *IAS 33 Earnings per Share*.

For more information on the employee stock option program, see also Note 32.

NET FINANCIAL ITEMS

Net financial items amounted to SEK –72.1 M (–59.6), including translation differences of SEK –3.5 M (–6.8). The increase in the net interest expense is due to higher net debt and higher market interest rates.

TAX

The tax expense for the year amounts to 22.4 percent (22.7) of pre-tax earnings. The difference compared with the estimated long-term tax rate of approximately 25 percent is attributable to, among other things, Group contributions from Sweden to Italy in accordance with the European Court of Justice's so-called Marks & Spencer ruling and the advance ruling Intrum Justitia received in March 2007. The Swedish tax authorities have appealed the ruling to the Supreme Administrative Court.

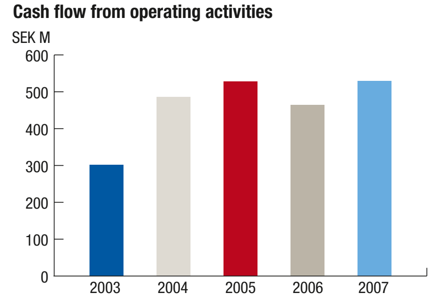
The Group's tax expense is dependent in part on how earnings are distributed between subsidiaries in different countries with different tax rates. As a whole, the estimate for 2008 and beyond is that the tax expense will be around 25 percent of pre-tax earnings. This estimate does not include further effects of tax loss carryforwards in Italy or any of the effects of the current tax disputes in Norway, Finland and Sweden.

The Group had tax loss carryforwards totaling SEK 448.1 M (427.6) for which no deferred tax asset is recognized.

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

CASH FLOW AND INVESTMENTS

Cash flow from operating activities



Cash flow from operating activities during the year rose by 14.1 percent to SEK 529.1 M (463.7). Disbursements for investments in debt portfolios amounted to SEK 666.2 M (869.7) during the year. This does not include Intrum Justitia's share of the acquisition of an Austrian portfolio together with Calyon in the fourth quarter of 2007. Intrum Justitia's share of approximately SEK 330 M will be paid in June 2008.

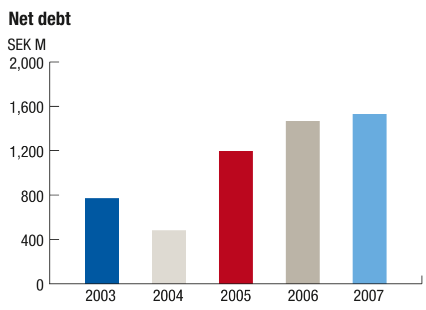
Disbursements for investments in tangible and intangible fixed assets amounted to SEK 134.6 M (106.1) during the year, of which SEK 1.8 M is related to the establishment of a data center in Amsterdam.

For the full-year 2008 the Group's investments in tangible and intangible fixed assets are estimated at SEK 120–150 M, of which approximately SEK 20 M in the data center in Amsterdam.

Research and development

The Group is not engaged in any research and development other than the development of its IT systems. Investments for the year largely pertain to hardware and software for IT systems, mainly for production. Technological development is rapid and, if used correctly, new technical solutions can improve efficiency in the management of client receivables and use of the Group's databases. As demands for customized IT solutions grow, it is strategically important for Intrum Justitia to continuously adapt to changes in demand. The data center in Amsterdam is of major strategic importance. After previously having maintained different servers and IT environments in different countries, the Group now has a uniform solution, which will eventually reduce costs while also raising quality and improving IT security.

FINANCING



Net debt as of December 31, 2007 amounted to SEK 1,526.9 M, compared with SEK 1,464.5 M at year-end 2006.

Shareholders' equity including minority interests amounted to SEK 1,842.5 M on December 31, 2007, against SEK 1,492.6 M on December 31, 2006. Minority interests have been reduced from SEK 32.8 M to SEK 0.1 M through the Group's acquisition of the minority shares in the holding company that owns the Group's operating companies in Poland, Czech Republic, Slovakia and Hungary.

Through its international subsidiaries, the Group has significant net assets in currencies other than Swedish kronor. As a result of rising exchange rates, particularly for the euro, the Group's shareholders' equity was affected during the year by exchange rate differences of SEK 74.8 M (–64.3).

As of December 31, 2007 the Group had liquid assets of SEK 259.8 M, compared with SEK 217.4 M on December 31, 2006. Unutilized credit facilities amounted to SEK 310.3 M, compared with SEK 278.9 M on December 31, 2006.

The Group is primarily financed with shareholders' equity and a five-year syndicated loan facility of EUR 210 M that expires in 2010. After the balance sheet date the amount was increased to EUR 310 M.

RISKS AND RISK MANAGEMENT

Intrum Justitia defines risk as those factors which could influence the achievement.

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

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

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

Strategic risks

CYCLICALITY

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

If a financial crisis affects the economy, causing higher unemployment and more personal bankruptcies, it would increase the number of cases, but on the other hand the success rate might decline. Intrum Justitia's challenge is to utilize its knowledge of payment habits and scoring to optimize collection work and the costs involved.

With regard to purchased debt, clients can be expected in a recession to show greater interest in selling their portfolios.

ACQUISITIONS

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

Operational risks

RISK OF ERRORS AND OMISSIONS

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

OPERATIONS IN DIFFERENT COUNTRIES

The international scope of Intrum Justitia's business entails risks, mainly due to differences in laws and regulations in the 24 countries where the Group is active. Various regulatory and currency issues must be managed at the same time that Intrum Justitia must recruit and retain personnel with the right competence and integrity.

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

Risks related to the regulatory environment

CHANGES IN THE REGULATORY ENVIRONMENT

The CMS industry is regulated by various national statutes and regulations, which may also be affected by EU regulations and directives. Changes in the regulatory environment may curtail Intrum Justitia's future operations or involve cost increases in order to comply with regulations. Because of these risks, Intrum Justitia continuously monitors the EU's regulatory work in order to call attention to potentially negative effects for European CMS companies and lobbies for favorable rule changes.

Financial risks

See also Note 38.

MARKET RISK

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

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

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

The translation exposure that arises when the balance sheets of foreign subsidiaries are translated to SEK affects the Group's equity. The Group's current policy is not to actively hedge the translation exposure.

Interest-rate risks are primarily related to the Group's interest-bearing net debt, which at year-end amounted to SEK 1,526.9 M (1,464.5). The interest rate on loans is tied to the market rate. Interest fixing terms are short, generally three months, due to which changes in the market rate quickly impact the Group's net financial items.

FINANCING RISK

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

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

CREDIT RISK

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

RISKS INHERENT IN PURCHASED DEBT

As part of its operations, Intrum Justitia acquires portfolios of written-off consumer receivables and works actively to collect them. Unlike conventional collection operations, where Intrum Justitia works on behalf of clients in return for commissions and fees, in this case it assumes all the rights and risks associated with the receivables.

The portfolios are usually purchased at prices below their nominal value, and Intrum Justitia retains the entire amount it collects, including interest and fees.

To minimize the risks in this business, Intrum Justitia exercises prudence in its purchase decisions. The focus is on small and medium-sized portfolios with relatively low average amounts, which helps to mitigate risks. Purchases are usually made from clients with whom the Group has maintained long relationships.

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

To facilitate the purchase of larger portfolios at attractive risk levels, Intrum Justitia cooperates with other companies and shares in the equity investment and profits. Such an alliance has been in place with Goldman Sachs since 2003, and the acquisition of the Austrian portfolio in autumn 2007 was made jointly with Calyon, as mentioned.

GUARANTEES IN CONJUNCTION WITH THE SCREENING OF CHARGE CARD APPLICATIONS IN SWITZERLAND

As part of its service offering in Switzerland, Intrum Justitia screens new charge card applications on behalf of card issuers and guarantees payment to the issuers of the face value of the cardholder's debt in the event of nonpayment. The total value of the guaranteed debt amounted to SEK 636.6 M (676.4) at year-end, of which receivables overdue by more than 30 days amounted to SEK 5.1 M (3.9).

Intrum Justitia manages risk in this business through strict credit limits on new cards and by analyzing the credit ratings of card applicants. As of year-end Intrum Justitia has allocated a provision of SEK 7.7 M (8.7) in its balance sheet to cover payments that may arise under the guarantees.

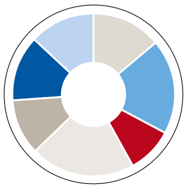
ACQUISITIONS

During the year the 40-percent minority interest in the holding company that owns the Group's subsidiaries in Poland, Czech Republic, Slovakia and Hungary was acquired for approximately SEK 100 M.

GOODWILL

The Group's goodwill amounted to SEK 1,614.6 M (1,524.4). Of the increase, SEK 24.6 M is attributable to translation differences, while SEK 65.6 M arose through the acquisition of the minority shares in Poland, Czech Republic, Slovakia and Hungary.

Number of employees by geographical region



NON-FINANCIAL EARNINGS INDICATORS

Employees

The average number of employees during the year was 3,093 (2,954). Compared with the previous year the number of employees increased primarily in the regions France, Spain & Portugal and Poland, Czech Republic, Slovakia & Hungary and decreased in United Kingdom & Ireland. Employee turnover was 26 percent (23) during the year. Women accounted for 62 percent (63) of employees during the year. The share of employees with a college-level degree was 25 percent (23).

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

Social responsibility and the environment

A Corporate Social Responsibility (CSR) policy will be drafted in 2008 for the entire Group.

INTRUM JUSTITIA'S ROLE IN SOCIETY

Our mission is to provide shareholders with a return on the capital they have invested. Profitability is vital to the company's long-term survival. In addition, Intrum Justitia has an important role to play in society by promoting business and helping to create sound economies by making trade simpler, safer and fairer. Sustainable development and a sound economy go hand in hand. Intrum Justitia's role is to serve as a catalyst for a sound economy.

BUSINESS ETHICS

Intrum Justitia applies a strict code of ethics – Fair Pay… please! The purpose of the Fair Pay philosophy is to create a respectful relationship between creditor and debtor. This work is defined by respect for individuals who, for various reasons, find themselves in financial difficulty. Negotiations, realistic solutions and settlements improve the chances of getting debtors to pay. The Fair Pay ethic also means that Intrum Justitia's employees are familiar with and follow the laws and regulations in their country. Sound business ethics improve opportunities for successful development in the future.

An important component in business ethics is to treat information about clients and their customers with respect and integrity, in accordance with current rules on privacy and data security.

WORKING CONDITIONS

Intrum Justitia's employees have the right to safe and healthy workplaces as well as fair compensation. Men and women must be treated equally. The goal in recruiting managers is to find the most competent and qualified candidate regardless of gender. No employee may be subjected to any form of discrimination based on gender, race, sexual orientation or political beliefs. Nor is any form of sexual harassment tolerated. All employees have the right to organize and join unions as well as to negotiate collectively if they wish, although they also have the right to refuse union membership.

ENVIRONMENT

Environment issues are on everyone's mind, but they are also complicated, since various environmental risks and interests often conflict. Knowledge and integrity are required to correctly evaluate the risk of an accident at a nuclear power plant, for example, compared with the climate impact of fossil fuels, or estimating the total environmental impact of different types of fuel from a lifecycle perspective. Choosing products that are more expensive or of lesser quality without careful consideration simply because they are marketed as environmentally friendly can be counterproductive. Intrum Justitia wants to support the environment, but does not claim to have answers to all the difficult questions regarding environmental priorities.

Intrum Justitia does not have any operations in Sweden subject to licensing or reporting requirements according to Environmental Code. The Group is active in the service sector and its operations therefore have limited impact on the environment. Environmental requirements are applied in every country which are at least equivalent to local environmental rules to the extent they apply to the Group's operations. This is true, for example, of paper recycling, consideration for environmental factors when ordering paper and supplies, and the choice between company cars with different engine alternatives. The Group's policy is to choose less costly transportation and travel alternatives and to save money by utilizing telephone, video and web conferencing. The regionalization work has also helped to reduce the need for travel in the Group. This minimizes the resources consumed and the environmental impact.

MARKET OUTLOOK

In the last five years consumer credit has grown by 5–7 percent, and both household and businesses have taken on greater debt. From a short-term perspective there are no signs that the increase will slow. This, in combination with the introduction of the Basel II rules, should create greater demand for professional credit management services.

Intrum Justitia estimates that currently only 10 percent of the total market is outsourced to CMS professionals. Clients' needs are similar regardless of geographical market and Intrum Justitia therefore believes that the Group's offering of services with a high information content will drive the increase in outsourcing.

The Group expects good synergy opportunities by establishing uniform business models, processes and organizational structures.

In recent years Intrum Justitia has strengthened its organization in *Purchased Debt* and the service line is now established in around 20 countries. As a result of the high level of activity, the Group's acquisitions of small and medium-sized portfolios are expected to increase to approximately SEK 700 M in 2008, compared with a previous target of SEK 500 M. This does not include any purchases of large portfolios.

FINANCIAL OBJECTIVES

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

PARENT COMPANY

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

The Parent Company reported revenues for the full year of SEK 35.3 M (34.2) and a pre-tax deficit of SEK –133.3 M (–142.3). The improved result is attributable to dividends received from subsidiaries, which compensated for a higher net interest expense.

The Parent Company invested SEK 0.3 M (2.3) in fixed assets during the year and at year-end had liquid assets of SEK 9.3 M (18.7), including short-term investments. The average number of employees was 26 (25).

EVENTS AFTER CLOSING DATE

Expanded loan facility

After the balance sheet date the Group increased its existing syndicated loan facility from EUR 210 M to EUR 310 M, with otherwise largely unchanged terms.

THE SHARE AND SHAREHOLDERS

At year-end the company had 79,089,851 shares outstanding. All shares carry equal voting rights and share equally in the company's assets and earnings.

The company's largest shareholders were Landsbanki Íslands (11.5 percent of the shares), Cevian Capital (9.9 percent) and SEB funds (5.0 percent). See also the table on page 25.

The Articles of Association do not contain any preemption clauses or other limitations on the transferability of the shares, and there are no other circumstances that the company is obligated to disclose according to the provisions in chapter 6, section 28, points 3–11 of the Annual Accounts Act.

BOARD WORK

According to Intrum Justitia's Articles of Association, the Board of Directors shall consist of no less than five and no more than nine members with no more than four deputies. All members are elected by the Annual General Meeting.

In 2007 the Board held nine meetings (previous year 12).

For a description of the Board's work, refer to the Corporate governance report on pages 70–77.

PROPOSAL REGARDING PRINCIPLES FOR REMUNERATION AND OTHER TERMS OF EMPLOYMENT FOR KEY EXECUTIVES

The Annual General Meeting 2007 approved guidelines for remuneration of senior executives, which are summarized in Note 31.

For the Annual General Meeting 2008 the Board of Directors proposes the following guidelines.

The board proposes that the principles shall be applied for the time up until the annual general meeting 2009 and that the annual general meeting approves the principles. The proposal has been prepared by the board and the remuneration committee of the board.

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 is based upon four main components; base salary, short-term incentive compensation, long-term incentive compensation and pension. In addition hereto, other benefits 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 short-term incentive compensation is based on the achievement of certain predetermined goals, individual and general, qualitative and quantitative, agreed in writing with the individual. The short-term incentive compensation is set for one year at a time. Profitability based objectives and discretionary based objectives related to the on-going strategy transformation are examples of objectives used. Short-term incentive compensation shall be maximized either to a certain percentage of the base salary or a fixed amount. The maximum cost for Intrum Justitia's short-term incentive compensation to the managing director and other current key executives for 2008 is MSEK 14, excluding social charges.

The aim of Intrum Justitia's long-term incentive compensation is to stimulate the participants, whose efforts are deemed to have a direct impact on the company's result, profitability and value growth, to further increased efforts, by aligning their long-term interests and perspectives with those of the shareholders. The intention is to create a commitment to Intrum Justitia, to strengthen the overall perspective on Intrum Justitia and to offer the participants an opportunity to take part in Intrum Justitia's long-term success and value creation.

Long-term incentive programmes shall be share-based and performance-based. The estimated value at allotment shall amount to a maximum of 50 percent of the annual base salary.

The pension plan may be defined benefit-based or defined contribution-based and shall be inviolable. The size of the pensionable salary is capped.

At termination of employment by the company, severance pay of between 12 and 24 months' salary will be paid.

The board shall have the possibility to deviate from the approved principles if special reasons exist in an individual case.

Proposed disposition of profit

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

SEK	
Share premium reserve	61,871,888
Retained earnings	549,786,792
Net earnings for the year	–59,841,168
Total	551,817,512

Retained earnings from the previous year have been increased by Group contributions received during the year, which amounted to SEK 90,360,000, net, after tax.

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

SEK	
Dividend, not more than 79 994 651 shares x 3,25 SEK	259,982,616
Balance carried forward, at least	291,834,896
Total	551,817,512

The Board of Directors' complete statement motivating the proposed disposition of profit for the financial year 2007 is presented in a separate document prior to the Annual General Meeting 2008. It concludes, among other things, that the proposed dividend is in line with the company's dividend policy and that the Board, having considered the nature of the company's operations, its scope and risks, as well as the company's and the Group's consolidation requirements, liquidity and financial position in other respects, has found no indications that the proposed dividend is unjustified.

The financial reports have been approved for release on March 5, 2008 by the Board of Directors of the Parent Company, which proposes their adoption by the Annual General Meeting on April 10, 2008.

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

The Board of Directors and the President certify that the annual report has been prepared in accordance with generally accepted accounting standards and give a true and fair view of the company's financial position and results of operations and that the Board of Directors' report gives a true and fair overview of the company's operations, financial position and results and describes significant risks and uncertainties that the company faces.

The consolidated accounts have been prepared in accordance with the international accounting standards specified in regulation no. 1606/2002 of the European Parliament and the Council dated July 19, 2002 on the application of international accounting standards and give a true and fair view of the Group's financial position results of operations. With regard to the Group as well, the Board of Directors' report gives a true and fair overview of its operations, financial position and results and describes significant risks and uncertainties that the Group faces.

