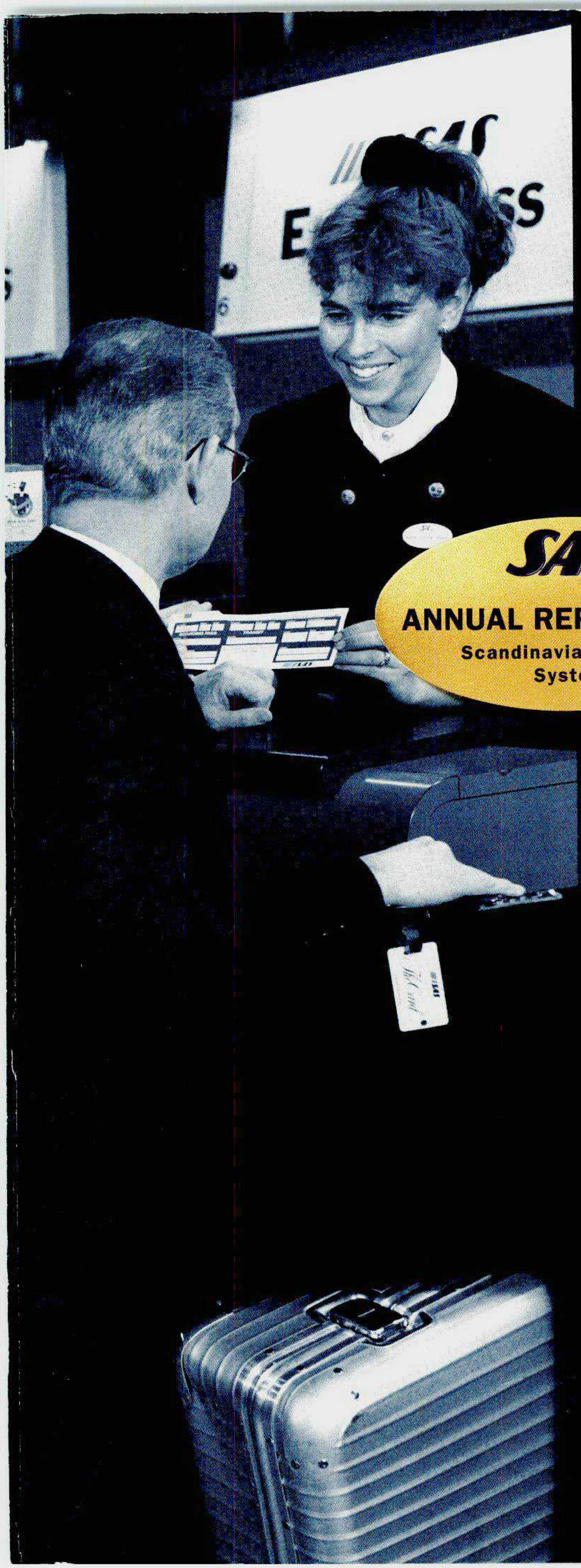


SAS
ANNUAL REPORT 1992
Scandinavian Airlines System

OPERATING INCOME REMAINS UNCHANGED

In spite of weak market growth and lower fares, the SAS Group's operating income before depreciation was 2,930 MSEK, which is on a level with the preceding year. Income before taxes amounted to –743 MSEK (–1,292).

EFFECTIVE ACTION PROGRAM

In 1991/1992 SAS carried out an action program in its airline operations which reduced costs by more than 3 billion SEK, corresponding to approximately 14% of operating revenue. A new action program of the same dimension was initiated at year-end 1992.

ACQUISITION OF LINJEFLYG

During the year SAS acquired 51% of the shares in Linjeflyg, which was completely integrated with SAS from year-end 1992.

TRAFFIC SYSTEM EXPANSION

During the year SAS focused on regional traffic in the Baltic area, key business destinations in Europe, and the Far East.

COOPERATION TALKS

SAS is holding talks with KLM, Swissair and Austrian Airlines about the possibility of an extensive strategic cooperation.

CONTENTS

We must keep the initiative!

The SAS Group improved its operating income to 2,930 MSEK in 1992. However, income before taxes was -743 MSEK, primarily due to a non-recurring loss of nearly 1.2 billion SEK caused by the devaluation of the Swedish krona and the subsequent revaluation of foreign loans.

On the other hand the devaluation had a positive effect on our assets, although we have not made adjustments for this in the balance sheet. For example the value of our aircraft alone has risen by 3 billion SEK due to the revised exchange rates.

In the long term the devaluation of the Swedish krona will have a favorable effect on the operations of the SAS Group.

SAS is among those European airlines which took an early initiative to adjust to meet deregulation in Europe. These adjustments are taking place both internally and externally. Internally it's a question of reducing unit costs at least in step with the fall in yields resulting from price competition in a deregulated market. We simply have to get down to a break-even level for each flight where we can meet the tough competition from the cost-effective American and Asian carriers. This applies to SAS and all other European airlines seeking profitability in the deregulated civil aviation market.

By year-end 1995 SAS's costs must be 40 to 50% lower than at the end of 1990 when SAS was the most result-effective airline in Europe with a break-even cabin factor of 51% compared with the industry average of 60%.

The action program SAS has carried out during the past two years has reduced controllable costs by 18%. Today we offer a more extensive traffic program with no loss of quality, approximately 3 billion SEK less in costs and 3,700 fewer employees.

The rationalization gains almost match the reduced fares required in the tough competitive climate. So in spite of adjustments, which have hit the SAS organization hard, we have barely managed to keep pace with falling yields. The entire amount saved has gone back to the market. And it will be the same when competition over fares sharpens in the deregulated Europe.

This is why we are stepping up our adjustment program. During the next two to three years we must increase the efficiency of our operations by a further 20 to 25%. That's the limit for what we believe can be done internally.

In order to achieve SAS's long-term profitability target, we must reduce our unit costs still further. This can only be achieved through external measures. We are working to find larger structures which allow productivity, profitability and market presence to increase to secure long-term levels.

It is no secret that for some years SAS has been holding discussions with other airlines in order to establish closer cooperation.

Back in 1985 SAS presented its vision of how the European market would develop in the 1990s, and initiated dialogues with potential partners. We predicted that by 1995 only a handful of major airlines or joint ventures would remain in Europe. We declared our intention to be among them – to be "One of Five in '95." But in the second half of the 1980s it was difficult to interest other airlines in a closer partnership. Long-term visions were shadowed by thriving economies.

The Kuwait crisis in autumn 1990, with a 300% increase in fuel prices and a dramatic decline in airline traffic, not only painted balance sheets red, it made the airline industry keenly aware of the need for new cost-effective structures. The imminent deregulation of civil aviation in Europe, traffic between EC countries is in

SAS GROUP

MSEK	1992	1991
Operating revenue	**34,445**	32,286
Operating income before depreciation	**2,930**	2,717
Operating income after depreciation	**1,395**	821
Income after depreciation and net financial items	**–849**	–61
Income before extraordinary items	**–743**	–78
Income before taxes	**–743**	–1,292
Investments	**3,338**	5,197
Return on capital employed, %	**8**	7
Equity/assets ratio, %	**21**	25
Average number of employees	**40,140***	38,940

** Incl. Linjeflyg, 7 months*

principle unrestricted from 1993, also increased interest.

SAS has survived the crisis years of the early 1990s considerably better than most other airlines. This is partly due to the early and forceful action program, but we are aware of our limitations.

Profitable development when faced with free competition requires cost-effective operations, a strong financial position, a large customer base, presence in strategic markets and destinations, and finally a good product. SAS does not possess all these attributes on its own.

SAS's problem is primarily the limited passenger base in Scandinavia and the consequent difficulty in maintaining a full traffic program, particularly on intercontinental routes.

Europe's three major national airlines, British Airways, Lufthansa and Air France, are prime candidates for survival, in spite of the serious profitability problems currently being experienced by the latter two. In the next division we find a number of airlines of roughly equal size – KLM, Swissair, Iberia, Alitalia and SAS. They can take nothing for granted, and neither can the next group of even smaller companies.

SAS's goal in its search for partners has been to join a constellation which can operate a profitable global traffic system with strong hubs in Europe and which meets our basic task of developing services to, from, via and within Scandinavia.

The best alternative is an extensive strategic cooperation with at least two of the medium-sized companies or with one of the giants. In our opinion it is more advantageous for our shareholders and our home market for SAS to be an equal partner in a "fourth force" in Europe rather than a small part of one of the three major carriers.

In 1990 Swissair, Austrian Airlines and SAS formed a commercial partnership in the European Quality Alliance, EQA. This alliance has deepened gradually. The joint traffic system has developed well and in some markets, such as the Baltic area, the member airlines have a joint organization. But the synergy effects of an alliance are limited in terms of costs and revenues. The full potential can only be realized when the partners have a joint balance sheet.

The EQA has also proved an excellent platform from which to approach other potential partners. The EQA started talks with KLM in 1991. After one interruption, these were renewed and in January 1993 the four companies announced that cooperation discussions had been initiated.

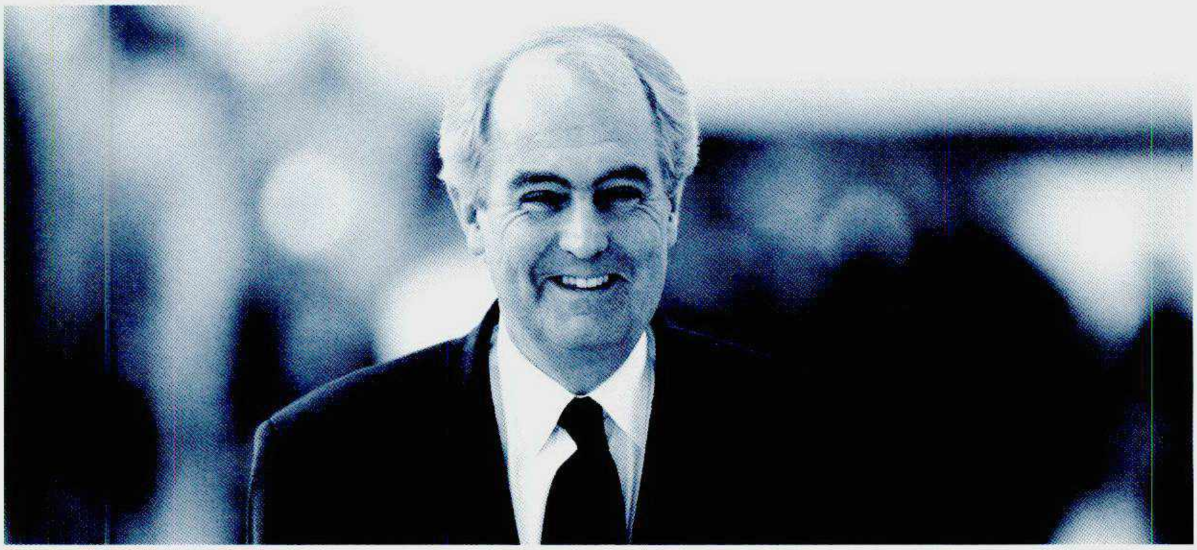
An extensive strategic cooperation between KLM, Swissair, Austrian and SAS would not only provide a cost-effective structure and a large and wide customer base. It would also result in a very strong traffic system with seven European hubs and more than 200 destinations worldwide. SAS's advantages in this context include a relatively good financial position, relatively cost-effective operations, a strong market position in Northern Europe, and a customer base of 20 million people.

"For profitable development in free competition an airline requires cost-effective operations, a strong financial position, a large customer base, presence in strategic markets, and a good product. SAS does not possess all these attributes on its own."

In line with the strategic necessity of securing its customer base in the home market, SAS acquired the majority shareholding in Linjeflyg AB in 1992. At year-end Linjeflyg's operations were integrated with SAS's Swedish domestic services. It cannot be denied that the SAS/LIN merger has had its problems and conflicts, but SAS has also been able to learn valuable lessons from this. In terms of operations, this is not a minor merger. Measured in number of flights, Linjeflyg was the same size as KLM.

The achievement of a strategic cooperation between European airlines faces many complications, such as civil aviation rules, traffic rights and national legislation.

International air transport is based on bilateral agreements between the governments of two countries which in turn transfer the rights to national carriers.



This complicates the situation for a multinationally owned airline, even though gradual deregulation is expected. SAS, with its three Scandinavian owners, also has considerable experience in this field.

Furthermore, every deeper cooperation will require a large measure of national and corporate humility. In addition to protective legislation, airlines have traditionally enjoyed considerable national prestige. But in the future companies which obstinately uphold national interests and allow them to stand in the way of essential restructuring will have chosen the route towards elimination. At best they can expect to be a regional air transport operator which feeds traffic to one of the industry's giants.

In the turbulent situation now facing the airline industry, no airline can confine itself to a single plan for the future. We may see totally unexpected constellations. SAS's main alternative is to work hard in order to create and be part of the "fourth force" in Europe, but other solutions cannot be ruled out.

1993 will be a decisive year for the European airline industry. If restructuring has been slow to get going, the pace will now start to quicken noticeably. Deregulation and the enduring recession are putting the players under enormous pressure. I have no doubt that our vision of the industry from 1985 will become reality in 1995.

Business in 1993 is characterized by considerable uncertainty regarding economic growth in SAS's key markets, the currency markets, and continued deregulation and competition. In spite of this, SAS expects some improvement in income before taxes in 1993.

Stockholm, March 1993

Jan Carlzon
President and Chief Executive Officer

Dramatically changing market

From being an industry with a nearly steady market growth in a regulated, almost monopolistic environment, civil aviation is now undergoing dramatic adjustment with deregulation and more intense competition in a stagnant economic climate.

During the next few years the market trend in Europe will greatly resemble that in the U.S. where the market was deregulated at the end of the 1970s. Of the dozen major airlines, only a handful of mega-carriers remain today.

At the end of 1992 there were 22 national airlines in Europe and at least as many relatively large challengers waiting in the wings. In the next few years this will lead to all-out war in the market, the final outcome of which will be a restructuring which forces out many players or reduces them to regional feeder companies. This trend is being accelerated by the recession.

Competition will also become increasingly global, since the American and Asian mega-carriers are now intensifying their traffic programs in Europe. This poses a serious threat to the European companies which generally have much higher cost structures than the very efficient American and Asian companies.

TOWARDS FREE COMPETITION IN EUROPE

Phase 3 of the new liberal EC rules designed to ensure fair and equal competition came into force on January 1, 1993. In order to survive, a number of national carriers received substantial infusions of capital from their owners in 1992.

In brief, Phase 3 means that licensed airlines will in principle have unrestricted access to the market, with certain restrictions for domestic traffic for four years. In principle fares are also entirely unregulated.

Norway and Sweden have had a civil aviation agreement with the EC since 1992, based on the current, less liberal EC Phase 2 rules. Under this agreement the countries' own concession policies apply so that access to the market, fares and licensing are subject to the approval of the authorities. The parties must accept multiple designation, however, i.e. that more than one airline from another state can operate to and from the country or specific cities if the traffic exceeds certain volumes. Another country's airline may also extend its incoming or outgoing routes and carry domestic traffic to up to 50% of the aircraft's capacity. This is known as the "fifth freedom." Finally, fares are unrestricted within certain fixed intervals.

Norway and Sweden are expected to become parties to the new liberal Phase 3 rules during 1993.

DIFFERENT RULES IN DIFFERENT COUNTRIES

The Norwegian domestic market is regulated today. The authorities have divided the country into concession areas, regulate timetables and approve fares.

In Denmark the domestic airline market is relatively small and increasingly exposed to competition from other means of transport such as high-speed trains and hydrofoils.

Sweden is SAS's largest domestic market. On July 1, 1992 Sweden's domestic traffic became the least regulated in Europe. As early as June 9 a new competitor started to serve the Stockholm/Bromma to Malmö route. New competitors steadily entered the market during the autumn and SAS/LIN now faces competition on all major routes. This has resulted in a 20 to 30% reduction in fares. SAS has therefore had a taste of the consequences of deregulation earlier than other European airlines.

Totally free competition is expected in the Nordic region in 1993. Competition between Scandinavia and Finland intensified already in 1992. There is a growing trend among major European airlines to exploit the opportunities offered by deregulation in the EC to fly between the Nordic capitals. There is already intense competition on routes between Scandinavia and Europe. Services to England are the most vulnerable to competition over capacity and fares. Nine companies offered services to London from Scandinavia in 1992. The Netherlands, France and Southern Europe are also facing fierce competition over services to and from Scandinavia.

SUBSTANCE BEFORE PRESTIGE

The stagnating economic climate has changed customer priorities. Products and services face tougher appraisal over value for money and although quality and reliability are very important, price is often the deciding factor. But the war in the market is also very much a question of making ongoing product improvements in order to compete.

"Lean Enterprise" must be the guiding principle throughout SAS. Management campaigned this message of change throughout the organization in 1992.

In the 1990s substance means more than prestige. The content and actual performance of the products now mean more than product image, which was of such great and sometimes decisive importance in the 1980s.

For the business traveler, the traffic system's efficiency in the form of punctuality, nonstop flights and frequencies is crucial. Staff attitudes are very important, as is high product quality: comfortable lounges, individual service – meals, seating, newspapers, etc.

Competitive fares, straightforward special offers, such as SAS Jackpot, and easy access to the product are crucial for the private traveler. Customer demands for more individual treatment and rewards for loyalty towards individual carriers have also increased.

Restructuring for deregulation

The SAS Group includes SAS, SAS International Hotels, SAS Service Partner, SAS Trading, SAS Leisure and Diners Club Nordic. Starting in 1992, SAS includes the former SAS Holding, SAS Airline and SAS Corporate Finance. This restructuring is part of rationalization and a preparation for extensive adjustments in the deregulated European civil aviation market.

SAS International Hotels is the business unit with the closest strategic connection to the air transport operations. To be able to offer good hotels at key SAS destinations is a valuable competitive strength. There is also more integrated marketing, for example on the theme Fly SAS – Stay SAS. The SAS EuroBonus loyalty program has further strengthened the connection between the air transport and hotel operations. Diners Club also participates with the SAS EuroBonus card.

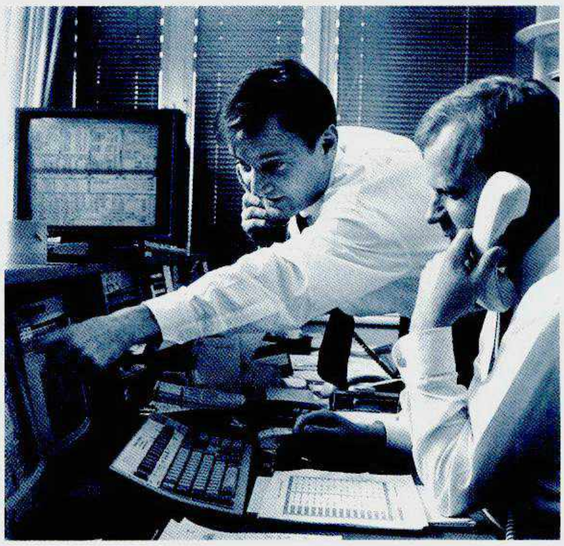
SAS Leisure's revised strategy, with an increased focus on individual travel, has also resulted in closer ties with the core business. SAS Service Partner and SAS Trading, on the other hand, have an increasingly large part of their operations outside SAS. As part of the continued restructuring in connection with deregulation, SAS has decided to evaluate the possibility of selling SAS Service Partner.

Linjeflyg became totally integrated with SAS at year-end 1992.

Since June 1, 1992 SAS has had a 51% stake in Linjeflyg whose operations have been integrated into SAS. The Group also has a number of affiliated companies including Airlines of Britain Holdings (35%), LanChile (42%) and Spanair (49%).

RELATED CONSORTIA

Like SAS, Scanair and SAS Commuter are consortia. Scanair is part of the SAS Leisure Group, while SAS Commuter is a production company operated within the framework of SAS. It conducts flights for SAS in Scandinavia and Northern Europe with Fokker 50 aircraft.



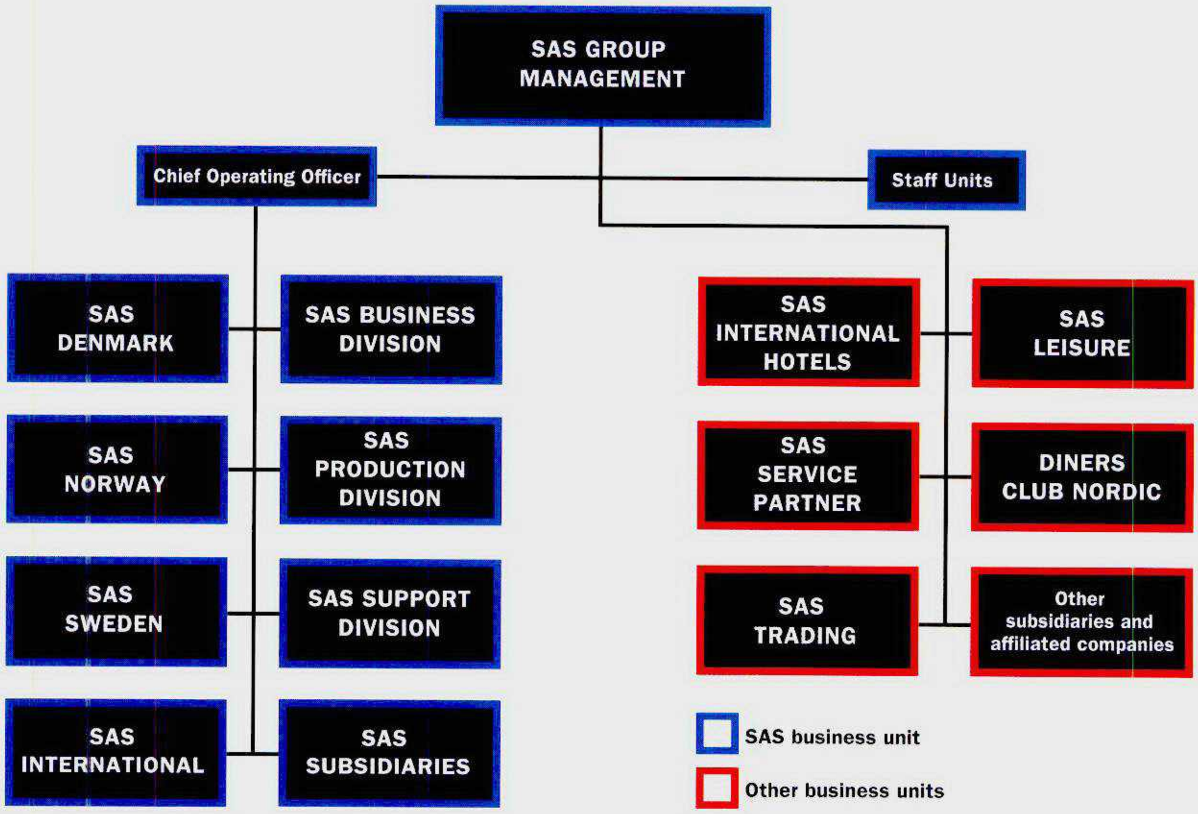
With ten billion kronor in liquid funds, Cash Management has a key role in SAS Corporate Finance's work.

