



The SAS GROUP

SAS DANMARK A/S

SAS NORGE ASA

SAS SVERIGE AB

January-June 1999

HIGHLIGHTS OF THE INTERIM REPORT AS PER JUNE 30, 1999:

- The SAS Group's operating revenue increased by 4.8% to MSEK 20,735.
- The SAS Group's income before taxes amounted to MSEK 473 (1,450), primarily due to the effects of unsatisfactory development of unit revenue and unit cost. The second quarter's income amounted to MSEK 495 (837).
- Passenger traffic (RPK) increased by 4.0%. Traffic in Business Class decreased by 3.5% while Economy Class increased by 7.7%. The number of passengers increased by 4.9%.
- Cash flow from operations amounted to MSEK 900 (2,122).
- Capital gains on sales of shares and other fixed assets amounted to MSEK 433 (299).
- Earnings per share amounted to SEK 2.00 (5.91) for SAS Danmark A/S, SEK 2.49 (6.55) for SAS Norge ASA and SEK 2.09 (6.55) for SAS Sverige AB.
- SAS's parent companies report income after taxes as follows:

SAS Danmark A/S	MDKK	78	(238)
SAS Norge ASA	MNOK	110	(297)
SAS Sverige AB	MSEK	147	(453)
- The Board of Directors adheres to its assessment that income before taxes for the full-year 1999 will be considerably below that of the previous year. This assessment is based on the assumption that there will be no further capital gains during the second half of the year.

The interim report has not been reviewed by the Company's auditors.

IMPORTANT EVENTS IN THE SECOND QUARTER

APRIL

SAS Cargo is chosen "Cargo Airline of the Year."

MAY

SAS and Singapore Airlines enter a strategic alliance.

Air New Zealand and Ansett Australia join Star Alliance.

The program of change, SAS 2000+, is launched to SAS's customers on May 7.

JUNE

SAS orders a further five deHavilland Q400's.

THE SAS GROUP

SUMMARY STATEMENT OF INCOME

(MSEK)	APRIL-JUNE		JANUARY-JUNE	
	1999	1998	1999	1998
Operating revenue	11 114	10 323	20 735	19 792
Payroll expenses	-3 690	-3 194	-7 159	-6 254
Other operating expenses	-6 458	-5 749	-12 516	-11 301
Operating income before depreciation	966	1 380	1 060	2 237
Depreciation	-488	-530	-943	-1 066
Share of income in affiliated companies	-8	-3	-5	7
Income from sale of shares in subsidiaries and affiliated companies	2	0	152	0
Income from the sale of aircraft and buildings	44	2	60	299
Operating income	516	849	324	1 477
Income from sale of other shares and participations	0	0	221	0
Net financial items	-21	-12	-72	-27
Income before taxes	495	837	473	1 450
Taxes payable by subsidiaries	-15	-13	-24	-27
Minority shares	1	-1	-1	-2
Income after taxes payable by subsidiaries	481	823	448	1 421

SUMMARY BALANCE SHEET

(MSEK)	JUNE 30	DECEMBER 31
	1999	1998
Aircraft and spare parts	13 001	11 339
Other noninterest-bearing assets	20 350	19 330
Interest-bearing assets (excl. liquid assets)	2 223	1 769
Liquid assets	5 425	8 011
Assets	40 999	40 449
Shareholders' equity	16 465	16 043
Minority interests	25	19
Subordinated debenture loan	788	854
Interest-bearing liabilities	11 386	11 005
Operating liabilities	12 335	12 528
Shareholders' equity and liabilities	40 999	40 449

STATEMENT OF CHANGES IN FINANCIAL POSITION

(MSEK)	APRIL-JUNE		JANUARY-JUNE	
	1999	1998	1999	1998
Income before taxes	495	837	473	1 450
Depreciation	488	530	943	1 066
Income from the sale of fixed assets	-46	-2	-433	-299
Adjustment for items not included in cash flow, etc.	-34	-15	-83	-95
Cash flow from the period's operations	903	1 350	900	2 122
Change in working capital	416	521	-247	35
Net financing from the period's operations	1 319	1 871	653	2 157
Investments including prepayments to aircraft suppliers	-1 539	-1 171	-3 003	-2 249
Sales of fixed assets, etc.	288	-1	856	766
Payment to parent companies	0	-1 141	-957	-1 141
Financing deficit	68	-442	-2 451	-467
External financing, net	-306	170	-135	-567
Change in liquid assets according to the balance sheet	-238	-272	-2 586	-1 034

