

Interim Report January 1 – June 30, 2009

- Consolidated net turnover for the six-month period was SEK 256.3m (200.6).
- The operating loss was SEK -463.4m (-77.6). The loss after financial items was SEK -463.4m (-73.8) and the loss after tax was SEK -458.0m (-71.2), of which SEK 318.4m refers to impairment losses.
- Earnings per share, attributable to parent company shareholders, were SEK -1.29 (-0.41).
- At the balance sheet date the equity/assets ratio was 59.8 percent (71.0%).
- Consolidated cash and cash equivalents at the balance sheet date were SEK 207.9m (226.2), of which SEK 67.5m (101.2) refers to frozen assets.
- Turnover in the second quarter was SEK 183.0m (92.6). The operating loss was SEK -399.1m (-36.1).
- After the end of the reporting period an agreement has been signed with GE Energy under which GE will acquire all of Morphic's shares in Wellpower AB, the holding company that owns the shares of ScanWind A/S, a Norwegian supplier of large wind turbines. The transaction is described below.

This is Morphic

Morphic Technologies is an engineering group operating in the field of environmental technology. The Group's core business is its fuel cells operation, which comprises production of complete fuel cells as well as key components and technologies for hydrogen production. Morphic Technologies' B shares are listed on the OMX Nordic Exchange.

The information in this report constitutes information that Morphic Technologies AB (publ) is legally obliged to publish under the Stock Exchange and Clearing Operations Act and/or the Financial Instruments Trading Act. The information was released to the market for publication on August 27, 2009 at around 10:15 a.m.

Summary of Events During the Period

▪ **Core Business Focus**

Work on focusing the Group's operations on its core business continued. In April Morphic sold its non-core operation Dynamis AB to Binar AB. The transaction will have only a marginal impact on the company's financial position. Cost-cutting measures have been implemented in the Group's other operations. 30 employees have been made redundant in the Group and further redundancies cannot be excluded. Following the rationalization measures, the Group has about 200 employees.

▪ **Fuel Cell Order worth SEK 48m**

Morphic Exergy Fuel Cells received an order from the French distributor Narbonne Accessoires for its Polaris 140 portable fuel cell. The order has a guaranteed minimum value of SEK 48m for Exergy.

▪ **Share Offering Raises SEK 32.4m**

In May Morphic completed a share offering, which raised about SEK 32.4m after issue costs. 32.7m B shares were issued at a price of SEK 1 per share.

▪ **Scientific and Industrial Council Established**

A scientific and industrial council has been established. The council's task is to provide advice on product development and present proposals for guidelines governing the Group's long-term activities. The council consists of Professor Lars Sjunnesson (E.ON), Professor Peter Lindblad (Uppsala University), Professor Bengt-Erik Melander (Chalmers), Professor Martin Rudberg (Linköping University), and Birger Flygare (Director).

▪ **Annual General Meeting**

New Board Elected

At the AGM on May 27, 2009 the shareholders voted to re-elect Anette Myrheim and Peter Ekenger to the Board and elected Staffan Ahlberg (Chairman), Jan Rynning, Bo Hedenström, Jan Alvé and Henrik Bonde as new Directors. Kjell Östergren had declined re-appointment.

Peter Enå and Kurt Dahlberg Not Released from Liability

The AGM also resolved not to release the former Chairman Peter Enå and the former Director Kurt Dahlberg from liability in respect of the past financial year. The other Board members and the two active CEOs during the period were released from liability.

During the past period Mr Enå and Mr Dahlberg left the Board and all other operational roles in the Group.

▪ *Impairment Losses*

The Board of Directors has established that the following impairment losses, totaling SEK 318.4m, need to be recognized in the consolidated financial statements:

Morphic Wind

ScanWind

An impairment loss of SEK 135m has been recognized in the consolidated financial statements in connection with the sale of operations to GE Energy.

DynaWind

An impairment loss of SEK 75.5m has been recognized in the consolidated financial statements in connection with the ongoing sale process.

Morphic Fuel Cells

Fuel Cells

Delays in market introductions coupled with adjustments to forecasts have resulted in impairment charges of SEK 43.1m for Helbio, SEK 11.3m for Small Wind Turbines and SEK 7.0m for Accagen.

Other Operations

Aerodyn

As part of the ongoing process aimed at divesting the Group's non-core operations, and due to faltering market demand, a goodwill impairment charge of SEK 46.5m for Aerodyn has been recognized.

Events after the End of the Period

- ***GE Energy Buys ScanWind***

After the end of the period Morphic has concluded an agreement to sell the Norwegian wind turbine maker ScanWind AS to GE Energy. The agreement is subject to approval of the transaction by the Norwegian competition authorities. The price has initially been set at SEK 130m but may be adjusted at the time of takeover. Morphic's ownership share is 80 percent, worth approximately SEK 106m before transaction-related expenses. The sale will also result in a significant improvement in operating earnings, since Morphic's consolidated share of ScanWind's loss has been about SEK -58m on an annualized basis. The transaction will produce a positive cash flow of about SEK 90m in the second half of 2009. It does not include the property in Verdal, Norway, where ScanWind's turbines are produced, which will be leased to GE on a short-term basis. Following the transaction, the Morphic Group will have about 150 employees.