Deregulation in Europe means that the distinctions between scheduled and charter flights are being erased. As a result Scanair can also acquire scheduled concessions to tourist-intensive destinations. The SAS Group's three airline consortia can therefore now work in a more integrated manner.

SAS CORPORATE FINANCE

SAS's finance department handles the Group's total financing requirements and interest and currency exposure. In addition, the finance department acts as the SAS Group's internal bank in order to optimize utilization of the Group's total cash flow, and to coordinate financial matters in SAS's various areas of operation. The finance department also handles the Group's financial risk control and accounting. SAS is now focusing on active debt and liquidity management. Liquidity planning and other cash management activities have intensified throughout the Group.

SAS ORGANIZATION, JANUARY 1993



KEY RATIOS PER BUSINESS UNIT

MSEK	SAS 92	SAS 91	SAS International Hotels 92	SAS International Hotels 91	SAS Service Partner 92	SAS Service Partner 91	SAS Trading 92	SAS Trading 91	SAS Leisure 92	SAS Leisure 91	Diners Club Nordic 92	Diners Club Nordic 91
Operating revenue	**22,795**	21,756	**1,669**	1,604	**5,220**	4,614	**1,741**	1,684	**4,629**	4,143	**440**	401
Income before extra-ordinary items excl. devaluation of Swedish krona	**25**	1,038	**-135**	-1,020	**261**	146	**195**	56	**64**	64	**34**	30
Income after extraordinary items	**-1,092**	994	**-128**	-2,188	**226**	146	**195**	56	**64**	64	**30**	30
Gross profit margin (GOP),%	**9**	9	**20**	21	**8**	6	**10**	7	**3**	5	**—**	—
Net profit margin,%	**—**	—	**—**	—	**4**	3	**12**	6	**1**	2	**—**	—
Return on capital employed,%	**7**	10	**—**	—	**27**	19	**—**	—	**9**	10	**—**	—
Investments	**2,731**	4,474	**67**	89	**418**	388	**20**	59	**90**	291	**11**	43
Average number of employees: men	**13,010**	12,910	**1,680**	1,260	**6,530**	6,230	**180**	230	**1,660**	1,620	**110**	100
Average number of employees: women	**8,150**	8,240	**1,750**	1,520	**4,490**	4,420	**500**	460	**1,840**	1,770	**180**	180

Totals for the SAS Group and the SAS Consortium, see pages 51-52.

SAS to be one of five airlines in 1995

In 1985 SAS set up goals to position itself in a deregulated Europe and emerge from the coming restructuring as "one of five in '95," that is, to be among the handful of European airline constellations remaining in the market by the mid-1990s.

Since the European market in 1985 was still strictly regulated and the economy was growing strongly, few understood the importance of creating larger and more cost-effective units in the air transport industry. Today almost everyone shares this opinion.

Since the mid-1980s SAS has held discussions with a number of European airlines about various forms of cooperation. The ultimate goal was, and remains, to participate in the formation of a durable and strong constellation, which can successfully meet competition from Asian and American mega-carriers.

Alliances, such as the European Quality Alliance between Swissair, Austrian and SAS, represent a step towards this goal. In addition to a larger customer base and stronger overall traffic program, such alliances provide economies of scale in production – utilization of aircraft and crew, maintenance, station functions and sales, administration and computer services – as well as opportunities for joint product development.

But long-term survival requires stable platforms. It can only be achieved with cross-ownership, viable mergers or other forms which allow fundamental structural, financial and commercial integration.

A first step has now been taken to facilitate SAS's participation in the future restructuring in Europe with the formation of a similar ownership structure in the three Scandinavian countries. The Swedish ownership structure is being simplified in 1993, with listed SILA becoming sole owner of ABA, which in turn owns 3/7 of SAS. (See Ownership Structure, page 21.)

COPENHAGEN MORE CENTRAL

SAS will be able to develop profitably in free competition by following its key strategy of providing the best

SAS is well-prepared ahead of the restructuring of Europe's airline industry.

alternatives for the business traveler, not just to, from and within Scandinavia, but also to, from and within Europe.

Copenhagen's position as an international hub has been strengthened in the new geopolitical and economic patterns which have been formed by developments in Eastern Europe and by increasing traffic to the dynamic Far East market.

SAS has an additional bridgehead in Europe from its 35% stake in Airlines of Britain Holdings, which owns the British Midland airline. British Midland operates primarily in the U.K. and Northern Europe and had 3.8 million passengers in 1992.

In 1992 SAS and Linjeflyg together had a total of approximately 20 million passengers. Measured in this way SAS is Europe's fourth largest airline.

SAS'S HOME MARKET STRATEGY

Developments in the U.S. over the past ten years clearly show that an airline must have a strong home market to ensure long-term survival.

The leading American companies at the start of the 1980s, Pan Am and TWA, operated in a regulated intercontinental market, but lacked a strong home base. American Airlines, United and Delta were primarily domestic carriers which successfully held their own in the highly competitive American domestic market. Today it is these companies which have taken over international traffic, while Pan Am has been forced out and TWA is facing major difficulties.

With its population of 18 million, Scandinavia is a small home market. In order to survive, SAS must not only consolidate its position in Scandinavia but also broaden its market base.

SAS's goal is to keep a strong market lead on inter-Scandinavian and domestic routes, primarily by offering competitive services and also through acquisitions and cooperation agreements. The ultimate goal is to retain half of all traffic to and from Scandinavia, even when the market is deregulated. It is therefore of decisive importance to remain dominant in the triangle between the three capitals, Copenhagen, Oslo and Stockholm.

Nordic routes today account for approximately 40% of SAS's entire international passenger traffic. Production increased in 1992 – a 3% rise in seating capacity and a 12% increase in the number of flights. This reflects more frequencies on existing routes, as well as new destinations partly served by smaller, more cost-effective aircraft.

The re-definition of the home market to include the entire Baltic region is a very important part of SAS's strategy to broaden its market base. SAS has therefore started to build an extensive traffic program to the strategically important destinations across the Baltic.

Finally, SAS is continuing its efforts to establish extensive international cooperation with other European airlines in order to expand the customer base. This will also allow SAS to participate in a system of international hubs in locations which complement Copenhagen geographically.

SAS's 35% stake in British Midland provides a broader passenger base and synergies in traffic and production.

STRONG FINANCIAL POSITION

In addition to commercial attributes – a strong customer base, a presence in strategic markets, and a good product – an airline that is to be "one of five in '95" must be cost-effective and have a strong financial platform.

SAS is already one of the most result-effective airlines in Europe, although units costs are not yet down to the same level as the best American and Asian carriers.

In contrast to the majority of European airlines, SAS has reported a positive operating income during the first three years of the 1990s.

SAS today has a strong financial base with equity of approximately 9 billion SEK and nearly 10 billion SEK in liquidity. SAS's equity trend has been second to none in the European airline industry for the past ten years.

Many companies in the airline industry are struggling with orders for new aircraft which are far too large compared with market growth and which they are finding increasingly difficult to finance.

SAS which has one of the most modern fleets in Europe, has already financed its investment program for new aircraft, and has few binding contracts for new aircraft.

SAS's long-term debt was assumed at a time when highly favorable loan conditions were available in interest rates and term. This has greatly reduced SAS's dependence on the capital markets, and on the banking system's willingness to finance the airline industry in the next few years.

SAS has a good long-term rating in the financial market and is also one of the best airlines in this respect, although the industry as a whole is considered high-risk.

As regards financial base, SAS is well equipped to meet the future fierce competition in the European airline industry with every means.

Strong and defensive measures

SAS offers a global travel service by operating and developing an effective and competitive traffic system under its own direction and through alliances with other airlines. The main strategy is for SAS to provide the best choice for the business traveler to, from, and within Europe. Consistent with this strategy, SAS always offers private travelers and freight customers a competitive product in terms of price and quality.

SAS's operating revenues rose by 4.5% to 22,795 MSEK. Excluding Linjeflyg, operating revenues decreased by 3%. This was compensated, however, by reduced costs due to the action program. SAS's income after depreciation, etc. decreased by 631 MSEK to 920 MSEK, primarily because, unlike 1991, no fixed assets were sold.

SAS's traffic volume, excluding Linjeflyg, measured in revenue passenger kilometers (RPK) increased by 2%, while revenue decreased by 3% as a result of intensified competition with pressure on fares and a mix swing from full-fare EuroClass.

At year-end 1992 SAS's air transport services were organized into four customer units: SAS Denmark, SAS Norway, SAS Sweden and SAS International. SAS Denmark accounts for approximately 13% of the airline's revenues, SAS Norway for 21%, SAS Sweden for 35%, and SAS International for approximately 31%.

At year-end commercial operations were reorganized into three divisions. The Business Division has business and resource responsibility and provides the four customer units with a selection of products. The Production Division handles the technical and operational side of the airline. The Support Division operates and develops SAS's various data systems.

COST LEVEL REDUCED BY 3,000 MSEK

This reorganization represents yet another step in SAS's ongoing development into a customer-oriented company. It is also part of the rationalization of SAS's airline business. In January 1991 SAS launched an action program for its air transport operations designed to substantially reduce costs and enable the airline to meet free competition.

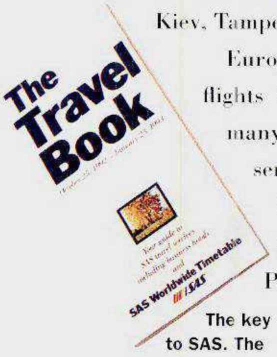
As a result of the action program the total cost level has been reduced by more than 3,000 MSEK during these two years and the full effects of this will be seen in the 1993 results. Controllable costs have thus decreased by 18%. The number of employees in the airline, excluding Linjeflyg, has been reduced by 3,700.

A HIGHLY EFFICIENT TRAFFIC SYSTEM

The core of SAS's traffic system is a dense feeder network within Scandinavia, based around a high-frequency service in the triangle between the three capitals, Copenhagen, Oslo and Stockholm, with Copenhagen as the main international hub.

SAS flies to 98 destinations nonstop or with a maximum of one stop and provides services to 285 destinations with its partners.

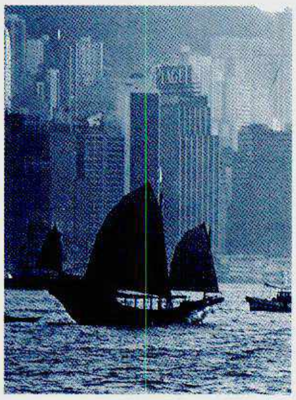
The focus on Copenhagen as the Baltic hub is part of SAS's efforts to expand its home market. Today SAS is the market leader in the Baltic countries and has a very strong position with services to Russia, the Ukraine, Poland, Finland and northern Germany. In 1992 SAS started services to Vilnius, St. Petersburg, Kiev, Tampere and Vaasa.



The key to SAS. The Travel Book is updated with full details of flights and other services four times a year.

European traffic is based on providing flights from the Scandinavian capitals to as many destinations as possible with nonstop service. During the year SAS increased its frequencies to major business destinations such as London, Amsterdam and Paris, and focused on new niches including the recently opened route to Venice. Measured in number of flights SAS is currently Europe's third largest airline after British Airways and Lufthansa, but ahead of Air France.

Copenhagen is the heart of SAS's intercontinental network. Key destinations have at least one daily departure and are served by direct flights from Stockholm and Oslo as soon as volume is sufficient. There are two daily flights from Copenhagen to New York and daily departures from Oslo and Stockholm. The main focus of SAS's intercontinental traffic is shifting eastwards, from the U.S. to Asia. Of the total of eight intercontinental SAS destinations, five are in Asia. A new service to Hong Kong was started in 1992. Otherwise SAS concentrates on flying to international traffic hubs from which strong partners can take over.



SAS's intercontinental program focuses on Asia and the U.S. Asian routes are the most dynamic. Service to Hong Kong was launched during the year.

SAS cooperates with Continental Airlines in the U.S. Continental is the only major American airline which has a hub in New York. Approximately 60% of Scandinavian passengers to the U.S. stay in New York. Through Continental from Newark Airport SAS reaches 60 destinations in the U.S. nonstop and transfer traffic has increased from 90,000 passengers in 1989 to approximately 150,000 in 1992.

In Europe, SAS cooperates with Swissair and Austrian Airlines in the European Quality Alliance. From the Scandinavian capitals SAS's passengers can reach key destinations in Africa, the Middle East, and India and Pakistan with only one stop via Zurich, Geneva and Vienna. SAS has a 35% stake in Airlines of Britain

	Normalpris	SAS EuroTicket	Du sparer
	6.160,-	4.800,-	1.360,-
Milano	9.350,-	8.000,-	1.350,-
Paris	8.090,-	7.000,-	1.090,-
Brussel	7.170,-	6.500,-	670,-
Amsterdam	6.560,-	5.900,-	660,-
Frankfurt	6.930,-	6.300,-	630,-
Stockholm	3.150,-	2.800,-	350,-

Prisene gjelder t/r fra Oslo.

The business and private markets have grown more price-sensitive. SAS captured market shares in 1992 with SAS Jackpot and SAS EuroTicket.

Holdings, whose largest subsidiary is British Midland. This cooperation provides a strong strategic base at London Heathrow ahead of deregulation in Europe.

In the Far East, SAS cooperates with Thai International and ANA (All Nippon Airways).

In 1992 SAS started offering its travel products in the Amadeus worldwide distribution system. Previously, SAS reached a market of 20 million potential customers, primarily in Scandinavia, via agents and its own system. The transfer to Amadeus has increased this market by a factor of ten.

SUCCESSFUL FOCUS DURING THE YEAR

Based on the main strategy of providing the best choice for the business traveler, SAS has focused during the year on increasing services to its main business destinations, including the triangle of Scandinavian capitals.

The home market has increased in strategic importance and SAS's in-flight service has been upgraded substantially on the inter-Nordic routes. The traffic program to neighboring markets to the east has been expanded rapidly in the quest for a broader home market. The focus on Copenhagen as the Baltic hub must be seen as highly successful.

On European routes the number of night-stops has been increased, so that SAS now offers several early morning flights to Scandinavia.

On the intercontinental network, SAS has concentrated on the new Hong Kong route and increased frequencies to New York and Beijing. SAS's intercontinental product has been upgraded sharply in the face of intense competition.

The SAS EuroBonus loyalty program and SAS EuroTicket, a form of discount on SAS EuroClass round-trip tickets, were highly successful. EuroBonus, which was introduced in the spring and applied worldwide by year-end, awards points for traveling with SAS, staying in SAS hotels and car rentals from Hertz. Points can also be earned by using certain other associated airlines and hotels. By year-end EuroBonus members totaled approximately 200,000, which exceeded expectations.

SAS Jackpot, a discount fare option on European routes, increased SAS's market share in the leisure travel sector. Jackpot has primarily generated new traffic and has become a key concept in the private travel market. More than one million Jackpot tickets were sold in 1992.

The introduction of SAS EuroSleeper was a success and towards year-end the product was introduced on the Japanese route. Seating comfort has been improved still further in SAS's entire aircraft fleet.

SAS'S MARKET PERFORMANCE

SAS has had the best on-time record of all European airlines during the past ten years. Safety, punctuality and service are the three main elements of the SAS product, and the basic reasons for SAS's market success. SAS has very high safety standards, far higher than required by the authorities, and safety is measured and evaluated daily in a sophisticated system.

where all events and deviations in the daily operations are reported and assessed.

SAS's product and service performance are also monitored continuously in internal and external surveys against one of the toughest set of standards in the business. As confirmation of the high level of service quality, SAS was voted Denmark's best service business in 1992.

In 1992 the recession caused a sharp reduction in the sensitive Nordic traffic, particularly on routes serving Finland and Sweden. The full-fare market as a whole has declined by 20% in two years and was down to its 1985 level in 1992 after a very weak first half. Travel on discount fares, on the other hand, has increased by 10% over the past two years, primarily as a result of new low-priced products, but also due to relatively more business travel on tourist class tickets.

SAS's traffic on Nordic routes increased in 1992, measured in RPK, by a total of 4%. Since yields decreased due to fares competition, revenues decreased by 3% to 3,336 MSEK (3,445).

European traffic stagnated in volume in spite of a recovery in the second half of the year. For the year as a whole, the European market declined in business class and increased in tourist class. Here too, fares competition resulted in a fall in yields. SAS increased its traffic by 11% in RPK and increased its overall market share during the year. Revenues rose to 6,308 MSEK (6,244).

In the intercontinental market, traffic stagnated on North Atlantic routes while the dynamic trend in Asia continued. Most routes are characterized, however, by overcapacity and extremely intense competition. Service demands on Asian routes are high and rising, even in tourist class. On January 1, 1992 SAS discontinued its services to South America. SAS has continued, however, to dominate routes between Scandinavia and the U.S. SAS's intercontinental passenger traffic measured in RPK decreased by 3%, and revenues declined to 2,607 MSEK (3,046).

Total Danish sales increased by 4% during the year. SAS's Danish domestic traffic, including services to Greenland, increased by 3% in RPK, but the fares trend was unfavorable. Revenues rose, however, by a total of 849 MSEK (797).

Total Norwegian sales increased by 5%. In Norway domestic traffic revenues rose to 1,760 MSEK (1,631). At year-end civil aviation took over the transport of military personnel in Norway, providing SAS with 210,000 new passengers a year. RPK increased by 8%.

Product quality and high standards of service remain decisive in the business travel market, where new routines, such as automatic check-in, are valued highly.

Total Swedish sales increased by 16% including Linjeflyg, and decreased by 8%, excluding Linjeflyg, since the increase in passenger volume failed to compensate for lower yields. The market for Swedish domestic traffic has been affected by the continued deep recession and by the deregulation of civil aviation on

Competitive freight services are part of SAS's support strategy.

SAS now offers its travel products in the worldwide Amadeus system, which reaches 200 million potential customers.

July 1, 1992. This has resulted in a reduced number of passengers – RPK declined by 9% excluding Linjeflyg – and a mix swing towards low-price tickets. SAS's revenues totaled 2,718 MSEK (1,716). This includes Linjeflyg from June 1, 1992.

Sales outside Scandinavia decreased by 6%.

SUCCESS FOR SAS CARGO IN TOUGH MARKET

SAS's freight operations, SAS Cargo, were affected by the recession in all key markets with the exception of Southeast Asia. SAS Cargo's Priority Cargo product focuses on time and quality, while the General Cargo product focuses on price and capacity.

Competition was very hard and the general overcapacity led to heavy pressure on freight prices. Revenues totaled 1,255 MSEK (1,280).

During the year, Tradevision, an electronic distribution system with direct access for customers, was placed within SMART in Scandinavia to guarantee product neutrality.

LEAN ENTERPRISE CREATES LEAN AIRLINE

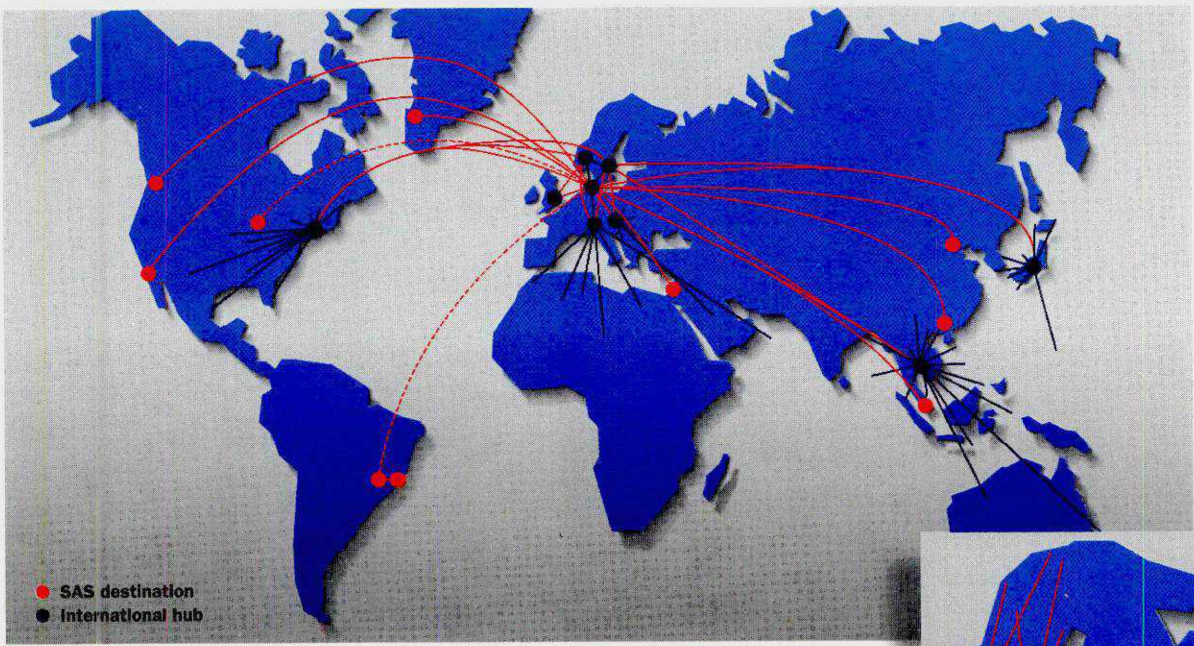
In order to meet free competition, SAS must now continue with the work of improving operating efficiency. Deregulation in Sweden has provided a foretaste of how competition and fare structure will develop. In 1993 we will probably see the same trend on inter-Scandinavian routes and on many routes in Europe.

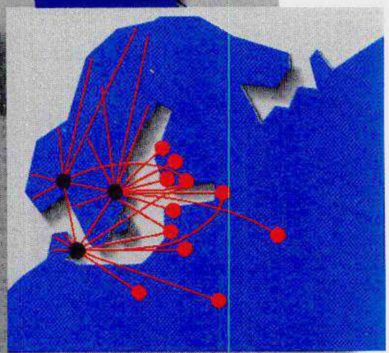
SAS's goal is an efficiency increase of a further 20-25% during the period from 1993 to 1995. The Lean Enterprise project was started in 1992 to continue the action program designed to ensure SAS's long-term competitive performance.

The demand for a lasting 8% efficiency increase per year will require a restructuring of SAS's total costs. An efficiency project has been identified for every item of cost. All cost-carrying activities are considered in the light of their value to the customer.

The Lean Enterprise project will result in an adjustment of SAS's service organization and production methods. SAS Support Division is responsible for developing the manual and computerized processes required by operations while the passenger or cargo is in SAS's hands.