KEY FIGURES

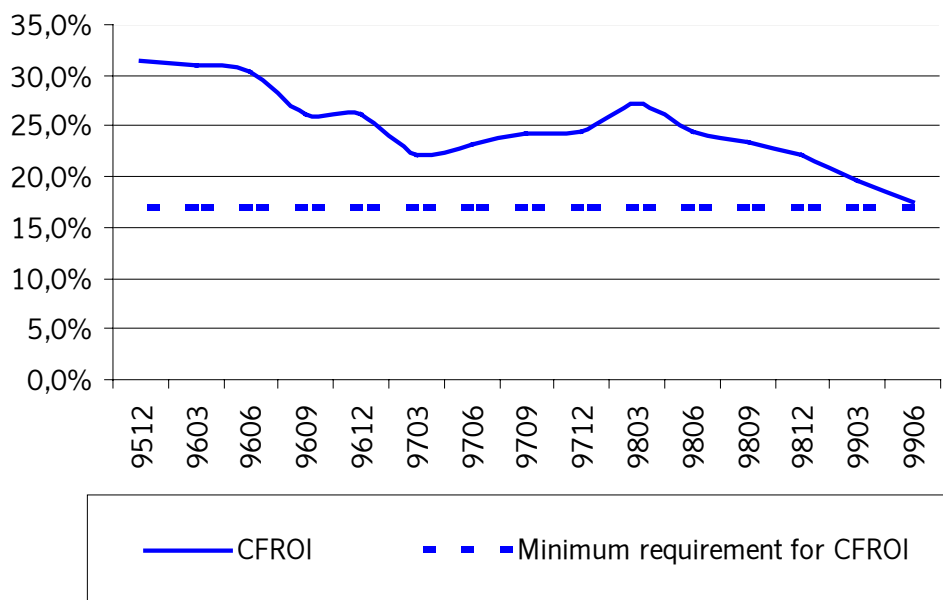
	JUN 30 1999	DEC 31 1998	JUN 30 1998
Return on capital employed, (12 month rolling)	9%	13%	12%
Return on equity *), (12 month rolling)	8%	13%	15%
Equity/assets ratio	41%	40%	40%
Net debt, MSEK	4 526	2 079	1 790
Debt/equity ratio	0.3	0.1	0.1
Interest coverage ratio, (12 month rolling)	3.6	4.7	4.6

*) after standard tax

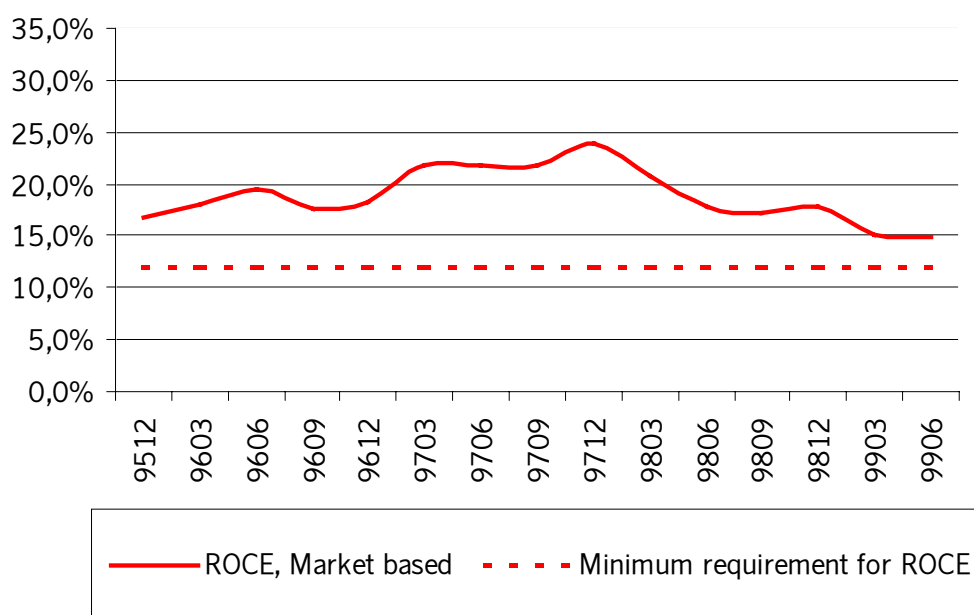
Market-based key figures

CFROI,(12 month rolling)	17%	22%	25%
ROCE, market-based, (12 month rolling)	15%	18%	18%

SAS GROUP DEVELOPMENT OF CASH FLOW RETURN ON INVESTMENTS, CFROI (%) *



SAS GROUP DEVELOPMENT OF MARKET-BASED RETURN ON CAPITAL EMPLOYED, ROCE (%) *



* 12 month rolling

THE SAS GROUP

MARKET AND COMPETITION

Decreased demand in the business travel segment and a diminishing overall passenger load factor has characterized developments in the air travel industry during the first half of 1999. This is an effect of weaker economic conditions in certain markets as well as changed travel patterns. The airline industry is now characterized by an over capacity with accompanying lower capacity utilization as well as considerable price pressure. Competition has continued to intensify for traffic from/to Scandinavia and in particular as regards the Norwegian market.

SAS is experiencing, in common with a large share of the airline industry, a substantial decrease in operating income. For the second quarter 1999 operating income for the SAS Group was MSEK 516 which is 39% lower than for the same period last year.

FINANCIAL DEVELOPMENT

Currency Effects

Income for the first half of the year is affected by a very limited negative currency effect of MSEK 1. The equivalent effect for the second quarter was MSEK 7. SAS's operating revenue was positively affected and costs negatively affected by, primarily, a weaker Swedish krona, compared to last year.

Second Quarter

Operating income during the second quarter decreased compared to the same period last year. Operating income before depreciation amounted to MSEK 966 (1,380).

Labor conflicts during the second quarter 1998 were estimated to have also contributed to a decrease in operating income by MSEK 350.

During the second quarter capital gains in conjunction with the sale and leaseback of one Boeing 737-600 amounted to MSEK 44.

Income before taxes amounted to MSEK 495 (837).

