



SAS 1959
annual report
1960



1959 annual report 1960

Fiscal Year October 1, 1959 — September 30, 1960

SAS OPERATIONS - GENERAL

The fiscal year 1959-60 has been marked by substantial progress in the SAS transition to jet operations. During the summer of 1960, Douglas DC-8C aircraft have been delivered and put into service on the New York and Los Angeles routes. In October, 1960, the DC-8C has also been introduced on the North Pole route to Tokyo. Caravelle operations have been extended to serve the bulk of the SAS European and Middle East network.

Production has shown a considerable increase over the preceding year, and revenue traffic has grown at an even greater rate. Delays in the delivery of the DC-8C have, however, adversely affected traffic revenue.

In spite of efforts to economize throughout the System, it has not been possible to bring costs down to a satisfactory level. During the present transition of SAS to jet traffic, it is necessary to operate a great number of different aircraft types, resulting in high maintenance costs.

The fiscal year 1959-60 shows a deficit of 84 million Swedish Crowns. The causes of this deficit are, i. a., the high costs of the transition to jet operations, the additional depreciation of the DC-7C equipment necessitated by the rapid technical development, and the provision of a valuation reserve against, i. a., possible losses related to SAS engagements abroad, and in connection with the sale of equipment.

During the summer and autumn of 1960, delivery of the DC-8C and Caravelle aircraft ordered by SAS has been completed, and older aircraft have been gradually withdrawn from traffic and marked for sale or lease.

The co-operation with Swissair, initiated in 1958, has developed as planned.

On January 19, 1960, an SAS aircraft was lost near Ankara, Turkey. In this accident, 7 crew members and 35 passengers perished. The SAS Board of Directors wishes to express its deepest sympathy with the kin of the deceased.

WORLD AVIATION IN 1959

In the calendar year 1959, scheduled civil aviation (excluding U.S.S.R. and China) showed an improvement after the stagnation which characterized 1958.

Traffic increased from 9,580 million ton-kilometres to 10,920 million, i. e., by 14.0 %, whereas in 1958 the increase was only 4.4 %.

Passenger-kilometres rose by 14.1 % to 97,000 million in 1959, and the number of passengers increased by about 11.5 % to approximately 97 million.

To a great extent, the improvement during 1959 was due to the favourable development of the domestic traffic in the U.S.A., which accounts for more than 50 % of all air traffic in the world. Passenger traffic in the U.S.A., which had stagnated in 1958, rose by over 14 % in 1959.

In international air traffic, the routes between Europe and North America showed a particularly vigorous increase. The number of passengers grew by 19.2 % to 1,540,000. More than 75 % of these passengers flew Economy Class, which was introduced in 1958 and has completely replaced the earlier Tourist Class.

International air traffic in the Middle East rose by 24.0 % in 1959, and within Europe by 12.5 %.

The financial results of international air traffic in 1959 are also expected to show a certain improvement over the

preceding year. At present, traffic revenue for 1959 is estimated at \$4,610 million, and costs at \$4,470 million. It is, however, obvious that the present transition to jet traffic will continue to hamper the airlines in their efforts to achieve satisfactory financial results during the next few years.

SAS PRODUCTION AND TRAFFIC

(Figures in parentheses refer to the fiscal year 1958-59. The effects of a labour conflict during that year should be taken into account.)

Total System

Production in 1959-60 amounted to 441.1 million ton-kilometres (383.5 million), a growth of 15.0%. Of the total production, intercontinental routes accounted for 60%, European and Middle East routes for 28%, and inter-Scandinavian and Scandinavian domestic routes for 12%.

Traffic rose by 16.4% to 245.6 million revenue ton-kilometres (211.0 million). Passenger traffic grew by 14.2%, cargo by 27.1% and mail by 18.9%.

The load factor was 55.7 (55.0) and the cabin factor 57.8 (57.2).

Intercontinental Routes

In May, 1960, DC-8C aircraft were introduced on the routes to New York, and in June on the Los Angeles route. During the peak season, the frequency on the New York routes was 18 DC-8C flights and 7 DC-7C flights per week. The great capacity of the DC-8C made it possible to carry considerably more traffic with these 25 flights than with 28 weekly DC-7C flights the preceding year. In July, 1960, traffic to Liberia was opened by re-routing the SAS South America services to include the capital, Monrovia, instead of Recife, Brazil.

Production on all intercontinental routes increased by 12.5% to a total of 257.3 million ton-kilometres (228.8 million).

Traffic grew by 14.4% to 149.4 million revenue ton-kilometres (130.7 million).

The load factor was 58.1 (57.1) and the cabin factor 59.0 (59.7).

European and Middle East Routes

In November, 1959, one of the Middle East routes was extended to Dhahran in Saudi-Arabia.

By the end of the fiscal year, Caravelle aircraft had been introduced on the bulk of the routes within Europe and the Middle East.

Production rose by 18.6% to 127.8 million ton-kilometres (107.8 million).

Traffic increased by 19.0% to 66.9 million revenue ton-kilometres (56.2 million).

The load factor was 52.4 (52.2) and the cabin factor 55.7 (53.4).

