

- Net turnover for the period totaled MSEK 63.7 (16.3)
- Income after tax totaled MSEK -19.8 (-10.3)
- Earnings per share totaled SEK -0.14 (-0.09)
- Liquid assets on close day MSEK 184.6 (186.5)

Important Events During the Period

- Test order received for fuel-cell flow plates for laptop computers and other consumer electronics
- Order received for wind park valued at MSEK 234
- Order received from Haldex from materials handling system SensActive™
- Continued large volume of orders for ship propellers
- Eva-Lotta Kraft and Lars Olof Nilsson elected into the Board of Directors at the extraordinary general meeting

Important Events Following Period End

- Volume order for flow plates for fuel cells intended for consumer electronics totaling MSEK 60 over a two year period
- Three orders received for wind turbines totaling approximately MSEK 34
- 55% of the energy technology company Helbio S.A. acquired
- Test order received for fuel-cell flow plates for combined heat and power generation
- Patent granted for SensActive™

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, Finshyttan 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.

The period refers to the first three months of the fiscal year.
The quarter refers to the first quarter, 1 May 2007 - 31 July 2007, of the fiscal year.
2007/08 refers to the current fiscal year, 1 May 2007 - 30 April 2008
2006/07 refers to the preceding fiscal year, 1 May 2006 - 30 April 2007
Figures in parenthesis represents comparative values for the period previous year.

Financial Performance During The Period

AMOUNTS IN SEK MILLIONS	May-July 2007	May-July 2006
Net turnover	63.7	16.3
Income after tax	-19.8	-10.3
Cash flow from operating services	21.2	-4.4
Cash flow after investments	-8.7	-14.5
Liquid assets as of reporting date	184.6	186.5
Investments in tangible assets	10.4	3.0
Investments in intangible assets	1.2	7.1
Earnings per share	SEK -0.14	SEK -0.09
Equity ratio	75.3%	73.2%

Turnover

The group's net turnover for the period totaled MSEK 63.7 which is a major increase (292.1%) compared to the previous year (MSEK 16.3). The increase is largely due to increased sales within the Wind Power and Production Technology areas (primarily outsourced production of ship propellers). Sales for flow plates for fuel cells and heat exchangers as well as outsourced production of metal components is still relatively limited. The signed agreements have until now primarily included test series in preparation for future mass production.

Income After Tax

Income after tax for the period was MSEK -19.8 which was a decline when compared to the previous year (MSEK -10.3). The negative result is primarily due to the increased costs of new personnel hired for restructuring and re-organization of the company. The increased costs of global marketing activities have affected the result negatively. The result is also negatively affected by increased depreciation of the subsidiary's new investments.

Financial Position

Shareholders 'equity has decreased to MSEK 421.9 (441.1). The equity ratio as of reporting date amounted to 75,3% (73,2%). The group's total assets decreased to MSEK 560.5 (602.5). Liquid assets amounted to MSEK 184.6 (186.5) as of 31 July, 2007.

Cash Flow

During the period there was an increase in cash flow from ongoing operations to MSEK 21.2 (-4.4) , which corresponds to SEK 0.15 (-0.04) per share. The improvement is primarily due to project liquidity in DynaWind AB.

Capital Expenditure and Depreciation

The group's net capital expenditure amounted to MSEK 11.6 (10.1) for the period. Increased material investments consist primarily of, among other things, investment in a new wind power factory totaling MSEK 6.8 for DynaWind AB, as well as investments for a new production line for manufacturing flow plates designed for the transport and automotive industries.

Depreciation for the period was MSEK 5.3 (2.9). The group's expenditure in intangible assets totaled MSEK 1.2 (7.1).

Personnel

Personnel cost amounted to MSEK 19.5 (11.5). The number of employees totaled 116 (91) at the end of the period, an increase during the period of 25 employees.

Fuel Cells

SEGMENTS INCLUDED: FUEL CELL COMPONENTS

AMOUNTS IN MSEK	May-July 2007	May-July 2006
Net turnover	0.10	0.04
Income after tax	-4.6	-2.0

- Commercial break-through order received following period end
- Test order within consumer technology, CHP, and laptop computers
- Customer center opening in Japan

Morphic has developed technology that allows for considerably quicker, cheaper and better quality production of critical fuel cell components. The components are produced in a separate facility in Karlskoga, Sweden. Wholly owned subsidiary Cell Impact AB is responsible for operations within the fuel cell area and employs 14 people.

