



**INTERIM REPORT AND
QUARTERLY MANAGEMENT REPORT
BY 31 MARCH 2009**

DEVELOPMENT OF IMPORTANT KEY FIGURES

in k €	01-01 - 2009-03-31 resp. 2009-03-31	01-01 - 2008-03-31 resp. 2008-03-31
Net sales	505	640
Result from operating activities	- 3,868	- 2,320
Period result	- 3,701	- 2,221
Equity	33,481	17,472
Equity ratio	92.1%	86.6%
Balance sheet total	36,361	20,172
Cash flows from operating and investing activities	432	1,337
Cash flows from financing activities	- 902	0
Net change in cash and cash equivalents	- 470	1,337
Cash and cash equivalents	6,876	11,672
Funds	17,378	15,137
Employees		
Number of employees incl. Management Board (at end of period)	90	74
The 4SC share		
Earnings per share (undiluted and diluted) (€)	- 0.13	- 0.12
Shares in circulation (average, in thousands)	28,503	19,002
Percentage of freely tradeable shares	100%	100%
3 month high (Xetra) [€]	3.11	3.44
3 month low (Xetra) [€]	2.60	2.50
Open at the beginning of period (Xetra) [€]	3.07	3.42
Close at the balance sheet date (Xetra) (€)	2.86	2.95
Market capitalisation at the balance sheet date (k €)	81,518	56,055
Average daily turnover (Xetra, Units)	1,464	6,186





GENERAL INFORMATION

Security code

number	575381
ISIN	DE0005753818
SE code	VSC

Management Board

Dr Ulrich Dauer, CEO
 Dr Bernd Hentsch, CDO
 Dipl.-Kfm. Enno Spillner, CFO
 Dr Daniel Vitt, CSO

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DEAR SHAREHOLDERS,

in the past quarter, 4SC AG's solid financial position allowed us to continue to concentrate on research and development, in which we made important progress. We began patient recruitment for a clinical phase IIa study of our lead compound 4SC-101 for a second indication, Crohn's disease. Also, a clinical phase I study was successfully concluded for our most advanced oncology project 4SC-201, forming the basis for the phase II development programme which is soon to begin. Furthermore, we laid the groundwork for the start of initial clinical trials for further projects in 2009. The loss posted for the period increased year-on-year, in line with expectations, from 2.2 million € in the first quarter of 2008 to 3.7 million €, due to higher research and development expenditure. Funds amounted to 17.4 million € as of 31 March 2009. The equity ratio improved from 86.6% in the first quarter 2008 to 92.1%.

Most important objectives for 2009

Having acquired the oncology pipeline from Nycomed in the summer of 2008, for 2009 our specific goal is now to achieve value-generating results in ongoing clinical studies while simultaneously increasing the number of clinical products in the pipeline. We are looking forward to move our most advanced project 4SC-101, focused on autoimmune diseases, into phase II studies in rheumatoid arthritis and to take it through our study already started this year in chronic inflammatory bowel disease (Crohn's disease). There is a great medical need for new and innovative treatments of these disorders. We believe candidate 4SC-101 is extremely well-positioned and could hold tremendous market potential if our phase II studies are successfully concluded.

In oncology, our second most important area of research and development, within the year we intend to commence phase II testing of our second clinical substance 4SC-201 for two different indications. The first indication selected is liver carcinoma (hepatocellular carcinoma-HCC). There is currently only one approved systemic therapy for treating advanced stages of this form of cancer. The five-year survival rate for HCC patients is only 7%, which underscores the serious urgency for developing new treatments. The initial phase II study is to commence in the next few months. Additionally, 4SC AG has four preclinical candidates with the potential for entering initial clinical studies within the near term. Up to two substances are expected to enter clinical phase I in 2009. We anticipate that the partnerships with AiCuris and ViroLogik will yield additional revenue and growth potential alongside our own research and development pipeline.

Efficient cost control and solid investor base

The breadth of our pipeline, encompassing a range of indications and developmental phases, allows us to engage in active portfolio management. Given the current situation on international financial markets, we plan to utilise our cash reserves as efficient as possible, without compromising the success of our drug discovery and development efforts. Our primary shareholder, Santo Holding, plays an important role for 4SC AG beyond that of a pure financial investor, providing expertise and access to its own industry network.

The support received from Santo Holding is especially valuable in substantiating the credibility of our business model to international investors. We will continue communicating the sustainability of the business model at investor conferences in an effort to expand our investor base and enhance the liquidity of 4SC shares. The shares recovered substantial territory by the end of the period under review,



Dr Ulrich Dauer,
Chairman of the
Management Board

and are now trading around the level seen at the beginning of the year. In going forward, we will continue focusing on enhancing shareholder value, and would like to thank you for the confidence you have placed in our enterprise.

