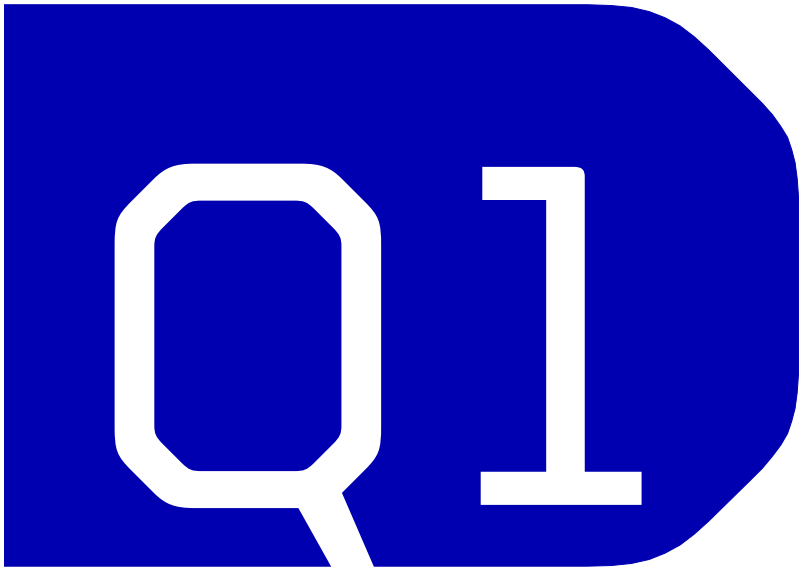
1st Interim Report

January – March 2011



morphosys

Engineering the Medicines of Tomorrow

Contents

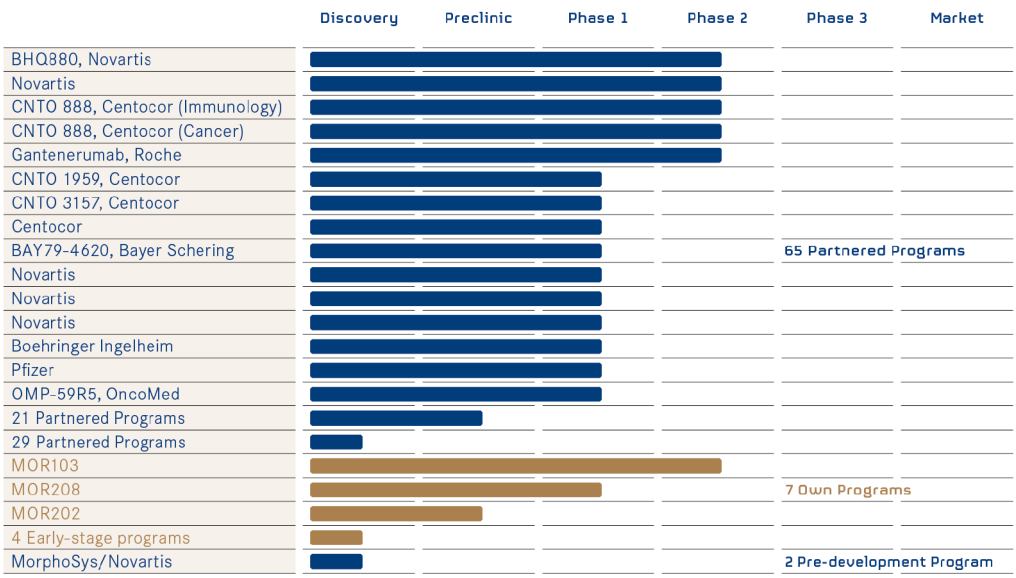
MorphoSys Group:
1st Interim Report January – March 2011

Highlights

Highlights of the First Quarter of 2011

- MorphoSys projects more than 20% revenue growth and solid profits in its 2011 guidance
- MorphoSys completes technology transfer in Novartis alliance, triggering a double-digit million euro payment from the pharmaceutical partner
- MorphoSys announced a change in its Executive Management Board with Jens Holstein joining MorphoSys as Chief Financial Officer from Fresenius Kabi
- MorphoSys strengthens US patent position on lead program MOR103
- MorphoSys signs manufacturing agreement with Boehringer Ingelheim
- At the end of the first quarter of 2011, MorphoSys's partnered and proprietary pipeline comprised 74 programs, of which 17 were in clinical development. Based on the number of programs in the clinic, MorphoSys's HuCAL is now the most successful antibody library technology in the pharmaceutical industry

MORPHOSYS'S PRODUCT PIPELINE AS OF MARCH 31, 2011



Interim Group Management Report: January 1 – March 31, 2011

Business Environment and Activities

ECONOMIC DEVELOPMENT

The disaster in Japan following the earthquake and tsunami in addition to instability in the Middle East and in North Africa have cast uncertainty over the global capital markets throughout the quarter. In contrast, according to the OECD (Organization for Economic Co-operation and Development), growth in the G7 economies outside Japan appears to be stronger than previously projected.

INDUSTRY OVERVIEW

In the first quarter of 2011, the US Food and Drug Administration (FDA) approved Benlysta® (belimumab), a fully human monoclonal antibody for the treatment of systemic lupus erythematosus developed by Human Genome Sciences and GlaxoSmithKline. Additionally, the FDA approved Yervoy™ (ipilimumab), a fully human antibody for the treatment of patients with newly diagnosed or previously-treated unresectable or metastatic melanoma, the deadliest form of skin cancer.