Continued Order Intake Within Test Operations

During the period, further test orders for fuel plates have been received from several fuel cell manufacturers.

In the beginning of the period a test order was placed for flow plates for consumer electronics from one of the world's largest electronics producers. The customer intends to evaluate the plates in an entirely new technology platform reserved for a number of the customers upcoming products.

In June, a large Asian laptop computer manufacturer signed a prototype order for flow plates. The plates are to be used in fuel cells for laptop computers. The order is the third of its kind in a short period.

In July, an Asian company that manufactures high temperature fuel cells placed a test order. The flow plates will be used in a stationary fuel-cell system for households and smaller companies. The system is a so-called 'Combined Heat and Power' (CHP) system, where town gas in an existing distribution network is converted to electricity in a fuel cell. The excess heat generated in the process is used for general heating and hot water. Tests have been on-going for a long time in several Asian cities and indicates that the CHP system can decrease household electricity consumption as well as the total energy costs. The value of this order is TSEK 550.

The purpose of all agreements and test orders is that Morphic, together with their customers, are evaluating Morphic's production process as well as adapting to the customer's specifications for mass production. Positive results are expected to lead to mass production initiated during the current financial year.

New Customer Center In Japan

Cell Impact has announced plans to open a customer service and test center in Japan. Customers from the Asian markets will be offered production and adaptation of flow plates for their fuel cells. The aim of the customer center is to show how flow plates for fuel cells can be produced on site both cheaper and better quality with Morphic's technology compared to the current conventionally methods. Series manufacturing will occur in Cell Impact's production facility in Sweden or in close proximity to the client, when the volume is large enough to motivate establishing a production facility near the customer.

Volume Order For Flow Plates Following Period End

Following period end, Cell Impact received its first mass order for series manufacturing of fuel plates. The plates are intended for fuel cells to power consumer electronics. The order has been placed by an American customer. The order is a commercial milestone for Cell Impact. The agreement in its entirety is valued at MSEK 60 and spans a two-year period.

The Fuel Cell Market During The Period

Lately, Cell Impact has primarily announced orders from the electronics industry. This is a segment with extremely quick growth. We expect methanol fuel cells for portable electronics to be launched on the market this year. That certain countries are planning for methanol cartridges to be placed on store shelves despite the fact that there are not currently any products for sale is indicative of this development.

The automotive industry continues to demonstrate that they will introduce vehicles with fuel cells within three to five years. In particular, the Chinese automotive industry is showing an increased pace and indicates the possibility of earlier market introduction. The need to secure access to components in increasing numbers is great. An increasing number of manufacturers are showing different hybrid solutions, where electricity and internal combustion engines operate together. The concept is driving forward the development of electric power trains, well-suited for the transition to fuel cells.

Wind Power

SEGMENTS INCLUDED WIND POWER

AMOUNTS IN MSEK	May-July 2007	May-July 2006
Net turnover	33.3	0.0
Income after tax	-4.5	0.0

- Order received for wind park valued at MSEK 234
- Orders received for wind turbines following period end

The area consists of manufacturing and sales of wind turbines with 1 and 3 MW power on an exclusive license for the Swedish market from Finnish company WinWind Oy. Operations are run by wholly-owned subsidiary DynaWind AB in Kristinehamn and employs approximately 26 people.

Order Received For Complete Wind Park

During the period, Morphic's subsidiary DynaWind AB received an order valued at MSEK 234 for the second half of Vindpark Vänern (Vänern Wind Park). DynaWind AB received the first half of the order during the preceding fiscal year. The new order includes delivery and installation of five wind turbines, each measuring 3 MW of power.

DynaWind is now building ten 3 MW wind turbines at Gässlingegrund on Lake Vänern. The construction of the wind park will take place in cooperation the PEAB and has commenced in the summer of 2007 with the foundation being laid in Lake Vänern. Delivery will commence in 2008 and the entire park will be completed in spring 2009.

New Production Facility

Investments in increased production capacity, like the new production facility in Kristinehamn, are being made to meet increasing demand for wind turbines. The new facility is underway and will have a production capacity of 100 towers for wind turbines per year.