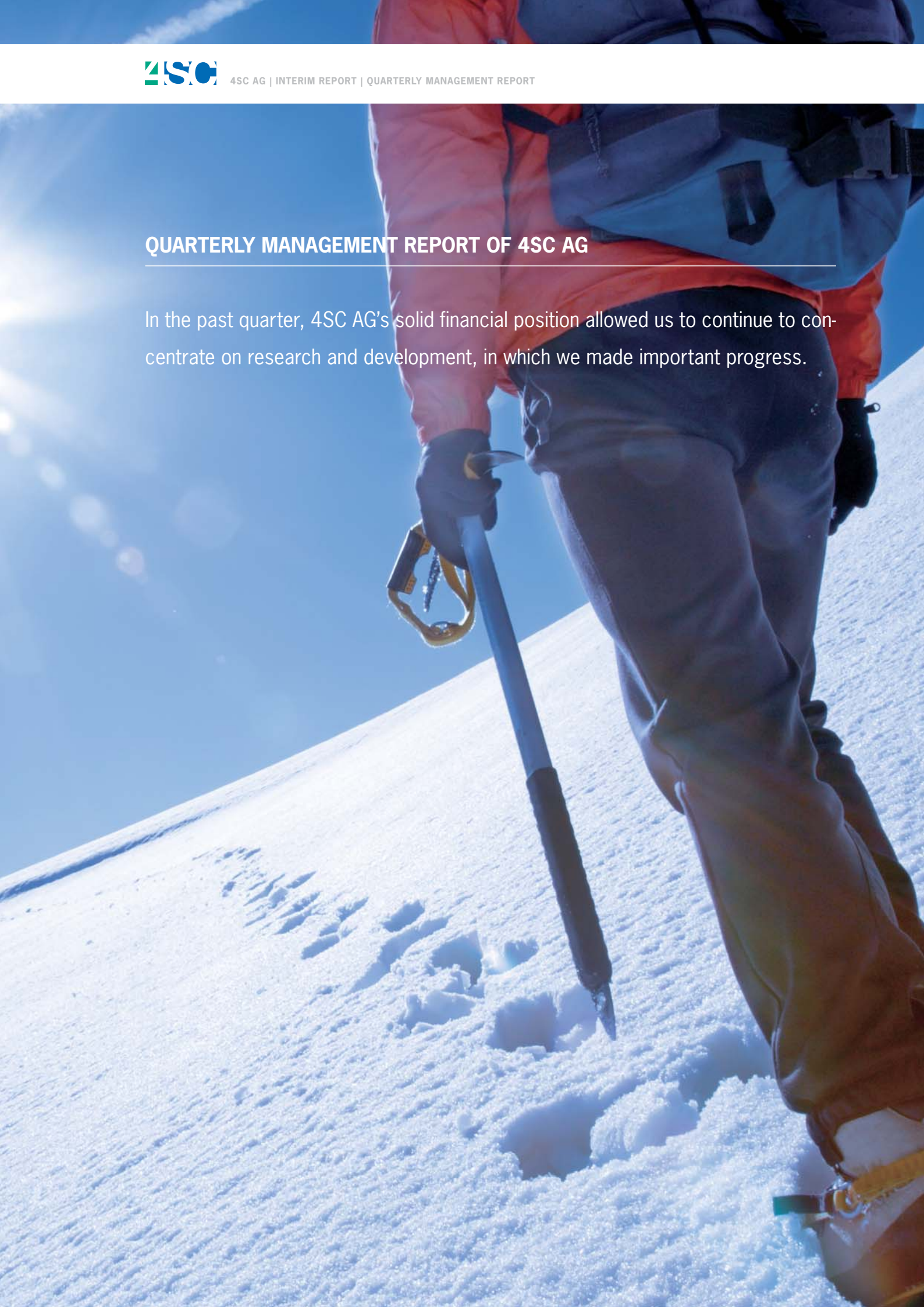
Yours truly,

A handwritten signature in black ink, appearing to read 'Ulrich Dauer', written in a cursive style.

Dr Ulrich Dauer
Chairman of the Management Board

QUARTERLY MANAGEMENT REPORT OF 4SC AG

In the past quarter, 4SC AG's solid financial position allowed us to continue to concentrate on research and development, in which we made important progress.



1. PRESENTATION OF THE COURSE OF BUSINESS

1.1 Current developments in the biotech industry

Merger activities dominated the news from the biotech market in the quarter under review. The leading major pharmaceutical companies offered to buy out competitors in a move to lower costs and increase synergies. To date, consolidation has been concentrated in the US market, with Pfizer, the world's largest drug company, announcing the acquisition of Wyeth for 68 billion US-\$ in cash and stocks in January. This was Pfizer's reaction to pending patent expirations, especially for the cholesterol-reducing drug Lipitor in 2010, the world's top-selling drug, with revenues of 12.4 billion US-\$ in the financial year 2008. In March, Merck & Co. followed with an offer to buy out Schering-Plough for 41 billion US-\$ in cash and securities. This creates the world's second-largest pharmaceutical firm after Pfizer. In March, Roche completed the acquisition of biotech giant Genentech initiated in 2008 after increasing its offer from an original 89 to 95 US-\$ per share. Industry experts expect other pharmaceutical corporations to be on the lookout for acquisition targets and additional research partnerships with biotechnology firms.

In the German biotech industry, GPC Biotech announced a merger with the privately-held US firm Agenrix, which has a phase III lung cancer product in clinical development. The two firms are to merge into a new German company, in which an investment company owned by SAP founder Dietmar Hopp is to invest 15 million € in additional cash. The number of product approvals was limited during the quarter under review, however. The Austrian vaccine developer Intercell generated attention in Europe after the close of the quarter in early April when it received US and EU approval for a vaccine for Japanese encephalitis.

