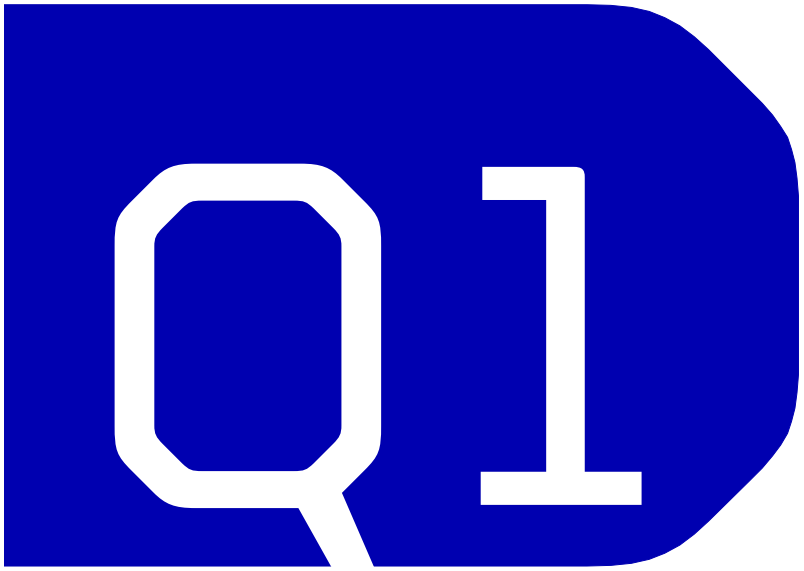
1st Interim Report

January – March 2012



morphosys

Engineering the Medicines of Tomorrow

Contents

MorphoSys Group:
1st Interim Report January – March 2012

Highlights

Highlights of the First Quarter of 2012

- MorphoSys completes patient enrollment in its phase 1b/2a clinical trial evaluating MOR103 in patients with active rheumatoid arthritis. Data from the trial will become available in Q3 2012.
- MorphoSys doses first patient in phase 1b clinical trial for MOR103 in multiple sclerosis. The phase 1b dose-escalation study will determine the safety of three doses of MOR103 in patients. Results of this trial are expected to be available in 2013.
- MorphoSys reaches the first clinical milestone in 2012 with Novartis; a HuCAL-based antibody advances into a phase 1 trial in oncology.
- Additionally, Novartis advances another HuCAL antibody into a phase 2 clinical trial in ophthalmology. In total, Novartis is currently evaluating six HuCAL-based antibodies in clinical studies, of which four are in phase 2, and two in phase 1.
- At the end of the first quarter of 2012, MorphoSys's partnered and proprietary pipeline comprises 71 programs, of which 20 are in clinical development.
- AbD Serotec expands the number of marketed HuCAL-based antibodies in diagnostic applications with a clinical diagnostic kit in the area of maternal health screening.
- Shortly after the end of the first quarter, MorphoSys starts a share buy-back program, and acquires 91,500 MorphoSys shares. The shares will be used to implement the Company's long-term incentive program 2012 for its management.

MORPHOSYS'S PRODUCT PIPELINE (MARCH 31, 2012)

Program, Partner	Indication	Discovery	Preclinic	Phase 1	Phase 2	Phase 3	Market
MOR103	Rheumatoid arthritis						
MOR103	Multiple sclerosis					8 Proprietary Programs	
MOR208	B-cell malignancies					incl. 2 Pre-development Programs	
MOR202	Multiple myeloma						
4 early-stage Programs	Various Indications						
CNTO 888, Janssen/J&J	Idiopathic pulmonary fibrosis						
CNTO 1959, Janssen/J&J	Psoriasis						
BHQ880, Novartis	Cancer						
BYM338, Novartis	Musculoskeletal						
Novartis 3	n. d.						
Novartis 4	Ophthalmology						
Gantenerumab, Roche	Alzheimer's Disease						
BAY94-9343, Bayer HealthCare	Cancer						
BI-1, Boehringer Ingelheim	n. d.					63 Partnered Programs	
CNTO 3157, Janssen/J&J	Asthma						
CNTO-5, Janssen/J&J	Inflammation						
Novartis 5	Inflammation						
Novartis 6	Cancer						
OMP-18R5, OncoMed	Cancer						
OMP-59R5, OncoMed	Cancer						
PFE-1, Pfizer	Cancer						
19 Partnered Programs	Various Indications						
28 Partnered Programs	Various Indications						

Interim Group Management Report: January 1 – March 31, 2012

Business Environment and Activities

ECONOMIC DEVELOPMENT

In the Eurozone, a number of countermeasures were implemented both nationally and internationally to resolve the debt crisis. Greece cleared a major hurdle to avoid insolvency by convincing the vast majority of its private creditors to sign up to a debt write down, described as the biggest national write down in history. Spain, possibly the next Eurozone bailout candidate due to rising unemployment, problems in the banking sector, and trade deficit, unveiled an austere 2012 budget at the end of March. Meanwhile, the process to set up and potentially further enlarge the funds of the European Financial Stability Facility (EFSF) and the European Stability Mechanism (ESM) is ongoing.

The United States experienced a slight recovery in the housing and labor markets with three months of faster job growth. Nonetheless, the recovery is still considered fragile.

MorphoSys revenues are predominantly generated in euros, US dollars and British pounds. During Q1, the US dollar was slightly weaker compared to the euro and traded in a range between 1.26 and 1.35 (US dollars per euro). The British pound saw some fluctuation throughout the quarter and closed a little stronger compared to the euro. Oil prices rose to an average of US$123 per barrel at the end of the quarter mainly due to geopolitical tensions and risks. This was the highest monthly average since July 2008.

