

Interim Report January 1 – September 30, 2009

Third Quarter

- Net turnover for the period was SEK 230m (101).
- The operating loss was SEK -168m (-56) after impairment charges of SEK 86m.
- The loss after tax was SEK -165m (-51).
- The loss per share was SEK -0.46 (-0.33).

January – September

- Net turnover was SEK 486m (302).
- The operating loss was SEK -631m (-133), which includes impairment losses on fixed assets (incl. acquired operations) of SEK 407m. Excluding losses and impairment charges in ScanWind, the operating loss for the period was SEK -87m.
- The loss after tax was SEK -598m (-122).
- The loss per share was SEK -1.79 (-2.80).
- Equity at September 30, 2009 was SEK 263m, or SEK 0.75 per share. The equity/assets ratio at the balance sheet date was 47.9 percent.
- Consolidated cash and cash equivalents at the closing date were SEK 218m (142), of which SEK 57m refers to frozen assets.

Events in the Third Quarter

- GE Energy acquires ScanWind and pays SEK 104m for Morphic's stake.
- A review by the Stockholm Stock Exchange of Morphic's operations in its first year of listing results in a negative assessment. A case is initiated against Morphic in the exchange's disciplinary board and Morphic's shares are transferred to the observation list.
- A new CFO for the Group and a new Managing Director for the wind power business are appointed.

Events after the Third Quarter

- The new Board of Directors of Morphic has taken a decision in principle to maintain the company's focus, which now centers on only two areas: finished fuel cells, primarily for mobile applications, and technology relating to the manufacture of thin high-precision metal and graphite plates. The decision was motivated by the assessment that the two target areas are deemed to have a strong future market potential based on successful, patented in-house technology.
- The remaining business areas will continue to operate for the time being. This means that the Group's Swedish wind power operations for large as well as small turbines will eventually be sold or wound down. The same applies to units for hydrogen generation and purification and units working on propeller production and renovation of hydroelectric turbines. These have an annualized turnover of about SEK 30m and costs of about SEK 48m.
- Following a review of management functions at Group level, it is expected that costs can be cut by SEK 7m as of next year. Management deems that the company's current financial resources will be sufficient to complete the transactions required to leave non-priority areas and slim the head office.

Statement by Morphic's Chairman

The Board of Directors and senior management fully appreciate that the company's shareholders, customers, suppliers and staff currently find it hard to feel confidence in Morphic. The company's shares have been transferred to Stockholm Stock Exchange's observation list. The reason for this is that the one-year review of Morphic's listing pointed to certain shortcomings. Morphic's new Board (with me as Chairman), which was elected at the AGM on May 27, 2009, welcomes the review, which has identified the problems the company's previous management team had complying with applicable rules and observing good practice for listed companies. We are working hard to address these issues. We have initiated a major restructuring of Morphic and are taking measures to reduce the Group's cost level.

- New rules of procedure for the Board and its committees have been drawn up. The Board's work is now led by an independent Chairman with no operational involvement in management.
- Strict rules ensuring compliance with the company's communications policy have been introduced.
- Prior to the six-month report, management reviewed the situation in the acquired companies together with the company's auditor, and a more realistic valuation was made. A new temporary CFO, Carl Sköld, has been signed up to fill the position. A permanent CFO, Mattias Klintemar, has been recruited and will take up his role on January 15, 2010.
- A project is also underway to produce a new internal reporting package with the aim of improving financial control.
- Morphic has sold its stake in the Norwegian wind power unit ScanWind to GE Energy for about SEK 100m. The sale has strengthened our financial room for maneuver in a very substantial way and has also reduced the Group's risk exposure and losses.
- In September indications emerged that the accounts of Morphic's Swedish wind power business did not accurately reflect its financial position and the cost of ongoing projects, which were contracted under the previous management. The CEO has been replaced and the Board has appointed an internal working group to monitor the company's projects. Renegotiations with customers and suppliers have been initiated.
- Morphic's management and Board have jointly drawn up a new strategy.