One of the key items in the rationalization program is SAS's focus on ATB, an internationally accepted standard for combining the ticket and the boarding card. An ATB document can be read by computers, since the





Airline alliances 1992:

All Nippon Airways (ANA) flies from Tokyo to 36 cities in Japan, the Far East and Australia.
Austrian Airlines flies from Vienna to 55 cities in Europe, the Middle East, Africa, Asia and North America.
British Midland flies to 9 destinations within the British Isles and 6 in the rest of Europe.
Continental Airlines flies from New York/Newark to 124 cities in North, Central and South America.
LanChile flies from Santiago de Chile to 19 cities in South, Central and North America.
Swissair flies from Zurich and Geneva to 112 cities in Europe, Africa, the Middle East, Asia, Canada/North America and South America.
Thai Airways International flies from Bangkok to 32 cities in the Far East and Australia.
Varig flies from Rio de Janeiro and São Paulo to 82 destinations in South and North America, Europe, Africa and Asia.
Qantas Airways Ltd. flies from Southeast Asia to 9 cities in Australia.

written information on the document is also stored on a magnetic strip. This allows automatic check-in and boarding and simplifies administrative follow-up.

A self-service check-in system was introduced during the year. Approximately 20 touch-screen terminals are now installed at Scandinavian airports, and their use is growing steadily. This is entirely in line with SAS's favorable experience from automatic dispensers for tickets for young travelers. Today, 650,000 such tickets are issued by dispensers, nearly 7% of all tickets issued by SAS.

In the immediate future SAS's customers will be able to collect their ATB tickets and check-in at the same time at the same machine.

In addition to the rationalization gains, automation provides a greater freedom of choice for the customer and a faster service for certain routine activities.

SAS INCL. FINANCE AND JOINT GROUP	1992	1991
Operating revenue	22,795	21,756
Income before extraordinary items excl. devaluation of Swedish krona	25	1,038
Income after extraordinary items	– 1,092	994
Number of employees	21,160	21,150

One of the world's ten leading hotel chains

SAS International Hotels (SIH) operates first-class hotels in Europe, Kuwait and China, more than half of which are located in Scandinavia. Revenues increased by 4% to 1,669 MSEK and income improved considerably.

At year-end 1992 the chain comprised 32 hotels with a total of 7,922 rooms. SIH's 40% stake in Saison Holdings B.V., which owns the Inter-Continental Hotel Group, was sold during the year.

STRONG POSITION IN WEAK MARKET

The weak global economy had a drastic effect on room rates for the hotel industry in most areas of the world. The Scandinavian markets developed unfavorably, particularly Sweden.

In spite of the market climate SIH succeeded in consolidating its positions, primarily due to the addition of three prestigious hotels to the chain, in London, Cologne and Düsseldorf, as part of the Inter-Continental deal. During the year a new hotel was opened in Beijing, the hotel in Kuwait re-opened, and a hotel in Odense joined the chain under a management contract. The SAS EuroBonus program also provided increased revenues.

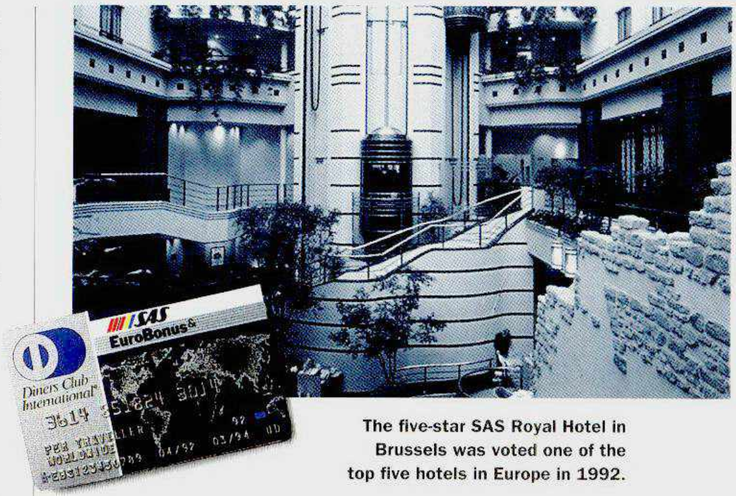
During the summer SIH introduced a new reservations system connected to most other large systems, thus improving SIH's accessibility.

In a survey conducted by the British magazine Business Traveller, SIH was ranked among the world's ten leading hotel chains, and SAS Royal Hotel in Brussels was voted one of the top five hotels in Europe.

EXTENSIVE PRODUCT DEVELOPMENT

SAS International Hotels primarily offers hotel services to the frequent business traveler. A program of 15 service concepts, several of which are unique to SIH, has been introduced at all hotels.

During the year a number of successful campaigns on the theme Fly SAS – Stay SAS were carried out,



The five-star SAS Royal Hotel in Brussels was voted one of the top five hotels in Europe in 1992.

whereby the first night is free and with generous discounts on subsequent nights provided the guest has a round-trip EuroClass ticket. Later check-outs, 15.00 hrs. on weekdays and 20.00 hrs. on Sundays, were also very well received by the business market.

SIH's summer campaign with low tourist rates during the low season for business travel increased the customer base, as did a progressive new discount program for senior citizens, with a free room for 100-year olds, during weekends and public holidays.

UNCERTAIN 1993

In spite of a recovery in business travel, it is reasonable to expect continued pressure on room rates.

The weak economic development in Germany bodes ill, since Germany is SIH's largest market outside Scandinavia.

SIH's agreements with Swissair and Austrian, under which their bonus travelers can use their points at SIH's hotels, are expected to provide more revenue.

SAS INTERNATIONAL HOTELS	1992	1991
Operating revenue	1,669	1,604
Income before extraordinary items excl. devaluation of Swedish krona	–135	–1,020
Income after extraordinary items	–128	–2,188
Number of employees (average)	3,430	2,780

Europe's leading airline caterer

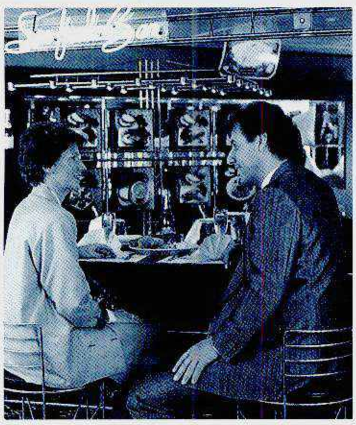
SAS Service Partner's (SSP) product is catering services, which are provided in three business units: Airline Catering, Terminal Catering and Contract Catering. Approximately 80% of SSP's operations are related to air travel. The company's operations are therefore highly dependent on developments in civil aviation. In order to reduce this dependence, SSP has focused on catering for companies and institutions.

Competition has intensified considerably in recent years, and the market is demanding high quality at competitive prices. SSP strives to offer a very high quality product while using production-line technology as much as possible.

SSP developed favorably during the year. Revenues increased by 13% and earnings nearly doubled.

EXPANSION AT AIRPORTS

SAS Service Partner's Airline Catering business unit is the market leader in Europe. More than 100 airlines buy catering services from SSP's 34 flight kitchens in 14 countries. The main competitors include other airlines' catering companies. The business unit accounts for 59% of SSP's revenues.



Airport restaurants are being increasingly differentiated according to clearly profiled concepts.

Towards year-end a new flight kitchen was opened at Copenhagen Airport. This represents an investment of more than 400 MSEK and is the most modern flight kitchen in the world with sophisticated technology and a good ergonomic environment. New SSP flight kitchens were also opened in Munich and Berlin. In Poland a management contract was signed for LOT's new flight kitchen in Warsaw, and in Spain a joint venture agreement was signed with a local partner to operate a flight kitchen in Madrid.

Fiercer competition among airlines has increased demands on in-flight meals.

In Terminal Catering, which accounts for 24% of revenues, SSP is the sole multinational European operator. SSP operates restaurants, bars and kiosks at 38 airports in nine countries. In 1992 an agreement was signed with Burger King for the operation of hamburger restaurants at European airports.

Railway catering is a new growth market in Europe and an attractive new business area for SSP. The high-speed service between Madrid and Seville became a new customer during the year.

PROFITABLE NICHES IN CONTRACT CATERING

In Contract Catering, which accounts for 17% of the company's revenues, SSP operates in the industrial sector, primarily catering for offshore installations and building sites, and in the public sector with hospitals and institutions.

During the year Contract Catering started a service on all Maersk Olie & Gas' oil platforms in the Danish sector of the North Sea. The first hospital contract outside Scandinavia was signed with the University Hospital in Giessen, Germany.

GOOD PROSPECTS FOR 1993

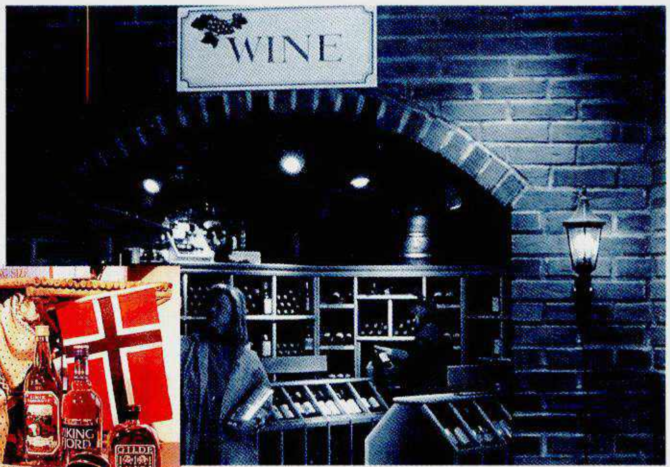
The increasing activity seen early in 1993 is expected to continue. Against this background, SAS Service Partner's management expects the 1993 result to be an improvement over 1992.

SAS SERVICE PARTNER	1992	1991
Operating revenue	5,220	4,614
Income before extraordinary items excl. devaluation of Swedish krona	261	146
Income after extraordinary items	226	146
Number of employees	11,020	10,650

Duty-free prospers in weak economy

SAS Trading conducts business related to air transport. The main products are airport and in-flight sales of duty-free goods. Retail sales are conducted in 37 shops at 21 airports in six countries. SAS Trading is one of the five largest players in its field in the world.

The core business was successful during the year with an 8% rise in revenues. The total sales volume, however, increased only marginally as a result of the sale of subsidiaries. Higher staff efficiency, faster adjustment to new market conditions, and the sale of unprofitable businesses led to a sharp improvement in earnings.



The Scandinavian airports are among those offering the most extensive selection of wines and other duty-free goods.

GO-AHEAD FOR DUTY-FREE UNTIL 1999

SAS Trading's core business is strictly regulated by international and national legislation, and by concession agreements. There has been some debate about duty-free trading in Europe, but the EC Commission has now decided to extend duty-free trading within the EC until June 30, 1999.

The market continued to develop well in 1992, in spite of, or perhaps due to, the recession. More people are taking the opportunity of buying at favorable prices when traveling. The sales value per passenger in our airport shops has risen, while in-flight sales have declined since 1991, primarily because of increased competition from our own new airport shops.

During the year the tax on alcoholic beverages was changed in Sweden from being based on the purchase price to a tax on alcohol content. This resulted in price reductions on some more exclusive products. Norwegian alcohol taxation was also revised downwards.

FOCUS ON CORE BUSINESS

In-flight sales on inter-Scandinavian routes were resumed during the year, and SAS Trading won a competitive tender for concessions at Norwegian airports until mid-1999. SAS Trading assisted the Spanish civil aviation authorities on a consultant basis at Barcelona's new airport, and a shop was operated successfully at the Swedish pavilion at EXPO '92 in Seville. The shop in Riga was renovated and extended and a contract signed for a further 10 years.

The Brands concept, exclusive goods sold by mail order via an in-flight catalogue, was developed further. The purchasing and distribution cooperation with the EffJohn Group was extended until 1996.

The focus on the core business was consolidated in 1992. SAS Media Partner was sold to the airline and 50% of the shares in NK Parfym were sold in the beginning of 1993. The remaining shares will be sold within two years.

1993 FORECAST

The luxury tax on perfume goods in Sweden and Norway was abolished on January 1, 1993, which may have a negative effect on duty-free sales. Continued expansion is planned during the year, primarily in Spain and Eastern Europe.

SAS TRADING	1992	1991
Operating revenue	1,741	1,684
Income before extraordinary items	195	56
Income after extraordinary items	195	56
Number of employees	680	690

Vacation travel surplus

The SAS Leisure business unit was formed in 1989 to coordinate all the SAS Group's interests in the vacation market. The business unit's tour operators include market-leading Ving, which sells direct to the public, and Always in Sweden and Saga in Norway, both of which sell via travel agents. SAS Leisure also provides charter airline services in Scanair and partly owned Spanair, as well as hotel operations in the Sunwing chain. Operations are conducted in 30 wholly or partly owned subsidiaries. 1992 revenues rose by 12% while income remained unchanged.

TROUBLED MARKET

The market for vacation travel abroad is facing intense competition. In spite of an increase in travel in 1992, the surplus still remains. Following some reduction in total capacity in 1991, there was a sharp rise in 1992 resulting from the entry of new airlines and tour operators, and regular airlines becoming serious competitors for the tourist market. Overcapacity among shipping lines has also increased competition and put pressure on fares. This situation was aggravated by an unusually fine Scandinavian summer and an autumn pervaded by rising unemployment, interest rate crises, and general unease for private economy. The devaluation of the Swedish and Norwegian currencies has resulted in sharp rises in the cost of trips abroad since the end of 1992.

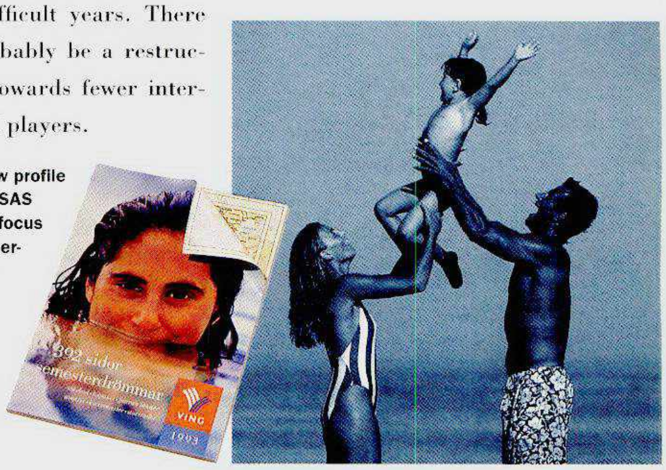
CHANGED TRAVEL PATTERN

The current deregulation in the EC is resulting in structural changes in vacation travel. Traditional charter travel will be increasingly complemented with cheap tourist trips on scheduled flights. In addition to greater choice as to means of transport, there is a trend away from group charter trips to more personalized vacation products. In order to meet this development SAS Leisure is re-positioning its business base and broadening it from the charter market to the vacation market. The Leisure group is focusing more on personalized large-scale operations, allowing individual customers a greater say in their vacation arrangements. Cooperation between SAS and SAS Leisure will increase as a result of deregulation, which also offers new business opportunities for charter airlines in the group.

The purchasing pattern for travel abroad is also changing. Customers are selecting and booking their vacation travel later. All this places high demands on planning and flexibility, product development and availability.

1993 FORECAST

The surplus is expected to remain throughout 1993. This, combined with the anticipated downturn in private consumption and the effects of currency changes, means that 1993 will be one of the travel industry's most difficult years. There will probably be a restructuring towards fewer international players.



Ving's new profile is part of SAS Leisure's focus on more personalized vacation products.

In order to meet the decline in the market, a comprehensive program has been started designed to increase efficiency throughout the SAS Leisure group. In spite of this, the 1993 result is expected to be less favorable than in 1992.

SAS LEISURE	1992	1991
Operating revenue	4,629	4,143
Income before extraordinary items	64	64
Income after extraordinary items	64	64
Number of employees	3,500	3,390

Nordic card, worldwide card

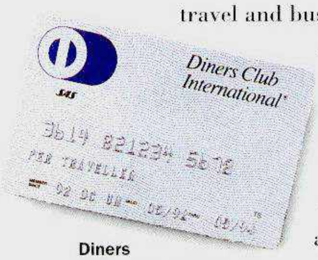
Diners Club Nordic has franchise rights to Diners Club in Denmark, Norway, Sweden, Finland and Iceland, as well as responsibility for payment operations in the Baltic countries. Diners Club is the market leader in the Danish and Norwegian business travel markets, and is well-placed in Sweden and Finland. The company had a favorable growth in volume in 1992. Operating revenue increased by 10%, while earnings remained unchanged.

The new NK/Diners Club card provides NK's 60,000 cardholders with access to an additional 82,000 sales outlets.

RATIONALIZATION AND NEW SERVICES

The intense competition from new and established players continued. This, combined with a weak market, has increased the demand for new technology to facilitate rationalization and product development. The transfer from paper-based to electronic transaction systems, and the introduction of credit score technology for card applications and cash withdrawals from dispensers, are examples of the increasingly high level of technology. Diners Club's products are designed to meet the needs of the business and private market.

Diners Club is a globally accepted payment card for travel and business entertainment, with comprehensive travel insurance and services which make business travel easier. One key product is the Travel Account Concept, which provides a review and control of all charges for the company and its travel agent. The Double Card makes it easy to separate business and private expenditure.



Diners Club – the market-leading card in the Danish and Norwegian business markets.

Diners Club provides individual cardholders with a simple means of payment, without limits, which is accepted all over the world and offers effective protection against misuse, loss or theft. Cardholders have access to 48 special airport and business lounges throughout the world and can obtain a free AT&T Calling Card.

CARD BASE IN SWEDEN MORE THAN DOUBLED

Diners Club is a partner in the SAS EuroBonus program and the co-branded payment card makes it easier to collect points in the bonus program. The old SAS card has been converted to a new bonus card.

Diners Club Nordic has owned the franchise on cards at Sweden's NK department store since 1991. A new card issue resulted in a co-branded card, NK/Diners Club, valid at NK as well as 82,000 other sales outlets in the Nordic countries. Diners Club Nordic thus increased its base by 60,000 to 110,000 cards in Sweden. In 1992 the number of cards in the Nordic countries rose by 22% to 360,000.

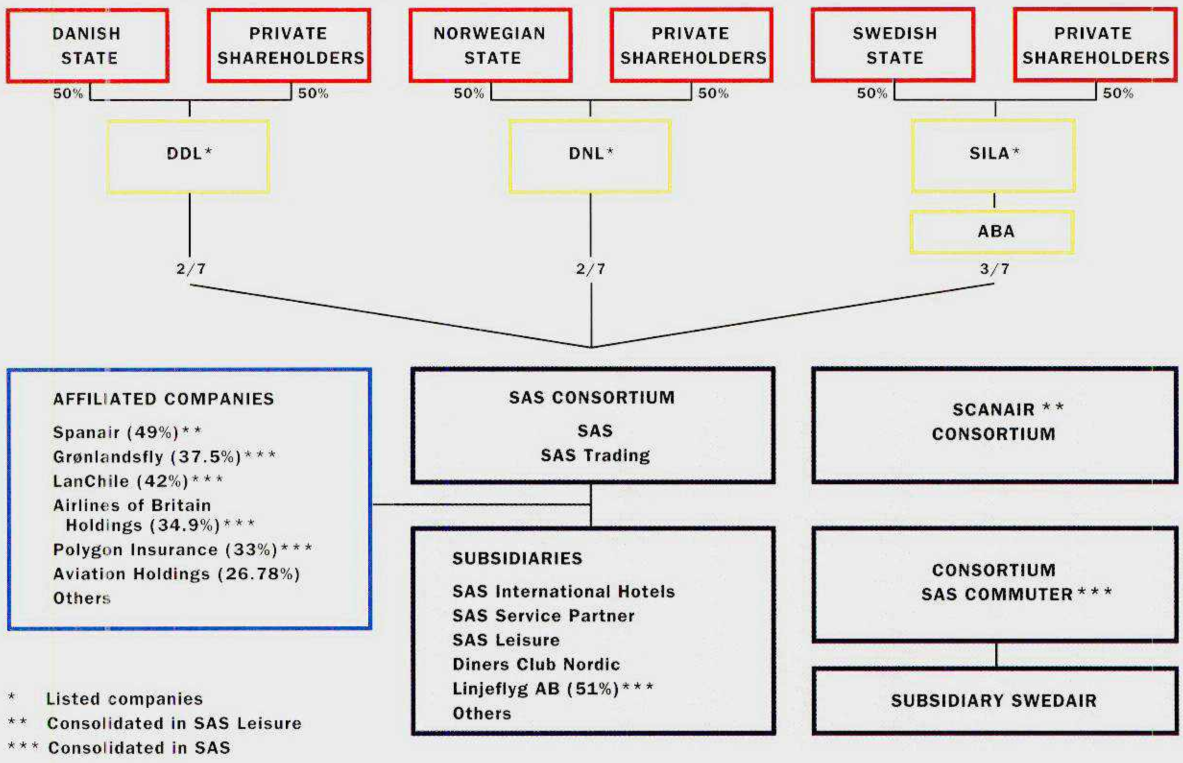
The buildup of the membership base in the Baltic countries continued and business volume rose sharply.

DIFFICULT 1993

The financial markets are expected to remain turbulent in 1993 with intensified competition. In order to meet the pressure on revenues, Diners Club Nordic must reduce its unit costs. On the marketing side the focus will be on the creation of a uniform profile for the entire Nordic region.

DINERS CLUB NORDIC	1992	1991
Operating revenue	440	401
Income before extraordinary items excl. devaluation of Swedish krona	34	30
Income after extraordinary items	30	30
Number of employees	290	280

Ownership Structure



The three national carriers, Det Danske Luftfartselskab A/S (DDL), Det Norske Luftfartselskap A/S (DNL), and AB Aerotransport (ABA), are the parent companies of the SAS Consortium. They hold the concessions to operate scheduled and non-scheduled air services to and from the Scandinavian countries. The parent companies, however, have transferred all responsibility to the SAS Consortium for scheduled air transport, and to Scanair for charter air services. A third consortium, SAS Commuter, is a production unit for the SAS Consortium. The current consortium agreement runs until September 30, 2005.

DDL and DNL each own 2/7 of the three consortia, while ABA owns 3/7.

At the end of each accounting period the consortia's profits, assets and liabilities are reported in the accounts of the three parent companies in a 2–2–3 ratio. The consortia's highest decision-making body is the Assembly of Representatives, comprising the parent companies' boards of directors. The Assembly of Representatives appoints the consortia's boards of directors, approves the financial statements, and decides on the amount of profit to be transferred from the consortia to the parent companies.

Responsibility for SAS's overall operations rests with the Chief Executive. SAS Commuter is managed within the framework of SAS. Scanair is a profit center of SAS Leisure.

CAPITAL AND TAXES

The consortia's equity is made up of the capital account, which consists of funds contributed by the parent companies and surpluses retained in operations. The capital account can only be increased through contributions from the parent companies.

The consortia are not tax-paying entities. The parent companies make allocations for tax purposes and pay taxes on their share of the consortia's profits in accordance with their respective national regulations. The consortia's subsidiaries pay taxes in their respective countries.