INDUSTRY OVERVIEW

In the first quarter of 2012, several deals around antibody technologies and products were published. Most notably, Amgen announced plans to acquire Micromet for US$ 1.16 billion in late January, representing a 33% premium. Micromet has established the BiTE technology platform, delivering bispecific antibody drug candidates, and a portfolio of therapeutic programs including the anti-CD19 cancer compound blinatumomab.

In the research antibody sector, British biotech company Abcam announced plans to acquire US peer Epitomics International for US$ 155 million. Epitomics develops and distributes rabbit monoclonal antibodies for research and diagnostic applications. The company recorded revenues of US$ 24.7 million in 2011.

With regards to the inflammatory and autoimmune disease market, in which MorphoSys is active through its MOR103 development program, Abbott and Galapagos announced a global license agreement to develop and commercialize the oral JAK1 inhibitor GLPG0634. The licensing deal, which was based on a 4-week phase 2a study, includes an upfront payment of US$ 150 million. With additional development and sales milestone payments from Abbott to Galapagos, the potential deal volume totals US$ 1.0 billion, in addition to tiered double-digit royalties on net sales upon commercialization.

OPERATIONAL PERFORMANCE

MorphoSys started as planned in first three months of 2012, with considerable pipeline progress including the initiation of one clinical trial start by Novartis, triggering a milestone payment to MorphoSys, one additional partnered program in a phase 2 trial and one additional proprietary program in a phase 1b trial. However, MorphoSys was informed by its partner Janssen Biotech, that development of the antibody program CNTO888 in cancer will be discontinued.

MorphoSys's proprietary development programs are on track to meet their next development and commercial milestones. Most notably, MorphoSys successfully completed patient enrollment in its phase 1b/2a clinical trial evaluating MOR103. Data from the trial will become available in Q3 2012 and will form the basis for out-licensing discussions.

At the end of the first quarter of 2012, MorphoSys's product pipeline comprised 71 partnered and proprietary programs, 20 of which were in clinical development.

MorphoSys's overall performance during the first three months of 2012 keeps the Company well on track to reach its operational and financial targets for the year.

Research & Development

PARTNERED DISCOVERY

During the first three months of 2012, MorphoSys's partnered therapeutic antibody pipeline decreased to 63 active antibody development programs in total (December 31, 2011: 68 partnered programs), of which currently 16 programs are in clinical development, 19 in preclinical development, and 28 in research (not including two co-development candidates with Novartis).

In March 2012, MorphoSys announced that it has received a milestone payment from Novartis in connection with the clinical trial application and projected initiation of a phase 1 clinical trial. The HuCAL-derived, fully human antibody will be developed in the therapeutic area of cancer. Additionally, Novartis advanced a HuCAL antibody into phase 2 clinical trials in ophthalmology during the first quarter of 2012. In total, Novartis currently evaluates four HuCAL-based antibodies in phase 2, and two in phase 1 clinical trials.

MorphoSys has been informed by its partner Janssen Biotech that development of the antibody program CNTO888 in cancer will be discontinued, as no efficacy was observed in clinical trials of the compound in this indication. The antibody is also being evaluated in a second indication, namely idiopathic pulmonary fibrosis (IPF). Data from an ongoing phase 2 clinical trial in IPF, which is a double-blinded study, is expected in H2 2012. MorphoSys therefore no longer reflects the CNTO888 program as two clinical phase 2 programs in its pipeline, but as one clinical phase 2 program in IPF.

PROPRIETARY DEVELOPMENT

In March 2012, MorphoSys announced the successful completion of patient enrollment in its phase 1b/2a clinical trial evaluating MOR103, a HuCAL antibody targeting GM-CSF (granulocyte macrophage-colony stimulating factor). 96 patients with active rheumatoid arthritis (RA) have been randomized in the double-blinded, placebo-controlled study at various clinical centers in Europe to evaluate the safety and preliminary signs of clinical activity of MOR103 when administered intravenously in multiple doses. Data from the trial will become available in Q3 2012.

In addition to the RA study, MOR103 is currently being evaluated in two additional clinical trials. Patient enrollment in a phase 1b dose-escalation study in multiple sclerosis began in early 2012. A phase 1 pharmacokinetic study in healthy volunteers to evaluate a subcutaneous formulation of MOR103 recruited the final cohort. Subcutaneous injection represents a more convenient route of administration for patients and the data will help determining dosing regimens for future clinical trials of MOR103.

In total, MorphoSys currently has four proprietary clinical programs ongoing, namely MOR103 in RA and MS, as well as MOR202, a HuCAL antibody targeting CD38, in multiple myeloma and MOR208, a Fc-enhanced humanized antibody targeting CD19, in chronic lymphocytic leukemia and other B-cell malignancies.

Intellectual Property

In the first three months of 2012, 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.

In January 2012, MorphoSys announced that the US Patent and Trademark Office (USPTO) granted a patent covering the Company's cancer compound MOR202. The new patent (US 8,088,896) covers MorphoSys's HuCAL antibody against CD38 as well as pharmaceutical compositions comprising the same, and has a scheduled expiry date in 2028, not including any potential regulatory extensions.

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

Commercial Development

PARTNERED DISCOVERY

In February, MorphoSys was able to sign a protein engineering agreement with a large bio-pharmaceutical company. The non-exclusive license agreement covers the delivery of multiple Slonomics®-based DNA libraries. The libraries will encode a broad range of protein classes, excluding antibodies, and will be used by its partner for drug discovery. MorphoSys will receive committed annual funding for the delivery of libraries over the three-year lifetime of the agreement and stands to receive milestone and royalty payments on each product emerging from the collaboration.

The therapeutic collaboration with Astellas, signed in 2007, was concluded in the first quarter of 2012.

PROPRIETARY DEVELOPMENT

During the first quarter, MorphoSys successfully completed patient enrollment in its phase 1b/2a clinical trial evaluating MOR103, a HuCAL antibody targeting GM-CSF, keeping the program on track to meet its next development and commercial milestones. Data from the trial will become available in Q3 2012 and will form the basis for out-licensing discussions.