Stockholm, March 5, 2008

Lars Lundquist
Chairman

Bo Ingemarson
Deputy Chairman

Matts Ekman
Board Member

Helen Fasth-Gillstedt
Board Member

Lars Förberg
Board Member

Ársæll Hafsteinsson
Board Member

Lars Wollung
Board Member

Michael Wolf
President and CEO

Consolidated income statement

SEK M	NOTE	2007	2006
Revenues	2, 3	3,225.2	2,939.6
Cost of sales		–1,868.9	–1,705.9
Gross earnings		**1,356.3**	**1,233.7**
Sales and marketing expenses		–285.4	–261.9
General and administrative expenses		–403.9	–385.5
Participations in associated companies	5	0.8	0.4
Operating earnings (EBIT)	2, 4	**667.8**	**586.7**
Financial income	6	19.6	14.5
Financial expenses	7	–91.7	–74.1
Net financial items		**–72.1**	**–59.6**
Earnings before tax		**595.7**	**527.1**
Tax	8	–133.7	–119.6
Net earnings for the year		**462.0**	**407.5**
Of which attributable to			
Parent Company’s shareholders		459.6	397.0
Minority interests		2.4	10.5
Net earnings for the year		**462.0**	**407.5**
Data per share, SEK	9		
Share price at end of period		115.00	88.75
Earnings per share before dilution		5.86	5.09
Earnings per share after dilution		5.83	5.04
Average number of shares before dilution, ’000		78,436	77,956
Average number of shares after dilution, ’000		78,859	78,795
Number of shares at end of period, ’000		79,090	77,956

For definitions, see page 78.

Consolidated balance sheet

SEK M	NOTE	DEC 31, 2007	DEC 31, 2006
ASSETS			
Fixed assets			
Intangible fixed assets	10		
Capitalized expenditure for IT development		158.9	111.8
Other intangible fixed assets		15.1	19.0
Goodwill		1,614.6	1,524.4
Total intangible fixed assets		1,788.6	1,655.2
Tangible fixed assets	11		
Computer hardware		47.8	35.6
Other tangible fixed assets		51.5	45.1
Total tangible fixed assets		99.3	80.7
Financial fixed assets			
Shares and participations in associated companies	14	15.0	5.4
Other shares and participations	15	0.1	0.1
Purchased debt	16	1,882.2	1,317.9
Deferred tax assets	8	86.3	39.4
Other long-term receivables	17	8.6	19.6
Total financial fixed assets		1,992.2	1,382.4
Total fixed assets		3,880.1	3,118.3
Current assets			
Current receivables			
Accounts receivable	18	239.1	252.0
Client funds		523.2	480.3
Tax assets		43.8	36.3
Other receivables	19	304.6	263.7
Prepaid expenses and accrued income	20	142.8	93.5
Total current receivables		1,253.5	1,125.8
Liquid assets	21	259.8	217.4
Total current assets		1,513.3	1,343.2
TOTAL ASSETS		5,393.4	4,461.5

SEK M	NOTE	DEC 31, 2007	DEC 31, 2006
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		875.5	812.3
Reserves		50.1	–24.1
Retained earnings		915.2	670.0
Total shareholders' equity attributable to Parent Company's shareholders		1,842.4	1,459.8
Shareholders' equity attributable to minority		0.1	32.8
Total shareholders' equity		**1,842.5**	**1,492.6**
Long-term liabilities			
Liabilities to credit institutions	25	1,678.3	1,618.6
Other long-term liabilities		3.0	1.0
Provisions for pensions	23	35.0	34.3
Other long-term provisions	24	0.4	2.1
Deferred tax liabilities	8	44.5	25.4
Total long-term liabilities		**1,761.2**	**1,681.4**
Current liabilities			
Liabilities to credit institutions	25	72.4	27.8
Client funds payable		523.2	480.3
Accounts payable		159.1	118.6
Income tax liabilities		93.6	78.1
Advances from clients		32.7	34.9
Other current liabilities*		521.1	194.7
Accrued expenses and prepaid income	26	387.6	351.9
Other short-term provisions	24	0.0	1.2
Total current liabilities		**1,789.7**	**1,287.5**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**5,393.4**	**4,461.5**

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

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

* Other short-term liabilities at year-end 2007 include SEK 338.4 M corresponding to the Group's share of the purchase price of the Austrian bank portfolio acquired in 2007 together with the French investment bank Calyon. Payment will be made in June 2008.

Consolidated cash flow statement

SEK M	NOTE	2007	2006
Operating activities			
Operating earnings	2	667.8	586.7
Depreciation/amortization	4	90.8	80.8
Adjustment for expenses not included in cash flow	2	–0.5	8.0
Interest received		20.0	14.3
Interest paid and other financial expenses		–64.0	–69.2
Income tax paid		–153.6	–164.5
Cash flow from operating activities before changes in working capital		**560.5**	**456.1**
Changes in working capital		–31.4	7.6
Cash flow from operating activities		**529.1**	**463.7**
Investing activities			
Purchases of intangible fixed assets	10	–90.8	–61.3
Purchases of tangible fixed assets	11	–43.8	–44.8
Sale of tangible assets		0.0	11.1
Debt purchases*	16	–666.2	–869.7
Amortization of purchased debt	16	484.0	409.8
Purchases of subsidiaries and associated companies	39	–110.1	–1.9
Lending to third parties		12.1	–17.6
Other cash flow from investing activities		–1.1	0.1
Cash flow from investing activities		**–415.9**	**–574.3**
Financing activities			
Borrowings		514.8	615.0
Amortization of loans		–445.2	–294.0
Subscription proceeds obtained through the exercise of employee stock options		61.9	–
Share dividend to Parent Company's shareholders		–214.4	–175.4
Share dividend to minority owners		–	–8.7
Cash flow from financing activities		**–82.9**	**136.9**
Change in liquid assets		**30.3**	**26.3**
Opening balance of liquid assets		**217.4**	**198.5**
Exchange rate differences in liquid assets		12.1	–7.4
Closing balance of liquid assets	21	**259.8**	**217.4**
Unutilized credit facilities		310.3	278.9
Available liquidity		**570.1**	**496.3**

* Cash flow from investing activities includes only payments for investments during the year. In addition to disbursements for the year of SEK 666.2 M in *Purchased Debt,* an agreement was reached in December 2007 to acquire an Austrian bank portfolio with an aggregate outstanding principal of EUR 640 M (approximately SEK 6 billion). The acquisition was made together with the French investment bank Calyon, and Intrum Justitia's share is approximately EUR 35 M, or SEK 330 M. Payment will be issued in June 2008.

Parent Company income statement

SEK M	NOTE	2007	2006
Revenues	3	35.3	34.2
Gross earnings		**35.3**	**34.2**
Sales and marketing expenses		–20.5	–15.3
General and administrative expenses		–113.5	–120.6
Operating earnings	4	**–98.7**	**–101.7**
Income from participations in Group companies	6	135.6	13.5
Interest income and similar items	6	112.0	143.0
Interest expenses and similar items	7	–282.2	–197.1
Net financial items		**–34.6**	**–40.6**
Earnings before tax		**–133.3**	**–142.3**
Tax on earnings for the year	8	73.5	39.9
Net earnings for the year		**–59.8**	**–102.4**

Parent Company balance sheet

SEK M	NOTE	DEC 31, 2007	DEC 31, 2006
ASSETS			
Fixed assets			
Intangible fixed assets	10		
Capitalized expenditure for IT development		0.9	2.6
Total intangible fixed assets		0.9	2.6
Tangible fixed assets	11		
Computer hardware		0.3	0.2
Other tangible fixed assets		0.3	0.4
Total tangible fixed assets		0.6	0.6
Financial fixed assets			
Participations in Group companies	12	6,974.0	6,973.0
Deferred tax assets	8	46.4	8.0
Receivables from Group companies		307.2	698.7
Other long-term receivables	17	1.1	0.0
Total financial fixed assets		7,328.7	7,679.7
Total fixed assets		7,330.2	7,682.9
Current assets			
Current receivables			
Accounts receivable	18	0.0	0.0
Tax assets		20.8	2.9
Receivables from Group companies		1,609.0	1,864.1
Other receivables	19	8.5	9.3
Prepaid expenses and accrued income	20	3.9	2.3
Total current receivables		1,642.2	1,878.6
Liquid assets	21	9.3	18.7
Total current assets		1,651.5	1,897.3
TOTAL ASSETS		8,981.7	9,580.2

SEK M	NOTE	DEC 31, 2007	DEC 31, 2006
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	22		
Restricted equity			
Share capital		1.6	1.6
Statutory reserve		282.4	282.4
Total restricted equity		284.0	284.0
Non-restricted equity			
Share premium reserve		61.9	0.0
Retained earnings		549.8	775.0
Net earnings for the year		–59.8	–102.4
Total non-restricted equity		551.9	672.6
Total shareholders' equity		**835.9**	**956.6**
Provisions			
Provisions for pensions	23	2.3	2.3
Total provisions			
Long-term liabilities			
Liabilities to credit institutions	25	1,678.0	1,617.0
Liabilities to Group companies		5,827.3	5,938.8
Total long-term liabilities		**7,505.3**	**7,555.8**
Current liabilities			
Liabilities to credit institutions	25	54.5	3.8
Accounts payable		2.9	2.8
Liabilities to Group companies		536.9	1,021.5
Other current liabilities		1.5	1.8
Accrued expenses and prepaid income	26	42.4	37.6
Total current liabilities		**638.2**	**1,067.5**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**8,981.7**	**9,580.2**
Pledged assets		None	None
Contingent liabilities		None	None

Parent Company cash flow statement

SEK M	NOTE	2007	2006
Operating activities			
Operating earnings		–98.7	–101.7
Depreciation/amortization	4	1.9	1.1
Adjustment for expenses not included in cash flow		1.3	29.9
Interest received		112.0	143.0
Interest paid and other financial expenses		–273.0	–193.7
Income tax paid		–17.9	–20.5
Cash flow from operating activities before changes in working capital		**–274.4**	**–141.9**
Changes in working capital		14.3	36.7
Cash flow from operating activities		**–260.1**	**–105.2**
Investing activities			
Purchases of intangible fixed assets	10	0.0	–2.0
Purchases of tangible fixed assets	11	–0.3	–0.3
Purchases of subsidiaries	12	–	–6,372.1
Other cash flow from investing activities		–1.1	0.0
Cash flow from investing activities		**–1.4**	**–6,374.4**
Financing activities			
Borrowings		514.8	565.2
Amortization of loans		–401.0	–294.0
Net loans to subsidiaries		155.2	6,389.0
Subscription proceeds obtained through the exercise of employee stock options		61.9	–
Repayment of shareholders' contribution by subsidiary		–	13.5
Share dividend from subsidiaries		135.6	0.0
Share dividend to Parent Company's shareholders		–214.4	–175.4
Cash flow from financing activities		**252.1**	**6,498.3**
Change in liquid assets		**–9.4**	**18.7**
Opening balance of liquid assets		**18.7**	**0.0**
Closing balance of liquid assets	21	**9.3**	**18.7**

Summary of changes in shareholders' equity

See also Note 22.

GROUP, SEK M	Number of shares outstanding	SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS: Share capital	Other paid-in capital	Reserves	Retained earnings incl. earnings for the year	Total	Minority interests	Total shareholders' equity
Opening balance, January 1, 2006	**77,956,251**	**1.6**	**794.9**	**39.6**	**448.4**	**1,284.5**	**31.6**	**1,316.1**
Change in translation reserve for the year				–63.7		–63.7	–0.6	–64.3
Total change in net assets recognized in shareholders' equity, excl. transactions with company's owners		0.0	0.0	–63.7	0.0	–63.7	–0.6	–64.3
Net earnings for the year					397.0	397.0	10.5	407.5
Total change in net assets excl. transactions with company's owners		0.0	0.0	–63.7	397.0	333.3	9.9	343.2
Effect of employee stock option program			17.4			17.4		17.4
Share dividend					–175.4	–175.4	–8.7	–184.1
Closing balance, December 31, 2006	**77,956,251**	**1.6**	**812.3**	**–24.1**	**670.0**	**1,459.8**	**32.8**	**1,492.6**
Change in translation reserve for the year				74.2		74.2	0.6	74.8
Total change in net assets recognized in shareholders' equity, excl. transactions with company's owners		0.0	0.0	74.2	0.0	74.2	0.6	74.8
Net earnings for the year					459.6	459.6	2.4	462.0
Total change in net assets excl. transactions with company's owners		0.0	0.0	74.2	459.6	533.8	3.0	536.8
Effect of employee stock option program			1.3			1.3		1.3
Share capital increase through exercise of employee stock options	1,133,600	0.0	61.9			61.9		61.9
Acquisition from minority shareholder						0.0	–35.7	–35.7
Share dividend					–214.4	–214.4		–214.4
Closing balance, December 31, 2007	**79,089,851**	**1.6**	**875.5**	**50.1**	**915.2**	**1,842.4**	**0.1**	**1,842.5**

Accumulated exchange rate differences recognized in equity since the transition to IFRS amounted to SEK 50.1 M (–24.1) on December 31, 2007.

PARENT COMPANY, SEK M	Number of shares outstanding	RESTRICTED EQUITY: Share capital	RESTRICTED EQUITY: Statutory reserve	NON-RESTRICTED EQUITY: Share premium reserve	Retained earnings	Net earnings for the year	Total shareholders' equity
Opening balance, January 1, 2006	**77,956,251**	**1.6**	**282.4**	**0.0**	**834.9**	**3.5**	**1,122.4**
Disposition of previous year's earnings					3.5	–3.5	0.0
Effect of employee stock option program					29.9		29.9
Share dividend					–175.4		–175.4
Group contribution received from Intrum Justitia International AB					114.0		114.0
Tax effect of Group contribution					–31.9		–31.9
Net earnings for the year						–102.4	–102.4
Closing balance, December 31, 2006	**77,956,251**	**1.6**	**282.4**	**0.0**	**775.0**	**–102.4**	**956.6**
Disposition of previous year's earnings					–102.4	102.4	0.0
Effect of employee stock option program					1.3		1.3
Share capital increase through exercise of employee stock options	1,133,600	0.0		61.9			61.9
Share dividend					–214.4		–214.4
Group contribution received from Intrum Justitia International AB					125.5		125.5
Tax effect of Group contribution					–35.2		–35.2
Net earnings for the year						–59.8	–59.8
Closing balance, December 31, 2007	**79,089,851**	**1.6**	**282.4**	**61.9**	**549.8**	**–59.8**	**835.9**

Notes

Note 1. Accounting and valuation principles

ACCOUNTING PRINCIPLES APPLIED

The annual report for Intrum Justitia AB (publ) is prepared with respect to the consolidated accounts in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as approved by the EU. Further, the Swedish Financial Accounting Standards Council's recommendation *RR 30:06 Supplementary Rules for Consolidated Financial Statements* has been applied.

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

ASSUMPTIONS

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

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

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

Estimates made by Management that have a significant impact on the financial reports and estimations, which could necessitate significant adjustments in financial reports in subsequent years, are described in more detail in Note 40.

The accounting principles described below for the Group have been applied consistently for all periods in the Group's financial reports, unless otherwise indicated. The accounting is based on the Group's opening balance sheet according to IFRS as of January 1, 2004, which was included in the annual report for 2005. The Group's accounting principles have been applied consistently in the consolidation of the Parent Company, subsidiaries, associated companies and joint ventures.

CHANGES IN ACCOUNTING PRINCIPLES

Changes that entered into force in 2007

The Group applied *IFRS 7 Financial Instruments: Disclosures* and the related changes in *IAS 1 Presentation of Financial Statements* for the first time in the accounts for 2007. These accounting standards contain expanded disclosure requirements for financial instruments and risks but no changes in accounting principles.

Moreover, a number of new interpretations from IFRIC apply as of 2007 regarding reporting in high-inflation countries, share-based payment for goods and services, the revaluation of embedded derivatives and impairment losses reported in interim reports. None of these interpretations have had a significant impact on Intrum Justitia's financial reports for 2007.

Changes that enter into force in or after 2008

The Group has decided against early application of any new or amended accounting standards or interpretations that enter into force in or after 2008.

The EU has approved a new accounting standard, *IFRS 8 Operating segments*, which contains new rules on how operating segments are defined and the information that must be disclosed on them in the financial reports. The recommendation will be applied as of 2009, although earlier application is permitted.

Changes have also been made in *IAS 23 Borrowing Costs* which make it mandatory under certain circumstances to capitalize borrowing costs attributable to production of fixed assets. The amendment to the standard will be applied as of 2009, although earlier application is permitted.

IASB has issued a new version of *IFRS 3 Business Combinations*, although it has not yet been approved by the EU. The standard includes amended rules on acquisitions of subsidiaries achieved in stages and means that acquisition costs may not be capitalized together with the purchase price.

There are also a number of interpretations from IFRIC that the Group is obligated to apply as of 2008 concerning the recognition of holdings of treasury shares, service concession agreements, customer loyalty programs and defined benefit assets. These new rules are not expected to be of material significance to Intrum Justitia's financial reports, either.

Classification issues

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

CONSOLIDATION

Subsidiaries

The Group applies *IFRS 3 Business Combinations*.

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

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

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

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

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

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

Associated companies

The Group applies *IAS 28 Investments in Associates*.

Associated companies are companies that are not subsidiaries but where the Parent Company, directly or indirectly, has at least 20 percent of the votes or otherwise exercises significant influence without having control over the partly owned company.

Participations in associated companies are recognized in the consolidated accounts according to the equity method, which means that the holding in the associated company is recognized at cost and subsequently adjusted to the Group's share of the change in the associated company's net assets. The value of the shares includes surplus values from the Group from the acquisition. The consolidated income statement includes the Group's profit participation less goodwill impairment. The amount is reported on the line, Participations in associated companies. However, the Group's share of the associated company's tax expense is reported on the line Tax. Dividends received from the associated company are not recognized through profit or loss and instead reduce the carrying value of the investment.

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

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

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

Joint ventures

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

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

Only equity earned subsequent to acquisition is recognized in the Group's equity. The proportional method is applied from the date when shared 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 operating earnings if, for example, they refer to accounts receivable or accounts payable, or in net financial items if they refer to financial investments and borrowing in foreign currency.

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

Translation of the financial reports 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 equity as a translation reserve.

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

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

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

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

FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

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

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

The fair value of listed financial assets corresponds to their listed market price on the balance sheet date. The fair value of unlisted financial assets is determined by using valuation techniques, e.g., recently conducted transactions, the price of similar instruments and discounted cash flows. For further information, see Note 37.

