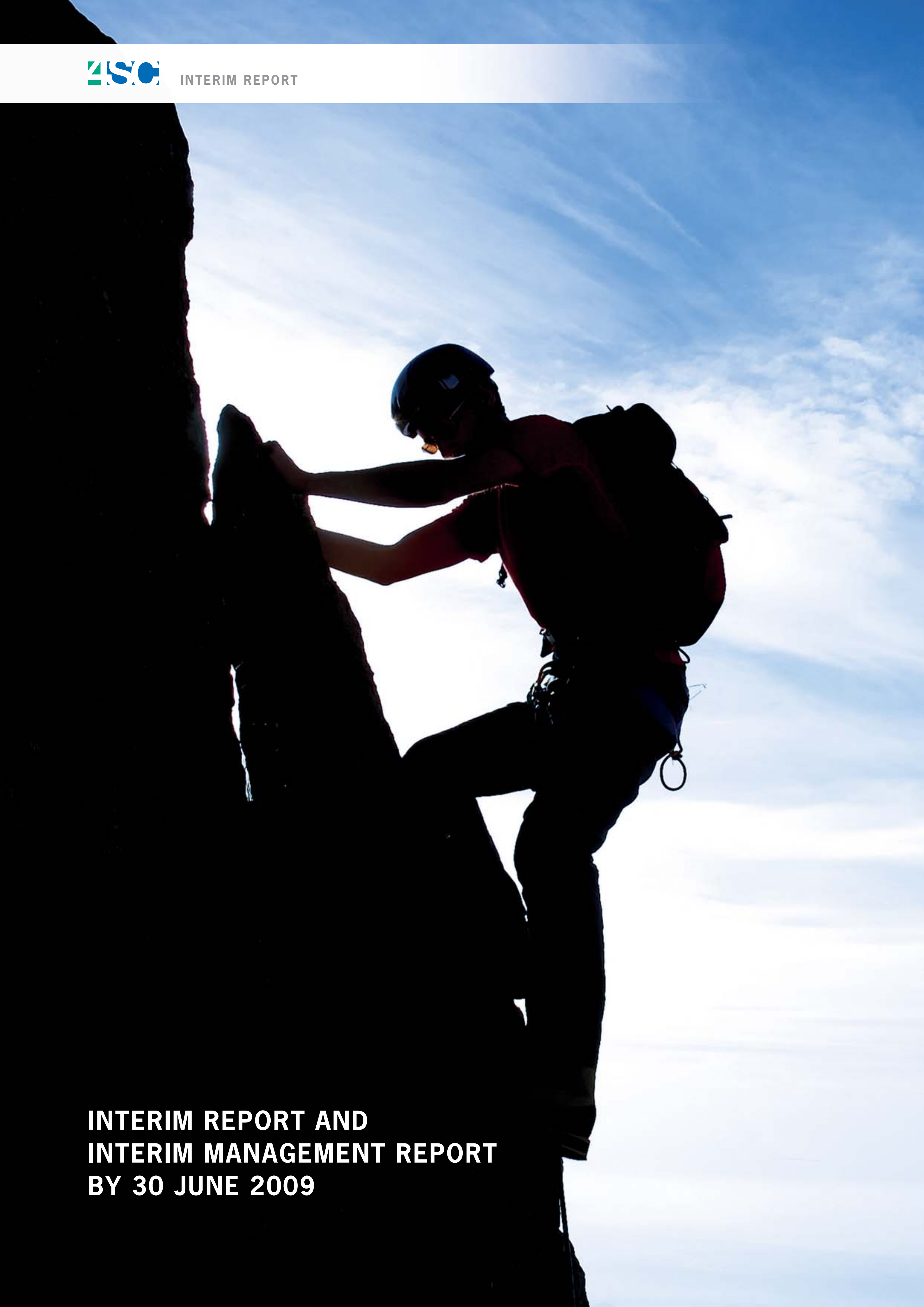
4SC INTERIM REPORT



INTERIM REPORT AND INTERIM MANAGEMENT REPORT BY 30 JUNE 2009

DEVELOPMENT OF IMPORTANT FINANCIAL FIGURES

in k €	04-01 – 2009-06-30 resp. 2009-06-30	04-01 – 2008-06-30 resp. 2008-06-30	01-01 – 2009-06-30	01-01 – 2008-06-30
Net sales	462	1,341	967	1,982
Result from operating activities	- 3,700	- 2,386	- 7,568	- 4,706
Period result	- 3,584	- 2,238	- 7,285	- 4,459
Equity	29,918	15,306		
Equity ratio	91.8%	79.9%		
Balance sheet total	32,597	19,159		
Cash flows from operating and investing activities	578	- 79	1,010	1,258
Cash flows from financing activities	0	0	- 902	0
Net change in cash and cash equivalents	578	- 79	108	1,258
Cash and cash equivalents	7,454	11,593		
Funds	13,909	13,559		
Employees				
Number of employees incl. Management Board (at end of period)	92	77		
The 4SC share				
Earnings per share (undiluted and diluted) (€)	- 0.13	- 0.12	- 0.26	- 0.23
Shares in circulation (average, in thousands)	28,503	19,002	28,503	19,002
Percentage of freely tradeable shares	100%	100%		
3 resp. 6 month high (Xetra) [€]	3.10	3.35	3.11	3.44
3 resp. 6 month low (Xetra) [€]	2.76	2.83	2.60	2.50
Open at the beginning of period (Xetra) (€)	3.07	3.42		
Close at the balance sheet date (Xetra) (€)	2.80	3.11		
Market capitalisation at the balance sheet date (k €)	79,808	59,096		
Average daily turnover (Xetra, Units)	3,405	4,019	2,427	5,085

