

2nd Interim Report
January – June 2011

Q2

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Interim Group Management Report: January 1 – June 30, 2011

Business Environment and Activities

ECONOMIC DEVELOPMENT

In the euro zone, the volatile situation in Greece continued to remain in focus during the second quarter of this year. The country has a significant public debt burden and will need support from the European Union and the International Monetary Fund (IMF). A few other European countries namely Portugal, Spain, Ireland and Italy found themselves also in the spotlight of investors regarding their ability to cover their deficits.

Additionally, concerns about the US public debt, along with worries of a still hesitating economy, were weighing on the US dollar foreign exchange trading.

INDUSTRY OVERVIEW

In the second quarter of 2011, significant deals comprising antibody technologies and products included a research and development agreement between Abbott and Biotest around an anti-inflammatory antibody targeting CD4, a license agreement between Prometheus and Willex for the cancer antibody Rencarex[®] (Girentuximab) and an agreement between Sanofi and Glenmark Pharmaceuticals for a monoclonal antibody to treat Crohn's Disease and other inflammatory conditions. With regard to mergers and acquisitions, Takeda announced plans to acquire Nycomed for roughly € 9.6 billion. In the diagnostic sector, Thermo Fisher announced plans to acquire Phadia for about € 2.5 billion.

In the area of cancer and anti-inflammatory drugs in late-stage development, four deaths among patients taking Pfizer's experimental rheumatoid arthritis phase 3 Tofacitinib stood out. The drug is the most-advanced candidate in a family of experimental oral treatments targeting the JAK protein. On the positive side, data generated with new drugs against skin cancer, namely the antibody Ipilimumab and the small molecule Vemurafenib, gathered significant attention at the 2011 Annual Meeting of the American Society of Clinical Oncology (ASCO).

OPERATIONAL PERFORMANCE

MorphoSys looks back at a strong first half of 2011, including a significant technology milestone from Novartis within the first quarter. The double-digit million euro payment triggered by this event further increased the Company's cash balance in Q2 2011 and strengthened again the Company's balance sheet.

The weak dollar and pound exchange rate to the euro had a negative impact on US and UK revenues generated by MorphoSys's business segment AbD Serotec. However, in the second quarter, AbD Serotec returned to profitability.

At the end of the second quarter, MorphoSys's product pipeline comprised 75 partnered and proprietary programs, 18 of which were in clinical development, one more than in the quarter before.

The performance of the first half of 2011 keeps MorphoSys well on track to reach its full-year goals.

Research & Development

PARTNERED DISCOVERY

During the first half of 2011, MorphoSys's existing partnered therapeutic antibody pipeline remained stable at 65 active antibody development programs in total, of which currently 16 programs are in clinical development, 21 in preclinical development, and 28 in research (not including two co-development candidates with Novartis).

In April 2011, MorphoSys announced that it received a milestone payment from OncoMed Pharmaceuticals in connection with the FDA acceptance of a clinical trial application for a HuCAL-derived antibody. The antibody OMP-18R5, which targets the Wnt signaling pathway, will be evaluated in a phase 1 trial in the USA in patients with advanced solid tumors.

MorphoSys projects that during the remainder of 2011, up to two additional partnered programs could enter clinical trials.

MorphoSys's partner Novartis published the clinical trial design for a third phase 2 study in connection with the antibody program BHQ880, a first-in-class DKK-1 neutralizing HuCAL antibody. The study will evaluate the effects of BHQ880 in patients with previously untreated multiple myeloma and renal insufficiency who are not considered candidates for standard bisphosphonate therapy.

MorphoSys's partner Centocor Ortho Biotech published pre-clinical data for the antibody program CNTO888 in *Nature*. The data presented in this paper links multiple prometastatic processes in breast cancer to the production of the chemokine CCL2, the underlying target of the CNTO888 program, in tumor cells. According to the authors, the findings could aid the development of new therapeutics to prevent breast cancer metastasis, the main cause of breast cancer mortality in Western women, and could point to a new indication for CNTO888.

PROPRIETARY DEVELOPMENT

In June 2011, MorphoSys presented promising pre-clinical data on its proprietary drug candidate MOR202, a HuCAL-derived, fully human anti-CD38 antibody, at the 2011 Annual Meeting of the American Society of Clinical Oncology (ASCO). Studies showed that by combining MOR202 with each of two approved drugs for the treatment of multiple myeloma, the anti-cancer activity of the antibody could be enhanced. The effects were seen in *in vitro* and *in vivo* models of the disease.

During the second quarter, MorphoSys received full and unconditional approval by the regulatory authorities and ethic committees in Germany and Austria to start a phase 1/2a clinical trial with its multiple myeloma-treatment MOR202. The study is recruiting patients and first dosing will commence shortly.

A study conducted by the Institute of Experimental Immunology, University of Zurich, published in *Nature Immunology* in April 2011 provides further preclinical evidence for the role of the cytokine GM-CSF, the underlying target molecule of the MOR103 program, in multiple sclerosis (MS). According to the authors, the data demonstrates that GM-CSF serves an essential function in the initiation of autoimmune inflammation. A safety study with MOR103 in MS patients is on track to start in H2 2011.

In June 2011, MorphoSys amended the clinical trial design for the ongoing phase 1b/2a clinical trial with MOR103 in rheumatoid arthritis (RA). The study will now aim to recruit 92 patients (from

previously 135). As is the case with many RA trials, recruitment was slower than originally anticipated. Based upon feedback from its investigators, the Company has identified ways to optimize enrollment by improving the study plan without changing to the validity or statistical basis of the study. MorphoSys remains on track to report data in the first half of 2012.

