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MorphoSys Group: 1st Interim Report January – March 2009

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Dear Shareholders,



Dear Shareholders,

At the occasion of the year-end press conference in February, MorphoSys presented plans on how it intends to expand its proprietary pipeline. The Company is committed to accelerate in-house drug development over the course of 2009 and will invest € 18 to € 20 million into this important future value driver in this year. As a result of the planned activities MorphoSys's proprietary pipeline at year-end could consist of up to eight programs in total. The Company's most advanced compound MOR103 is expected to enter a phase 1b/2a clinical trial in the second half of 2009.

Additionally, on the partnered side of MorphoSys's Therapeutic Antibodies segment, Novartis advanced the HuCAL-based antibody program BHQ880 into a phase 1b/2a clinical trial. As a result, two of the Company's partnered compounds, BHQ880 and an antibody program with its partner Centocor, are now in phase 2 clinical trials.

In the AbD segment MorphoSys announced the appointment of a new head for the unit, Dieter Feger. Mr. Feger joined MorphoSys from Abbott Diagnostics, where he headed global marketing for Abbott in infectious diseases, which in turn will help underpin the AbD segment's efforts, particularly on the diagnostics side of its business. In financial terms, the first quarter was a strong one for AbD with a revenue growth of 14% compared to the prior year.

On a Group level, revenues for the first three months ended March 31, 2009 were broadly in line with the Company's expectations at € 19.1 million, a 17% increase over the same period in the previous year while operating profits came in at € 4.2 million.

Thank you for your continued interest and support of MorphoSys.

Sincerely yours,



Dave Lemus
Chief Financial Officer
MorphoSys AG

Interim Group Management Report: January 1 – March 31, 2009

Industry Overview

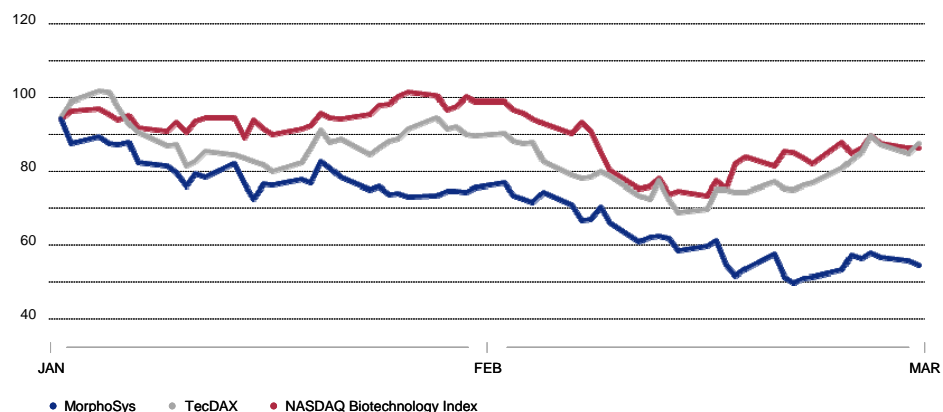
In the first quarter of 2009, the consolidation process in the healthcare sector continued and three large acquisitions in the pharmaceutical industry were announced or concluded. The world's largest pharmaceutical company Pfizer announced plans to acquire its competitor Wyeth for a purchase price of US\$ 68 billion. The US pharma company Merck, Inc. announced plans to acquire Schering-Plough for approximately US\$ 41 billion. Finally, Roche brought to a close the acquisition of Genentech, developer of multiple leading antibody products such as Herceptin[®], Raptiva[®], Rituxan[®] and Xolair[®], bidding US\$ 46.8 billion for the remaining 44% of the US biotech group's shares. The transaction was originally announced in the third quarter 2008. Smaller antibody-related transactions included the acquisition of Australian Arana Therapeutics Limited by US-based Cephalon, Inc. for a purchase price of US\$ 318 million and the merger agreement between Pharmexa A/S, Denmark, and Affitech AS in Norway.

Looking at product-development-related newsflow, GlaxoSmithKline and Genmab have successfully submitted applications to the FDA and European Medicines Agency's (EMA) to approve a fully human antibody for the treatment of chronic lymphocytic leukemia (CLL). In Germany, TRION Pharma, Munich, has received a positive opinion by the EMA Committee for Medicinal Products for Human Use recommending approval of an antibody derivative for the treatment of malignant ascites.

The market for research reagents could potentially benefit from President Obama's commitment to increasing the US Government's investment in scientific research. The recently announced stimulus package included over US\$ 20 billion in additional research spending, 40% of which is earmarked for research grants provided by the National Institutes of Health (NIH).

MorphoSys Share Price Performance

In the first quarter the pharmaceutical and biotechnology sector was under pressure partly due to ongoing discussions about what impact the reform of the US healthcare system will have on the sector. The NASDAQ Biotechnology Index fell by 9.5%, the TecDAX by 4.6%, and the DAXsubsector Biotechnology Performance Index decreased by 5.9%. During the same period MorphoSys's share price experienced a decrease of 32%. By comparison, a basket of international antibody companies (Source: BioCentury) increased by 0.8%.