ABD SEROTEC

AbD Serotec was able to further increase the number of HuCAL-based diagnostic kits on the market. In March, MorphoSys announced that another HuCAL antibody has been included in a clinical diagnostic

test in the area of maternal health screening by a major diagnostic supplier. The product is CE marked and available within the EU and non-regulated countries.

ACQUISITION UPDATE

During 2011 and Q1 2012, MorphoSys did not acquire any development assets or companies.

Human Resources

On March 31, 2012, the MorphoSys Group employed 423 people (December 31, 2011: 446). On average, the MorphoSys Group employed 426 people in the first three months of 2012 (first three months of 2011: 463).

Of the 423 employees, 285 worked in research and development and 138 in sales, general and administration (December 31, 2011: 301 and 145, respectively).

On March 31, 2012, 138 of MorphoSys's employees had a PhD degree (December 31, 2011: 147).

Of the 423 employees, 191 worked for the Partnered Discovery segment, 55 for the Proprietary Development segment and 134 for the AbD Serotec segment (December 31, 2011: 199 for the Partnered Discovery segment, 67 for the Proprietary Development segment and 140 for the AbD Serotec segment) while 43 employees were not allocated to a specific segment (December 31, 2011: 40).

On March 31, 2012, MorphoSys had eight apprenticeship positions (December 31, 2011: 8).

EMPLOYEE BY SEGMENT* AND FUNCTION

	03/31/2012	12/31/2011
TOTAL EMPLOYEES	**423**	**446**
Proprietary Development segment	55	67
Partnered Discovery segment	191	199
AbD Serotec segment	134	140
Employees in R&D	285	301
Employees in S,G&A	138	145

*Remainder of total headcount is not allocated to a specific segment

Financial Analysis

REVENUES

Compared to the same period of the previous year, Group revenues decreased by 67% to € 16.1 million in the first three months of 2012 (first three months of 2011: € 48.6 million). This decrease mainly resulted from higher levels of success-based fees in the first quarter of 2011, namely a non-recurring 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 decreased compared to the same period of the previous year, while revenues in the AbD Serotec segment increased. Revenues arising from the Partnered Discovery and Proprietary Development segments, before elimination of intersegment effects, accounted for 72% or € 11.6 million (first three months of 2011: € 44.3 million) of total revenues while the AbD Serotec segment generated 28% (€ 4.5 million) of total revenues (first three months of 2011: € 4.4 million).

Geographically, 15% or € 2.4 million of MorphoSys's commercial revenues were generated with biotechnology and pharmaceutical companies or non-profit organizations located in North America and 85% or € 13.7 million with companies mainly located in Europe and Asia. This compares to 5% and 95%, 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 € 10.7 million in funded research and licensing fees (first three months of 2011: € 13.3 million) as well as € 0.4 million success-based payments (first three months of 2011: € 30.4 million). Revenues in the Proprietary Development segment included € 0.5 million in funded research (first three months of 2011: € 0.6 million). Approximately 99% of Partnered Discovery and Proprietary Development revenues and 71% of total revenues arose from the Company's three largest alliances with Novartis, Pfizer and Astellas (first three months of 2011: Novartis, Daiichi Sankyo and Pfizer, 98% and 90%, respectively).

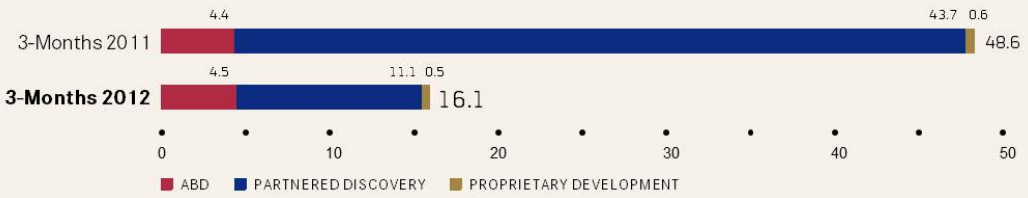
Assuming constant foreign exchange rates at the average rate of the first three months of 2011, segment revenues in the Partnered Discovery and Proprietary Development segments would have remained unchanged at € 11.6 million.

ABD SEROTEC SEGMENT

Compared to the same period of the previous year, AbD Serotec revenues increased by 2%, or € 0.1 million, to € 4.5 million in the first three months of 2012 (first three months of 2011: € 4.4 million). Assuming constant foreign exchange rates at the average rate of the first three months of 2011, revenues in the AbD Serotec segment would have amounted to € 4.4 million.

As of March 31, 2012, orders in the amount of € 1.0 million were classified as backorders in the segment (December 31, 2011: € 0.8 million).

REVENUE DEVELOPMENT BY SEGMENT (in € million)*



* Differences due to inter-segment revenues to be eliminated

OPERATING EXPENSES

Total operating expenses decreased by approximately 15% to € 17.0 million in the first three months of 2012 (first three months of 2011: € 19.9 million). The change in operating expenses mainly resulted from research and development (R&D) expenses decreasing by 18% to € 10.4 million, whereas sales, general and administrative (S, G&A) expenses decreased by 8% to € 4.9 million.

Operating expenses decreased by 20% to € 4.9 million (first three months of 2011: € 6.1 million) in the Partnered Discovery segment and by 19% to € 5.6 million (first three months of 2011: € 6.9 million) in the Proprietary Development segment. In the AbD Serotec segment, operating expenses decreased from € 4.6 million to € 4.5 million and would have amounted to € 4.4 million under the assumption of constant foreign exchange rates at the average rate of the first three months of 2011.