Intellectual Property

In the first half of 2011, the Company continued to consolidate and extend the patent position on its development programs and its expanding technology portfolio, representing essential value-drivers for MorphoSys.

Currently, the Company is prosecuting more than 40 different proprietary patent families worldwide, in addition to numerous patent families the Company is pursuing in cooperation with its partners.

Commercial Development

PARTNERED DISCOVERY

In April 2011, MorphoSys announced the formation of a new alliance with US-based biotechnology company ContraFect Corp. in the discovery and development of therapeutic antibodies for infectious diseases. Under the terms of the five-year agreement, ContraFect will receive access to HuCAL PLATINUM, the latest and most powerful version of MorphoSys's antibody libraries, and AutoCAL at its facility in New York. Payments under the agreement include committed annual license fees in addition to success-based development milestones. MorphoSys also stands to receive royalties on sales of marketed drug products emerging from the collaboration.

ContraFect is a biotechnology company pioneering the use of monoclonal antibodies to treat life-threatening infectious diseases, including MRSA infections and Influenza. ContraFect's scientific approach is based on a transition from conventional mono-therapy to a combinatorial approach using multi-therapy antibody treatment to address the growing challenge of drug resistance and therapy escape mechanisms.

PROPRIETARY DEVELOPMENT

With very promising preclinical data for its cancer program MOR202 presented at ASCO and MOR103 being evaluated in a second indication, namely multiple sclerosis, MorphoSys's proprietary pipeline is increasingly gaining visibility on the drug development market. The continuous development of MorphoSys's proprietary high-potential programs significantly enhances the Company's value.

ABD SEROTEC

In May 2011, MorphoSys announced that Proteomika S.L., subsidiary of the Progenika Group, a Spanish biotechnology company specializing in biomarker discovery, has signed a commercial license agreement for seven diagnostic HuCAL antibodies from MorphoSys's AbD Serotec division. To generate these antibodies AbD Serotec applied MorphoSys's HuCAL GOLD and HuCAL PLATINUM antibody technologies. Proteomika will implement these antibodies in their PROMONITOR[®] kits. AbD Serotec will receive royalties on products sales. Proteomika launched the first PROMONITOR[®] kits containing HuCAL antibodies for use in routine clinical monitoring of biological therapies in the second quarter of 2011.

ACQUISITION UPDATE

In October of 2010, MorphoSys announced the acquisition of the private German company Sloning BioTechnology GmbH, a biotechnology company developing new methods of synthetic biology. The transaction already resulted in a first partnership signed with Pfizer in December of 2010.

The necessary automation for the use of the Slonomics technology was transferred to MorphoSys's headquarters in Martinsried/Planegg, and is already integrated in the first antibody discovery projects. The Company expects ongoing newsflow connected with this technology in the upcoming quarters.

Human Resources

On June 30, 2011, the MorphoSys Group employed 470 people (December 31, 2010: 464). On average, the MorphoSys Group employed 468 people in the first six months of 2011 (first six months of 2010: 423).

Of the 470 employees, 314 worked in research and development and 156 in sales, general and administration (December 31, 2010: 309 and 155, respectively).

On June 30, 2011, 146 of MorphoSys's employees had a PhD degree (December 31, 2010: 148).

Of the 470 employees, 175 worked for the Partnered Discovery segment, 102 for the Proprietary Development segment and 151 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 42 employees were not allocated to a specific segment (December 31, 2010: 39).

On June 30, 2011, MorphoSys had five apprenticeship positions (December 31, 2010: five).

On February 24, 2011, MorphoSys announced that Jens Holstein will succeed Dave Lemus both as Chief Financial Officer of MorphoSys AG and as a member of the Management Board (Vorstand). Mr. Lemus stepped down from his position as CFO with the Company in March 2011 to pursue other opportunities. Mr. Jens Holstein was appointed as Chief Financial Officer as of May 1, 2011, and joined MorphoSys from Fresenius Kabi AG, where he most recently served as Regional CFO for the region EME (Europe/Middle East) and as Managing Director of Fresenius Kabi Deutschland GmbH. Over the last almost 16 years at Fresenius he had held a variety of financial and general management positions.

Financial Analysis

REVENUES

Compared to the same period of the previous year, Group revenues increased by 53% to € 66.6 million in H1 of 2011 (H1 2010: € 43.4 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 10%. Revenues arising from the Partnered Discovery and Proprietary Development segments, before elimination of inter-segment effects, accounted for 86% or € 57.4 million (H1 2010:

€ 33.4 million) of total revenues while the AbD Serotec segment generated 14% (€ 9.4 million) of total revenues (H1 2010: € 10.5 million).

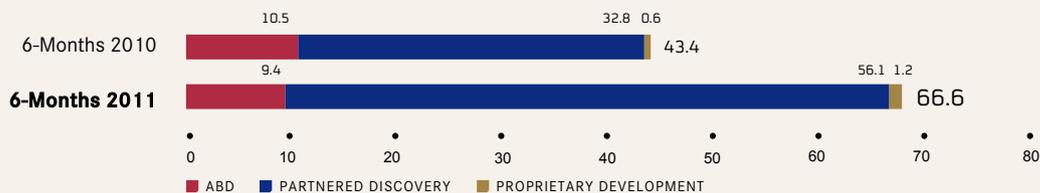
Geographically, 10% or € 6.6 million of MorphoSys's commercial revenues were generated with biotechnology and pharmaceutical companies or non-profit organizations located in North America and 90% or € 60.0 million with companies located mainly in Europe and Asia. This compares to 20% and 80%, respectively, in the same period of the prior year.