Biotechnology shares outperformed the overall market in the quarter under review, despite the ongoing recession and financial crisis. The US sector index AMEX biotechnology index closed on 31 March 2009 at 640.85 points, one percent lower than it started out the year. In the same period the DAX fell 15.9% to 4,084.76 points, and the technology index TecDAX fell 6.4% to 479.91 points. The trend in the previous quarter of healthcare equities being more insulated from the downward phase of economic cycles thus continued. Small and mid caps are being affected by declining liquidity however, as non-industry investors in particular are still waiting for positive newsflow from the industry concerning product approvals or successful clinical trials.

1.2 Development of the company

1.2.1 General development

In the expired first quarter of 2009, the integration of the Nycomed oncology pipeline acquired last year proceeded on track, and clinical development of the most advanced candidates was forced. The clinical phase I was successfully concluded for 4SC-201. Preparations are currently underway for the start of clinical phase II in the second quarter of 2009. In March a phase II study began for 4SC-101 on a second indication with patients with chronic inflammatory bowel disease (Crohn's disease). Parallel to the clinical progress made, management continued its discussion with potential partners in the pharmaceutical industry.

The further clinical development of the oncology projects acquired from Nycomed is also supported since January 2009 by employees in the new establishment opened in Überlingen-Bonndorf on Lake Constance. Two of the scientists onsite previously worked at Nycomed and are thus able to input relevant project know-how. Head office of 4SC AG will continue to be in Planegg-Martinsried near Munich.

1.2.2 Research and development

In the first quarter of 2009, 4SC AG started a multicentric, single-arm, exploratory open-label study of the candidate 4SC-101 with a clinical phase IIa trial to investigate its efficacy in treating Crohn's disease. In the study, 24 patients are receiving a daily 35 mg dose of 4SC-101 in tablet form over a 12-week period. The testing of 4SC-101 for this indication expands the product's strategic use potential, translating into much greater commercial potential for 4SC-101 in the event of clinical success.

Simultaneously, preparations proceeded for a second phase II study of the same substance for the indication rheumatoid arthritis (RA). The objective of this randomised, placebo-controlled and double blind phase II study is to establish heightened efficacy of 4SC-101 in combination with Methotrexat (MTX) with RA patients versus the standard clinical use of MTX alone. Preclinical toxicology studies of 4SC-101 in combination with MTX were concluded in the quarter under review. This testing is a regulatory prerequisite for filing for clinical phase II study of this drug combination.

Oncology research centred on the project 4SC-201 in the first quarter of 2009, during which time a clinical phase I study was successfully concluded and progress was made on data evaluation. In the study, several patients with different types of tumours were stabilised. The 4SC AG development team took the next step of planning for clinical phase II, selecting hepatocellular carcinoma (HCC) as the first target indication, which is the most frequent form of liver cancer. HCC is third most common cause of cancer mortality worldwide, causing some 600,000 deaths annually. The five-year survival rate is only 7%, which clearly indicates an extremely high need for new treatment options. Currently the substance Sorafenib (product name: Nexavar) is the only drug approved for the systemic treatment of advanced HCC.

4SC AG made substantial progress as well on preclinical development projects in the first quarter of 2009. Preparations are underway for a phase I study of drug candidate 4SC-203 with patients with acute myeloid leukaemia (AML). Patients with different types of tumours are frequently included in these oncological initial application studies. For the phase I trials of 4SC-203, however, it is planned to include only patients exhibiting the predefined AML target indication. This approach allows the potential direct identification of anti-leukaemia effects of 4SC-203 in the target indication, in addition to the primary goals of establishing safety and tolerability.

Oncology research centred on the project 4SC-201

in the first quarter of 2009.

Other preclinical drug candidates are in various advanced preliminary phases for the submission of a clinical study protocol. These include 4SC-205, an oral Eg5 kinesin inhibitor, designed to provide a mechanism directly inhibiting the molecular machinery of tumour cell division. The target structure of Eg5 allows for a highly innovative strate-

gy, as it is a protein detectable only in actively dividing cells, which potentially allows specific inhibition of tumour cell growth. It is thus expected that the side effects of 4SC-205 on healthy cells will prove more controllable than for conventional chemotherapies like Taxole, which are also aimed at cell division mechanics.

In the area of inflammatory disorders and viral infections, 4SC AG is working on an inhalant form of 4SC-301 and an oral application of an alternative substance. Both drugs are currently being tested for their anti-viral activity on H1N1-infected mice at the Löffler Institute in Tübingen. In contrast to neuraminidase inhibitors like Tamiflu and Relenza, 4SC-301 does not induce the development of resistance to influenza A viruses. Once the preclinical data on the efficacy of the form of administration is available, safety and tolerability are to be studied, which are prerequisite to clinical use.