Stock-based compensation expenses are embedded in COGS, S, G&A and R&D expenses. Stock-based compensation for the first three months of 2012 amounted to € 0.3 million (first three months of 2011: € 0.5 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 2012 and – compared to the same period of the prior year – decreased by 6% to € 1.7 million. The gross margin for the segment increased to 63%, in comparison to 58% in the first three months of 2011, mainly due to a more favorable product mix with high-margin sales.

RESEARCH AND DEVELOPMENT EXPENSES

In the first three months of 2012, expenses for research and development decreased by € 2.3 million to € 10.4 million (first three months of 2011: € 12.7 million). This was mainly due to lower personnel costs (first three months of 2012: € 4.3 million; first three months of 2011: € 5.2 million), lower material costs (first three months of 2012: € 0.1 million; first three months of 2011: € 0.9 million) as well as decreased costs for intangibles (first three months of 2012: € 1.4 million; first three months of 2011: € 2.1 million). In the first quarter of 2011, costs for intangibles had included an impairment of licenses in the amount of € 0.2 million.

In the first three months of 2012, the Company incurred costs for proprietary product development in the amount of € 5.6 million, including segment allocations for technology development in the amount of € 0.0 million (first three months of 2011: € 6.9 million, including segment allocations for technology development in the amount of € 0.2 million). Total costs for technology development amounted to € 0.8 million (first three months of 2011: € 0.6 million).

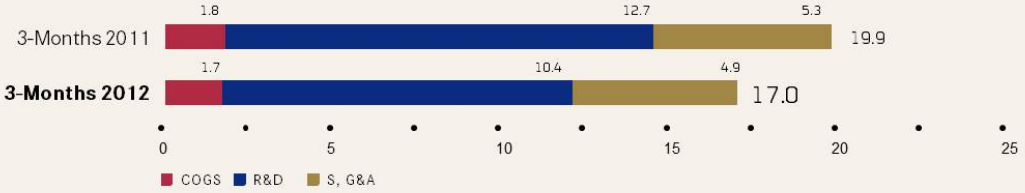
SPLIT OF R&D EXPENSES

In million €	Q1 2012	Q1 2011
R&D Expenses on behalf of partners	4.0	5.4
Proprietary Development expenses	5.6	6.7
Technology Development expenses	0.8	0.6
TOTAL R&D Expenses	**10.4**	**12.7**

SALES, GENERAL AND ADMINISTRATIVE EXPENSES

Compared to the same period of the previous year, sales, general and administrative expenses decreased by 8% to € 4.9 million.

DEVELOPMENT OF OPERATING EXPENSES (in € million)*



* Differences due to rounding

OTHER EXPENSES/INCOME

For the first three months of 2012, other expenses amounted to € 0.04 million (first three months of 2011: € 1.3 million), which predominantly resulted from foreign exchange losses, and other income amounted to € 0.1 million (first three months of 2011: € 0.1 million), which mainly consisted of income from governmental grants and foreign exchange gains.

EBIT

Earnings before interest and taxes (EBIT) amounted to € (0.8 million), compared to EBIT of € 27.5 million for the first three months of the previous year (€ 27.9 million comprising gains on marketable securities, gains/losses on derivatives and bank fees). The Partnered Discovery and Proprietary Development segments showed EBIT of € 6.2 million (first three months of 2011: € 37.6 million) and EBIT of € (5.1 million) (first three months of 2011: € (6.2 million)), respectively. The AbD Serotec segment recorded EBIT of € (0.02 million) (first three months of 2011: € (0.2 million)); the loss would have amounted to € 0.04 million under the assumption of constant foreign exchange rates at the average rate of the first three months of 2011.

FINANCE INCOME/EXPENSES

Finance income amounted to € 0.1 million (first three months of 2011: € 0.4 million) and mainly comprised realized gains on marketable securities sold in the period and interest income. Finance expenses in the amount of € 0.05 million (first three months of 2011: € 0.03 million) predominantly resulted from bank fees.

TAXES

For the first three months of 2012, the Company reported tax income in the amount of € 0.2 million, which mainly consisted of current and deferred taxes (first three months of 2011: income tax expenses of € 9.1 million).

NET PROFIT

A net loss after taxes of € 0.5 million was achieved in the first three months of 2012, compared to a net profit after taxes of € 18.8 million in the same period of the prior year. The resulting basic net loss per share for the first three months of 2012 amounted to € 0.02 (first three months of 2011: net profit per share of € 0.82).

CASH FLOWS

Net cash inflow from operations in the first three months of 2012 amounted to € 2.3 million (first three months of 2011: cash inflow of € 11.5 million). Investing activities resulted in a cash outflow of € 19.2 million (first three months of 2011: cash outflow of € 5.7 million) whereas financing activities resulted in a cash inflow of € 0.6 million (first three months of 2011: cash inflow of € 0.7 million).

CAPITAL EXPENDITURE

MorphoSys's investment in property, plant and equipment amounted to € 0.6 million for the three-month period ended March 31, 2012, compared to € 0.7 million in the same period of the prior year. Depreciation of property, plant and equipment for the first three months of 2012 accounted for € 0.6 million and slightly increased compared to the first three months of 2011 (€ 0.5 million).

During the first three months of 2012, the Company invested € 0.2 million in intangible assets (first three months of 2011: € 0.2 million). Amortization of intangibles amounted to € 1.05 million and slightly increased compared to the first three months of 2011 (€ 1.0 million).

LIQUIDITY

As of March 31, 2012, the Company held € 127.4 million in cash, cash equivalents and available-for-sale financial assets, compared to a year-end 2011 balance of € 134.4 million. This decrease in liquidity was mainly impacted by the grant of an interest-bearing assignable loan in the amount of € 10.0 million.