The Wind Power Market During the Period

The European wind power market was the best ever in 2006. Based on statistics from European Wind Energy Association, EWEA, 9 billion euro were spent on new installations, representing an increase of 23%. A large percentage of this increase is outside the early adapting countries Denmark, Germany and Spain. Five years ago, wind turbines producing 680 MW were installed outside these three countries. In 2006, this figure was 3,755 MW. The majority of new installations are still in Germany and Spain, but last year, France climbed to number three increasing its own production with 810 MW. Portugal and England also installed more wind power last year than before. According to EWEA, Europe accounted for 50% of

new installed windpower in 2006. Several large actors within the Swedish base industry have announced plans to install wind turbines. For the past few years, large actors have been discovering more and more that wind power is a safe way to produce electricity on a large scale. Last year, Swedish wood and timber company Södra announced plans to build a large number of wind power stations on their properties. Another large Swedish group, SCA, has recently announced its entrance into the wind power business. The Base industry's own electric company BasEl is, via its wind power companies, looking into establishing wind power parks in the future. Sweden has a support system for renewable energy that will facilitate and push for the expansion of, among other things, wind power.

Energy Systems

SEGMENTS INCLUDED: ENERGY TECHNOLOGY

AMOUNTS IN MSEK	May-July 2007	May-July 2006
Net turnover	1.0	0.0
Income after tax	-1.6	0.0

- Morphic's pilot facility in Karlskoga started
- KEMAB acquires 20% of Morphic's pilot facility
- Acquisition of energy technology company Helbio S.A.

Morphic is in the process of intensive development of environmentally friendly energy systems enabling local production of electricity. The systems make possible a whole new way to transform, store and utilize energy from renewable sources.

Pilot Facility

Morphic has made the first pilot facility operational where wind power is combined with solar panels cells and fuel cells to create a continuous stream production of electricity, regardless of weather conditions. The system entails a smaller, Morphic-developed wind power station measuring 20 KWKW, developed to work in together conjunction with Morphic's system for storing energy. A condition for the varieties of renewable energy resources to be reliable (reliably in small-scale, free-standing energy systems,) is that the energy can be stored effectively efficiently for later use. Morphic's pilot system combines wind and solar energy for immediate production of electricity and/or for production of storable hydrogen. This directly produced electricity energy can be, when required, added with electrical energy from fuel cells, that run on stored hydrogen.

Similar energy systems can be made available with other

energy resources. For example, systems where biogas, methanol or ethanol are transformed to electricity or heat with the help of a combination of hydrogen reformers and fuel cells. Other types of generators can also be considered for incoming electrical energy from hydro-power, wave-power, tide-water turbines, solar-driven steam turbine generators, et al. The common denominator for all these energy systems is that they can be customized for anslutning till allmänna elnätadapted for grid connection.

Today's pilot facility use a conventional fuel cell together with an electrolyzer for hydrogen. At a later date, the energy system will be developed/extended with an ethanol and biogas solution, respectively to power a fuel cell. Furthermore, a methanol fuel cell will be added to the system as well as Morhic's own-developed energy converter that is in the process of being patented. During the period, Karlskoga Energi and Miljö AB (KEMAB) acquired 20% of the pilot facility.

Acquisition Of Helbio S.A.

Following period end, Morhic has reached an agreement regarding acquiring 55% of shares in Greek energy technology company Helbio S.A. The company is a leading actor in systems for effective efficient and environmentally friendly hydrogen production based on renewable fuel such as ethanol and biogas. The acquisition entails that Morhic will have access to competence that will speed up the market introduction of Morhic's energy systems, which is considered to have great commercial potential.

The heart of Helbio's patented technology consists of so-called "reformers", which make it possible to transform liquid and gaseous fuel, such as alcohols and hydrocarbon to hydrogen. The strength of this technology lies in its high efficiency, the low production costs and not least the possibility of locally based hydrogen gas production. Two factors that have long hindered the large-scale spreading of hydrogen gas technology are thereby eliminated: high production costs and difficulties linked with (its) distribution.

The acquisition of 55% of the shares in Helbio Holding S.A. will be made in cash in the amount of EUR 3,780,000. The remaining owners are Professor Xenophon E. Verykios (42%), Helbio employees (2%) as well as the University of Patras (1%). On 11 September 2007, the possession date, Morhic transferred EUR 500,000 to Helbio. Today, Helbio employs 8 people, each of whom have extensive experience in the energy area.

The final value of the acquisition is not yet determined. Analysis of the acquisition will be presented in the 6-monthly report.