Significant deals comprising antibody technologies and products included a research and development agreement between Pfizer and Theraclone Sciences in the areas of infectious diseases and cancer, and a licensing agreement between Xencor and Amgen around the anti-inflammatory antibody XmAb®5871. Additionally, Xoma partnered its anti-inflammatory drug XOMA 052 with French drug maker Servier.

In the private biotechnology sector, Danish antibody company Symphogen closed a € 100 million placement. The raised capital is the largest ever financing for a private European biotech company.

OPERATIONAL PERFORMANCE

MorphoSys had a strong first quarter with the technology milestone achieved within the Novartis alliance as a significant value driver. The double-digit million euro payment triggered by this event had a significant impact on revenues and will further increase the Company's cash balance in Q2 2011. MorphoSys's product pipeline decreased by one proprietary program compared to the beginning of the year. At the end of the quarter, the pipeline comprised 74 partnered and proprietary programs, 17 of which were in clinical development.

The Q1 performance keeps MorphoSys well on track to reach its full-year goals.

Research & Development

PARTNERED DISCOVERY

During the first quarter of 2011, MorphoSys's partnered therapeutic antibody pipeline remained stable at 65 active antibody development programs in total, comprising 5 in phase 2 clinical development, 10 in phase 1 clinical development, 21 in preclinical development, and 29 in research.

MorphoSys expects that between one and three new partnered programs could enter clinical trials during the remainder of 2011.

MorphoSys's partner Novartis published the clinical trial design for a second phase 2 study in connection with the antibody program BHQ880. This study will assess the anti-myeloma effects of BHQ880 in patients with smoldering multiple myeloma with high risk of progression to active multiple myeloma. Estimated primary completion date of this trial according to *www.clinicaltrials.gov* is March 2013.

PROPRIETARY DEVELOPMENT

During the first quarter of 2011, one proprietary development program in the discovery phase was ended. The anti-cancer antibody being studied did not prove the scientific hypothesis in early assays.

Intellectual Property

During the first quarter of 2011, MorphoSys reported one important addition to its patent portfolio, when the US Patent and Trademark Office granted a patent covering the Company's most advanced proprietary compound MOR103. This new patent covers the HuCAL antibody against GM-CSF as well as pharmaceutical compositions comprising the same, and has a scheduled expiry date in 2026, not including any potential extensions.

This newly issued patent complements a US patent granted in 2008 covering medical uses of antibodies against GM-CSF, to which MorphoSys has exclusive access under a license agreement with the University of Melbourne, Australia. Together, the two patent families provide strong intellectual property protection for the MOR103 program.

Commercial Development

PARTNERED DISCOVERY

In February 2011, MorphoSys announced that receipt of a technology milestone payment from Novartis in connection with the completion of the installation of its HuCAL antibody platform at Novartis Institutes for BioMedical Research in Basel, Switzerland. The milestone arises in connection with an option for Novartis in the 2007 agreement to internalize the HuCAL technology and comprises a double-digit million euro payment to MorphoSys. The collaboration between the companies is unaffected by the achievement of the milestone, and the number of active programs to be pursued by Novartis as well as the number of MorphoSys employees working on Novartis's projects remains unchanged. The milestone is included in MorphoSys's projected 2011 revenues.

The therapeutic antibody collaboration with Daiichi Sankyo, signed in March 2006, was concluded in the first quarter of 2011. The infectious disease collaboration between the two companies continues at least until May 2011.

PROPRIETARY DEVELOPMENT

In March 2011, MorphoSys and Boehringer Ingelheim announced a biopharmaceutical manufacturing agreement for therapeutic antibodies. The agreement covers the process development and manufacturing of additional clinical material for MorphoSys's proprietary MOR208 program and other drug

candidates. By adding an additional supplier to the proprietary development set-up MorphoSys aims to prevent any bottlenecks in clinical trial supply in the years ahead. Additionally, establishing a commercial manufacturing process with Boehringer Ingelheim early in the development of MOR208 is expected to increase the value of this program.

ACQUISITION UPDATE

On October 7, 2010, MorphoSys announced the acquisition of the private German company Sloning BioTechnology GmbH, a biotechnology company developing new methods of synthetic biology. Sloning's shareholders received a one-off € 19 million cash payment upon signing. The transaction was completed in the fourth quarter of 2010, and the majority of the former Sloning employees became MorphoSys employees. The transaction already resulted in a first partnership, signed with Pfizer in December of 2010.

Human Resources

On March 31, 2011, the MorphoSys Group employed 465 people (December 31, 2010: 464). On average, the MorphoSys Group employed 463 people in the first three months of 2011 (first three months of 2010: 418).

Of the 465 employees, 314 worked in research and development and 151 in sales, general and administration (December 31, 2010: 309 and 155, respectively).

On March 31, 2011, 148 of MorphoSys's employees had a PhD degree (December 31, 2010: 148).

Of the 465 employees, 178 worked for the Partnered Discovery segment, 98 for the Proprietary Development segment and 148 for the AbD Serotec segment (December 31, 2010: 183 for the Partnered Discovery segment, 100 for the Proprietary Development segment and 142 for the AbD Serotec segment) while 41 employees were not allocated to a specific segment (December 31, 2010: 39).

On March 31, 2011, MorphoSys had five apprenticeship positions (December 31, 2010: 5).