DET DANSKE LUFTFARTSELSKAB A/S (DDL)

DDL's primary business surrounds its shareholdings in the SAS, Scanair and SAS Commuter consortia, and related capital management. In addition, DDL owns hangars, maintenance bases and warehouses at Copenhagen Airport, which are leased to SAS on a commercial basis. Annual revenues from these operations amount to approximately 13 MDKK. DDL also owns the site on which the SAS Royal Hotel is located in Copenhagen.

50% of the company's stock is owned by the Danish government. DDL's stock is listed on the Copenhagen Stock Exchange.

DDL's share capital totaled 50.8 MDKK at year-end 1992.

DET NORSKE LUFTFARTSELSKAP A/S (DNL)

DNL conducts its air transport operations through the three consortia. In addition DNL owns office buildings at Fornebu which are leased to SAS on market terms. Leasing revenues totaled 17 MNOK in 1992.

DNL's stock is divided into equal numbers of "A" and "B" shares. All A-shares are owned by the Norwegian government, while B-shares are owned by private investors and traded on the Oslo Stock Exchange. Approximately 10% of DNL's stock is held by foreign investors.

DNL's share capital amounted to 314.5 MNOK at year-end 1992.

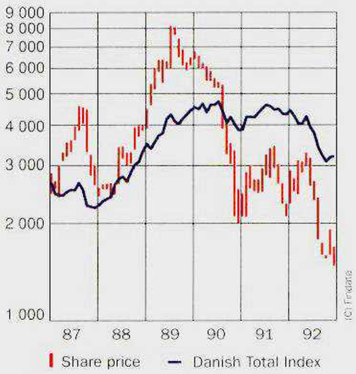
AB AEROTRANSPORT (ABA)

ABA conducts air transport services through its shareholdings in the three consortia.

ABA also conducts its own real estate and capital management activities, as well as printing operations through its affiliated companies Grafon AB and Sörmlands Grafiska AB.

In accordance with a decision adopted at SILA's annual meeting in December 1992, the Swedish State was invited to acquire 50% of the share capital and voting rights in SILA through a non-cash issue including the State's shares in ABA. Through this issue, to be carried out in the first half of 1993, SILA's share capital will double to 705 MSEK and ABA will become a wholly owned subsidiary of SILA.

DDL
Share price trend



Number of shares: 508,000

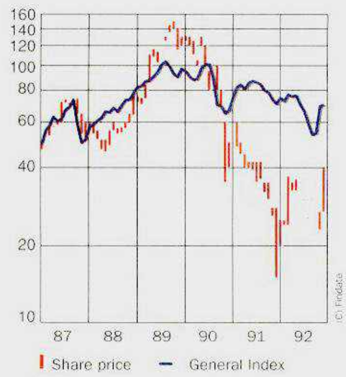
Market value at year-end 1992: DKK 751,840,000

DNL
Share price trend

Number of shares: 12,581,678

Market value at year-end 1992: NOK 698,283,129

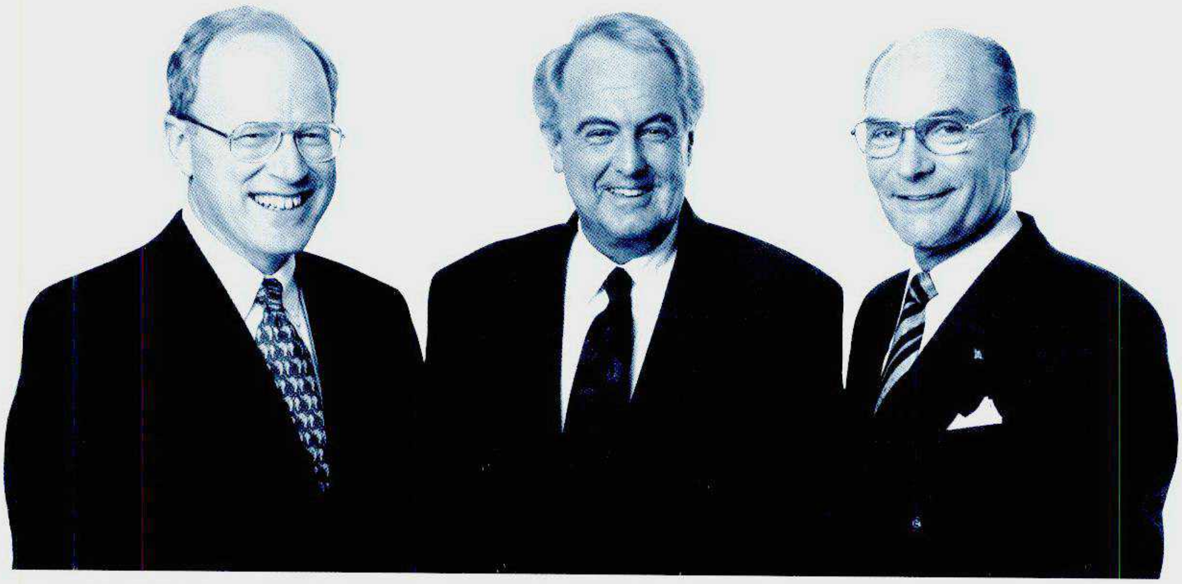
SILA
Share price trend



Number of shares: 35,250,000

Market value at year-end 1992: SEK 1,128,000,000

Group Management



STEFFEN HARPØTH
Deputy President

JAN CARLZON
President
& Chief Executive Officer

KJELL FREDHEIM
Executive Vice President
& Chief Operating Officer

SAS MANAGEMENT

Back row from left:

BJÖRN BOLDT-CHRISTMAS
Senior Vice President,
Support Division

RAGNAR HELLSTADIUS
Vice President,
SAS Technical Division

JOHAN JUHLIN
Vice President,
Operations Division (acting)

KARL MIIRO
Senior Vice President, Corporate Staff, SAS Group

NILS BENGTSSON
Senior Vice President, Corporate Control, SAS Group

PETER HØJLAND
Senior Vice President,
SAS Denmark

JAN SUNDLING
Senior Vice President,
SAS Sweden

VAGN SØRENSEN
Senior Vice President,
SAS Business Division

JAN REINÅS
Senior Vice President,
SAS Norway

PETER FORSSMAN
Senior Vice President,
Corporate Relations, SAS Group

ANNETTE BRØNDHOLT
Director, Assistant to the COO

KJELL FREDHEIM
Chief Operating Officer

LARS THUESEN
Senior Vice President,
Corporate Finance, SAS Group

BUSINESS UNIT MANAGEMENT

From left:

LARS KLEIVAN
President, Diners Club Nordic

IVAR SAMRÉN
President, SAS Service Partner

KURT RITTER
President, SAS International Hotels

OLLE WENNERSTEIN
President, SAS Trading

CHRISTER SANDAHL
President, SAS Leisure Group

Board of Directors

Standing from left: Leif Christoffersen, Lars P. Gammelgaard, Jan Carlzon, Bjørn Eidem, Ingvar Lilletun, Tony Hagström, Leif Kindert.
Seated from left: Tage Andersen, Harald Norvik, Bo Berggren.

HARALD NORVIK, born 1946, MBA. Chairman of SAS's Board 1992. Norwegian Chairman of SAS's Board since 1992 and Chairman of the Board of DNL, as representative of the Norwegian Government. CEO of Statoil. Member of the Board of Orkla Borregaard A S. Member of the Main Board of NHO (Næringslivets Hovedorganisasjon).
Personal Deputy: Åshild M. Bendiktsen.

TAGE ANDERSEN, born 1927, First Vice Chairman of SAS's Board 1992. Danish Chairman of SAS's Board since 1990 and Chairman of the Board of DDL, as representative of the private Danish owners. Former Chairman of management at Den Danske Bank. Member of the Boards of several Danish companies.
Personal Deputy: Povl Hjelt.

BO BERGGREN, born 1936, Hon. Dr. Eng. Second Vice Chairman of SAS's Board 1992. Swedish Chairman of SAS's Board since 1992 and Chairman of the Boards of ABA and SILA, as representative of the private Swedish owners. Chairman of the Board of STORA. Vice Chairman of the Boards of ASTRA, Investor, and the Swedish Employers' Confederation. Member of the Boards of a large number of companies and organizations.
Personal Deputy: Erik Belfrage.

BJØRN EIDEM, born 1942, Supreme Court Attorney. Member of SAS's Board since 1983 and Vice Chairman of the Board of DNL, as representative of the private Norwegian owners. Senior Vice President of Fred. Olsen & Co. Chairman of the Boards of Norges Handels og Sjøfartsidende and Widerøe's Airlines. Member of the Boards of Ganger Rolf, Bonheur, and Harland & Wolff.
Personal Deputy: Mads Henry Andenæs.

LARS P. GAMMELGAARD, born 1945, B. Pol. Sc. Member of SAS's Board since 1991 and Vice Chairman of the Board of DDL, as representative of the Danish Government. Chairman of the Danish Conservative Party and member of the Danish Parliament (Folketinget) since 1979. Minister of Fishing 1986-89.
Personal Deputy: Jimmy Stahr.

TONY HAGSTRÖM, born 1936, Dr. Phil., Member of SAS's Board in 1993 and Vice Chairman of the Boards of ABA and SILA, as representative of the Swedish Government. Director General and CEO of the Swedish Telecom. Vice Chairman of the Board of Svenskt Stål AB (SSAB). Member of the Boards of ASTRA, the National Agency for Government Employees (SAV) and the Swedish Association for Share Promotion.
Personal Deputy: Ingemar Eliasson.

Employee Representatives:

INGVAR LILLETUN, born 1938. Member of SAS's Board since 1979. Employed in SAS Norway.
Deputies: Randi Kile and Svein Vefall.

LEIF CHRISTOFFERSEN, born 1946. Member of SAS's Board since 1991. Employed in SAS Denmark.
Deputies: Jens Tholstrup Hansen and Ib Jensen.

LEIF KINDERT, born 1941. Member of SAS's Board since 1992. Employed in SAS Sweden.
Deputies: Harry Sillfors and Ulla Gröntvedt.

President and CEO
JAN CARLZON, born 1941.

OPERATING INCOME REMAINS UNCHANGED

The SAS Group's operating income before depreciation amounted to 2,930 MSEK, which is on a level with the preceding year. Income before taxes was –743 MSEK (–1,292).

STRONG FINANCIAL PLATFORM

Equity amounted to 8,958 MSEK (9,639). Liquid funds totaled 9,829 MSEK (9,371), primarily in European currencies and USD.

DECREASED NET FINANCIAL ITEMS

Net financial items decreased to –2,244 MSEK (–882), of which about 1,150 MSEK is directly attributable to the non-recurring effect of the devaluation of the Swedish krona.

REVALUATION OF FOREIGN LOANS

The equity/assets ratio fell to 21% (25), primarily due to increased liabilities resulting from the revaluation of foreign loans. The debt/equity ratio increased to 1.7 (1.2) for the same reason.

LIMITED BORROWING REQUIREMENT IN NEXT FEW YEARS

The SAS Group's total long-term debt amounts to 23,152 MSEK (19,123). SAS today has one of the most modern aircraft fleets in Europe, and few firm orders for new aircraft.

SAS

ANNUAL REPORT 1992

Report by the Board of Directors and the President for the fiscal year January 1 – December 31, 1992. (A translation of the Swedish original.)

The SAS Group's accounts are prepared in accordance with International Accounting Standards. (Figures in parentheses refer to 1991.)

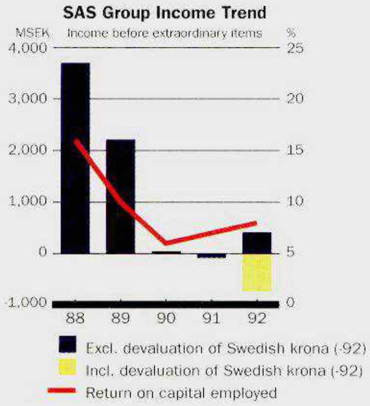
FINANCIAL DEVELOPMENT

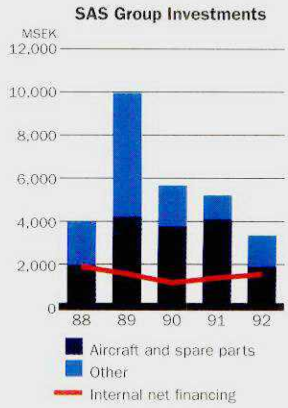
The Association of European Airlines (AEA) reports an increase in traffic measured in revenue passenger kilometers of 13% in 1992. The increase in capacity amounted to 11%.

In 1992 SAS noted weak growth in traffic which was affected sharply by the decline in Sweden, where traffic decreased by 9%. Both total traffic and production increased by 2% compared with 1991, excluding Linjeflyg. Competition over fares, however, resulted in a 7% decline in yield. The reduction in yield was accentuated in the second half when competition increased in Sweden due to deregulation.

The SAS Group's operating revenue totaled 34,445 MSEK (32,286), an increase of nearly 7% compared with 1991. Adjusted for units acquired and sold during the year, revenue rose by more than 1%. Operating income before depreciation, etc. amounted to 2,930 MSEK (2,717).

Income and Key Ratios (MSEK)	**1992**	1991
Operating revenue	**34,445**	32,286
Operating expense	**–31,515**	–29,569
Operating income before depreciation, etc.	**2,930**	2,717
Depreciation, etc.	**–1,532**	–1,338
Gains on the sale of		
–flight equipment	**0**	375
–shares, etc.	**5**	–62
Share of income in affiliated companies	**–8**	–871
Income after depreciation, etc.	**1,395**	821
Financial items, net	**–1,094**	–882
Devaluation of Swedish krona	**–1,150**	–
Income after financial items	**–849**	–61
Minority shares in income after financial items	**106**	–17
Income before extraordinary items	**–743**	–78
Extraordinary items	**–**	–1,214
Income before taxes	**–743**	–1,292
Key Ratios		
Investments	**3,338**	5,197
Return on		
– capital employed, %	**8**	7
Equity/assets ratio, %	**21**	25
Debt/equity ratio,	**1.7**	1.2
Average number of employees	**40,140**	38,940





In spite of the weak market with lower yields as a result of increased competition over fares, operating income remained at the same level as the preceding year. The cost-effective operations resulting from the action program carried out by SAS during the past two years made a major contribution to the retained income level.

Depreciation was higher than in 1991, 1,532 MSEK (1,338), primarily due to depreciation in Linjeflyg which was consolidated during the final seven months of the year.

After gains on the sale of fixed assets of 5 MSEK (313), and share of income in affiliated companies of –8 MSEK (–871), income after depreciation, etc. amounted to 1,395 MSEK (821). Excluding gains on the sale of fixed assets and share of income in affiliated companies, the 1991 income after depreciation, etc. amounted to 1,379 MSEK (see also Note 1). The 1991 share of income in affiliated companies included –544 MSEK, including –49 MSEK in taxes, attributable to Saison Holdings B.V., and –325 MSEK attributable to Aviation Holdings PLC. The interest in Saison Holdings B.V. was sold in spring 1992. The investment in Aviation Holdings PLC was written down to zero in the 1991 financial statements.

Net financial items amounted to –2,244 MSEK, of which approximately –1,150 MSEK net is attributable to the non-recurring effect of the weakened Swedish krona when it was allowed to float freely on November 19, 1992.

The effect of the devaluation of the Swedish krona on the financial statements of the SAS Group is described in more detail in the section "Financial Overview." Net financial items excluding the currency effect described above, were thus approximately –1,094 MSEK, which should be compared with –882 MSEK in 1991. The increase in financial expense is partly attributable to an increased average interest-bearing net debt of more than 2,000 MSEK. In addition SAS's changed currency mix resulted in higher interest expense.

Income after financial items but before minority shares was therefore –849 MSEK (–61). Income before extraordinary items amounted to –743 MSEK (–78).

Excluding the non-recurring effect of the devaluation of the Swedish krona, income before extraordinary items was 407 MSEK (–78).

Extraordinary items amounted to – MSEK (–1,214), resulting in income before taxes of –743 MSEK (–1,292).

1992 investments decreased by 1,859 MSEK compared with 1991 to 3,338 MSEK, of which investments in flight equipment accounted for 1,872 MSEK. Return on capital employed was 8% compared with 7% in 1991. The equity/assets ratio fell from 25% to 21% primarily as a result of the revaluation of loans in foreign currencies following the devaluation of the Swedish krona. The rise in total assets resulting from the acquisition of Linjeflyg also affected the equity/assets ratio negatively by more than 1 percentage point. The debt/equity ratio increased from 1.2 to 1.7.

In line with the focus on core operations, the SAS Consortium's Board of Directors has decided to evaluate the possibility of selling SAS Service Partner.

Balance Sheet (MSEK)	**1992**	1991
Liquid funds	**9,829**	9,371
Other current assets	**6,849**	6,289
Fixed assets	**28,790**	24,854
Total assets	**45,468**	40,514
Current liabilities	**11,713**	10,471
Long-term debt	**23,612**	19,517
Subordinated debenture loan	**982**	823
Minority interests	**203**	64
Equity	**8,958**	9,639
Total liabilities and equity	**45,468**	40,514

FINANCIAL OVERVIEW

The turbulence in the financial and foreign exchange markets in 1992, and particularly the severely weakened Swedish krona, had a negative effect on SAS's net financial items in 1992.

In order to match cash flows in currencies other than Swedish kronor and to protect the SAS Group's foreign currency assets, long-term borrowing has been taken up in foreign currencies, mainly European low interest-rate currencies. When the Swedish krona was allowed to float in November 1992, it was devalued by 20% against the DEM and 15% against the ECU, resulting in considerable exchange losses being charged against 1992 income from the revaluation of the long-term debt at year-end rates of exchange. Losses on the long-term debt have been balanced to some extent, however, against exchange gains on liquid funds placed in foreign currencies. In the second half, liquid funds were transferred from mainly Swedish kronor to European currencies. In addition gains, primarily on short-term forward exchange contracts, helped to reduce the negative effect of the revaluation of the long-term debt.

Net financial items decreased to –2,244 MSEK (–882). The exchange loss on SAS's long-term debt totaled approximately 2,750 MSEK, as a result of the devaluation of the Swedish krona. Exchange gains on liquid funds, forward exchange contracts, etc. amounted to approximately 1,600 MSEK, whereupon the total charge against income resulting from the devaluation of the Swedish krona amounts to approximately –1,150 MSEK. More than 400 MSEK of this is attributable to a revaluation of financial leasing debts in USD. These leasing transactions were entered into with the express purpose of matching an asset in a foreign currency against a liability in a foreign currency, in order to eliminate the currency risk in the event of major fluctuations in exchange rates. SAS has adopted a strict interpretation of the IAS principles and decided to revalue these loans as well.

A large part of the SAS Group's fixed assets, such as aircraft for example, can be seen as foreign assets. The market value of these measured in Swedish kronor rises in direct relation to a fall in the value of the krona, but since such a revaluation is not included in the balance sheet, the exchange gain can only be realized in the event of an actual sale.

The devaluation of the Swedish krona is expected to have a positive effect on operating income from 1993 onwards.

The Group's financial development can be summarized in the following statement of changes in financial position.

Statement of Changes in Financial Position (MSEK)	**1992**	1991
Net financing from operations	**1,533**	1,362
Investments	**–3,338**	–5,197
Advance payments, net	**466**	694
Sale of fixed assets, etc.	**86**	897
Financing deficit	**–1,253**	–2,244
Amortization/external borrowing, net	**265**	–145
Financial receivables, net	**–563**	372
Change in liquid funds	**–1,551**	–2,017
Effect on liquid funds of devaluation of Swedish krona	**1,793**	–
Liquid funds in acquired companies	**216**	–
Change in liquid funds according to the balance sheet	**458**	–2,017

Net financing from operations, including changes in working capital, amounted to 1,533 MSEK (1,362) in 1992. Investments fell from 5,197 MSEK in 1991 to 3,338 MSEK.

A financing deficit of –1,253 MSEK (-2,244) was incurred in 1992 after net advance payments for aircraft of 466 MSEK and 86 MSEK from the sale of fixed assets.

The SAS Consortium's 1992 long-term external new borrowing amounted to 294 MSEK for full financing of two MD–80s through the Japanese leasing market.

The Group's total long-term borrowing amounts to 23,152 MSEK (19,123). As a result of a very limited commitment to invest in new aircraft, SAS's total funding requirements in the next few years are marginal. The amortization profile on the long-term debt is such that only limited amortization is required in the next few years. Liquid funds amounted to 9,829 MSEK at year-end, compared with 9,371 MSEK on December 31, 1991. Liquid funds are primarily in European currencies and USD.

SAS still has unutilized commercial paper programs of 2,000 MSEK, 1,000 MNOK, 1,000 MDKK and 200 MUSD, as well as unutilized long-term credit facilities of 450 MUSD.

SAS's credit ratings from Moodys in the U.S. and Nippon Investor Services in Japan remained unchanged in 1992, and are classified A2 and double A minus, respectively, for long-term debt. The short-term debt is rated at P1 and A1+, respectively. These credit ratings are among the best in the air transport business and ensure SAS's continued access to external funding at favorable terms.

Income by Business Unit (MSEK)	**1992**	1991
SAS [1]	**25**	1,038
SAS International Hotels	**–135**	–1,020
SAS Service Partner	**261**	146
SAS Trading	**195**	56
SAS Leisure	**64**	64
Diners Club Nordic	**34**	30
Other operations [2]	**–37**	–392
Income before extraordinary items, excluding devaluation of Swedish krona	**407**	–78
Devaluation of Swedish krona	**–1,150**	–
Income before extraordinary items	**–743**	–78

[1] Includes Airline, Finance and joint-Group costs.
[2] Includes Other operations and Group eliminations.

SAS

From 1992 onwards SAS includes SAS Airline and SAS Finance, both including subsidiaries, and joint-

PRODUCTION AND TRAFFIC

	AVAILABLE TONNE-KILOMETERS			REVENUE TONNE-KILOMETERS			LOAD FACTOR	
12 months	Million	Change %	Share %	Million	Change %	Share %	%	Change %-points
Intercontinental	1,379	–2	41	971	–4	50	70.4	–1.7
Europe	990	14	30	448	11	24	45.2	–2.7
Nordic countries	333	–3	10	155	0	8	46.5	2.6
International	**2,702**	**3**	**81**	**1,574**	**0**	**82**	**58.2**	**–2.7**
Denmark	89	5	3	45	–1	2	50.9	–6.0
Norway	212	–1	6	133	7	7	63.0	7.9
Sweden	342	84	10	178	50	9	52.0	–18.8
Sweden excl. Linjeflyg	*171*	*–8*		*107*	*–10*		*62.2*	*–2.7*
Domestic	**643**	**33**	**19**	**356**	**23**	**18**	**55.5**	**–7.3**
TOTAL	**3,345**	**8**	**100**	**1,930**	**4**	**100**	**57.7**	**–3.6**

PASSENGER, FREIGHT AND MAIL TRAFFIC

	PASSENGERS			CABIN FACTOR		FREIGHT		MAIL	
12 months	Pass. km	Change %	Share %	%	Change %	Million tonne-km	Change %	Million tonne-km	Change %
Intercontinental	6,634	–3	40	74.6	1.3	334	–6.1	27	9.4
Europe	4,510	11	27	52.5	–2.0	32	17.3	14	13.0
Nordic countries	1,586	4	10	53.7	1.0	10	7.3	3	1.5
International	**12,730**	**2**	**77**	**62.3**	**–1.0**	**376**	**–4.2**	**44**	**9.8**
Denmark	439	3	3	60.7	2.3	4	–9.1	2	–6.0
Norway	1,377	8	8	66.4	5.9	6	1.1	4	2.9
Sweden	2,001	57	12	63.4	–10.4	6	50.9	0	7.5
Sweden excl. Linjeflyg	*1,153*	*–9*		*69.1*		*4*	*–4.7*	*0*	*–4.0*
Domestic	**3,817**	**29**	**23**	**64.1**	**–1.9**	**16**	**11.2**	**6**	**0.2**
TOTAL	**16,547**	**7**	**100**	**62.7**	**–1.1**	**392**	**–3.6**	**50**	**8.5**

Group costs. Comparative figures for 1991 have been adjusted in accordance with the present structure.