LONG-TERM RECEIVABLES AND OTHER RECEIVABLES

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

ACCOUNTS RECEIVABLE

Accounts receivable are classified in the category loans receivable and accounts receivable. Accounts receivable are recognized at the amount expected to be received after deducting impaired receivables, which are evaluated individually or according to statistical methods. Provisions for impaired receivables are recognized as sales and marketing expenses. The anticipated maturity of accounts receivable is short, so they are carried at nominal amount without discounting.

LEGAL OUTLAYS

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

CLIENT FUNDS

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

LIQUID ASSETS

Liquid assets consist of cash and cash equivalents as well as immediately available balances with banks and similar institutions. The Group's short-term investments consist of investments with an insignificant risk of fluctuating in value, which can easily be converted to cash and has 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. Subsequent to acquisition, loans are carried at amortized cost according to the effective rate method. Long-term liabilities have an anticipated maturity of more than one year, while short-term liabilities have a maturity of less than one year. The Group's long-term loans generally have short fixed interest periods, which means that the nominal loan amount plus accrued interest is a good approximation of the liability calculated according to the effective rate model.

ACCOUNTS PAYABLE

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

DERIVATIVES AND HEDGE ACCOUNTING

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

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

Hedge accounting is not needed for forward exchange contracts because the hedged item and the hedging instrument are carried at fair value with changes in value recognized through profit or loss as exchange rate differences. Changes in the value of operations-related receivables and liabilities are recognized in operating earnings, while changes in the value of financial receivables and liabilities are recognized in net financial items.

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.

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

IT development costs that are recognized as intangible assets are amortized using the straight-line method over their useful lives, though not more than five years. The asset is recognized at cost less accumulated amortization and impairment losses.

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

Other intangible fixed assets

Other intangible fixed assets include fair value revaluation of customer relations and similar assets recognized upon acquisition in accordance with *IFRS 3*. They are amortized on a straight-line basis over their estimated period of use

Goodwill

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

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

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

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

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

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

TANGIBLE FIXED ASSETS

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

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

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

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

An annual determination is made of each asset's residual value and useful life.

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

LEASING

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

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

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

TAXES

The Group applies *IAS 12 Income Taxes*.

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

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

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

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

EQUITY

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

PROVISIONS

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

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

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

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

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

A provision for dilapidation agreements regarding 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 revenue after a certain interval. A provision is recognized in the balance sheet corresponding to the anticipated repayments of incorrectly received payments based on a probability analysis.

CONTINGENT LIABILITIES

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

IMPAIRMENT

The Group applies *IAS 36 Impairment of Assets*.

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

If there is any indication of impairment, the asset's recoverable value is estimated. For goodwill and other intangible assets with an indeterminate period of use and intangible assets not yet ready for use, recoverable values are calculated annually. If essentially independent cash flows cannot be isolated for individual assets, the assets are grouped at the lowest level where essentially independent cash flows can be identified, a cash-generating unit. Intrum Justitia's operations in each country are considered the Group's cash-generating units in this regard.

An impairment loss is recognized when the carrying value of an asset or cash-generating unit exceeds its recoverable value. Impairment losses are recognized through profit or loss. Impairment losses attributable to a cash-generating unit are mainly allocated to goodwill, after which they are divided proportionately among other assets in the unit.

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

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

EMPLOYEE BENEFITS

The Group applies *IAS 19 Employee Benefits, IFRS 2 Share-based Payment* and pronouncement UFR 7 from the Swedish Financial Reporting Board.

Pension obligations

The Group's pension obligations are, for the most part, secured through official pension arrangements or insurance solutions. Pension obligations vary between countries on the basis of legislation and different pension systems. See also Note 23 for a further description.

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

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

Actuarial gains and losses may arise in the determination of the present value of the obligation and the fair value of investment assets. They arise either because the actual outcome deviates from previous assumptions or the assumptions change. Intrum Justitia applies a corridor rule, which means that the portion of the cumulative actuarial gains and losses exceeding 10 percent of the higher of the commitments' present value and the fair value of assets under management is recognized over the anticipated average remaining period of employment of the employees covered by the plan. Actuarial gains and losses are otherwise not taken into account.

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

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

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

Share-based payment

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

An option program gives employees the opportunity to acquire shares in the company. The fair value of the allotted options is recognized as a staff cost with a corresponding increase in equity. Fair value is initially calculated at the time of allotment and distributed over the vesting period. The fair value of the allotted options is calculated according to the Black-Scholes model and takes into account the terms and conditions of the allotted instruments. The recognized cost corresponds to the fair value of an estimate of the number of options earned. This cost is adjusted in subsequent periods to reflect the actual number of options earned.

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

BORROWING COSTS

The Group applies *IAS 23 Borrowing Costs*.

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

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

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.

LEASING

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

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

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

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

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

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

In connection with the purchase of each portfolio of written-off receivables, a forecast is made of the portfolio's forecast cash flows. Cash flows include the loan amount, reminder fees, collection fees and late interest that, based on a probability assessment, are expected to be received from debtors, less forecast collection costs. With this forecast and the purchase price including transaction costs as a basis, each portfolio is assigned an initial effective interest rate that is then used to discount cash flows through the life of the portfolio. Current cash flow forecasts are monitored over the course of the year and updated based on, among other things, achieved collection results, agreements reached with debtors on installment plans and macroeconomic information. Cash flow forecasts are made at the portfolio level, since each portfolio of receivables consists of a small number of homogeneous amounts. On the basis of the updated cash flow forecasts and initial effective interest rate, a new carrying value for the portfolio is calculated in the closing accounts. The Group applies internal application rules which mean that the initial effective interest rate can be adjusted in certain cases without a change in the carrying value of the portfolio for minor forecasts adjustments within a predetermined interval. Changes over time in the book value can be divided into a time and interest rate component and a component related to changes in estimates of future cash flows. Changes in cash flow forecasts are treated symmetrically, i.e., both increases and decreases in forecast flows affect the portfolios' book value and, as a result, earnings. However, the portfolios are never recognized at higher than cost.

CASH FLOW STATEMENT
The Group applies *IAS 7 Cash Flow Statements*.

The cash flow statement includes changes in the balance of liquid assets. The Group's liquid assets consist of cash, bank balances and short-term investments. Cash flow is divided into cash flows from operating activities, investment 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 reported as cash flow from investing activities, net, after deducting liquid assets in the acquired or divested company.

EARNINGS PER SHARE
The Group applies *IAS 33 Earnings per Share*.

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

Since 2004 the Group has an employee stock option program for which the Parent Company has issued options to senior executives in the Group to subscribe for shares at a predetermined price during the period July 1, 2007–May 30, 2009. During the year the employee stock option program gave rise to a dilution effect on earnings per share corresponding to unexercised options calculated according to *IAS 33*. The dilution effect consists of the difference between the number of shares comprised by the option program and the number of shares at market value corresponding to the present value of future subscription proceeds.

SEGMENTS
The Group applies *IAS 14 Segment Reporting*.

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

Intrum Justitia considers geographical regions as its primary segments and service lines as secondary segments. The geographical regions are Sweden, Norway & Denmark; Netherlands, Belgium & Germany; Switzerland, Austria & Italy; France, Spain & Portugal; Finland, Estonia, Latvia & Lithuania; United Kingdom & Ireland; and Poland, Czech Republic, Slovakia & Hungary. The service lines are *Credit Management* and *Purchased Debt*. In addition, there are central expenses that are not distributed by geographical region or service line.

The distribution by geographical region and service line conforms to the segment distribution used for internal follow-ups. Key ratios such as number of employees, number of cases and revenues are sometimes used when distributing expenses in a Group company between service lines.

PARENT COMPANY'S ACCOUNTING PRINCIPLES
The Parent Company has prepared the annual report according to the Annual Accounts Act (1995:1554) and the Swedish Financial Accounting Council's recommendation *RR 32:06 Accounting in Legal Entities*.

RR 32:06 means that the Parent Company, in the annual report for the legal entity, must apply all EU-approved IFRS and pronouncements as far as possible within the framework of the Annual Accounts Act and taking into account the connection between reporting and taxation. The recommendation specifies exemptions and additions relative to IFRS.

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

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

Group contributions and shareholders' contributions for legal entities
The company reports Group contributions and shareholders' contributions in accordance with pronouncement UFR 2 from the Swedish Financial Reporting Board.

Shareholders' contributions are recognized directly in the shareholders' equity of the recipient and capitalized in the shares and participating interests of the contributor, to the extent impairment is not required. Group contributions equated with dividends are recognized as a dividend. This means that Group contributions received and the effect on current tax are recognized through profit or loss. Group contributions paid and the effect on current tax are recognized directly in retained earnings.

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. In a separate pronouncement in February 2007, the Swedish Financial Accounting Standards Council has opened the opportunity for legal entities to report currency derivatives at cost instead of fair value. Intrum Justitia has not utilized this option.

Note 2. Information by geographical region and service line

SEK M	GROUP 2007	2006
Revenues from external clients by geographical region		
Sweden, Norway & Denmark	689.1	655.7
Netherlands, Belgium & Germany	625.1	592.3
Switzerland, Austria & Italy	451.3	397.2
France, Spain & Portugal	509.5	445.6
Finland, Estonia, Latvia & Lithuania	448.5	414.5
United Kingdom & Ireland	273.7	267.9
Poland, Czech Republic, Slovakia & Hungary	228.0	166.4
Total	3,225.2	2,939.6
Intra-Group revenues by geographical region		
Sweden, Norway & Denmark	12.3	9.3
Netherlands, Belgium & Germany	40.3	32.6
Switzerland, Austria & Italy	23.9	34.0
France, Spain & Portugal	48.0	38.9
Finland, Estonia, Latvia & Lithuania	39.9	29.7
United Kingdom & Ireland	21.1	22.0
Poland, Czech Republic, Slovakia & Hungary	25.2	22.9
Elimination	–210.7	–189.4
Total	0.0	0.0
Operating earnings by geographical region		
Sweden, Norway & Denmark	199.4	192.1
Netherlands, Belgium & Germany	135.6	124.6
Switzerland, Austria & Italy	121.4	88.3
France, Spain & Portugal	114.1	99.9
Finland, Estonia, Latvia & Lithuania	185.4	174.5
United Kingdom & Ireland	–34.0	–33.4
Poland, Czech Republic, Slovakia & Hungary	56.4	32.4
Participations in associated companies	0.8	0.4
Central expenses	–111.3	–92.1
Total	667.8	586.7
Operating margin (EBITA), %		
Sweden, Norway & Denmark	28.9	29.3
Netherlands, Belgium & Germany	21.7	21.0
Switzerland, Austria & Italy	26.9	22.2
France, Spain & Portugal	22.4	22.4
Finland, Estonia, Latvia & Lithuania	41.3	42.1
United Kingdom & Ireland	–12.4	–12.5
Poland, Czech Republic, Slovakia & Hungary	24.7	19.5
Group total	20.7	20.0
Assets		
Sweden, Norway & Denmark	950.2	822.2
Netherlands, Belgium & Germany	1,008.1	877.0
Switzerland, Austria & Italy	1,005.5	567.9
France, Spain & Portugal	861.7	793.1
Finland, Estonia, Latvia & Lithuania	653.4	459.1
United Kingdom & Ireland	584.3	676.2
Poland, Czech Republic, Slovakia & Hungary	328.5	187.6
Other/Eliminations	1.7	78.4
Total	5,393.4	4,461.5
Liabilities and provisions		
Sweden, Norway & Denmark	778.5	688.3
Netherlands, Belgium & Germany	472.3	507.7
Switzerland, Austria & Italy	543.1	264.6
France, Spain & Portugal	474.4	498.1
Finland, Estonia, Latvia & Lithuania	165.6	130.5
United Kingdom & Ireland	404.4	720.1
Poland, Czech Republic, Slovakia & Hungary	119.9	95.7
Other/Eliminations	592.7	63.9
Total	3,550.9	2,968.9
Investments in tangible and intangible fixed assets		
Sweden, Norway & Denmark	16.4	24.1
Netherlands, Belgium & Germany	38.6	20.3
Switzerland, Austria & Italy	29.7	14.7
France, Spain & Portugal	8.8	4.5
Finland, Estonia, Latvia & Lithuania	25.1	12.0
United Kingdom & Ireland	5.7	8.6
Poland, Czech Republic, Slovakia & Hungary	8.3	7.6
Other/Eliminations	11.2	17.2
Total	143.8	109.0
Depreciation/amortization		
Sweden, Norway & Denmark	–7.3	–7.9
Netherlands, Belgium & Germany	–14.0	–11.2
Switzerland, Austria & Italy	–16.6	–17.2
France, Spain & Portugal	–5.6	–4.5
Finland, Estonia, Latvia & Lithuania	–9.5	–8.4
United Kingdom & Ireland	–12.9	–13.8
Poland, Czech Republic, Slovakia & Hungary	–7.9	–8.2
Other/Eliminations	–17.0	–9.6
Total	–90.8	–80.8
Adjustment for expenses not included in cash flow		
Sweden, Norway & Denmark	0.0	1.4
Netherlands, Belgium & Germany	0.5	–7.2
Switzerland, Austria & Italy	–0.6	–0.6
France, Spain & Portugal	0.0	0.9
Finland, Estonia, Latvia & Lithuania	0.0	6.6
United Kingdom & Ireland	–1.4	–10.1
Poland, Czech Republic, Slovakia & Hungary	0.4	0.0
Other/Eliminations	0.6	17.0
Total	–0.5	8.0
Participations in associated companies		
Sweden, Norway & Denmark	0.0	0.0
Netherlands, Belgium & Germany	0.0	0.0
Switzerland, Austria & Italy	0.0	0.0
France, Spain & Portugal	0.0	0.0
Finland, Estonia, Latvia & Lithuania	0.0	0.0
United Kingdom & Ireland	0.0	0.0
Poland, Czech Republic, Slovakia & Hungary	0.0	0.0
Other/Eliminations	0.8	0.4
Total	0.8	0.4
Revenues by service line		
Credit Management	2,852.1	2,706.6
Purchased Debt	573.7	402.3
Elimination of inter-service line revenue	–200.6	–169.3
Total	3,225.2	2,939.6
Operating earnings by service line		
Credit Management	494.8	508.0
Purchased Debt	271.8	161.8
Participations in associated companies	0.8	0.4
Central expenses	–99.6	–83.5
Total	667.8	586.7
Operating margin, %		
Credit Management	17.3	18.8
Purchased Debt	47.4	40.2
Group total	20.7	20.0

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

Central expenses that cannot be distributed by geographical area are reported under central expenses, which also include expenses for head office operations.

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

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

Note 3. Revenue distribution

SEK M	GROUP 2007	GROUP 2006	PARENT COMPANY 2007	PARENT COMPANY 2006
Collection fees, commissions and debtors fees	2,447.8	2,386.7	–	–
Subscription revenues	93.0	98.3	–	–
Revenues from purchased debt	573.7	402.3	–	–
Revenues from Group companies	–	–	35.2	33.3
Other	311.3	221.6	0.1	0.9
Elimination	–200.6	–169.3	–	–
Total	3,225.2	2,939.6	35.3	34.2

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

Note 4. Depreciation and amortization

SEK M	GROUP 2007	GROUP 2006	PARENT COMPANY 2007	PARENT COMPANY 2006
Capitalized expenditure for IT development	–47.4	–38.9	–1.7	–0.8
Other intangibles	–6.6	–5.9	–	–
Computer hardware	–21.1	–20.2	–0.1	–0.1
Other equipment	–15.7	–15.8	–0.1	–0.2
Total	–90.8	–80.8	–1.9	–1.1

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

SEK M	GROUP 2007	GROUP 2006	PARENT COMPANY 2007	PARENT COMPANY 2006
Cost of sales	–71.6	–63.0	–	–
Sales and marketing expenses	–7.5	–7.1	–	–
General and administrative expenses	–11.7	–10.7	–1.9	–1.1
Total	–90.8	–80.8	–1.9	–1.1

Note 5. Participation in associated companies

SEK M	GROUP 2007	GROUP 2006
Intrum á Íslandi ehf., Reykjavik (Iceland)	0.8	0.4
Total	0.8	0.4

Note 6. Financial income

SEK M	GROUP 2007	GROUP 2006	PARENT COMPANY 2007	PARENT COMPANY 2006
Interest income from Group companies	–	–	110.4	141.3
Other interest income	19.6	14.5	1.6	1.7
Dividend from Group company	–	–	135.6	–
Repayment of conditional shareholders' contribution by subsidiary	–	–	–	13.5
Total	19.6	14.5	247.6	156.5

Note 7. Financial expenses

SEK M	GROUP 2007	GROUP 2006	PARENT COMPANY 2007	PARENT COMPANY 2006
Interest expenses to Group companies	–	–	–193.7	–134.7
Interest expenses	–86.5	–65.3	–82.7	–62.1
Translation differences	–3.5	–6.8	–4.1	2.3
Amortization of capitalized debt costs	–0.9	–0.9	–0.9	–0.9
Other financial expenses	–0.8	–1.1	–0.8	–1.7
Total	–91.7	–74.1	–282.2	–197.1

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

Note 8. Tax

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

SEK M	GROUP 2007	GROUP 2006
Earnings before tax		
Sweden	–107.2	14.1
Foreign	702.9	513.0
Total	595.7	527.1
Current tax		
Sweden	–1.8	–1.5
Foreign	–158.8	–131.5
Deferred tax		
Sweden	38.4	8.0
Foreign	–11.5	5.4
Total	–133.7	–119.6

The tax expense in Sweden was reduced by SEK 11.1 M in 2006 and SEK 5.0 M in 2007 through Group contribution of SEK 39.7 M and SEK 18.0 M to the Group company in Italy, which it offset losses from previous years. In Intrum Justitia's opinion, the Group contribution is tax deductible in Sweden as a consequence of the European Court of Justice's so-called Marks & Spencer ruling in 2005. The company's interpretation of the EU's rules was upheld in an advance ruling by the Swedish National Tax Board received in March 2007, which has not yet entered into force.

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

	GROUP 2007		GROUP 2006	
Reconciliation	SEK M	%	SEK M	%
Earnings after financial items	595.7		527.1	
Income tax calculated at standard rate in Sweden, 28%	–166.8	28.0	–147.6	28.0
Effect of different tax rates in other countries	25.1	–4.2	19.4	–3.7
Tax effect of tax-exempt income and non-deductible expenses	–5.5	0.9	–2.3	0.4
Utilized, previously unreported tax assets pertaining to loss carry-forwards (net)	–11.8	2.0	9.0	–1.7
Adjustments to previous years and other	25.3	–4.3	1.9	–0.3
Total tax on net earnings for the year	–133.7	22.4	–119.6	22.7

Unreported tax assets pertaining to tax loss carryforwards refer to the net positive tax effect during the year arising from the utilization of loss carryforwards that previously had not been recognized as a deferred tax asset and the negative tax effect during the year due to losses in other countries where no deferred tax asset is recognized for reasons of prudence. This item also includes the effect of Group contributions paid to Italy, as described above. Adjustments to previous years and other primarily refer to the correction of excess provisions from previous years in the Group's Swiss companies.