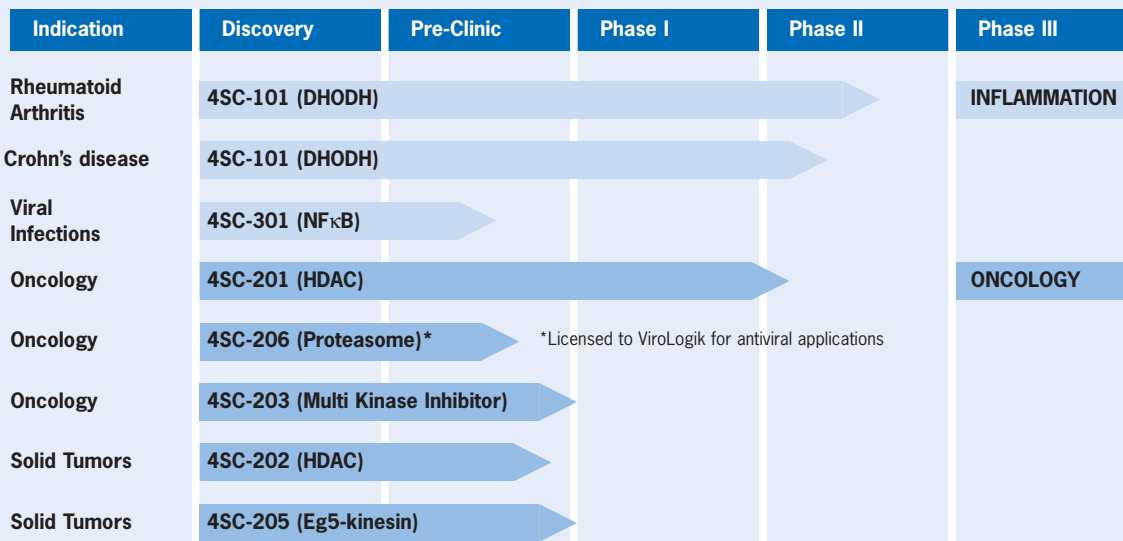
Alongside the promising projects 4SC-102 and 4SC-301 in the area of inflammation and influenza treatment, 4SC AG has a number of early-stage projects in the pipeline. A new cell cycle blocker that affects taxane-resistant tumours is being developed in the CCB-project for use in cancer treatment. This project thus also has potential for being pushed forward as a development project in the short term.

Additionally, in the first quarter of 2009 4SC AG and the Wuppertal-based company AiCuris GmbH & Co. KG agreed to continue collaborating on research into anti-infective drugs.

4SC AG has initiated a joint project for studying the system biology of tumours together with the NMI Institute at the University of Tübingen and the companies Spherotec GmbH, Munich, and quattro research GmbH, Planegg-Martinsried. As part of the MedSys Initiative, the German Federal Ministry of Education and Research (Bundesministerium für Bildung und Forschung – BMBF) has granted 1.7 million € in funding for this project over a three-year period starting in April 2009. 4SC believes this research will afford greater insight into the effectiveness of its oncology products and help identify suitable prognostic biomarkers.

4SC PIPELINE

Eight projects are in different stages of development; each bar represents the current study phase.



1.2.3 Personnel

Number of employees

As of 31 March 2009, 4SC AG had a staff of 86 employees (including two trainees) and four Management Board members. This represents a more than 20% increase since 31 March 2008, at which time the company had 70 employees and four Management Board members. New hiring was primarily in research and development, in response to the greater number of development projects.

2. PRESENTATION OF THE SITUATION

2.1 Earnings position

Net sales

Net sales in the first quarter of 2009 totalled 505 k €, compared to 640 k € posted in the same period in 2008. While some 50% of net sales in the previous year stemmed from the contract with the US-American QuoNova LLC., this year the project contributed only minimal net sales in the quarter under review. The primary source of revenue this quarter was the cooperation with the Wuppertal-based company AiCuris GmbH & Co. KG, which generated over 50% more income than in the first quarter of 2008.

Operating expenses

The decline in cost of sales from 211 k € in the first quarter of 2008 to 154 k € in the quarter under review reflects the decrease in net sales. At the same time, distribution costs fell from 114 k € to 86 k € through lower legal and consulting expenses.

Research and development costs rose markedly however, more than 70% to 3,388 k € (in the first quarter of 2008: 1,973 k €). External services, cost of materials and amortisation rose substantially due to the integration of the Nycomed oncology programme into our own pipeline and further development of existing 4SC projects. Personnel costs simultaneously increased with the hiring of additional personnel in the field of research and development.

The 20% increase in administrative costs from 678 k € to 814 k € principally reflected higher legal and consulting expenses and increased IR-related costs, the latter incurred in connection with 4SC AG's heightened presence at international industry and investor conferences.

Result from operating activities

4SC AG increased its operating loss in the first quarter of 2009 to 3,868 k € as a result of the factors outlined above (2008: 2,320 k €).

Financial result

The financial result improved from 99 k € in the first quarter of 2008 to 157 k € for the quarter under review. 4SC AG's share in the success of its stake in quattro research GmbH amounting to 15 k € (previous year: 0 k €) is shown as result from an associate accounted for using the equity method.

Financial income from interest-bearing investment of cash and cash equivalents and the valuation of securities affecting net income declined from 209 k € in the first quarter of the previous year to 184 k € in the first quarter of 2009. The financial crisis has had an evident impact on financial income through significant declining interest rates. 4SC AG expects this effect to become more substantial over the months ahead.