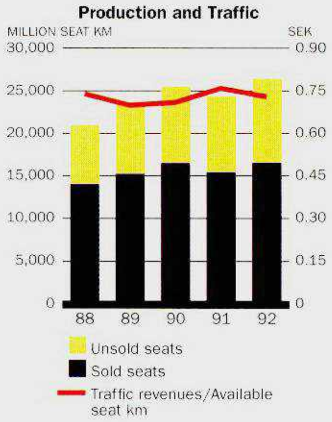
At year-end 1992 SAS's own traffic system covered 98 destinations and included domestic routes in Denmark, Norway and Sweden, inter-Scandinavian routes, routes to Europe, the Baltic countries, North America, and to the Middle and Far East.

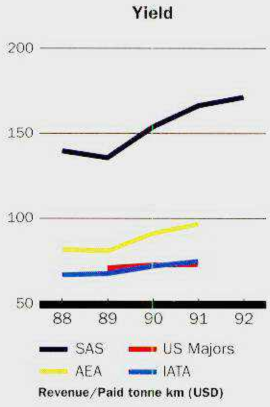
SAS's traffic trend during the year was lower than the average 13% increase among members of the Association of European Airlines (AEA). This was due to the changed competitive climate, primarily in Sweden as a result of deregulation, and overcapacity and fierce competition on intercontinental routes. Measured in revenue passenger kilometers (RPK) the increase was 2% with a corresponding rise in capacity. In spite of the increase in RPK, passenger revenues decreased by 5% as a result of pressure on fares and a mix swing from EuroClass to tourist class. The increase in RPK was 11% on European routes, 8% on Norwegian domestic routes, 3% in Denmark, while RPK decreased by 3% on intercontinental routes and by 9% in Swedish domestic traffic (excluding Linjeflyg). The systemwide cabin factor remained at the 1991 level of 63.1% for SAS (excluding Linjeflyg) and total passenger volume was 14.6 million (13.9). Linjeflyg carried 3.8 million passengers in the full year 1992.

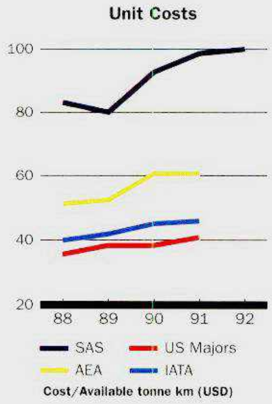
A new cooperation agreement was finalized between SAS and Continental Airlines. The new agreement ensures continued traffic and market cooperation between the companies and regulates SAS's use of gates in Terminal C at Newark airport. The agreement applies for an unlimited period but with a 12-month notice period which gives SAS increased flexibility.

SAS'S ACTION PROGRAM

In 1991 SAS started a new action program designed to substantially improve efficiency and develop the operation of the company, including subsidiaries, with full effect as per January 1, 1993. The program has had three stages: cost savings, organizational changes, and product development.







All units were given specific targets to work on and meet locally.

SWEDISH DOMESTIC TRAFFIC

As part of the preparation for increased competition in Europe and in order to ensure a dominant position in SAS's most important home market, 50% of the shares in Linjeflyg AB were acquired from Bilspedition AB and 1% from AB Aerotransport on June 1, 1992, leaving AB Aerotransport with 49%. Swedish domestic traffic's 1992 result was highly negative as a result of deregulation on July 1 coming on top of the recession. If this acquisition had not been made, the result would probably have been more negative. The goal for Swedish domestic traffic is, in a totally deregulated market, to be able to retain a dominant market share on routes open to competition by adjusting the domestic network and exploiting synergy effects. Linjeflyg's operations were integrated in SAS on January 1, 1993 and Linjeflyg now operates in principle as a leasing company which places its capacity at SAS's disposal.

The integration of operations is expected to be completed during 1993 and future cost reductions are anticipated. Approximately 1,000 full-time employees are affected directly. The costs of the merger are being charged as accrued.

SAS's 1992 *operating revenue* totaled 22,795 MSEK, representing an increase over 1991 when operating revenue amounted to 21,756 MSEK. Operating revenue in Linjeflyg totaled 1,576 MSEK during seven months. Traffic revenue rose by 4% to 19,426 MSEK. Operations were affected by the negative trend in Sweden, the generally fiercer competition and the weak economic climate.

Fuel costs totaled 1,529 MSEK (1,524). The price of fuel in cents per gallon fell by 8%.

Payroll costs increased by 3% from 7,323 MSEK, excluding restructuring costs, to 7,651 MSEK. Excluding payroll costs in Linjeflyg, a reduction of 6% was noted. The average number of employees was 21,160 (including Linjeflyg, seven months) compared with 21,150 in 1991.

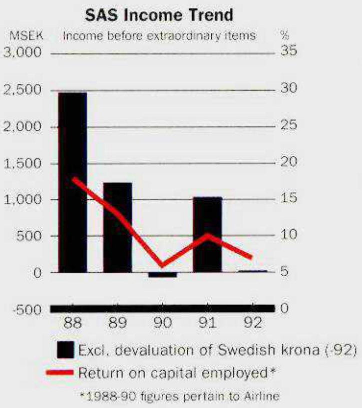
Operating income before depreciation, etc. was at the same level as the previous year, 1,959 MSEK (1,958).

Gains on the sale of fixed assets amounted to 2 MSEK (518).

Shares of income in affiliated companies totaled –28 MSEK (–27).

Net financial items were reported at –2,131 MSEK (–508). This decrease is attributable to higher net borrowing, higher interest and other financing costs, and the effect of the devaluation of the Swedish krona in the amount of approximately –1,120 MSEK.

Income after financial items and minority shares was –1,092 MSEK (1,038). Excluding the non-recurring effect of the devaluation of the Swedish krona, income was 25 MSEK (1,038).



Income after extraordinary items amounted to –1,092 MSEK (994).

Investments totaled 2,731 MSEK (4,474), of which flight equipment accounted for 1,868 MSEK (4,067).

AIRCRAFT FLEET: The acquisition of Linjeflyg and Swedair added 42 aircraft (of which eight are leased) to SAS's aircraft fleet. New investment in existing operations totaled nine aircraft: eight MD–80s and one Boeing 767–300. Acquisitions and new investments provided SAS with 51 additional aircraft, but the fleet increased by only 46 aircraft since five leased DC9–41s were returned. Due to some surplus capacity, SAS leased out more aircraft during the year. At year-end 11 aircraft were leased out compared with five at year-end 1991.

Investments in new aircraft amounted to 1,711 MSEK during the year. SAS (excluding Linjeflyg) has invested nearly 17,000 MSEK in new aircraft between 1985 and 1992. Aircraft for a total of approximately 500 MUSD are contracted for delivery.

SAS's Aircraft Fleet Dec. 31, 1992	Owned/ leased	Leased in	Total	Leased out	On order
Boeing 767–300	14		14	2 [1]	
Boeing 767–200	2		2		2
Douglas MD–81	33		33		
Douglas MD–82	14		14	5 [2]	
Douglas MD–83	1		1	1 [3]	
Douglas MD–87	16		16		
Douglas MD–90					6
Douglas DC9–21	9		9		
Douglas DC9–41	21	8	29		
Douglas DC9–51	1		1	1 [4]	
Boeing 737–500*	7	3	10	2 [5]	4
Fokker F–28*	14	5	19		
Fokker F–50**	13	9	22		
SAAB 340*	13		13		
Total	158	25	183	11	12

*) Linjeflyg.
**) SAS Commuter Consortium.
1) Leased out to Air Europe S.p.A.
2) Leased out: 3 to Southern Cross, 1 to Nordic East, 1 to Scanair.
3) Leased out to Scanair.
4) Leased out to Hawaiian Airlines.
5) Leased out to LOT.

SAS INTERNATIONAL HOTELS

SAS International Hotels' 40% stake in Saison Holdings B.V. was sold to the majority owner, the Japanese Saison Group, in April 1992. Under the agreement with Saison, SAS International Hotels took over three hotels from the Inter-Continental Hotels Group: SAS Portman Hotel in London, SAS Royal Scandinavia Hotel in Düsseldorf, and SAS Royal Hotel in Cologne. These hotels enjoy an excellent reputation, a high standard and good location. They therefore make an important contribution to the continued development of SAS International Hotels.

During the year SAS International Hotels acquired the outstanding 50% in SIHSKA A/S, Copenhagen, which has a 50% stake in a joint venture company set up for the SAS Royal Hotel in Beijing. The hotel in Kuwait was re-opened in autumn 1992. In addition SAS International Hotels signed a long-term management contract for the operation of SAS H.C. Andersen Hotel in Odense, Denmark.

All shares in Royal Hotel AS, Oslo, were repurchased in 1992. The company owns SAS Scandinavia Hotel in Oslo. In conjunction with the repurchase, SAS International Hotels' shareholding in the real estate company Coronado AS, booked at 137 MSEK, received as part of the purchase price from the sale of Royal Hotel AS in 1989 was sold. The sale of the Coronado shares yielded a capital loss of –85 MSEK. As a result of the repurchase of the Scandinavia Hotel, the residual amount of the allocation for future leasing costs, 80 MSEK, made on December 31, 1991 was reversed.

SAS International Hotels' revenues amounted to 1,669 MSEK (1,604) in 1992, of which 206 MSEK was attributable to the three new hotels. Including hotels operated under management contracts, operating revenues amounted to 2,154 MSEK (2,010). A small increase in revenues was noted for comparable units.

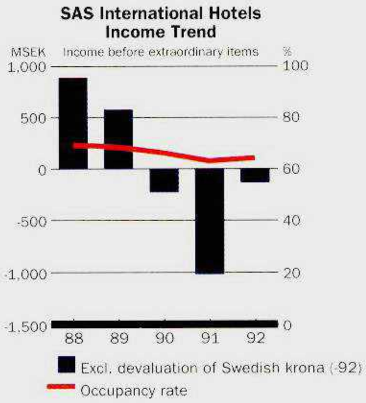
Income before depreciation amounted to 112 MSEK (64).

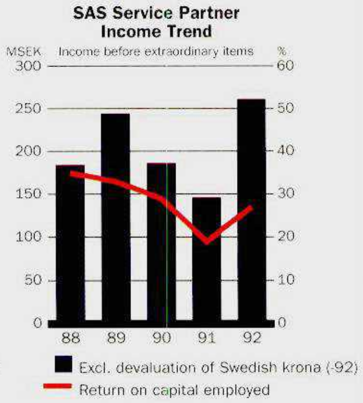
Income before extraordinary items amounted to –135 MSEK (–1,020) after net financial items, excluding the non-recurring effect of the devaluation of the Swedish krona, of –101 MSEK (–352), income from the sale of fixed assets of –6 MSEK (–92), and share of income in affiliated companies of –12 MSEK (–534).

Including the devaluation effect mentioned above, income was –128 MSEK (–1,020).

Investments totaled 67 MSEK (89), of which 25 MSEK was paid for the renovation of the SAS Royal Scandinavia Hotel in Düsseldorf.

The average number of employees rose from 2,780 to 3,430, primarily as a result of the takeover of the three Inter-Continental hotels.





SAS SERVICE PARTNER

SAS Service Partner is heavily dependent on air traffic, which accounts for a large part of the group's revenues. The rest comes from industry, particularly the offshore industry, and from the public sector, notably hospitals.

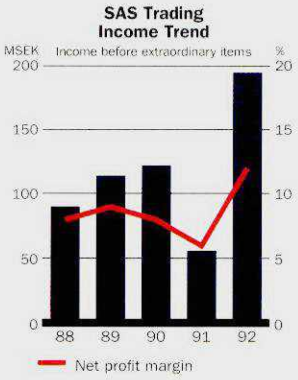
In Airline Catering a new flight kitchen in Munich went into operation during the year and the rebuilding of the flight kitchens in Oslo and Antalya, Turkey, was completed. A new flight kitchen in Copenhagen opened in December. This flight kitchen represents SAS Service Partner's largest investment to date.

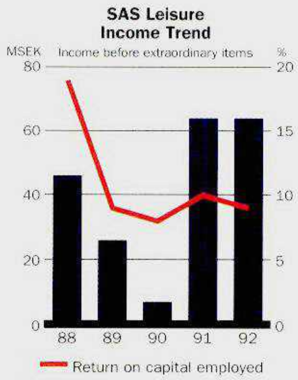
As part of Terminal Catering's brand names strategy, the business area has signed a cooperation agreement with Burger King which gives Terminal Catering sole rights to use this concept and brand name at most European airports. An agreement was also signed with the Coca-Cola Company for extended marketing of its products.

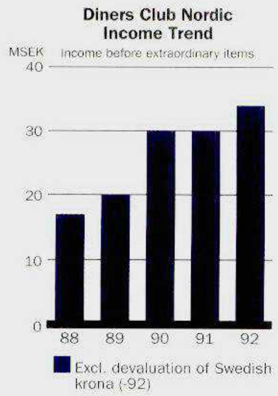
SAS Service Partner's 1992 revenues totaled 5,220 MSEK (4,614), an increase of 13% over 1991. Income after financial items, excluding the effect of the devaluation of the Swedish krona, amounted to 261 MSEK (146). Income before extraordinary items was 226 MSEK (146). Investments totaled 418 MSEK (388).

SAS TRADING

SAS Trading conducts operations related to air travel. The core business is the sale of duty-free goods at air-







ports and in flight.

In-flight sales on inter-Scandinavian routes were resumed during the year. SAS Trading also won a tender for concessions at Norwegian airports until mid-1999.

The expansion in Eastern Europe continues and includes a renewed ten-year contract to operate a shop in Riga, and the establishment of a new shop in Warsaw which opened in December 1992.

Revenues totaled 1,741 MSEK (1,684) in 1992. The core business increased its revenues by 12% but the sale of subsidiaries reduced the total volume. During the year operations were made more effective and adjusted to market conditions and unprofitable business was sold.

Income before extraordinary items amounted to 195 MSEK (56).

SAS LEISURE

The SAS Leisure group is divided into three business areas: tour operations, hotels, and charter airline services, with Sweden and Norway as the key markets. Market shares amount to 43% and 44%, respectively.

In the spring SAS Leisure started tour operations in Denmark by introducing Vingrejser A/S in the Danish market. As in Sweden and Norway, however, growth was fairly weak. In spite of unrest in the Nordic markets, SAS Leisure's Sunwing hotel chain had a relatively good year, partly due to the extensive cost-reduction program carried out in recent years.

Scanair had a good year in terms of income. The adjustment of the aircraft fleet to market conditions and measures designed to raise productivity, resulted in a well-trimmed charter airline.

SAS Leisure's revenues increased during the year to 4,629 MSEK (4,143). Income before extraordinary items amounted to 64 MSEK (64). Investments totaled 90 MSEK (291).

DINERS CLUB NORDIC

The company has franchise rights to the Diners Club card in Denmark, Norway, Sweden, and Finland and is also responsible for operations in the Baltic countries.

Operating revenue increased by 10% in 1992 from 401 to 440 MSEK. Income after financial items, excluding the effect of the devaluation of the Swedish krona, totaled 34 MSEK (30). Income before extraordinary items amounted to 30 MSEK (30).

AFFILIATED COMPANIES

Affiliated companies are companies in which the SAS Group's ownership is between 20 and 50%. These include Airlines of Britain Holdings PLC (35%), Aviation Holdings PLC (27%), Spanair S.A. (49%) and LanChile S.A. (42%).

The anticipated recovery in Airlines of Britain Holdings' market failed to occur, resulting in income for the year slightly below the 1991 level.

An additional 10% of the shares in the company was acquired during the year. Income after taxes amounted to 1 MGBP (2). SAS's share of this income (35%), including a 17 MSEK (21) write-down of goodwill, is –14 MSEK (–15).

The Chilean airline LanChile S.A. reports positive income of 1 MUSD. This should be seen as a good result in a situation where the company is still incurring considerable restructuring costs due to overcapacity in the aircraft fleet. SAS's share of income is booked at 3 MSEK (8).

The SAS Group's income before extraordinary items includes share of income in affiliated companies after taxes of –8 MSEK (–871). The Group's equity in affiliated companies amounted to 638 MSEK (1,441).

INVESTMENTS

The SAS Group's 1992 investments amounted to 3,338 MSEK. SAS accounted for 2,731 MSEK of investments, SAS International Hotels for 67 MSEK, SAS Service Partner for 418 MSEK, and SAS Leisure for 90 MSEK. Investments in aircraft and other flight equipment totaled 1,872 MSEK (4,095).

In 1992 shares were acquired in Linjeflyg AB for 367 MSEK.

PERSONNEL

The average number of employees in the various business units of the SAS Group in 1992 was 40,140 (38,940), of whom 21,160 (21,150) were employed in SAS, including Linjeflyg for seven months, 3,430 (2,780) in SAS International Hotels, 11,020 (10,650) in SAS Service Partner, and 3,500 (3,390) in SAS Leisure.

A breakdown of the average number of employees per country is provided in the table below.

The average number of employees in the SAS Consortium totaled 18,420 (19,190), including 6,847 (6,690) in Denmark, 4,046 (4,380) in Norway and 5,848 (6,230) in Sweden.

The Group's total payroll costs including payroll-related costs amounted to 11,363 MSEK, compared with 10,936 MSEK in 1991. Corresponding costs for the SAS Consortium amounted to 6,204 MSEK (6,855) (see also Note 3).

Average number of employees– SAS Group	1992		1991	
	Men	Women	Men	Women
Denmark	**6,023**	**3,660**	6,090	3,770
Norway	**4,266**	**3,846**	4,330	4,130
Sweden	**6,254**	**5,046**	5,820	4,560
U.K.	**1,967**	**1,283**	1,760	1,230
Germany	**1,227**	**892**	890	650
Spain	**918**	**675**	930	640
Turkey	**782**	**163**	750	100
Greece	**245**	**195**	240	180
USA	**152**	**199**	190	270
Other	**1,376**	**971**	1,350	1,060
Total	**23,210**	**16,930**	22,350	16,590

SAS AND THE ENVIRONMENT

Environmental activities were decentralized still further in 1992. The airline no longer has a central environment department. Responsibility for coordination has been adapted to the situation prevailing in each country.

Since 1986 fuel consumption (liter/seat kilometer) has been decreased by 17% through investment in new aircraft.

Copenhagen Airport will obtain environmental approval by 1999 at the latest. All new buildings and installations must be approved from the outset. SAS has produced a proposal for a new SAS terminal which almost eliminates vehicles from aircraft handling.

Together with the Norwegian Board of Civil Aviation, SAS has developed a closed system for recycling de-icing fluid (glycol) at Fornebu Airport. During 1992 the de-icing area was given a impervious surface which will further increase the recovery ratio.

SAS Norway has been actively engaged in energy economy in recent years. The results from 1992 are positive with a 95,000 liter reduction in oil consumption with only a small increase in electric power.

Charges for excessive noise levels have been introduced at Fornebu and Bodø.

In Sweden, SAS has participated in the collection of data on noise, exhaust emissions and discharge from de-icing, for the Civil Aviation Board's application to expand operations with a third runway at Arlanda.

THE SAS CONSORTIUM

The SAS Consortium is formed by the three national airlines of Denmark, Norway and Sweden: Det Danske Luftfartselskab A/S (DDL), Det Norske Luftfartselskap A/S (DNL) and AB Aerotransport (ABA), respectively. The SAS Consortium comprises SAS (formerly SAS Airline, SAS Finance, the SAS Group's executive management and joint-Group projects) and SAS Trading, both excluding subsidiaries.

The SAS Consortium's assets, liabilities and earnings are divided between the parent companies at the end of each fiscal year according to their respective ownership shares: DDL 2/7, DNL 2/7, ABA 3/7.

The SAS Consortium's operating revenue amounted to 22,093 MSEK (22,340). Capital gains on the sale of flight equipment totaled 0 MSEK (429).

Net financial items totaled –1,644 MSEK (–383) and include dividends from subsidiaries and affiliated companies of 264 MSEK (57). As a result of the devaluation of the Swedish krona, net financial items were charged with a non-recurring effect of approximately –1,080 MSEK (–).

Income after depreciation and financial items then amounted to –654 MSEK (974). After gain on the sale of shares, etc. totaling 20 MSEK (–2,095), unusual items totaling –131 MSEK (269) and extraordinary items totaling – MSEK (24), income before taxes amounted to –765 MSEK (–828).

Remuneration to the SAS Consortium's Board of Directors amounted to 1.5 MSEK in 1992.

The SAS Consortium's accounts are prepared in accordance with the same principles as the SAS Group, except for the accounts of subsidiaries and affiliated companies. See the section Valuation and Accounting Principles. The SAS Consortium's accounts are presented separately in the following financial statements and notes.

THE SCANAIR AND SAS COMMUTER CONSORTIA

The Scanair and SAS Commuter Consortia have the same ownership structure and legal status as the SAS Consortium and are consolidated in the SAS Group within the business units SAS Leisure and SAS, respectively.

THE SCANAIR CONSORTIUM

Scanair is the largest charter airline in the Nordic countries. Scanair conducts traffic primarily from Sweden and Norway, mainly to destinations around the Mediterranean and to the Canary Islands. Scanair also flies from Denmark following SAS Leisure's establishment there.

The aircraft fleet comprises six DC–10–10s, two of which were leased out in 1992, and four MD–80s, two leased in from SAS, one from Salénia, and one from SAS Leisure AB. In addition, marginal capacity was leased from SAS at weekends.