Corresponding reconciliation for Parent Company:

	PARENT COMPANY			
	2007		2006	
Reconciliation	SEK M	%	SEK M	%
Earnings after financial items	–133.3		–142.3	
Income tax calculated at standard rate in Sweden, 28%	37.3	28.0	39.8	28.0
Tax effect of tax-exempt income and non-deductible expenses	36.2	27.2	0.1	0.1
Total tax on net earnings for the year	73.5	55.2	39.9	28.1

Tax-exempt income in the Parent Company comprises dividends received and similar distribution from subsidiary companies.

When differences arise between the tax value and reported 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			
	2007		2006	
	Asset/ Liability	Income/ Expense	Asset/ Liability	Income/ Expense
Deferred tax assets				
Legal outlays	11.5	–1.8	13.3	–5.4
Purchased debt	1.7	1.7	0.0	–1.1
Intangible assets	0.3	0.8	0.0	–1.1
Loss carryforwards	53.0	39.7	13.5	13.5
Provisions for pensions	7.4	–1.0	6.7	1.8
Other	12.4	0.4	5.9	3.1
Total	86.3	39.8	39.4	10.8
Deferred tax liabilities				
Purchased debt	–17.7	–9.4	–10.0	7.2
Intangible assets	–19.3	–4.9	–14.6	–4.7
Other	–7.5	1.4	–0.8	0.1
Total	–44.5	–12.9	–25.4	2.6
Net	41.8	26.9	14.0	13.4

Deferred tax assets of SEK 46.4 M (8.0) in the Parent Company refer to loss carryforwards.

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

The Group has loss carryforwards that can be utilized to offset future earnings totaling SEK 637.3 M (475.7), of which SEK 189.2 M (48.1) serves as the basis for deferred tax assets of SEK 53.0 M (13.5), which are recognized in the balance sheet since the loss carryforwards are expected to be utilized to offset earnings in the years ahead. Deferred tax assets are recognized for companies in Sweden and Norway despite that these companies had negative taxable results for 2007. One of the reasons for reporting in this manner is take advantage of opportunities to improve the companies' net interest expense by changing the Group's capital structure and thereby achieve positive taxable earnings again in the years ahead.

Loss carryforwards for which no deferred tax assets are recognized include the UK SEK 267.6 M (241.1) and Italy SEK 65.5 M (72.1). With regard to Italy, the loss carryforwards presumably will be utilized to offset taxable earnings in Sweden, provided that the company's interpretation of the Marks & Spencer ruling prevails.

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

Tax items reported directly against shareholders' equity

	GROUP		PARENT COMPANY	
SEK M	2007	2006	2007	2006
Current tax attributable to Group contributions received	–	–	–35.2	–31.9
Total	0.0	0.0	–35.2	–31.9

Note 9. Earnings per share

	GROUP	
	2007	2006
Net earnings for the year attributable to Parent Company's shareholders (SEK M)	459.6	397.0
Number of shares outstanding at beginning of year	77,956,251	77,956,251
Share capital increase through exercise of employee stock options	1,133,600	–
Number of shares outstanding at year-end	79,089,851	77,956,251
Weighted average number of shares during the year before dilution	78,436,068	77,956,251
Dilution effect attributable to employee stock option program	423,212	838,708
Weighted average number of shares during the year after dilution	78,859,280	78,794,959
Earnings per share before dilution (SEK)	5.86	5.09
Earnings per share after dilution (SEK)	5.83	5.04

During the year the Group's Employee Stock Option Program 2003/2009 gave rise to new shares when option holders exercised their options and also `gave rise to a dilution effect for options which have not yet been exercised.

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

Note 10. Intangible fixed assets

	GROUP		PARENT COMPANY	
SEK M	2007	2006	2007	2006
Capitalized expenditure for IT development				
Acquisition cost, opening balance	567.7	538.8	4.2	2.2
Capitalized expenditures for the year	89.1	59.4	–	2.0
Disposals	–30.8	–12.7	–	–
Reclassification	–0.2	0.2	–	–
Translation differences	15.0	–18.0	–	–
Accumulated acquisition cost, closing balance	**640.8**	**567.7**	**4.2**	**4.2**
Accumulated amortization, opening balance	–345.9	–321.3	–1.6	–0.8
Disposals	30.7	5.4	–	–
Reclassification	0.2	–	–	–
Amortization for the year	–47.4	–38.9	–1.7	–0.8
Translation differences	–4.2	8.9	–	–
Accumulated amortization, closing balance	**–366.6**	**–345.9**	**–3.3**	**–1.6**
Impairments, opening balance	–110.0	–114.6	–	–
Translation differences	–5.3	4.6	–	–
Accumulated impairments, closing balance	**–115.3**	**–110.0**	**0.0**	**0.0**
Carrying value	**158.9**	**111.8**	**0.9**	**2.6**
Other intangible fixed assets				
Acquisition cost, opening balance	31.3	27.2	–	–
Capitalized expenditures for the year	1.7	4.8	–	–
Translation differences	1.7	–0.7	–	–
Accumulated acquisition cost, closing balance	**34.7**	**31.3**	**0.0**	**0.0**
Accumulated amortization, opening balance	–12.3	–6.6	–	–
Amortization for the year	–6.6	–5.9	–	–
Translation differences	–0.7	0.2	–	–
Accumulated amortization, closing balance	**–19.6**	**–12.3**	**0.0**	**0.0**
Carrying value	**15.1**	**19.0**	**0.0**	**0.0**
Goodwill				
Acquisition cost, opening balance	1,524.4	1,573.4	–	–
Acquisition of minority	65.6	–	–	–
Translation differences	24.6	–49.0	–	–
Accumulated acquisition cost, closing balance	**1,614.6**	**1,524.4**	**–**	**–**
Accumulated impairments, closing balance	**–**	**–**	**–**	**–**
Carrying value	**1,614.6**	**1,524.4**	**–**	**–**

Payments during the year for investments in intangible fixed assets amounted to SEK 90.8 M (61.3) for the Group.

Impairment tests for cash-generating units containing goodwill

Intrum Justitia treats each country where the Group has operations as a cash-generating unit in the sense referred to in *IAS 38 Intangible Assets*.

The consolidated balance sheet includes goodwill attributable to 15 of the 22 countries, with a total book value of SEK 1,614.6 M (1,524.4). The goodwill value is distributed among the largest countries as follows:

SEK M	2007	2006
Sweden	369.0	369.0
UK	329.6	343.9
Switzerland	166.8	164.6
Finland	120.3	114.8
Netherlands	115.6	110.3
France	109.2	104.2
Norway	107.0	98.5
Other countries	297.1	219.2
Total	1,614.6	1,524.4

Impairment testing of goodwill for each cash-generating unit was done prior to preparation of the annual accounts. The recoverable amount is determined through an estimation of net realizable value. For each cash-generating unit, management has compiled a forecast of annual future cash flows based on historical experience and the company's own plans and estimates for the future. The cash flows have been discounted to present value applying the Group's weighted average cost of capital, which is estimated at 7.98 percent per year before tax. The fair value determined through the present value calculation, less assumed costs to sell of three percent, has been compared for each unit with the Group's net book value of the unit's assets and liabilities. The test gave no indication of an impairment need. Had any of the carrying values exceeded the fair value less costs to sell, an impairment loss would have been recognized, primarily relative to goodwill.

Since the impairment test is done by calculating an estimated recoverable amount, principles for company valuation have been applied. This entails, among other things, a discounting of the future cash flows. Cash flow forecasts for the years 2008–2010 are based on the companies' business plans, which are internal documents.

A sensitivity analysis initially showed that no indication of impairment of goodwill would be attributable to Finland, France, the Netherlands, Switzerland or Sweden even when assuming unchanged future revenues, margins and cash flows. For goodwill attributable to the UK and Norway require that the losses were reversed to earnings and that the companies in the long run reach a sustainable operating margin of at least 17 and 9 percent, respectively.

Note 11. Tangible fixed assets

	GROUP		PARENT COMPANY	
SEK M	2007	2006	2007	2006
Computer hardware				
Acquisition cost, opening balance	192.8	187.7	0.8	0.6
Investments for the year	33.2	20.6	0.2	0.2
Sales and disposals	–29.7	–8.3	–	–
Reclassification	–0.7	–	–	–
Translation differences	5.9	–7.2	–	–
Accumulated acquisition cost, closing balance	201.5	192.8	1.0	0.8
Accumulated depreciation, opening balance	–157.2	–150.8	–0.6	–0.5
Sales and disposals	29.1	8.1	–	–
Reclassification	–0.2	–	–	–
Depreciation for the year	–21.1	–20.2	–0.1	–0.1
Translation differences	–4.3	5.7	–	–
Accumulated depreciation, closing balance	–153.7	–157.2	–0.7	–0.6
Carrying value	47.8	35.6	0.3	0.2
Other equipment				
Acquisition cost, opening balance	205.0	202.6	1.5	1.4
Investments for the year	19.8	24.2	0.1	0.1
Sales and disposals	–21.5	–13.9	–	–
Reclassification	0.9	–0.2	–	–
Translation differences	6.2	–7.7	–	–
Accumulated acquisition cost, closing balance	210.4	205.0	1.6	1.5
Accumulated depreciation, opening balance	–159.9	–158.3	–1.1	–0.9
Sales and disposals	21.0	7.9	–	–
Depreciation for the year	–15.7	–15.8	–0.1	–0.2
Translation differences	–4.4	6.3	–	–
Accumulated depreciation, closing balance	–158.9	–159.9	–1.3	–1.1
Carrying value	51.5	45.1	0.3	0.4

Payments during the year for investments in tangible fixed assets amounted to SEK 43.8 M (44.8) for the Group.

Note 12. Group companies

SEK M	2007	2006
Opening balance	6,973.0	600,9
Capital contributions paid	1,0	530,1
Acquisition of subsidiary	0	5 842,0
Closing balance	**6,974.0**	**6 973,0**
Intrum N.V, Belgium	235.6	235.6
Intrum Justitia A/S, Denmark	188.4	188.4
Intrum Justitia AS, Estonia	0.7	0.7
Intrum Justitia Oy, Finland	1,649.0	1,649.0
Intrum Justitia SAS, France	345.0	345.0
Intrum Justitia SpA, Italy	50.1	50.1
Intrum Justitia Sia, Latvia	3.3	3.3
UAB Intrum Justitia, Lithuania	16.6	15.6
Fair Pay Please AS, Norway	154.2	154.2
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, UK	456.2	456.2
Intrum Justitia Sweden Holding 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 amount	6,974.0	6,973.0

The acquisition of subsidiaries in 2006 was an internal transaction.

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

Shares owned by Parent Company	Corp. identity no.	Domicile	Share of capital
AUSTRIA			
Intrum Justitia Inkasso GmbH	FN 48800s	Salzburg	100%
Schimmelpfeng Credit Management GmbH	FN 105105t	Salzburg	100%
BELGIUM			
Intrum N.V	BE 0426237301	Ghent	100%
Outsourcing Partners N.V	BE 0466643442	Ghent	100%
DENMARK			
Intrum Justitia A/S	DK 10613779	Copenhagen	100%
ESTONIA			
Intrum Justitia AS	10036074	Tallinn	100%
FINLAND			
Intrum Justitia Oy	FI14702468	Helsinki	100%
FRANCE			
Intrum Justitia SAS	B322 760 497	Lyon	100%
Socogestion SAS	B414 613 539	Lyon	100%
GERMANY			
Intrum Justitia Holding GmbH	HRB 4709	Darmstadt	100%
Intrum Justitia Inkasso GmbH	HRB 4622	Darmstadt	100%
Schimmelpfeng Forderungsmanage-ment GmbH	HRB 8997	Darmstadt	100%
Intrum Data Systems (Deutschland) GmbH	HRB 5345	Darmstadt	100%
Schimmelpfeng Creditmanagement GmbH	HRB 85778	Darmstadt	100%
ITALY			
Intrum Justitia SpA	03776980488	Milan	100%
LATVIA			
Intrum Justitia Sia	40003574557	Riga	100%
LITHUANIA			
UAB Intrum Justitia	124235171	Vilnius	100%
NORWAY			
Fair Pay Please AS	979 683 529	Oslo	100%
Intrum Justitia AS	848 579 122	Oslo	100%
Intrum Justitia Norge AS	892 007 802	Oslo	100%
PORTUGAL			
Intrum Justitia Portugal Unipessoal Lda.	7318	Lisbon	100%
SPAIN			
Intrum Justitia Ibérica S.A.U.	A28923712	Madrid	100%
Intrum International S.A.	A79927423	Madrid	100%
SWEDEN			
Intrum Justitia Sweden Holding AB	556542-7696	Stockholm	100%
Intrum Justitia Sverige AB	556134-1248	Stockholm	100%
Intrum Justitia Inkassosystem AB	556245-2309	Stockholm	100%
Intrum Justitia International AB	556570-1181	Stockholm	100%
SWITZERLAND			
Intrum Justitia AG	CH-020.3.020.656-9	Zurich	100%

Inkasso Med AG	CH-020.3.913.313-8	Zurich	70%
Kiss Kredit-Info-Service-System AG	CH-020.3.921.420-2	Zurich	100%
Intrum Justitia Finance Service AG	CH-020.3.912.665-1	Zurich	100%
UNITED KINGDOM			
Collector Services Ltd	3515447	Liverpool	100%
Intrum Justitia (Holdings) Ltd	1356148	Liverpool	100%
Intrum Justitia Ltd	1918920	Liverpool	100%
Outstanding Services (Credit Control) Ltd	1014132	Liverpool	100%
Bureau of Defaulters in England, Wales and Scotland Ltd	1007597	Liverpool	100%
Office of Debt Recovery Ltd	2852544	Liverpool	100%
Credit Ancillary Services (Scotland) Ltd	SC70627	Glasgow	51%
MTW Associates Ltd	4164604	Liverpool	100%
Debt Investigations (UK) Ltd	4164669	Liverpool	100%
Stirling Park LLP	SO300097	Glasgow	100%
Intrum Justitia (Scotland) Ltd	SC320518	Glasgow	100%

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

Subsidiaries of Intrum Justitia BV	Corp. identity no.	Domicile	Share of capital
HUNGARY			
Intrum Justitia Követeléskezeló Zrt.	01-10-044857	Budapest	100%
IRELAND			
Intrum Justitia Ireland Ltd	175808	Dublin	100%
Default Investigation (Ireland) Ltd	358355	Dublin	100%
NETHERLANDS			
Intrum Justitia Nederland BV	27.134.582	The Hague	100%
Intrum Justitia Central Europe BV	33.241.142	Amsterdam	60%
Intrum Justitia Data Centre BV	27.306.188	Amsterdam	60%
POLAND			
Intrum Justitia Debt Finance Poland Sp.zo.o	521-31-83-398	Warsaw	100%

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

Not 13. Joint ventures

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

The companies reported according to the proportional method are:

Intrum Crédit Agricole Indosuez Debt Finance AB, now Fair Pay Please AB
The company is domiciled in Stockholm with corporate identity number 556259-8606. In 2006 the company was jointly owned by Intrum Justitia and Crédit Agricole Stockholm Branch of Calyon Bank SA. As of 2007 the company is a wholly owned subsidiary of Intrum Justitia. The company's operations were started in 2002 and comprise ownership of written-off receivables in Finland.

SDF 50 AG
The company is domiciled in Zug, Switzerland, with corporate identity number CH-170.3.026.713-6. There are 28,600,002 shares outstanding in the company, of which Intrum Justitia owns 50 percent. The other shares are owned by ELQ Investors, Ltd, a company owned by Goldman Sachs. The company's operations were started in 2005 and comprise ownership of written-off receivables in Spain and Germany.

SDF 75 AG
The company is domiciled in Zug, Switzerland, with corporate identity number CH-170.3.026.714-4. There are 12,100,002 shares outstanding in the company, of which Intrum Justitia owns 25 percent. The other shares are owned by ELQ Investors, Ltd, a company owned by Goldman Sachs. The company's operations were started in 2004 and comprise ownership of written-off receivables in the UK.

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

Income statement

SEK M	2007	2006
Revenues	65.3	62.9
Operating expenses	–29.7	–27.3
Operating earnings	**35.6**	**35.6**
Net financial items	–8.5	–9.8
Earnings after financial items	**27.1**	**25.8**
Current and deferred tax	–7.6	–7.2
Net earnings for the year	**19.5**	**18.6**

Balance sheet

SEK M	2007	2006
Financial fixed assets	297.8	393.4
Current assets	7.0	12.3
Cash and bank balances	35.9	4.5
Total assets	**340.7**	**410.2**
Equity	158.3	152.8
Long-term liabilities	19.1	15.3
Current liabilities	163.3	242.1
Total equity and liabilities	**340.7**	**410.2**

LDF 65 s.a.r.l. under formation

In December 2007 but effective October, Intrum Justitia, together with the French investment bank Calyon, acquired an Austrian portfolio of written-off receivables for around EUR 100 M, of which Intrum Justitia's share was approximately EUR 35 M or SEK 330 M. According to the cooperation agreement, the receivables will be owned through a legal entity in Luxembourg, LDF 65 s.a.r.l., which as of December 31, 2007, was not yet formally owned by the two pending part owners. Based on agreements in place at year-end, the Group reports ownership of the portfolios and earnings since October 1 in proportion to Intrum Justitia's intended ownership, which in accordance to the terms of the agreement is 35 percent. The portfolio contributed SEK 18.2 M to the Group's revenue for the year and SEK 11.4 M to operating earnings. It is included in the amount of SEK 318.9 M in the Group's recognized value of purchased debt.

Note 14. Associated companies

SEK M	Corporate identity no.	Share of capital	GROUP 2007	GROUP 2006
Intrum á Íslandi ehf, Reykjavik (Iceland)	701195-3109	33,3%	15.0	5.4
Total			15.0	5.4
Opening balance			5.4	5.2
Profit shares			0.8	0.4
Share purchases			8.3	–
Exchange rate difference			0.5	–0.2
Closing balance			15.0	5.4

The Group's share of the associated company's revenue is SEK 38.5 M (24.2) earnings SEK 0.8 M (0.4), assets SEK 20.0 M (18.9) and liabilities SEK 14.3 M (14.9).