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
Principal office	4SC AG Am Klopferspitz 19a 82152 Planegg-Martinsried Germany
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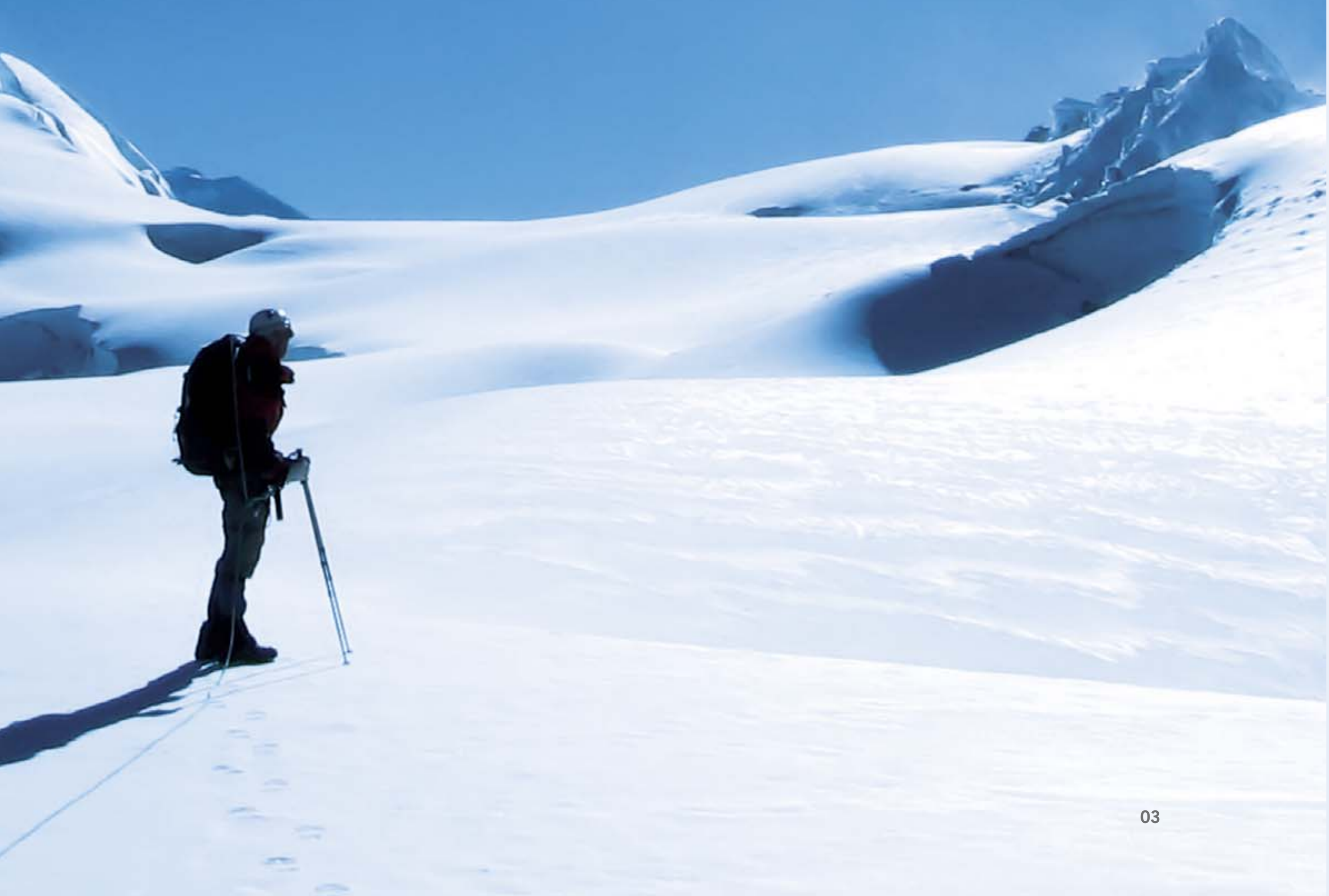
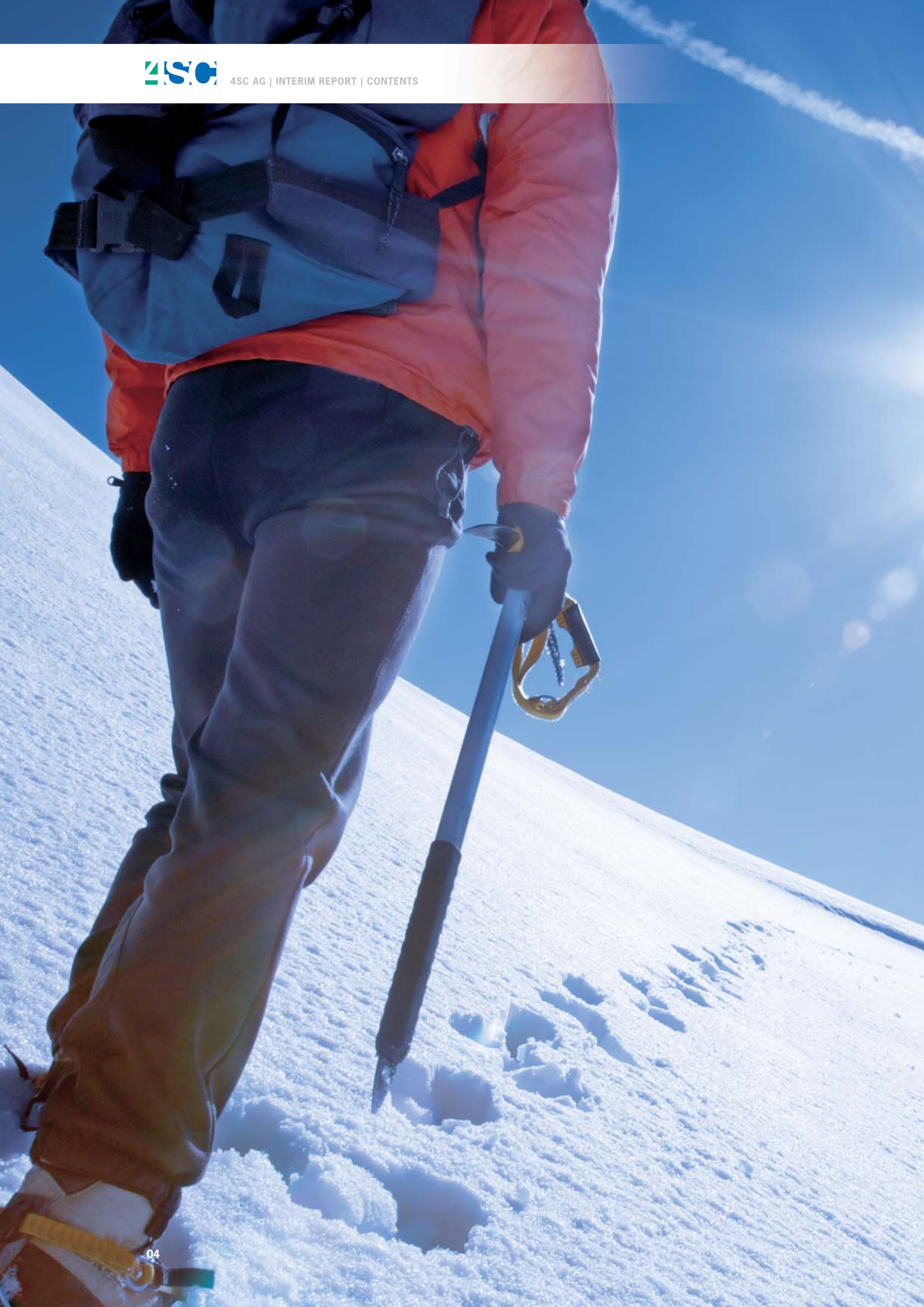




CONTENTS

DEAR SHAREHOLDERS,

In the last quarter 4SC AG laid the foundations to increase the future value creation potential of its development pipeline. Preparations for the commencement of three clinical trials with the drug candidates 4SC-101 and 4SC-201 were completed, in order to generate proof-of-concept and highlight the significant potential of these compounds in autoimmune and oncology indications.

Solid business model, long-term oriented principal shareholders

In parallel, we have advanced and diversified our current development programmes in order to mitigate future development risk. All preparations are in place to expand our clinical development pipeline to five to seven clinical projects this year. We are convinced that with these measures 4SC AG will increase its appeal with licensing and cooperation partners as well as investors.

Our research and development activities are built on strong fundamentals with a solid cash position and the commitment of our investor base. This is especially true of Santo Holding, which supports our company beyond its financial engagement with sector expertise and an extensive network of contacts within the biotech and pharmaceutical sector. Additionally we are pleased to have announced the appointment of Dr Thomas Werner, formerly Managing Director of GlaxoSmithKline Germany, to our Board of Directors. He replaces Dr Thomas Strüngmann, who will continue his role with 4SC AG in a consulting capacity and provide ongoing access to his sector expertise.

4SC-101: One product, two indications

The key focus of clinical development in the second quarter 2009 was 4SC-101, which is being developed for Rheumatoid Arthritis (RA) and Crohn's Disease. Both autoimmune indications have a large unmet medical need for new, innovative therapies that improve the efficacy and side-effect profile of current medicines. Patient recruitment for the Phase IIa study in Crohn's Disease commenced in March and is continuing at maximum effort with interim results due at the beginning of 2010. Additionally, the compound has shown increased potential in the treatment of immune responses as it has been shown to suppress IL-17. This cytokine plays an important role in the regulation of inflammation in Crohn's Disease. Preclinical data was presented at the Digestive Disease Week (DDW) in Chicago, USA, in June 2009, in a poster presentation outlining the suppression of IL-17 by 4SC-101 in an established animal model.