- ***Polish Navy Orders Fuel Cell for Tests in Submarines***

Morphic Exergy has received an order for an entirely new type of fuel cell that will be used in submarine vessels. The customer is the Polish Navy in Gdynia.

CEO's Comment

In spring and summer we have concentrated on divesting non-core operations, implementing cost efficiencies and focusing our activities on our core business. The large loss is partly due to impairment losses, both on operations that are currently in the process of being sold and on core operations, resulting in a total impairment charge of approximately SEK 320m. We have now sold ScanWind to GE Energy. In GE ScanWind will now receive an owner that has the resources to develop the company's full potential. The sale will have a positive impact on Morphic in two ways. It frees up resources that can be used in our core business – fuel cells – and it will increase our earnings by about SEK 58m on annualized basis. The process of finding a new ownership base for our Swedish wind power business that we initiated in 2008 continues apace and is expected to be completed in 2009.

Our other wind power operations will not be directly affected by the transaction with GE Energy. As announced previously, a process is underway aimed at establishing a new ownership structure for these operations too. It is far too capital-intensive for a small player like Morphic to run a large-scale wind power operation.

Morphic's core business is fuel cell technology. We see signs that the technology has now reached a stage of maturity where it can take the step out into the consumer market, including the leisure sector. One example is the order for fuel cells for house trailers from the French leisure products maker Narbonne, worth SEK 48 million. We have also seen interest from providers of leisure systems and battery chargers, as well as from makers of more demanding aerospace and military applications. An example of this is an order for a prototype fuel cell from the Polish Navy. Car manufacturers are suffering from the crisis in the industry but fuel cell projects still continue, albeit on smaller budgets. Our order book for production of flow plates remains, although our customers have announced delays in delivery schedules.

We have also running projects aimed at radically cutting the cost level in our Fuel Cells division and at head office. Our strong cash position and exciting technologies are strong assets in our drive to focus on our core business.

Karlskoga, August 2009

Martin Valfridsson

Financial Performance in summary

SEK m	Second Quarter, April-June		Jan-June	Jan-June
	2009	2008	2009	2008
Net turnover	183,0	92,6	256,3	200,6
Operating loss	-399,1	-36,1	-463,4	-77,6
Loss after financial items	-393,9	-33,7	-463,4	-73,8
Loss after tax	-370,8	-32,4	-433,2	-71,1
Cash flow from operating activities	-15,6	-35,6	-19,9	-98,4
Earnings per share, attributable to parent company shareholders (SEK)	-1,08	-0,21	-1,29	-0,41
	2009-06-30		2009-03-31	2008-12-31
Cash and cash equivalents at balance sheet date*		207,9	202,7	226,2
Equity/assets ratio (%)		59,8	71,0	70,9

* Including frozen assets

Turnover

Consolidated net turnover in the second quarter was SEK 183.0m (92.6).

Net turnover in the first six months of the year was SEK 256.3m (200.6).

The increase is due to a high level of activity in our Wind Power business in the second quarter. In our Lake Vänern Wind Park project five turbines were raised during the period and advanced preparations have been made for the erection of the next five turbines. Production and preparations in the project for Skellefteå Kraft have also been initiated. Although orders for new wind turbines have been put on hold, ScanWind has invoiced service and maintenance work relating to previous deliveries.

Despite the improvement in consolidated turnover, turnover in Morphic Fuel Cells fell slightly compared with the same period in 2008. Our Flow Plates segment made deliveries of prototypes and test places but the customers behind the two previously announced volume orders have postponed their delivery plans.

Turnover from Other Operations, especially ship propulsion, has also fallen markedly due to a sharp downturn in the market.

Earnings

The Group posts a consolidated operating loss of SEK -399.1m (-36.1) for the second quarter and a loss of SEK -463.4m (-77.6) for the first six months of the year. The sale of Dynamis resulted in a capital loss of SEK -8.4m.

The operating loss for the second quarter, and for the first six months, was partly due to low capacity utilization in the Group. Profit margins from delivered projects and products are not sufficient to cover the Group's cost base. Most of the *restructuring and streamlining measures* that the Group has implemented are of a long-term nature and will maximize the efficiency of the Group's operations.

Our Fuel Cells segment has continued to expand its production capacity, which will be used for serial production of fuel cells. The plan is to initiate deliveries in the fall.

ScanWind did not form part of the Group in the first half of 2008. The effect of this is considerable, since ScanWind requires significant resources for the development of future products. ScanWind, which is now being sold, accounts for almost one third of the consolidated operating loss for the first half of 2009.