Note 15. Other shares and participations

SEK M	Corporate identity no.	Share of capital	GROUP 2007	GROUP 2006
Netgiro International AB, Stockholm (Sweden)	556564-9190	4%	0.0	0.0
Other shares			0.1	0.1
Carrying value			0.1	0.1

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

Note 16. Purchased debt

SEK M	GROUP 2007	GROUP 2006
Acquisition cost, opening balance	2,585.2	1,854.5
Purchases of written-off debt	991.7	838.4
Translation differences	153.7	–107.7
Accumulated acquisition cost, closing balance	3,730.6	2,585.2
Amortization, opening balance	–1,267.3	–921.5
Amortization for the year	–484.0	–409.8
Translation differences	–97.1	64.0
Accumulated amortization, closing balance	–1,848.4	–1,267.3
Carrying value	1,882.2	1,317.9

Amortization for the year

SEK M	GROUP 2007	GROUP 2006
Time and interest component	–495.5	–417.0
Revaluation in connection with changes in expectations in forecasts of future cash flows	46.1	70.8
Write-down in connection with changes in expectations in forecasts of future cash flows	–34.6	–63.6
Total amortization for the year	–484.0	–409.8

Payments during the year for investments in purchased debt amounted to SEK 666.2 M (869.7).

For a description of Intrum Justitia's accounting principles for purchased debt, see Note 1, page 50.

Note 17. Other long-term receivables

SEK M	GROUP 2007	GROUP 2006	PARENT COMPANY 2007	PARENT COMPANY 2006
Deposits with landlords	3.7	3.5	–	–
Lending to law forms	3.8	0.4	–	–
Lending to Goldman Sachs	0.0	15.7	–	–
Endowment insurance	1.1	0.0	1.1	0.0
Total	8.6	19.6	1.1	0.0
Opening balances	19.6	2.0	0.0	0.0
On loan	5.7	17.6	1.1	0.0
Repaid	–15.8	0.0	–	–
Exchange rate difference	0.2	0.0	–	–
Closing balance	9.7	19.6	1.1	0.0
Accumulated write-downs, opening balance	0.0	–	–	–
Write-downs for the year	–1.1	–	–	–
Accumulated write-downs, closing balance	–1.1	0.0	0.0	0.0
Carrying value	8.6	19.6	1.1	0.0

Note 18. Accounts receivable

SEK M	GROUP 2007	GROUP 2006	PARENT COMPANY 2007	PARENT COMPANY 2006
Non-delinquent receivables	127.2	141.0	0.0	–
Accounts receivable overdue 31–60 days	73.8	69.9	–	0.0
Accounts receivable overdue 61–90 days	15.6	14.6	–	–
Accounts receivable overdue >90 days	59.9	64.5	–	–
Total accounts receivable	276.5	290.0	0.0	0.0
Accumulated reserve for impaired receivables, opening balance	–38.0	–52.2	–	–
Reserve for impaired receivables for the year	–7.4	–3.8	–	–
Realized client losses for the year	2.6	8.0	–	–
Withdrawals from reserve for impaired accounts receivable for the year	6.9	8.1	–	–
Translation difference	–1.5	1.9	–	–
Accumulated reserve for impaired receivables, closing balance	–37.4	–38.0	0.0	0.0
Carrying values	239.1	252.0	0.0	0.0

No security has been issued for accounts receivable.

Note 19. Other receivables

SEK M	GROUP 2007	GROUP 2006	PARENT COMPANY 2007	PARENT COMPANY 2006
Legal outlays	341.9	302.1	–	–
Less: reserve for uncertainty in legal outlays	–118.7	–99.1	–	–
Total	223.2	203.0	0.0	0.0
Endowment insurance for CEO	1.5	0.3	1.5	0.3
Receivable on collections from purchased debt	31.1	0.0	–	–
Other	48.8	60.4	7.0	9.0
Total	81.4	60.7	8.5	9.3
Carrying value	304.6	263.7	8.5	9.3

Note 20. Prepaid expenses and accrued income

	GROUP		PARENT COMPANY	
SEK M	2007	2006	2007	2006
Prepaid expenses and accrued income				
Prepaid rent	14.7	12.0	0.4	0.4
Prepaid insurance premiums	6.8	4.5	1.0	1.0
Prepaid expenses for purchased debt	38.8	6.7	–	–
Accrued income	36.3	24.2	–	–
Other	46.2	46.1	2.5	0.9
Carrying value	142.8	93.5	3.9	2.3

Note 21. Liquid assets

	GROUP		PARENT COMPANY	
SEK M	2007	2006	2007	2006
Cash and bank balances	259.8	198.7	9.3	0.0
Short-term investments	0.0	18.7	0.0	18.7
Total	259.8	217.4	9.3	18.7

Cash and bank balances essentially refer to bank balances. Of the amount, SEK 13.5 M (19.6) consists of restricted bank deposits in the Group.

Short-term investments comprise investments with an insignificant risk of fluctuations in value, which can easily be converted to cash and have a maturity of not more than three months from the acquisition date. Short-term investments at year-end 2006 consisted of overnight investments with banks which were available within 24 hours.

Note 22. Shareholder's equity

Share capital

According to the articles of association of Intrum Justitia AB (publ), the company's share capital will amount to not less than SEK 1,500,000 and not more than SEK 6,000,000. All shares are fully paid in, carry equal voting rights and share equally in the company's assets and earnings. No shares are reserved for transfer and none are owned by the company itself or its subsidiaries.

	2007		2006	
Changes in share capital	No. of shares	Share capital (SEK)	No. of shares	Share capital (SEK)
Opening balance	77,956,251	1,559,125.02	77,956,251	1,559,125.02
New share issues in connection with exercise of employee stock options	1,133,600	22,672.00	–	–
Closing balance	79,089,851	1,581,797.02	77,956,251	1,559,125.02

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 employee stock option program. 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 Group does not apply hedge accounting and has no financial assets that are revalued directly against equity.

Retained earnings including net earnings for the year

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

Following the balance sheet date the Board of Directors proposed a dividend of SEK 3.25 per share (2.75), or a total estimated payout of SEK 257.2 M (214.4).

Other shareholders' equity in the Parent Company

Statutory reserve

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

Share premium reserve

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

Retained earnings

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

Capital structure

The company's definition of capital corresponds to shareholders' equity including the minority share, which at year-end totaled SEK 1,842.5 M (1,492.6).

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 the minority share. The Board of Directors has established financial objectives for the Group, where one of the restrictions is that the net 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 82.9 percent (98.1) at year-end.

The Board of Directors intends to annually propose that shareholders receive a dividend or other form of distribution that over time averages at least half of net earnings for the year, after tax.

Note 23. Pensions

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

The Group applies *IAS 19 Employee Benefits,* which contains, among other things, uniform regulations on the actuarial calculation of provisions for pensions in defined benefit plans. Defined benefit pension plans are used by the Group's companies in Belgium, France, Italy, Norway and Germany. Employees in these countries total account for 24 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	2007	2006
Present value of fully or partly funded obligations	40.3	32.0
Fair value of assets under management	–34.0	–28.7
Deficit in the plan	6.3	3.3
Present value of unfunded obligations	29.5	27.7
Present value of net obligation	35.8	31.0
Unrecognized actuarial gains/losses	–0.8	3.3
Provisions for pensions	35.0	34.3

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

SEK M	GROUP 2007	2006
Opening balance	34.3	34.9
Pension cost recognized through profit or loss	3.8	5.3
Fees paid	–5.1	–4.2
Translation differences	2.0	–1.7
Closing balance	35.0	34.3

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

SEK M	GROUP 2007	2006
Costs for employment in current period	2.9	4.1
Interest expense for obligation	2.7	2.4
Assumed return on assets under management	–1.7	–1.4
Recognized actuarial gains/losses	–0.1	0.2
Total pension cost recognized through profit or loss	3.8	5.3

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

	GROUP 2007	2006
Discount rate as of December 31	2.0–5.5%	2.0–5.0%
Assumed rate of increase in compensation	2.0–4.0%	2.5–3.0%
Assumed return on assets under management as of December 31	5.5%	5.0–6.0%
Assumed pension increases	2,0–3,0%	1.5–3.0%
Future adjustment to social security base	2.5–4.0%	2.5–3.0%

The Group also finances a number of defined contribution plans, the costs of which amounted to SEK 57.8 M (54.1).

For the Group's employees in Norway, commitments for retirement and family pensions are secured through insurance with the insurance company Storebrand Livforsikring, so-called OTP pensions. The funded pension commitment corresponds to a share of Storebrand's total investment assets, which consist of bonds (57 percent), equities (27 percent), real estate (10 percent) and other (6 percent). During the year Intrum Justitia paid SEK 3.0 M (2.5) to the plan, while disbursements to retirees amounted to SEK 0.7 M (0.6). In 2008 payments to the plan are estimated at SEK 2.2 M, with disbursements to retirees of SEK 0.7 M.

The commitments for retirement and family pensions for the Group's Swedish employees are secured through insurance with Alecta according to the so-called ITP plan. According to a statement 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 152.0 percent (143.1). The collective funding ratio consists of the market value of Alecta's assets as a percentage of the insurance obligations calculated according to Alecta's actuarial assumptions, which do not agree with *IAS 19*.

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

Note 24. Other provisions

SEK M	GROUP 2007	2006
Long-term provisions		
Opening balance	2.1	5.2
Provisions for the year	0.3	0.7
Release during the year	–2.0	–3.7
Translation differences	0.0	–0.1
Closing balance	0.4	2.1
Dilapidation reserve.	0.4	2.1

SEK M	GROUP 2007	2006
Short-term provisions		
Opening balance	1.2	8.7
Release during the year	–1.2	–7.4
Translation differences	0.0	–0.1
Closing balance	0.0	1.2
Provision for onerous contract, rent for premises, etc.	0.0	1.2

Note 25. Liabilities to credit institutions

SEK M	GROUP 2007	GROUP 2006	PARENT COMPANY 2007	PARENT COMPANY 2006
Long-term loans				
Bank loans	1,678.3	1,618.6	1,678.0	1,617.0
Current loans				
Bank overdraft facilities	50.0	–	50.0	–
Short-term portion of bank loans	22.4	27.8	4.5	3.8
Total	1,750.7	1,646.4	1,732.5	1,620.8

Since the beginning of 2005 Intrum Justitia has a five-year syndicated loan facility of EUR 210 M with Danske Bank A/S, Svenska Handelsbanken AB and Nordea Bank AB. The loan limit of EUR 210 M can be utilized for borrowing in a number of different currencies. As of December 31, 2007 the facility had only been used for loans in SEK, totaling SEK 1,678.0 M (1,617.0). The unutilized portion amounted to SEK 310.3 M (278.9). 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, 2007 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.

SEK M	GROUP 2007	2006	PARENT COMPANY 2007	2006
Maturities of long-term bank borrowings				
Between 1 and 2 years	–	–	–	–
Between 2 and 3 years	1,678.3	–	1,678.0	–
Between 3 and 4 years	–	1,618.6	–	1617.0
Between 4 and 5 years	–	–	–	–
Total	1,678.3	1,618.6	1,678.0	1,617.0

SEK M	GROUP 2007	2006	PARENT COMPANY 2007	2006
Unused lines of credit excluding guarantee facility				
Expiring within one year	–	–	–	–
Expiring beyond one year	310.3	278.9	310.3	278.9
Total	310.3	278.9	310.3	278.9

Note 26. Accrued expenses and prepaid income

SEK M	GROUP 2007	2006	PARENT COMPANY 2007	2006
Accrued social security expenses	39.7	33.1	5.3	4.5
Accrued vacation pay	59.7	55.9	3.8	3.0
Accrued bonus cost	81.3	45.2	10.3	3.1
Prepaid subscription income	46.1	44.2	–	–
Provisions for losses on credit card guarantees	7.7	8.7	–	–
Accrued interest	10.5	0.0	10.3	0.0
Other accrued expenses	142.6	164.8	12.7	27.0
Total	387.6	351.9	42.4	37.6

Note 27. Pledged assets, contingent assets and contingent liabilities

SEK M	GROUP 2007	2006	PARENT COMPANY 2007	2006
Pledged assets				
Deposits with landlords	3.7	3.5	–	–
Restricted bank accounts	13.5	19.6	–	–
Total	17.2	23.1	–	–

SEK M	GROUP 2007	2006	PARENT COMPANY 2007	2006
Contingent assets	None	None	None	None

SEK M	GROUP 2007	2006	PARENT COMPANY 2007	2006
Contingent liabilities				
Charge card guarantees	636.6	676.4	–	–
Performance guarantees in collection operations	8.6	6.7	–	–
Guarantee on behalf of legal firm	0.3	0.3	–	–
Dispute with tax authority in Norway	4.8	4.8	–	–
Dispute with tax authority in Finland	21.9	–	–	–
Dispute with tax authority in Sweden	8.9	–	–	–
Total	681.1	688.2	–	–

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 636.6 M (676.4) at year-end, of which receivables overdue by more than 30 days amounted to SEK 5.1 M (3.9). 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 provided SEK 7.7 M (8.7) 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 on behalf of law firm

Refers to guarantee issued to a bank as security for a law firm's current account. The legal firm is an important partner in one market and Intrum Justitia is its largest client.

Tax disputes

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

In October 2005 the subsidiary in Norway was reassessed for licensing fees for the years 1998–2002, corresponding to an additional tax expense of SEK 13.4 M. The company was obligated to pay the entire amount but has appealed and has only expensed a portion of the disputed tax amount. A ruling is expected in the case in 2008. The tax effect over and above the provision in the balance sheet is reported as a contingent liability of SEK 4.8 M. Fees and interest may be additional.

The Finnish Tax Board ruled in favor of the subsidiary in Finland in 2004 in a dispute concerning the deductibility of certain interest expenses and liquidation results, but the state's tax agent appealed to the courts, which in February 2008 ruled in favor of the tax authority. The company will appeal to a higher court and did not accrue any cost. The additional tax expense, if the tax authority ultimately wins the dispute, is SEK 21.9 M. Fees and interest may be additional.

In Sweden, the tax board ruled in December 2007 on Controlled Foreign Corporation (CFC) taxation of one of the Group's Swiss companies for tax year 2005, which increases the tax expense in Sweden by SEK 8.9 M. The company has appealed the ruling to the county administrative court and has not allocated any provisions for additional tax in the annual accounts. The tax authority has not decided on a tax surcharge, although interest may be additional.

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

Other

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

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

Note 28. Average number of employees

	GROUP				OF WHICH PARENT COMPANY			
	2007		2006		2007		2006	
	Men	Women	Men	Women	Men	Women	Men	Women
Austria	2	25	5	32	–	–	–	–
Belgium	28	38	20	34	–	–	–	–
Czech Republic	17	31	19	27	–	–	–	–
Denmark	20	29	18	27	–	–	–	–
Estonia	7	24	7	22	–	–	–	–
Finland	76	203	69	192	–	–	–	–
France	96	260	87	235	–	–	–	–
Germany	53	113	65	97	–	–	–	–
Hungary	35	92	35	46	–	–	–	–
Ireland	9	24	16	28	–	–	–	–
Italy	10	50	13	55	–	–	–	–
Latvia	2	12	2	7	–	–	–	–
Lithuania	2	11	3	14	–	–	–	–
Netherlands	208	154	185	159	–	–	–	–
Norway	36	44	34	51	–	–	–	–
Poland	94	87	68	68	–	–	–	–
Portugal	15	41	9	36	–	–	–	–
Slovakia	15	23	17	20	–	–	–	–
Spain	66	170	55	137	–	–	–	–
Sweden	117	202	117	234	16	10	14	11
Switzerland	109	91	104	87	–	–	–	–
UK	147	205	142	256	–	–	–	–
Total	1,164	1,929	1,090	1,864	16	10	14	11

Of the Group's employees are 41 percent younger than 30 years old, 31 percent are 30–39 years, 19 percent are 40–49 years old and 9 perent are 50 years old or older.

	GROUP			
	2007		2006	
	Men	Women	Men	Women
Gender distribution among senior executives				
Board of Directors	6	1	6	1
Group Managements	7	3	7	2
County MDs	16	3	19	3
Board members in subsidiaries (percent)	69	31	81	19

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

Note 29. Sick leave

	GROUP		PARENT COMPANY	
	2007	2006	2007	2006
Sick leave among employees in the Group's Swedish companies, expressed as a percentage of the employees' aggregate normal working hours				
Men	2.2	2.0	0.1	0.5
Women	5.7	6.3	0.4	1.5
Employees aged 29 or younger	3.6	3.3	*	*
Employees aged 30–49	5.1	5.8	0.3	0.7
Employees aged 50 or older	2.8	3.2	*	*
Total	4.4	4.8	0.2	0.9
Of which long-term sick leave (60 days or more)	43	42	0	0

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

During the year absenteeism in the Group as a whole, including foreign subsidiaries, corresponded to 5.2 percent (5.5) of employees' aggregate normal working hours.

Note 30. Salaries and other remuneration

	GROUP		PARENT COMPANY	
	2007	2006	2007	2006
Salaries and other remuneration to senior executives, i.e., the Board, Presidents and Executive Vice Presidents	78.6	71.2	10.1	11.0
Salaries and other remuneration to other employees				
Sweden, Norway & Denmark	179.8	174.8	–	–
Netherlands, Belgium & Germany	209.3	199.1	–	–
Switzerland, Austria & Italy	119.1	113.0	–	–
France, Spain & Portugal	122.6	114.0	–	–
Finland, Estonia, Latvia & Lithuania	107.1	92.9	–	–
United Kingdom & Ireland	98.0	117.9	–	–
Poland, Czech Republic, Hungary & Slovakia	46.0	34.1	–	–
Head offices and central operations	29.8	24.1	27.5	19.3
Total salaries and other remuneration, Group	990.3	941.1	37.6	30.3
Social security costs	262.3	238.1	21.0	17.3
Of which pension costs	61.6	59.4	9.4	7.6
Costs for employee stock option program, including social security costs	9.9	17.4	7.2	29.9
Total	1,262.5	1,196.6	65.8	77.5

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

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

Note 31. Terms and conditions of employment for senior executives

Principles and guidelines for determining salaries and other remuneration for Management

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

The Annual General Meeting in 2007 adopted guidelines on compensation for senior executives as follows:

Intrum Justitia will offer market terms enabling the Group to recruit and retain highly qualified executives with the ability to achieve established goals. As far as possible, remuneration structures should be predictable in terms of the cost for the company and the benefits for the employee, and be based on factors such as position, competence, experience and performance. The principles of remuneration may vary within the Group depending on local conditions.