Preparations for the Phase IIb study in RA are almost finalized. In this trial 4SC-101 is being tested in combination with methotrexate, the leading oral standard of care for RA. This two-arm study has been designed to show that 4SC-101 can improve the efficacy of current standard of care whilst providing an improved side-effect profile. When considering that the current RA market is dominated by costly antibody treatments, a successful proof-of-concept study will open up a significant revenue base for 4SC-101.

Attractive oncology portfolio

In oncology, the second large research and development area for 4SC AG, the company is focused on indications that have only few or insufficient therapies. Our declared goal is to stabilise disease progression in selected cancers or to initiate tumor remission with our compounds. We announced promising Phase I data for 4SC-201, our most advanced oncology compound, at ASCO, the world' largest oncology conference. Our presentation highlighted impressive results which showed that more than half of the patients in treatment reached stable disease.

For the shortly due to commence Phase II trial we have chosen Hepatocellular Carcinoma (HCC), an indication where there is currently only one approved therapy, Nexavar, with no second line treatment. This two-arm trial has been designed so that patients either receive 4SC-101 as a monotherapy or in combination with Nexavar. A second Phase II study in a haematological indication such as lymphoma will be determined in the next few months. Furthermore, in 2009, 4SC is planning to commence a Phase I trial with 4SC-203 in Acute Myeloid Leukemia (AML), a malignant blood cancer, as well as a further Phase I trial with 4SC-205 in solid tumors.

Dr Ulrich Dauer,
Chairman of the
Management Board

We believe that with the developments ahead we are building the attractiveness of our investment case for investors. Considering the upcoming clinical milestones 4SC AG is well positioned to strengthen the value of its product portfolio significantly over the next two years.

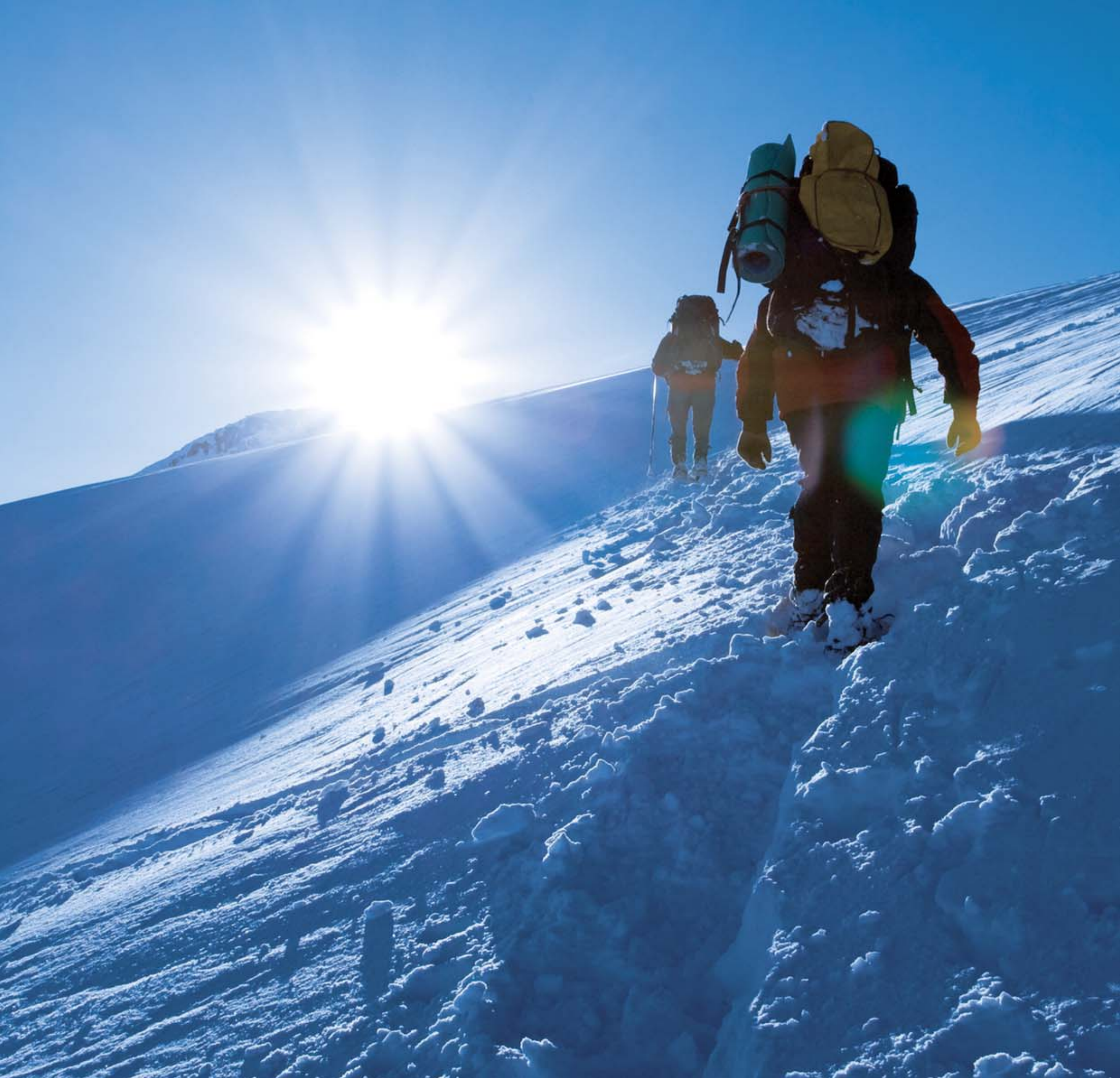
We would like to thank you for your continued support and hope that you will accompany us on our journey ahead, for which we have undertaken a great deal.

Yours sincerely,

Dr Ulrich Dauer
Chairman of the Management Board

INTERIM MANAGEMENT REPORT OF 4SC AG

In the last quarter 4SC AG progressed further towards its long-term goal of developing innovative therapies in auto-immune and cancer indications and advancing towards a partnership with a pharmaceutical company.



1. BUSINESS PERFORMANCE

1.1 Current developments in the biotechnology sector

Selective product approvals and positive clinical data, as well as various acquisitions of biotech firms by pharmaceutical companies, shaped the sector in the second quarter 2009. The reduced number of new product entries continues to be determined by the regulatory authorities' stance of only approving drugs that deliver a clear medical benefit compared to currently approved therapies.

One European company set a highlight among approvals in the second quarter of 2009: Intercell from Austria received the green light in the USA and the European Union for Ixiaro, a vaccine against the Japanese Encephalitis virus. Positive news for the sector became more frequent after the end of the reporting period in July. Biotech heavyweight Amgen supplied very persuading phase III data on Denusomab, a drug for the treatment of bone metastases. Experts expect annual peak sales of more than US$ 3 billion for the substance, if approval is also received for the treatment of osteoporosis and bone metastases.

In autoimmune disease several companies also recently announced positive clinical data. At the beginning of July, the US biotechnology firm Rigel Pharma, announced positive phase IIb data for R788, a small molecule drug for Rheumatoid Arthritis,. Another US company, Human Genome Sciences, also delivered some promising news mid-July: After publishing positive Phase III results for the indication of lupus, for which there are still no adequate treatment methods to date, the share-price rose more than 200%.