Production Technology

SEGMENTS INCLUDED: PROPULSION, PRODUCTION ON SUBCONTRACT, HYDROELECTRIC POWER, AUTOMATION TECHNOLOGY

AMOUNTS IN MSEK	May-July 2007	May-July 2006
Net turnover	32.0	16.1
Income after tax	-1.7	-0.7

- Large number of orders for shipping propellers
- Three orders received for SensActive™
- Test order for outsourced production

Development and sale of systems and machines for automated industrial processes are being developed in the area of production technology. The area is also responsible for Morhic's operations within hydroelectric power as well as outsourced production of ship propellers and other large components. Operations are run by Aerodyn AB, Cell Impact AB, Dynamis AB and Finshyttan Hydro Power AB.

Sizeable Orders For Ship Propellers

The international shipping industry continues to be at full capacity. During the period, Morhic subsidiary, Aerodyn has continued to work at full capacity regarding blades and hubs for manufacturers of propulsion systems for vessels. The order intake is high and the capacity utilization is very high. The company has orders with deliveries that stretches into 2008.

Three Orders For SensActive™

In October 2006, Morhic Technologies subsidiary, Dynamis, launched SensActive™, a unique measuring and material handling system. SensActive™ makes it possible for a robot to pick and handle unsorted objects directly from pallets, which was previously not possible. During the period, Dynamis has received three separate orders from Haldex Brake Products for complete handling systems. The system will be integrated with production of different types of products and apart from the SensActive™ laserscanner, will include robots, control system and safety equipment.

Test Order For Outsourced Production Within Telecommunications

At the beginning of the period, Cell Impact AB took over operations regarding high-impact technology, including outsourced production and machinery production, from Dynamis AB. Along with Cell Impact marketing its manufacturing process for flow plates, customers have shown interest in utilizing the high-impact technology for other related components. In assuming control over the outsourcing and machinery operations, Cell Impact has expanded its offering to a comprehensive range of services within high-impact technology. During the period, Cell Impact has received its first order for outsourcing production of a component from an international telecommunications client. The component is part of a prototype and, upon a successful evaluation, will be mass produced at the beginning of 2008.

Parent Company

The net turnover for the period totaled MSEK 0.0 (0.3) with an income before tax of MSEK -4.1 (-5.0). During the period the parent company has made investments in fixed assets of MSEK 18.9 (9.7) of which MSEK 0.3 in patents. The remaining amount consists of investment in subsidiaries as added shareholders in accordance with asset guarantee as well as an increase in loans to subsidiaries. The parent company's unappropriated earnings totaled, as at reporting date, MSEK 137.4 (75), with an equity ratio of 99.3% (97.6%).

Intellectual Property

■ SensActive patented following period end

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. Morphe'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

Morphic Technologies subsidiary Dynamis has been granted a Swedish patent for its materials handling system SensActive™.

The patent covers the systems unique method for automatic locating and identifying components that are unsorted and then direct an industrial robot to pick up the components. The Swedish patent grants priority for patents in other countries and regions.

General Meetings of Shareholders

Annual General Meeting, 19 October 2007

The annual general meeting takes place on 19 October 2007 at 13:00 on Göteborg Convention Centre, Mössans gata 20, Göteborg, Sweden. Notice of general meeting is published in Dagens Nyheter, in Post- och Inrikes Tidningar, as a press release and on www.morphic.se/stamma.

Extra General Meeting, 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.

The Morphe Share

■ Change to the Nordic List

The expected continued growth rate is also based on adequate access to the assets market. In order to increase interest around Morphe, increase share liquidity as well as attract new categories of shareholders, the company is now taking the next logical step in its evolution as a limited company by applying for listing on the Nordic List.

Share Capital

As of closing day, 31 July, 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 approximately 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 Morphe 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 127,624, corresponding to a dilution of 2.3%.

Risks And Uncertainties

Investing in Morphe shares is considered a risk. The risks can be divided into three principal categories; operative, financial and external. All three can effect the Group's financial development and position if not handled in a structured manner.

The company's essential risks and uncertainties are unchanged from what was indicated in the annual report.

Annual Report

Morphe plans to publish its annual report on 5 October 2007 and will then be made available on the company's website, www.morphic.se or acquired from the company.

Future Prospects

For Morphic, developments in the field of energy represent major possibilities. The common denominator for all operational areas is the increased demand for energy solutions that secure energy supply, increase process efficiency, while decrease reliance on fossil fuels.