ASSETS

Total assets slightly decreased by € 0.8 million to € 227.6 million as of March 31, 2012, compared to € 228.4 million as of December 31, 2011. Current assets slightly increased by € 0.1 million. The decrease in cash and cash equivalents by € 16.3 million and accounts receivable by € 1.9 million was mainly offset by an increase in marketable securities by € 9.3 million and the grant of an interest-bearing assignable loan in the amount of € 10.0 million. In March 2012, MorphoSys accomplished the sale of its property in Poole, UK, for cash in the amount of € 0.8 million.

Compared to December 31, 2011, non-current assets decreased by € 0.8 million, mainly as a consequence of the amortization of licenses and patents.

LIABILITIES

In the first three months of 2012, current liabilities decreased from € 23.8 million as of December 31, 2011, to € 22.7 million as of March 31, 2012, arising mainly from a decrease in accounts payable and accrued expenses of € 3.5 million and tax liabilities of € 1.1 million, which was partly offset by an increase in deferred revenue of € 3.9 million.

Non-current liabilities slightly decreased by € 0.2 million to € 7.3 million in the first three months of 2012, mainly due to a decrease in non-current deferred revenue.

EQUITY

Total stockholders' equity amounted to € 197.6 million as of March 31, 2012, compared to € 197.1 million as of December 31, 2011.

As of March 31, 2012, the total number of shares issued amounted to 23,154,806 of which 22,990,891 were outstanding, compared to 23,112,167 and 22,948,252 as of December 31, 2011, respectively. The increase of shares outstanding by 42,639 arose from exercised stock options issued to the Management Board and Senior Management.

FINANCING

As of March 31, 2012, the equity ratio of the Company amounted to 87%, compared to an equity ratio of 86% as of December 31, 2011. The Company is currently not financed via financial debt.

Risk and Opportunity Report

The risks and opportunities as well as the assessment thereof remained unchanged compared to the situation described on pages 72 to 77 in the Annual Report 2011.

Subsequent Events

On April 1, 2012, MorphoSys established the second long-term incentive program for the Management Board and Senior Management. In this vein, during April 2012, 91,500 MorphoSys shares were repurchased on the stock market with an average share price of € 20.08 per share.

Outlook

EXPECTED DEVELOPMENT IN THE LIFE SCIENCES SECTOR

The overall situation within the pharmaceutical sector remains challenging due to the existing imbalance between new product introductions and patent losses. Consequently, the pharmaceutical industry is focusing on fostering its pipelines by in-licensing new programs and technologies or through M&A activities.

Furthermore, the development of promising product candidates and technological innovations will remain essential for biotechnology companies. The biggest challenge for this sector is the elaboration of appropriate business models, allowing companies to finance their development activities.

FINANCIAL GUIDANCE

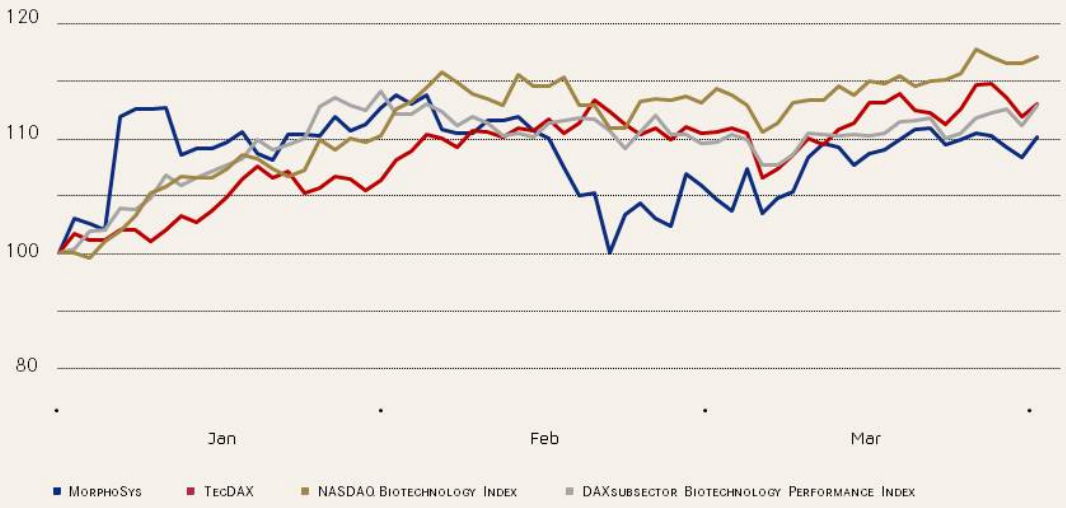
The Company published its financial guidance for 2012 on March 1. For 2012, MorphoSys anticipates total Group revenues between € 75 million and € 80 million and an EBIT in the range of € 1 million to € 5 million. This guidance does not, at this stage, include a successful out-licensing of any of the Company's proprietary development programs. Investment in proprietary research and development in 2012 will be approximately € 20 million to € 25 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 2011 on pages 77 to 81.

Share Price Performance

In a generally positive market environment, the MorphoSys share showed a 7% increase year to date, while its major benchmark indices also showed a positive development. More specifically, the NASDAQ Biotechnology Index increased during the first three months of 2012 by 17% and the TecDAX increased by 11%; the DAXsubsector Biotechnology Performance Index increased by 12%. By comparison, a basket of international antibody companies (source: BioCentury) increased by 4.1%.