PARTNERED DISCOVERY AND PROPRIETARY DEVELOPMENT SEGMENTS

Revenues before elimination of inter-segment effects in the Partnered Discovery segment comprised € 24.9 million in funded research and licensing fees (H1 2010: € 29.2 million) as well as € 31.2 million success-based payments (H1 2010: € 3.6 million). Revenues in the Proprietary Development segment included € 1.2 million in funded research (H1 2010: € 0.6 million). Approximately 96% of Partnered Discovery and Proprietary Development revenues and 83% of total revenues arose from the Company's three largest alliances with Novartis, Daiichi Sankyo and Pfizer (H1 2010: Novartis, Daiichi Sankyo and Pfizer, 89% and 68%, respectively).

Assuming constant foreign exchange rates at the average rate of H1 2010, segment revenues in the Partnered Discovery and Proprietary Development segments would have totaled € 57.9 million.

REVENUE DEVELOPMENT BY SEGMENT (in € million)*



* Differences due to inter-segment revenues to be eliminated

ABD SEROTEC SEGMENT

Compared to the same period of the previous year, AbD Serotec revenues decreased by 10%, or € 1.1 million, to € 9.4 million in H1 2011 (H1 2010: € 10.5 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 H1 2010, revenues in the AbD Serotec segment would have amounted to € 9.6 million.

As of June 30, 2011, orders in the amount of € 0.9 million were classified as backorders in the segment (December 31, 2010: € 0.7 million).

OPERATING EXPENSES

Compared to the first six months of 2010, total operating expenses increased by approximately 24% to € 43.5 million in H1 2011 (H1 2010: € 35.2 million). The change in operating expenses of € 8.3 million was mainly impacted by research and development (R&D) expenses increasing by 38% or € 7.7 million to € 28.2 million and sales, general and administrative (S, G&A) expenses increasing by approximately 6% or € 0.6 million to € 11.5 million.

Operating expenses increased by 13% to € 12.0 million (H1 2010: € 10.6 million) in the Partnered Discovery segment and by 47% to € 16.3 million (H1 2010: € 11.1 million) in the Proprietary Development segment. In the AbD Serotec segment, operating expenses decreased from € 9.7 million to € 9.3 million and would have amounted to € 9.4 million under the assumption of constant foreign exchange rates at the average rate of H1 2010.

Stock-based compensation expenses are embedded in COGS, S, G&A and R&D expenses. Stock-based compensation for the first six months of 2011 amounted to € 0.9 million (H1 2010: € 1.0 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 six months of 2011 and – compared to the same period of the prior year – slightly decreased by 3% to € 3.7 million (H1 2010: € 3.8 million). The gross margin for the segment decreased to 60%, in comparison to 64% in the first six months of 2010, mainly due to a less favorable sales mix in H1 2011.

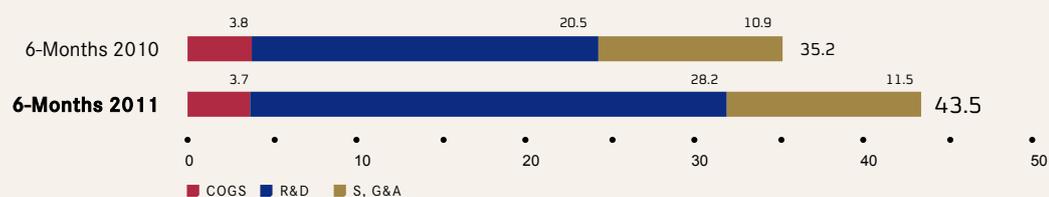
RESEARCH AND DEVELOPMENT EXPENSES

In the first six months of 2011, expenses for research and development increased by € 7.7 million to € 28.2 million (H1 2010: € 20.5 million). This was mainly due to higher costs for external services (H1 2011: € 8.9 million; H1 2010: € 5.3 million), higher personnel costs (H1 2011: € 10.7 million; H1 2010: € 8.6 million) as well as increased costs for intangibles (H1 2011: € 3.4 million; H1 2010: € 2.4 million). Costs for intangibles included an impairment of licenses in the amount of € 0.2 million. In the first six months of 2011, the Company incurred costs for proprietary product development (excluding allocations for technology development) in the amount of € 13.9 million (H1 2010: € 9.8 million) as well as costs for technology development in the amount of € 1.3 million (H1 2010: € 1.0 million).

SALES, GENERAL AND ADMINISTRATIVE EXPENSES

Compared to the same period of the previous year, sales, general and administrative expenses slightly increased by € 0.6 million to € 11.5 million (H1 2010: € 10.9 million).

DEVELOPMENT OF OPERATING EXPENSES (in € million)



NON-OPERATING ITEMS

For the first six months of 2011, non-operating items included other expenses of € 1.9 million (H1 2010: € 0.5 million), which predominantly resulted from foreign exchange losses, and finance income of € 0.7 million (H1 2010: € 0.8 million) mainly comprising gains on marketable securities.

TAXES

For the first six months of 2011, the Company reported income tax expenses in the amount of € 7.2 million (H1 2010: € 2.9 million), which mainly consisted of current taxes.

