

- Net turnover for the fiscal year totalled MSEK 143.7 (38.6)
- Income after tax totalled MSEK -66,9 (-24,6). The decline in income is partly due to the significant increase in personnel in preparation for expansion and global marketing and sales, initiated global market activities, and high costs for the initial stages of tower manufacturing.
- Earnings per share totalled SEK -0.59 (-0.27).
- Liquid assets on close day MSEK 206.3 (88.5).

Important Events During the Fiscal Year

- Five collaboration agreements and six test orders for fuel cells signed.
- Exclusive licensing agreement signed for manufacture and sale of WinWinDs wind power turbines in Sweden.
- Key patent granted in the US.
- Materials-handling system SensActive™ launched.
- Major expansion in management and personnel begun.

Important Events During the Fourth Quarter

- MSEK 229 order received for wind park.
- Four test orders received for flow plates within the automotive industry and within portable electronics.
- Preferential rights issuance and three directed share issues resulting in approximately MSEK 297 before issuance costs.

Important Events After Year End

- Test order received for outsourced production within telecom
- Test order received for flow plates from global electronics manufacturer
- Order received from Haldex for materials-handling system Sensactive™
- MSEK 234 order received for wind-park
- Extraordinary general meeting elected Eva-Lotta Kraft and Lars Olof Nilsson as Board Members

This is Morphic

Morphic Technologies is a growing industrial Group operational in fuel cells, wind- and hydroelectric power as well as production technology. The company's growth opportunities are in conjunction with large technological advancements, high oil prices, and a global desire to decrease dependency on oil. Beside the parent company, the group consists of the following six subsidiaries: Aerodyn AB, Cell Impact AB, Dynamis AB, DynaWind AB, Finnshyttan Hydro Power AB, as well as Morphic Business Development AB. Operations are located in Karlskoga, Filipstad, Kristinehamn, and in Gothenburg, Sweden. There are approximately 110 employees. As of 1 September 2004 Morphic Technologies class B shares have been listed on the First North, Stockholm Stock Exchange, with Remium Securities as a Certified Advisor. The number of shareholders totals approximately 21,000. Morphic Technologies adopts a split financial year from between 1 May 30 April.

Q4 period and any references to "fourth quarter" refer to the fourth quarter of the fiscal year, 1 February 2007 – 30 April 2007.
2006/07 or 06/07 refers to the latest fiscal year, 1 May 2006 – 30 April 2007.
2005/06 or 05/06 refers to the preceding fiscal year, 1 May 2005 – 30 April 2006.

TRANSLATION DISCLAIMER

This document is a translation from the Swedish original. No guarantees are made that the translation is free from errors.

Financial Performance During the Fiscal Year

- Net turnover: MSEK 143.7 (38.6)
- Income after tax: MSEK -66.9 (-24.6)
- Liquid assets as of reporting date: MSEK 206.3 (88.5)
- Investments in tangible assets: MSEK 37.2 (12.8)
- Investments in intangible assets: MSEK 14.8 (5.6)
- Equity ratio: 73.2% (83.6%)

Turnover

The group's net turnover for the financial year totalled MSEK 143.7 (38.6). The increase derived primarily from sales from the acquired segment in the subcontracting of ship propellers and wind power entered into the groups' accounts since December 2005.

Sales of flow plates for fuel cells, heat exchangers, and subcontracting of metal components remain negligible and have during the current year principally consisted of a series of tests before expected volume production. Even sales within the hydroelectric power segment have during the year been limited to the results of production installations temporarily made available for the production of towers for wind power stations in advance of the manufacture of new towers that will be put into operation in September 2007.

Income after Tax

Income after tax for the financial year was MSEK -66.9, which was a decline when compared with the previous year (-24.6). The negative income is mostly because the group has increased costs with regards to the new recruitment of key personnel and recruitment for growth. In addition, income has been negatively affected due to increased costs for global marketing activities as well as higher start-up costs for the upcoming tower production in Finshyttan.

Financial Position

Shareholders' equity has risen to MSEK 441.1 (216.8). The equity ratio as of reporting date amounted to 73.2% (83.6%). The group's total assets increased to MSEK 602.6 (259.2). The change in shareholders' equity is explained by the implementation of new share issue of around MSEK 297 before issuance costs. Liquid assets amounted to MSEK 206.4 (88.6) as of 30 April 2007.