Financial Analysis

REVENUES

Compared to the same period of the previous year, Group revenues increased by 136% to € 48.6 million in Q1 of 2011 (Q1 2010: € 20.6 million). This increase mainly resulted from higher levels of success-based fees, namely a technology milestone payment from Novartis in connection with completing the installation of the HuCAL antibody platform at Novartis Institutes for BioMedical Research in Basel, Switzerland. Funded research and licensing fees in the Partnered Discovery segment slightly decreased compared to the same period of the previous year whereas revenues in the AbD Serotec segment decreased by 20%. Revenues arising from the Partnered Discovery and Proprietary Development segments accounted for 91% or € 44.3 million (Q1 2010: € 15.3 million) of total revenues while the AbD Serotec segment generated 9% (€ 4.4 million) of total revenues (Q1 2010: € 5.5 million).

Geographically, 5% or € 2.5 million of MorphoSys's commercial revenues were generated with biotechnology and pharmaceutical companies or non-profit organizations located in North America and

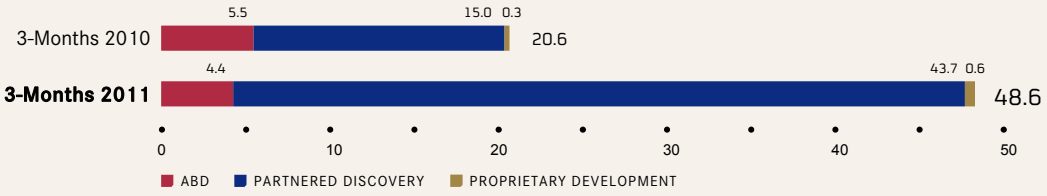
95% or € 46.1 million with companies located mainly in Europe and Asia. This compares to 15% and 85%, respectively, in the same period of the prior year.

PARTNERED DISCOVERY AND PROPRIETARY DEVELOPMENT SEGMENTS

Revenues in the Partnered Discovery segment comprised € 13.3 million in funded research and licensing fees (Q1 2010: € 13.7 million) as well as € 30.4 million success-based payments (Q1 2010: € 1.3 million). Revenues in the Proprietary Development segment included € 0.6 million in funded research (Q1 2010: € 0.3 million). Approximately 98% of Partnered Discovery and Proprietary Development revenues and 90% of total revenues arose from the Company's three largest alliances with Novartis, Daiichi Sankyo and Pfizer (Q1 2010: Novartis, Daiichi Sankyo and Merck, 93% and 69%, respectively).

Assuming constant foreign exchange rates at the average rate of Q1 2010, segment revenues in the Partnered Discovery and Proprietary Development segments would have totaled € 43.6 million.

REVENUE DEVELOPMENT BY SEGMENT (in € million)*



* Differences due to rounding

ABD SEROTEC SEGMENT

Compared to the same period of the previous year, AbD Serotec revenues decreased by 20%, or € 1.1 million, to € 4.4 million in 2011 (Q1 2010: € 5.5 million). The unfavorable comparison with the prior year's revenues is due to a large OEM order which was placed in Q1 2010. Assuming constant foreign exchange rates at the average rate for Q1 2010, revenues in the AbD Serotec segment would have amounted to € 4.3 million.

As of March 31, 2011, orders in the amount of € 0.8 million were classified as backorders in the segment (December 31, 2010: € 0.7 million).

OPERATING EXPENSES

Compared to the first three months of 2010, total operating expenses increased by approximately 25% to € 19.9 million in Q1 2011 (Q1 2010: € 15.9 million). The change in operating expenses of € 4.0 million was mainly impacted by research and development (R&D) expenses increasing by 37% or € 3.4 million and sales, general and administrative (S, G&A) expenses increasing by approximately 8% or € 0.4 million to € 5.3 million.

Operating expenses increased by 22% to € 6.1 million (Q1 2010: € 5.0 million) in the Partnered Discovery segment and by 50% to € 6.9 million (Q1 2010: € 4.6 million) in the Proprietary Development segment. In the AbD Serotec segment, operating expenses remained unchanged at € 4.6 million and would have amounted to € 4.4 million under the assumption of constant foreign exchange rates at the average rate of Q1 2010.

Stock-based compensation expenses are embedded in COGS, S, G&A and R&D expenses. Stock-based compensation for the first three months of 2011 amounted to € 0.5 million (Q1 2010: € 0.4 million) and is a non-cash charge.

COST OF GOODS SOLD

COGS is composed of the AbD Serotec segment's cost of goods sold in the first three months of 2011 and – compared to the same period of the prior year – slightly increased by 6% to € 1.8 million. The gross margin for the segment decreased to 58%, in comparison to 68% in the first quarter of 2010, due to a less favorable sales mix in Q1 2011.

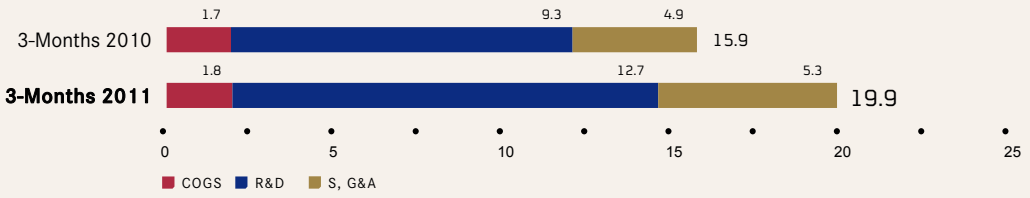
RESEARCH AND DEVELOPMENT EXPENSES

In the first three months of 2011, expenses for research and development increased by € 3.4 million to € 12.7 million (Q1 2010: € 9.3 million). This was mainly due to higher personnel costs (Q1 2011: € 5.2 million; Q1 2010: € 3.9 million) as well as increased costs for external services (Q1 2011: € 3.0 million; Q1 2010: € 2.1 million) and intangibles (Q1 2011: € 2.1 million; Q1 2010: € 1.3 million). Costs for intangibles included an impairment of licenses in the amount of € 0.2 million. In the first three months of 2011, the Company incurred costs for proprietary product development (excluding allocations for technology development) in the amount of € 6.6 million (Q1 2010: € 4.5 million) as well as costs for technology development in the amount of € 0.6 million (Q1 2010: € 0.5 million).