We believe Morphic will continue to face major challenges. However, we are convinced that the measures we have taken will improve the company's ability to exploit future business opportunities and regain the confidence of the market.

Staffan Ahlberg, Chairman of the Board

Chief Executive's Review

Our efforts, under my management, to focus the Group's activities on its core business is in full swing and will ensure that Morphic evolves into a company that is fully focused on the manufacture of flow plates and fuel cells. Other operations will be sold off gradually when market conditions are right, creating opportunities for Cell Impact and Exergy Fuel Cells to grow in line with the market. Government stimulus packages around the world are starting to have an effect on investments in green technology, and growth is expected to pick up. Interest in our Max-E-3600 fuel cell for leisure products such as boats, house trailers and motorhomes is increasing. This applies not only to Narbonne of France, with whom we concluded a distribution agreement

in May. We also see a growing interest from the Nordic countries and Italy. CE-marking process is in its final phase and production is being ramped up in preparation for deliveries under the distribution agreement with Narbonne. We are also already seeing strong interest in our Polaris 5 TLC standby generator for telecom base stations. This product will be launched widely in April 2010, and we are already working on a number of test installations. The common denominator for both products is an innovative construction combining high thermal efficiency with low product and running costs.

In our flow plate business we are currently working on a large number of interesting development projects and industrialization projects with a wide range of customers in different segments.

Despite the large overspend on the Lake Vänern Wind Park project, we are proud that the turbines now in operation have been deemed to be among the best ever produced in Sweden.

Martin Valfridsson, CEO

Financial Performance in summary

SEK m	Third Quarter, July-Sept		Jan-Sept	Jan-Sept
	2009	2008	2009	2008
Net turnover	229.8	101.4	486.1	302.0
Operating loss	-167.6	-55.6	-631.0	-452.7
Loss after financial items	-175.8	-55.1	-639.2	-128.9
Loss after tax	-165.1	-51.2	-598.3	-122.3
Cash flow from operating activities	81.7	-30.3	65.4	81.6
Earnings per share, attributable to parent company shareholders (SEK)	-0.46	-0.33	-1.79	-0.71
	2009-09-30		2009-06-30	2008-12-31
Cash and cash equivalents at balance sheet date*		218.1	140.4	125.0
Equity/assets ratio (%)		47.9	59.8	70.9

Turnover

Consolidated net turnover in the third quarter was SEK 230m (101). Net turnover in the first nine months of the year was SEK 486m (302).

The increase is due to a high level of activity in our remaining wind power business in the second and third quarters. The five remaining turbines in our Lake Vänern Wind Park project have now been raised. Production and preparations in our project for Skellefteå Kraft have been initiated, and the project is proceeding largely according to plan.

Despite the improvement in consolidated turnover, turnover in Morhic Fuel Cells fell 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 -168m (-56) for the third quarter and a loss of SEK -631m (-133) for the first nine months of the year.

The operating loss for the third quarter, and for the first nine months, was partly due to low capacity use in the Group and impairment charges on fixed assets. Profit margins from delivered projects and products are not sufficient to cover the Group's cost base.

Our Fuel Cells segment has continued to expand its production capacity, which will be used for serial production of fuel cells. Serial production is expected to begin in December of this year.

Segment Report

SEKm	Jan-Sept 2009		Jan-Sept 2008	
	Net turnover	Operating profit/loss	Net turnover	Operating profit/loss
Flow plates	3.7	-17.3	1.9	-15.3
Fuel Cells	0.3	-27.8	5.5	-10.6
Electrolyzers	8.6	-52.0	7.9	-10.5
Fuel Processing	1.1	-51.2	8.1	-5.1
Small Wind Turbines	0.0	-24.4	-	-
Wind power	420.6	-301.7	166.6	-41.5
Components	16.4	-7.1	16.6	-0.6
Ship Propulsion	37.1	-82.4	80.7	17.0
Automation	2.3	-15.1	17.9	-8.1
Total segments	490.1	-579.0	305.2	-74.7
Central costs*	1.2	-52.0	0.2	-48.0
Morphic Systems**	0.0	0.0	1.5	-14.8
Elimination of intercompany transactions	-5.2	0.0	-4.9	4.3
Group	486.1	-631.0	302.0	-133.2

*Central costs have not been allocated.