Cash Flow

During the year there was 142% increase in negative cash flow from ongoing operations before changes to working capital to MSEK -44.7 (-18.5), which corresponds to SEK -0.33 (-0.17) per share.

Capital Expenditure and Depreciation

The group's net capital expenditure amounted to MSEK 52.1 (18.4) during the year. The increased material expenditure for the year derives amongst others from investments in new factory for the production of towers for wind power stations for DynaWind and expenditure in a new production line for the manufacture of flow plates designed for the transportation and the automotive industries. The group's expenditure in intangible assets totalled MSEK 14.8 (5.6).

Depreciation for the period was MSEK 19.0 (6.4).

Personnel

Personnel costs amounted to MSEK 61.7 (22.2). The number employed totalled 118 (92) at year end, an increase during the year of 26 employees. The increase in costs can mainly be explained by the recruitment of key employees and personnel for all of the group's six subsidiaries.

Market Development in 2006/2007

Energy technology that ensures energy availability while decreasing dependency on fossil fuels is the common denominator between all areas of operation within the Morphe Group. When considering the different operational areas, the market differs in customer groups as well as geography. Growth within fuel cells and wind power continued to be very strong during the year. During 2006 alone, global wind power capacity increased by 27% as compared with the previous year. Fuel cells have as of yet to experience a commercial break-through in the mass market. The prototype and test market, however, is considerable and later during the year, more and more concrete products and adaptations have been realized. In terms of size, value and environmental impact, the largest potential lies within the transportation and automotive sectors. Development, however, is quickest within portable electronics where fuel cells present a very good alternative to today's traditional batteries.

Growing global energy needs combined with high oil prices and a desire to decrease dependency on oil and other fossil fuels are all contributing factors. Parallel to this development, technological development in wind power and fuel cells have reached a level where these technologies are competitive, in terms of commercial viability and performance. Both markets are globally relevant with limited seasonal fluctuations.

Hydroelectric power has also experienced strong growth in recent years. Comprehensive investments in modernization and restoration are the driving forces. Seasonality is limited but compared with the wind power and fuel cell markets, the market is relatively locally based.

Financial Development for Q4

Turnover

Net turnover during the quarter totaled MSEK 57.1 (31.6). The increase was largely due to sales from the wind power, production technology and ship propulsion segments. The fuel cell segment is still characterized by smaller test orders that are being evaluated in expectation of mass production.

Income After Tax for Q4

The income after tax for the fourth quarter was MSEK -28.8, which is a decrease compared with the previous year MSEK -5.6.

Investments

Net investments totalled SEK 15.2 million during the quarter.

Cash flow

During the quarter, operations generated a negative cash flow. A preferential rights share issue and two directed issuances generated MSEK 275.5 before issue costs. On the closing day, 30 April 2007, the company's liquid assets such as cash and cash equivalents totaled MSEK 206.4.

Fuel Cells

- Comprehensive portfolio of test orders and business agreements for production of flow plates
- Sales organisation established
- Intensified market activities in Asia, Europe, and USA
- Development of energy systems based on fuel cells and renewable energy sources

With virtually non-existent negative environmental impact and a superior energy exchange, fuel cells could potentially replace the majority of today's energy systems. Morphe has developed technology making it possible to manufacture essential fuel cell components considerably cheaper, quicker and higher quality than ever before.

Financial Development for the Period

Area sales are still considered to be negligible and have consisted throughout the year of test series in expectation of mass production. Costs for newly recruited personnel and global marketing campaigns have been executed while investments have been made in production equipment for flow plates.

Flow Plates

During the fiscal year, the sales organisation has been strengthened resulting in a number of business agreements being signed around flow plates:

- Five cooperation agreements have been signed with the Chinese automotive industry of which one has been received during Q4.
- Test orders have been received from two world-leading automobile manufacturers during Q4.
- Four test orders have been received within portable electronics, of which two were received during Q4.

All collaboration agreements and test orders are intended, together with the clients, to evaluate Morphe's production process as well as adapting the client's designs for mass production. Positive evaluations are expected to lead to series manufacturing in fiscal year 2007/08.

Following period end, a decision was made to establish a customer center for fuel cell component production in the Tokyo area. Customers from all Asian markets will be offered production and adaptation of flow plates to their fuel cells at the facility.