Declining financial expenses on the other hand were beneficial, which fell year-on-year from 110 k € to 42 k €. This resulted chiefly from lower losses on exchange rate differences based on the US dollar exchange rate at the reporting date. For the first quarter of 2009 3 k € were recorded versus 85 k € for the first quarter of the previous year.

The primary source of revenue this quarter was the cooperation

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Income taxes

Income taxes for the first quarter of 2009 totalled 10 k € (previous year: 0 k €), resulting from a decline in deferred tax liabilities compared to the last annual financial statements as of 31 December 2008.

Period result

The period result for the first three months of 2009 thus amounted to - 3,701 k € (in the first quarter of 2008: - 2,221 k €).

Earnings per share

Diluted and undiluted earnings per share remained nearly unchanged year-on-year at - 0.13 € versus a previous - 0.12 €, due to the substantial increase in the number of outstanding shares compared to the previous-year period (average 28.5 million in 2009 versus average 19.0 million in 2008).

2.2 Net asset position

Non-current assets

Non-current assets were largely unchanged at 17,384 k € versus 17,499 k € at 31 December 2008. The decrease in intangible assets due to scheduled amortisation was nearly offset by increasing fixed assets and financial investments accounted for using the equity method.

Current assets

Current assets declined from 23,595 k € at 31 December 2008 to 18,977 k €. This was mainly the result of the decrease in other financial assets and cash and cash equivalents in connection with 4SC AG's business operations.

Equity

The decline in equity from 37,158 k € at 31 December 2008 to 33,481 k € at 31 March 2009 reflects almost exclusively the negative period result of - 3,701 k €. The balance sheet loss widened from 40,265 k € to 43,966 k €.

As simultaneous liabilities declined significantly, the equity ratio increased from 90.4% at 31 December 2008 to 92.1% at the end of the quarter under review, despite lower equity.

Current and non-current liabilities

While non-current liabilities rose from 109 k € to 140 k € since the end of the prior financial year, current liabilities decreased from 3,827 k € to 2,740 k €. This principally reflects lower financial liabilities of 902 k €. In early January 2009, loans taken out from Technologie Beteiligungsfonds Bayern GmbH & Co. KG, Munich, were redeemed. Trade accounts payables declined in parallel. Other liabilities rose however due to increased contracting of external services.

Balance sheet total

With those of the factors outlined above, the balance sheet total decreased from 41,094 k € at 31 December 2008 to 36,361 k € at 31 March 2009.

2.3 Financial position

Cash flows from operating activities

Cash flows from operating activities of - 3,381 k € were recorded for the first quarter of 2009. This reflects a pre-tax loss of 3,711 k €, which was positively influenced by interest received and by the change in working capital resulting from the reduction in other assets and the increase in other liabilities.

In the same quarter last year, cash outflows from operating activities of 1,795 k € were recorded at a period result of - 2,221 k €.

Cash flows from investing activities

In the first quarter of 2009, cash flows from investing activities were 3,813 k € compared to 3,132 k € in the previous year.

In the period under review, 4SC AG invested 24 k € in intangible assets and 163 k € in fixed assets. The purchase of financial instruments with original maturities of more than three months had been recorded in the first three months of 2009 in the amount of 4,500 k €. The sale of financial instruments generated inflows of cash and cash equivalents totaling 8,500 k €.

In the first quarter of 2008, sales of financial instruments generated cash inflows of 3,400 k €, while investment in intangible and fixed assets totalled 268 k €. Financial instruments with an original maturity of less than three months were not purchased.

Cash flows from financing activities

In January 2009 long-term loans in the amount of 902 k € were paid off. In the corresponding period in the previous year no cash flows from financing activities were recorded.

Funds

The balance of cash and cash equivalents at the end of the reporting period was 6,876 k €. Additional funds in the amount of 10,502 k € was invested in short-term fixed and variable-interest securities and time deposits. Funds thus totalled 17,378 k € on the 31 March 2009 reporting date (31 December 2008: 21,846 k €).

3. RISK AND CHANCE REPORT

The risk and opportunity situation of the company is largely unchanged with regard to the last reporting provided in the framework of the annual report dated 31 December 2008.

Product development risks

This also applies to the clinical phase IIa Crohn's disease study for 4SC-101 which started in March 2009. The design of the study received a highly positive assessment from clinical experts, particularly with respect to the indicativeness and informational value of the study's clinical parameters. However 4SC AG cannot rule out that 4SC-101 may not evidence sufficient activity for Crohn's disease patients, or the potential for unexpected tolerability findings.

Also in the first quarter of 2009, the clinical phase I study of 4SC-201 was successfully concluded and progress made on comprehensive data evaluation. While study results thus far indicate that several cancer patients with different types of tumours have been stabilised, 4SC AG likewise cannot rule out that subsequent studies may indicate inadequate patient efficacy, or reveal side effects presenting safety concerns.

This could lead to significant delays in either study, or to suspension of clinical development, which could negatively impact the company's net assets, financial and earnings situation and share price.