The MorphoSys Share (January 2, 2009 = 100%)

Financial Analysis

Revenues

Compared to the same period in the previous year, Group revenues increased by 17% to €19.1 million in the first three months of 2009 (Q1 2008: €16.3 million). This increase is due to both higher levels of funded research, licensing fees and success-based revenues in the therapeutic segment as well as stronger revenues in the AbD segment. Revenues arising from the Therapeutic Antibodies segment accounted for 75% or €14.3 million (Q1 2008: €12.0 million) of total revenues while the AbD segment generated 25% (€4.9 million) of the total (Q1 2008: €4.3 million).

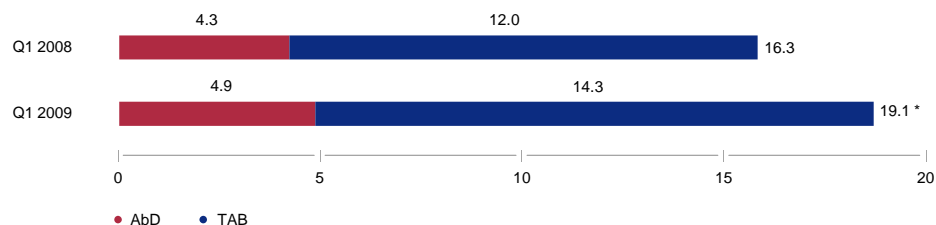
Geographically, 20%, or €3.9 million of MorphoSys's commercial revenues were generated with biotechnology and pharmaceutical companies or non-profit organizations located in North America and 80%, or €15.2 million, with companies located mainly in Europe and Asia. In the same period of the prior year, the geographical split of revenues was approximately equivalent.

Therapeutic Antibodies Segment

Revenues arising from the Therapeutic Antibodies segment (TAB) comprised €11.5 million in funded research and licensing fees (Q1 2008: €10.7 million) as well as €2.8 million success-based payments (Q1 2008: €1.3 million), representing 20% of total Therapeutic Antibodies revenues. Approximately 87% of Therapeutic Antibodies revenues and 65% of total revenues arose from the Company's three largest alliances with Novartis, Daiichi Sankyo and Merck (Q1 2008: Novartis, Daiichi Sankyo and Pfizer, 87% and 64%, respectively).

Assuming constant foreign exchange rates at the average rate of 2008, revenues in the Therapeutic Antibodies segment would have totaled €14.2 million.

Revenue Development by Segment (in € million)



* Differences due to rounding

Antibodies Direct – AbD Segment

Compared to the same period in the previous year, AbD segment's revenues increased by 14%, or €0.6 million, to €4.9 million in 2009 (Q1 2008: €4.3 million). Assuming constant foreign exchange rates at the average rate for 2008, revenues in the AbD segment would have remained unchanged.

The largest part of revenues (approx. 82% or €4.0 million), was generated with catalog and industrial customers (Q1 2008: approx. 84% or €3.6 million), while custom manufacture antibodies contributed 18% or €0.9 million (Q1 2008: 16% or €0.7 million).

As of March 31, 2009, orders in the amount of €2.0 million were classified as backorders in the segment (March 31, 2008: €0.8 million).

Operating Expenses

Compared to the first three months of 2008, total operating expenses increased by approximately 22% to €14.9 million in 2009 (Q1 2008: €12.2 million). The change in operating expenses of €2.7 million was mainly impacted by research and development (R&D) expenses increasing by 60% or €3.2 million which was partly offset by sales, general and administrative (S, G&A) expenses decreasing from €5.2 million to €4.8 million. Cost of goods sold (COGS) remained unchanged at €1.7 million. Total purchase price allocation (PPA) effects on operating profit amounted to €0.1 million (Q1 2008: €0.2 million).

Stock-based compensation expenses are embedded in COGS, S, G&A and R&D expense amounts. Stock-based compensation for the first three months of 2009 amounted to €0.3 million (Q1 2008: €0.3 million) and is a non-cash charge.

Cost of Goods Sold

COGS is composed of the AbD segment's cost of goods sold in the first three months of 2009 and – compared to the same period of the prior year – remained unchanged at €1.7 million.