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

Remuneration consists of a fixed base salary and variable compensation, the latter of which is paid to reward the achievement of certain targets in a simple, transparent manner. The principle for management's variable compensation generally means that variable compensation will not exceed the annual base salary. Management's variable compensation will depend on the extent to which predetermined targets are met. In addition to the annual variable compensation program, a three-year long-term incentive program was in place since 2005 and expired in 2007. Clear targets were defined in advance for the maximum payout from this program, which was limited to a maximum of two years' salary. Remuneration from the program will be paid out in 2008.

Non-monetary benefits, pension, termination and severance

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

Remuneration and benefits during the year

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

Other senior executives changed during the year and refer in the table below to Monika Elling, Marcel van Es, Thomas Feodoroff, Eva Kanyuk, Kari Kyllönen, Pascal Labrue, Lennart Laurén, Benno Oertig and Mita Ryrbäck Reinefjord.

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

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

SEK	Base salary/ fee	Variable compensation one-year program	Variable compensation three-year program	Other benefits	Pension costs	Share-based payment	Total	Pension obligations
Board of Directors								
Lars Lundquist, Chairman	716,667 [1]	–	–	–	–	–	716,667 [1]	–
Bo Ingemarson, Deputy Chairman	400,000 [1]	–	–	–	–	–	400,000 [1]	–
Matts Ekman	333,333 [1]	–	–	–	–	–	333,333 [1]	–
Lars Förberg	366,667 [1]	–	–	–	–	–	366,667 [1]	–
Helen Fasth-Gillstedt	350,000 [1]	–	–	–	–	–	350,000 [1]	–
Ársæll Hafsteinsson	300,000 [1]	–	–	–	–	–	300,000 [1]	–
Lars Wollung	333,333 [1]	–	–	–	–	–	333,333 [1]	–
Senior executives								
Michael Wolf, President	3,700,000	1,757,500 [2]	2,016,500 [4]	86,796	1,623,138	756,000	9,939,934	–
Other senior executives, nine persons	15,735,986	10,432,821 [3]	17,700,126 [5]	600,300	5,274,482	5,375,000	55,118,715	–
Total	22,235,986	12,190,321	19,716,626	687,096	6,897,620	6,131,000	67,858,649	–

1) Refers to the period April 25, 2007–April 10, 2008.
2) Of a maximum of SEK 1,850 thousand. Paid out in 2008.
3) Of a maximum of SEK 11,816 thousand. Paid out in 2008.
4) Of a maximum of SEK 2,725 thousand for the years 2005–2007. Paid out in 2008.
5) Of a maximum of SEK 22,583 thousand for the years 2005–2007. Paid out in 2008.

Board of Directors

In accordance with the Annual General Meeting's resolution, total fees paid to members of the Board of Directors, including for committee work, amounted to SEK 2,800,000 for the year. Board fees are distributed between Directors as determined by the Board. The Directors have no pension benefits or severance agreements.

President and CEO

In accordance with his employment agreement, President and CEO Michael Wolf receives a fixed annual salary of SEK 3,700,000 as of January 1, 2007. In addition, he has the opportunity to receive variable compensation up to 100 percent of his base salary, half within the framework of the short-term incentive program and half as a payment in 2008 within the framework of the long-term incentive program. The outcome for the annual compensation program for 2007 was SEK 1,757 thousand, out of a maximum of SEK 1,850 thousand, and the outcome for the long-term compensation program was SEK 2,017 thousand, out of a maximum of SEK 2,725 thousand. Further, 60,000 out of a maximum of 75,000 options in the Group's employee stock option program expired during the year, see Note 32. These options can be exercised to subscribe for 62,400 shares. As of January 1, 2008 the Board has set Michael Wolf's base salary at SEK 4,000 thousand.

In addition to his fixed and variable compensation, Michael Wolf receives a company car in accordance with the Group's policy. The company pays pension insurance premiums corresponding to 35 percent of his fixed annual salary. The minimum retirement age is 60, but can be raised if agreed by the company. If terminated by the company, his notice is twelve months and he will receive severance equal to one year's salary divided into 12 equal installments. This does not apply if Michael Wolf resigns.

According to the employment agreement with Jan Roxendal, President and CEO until August 31, 2006, he received his monthly base salary through August 31, 2007. The cost of Jan Roxendal's options amounted to SEK 1,620 thousand in 2007.

Other senior executives

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

As noted above, Management's variable compensation is currently based on two incentive plans, one short-term and one long-term. The former entails an annual bonus opportunity for senior executives to receive a maximum of one year's salary in variable compensation. The long-term incentive plan means in principle that senior executives can receive a maximum of two years' salary based on results during the period 2005–2007, i.e., three years. As a result, this variable component can be paid out no earlier than four years after the plan's inception, i.e., 2008. Both forms of variable compensation depend on the extent to which predetermined targets are met. The targets were set high for both incentive plans and were especially qualified for the plans with longer terms. The long-term plan was limited to the period 2005–2007. Regional managers generally have performance objectives where 80 percent of their variable compensation is based on the region's operating earnings and 20 percent on the Group's operating earnings.

The former regional manager Henning Bensland is a co-owner of Visegrad NV, a company that owned 40 percent of the shares in Intrum Justitia Central Europe BV until May 31, 2007. See also Note 41.

The notice of termination for members of Group Management Team varies from six to twelve months, regardless of whether termination is initiated by the employee or the company.

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

Incentive program

With regard to stock-related compensation, refer to Note 32.

Decision-making process

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

Note 32. Employee stock option program

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

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

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

Allotments were made as follows, primarily in May 2004: A total of 20 employees received options to subscribe for 2,450,000 new shares, of which 500,000 to then President and CEO Jan Roxendal. Slight reallocations were subsequently made. Current President and CEO Michael Wolf received 75,000 options. The employee stock options have been issued free of charge.

To secure the company's commitment in accordance with the employee stock option program, the Annual General Meeting in 2003 approved the issue of 3,358,250 detachable warrants entitled to subscribe for shares in Intrum Justitia AB (publ), where each warrant permits subscription for one share at a price of SEK 57 per share during the period July 1, 2007–May 30, 2009. Of this number, 2,525,000 options were issued to employees and 833,250 options can be sold to cover the liquidity effect of any social security costs. As a result of the share redemption in 2005, the strike price of the options was changed from SEK 57.00 per share to SEK 54.60 per share. At the same time the number of shares comprised by options rose by four percent.

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

As indicated above, the employee stock option program originally comprised options to subscribe for 2,450,000 shares. The number of shares increased by four percent as a result of the share redemption in 2005, but is limited to 80 percent as a result of conditions regarding the highest allowed utilization ratio based on growth in earnings per share. The cost and dilution effect of the employee stock option program is thereby estimated at 2,038,400 shares, in additional to social security costs.

In 2007, 1,133,600 new shares were subscribed through the exercise of employee options, which means that options corresponding to 904,800 shares still remain. The option to sell extra options to cover the liquidity effect of social security costs has not been utilized, social security costs have been paid directly with liquid assets, and the previously reported increase in shareholders' equity has been reversed.

The reported cost of the program during the year was SEK 9.9 M (17.4), calculated according to *IFRS 2 Share-based payment* and applying statement from the Swedish Financial Reporting Board, UFR 7, which covers *IFRS 2* and social security contributions. The cost is based on a theoretical calculation of the options' market value according to the Black-Scholes model. On the date of issuance, May 7, 2004, the option value was calculated assuming an interest rate of 4.5 percent, 21.0 percent volatility (based on historical experience) and a share price of SEK 40.50. The option value with regard to social security costs has been recalculated as of December 31, 2007 assuming an interest rate of 4.3 percent, 21.0 percent volatility and a share price of SEK 115.00.

The dilution effect from the remaining options corresponds to 423,212 shares in the calculation of earnings per share in accordance with *IAS 33 Earnings per Share*.

Note 33. Fees to auditors

	GROUP		PARENT COMPANY	
SEK M	2007	2006	2007	2006
Audit assignments				
KPMG	9,1	8,4	1,3	0,6
Other assignments				
KPMG	3,0	2,5	1,3	1,3
Audits and other assignments, other auditors	1,0	1,3	0,2	0,2
Total	13,1	12,2	2,8	2,1

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

Other assignments performed by KPMG during the year largely refer to tax advice and advice in connection with the Group's employee stock option program.

Note 34. Operating leasing

	GROUP		PARENT COMPANY	
SEK M	2007	2006	2007	2006
Obligations for rental payments on non-cancelable leases				
Year 1	103,2	70,8	2,0	1,8
Years 2–4	178,3	163,6	4,6	3,4
Year 5 and thereafter	77,5	110,9	0,0	0,1
Total	359,0	345,3	6,6	5,3

Lease costs for operating leases in 2007 amounted to SEK 109.0 M (113.4), of which SEK 2.2 M (1.6) in the Parent Company.

Operating leasing primarily refers to offices for the Group's operations in 22 countries. No single lease is of material significance to the Group in terms of amount.

Note 35. Finance leasing

	GROUP	
SEK M	2007	2006
Minimum lease payments and their present value		
Year 1	0,2	1,6
Years 2–4	0,3	4,2
Year 5 and thereafter	0,0	0,0
Total	0,5	5,8

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

Note 36. Investment commitments

Obligations to acquire fixed assets amounted to SEK 1.3 M (0.0) at year-end.

Note 37. Financial instruments

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

	2007 GROUP					
SEK M	At fair value through profit or loss, held for sale	Loans and receivables	Available-for-sale financial assets	Other liabilities	Total carrying value	Fair value
Shares and participations			15.1		15.1	15.1
Purchased debt		1,882.2			1,882.2	1,882.2
Accounts receivable		239.1			239.1	239.1
Other receivables		1,109.3			1,109.3	1,109.3
Liquid assets		259.8			259.8	259.8
Total	–	3,490.4	15.1	–	3,505.5	3,505.5
Liabilities to credit institutions				1,750.7	1,750.7	1,750.7
Accounts payable				159.1	159.1	159.1
Other liabilities	1.5			1,639.6	1,641.1	1,641.1
Total	1.5	–	–	3,549.4	3,550.9	3,550.9

	2006 GROUP					
SEK M	At fair value through profit or loss, held for sale	Loans and receivables	Available-for-sale financial assets	Other liabilities	Total carrying value	Fair value
Shares and participations			5.5		5.5	5.5
Purchased debt		1,317.9			1,317.9	1,317.9
Accounts receivable		252.0			252.0	252.0
Other receivables	1.8	931.0			932.8	932.8
Liquid assets		217.4			217.4	217.4
Total	1.8	2,718.3	5.5	–	2,725.6	2,725.6
Liabilities to credit institutions				1,646.4	1,646.4	1,646.4
Accounts payable				118.6	118.6	118.6
Other liabilities				1,203.9	1,203.9	1,203.9
Total	–	–	–	2,968.9	2,968.9	2,968.9

	2007 PARENT COMPANY					
SEK M	At fair value through profit or loss, held for sale	Loans and receivables	Available-for-sale financial assets	Other liabilities	Total carrying value	Fair value
Shares and participations			6,974.0		6,974.0	6,974.0
Receivables from Group companies		1,916.2			1,916.2	1,916.2
Other receivables		80.7			80.7	80.7
Liquid assets		9.3			9.3	9.3
Total	–	2,006.2	6,974.0	–	8,980.2	8,980.2
Liabilities to credit institutions				1,732.5	1,732.5	1,732.5
Accounts payable				2.9	2.9	2.9
Liabilities to Group companies				6,364.2	6,364.2	6,364.2
Other liabilities	1.5			44.7	46.2	46.2
Total	1.5	–	–	8,144.3	8,145.8	8,145.8

SEK M	2006 PARENT COMPANY At fair value through profit or loss, held for sale	Loans and receivables	Available-for-sale financial assets	Other liabilities	Total carrying value	Fair value
Shares and participations			6,973.0		6,973.0	6,973.0
Receivables from Group companies		2,562.8			2,562.8	2,562.8
Other receivables	1.8	20.7			22.5	22.5
Liquid assets		18.7			18.7	18.7
Total	1.8	2,602.2	6,973.0	–	9,577.0	9,577.0
Liabilities to credit institutions				1,620.8	1,620.8	1,620.8
Accounts payable				2.8	2.8	2.8
Liabilities to Group companies				6,960.3	6,960.3	6,960.3
Other liabilities				39.7	39.7	39.7
Total	–	–	0.0	8,623.6	8,623.6	8,623.6

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

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

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

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

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

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

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

Derivatives
The Parent Company and the Group hold forward exchange contracts to a limited extent. The contracts have short maturities, typically one or more months. All outstanding forward exchange contracts are restated at fair value in the accounts, with adjustments recognized through profit or loss. In 2006 the Group also had agreements on maximum interest rate levels where both the carrying value and fair values were nil.

Outstanding forward exchange contracts as of December 31, 2007 in the Parent Company and the Group comprised the following currencies:

Local currency	Hedged amount, buy	Hedged amount, sell
CHF	5,156	8,706,595
CZK	4,543,549	14,147,744
DKK	14,536,076	–
EUR	2,500	64,989,766
GBP	–	16,726,930
HUF	–	1,772,030,740
LTL	–	28,059
LVL	311,864	–
NOK	–	47,745,227
PLN	–	7,172,457
SKK	–	70,064,214

Forward exchange contracts are classified as financial assets carried at fair value through profit or loss (held for sale). The carrying value as of December 31, 2007 corresponds to fair value, SEK –1.5 M (1.8). During the year the changes in value of forward exchange contracts were recognized in the Group profit or loss in the amount of SEK –20.8 M (27.4). 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 16.7 M (–25.1) during the year. The net effect on the income statement of exchange rate differences attributable to receivables and liabilities as well as forward exchange contracts is SEK –4.1 M (2.3).

Note 38. Financial risks and financial policies

PRINCIPLES OF FINANCING AND FINANCIAL RISK MANAGEMENT

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

Intrum Justitia's financing and financial risks are managed within the Group in accordance with the treasury policy established by the Board of Directors. The treasury policy contains rules for managing financial activities, delegating responsibility, measuring and identifying financial risks and limiting these risks. Internal and external financial operations are concentrated in Group Treasury in Stockholm, which ensures economies of scale when pricing financial transactions. Because Group Treasury can take advantage of temporary surpluses and deficits in the Group's various countries of operation, the Group's total interest expense can be minimized.

MARKET RISK
Market risk consist 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. Exchange rate risk can be divided into transaction exposure and translation exposure. Transaction exposure consists of the net of operating and financial receipts and disbursements in different currencies. Translation exposure consists of the equity in foreign subsidiaries and associated companies in foreign currency and any goodwill in connection with acquisitions.

Transaction exposure
In each country, all revenues and the large part of operating expenses are denominated in local currencies, and thus currency fluctuations have only a limited impact on the company's operating earnings denominated in local currency. National operations seldom have receivables and liabilities in foreign currency. Revenues and expenses in national currency are thereby hedged in a natural way, which limits transaction exposure. The currency exposure that arises within the operating activities is limited to the extent it pertains to international collection operations. All major known currency flows are hedged on a continuous basis in the Group and the Parent Company through the use of forward exchange contracts.

Translation exposure
Intrum Justitia operates in 22 countries. Fluctuations in exchange rates affect the value of net assets in foreign currency. The results and financial position of subsidiaries are reported in the relevant foreign currencies and later translated into SEK for inclusion in the consolidated financial statements. Consequently, fluctuations in the SEK exchange rate vis-à-vis these currencies affect the Group's revenues and operating earnings, as well as equity and other items in its financial statements. Fluctuations between SEK and other currencies can therefore have an unfavorable effect on earnings and financial position as indicated in the consolidated financial statements. This exposure is minimized through the limited need for equity locally and by financing in local currency. As a result, net exposure in foreign assets is not hedged.

Consolidated revenues and earnings in SEK are affected by exchange rate fluctuations since earnings in subsidiaries are translated to SEK. Of the Group's revenues during the year, 84 percent (83) was from operations outside Sweden, comprising revenues in EUR of SEK 1,740 M, in CHF of SEK 328 M, in GBP of SEK 234 M, in NOK of SEK 102 M and in other foreign currencies of SEK 294 M. This means that a one-percent appreciation of the SEK against all other currencies would have had a negative impact on consolidated revenues of SEK 27.0 M and on operating earnings of SEK 5.7 M.

Equity in the Group, excluding the minority share, amounted to SEK 1,842.4 M (1,459.8) at year-end. Net assets in foreign currency amounted to approximately SEK 2,300 M, of which net assets in EUR of SEK 1,500 M, in GBP of SEK 372 M, in CHF of SEK 266 M, in NOK of SEK 71 M and in other foreign currencies of SEK 91 M. This means that a one-percent appreciation of the SEK against all other currencies would have reduced Group equity by SEK 23.0 M.

Interest rate risks
Intrum Justitia's operations are not capital intensive, which, in combination with the Group's strong cash flows, means that interest rate risk is minimized through short interest fixing terms, on average less than one year.

A one-percent increase in market interest rates would adversely affect net financial items by approximately SEK 15.0 M (13.3).

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

Sensitivity analysis
If the value of the Swedish krona had increased one percent compared with other currencies, the effect would have been:

- Revenues decrease SEK 27.0 M.
- Operating earnings decrease SEK 5.7 M.
- Equity decrease SEK 23.0 M.

If the interest rate level on the Group's net borrowings had increased one percent, the effect would have been:

- Net financial items decrease SEK 15.0 M.

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

The Group's long-term financing risk is minimized through long-term financing in the form of committed lines of credit. The Group's objective is that at least 35 percent of total committed loans have a remaining maturity of at least three years and that not more than 35 percent of the total have a remaining maturity of less than 12 months. At year-end 2007, however, the Group's committed loans have a maturity of less than three years.

Since February 2005 Intrum Justitia AB has a five-year syndicated loan facility of EUR 210 M with Danske Bank A/S, Svenska Handelsbanken AB and Nordea Bank AB. Each bank's share is EUR 70 M. The facility will expire in its entirety on February 11, 2010. To date the facility has been utilized through the Parent Company, which has requested the withdrawal of individual loan amounts in various currencies, with short maturities, usually SEK and three or six months. After the balance sheet date the loan facility was increased to EUR 310 M, with otherwise largely unchanged terms.