Segment Report

SEKm	Jan-June 2009		Jan-June 2008	
	Net turnover	Operating profit/loss	Net turnover	Operating profit/loss
Flow plates	2,2	-13,2	1,9	-10,6
Fuel Cells	0,2	-11,0	1,8	-6,7
Electrolyzers	6,5	-17,5	3,7	-6,4
Fuel Processing	0,9	-49,4	3,8	-4,8
Small Wind Turbines	0,0	-20,5	-	-
Wind power	198,7	-266,0	108,1	-18,0
Components	13,3	-0,5	12,8	-0,2
Ship Propulsion	34,0	-42,2	61,3	13,2
Automation	2,3	-12,4	9,8	-4,4
Total segments	258,1	-432,7	203,2	-37,9
Central costs*	0,8	-30,8	0,2	-31,4
Morphic Systems**	0,0	0,0	0,0	-8,3
Elimination of intercompany transactions	-2,6	0,0	-2,8	0,0
Group	256,3	-463,5	200,6	-77,6

*Central costs have not been allocated for the period.

**As of November 1, 2008 the remaining part of Systems AB is accounted for under a separate segment, Small Wind Turbines, which, especially in the initial phase, will refer to sales and marketing of a 20kW wind turbine for telecom applications.

***The Automation segment was sold with effect from April 7, 2009, incurring a capital loss of SEK 8.4m in the consolidated financial statements.

Morphic Fuel Cells

SEKm	Second Quarter April-June		Jan-Mar	Jan-Mar
	2009	2008	2009	2008
Net turnover	5,1	10,1	9,8	11,2
Operating loss	-86,9	-11,7	-111,6	-28,5

- Fuel cell order worth SEK 48m
- Strategic review for Morphe Fuel Cells
- Scientific council established

Morphic is one of the leading players in development and sales of technology and products that will enable a commercialization of fuel cells.

Morphic's fuel cell offering comprises complete fuel cells as well as critical components and technology for hydrogen production. The business is divided into five segments: manufacture and sale of flow plates, sale of complete fuel cell systems, development and sale of electrolyzers, development and sale of systems for fuel conversion, and development and marketing of small-scale wind turbines. Morphe also offers contract production of other metallic components.

Earnings

The business area reports an operating loss of SEK -86.9m (-11.7) for the second quarter of the year. The operating loss for the period as a whole is SEK -111.6m (-28.5). Most of the increased loss is due to impairment charges on intangible assets following the completion of impairment tests. Another reason is that the Small Wind Turbines segment has now been integrated into the business area, which was not the case in the preceding period.

In the second quarter the Fuel Cells segment continued to expand its production capacity, which will be used for coming series deliveries of fuel cells. In 2008 Morphe Fuel Cells started to invest assets in ensuring future production capacity, which has resulted in an increase in the depreciation expense compared with the same period the year before.

Turnover in the Flow Plates segment was slightly higher than in the same period the year before. The segment made minor deliveries under existing orders. As announced previously, customers are postponing requests for deliveries, which means that the expected turnover will be achieved later than expected. During the period the marketing organization was restructured and centralized in an effort to gather resources in a single, Group-level sales organization. Our marketing activities in Asia, the United States and Europe have continued. These factors all contributed to the negative result for the business area.

Events During the Period

Fuel Cell Order Worth SEK 48m

In May Exergy Fuel Cells signed a distribution agreement with Narbonne Accessoires de France for its Polaris 140 portable fuel cell. The order has a guaranteed minimum value of SEK 48m for Exergy. The product has been approved by the customer and deliveries will begin in September 2009.

Polaris 140 is a compact portable fuel cell which in this particular application runs on NaBH₄ or SBH, a chemical compound that is distributed in liquid form (dissolved in water) and forms hydrogen continuously at the same rate as it is consumed in the fuel cell.

Narbonne will sell Polaris 140 to owners of house trailers and motorhomes, who attach it to the electrical systems of their recreational vehicles to charge their existing batteries.

Strategic review for Morphe Fuel Cells

A major review of the strategy for Morphe Fuel Cells was initiated during the period. This work will lead to a number of changes. Going ahead, greater emphasis will be placed on market-driven product planning, and the subsidiaries will be given clearer responsibilities.

Scientific and Industrial Council Established

To further strengthen Morphe's expertise in the area, a scientific and industrial advisory council has been established. The council's tasks will be to provide advice on product development in the Group and present proposals for guidelines governing the Group's long-term activities. The council consists of Professor Lars

Sjunnesson (E.ON), Professor Peter Lindblad (Uppsala University), Professor Bengt-Erik Melander (Chalmers), Professor Martin Rudberg (Linköping University), and Birger Flygare (Director).

The Market for Fuel Cells

Fuel cells as energy converters have potential in a wide range of fields. Morphic is focusing on the markets for portable electronics, stationary electrical generators, and the transport and automotive industries.

In the short term the financial crisis and the rapid deterioration in the world economy is having a negative impact on our fuel cells business, resulting in impairment charges in Accagen and Helbio.