January-June

The SAS Group's operating revenue increased by MSEK 943 or 4.8%. SAS passenger traffic measured in RPK, revenue passenger kilometer, increased by 4.0% compared with 1998. The number of passengers was 4.9% greater than for the first half of 1998. The yield increased by 0.1%; excluding currency effects the yield decreased by 2.3%.

Operating expenses rose by MSEK 2,120 or 12.1%. Excluding currency effects the increase was 9.3%.

In June the EU Court of Justice upheld the airline companies' rights as regards the Swedish environmental charge which was in effect during 1995 and 1996. MSEK 140 has, therefore, been credited to earnings, representing charges paid for 1995 including accrued interest.

Operating income before depreciation decreased by MSEK 1,177. The gross profit margin decreased from 11.3% to 5.1%.

Depreciation decreased by MSEK 123 to MSEK 943. This change is a net of reduced depreciation due to changed depreciation plans for aircraft, which affects the year's income by MSEK 210, and depreciation of new investments.

Shares of income in affiliated companies amounted to MSEK -5 (7). The major reason for this negative income development is the continued start-up expenses for Air Botnia. Depreciation of goodwill is included and totals MSEK 21 (25).

The shares in SAS Hotels N.V. were sold in March 1999 with a capital gain of MSEK 150. In SAS Hotels N.V. is included the hotel property and operations of Radisson SAS Hotel, Amsterdam.

During the first half of the year one Fokker F-28 has been sold and a sale and leaseback transaction completed for one Boeing 737-600. Capital gains totaled MSEK 60. Capital gains from sales of aircraft for the previous year were MSEK 299.

SAS has shares in the SITA Foundation which in its turn owns shares in the data network provider Equant N.V. Thirty percent of SAS's holdings were sold during February, resulting in a capital gain of MSEK 221.

The SAS Group's net financial items amounted to MSEK -72 (-27). Net interest was MSEK -101 (-30), due mainly to a higher net debt, MSEK 4,526 (1,790). A large share of the SAS Group's net debt is on a fixed interest rate basis, where interest rates were fixed prior to recent rate increases.

An increased optimism as regards Sweden's economic growth meant that, at the end of the second quarter, the Swedish krona strengthened vis à vis the Euro, which positively affected net financial items. The SAS Group's accumulated currency effect on net financial items amounted, therefore, on June 30 to MSEK 19 (19).

Income before taxes was MSEK 473 (1,450).

INVESTMENTS

The SAS Group's investments including prepayments amounted to MSEK 3,003 (2,249) during the first half of the year. Of these investments, airline operations accounted for MSEK 2,908 (2,010) and SAS International Hotels for MSEK 95 (239). Investments in aircraft and other flight equipment totaled MSEK 2,365 (1,015). Included in this amount are twelve Boeing 737's.

At the end of June 1999 the value of firm orders for aircraft amounted to MUS\$ 1,300. Two deHavilland Q400's and eleven Boeing 737's are expected to be delivered during 1999 and twenty of each aircraft type during the year 2000.

Five new firm orders for deHavilland Q400's have been made during the second quarter. Also, certain delays in delivery have occurred, so that only two aircraft will be delivered during the current year, compared to the six which had been planned to be delivered.

Planned investments in aircraft during the current year and the year 2000:

	1999 JULY- DECEMBER	2000
MUSD	300	840
NUMBER OF AIRCRAFT	13	40

Other investments usually amount to MSEK 800-900 on a yearly basis.

FINANCIAL POSITION

The SAS Group's liquid assets amounted to MSEK 5,425 (8,783) at June 30, 1999.

Liquid assets are purposely reduced to a level of MSEK 5,000-6,000.

Cash flow from operations during the period amounted to MSEK 900 (2,122). Investments and the sale of fixed assets amounted on a net basis to MSEK -2,147 (-1,483). For the first six months of 1999 there was a financing deficit of MSEK -2,451 (-467).

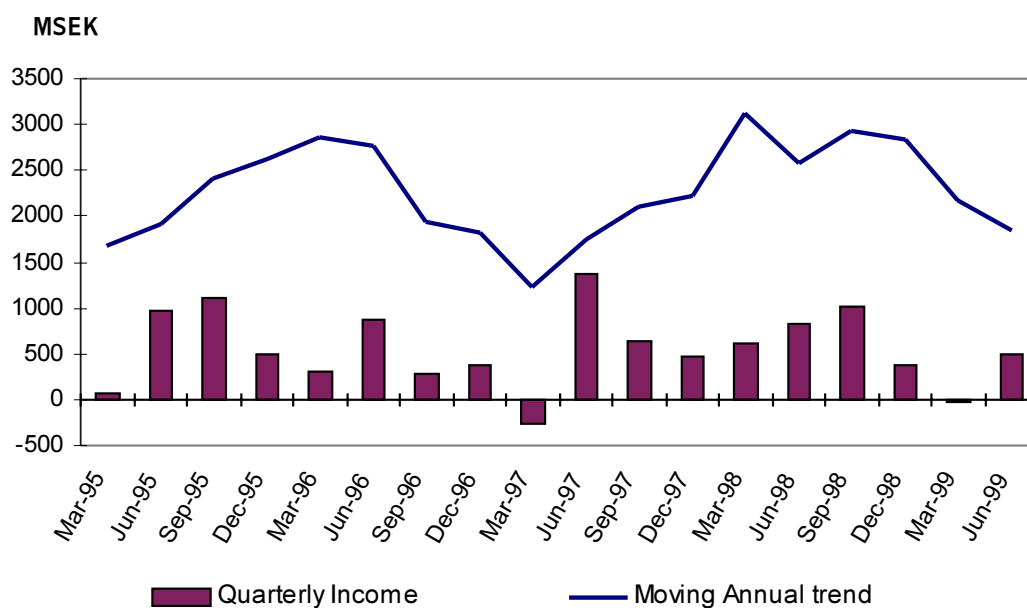
The equity/assets ratio at June 30 was 41% (40%) and debt/equity ratio was 0.3 (0.1). Net debt amounted to MSEK 4,526 which is MSEK 2,447 greater than at the beginning of the year.