**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	July-Sept 2009	July-Sept 2008	Jan-Sept 2009	Jan-Sept 2008
Net turnover	3.9	12.2	13.7	23.4
Operating loss	-61.1	-13.1	-172.7	-41.6

- Order of fuel cell for tests under water
- Continued review of the strategy for the business area
- Impairment charges on assets in acquired companies

Morphic develops and sells 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. Morphic also offers contract production of other metallic components.

Earnings

The business area reports an operating loss of SEK -61.1m (-13.1) for the second quarter of the year. The operating loss for the period as a whole is SEK -172.7m (-41.6). The increased loss is mainly due to impairment charges on assets in acquired companies, which totaled SEK 147m in the first nine months of the year.

During the quarter the Fuel Cells segment continued to expand its production capacity in preparation for coming series deliveries of fuel cells.

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 still postponing requests for deliveries, which means that the expected turnover will be achieved later than expected.

Events in the Third Quarter

Polish Navy Orders Fuel Cell for Tests in Submarines

During the period Morphic received an order for an entirely new type of fuel cell that will be used in submarine vessels. The fuel cell is being developed in parallel with the industrialization of Max-E-3600, Morphic's fuel cell system for boats, house trailers, motorhomes and other leisure vehicles. The system is also used as a standby generator for telecom base stations.

Delivery of Max-E-3600 to Begin in December

We see a strong interest in this product from the Nordic countries, France, Spain and Italy. In May Morphic signed a distribution agreement with Narbonne Accessoires of France for a portable fuel cell, Polaris 140. If the distribution agreement is used to an extent resulting in sales of at least SEK 48m in 2010 Narbonne will receive exclusivity in a number of markets. The process of obtaining CE certification is now in its final phase and the process of industrialization and ramping up of production has been initiated. The first deliveries are expected to be made in December 2009. This is later than initially announced, due to a modification of the construction, which resulted in a delay in the CE certification process.

Outlook

In a short-term perspective the financial crisis and economic downturn have continued to have an adverse impact on our fuel cell business. 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, fuel cell technology will be required to build the new type of energy-efficient products demanded by the market. It is looking increasingly likely that batteries and fuel cells will be integrated in electric cars, where fuel cells can significantly increase the driving range.

Morphic Wind

SEKm	July-Sept 2009	July-Sept 2008	Jan-Sept 2009	Jan-Sept 2008
Net turnover	225.0	62.3	437.0	183.2
Operating loss	-42.3	-18.7	-308.8	-18.7

- Lake Vänern Wind Park and Uljabuouda going to plan
- Continued restructuring work
- ScanWind sold to GE Energy
- Lars Öhlin appointed new CEO of wind power business

The area comprises production of towers and sales of WinWind Oy's 1-3 MW wind turbines. The offer comprises individual turbines and complete wind parks in the IEC 1-3 wind classes as well as servicing. The operating company is DynaWind AB.

Earnings

Morphic Wind posts an operating loss of SEK -42.3m (-18.7) for the third quarter. The operating loss for the period as a whole was SEK -309m (-19), of which SEK -166m refers to ScanWind. Activities in the area were stepped up significantly in the third quarter, as DynaWind raised the remaining five turbines in the Lake Vänern Wind Park and delivered four turbines to the Uljabuouda wind farm. As total expenditure on the Lake Vänern project will exceed revenues, a provision for estimated project losses has been recognized in the quarterly statements.