Morphic's Production technology area has developed and offers good possibilities for increased profitability and considerable growth in a row of separately established markets. The company is working towards taking advantage of these possibilities, as well as the synergistic effect created by realizing the full potential of the other business areas.

The goal in the fuel cell area is to establish the company as a long-term strategic partner and a leading global supplier for flow plates. The fuel cell market has developed according to expectations within mobile electronics and supersedes expectations within the other application areas. A marketing organization is in the process of being build in Europe and North America, in addition to the on-going establishment in Asia. In our opinion, the company is well-positioned to meet the increasing demand in conjunction with fuel cell commercialization. The goal to reach a 50% market share regarding delivery of high quality flow plates in 2012 remains unchanged.

Within the wind power market, the company's goal is to expand operations parallel to the market growth rate and to keep the current 20% Swedish market share. Some of the on-going projects include ensuring delivery capacity in critical areas as well as manufacturing the larger wind turbine towers.

The company will also further develop and speed up development and commercialization of the company's energy system. Pre-sales of pilot facilities have been initiated. Acquisition of energy technology company Helbio S.A. is of great strategic importance in order to ensure the Company's access to world-leading key products and the skills to develop complete energy systems based on renewable energy sources or renewable energy. The company does not discount the possibility of further acquisition or strategic partnerships for independent energy systems in order to compete with the current large-scale grid solutions.

The growth target to have a turnover of at least SEK 2 billion for the fiscal year 2008/09 remains and reflects the Group's unique market position as well as excellent potential for increased income.

Consolidated Income Statement

Amounts in SEK thousands	May-July 2007	May-July 2006
OPERATING INCOME		
Net turnover	63,717	16,250
Change in inventory	887	-231
Work performed by the company for its own use and capitalized	538	727
Other operating income	337	155
TOTAL REVENUE	65,479	16,901
OPERATING COSTS		
Purchase of goods and services	-49,256	-4,902
Other external costs	-11,760	-8,122
Personnel costs	-19,473	-11,524
Depreciation and write-down of tangible and intangible assets	-5,282	-2,949
Other operating costs	-1,395	-
TOTAL OPERATING COSTS	-87,166	-27,497
OPERATING LOSS	-21,687	-10,596
RESULT FROM FINANCIAL INVESTMENTS		
Financial income	2,097	421
Financial costs	-195	-244
Deferred tax	-	108
NET LOSS FOR THE PERIOD	-19,785	-10,311
Result per weighted number of shares before and after dilution (SEK)		
	-0.14	-0.09
Weighted number of shares during the period	136,744,996	110,318,467
Total number of shares at period end	136,744,996	112,495,451

Income Statement, Parent Company

Amounts in SEK thousands

	May-July 2007	May-July 2006
OPERATING INCOME		
Net turnover	0	482
Other operating income	0	15
TOTAL REVENUE	0	497
OPERATING COSTS		
Purchase of goods and services	-68	-49
Other external costs	-3,269	-3,545
Personnel costs	-2,924	-2,272
Depreciation and write-down of tangible and intangible assets	-590	-399
TOTAL OPERATING COSTS	-6,851	-6,265
OPERATING LOSS	-6,851	-5,768
RESULT FROM FINANCIAL INVESTMENTS		
Financial income	2,784	781
Financial costs	0	-35
NET LOSS FOR THE PERIOD	-4,067	-5,022

Consolidated Balance Sheet

Amounts in SEK thousands

31 July, 2007

30 April, 2007

ASSETS

FIXED ASSETS

Intangible assets	73,245	73,017
Tangible assets	104,456	101,446
Financial assets	1,148	573
TOTAL FIXED ASSETS	178,849	175,036

CURRENT ASSETS

Inventories, finished goods	46,916	38,505
Current receivables	150,123	202,491
Cash and cash equivalents	184,600	186,463
TOTAL CURRENT ASSETS	381,639	427,459

TOTAL ASSETS

560,488**602,495**

EQUITY AND LIABILITIES

EQUITY

Share capital	5,470	5,470
Other contributed capital	583,108	582,768
Accumulated deficit	-166,634	-147,111
MINORITY INTERESTS	421,944	441,127
TOTAL EQUITY	19,209	13,574
LONG-TERM LIABILITIES	119,335	147,794