SALES, GENERAL AND ADMINISTRATIVE EXPENSES

Compared to the same period of the previous year, sales, general and administrative expenses slightly increased by € 0.4 million to € 5.3 million (Q1 2010: € 4.9 million).

DEVELOPMENT OF OPERATING EXPENSES (in € million)*



* Differences due to rounding

NON-OPERATING ITEMS

For the first three months of 2011, non-operating items included other expenses of € 1.3 million (Q1 2010: € 0.2 million), which predominantly resulted from foreign exchange losses, and finance income of € 0.3 million (Q1 2010: € 0.04 million) mainly comprising gains on marketable securities.

TAXES

For the first three months of 2011, the Company reported income tax expenses in the amount of € 9.1 million (Q1 2010: € 1.4 million), which mainly consisted of current taxes.

OPERATING PROFIT / NET PROFIT

Group operating profit for the first three months of 2011 amounted to € 28.8 million (Q1 2010: € 4.7 million). Earnings before interest and taxes (EBIT) amounted to € 27.9 million, compared to an EBIT of € 4.5 million in the first three months of the previous year. The Partnered Discovery and Proprietary Development segments showed an operating profit of € 37.6 million (Q1 2010: operating profit of € 10.0 million) and an operating loss of € 6.2 million (Q1 2010: operating loss of € 4.3 million), respectively. The AbD Serotec segment incurred an operating loss of € 0.2 million (Q1 2010: operating profit of € 0.9 million) and the loss would have remained unchanged under the assumption of constant foreign exchange rates using the first-quarter 2010 average rates.

A net profit after taxes of € 18.8 million was achieved in the first three months of 2011, compared to a net profit after taxes of € 3.2 million in the same period of the prior year. The resulting basic net profit per share for the first three months of 2011 amounted to € 0.82 (Q1 2010: € 0.14).

LIQUIDITY / CASH FLOWS

Net cash inflow from operations in the first three months of 2011 amounted to € 11.7 million (Q1 2010: cash inflow of € 13.1 million). Investing activities resulted in a cash outflow of € 5.7 million (Q1 2010: cash outflow of € 9.0 million) whereas financing activities resulted in a cash inflow of € 0.5 million (Q1 2010: cash inflow of € 0.1 million).

As of March 31, 2011, the Company held € 119.8 million in cash, cash equivalents and available-for-sale financial assets, compared to a year-end 2010 balance of € 108.4 million.

ASSETS

Total assets increased by € 34.1 million to € 246.7 million as of March 31, 2011, compared to € 212.6 million as of December 31, 2010. Current assets increased by € 35.2 million mainly as a result of an increase in accounts receivable of € 23.4 million due to the technology milestone from Novartis. Furthermore, cash and cash equivalents as well as marketable securities increased by € 6.4 million and € 5.0 million, respectively.

Compared to December 31, 2010, non-current assets decreased by € 1.0 million, mainly as a consequence of the amortization of licenses and patents.

LIABILITIES

In the first three months of 2011, current liabilities increased from € 21.4 million as of December 31, 2010, to € 30.3 million as of March 31, 2011, arising mainly from an increase in tax liabilities by € 8.8 million and an increase in deferred revenue by € 2.3 million, which was partly offset by a decrease in accounts payable of € 2.2 million.

Non-current liabilities increased by € 5.3 million to € 10.6 million in the first three months of 2011, which was mainly impacted by an increase in non-current deferred revenue due to payments received from a deal closed in December 2010.

EQUITY

Total stockholders' equity amounted to € 205.8 million as of March 31, 2011, compared to € 185.9 million as of December 31, 2010.

As of March 31, 2011, the total number of shares issued amounted to 22,938,167 of which 22,858,271 were outstanding, compared to 22,890,252 and 22,810,356 as of December 31, 2010, respectively.

The increase of shares outstanding by 47,915 arose from exercised options and convertible bonds issued to management and employees.

FINANCING

As of March 31, 2011, the equity ratio of the Company amounted to 83%, compared to an equity ratio of 87% as of December 31, 2010. The Company is currently not financed via financial debt.

CAPITAL EXPENDITURE

MorphoSys's investment in property, plant and equipment amounted to € 0.7 million for the three-month period ended March 31, 2011, compared to € 0.6 million in the same period of the prior year. Depreciation of property, plant and equipment for Q1 of 2011 accounted for € 0.5 million and remained unchanged compared to the first three months of 2010.

During the first three months of 2011, the Company invested € 0.2 million in intangible assets (Q1 2010: € 0.4 million). Amortization of intangibles amounted to € 1.0 million and slightly increased compared to the first three months of 2010 (Q1 2010: € 0.9 million).

Risk and Opportunity Report

The risks and opportunities as well as the assessment thereof remained unchanged compared to the situation described on pages 36-37 and on page 40 in the Annual Report 2010.

Subsequent Events

There were no events requiring disclosure.