Events during and after the Third Quarter

Morphic Technologies AB sold all its shares in ScanWind AS to GE Energy. Morphic held around 80 percent of the company, representing about SEK 104m of the total consideration paid. The transaction resulted in an estimated loss of SEK 135m for the Group. The sale will significantly reduce the Group's cost base and will have a positive impact on cash flow and earnings from the third quarter of 2009. The deal does not include the property in Verdal, Norway, where ScanWind's turbines are produced.

The remaining parts of Morphic's wind power operations were not affected by the deal.

Continued Restructuring and new CEO

Lars Öhlin has been recruited internally as new CEO for Dynawind AB. During a review of Dynawind's Lake Vänern Wind Park project in September it emerged that the projected cost of building the wind farm is expected to be exceeded by up to SEK 30m. Following the disclosure, Dynawind's CEO, Erik Göthlin, stepped down with immediate effect.

During the period Dynawind focused mainly on assembly and commissioning of the ten turbines for the Lake Vänern Wind Park and the first stage (four out of ten turbines) in the Uljabuouda project for Skellefteå Kraft. In the Lake

Vänern Wind Park the first contractual test operation periods were completed, and it was established that the turbines currently in operation are among the best ever to be produced in Sweden. All ten turbines for the Lake Vänern Wind Park are expected to have been completed and handed over to the respective customers by year-end 2009. In the Uljabuouda project on the outskirts of Arjeplog in Sweden's far north the four turbines included in phase one have been assembled. Commissioning, test run periods and handover of the turbines are scheduled to take place in the last few months of 2009.

While continuing to work on the Lake Vänern Wind Park and Uljabuouda projects the company has also provided maintenance and servicing for previously delivered turbines under existing service agreements.

Production of all ten towers for the Lake Vänern Wind Park and four of the ten towers being delivered to the Uljabuouda project has been completed. Production of the remaining six Uljabuouda towers has been initiated and delivery is scheduled for spring 2010.

Outlook

As activities relating to the Lake Vänern Wind Park project are wound up, the company will be placing an increasing focus on service undertakings. This will include development and reviews of the company's partnerships with turbine makers WinWind and Kenersys. Dynawind and Kenersys have jointly concluded that it would benefit both parties to terminate their existing partnership, and an agreement to this effect has been concluded. Dynawind will remain a potential partner for servicing and tower deliveries in future Kenersys orders in Sweden.

Other Business

SEKm	July-Sept 2009	July-Sept 2008	Jan-Sept 2009	Jan-Sept 2008
Net turnover excl. Automation	3.5	20.9	38.3	82.4
Net turnover Automation	0.0	8.1	2.3	17.9
Net turnover Other Business	3.5	29.0	40.6	100.3
Operating loss excl. Automation	-64.1	-20.1	-137.1	-46.6
Operating loss Automation	0.0	-3.7	-12.4	-8.1
Operating loss Other Business	-64.1	-23.8	-149.5	-54.7

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 -64.1m (-23.8) for the third quarter. The operating loss for the period as a whole is SEK -149.5m (-54.7). The increased loss is largely due to impairment of assets in acquired companies due to weaker earnings prospects. Third-quarter

revenues in Aerodyn were very small due to a very weak market.

Comments on the Group's Financial Position

Financial Position

Equity fell by SEK 590m in the first nine months of the year, to SEK 269m. The equity/assets ratio was 47.9 percent (67.5%) and total assets in the Group declined by SEK 651m to SEK 561m over the same period. Cash and cash equivalents at the balance sheet date, September 30, 2009, were SEK 218m, of which SEK 57m refers to frozen assets. Interest-bearing liabilities were SEK 16.6m, a reduction of SEK 49m since year-end 2008.

Cash Flow

Cash flow from operating activities in the third quarter was SEK 82m, which was primarily due to a reduction of working capital as a result of the sale of ScanWind and a temporary reduction of working capital in Dynawind in connection with the end of the quarterly reporting period. Cash and cash equivalents increased from SEK 140m to SEK 218m over the three-month period. Cash flow from operating activities for the first nine months of the year was SEK 65m. In the same period cash and cash equivalents increased from SEK 93m to SEK 218m.