Scandinavian Routes

Production on the inter-Scandinavian routes, and the domestic routes in Denmark, Norway and Sweden, increased by 18.9% to a total of 55.9 million ton-kilometres (47.0 million).

Traffic rose by 21.4% to 29.2 million revenue ton-kilometres (24.1 million).

The load factor was 52.3 (51.3) and the cabin factor 57.7 (55.7).

CO-OPERATION WITH SWISSAIR

With the delivery of Caravelle and DC-8C equipment to SAS and Swissair, the carefully planned technical co-operation between the two carriers has been broadly implemented. In accordance with the co-operation agreement, SAS performs all overhaul of the Swissair DC-8C and Caravelle aircraft. Furthermore, training of Swissair pilots and technical staff has to a great extent been carried out at the SAS technical bases. Swissair has made preparations to receive and overhaul the Convair Coronado for both airlines.

In the commercial field, the integration of the schedules of the two carriers has been further developed. Part of the traffic of the two airlines has been carried out in co-operation.

CO-OPERATION WITH THAI AIRWAYS INTERNATIONAL

In accordance with the co-operation agreement concluded in 1959 by SAS and Thai Airways Co., Ltd., Bangkok, SAS has participated in the formation of a new company, Thai Airways International, Ltd. (THAI International). SAS' purpose in entering into such a co-operation was to achieve advantageous traffic connections in the important Far East area.

The new airline started operations in the spring of 1960. Traffic has developed largely as planned. The airline operates three Douglas DC-6B aircraft leased from SAS. At present, the network comprises the following routes: Bangkok—Hong Kong—Taipei—Tokyo, Bangkok—Kuala Lumpur—Singapore—Djakarta, Bangkok—Rangoon—Calcutta, Bangkok—Phnom Penh—Saigon. The number of local employees is approximately 350. In addition, SAS has, during the fiscal year, placed about 50 technicians, pilots and administrative experts at the disposal of the new airline. They are to serve THAI International until this carrier has trained a sufficient number of local staff.

CO-OPERATION WITH GUEST AEROVIAS

During the preceding fiscal year, SAS entered into co-operation with the Mexican airline Guest Aerovias Mexico S.A. The advantages expected from this co-operation were: a gain in passenger traffic for the SAS network from the rapidly growing Central American air traffic markets to which SAS does not operate own routes, increased dollar revenues, and a sales outlet for a portion of the SAS propeller equipment. Since this co-operation was initiated, the GUEST network has been extended by, i. a., a route Mexico City—Miami—Paris. The network now comprises the following routes: Mexico City—Miami, Mexico City—Guatemala City—San José—Panama City—Caracas, Mexico City—Miami—Bermuda—Santa Maria—Lisbon—Madrid/Paris. At present, the GUEST fleet consists of three Lockheed Super Constellation 1049G, three Douglas DC-6 and two Lockheed Constellation 749 aircraft. GUEST has approximately 650 employees.

Although the traffic of GUEST has shown a considerable increase since the beginning of the co-operation, the financial situation of the airline has developed in an unsatisfactory manner. The result has been unfavourably influenced by a lengthy pilot conflict, as well as by considerable training and development costs in connection with the transition to new equipment and the opening of new routes. A considerable loss must be expected in connection with this engagement on account of the financial support extended from time to time by SAS to GUEST in the form of credit on sold flight equipment and on technical and other services, cash loans, and guarantees.

When entering into co-operation with THAI International, SAS undertook to sell three Lockheed Super Constellation 1049G aircraft with spare parts owned by Thai Airways Co., Ltd. These aircraft were purchased by GUEST. SAS has guaranteed the payment of the purchase price of these aircraft. SAS has also extended loans to finance the payment of instalments on the aircraft, and modifications and expenses in connection with delivery of the aircraft to GUEST. Title will pass to GUEST only when this company has paid the full purchase price as well as the modification and delivery costs.

LINJEFLYG AB

Linjeflyg AB is a Swedish domestic carrier in which SAS holds a 50% ownership. In the summer of 1960, the operations of Linjeflyg were brought to a protracted standstill through a labour conflict with the pilots of the airline. The suspension of operations caused such heavy losses that SAS and the other shareholders had to make a contribution to Linjeflyg.

THE FLEET

The Jet Program

During the fiscal year, 12 Caravelle aircraft have been delivered to SAS. The last aircraft in the series of Caravelles ordered (17 in all) was delivered in October, 1960. Under the co-operation agreement with Swissair, four Caravelle aircraft have been leased to this carrier.

Of the seven DC-8C aircraft ordered, six were delivered during the fiscal year and the seventh in October, 1960.

These deliveries have enabled SAS to complete its transition to jet traffic on the longest-range intercontinental routes as well as on the European and Middle East network. As previously reported, SAS has ordered two Convair Coronado jetliners for the medium-long range intercontinental routes. Under the co-operation agreement with Swissair, two additional aircraft of the same type will be leased to SAS. The Coronados are scheduled for delivery in 1961 and are intended for the routes to South America, South Africa and to the Far East via Pakistan and India.

The SAS workshop facilities have been expanded considerably during the fiscal year. At Fornebu Airport, Oslo, a new building with hangars and maintenance workshops has been completed. The building covers a total area of approximately 33,000 sq. m.