The surplus value of the SAS aircraft fleet amounted to approximately MSEK 5,200 as per June 30.

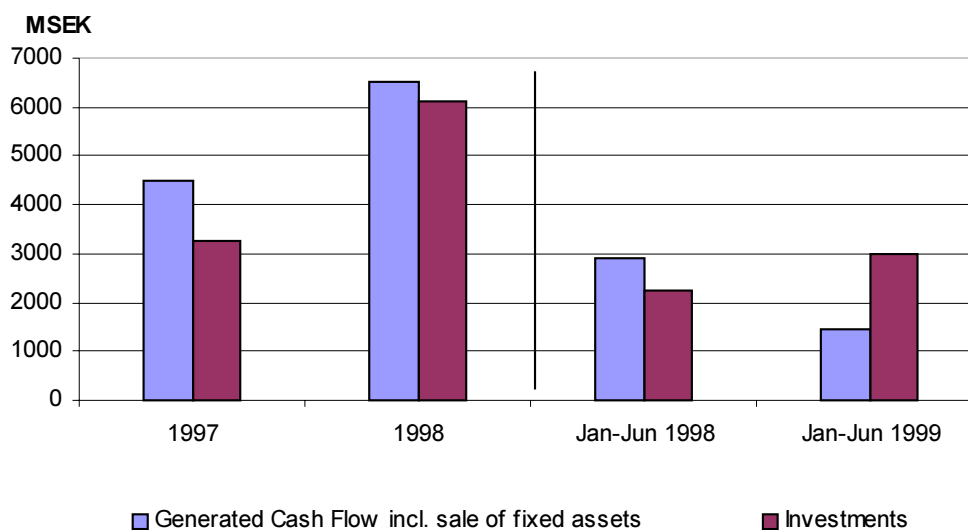
PERSONNEL

The average number of employees in the SAS Group during the first half of 1999 was 27,408 (24,948) of whom 24,271 (22,070) at SAS and 3,098 (2,850) at SAS International Hotels.

SAS GROUP INCOME BEFORE TAXES



SAS GROUP CASH FLOW AND INVESTMENTS



SAS

Airline Operations

Market and Competition

The first half year of 1999 was characterized by decreased traffic in Business Class, a diminished passenger load factor, as well as an increased presence of SAS's competitors in Scandinavia. SAS's competitors for international traffic on the Scandinavian market have expanded considerably more than SAS and there is in general an over capacity in the majority of route areas.

SAS's passenger traffic increased by 4.0% compared with the first half of last year. For the period April - June traffic increased by 5.9%. Taking into consideration reduced traffic due to labor conflicts during the same period in 1998, this represents an increase of 3.3%.

Traffic in Business Class has developed negatively during the period and was 3% lower than during the first half year 1998. The general negative development is an effect of decreased demand due to a weaker economic climate and cost reductions by companies, primarily within oil-related industries.

The Business Class share decreased by 2.5 percentage points to just under 30.5% of the total number of passengers. SAS has the largest share of Business Class passengers amongst the European airlines and is clearly affected, therefore, by the decreased demand in the business travel segment.

Traffic in Economy Class has increased by 8%. The described change in mix, in combination with price pressure in the low price segment, is the major reason for the decrease in yield, excluding currency effect, by 2.3%.

SAS's and its partners' market shares for international traffic, excluding intra-Scandinavian traffic have decreased somewhat in Norway and Sweden, while their position in Denmark is unchanged. In Norway the competition from Amsterdam as a traffic hub is noticeable, primarily in Business Class. On the Swedish market SAS and its partners decreased their market shares in both price segments. Due to the new route Stockholm-Chicago, the North American market share has, however, increased. On the Asian markets SAS's and its partners' market shares are unchanged.

The intercontinental traffic increased by 4.1% compared with the previous year. Business Class traffic decreased by 6% while Economy Class increased by 7%. The passenger load factor for the USA routes decreased in general. Traffic to Asia and especially to Tokyo has a decreased share of Business Class passengers while traffic in total has increased. The cabin factor on the intercontinental routes continues to be high, 72% (75.7%).

During the first half year 1999 air traffic within the Association of European Airlines, AEA, increased in Europe by 5%. SAS's traffic in Europe, including Scandinavia, increased by 3%.

The European routes increased by 1.3%. Economy Class increased by 6% and Business Class traffic decreased by 7%. The cabin factor was 0.3 percentage points lower than for the same period last year. Traffic to Germany, Finland and Great Britain showed the most positive development.