CURRENT LIABILITIES

560,488**602,495**

TOTAL EQUITY AND DEFICITS

Pledged assets	170,855	112,306
Contingent liabilities	133,949	106,789

Balance Sheet, Parent Company

Amounts in SEK thousands

31 July, 2007

30 April, 2007

Assets

FIXED ASSETS

Intangible assets	8,533	8,779
Tangible assets	407	1,150
Financial assets	236,089	217,489
TOTAL FIXED ASSETS	245,029	227,418

CURRENT ASSETS

Current receivables	118,496	97,564
Cash and cash equivalents	137,381	181,891
TOTAL CURRENT ASSETS	255,877	279,455

TOTAL ASSETS**500,906****506,873****EQUITY AND LIABILITIES**

EQUITY

Share capital	5,470	5,470
Share Premium Reserve	291,728	291,892
Retained Earnings	200,190	204,255
TOTAL EQUITY	497,388	501,617

LONG-TERM LIABILITIES

0

0

CURRENT LIABILITIES

3,518

5,256

TOTAL EQUITY AND DEFICITS**500,906****506,873**

Pledged assets

104,945

84,147

Contingent liabilities

23,418

16,658

Consolidated Cash Flow Statement

Amounts in SEK thousands	May-July 2007	May-July 2006
Cash flow from operating activities	21,155	-4,392
Cash flow from investing activities	-29,899	-10,087
Cash flow from financing activities	6,881	17,619
CASH FLOW FOR THE PERIOD	-1,863	3,140
Cash and cash equivalents at the beginning of the period	186,463	88,550
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	184,600	91,690

Consolidated Statement of Changes in Equity

Amounts in SEK thousands	Share capital	Other paid-up capital	Other reserves	Accumulated loss	Minority interests	Total equity
Opening balance 1 May, 2006	4,375	291,892		-80,129	634	216,772
Profit/Loss for the period				-10,311		-10,311
Company acquisition					-665	-665
New share issue	125	25,327				25,452
Equity 31 July, 2006	4,500	317,219	0	-90,440	-31	231,248
Opening balance 1 May, 2007	5,470	583,170	-402	-147,111	0	441,127
Other reserves						763
Profit/Loss for the period				-19,785		-19,785
New share issue		-161				-161
Equity 31 July, 2007	5,470	583,009	361	-166,896	0	421,944

NOT 1 - 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, Morpic Technologies applies international accounting standards, *International Financial Reporting Standards (IFRS)*, as adopted by the European Commission. 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.

NOT 2 - SEGMENT REPORTING

Segment	Omsättning May-July 2007	Resultat May-July 2007	Omsättning May-July 2006	Resultat May-July 2006	Beskrivning
Fuel Cell Components	102	-4,608	40	-1,956	Cell Impacts AB's operations within fuel cells.
Wind Power	33,313	-4,501	-	-	DynaWind AB's operations
Energy Technology	1,044	-1,584	-	-	Morphic Business Development's small wind turbines and energy system
Propulsion	25,767	2,928	13,715	-579	Aerodyn AB's operations
Production On Subcontract	4,505	-2,534	2,401	-99	Cell Impact AB's production on subcontract of non-fuel-cell-related components, and Finshyttans operations within hydroelectric power and heavy machining.
Automation Technology	1,713	-2,088	-	-	Dynamis AB's operations.
Other	0	-6,852	1,985	-7,187	Parent company and other group common costs.
Elimination of Group Transactions	-2,727	-2,448	-1,891	-775	
Group	63,717	-21,687	16,250	-10,596	

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

The Group describes its operations divided into business areas. Each business area comprises one or several segments. The revenue and profit/loss for each business area is the sum of its segments revenues and profits/losses before elimination of group transactions. The groups business areas have been redefined at the start of the period:

The operations related to hydroelectric power is now contained within the segment Production On Subcontract.

The previous segment Production Technology has been split. Production on subcontract within Cell Impact has been transferred to the segment Production On Subcontract. Operations within Dynamis are now placed in the segment Automation Technology.

The previous segment Business Development has been renamed to Energy Technology.

The redefinitions only affect the presentation of the segments.

Since the segments Wind Power, Energy Technology, and Automation Technology did not exist during the previous period, there are no comparing figures for these segments.

Karlskoga 27 September, 2007

Morphic Technologies AB (publ)

The Board

Future Reporting Dates

- Annual General Meeting: 19 October 2007
- Interim Report 6 months (May-October) 2007/08: 17 December 2007
- Interim Report 9 months (May-January) 2007/08: 26 March 2008
- Year-End Report (May-April) 2007/08: 25 June 2008

Audit

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