Outlook

EXPECTED DEVELOPMENT IN THE LIFE SCIENCES SECTOR

Over the coming five years, the pharmaceutical industry will be facing unprecedented challenges. Expiring patents, lack of new product supply and cost pressure from healthcare reforms in Europe and the USA all combine to place the industry under increasing pressure. Pharmaceutical companies are increasingly looking for outsourced R&D activities, securing access to innovative technologies and development candidates through fee-for-service agreements as well as in-licensing activities. The need

to add innovative therapies into the pipelines could further increase M&A activities, as already seen in 2010 and in Q1 of 2011.

Within the biotechnology industry, the access to capital will remain one of the main issues. A further consolidation in the market is expected, especially for those companies, which need additional funds to develop promising drug candidates.

FINANCIAL GUIDANCE

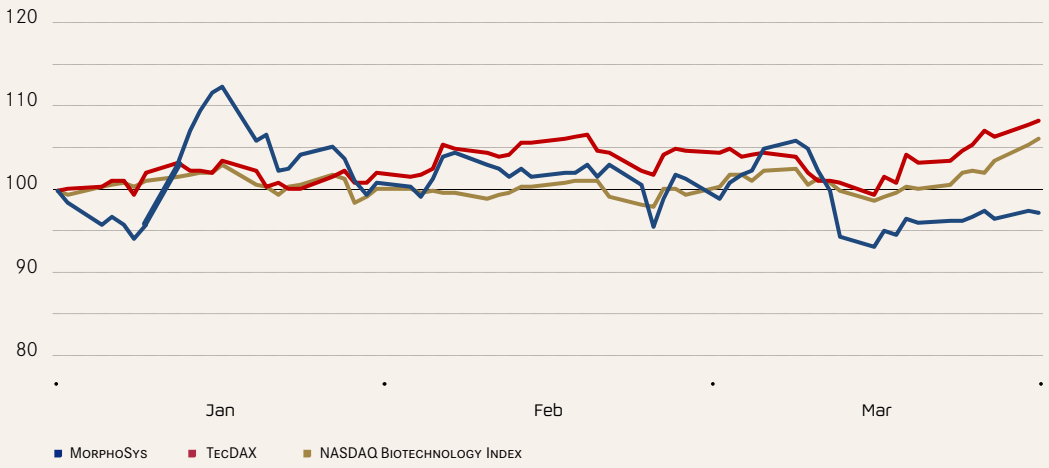
MorphoSys does not forecast quarterly numbers. The Company remains on track to achieve its 2011 annual revenue and profit guidance as given in February 2011. For 2011, MorphoSys expects full year revenues of approximately € 105 million to € 110 million and an operating profit of approximately € 10 million to € 13 million. This includes increased investments in proprietary product development in the amount of € 40 million to € 45 million.

The statements on the strategic outlook, expected commercial, personnel and R&D outlook and dividends continue to be valid as published in MorphoSys's Annual Report 2010 on pages 41 to 44.

Share Price Performance

The MorphoSys share price increased during the first quarter of 2011 by 1% year to date. The major benchmark indices also developed positively. More specifically, the NASDAQ Biotechnology Index increased during the quarter by 7.3% and the TecDAX by 9.4%, while the DAXsubsector Biotechnology Performance Index decreased by 2%. By comparison, a basket of international antibody companies (Source: BioCentury) decreased by 7.1%. Company events with significant effect on the Company's share price were the correction of the Company's financial guidance for fiscal year 2010, the significant technology milestone met within the Novartis alliance, and the publication of the 2011 guidance as well as the management change reported at the Year-end Results presentation.

THE MORPHOSYS SHARE (January 3, 2011 = 100%)



Consolidated Statement of Operations (IFRS) – unaudited

€	Note	Three Months Ended 03/31/2011	Three Months Ended 03/31/2010
Revenues	**2**	**48,581,473**	**20,551,463**
Operating Expenses	**2**		
Cost of Goods Sold		1,838,869	1,728,501
Research and Development		12,703,572	9,311,518
Sales, General and Administrative		5,316,785	4,862,083
Total Operating Expenses		**19,859,226**	**15,902,102**
Other Operating Income		**121,004**	**13,917**
Profit from Operations		**28,843,251**	**4,663,278**
Finance Income		348,008	36,367
Finance Expense		5,002	4,440
Other Income		36,603	116,029
Other Expense		1,339,153	236,991
Profit before Taxes		**27,883,707**	**4,574,243**
Income Tax Expense		9,055,159	1,382,339
Net Profit		**18,828,548**	**3,191,904**
Basic Net Profit per Share		0.82	0.14
Diluted Net Profit per Share		0.81	0.14
Shares Used in Computing Basic Net Profit per Share		22,847,349	22,592,412
Shares Used in Computing Diluted Net Profit per Share		23,123,946	22,743,001

See accompanying notes to the Interim Consolidated Financial Statements

Consolidated Statement of Comprehensive Income (IFRS) – unaudited

€	Three Months Ended 03/31/2011	Three Months Ended 03/31/2010
Net Profit	**18,828,548**	**3,191,904**
Change in Unrealized Gains on Available-for-sale Securities	(206,684)	82,513
(Thereof Reclassifications of Unrealized Gains to Profit and Loss)	(331,689)	0
Deferred Taxes	54,420	(21,726)
Change in Unrealized Gains on Available-for-sale Securities, Net of Deferred Tax	(152,264)	60,787
Effects from Equity-related Recognition of Deferred Taxes	2,986	(85)
Foreign Currency Gains and Losses from Consolidation	(72,391)	60,554
Comprehensive Income	**18,606,879**	**3,313,160**

Consolidated Balance Sheet (IFRS)