The joint venture agreement between SAS and Lufthansa includes all traffic between Scandinavia and Germany. Traffic increased during the first half of the year by 8% and production by 12%.

The intra-Scandinavian traffic increased by 9.1%. Business Class traffic is diminishing to the greatest degree on the routes to and from Oslo. For the route area in total Business Class increased by 3% and Economy Class increased by 14%. The passenger load factor decreased by 2.6 percentage points compared with last year.

On the Swedish domestic market SAS and its partners have increased their market shares by 6 percentage points to 67%. The total market increased by 5% and SAS traffic by 12.6% compared to the previous year. The increase in Business Class was 7% and in Economy Class 18%.

The Norwegian domestic market has increased by 6.5% but there is a continued significant over capacity. While the new carrier, Color Air, has taken 4% of the market, SAS, through its increase in traffic by 2% during the first half year, has had a better traffic growth than its major competitor. During the first half year Business Class traffic decreased by 8% while Economy Class increased by 10%.

The Danish domestic traffic decreased in both price segments and traffic was in total 5.7% lower than last year.

The number of passengers during the first half of the year were 10.9 (10.4) million. The number of members of SAS EuroBonus increased in comparison with the same period for last year by 19% to 1.7 million.

Freight operations

Freight revenues for the first half year amounted to MSEK 1,087 (1,087). This should be seen as satisfactory, when competition in the air freight market has increased, primarily due to over capacity in the industry. SAS Cargo has strengthened its market position in Scandinavia compared with 1998. The increasing competition is noticeable primarily on the USA and German routes.

SAS Cargo has been named "Cargo Airline of the Year to/from Europe/ Scandinavia" by the eminent journal Air Cargo News.

Cooperation with Lufthansa Cargo has been strengthened within the sales departments in Scandinavia and Europe. SAS and Lufthansa are working on integrating their sales departments during 1999-2000.

Income trend

Operating income before depreciation during the second quarter amounted to MSEK 828 (1,231). Against the background of a reduction of income by MSEK 350 during the second quarter of 1998, due to labor conflicts, this year's income represents a decrease by 48%. Capacity utilization in the traffic system has, compared with the second quarter 1998, decreased by 3.9 percentage points and yield has deteriorated by 2.1%.

Operating income before depreciation amounted to MSEK 876 (2,019) for the first half year, a decrease by 57%.

Production increased during the first half year by 8%. During the first quarter production was reduced, amongst other things, due to air traffic route changes in France. During the second quarter the production increase in comparison with the previous year was 12.2%. For the entire year 1999 a capacity increase of approximately 6% is planned.

Yield has, compared with the second quarter 1998, decreased, excluding currency effects, by 2.4%. Unit cost for the period January-June increased by 0.8%.

Total operating expenses increased during January-June by MSEK 1,949 or 11.8%. Excluding currency effects the increase was 8.8%. Payroll expenses increased by 14.6% compared with the previous year, 2.7% representing currency effect. The average number of employees increased by 9.9%.

Oil prices continued to be favorable during the first half year. SAS's jet fuel expenses are, considering volume and currency effects, 16% lower than for the same period last year, which had a positive effect on unit cost by 1.4%. SAS's policy regarding price-fixing of future jet fuel deliveries implies that 40-60% of yearly fuel consumption has a fixed price.

Decreased selling expenses in the form of lower agent commissions, compared with the first half year 1998, reduced unit cost by 1.9%.

The refunding of environmental charges from 1995 positively affected government-user fees by MSEK 140, which gave a positive unit cost effect by 0.8%.

Other operating expenses increased by 9.4%. These include costs for SAS 2000+, a program which includes, amongst other things, the new design and new service concept which was launched in May 1999.

Expenses for aircraft leasing increased by 38% due to sale- and lease -back transactions completed during 1998. Previously these capacity expenses were reported as depreciation and interest and have, therefore, no effect on net income.

SAS has signed an agreement for the phasing-out of seven Fokker F-28, of which one was sold in March. During the first half year twelve Boeing 737-600's were delivered, of which six during the second quarter.

Income before taxes was MSEK 254 (1,330).

Improvement program

The income for the first half year clearly indicates the need to quickly implement the improvement program which is aimed at reducing expenses by MSEK 3,000 and which was announced earlier during the year.

SAS's improvement program includes a long list of measures aiming at both general savings as well as structural changes. Examples of agreed upon or completed measures are decreased agent commissions in Scandinavia, expansion of electronic sales channels, change of catering supplier in Scandinavia, as well as improved crew scheduling.

Parts of the program have been completed and a large number of measures are under implementation. Certain aspects of the program require negotiations with SAS's union members and have taken more time than was expected at the planning stage. SAS's management together with the unions will place a strong focus on the speedy implementation of the improvement program.

Larger changes of structural character are necessary and there are a number of areas which require negotiations with the unions. In this context prestudies are underway regarding a partnership for ground handling and cargo handling, establishment of an air cargo company with Lufthansa and Singapore Airlines, improving the efficiency of the Call Center operations, as well as a new structure for IT-support.

The improvement program which includes, amongst other things, expense reductions totaling MSEK 3,000, has as its goal to improve SAS's gross profit margin by 3 percentage points from the 1998 level.

This is deemed necessary in order to achieve a long-term profitability to provide a return on capital in line with established goals.