During the year, the automotive industry has demonstrated that it would like to introduce fuel cell vehicles in three to five years. The Chinese vehicle industry in particular has demonstrated an increased pace and opportunity for earlier market introductions. The need to secure component availability in increased volumes is great. New regulations that allow fuel cells onboard flights and an increased energy requirement within portable electronics is driving the development of mobile fuel cells forward.

Fuel Cells Combined with Wind-Power

The development of Morphe's own energy system, based on wind power in combination with fuel cells, has continued for the entire financial year. The energy system makes use of electricity from, for example, wind power and stores it in the form of hydrogen or methanol that can be used to extract the electricity at a later occasion. As a part of Morphe's pilot system, a wind power station has been developed and raised during the financial year. After the year's end fuel cells and storage systems have been installed. In the initial phase, conventional fuel cells are used together with an electrolyser for hydrogen. The energy system is intended to be extended to use ethanol or biogas as well as be equipped with a methanol fuel cell and Morphe's proprietary and patent-pending energy converter.

Wind Power

- An exclusive license was obtained for the production and sale of WinWinDs wind power stations in Sweden.
- During the financial year four 1 MW and seven 3 MW orders have been received. An additional five 3 MW wind turbines has been sold after year end.
- Order for, and initiation of, production of a complete wind park.
- Investment in increased production capacity and a new production facility.

Wind power is experiencing a strong expansion in Sweden and is expected to contribute to the majority of the increase within renewable electricity production over the coming years. Morpic provides single turbines as well as complete wind parks. Wind-power activities are conducted by the subsidiary DynaWind AB, employing nine people.

Financial Development for the Period

During the financial year the first wind turbines have begun to be invoiced within the frame of the licensing agreement with WinWinD. A smaller part of the total order is invoiced directly upon receipt of the order. Thereafter the majority of the remaining amount will be invoiced six months before delivery and finally upon delivery itself. The final part of the invoice will be made once trial operations have been approved.

Investments have also been made during the financial year in a new factory for tower manufacture.

Exclusive License for the Manufacture and Sale of WinWinD's Wind Turbines

Morphic has signed a partnership agreement with the Finish wind technology company WinWinD Oy that provides the exclusive right to market, produce, and sell WinWinD's wind power stations in the product range of 1 and 3 MW in Sweden. The partnership applies to Morpic's subsidiary DynaWind AB.

Orders for Complete Wind Parks

Morphic's subsidiary, DynaWind AB, has received an order for a complete wind park. The order for the first half of the park was received during the financial year and the order for the second half after the year end. Both orders comprise the total delivery and installation of 10 wind power stations of 3 MW each for the Vänern Wind Park located at Gässlingegrund on Lake Vänern.

The value for the first part of the order totals MSEK 229 and for the second part, MSEK 234. The construction of the wind park will take place in cooperation with PEAB and has been initiated in 2007. The delivery of the wind park is planned for 2008 and 2009.

Investment in Increased Production Capacity and New Production Plant

In order to meet the increased demand for wind power stations investment has been made in increased production capacity including a new production plant in Kristinehamn. The new plant is intended to come on line in September 2007 and has the capacity corresponding to 100 towers per year.

Hydroelectric Power

- Modernizing of Sweden's largest hydroelectric power station

Hydroelectric power is the hub of Sweden's energy supply and during the coming years ongoing investments are expected in modernization and increasing efficiency. Since the acquisition of Aerodyn, Morpic has become the leading operator in the segment for maintenance and service of hydroelectric power stations. The operations are conducted by the subsidiary Finshyttan Hydro Power AB, employing 34 people.

Financial Development for the Period

Sales within the hydroelectric power segment for the year were limited as a consequence of the manufacturing facility temporarily being made available for the production of towers for wind turbines whilst waiting for the new tower manufacturing facility to come online in September 2007.

The negative result derives from the writing down of earlier activated development costs in respect to the production of wind turbine towers. The developments occurred when wind and hydroelectric power were an integrated part of Aerodyn's operations and have, because of organisational history, been entered into the accounts under hydroelectric power.

Order for Renovation of Unit No. 5 of Sweden's Largest Hydroelectric Power Station

Morphic's subsidiary, Finshyttan Hydro Power AB, has received and order for the renovation and modernization of unit No. 5 of the hydroelectric power station Harsprånget, on the Lule River. The order was received from Vattenfall AB Vattenkraft.