Risks in connection with the financial crisis

The ongoing financial crisis could further affect 4SC AG, for example if the necessary additional project financing should have to be obtained from the capital markets due to the unavailability of other sources of financing. The financial crisis could also negatively impact the value of invested cash assets, as well as exchange rates and the collectability of receivables, despite conservative investment policy. The financial result will likely turn out to be lower, as was already the case in the first quarter of 2009, because market interest rates have fallen substantially.

Additionally, 4SC shares could become less liquid in trading, or the share price could decline further if investors should withdraw. Consequently, 4SC AG shares could fall below the critical mass necessary to remain on the radar screen of institutional investors, particularly on an international level.

4. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 4 May 2009, 4SC AG announced a change in the Supervisory Board with effect as of the end of the shareholders' meeting to be held 15 June 2009. Current Supervisory Board member Dr Thomas Strüngmann intends to resign. Dr Thomas Werner, who has over 25 years of experience in the pharmaceutical industry, has been suggested for appointment. Dr Werner became a partner at the international venture capital firm Venture Partner Inventages at the start of 2009.

On 11 May 2009 4SC AG announced the launch of a joint project for studying the system biology of tumours together with the NMI Institute at the University of Tübingen and the companies Spherotec GmbH, Munich, and quattro research GmbH, Planegg-Martinsried. The German Federal Ministry of Education and Research (Bundesministerium für Bildung und Forschung – BMBF) has granted 1.7 million € in funding for this project.



Management Board of 4SC AG
(from left to right):
Dr Ulrich Dauer, Dr Daniel Vitt,
Dipl.-Kfm. Enno Spillner
and Dr Bernd Hentsch

5. BUSINESS OUTLOOK

It remains 4SC AG's specific aim to evolve into a leading player in the pharmaceutical industry, offering innovative drug candidates for autoimmune diseases, cancer and related indications. Management is looking ahead this year to progress in clinical development and more intensive talks with players in the pharmaceuticals industry on a range of projects. Activities planned over the next 24 months are primarily geared towards rapid project advancement on all fronts.

In the next few months, 4SC AG is planning for an expanded clinical phase II study of the substance 4SC-101 on RA patients used in combination with MTX. By conducting phase II studies for two separate indications, the company is

aiming to further expand the potential of the project concerned and generate greater interest on the part of the pharmaceuticals industry in the DHODH inhibitor, so as to allow negotiating the best terms in a possible licensing deal.

For drug candidate 4SC-201 4SC AG intends to start at least two phase II studies for different cancers in 2009. The first indication announced for phase II testing was hepatocellular carcinoma. From other projects plans are to take at least two further drug candidates in clinical phase I trials. The successful partnership with AiCuris GmbH & Co. KG in Wuppertal is to be continued in 2009.

Planegg-Martinsried, 11 May 2009

Dr Ulrich Dauer, CEO

Dr Bernd Hentsch, CDO

Dipl.-Kfm. Enno Spillner, CFO

Dr Daniel Vitt, CSO

FINANCIAL STATEMENTS OF 4SC AG

It remains 4SC AG's specific aim to evolve into a leading player in the pharmaceutical industry, offering innovative drug candidates for autoimmune diseases, cancer and related indications.





INCOME STATEMENT

for the period from 1 January to 31 March 2009 (unaudited)

in k €	01-01 – 2009-03-31	01-01 – 2008-03-31	Notes
Net sales	505	640	
Cost of sales	- 154	- 211	
Gross profit	351	429	
Distribution costs	- 86	- 114	
Research and development costs	- 3,388	- 1,973	
Administrative costs	- 814	- 678	
Other income	69	16	
Result from operating activities	- 3,868	- 2,320	
Financial result			
Result from an associate accounted for using the equity method	15	0	
Financial income	184	209	
Financial expenses	- 42	- 110	
Financial result	157	99	
Result before taxes	- 3,711	- 2,221	
Income taxes	10	0	
Period result	- 3,701	- 2,221	
Earnings per share (undiluted and diluted) [€]	- 0.13	- 0.12	3.

BALANCE SHEET

for the period ended 31 March 2009 (unaudited)

in k €	2009-03-31	2008-12-31
A S S E T S		
Non-current assets		
Intangible assets	15,419	15,608
Fixed assets	1,606	1,547
Investments accounted for using the equity method	48	33
Other financial assets	154	154
Other non-current assets	157	157
Non-current assets	17,384	17,499
Current assets		
Inventories	30	26
Trade accounts receivables	597	580
Other financial assets	10,502	14,500
Cash and cash equivalents	6,876	7,346
Current tax assets	248	254
Other current assets	724	889
Current assets	18,977	23,595
Total assets	36,361	41,094
E Q U I T Y A N D L I A B I L I T I E S		
Equity		
Subscribed capital	28,503	28,503
Agio	48,101	48,101
Reserves	843	819
Balance sheet loss	- 43,966	- 40,265
Equity	33,481	37,158
Non-current liabilities		
Other liabilities	100	59
Deferred tax liabilities	40	50
Non-current liabilities	140	109
Current liabilities		
Trade accounts payable	880	1,370
Accounts payable to associated companies	0	32
Financial liabilities	0	902
Other liabilities	1,860	1,523
Current liabilities	2,740	3,827
Total equity and liabilities	36,361	41,094