THE MORPHOSYS SHARE (January 2, 2012 = 100%)



Consolidated Income Statement (IFRS) – (unaudited)

€	Note	Three Months Ended 03/31/2012	Three Months Ended 03/31/2011
Revenues	**2**	**16,130,862**	**48,581,473**
Operating Expenses	**2**		
Cost of Goods Sold		1,692,856	1,838,869
Research and Development		10,382,712	12,703,572
Sales, General and Administrative		4,931,576	5,316,785
Total Operating Expenses		**17,007,144**	**19,859,226**
Other Income		114,624	147,038
Other Expenses		41,962	1,336,628
Earnings before Interest and Taxes (EBIT)		**(803,620)**	**27,532,657**
Finance Income		95,342	381,133
Finance Expenses		51,866	30,083
Income Tax (Income) / Expenses		234,747	(9,055,159)
Net Profit / (Loss)		**(525,397)**	**18,828,548**
Basic Net Profit / (Loss) per Share		(0.02)	0.82
Diluted Net Profit / (Loss) per Share		(0.02)	0.81
Shares Used in Computing Basic Net Profit / (Loss) per Share		22,974,826	22,847,349
Shares Used in Computing Diluted Net Profit / (Loss) per Share		23,210,040	23,123,946

See accompanying Notes

Consolidated Statement of Comprehensive Income (IFRS) – (unaudited)

€	Three Months Ended 03/31/2012	Three Months Ended 03/31/2011
Net Profit / (Loss)	**(525,397)**	**18,828,548**
Change in Unrealized Gains and Losses on Available-for-sale Financial Assets	102,002	(206,684)
(Thereof Reclassifications of Unrealized Gains and Losses to Profit and Loss)	(36,260)	(331,689)
Deferred Taxes	(26,857)	54,420
Change in Unrealized Gains and Losses on Available-for-sale Financial Assets, Net of Deferred Taxes	75,145	(152,264)
Effects from Equity-related Recognition of Deferred Taxes	(90)	2,986
Foreign Currency Gains and Losses from Consolidation	9,411	(72,391)
Comprehensive Income	**(440,931)**	**18,606,879**

Consolidated Balance Sheet (IFRS)

€	Note	March 31, 2012 (unaudited)	Dec. 31, 2011 (audited)
ASSETS			
Current Assets			
Cash and Cash Equivalents		38,281,588	54,596,099
Available-for-sale Financial Assets		89,143,622	79,768,563
Accounts Receivable		10,252,838	12,203,237
Income Tax Receivables		665,058	215,620
Other Receivables		10,321,946	375,360
Inventories, Net		3,233,001	3,281,240
Prepaid Expenses and Other Current Assets		2,855,788	3,467,402
Assets Classified as Held for Sale		0	785,027
Total Current Assets		**154,753,841**	**154,692,548**
Non-current Assets			
Property, Plant and Equipment, Net		6,092,633	6,106,318
Patents, Net		9,263,283	9,459,580
Licenses, Net		9,054,271	9,551,394
Intangible Assets under Development		10,513,100	10,513,100
Software, Net		986,594	1,055,405
Know-how and Customer Lists, Net		1,245,032	1,341,159
Goodwill		34,124,190	34,107,455
Deferred Tax Asset		144,002	164,949
Prepaid Expenses and Other Assets, Net of Current Portion		1,456,614	1,418,542
Total Non-current Assets		**72,879,719**	**73,717,902**
TOTAL ASSETS		**227,633,560**	**228,410,450**

See accompanying Notes

€	Note	March 31, 2012 (unaudited)	Dec. 31, 2011 (audited)
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Accounts Payable and Accrued Expenses		15,556,727	19,110,798
Tax Liabilities		1,930,469	3,026,597
Provisions		0	275,000
Current Portion of Deferred Revenue		5,204,566	1,338,282
Total Current Liabilities		**22,691,762**	**23,750,677**
Non-current Liabilities			
Provisions, Net of Current Portion		118,369	108,145
Deferred Revenue, Net of Current Portion		5,889,215	6,047,253
Convertible Bonds Due to Related Parties		73,607	73,607
Deferred Tax Liability		1,230,608	1,295,174
Total Non-current Liabilities		**7,311,799**	**7,524,179**
Stockholders' Equity			
Common Stock	3	23,154,806	23,112,167
Ordinary Shares Authorized (43,047,264 and 43,047,264 for 2012 and 2011, respectively)			
Ordinary Shares Issued (23,154,806 and 23,112,167 for 2012 and 2011, respectively)			
Ordinary Shares Outstanding (22,990,891 and 22,948,252 for 2012 and 2011, respectively)			
Treasury Stock (163,915 and 163,915 shares for 2012 and 2011, respectively), at Cost	3	(1,756,841)	(1,756,841)
Additional Paid-in Capital	3	171,671,171	170,778,474
Reserves		(595,633)	(680,099)
Accumulated Income		5,156,496	5,681,893
Total Stockholders' Equity		**197,629,999**	**197,135,594**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**227,633,560**	**228,410,450**

See accompanying Notes

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

	Common Stock	
	Shares	**€**
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 Financial Assets, Net of Deferred Taxes	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**
Balance as of January 1, 2012	**23,112,167**	**23,112,167**
Compensation Related to the Grant of Stock Options and Convertible Bonds	0	0
Exercise of Options and Convertible Bonds Issued to Related Parties	42,639	42,639
Reserves:		
Change in Unrealized Gain on Available-for-sale Financial Assets, Net of Deferred Taxes	0	0
Effects from Equity-related Recognition of Deferred Taxes	0	0
Foreign Currency Gains and Losses from Consolidation	0	0
Net Loss for the Period	0	0
Comprehensive Income	0	0
Balance as of March 31, 2012	**23,154,806**	**23,154,806**

See accompanying Notes

	Treasury Stock		Additional Paid-in Capital	Revaluation Reserve	Translation Reserve	Accumulated Deficit / Income	Total Stockholders' Equity
	Shares	€	€	€	€	€	€
	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**
	163,915	**(1,756,841)**	**170,778,474**	**612,226**	**(1,292,325)**	**5,681,893**	**197,135,594**
	0	0	328,329	0	0	0	328,329
	0	0	564,368	0	0	0	607,007
	0	0	0	75,145	0	0	75,145
	0	0	0	(90)	0	0	(90)
	0	0	0	0	9,411	0	9,411
	0	0	0	0	0	(525,397)	(525,397)
	0	0	0	75,055	9,411	(525,397)	(440,931)
	163,915	**(1,756,841)**	**171,671,171**	**687,281**	**(1,282,914)**	**5,156,496**	**197,629,999**