Statement of Income (MSEK)	**1992**	1991
Operating revenue	**1,996**	1,519
Operating expense	**–1,944**	–1,533
Operating income before depreciation	**52**	–14
Depreciation	**–25**	–23
Operating income after depreciation	**27**	–37
Financial items, net	**25**	8
Income before extraordinary items	**52**	–29

Balance Sheet (MSEK)	**1992**	1991
Liquid funds	**21**	25
Other current assets	**265**	203
Total current assets	**286**	228
Fixed assets	**80**	98
Total assets	**366**	326
Current liabilities	**278**	290
Equity	**88**	36
Total liabilities and equity	**366**	326

During the year the charter market in Sweden recovered from the downturn in 1991. A flexible and cost-effective aircraft fleet in combination with successful tour operators, increased Scanair's share of the Scandinavian charter market from 29% in 1991 to 34% in 1992.

Scanair's 1992 sales totaled 1,996 MSEK (1,519), of which charter air services accounted for 76%. In-flight sales and leasing of aircraft, etc. accounted for the remainder. Income before extraordinary items amounted to 52 MSEK (–29).

THE SAS COMMUTER CONSORTIUM

SAS Commuter is a production company which conducts air transport on behalf of SAS in Scandinavia and Northern Europe, using Fokker 50 aircraft. The total fleet comprises 22 aircraft, of which 17 were used in EuroLink, a southern traffic system based in Copenhagen, in 1992. The remaining five were used in NorLink, a northern system based in Tromsø, Norway.

Approximately 46,400 flights carrying a total of 1,362,000 passengers were made during the year. Operating revenue totaled 524 MSEK (513). Income before extraordinary items amounted to 70 MSEK (59). Swedair AB (formerly a subsidiary of Linjeflyg) will be taken over by SAS Commuter in 1993.

Statement of Income (MSEK)	**1992**	1991
Operating revenue	**524**	513
Operating expense	**–376**	–384
Operating income before depreciation	**148**	129
Depreciation	**–26**	–20
Operating income after depreciation	**122**	109
Financial items, net	**–52**	–50
Income before extraordinary items	**70**	59

Balance Sheet (MSEK)	**1992**	1991
Liquid funds	**33**	41
Other current assets	**17**	13
Total current assets	**50**	54
Fixed assets	**926**	819
Total assets	**976**	873
Current liabilities	**68**	58
Long-term debt	**560**	533
Equity	**348**	282
Total liabilities and equity	**976**	873

ALLOCATION OF INCOME AND EQUITY

Allocations are made by SAS's parent companies: DDL in Denmark, DNL in Norway, and ABA in Sweden, all of which also pay taxes in their respective countries on their share of the SAS Consortium's income.

The Board of Directors and the President propose to the SAS Assembly of Representatives that no transfers be made to the parent companies, and that the SAS Consortium's deficit for the year, totaling –765 MSEK, be charged against the SAS Consortium's capital account, which will thereafter total 7,689 MSEK.

1993 FORECAST

Air transport between EC countries was deregulated on January 1, 1993. This resulted immediately in fierce competition over fares. Continued tough pressure on yields can therefore be expected during the year.

SAS's rationalization program has therefore entered a second phase designed to reduce controllable costs by a further 22% in two to three years. The entire program will result in cost reductions totaling 40% compared with 1990.

The airline industry in the deregulated Europe is currently undergoing a profitability crisis and extensive restructuring is to be expected during the next three years.

In order to secure SAS's role and Scandinavian interests in international civil aviation in the long term, SAS is holding talks with KLM, Swissair and Austrian Airlines about the possibility of an extensive strategic cooperation.

Business in 1993 is characterized by considerable uncertainty regarding economic growth in SAS's key markets, the currency markets, and continued deregulation and competition. In spite of this, SAS expects some improvement in income before taxes in 1993.

Stockholm, March 10, 1993

Tage Andersen *Harald Norvik* *Bo Berggren*

Lars P. Gammelgaard *Bjørn Eidem* *Tony Hagström*

Leif Christoffersen *Ingvar Lilletun* *Leif Kindert*

Jan Carlzon
President and Chief Executive Officer

SAS Group Consolidated Statement of Income
(Note 1)

MSEK	1992	1991
Operating revenue – *Note 2*	34,445	32,286
Operating expense – *Note 3*	-31,515	-29,569
Operating income before depreciation, etc.	2,930	2,717
Depreciation, etc. – *Note 4*	-1,532	-1,338
Gain on the sale of flight equipment – *Note 5*	0	375
Gain on the sale of shares, etc. – *Note 6*	5	-62
Shares of income in affiliated companies – *Note 7*	-8	-871
Income after depreciation, etc.	1,395	821
Financial items, net – *Note 9*	-1,094	-882
Devaluation of Swedish krona, net – *Note 9*	-1,150	–
Income after financial items	-849	-61
Minority shares of income after financial items	106	-17
Income before extraordinary items	-743	-78
Extraordinary items – *Note 11*	–	-1,214
Income before taxes	-743	-1,292
Taxes payable by subsidiaries – *Note 12*	-128	-38
Income before taxes relating to the SAS Consortium	-871	-1,330

SAS Group Consolidated Balance Sheet (Note 1)

MSEK **ASSETS**	**1992**	1991
Current assets		
Liquid funds – *Note 13*	**9,829**	9,371
Accounts receivable	**3,854**	3,456
Prepaid expense and accrued income	**760**	839
Other accounts receivable	**1,496**	1,107
Expendable spare parts and inventory – *Note 14*	**684**	843
Prepayments to suppliers	**55**	44
Total current assets	**16,678**	15,660
Fixed assets		
Restricted accounts – *Note 15*	**47**	74
Shares and participations – *Note 16*	**149**	264
Equity in affiliated companies – *Note 17*	**638**	1,441
Other long-term accounts receivable	**740**	726
Goodwill and other intangible assets – *Note 18*	**409**	461
Long-term prepayments to suppliers – *Note 20*	**366**	758
Fixed assets: – *Note 21*		
Construction in progress	**169**	344
Aircraft	**17,524**	14,728
Spare engines and spare parts	**1,150**	899
Maintenance and aircraft servicing equipment	**95**	174
Other equipment and vehicles	**2,157**	1,803
Buildings and improvements	**5,062**	2,960
Land and land improvements	**284**	222
Total fixed assets	**28,790**	24,854
TOTAL ASSETS	**45,468**	40,514
Assets pledged, etc. – *Note 28*	**1,989**	787

MSEK **LIABILITIES AND EQUITY**	**1992**	1991
Current liabilities		
Accounts payable	**1,561**	1,457
Taxes payable	**172**	157
Accrued expense and prepaid income	**4,029**	3,733
Unearned transportation revenue, net – *Note 22*	**1,062**	1,167
Prepayments from customers	**372**	436
Current portion of long-term debt	**680**	553
Other current liabilities	**3,837**	2,968
Total current liabilities	**11,713**	10,471
Long-term debt		
Bond issues – *Note 23*	**10,127**	8,844
Other loans – *Note 24*	**11,309**	8,450
Other long-term debt – *Note 25*	**2,176**	2,223
Total long-term debt	**23,612**	19,517
Subordinated debenture loan – *Note 26*	**982**	823
Minority interest	**203**	64
Equity – *Note 27*		
Capital	**8,771**	9,295
Restricted reserves	**700**	593
Unrestricted reserves	**358**	1,081
Net income for the year	**–871**	–1,330
Total equity	**8,958**	9,639
TOTAL LIABILITIES AND EQUITY	**45,468**	40,514
Contingent liabilities – *Note 29*	**1,398**	892

SAS Consortium Statement of Income (Note 1)

MSEK	1992	1991
Operating revenue – *Note 2*	**22,093**	22,340
Operating expense – *Note 3*	**–20,354**	–20,664
Operating income before depreciation, etc.	**1,739**	1,676
Depreciation, etc. – *Note 4*	**–749**	–748
Gain on the sale of flight equipment – *Note 5*	**0**	429
Income after depreciation, etc.	**990**	1,357
Dividends – *Note 8*	**264**	57
Financial items, net – *Note 9*	**–828**	–440
Devaluation of Swedish krona, net – Note 9	**–1,080**	–
Income after financial items	**–654**	974
Gain on the sale of shares, etc. – *Note 6*	**20**	–2,095
Unusual items – *Note 10*	**–131**	269
Income before extraordinary items	**–765**	–852
Extraordinary items – *Note 11*	**–**	24
Income before taxes[1]	**–765**	–828

[1] Taxes are the responsibility of the SAS Consortium parent companies.

SAS Consortium Balance Sheet (Note 1)

MSEK **ASSETS**	**1992**	1991
Current assets		
Liquid funds – *Note 13*	**8,902**	8,696
Accounts receivable, subsidiaries	**460**	1,475
Accounts receivable	**1,417**	1,285
Prepaid expense and accrued income	**407**	543
Other accounts receivable	**2,338**	786
Expendable spare parts and inventory – *Note 14*	**354**	343
Prepayments to suppliers	**8**	5
Total current assets	**13,886**	13,133
Fixed assets		
Shares and participations in subsidiaries – *Note 16*	**1,761**	1,552
Other shares and participations – *Note 16*	**314**	66
Long-term accounts receivable, subsidiaries and affiliated companies – *Note 19*	**2,276**	2,186
Other long-term accounts receivable	**528**	548
Intangible assets – *Note 18*	**153**	178
Long-term prepayments to suppliers – *Note 20*	**323**	728
Fixed assets: – *Note 21*		
Construction in progress	**45**	132
Aircraft	**14,761**	13,608
Spare engines and spare parts	**650**	553
Maintenance and aircraft servicing equipment	**95**	133
Other equipment and vehicles	**313**	387
Buildings and improvements	**1,557**	1,154
Land and land improvements	**79**	80
Total fixed assets	**22,855**	21,305
TOTAL ASSETS	**36,741**	34,438
Assets pledged, etc. – *Note 28*	**27**	31

MSEK **LIABILITIES AND EQUITY**	**1992**	1991
Current liabilities		
Accounts payable, subsidiaries	**505**	1,805
Accounts payable, suppliers	**756**	689
Accrued expense and prepaid income	**2,672**	2,602
Unearned transportation revenue, net – *Note 22*	**967**	1,167
Current portion of long-term debt	**555**	350
Other current liabilities	**2,307**	1,454
Total current liabilities	**7,762**	8,067
Long-term debt		
Bond issues – *Note 23*	**10,110**	8,830
Other loans – *Note 24*	**9,125**	7,624
Other long-term debt – *Note 25*	**1,088**	640
Total long-term debt	**20,323**	17,094
Subordinated debenture loan – *Note 26*	**967**	823
Equity – *Note 27*		
Capital		
DDL	**2,415**	2,652
DNL	**2,415**	2,652
ABA	**3,624**	3,978
Total capital	**8,454**	9,282
Net income for the year	**–765**	–828
Total equity	**7,689**	8,454
TOTAL LIABILITIES AND EQUITY	**36,741**	34,438
Contingent liabilities – *Note 29*	**1,291**	1,470

Statements of Changes in Financial Position

MSEK	SAS Group 1992	SAS Group 1991	SAS Consortium 1992	SAS Consortium 1991
THE YEAR'S OPERATIONS				
Income before taxes	**-743**	-1,292	**-765**	-828
Depreciation	**1,532**	1,298	**749**	708
Revaluations, write-downs, etc.	**191**	1,263	**120**	-245
Gain on the sale of fixed assets	**-74**	-463	**-20**	1,666
Devaluation of Swedish krona	**1,150**	–	**1,080**	–
Other, net	**-314**	699	**19**	-250
Funds provided by the year's operations	**1,742**	1,505	**1,183**	1,051
Change in:				
Expendable spare parts and inventory	**206**	36	**-10**	65
Current receivables	**444**	-281	**610**	52
Current liabilities	**-859**	102	**87**	-17
Change in working capital	**-209**	-143	**687**	100
Net financing from the year's operations	**1,533**	1,362	**1,870**	1,151
INVESTMENTS				
Aircraft	**-1,711**	-3,993	**-1,711**	-3,993
Spare parts	**-161**	-102	**-140**	-68
Buildings, improvements and other equipment	**-891**	-879	**-110**	-171
Shares and participations, goodwill, etc.	**-575**	-223	**-677**	-6
Total investments	**-3,338**	-5,197	**-2,638**	-4,238
Advance payments for flight equipment, net	**466**	694	**406**	674
Sale of fixed assets, etc.	**86**	973	**199**	1,062
Other	**–**	-76	**–**	234
Net investments	**-2,786**	-3,606	**-2,033**	-2,268
Financing deficit	**-1,253**	-2,244	**-163**	-1,117
EXTERNAL FINANCING				
Long-term receivables	**-460**	397	**-442**	980
Repayments and early redemption	**-900**	-4,042	**-901**	-3,553
Borrowings	**1,165**	3,897	**403**	3,857
Change in minority interest	**-103**	-25		
Capital infusion – subsidiaries and affiliated companies			**–**	-2,135
External financing, net	**-298**	227	**-940**	-851
Change in liquid funds (cash, bank balances and short-term investments) prior to devaluation of Swedish krona and liquid funds in acquired companies	**-1,551**	-2,017	**-1,103**	-1,968
Effect of devaluation of Swedish krona on liquid funds	**1,793**	–	**1,309**	–
Liquid funds in acquired companies	**216**	–	**–**	–
CHANGE IN LIQUID FUNDS according to Balance Sheet	**458**	-2,017	**206**	-1,968
Liquid funds at beginning of the year	**9,371**	11,388	**8,696**	10,664
Liquid funds at year-end	**9,829**	9,371	**8,902**	8,696

Notes to the Financial Statements

VALUATION AND ACCOUNTING PRINCIPLES

General

The SAS Group's financial statements are prepared in accordance with the recommendations of the International Accounting Standards Committee (IASC).

The same accounting principles are applied by the SAS Consortium with the exception that shares in affiliated companies which are reported according to the equity method by the SAS Group, are reported according to the purchase method by the SAS Consortium. The SAS Consortium also reports shares in subsidiaries according to the purchase method.

Consolidated Financial Statements

Definition of Consolidated and Affiliated Companies:

The consolidated financial statements of the SAS Group include the SAS Consortium, its wholly owned subsidiaries and those partly owned companies in which the SAS Consortium has a controlling interest. The consolidated financial statements also include the Scanair and SAS Commuter consortia. Certain wholly owned subsidiaries which are closely connected with the business of the SAS Consortium are directly included in the accounts of the SAS Consortium. For further information see Note 16, the specification of shares and participations.

Income and expense of companies acquired or sold during the fiscal year are included in the Consolidated Statement of Income for the period during which they belonged to the SAS Group.

Holdings in major affiliated companies in which the SAS Group's ownership is at least 20 and not more than 50%, or in which the SAS Group has a controlling interest, are reported according to the equity method.

Principles of Consolidation

The consolidated financial statements are prepared according to the purchase method, whereby subsidiaries' assets and liabilities are reported at market value according to an acquisition analysis. If the acquisition value of shares in a subsidiary exceeds the estimated market value according to the acquisition analysis, the difference is reported as consolidated goodwill. Accordingly the SAS Group's balance sheet includes equity in acquired companies only to the extent it was earned after the date of acquisition.

The book value of stocks in major affiliated companies is reported in accordance with the equity method. This means that the SAS Group's share of the affiliated companies' equity amounts to the share of equity taking into account deferred taxes according to the tax rates in the country concerned and any residual values of surpluses/deficits.

The SAS Group's share of affiliated companies' income after taxes, adjusted for depreciation/dissolution of acquired surplus/deficit values, is reported in the Consolidated Statement of Income. See Note 1, Changed Accounting Principles.

Translation of Foreign Subsidiaries' Financial Statements

The financial statements of foreign subsidiaries are translated into Swedish kronor using the current-rate method. All subsidiaries' assets and liabilities are thus converted to Swedish kronor at year-end rates of exchange, while all income statement items are translated at the average annual rate of exchange. SAS's share of such translation difference is transferred directly to the equity of the SAS Group.

Receivables and Liabilities in Foreign Currencies and Financial Instruments

Current and long-term receivables and liabilities in currencies other than Swedish kronor are stated in the balance sheet translated at year-end market rates of exchange. Realized and unrealized currency exchange gains and losses on receivables and liabilities are reported above income. (See also Note 9.)

SAS uses various financial instruments to control the company's total currency and interest exposure. The use of these instruments must be seen in connection with the above-named receivables and liabilities. The following accounting and valuation principles are used:

Forward exchange contracts: Financial forward exchange contracts are valued at market value at year-end. Unrealized exchange gains and losses are reported above income. The difference between the forward rate and the current market price on the date of the contract (forward premium) is an interest rate difference, which is reported under net interest income.

Currency swap contracts: Currency swap contracts are valued at market exchange rates at year-end. Unrealized exchange gains or losses are reported above income. The net income effect of interest income and interest expense connected to a currency swap contract is accrued over the term of the contract and included in income.

Currency options: Currency options are valued at market value at year-end. Unrealized exchange gains or losses are reported above income. Option premiums are capitalized and accrued over the term of the option.

Interest rate swap contracts: The net interest effect of interest income and interest expense is transferred to income as incurred.

See Note 31 – Financial Instruments.

Exchange rates to SEK for some principal currencies:

Currency			Year-end rate **1992**	1991	Average rate **1992**	1991
Denmark	DKK	100	**113.50**	94.10	**96.46**	94.64
Norway	NOK	100	**102.75**	93.00	**93.66**	93.35
USA	USD		**7.05**	5.56	**5.83**	6.05
U.K.	GBP		**10.69**	10.41	**10.23**	10.67
Switzerland	CHF	100	**483.24**	411.60	**414.14**	422.45
Germany	DEM	100	**438.24**	366.25	**372.68**	364.85
Japan	JPY	100	**5.66**	4.42	**4.60**	4.50
	ECU		**8.55**	7.43	**7.51**	7.49

Expendable Spare Parts and Inventory

Expendable spare parts and inventory are stated at the lower of cost or market value. Appropriate deduction for obsolescence has been made.

Fixed Assets and Depreciation

Fixed assets are stated in the Balance Sheet at cost less accumulated depreciation. Depreciation is booked according to plan based on the assets' estimated economic lives.

Since 1988, a reducing balance method of depreciation has been applied to flight equipment (Boeing 767, Boeing 737 and MD-80) over the economic life of such investments, meaning that the asset is fully depreciated after approximately 19 years.

This method results in an even distribution of capital costs over the useful lives of the assets. Depreciation during the first year amounts to 2%, thereafter increasing by 1/3% annually, i.e. 2 1/3% in year 2, 2 2/3% in year 3, and so on.

Fokker F28 aircraft and spare parts for them are depreciated over 15 years by 10% of residual value. SAAB 340 aircraft are depreciated according to the annuity method over 12 years by 20% of residual value.

Interest expenses on advance payments for aircraft not yet delivered, are capitalized. If it is decided to postpone delivery of aircraft for which advance payments have been made, capitalization of interest expenses ceases. Once the aircraft in question goes into operation, depreciation is begun on the capitalized interest charges, in accordance with the principle for flight equipment.

Maintenance and aircraft servicing equipment and other equipment and vehicles are depreciated over a period of 5 years. The annual depreciation of buildings varies between 2 and 20%.

Goodwill and other intangible assets are depreciated over their estimated economic lives; long-term strategic investments in SAS's operations are depreciated for up to 15 years, and other investments over a 5-year period.

Major modifications and improvements of fixed assets which increase their value are capitalized and depreciated over their estimated economic lives.

Improvements to the Group's own and leased premises are, in principle, depreciated over their estimated useful lives, but not to exceed the length of the leasing period for the premises.

Pension Commitments

All pension commitments have been covered by the payment of insurance premiums and allocations to pensions. Allocations are based on actuarial calculations of the discounted commitment. So-called vulnerable pension commitments where the pension is not yet in payment are reported under Contingent Liabilities, see Note 29.

Traffic Revenue
Ticket sales are reported as traffic revenue only upon completion of the air travel in question.

The value of tickets sold but not yet used is reported as unearned transportation revenue. This item is reduced either when SAS or another airline completes the transportation or after the ticket holder has requested a refund.

A portion of unearned transportation revenue covers tickets sold which are expected to remain unused. A reserve against the unearned transportation revenue liability is assessed annually. This reserve is reported as revenue the following year.

Maintenance Costs
Routine aircraft maintenance and repairs are charged to income as incurred.

From 1991 onwards, allocations are made for future heavy maintenance costs for the MD–80s, in order to obtain a more even distribution of maintenance costs. The costs for which allocations are made relate to D-checks, which are carried out approximately every ten years at a cost of 10 MSEK. The annual allocation per aircraft is 1 MSEK. Allocations for future maintenance costs are also made for Fokker F50s (belonging to the SAS Commuter Consortium). Charges for engine services for Fokker F28s are capitalized and depreciated over four years.

Other Income and Expense
Income from the sale of flight equipment, hotel properties/operations, etc. is reported in income after depreciation, etc. Such items have a direct connection with the company's normal operations and often contribute to various financing operations. The extent of these items and their effect on earnings can vary considerably from year to year. They are therefore reported separately, to allow an accurate assessment of operating income.

Extraordinary Income and Expense
Only items which lack a clear connection with the company's regular operations are reported as extraordinary. In addition, the entries must be of a non-recurring nature and may not be expected to amount to major sums.

SAS Consortium
The SAS Group's accounts are prepared in accordance with IAS. Out of regard for local regulations concerning accounting and taxation in Sweden and Norway, the main deviation in the principles applied by the SAS Consortium is that shares in subsidiaries and affiliated companies are reported at cost, and dividends are transferred to income.

Definitions of Financial Terms and Ratios
Gross profit margin (GOP). Income before depreciation, etc. in relation to operating revenue.
Net profit margin. Income after financial items in relation to operating revenue.
Pretax return on capital employed. Income after depreciation, etc. plus financial income in relation to the average capital employed. Capital employed equals total assets less noninterest-bearing liabilities.
Pretax return on equity. Income after financial items in relation to average equity and minority interests.
Debt/equity ratio. Interest-bearing liabilities minus interest-bearing assets in relation to equity.
Equity/assets ratio. Equity plus deferred taxes and minority interests in relation to total assets.
Net financing from operations. Funds provided internally including change in working capital.
Interest coverage ratio. Income after depreciation plus financial income in relation to financial expense.
Net debt. Interest-bearing debts minus interest-bearing assets.

Notes

All amounts in MSEK unless otherwise stated.

Note 1 – Changed Accounting Principles
SAS Group and SAS Consortium
To make the 1992 and 1991 financial statements comparable, some items relating to the 1991 fiscal year have been reclassified.

Starting in the 1992 fiscal year, shares of income in affiliated companies are reported after tax. The corresponding items in the 1991 financial statements have been adjusted accordingly. See Accounting Principles, page 41.

From 1992 onwards income before extraordinary items includes minority shares. The corresponding item in the 1991 financial statements has been reclassified.

Note 2 – Operating Revenue

		1992	1991
Traffic revenue:	Passengers	**16,277**	16,883
	Freight	**1,066**	1,092
	Mail	**207**	200
	Other	**550**	424
Other operating revenue		**3,993**	3,741
SAS Consortium operating revenue		**22,093**	22,340
Subsidiary operating revenue		**14,509**	11,907
Group eliminations		**–2,157**	–1,961
SAS Group operating revenue		**34,445**	32,286

Subsidiary operating revenue includes traffic revenue totaling 1,504 (1,105) from Scanair and traffic revenue from Linjeflyg from June 1–Dec. 31 of 1,352 (–). SAS's traffic revenue is reported after deducting discounts, which amounted to 961 (842).