Research and Development Expenses

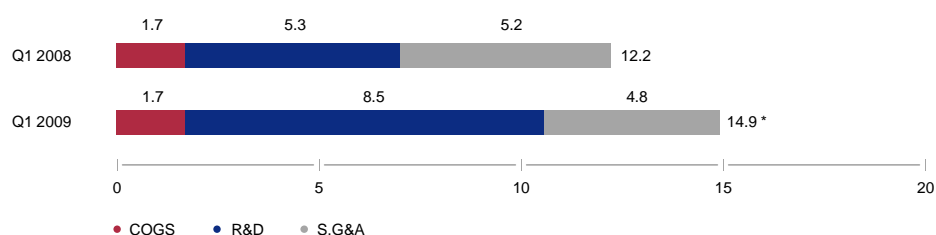
In the first three months of 2009, expenses for research and development increased by €3.2 million to €8.5 million (Q1 2008: €5.3 million). This was mainly due to higher costs for external lab funding (Q1 2009: €2.3 million; Q1 2008: €0.2 million), as well as increased personnel costs associated with proprietary drug development (Q1 2009: €3.3 million; Q1 2008: €2.4 million).

In the first three months of 2009, the Company incurred costs for proprietary product development and technology development in the amount of €3.7 million and €0.1 million, respectively (Q1 2008: €0.8 million and €0.3 million, respectively).

Sales, General and Administrative Expenses

Compared to the same period of the previous year, sales, general and administrative expenses decreased by €0.4 million to €4.8 million (Q1 2008: €5.2 million).

Development of Operating Expenses (in € million)



In the first three months of 2009, personnel costs (excluding stock-based compensation) amounted to €5.8 million (Q1 2008: €5.1 million) or 39% of total operating expenses, thus representing the largest cost block within operating expenses.

Expenses for external services, representing the second-largest block by cost type, amounted to €3.4 million (Q1 2008: €1.6 million) or 23% of total operating expenses and mainly included external lab funding (Q1 2009: €2.3 million; Q1 2008: €0.2 million) and consulting fees (Q1 2009: €0.5 million; Q1 2008: €0.7 million).

Costs for intangibles accounted for €2.0 million (Q1 2008: €2.0 million) or 13% of total operating expenses and mainly consisted of expenses for licenses (Q1 2009: €1.0 million; Q1 2008: €0.9 million) as well as amortization of licenses capitalized (Q1 2009: €0.6 million; Q1 2008: €0.6 million).

Non-operating Items

For the first three months of 2009, non-operating income amounted to €0.9 million (Q1 2008: €0.6 million) and mainly changed as a result of increased gains from marketable securities, decreased losses from foreign exchange effects, partly offset by lower interest income.

Taxes

For the first three months of 2009, the Company reported income tax expenses in the amount of €1.6 million. This line item mainly included deferred tax expenses (€0.5 million) from the release of deferred tax assets capitalized in 2007, and current tax expenses (€1.1 million).

Operating Profit / Net Profit

Group operating profit for the first three months of 2009 amounted to €4.2 million (Q1 2008: €4.1 million). Earnings before interest and taxes (EBIT) amounted to €5.0 million, compared to an EBIT of €4.3 million in the first three months of the previous year. The Therapeutic Antibodies segment resulted in an operating profit of €5.5 million (Q1 2008: €6.1 million) whereas the operating profit for the AbD segment amounted to €0.6 million (Q1 2008: €0.04 million).

A net profit after taxes of €3.5 million was achieved in the first three months of 2009, compared to a net profit after taxes of €3.3 million in the same period of the prior year. The resulting basic net profit per share for the first three months of 2009 amounted to €0.16 (Q1 2008: €0.15).

Liquidity / Cash Flows

Net cash outflow from operations in the first three months of 2009 amounted to €1.7 million (Q1 2008: cash inflow of €4.0 million). Investing activities resulted in a cash inflow of €7.1 million (Q1 2008: cash outflow of €17.9 million) whereas the cash outflow from financing activities amounted to €0.1 million (Q1 2008: cash inflow of €0.4 million).

As of March 31, 2009, the Company held €136.1 million in cash, cash equivalents and available-for-sale financial assets, compared to a year end 2008 balance of €137.9 million.

Assets

Total assets decreased by €2.0 million to €201.3 million as of March 31, 2009, compared to €203.3 million as of December 31, 2008. Current assets decreased by €0.6 million mainly as a result of the sale of available-for-sale financial assets (€7.1 million) and the decrease in tax receivables (€0.8 million) which were partly offset by an increase in both cash and cash equivalents (€5.3 million) and accounts receivable (€1.6 million).

Compared to December 31, 2008, non-current assets decreased by €1.4 million mainly as a consequence of the amortization of deferred tax assets capitalized in 2007 (€0.5 million) as well as of the amortization of licenses (€0.5 million).

Liabilities

In the first three months of 2009, current liabilities decreased from €27.4 million as of December 31, 2008, to €22.7 million as of March 31, 2009. This change primarily arose from a decrease in both current deferred revenue (€6.0 million) and accounts payable (€1.1 million) which were partly offset by an increase in licenses payable (€2.1 million).

Non-current liabilities decreased by €1.0 million to €12.9 million in the first three months of 2009 which was mainly impacted by a decrease in non-current deferred revenue by €0.9 million resulting from contracts signed in the current year and in previous years.