Consolidated Statement of Cash Flows (IFRS) – (unaudited)

For the Period Ended March 31, (in €)	Note	2012	2011
OPERATING ACTIVITIES:			
Net Profit / (Loss)		(525,397)	18,828,548
Adjustments to Reconcile Net Profit to Net Cash Provided by Operating Activities:			
Impairment of Assets		0	193,901
Depreciation and Amortization of Tangible and Intangible Assets		1,626,495	1,520,070
Net Gain on Sales of Financial Assets		(40,930)	(340,562)
Purchases of Derivative Financial Instruments		(40,870)	(213,421)
Unrealized Net Loss / (Gain) on Derivative Financial Instruments		1,082	(33,125)
(Gain) / Loss on Sale of Property, Plant and Equipment		(276)	3,131
Net Gain on Sale of Assets Classified as Available for Sale		(5,392)	0
Recognition of Deferred Revenue		(5,925,544)	(8,085,622)
Stock-based Compensation		338,553	540,045
Income Tax (Income) / Expenses		(234,798)	9,062,948
Changes in Operating Assets and Liabilities:			
Accounts Receivable		1,932,827	(23,482,586)
Prepaid Expenses, Other Assets and Tax Receivables		414,906	(269,039)
Accounts Payable and Accrued Expenses and Provisions		(466,653)	(483,778)
Other Liabilities		(4,331,314)	(1,490,778)
Deferred Revenue		9,633,791	16,168,094
Cash Generated from Operations		**2,376,480**	**11,917,826**
Interest Paid		(2,463)	(2,065)
Interest Received		44,087	34,277
Income Taxes Paid		(156,981)	(489,434)
Net Cash Provided by Operating Activities		**2,261,123**	**11,460,604**

See accompanying Notes

For the Period Ended March 31, (in €)	Note	2012	2011
INVESTING ACTIVITIES:			
Purchases of Financial Assets		(13,989,950)	(12,011,280)
Proceeds from Sales of Financial Assets		4,757,822	7,159,014
Purchase of Assets Classified as Loans and Receivables		(10,000,000)	0
Purchases of Property, Plant and Equipment		(556,240)	(708,413)
Proceeds from Disposals of Property, Plant and Equipment		0	500
Proceeds from Disposal of Assets Classified as Available for Sale		793,889	0
Additions to Intangibles		(198,848)	(157,623)
NET CASH USED IN INVESTING ACTIVITIES		**(19,193,327)**	**(5,717,802)**
FINANCING ACTIVITIES:			
Proceeds from the Exercise of Options and Convertible Bonds Granted to Related Parties		607,032	729,914
Net of Proceeds and Payments from the Issuance of Convertible Bonds Granted to Related Parties		0	(1,650)
NET CASH PROVIDED BY FINANCING ACTIVITIES		**607,032**	**728,264**
Effect of Exchange Rate Differences on Cash		10,661	(34,926)
(Decrease) / Increase in Cash and Cash Equivalents		(16,314,511)	6,436,140
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**54,596,099**	**44,118,451**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**38,281,588**	**50,554,591**

See accompanying Notes

Notes (unaudited)

The accompanying consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and 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 March 31, 2012, 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, 2011, have been used throughout the first three months of 2012 and can be viewed at www.morphosys.com/financialreports. The amendment to IAS 12 “Income Taxes” – deferred tax accounting for investment property at fair value applies to periods beginning on or after January 1, 2012. No major effects on the interim consolidated financial statements as of March 31, 2012, arose from this amendment.

In 2012, MorphoSys changed the structuring of its income statement, now presenting EBIT rather than operating profit to increase comparability with its peer companies. From Q1 2012 onwards, EBIT does no longer include gains/losses on marketable securities, gains/losses on derivatives and bank fees. These items are now presented together with interest income/expense in “Finance Income” and “Finance Expenses”, respectively. “Other Income” and “Other Expenses” mainly comprise gains and losses resulting from foreign exchange effects as well as income from governmental grants. To provide comparative information, prior year’s figures have been adjusted accordingly.

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 Group 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 two 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 revenues 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 €)	2012	2011	2012	2011
External Revenues	11,106	43,672	523	594
Inter-segment Revenues	0	0	0	0
Revenues, total	**11,106**	**43,672**	**523**	**594**
Cost of Goods Sold	0	0	0	0
Other Operating Expenses	4,875	5,988	5,626	6,907
Inter-segment Costs	43	64	0	0
Total Operating Expenses	**4,918**	**6,052**	**5,626**	**6,907**
Other Income	18	5	48	116
Other Expenses	0	0	0	0
Segment EBIT	**6,206**	**37,625**	**(5,055)**	**(6,197)**
Finance Income	0	0	0	0
Finance Expenses	0	0	0	0
Income Tax (Income) / Expenses	0	0	0	0
Net Profit / (Loss)	**6,206**	**37,625**	**(5,055)**	**(6,197)**

	AbD Serotec		Unallocated		Elimination		Group	
	2012	2011	2012	2011	2012	2011	2012	2011
	4,502	4,316	0	0	0	0	16,131	48,582
	43	64	0	0	(43)	(64)	0	0
	4,545	**4,380**	**0**	**0**	**(43)**	**(64)**	**16,131**	**48,582**
	1,693	1,839	0	0	0	0	1,693	1,839
	2,850	2,729	1,963	2,397	0	0	15,314	18,021
	0	0	0	0	(43)	(64)	0	0
	4,543	**4,568**	**1,963**	**2,397**	**(43)**	**(64)**	**17,007**	**19,860**
	3	17	46	9	0	0	115	147
	28	20	15	1,316	0	0	43	1,336
	(23)	**(191)**	**(1,932)**	**(3,704)**	**0**	**0**	**(804)**	**27,533**
	0	0	95	381	0	0	95	381
	0	0	51	30	0	0	51	30
	0	0	235	(9,055)	0	0	235	(9,055)
	(23)	**(191)**	**(1,653)**	**(12,408)**	**0**	**0**	**(525)**	**18,829**