Production Technology

- High order intake for ship propellers
- Launch and strategic order intake for SensActive™
- Test order for manufacture of components

Production Technology operations involve the subcontracting of ship propellers and other large components. The area is also responsible for the development and sales of machines for cost effective production of components based on Morpic's high-speed processes. Operations are conducted by the subsidiaries Aerodyn AB, Cell Impact AB, Dynamic AB, as well as Finshyttan Hydro Power AB.

Financial Development for the Period

The business area comprises the segments Ship Propulsion and Production Technology, where ship propulsion relates to the larger part of both net turnover and income. Compared with the previous year, net turnover and income have increased strongly, since ship propulsion was not part of the business area in the previous financial year.

Sales from the subcontracting production of metal components through high-speed processes is still limited, whilst sales of the automation system SensActive™ commenced during the latter half of the financial year.

High Intake of Ship Propeller Orders

The international shipping industry continues to be at full capacity. Morpic's subsidiary, Aerodyn, has during the period continued to have high bookings of blades and hubs for manufacturers of propulsion systems for ships. The order intake as well as the capacity usage is high. The company has orders with deliveries that stretch into 2008.

Launch of SensActive™

In October, Morpic's subsidiary Dynamis launched SensActive™, a unique measuring and materials-handling system. SensActive™ makes it possible for robots to pick and handle an object directly from a pallet, which has not been possible earlier. The system can also check an object's dimensions with high accuracy in order to verify that all tolerances are fulfilled. The object can lie completely unsorted in packaging, even in a heap, because a three-dimensional measuring technique is used. The one-of-a-kind technique is expected to set a new standard within the manufacturing industry with regards to the handling of material.

Dynamis is currently completely focused on becoming a global systems supplier around its proprietary and patented measurement and material handling system SensActive™. The activity around high speed processes, comprising subcontracting and machine manufacturing, was moved after the year end to the subsidiary Cell Impact.

Test Order for Components for Telecommunications

Cell Impact has, after year end, received an order for the manufacture of a component from an international customer within telecommunications. The component is part of a prototype and following a positive evaluation will result in mass production starting in 2008.

Cell Impact's main area of work is to manufacture flow plates for fuel cells and heat exchanges. For this the company currently has a specially suited production line, with an additional line to be installed this year, specifically designed for vehicles.

During Cell Impact's marketing of its manufacturing process for flow plates, interest has been shown for making use of the process for other, related components. Following the takeover of subcontracting and machine manufacturing from the subsidiary Dynamis, Cell Impact has broadened its portfolio to a complete offering of services within the area of high-speed processes.

The Parent Company

The net turnover for the financial year totaled MSEK 4.7 (1.6) with an income before tax of MSEK -22.6 (-17.3). During the financial year the parent company has made investments in fixed assets of MSEK 74.6 (95.). The parent company's unappropriated earnings totalled, as at reporting date, MSEK 201.8 (88.6), with an equity ratio of 99% (83%).

Intellectual Property

- Key patent granted in USA

Morphic's patent portfolio comprised, as of reporting date, 14 inventions which have all been granted patents in Sweden and the majority of them in additional lands and regions. Morpic's strategy for intellectual property aims to protect the company's core technology and its applications. The company is currently seeking patent protection, pattern protection, and trademarks in different regions for developed techniques, methods, and processes in the cases where they are deemed to strengthen the company's defence against infringement.

Key Patent Granted

The company has received a US patent for its method of preventing harmful rebound within high-speed processes. The patent is valid until 2022. The new patent strengthens the defence for the company's products in the USA in the area of forming material with high-speed processes. The method prevents an already shaped object from being damaged by a rebound. It is a prerequisite for making use of high-speed processes, for example in manufacturing of high quality flow plates for fuel cells. Morpic has earlier been granted the patent on the method in Sweden, Europe, and China, among others.

Disputes

Neither Morphic Technologies nor its subsidiaries find themselves to be in the position of having a dispute, being in court proceedings, or arbitration at the time that this interim report was written.

Business Development and Acquisitions

During the period the subsidiary Morphic Business Development has been established where all the group's R&D projects are conducted. The company is now being strengthened in order to handle the sale and volume production of the energy system so that the company is seeking a CEO, development director, and marketing director.

General Meetings of Shareholders

During the financial year two extraordinary general meetings of shareholders have been held, in addition to the annual general meeting. An additional general meeting has also been held after the period's close.