At Bromma Airport, Stockholm, new workshop facilities covering about 22,000 sq. m. have been opened for the overhaul of jet engines, instruments and electrical components. At the new Stockholm airport, Arlanda, the first stage of the building program for hangars and workshops for the SAS jet fleet has been carried out. The installations completed at Arlanda during the fiscal year cover an area of about 24,000 sq. m.

Propeller Aircraft

In the course of the fiscal year, eight DC-6 and one DC-6B aircraft have been delivered to the purchasers. Three DC-7C aircraft have been sold for delivery in October-November, 1960. Three DC-6B aircraft have been leased to THAI International. The remaining DC-6B aircraft are marked for sale. Studies have shown that continued utilization of nine DC-7C aircraft should enable SAS to provide for depreciation in conformity with principles hitherto applied. These aircraft will consequently be retained in operation over a period of years. Three DC-3 aircraft have been leased to Linjeflyg AB, and two have been sold.

THE SAS BUILDING IN COPENHAGEN

During recent years, the expansion of the SAS long-haul traffic has imposed increased demands on the SAS facilities in Copenhagen. In order to meet future hotel requirements and thus stimulate the flow of international

traffic via Copenhagen, it was decided, in 1956, to build an SAS centre comprising a hotel, an air terminal and a sales office. This project has been carried out by the SAS subsidiary SAS-Invest A/S. The new Royal Hotel, with a capacity of 275 rooms and 450 beds, was opened in July, 1960.

The preliminary estimates for this project, made in 1956, indicated a total cost of approximately 25 million Swedish Crowns, including equipment but excluding expenses during the building period. By September 30, 1960, total costs amounted to 42.3 million Swedish Crowns. The causes of this cost increase are, i. a., that the building has been given considerably more floor space than originally planned, and that the quality level of the Royal Hotel has been raised appreciably to make it fully competitive with international hotels in the highest class. Total costs have also been affected by substantial increases in labour and material costs during the building period. For SAS, this project has called for an investment of own capital amounting to 16.4 million Swedish Crowns.

PERSONNEL

(Figures in parentheses refer to the situation as of September 30, 1959.)

Increased production and the transition to jet operations have required an increase of personnel. As of September 30, 1960, the staff numbered 14,635 (12,484), of whom 2,022 (1,777) were flight personnel. The 286 employees of SAS-Invest A/S are not included in this figure.

THE FINANCIAL RESULT

(Figures in parentheses refer to the fiscal year 1958-59. The effects of a labour conflict during that year should be taken into account.)

The SAS accounts cover all activities of the Consortium and its subsidiaries, within as well as outside Scandinavia. The result of the fiscal year 1959-60, and the financial status of the Consortium as of September 30, 1960, are set forth in the enclosed Profit and Loss Account and Balance Sheet. Unless otherwise stated, all amounts in the comments below, as well as in the Profit and Loss Account and the Balance Sheet, are given in Swedish Crowns.

Total revenue amounts to Crs. 657.2 million (Crs. 552.3 million). Traffic revenue, after deducting commissions, amounts to Crs. 591.2 million (Crs. 519.3 million), and other income, together, to Crs. 66.0 million (Crs. 33.0 million). After deduction of operating expenses, Crs. 574.5 million (Crs. 469.6 million), administration expenses, Crs. 18.7 million (Crs. 15.4 million), and other expenses, Crs. 21.5 million (Crs. 15.8 million), a gross surplus of Crs. 42.5 million (Crs. 51.5 million) remains before providing for depreciation. After ordinary depreciation, largely in accordance with the principles applied during previous fiscal

years, has been provided for with Crs. 70.4 million (Crs. 51.5 million), the accounts show a deficit of Crs. 27.9 million (—). Additional depreciation of DC-7C equipment has been provided for with Crs. 8.0 million (—). A provision of Crs. 48.1 million has been made to a valuation reserve. After this, the total deficit for the fiscal year amounts to Crs. 84.0 million (—).

Total depreciation amounts to Crs. 78.4 million (Crs. 51.5 million) and is apportioned with Crs. 68.4 million (Crs. 44.4 million) to aircraft, spare engines, spare propellers, and other spare parts, Crs. 1.4 million (Crs. 1.1 million) to buildings, and Crs. 8.6 million (Crs. 6.0 million) to workshop equipment, and other equipment and vehicles.

Costs incurred during the fiscal year for modifications of aircraft and in connection with the transition to jet traffic have, as in previous years, been charged to operating expenses. Initial purchases of sundry workshop supplies in connection with jet operations have been capitalized.

"Sundry income", Crs. 14.3 million (Crs. 2.9 million), represents the proceeds, after deduction of book value, etc., from the sale of eight DC-6, one DC-6B and two DC-3 aircraft, with spare parts, Crs. 24.9 million, as well as loss, Crs. 10.6 million, related to the trade-in of three DC-7C aircraft in connection with the purchase of Convair Coronados.

The turnover of shop work for third parties, mainly carried out at the SAS workshops in Copenhagen, amounts to Crs. 23.4 million (Crs. 24.0 million). The result of this activity is included in "Other operating revenue".