Several major players in the automotive industry have announced cutbacks in research and development, which could delay investments in fuel cells and other new technologies. In a slightly longer perspective, however, new technology will be required to build the new type of energy-efficient products that the market and consumers are demanding.

Morphic Wind

	Second Quarter April-June		Jan-Mar	Jan-Mar
SEKm	2009	2008	2009	2008
Net turnover	167,4	45,5	212,0	120,9
Operating loss	-240,3	-6,9	-266,5	-18,2

- Lake Vänern Wind Park and Uljabuouda going to plan
- Continued restructuring work
- ScanWind sold to GE Energy

The area comprises production and sale of 1-3.5 MW wind turbines. The offer comprises individual turbines as well as complete wind parks in the IEC 1-3 wind classes. Operating activities are conducted in DynaWind AB, ScanWind AS and Finshyttan Hydropower AB.

Earnings

Morphic Wind posts an operating loss of SEK -240.3m (-6.9) for the second quarter. The operating loss for the period as a whole is SEK -266.5m (-18.2). The Board's announcement of a change in the ownership structure for Morphe Wind has created uncertainty among potential customers, making it more difficult to obtain new orders. In the second quarter activity in the field picked up significantly. DynaWind raised five of the turbines in the Lake Vänern Wind Park and preparations were made for the raising of the remaining towers later in the summer. The revenue earned from these activities was not sufficient to cover the segment's cost base.

The business area has also been hit by impairment charges on consolidated assets in connection with sale processes.

In comparing results with the same period the year before, a key explanatory factor is that ScanWind's earnings were included in the consolidated financial statements only from August 2008. The effect of this is considerable, since ScanWind requires significant resources for the development of future products. ScanWind accounts for about 70 percent of the business area's operating loss for the first half of 2009.

Events During and After the Period

Lake Vänern Wind Park Going to Plan

After the end of the period the first electricity from two of the turbines in the Lake Vänern Wind Park was produced. The project thus continued entirely according to plan.

Continued Restructuring Work

During the period lot of effort was put into restructuring the business area's operations. As a result of this work, Morphe Technologies AB concluded an agreement to sell all shares in ScanWind AS after the end of the period. The buyer is GE Energy and the total consideration is SEK 130m. Under the terms of the agreement, General Electric Energy will buy all shares in ScanWind AS. Morphe's stake in the company is just over 80 percent, representing about SEK 106m of the total consideration. The remaining portion is owned by the Norwegian company Nord-Trøndelag Elektrisitetsverk Holding AS ("NTE"). The transaction will result in an estimated loss of SEK 135m for the Morphe Group. Financially, the sale of ScanWind will cut costs significantly and improve cash flow and earnings as of the third quarter of 2009.

The deal does not include the property in Verdal, Norway, where ScanWind's turbines are produced. The final purchase price may be adjusted in connection with the sale of the Verdal property and due to other price adjustment mechanisms.

The remaining parts of Morphe's wind power operations are not affected by the deal. Work on finding a new owner situation that will enable us to exploit the full potential of these operations are proceeding according to plan.

Other Operations

SEKm	Second Quarter April-June		Jan-Mar	Jan-Mar
	2009	2008	2009	2008
Net turnover exkl Automation	12,1	29,2	34,8	61,5
Net turnover Automation	0,0	8,7	2,3	9,8
Net turnover Other operations	12,1	37,9	37,1	71,3
Operating loss exkl Automation	-16,8	-15,3	-73,0	-26,5
Operating loss Automation	-11,2	-2,2	-12,4	-4,4
Operating loss Other operations	-28,0	-17,5	-85,4	-30,9

The business area comprises the following operations: Ship Propulsion (Aerodyn AB), the parent company, and the operations of Morphic Systems AB prior to the restructuring in fall 2008. The Automation Technology segment has been sold and is no longer included in the consolidated balance sheet.

Earnings

The business area reports an operating loss of SEK -28.0m (-17.5) for the second quarter. The operating loss for the period as a whole is SEK -85.4m (-30.9).

The consolidated capital loss from the sale of Dynamis AB is SEK -8.4m, which has been charged to the Automation segment.

Aerodyn had a positive impact of SEK 4.3m (13.2). The decreased profit compared with the previous period is due to a lower turnover caused by a sharp downturn in the market for ships.

The business area's earnings were also hit by extra payroll costs as two Board Directors left their employment in the Group.

Events During the Period

Continued Restructuring Work

As announced previously, Morphic Technologies has initiated a restructuring program aimed at enabling the Group to focus on its core fuel cells business. As a consequence of this, Morphic's Automation segment was sold during the period. The deal will have a positive, albeit marginal impact on the company's future financial position. To enable the sale, 11 staff were made redundant in the Group.

Comments on the Group's Financial Position

Shareholders' equity decreased to SEK 456.9m (858.9) during the first six months of the year. The equity/assets ratio was 59.8 percent (71.0%) and consolidated total assets fell to SEK 764.5 (1,211.7). Cash and cash equivalents at the balance sheet date, June 30, 2009, were SEK 207.9m (226.2), of which SEK 67.5m (101.2) refers to frozen assets. Interest-bearing liabilities were SEK 54.0m.