Annual General Meeting, 30 October 2006

The annual general meeting adopted the income and balance sheet for the parent company and group, and decided to carry the accumulated losses in the parent company forward. The Board of Directors CEO was discharged from liability for the financial year 2005/2006. The board was authorised that with divergence from the shareholders' preferential rights they could make the decision with regards to new issuances corresponding to a dilution of around 8.2 percent. The board has the opportunity to secure the company's capital needs with an expansion and to implement strategic acquisitions.

Extraordinary General Meeting of Shareholders, 1 June, 2006

At the meeting the it was decided to adjust the articles of association, authorize the board for a direct placement, and to introduce an incentives programme for all employees.

Extraordinary General Meeting of Shareholders, 1 February, 2007

The meeting decided to authorize the board to implement a preferential share issue for existing shareholders as well as a direct issuance to The Foundation for Baltic and East European Studies.

Extraordinary General Meeting of Shareholders, 27 June, 2007

The meeting decided to elect Eva-Lotta Kraft and Lars Olof Nilsson to the board. The meeting further decided that all board members that are not employees in the company will receive an annual directors' remuneration of SEK 200,000. The remuneration will start from the extraordinary general meeting on the 27 June 2007 and will for the time up until the next annual general meeting be adjusted in proportion to appointment's length.

New Issuances

- 27,376,453 new shares have been issued.
- 2,970,000 options have been issued as an incentives programme for all employees.
- The company has received in total around MSEK 297 before issuance costs.

Direct Issuances

During the first quarter a direct issuance was carried out with the support of the authority from the extraordinary general meeting of shareholders of 1 June 2006. The company raised total funds of around MSEK 21 before issuance costs through an issuance of 2,636,000 B-shares. The aim of the issuance was to secure both the investments and the acquisition in relation to the newly occurring growth opportunities for the group.

During the third quarter Morphic's board came to a decision, with the support of the annual general meeting of shareholders, to implement a direct issuance. The aim was to strengthen Morphic's capital base and at the same time increase the institutional ownership of the company with 10 million B-shares at a rate of SEK 13 issued directly to Alecta and Swedbank Robur.

At the extraordinary general meeting of shareholders of 1 February 2007 a decision was made to implement a new issuance with preferential rights for the company's shareholders. Three million B-shares have been issued directly to The Foundation for Baltic and East European Studies an issue price of SEK 11.

Preferential Issuance

At the extraordinary general meeting of shareholders of 1 February 2007, the decision was made to implement a new issuance with preference for the existing shareholders. The shareholders that on record day, 9 February, were entered in the share register were entitled to a new share at the issue price of SEK 10.

The Morphic Share

Morphic's class B shares have been listed on First North of the Stockholm Stock Exchange since 12 June, 2006. B-shares were earlier traded on the New Market from September 2004. The company's certified advisor on First North is Remium AB.

During the financial year 1 May 2006 – 30 April 2007 the share price has increased by 114%, compared with the OMXSPI that only increased by 22% over the same period. The highest paid price for the period was SEK 30 and the lowest was SEK 7.80. Morphic's market capitalisation at the period's close was MSEK 3,478. During the period there has been a turnover of 180,798,807 B-shares.

During Q4, February-April 2007, the share price has increased by 37% compared with the OMXSPI that increased by 8% over the same period. The highest paid price for the period was SEK 30 and the lowest was SEK 19.60. Morphic's market capitalisation at the period's close was MSEK 3,478. During the period there has been a turnover of 88,014,522 B-shares.

Change to the Nordic List

The expected continued high growth rate also assumes adequate access to the capital markets. In order to increase interest in Morphic, increase the share's liquidity, and thus an effective pricing of the share, as well as attract new categories of shareholder, the company now seeks to take the natural step in the development as a listed company through seeking a listing on the Nordic List.

Share Capital

As of closing day, 30 April 2007, the number of outstanding shares amounted to 136,744,996 of which 5,984,000 are A-shares and 130,760,996 are B-shares. The number of shareholders amounted to around 21,000.