CASH FLOW STATEMENT

for the period from 1 January to 31 March 2009 (unaudited)

in k €	01-01 – 2009-03-31	01-01 – 2008-03-31
Cash flows from operating activities		
Result before taxes	- 3,711	- 2,221
Corrections for:		
Depreciation on fixed assets and intangible assets	317	70
Financial result	- 157	- 99
Non-cash affecting ESOP ¹	21	76
Non-cash affecting expenses and income	- 113	95
Interest received	257	22
Interest paid	- 1	- 9
Increase / Decrease of trade accounts receivables	- 17	117
Decrease of accounts receivables from associated companies	0	39
Increase of inventories	- 4	- 10
Decrease / Increase of current tax assets	6	- 44
Decrease / Increase of other current assets	165	- 69
Decrease / Increase of trade accounts payable	- 490	48
Decrease of accounts payable to associated companies	- 32	- 103
Increase of other liabilities	379	293
Cash flows from operating activities	- 3,381	- 1,795
Cash flows from investing activities		
Payments for investment in intangible assets	- 24	- 11
Payments for investments	- 163	- 257
Purchase of financial assets that are no cash equivalents	- 4,500	0
Sales of financial assets that are no cash equivalents	8,500	3,400
Cash flows from investing activities	3,813	3,132

1: ESOP = Employee stock option programme for employees and Management Board

in k €	01-01 – 2009-03-31	01-01 – 2008-03-31
Cash flows from financing activities		
Repayment of non-current loans	- 902	0
Cash flows from financing activities	- 902	0
Net change in cash and cash equivalents	- 470	1,337
+ Cash and cash equivalents at the beginning of the period	7,346	10,335
= Cash and cash equivalents at the end of the period	6,876	11,672

The cash flow statement was prepared in accordance with the provisions of IAS 7.

STATEMENT OF CHANGES IN EQUITY

for the period from 1 January to 31 March 2009 (unaudited)

in k €	Reserves							Total
	Subscribed capital	Agio	Reserves ESOP	Retained earnings	Revaluation reserve	Balance sheet loss		
Balance on 2008-01-01	19,002	28,395	583	67	- 20	- 28,411	19,616	
Issued options (ESOP 2001/2003)			1				1	
Issued options (ESOP 2004/2004)			2				2	
Issued options (ESOP 2004/2005)			3				3	
Issued options (ESOP 2004/2006/1)			1				1	
Issued options (ESOP 2006/2006/2)			36				36	
Issued options (ERSATZ-ESOP 2001/2006/3)			32				32	
Issued options (ESOP 2006/2007)			1				1	
Overall result 2008-01-01 - 2008-03-31					1	- 2,221	- 2,220	
<i>Valuation of financial instruments</i>					1		1	
<i>Period result 2008-01-01 - 2008-03-31</i>						- 2,221	- 2,221	
Balance on 2008-03-31	19,002	28,395	659	67	- 19	- 30,632	17,472	
Balance on 2009-01-01	28,503	48,101	755	67	- 3	- 40,265	37,158	
Issued options (ESOP 2004/2004)			1				1	
Issued options (ESOP 2004/2005)			1				1	
Issued options (ESOP 2004/2006/1)			1				1	
Issued options (ESOP 2006/2006/2)			12				12	
Issued options (ESOP 2006/2007)			1				1	
Issued options (ESOP 2006/2008)			5				5	
Overall result 2009-01-01 - 2009-03-31					3	- 3,701	- 3,698	
<i>Valuation of financial instruments</i>					3		3	
<i>Period result 2009-01-01 - 2009-03-31</i>						- 3,701	- 3,701	
Balance on 2009-03-31	28,503	48,101	776	67	0	- 43,966	33,481	

NOTES

to the interim report dated 31 March 2009

1. Summary of significant accounting and valuation policies

1.1 Basis of preparation

This interim report was created in accordance with the accounting principles of the International Financial Reporting Standard (IFRS) – as adopted by the EU – in consideration of IAS 34 (interim financial reporting) in accordance with the requirements of the International Accounting Standards Board (IASB). The recommendations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC) have been taken into account. All of the IFRS and IFRIC adopted by the European Commission have been taken into account, not adopted IFRS and IFRIC have not been taken into account. New standards issued by the IASB are applied without exception starting in the financial year in which their application becomes mandatory.

This interim report represents the individual Financial Statements of the Germany-based 4SC AG, and in addition to 4SC AG, also takes account of the associated company, quattro research GmbH, Planegg-Martinsried, as well as the investments in the Nexigen GmbH, Bonn, and QuoNova LLC., Melbourne, Florida, USA, recognised in accordance with IAS 39.

The interim report was approved for publication by the Management Board on 11 May 2009. The discussion of the interim report by the Supervisory Board or Audit Committee and the Management Board in line with German Corporate Governance Code (6 June 2008 amended version) was held via teleconference on 6 May 2009.

1.2 Significant accounting and valuation policies

The applied accounting and valuation policies correspond to those used for the Financial Statements for the year ending 31 December 2008.

1.3 Use of estimates

In producing this interim report it was necessary for Management to make estimates and assumptions impacting the disclosed value of assets and liabilities, the disclosure of uncertain assets and contingent liabilities as of the balance sheet date as well as expenses and income within the reporting period. Actual values may vary from such estimated values. The discretionary decisions taken correspond to the Financial Statements for the year up to 31 December 2008.