The debt related to the Group's share of the purchase price of the Austrian bank portfolio falls due for payment in June 2008. The Group's other current liabilities essentially fall due for payment within three months of the balance sheet date.

The Group's aim is that the liquidity reserve, which consists of cash, bank balances, short-term liquid investments and the unutilized portion of committed lines of credit, should amount to at least ten percent of the Group's annual revenues.

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

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

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

The Group has accounts receivable and purchased debt from clients that operate in various industries, and are not concentrated in a specific geographic region. The Group's largest client accounts for less than 3 percent of revenues. Provisions for impaired receivables amounted to SEK 7.4 M (3.8) during the year.

As part of its operations, Intrum Justitia acquires portfolios of written-off consumer receivables and works to collect them. Unlike its conventional collection operations, where Intrum Justitia works on behalf of clients in return for commissions and fees, in this case it assumes all the rights and risks associated with the receivables. The portfolios are purchased at prices significantly below their nominal value, and Intrum Justitia retains the entire amount it collects, including interest and fees. To minimize the risks in this business, Intrum Justitia exercises prudence in its purchase decisions. The focus is on small and medium-sized portfolios with relatively low average amounts, to help spread risks. Purchases are usually made from clients with whom the Group has maintained long relationships, so it is usually familiar with the receivables in question. Intrum Justitia places high yield requirements on the portfolios it acquires. Prior to an acquisition, a careful evaluation is made based on a forecast of the 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 well 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 an alliance has been in place with Goldman Sachs since 2003, and the acquisition of the Austrian portfolio in autumn 2007 was made jointly with Calyon, as mentioned.

As an element in its operations, the Group incurs outlays for court fees, legal representation, bailiffs, etc., which can be charged to and collected from debtors. In certain cases Intrum Justitia's 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 credit risk from the Group's forward exchange contracts and interest rate cap contracts is entirely dependent on the counterparty, which is generally a large bank or financial institution. The company does not expect any of these counterparties to become insolvent.

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 636.6 M (676.4), of which receivables overdue by more than 30 days amounted to SEK 5.1 M (3.9) at year-end. 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 7.7 M (8.7) in the balance sheet to cover payments that may arise due to the guarantee.

Note 39. Business combinations

On May 31, 2007 the Group acquired the 40 percent minority interest in the holding company Intrum Justitia Central Europe BV with its wholly owned subsidiaries in Poland, the Czech Republic, Slovakia and Hungary. The purchase price of approximately SEK 100 M gave rise to goodwill of approximately SEK 65 M. The acquired companies were under the Group's control even before the transaction and were consolidated in the balance sheet, which is why Intrum Justitia is not revaluing net assets in the consolidated balance sheet but rather recognizing the entire difference between the purchase price and the acquired minority interest as goodwill.

On June 15, 2005 the Group acquired 100 percent of the shares in Creditexpress Slovakia (now Intrum Justitia Slovakia s.r.o.) for SEK 5.9 M, of which SEK 3.8 M was paid in cash in 2005. The second partial payment, SEK 1.9 M, was paid in June 2006, and the final installment of SEK 0.2 M in July 2007 when the company reached its expected operating earnings.

In October 2004 Intrum Justitia announced the acquisition of the Irish company Legal & Trade (Ireland) Ltd (later Intrum Justitia Collections Ltd). In November 2004, however, Intrum Justitia decided to withdraw from the acquisition when the financial prerequisites on which it had based its decision were no longer at hand, due to new information provided by the seller, Legal & Trade Financial Services Ltd. The ruling by the Irish High Court in June 2005 did not result in rescinding the transfer, but Intrum Justitia was awarded a repayment of approximately SEK 3 M from the purchase price in 2005. Intrum Justitia has appealed the decision and expects a final ruling by 2009. In September 2006 Intrum Justitia Ireland Ltd acquired the operations of the acquired company, which was then liquidated in 2007.

Note 40. Critical estimates and assumptions

Management has discussed with the Audit Committee developments, choices and disclosures regarding the Group's critical accounting principles and estimates as well as the application of these principles and estimates. Certain critical accounting estimates have been made through the application of the Group's accounting principles described below.

IMPAIRMENT TESTING OF GOODWILL

As indicated in Note 10, an impairment test of goodwill was done prior to preparation of the annual accounts. For some cash-generating units, particularly in the UK and Norway (following a restructuring), the impairment test is based on an assumption that the operating margin will improve significantly in the years ahead in relation to the outcome for the past year.

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

PURCHASED DEBT

As indicated in Note 1, the recognition of purchased debt is based on the company's own forecast of future cash flows from acquired portfolios. Although the company has historically had good forecast accuracy with regard to cash flows, future deviations cannot be ruled out.

The Group applies internal rules and routines to formalize the decision-making process by which previous cash flow projections are adjusted. Only in exceptional cases may a cash flow projection be adjusted in the first year that a portfolio is owned. Furthermore, the decision to amend a cash flow projection normally requires that the local management in the country in question is in agreement with the management of the *Purchased Debt* service line. All changes in cash flow projections are ultimately decided on by a central investment committee.

TAX DISPUTES

As indicated in Note 27, the Group is involved in tax disputes in Finland, Norway and Sweden. Provisions have only been allocated for the dispute in Norway, and in that case not for the entire amount of the tax authority's claim. Also reported is the positive effect on the Group's tax expense of the Group contributions paid to Italy by the Swedish company in 2006 and 2007 with the support of the Marks & Spencer ruling.

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

REPORTING OF JOINT VENTURES

As indicated in Note 13, three joint ventures are reported according to the proportional method in the consolidated financial statements. Intrum Justitia's interest in these companies is 50 and 25 percent.

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

Moreover, in December the Group entered into an agreement with an Austrian bank whereby Intrum Justitia and a partner (Calyon) acquired portfolios of written-off receivables. The deal closed on October 1, 2007. According to the cooperation agreement, the receivables will be owned through a legal entity which as of December 31, 2007 was not yet formally owned by the two pending part owners. Based on agreements in place at year-end, the Group reports ownership of the portfolios and earnings since October 1 in proportion to Intrum Justitia's intended ownership, which in accordance to the terms of the agreement is 35 percent.

REPORTING OF POLISH INVESTMENT FUND

The Group has operated in Poland since 2006 through an investment fund during the year to purchase and own portfolios of written-off receivables. Intrum Justitia is the fund's only owner, and from the Group's perspective it essentially operates like a subsidiary. Against this backdrop, Intrum Justitia has resolved to consolidate the investment fund in the consolidated financial statements as a subsidiary.

Note 41. Related parties

List of transactions with related parties

	GROUP	
SEK M	2007	2006
Sales of services		
Dustin AB (sale of sales ledger services)	5.2	4.3
Intrum á Íslandi ehf, Reykjavik (Iceland) (sale of scoring services)	0.2	0.1
Total	5.4	4.4
Purchase of services		
Dustin AB (purchase of IT equipment)	0.1	0.3
Marcel van Es (rental of apartment)	–	0.2
Stade de Suisse Wankdorf Nationalstadion AG (client events and sponsorships)	2.7	1.0
Intrum á Íslandi ehf, Reykjavik (Iceland) (purchase of collection services)	1.3	0.3
Total	4.1	1.8
Minority interest		
Visegrad NV (minority interest in earnings of IJ Central Europe BV)	–2.4	–10.5
Total	–2.4	–10.5

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

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

During 2006, Marcel van Es, Intrum Justitia's regional manager, received rent for an apartment in Amsterdam that the company used.

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

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

Intrum Justitia Central Europe BV is the holding company for the Group's operating companies in Poland, the Czech Republic, Slovakia and Hungary. Forty percent of the shares in Intrum Justitia Central BV were owned until May 31, 2007 by Visegrad NV, where Henning Bensland, Intrum Justitia's former regional manager, is a co-owner. During the year Intrum Justitia exercised its option to acquire the shares, whereby the minority interest was dissolved.

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

The subsidiaries are related parties; see Note 12, but the Parent Company has no transactions with other related parties.

Audit report

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

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the President and CEO of Intrum Justitia AB for the fiscal year 2007. The Board of Directors and the President are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of the International Financial Reporting Standards, IFRS, as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

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

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

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

Stockholm, March 7, 2008
KPMG Bohlins AB

Carl Lindgren
Authorized Public Accountant

Corporate governance report

APPLICATION OF THE SWEDISH CODE OF CORPORATE GOVERNANCE

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

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

As of July 1, 2005 Intrum Justitia applies the Code which, in accordance with an agreement between Aktiemarknadsbolagens förening (The Association of Stock Market Companies) and the OMX Nordic Exchange Stockholm, has been incorporated in the OMX Nordic Exchange Stockholm's revised regulations. Furthermore, Intrum Justitia's corporate governance complies with the applicable rules in the Swedish Companies Act, the OMX Nordic Exchange Stockholm's listing agreement, the rules of Näringslivets Börskommitté (the Swedish Industry and Commerce Stock Exchange Committee), the decisions of Aktiemarknadsnämnden (the Swedish Securities Council) and the Company's articles of association. The Company has not deviated from the Code during the period covered by the annual report.

CONTENTS OF THIS CORPORATE GOVERNANCE REPORT

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

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

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

NOMINATION COMMITTEE

The Annual General Meeting on April 25, 2007 instructed the Chairman of the Board to contact the five largest shareholders in the Company at the conclusion of the third quarter to request that each appoint one representative to serve on a Nomination Committee. One of the purposes of the committee is to nominate Board members for election at the upcoming Annual General Meeting. In accordance with the Annual General Meeting's resolution, representatives of the five shareholders that wished to participate were summoned to form a Nomination Committee. The initial composition of the Nomination Committee was announced on October 9, 2007. Due to ownership changes in autumn 2007, one of the directors stepped down and was replaced by a representative of a shareholder that, because of its increased holding, qualified for the Nomination Committee. For the Annual General Meeting in 2008 the Nomination Committee consists of Christer Gardell (Chairman of the Nomination Committee), representing Cevian Capital, Árni Thor Thorbjörnsson (Landsbanki Íslands), Jan Andersson (Swedbank Robur), Björn Lind (SEB-Trygg Liv) and Christian Brunlid (SHB/SPP Funds). On December 31, 2007 the Nomination Committee represented a total of approximately 33.2 percent of the share capital in Intrum Justitia. The initial composition of the Nomination Committee was announced on October 9, 2007. Moreover, the Chairman of the Board, Lars Lundquist, has served as a co-opted member of the Nomination Committee. The Secretary of the Board has served as the co-opted secretary of the Nomination Committee.

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

The Chairman of the Board has conducted

BOARD OF DIRECTORS

Lars Lundquist

Bo Ingemarson

LARS LUNDQUIST, 59, Chairman
Chairman since April 2006. Lars Lundquist was formerly Executive Vice President and Chief Financial Officer of the SEB Group. He is Chairman of JM AB and its remuneration and investment committees, Chairman of Försäkrings AB Erika, Deputy Chairman of Tradedoubler AB and of the Sixth AP Fund as well as a Director and Treasurer of the Swedish Heart and Lung Foundation. Mr. Lundquist holds a M.Sc. in Economics from the Stockholm School Economics and an MBA from the University of Wisconsin, USA.
No. of shares in Intrum Justitia AB: 15,000
No. of call options: 50,000

BO INGEMARSON, 57, Deputy Chairman
Chairman during the period 2002–2006 and Deputy Chairman from April 2006. Mr. Ingemarson is also Chairman of Ostnor AB and SalusAnsvar AB and a Director of Anticimex AB and Uppsala University. He has served as CFO of Sparbanken Sverige AB (1991–1993) and Skanska AB (1993–1997), as Vice President – Asset Management at Försäkringsaktiebolaget Skandia AB (1997–1999), and as President and CEO of If Skadeförsäkring AB (1999–2002). He holds a M.Sc. from the Stockholm School of Economics, Sweden.
No. of shares in Intrum Justitia AB: 15,584
No. of call options: 40,000

Helen Fasth-Gillstedt

Lars Förberg

Lars Wollung

Matts Ekman

Ársæll Hafsteinsson

DIRECTORS' INDEPENDENCE

All directors are independent in relation to the company and its management. All directors other than Ársæll Hafsteinsson, Managing Director of Landsbanki Ísland's Legal Division, and Lars Förberg, Managing Partner of Cevian Capital, are independent in relation to the largest shareholders.

HELEN FASTH-GILLSTEDT, 45
Director since 2005. Ms. Fasth-Gillstedt is Vice President for Strategic Leadership of the SAS Group. She has worked in several positions in the Scandinavian airline and travel group since 1998 and spent twelve years in management positions at the Norwegian oil company Statoil. Ms. Fasth-Gillstedt holds a M.Sc. from the Stockholm School of Economics.
No. of shares in Intrum Justitia AB: 0
No. of call options: 40,000

MATTS EKMAN, 61
Mr. Ekman has served as Executive Vice President and Chief Financial Officer of the Vattenfall Group. Formerly he was Chief Financial Officer of Gränges AB and thereafter Chief Financial Officer of AB Electrolux. He is Chairman of Handelshuset Ekman & Co and a Director of Investment AB Öresund, Profoto AB and Spendrup Invest. He is also a member of the Advisory Board of Svenska Calyon (formerly Banque Credit Agricole Indosuez). Ekman has an MBA from Lund University and an MBA from the University of California at Berkeley.
No. of shares in Intrum Justitia AB: 2,000.
No. of call options: 0.

LARS FÖRBERG, 42
Director since 2004. Mr. Förberg is Managing Partner of Cevian Capital. He was formerly Chief Investment Officer at Custos and Investment Manager at Nordic Capital. He holds a M.Sc. from the Stockholm School of Economics.
No. of shares in Intrum Justitia AB: 0
No. of call options: 0

ÁRSÆLL HAFSTEINSSON, 49
Managing Director of Landsbanki Ísland's Legal Division, including Credit Risk Control, Operational Risk and Group Compliance Branch Management. Formerly Mr. Hafsteinsson worked for Búnaðarbanki Íslands hf. (now Kaupthing Bank), serving as head of the bank's legal department and thereafter as Chief Legal Officer. He is a board member of various companies and funds, including Búnaðarbanki Employees' Pension Fund, Creditinfo Group hf. and Intrum á Íslandi hf. Mr. Hafsteinsson is a law graduate from the University of Iceland.
No. of shares in Intrum Justitia AB: 0.
No. of call options: 0.

LARS WOLLUNG, 46
Director since 2006. Mr. Wollung is President and Chief Executive Officer of the management and IT consulting company Acando. He was one of the founders of Acando in 1999 in his position as Vice President and in 2001 became President. For nine years he worked as a management consultant at McKinsey & Company with international assignments in fields such as corporate strategy, organizational changes and operational improvement programs. He is Chairman of Transia AB and Mountainlife AB. Mr. Wollung holds a M.Sc. in Economics from the Stockholm School of Economics and a M.Sc. in Engineering from the Royal Institute of Technology in Stockholm.
No. of shares in Intrum Justitia AB: 0
No. of call options from Cevian Capital: 40,000

AUDITOR

Carl Lindgren, 49
Chief Auditor since 2004. Mr. Lindgren is an Authorized Public Accountant at KPMG Bohlins and a Director of KPMG Sweden since 2000. Other auditor's duties for Arla, Brummer & Partners, Investor, MTG and Nordea.
No. of shares in Intrum Justitia AB: 0
No. of call options: 0

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

The Nomination Committee's proposal for the Chairman and other Board members, Board fees, committee work compensation, auditors and the Chair of the Annual General Meeting 2008 were announced on December 20, 2007 and are presented in the notice to the Annual General Meeting 2008. The proposals will be presented to the Annual General Meeting for resolution. Shareholders have been offered the opportunity to submit proposals to the Nomination Committee. No such proposals have been submitted within the assigned time period.

After its appointment the Nomination Committee met once in December 2007. All members were present at this meeting. No compensation has been paid to the Chairman of the Nomination Committee or to any other member of the committee for their work.

COMPOSITION OF THE BOARD

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

The Annual General Meeting on April 25, 2007 elected seven Board members with no deputies. Lars Lundquist was elected Chairman of the Board and Bo Ingemarson Deputy Chairman.

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

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

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

The Secretary of the Board is the Group's General Counsel, Eva Kanyuk.

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

THE BOARD'S RULES OF PROCEDURE

At its statutory meeting every year following the Annual General Meeting the Board reviews and establishes the rules of procedure for its work, including instructions on the delegation of responsibilities and work between the Board, the President and the Board committees, as well as the forms of the Company's financial reporting. The rules of procedure are based on the rules of the Swedish Companies Act on the overall responsibilities of the Board and President and otherwise on the decision-making procedure approved by the Board. In addition to the delegation of responsibility that generally applies according to the Companies Act, the rules of procedure primarily govern the following:

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

THE MEETINGS OF THE BOARD

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

In 2007 the Board held nine meetings (12 the previous year). The main discussion topics of the meetings were as follows:

- The Group's results and financial position
- Interim reports
- Auditors' reviews (external and internal audits)
- Strategies for the Group
- Risk management issues and internal control of, among other things, financial reporting
- Compliance issues (including in Norway)
- Reviews of core processes
- Acquisitions and joint ventures
- Special action programs for under-performing countries and operations
- Payroll and compensation issues, including incentive programs
- Evaluation of the Board's work and evaluation of the President and CEO
- Financial objectives
- Regionalization of operations
- Acquisition of minority interest in Eastern European subsidiaries.

Among the areas that the Board continued to focus on in 2007 was the *Purchased Debt* service line, which was distinguished by greater intensity. Around a thousand portfolios were evaluated during the year.

Special attention was again devoted to strategic and organizational issues, with an emphasis on the projects initiated in autumn 2007.