Of the total gross revenue for the fiscal year, non-Scandinavian currencies constitute the counter-value of about Crs. 489 million (about Crs. 412 million).

The purchase value of the DC-8C and Caravelle aircraft with spare parts, delivered during the fiscal year, amounts to Crs. 422.8 million.

Under the co-operation agreement with Swissair, four Caravelle aircraft have been placed at the disposal of Swissair. Reciprocally, Swissair will place two Convair Coronados at the disposal of SAS in the course of 1961. These transactions have been made in the form of a sale/resale agreement. The Caravelle aircraft, which are to be returned at the expiration of the contract period, have been accounted for as assets in the SAS Balance Sheet.

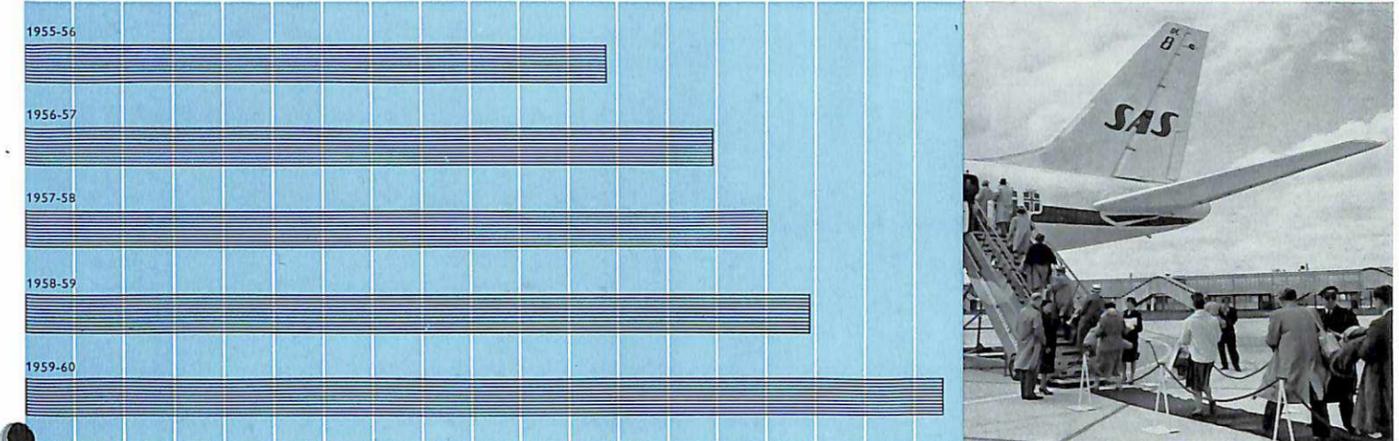
The transition of civil aviation to jet operations has caused the book value of the SAS DC-7C equipment, Crs. 114.4 million, to considerably exceed its present market value. However, as mentioned above, it is the intention of the Consortium to continue utilizing DC-7C aircraft.

The Royal Hotel as well as the new SAS air terminal and sales office in Copenhagen, have been opened during the fiscal year and appear in the Balance Sheet under the heading "Buildings".

The item "Advance payments on flight equipment on order" has been reduced in connection with the delivery, during the fiscal year, of DC-8C and Caravelle aircraft with spare parts. As advance payment on Convair Coro-

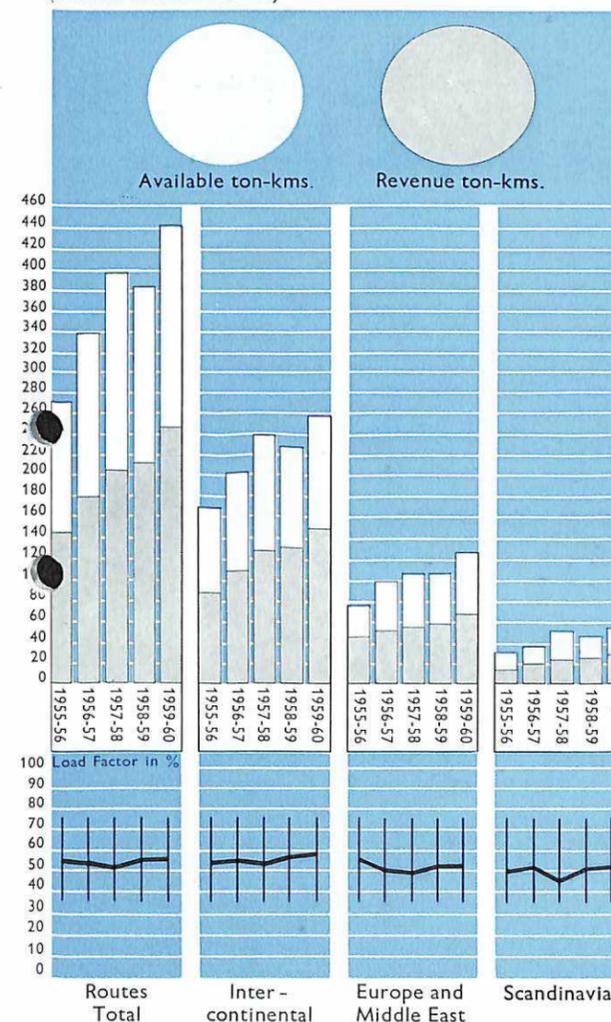
PASSENGERS FLOWN (millions)