It is expected that MSEK 1,200 in expense reductions will be realized during 1999 and MSEK 1,800 before the end of the year 2000.

TRAFFIC, PRODUCTION AND YIELD

		APRIL-JUNE			JANUARY-JUNE		
		1999	1998	Change	1999	1998	Change
SAS Total							
Number of passengers	(000)	5 850	5 499	+6.4%	10 867	10 363	+4.9%
Revenue Passenger Kilometers (RPK)	(mill)	5 571	5 260	+5.9%	10 283	9 888	+4.0%
Available Seat Kilometers (ASK)	(mill)	8 466	7 545	+12.2%	16 528	15 306	+8.0%
Cabin factor		65.8%	69.7%	-3.9 p.u	62.2%	64.6%	-2.4 p.u
Yield, adjusted for currency effect				-2.1%			-2.3%
Intercontinental routes							
Number of passengers	(000)	287	256	+12.1%	540	499	+8.2%
Revenue Passenger Kilometers (RPK)	(mill)	1 933	1 785	+8.3%	3 637	3 494	+4.1%
Available Seat Kilometers (ASK)	(mill)	2 547	2 268	+12.3%	5 049	4 613	+9.5%
Cabin factor		75.9%	78.7%	-2.8 p.u	72.0%	75.7%	-3.7 p.u
Yield, adjusted for currency effect				-7.2%			-8.6%
European routes							
Number of passengers	(000)	1 936	1 900	+1.9%	3 510	3 481	+0.8%
Revenue Passenger Kilometers (RPK)	(mill)	1 956	1 920	+1.8%	3 523	3 479	+1.3%
Available Seat Kilometers (ASK)	(mill)	3 115	2 949	+5.7%	6 028	5 927	+1.7%
Cabin factor		62.8%	65.1%	-2.4 p.u	58.4%	58.7%	-0.3 p.u
Yield, adjusted for currency effect				-3.1%			-3.4%
Intra-Scandinavian routes							
Number of passengers	(000)	1 156	1 025	+12.8%	2 129	1 994	+6.8%
Revenue Passenger Kilometers (RPK)	(mill)	494	427	+15.6%	903	828	+9.1%
Available Seat Kilometers (ASK)	(mill)	839	678	+23.8%	1 604	1 406	+14.1%
Cabin factor		58.9%	63.1%	-4.2 p.u	56.3%	58.9%	-2.6 p.u
Yield, adjusted for currency effect				+1.9%			+0.3%
Danish domestic							
Number of passengers	(000)	273	285	-4.2%	539	574	-6.1%
Revenue Passenger Kilometers (RPK)	(mill)	101	105	-3.8%	187	199	-5.7%
Available Seat Kilometers (ASK)	(mill)	145	155	-6.0%	300	326	-8.1%
Cabin factor		69.3%	67.6%	+1.6 p.u	62.5%	61.0%	+1.5 p.u
Yield, adjusted for currency effect				+1.1%			-1.4%
Norwegian domestic							
Number of passengers	(000)	975	910	+7.1%	1 815	1 753	+3.5%
Revenue Passenger Kilometers (RPK)	(mill)	507	484	+4.7%	928	908	+2.1%
Available Seat Kilometers (ASK)	(mill)	929	711	+30.7%	1 808	1 447	+24.9%
Cabin factor		54.6%	68.1%	-13.6 p.u	51.3%	62.8%	-11.5 p.u
Yield, adjusted for currency effect				-3.2%			-4.7%
Swedish domestic							
Number of passengers	(000)	1 223	1 124	+8.8%	2 334	2 061	+13.2%
Revenue Passenger Kilometers (RPK)	(mill)	581	538	+7.9%	1 104	980	+12.6%
Available Seat Kilometers (ASK)	(mill)	890	785	+13.4%	1 739	1 588	+9.5%
Cabin factor		65.2%	68.6%	-3.3 p.u	63.5%	61.8%	+1.8 p.u
Yield, adjusted for currency effect				+0.0%			-3.6%

SAS INTERNATIONAL HOTELS (SIH)

The market situation in general continues to be positive for the hotel chain Radisson SAS Hotels (RSH) in Europe and the Middle East. This applies particularly to Sweden, Denmark, Finland, Germany, the Benelux countries and France. Developments in Norway and England have been less positive.

Revenue for the first half year amounted to MSEK 1,462 (1,293), an increase by 13%. This increase, compared with last year, is due to an increased number of hotels and, primarily, the new airport hotels at Gardermoen and Manchester.

During the period 13 hotels have been opened and/or taken over and are now included in the RSH chain.

In March the hotel in Amsterdam was sold, which resulted in a capital gain of MSEK 150. RSH will continue to be responsible for the operations of the hotel through a management agreement.

Income before taxes amounted to MSEK 229 (116).

Large investments during recent years, foremost as regards the property in Manchester, have negatively affected income during the first half of 1999. During the remainder of the year there is expected a more positive development of operating income and it is estimated that the full-year income for 1999 will be better than in 1998.