Equity

Total stockholders' equity amounted to €165.7 million as of March 31, 2009, compared to €162.0 million as of December 31, 2008.

As of March 31, 2009, the total number of shares issued amounted to 22,492,287 of which 22,412,391 were outstanding, compared to 22,478,787 and 22,398,891 as of December 31, 2008, respectively.

The increase of shares outstanding by 13,500 shares arose from exercised options issued to employees.

Capital Expenditure

MorphoSys's investment in property, plant and equipment amounted to €0.2 million for the three-month period ended March 31, 2009, and remained unchanged compared to the same period of the prior year. Depreciation of property, plant and equipment for the first three months of 2009 accounted for €0.4 million and remained unchanged compared to the first three months of 2008.

During the first three months of 2009, the Company invested €0.1 million in intangible assets (Q1 2008: €0.1 million). Amortization of intangibles amounted to €0.9 million and remained unchanged in comparison to the first three months of 2008.

Human Resources

Number and Qualification of Employees

On March 31, 2009, the MorphoSys Group employed 343 people (December 31, 2008: 334). On average, the MorphoSys Group employed 338 people for the first three months of 2009 (Q1 2008: 294).

Of the 343 employees, 112 people were employed in MorphoSys's subsidiaries on March 31, 2009, and on average, 110 were employed (Q1 2008: 105 and 105 on average, respectively).

Of the 343 employees, 200 worked in research and development and 143 in sales, general and administration (December 31, 2008: 191 and 143, respectively).

On March 31, 2009, 92 of MorphoSys's employees had a Ph.D. degree (December 31, 2008: 91).

Of the 343 employees, 212 worked for the Therapeutic Antibodies segment and 131 for the AbD segment (December 31, 2008: 201 and 133, respectively).

On March 31, 2009, MorphoSys had 2 apprenticeship positions (December 31, 2008: 2).

Senior Management Group – Appointments

In January 2009, MorphoSys announced the appointment of a new Head of its AbD Serotec business segment. Dieter Feger joined MorphoSys from Abbott Diagnostics, Illinois, a global leader in *in vitro* diagnostics. For the last four years, he held the position of Marketing Director - Global Marketing, most recently with responsibility for Infectious Diseases, Abbott Diagnostics' biggest reagent franchise. Prior to that, he spent 18 years with Abbott in Europe, in a variety of roles including sales, product management, operational management and marketing before moving to the US.

In February 2009, MorphoSys announced the appointment of a new Head of Preclinical Development & Project Management. Dr. Ulrich Moebius joined MorphoSys from Medigene AG. For the last nine years, he held the position of Head of Pre-clinical Development, where he was responsible for the company's preclinical activities in a range of development projects predominantly in cancer and contributed to the market approval of two medical therapies. Prior to his tenure at Medigene, he spent five years with the Deutsches Krebsforschungszentrum DKFZ, Heidelberg, the leading German biomedical research institute dedicated to cancer research and two years at the Dana-Farber Cancer Institute located in Boston, Massachusetts, USA. Dr. Moebius holds a PhD in immunology from Johannes Gutenberg University Mainz and qualified as a professor in Immunology at the University of Heidelberg.

Qualification, Training and Education

In order to further enable and strengthen AbD's efforts in penetrating new and potentially lucrative diagnostics markets, AbD Serotec has initiated a training program with Learning Delta, an international consultancy company with specific expertise in the diagnostics industry.

Business Development

The following partnerships were established, expanded or concluded in the first quarter of 2009:

Therapeutic Antibodies Segment

Genesis Research

MorphoSys and New Zealand-based Genesis Research and Development Corporation Ltd. announced the signing of a collaboration in October 2007. Under the terms of the agreement, Genesis used HuCAL-based antibodies originally generated by the MorphoSys business unit AbD Serotec against the human fibroblast growth factor receptor FGFR5 for target validation and preclinical studies as part of its proprietary Zyrogen program. Based on the scientific data generated by Genesis during the collaboration, MorphoSys has decided against using its option to co-develop this compound.

AbD Segment

Co-Marketing Agreement with BBIInternational

AbD Serotec and UK-based BBIInternational have signed a co-marketing agreement. Within the scope of this agreement the parties agree to co-market each others' products and services to their worldwide customer bases. The agreement will allow BBI customers access to more than 13,000 antibodies and immunological reagents, custom monoclonal antibodies developed from the MorphoSys HuCAL library, and large and small scale antibody production and conjugation services from AbD Serotec. AbD Serotec antibody customers will have the advantage of direct access to BBI's complementary range of services for production of gold-labeled reagents, contract research and development, and manufacture of rapid diagnostic tests for the Point-of-Care markets.

Quality Management

At the US premises of AbD Serotec in Raleigh, North Carolina, an external audit of the ISO9001:2000 quality system has been completed and continued certification has been recommended.