0.0 0.1 0.2 0.3 0.4 0.5 0.6 0.7 0.8 0.9 1.0 1.1 1.2 1.3 1.4 1.5 1.6 1.7 1.8 1.9



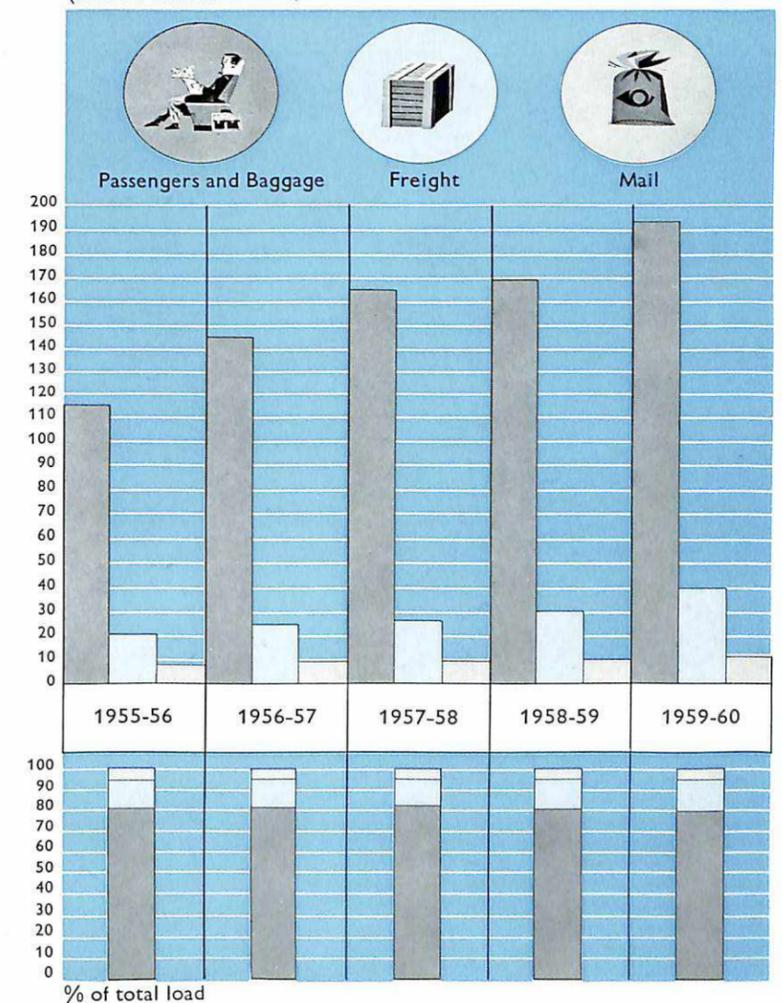
PRODUCTION AND TRAFFIC

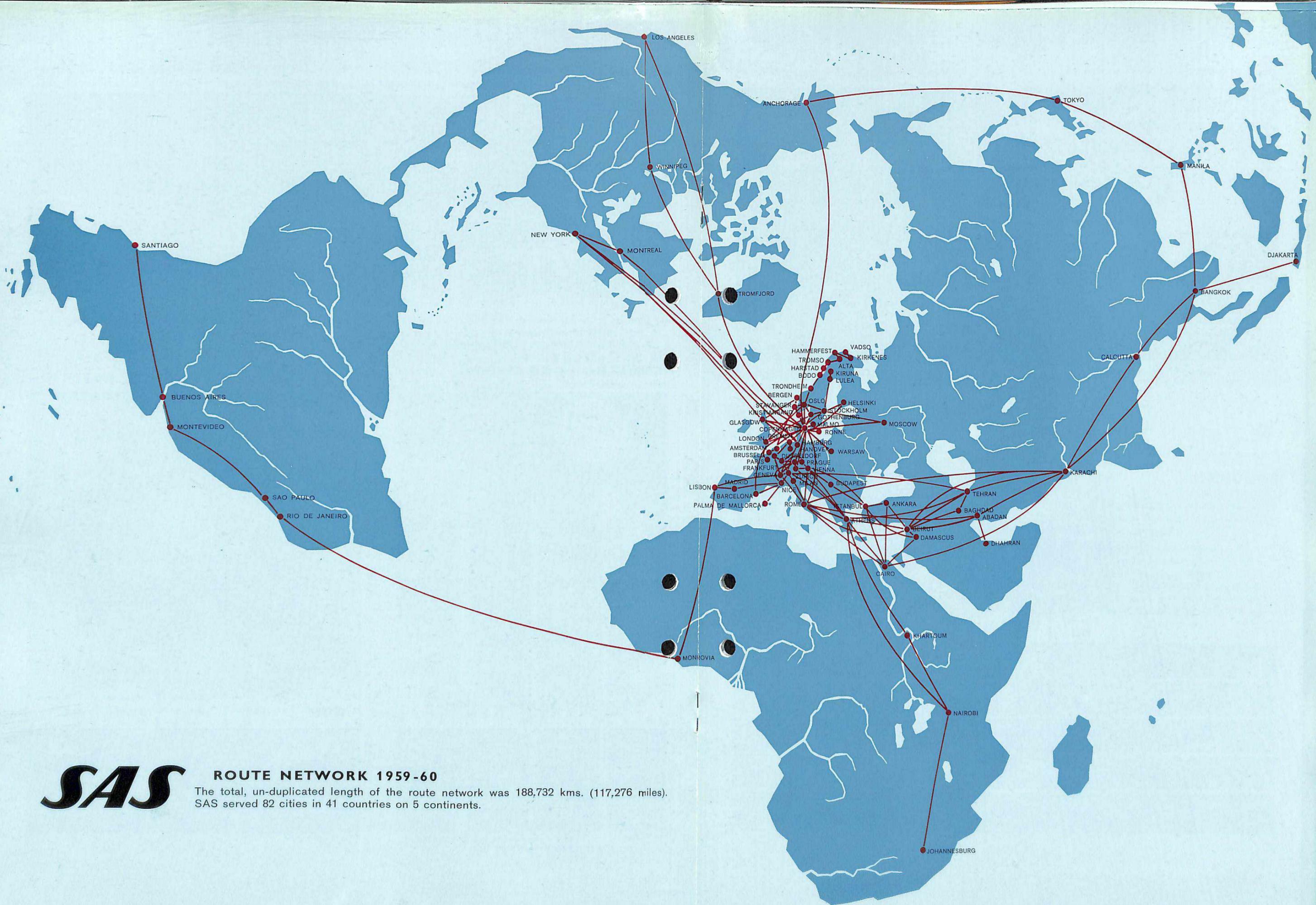
(million ton-kilometres)