STATEMENT OF INCOME

	APRIL - JUNE		JANUARY - JUNE	
(MSEK)	1999	1998	1999	1998
Rooms revenue	414	356	754	669
Food and beverage revenue	261	227	498	440
Other revenue	112	99	210	184
Total operating revenue	787	682	1 462	1 293
Operating expenses	-528	-446	-1 024	-881
Rental expense, insurance of properties and property tax	-112	-92	-244	-199
Operating income before depreciation	147	144	194	213
Depreciation	-50	-33	-99	-67
Share of income in affiliated companies	8	2	13	6
Income from the sales shares in subsidiaries	2	0	152	0
Net financial items	-16	-13	-31	-36
Income before taxes	91	100	229	116
	JUN30, 99		DEC 31, 98	JUN 30, 98
EBITDA	207		477	219
Return on capital employed (ROCE) *	11.6%		14.5%	13.8%
Revenue per available room (REVPAR)	647		644	636
Gross profit margin	29.9%		31.8%	31.8%
* 12 month rolling				

FORECAST FOR THE FULL YEAR 1999

There is a continued low growth in demand on the majority of markets and the development in Business Class is weak.

Even if there are positive indications regarding macro-economic factors in some parts of the markets, the competition in the airline industry with over capacity and price pressure, implies significant uncertainty as regards revenue development.

Expense developments are expected , as previously reported for the first quarter 1999, to result in a unit cost level which, for the full-year 1999, will not exceed that of 1998.

The Board of Directors, therefore, adheres to its assessment that income before taxes for the full-year 1999 will be considerably below the previous year's level. This assessment is based on the assumption that there will be no further capital gains during the second half of the year.

Stockholm, August 11, 1999
SCANDINAVIAN AIRLINES SYSTEM

Jan Stenberg
President and Chief Executive Officer

INCOME BY OPERATING AREA

MSEK	APRIL-JUNE		JANUARY-JUNE	
	1999	1998	1999	1998
SAS				
Passenger revenue	7 773	7 239	14 386	13 818
Freight revenue	545	532	1 087	1 087
Other traffic revenue	233	349	457	604
Other revenue	1 801	1 529	3 400	3 015
Operating revenue	10 352	9 649	19 330	18 524
Payroll expenses	-3 413	-2 952	-6 615	-5 773
Leasing costs	-351	-255	-670	-486
Selling expenses	-422	-534	-852	-1 033
Jet fuel	-528	-536	-1 020	-1 110
Government user fees	-805	-844	-1 732	-1 686
Catering costs	-430	-370	-831	-746
Handling costs	-469	-390	-927	-818
Technical aircraft maintenance	-509	-445	-1 006	-912
Other operating expenses	-2 597	-2 092	-4 801	-3 941
Operating expenses	-9 524	-8 418	-18 454	-16 505
Income before depreciation	828	1 231	876	2 019
Depreciation	-438	-497	-844	-999
Share of income in affiliated companies	-15	-4	-18	2
Income from sale of aircraft and buildings	44	2	60	299
Income from other shares and participations	0	0	221	0
Net financial items	-4	0	-41	9
SAS - Income before taxes	415	732	254	1 330
SAS International Hotels	91	100	229	116
Other operations/Group eliminations	-11	5	-10	4
Income before taxes	495	837	473	1 450

REVENUE BY OPERATING AREA

MSEK	APRIL-JUNE		JANUARY-JUNE	
	1999	1998	1999	1998
SAS	10 352	9 649	19 330	18 524
SAS International Hotels	787	682	1 462	1 293
Other operations/Group eliminations	-25	-8	-57	-25
Total operating revenue	11 114	10 323	20 735	19 792

SAS PARENT COMPANIES

The following pages include the three Parent Companies' accounts for the period January 1 - June 30, 1999.

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Accounting Principles

SAS Consortium and SAS Commuter Consortium have begun to report according to IAS which implies that subsidiaries and affiliated companies are reported in accordance with the equity method whereby income and shareholders' equity in the SAS Group, on the one hand, and income and shareholders' equity in the SAS Consortium and SAS Commuter Consortium, on the other hand, correspond with each other.

During the previous fiscal year the accounting principles were changed for the Parent Companies to the extent that they now include their respective shares of income and shareholders' equity in the SAS Group in their respective accounts.

Comparative figures in both the statements of income and balance sheets have been adjusted accordingly.

Taxes pertain to both estimated tax payables and to the increase in deferred tax, while negative tax refers to corresponding items earlier reported as tax payables, alternatively tax receivables, the latter to be cleared against taxes on future gains.

Key Figures

Key Figures	SAS Danmark A/S	SAS Norge ASA	SAS Sverige AB
Earning per share local currency	1.66	2.34	2.09
Earnings per share, SEK	2.00	2.49	2.09
Equity per share, local currency	78.13	83.45	91.30
Equity per share, SEK	91.69	89.82	91.30

Interim Report January 1 - June 30, 1999

SAS Danmark A/S

SAS Danmark A/S's share of income for the period amounted to MDKK 106 (353). SAS Danmark A/S's other operations amounted to MDKK 8 (7). Income before taxes then amounted to MDKK 114 (360).

Operations in SAS Danmark A/S includes 2/7 of the income in the SAS Group.

The exchange rate at June 30, 1999 was: SEK 100=DKK 85.05 (1998: DKK 86.34). The average exchange rate during January-June 1999 was: SEK 100=DKK 83.14 (1998: DKK 86.83).

Changed accounting principles apply from financial year 1998 for SAS Danmark A/S. The share of value in the SAS Group (2/7) is reported by the company on the basis of the equity method. Comparative figures for 1998 have been adjusted accordingly.