Cash Flow

Cash flow from operating activities was SEK -19.9m (-98.4), which is a sharp improvement, of SEK 78.5m, on the same period the year before. Cash flow per share is SEK -0.06 (-1.66). As in the previous quarter, the improvement is largely due to changes in project liquidity in Morphic Wind.

As described previously, the completion dates and milestones of projects have a big impact on Morphic Wind's revenues, earnings and cash flow. The completion of a project normally results in a significant inflow of capital, both in the form of direct payments from customers and the release of assets used as collateral for bank guarantees. During the period five wind turbines were raised in the Lake Vänern Wind Park project.

Investments, Depreciation and Amortization

During the period the Group's net investments in tangible fixed assets totaled SEK 5.7m (-53.2). Depreciation of tangible fixed assets was SEK 17.8m (13.1). The Group made investments in intangible assets of SEK 7.2m (13.3). All investments are recognized exclusive of business investments and sales. Amortization of intangible assets during the period was SEK -27.8m (-11.3). Impairment charges on intangible assets in the Group were SEK 242.9m. The impairment charge on tangible assets was SEK 75.5m.

During the period the Group companies Dynamis AB and Euro Industrial Automation AB were sold, resulting in a capital loss of SEK 8.4m in the Group. An adjustment of SEK 3.4m to the purchase price in the ScanWind acquisition was also made during the period.

Personnel

The Group's personnel costs during the period were SEK 89.8m (64.8) and the overall number of employees at the end of the period was 202 (185), an increase of 9 percent in

comparison with the same period during the previous financial year. The number of employees fell by 51 in the second quarter, which represents a reduction of about 20 per cent.

Parent Company

The parent company posts a loss after tax of SEK -359.8m (-18.3). The increased loss is mainly due to an impairment charge of SEK 304.6m on the parent company's assets in subsidiaries. A SEK 29.1m charge to cover losses in the subsidiaries and a SEK 5.9m capital loss from the sale of the subsidiary company Dynamis also added to the negative result. During the period the parent company made investments in fixed assets totaling SEK 80.2m (118.6), of which about SEK 1.2m (0.8) refers to patents. In connection with the sale of Dynamis two awarded patents and accrued expenses for three further patent applications with a total book value of SEK 0.4m were sold. Available cash and cash equivalents in the parent company at the balance sheet date were SEK 75.3m (160.2), of which SEK 6.8m (76.8) refers to frozen assets. The equity/assets ratio was 96.2 percent (98.2%).

Intellectual Property Rights

At the balance sheet date Morphic's patent portfolio included 23 inventions, all of which had been granted patents in Sweden and the majority also in other countries and regions. There are also nine inventions for which patents have been granted to foreign Group companies. Morphic's intellectual property strategy is aimed at protecting the company's core technologies and the application of these. Morphic is continuously applying for legal protection of patents, designs and brands in different regions for the technologies, methods and processes developed by the company in those cases where this is expected to strengthen the company's protection against intrusion.

Related-party Transactions

Morphic has not had any transactions with related parties that have had an impact on the Group's results or financial position.

2009 Annual General Meeting

The Annual General Meeting held on 27 May 2009 approved the parent company and consolidated income statements and balance sheets and the appropriation of retained earnings proposed by the Board of Directors.

With the exception of the former Chairman Peter Enå and the former Director Kurt Dahlberg, the members of the Board and the active Chief Executive Officers during the financial year were released from liability in accordance with the auditor's recommendation.

The AGM resolved to increase the number of Directors from three to seven. The shareholders then voted to elect Staffan Ahlberg, Jan Alvé, Henrik Bonde, Bo Hedenström and Jan Rynning to the Board and to re-elect Peter Ekenger and Anette Myrheim. Staffan Ahlberg was elected new Board Chairman. All of the proposed new Directors have experience from previous directorships in listed companies.

Share Offerings

A share offering was implemented during the period based on the AGM's authorization. 32.7m B shares were issued at

a price of SEK 1 per share. The share offering raised SEK 32.4 million after issue costs.

Risks and Uncertainties

An investment in Morphic is associated with risk. Developing new products in entirely or partly new markets is always associated with risks, both internal and external. In the view of the Board, the internal challenges include building up the organizational structure, the ability to choose the right production and marketing strategies and the ability to manage growth. The most significant external risks include the risk of a general delay in the market introduction of fuel cells and a risk of subcontractors not having sufficient capacity and being unable to deliver. There are also risks related to the liquidity of trading in Morphic's shares. On top of this, there are also risks associated with the funding of the business.

A detailed description of significant risks and uncertainties affecting the Group is given in the Annual Report, listing prospectus and on the company's website, www.morphic.se.