Research & Development / Alliance Management

Progress Proprietary Pipeline

MOR103

The phase 1 clinical trial for MOR103 in healthy volunteers has been completed and is currently in the analysis stage. The final data will be reported in Q2 2009. Additional preclinical investigations of MOR103 in animal models for other inflammatory diseases are currently being conducted.

MOR202

The preclinical development and manufacturing of MOR202 continues as planned. Start of clinical development is expected in 2010.

MOR203/MOR205

MorphoSys has selected two new disease-related target molecules in oncology, which build the basis for the therapeutic antibody programs MOR203 and MOR205. The program MOR203 was started during the first quarter of 2009, MOR205 will be started in the second quarter of 2009.

Progress Partnered Pipeline

During the first quarter of 2009, MorphoSys's existing partnered therapeutic antibody pipeline increased to 58 active antibody compounds in total (up from 55 at the beginning of the year), of which currently four compounds are in clinical development, 31 in preclinical development, and 23 in research (not including the potential co-development with Novartis).

During the first quarter, Novartis has advanced the HuCAL-based antibody program BHQ880 into a phase 1/2 combination study.

Intellectual Property

In March 2009, MorphoSys announced that the European Patent Office has granted a European divisional patent stemming from MorphoSys's base HuCAL (Human Combinatorial Antibody Library) patent family, providing extended protection for the Company's core technology. The new patent (EP1143006) captures HuCAL's modular design at the DNA level, providing solid product claim protection in Europe.

Risk and Opportunity Report

The risks and opportunities have not changed materially compared to the situation described in the Annual Report 2008.

Outlook

The Company's most recent guidance was given in February 2009. The Company estimates full-year 2009 Group revenues between €80 million and €85 million, and an operating profit of €8 million to €11 million, including investments in technology and product development in the amount of €18 million to €20 million (2008: €7.7 million). At the occasion of the reporting of the financial results of the first three months of 2009, MorphoSys reconfirmed full year guidance.

Consolidated Statement of Operations (IFRS) – unaudited

For the Period Ended March 31,	Note	2009 €	2008 €
Revenues		19,134,502	16,279,099
Operating Expenses			
Cost of Goods Sold		1,663,498	1,679,698
Research and Development		8,483,600	5,316,801
Sales, General and Administrative		4,769,141	5,222,832
Total Operating Expenses		14,916,239	12,219,331
Profit from Operations		4,218,263	4,059,768
Interest Income		135,898	361,214
Interest Expense		1,230	1,617
Other Income / (Expenses), Net		735,503	235,221
Profit before Taxes		5,088,434	4,654,586
Income Tax Expense		1,581,586	1,390,039
Net Profit		3,506,848	3,264,547
Basic Net Profit per Share		0.16	0.15
Diluted Net Profit per Share		0.16	0.15
Shares Used in Computing Basic Net Profit per Share		22,410,141	22,092,237
Shares Used in Computing Diluted Net Profit per Share		22,517,647	22,279,092

See accompanying notes to the Interim Consolidated Financial Statements

Consolidated Balance Sheet (IFRS)

	Note	March 31, 2009 (unaudited) €	Dec. 31, 2008 €
ASSETS			
Current Assets			
Cash and Cash Equivalents		45,413,567	40,113,727
Available-for-sale Financial Assets		90,645,540	97,752,015
Accounts Receivable		5,833,844	4,211,258
Income Tax Receivables		305,783	1,122,495
Other Receivables		159,447	109,900
Inventories, Net		3,588,737	3,521,451
Prepaid Expenses and Other Current Assets		2,762,265	2,563,030
Assets Classified as Held for Sale		745,388	722,036
Total Current Assets		149,454,571	150,115,912
Non-current Assets			
Property, Plant and Equipment, Net		3,795,830	3,967,405
Patents, Net		1,085,925	1,199,267
Licenses, Net		14,874,565	15,377,995
Software, Net		639,181	663,964
Know-how and Customer Lists, Net		2,447,475	2,492,537
Goodwill		26,683,139	26,672,397
Deferred Tax Asset		1,213,249	1,720,750
Prepaid Expenses and Other Assets, Net of Current Portion		1,076,406	1,082,665
Total Non-current Assets		51,815,770	53,176,980
Total Assets		201,270,341	203,292,892