€	Note	March 31, 2011 (unaudited)	Dec. 31, 2010
ASSETS			
Current Assets			
Cash and Cash Equivalents		50,554,591	44,118,451
Available-for-sale Financial Assets		69,290,186	64,304,041
Accounts Receivable		38,432,026	15,009,326
Income Tax Receivables		534,819	499,323
Other Receivables		773,426	522,520
Inventories, Net		3,954,889	4,135,446
Prepaid Expenses and Other Current Assets		3,360,593	3,104,340
Assets Classified as Held for Sale		791,119	813,011
Total Current Assets		**167,691,649**	**132,506,458**
Non-current Assets			
Property, Plant and Equipment, Net		6,343,760	6,189,865
Patents, Net		10,092,258	10,285,264
Licenses, Net		11,402,706	12,118,924
Intangible Assets under Development		10,513,100	10,513,100
Software, Net		452,393	505,328
Know-how and Customer Lists, Net		1,544,550	1,685,978
Goodwill		34,106,848	34,099,485
Deferred Tax Asset		2,906,040	2,991,391
Prepaid Expenses and Other Assets, Net of Current Portion		1,641,778	1,658,040
Total Non-current Assets		**79,003,433**	**80,047,375**
Total Assets		**246,695,082**	**212,553,833**

See accompanying notes to the Interim Consolidated Financial Statements

€	Note	March 31, 2011 (unaudited)	Dec. 31, 2010
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Accounts Payable		13,424,209	15,614,905
Licenses Payable		153,144	134,617
Tax Liabilities		10,896,059	2,144,674
Provisions		275,000	275,000
Current Portion of Deferred Revenue		5,522,264	3,181,605
Total Current Liabilities		**30,270,676**	**21,350,801**
Non-current Liabilities			
Provisions, Net of Current Portion		43,344	43,344
Deferred Revenue, Net of Current Portion		6,432,569	690,756
Convertible Bonds Due to Related Parties		140,279	127,593
Deferred Tax Liability		4,023,630	4,419,245
Total Non-current Liabilities		**10,639,822**	**5,280,938**
Stockholders' Equity			
Common Stock			
Ordinary Shares Authorized (41,935,950 and 41,935,950 for 2011 and 2010, respectively)			
Ordinary Shares Issued (22,938,167 and 22,890,252 for 2011 and 2010, respectively)			
Ordinary Shares Outstanding (22,858,271 and 22,810,356 for 2011 and 2010, respectively)			
Treasury Stock (79,896 and 79,896 shares for 2011 and 2010, respectively), at Cost	3	22,928,393	22,880,478
Additional Paid-in Capital	3	167,595,779	166,388,083
Reserves		(1,033,632)	(811,963)
Retained Earnings/ Accumulated Deficit		16,294,044	(2,534,504)
Total Stockholders' Equity		**205,784,584**	**185,922,094**
Total Liabilities and Stockholders' Equity		**246,695,082**	**212,553,833**

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, 2010	**22,660,557**	**22,660,557**
Compensation Related to the Grant of Stock Options and Convertible Bonds	0	0
Exercise of Options and Convertible Bonds Issued to Related Parties	16,521	16,521
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 Gains and Losses from Consolidation	0	0
Net Profit for the Period	0	0
Comprehensive Income	0	0
Balance as of March 31, 2010	**22,677,078**	**22,677,078**
Balance as of January 1, 2011	**22,890,252**	**22,890,252**
Compensation Related to the Grant of Stock Options and Convertible Bonds	0	0
Exercise of Options and Convertible Bonds Issued to Related Parties	47,915	47,915
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 Gains and Losses from Consolidation	0	0
Net Profit for the Period	0	0
Comprehensive Income	0	0
Balance as of March 31, 2011	**22,938,167**	**22,938,167**

See accompanying notes to the Interim Consolidated Financial Statements

	Treasury Stock		Additional Paid-in Capital	Revaluation Reserve	Translation Reserve	Retained Earnings/ Accumulated Deficit	Total Stockholders' Equity
	Shares	€	€	€	€	€	€
	79,896	**(9,774)**	**161,631,268**	**3,371,195**	**(1,988,077)**	**(11,730,804)**	**173,934,365**
	0	0	384,669	0	0	0	384,669
	0	0	213,649	0	0	0	230,170
	0	0	0	60,787	0	0	60,787
	0	0	0	(85)	0	0	(85)
	0	0	0	0	60,554	0	60,554
	0	0	0	0	0	3,191,904	3,191,904
	0	0	0	60,702	60,554	3,191,904	3,313,160
	79,896	**(9,774)**	**162,229,586**	**3,431,897**	**(1,927,523)**	**(8,538,900)**	**177,862,364**
	79,896	**(9,774)**	**166,388,083**	**727,669**	**(1,539,632)**	**(2,534,504)**	**185,922,094**
	0	0	525,708	0	0	0	525,708
	0	0	681,988	0	0	0	729,903
	0	0	0	(152,264)	0	0	(152,264)
	0	0	0	2,986	0	0	2,986
	0	0	0	0	(72,391)	0	(72,391)
	0	0	0	0	0	18,828,548	18,828,548
	0	0	0	(149,278)	(72,391)	18,828,548	18,606,879
	79,896	**(9,774)**	**167,595,779**	**578,391**	**(1,612,023)**	**16,294,044**	**205,784,584**