LOAD DISTRIBUTION

(million ton-kilometres)



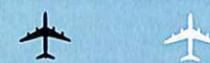


SAS

ROUTE NETWORK 1959-60

The total, un-duplicated length of the route network was 188,732 kms. (117,276 miles). SAS served 82 cities in 41 countries on 5 continents.

THE FLEET

		In operation	On order
7	DOUGLAS DC-8C		
4	CONVAIR Coronado		
17	CARAVELLE		
11	DOUGLAS DC-7C		
12	DOUGLAS DC-6B		
20	CONVAIR Metropolitan		
3	DOUGLAS DC-3		

Two Convair Coronados will be leased from Swissair.
Four Caravelles are leased to Swissair.

Three Douglas DC-6Bs are leased to Thai Airways International, Ltd.
Three Douglas DC-3s are leased to Linjeflyg AB.

PERSONNEL

	Total		Flight Personnel		Other Personnel	
	Sept. 30, 1960	Sept. 30, 1959	Sept. 30, 1960	Sept. 30, 1959	Sept. 30, 1960	Sept. 30, 1959
DENMARK	4 123	3 354	580	488	3 543	2 866
NORWAY	2 116	1 849	540	474	1 576	1 375
SWEDEN	5 291	4 562	875	801	4 416	3 761
ABROAD	3 105	2 719	27	14	3 078	2 705
TOTAL	14 635	12 484	2 022	1 777	12 613	10 707

nado aircraft ordered is shown the trade-in value of the three DC-7C aircraft, which, as of September 30, 1960, have been accounted for as sold to the manufacturers of the Coronado aircraft.

The transition to jet operations has entailed substantial procurement of workshop equipment, and other equipment and vehicles for workshop plants and stations. In the item "Shop work in progress" is, as in previous years, included a stock of engines and propellers for sale.

In the annual accounts for the preceding fiscal year, the proceeds from the sale of three DC-6 aircraft to Guest Aerovias Mexico S.A. (GUEST) were not shown as income but were off-set against receivables from GUEST. During the fiscal year 1959-60, SAS has, in connection with a reconstruction of GUEST, waived claims corresponding to the sales value of these aircraft.

"Co-operating airlines", Crs. 41.1 million, comprises the SAS engagements under the co-operation agreements with GUEST and THAI International. The item "Contingent liabilities and guarantees" includes the guarantees, Crs. 25.7 million, assumed by SAS in connection with the co-operation with THAI International and GUEST. These receivables and guarantees are, to a limited extent, secured by collateral.

For practical reasons, the various clearing accounts for traffic revenue are, as previously, included as a net balance in the item "Sundry creditors".

The Consortium's balances in foreign currencies have been entered in the books at rates of exchange which provide for the risks deemed to exist.

Through groups of banks in Denmark, Norway and Sweden, SAS has raised a 7% debenture loan of Crs. 78.75 million, repayable during the period 1973-1982. These debentures rank for payment out of the SAS assets after other debts. The earlier 6.5% debenture loan, in the same amount and repayable 1973-1982, was raised during the fiscal year 1956-57. The discount on the debenture loans has been entered as an asset and will be written off over the loan period.

The loan granted in 1952 by the Danish Government through Det Danske Luftfartselskab A/S amounts, as of September 30, 1960, to Danish Crowns 12.8 million (Danish Crowns 13.9 million). The loans raised in the United States amount, as of September 30, 1960, to \$46.2 million (\$42.2 million).