This newsflow should improve sentiment towards the biotechnology sector within the financial community and in the media. In spring, US President Barack Obama's announcement to reform the healthcare system in the USA gave investors cause for uncertainty. These reforms aim to include a larger number of patients in the national healthcare system, implement drug discounts and accelerate the introduction of biogenerics. The result was that especially generalist investors reduced their investments in the biotech sector.

Meanwhile, it has become apparent that innovative biotech firms are less affected by the potential negative effects of this reform. New therapies promising substantial medical benefit will see less price pressure and continue to gain further prospective interest from the pharmaceutical sector to take over further clinical development and subsequent marketing. Sector experts expect that small caps, for which clinical trials results or licensing deals with the pharmaceutical industry are still expected this year, will particularly benefit from this trend.

1.2 4SC share-prices performance

The performance of the 4SC share-price in the reporting period did not reflect the developments of sector indices. On 30 June 2009, the share-price closed at € 2.80, down 1.8% compared to its opening price on 1 April 2009. The quarterly high, based on the Xetra's closing price, was € 3.10 on 30 April 2009. This performance was below that of the DAX-sector All Pharma & Healthcare Index, in which 4SC AG is included, which improved by 11.7% in the second quarter of 2009. The Nasdaq Biotechnology Index climbed 12.1% to 749.58 points in the same period.

1.3 Company development

The key developments in 4SC AG's pipeline last quarter were the start of a Phase IIa study of 4SC-101 in Crohn's Disease patients, as well as preparations for two proof-of-concept studies; a Phase IIb study of 4SC-101 in RA and a Phase II study of 4SC-201 in Hepatocellular Carcinoma (HCC). In addition, the company presented the therapeutic potential of two clinical candidates, 4SC-101 in Crohn's Disease and 4SC-201 in oncology, at two of the world's leading scientific conferences.

Dr Thomas Werner was appointed to the Board of Directors, succeeding Dr Thomas Strüngmann. Dr Thomas Werner was the former Managing Director of GlaxoSmithKline Germany and will enable 4SC AG to expand its sector expertise and access to networks within the pharmaceutical industry. Dr Werner has more than 25 years' experience in the pharmaceutical industry, including as a manager at the US pharmaceutical company Bristol Myers Squibb, which will provide 4SC AG with contacts in the pharmaceutical industry and the financial community. At the same time, Dr Thomas Strüngmann will remain supportive to the company beyond his role as a principal shareholder, namely in an advisory capacity.

The projects with co-operation partner AiCuris also developed according to plan in the second quarter of 2009. With regard to Nexigen GmbH, 4SC AG holds an approximate four percent stake, but waived the execution of an exclusive option to acquire the company. The management of 4SC AG is convinced that synergies between the two companies can also be brought to bear in the context of a co-operation agreement.

4SC AG's research expertise was underscored by the financial support of a multidisciplinary research project from the Federal Ministry of Education and Research (BMBF). In May 2009, it was announced that a consortium of three academic bodies and three Martinsried-based companies, 4SC AG, quattro research GmbH and Spherotec GmbH, would receive approximately € 1.7 million in subsidies over a three year period. The goal of the co-operation is to discover drug candidates for cancer therapies with the aid of the so-called ex-vivo tissue culture models.

In the second half of 2009, 4SC AG is planning the commencement of three proof-of-concept studies with 4SC-101 and 4SC-201 in three different, commercially attractive indications with a high unmet medical need.

1.3.1 Development projects overview

The development pipeline currently consists of two clinical candidates and five preclinical candidates. All of the projects have the commonality that they prevent the proliferation of pathogenic cells and aim to stabilise the progression of disease in autoimmune and cancer indications.

In 2009, up to four Phase II studies are planned for two candidates in four different, commercially lucrative indications. One exploratory study and three proof-of-concept studies should demonstrate the clinical efficacy of 4SC-101 and 4SC-201 as a monotherapy and in combination with standard therapies.

1.3.2 Autoimmune diseases

The drugs developed by 4SC AG aim to prevent the progression of autoimmune diseases and offer improved efficacy, in addition to providing increased safety and tolerability to existing therapies. As small-molecules, they are available orally and can be manufactured more economically in contrast to antibody-based drugs.

In the second quarter of 2009, the exploratory open-label Phase IIa study of 4SC-101 in Crohn's Disease, which commenced in March, continued to progress. The compound is an autoimmune modulator, which prevents the proliferation of fast-growing B- and T-cells by inhibiting the dihydroorotate dehydrogenase (DHODH) enzyme. Additionally, a second and new mechanism of action was shown in June, the suppression of the cytokine interleukin-17. Interluken-17 is a signal molecule of the newly described Th17 cell type, which is involved in the regulation of inflammation in cells. This new data was introduced in a poster presentation at the Digestive Disease Week (DDW), the world's largest specialist conference for diseases of the digestive tract, in Chicago, USA. The presented preclinical study, in a colitis induced animal model, confirmed the therapeutic potential of 4SC-101 as a novel immunosuppressant drug for the treatment of inflammatory bowel disease.

In the Phase IIa study in Crohn's Disease, 24 patients are orally administered 35mg of 4SC-101 once a day for a period of twelve weeks, with the objective of gradually reducing the initially parallel administration of steroids to zero. The primary endpoint is the number of patients who respond to 4SC-101 without receiving steroids by the end of the study. The interim results are expected in the first quarter of 2010.

Crohn's Disease, like Ulcerative Colitis, is an inflammatory bowel disease. Current available therapies for this type of disease are largely limited to two options: the use of anti-inflammatory steroids, which are used systemically or locally for the treatment of the symptoms, and an antibody-based therapy.

In the second quarter, final preparations were also made to commence a Phase IIb study with 4SC-101 in RA. This second Phase II study in RA has been designed to demonstrate the efficacy of this disease-modifying anti-rheumatic drug (DMARD) against the background of me-

4SC PRODUCT PIPELINE

Currently there are seven drug candidates in different development stages.

Product	Pre-Clinic	Phase I	Phase II	Phase III	Indication
4SC-101	„COMPONENT“				Rheumatoid Arthritis
4SC-101	DHODH				Crohn's Disease
4SC-201 Resminostat	„SHELTER“				Hepatocellular Carcinoma (HCC)
4SC-203	Kinase Inhibitor				Acute Myeloid Leukaemia (AML)
4SC-205	Eg5-kinesin				Solid Tumors
4SC-202	HDAC				Solid Tumors
4SC-206	Proteasome				Solid Tumors
4SC-301	NFκB				Viral Infections

thotrexate (MTX), the baseline therapy for this indication. In total, 244 patients will be recruited for this two-arm, randomised, blind, placebo-controlled, multinational and multicentre study.

Successful efficacy studies in both indications should position 4SC-101 for a substantial, value-enhancing licensing partnership with pharmaceutical companies. In addition, 4SC-101 has broader value potential due to available pre-clinical data in further autoimmune diseases such as Ulcerative Colitis, Multiple Sclerosis and Psoriasis, as well as for the prevention of Transplant Rejections.

1.3.3 Oncology

4SC AG's oncology pipeline currently comprises five candidates in which varying mechanisms of action aim to stabilise cell division and the proliferation of tumours cells. Histone deacetylase (HDAC) inhibitors play a special role, as they change the DNA structures of the tumour cells in such a way that differentiation and programmed cell death (apoptosis) of these cancer cells is triggered. This class of inhibitors is in particular expected to contribute to providing longer-term treatment for cancers with the aim of moving towards a more chronic form of treatment against tumors.