Incentives Programme

The board of directors decided on 4 July, on condition of the annual general meeting's approval, to issue 3,300,000 share options that give each participant the right to subscribe to a new B-share at a price of SEK 16. The issuance is directed to key people and personnel within the Morphic Group. Subscription has amounted to a total of 2,970,000 share options. The share options can be exercised for subscription between 1 October 2009 and 31 October 2009. The conditions for subscription have been approved after the implementation of a preferential issuance in March 2007. Each option gives the right to subscribe to 1.06 new shares at a share price of SEK 15.10. If all the subscribed options are exercised for subscription to shares, it will result in the increase of share capital by SEK 125,928, corresponding to a dilution of 2.3%.

Annual General Meeting 2007

The annual general meeting for Morphic Technologies AB (publ) will take place in Gothenburg on 19 October 2007.

The Annual Report

The company's annual report is estimated to be published in September 2007 and can be accessed at the company's website www.morphic.se or ordered from the company. To lower the costs and reduce the environmental impact, shareholders must request a printed annual report if they desire one.

Proposed Dividend

The board proposes that no dividend be issued for fiscal year 2006/07.

Future Prospects

The common denominator for all operating areas is an increased demand on energy solutions that guarantee the energy supply and minimise the effects of fossil fuels. For Morphic this means that the development within the energy area offers significant opportunities. Within the fuel cell area the aim is to establish the Company with a long-term strategic partner and a leading global subcontractor of flow plates. Within the area of wind power the company's objective is to expand activities in line with the market's growth. The ambition is to maintain the present market position of 20-25% of the business area within Sweden.

With regards to present projects we also want to secure the delivery capacity in other critical areas in addition to the production of larger wind power towers, partly enabling development and the commercialising of small wind parks of 20 to 50 kW. Within fuel cell manufacturing a marketing organisation in Europe and North America is being built up, in addition to the ongoing establishment in Asia. The company will also further develop and further speed up the development and commercialisation of the company's energy system. Introductory sales of the pilot construction are expected to take place during the autumn of 2007.

The extraordinary general meeting of shareholders after the close of the financial period voted Eva-Lotta Kraft and Lars Olof Nilsson in as new members on Morphic Technologies board. The strengthening of the board of director's competence looks partly towards the company's future operational challenges and partly towards the planned listing on the Nordic List during the autumn of 2007.

The growth target of attaining better profitability by achieving at least MSEK 2,000 in turnover for fiscal year 2008/09 remains and reflects the group's unique market position as well as the favourable conditions for finding revenue within the business activities.

Accounting Principles

This interim report has been prepared in accordance with *IAS 34 Interim Financial Reporting*, in accordance with those requirements set by the Swedish Financial Accounting Standard's recommendation *RR 31, Interim Reports for Groups*. As of 1 May 2005, Morphic Technologies applies international accounting standards, *International Financial Reporting Standards (IFRS)*, previously IAS, as adopted by the European Commission. The transfer to IFRS, in accordance to the EU Regulation, has been executed in accordance with IFRS 1.

During this period, Morphic has begun to adopt *IAS 11 Construction Contracts* for certain larger projects.

In all other respects, the same accounting principles, definitions of key ratios, and calculation methods as in the most recent annual report are applied. The Parent Company report has been prepared in accordance with RR 32.

Consolidated Income Statement

Amounts in thousands SEK
05/06

	Q4	Q4	Q1-Q4	Q1-Q4
	06/07	06/07	05/06	06/07
OPERATING INCOME				
Net turnover	57,099	31,595	143,738	38,574
Change in inventory	5,285	-5,340	15,971	1,179
Work performed by the company for its own use and capitalized	620	1,694	3,288	1,978
Other operating income	4,572	246	5,551	417
TOTAL REVENUE	67,576	28,195	168,548	42,148
OPERATING COSTS				
Purchase of goods and services	-54,594	-10,088	-113,582	-16,203
Other external costs	-14,801	-9,713	-42,143	-21,797
Personnel costs	-17,488	-11,522	-61,714	-22,213
Depreciation and write-down of tangible and intangible assets	-10,053	-2,767	-19,055	-6,446
TOTAL OPERATING COSTS	-96,936	-34,090	-236,494	-66,659
OPERATING LOSS	-29,360	-5,895	-67,946	-24,511
RESULT FROM FINANCIAL INVESTMENTS				
Financial income	1,048	281	2,137	743
Financial costs	-143	35	-923	-851
TOTAL RESULT FROM FINANCIAL INVESTMENTS	905	316	1,214	-108
EARNINGS BEFORE INCOME TAX	-28,455	-5,579	-66,732	-24,619
Income tax	-359	-65	-215	-12
NET LOSS FOR THE YEAR	-28,814	-5,644	-66,947	-24,631
ATTRIBUTABLE TO				
Equity holders	-28,814	-5,591	-66,947	-24,534
Minority Interest	0	-53	0	-97
	-28,814	-5,644	-66,947	-24,631
Result per weighted number of shares before and after dilution (SEK)	-0.25	-0.05	-0.59	-0.27
Weighted number of shares during the period	117,096,503	109,261,665	113,068,632	90,553,688
Total number of shares at period end	136,744,996	109,368,543	136,744,996	109,368,543