OPERATING PROFIT / NET PROFIT

Group operating profit for the first six months of 2011 amounted to € 23.3 million (H1 2010: € 8.3 million). Earnings before interest and taxes (EBIT) amounted to € 22.2 million, compared to an EBIT of € 8.7 million for the first six months of the previous year. The Partnered Discovery and Proprietary Development segments showed an operating profit of € 44.2 million (H1 2010: operating profit of € 22.2 million) and an operating loss of € 14.9 million (H1 2010: operating loss of € 10.5 million), respectively. The AbD Serotec segment recorded an operating profit of € 0.1 million (H1 2010: operating profit of € 0.9 million) and the profit would have amounted to € 0.2 million under the assumption of constant foreign exchange rates using the H1 2010 average rates.

A net profit after taxes of € 15.0 million was achieved in the first six months of 2011, compared to a net profit after taxes of € 5.9 million in the same period of the prior year. The resulting basic net profit per share for the first six months of 2011 amounted to € 0.66 (H1 2010: € 0.26).

LIQUIDITY / CASH FLOWS

Net cash inflow from operations in the first six months of 2011 amounted to € 32.3 million (H1 2010: cash inflow of € 28.5 million). Investing activities resulted in a cash outflow of € 17.6 million (H1 2010: cash outflow of € 26.5 million) whereas financing activities resulted in a cash inflow of € 0.5 million (H1 2010: cash inflow of € 0.05 million).

As of June 30, 2011, the Company held € 139.6 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 € 26.0 million to € 238.6 million as of June 30, 2011, compared to € 212.6 million as of December 31, 2010. Current assets increased by € 28.5 million mainly as a result of an increase in cash and cash equivalents as well as marketable securities of € 31.2 million mainly driven by the received payment for the technology milestone from Novartis.

Compared to December 31, 2010, non-current assets decreased by € 2.4 million, mainly as a consequence of the amortization of licenses and patents.

LIABILITIES

In the first six months of 2011, current liabilities increased from € 21.4 million as of December 31, 2010, to € 26.8 million as of June 30, 2011, arising mainly from an increase in tax liabilities by € 5.8 million, which was partly offset by a decrease in deferred revenue by € 1.0 million to € 2.1 million.

Non-current liabilities increased by € 4.7 million to € 10.0 million in the first six months of 2011, mainly due to an increase in non-current deferred revenue linked to payments received from a deal closed in December 2010.

EQUITY

Total stockholders' equity amounted to € 201.9 million as of June 30, 2011, compared to € 185.9 million as of December 31, 2010.

As of June 30, 2011, the total number of shares issued amounted to 23,034,540 of which 22,870,625 were outstanding, compared to 22,890,252 and 22,810,356 as of December 31, 2010, respectively.

The increase of shares outstanding by 60,269 arose from the net effect of exercised options and convertible bonds issued to management and employees (144,288 shares) and a repurchase of the Company's own stock (84,019 shares).

In June 2011, the Company repurchased 84,019 MorphoSys shares on the stock market and increased the amount of treasury stock accordingly. The shares will be used to implement the Company's long-term incentive plan for management.

FINANCING

As of June 30, 2011, the equity ratio of the Company amounted to 85%, 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 € 1.3 million for the six-month period ended June 30, 2011, compared to € 0.9 million in the same period of the prior year. Depreciation of property, plant and equipment for H1 of 2011 accounted for € 1.1 million and slightly increased compared to the first six months of 2010 (€ 1.0 million).

During the first six months of 2011, the Company invested € 0.5 million in intangible assets (H1 2010: € 11.0 million). Amortization of intangibles amounted to € 2.0 million and slightly increased compared to the first six months of 2010 (H1 2010: € 1.9 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

Developments in the pharmaceutical industry will remain challenging. Patent expiries, increasing cost pressure and shrinking proprietary product pipelines dominate the industry. Pharmaceutical companies' activities are therefore driven by the need to access innovative programs and technologies, either through licensing-agreements or M&A activities.

Regarding the biotechnology industry, a further consolidation in the market is expected. Accessing sufficient capital to develop promising product candidates and technologies will remain key for biotechnology companies and is considered rather challenging.

FINANCIAL GUIDANCE

MorphoSys does not give guidance on quarterly numbers but confirms 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 half of 2011 by 6% year to date, while its major benchmark indices showed a mixed picture. More specifically, the NASDAQ Biotechnology Index increased during the first six months by 13% and the TecDAX increased by 4% while the DAXsubsector Biotechnology Performance Index decreased by 7%. By comparison, a basket of international antibody companies (Source: BioCentury) decreased by 3%.

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



Consolidated Income Statement (IFRS)

€	Note	Three Months Ended 06/30/2011	Three Months Ended 06/30/2010	Six Months Ended 06/30/2011	Six Months Ended 06/30/2010
Revenues	2	18,027,171	22,891,901	66,608,644	43,443,364
Operating Expenses	2				
Cost of Goods Sold		1,897,706	2,079,137	3,736,575	3,807,638
Research and Development		15,544,939	11,166,877	28,248,511	20,478,395
Sales, General and Administrative		6,177,878	6,008,291	11,494,663	10,870,374
Total Operating Expenses		23,620,523	19,254,305	43,479,749	35,156,407
Other Operating Income		57,383	4,261	178,387	18,178
Profit / (Loss) from Operations		(5,535,969)	3,641,857	23,307,282	8,305,135
Finance Income		388,478	714,247	736,486	750,614
Finance Expenses		49,062	4,599	54,064	9,039
Other Income		149,356	61,225	185,959	177,254
Other Expenses		589,414	268,566	1,928,567	505,557
Profit / (Loss) before Taxes		(5,636,611)	4,144,164	22,247,096	8,718,407
Income Tax Expenses		(1,817,339)	1,471,687	7,237,820	2,854,026
Net Profit / (Loss)		(3,819,272)	2,672,477	15,009,276	5,864,381
Basic Net Profit / (Loss) per Share		(0.17)	0.12	0.66	0.26
Diluted Net Profit / (Loss) per Share		(0.16)	0.12	0.65	0.26
Shares Used in Computing Basic Net Profit/(Loss) per Share		22,900,654	22,597,182	22,876,302	22,594,797
Shares Used in Computing Diluted Net Profit/(Loss) per Share		23,173,466	22,685,398	23,140,736	22,721,085