Consolidated Income Statement of the first 6 months

SEKm	2009			2008		
	Remaning business	Discontinued operations	Total	Remaning business	Discontinued operations	Total
Operating income						
Net turnover	55,3	201,0	256,3	69,9	130,7	200,6
Change in inventories	-4,2	0,2	-4,0	2,2	3,9	6,1
Capitalized production costs	5,0	0,0	5,0	3,3	0,3	3,6
Other Operating income	0,6	8,0	8,6	2,1	5,3	7,4
Total income	56,7	209,2	265,9	77,5	140,2	217,7
Operating costs						
Purchase of goods and services	-24,6	-186,2	-210,8	-27,0	-118,2	-145,2
Other external costs	-31,9	-26,8	-58,7	-34,1	-26,8	-60,9
Personnel costs	-52,4	-37,4	-89,8	-50,0	-14,8	-64,8
Depreciation and amortization of tangible and intangible fixed assets	-132,3	-229,3	-361,6	-21,4	-3,0	-24,4
Capital loss	0	-8,4	-8,4	-	-	-
Total operating costs	-241,2	-488,1	-729,3	-132,5	-162,8	-295,3
Operating loss	-184,5	-278,9	-463,4	-55,0	-22,6	-77,6
Profit/loss from financial investments						
Financial income	3,5	2,0	5,5	6,1	0,9	7,0
Financial expenses	-4,5	-1,0	-5,5	-1,4	-1,8	-3,2
Loss after financial items	-185,5	-277,9	-463,4	-50,3	-23,5	-73,8
Tax on profit for the year	-	-	-	-	-	-
Deferred tax	3,1	2,3	5,4	2,6	0,0	2,6
Loss for the period	-182,4	-275,6	-458,0	-47,7	-23,5	-71,2
Minority interest	-17,9	-6,9	-24,8	-0,1	0,0	-0,1
Loss for the period attributable to parentcompany sharholders	-164,5	-268,7	-433,2	-47,6	-23,5	-71,1
Earnings attributable to parentcompany shareholders devided by average number of shares,	-0,49	-	-1,29	-0,27	-	-0,41
Weighted number of shares during the period	334 964 116	-	334 964 116	173 299 609	-	173 299 609
Total number of shares at the end of period	360 514 044	-	360 514 044	163 872 022	-	163 872 022

Consolidated Income Statement for the second quarter

SEKm	2009			2008		
	Remaning business	Discontinued operations	Total	Remaning business	Discontinued operations	Total
Operating income						
Net turnover	21,2	161,8	183,0	38,4	54,2	92,6
Change in inventories	-2,8	1,3	-1,5	-0,3	-0,4	-0,7
Capitalized production costs	1,7	0,0	1,7	-0,1	0,1	0,0
Other Operating income	0,3	7,6	7,9	1,7	4,3	6,0
Total income	20,4	170,7	191,1	39,7	58,2	97,9
Operating costs						
Purchase of goods and services	-8,0	-157,2	-165,2	-16,6	-46,2	-62,8
Other external costs	-15,9	-16,5	-32,4	-13,1	-12,6	-25,7
Personnel costs	-26,7	-17,7	-44,4	-27,9	-6,5	-34,4
Depreciation and amortization of tangible and intangible fixed assets	-119,9	-219,9	-339,8	-9,5	-1,6	-11,1
Capital loss	0	-8,4	-8,4	-	-	-
Total operating costs	-170,5	-419,7	-590,2	-67,1	-66,9	-134,0
Operating loss	-150,1	-249,0	-399,1	-27,4	-8,7	-36,1
Profit/loss from financial investments						
Financial income	3,7	1,5	5,2	3,4	0,2	3,6
Financial expenses	0,0	0,0	0,0	-0,3	-0,9	-1,2
Loss after financial items	-146,4	-247,5	-393,9	-24,3	-9,4	-33,7
Tax on profit for the year	-	-	-	-	-	-
Deferred tax	1,6	1,1	2,7	1,2	0,0	1,2
Loss for the period	-144,8	-246,4	-391,2	-23,1	-9,4	-32,5
Minority interest	-16,7	-3,7	-20,4	-0,1	0,0	-0,1
Loss for the period attributable to parentcompany shareholders	-128,1	-242,7	-370,8	-23,0	-9,4	-32,4
Earnings attributable to parentcompany shareholders divided by average number of shares,	-0,37	-	-1,08	-0,13	-	-0,21
Weighted number of shares during the period	342 104 846	-	342 104 846	173 299 609	-	153 464 800
Total number of shares at the end of period	360 514 044	-	360 514 044	163 872 022	-	163 872 022

Statement of Comprehensive Income

SEKm	April-June 2009	April-June 2008	Jan-June 2009	Jan-June 2008
Loss for the period	-458,0	-71,2	-458,0	-71,2
Other income and expense items recognized				
directly in equity				
Share offerings	32,4	125,3	32,4	125,3
Cash flow hedges recognizes through equity	-	-	-	-
Translation differences	-22,7	3,3	21,1	3,6
Optionprogram - personel	1,6	-	1,6	-
Other	0,6	0,0	0,9	0,0
Tax attributable to comprehensive income	-	-	-	-
Other comprehensive income for the period	11,9	128,6	56,0	128,9
Comprehensive income for the period	-446,1	57,4	-402,0	57,7
Comprehensive income for the period attributable to:				
- parentcompany shareholders	-439,0	55,9	-397,1	57,9
- minority interests	-7,1	1,5	-4,9	-0,2