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

BOARD OF DIRECTORS FOLLOWING AGM ON APRIL 25, 2007

Name	Position	Born	Nationality	Elected	Nomination Committee	Audit Committee	Remuneration Committee	Investment Committee	Independence[1]	Total annual fee[2] SEK	Shares [3]	Call options
Matts Ekman	Member	1946	Sweden	2007	–	–	–	Member	Yes	333,333	2,000	0
Helen Fasth-Gillstedt	Member	1962	Sweden	2005	–	Member	–	–	Yes	350,000	0	40,000
Lars Förberg	Member	1965	Sweden*	2004	–	–	Member	Member	No	366,667	0	0
Ársæll Hafsteinsson	Member	1958	Iceland	2007	–	–	–	–	No	300,000	0	0
Bo Ingemarson	Deputy Chairman	1950	Sweden	2002	–	Chairman	–	–	Yes	400,000	15,584	40,000
Lars Lundquist	Chairman	1948	Sweden	2006	Co-opted	Member	Chairman	Chairman	Yes	716,667	15,000	50,000
Lars Wollung	Member	1961	Sweden	2006	–	–	–	Member	Yes	333,333	0	40,000

[1] In relation to the principal shareholders. All members are independent in relation to the Company and the management.
[2] From AGM 2007 to AGM 2008.
[3] Holdings of shares in Intrum Justitia AB include those held via companies and by related parties and are valid as per December 31, 2007.
* Domiciled in Switzerland.

ATTENDANCE AT BOARD MEETINGS SINCE THE AGM 2007

	Matts Ekman	Helen Fasth-Gillstedt	Lars Förberg	Ársæll Hafsteinsson	Bo Ingemarson	Lars Lundquist	Lars Wollung
April 25	X	X	X	X	X	X	X
July 25	X	X	X	X	X	X	X
September 4	X	X	X	X	X	X	X
October 19	X	X	X	X	X	X	X
November 7	X	X	X	X	X	X	X
November 13	0	X	X	0	X	X	0
November 29	X	X	X	X	X	X	X

X = Present 0 = Absent

BOARD EVALUATION

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

COMPENSATION FOR BOARD MEMBERS

According to the resolution of the Annual General Meeting 2007, the Board receives fees of SEK 2,400,000, of which SEK 600,000 is paid to the Chairman and SEK 300,000 to each of the other Board members, as well as an additional SEK 400,000 to be used as remuneration for committee work over and above ordinary Board work, in total SEK 2,800,000. With regard to remuneration for committee work, the Board decided that the amount set by the Annual General Meeting is to be divided such that the Chairman of the Audit Committee receives SEK 100,000, the other two members of the Committee receive SEK 50,000 and the remaining SEK 200,000 is divided equally between the six members of the Remuneration Committee and the Investment Committee.

AUDIT COMMITTEE

The purpose of the Audit Committee is to ensure a high standard of quality in audits of the Company and the Group and to facilitate contacts between the Board and the Company's auditor. The committee also works to improve quality in the monitoring and control of the Company's financial exposure and risk management. The Audit Committee consisted of Bo Ingemarson (Chairman), Helen Fasth-Gillstedt and Lars Lundquist. All members are independent in relation to the Company and the management as well as the principal shareholders. The Company's CFO and the auditor elected by the Annual General Meeting are co-opted to the committee's meetings, as is the Group Chief Accountant.

The Audit Committee met five times in 2007 (six times in 2006). All members were present at all the meetings, with the exception of one of which Lars Lundquist did not attend.

The work of the committee is governed by the instructions that constitute part of the Board's rules of procedure. The issues covered by the committee included quarterly reports, the year-end accounts, audit work for the Group (external and internal) and investment proposals. In addition, the committee dealt with issues of internal control and assisted the Board by preparing the Board's work to assure the quality of the Company's financial reporting, evaluated the work of the auditors and established guidelines for services other than audits that are obtained from the Company's auditor. Because an election of auditors is scheduled at the Annual General Meeting 2008, the Audit Committee (without the presence of the Company's auditors) also conducted a special evaluation of the auditors' work during their term in order to prepare a recommendation to the Nomination Committee and the Board of Directors. The Nomination Committee's recommendation to the Annual General Meeting on the auditors was announced on December 20, 2007 and will be presented in further detail in the notice of the Annual General Meeting.

The Audit Committee reports to the Board, which makes the final decisions. The Audit Committee met with the Company's auditor five times during the year.

INVESTMENT COMMITTEE

Against the background of the significant increase in activity in the *Purchased Debt* service line in 2007, the Board's Investment Committee has made itself available to quickly evaluate and decide on investments in written-off receivables in the range of EUR 8–20 M. Investments exceeding the upper limit must be approved by the Board in its entirety. For such investments, the Investment Committee has served in an advisory capacity to the Board.

Since the Annual General Meeting 2007 the Investment Committee has consisted of Lars Lundquist (Chairman), Matts Ekman, Lars Förberg and Lars Wollung. All four members – with the exception of Lars Förberg, who is not independent in relation to the principal shareholders – are independent in relation to the Company, its management and principal shareholders. The Investment Committee reports to the Board.

The Investment Committee met twice during the year (once in 2006), at which all its members were present, with the exception of Matts Ekman at one of these meetings.

REMUNERATION COMMITTEE

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

Since the Annual General Meeting 2007 the Remuneration Committee has consisted of Lars Lundquist (Chairman) and Lars Förberg. Lars Förberg is not independent in relation to the principal shareholders. The Company's Human Resources Director and, when necessary, the President, attend the committee's meetings. In 2007 the committee met eleven times (three times the previous year) and discussed issues such as the framework of the year's salary revision for senior executives, the principles for variable compensation (i.e., levels, targets and outcomes), pensions and other issues mentioned above within the framework of the committee's competence and duties.

During the year the Committee especially focused on the Group's current employee stock option program and on issues involving the structure of a new, long-term incentive program for the Group's senior executives. A proposal will be presented to the Board of Directors in the spring 2008, which will then present it to the Annual General Meeting for resolution. All members were present at all meetings. The Remuneration Committee reports to the Board, which makes the final decisions.

REMUNERATION PRINCIPLES FOR SENIOR MANAGEMENT

Prior to the Annual General Meeting 2007 the Board presented for resolution a proposal on the principles of compensation and other employment terms for the senior management in accordance with the provisions of the Companies Act on guidelines for compensation for senior executives. The proposal addressed the relationship between fixed and variable remuneration and the relationship between performance and remuneration, non-monetary benefits, issues related to pensions, dismissal and severance payments and how the Board deals with these issues. For further details on salaries and other remuneration for senior management, refer to Note 31 on page 62. The Board's complete proposal for the principles of remuneration and other terms of employment for senior management for 2008 can be found in the Board of Directors' report on page 35.

INCENTIVE PROGRAMS

For information on share-related compensation, refer to Note 32 on page 64.

GROUP MANAGEMENT TEAM

The Group Management Team (GMT) consists of the President of the Parent Company, the CFO, the Regional Managing Directors, the Group's Director of the Purchased Debt service line and the Company's General Counsel. As of autumn 2007 the Group's Human Resources Director is also a member of the GMT. The GMT meets regularly to discuss economic and financial results, strategic issues and Group-wide guidelines. These discussions, decisions and guidelines are also part of the control of financial reporting.

AUDITOR

The Annual General Meeting 2004 elected the accounting firm of KMPG Bohlins AB (KPMG) as auditor of Intrum Justitia AB with Authorized Public Accountant Carl Lindgren as Chief Auditor. The auditor was elected for a term ending at the conclusion of the Annual General Meeting 2008. The Nomination Committee's proposal to reelect the current auditor was announced on December 20, 2007 and will be further detailed in the notice of the Annual General Meeting. The Auditor is independent. In accordance with the decision of the Audit Committee, Intrum Justitia has consulted KPMG on tax and reporting issues unrelated to its auditing assignment. The size of the compensation paid to KMPG is indicated in Note 33 on page 64. KMPG is obligated as the auditor of Intrum Justitia to test its independence prior to every decision when providing independent advice to Intrum Justitia unrelated to its auditing assignment.

GROUP MANAGEMENT TEAM


Michael Wolf


Monika Elling


Thomas Feodoroff


Pascal Labrue

MICHAEL WOLF, 44, President and Chief Executive Officer
Mr. Wolf assumed the duties of President and CEO on September 1, 2006. He most recently served as Executive Vice President and Head of the Europe and Latin America Division of Skandia. Mr. Wolf was Head of Skandia's German division (1999–2001) and Chief Investment officer/Executive Finance Director (2002–2003). In 1985–1998 he was an employee of SEB Merchant Banking, based in various locations including London and New York. Mr. Wolf holds a M.Sc. in Economics from Stockholm University. He is a Director of East Capital, but otherwise has no significant assignments outside the company and holds no significant shareholdings or ownership interests in companies with which Intrum Justitia has important business relations.
No. of shares in Intrum Justitia AB: 15,800.
No. of employee stock options: 60,000.
No. of call options: 300,000.

THOMAS FEODOROFF, 56, Regional Managing Director
Mr. Feodoroff has been employed by the company since 1978 and is the Regional Managing Director for Finland, Estonia, Latvia & Lithuania. Since March 2007 he is also acting Regional Managing Director for Poland, the Czech Republic, Slovakia and Hungary. He studied at the Swedish School of Economics and Business Administration in Helsinki, Finland.
No. of shares in Intrum Justitia AB: 422,387.
No. of employee stock options: 0.

MONIKA ELLING, 45, Chief Financial Officer
Ms. Elling assumed her duties in 2005. Before joining the Group, she was an analyst at Enskilda Securities in Stockholm, where she had been employed since 1999. During the period 1987–1989 she was Financial Director at Sandvik Öberg, and in 1989–1992 she served as business controller with acting branch manager responsibility at Industor. From 1992 to 1994 she was CFO and COO of Arrow Lock Group in the U.S., now part of the Assa Abloy Group. Between 1994 and 1998 Ms. Elling worked for Securitas, mainly as manager of Cash Handling Services. She has a degree from the Stockholm School of Economics combined with MBA studies at McGill University in Montreal, Canada, as well as a mechanical engineering degree from Teknikum Växjö. Elling was a Director of AB Lindex until year-end 2007.
No. of shares in Intrum Justitia AB: 62,400.
No. of employee stock options: 120,000.
No. of call options: 100,000.

PASCAL LABRUE, 40, Regional Managing Director
Mr. Labrue has been an employee since 2000 and since February 2004 has served as Regional Managing Director for France, Italy, Spain & Portugal. He was previously employed by the CMS company B.I.L. Pascal Labrue graduated from ESC Bordeaux.
No. of shares in Intrum Justitia AB: 119,713.
No. of employee stock options: 120,000.


Lennart Laurén


Benno Oertig


Marcel van Es


Eva Kanyuk


Kari Kyllönen


Mita Ryrbäck Reinefjord

LENNART LAURÉN, 50, Regional Managing Director
Mr. Laurén has been an employee at Intrum Justitia since 1998 and since September 2003 has served as Regional Managing Director for Denmark, Norway & Sweden as well as Iceland. He was active for many years in the Swedish banking sector, including as regional manager for SEB-Bolån during the 1990s. Lennart Laurén holds a Higher General Banking Certificate and has studied management accounting and tax law.
No. of shares in Intrum Justitia AB: 423,339.
No. of employee stock options: 0.

EVA KANYUK, 37, General Counsel
Ms. Kanyuk has been employed as General Counsel of Intrum Justitia since 2005 and as Secretary of the Board of Directors since October 2006. She received an LL.D. from the School of Business, Economics and Law at Göteborg University in 1996. After court services at the Mölndal District Court in 1997–1998, Ms. Kanyuk worked at the law firm of Mannheimer Swartling in 1998–2005 and the law firm of Davis Polk and Wardwell in New York in 2003–2004. She was a member of the Swedish Bar Association from 2002 to 2005 and is a Director of AB Trav och Galopp.
No. of shares in Intrum Justitia AB: 400.
No. of employee stock options: 0.

BENNO OERTIG, 56, Regional Managing Director
Mr. Oertig has worked for the Intrum Justitia Group for over 30 years. He was founder of Creditcontrol Data AG, which was acquired by Intrum Justitia in 1992. During the period 1992–1994 Mr. Oertig was responsible for marketing, after which he became Regional Managing Director for Switzerland, Germany and Austria. Mr. Oertig is a member of Beirat in Schufa.
No. of shares in Intrum Justitia AB: 300,000.
No. of employee stock options: 120,000.

KARI KYLLÖNEN, 61, Director
The head of the *Purchased Debt* service line, Mr. Kyllönen has been an employee of Intrum Justitia since 1996, after the acquisition of Tietoperintä Oy in Finland, where he was CEO since 1987. Prior to that he spent 15 years as an executive at Föreningsbanken i Finland AB. Kari Kyllönen has been responsible for *Purchased Debt* since 1999. He holds a M.Sc. from Tampere University.
No. of shares in Intrum Justitia AB: 125,438
No. of employee stock options: 50,000.

MARCEL VAN ES, 41, Regional Managing Director
Marcel van Es joined the company in 1988 and in 2000 was given responsibility for operations in the Netherlands. Since 2005 he is Regional Managing Director for Belgium, Ireland, the Netherlands and the United Kingdom. He holds a B.Sc. in Economics from Hogeschool Rotterdam.
No. of shares in Intrum Justitia AB: 0.
No. of employee stock options: 120,000.

MITA RYRBÄCK REINEFJORD, 47, Human Resources Director
Ms. Ryrbäck Reinefjord joined the company in May 2007. Previously she had served as Human Resources Director at ORC Software. Earlier she worked as the Nordic head of human relations at Nordea Markets. Ryrbäck Reinefjord has a degree in Human Resources Management and Labour Relations from Uppsala University in 1985.
No. of shares in Intrum Justitia AB: 400
No. of employee stock options: 0

Changes in the Group Management Team
As of July 2007 the Human Resources Director is a member of the Group Management Team.

The indicated number of shares includes those held via companies and by family members as of December 31, 2007. During the year certain senior executives exercised their employee stock options as part of the program described in Note 32 on page 64.

Report on internal control

The Board of Directors' report on internal control of financial reporting for the fiscal year 2007*.

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

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

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

CONTROL OF REPORTING BY GROUP COMPANIES

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

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

GROUP TREASURY

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

INTERNAL CONTROL

Intrum Justitia has been building up an internal control function since 2006. This function has initially focused on the companies' accounting organizations. Each subsidiary reports the status of its controls twice a year in a number of processes that are important to the Group. In 2007 the form was expanded to include legal issues, including their internal legal structures and processes. After submitting their report, each subsidiary was visited by an internal auditor to verify their replies. Based on these evaluations, work has begun to alleviate the deficiencies. After semiannual reporting, each company receives an action list from the internal auditors that follows up on current measures, agreed completion dates and responsible employees. The results are reported to the Group's Audit Committee. In late 2007 the Group established a function with the primary responsibility for the Group's internal audits, including coordination of all internal control functions (Finance, HR, IT, Legal, Operational Excellence and Risk) and audits within Intrum Justitia. This function will be operational in 2008. In some countries such as Norway, internal control has been upgraded through the appointment of a so-called conciliation officer responsible for the company's compliance with the Norwegian debt collection laws. An effort has also been made at a regional level, beginning in Scandinavia, to plan for hiring regional compliance managers in 2008. Internal control issues will be discussed in 2008 at all subsidiary board meetings.

FINANCE AND ACCOUNTING NETWORK

The subsidiaries' accounting and financial managers are part of a network that meets regularly to exchange experiences and share knowledge. Conferences are held twice a year with the aim of maintaining a high level of quality in financial reporting by discussing issues concerning the Group's accounting principles, examining the requirements on internal control, improving quality and efficiency in processes and monitoring, and ensuring efficient sharing of knowledge within the Group. The participants in the network are continuously working to achieve an increased coordination and possibilities to benchmark analysis models and evaluation of primarily business intelligence systems, development of various key performance indications and profitability by client.

COMMUNICATION WITH THE COMPANY'S AUDITOR

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

IT AND MANUAL CONTROLS

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

INTRUM JUSTITIA'S HANDBOOK

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

Definitions

AVERAGE NUMBER OF EMPLOYEES
Average number of employees during the year, recalculated to full-time positions.

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

COLLECTION CASES IN STOCK
Total number of debt collection cases within the *Credit Management* lines at year-end.

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

DIVIDEND PAYOUT
Dividend as a percentage of net earnings for the year.

EARNINGS PER SHARE
Net earnings for the year attributable to the Parent Company's shareholders divided by the average number of shares during the year.

EQUITY/ASSETS RATIO
Shareholders' equity including minority interests as a percentage of total assets.

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

INTEREST COVERAGE RATIO
Earnings after financial items plus financial expense divided by financial expense.

NET DEBT
Interest-bearing liabilities and pension provisions less liquid funds and interest-bearing receivables.

OPERATING CAPITAL
Sum of shareholders' equity including minority interests, interest-bearing liabilities and pension provisions less liquid funds and interest-bearing receivables.

OPERATING CASH FLOW PER SHARE
Cash flow from ope-rating 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.

History

1923 Sven Göranson founds Intrum Justitia.

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

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

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

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

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

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

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

2000 The review and restructuring begun in 1998 continues. During the year an action program was launched in France, among other places.

2001 Acquisition of Dun & Bradstreet's European receivables management operations. During the year Intrum Justitia also acquired Vía Ejecutiva, with operations in Spain and Portugal.

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

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

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

2005 The Group initates an increase of its investments in *Purchased Debt.* A portfolio consisting of defaulted Spanish bank loans is acquired during the autumn. Acquisition of the Slovakian collection company Creditexpress Slovakia, now Intrum Justitia Slovakia.

2006 Increased investments in the *Purchased Debt* service line, including through the acquisition of a large portfolio of written-off German bank loans.

Information for shareholders

Annual General Meeting 2008

The Annual General Meeting of Intrum Justitia AB will be held on Thursday, April 10, 2008 at 4:00 pm (CET) at World Trade Center, section D, New York Hall, Klarabergsviadukten 70, Stockholm, Sweden. A notice has been published in the Swedish daily press. The notice and other information released prior to the Annual General Meeting are available at www.intrum.com.

Dividend

The board of Directors proposes a dividend of SEK 3.25 (2.75) per share for fiscal year 2007, corresponding to 55.5 percent of net earnings for the year.

Financial report dates 2008

Annual General Meeting	April 10
Interim report January-March	April 23
Interim report January-June	July 22
Interim report January-September	October
Year-end report 2008	February 2009

Capital Markets Day

Intrum Justitia annually arranges a Capital Markets Day for analysts, asset managers and journalists. For further information, see www.intrum.com.

Further 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, etcetera. The Group also publishes a magazine for its stakeholders, Fair Pay Magazine, which provides information on developments in the CMS industry and at Intrum Justitia. The magazine can be ordered from the Corporate Communications Department.

Shareholder contact

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