As announced previously, the completion dates for various projects and their milestones have had a big impact on cash flow in the wind power business. 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.

Investments, Depreciation and Amortization

During the period the Group made net investments in tangible fixed assets of SEK 8.6m (79.6). Depreciation of tangible fixed assets was SEK 27.8m (13.1). The Group made investments in intangible assets of SEK 13.9m (13.3). All investments are recognized exclusive of business investments and sales. Amortization of intangible assets during the period was SEK 43.6m (11.3). Impairment losses on consolidated intangible assets were SEK 301m, of which SEK 58m (0) refers to the third quarter. Tangible assets were written down by SEK 106m (0), of which SEK 31m (0) refers to the third quarter.

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.

The sale of Morphic's shareholding in ScanWind was completed in the third quarter. Morphic acquired its stake in ScanWind in 2008 for SEK 231m and sold it for SEK 104m. During that period Morphic injected a further SEK 39m into ScanWind to cover losses. The sale incurred costs of SEK 15m. Morphic's roughly one-year involvement in ScanWind has reduced consolidated equity by about SEK 180m.

Personnel

The Group's personnel costs during the period were SEK 125m (126) and the total number of employees at the end of the period was 159, representing a reduction of 35 percent on year-end 2008. In the third quarter the number of employees dropped by 43, of which 36 refer to ScanWind.

Parent Company

The parent company posts a loss after tax of SEK -597m (-27) for the first nine months of the year. The increased loss is mainly due to impairment of the parent company's assets in subsidiaries and charges to cover losses in the subsidiaries totaling SEK 559m. The after-tax loss in the third quarter was SEK -235m (-9) after impairment losses and charges to cover losses in the subsidiaries totaling SEK 219m.

During the period the parent company invested SEK 1.7m in fixed assets, of which about SEK 1.6m refers to patents. Available cash and cash equivalents in the parent company at the balance sheet date were SEK 127m, of which SEK 7m refers to frozen assets. The equity/assets ratio was 95 percent.

Share Capital

A Shares Converted into B Shares

During the period owners of 4,708,000 class A shares in Morphic asked to have their A shares converted into B shares. Following the conversion there were 7,260,000 A shares and 353,254,044 B shares in Morphic. The total number of votes in the company following the conversion was 42,585,404.4. The total number of shares in Morphic, including A and B shares, remains unchanged at 360,514,044.

Share Price Performance

In the third quarter Morphic's share price fell by 51.2 percent. In the same period the OMXSPI index gained 14.6 percent. The highest price paid during the period was SEK 1.32 and the lowest price paid SEK 0.57. At the end of the period Morphic had a market capitalization of SEK 216.3m. During the period 164.7m B shares were traded for a value of SEK 147.9m. This is equivalent to a turnover rate of 171 percent.

Incentive Schemes

The market-based warrant scheme from 2006 giving warrant holders the right to subscribe for 1.37 shares at a price of SEK 11.70 expired on October 31, 2009.

A staff stock option scheme (2008/12) expiring on May 13, 2013 will in future give holders of stock options the right to subscribe for 1.29 B shares in Morphic at a price of SEK 12.40.

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. At September 30, 2009 the patents had a book value of SEK 2.6m after an impairment loss of SEK 3m in the third quarter.

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.

2010 Annual General Meeting

The Annual General Meeting will be held on May 25, 2010 in Stockholm.

The Nominating Committee for the 2010 AGM

In accordance with the decision taken at Morphic's Annual General Meeting in May 2009, a Nominating Committee will be appointed prior to the 2010 AGM.

The Nominating Committee will consist of representatives of the five shareholders holding the largest number of votes in the company as well as the Chairman of the Board, Staffan Ahlberg.

At the last business day in September 2009 the five shareholders holding the largest number of votes were Mariégården Investment AB, Kåre Gilstring, Jan Alvé, the Foundation for Baltic and East European Studies (Östersjöstiftelsen) and Kjell Östergren. These have appointed one representative each, as follows:

Members of the Nominating Committee:

Staffan Ahlberg, Chairman of the Board.