This Annual Report and relative Profit and Loss Account and Balance Sheet, which have been approved by the Board of Directors of SAS, have, by the authority of the said Board, been signed by the Executive Committee of the Board.

COPENHAGEN, OSLO AND STOCKHOLM, JANUARY, 1961

Sigurd Pedersen
Palle Christensen

M. Wallenberg
Axel Gjores

Per M. Hansson
E. F. Eckhoff

The loan from Swissair, Crs. 39.4 million, has been raised to partly finance the purchase of spare parts for the joint maintenance of the SAS and Swissair jet aircraft. The loan will be repaid in 1961.

In view of the risks for losses in connection with, i. a., the SAS engagements abroad and the sale of equipment, it has been considered necessary for SAS to make a provision in the amount of Crs. 48.1 million to a valuation reserve.

Together with the provision made during the preceding fiscal year for the valuation of foreign engagements, the aggregate reserve, as of September 30, 1960, amounts to Crs. 52.9 million. This amount is shown in the Balance Sheet under the heading "General valuation reserve".

The item "Pledges" includes security for a mortgage loan raised by SAS-Invest A/S.

Flight equipment and other physical assets were, as of September 30, 1960, insured as follows:

	1960 mill. Crs.	1959 mill. Crs.
Aircraft	616.8*)	386.6
Spare engines, spare propellers, spare parts and technical stores ..	261.0	190.2
Buildings	66.2	49.2
Workshop equipment and tools ..	31.5	23.1
Other equipment, vehicles, and sundry stores	76.0	59.6

*) Includes Crs. 26.4 million pertaining to three DC-7C aircraft entered in the books as sold as of September 30, 1960.

For the fiscal year 1960-61, it is likewise to be expected that, i. a., the continuing transition to jet operations will cause a considerable deficit. Forecasts for the subsequent period indicate a gradual improvement.

Since the establishment of the Consortium in 1950, its subscribed capital has remained unchanged. As the activities of the Consortium during the past ten years have, broadly speaking, quadrupled, this capital is inadequate. At the request of SAS, its parent companies have initiated negotiations with a view to increasing the subscribed capital.

The Board of Directors wishes to express its gratitude to all personnel throughout the System for the work performed during the past fiscal year.

PROFIT AND LOSS ACCOUNT October 1, 1959 — September 30, 1960

AUDITORS' REPORT



	1959-60	1958-59
	(in 1,000 Swedish Crowns)	
EXPENSES		
Operating expenses for the air traffic	574,507	469,656
Administration expenses	18,666	15,442
Other expenses	21,469	15,744
Provision to valuation reserve	48,066	—
Depreciation	78,466	51,462
	741,174	552,304
INCOME		
Traffic revenue, less commissions	591,192	519,291
Other operating revenues	50,621	29,152
Subsidies for domestic operations	1,026	970
Sundry income	14,335	2,891
Deficit	84,000	—
	741,174	552,304

We, the undersigned auditors of

SCANDINAVIAN AIRLINES SYSTEM
Denmark - Norway - Sweden

appointed in accordance with paragraph 11 of the Consortium Agreement of February 8, 1951, between AB Aerotransport (ABA), Det Danske Luftfartsselskab A/S (DDL) and Det Norske Luftfartsselskab A/S (DNL), having completed our assignment, herewith submit to the Parent Companies our report for the fiscal year October 1, 1959—September 30, 1960.

We have examined the Annual Report and Accounts, which include SAS, Inc., New York, SAS-Invest A/S, Copenhagen, and other subsidiary companies. In this connection, we have scrutinized the accounting records, minutes and other documents, which disclose information regarding the financial position and administration of the Consortium, and we have undertaken such other auditing measures as we have considered necessary.

The Internal Auditing Department of SAS, acting in accordance with instructions approved by us, has con-

ducted a continuous check of the accounting records of the Consortium and has, during the course of the fiscal year and in connection with the closing of the annual accounts, submitted reports to us on the examination thus conducted.

The accounting records have been properly kept.

Observations and comments made in connection with our audit have in the regular manner been recorded in the minutes kept at our meetings.

After providing for depreciation, and for a "General valuation reserve", a deficit of 84 million Swedish Crowns is reported, as appears from the Annual Report and Accounts for the period October 1, 1959—September 30, 1960.

We recommend

that the Annual Report, and the Annual Accounts as signed by us, be approved, and
that the Management, the Executive Committee and the Board of Directors be discharged from responsibility for their administration in respect of the fiscal year.