See accompanying notes to the Interim Consolidated Financial Statements

Note	March 31, 2009 (unaudited) €	Dec. 31, 2008 €
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable	10,509,951	11,616,376
Licenses Payable	2,561,762	450,969
Tax Liabilities	1,126,563	881,999
Current Portion of Deferred Revenue	8,465,329	14,453,680
Total Current Liabilities	22,663,605	27,403,024
Non-current Liabilities		
Provisions, Net of Current Portion	117,839	117,839
Deferred Revenue, Net of Current Portion	10,346,286	11,193,421
Convertible Bonds Due to Related Parties	46,820	48,670
Deferred Tax Liability	2,392,298	2,542,750
Total Non-current Liabilities	12,903,243	13,902,680
Stockholders' Equity		
Common Stock, €1.00 Par Value;		
Ordinary Shares Authorized (42,759,630 and 42,759,630 for 2009 and 2008, respectively)		
Ordinary Shares Issued (22,492,287 and 22,478,787 for 2009 and 2008, respectively)		
Ordinary Shares Outstanding (22,412,391 and 22,398,891 for 2009 and 2008, respectively)		
Treasury Stock (79,896 and 79,896 shares for 2009 and 2008, respectively), at Cost	3 22,482,513	22,469,013
Additional Paid-in Capital	3 158,853,154	158,523,363
Accumulated Other Comprehensive Income	1,555,877	1,689,711
Accumulated Deficit	(17,188,051)	(20,694,899)
Total Stockholders' Equity	165,703,493	161,987,188
Total Liabilities and Stockholders' Equity	201,270,341	203,292,892

See accompanying notes to the Interim Consolidated Financial Statements

Consolidated Statement of Changes in Stockholders' Equity (IFRS) – unaudited

	Common Stock	
	Shares	€
Balance as of January 1, 2008	22,160,259	22,160,259
Compensation Related to the Grant of Stock Options and Convertible Bonds	0	0
Exercise of Options and Convertible Bonds Issued to Related Parties	80,850	80,850
Reserves:		
Change in Unrealized Gain on Available-for-sale Securities, Net of Deferred Tax	0	0
Effects from Equity-related Recognition of Deferred Taxes	0	0
Foreign Currency Gain/(Loss) from Consolidation	0	0
Net Profit for the Period	0	0
Comprehensive Income	0	0
Balance as of March 31, 2008	22,241,109	22,241,109
Balance as of January 1, 2009	22,478,787	22,478,787
Compensation Related to the Grant of Stock Options and Convertible Bonds	0	0
Exercise of Options and Convertible Bonds Issued to Related Parties	13,500	13,500
Reserves:		
Change in Unrealized Gain on Available-for-sale Securities, Net of Deferred Tax	0	0
Effects from Equity-related Recognition of Deferred Taxes	0	0
Foreign Currency Gain/(Loss) from Consolidation	0	0
Net Profit for the Period	0	0
Comprehensive Income	0	0
Balance as of March 31, 2009	22,492,287	22,492,287

See accompanying notes to the Interim Consolidated Financial Statements

	Treasury Stock	Additional Paid-in Capital	Revaluation Reserve	Translation Reserve	Accumulated Deficit	Total Stockholders' Equity
	Shares	€	€	€	€	€
	80,196	(9,811)	155,376,343	2,241,328	(33,848,252)	145,537,449
	0	0	293,148	0	0	293,148
	0	0	219,096	0	0	299,946
	0	0	0	393,245	0	393,245
	0	0	0	(121,643)	0	(121,643)
	0	0	0	0	(518,846)	(518,846)
	0	0	0	0	3,264,547	3,264,547
	0	0	0	271,602	(518,846)	3,017,303
	80,196	(9,811)	155,888,587	2,512,930	(30,583,705)	149,147,846
	79,896	(9,774)	158,523,363	4,163,972	(20,694,899)	161,987,188
	0	0	282,136	0	0	282,136
	0	0	47,655	0	0	61,155
	0	0	0	(496,975)	0	(496,975)
	0	0	0	101,677	0	101,677
	0	0	0	0	261,464	261,464
	0	0	0	0	3,506,848	3,506,848
	0	0	0	(395,298)	261,464	3,373,014
	79,896	(9,774)	158,853,154	3,768,674	(17,188,051)	165,703,493

Consolidated Statement of Cash Flows (IFRS) – unaudited

For the Period Ended March 31,	Note	2009 €	2008 €
Operating Activities			
Net Profit		3,506,848	3,264,547
Adjustments to Reconcile Net Profit to Net Cash Used in/Provided by Operating Activities:			
Non-cash Charges from PPA		0	14,125
Depreciation and Amortization of Tangible and Intangible Assets		1,279,863	1,303,008
Income Tax Benefit		(41,734)	(59,664)
Net Gain on Sales of Financial Assets		(771,555)	(406,285)
Unrealized Net Loss/(Gain) on Derivative Financial Instruments		103,016	(136,938)
(Gain) / Loss on Sale of Property, Plant and Equipment		(497)	238
Recognition of Deferred Revenue		(7,998,800)	(7,899,478)
Stock-based Compensation		282,136	293,148
Changes in Operating Assets and Liabilities:			
Accounts Receivable		(1,554,658)	2,124,512
Prepaid Expenses, Other Assets and Tax Receivables		1,305,065	(906,196)
Accounts Payable and Provisions		1,518,484	732,303
Licenses Payable		2,110,793	5,450
Other Liabilities		(2,831,794)	(5,867,573)
Deferred Revenue		1,163,314	11,661,816
Cash Generated from Operations		(1,929,519)	4,123,013
Interest Paid		0	0
Interest Received		(136,405)	(361,270)
Income Taxes Paid		395,476	191,463
Net Cash Used in/Provided by Operating Activities		(1,670,448)	3,953,206