Reversals of unnecessary reserves for unearned transportation revenue have added 415 (302) to traffic revenue. See the section Traffic revenue in Accounting Principles, page 42.

Note 3 – Operating Expenses

	SAS Group		SAS Consortium	
	1992	1991	1992	1991
Personnel/payroll costs	**11,737**	11,386	**6,474**	7,079
Aircraft fuel	**1,786**	1,735	**1,386**	1,524
Other operating expenses	**17,992**	16,448	**12,494**	12,061
Total	**31,515**	29,569	**20,354**	20,664

Other operating expenses of the SAS Consortium include government user-fees, commissions, purchased services, supplies, etc.

The 1991 personnel/payroll costs have been reclassified so as to be comparable with 1992 since only payroll costs including payroll-related costs were reported here in 1991.

In 1991 restructuring costs of 722 were included among operating expenses, reclassified in comparative figures with 526 in payroll costs and 196 in other operating expenses.

Note 4 – Depreciation, etc.

	SAS Group 1992	SAS Group 1991	SAS Consortium 1992	SAS Consortium 1991
Goodwill and intangible assets	**116**	102	**25**	25
Aircraft	**519**	378	**431**	331
Spare engines and spare parts	**78**	53	**11**	28
Maintenance and aircraft servicing equipment	**56**	73	**47**	56
Other equipment and vehicles	**581**	555	**154**	198
Buildings and improvements	**181**	137	**80**	70
Land improvements	**1**	–	**1**	–
Sub-total	**1,532**	1,298	**749**	708
Leasing costs for aircraft capacity	**0**	40	**0**	40
Total	**1,532**	1,338	**749**	748

In 1990, 15 DC–9s, one DC–10 and five Fokker–27s were sold in connection with the changeover of the aircraft fleet. SAS leased back the DC–9s and the DC–10 for a short period (operational leasing) to maintain capacity during the transition to MD–80s and Boeing 767s. On the date of the sale a 290 allocation was made against future additional costs of leasing these aircraft. Leasing costs, 70 (161), paid for leasing back these aircraft have been deducted from the allocation.

Flight equipment is depreciated on a reducing balance over the investment's economic life, resulting in full depreciation after approximately 19 years. The book value of the aircraft fleet placed in relation to estimated market value based on the USD rate on December 31, 1992, indicates that market value exceeds book value.

Note 5 – Gain on the Sale of Flight Equipment

SAS Group	1992	1991
SAS	**0**	429
Allocation to reserve for intra-Group profit	**0**	–54
Total	**0**	375

SAS Consortium	1992	1991
SAS	**0**	429
Total	**0**	429

Note 6 – Gain on the Sale of Shares, etc.

SAS Group	1992	1991
Shares in SAS Palais Hotel AG, Vienna	**–**	54
Other properties	**83**	–150[1]
Shares in Coronado AS	**–85**	–
Shares in Amadeus	**–**	64
Shares in Travel Management Group Sweden AB	**–**	30
Operations in Ostermann Petersen A/S including value adjustment of property	**–**	–55
Other shares	**7**	–5
Total	**5**	–62

[1] In 1989, two hotel properties were sold under a sale and leaseback agreement. A 150 allocation was made in 1991 to cover leasing costs which are not expected to be contained in the income from hotel operations in the present economic climate. In conjunction with the repurchase of Royal Hotel AS, Oslo, in 1992, 80 of this allocation was reversed.

SAS Consortium	1992	1991
Shares in Jetpak	**16**	–
Shares in SAS International Hotels Holding AS	**–**	–1,196
Shares in SAS Holding A/S	**–**	–913
Other shares	**4**	14
Total	**20**	–2,095

Note 7 – Share of Income in Affiliated Companies

SAS Group	1992	1991
Saison Holdings B.V.	**–**	–544
LanChile S.A.	**3**	8
Airlines of Britain Holdings PLC (ABH)[1]	**–14**	–15
Polygon Insurance Company Ltd.	**–16**	–5
Grønlandsfly A/S	**1**	0
Spanair S.A.	**0**	10
SAS Grand Hotel Beijing J.V. Co. Ltd. (SIHSKA A/S)	**0**	–15
SAS Casinos Denmark A/S/Casino Copenhagen K/S	**1**	13
Tenerife Sol S.A.	**4**	–1
Aviation Holdings PLC	**–**	–325
Asiana Catering Inc.	**0**	–1
Toivelomat O.Y.	**–7**	–10
International Service Partner Inc.	**2**	–1
Københavns Lufthavns Forretningscenter K/S	**31**	31
Plusresor AB	**0**	2
Others	**–13**	–18
Total	**–8**	–871

[1] Share of income includes depreciation of goodwill totaling 17 (21).

SAS's share of income in affiliated companies is reported after taxes from 1992. Comparative figures for 1991 have been adjusted. SAS's share of income in affiliated companies is based on the companies' unaudited preliminary reports.

Note 8 – Dividends

SAS Consortium	1992	1991
Dividends from:		
SAS Service Partner A/S	**254**	41
SAS Diners Club Nordic AS	**10**	–
SAS Aviation Investments Ltd.	**–**	14
Dividends from subsidiaries	**264**	55
Dividends from affiliated companies	**–**	1
Other dividends	**–**	1
Total dividends	**264**	57

Note 9 – Financial items, net

SAS Group	1992	1991
Interest income	**1,127**	1,458
Interest expense	**–2,525**	2,184
Capitalized interest on prepaid aircraft	**–1**	97
Interest, net	**–1,399**	–629
Allocations of accrued currency exchange gains at the start of 1988	**73**	73
Devaluation of Swedish krona, net[1]	**–1,150**	–
Other currency exchange differences, net	**136**	–262
Other	**96**	–64
Other financial items, net	**–845**	–253
Total financial items, net	**–2,244**	–882

Note 9, continued

SAS Consortium	1992	1991
Interest from subsidiaries	**422**	555
Other interest income	**958**	1,336
Total interest income	**1,380**	1,891
Interest paid to subsidiaries	**–433**	–453
Other interest expenses	**–2,008**	–1,656
Capitalized interest on prepaid aircraft	**–1**	97
Total interest expenses	**–2,442**	–2,012
Interest, net	**–1,062**	–121
Devaluation of Swedish krona, net	**–1,080**	–
Other currency exchange differences, net	**154**	–260
Other	**80**	–59
Other financial items, net	**–846**	–319
Total financial items, net	**–1,908**	–440

[1] The effect of the devaluation of the Swedish krona is divided among the SAS Group's business units as follows:

SAS	**–1,120**
SAS International Hotels	**7**
SAS Service Partner	**–35**
Diners Club Nordic	**–4**
Other	**2**
	–1,150

The effect of put options or leasing contracts in foreign currencies is offset against the currency effect from the devaluation of the Swedish krona. Only a small part of the total exchange loss is due to such circumstances. In the event options and contracts are not honored in the future, the unrealized exchange loss, which is less than 100, will be taken to income.

Note 10 – Unusual Items

SAS Consortium	1992	1991
Write-down of shares in subsidiaries	**–165**	–418
Write-down of receivables in subsidiaries	**–11**	–54
Capital infusion from ABA in respect of Swedair	**45**	–
Reversal of write-down of receivables in subsidiaries	**–**	279
Reversal of shareholding reserve	**–**	462
Total	**–131**	269

Note 11 – Extraordinary Items

SAS Group	1992	1991
Reversal of allocation for restructuring costs	**–**	24
Write-down of shares in affiliated and associated companies	**–**	–1,238
Total	**–**	–1,214

SAS Consortium	1992	1991
Reversal of allocation for restructuring costs	**–**	24
Total	**–**	24

Note 12 – Subsidiaries' Taxes

SAS Group	1992	1991
Tax payable by subsidiaries	**–135**	–106
Minority share of reversal of deferred tax	**–27**	–
Reversed deferred tax pertaining to untaxed reserves	**34**	68
Total	**–128**	–38

The Statement of Income and Balance Sheet of the SAS Group include only taxes payable by subsidiaries, since the tax liability in Denmark, Norway and Sweden relating to the activities of the SAS Consortium lies with its parent companies.

Taxes during the period are calculated as paid taxes plus estimated tax on taxable allocations made during the period. Allocations to reserves in previous fiscal periods are split between deferred taxes and equity.

Note 13 – Liquid Funds

	SAS Group		SAS Consortium	
	1992	1991	**1992**	1991
Cash and bank accounts	**845**	1,169	**263**	628
Short-term investments	**8,984**	8,202	**8,639**	8,068
Total	**9,829**	9,371	**8,902**	8,696

The balance of the liquid funds of the SAS Consortium includes 65 (71) in a restricted tax deduction account in Norway.

On December 31, 1992, short-term investments consisted primarily of special borrowing from banks and government securities. Short-term investments are reported at the lower of cost or market value.

Uncompleted interest arbitrage transactions are reported net and amounted to 186 (448) on December 31, 1992. No assets have been pledged.

Note 14 – Expendable Spare Parts and Inventory

	SAS Group		SAS Consortium	
	1992	1991	**1992**	1991
Expendable spare parts, flight equipment	**302**	529	**265**	273
Expendable spare parts, other	**40**	43	**37**	22
Inventory	**342**	271	**52**	48
Total	**684**	843	**354**	343

Note 15 – Restricted Accounts

SAS Group	1992	1991
Development reserve	**–**	1
Special investment reserve	**47**	73
Total	**47**	74

Note 16 – Shares and Participations

	Number of shares	Percent holding		Par value in 000s	Book value MSEK
SAS Consortium – *Subsidiaries*					
SAS International Hotels AS, Oslo	22,087,797	100	NOK	2,208,780	775.0
Linjeflyg AB	1,020,000	51	SEK	102,000	203.6
SAS Leisure AB, Stockholm	3,000,000	100	SEK	300,000	300.0
SAS Service Partner A/S, Copenhagen	240,000	100	DKK	240,000	212.3
SAS Flight Academy Holding AB, Stockholm	20,000	100	SEK	2,000	100.0
Diners Club Nordic AS, Oslo	25,100	100	NOK	28,000	70.0
Scandinavian Airlines Data Holding A/S, Copenhagen	25,000	100	DKK	25,000	44.6
Scandinavian Multi Access Systems AB, Stockholm	190,000	95	SEK	19,000	19.5
SAS Media Partner AB, Stockholm	5,000	100	SEK	500	12.3
SAS Ejendom A/S, Copenhagen	20,000	100	DKK	20,000	11.0
SAS Capital B.V., Rotterdam	501	100	NLG	2,500	7.7
Danair A/S, Copenhagen	1,710	57	DKK	1,710	1.2
Travel Management Group Norway AS, Oslo	50,000	100	NOK	5,000	1.1
SAS Trading Holding A/S, Copenhagen	300	100	DKK	300	0.9
SAS Cargo Center A/S, Copenhagen	500	100	DKK	500	0.4
SAS Oil Denmark A/S, Copenhagen	300	100	DKK	300	0.3
SAS Holding B.V., Rotterdam	190,000	100	NLG	255,627	0.0
Others					0.7
Total shares and participations in subsidiaries					1,760.6

The wholly owned subsidiaries Scandinavian Airlines System of North America Inc., and SAS France S.A., with a combined book value of 1.4, are directly included in the accounts of the SAS Consortium.

	Number of shares	Percent holding		Par value in 000s	Book value MSEK
Affilated companies					
Airlines of Britain Holdings PLC (ABH), Derby	20,936,232	34.9	GBP	5,234	242.8
Polygon Insurance Co Ltd., Guernsey	7,704,997	30.8	GBP	7,705	32.7
Grønlandsfly A/S, Gothåb	286	37.5	DKK	9,000	22.6
Scandinavian Info Link AB, Stockholm	13,336	34	SEK	1,334	2.3
Copenhagen Excursions A/S, Copenhagen	107	24.5	DKK	294	1.0
Scanator AB, Stockholm	500	50	SEK	50	0.1
Aviation Holdings PLC	29,411,600	26.78	USD	2,941	0.0
Others					0.1
Total, affiliated companies					301.6
Other companies					
Dar-es-Salaam Airport Handling Co Ltd., Dar-es-Salaam	27,000	15	TAS	2,700	1.4
Amadeus Marketing S.A., Madrid	17,800	7.9	PTS	178,000	1.0
Airline Tariff Publishing Company, Washington D.C.	17,737	4.2	USD	18	0.4
Others					9.3
Total other companies					12.1
Total other shares and participations					313.7
SAS Group					
Shares and participations					
Copenhagen International Hotels K/S, Copenhagen	–	11.3	DKK	134,300	117.6
Continental Airlines Holding Inc. [1]	7,303,000	16.8	USD	73,030	0.0
Other					19.5
SAS Consortium's holdings in other companies					12.1
Total					149.2

[1]The company operates under the U.S Chapter 11 bankruptcy protection.

Note 16, continued

	Number of shares	Percent holding		Par value in 000s	Book value in SAS Group[1]
Affiliated companies owned by other Group companies					
LanChile S.A.	95,089,014	42.1	USD	25,055	247.0
Spanair S.A., Madrid	637,000	49	ESB	637,000	36.6
Tenerife Sol S.A.	23,000	50	ESB	230,000	18.2
SAS Casino Denmark A/S/Casino Copenhagen K/S	500	50	DKK	500	4.4
Club de Vacaciones S.A.	1,700	16.7	ESB	42,500	4.2
Plusresor AB	165	33	SEK	165	3.4
Toivelomat O.Y.	500	50	FIM	5,000	0
SAS Grand Hotel Beijing J.V. Co. Ltd.	–	50	USD	4,500	0

Affiliated companies owned by other Group companies are not included in the SAS Group's book value of shares and participations. These are reported together with the SAS Consortium's affiliated companies as equity in affiliated companies, see Note 17.

[1] Excluding shareholding reserves.

Note 17 – Equity in Affiliated Companies

SAS Group	1992	1991
Airlines of Britain Holdings PLC (ABH)	**306**	189
LanChile S.A.	**247**	210
Polygon Insurance Company Ltd.	**80**	82
Grønlandsfly A/S	**56**	46
Spanair S.A.	**37**	30
Tenerife Sol S.A.	**18**	14
Asiana Catering Inc.	**11**	10
International Service Partner Inc.	**8**	5
Københavns Lufthavns Forretnings-center K/S	**5**	3
SAS Casinos Denmark A/S/Casino Copenhagen K/S	**4**	14
Club de Vacaciones S.A.	**4**	4
Plusresor AB	**3**	3
Aviation Holdings PLC	**0**	0
Toivelomat O.Y.	**0**	7
SAS Grand Hotel Beijing J.V. Co Ltd. (SIHSKA A/S)	**0**	0
Others	**4**	6
Saison Holdings B.V.	**–**	940
Aviatour Gruppo SpA.	**–**	39
SAS Palais Hotel AG	**–**	13
Shareholding reserve	**–145**	–174
Total	**638**	1,441

Equity in affiliated companies includes acquired surplus in ABH, amounting to 230 (143).

Note 18 – Goodwill and Other Intangible Assets

	SAS Group 1992	SAS Group 1991	SAS Consortium 1992	SAS Consortium 1991
Consolidated goodwill	**205**	229		
Development costs	**35**	37		
Other intangible assets	**169**	195	**153**	178
Total	**409**	461	**153**	178

Other intangible assets include a non-recurring payment made for SAS's access to and user-rights for the terminal at Newark Airport outside New York amounting to 60 (70) and for the cooperation agreement with Continental Airlines, 93 (108).

Note 19 – Long-term Accounts Receivable, Subsidiaries and Affiliated Companies

SAS Consortium	1992	1991
SAS International Hotels AS	**662**	469
SAS Commuter Consortium	**560**	533
SAS Flight Academy AB	**350**	350
Linjeflyg AB[1]	**250**	–
SAS Leisure AB	**213**	447
Scandinavian Airlines Data Denmark A/S	**88**	34
SAS Capital B.V.	**75**	–
Scandinavian Multi Access Systems AB	**30**	30
SAS Oil Denmark A/S	**14**	14
SAS Mailorder (Brands A/S)	**12**	–
Scandinavian Airlines Data Sweden AB	**10**	30
Diners Club Nordic AS	**–**	150
Scandinavian Aero Engine Services AB	**–**	94
Scandinavian Airlines Data Norway AS	**–**	21
SAS Media Partner AB	**–**	5
Others	**12**	9
Total	**2,276**	2,186

[1] The SAS Consortium has a lien on Linjeflyg AB's aircraft fleet.

Note 20 – Long-term Advance Payments to Suppliers

SAS Consortium	1992	1991
Boeing (B-767)	**29**	188
McDonnell Douglas (MD-90/80)	**293**	537
Other (engines)	**1**	3
Total	**323**	728

In the SAS Group, an additional 43 (30) pertained to long-term advance payments to subsidiaries.

Note 21 – Fixed assets

SAS Group	Cost 1992	Cost 1991	Accumulated depreciation 1992	Accumulated depreciation 1991	Book value 1992	Book value 1991
Construction in progress	**169**	344	–	–	**169**	344
Aircraft[1]	**20,505**	16,717	**2,981**	1,989	**17,524**	14,728
Spare engines and spare parts	**1,676**	1,180	**526**	281	**1,150**	899
Maintenance and aircraft servicing equipment	**467**	558	**372**	384	**95**	174
Other equipment and vehicles	**5,659**	4,372	**3,502**	2,569	**2,157**	1,803
Buildings and improvements	**6,366**	3,693	**1,304**	733	**5,062**	2,960
Land and land improvements	**288**	225	**4**	3	**284**	222
Total	**35,130**	27,089	**8,689**	5,959	**26,441**	21,130

[1] Includes aircraft covered by issued call options amounting to 390.

The insurance value of the SAS Group's aircraft was 29,993 on December 31, 1992. This includes the insurance value of leased aircraft in the amount of 2,934.

SAS Consortium	Cost 1992	Cost 1991	Accumulated depreciation 1992	Accumulated depreciation 1991	Book value 1992	Book value 1991
Construction in progress	**45**	132	–	–	**45**	132
Aircraft	**17,062**	15,483	**2,301**	1,875	**14,761**	13,608
Spare engines and spare parts	**857**	777	**207**	224	**650**	553
Maintenance and aircraft servicing equipment	**467**	474	**372**	341	**95**	133
Other equipment and vehicles	**1,100**	1,064	**787**	677	**313**	387
Buildings and improvements	**1,907**	1,480	**350**	326	**1,557**	1,154
Land and land improvements	**83**	83	**4**	3	**79**	80
Total	**21,521**	19,493	**4,021**	3,446	**17,500**	16,047

Changes in the book value of aircraft in the SAS Consortium were as follows:

Cost, December 31, 1991	15,483
Investments	1,711
Sale 1992, etc.	–132
	17,062
Accumulated depreciation, December 31, 1991	1,875
Depreciation 1992	431
Reversal of depreciation upon sale of aircraft	–5
	2,301
Book value December 31, 1992	14,761

Of previous years' aircraft acquisitions, 30 MD–80s and 5 B–767s were acquired formally through 10–17-year leasing contracts.

On behalf of the SAS Consortium, a number of banks have agreed to pay all accruing leasing fees and an agreed residual value at the expiry of each leasing period for 15 MD–80s. The SAS Consortium has irrevocably reimbursed the bank for these payments. The combined nominal value of the banks' payment commitment on behalf of the SAS Consortium was approximately 2,177 (2,010) on December 31, 1992.

With regard to other leased aircraft, the terms of the leasing contracts (especially pertaining to SAS's call options during the contract period and at the termination of the leasing contract, as well as the financial risk regarding the value of the aircraft) are such that the agreement, from SAS's point of view, is comparable to a purchase. These 35 (35) aircraft are reported at 5,784 (5,732) in the Balance Sheet.

The SAS Consortium's aircraft fleet can be specified as follows:

	1992	1991
Owned	**8,977**	7,876
Formally leased (paid)	**1,814**	1,834
Other leased	**3,970**	3,898
Book value	**14,761**	13,608

Note 22 – Unearned Transportation Revenue, Net

Unearned transportation revenue consists of sold, but unutilized tickets. See page 42, Accounting Principles.

The reserve for unearned transportation revenue on December 31, 1992 amounted to 315 (270) in the SAS Group and 290 (270) in the SAS Consortium.

Note 23 – Bond Issues

The SAS Consortium's bond issues totaled 10,377 (8,840).

Specification of individual issues:

Issued amount		Interest rate %	Tenor	Outstanding debt in MSEK
150 M	Swedish kronor	11.500	79/94	20
250 M	Norwegian kronor	10.125	85/93	257
100 M	European Currency Unit	9.000	85/95	801
150 M	U.S. dollars	10.125	85/95	952
400 M	Luxembourg francs	7.375	87/94	85
100 M	U.S. dollars	7.125	88/98	705
50 M	U.S. dollars	10.650	88/08	353
700 M	French francs	9.250	89/99	833
200 M	U.S. dollars	10.000	89/99	1,030
200 M	U.S. dollars	9.125	89/99	1,171
100 M	Swiss francs	5.000	89/01	483
100 M	Swiss francs	6.125	89/99	483
100 M	Swiss francs	7.000	90/00	483
500 M	Danish kroner	9.000	90/00	568
500 M	Norwegian kronor	10.750	90/95	257
200 M	Swedish kronor	14.000	90/00	181
5,000 M	Japanese yen	7.000	90/98	226
10,000 M	Japanese yen	6.921	90/97	460
10,000 M	Japanese yen	6.100	91/01	463
10,000 M	Japanese yen	variable	91/96	566
				10,377
Less repayments in 1993				-267
Total				10,110
The SAS Group also has:				
15 M	Danish kroner	11.000	87/98	17
Total				10,127

The majority of the above issues have been switched to other currencies through currency swap agreements and forward exchange contracts. The currency exposure of the debt has thus been changed so that the debt primarily comprises exposure in European currencies.

SAS's own bonds totaling 1,309 (719) were repurchased in 1992 and are netted under this balance sheet item.

Note 24 – Other Loans

The SAS Group's other loans amount to 11,686 (8,886), of which the SAS Consortium accounts for 9,352 (7,964). The loans are denominated in the following currencies:

		SAS Group		SAS Consortium	
		1992	1991	**1992**	1991
NOK	Norwegian kronor	**483**	41		
DKK	Danish kroner	**16**	46	**2**	1
SEK	Swedish kronor	**139**	33	**7**	
JPY	Japanese yen	**2,287**	2,000	**2,244**	1,962
DEM	German marks	**410**	260	**88**	102
BEF	Belgian francs	**222**	215		
NLG	Dutch guilders	**292**	50	**58**	50
GBP	British pounds	**2,185**	2,161	**2,185**	2,098
USD	U.S. dollars	**3,880**	2,731	**3,383**	2,614
ECU	European Currency Unit	**1,560**	1,028	**1,322**	816
CHF	Swiss francs	**63**	321	**63**	321
	Others	**149**			
Total		**11,686**	8,886	**9,352**	7,964
Less repayments in 1993 and 1992, respectively		**–377**	-436	**–227**	-340
Total		**11,309**	8,450	**9,125**	7,624

The above loans have mostly been exchanged for other currencies through currency swap agreements and forward exchange contracts.