FORECAST FOR THE FULL YEAR 1999

Regarding the forecast for the full year 1999, refer to the information provided by SAS.

Copenhagen, August 11, 1999

Hugo Schrøder
Chairman of the Board

Jan Stenberg
President

SAS Danmark A/S

	JANUARY-JUNE	
STATEMENT OF INCOME (MDKK)	1999	1998
Share of income in the SAS Group *)	106	353
Other operating expenses	-3	-3
Operating income	103	350
Net financial items	11	10
Income before taxes	114	360
Taxes	-36	-122
Income after taxes	78	238

*) Share in SAS Group after subsidiaries' taxes

	JUN 30	DEC 31
BALANCE SHEET (MDKK)	1999	1998
Fixed assets		
Share in the SAS Group	4 001	3 619
Current assets		
Short-term receivables	552	692
TOTAL ASSETS	4 553	4 311
Share capital	470	470
Premium reserve	411	411
Other reserves	2 791	2 437
Total shareholders' equity	3 672	3 318
Deferred taxes	844	844
Short-term liabilities	37	149
TOTAL SHAREHOLDERS EQUITY AND LIABILITIES	4 553	4 311
	JUN 30	DEC 31
Shareholders' equity (MDKK)	1999	1998
Share capital	470	470
Premium reserve	411	411
Other reserves		
January 1, 1999	2 437	2 437
Exch. difference, share of SAS Group	276	-
Transferred from net income for the year	78	-
Total shareholders' equity	3 672	3 318

Interim Report January 1 - June 30, 1999

SAS Norge ASA

Income before taxes amounted to MNOK 120 compared with MNOK 389 for the same period last year.

Operations in SAS Norge ASA include administration and management of the company's 2/7 of the result in the SAS Group.

Items in the statement of income and balance sheet are translated at the average exchange rate for the period January - June 1999; NOK 94.12 for SEK 100 (1998: 95.13) and at the closing rate at June 30, 1999; NOK 92.90 for SEK 100 (1998: 96.34).

Changed accounting principles apply for SAS Norge ASA from the beginning of financial year 1998. The share value in the SAS Group (2/7) is reported in the company's accounts according to the equity method. Comparative figures for 1998 have been adjusted accordingly.

FORECAST FOR THE FULL YEAR 1999

Regarding the forecast for the full year 1999, refer to the information provided by SAS.

Baerum, August 11, 1999

Board of Directors

SAS Norge ASA

	JAN - JUN		JAN - DEC
STATEMENT OF INCOME (MNOK)	1999	1998	1998
Share of income in the SAS Group*)	120	390	736
Other operating expenses	-2	-2	-3
Operating income	118	388	733
Financial income	2	1	3
Income before taxes	120	389	736
Taxes	-10	-92	-195
Income after taxes	110	297	541

*) Share in the SAS Group after subsidiaries' taxes

	JUN 30	JUN 30	DEC 31
BALANCE SHEET (MNOK)	1999	1998	1998
Fixed assets			
Machinery and equipment	2	2	2
Share in the SAS Group	4 370	4 317	4 290
Total fixed assets	4 372	4 319	4 292
Current assets			
Short-term receivables	50	63	276
Cash and bank	1	0	1
Total current assets	51	63	277
TOTAL ASSETS	4 423	4 382	4 569
Shareholders' equity	3 922	3 907	3 852
Deferred tax	438	433	438
Short-term liabilities	63	42	279
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	4 423	4 382	4 569

Interim Report January 1 - June 30, 1999

SAS Sverige AB

SAS Sverige AB including 3/7 of the SAS Group reports income before taxes of MSEK 204 (629).

Available liquidity including short-term receivables for SAS Sverige AB amounted to MSEK 868 on June 30, compared with MSEK 970 at the beginning of the year.

Operations in SAS Sverige AB includes 3/7 of the result in the SAS Group.

Beginning in 1998 and in order to increase the comparability of SAS Sverige AB with the other two parent companies, the statement of income and balance sheet have been based on 3/7 of the income and shareholders' equity in the SAS Group. Comparative figures for 1998 have been adjusted accordingly.

FORECAST FOR THE FULL YEAR 1999

Regarding the forecast for the full year 1999, refer to the information provided by SAS.

Stockholm, August 11, 1999

Jan Stenberg
President

SAS Sverige AB

	JANUARY - JUNE	
STATEMENT OF INCOME (MSEK)	1999	1998
Share of Income in the SAS Group*)	192	609
Other operating expenses	-4	-3
Operating income	188	606
Net financial items	16	23
Income before taxes	204	629
Taxes	-57	-176
Income after taxes	147	453

*) Share in the SAS Group after subsidiaries' taxes

BALANCE SHEET (MSEK)	JUN 30 1999	DEC 31 1998
Fixed assets		
Share in the SAS Group	7 056	6 903
Deferred tax receivable	73	73
Total fixed assets	7 129	6 976
Current assets		
Short-term receivables	812	1 383
Cash and bank	57	3
Total current assets	869	1 386
TOTAL ASSETS	7 998	8 362
Shareholders' equity	6 437	6 329
Deferred taxes	1 478	1 478
Other long-term liabilities	22	22
Short-term liabilities	61	533
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	7 998	8 362