See accompanying notes to the Interim Consolidated Financial Statements

For the Period Ended March 31,	Note	2009 €	2008 €
Investing Activities:			
Purchases of Financial Assets		0	(22,789,616)
Proceeds from Sales of Financial Assets		7,345,773	5,210,739
Purchases of Property, Plant and Equipment		(159,873)	(238,667)
Proceeds from Disposals of Property, Plant and Equipment		530	0
Additions to Intangibles		(131,281)	(90,549)
Net Cash Provided by/ Used in Investing Activities		7,055,149	(17,908,093)
Financing Activities:			
Proceeds from the Exercise of Options and Convertible Bonds Granted to Related Parties		61,155	299,946
Net of Proceeds and Payments from the Issuance of Convertible Bonds Granted to Related Parties		(1,850)	0
Purchases of Derivative Financial Instruments		(173,304)	(75,000)
Proceeds from the Disposal of Derivative Financial Instruments		47,000	170,359
Net Cash Used in/ Provided by Financing Activities		(66,999)	395,305
Effect of Exchange Rate Differences on Cash		(17,862)	114,422
Increase / (Decrease) in Cash and Cash Equivalents		5,299,840	(13,445,160)
Cash and Cash Equivalents at the Beginning of the Period		40,113,727	48,407,064
Cash and Cash Equivalents at the End of the Period		45,413,567	34,961,904

See accompanying notes to the Interim Consolidated Financial Statements

Notes to the Interim Consolidated Financial Statements – unaudited

The accompanying consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), IAS 34 “Interim Financial Reporting” adopted by the International Accounting Standards Board (IASB), London, in consideration of the interpretations of the Standing Interpretations Committee (SIC), the International Financial Reporting Interpretations Committee (IFRIC) and the IFRS adopted by the European Commission.

The consolidated financial statements for the period ended March 31, 2009, include MorphoSys AG, MorphoSys IP GmbH, MorphoSys USA, Inc., MorphoSys UK Ltd. (former Serotec Ltd.), MorphoSys US, Inc. (former Serotec, Inc.), MorphoSys AbD GmbH (former Serotec GmbH), Oxford Biotechnology Ltd. and Poole Real Estate Ltd. (former Biogenesis UK Ltd.), together referred to as the “Group”.

1 Changes in Accounting Policies

The accounting policies applied for the financial statements as of December 31, 2008, have been used throughout the first three months of 2009.

The Group applies IFRS 8 “Operating Segments” (effective from January 1, 2009). IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131 “Disclosures about segments of an enterprise and related information”. The new standard requires a ‘management approach’, under which segment information is presented on the same basis as that used for internal reporting purposes.

2 Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity’s chief operating decision maker and for which discrete financial information is available.

Segment information is presented in respect of the Group’s operating and geographical segments. The operating segments are based on the Group’s management and internal reporting structure. Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Intersegment pricing is determined on an arm’s length basis according to the Group transfer pricing policy.

The Group consists of the following two main operating segments:

THERAPEUTIC ANTIBODIES

MorphoSys possesses one of the leading technologies in the generation of human antibody therapeutics and bespoke antibody research projects. The Company makes use of its technology in collaborations with international pharmaceutical and biotechnology companies as well as on its own account.

ANTIBODIES DIRECT — ABD

The AbD segment leverages MorphoSys's core technological capabilities in the design and manufacture of antibodies for research purposes. It commercializes the HuCAL technology, focusing on the custom generation of research antibodies for partners on an individual basis. The segment generates sales from custom antibodies as well as catalog antibodies and industrial bulk production.

GEOGRAPHICAL SEGMENTS

In presenting information on the basis of geographical segments, segment revenues are based on the geographical location of the customers and segment assets on the geographical location of the assets.

For the Period Ended March 31, (in 000's €)	Therapeutic Antibodies		AbD		Unallocated		Elimination		Group	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Revenues, total	14,487	12,163	4,879	4,317	0	0	(231)	(201)	19,135	16,279
External Revenues	14,487	12,163	4,648	4,116	0	0	-	0	19,135	16,279
Inter-segment Revenues	0	0	231	201	0	0	(231)	(201)	0	0
Total Operating Expenses	8,977	6,023	4,255	4,278	1,915	2,119	(231)	(201)	14,916	12,219
Cost of Goods Sold	0	0	1,664	1,680	0	0	-	0	1,664	1,680
Other Operating Expenses	8,746	5,822	2,591	2,598	1,915	2,119	-	0	13,252	10,539
Inter-segment Costs	231	201	0	0	0	0	(231)	(201)	0	0
Segment Result	5,510	6,140	624	39	(1,915)	(2,119)	0	0	4,219	4,060
Interest Income	0	0	0	0	0	0	0	0	136	361
Interest Expense	0	0	0	0	0	0	0	0	1	2
Other (Expense)/ Income, Net	0	0	0	0	0	0	0	0	735	236
Profit before Taxes	0	0	0	0	0	0	0	0	5,089	4,655
Income Tax Expense	0	0	0	0	0	0	0	0	1,582	1,390
Net Profit	0	0	0	0	0	0	0	0	3,507	3,265