See accompanying notes to the Interim Consolidated Financial Statements

Consolidated Statement of Comprehensive Income (IFRS)

€	Three Months Ended 06/30/2011	Three Months Ended 06/30/2010	Six Months Ended 06/30/2011	Six Months Ended 06/30/2010
Net Profit / (Loss)	(3,819,272)	2,672,477	15,009,276	5,864,381
Change in Unrealized Gains and Losses on Available-for-sale Securities	(50,332)	(596,762)	(257,016)	(514,249)
(Thereof Reclassifications of Unrealized Gains and Losses to Profit and Loss)	(252,233)	(675,675)	(570,862)	(670,461)
Deferred Taxes	13,252	157,127	67,672	135,402
Change in Unrealized Gains and Losses on Available-for-sale Securities, Net of Deferred Tax	(37,080)	(439,635)	(189,344)	(378,847)
Effects from Equity-related Recognition of Deferred Taxes	1,347	(10,040)	4,333	(10,125)
Foreign Currency Gains and Losses from Consolidation	(46,165)	742,514	(118,556)	803,068
Comprehensive Income	(3,901,170)	2,965,316	14,705,709	6,278,477

Consolidated Balance Sheet (IFRS)

€	Note	June 30, 2011	Dec. 31, 2010
ASSETS			
Current Assets			
Cash and Cash Equivalents		59,165,891	44,118,451
Available-for-sale Financial Assets		80,473,943	64,304,041
Accounts Receivable		11,999,183	15,009,326
Income Tax Receivables		716,114	499,323
Other Receivables		510,454	522,520
Inventories, Net		3,620,179	4,135,446
Prepaid Expenses and Other Current Assets		3,702,545	3,104,340
Assets Classified as Held for Sale		781,250	813,011
Total Current Assets		160,969,559	132,506,458
Non-current Assets			
Property, Plant and Equipment, Net		6,388,844	6,189,865
Patents, Net		9,875,562	10,285,264
Licenses, Net		10,879,152	12,118,924
Intangible Assets under Development		10,513,100	10,513,100
Software, Net		632,097	505,328
Know-how and Customer Lists, Net		1,438,460	1,685,978
Goodwill		34,099,651	34,099,485
Deferred Tax Asset		2,395,200	2,991,391
Prepaid Expenses and Other Assets, Net of Current Portion		1,422,426	1,658,040
Total Non-current Assets		77,644,492	80,047,375
Total Assets		238,614,051	212,553,833

See accompanying notes to the Interim Consolidated Financial Statements

€	Note	June 30, 2011	Dec. 31, 2010
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Accounts Payable		16,230,173	15,614,905
Licenses Payable		196,090	134,617
Tax Liabilities		7,938,193	2,144,674
Provisions		275,000	275,000
Current Portion of Deferred Revenue		2,143,416	3,181,605
Total Current Liabilities		26,782,872	21,350,801
Non-current Liabilities			
Provisions, Net of Current Portion		43,344	43,344
Deferred Revenue, Net of Current Portion		6,196,621	690,756
Convertible Bonds Due to Related Parties		145,541	127,593
Deferred Tax Liability		3,577,178	4,419,245
Total Non-current Liabilities		9,962,684	5,280,938
Stockholders' Equity			
Common Stock	3	23,034,540	22,890,252
Ordinary Shares Authorized (41,935,950 and 41,935,950 for 2011 and 2010, respectively)			
Ordinary Shares Issued (23,034,540 and 22,890,252 for 2011 and 2010, respectively)			
Ordinary Shares Outstanding (22,870,625 and 22,810,356 for 2011 and 2010, respectively)			
Treasury Stock (163,915 and 79,896 shares for 2011 and 2010, respectively), at Cost	3	(1,756,841)	(9,774)
Additional Paid-in Capital	3	169,231,554	166,388,083
Reserves		(1,115,530)	(811,963)
Retained Earnings/ Accumulated Deficit		12,474,772	(2,534,504)
Total Stockholders' Equity		201,868,495	185,922,094
Total Liabilities and Stockholders' Equity		238,614,051	212,553,833

See accompanying notes to the Interim Consolidated Financial Statements

Consolidated Statement of Changes in Stockholders' Equity (IFRS)

	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 June 30, 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	144,288	144,288
Repurchase of Treasury Stock	0	0
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 June 30, 2011	23,034,540	23,034,540

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	1,021,280	0	0	0	1,021,280
0	0	198,149	0	0	0	214,670
0	0	0	(378,847)	0	0	(378,847)
0	0	0	(10,125)	0	0	(10,125)
0	0	0	0	803,068	0	803,068
0	0	0	0	0	5,864,381	5,864,381
0	0	0	(388,972)	803,068	5,864,381	6,278,477
79,896	(9,774)	162,850,697	2,982,223	(1,185,009)	(5,866,423)	181,448,792
79,896	(9,774)	166,388,083	727,669	(1,539,632)	(2,534,504)	185,922,094
0	0	902,901	0	0	0	902,901
0	0	1,940,570	0	0	0	2,084,858
84,019	(1,747,067)	0	0	0	0	(1,747,067)
	0	0	(189,344)	0	0	(189,344)
0	0	0	4,333	0	0	4,333
0	0	0	0	(118,556)	0	(118,556)
0	0	0	0	0	15,009,276	15,009,276
0	0	0	(185,011)	(118,556)	15,009,276	14,705,709
163,915	(1,756,841)	169,231,554	542,658	(1,658,188)	12,474,772	201,868,495