Consolidated Balance Sheet

Amount in thousands SEK

2007-04-30

2006-04-30

ASSETS

FIXED ASSETS

Intangible assets	73,017	65,851
Tangible assets	101,420	73,124
Financial assets	573	642
TOTAL FIXED ASSETS	175,010	139,617

CURRENT ASSETS

Inventories, finished goods	38,505	13,280
Current receivables	182,558	17,739
Cash and cash equivalents	206,378	88,550
TOTAL CURRENT ASSETS	427,441	119,569

TOTAL ASSETS

602,451**259,186**

EQUITY AND LIABILITIES

EQUITY

Share capital	5,470	4,375
Other contributed capital	583,272	291,892
Accumulated deficit	-147,611	-80,129
Minority interests	0	634
TOTAL EQUITY	441,131	216,772

LONG-TERM LIABILITIES

13,574

12,890

CURRENT LIABILITIES

147,746

29,524

TOTAL EQUITY AND DEFICITS

602,451**259,186**

Pledged assets

102,802

37,364

Contingent liabilities

104,044

15,136

Consolidated Cash Flow Statement

Amount in thousands SEK	Q1-Q4 06/07	Q1-Q4 05/06
Cash flow from operating activities	-53,957	-25,622
Cash flow from investing activities	-114,010	-24,501
Cash flow from financing activities	285,795	112,941
CASH FLOW FOR THE PERIOD	117,828	62,818
Cash and cash equivalents at the beginning of the period	88,550	25,732
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	206,378	88,550

Change in Equity at Group

Amount in thousands SEK	Q1-Q4 06/07	Q1-Q4 05/06
Amount at beginning of the period	216,772	30,052
New share issue	292,340	210,620
Other reserves	-400	
Loss for the period	-66,947	-24,534
Minority interests	-634	634
TOTAL EQUITY AT END OF THE PERIOD	441,131	216,772

NOTE 1 - SEGMENT REPORTING Segment	Turnover Q4 2006/07	Profit/Loss Q4 2006/07	Turnover 2006/07	Profit/Loss 2006/07
Fuel Cells ¹	236	-4,585	1,054	-13,119
Ship Propulsion ²	31,510	9,014	93,097	14,711
Production Technology ³	8,590	-1,239	19,176	-4,589
Business Development ⁴	2,338	-9,887	4,737	-28,320
Wind Power ⁵	22,560	-2,846	32,754	-4,410
Hydroelectric Power ⁶	6,601	-16,836	18,214	-26,507
Koncernelimineringar	-14,736	-2,981	-25,276	-5,712
Koncernen	57,099	-29,360	143,738	-67,946

Amounts in Thousands SEK. Profit/loss refers to operating profit/loss before net financial items.

¹⁾ comprise Cell Impacts AB's operations.

²⁾ comprise Aerodyns AB's operations.

³⁾ comprise Dynamis AB's operations within material handling systems, component manufacturing and internal sales of machinery to Cell Impact AB. The component manufacturing operations have been transferred to Cell Impact after year end.

⁴⁾ comprise operations in Morphic Business Development AB and the parent company.

⁵⁾ comprise DynaWind AB's operations

⁶⁾ comprise operations within Finshyttan Hydro Power AB. Operations during the year have included, apart from hydroelectric sales, subcontracted heavy machining and initial manufacturing of wind turbine towers for DynaWind AB.

Karlskoga 28 June, 2007

Morphic Technologies AB (publ)

The Board of Directors

▪ Forthcoming Information:

- Q1 Interim Report 2007/08: 27 September, 2007
- Annual General Meeting: 19 October, 2007

Audit

This interim report has not been subjected to separate examination by the company's auditors.