Kåre Gilstring, representing Mariégården Investment AB and for own account.

Jan Alvé, for own account.

PO Edin, representing Östersjöstiftelsen.

Börje Vernet, representing Kjell Östergren.

The five owner representatives of the Nominating Committee together represent about 30 percent of the total number of votes in the company.

Shareholders who wish to submit proposals to Morphic's Nominating Committee may do so by e-mail to: valberedningen@morphic.com or by mail to the following address:

Morphic Technologies AB,
Attn: Valberedningen, Gammelbackavägen 6,
691 51 Karlskoga, no later than 25 March 2010

Outlook for 2009

The first nine months of 2009 have been challenging. Morphic has responded to the internal turbulence and falling demand in the market by cutting costs, laying off staff, including temporary lay-offs, and postponing investments. Morphic's growth rate is expected to pick up as government stimulus packages around the world start to have an effect on investments in green technology and wind power.

Risks and Uncertainties

As a corporate group with a certain geographic exposure, Morphic is exposed to a number of commercial and financial risks. Commercial risks can be divided into strategic, operational and legal risks. Financial risks relate primarily to exchange rates, interest rates, liquidity and raw materials. On top of this, there are also risks relating to the funding of the business. For a detailed description of risks and risk management, see the annual report for 2008 and the company's website, www.morphic.se.

Consolidated Income Statement

SEKm	July-Sept 2009	July-Sept 2008	Jan-Sept 2009	Jan-Sept 2008
Operating income				
Net turnover	229.8	101.4	486.1	302.0
Change in inventories	-32.9	-13.3	-36.9	-7.2
Capitalized production costs	5.2	4.8	10.3	8.4
Other Operating income	3.1	8.9	11.6	16.3
Total income	205.2	101.8	471.1	319.5
Operating costs				
Purchase of goods and services	-238.2	-74.1	-448.9	-219.3
Other external costs	-25.8	-28.9	-84.5	-89.8
Personnel costs	-35.5	-36.0	-125.3	-100.8
Depreciation and amortization of tangible and intangible fixed assets	-102.8	-18.4	-464.5	-42.8
Capital loss	29.5	-	21.1	-
Total operating costs	-372.8	-157.4	-1102.1	-452.7
Operating loss	-167.6	-55.6	-631.0	-133.2
Profit/loss from financial investments				
Financial income	0.6	4.1	6.1	11.1
Financial expenses	-8.8	-3.6	-14.3	-6.8
Loss after financial items	-175.8	-55.1	-639.2	-128.9
Tax on profit for the year	-	-	-	-
Deferred tax	7.4	1.9	12.8	4.5
Minority interest	3.3	2	28.1	2.1
Loss for the period	-165.1	-51.2	-598.3	-122.3
Earnings attributable to parentcompany shareholders divided by average number of shares, before and after dilution (SEK)	-0.46	-0.33	-1.79	-0.71
Weighted number of shares during the period	360 514 044	153 464 800	334 964 116	173 299 609
Total number of shares at the end of period	360 514 044	163 872 022	360 514 044	163 872 022

Statement of Comprehensive Income

SEKm	July-Sept 2009	July-Sept 2008	Jan-Sept 2009	Jan-Sept 2008
Loss for the period	-168.4	-440,0	-626.4	-511.2
Other income and expense items recognized in equity				
Cash flow hedges recognize through equity	-	-	-	-
Translation differences	-21.5	3.3	2.1	3.6
Option program -Personell	1.6	-	1.6	-
Tax attributable to comprehensive income	-	-	-	-
Other comprehensive for the period	-19.9	3.3	3.7	3.6
Comprehensive income for the period	-188.3	-436.7	-622.7	-507.6
Comprehensive income for the period attribute to:				
-Parent company shareholders	-181.2	-438.2	-617.8	-507.4
-Minority interests	-7.1	1.5	-4.9	-0.2