Consolidated Statement of Cash Flows (IFRS)

For the Period Ended June 30, (in €)	Note	2011	2010
Operating Activities			
Net Profit		15,009,276	5,864,381
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		3,059,910	2,868,958
Net Gain on Sales of Financial Assets		(600,717)	(678,348)
Unrealized Net (Gain)/ Loss on Derivative Financial Instruments		(154,394)	121,900
Loss on Sale of Property, Plant and Equipment		2,726	3,810
Recognition of Deferred Revenue		(13,440,188)	(19,941,117)
Stock-based Compensation		931,574	979,584
Income Tax Expenses		7,238,321	2,850,238
Changes in Operating Assets and Liabilities:			
Accounts Receivable		2,943,708	5,560,071
Prepaid Expenses, Other Assets and Tax Receivables		(374,625)	1,055,041
Accounts Payable and Provisions		(1,423,015)	(131,784)
Licenses Payable		61,472	10,535,320
Other Liabilities		1,788,606	(2,974,136)
Deferred Revenue		17,907,864	23,366,912
Cash Generated from Operations		33,144,419	29,480,830
Interest Paid		(40,361)	(6,432)
Interest Received		135,782	72,276
Income Taxes Paid		(987,574)	(999,767)
Net Cash Provided by Operating Activities		32,252,265	28,546,907

See accompanying notes to the Interim Consolidated Financial Statements

For the Period Ended June 30, (in €)	Note	2011	2010
Investing Activities:			
Purchases of Financial Assets		(30,004,208)	(20,783,313)
Proceeds from Sales of Financial Assets		14,178,006	6,216,948
Purchases of Property, Plant and Equipment		(1,309,288)	(938,904)
Proceeds from Disposals of Property, Plant and Equipment		2,087	0
Additions to Intangibles		(504,168)	(10,992,388)
Net Cash Used in Investing Activities		(17,637,571)	(26,497,657)
Financing Activities:			
Repurchase of Treasury Stock		(1,747,066)	0
Proceeds from the Exercise of Options and Convertible Bonds			
Granted to Related Parties		2,100,374	230,122
Net of Proceeds and Payments from the Issuance of Convertible Bonds Granted to Related Parties		(10,725)	0
Purchases of Derivative Financial Instruments		(220,921)	(175,900)
Proceeds from Disposals of Derivative Financial Instruments		386,208	9,176
Cost of Share Issuance		(15,500)	(15,500)
Net Cash Provided by Financing Activities		492,370	47,898
Effect of Exchange Rate Differences on Cash		(59,624)	108,889
Increase in Cash and Cash Equivalents		15,047,440	2,206,037
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		59,165,891	43,461,353

See accompanying notes to the Interim Consolidated Financial Statements

Notes to the Interim Consolidated Financial Statements

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

The consolidated financial statements for the period ended June 30, 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 six months of 2011 and can be viewed at www.morphosys.com. In addition, MorphoSys applied IFRS 2 to the accounting for a long-term incentive plan offered to the Management Board and Senior Management (for details, please see section 5 of the notes to the interim consolidated financial statements). Amendments to IAS 24 and IFRIC 14 are effective as of January 01, 2011. Additional improvements regarding IFRS 1, IAS 34 and IFRIC 13 are effective as of January 01, 2011. No major effects on the interim consolidated financial statements as of June 30, 2011, arose from these amendments.

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 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 Six Months Period
Ended June 30,**

(in 000's €)	Partnered Discovery		Proprietary Development	
	2011	2010	2011	2010
Revenues, total	56,145	32,796	1,224	633
External Revenues	56,145	32,796	1,224	633
Inter-segment Revenues	0	0	0	0
Total Operating Expenses	11,969	10,587	16,311	11,101
Cost of Goods Sold	0	0	0	0
Other Operating Expenses	11,841	10,125	16,286	11,033
Inter-segment Costs	128	462	25	68
Other Operating Income	35	0	143	0
Segment Result	44,211	22,209	(14,944)	(10,468)
Finance Income	0	0	0	0
Finance Expenses	0	0	0	0
Other Income	0	0	0	0
Other Expense	0	0	0	0
Profit / (Loss) before Taxes	0	0	0	0
Income Tax Expenses	0	0	0	0
Net Profit / (Loss)	0	0	0	0

**For the Three Months Period
Ended June 30,**

(in 000's €)	Partnered Discovery		Proprietary Development	
	2011	2010	2011	2010
Revenues, total	12,474	17,744	630	380
External Revenues	12,474	17,744	630	380
Inter-segment Revenues	0	0	0	0
Total Operating Expenses	5,918	5,579	9,404	6,513
Cost of Goods Sold	0	0	0	0
Other Operating Expenses	5,854	5,348	9,379	6,445
Inter-segment Costs	64	231	25	68
Other Operating Income	30	0	27	0
Segment Result	6,586	12,165	(8,747)	(6,133)
Finance Income	0	0	0	0
Finance Expenses	0	0	0	0
Other Income	0	0	0	0
Other Expenses	0	0	0	0
Profit before Taxes	0	0	0	0
Income Tax Expenses	0	0	0	0
Net Profit	0	0	0	0