A segment result is defined as segment revenues less operating segment expenses. As a compensation for therapeutic revenues generated from contracts that had been originally initiated by the AbD segment, the Therapeutic Antibodies segment granted a compensatory fee of €0.2 million to the AbD segment for the first three months of 2009 as a result of the revenue sharing agreement established between the two segments in 2007.

The following table shows the split of the Company's consolidated revenues by geographical market:

For the Period Ended March 31, (in 000's €)	2009	2008
Europe and Asia	14,948	12,723
USA and Canada	3,894	3,151
Other	293	405
Total	19,135	16,279

3 Changes in Stockholders' Equity

Common Stock

On March 31, 2009, the common stock of the Company amounted to €22,492,287 (December 31, 2008: €22,478,787). Through the exercise of 13,500 options issued to management and employees, common stock increased by €13,500 in the first three months of 2009. Treasury stock amounted to €9,774 as of March 31, 2009 (December 31, 2008: €9,774).

Additional Paid-in Capital

On March 31, 2009, additional paid-in capital amounted to €158,853,154 (December 31, 2008: €158,523,363). The total increase of €329,791 is due to stock-based compensation in the amount of €282,136. A further increase of €47,655 arose from the exercise of stock options issued to related parties.

4 Changes in Convertible Bonds and Stock Options

In the first three months of 2009, no convertible bonds and stock options were granted.

5 Directors' Dealings

The Group has related party transactions with its management and with members of the Supervisory Board. In addition to the cash remuneration, the Company has issued stock options and convertible bonds to the Management Board. The table below shows the shares, stock options and convertible bonds as well as the changes of ownership of the same which were held by members of the Management Board and the Supervisory Board during the first three months of 2009:

Shares	01/01/09	Additions	Forfeitures	Sales	31/03/09
Management Board					
Dr. Simon E. Moroney	406,383	0	0	0	406,383
Dave Lemus ¹	300	0	0	0	300
Dr. Arndt Schottelius	0	0	0	0	0
Dr. Marlies Sproll	105	0	0	0	105
Total	406,788	0	0	0	406,788
Supervisory Board					
Dr. Gerald Möller	7,500	0	0	0	7,500
Prof. Dr. Jürgen Drews	7,290	0	0	0	7,290
Dr. Walter Blättler	2,019	0	0	0	2,019
Dr. Daniel Camus	0	0	0	0	0
Dr. Metin Colpan	0	0	0	0	0
Dr. Geoffrey N. Vernon	0	0	0	0	0
Total	16,809	0	0	0	16,809

1) Held by his spouse

Stock Options	01/01/09	Additions	Forfeitures	Exercises	31/03/09
Management Board					
Dr. Simon E. Moroney	293,445	0	0	0	293,445
Dave Lemus	147,267	0	0	0	147,267
Dr. Arndt Schottelius	0	0	0	0	0
Dr. Marlies Sproll	141,267	0	0	0	141,267
Total	581,979	0	0	0	581,979
Supervisory Board					
Dr. Gerald Möller	0	0	0	0	0
Prof. Dr. Jürgen Drews	0	0	0	0	0
Dr. Walter Blättler	0	0	0	0	0
Dr. Daniel Camus	0	0	0	0	0
Dr. Metin Colpan	0	0	0	0	0
Dr. Geoffrey N. Vernon	0	0	0	0	0
Total	0	0	0	0	0

Convertible Bonds

	01/01/09	Additions	Forfeitures	Exercises	31/03/09
Management Board					
Dr. Simon E. Moroney	16,647	0	0	0	16,647
Dave Lemus	13,872	0	0	0	13,872
Dr. Arndt Schottelius	0	0	0	0	0
Dr. Marlies Sproll	11,100	0	0	0	11,100
Total	41,619	0	0	0	41,619
Supervisory Board					
Dr. Gerald Möller	0	0	0	0	0
Prof. Dr. Jürgen Drews	0	0	0	0	0
Dr. Walter Blättler	0	0	0	0	0
Dr. Daniel Camus	0	0	0	0	0
Dr. Metin Colpan	0	0	0	0	0
Dr. Geoffrey N. Vernon	0	0	0	0	0
Total	0	0	0	0	0

6 Transactions with Related Parties

Except for the transactions described in "Directors' Dealings", no other transactions with related parties have been entered into in the first three months of 2009.

Imprint

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