Consolidated Statement of Changes in Equity

SEKm	juli-sep 2009	juli-sep 2008	jan-sep 2009	jan-sep 2008
Opening balance	456.9	635,0	858.9	673.4
Share offerings	0,0	125.3	32.4	125.3
Comprehensive income for the period	-188.3	-436.7	-622.7	-507.6
Total Shareholders equity at the end of period	268.6	323.6	268.6	291.1

Parent Company Income statement

SEKm	July-Sept 2009	July-Sept 2008	Jan-Sept 2009	Jan-Sept 2008
Operating income				
Net turnover	0.4	1.5	1.2	1.7
Total income	0.4	1.5	1.2	1.7
Operating costs				
Purchase of goods & services	-0.1	-1.6	-0.1	-2,0
Other external costs	-11,0	-7.5	-25,0	-24.7
Personnel costs	-4.8	-7,0	-21.5	-20,0
Depreciation and amortization of tangible and intangible fixed assets	0,0	-2,0	-3.6	-3,0
Total operating costs	-15.9	-18.1	-50.2	-49.7
Operating loss	-15.5	-16.6	-49,0	-48,0
Profit/loss from financial investments				
Financial income	2.4	8.9	12.4	22.7
Financial expenses	-221.7	-1.4	-560.7	-2.1
Loss after financial items	-234.8	-9.1	-597.3	-27.4
Tax on profit for the period	-	-	-	-
Loss for the period	-234.8	-9.1	-597.3	-27.4

Consolidated Balance Sheet

SEKm	Sept 30, 2009	Dec 31, 2008
Fixed assets		
Intangible fixed assets	38.8	434.3
Tangible fixed assets	78.0	201.9
Financial fixed assets	0.4	0.5
Total fixed assets	117.2	636.7
Current assets		
Inventory of finished goods	17.2	32.3
Current receivables	208.1	417.7
Cash and cash equivalents	218.1	125.0
Total current assets	443.4	575.0
Total assets	560.6	1211.7
Equity and liabilities		
Shareholders' equity		
Sharecapital	14.4	13.1
Other contributed capital	1391.1	1328.7
Other reserves	3.3	9.6
Accumulated deficit	-1145.6	-544.4
Minority interest	5.4	51.9
Total Shareholders' Equity	268.6	858.9
Long-term liabilities	25.4	120.8
Current liabilities	266.6	232.0
Total liabilities	560.6	1211.7
Assets pledged as security ³⁾	191.0	235.4
Contingent liabilities * 3)	123.1	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 Morphe Wind

Parent company Balance sheet

SEKm	Sept 30, 2009	Dec 31, 2008
Fixed assets		
Intangible fixed assets	6.2	8.3
Tangible fixed assets	1.4	1.7
Financial fixed assets	233.4	738.4
Total fixed assets	241.0	748.4
Current assets		
Current receivables	12.9	104.7
Cash and cash equivalents	119.7	83.4
Total current assets	132.6	188.1
Total assets	373.6	936.5
Equity and liabilities		
Shareholders' equity		
Sharecapital	14.4	13.1
Other restricted reserves	295.2	294.1
Unrestricted reserves	46.1	612.4
Total share holders' equity	355.7	919.6
Provisions	0.3	0.2
Long-term liabilities	0.5	-
Current liabilities	17.1	16.7
Total liabilities and equity	373.6	936.5
Assets pledged as security	6.8	75.5
Contingent liabilities	71.9	208.1