Consolidated Statement of Changes in Equity

SEKm	April-June 2009	April-June 2008	Jan-June 2009	Jan-June 2008
Opening balance	836,2	635,0	858,9	673,4
Comprehensive income for the period	-379,3	96,1	-402,0	57,7
Total Shareholders' equity at the end of period	456,9	731,1	456,9	731,1

Parent Company Income statement

SEKm	April-June 2009	April-June 2008	Jan-June 2009	Jan-June 2008
Operating income				
Net turnover	0,4	0,1	0,8	0,2
Total income	0,4	0,1	0,8	0,2
Operating costs				
Purchase of goods & services	-	-0,4	0,0	-0,4
Other external costs	-8,0	-9,7	-14,0	-17,2
Personnel costs	-9,0	-7,1	-16,7	-13,0
Depreciation and amortization of tangible and intangible fixed assets	-0,4	-0,5	-0,9	-1,0
Total operating costs	-17,4	-17,3	-31,6	-31,2
Operating loss	-17,0	-17,2	-30,8	-31,0
Profit/loss from financial investments				
Financial income	4,1	7,2	10,0	13,8
Financial expenses	-325,4	-0,3	-339,0	-0,7
Loss after financial items	-338,3	-10,7	-359,8	-18,3
Tax on profit for the period	-	-	-	-
Loss for the period	-338,3	-10,7	-359,8	-18,3

Consolidated Balance Sheet

SEKm	June 30, 2009	Dec 31, 2008
Fixed assets		
Intangible fixed assets	101,0	434,3
Tangible fixed assets	98,9	201,9
Financial fixed assets	0,5	0,5
Total fixed assets	200,4	636,7
Current assets		
Inventory of finished goods	21,7	32,3
Current receivables	120,3	417,7
Cash and cash equivalents	140,4	125,0
Total current assets	282,4	575,0
Assets held to for sale 1)	281,7	
Total assets	764,5	1 211,7
Equity and liabilities		
Shareholders' equity		
Share capital	14,4	13,1
Other contributed capital	1 359,7	1 328,7
Other reserves	21,6	9,6
Accumulated deficit	-969,8	-544,4
Minority interest	31,0	51,9
Total Shareholders' Equity	456,9	858,9
Long-term liabilities	34,4	120,8
Current liabilities	69,0	232,0
Liabilities held for sale 2)	204,2	
Total liabilities	764,5	1 211,7
Assets pledged as security 3)	197,0	235,4
Contingent liabilities * 3)	38,8	26,9

* In addition to contingent liabilities, the group has bank and insurance guarantees of SEK 153,6 m (189,4) of which 150,8 are due to Morphic Wind

1) Assets held for sale	Morphic Wind
Intangible fixed assets	54,1
Tangible fixed assets	46,6
Inventory of finished good	69,4
Current receivables	111,6
Total assest held for sale	281,7
2) Liabilities held for sale	
Long-term liabilities	37,9
Current liabilities	166,3
Total liabilities held for sale	204,2
3) Assets pledged as security and Contingent liabilities due to Morphic Wind	
Assets pledged as security	140,8
Contingent liabilities	15,4

Parent company Balance sheet

SEKm	June 30, 2009	Dec 31, 2008
Fixed assets		
Intangible fixed assets	8,3	8,3
Tangible fixed assets	1,5	1,7
Financial fixed assets	512,8	738,4
Total fixed assets	522,6	748,4
Current assets		
Current receivables	25,7	104,7
Cash and cash equivalents	68,5	83,4
Total current assets	94,2	188,1
Total assets	616,8	936,5
Equity and liabilities		
Share holders' equity		
Sharecapital	14,4	13,1
Other restricted reserves	295,8	294,1
Unrestricted reserves	283,7	612,4
Total share holders' equity	593,9	919,6
Provisions	0,7	0,2
Long-term liabilities	0,5	-
Current liabilities	21,7	16,7
Total liabilities and equity	616,8	936,5
Assets pledged as security	6,8	75,5
Contingent liabilities*	39,9	42,4

* In addition to contingent liabilities, the parent company has insurance guarantees of SEK 96,1 m (165.8)