The loans for the Consortium fall due for repayment as follows:

1993	227
1994	551
1995	473
1996 and thereafter	8,101
Total	9,352

Note 25 – Other Long-term Debt

SAS Group	**1992**	1991
PRI	**66**	41
Other pension commitments	**351**	431
Deferred taxes	**338**	221
Accrued currency exchange gain	**–**	72
Other liabilities	**1,421**	1,458
Total	**2,176**	2,223

SAS Consortium	**1992**	1991
Other pension commitments	**300**	395
Other liabilities	**788**	245
Total	**1,088**	640

The majority of SAS's employees in Sweden are covered for retirement by payment of pension insurance premiums. The Pension Registration Institute (PRI) is a non-profit service organization that manages employee pension plans. The employer is responsible, however, for earned retirement pension entitlement and the commitments are therefore reported as a liability.

In Norway employee pension plans are administered by SAS and the insurance company. Extra contributions to employee pension plans are financed by premium payments based on actuarial calculations. The commitments have been calculated using a discount rate of 8.5%.

Pension commitments in Denmark are covered by premium payments to insurance companies.

Under an agreement with pilots in Denmark, Norway and Sweden and cabin crew in Sweden and Norway, voluntary early retirement with pension is allowed from the age of 55 at the earliest. Such pensions are paid by the company direct. SAS pays pension premiums to pension funds for the period from 55 to 60 years for those employees who have taken early retirement with pension.

Deferred taxes are attributable to subsidiaries' reserves and are calculated according to the full-tax method (calculated tax on allocations).

Note 26 – Subordinated Debenture Loan

A perpetual 200 million Swiss franc subordinated loan was floated during the 1985/86 fiscal year. There is no set maturity date on the loan. The SAS Consortium has the exclusive right to terminate the loan once every five years. The interest rate, fixed for periods of 10 years, at present amounts to 5 3/4 % p.a. A 16 subordinated debenture loan was added in connection with the acquisition of Linjeflyg.

Note 27 – Equity

SAS Group	Paid-in capital	Restricted reserves	Unrestricted reserves	Year's income	Equity
December 31, 1991	9,295	593	1 081	–1 330	9 639
Income 1991	–524	54	–860	1 330	
Allocation to restricted reserves		13	–13		
Change in translation difference		160	30		190
Transfer between restricted and unrestricted reserves		–120	120		
Income 1992				–871	–871
December 31 , 1992	**8,771**	**700**	**358**	**–871**	**8,958**
SAS Consortium					
December 31, 1991	9,282			–828	8,454
Income 1991	–828			828	
Income 1992				–765	–765
December 31, 1992	**8,454**			**–765**	**7,689**

The following specifications show the difference between Equity and Income in the SAS Consortium and the SAS Group, resulting from different accounting principles for subsidiaries and affiliated companies.

Equity	
Equity in the SAS Consortium	**7,689**
Difference between equity/Consortium's book value of shares in subsidiaries	769
Differences between equity share/acquisition value of affiliated companies owned directly by the Consortium	64
Equity in the SAS Commuter and Scanair Consortia	436
Total equity in SAS Group	**8,958**

Income	
Income after extraordinary items in SAS Consortium	**–765**
Reversal of write-down of shares in subsidiaries, dividends from subsidiaries, net	–171
Income in subsidiaries before extraordinary items	99
Share of income in affiliated companies owned directly by the Consortium	–28
Income in the SAS Commuter and Scanair Consortia	122
Income before taxes in the SAS Group	**–743**
Taxes in subsidiaries	–128
Income before taxes attributable to the SAS Consortium	**–871**

Note 28 – Assets Pledged, etc.

	SAS Group 1992	SAS Group 1991	SAS Consortium 1992	SAS Consortium 1991
Mortgages in real estate	**1,252**	719	**–**	–
Corporate mortgages	**24**	15	**–**	–
Aircraft mortgages [1]	**580**	–	**–**	–
Receivables	**119**	42	**27**	31
Securities on deposit	**14**	11	**–**	–
Total	**1,989**	787	**27**	31

[1] Re. aircraft, see also Note 21.

Note 29 – Contingent Liabilities

	SAS Group 1992	SAS Group 1991	SAS Consortium 1992	SAS Consortium 1991
Travel guaranties	**–**	–	**441**	441
Other contingent liabilities for subsidiaries	**–**	–	**2**	372
Total contingent liabilities for subsidiaries	**–**	–	**443**	813
Contingent liabilities, other	**1,276**	892	**779**	657
Pension commitments, other	**122**	–	**69**	–
Total	**1,398**	892	**1,291**	1,470

In addition to these contingent liabilities, certain commitments which could reach 9 (82) have been made formally through leasing agreements in connection with the acquisition of aircraft. (See Note 21.) The SAS Group also has commitments of 16.

SAS is also responsible for the correct completion of payment for formally leased aircraft according to Note 21.

Contingent liabilities include 214 (20 MGBP) as a guarantee for a credit facility on behalf of Airlines of Britain Holdings.

Contingent liabilities include a gross amount of 461 (339) attributable to swap transactions in foreign currencies for loans for which the currency swapped to has a lower value than the original loan.

SAS has also undertaken to pay a pension up until normal retirement age, 60, to pilots who have lost their licenses. The probably actual current value of these commitments, including payroll tax, amounts to 122. Since these commitments can be regarded as a possible liability, no cost has been charged to 1992 income.

SAS Hotels A/S, Denmark, has issued a guarantee for the cost of the renovation and extension of SAS Palace Hotel, Vienna, and that it will be completed on March 31, 1994.

SAS International Hotel AS has, for SAS Palais Hotel in Vienna, issued a guarantee for the performance of the leasing contract as well as for extension and repairs upon expiry of the contract. A bank has provided a counter-guarantee which covers these commitments.

Note 30 – Leasing Commitments

The business units in the SAS Group have the following leasing commitments. The amounts specified are the total leasing costs for 1993.

Aircraft	358
Hotel properties	247
Other properties	638
Machinery and equipment	14
Total	1,257

Leasing contracts run for between two and 30 years and individual objects with an annual leasing cost in excess of 0.5 have been included. In addition, SAS International Hotels signed a leasing contract during the year for the SAS Royal Hotel in Aarhus, Denmark, for the period 1995–2015.

In March 1988, SAS and Linjeflyg ("SAS") on the one part and the Swedish Board of Civil Aviation (Luftfartsverket) on the other part signed an agreement under which SAS would provide full capacity cost compensation (since SAS at that time had a monopoly on domestic traffic) to Luftfartsverket in connection with the construction of Terminal 2 at Arlanda. The prerequisites for the said agreement changed with the deregulation of domestic air transport on June 30, 1992.

An agreement in principle between SAS and Luftfartsverket was reached on November 25, 1992 under which SAS will pay a fixed charge totaling 630 at present value to Luftfartsverket during the period 1993–2000, in addition to a variable charge per passenger. SAS claims that all Swedish domestic airlines should bear their share of Luftfartsverket's capacity costs for Terminal 2 in a competitively neutral manner, i.e. that all airlines should pay the same cost per passenger, and has therefore demanded that the agreement be renegotiated.

The total amount under dispute is 160, based on SAS's current share of the number of passengers. No provisions have been made for this in the 1992 financial statements.

In 1990 Linjeflyg AB signed a contract with Falcon Aviation AB (owned by the Swedish postal services) for a 10-year wet lease of 3 Boeing 737–300 QCs for daytime flights. The agreement's term started on January 1, 1992. The aircraft were delivered during the period November 1991 until May 1992. The leasing contract can be terminated on December 31, 1996.

As a result of the position adopted by the unions, Linjeflyg AB has not been able to use the aircraft as planned. The 1992 leasing payments have been stated as an expense.

Negotiations are being held with Falcon Aviation AB and SAS's union organizations with a view to SAS operating two of the aircraft and the third aircraft being freely disposed of by Falcon Aviation AB in exchange for a guarantee to Falcon Aviation AB for any extra costs thereby incurred. This is not expected to result in any additional costs compared with the utilization of SAS's own aircraft.

Note 31 – Financial Instruments

As per December 31, 1992 the SAS Group had currency and interest rate swap contracts for a nominal value of 6,000. Valuation at market exchange rates provides a net exchange gain of 50. SAS has outstanding currency options for a nominal value of 970 and with an exchange gain of 5. Outstanding forward exchange contracts amount to a gross nominal value of 41,750. Market valuations provide a net positive value of 400. All exchange gains/losses for the above valuations are taken into account in income. (See section on principles of accounting, Valuation and Accounting Principles, page 41.)

Outstanding forward exchange contracts raised to hedge future commercial payment obligations amount to a nominal value of 1,300. The effect on income is reported on the due date of the contract concerned. A valuation at market exchange rates as per December 31, 1992 shows a net positive value of 12, which is not included in income.

The financial currency exposure includes exposure from all liquid funds, short-term and long-term borrowing and the above-named financial instruments, but does not include forward exchange contracts for future commercial payments. Currency exposure is constantly changing.

As per December 31, 1992 the SAS Consortium's approximate financial currency exposure (net) against the Swedish krona was as follows:

	Value in MSEK
Norwegian kronor	–2,400
Danish kroner	–100
German marks	7,950
French francs	–2,550
Belgian francs	–2,250
European Currency Units	–1,850
Swiss francs	–1,700
British pounds	–1,000
Dutch guilders	–850
Other European currencies	–350
U.S. dollars	–150
Japanese yen	100
Total currency exposure (net liability)	–5,150

Auditors' Report

for Scandinavian Airlines System (SAS)

Denmark – Norway – Sweden

We have audited the Financial Statements of the SAS Group and the SAS Consortium for 1992. Our audit has been performed according to generally accepted auditing standards.

The Financial Statements of the SAS Group and the SAS Consortium are based upon the accounting principles described in the section of the Annual Report entitled "Valuation and Accounting Principles."

In our opinion the Financial Statements present fairly the financial position of the SAS Group and the SAS Consortium on December 31, 1992, and the results of their operations for the fiscal year then ended, in accordance with the principles described above.

Stockholm, March 31, 1993

Arne Brendstrup	**Bernhard Lyngstad**	**Roland Nilsson**
Ole Koefoed	**Olav Revheim**	**Jan Åke Magnuson**

Authorized Public Accountants

Five-Year Financial Summary

TRAFFIC/PRODUCTION		1992[1]	1991	1990	1989	1988
Number of cities served		**98**	82	85	81	79
Kilometers flown, scheduled	(millions)	**202.9**	190.7	188.4	169.4	152.9
Total airborne hours	(000)	**326.0**	286.6	298.3	268.3	243.7
Total numbers of passengers carried	(000)	**16,808**	13,949	14,962	14,005	13,341
Available tonne kilometers, total	(millions)	**3,389.8**	3,074.4	3,278.4	3,060.4	2,707.4
Available tonne km, charter		**44.8**	7.5	12.0	10.2	10.9
Available tonne km, scheduled		**3,345.0**	3,066.9	3,266.4	3,050.2	2,696.5
Revenue tonne km, scheduled	(millions)	**1,929.9**	1,847.2	2,002.9	1,876.5	1,719.7
Passengers and excess baggage		**1,488.0**	1,394.5	1,514.5	1,396.0	1,269.0
Freight		**391.7**	406.4	429.8	423.1	397.1
Mail		**50.2**	46.3	58.6	57.4	53.6
Total load factor, scheduled	(%)	**57.7**	60.2	61.3	61.5	63.8
Available seat km, scheduled	(millions)	**26,396**	24,317	25,475	23,320	20,941
Revenue seat km, scheduled	(millions)	**16,547**	15,416	16,493	15,229	14,027
Cabin factor, scheduled	(%)	**62.7**	63.4	64.7	65.3	67.0
Average passenger trip length	(km)	**990**	1,108	1,102	1,087	1,053
Traffic revenue/revenue tonne km	(SEK)	**10.48**	10.52	9.26	8.82	8.76
Airline oper. expense/avail. tonne km	(SEK)	**5.94**	6.45	5.90	5.50	5.40
Revenue tonne km/employee, scheduled		**93,500**	99,300	99,000	90,000	84,400
Revenue passenger km/employee, scheduled		**802,000**	828,800	815,300	730,400	688,400

[1] The 1992 figures include 7 months of traffic and production figures from Linjeflyg.

SAS GROUP, MSEK INCOME STATEMENTS	1992	1991	1990	1989	1988
Operating revenue	**34,445**	32,286	31,883	28,786	27,556
Operating income before depreciation	**2,930**	2,717	2,011	2,658	2,681
Depreciation, etc.	**1,532**	1,338	1,362	1,414	1,174
Gain on the sale of fixed assets, etc.	**5**	313	701	1,037	1,906
Share of income in affiliated companies	**-8**	-871	-156	83	127
Financial items, net	**-1,094**	-882	-258	-98	150
Devaluation of Swedish krona	**-1,150**	–	–	–	–
Unusual items	**–**	–	-898	-60	–
Minority shares in income after financial items	**106**	-17	–	–	–
Income before extraordinary items	**-743**	-78	38	2,206	3,690
Extraordinary items	**–**	-1,214	-801	–	–
Income before taxes	**-743**	-1,292	-763	2,206	3,690
STATEMENTS OF CHANGES IN FINANCIAL POSITION					
Net financing from the year's operations	**1,533**	1,362	1,130	1,550	1,885
Investments, total	**-3,338**	-5,197	-5,651	-9,922	-3,938
Sale of fixed assets, etc.	**552**	1,591	1,791	1,877	1,932
Financing deficit	**-1,253**	-2,244	-2,730	-6,495	-121
Capital infusion from parent companies	**–**	–	305	1,750	–
Net borrowings	**-298**	227	6,921	3,804	2,847
Change in liquid funds	**-1,551**	-2,017	4,496	-941	2,726
Effect on liquid funds of devaluation of Swedish krona	**1,793**	–	–	–	–
Liquid funds in acquired companies	**216**	–	–	–	–
Change in liquid funds according to balance sheets	**458**	-2,017	4,496	-941	2,726
BALANCE SHEETS					
Liquid funds	**9,829**	9,371	11,388	6,892	7,833
Current assets, other	**6,849**	6,289	6,362	7,590	5,297
Fixed assets[1]	**28,790**	24,854	24,265	21,245	12,955
Current liabilities	**11,713**	10,471	12,805	11,508	9,200
Long-term debt[2]	**24,797**	20,404	18,113	12,042	7,698
Equity and reserves	**8,958**	9,639	11,097	12,177	9,187
Total assets	**45,468**	40,514	42,015	35,727	26,085
KEY RATIOS					
Gross profit margin (GOP), %	**9**	8	6	10	10
Net profit margin, %	**–**	–	–	4	7
Return on capital employed, %	**8**	7	6	10	16
Equity/assets ratio, %	**21**	25	27	36	38

Five-Year Financial Summary, continued

OTHER FINANCIAL FIGURES AND RATIOS	**1992**	1991	1990	1989	1988
Income after depreciation	**1,398**	1,379	649	1,244	1,507
Financial income	**1,181**	1,542	1,310	916	896
Financial expense	**–2,275**	–2,424	–1,568	–1,014	–746
Interest income	**1,127**	1,458	1,198	913	757
Interest expense	**–2,525**	–2,184	–1,712	–1,226	–709
Interest-bearing assets	**11,240**	10,109	12,543	8,951	–[4]
Interest-bearing liabilities	**26,830**	21,645	21,790	15,618	–[4]
Interest coverage ratio	**1.1**	1.2	1.2	2.1	3.2
Net financial items/net debt	**–7%**	–8%	–3%	–1%	–[4]
Debt/equity ratio	**1.7**	1.2	0.8	0.5	–[4]

SAS CONSORTIUM[3], MSEK

INCOME STATEMENTS	**1992**	1991	1990	1989	1988
Operating revenue	**22,093**	22,340	22,399	20,509	19,511
Operating income before depreciation	**1,739**	1,676	1,406	2,077	2,175
Depreciation, etc.	**749**	748	914	1,062	808
Gain on the sale of fixed assets, etc.	**20**	–1,666	918	289	965
Financial items, net	**–564**	–383	–479	156	23
Devaluation of Swedish krona	**–1,080**	–	–	–	–
Unusual items	**–131**	269	–768	–	–
Income before extraordinary items	**–765**	–852	163	1,460	2,355
Extraordinary items	**–**	24	–801	–	–
Income before allocations and taxes	**–765**	–828	–638	1,460	2,355
STATEMENTS OF CHANGES IN FINANCIAL POSITION					
Net financing from the year's operations	**1,870**	1,151	419	1,060	1,906
Investments, total	**–2,638**	–4,238	–4,691	–5,724	–2,918
Sale of fixed assets, etc.	**605**	1,970	3,026	900	673
Financing deficit	**–163**	–1,117	–1,246	–3,764	–339
Capital infusion from parent companies	**–**	–	–	1,750	–
Net borrowings	**–940**	–851	6,094	2,406	1,798
Change in liquid funds	**–1,103**	–1,968	4,848	392	1,459
Effect on liquid funds of devaluation of Swedish krona	**1,309**	–	–	–	–
Change in liquid funds according to balance sheets	**206**	–1,968	4,848	392	1,459
BALANCE SHEETS					
Liquid funds	**8,902**	8,696	10,664	5,816	5,424
Current assets, other	**4,984**	4,437	6,734	7,842	4,124
Fixed assets	**22,855**	21,305	17,434	15,764	11,170
Current liabilities	**7,762**	8,067	10,010	8,998	6,839
Long-term debt	**21,290**	17,917	15,687	10,150	5,986
Equity and reserves	**7,689**	8,454	9,135	10,274	7,893
Total assets	**36,741**	34,438	34,832	29,422	20,718
KEY RATIOS					
Gross profit margin (GOP), %	**8**	8	6	11	11
Net profit margin, %	**–**	4	–	6	7
Return on capital employed, %	**9**	10	7	11	16
Equity/assets ratio, %	**21**	24	26	35	38
PERSONNEL (average)					
Consortium	**18,420**	19,190	20,820	20,290	20,830
Group	**40,140**	38,940	40,830	39,060	36,150

[1] Including restricted account balances.
[2] Including minority interests.
[3] SAS Consortium includes Airline, Finance, joint-Group costs and SAS Trading.
[4] Information not available.

ASSEMBLY OF REPRESENTATIVES

Norway

Members
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Chairman
Mads Henry Andenæs
Åshild M. Bendiktsen
Bjørn Eidem
Kaare Granheim
Jannik Lindbæk
Torstein Ljøstad
Torstein Moland
Harald Norvik
Fred. Olsen
Ole Rømer Sandberg

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Marit Høvding
Helge Kvamme

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Svein Vefall (deputy)

Sweden

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First Vice Chairman
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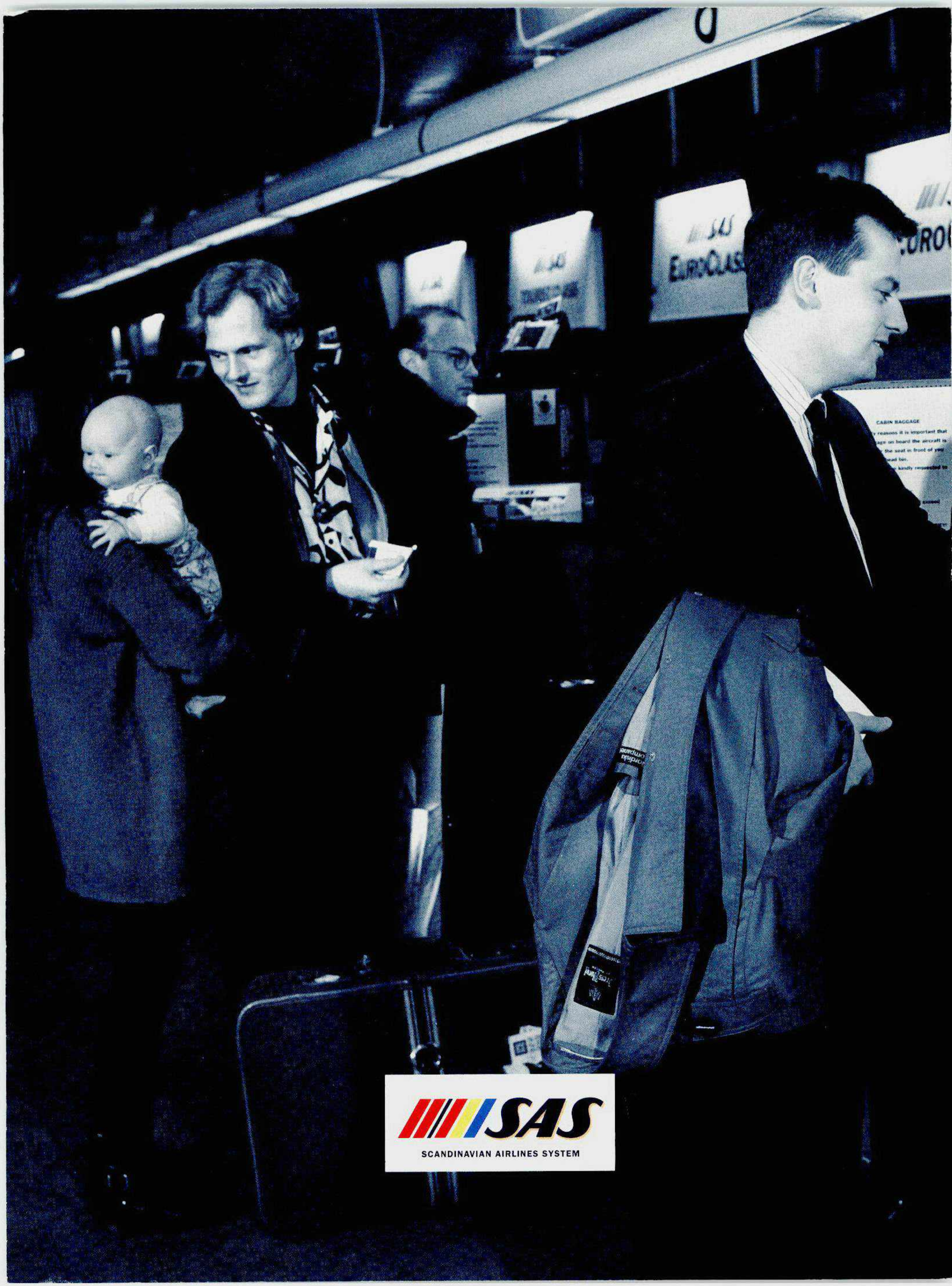
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