Several milestones were achieved in the second quarter with 4SC-201, the most advanced HDAC oncology compound of 4SC AG. The international non-proprietary name (INN) was issued for the compound under the name Resminostat. This generic name, issued by the World Health Organisation (WHO), is not subject to copyright and will be used internationally to describe the active pharmaceutical ingredient. On the clinical development front, the approval from the Federal Institute for Drugs and Medical Devices (BfArM) to launch the Phase II "Shelter" study of 4SC-201 in HCC was received. Following this approval the initiation of the study centres has begun. First patient recruitment, in this study comprised of approximately 40-70 patients, is expected in the third quarter of 2009.

The promising results from the Phase I study with 4SC-201 were presented in a poster presentation at ASCO, the world's largest oncology conference, in Orlando, Florida, USA, on 29 May, 2009. The results showed stable disease in more than 50% of the patients according to the internationally used RECIST criteria. The compound also exhibited a very good and differentiated pharmacological profile and was well tolerated.

The focus for oncology development in the second quarter 2009 was the preparation for the commencement of a Phase II proof-of-concept trial with 4SC-201 in liver cancer.

With the "Shelter" study, 4SC AG is pursuing the first of a total of three strategic development objectives for 4SC-201. Patients enrolment in the study is dependent on prior treatment with Sorafenib (trade name: Nexavar), the only approved drug for this patient group, whilst showing tumor progression. The treatment with 4SC-201 aims to stop further tumor progression in order to stabilise the disease.

In addition, 4SC AG plans to select a haematological indication for 4SC-201 as a second strategic development option for another Phase II proof-of-concept this year. This choice of indication is based upon the fact that HDAC inhibitors have already displayed their proof-of-concept in diverse lymphoma indications. Once proof-of-concept has been achieved the development strategy will be to test 4SC-201 as a combination therapy with established chemotherapies. This would greatly expand the potential revenue generation of 4SC-201.

4SC-203 is the most advanced preclinical candidate. Preparations for a Phase I study in the already announced indication of Acute Myelogenous Leukaemia (AML) are almost complete. This trial will only include AML patients in order to investigate not only the safety and tolerability of the compound, but its anti-leukaemia effect. AML is a malignant acute leukaemia currently treated with chemotherapy.

The compound, 4SC-205, a specific inhibitor of the molecular tumour cell division machinery, is also currently being prepared for entry into a Phase I study in solid tumours this year.

1.3.4 Discovery projects overview

4SC AG's research programmes developed well in the reporting period and ensure that the clinical product pipeline will also be expanded for the future.

In the area of autoimmune diseases, a number of projects in the area of lead structure optimisation achieved important milestones and will become the next generation of immune modulators.

Also in oncology, projects were advanced towards formal preclinical development, for example, to further develop innovative cell-cycle inhibitor drugs. In particular, very good activity was observed against taxan-resistant tumors. This has opened up a new mechanism of action with an additional approach to the kinesin Eg5 inhibitor, 4SC-205, which is in the late stage of preclinical development. Cooperation with the company ProQinase continued in the area of oncological kinase inhibitors.

Beyond these the therapeutic potential of substances such as 4SC-301 were investigated for the treatment of viral diseases such as hepatitis C and influenza, which inhibit viral replication whilst simultaneously suppressing inflammation.

1.4 Personnel

Number of employees

As at 30 June 2009, 4SC AG had a staff of 88 employees (including one trainee) and four Management Board members. This represents a nearly 20% increase since 30 June 2008, at which time the company had 73 employees and four Management Board members. New hiring was primarily in development, in order to adjust for the larger number of development projects.

Of the 88 employees and four Board members, 67 were in research and development, 22 in sales and administration and three people in information technology. In the prior year the total number of employees was 73 and four Management Board members, of which 56 were in research and development, 19 in sales and administration as well as two people in IT.

Changes in the Supervisory Board

Following the Annual General Meeting on 15 June 2009 Dr Thomas Strüngman stepped down from the Supervisory Board of Directors and was succeeded by Dr Thomas Werner, Venture Partner at Inventages, Geneva, Switzerland for the period until the end of the annual general meeting, which approved the discharge of the Supervisory Board for the financial year 2009.

2. FINANCIAL REVIEW

2.1 Earnings position

Net sales

Net sales in the second quarter of 2009 totalled € 462 k, as well as € 967 k for the first half of the year 2009, compared to € 1,341 k and € 1,982 k respectively, in the prior period. Whilst in the second quarter of 2008 net sales of € 750 k were received from the licensing agreement with Virologic GmbH, total sales in the period came from research cooperations.

Operating expenses

The decline in cost of sales from € 196 k in the second quarter of 2009 to € 143 k in the same quarter of the reporting period, as well as from € 406 k to € 297 k in the first half of 2009, reflected the decrease in sales revenue. Due to lower legal and advisory fees, and the discontinuation of sales provisions paid in the prior year the distribution costs decreased from € 122 k to € 91 k and € 236 k to € 177 k respectively.

Research and development costs rose significantly, 17% in the quarter from € 2,695 k to € 3,158 k, whilst the first half increase was 40% from € 4,669 k to € 6,659 k. This was as a result of the integration of the oncology pipeline acquired from Nycomed, the further development of existing pipeline projects, material and patent costs as well as increased amortization resulting in an increase in external services. Personnel costs simultaniously increased with a hiring of additional personnel in the filed of research and development.

The decrease in administrative costs in the second quarter from € 837 k to € 794 k arose due to transaction costs related to the capital increase in July 2008. Over the half year there was an increase of 6% in administration costs from € 1,515 k to € 1,608 k. This principally reflected 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 second quarter 2009 to € 3,700 k (second quarter 2008: € 2,386 k) as well as in the first half of the year to € 7,568 k (first half of 2008: € 4,706 k) as a result of the factors outlined above.

Financial results

The financial results decreased from € 148 k in the second quarter 2008 to € 119 k for the quarter under review. 4SC AG's stake in the share of success in quattro research GmbH for April to June amounted to € 44 k (previous year: € 0 k) and was shown as a result from an associate accounted for using the equity method.

Financial income from the interest-bearing investment of cash and cash equivalents and the valuation of securities affecting net income declined from € 193 k in the second quarter of 2008 to € 76 k in second quarter of 2009. The financial crisis has had an evident impact on financial income because of significantly declining interest rates. 4SC AG expects this effect to become more substantial over the months ahead due to the continued interest rates situation. Declining financial expenses improved, falling year-on-year from € 45 k to € 1 k. This mostly resulted from higher expenditures from the sale of securities in the prior period, as the market value was above the nominal rate at the time of purchase. Concurrently, however, higher interest income was realised from the securities in the prior year due to the valuation with the effective interest method.

Accumulated there is another picture; reduced financial expenses (2009: € 43 k v. 2008: € 155 k) were in line with reduced financial income (2009: € 260 k v. 2008: € 402 k). The result from an associate accounted for using th equity method was € 59 k in 2009 (2008: € 0 k). In total this generated a finacial result of € 276 k which increased 12% to the prior year results of € 247 k.

Income taxes

Expenses in the second quarter of 2009 totalled € 3 k (2008: € 0 k), resulting from an increase in deferred tax liabilities compared to the last reporting period 31 March 2009. Cumulatively deferred tax liabilities reduced by € 7 k compared to 31 December 2008, which results in a corresponding tax income.

Period result

The period result from April to June 2009 amounted to € - 3,584 k (second quarter 2008: € - 2,238 k). In the first half of 2009 the result was € - 7.285 k, a further loss from € - 4,461 k in the prior period.