Consolidated Cash Flow Statement

SEKm	April-June 2009	April-June 2008	Jan-June 2009	Jan-June 2008
Operating activities				
Operating profit/loss before financial items 1)	-399,1	-36,1	-463,4	-77,6
Items not affecting liquidity	346,7	3,7	372,3	15,2
Net financial items	-4,9	2,9	0,5	4,6
Income tax paid	1,8	-0,7	-1,8	-0,4
Cash flow from operations before changes in working capital 2)	-55,5	-30,2	-92,4	-58,2
Increase/decrease in current assets	16,3	33,6	54,9	42,0
Increase/decrease in current operating liabilities	23,6	-39,0	17,6	-82,2
Cash flow from operating activities	-15,6	-35,6	-19,9	-98,4
Investing activities				
Investments in intangible assets	-2,3	-8,5	-7,2	-13,3
Investment in tangible assets	-1,8	-45,1	-5,7	-53,2
Divested assets	0,4	-1,8	0,4	0,0
Investments in subsidiaries	-3,4	0,1	-3,4	4,3
Subsidiaries sold	-4,7	0,0	-4,7	0,0
Other financial investments	71,2	-16,1	33,7	-16,3
Cash flow from investing activities 3)	59,4	-71,4	13,1	-78,5
Financing activities				
Share Offerings	32,4	125,3	32,4	125,3
Loans received	0,0	41,1	0,0	41,1
Repayment of loans	-0,8	-8,0	-9,0	-15,0
Increase/decrease of current financial liabilities	-1,2	1,8	-1,2	2,9
Cash flow from financing activities 4)	30,4	160,2	22,2	154,3
Cash flow for the period	74,2	53,2	15,4	-22,6
Cash and cash equivalents at the beginning of the period	66,2	151,7	125,0	227,5
Cash and cash equivalents at the end of the period	140,4	204,9	140,4	204,9

1) Operating losses due to remaining business was -184,5 SEK m and due to discontinued operations -278.9 SEK m

2) Cashflow from operating activities due to remaining business was -5.8 SEKm and due to discontinued operations -14.1 SEKm

3) Cashflow from investing activities due to remaining business was 16.7 SEKm and due to discontinued operations -3.6 SEKm

4) Cashflow from financing activities due to remaining business was 31.2 SEKm and due to discontinued operations -9.0 SEKm

Note 1 – Accounting Principles

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, which is in compliance with the requirements specified in Recommendation RR 31, Interim Reports, of the Swedish Financial Accounting Standards Council. As of May 1, 2005 Morphic Technologies has applied the International Financial Reporting Standards (IFRS), as adopted by the EU. IFRS 8 relating to segment reporting and the definition of operating segments has been applied for the first time in the interim report for the period May to October 2008. Central costs have not been allocated to segments for the period.

The Group applies the revised IAS 1 standard, which applies to the presentation of the Group's financial statements. The biggest change is the requirement to disclose non-owner changes in equity separately from other changes in equity. This information is presented in the new "Statement of Comprehensive Income" included in this interim report.

Non-current Assets Held for Sale and Discontinued Operations

Morphic Technologies has prepared this interim report in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* in respect of the second quarter and the first six months of the year. This means that continuing and discontinued operations have been separated in the consolidated income statement, and that assets and liabilities held for sale have been presented on separate row in the interim statements for the second quarter and first six months. Cash and cash equivalents or frozen bank assets attributable to the disposal group that have been classified as non-current assets according to IFRS 5 have not been presented separately. On April 7 Dynamis AB and its subsidiary company Euro Industrial Automation in the Automation segment were sold. As at June 30, 2009 the consolidated balance sheet therefore includes no balance sheet items relating to the Automation segment.

In other respects, the accounting principles, definitions of key ratios and methods of calculation applied are the same as in the last annual report. The parent company's accounts have been prepared in accordance with Recommendation RR32:06, Accounting for Legal Entities.

Not 2 Aquisitions and divestments

SEK m	Jan- Jun 2009		Jan-Jun 2008	
	Aquisitions	Divestments	Aquisitions	Divestments
Intangible fixed assets	-	0,4	-	-
Other Fixed assets	-	0,3	0,2	-
Total fixed assets	-	0,7	0,2	-
Total current assets	-	7,9	2,6	-
Total assets	-	8,6	2,8	-
Total long-term liabilities	-	0,0	-0,9	-
Total short-term liabilities	-	-3,7	-1,4	-
Total liabilities	-	-3,7	-2,3	-
Total net assets	-	4,9	0,5	-
Total acquisition cost/divestment cost	-	-3,5	-3,2	-
Goodwill	-		2,7	
Divested Net assets	-	-4,9	-	-
Result of Divestment transactions		-8,4	-	-
Total acquisition cost/divestment cost	-	-3,5	-3,2	-
Asjustment for cash and bank balances in acquired/divested entities	-	-1,2	0,4	
	-		-	-
Cashflow from acquisitions/divestments	-	-4,7	-2,8	-

The above statement on divestments during the period refers entirely to the Automation segment. (Dynamis AB and its subsidiary company Euro Industrial Automation AB). The acquisition in 2008 refers to Euro Industrial Automation, which was acquired on January 7, 2008.

Review Report

This report has not been reviewed by the company's auditor.

Karlskoga, 26 August 2009

The Board of Directors

Future Financial Information

- Nine-month Report 2009 November 25, 2009
- Year-End Financial Statement 2009 February 5, 2010