1.4 Seasonality of interim operation

The operating activity of 4SC AG does not vary with the season.

1.5 Segment report

IFRS 8 requires companies to provide financial data and descriptive information for business segments subject to mandatory reporting. Business areas of a company involved in business operations able to generate income and expenses, for which separate financial data is available, constitute segments subject to mandatory reporting. In addition, operating results are regularly reviewed by key decision-makers to determine how resources are to be distributed and pro-

fitability assessed. In general, financial information must be reported on the basis of internal controlling. 4SC AG does not at this time provide segment reporting, as there is no clearly distinct financial information for separate business areas, i.e. there are no segments subject to mandatory reporting.

2. Changes in company structure / Investments

In the first quarter of 2009 there was a change in the structure of investment holdings. The 10% stake acquired in QuoNova LLC. in December 2006 was formerly reported as an investment accounted for using the equity method according to IAS 28, as 4SC AG has the potential to exercise material influence on the company through representation on the executive committee and significant transactions with QuoNova LLC.

Collaboration with QuoNova LLC. was reduced over the course of financial year 2008 in accordance with planned project progress. Given the current uncertain economic situation at QuoNova LLC., 4SC AG is avoiding to provide advance services in connection with the partnership until further notice. Accordingly, there were no significant transactions with this investment holding in the quarter under review. Also, since 2 February 2009 there has been no representation on the executive committee, as Dr Ulrich Dauer has resigned from the QuoNova LLC. Board of Directors.

As of 31 March 2009, 4SC AG thus had no significant influence on the company, so that accounting in accordance with IAS 28 no longer applies. Instead the investment is now shown as a financial asset per IAS 39.

This change to non-control status has no effect on 4SC AG net assets, as the carrying amount of QuoNova LLC. as of 31 December 2008 and 31 March 2009 respectively was 0 k €.

After the end of the quarter under review (mid-April 2009), QuoNova LLC. was renamed Quiescence Technologies LLC. The company's registered office remains Melbourne, Florida, USA.

3. Earnings per share

The undiluted earnings per share are calculated in accordance with IAS 33.9 et seq. by dividing the period result attributable to the shareholders (numerator) by the average weighted number of shares in circulation in the reporting period (denominator).

This is based on a period result for the reporting period amounting to - 3,701 k € (Previous year: - 2,221 k €) and share count of 28,502,739 (Previous year: 19,001,826).

Because the options issued are not diluted by 4SC AG's loss situation, and because the share price has currently dropped below the exercise price of the options, i.e. the options are currently "out of money", the diluted conforms to the undiluted earnings per share.

in €	01-01 - 2009-03-31	01-01 - 2008-03-31
Earnings per share (undiluted and diluted)	- 0.13	- 0.12

4. Share property and directors' dealings

The table below shows the shares and stock options which were held by the Management Board and the Supervisory Board as of 31 March 2009 as well as the changes of ownership of the same, compared to the beginning of the year.

The share ownership of the Management Board members was composed as follows on the balance sheet date:

Shares quantity in units	Shares 2009-01-01	Addition	Sales	Shares 2009-03-31
Dr Ulrich Dauer	410,639	0	0	410,639
Dr Daniel Vitt	396,803	0	0	396,803
Dipl.-Kfm. Enno Spillner	70,000	0	0	70,000
Share property	877,442	0	0	877,442

Options quantity in units	Options 2009-01-01	Additions	Forfeitures	Exercised	Options 2009-03-31	Max. number of subscribed shares
Dr Ulrich Dauer	40,600	0	0	0	40,600	35,800
Dr Daniel Vitt	40,600	0	0	0	40,600	35,800
Dr Bernd Hentsch	36,220	0	0	0	36,220	36,220
Dipl.-Kfm. Enno Spillner	138,000	0	0	0	138,000	124,800
Options property	255,420	0	0	0	255,420	232,620

The share ownership of the Supervisory Board members was composed as follows on the balance sheet date:

Shares quantity in units	Shares 2009-01-01	Addition	Sales	Shares 2009-03-31
Dr Jörg Neermann	97,500	0	0	97,500
Dr Manfred Rüdiger	15,000	0	0	15,000
Dr Clemens Doppler	7,500	0	0	7,500
Share property	120,000	0	0	120,000

5. Related party disclosure

In the reporting period there were no material changes in business transactions with related parties compared to the last report in the context of the annual financial statements 2008.

6. Events after the end of the reporting period

Further explanation regarding events after the end of the reporting period can be found in paragraph 4 of the management report. They have no direct effect on the net assets, financial and earnings position of the company.

FINANCIAL CALENDAR 2009



2009-03-27	Annual Report 2008 ✓
2009-05-15	Three Months' Report 2009 (Q1/2009) ✓
2009-06-15	Annual General Shareholders' Meeting 2009
2009-08-07	Six Months' Report 2009
2009-11-06	Nine Months' Report 2009 (Q3/2009)
2009-11-09 - 2009-11-11	Analyst Meeting: Deutsches Eigenkapitalforum, Congress Center Messe Frankfurt

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