Consolidated Statement of Cash Flows (IFRS) – unaudited

For the Period Ended March 31, (in €)	Note	2011	2010
Operating Activities			
Net Profit		18,828,548	3,191,904
Adjustments to Reconcile Net Profit to Net Cash Provided by Operating Activities:			
Impairment of Assets		193,901	0
Depreciation and Amortization of Tangible and Intangible Assets		1,520,070	1,428,975
Net Gain on Sales of Financial Assets		(340,562)	0
Unrealized Net (Gain)/ Loss on Derivative Financial Instruments		(33,125)	126,193
Loss on Sale of Property, Plant and Equipment		3,131	3,870
Recognition of Deferred Revenue		(8,085,622)	(9,295,676)
Stock-based Compensation		540,045	384,669
Income Tax Expense		9,062,948	1,378,598
Changes in Operating Assets and Liabilities:			
Accounts Receivable		(23,482,586)	5,886,169
Prepaid Expenses, Other Assets and Tax Receivables		(269,039)	1,009,177
Accounts Payable and Provisions		(502,305)	(20,188)
Licenses Payable		18,527	358,949
Other Liabilities		(1,490,778)	(4,603,352)
Deferred Revenue		16,168,094	13,316,956
Cash Generated from Operations		**12,131,247**	**13,166,244**
Interest Paid		(2,065)	(3,869)
Interest Received		34,277	36,365
Income Taxes Paid		(489,434)	(136,240)
Net Cash Provided by Operating Activities		**11,674,025**	**13,062,500**

See accompanying notes to the Interim Consolidated Financial Statements

For the Period Ended March 31, (in €)	Note	2011	2010
Investing Activities:			
Purchases of Financial Assets		(12,011,280)	(7,988,753)
Proceeds from Sales of Financial Assets		7,159,014	0
Purchases of Property, Plant and Equipment		(708,413)	(637,227)
Proceeds from Disposals of Property, Plant and Equipment		500	0
Additions to Intangibles		(157,623)	(375,656)
Net Cash Used in Investing Activities		**(5,717,802)**	**(9,001,636)**
Financing Activities:			
Proceeds from the Exercise of Options and Convertible Bonds Granted to Related Parties		729,914	230,122
Net of Proceeds and Payments from the Issuance of Convertible Bonds Granted to Related Parties		(1,650)	0
Purchases of Derivative Financial Instruments		(213,421)	(175,900)
Net Cash Provided by Financing Activities		**514,843**	**54,222**
Effect of Exchange Rate Differences on Cash		(34,926)	(21,215)
Increase in Cash and Cash Equivalents		6,436,140	4,093,871
Cash and Cash Equivalents at the Beginning of the Period		**44,118,451**	**41,255,316**
Cash and Cash Equivalents at the End of the Period		**50,554,591**	**45,349,187**

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, 2011, include MorphoSys AG, MorphoSys IP GmbH, Sloning BioTechnology GmbH, MorphoSys USA, Inc., MorphoSys UK Ltd. (former Serotec Ltd.), MorphoSys US, Inc. (former Serotec, Inc.), MorphoSys AbD GmbH (former Serotec GmbH) and Poole Real Estate Ltd. (former Biogenesis UK Ltd.), together referred to as the "Group".

1 Accounting Policies

The accounting policies applied for the financial statements as of December 31, 2010, have been used throughout the first three months of 2011.

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 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 and 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 three operating segments:

PARTNERED DISCOVERY

MorphoSys possesses one of the leading technologies for the generation of human antibody therapeutics. The Company commercially exploits this technology via partnerships with multiple pharmaceutical and biotechnology companies. All activities related to these collaborations and the major part of technology development are reflected in this segment.

PROPRIETARY DEVELOPMENT

This segment involves all activities relating to proprietary therapeutic antibody development. Presently, this includes the Company's three lead compounds in its proprietary product portfolio, MOR103, MOR202 and MOR208, as well as four programs in the discovery phase and two pre-development

programs with Novartis. The Company currently plans to out-license proprietary compounds after clinical proof of concept.

ABD SEROTEC

The AbD Serotec segment leverages MorphoSys's core technological capabilities in the design and manufacture of antibodies for research and diagnostic purposes. It commercializes the HuCAL technology, focusing on the generation of bespoke research antibodies for its customers. The AbD Serotec segment also generates sales from catalog antibodies and bulk/industrial production of antibodies.

ENTITY-WIDE DISCLOSURE

In presenting entity-wide disclosures, segment revenues are based on the geographical location of the customers and segment assets on the geographical location of the assets.

For the Three Months Period Ended March 31,	Partnered Discovery		Proprietary Development	
(in 000's €)	2011	2010	2011	2010
Revenues, total	**43,672**	**15,052**	**594**	**253**
External Revenues	43,672	15,052	594	253
Inter-segment Revenues	-	-	-	-
Total Operating Expenses	**6,052**	**5,008**	**6,907**	**4,588**
Cost of Goods Sold	-	-	-	-
Other Operating Expenses	5,988	4,777	6,907	4,588
Inter-segment Costs	64	231	-	-
Other Operating Income	**5**	**-**	**116**	
Segment Result	**37,625**	**10,044**	**(6,197)**	**(4,335)**
Finance Income	-	-	-	-
Finance Expense	-	-	-	-
Other Income	-	-	-	-
Other Expense	-	-	-	-
Profit before Taxes	**-**	**-**	**-**	**-**
Income Tax Expense	-	-	-	-
Net Profit	**-**	**-**	**-**	**-**