A reduction in liabilities lead

to an equity ratio increase of 91.8%.

Earnings per share

Diluted and undiluted earnings per share remained nearly unchanged in the second quarter at € - 0.13 versus € - 0.12 in the previous year, due to the substantial increase in the number of outstanding shares compared to the previous-year period (average 28.5 million in 2009 versus 19.0 million in 2008). Cumulative, this changed from € 0.23 in the second quarter 2008 to € 0.26 in the first six months.

2.2 Net asset position

Non-current assets

Non-current assets decreased to € 17,182 k from € 17,499 k as at 31 December 2008. The decrease in intangible assets to € 15,210 k from € 15.608 k was due to scheduled amortisation of acquired patents. This was offset by increasing fixed assets and financial investments accounted for using the equity method. Other financial assets remained unchanged at € 154 k and other non-current assets remained unchanged at € 157 k.

Current assets

Current assets declined from € 23,595 k as at 31 December 2008 to € 15,415 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. The largest influencing factor, as a result of 4SC's business operations, was the reduction in funds which is reflected by the decrease in other financial assets and cash and cash equivalents.

Equity

The decline in equity from € 37,158 k as at 31 December 2008 to € 29,918 k as at 30 June 2009, reflected the negative period result of € - 7,285 k. The balance sheet loss widened from € 40,265 k to € 47,550 k.

As simultaneous liabilities declined significantly in the reporting period, the equity ratio increased from 90.4% as at 31 December 2008 to 91.8% at the end of the quarter under review, despite lower equity.

Current and non-current liabilities

While non-current liabilities remained almost constant with the prior period at € 105 k, current liabilities reduced to € 2,547 k from € 3,827 k. This is positively affected by the decrease in financial liabilities of € 902 k. In early January 2009, loans taken out from Technologie Beteiligungsfonds Bayern GmbH & Co. KG, Munich, were redeemed. Concurrently, trade accounts payable declined. Other liabilities rose however due to increased contracting of external services.

Balance sheet total

Due to the factors outlined above, the balance sheet total decreased from € 41,094 k at 31 December 2008 to € 32,597 k at 30 June 2009.

2.3 Financial position

Cash flows from operating activities

Cash flows from operating activities of € - 6,771 k were recorded for the first six months of 2009. This reflects a pre-tax loss of € 7,292 k, which was affected by non-cash affecting expenses and interest received. Within working capital distortions occured in certain items: a decrease of trade accounts receivable of € 558 k, a decrease of other current assets of € 268K and the increase of other liabilities of € 242 k. In the prior year, cash outflows from operating activities were € 2,874 k recorded at a period result of € - 4,459 k.

Cash flows from investment activities

In the first half of 2009, cash in flows from investing activities were € 7,781 k compared to € 4,132 k in the previous period. In the period under review, 4SC AG invested € 29 k in intangible assets and € 163 k in fixed assets. The purchase of financial instruments with original maturities of more than three months was recorded in the first half of 2009 in the amount of € 5,956 k. The sale of financial instruments generated inflows of cash and cash equivalents totalling € 14,000 k.

In the second quarter of 2008, cash inflows from investment activities were € 4,132 k. This resulted from the sale of financial instruments for € 4,884 k. Cash outflow for the period was from payments for investments in intangible fixed assets (€ 62 k) and payments for investments (€ 540 k) as well as the purchase of a holding in the Bonn-based company Nexigen GmbH (€ 154 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 € 7,454 k. Additional funds in the amount of € 6,455 k were invested in short-term fixed and variable-interest securities and fixed-term deposits. Funds thus totalled € 13,909 k on the 30 June 2009 reporting date (31 December 2008: € 21,846 k).

3. RISK AND OPPORTUNITES 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, as well as the first quarter ended 31 March 2009.

Product development risks

This also applies to the clinical Phase IIa Crohn's Disease study for 4SC-101 begun in the first quarter 2009. The design of the study received a highly positive assessment from clinical experts, particularly with respect to the indicativeness of the study's clinical parameters. However, 4SC AG cannot rule out that 4SC-101 may not provide sufficient efficacy for Crohn's Disease patients, or safety and tolerability issues. Beyond this there is a possibility that due to the complex medical conditions of the disease, patient recruitment may not be realised at the speed which was first anticipated. This could cause a delay in the timing of the clinical study. If this is the case, 4SC AG has put in place a contingency plan, in order to navigate bottle-necks in patient recruitment.

Concurrently in the first half of 2009, the clinical Phase I study of 4SC-201 was successfully concluded and the data read-out was analysed. While study results thus far indicate that several cancer patients with different types of tumours have been stabilised, 4SC AG cannot rule out that subsequent studies may not provide adequate efficacy in patients, or reveal side effects presenting safety concerns.

In the listed, as well as other planned clinical trials, side-effects such as toxicity or lack of efficacy could lead to significant delays, or to the suspension of clinical development, which could negatively impact the company's net assets, financial and earnings position 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 developments should require increased capital requirements through fundraising 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 are anticipated 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 shares could fall below the critical mass necessary to remain on the radar of institutional investors, particularly on an international level.

4. OUTLOOK

4SC AG is pursuing the goal of building a broadly diversified pipeline of small-molecule compounds for the treatment of cancer and diverse autoimmune diseases. With this strategy, the company hopes to manage the development risk of future value-enhancing clinical development milestones. At the same time 4SC will also focus its financial resources efficiently on selected projects so as to ensure optimal liquidity reach without impairing the successful progress of its own drug research.

For the currently progressing Phase IIa study with 4SC-101 in Crohn's Disease the company plans to announce interim results in the first quarter of 2010. This study, as well as the Phase IIb study in RA, is intended to expand 4SC-101's full potential in autoimmune diseases by demonstrating the efficacy of this drug candidate in two commercially lucrative indications.

At the same time, preparations are being made to broaden and expand 4SC AG's oncology pipeline. Patient

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

recruitment for the Phase II trial with 4SC-201 (Resminostat) in advanced HCC will commence shortly. Additionally, 4SC AG is still planning the commencement of a further Phase II study this year in a haematological indication, as well as the beginning of a Phase I study of 4SC-203 for the treatment of AML and the entry of 4SC-205 into a Phase I study in solid tumours.