AbD Serotec		Unallocated		Elimination		Group	
2011	2010	2011	2010	2011	2010	2011	2010
9,393	10,545	0	0	(153)	(530)	66,609	43,444
9,240	10,015	0	0	0	0	66,609	43,444
153	530	0	0	(153)	(530)	0	0
9,342	9,703	6,010	4,296	(153)	(530)	43,479	35,157
3,737	3,808	0	0	0	0	3,737	3,808
5,605	5,895	6,010	4,296	0	0	39,742	31,349
0	0	0	0	(153)	(530)	0	0
0	18	0	0	0	0	178	18
51	860	(6,010)	(4,296)	0	0	23,308	8,305
0	0	0	0	0	0	736	750
0	0	0	0	0	0	54	9
0	0	0	0	0	0	186	177
0	0	0	0	0	0	1,929	505
0	0	0	0	0	0	22,247	8,718
0	0	0	0	0	0	7,238	2,854
0	0	0	0	0	0	15,009	5,864

AbD Serotec		Unallocated		Elimination		Group	
2011	2010	2011	2010	2011	2010	2011	2010
5,012	5,068	0	0	(89)	(299)	18,027	22,893
4,923	4,769	0	0	0	0	18,027	22,893
89	299	0	0	(89)	(299)	0	0
4,775	5,133	3,613	2,329	(89)	(299)	23,621	19,255
1,898	2,079	0	0	0	0	1,898	2,079
2,877	3,054	3,613	2,329	0	0	21,723	17,176
0	0	0	0	(89)	(299)	0	0
0	4	0	0	0	0	57	4
237	(61)	(3,613)	(2,329)	0	0	(5,537)	3,642
0	0	0	0	0	0	388	714
0	0	0	0	0	0	49	5
0	0	0	0	0	0	150	61
0	0	0	0	0	0	588	268
0	0	0	0	0	0	(5,636)	4,144
0	0	0	0	0	0	(1,817)	1,472
0	0	0	0	0	0	(3,819)	2,672

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 six months of 2011 (H1 2010: € 0.5 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 June 30, (in 000's €)	2011	2010
Germany	1,302	2,358
Other Europe and Asia	56,959	31,613
USA and Canada	6,597	8,803
Other	1,751	670
Total	66,609	43,444

3 Changes in Stockholders' Equity

COMMON STOCK

On June 30, 2011, the common stock of the Company amounted to € 23,034,540 (December 31, 2010: € 22,890,252). Through the exercise of 144,288 stock options and convertible bonds issued to management and employees, common stock increased by € 144,288 in the first six months of 2011. Treasury stock increased to € 1,756,841 as of June 30, 2011 compared to € 9,774 as of December 31, 2010 due to the repurchase of 84,019 MorphoSys shares on the stock market for the Company's long-term incentive plan for management.

ADDITIONAL PAID-IN CAPITAL

On June 30, 2011, additional paid-in capital amounted to € 169,231,554 (December 31, 2010: € 166,388,083). The total increase of € 2,843,471 is due to stock-based compensation in the amount of € 902,901. A further increase of € 1,940,570 arose from the exercise of issued stock options and convertible bonds.

4 Changes in Convertible Bonds and Stock Options

As of June 30, 2011, no further stock options or convertible bonds have been granted to members of the Management Board and to employees compared to December 31, 2010.

5 Long-term Incentive Plan

On June 01, 2011, MorphoSys established a long-term incentive plan (LTI plan) for the Management Board and Senior Management. The plan qualifies as an equity-settled share-based payment transaction under IFRS 2 and is accounted for accordingly. The LTI plan is a performance share plan and will be paid out in common shares of MorphoSys AG, provided that defined key performance indicators as annually approved by the Supervisory Board are achieved. The grant date is June 01, 2011, and the vesting period

comprises four years. 25 % of the granted performance shares are vested in each year of the 4-year vesting period, provided that the key performance indicators of that period are achieved by 100 %. The number of vested shares in each single year will be reduced to the extent that the key performance indicators of that period are achieved by 50 %-99 % only or increased if the key performance indicators are achieved by more than 100 % (110 % in a maximum). In any case, the maximum payout at the end of the 4-year period is capped by a company factor which generally amounts to “1”. The Supervisory Board may deviate from this company factor, e.g. in the case that the payout level seems inadequate compared to the overall development of the Company. In the event that the repurchased shares do not suffice to serve the LTI plan, MorphoSys reserves the right to pay out a specific amount of cash from the LTI plan equivalent to the value of the performance shares at the end of the vesting period, provided that such cash amount shall not exceed 200 % of the fair market value of the performance shares as at grant date.

If a member of the Management Board ceases to hold an office within MorphoSys Group by reason of termination, resigning from office, death, injury, disability or retirement (receipt of a normal retirement pension, an early retirement pension as well as a disability pension as long as the requirements for the disability pension entitlement are met) or – subject to the Supervisory Board’s discretion – under other circumstances, the member of the Management Board (or his/her inheritor) will be entitled to a pro-rated number of performance shares. In such case the member of the Management Board will receive the number of performance shares already vested on the date on which the member of the Management Board ceases to hold office within the MorphoSys Group.

If a member of the Management Board ceases to hold office within MorphoSys Group for good reason in the meaning of § 626 para. 2 German Civil Code and/or within the meaning of § 84 para 3 German Stock Corporation Act or if notice to cease to hold office is given by the member of the Management Board, the beneficiary shall not be entitled to any performance share allocation.

In the event of a change in control during the 4-year period, all performance shares shall become fully vested.