Consolidated Cash Flow Statement

SEKm	July-Sept 2009	July-Sept 2008	Jan-Sept 2009	Jan-Sept 2008
Operating activities				
Operating profit/loss before financial items 1)	-167.6	-55.6	-631.0	-133.2
Items not affecting liquidity	71.1	27.6	443.4	42.8
Net financial items	-8.7	-0.3	-8.2	4.3
Income tax paid	0.1	0.5	1.9	0.9
Cash flow from operations before changes in working capital	-105.1	-27.8	-193.9	-85.2
Increase/decrease in current assets	169.8	94.4	224.7	63.9
Increase/decrease in current operating liabilities	17.0	-116.9	34.6	82.9
Cash flow from operating activities 2)	81.7	-50.3	65.4	61.6
Investing activities				
Investments in intangible assets	-6.7	-37.1	-13.9	-50.4
Investment in tangible assets	-2.9	-26.4	-8.6	-79.6
Divested assets	0.0	0.0	0.0	0.0
Investments in subsidiaries	0.0	0.0	0.0	0.0
Subsidiaries sold	71.0	0.0	92.3	0.0
Other financial investments	0.0		-0.1	
Cash flow from investing activities 3)	61.4	-63.5	69.7	-130.0
Financing activities				
Share Offerings	0.0	3.5	32.4	128.8
Loans received	0.0	28.9	0.0	70.0
Repayment of loans	-65.4	-1.2	-74.4	-13.2
Increase/decrease of current financial liabilities				
Cash flow from financing activities 4)	-65.4	31.2	-42.0	185.6
Cash flow for the period	77.7	-82.6	93.1	117.2
Cash and cash equivalents at the beginning of the period	140.4	204.8	125.0	5.0
Cash and cash equivalents at the end of the period	218.1	122.2	218.1	122.2

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.

Morphic Technologies prepared the previous 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. Most of the assets recognized in compliance with IFRS 5 were sold in the third quarter. There are no plans to sell the remaining assets, and there are therefore no longer any operations requiring application of IFRS 5. IFRS 5 has therefore not been applied in this report.

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

	Jan-Sept 2009
Belopp i Mkr	Divestments*
Intangible fixed assets	15,0
Other Fixed assets	26.9
Total fixed assets	41.9
Total current assets	41.7
Total assets	83.6
Total long-term liabilities	0,0
Total short-term liabilities	-49.6
Total liabilities	-49.6
Total net assets	34,0
Total acquisition cost/divestment cost	-18.5
Goodwill	-55.5
Divested Net assets	-34,0
Result of Divestment transactions	107.1
Consolidated loss	-0.9
Result of Divestment transactions	107.1
Total acquisition cost/divestment cost	-18.5
Adjustment for cash and bank balances in acquired/divested entities	-17.6
Cashflow from acquisitions/divestments	71,0

*Divestments intend Dynamis och Wellpower (Scanwind)

Karlskoga, 25 November 2009
Morphic Technologies AB (publ)

Martin Valfridsson, President and CEO, on behalf of the Board of Directors

Future Reporting Dates

- Year-End Financial Statement 2009 February 5, 2010
- Interim Report for the First Quarter of 2010 May 17, 2010
- Annual General Meeting 2009 May 25, 2010

The information in this report constitutes information that Morphe 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 November 25, 2009 at about 4 p.m. CET.

Review Report

We have reviewed the report of Morphe Technologies AB for the period January 1 to September 30, 2009. Responsibility for preparing and presenting this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act rests with the Board of Directors and President. Our responsibility is to express a conclusion on this interim financial information based on our review.

We have conducted our review in accordance with the Standard on Review Engagements (SÖG) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is significantly more limited in scope than an audit conducted in accordance with the Standards on Auditing in Sweden (RS) and other generally accepted auditing standards. The procedures employed in a review do not enable us to obtain a level of assurance that would make us aware of all significant circumstances that would have been identified in an audit. The conclusion expressed in a review therefore does not provide the same level of assurance as a conclusion based on an audit.

Based on our review, nothing has come to my attention that would give us reason to believe that the interim financial information has not, in all material respects, been prepared, as regards the Group, in accordance with IAS 34 and the Annual Accounts Act and, as regards the parent company, in accordance with the Annual Accounts Act.

Stockholm, 25 November 2009
PricewaterhouseCoopers

Michael Bengtsson
Chief Auditor