As 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 € 0.04 million to the AbD Serotec segment for the first three months of 2012 (first three months of 2011: € 0.1 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 €)	2012	2011
Germany	578	540
Other Europe and Asia	12,731	44,579
USA and Canada	2,398	2,501
Other	424	962
Total	**16,131**	**48,582**

3 Changes in Stockholders' Equity

COMMON STOCK

On March 31, 2012, the common stock of the Company amounted to € 23,154,806 (December 31, 2011: € 23,112,167). Through the exercise of 42,639 stock options issued to the Management Board and Senior Management, common stock increased by € 42,639 in the first three months of 2012. Treasury stock amounted to € 1,756,841 as of March 31, 2012, and remained unchanged compared to December 31, 2011.

ADDITIONAL PAID-IN CAPITAL

On March 31, 2012, additional paid-in capital amounted to € 171,671,171 (December 31, 2011: € 170,778,474). The total increase of € 892,697 is due to stock-based compensation in the amount of € 328,329; a further € 564,368 arose from the exercise of issued stock options.

4 Changes in Stock Options, Convertible Bonds and Performance Shares

In the first three months of 2012, no further stock options, convertible bonds or performance shares have been granted to the Management Board, Senior Management or employees.

5 Stock-based Compensation

As of March 31, 2012, stock-based compensation in the total amount of € 0.34 million was recorded as personnel expenses in the income statement. This amount comprised € 0.33 million from equity-settled share-based payment transactions, including stock-based compensation from the LTI plan in the amount of € 0.1 million. Further personnel expenses of € 0.01 million resulted from cash-settled, share-based payment transactions, namely from stock appreciation rights (SARs).

6 Directors' Dealings

The Group has related party transactions with the Management Board and with members of the Supervisory Board. In addition to cash remuneration, the Company has issued stock options, convertible bonds and performance shares 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 three months of 2012:

SHARES

	01/01/12	Additions	Forfeitures	Sales	03/31/12
Management Board					
Dr. Simon E. Moroney	419,885	0	0	0	419,885
Jens Holstein	5,000	0	0	0	5,000
Dr. Arndt Schottelius	2,000	0	0	0	2,000
Dr. Marlies Sproll	7,105	0	0	0	7,105
Total	**433,990**	**0**	**0**	**0**	**433,990**
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

	01/01/12	Additions	Forfeitures	Exercises	03/31/12
Management Board					
Dr. Simon E. Moroney	191,445	0	0	0	191,445
Jens Holstein	0	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	**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

	01/01/12	Additions	Forfeitures	Exercises	03/31/12
Management Board					
Dr. Simon E. Moroney	58,800	0	0	0	58,800
Jens Holstein	0	0	0	0	0
Dr. Arndt Schottelius	33,000	0	0	0	33,000
Dr. Marlies Sproll	33,000	0	0	0	33,000
Total	**124,800**	**0**	**0**	**0**	**124,800**
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**

PERFORMANCE SHARES

	01/01/12	Additions	Forfeitures	Exercises	03/31/12
Management Board					
Dr. Simon E. Moroney	17,676	0	0	0	17,676
Jens Holstein	12,107	0	0	0	12,107
Dr. Arndt Schottelius	12,107	0	0	0	12,107
Dr. Marlies Sproll	12,107	0	0	0	12,107
Total	**53,997**	**0**	**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**

7 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 2012.

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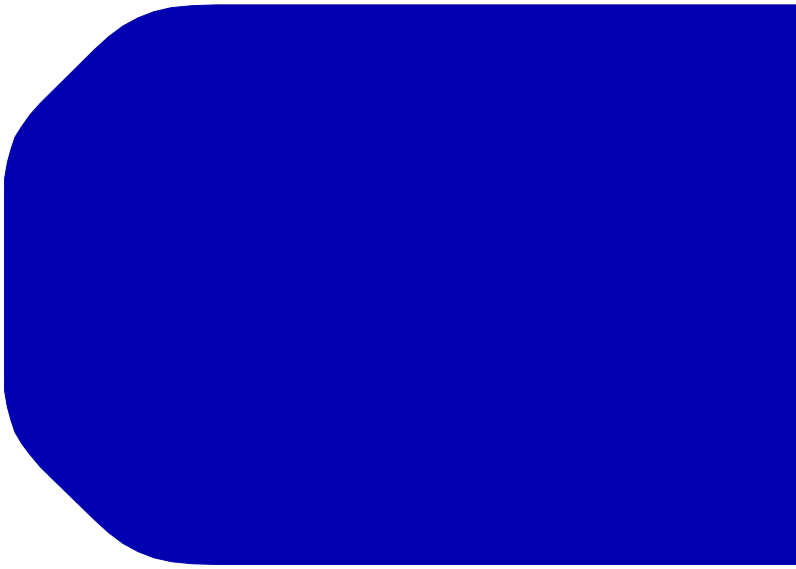
MARCH 1, 2012	PUBLICATION OF 2011 YEAR END RESULTS
MAY 4, 2012	PUBLICATION OF THREE MONTHS' REPORT 2012
MAY 31, 2012	ANNUAL SHAREHOLDERS' MEETING 2012 IN MUNICH
AUGUST 2, 2012	PUBLICATION OF SIX MONTHS' REPORT 2012
NOVEMBER 7, 2012	PUBLICATION OF NINE MONTHS' REPORT 2012



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