In June 2011, the Company repurchased 84,019 MorphoSys shares for the LTI plan on the stock market with an average share price of € 20.79 per share. As of June 01, 2011, 84,019 shares were granted to the beneficiaries, thereof 53,997 shares to the Management Board (for details, please see table in section 7 “Directors’ Dealings”) and 30,022 shares to Senior Management. The fair value of the performance shares as of the grant date (June 01, 2011) amounted to € 21.34. No dividends were incorporated in the measurement of the fair value of the repurchased shares, because the Company does not anticipate paying a dividend in the foreseeable future. No beneficiaries of the LTI plan left MorphoSys and no performance shares forfeited from the grant date until June 30, 2011.

6 Stock-based Compensation

As of June 30, 2011, stock-based compensation in the total amount of € 0.9 million was recorded as personnel expenses in the statement of income. This amount comprised € 0.87 million from equity-settled share-based payment transactions as well as € 0.03 million from cash-settled share-based payment transactions.

7 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, convertible bonds and performance shares 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 six months of 2011:

SHARES	01/01/11	Additions	Forfeitures	Sales	06/30/11
Management Board					
Dr. Simon E. Moroney	416,385	0	0	0	416,385
Dave Lemus*	5,400	0	0	0	-
Jens Holstein**	-	0	0	0	4,000
Dr. Arndt Schottelius	1,500	0	0	0	1,500
Dr. Marlies Sproll	3,105	0	0	0	3,105
Total	426,390	0	0	0	424,990
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

*) Mr. Lemus left MorphoSys' management board in Q1/2011

**) Bought by Mr. Holstein prior to election to the Management Board

STOCK OPTIONS

	01/01/11	Additions	Forfeitures	Exercises	06/30/11
Management Board					
Dr. Simon E. Moroney	191,445	0	0	0	191,445
Dave Lemus*	102,867	0	0	0	-
Jens Holstein	-	0	0	0	0
Dr. Arndt Schottelius	90,000	0	0	0	90,000
Dr. Marlies Sproll	102,867	0	0	0	102,867
Total	487,179	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

*) Mr. Lemus left MorphoSys' management board in Q1/2011

CONVERTIBLE BONDS

	01/01/11	Additions	Forfeitures	Exercises	06/30/11
Management Board					
Dr. Simon E. Moroney	88,800	0	0	0	88,800
Dave Lemus*	63,000	0	0	0	-
Jens Holstein	-	0	0	0	0
Dr. Arndt Schottelius	33,000	0	0	0	33,000
Dr. Marlies Sproll	63,000	0	0	0	63,000
Total	247,800	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

*) Mr. Lemus left MorphoSys' management board in Q1/2011

PERFORMANCE SHARES

	01/01/11	Additions	Forfeitures	Exercises	06/30/11
Management Board					
Dr. Simon E. Moroney	0	17,676	0	0	17,676
Jens Holstein	0	12,107	0	0	12,107
Dr. Arndt Schottelius	0	12,107	0	0	12,107
Dr. Marlies Sproll	0	12,107	0	0	12,107
Total	0	53,997	0	0	53,997
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

8 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 six months of 2011.

Responsibility Statement

“To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the Interim Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Interim Management Report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.”

Martinsried, July 20, 2011

Dr. Simon E. Moroney
Chief Executive Officer

Jens Holstein
Chief Financial Officer

Dr. Arndt Schottelius
Chief Development Officer

Dr. Marlies Sproll
Chief Scientific Officer

Review Report

TO MORPHOSYS AG, MARTINSRIED:

We have reviewed the condensed consolidated interim financial statements - comprising the consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of stockholders' equity and notes to the interim consolidated financial statements - and the interim group management report of MorphoSys AG, Martinsried, for the period from January 1 to June 30, 2011 which are part of the half-year financial report pursuant to § (Article) 37w WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Munich, July 20, 2011

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Stefano Mulas
Wirtschaftsprüfer
(German Public Auditor)

Dietmar Eglauer
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This interim report is also published in German and is available for download from our website (HTML and PDF).

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Translation

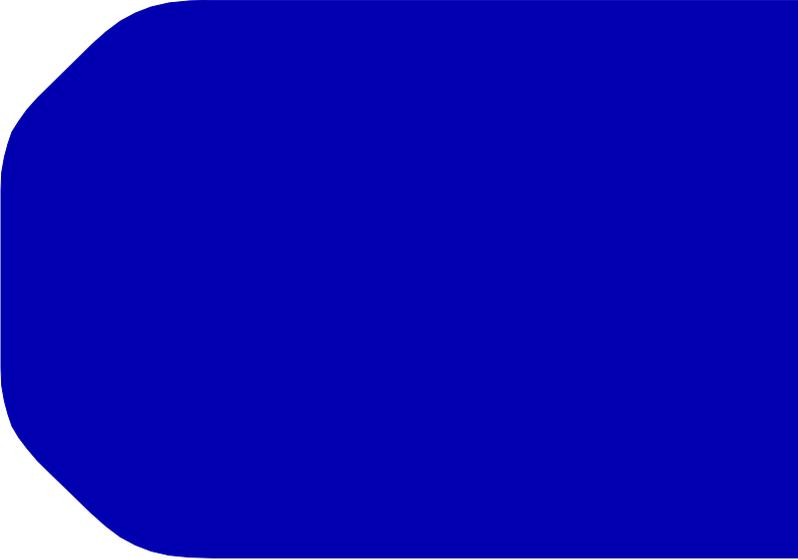
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Financial Calendar 2011

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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