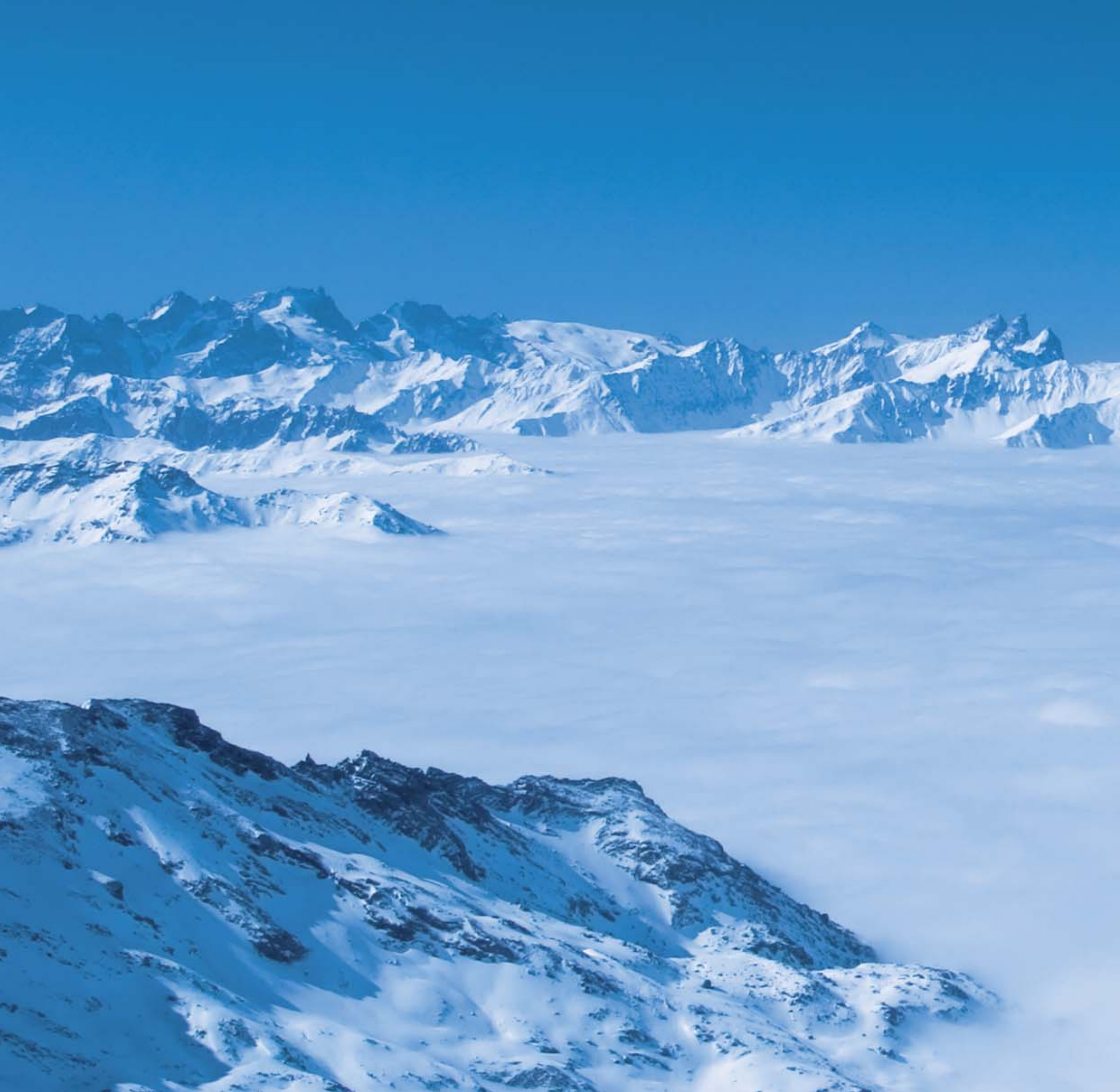
Funds in the amount of € 13,909 k, as well as the expected sales revenues, ensure 4SC AG's further financing for the next twelve months, according to our planning. Furthermore, management assumes additional cash will be generated through co-operation and licensing. Beyond that, capital requirements could be covered through further capital increases through equity and debt capital, in order to ensure the company's continued exis-tence in the medium and long term.

Planegg-Martinsried, 3 August 2009

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

FINANCIAL STATEMENTS OF 4SC AG

The broadened product pipeline composed of seven drug candidates ensures the distribution of development risk whilst increasing research & development costs.



STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 January to 30 June 2009

in k €	**04-01 – 2009-06-30**	**04-01 – 2008-06-30**	**01-01 – 2009-06-30**	**01-01 – 2008-06-30**
Net sales	462	1,341	967	1,982
Cost of sales	- 143	- 196	- 297	- 406
Gross profit	**319**	**1,145**	**670**	**1,576**
Distribution costs	- 91	- 122	- 177	- 236
Research and development costs	- 3,158	- 2,695	- 6,546	- 4,669
Administrative costs	- 794	- 837	- 1,608	- 1,515
Other income	24	123	93	138
Result from operating activities	**- 3,700**	**- 2,386**	**- 7,568**	**- 4,706**
Financial result				
Result from an associate accounted for using the equity method	44	0	59	0
Financial income	76	193	260	402
Financial expenses	- 1	- 45	- 43	- 155
Financial result	**119**	**148**	**276**	**247**
Result before taxes	**- 3,581**	**- 2,238**	**- 7,292**	**- 4,459**
Income taxes	- 3	0	7	0
Period result	**- 3,584**	**- 2,238**	**- 7,285**	**- 4,459**
Changes in fair values of available-for-sale financial assets	- 2	- 5	1	- 4
Recognised in profit and loss	0	2	0	2
Valuation of financial instruments	**- 2**	**- 3**	**1**	**- 2**
Total comprehensive income	**- 3,586**	**- 2,241**	**- 7,284**	**- 4,461**

STATEMENT OF FINANCIAL POSITION

for the period ended 30 June 2009

in k €	2009-06-30	2008-12-31
ASSETS		
Non-current assets		
Intangible assets	15,210	15,608
Fixed assets	1,569	1,547
Investments accounted for using the equity method	92	33
Other financial assets	154	154
Other non-current assets	157	157
Non-current assets	**17,182**	**17,499**
Current assets		
Inventories	30	26
Trade accounts receivables	550	580
Other financial assets	6.455	14,500
Cash and cash equivalents	7,454	7,346
Current tax assets	305	254
Other current assets	621	889
Current assets	**15,415**	**23,595**
Total assets	**32,597**	**41,094**
EQUITY AND LIABILITIES		
Equity		
Subscribed capital	28,503	28,503
Agio	48,101	48,101
Reserves	864	819
Balance sheet loss	- 47,550	- 40,265
Equity	**29,918**	**37,158**
Non-current liabilities		
Other liabilities	62	59
Deferred tax liabilities	43	50
Non-current liabilities	**105**	**109**
Current liabilities		
Trade accounts payable	812	1,370
Accounts payable to associated companies	0	32
Financial liabilities	0	902
Other liabilities	1,762	1,523
Current liabilities	**2,574**	**3,827**
Total equity and liabilities	**32,597**	**41,094**

STATEMENT OF CASH FLOWS

for the period from 1 January to 30 June 2009

in k €	01-01 – 2009-06-30	01-01 – 2008-06-30
Cash flows from operating activities		
Result before taxes	- 7,292	- 4,459
Corrections for:		
Depreciation on fixed assets and intangible assets	639	162
Financial result	- 276	- 247
Non-cash affecting ESOP[1]	44	151
Non-cash affecting expenses and income	- 253	- 9
Interest received	473	309
Interest paid	- 1	- 18
Decrease / Increase of trade accounts receivables	30	- 424
Decrease of accounts receivables from associated companies	0	347
Increase of inventories	- 4	- 11
Increase of current tax assets	- 51	- 95
Decrease of other current assets	268	47
Decrease / Increase of trade accounts payable	- 558	699
Decrease of accounts payable to associated companies	- 32	- 103
Increase of other liabilities	242	777
Cash flows from operating activities	**- 6,771**	**- 2,874**
Cash flows from investing activities		
Payments for investment in intangible assets	- 29	- 62
Payments for investments in fixed assets	- 234	- 540
Income from sale of fixed assets	0	4
Payments for investments	0	- 154
Purchase of financial assets that are no cash equivilants	- 5,956	0
Sales of financial assets that are no cash equivilants	14,000	4,884
Cash flows from investing activities	**7,781**	**4,132**

>

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

STATEMENT OF CASH FLOWS

for the period from 1 January to 30 June 2009

in k €	01-01 – 2009-06-30	01-01 – 2008-06-30
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	**108**	**1,258**
+ Cash and cash equivalents at the beginning of the period	7,346	10,335
= Cash and cash equivalents at the end of the period	**7,454**	**11,593**