	AbD Serotec		Unallocated		Elimination		Group	
	2011	2010	2011	2010	2011	2010	2011	2010
	4,380	**5,477**	**-**	**-**	**(64)**	**(231)**	**48,582**	**20,551**
	4,316	5,246	-	-	-	-	48,582	20,551
	64	231	-	-	(64)	(231)	-	-
	4,568	**4,570**	**2,397**	**1,967**	**(64)**	**(231)**	**19,860**	**15,902**
	1,839	1,729	-	-	-	-	1,839	1,729
	2,729	2,841	2,397	1,967	-	-	18,021	14,173
	-	-	-	-	(64)	(231)	-	-
	-	**14**	**-**	**-**	**-**	**-**	**121**	**14**
	(188)	**921**	**(2,397)**	**(1,967)**	**-**	**-**	**28,843**	**4,663**
	-	-	-	-	-	-	348	36
	-	-	-	-	-	-	5	4
	-	-	-	-	-	-	37	116
	-	-	-	-	-	-	1,339	237
	-	**-**	**-**	**-**	**-**	**-**	**27,884**	**4,574**
	-	-	-	-	-	-	9,055	1,382
	-	**-**	**-**	**-**	**-**	**-**	**18,829**	**3,192**

A segment result is defined as segment revenues less operating segment expenses. As a compensation for Partnered Discovery revenues generated from contracts that had originally been initiated by the AbD Serotec segment, the Partnered Discovery segment granted a compensatory fee of € 0.1 million to the AbD Serotec segment for the first three months of 2011 (Q1 2010: € 0.2 million) 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 €)	2011	2010
Germany	540	1,703
Other Europe and Asia	44,579	15,465
USA and Canada	2,501	3,026
Other	962	357
Total	**48,582**	**20,551**

3 Changes in Stockholders' Equity

COMMON STOCK

On March 31, 2011, the common stock of the Company amounted to € 22,938,167 (December 31, 2010: € 22,890,252). Through the exercise of 47,915 stock options and convertible bonds issued to management and employees, common stock increased by € 47,915 in the first three months of 2011. Treasury stock amounted to € 9,774 as of March 31, 2011 (December 31, 2010: € 9,774).

ADDITIONAL PAID-IN CAPITAL

On March 31, 2011, additional paid-in capital amounted to € 167,595,779 (December 31, 2010: € 166,388,083). The total increase of € 1,207,696 is due to stock-based compensation in the amount of € 525,708. A further increase of € 681,988 arose from the exercise of issued stock options and convertible bonds.

4 Changes in Convertible Bonds and Stock Options

As of March 31, 2011, no stock options or convertible bonds have been granted to members of the Management Board and to employees compared to December 31, 2010.

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 2011:

SHARES

	01/01/11	Additions	Forfeitures	Sales	03/31/11
Management Board					
Dr. Simon E. Moroney	416,385	0	0	0	416,385
Dr. Arndt Schottelius	1,500	0	0	0	1,500
Dr. Marlies Sproll	3,105	0	0	0	3,105
Total	**420,990**	**0**	**0**	**0**	**420,990**
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**

STOCK OPTIONS

	01/01/11	Additions	Forfeitures	Exercises	03/31/11
Management Board					
Dr. Simon E. Moroney	191,445	0	0	0	191,445
Dr. Arndt Schottelius	90,000	0	0	0	90,000
Dr. Marlies Sproll	102,867	0	0	0	102,867
Total	**384,312**	**0**	**0**	**0**	**384,312**
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

	01/01/11	Additions	Forfeitures	Exercises	03/31/11
Management Board					
Dr. Simon E. Moroney	88,800	0	0	0	88,800
Dr. Arndt Schottelius	33,000	0	0	0	33,000
Dr. Marlies Sproll	63,000	0	0	0	63,000
Total	**184,800**	**0**	**0**	**0**	**184,800**
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 2011.

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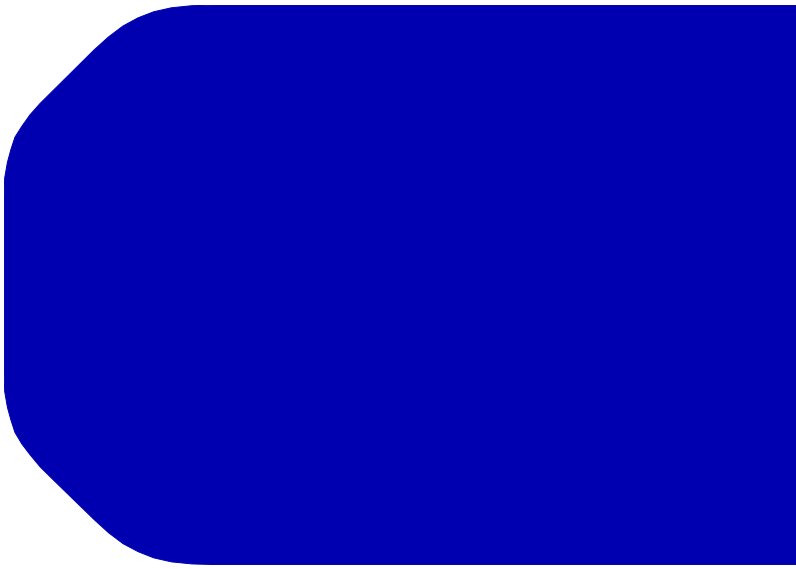
Financial Calendar

FEBRUARY 24, 2011	PUBLICATION OF 2010 YEAR END RESULTS
APRIL 29, 2011	PUBLICATION OF THREE MONTHS' REPORT 2011
MAY 19, 2011	ANNUAL SHAREHOLDERS' MEETING 2011 IN MUNICH
JULY 29, 2011	PUBLICATION OF SIX MONTHS' REPORT 2011
OCTOBER 28, 2011	PUBLICATION OF NINE MONTHS' REPORT 2011



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