COPENHAGEN, OSLO AND STOCKHOLM, JANUARY, 1961

Ake Rusck
President

/C. E. Lindh

Thore Boye Olof Carlstein Johan Nerdrum V. J. Rasmussen
Sigurd Pedersen M. Wallenberg Per M. Hansson
Palle Christensen Axel Gjöres E. F. Eckhoff

STOCKHOLM, JANUARY, 1961

Viking Bergman

Centralanstalten for Revision
Frans Bruun Carl Johan Thorsen

Christian Blom

Oscar Jelf

Harald Høst

Tor Storhaug

CONSOLIDATED BALANCE SHEET September 30, 1960



ASSETS		September 30, 1960	September 30, 1959
		(in 1,000 Swedish Crowns)	(in 1,000 Swedish Crowns)
Aircraft			
At cost	646,045	394,695	
Reserve for depreciation	182,938	169,893	224,802
Spare engines, spare propellers, spare parts			
At cost	230,492	125,589	
Reserve for depreciation	58,992	50,969	74,620
Advance payments on flight equipment on order	29,893	107,945	
Buildings			
At cost	52,674	18,695	
Reserve for depreciation	5,495	4,426	14,269
Buildings under construction	—	22,120	
Workshop equipment			
At cost	29,888	16,647	
Reserve for depreciation	13,858	10,747	5,900
Other equipment and vehicles			
At cost	48,323	33,244	
Reserve for depreciation	24,268	19,993	13,251
Sundry stores	3,993	3,186	
Shop work in progress	9,836	7,663	
Discount on debenture loans	6,633		
Co-operating airlines	41,073	114,391	
Sundry debtors	133,845		
Shares	2,548	2,298	
Bonds	121	99	
Cash and bank balances	67,570	133,493	
Deficit	84,000	—	
	<u>1,101,383</u>	<u>724,037</u>	

LIABILITIES		September 30, 1960	September 30, 1959
		(in 1,000 Swedish Crowns)	(in 1,000 Swedish Crowns)
Parent Companies			
ABA (3/7)	67,500	67,500	
DDL (2/7)	45,000	45,000	
DNL (2/7)	45,000	157,500	157,500
Subordinated debentures	157,500	78,750	
Danish Government loan	9,607		
Loans in U.S.A.	239,420	229,139	
Mortgage loans	25,627		
Manufacturer's credit on Caravelle equipment	172,287	228,260	
Loan from Swissair	39,427		
Sundry creditors	233,374		
Bank overdraft	13,744	30,388	
General valuation reserve	52,897	—	
	<u>1,101,383</u>	<u>724,037</u>	
Contingent liabilities and guarantees	32,269	28,437	
Furthermore, SAS has assumed certain liabilities in respect of pensions, and in connection with ticket sales according to pay-later plans.			
Pledges			
Mortgages on real estate	27,887	15,391	
Sundry pledges	3,748	828	
	<u>31,635</u>	<u>16,219</u>	

COPENHAGEN, OSLO AND STOCKHOLM, JANUARY, 1961

Ake Rusck
President

J. E. Lindh

Thore Boye Olof Carlstein Johan Nerdrum V. J. Rasmussen
 Sigurd Pedersen M. Wallenberg Per M. Hansson
 Palle Christensen Axel Gjores E. F. Eckhoff

The above Profit and Loss Account and Balance Sheet are in accordance with the books of the Consortium, which have been examined by the undersigned auditors, as set forth in our Auditors' Report dated January, 1961.

Viking Bergman Centralanstalten for Revision Christian Blom
 Frans Bruun Carl Johan Thorsen
 Oscar Jelf Harald Høst Tor Storhaug

SCANDINAVIAN AIRLINES SYSTEM

BOARD OF DIRECTORS

DENMARK

H. R. H. Prince Axel
Helge Bech-Bruun
Palle Christensen
E. Dige
O. Einer-Jensen
Jens Chr. Jensen-Broby
Arne Krog
Mogens Pagh
Sigurd Pedersen

NORWAY

Members
Nils Astrup
Erik Brofoss
E. F. Eckhoff
Per M. Hansson
Joakim Ihlen
Einar Isdahl
Finn Moe
Chr. Fr. Scheel

Alternates

Karl Bonden
Eilif Due
Otto Fosse
Johan Horn

SWEDEN

Members
Sven Aspling
Erik Boheman
Axel Gjöres
Erik O. Hj. Grafström
Tryggve Holm
Emanuel Högberg
Nils J. Hörjel
Oskar Malmberg
Gustaf V. Nilsson
Per A. Norlin
M. Wallenberg
Sune Wetter
Erik Wijk
Per Åsbrink

Alternates

Torgeir Christoffersen
Folke Fessé
A. Ax:son Johnson
Helge Jäder
Ragnar Sachs
Olof Sahlin

EXECUTIVE COMMITTEE

DENMARK

Members
Palle Christensen
Sigurd Pedersen

Alternates

H. R. H. Prince Axel
E. Dige

NORWAY

Members
E. F. Eckhoff
Per M. Hansson

Alternates

Einar Isdahl
Chr. Fr. Scheel

SWEDEN

Members
Axel Gjöres
M. Wallenberg

Alternates

Per A. Norlin
Per Åsbrink

CHAIRMEN

Chairman
Sigurd Pedersen

2nd Vice-Chairman
Per M. Hansson

1st Vice-Chairman
M. Wallenberg

PRESIDENT

Åke Rusck

The Board of Directors of the Consortium is composed of the members of the Boards of Directors of the three Parent Companies, DDL (Denmark), DNL (Norway) and ABA (Sweden). At SAS Board Meetings, however, a maximum of six representatives from each country have the right to vote.





SCANDINAVIAN AIRLINES SYSTEM

DENMARK - NORWAY - SWEDEN