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 30 June 2009

in k €	Sub-scribed capital	Agio	Reserves ESOP	Retained earnings	Revalua-tion reserve	Balance sheet loss	Total
			Reserves				
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)			3				3
Issued options (ESOP 2004/2005)			7				7
Issued options (ESOP 2004/2006/1)			3				3
Issued options (ESOP 2006/2006/2)			71				71
Issued options (ERSATZ-ESOP 2001/2006/3)			64				64
Issued options (ESOP 2006/2007)			2				2
Total comprehensive income 2008-01-01 - 2008-06-30					- 2	- 4,459	- 4,461
Valuation of financial instruments					*- 2*		*- 2*
Period result 2008-01-01 - 2008-06-30						*- 4,459*	*- 4,459*
Balance on 2008-06-30	**19,002**	**28,395**	**734**	**67**	**- 22**	**- 32,870**	**15,306**
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)			3				3
Issued options (ESOP 2004/2006/1)			2				2
Issued options (ESOP 2006/2006/2)			25				25
Issued options (ESOP 2006/2007)			2				2
Issued options (ESOP 2006/2008)			11				11
Total comprehensive income 2009-01-01 - 2009-06-30					1	- 7,285	- 7,284
Valuation of financial instruments					*1*		*1*
Period result 2009-01-01 - 2009-06-30						*- 7,285*	*- 7,285*
Balance on 2009-06-30	**28,503**	**48,101**	**799**	**67**	**- 2**	**- 47,550**	**29,918**

NOTES

for the Interim Report ended 30 June 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 intoaccount, 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 3 August 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 29 July 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 profitability 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 April QuoNova LLC. was renamed to Quiescence Technologies LLC. The company's headquarter remains in Melbourne, Florida, USA.
Since May 2008, 4SC AG holds an approximately 4% stake in the Bonn-based Nexigen GmbH. In addition, 4SC AG had an exclusive option to acquire the company within 15 months. On 15 May 2009, 4SC AG announced that it would not exercise the option. The stake and co-operation deal continue to remain in place.

3. Earnings per share

The undiluted earnings per share are calculated in accordance with IAS 33.9 et sqq. 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 second quarter 2009 period result amounting to € - 3,584 k and shares in issue of 28,502,739 (Previous year: € - 2,221 k / shares in issue of 19,001,826). In the first half 2009 the period result amounting to € - 7,285 k (prior period: € 4,459 k) with shares in issue of 28,502,739 (Previous year: shares in issue of 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 €	04-01 – 2009-06-30	04-01 – 2008-06-30	01-01 – 2009-06-30	01-01 – 2008-06-30
Earnings per share (undiluted and diluted)	- 0.13	- 0.12	- 0.26	- 0.23

4. Notes to the cash flow statement

In addition to cash and cash equivalents, 4SC AG has liquid funds that are predominantly invested for better return in fixed deposits, money market funds and fixed interest-bearing securities. The reconciliation between the cash flow statement and the total cash balance is shown in the following table:

in k €	2009-06-30	2008-12-31	2008-06-30
Cash and cash equivalents at the end of the period	7,454	7,346	11,593
Non-current financial assets (securities)	0	0	981
Other financial assets	6,455	14,500	985
Cash balance / funds	**13,909**	**21,846**	**13,559**

5. 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 30 June 2009 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 2009-06-30
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 2009-06-30	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 quantity	**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 2009-06-30
Dr Jörg Neermann	97,500	0	0	97,500
Dr Manfred Rüdiger	15,000	0	0	15,000
Dr Clemens Doppler	7,500	2,375	0	9,875
Share property	**120,000**	**2,375**	**0**	**122,375**

In the second quarter 2009, a regulatory transaction notification was made following §15a WpHG with shares and options by institutional members:

• On 18 June 2009, Dr Clemens Doppler, member of the Supervisory Board, bought 2,375 shares at € 2.92 per share on XETRA with a volume of € 7 k (DGAP release from the 22 June 2009).

6. Related party disclosure

quattro research GmbH, Planegg-Martinsried

4SC AG maintains legal relations with quattro research GmbH, in which it has held a 48.8% stake of the share capital since its founding at the beginning of 2004. In particular, a software service contract exists between the companies, on the basis of which quattro research GmbH renders services for improvement, further development, user support, further training and database maintenance with respect to software created by 4SC AG for supporting research activities. For the period January to Juni 2009 this contract had a net volume of € 128 k (2008: € 128 k). In addition, there is an IT service contract, on the basis of which quattro research GmbH provides upkeep and maintenance services for 4SC AG's infrastructure. As a result of this contract 4SC AG accrued in the first six months of this year net costs of € 21 k (2007: 21 k €) as a result of this contract.

In addition a business relationship exists between 4SC AG as landlord and quattro research GmbH as tenant with a tenancy agreement that includes office equipment, telephone and internet connection in the offices of 4SC AG. The rent payable by quattro research GmbH is based on the conditions of 4SC's tenancy agreement. In the reporting period a income of € 13 k (2008: € 10 k) was received.

Conrad Hinrich Donner Bank, Hamburg (CHD)

On the basis of the December 2005 contract, CHD has assumed the function of payment and deposit facility for 4SC AG, for which an annual expense of € 3 k will accrue. One of Conrad Hinrich Donner Bank's Management Board members, Marcus Vitt, is a brother of 4SC AG's CSO, Dr Daniel Vitt.

In addition, CHD has advised 4SC AG since October 2008 on optimising relationship with private and institutional investors. In first half of 2009 4SC AG accrued expenses of € 14 K (2008: € 0 k).

Other related party disclosure with companies and individuals

Beyond this there are further business relations with related companies and individuals, that have received single payments in the period, however none were above € 10 k and will not exceed € 10 k in total.

7. Review

The interim financial statements and the interim management report as of 30 June 2009 have been subjected to a review by KPMG AG Wirtschaftsprüfungsgesellschaft, München.

8. Events after the end of the reporting period

No events occurred after the financial reporting period.

REVIEW REPORT

The English language text below is a translation provided for information purposes only. The original German text shall prevail in the event of any discrepancies between the English translation and the German original. We do not accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

To 4SC AG, Planegg, District of Munich

We have reviewed the condensed interim financial statements - comprising the statement of comprehensive income, statement of financial position, cash flow statement, statement of changes in equity and selected explanatory notes - together with the interim management report of the 4SC AG, Planegg, District of Munich, for the period from January 1 to June 30, 2009 that are part of the semi annual according to § 37 w WpHG ["Wertpapierhandelsgesetz": "German Securities Trading Act"]. The preparation of the condensed interim financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim management report in accordance with the requirements of the WpHG applicable to interim management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim financial statements and on the interim management report based on our review.

We performed our review of the condensed interim financial statements and the interim management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim financial statements have not been prepared, in material aspects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim management report has not been prepared, in material aspects, in accordance with the requirements of the WpHG applicable to interim management reports. A review is limited primarily to inquiries of company employees and analytical assessments 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 issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim management reports.

Without qualifying this opinion, we refer to the discussion in section 4 in the interim management report. Therein it is disclosed that the Company's ability to continue as a going concern in the medium and long term depends on the contribution of cash or liquid assets in the form of equity capital or debt financing, if cooperation and licensing agreements should not generate sufficient funds.

Munich, August 3, 2009

KPMG AG
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Wolfs	Rahn
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

RESPONSIBILITY STATEMENT

"To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the company, and the management report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company."

Planegg-Martinsried, 3 August 2009

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

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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