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9 Months Financial Report :: 30 September 2010 (IFRS)

:: 4SC IN BRIEF

:: 01 4SC PRODUCT PIPELINE "AUTOIMMUNE DISEASES"

Product	Research	Preclinical	Phase I	Phase II	Phase III	Indication
4SC-101						Rheumatoid Arthritis (RA)
4SC-101						Inflammatory Bowel Disease (IBD)

:: 02 4SC PRODUCT PIPELINE "ONCOLOGY"

Product	Research	Preclinical	Phase I	Phase II	Phase III	Indication
4SC-201						Hepatocellular Carcinoma (HCC)
4SC-201						Hodgkin's Lymphoma (HL)
4SC-203						Acute Myeloid Leukaemia (AML)
4SC-205						Solid Tumours
4SC-202						Haematologic and Solid Tumours
4SC-207						Solid Tumours

:: 03 ACHIEVEMENTS

WE AIM TO BECOME A LEADING PARTNER TO THE GLOBAL BIOTECH AND PHARMACEUTICAL INDUSTRY FOR THERAPEUTICS IN AUTOIMMUNE AND ONCOLOGY INDICATIONS. OUR RESULTS IN THE THIRD QUARTER 2010 HAVE BROUGHT US CLOSER TO REACHING THIS GOAL.

Our highlights in the third quarter 2010:

- Resminostat – presented initial, promising clinical data from the Phase II SHELTER study in hepatocellular carcinoma
- Vidofludimus – patient recruitment for Phase IIb COMPONENT study in rheumatoid arthritis progresses

:: 04 KEY FINANCIAL FIGURES

	Q3. 2010	Q3. 2009	Change in %	9M 2010 resp. 30.09.2010	9M 2009 resp. 30.09.2009	Change in %
FINANCIAL KEY FIGURES (IN €000'S)						
Revenue	235	384	- 39	753	1,351	- 44
Operating profit/loss	- 4,680	- 4,401	- 6	- 15,303	- 11,969	- 28
Profit/loss for the period	- 4,592	- 4,339	- 6	- 15,165	- 11,624	- 30
Earnings per share (basic/diluted) (in €)	- 0.12	- 0.15	20	- 0.39	- 0.41	5
Cash flows from operating activities	- 4,221	- 3,205	- 32	- 13,110	- 9,976	- 31
Cash flows from investing activities	- 9,075	2,299	n/a	- 12,204	10,080	n/a
Cash flows from financing activities	0	0	n/a	0	- 902	100
Net change in cash and cash equivalents	- 13,296	- 906	- 1,369	- 25,314	- 798	- 3,072
Cash and cash equivalents				10,207	6,548	56
Cash balance/funds				22,207	10,613	109
Equity				36,014	25,603	41
Equity ratio				91.1%	88.4%	2.7%P
Total assets				39,494	28,969	36
EMPLOYEES						
Number of employees and Management Board members (at end of period)				94	93	1

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4SC – DEVELOPING PHARMACEUTICAL SUCCESS

4SC is a biotechnology company, listed on the Prime Standard of the Frankfurt Stock Exchange.

The Company has a balanced and broad product pipeline of novel drugs in various stages of development for autoimmune diseases and oncology. There is a large unmet medical need for innovative drugs in these disease areas.

4SC conducts focused research on compounds and develops them to the proof-of-concept stage. In doing so, people at 4SC aim to provide new therapies and hope to people suffering from severe illnesses.

BY PEOPLE. WITH PEOPLE. FOR PEOPLE.

LETTER TO THE SHAREHOLDERS

DEAR SHAREHOLDERS,

In the third quarter, 4SC was able to achieve further operational advances in each of the Company's six ongoing clinical studies. We reported initial successes with our two lead compounds both during the third quarter and shortly after the end of this reporting period. In the coming months we expect to deliver further significant data points from several studies.

We reported good news and positive initial interim results from a Phase II study with resminostat in liver cancer (HCC) patients. The preliminary evaluation of the first group of patients provides encouraging indications of the tolerability and therapeutic potential of this compound, which stems from the HDAC drug class. This development programme marks the first time that an HDAC inhibitor has been evaluated in a Phase II clinical study as second-line treatment of hepatocellular carcinoma. If positive efficacy signals from our interim evaluation are confirmed upon completion of the study in 2011, a key milestone will have been reached to ensure the further development of this product candidate.

With regard to vidofludimus, our lead autoimmune disease compound that is currently being evaluated in two Phase II studies, we reported significant progress in the third quarter in patient recruitment for our COMPONENT study for the treatment of patients with rheumatoid arthritis. We also began evaluation of our Phase IIa ENTRANCE study in inflammatory bowel disease (IBD), reporting positive initial results in early November. In this study, vidofludimus met the primary endpoint with an excellent response rate. In total, 88.5% of patients showed a complete or partial response rate to treatment with vidofludimus compared to an average response rate of 20% in placebo controlled comparative studies. Vidofludimus is therefore positioned in another important indication, in ad-

dition to rheumatoid arthritis, in which the pro-inflammatory cytokine Interleukin 17 plays a key role. Since this cytokine also plays an important role in a whole range of other autoimmune diseases, the Interleukin 17-inhibiting effect of vidofludimus allows for its further targeted development with various therapeutic options. This connection suggests that in the future patient groups, in which Interleukin 17 expression can be demonstrated through the use of diagnostic tests, could be treated with a higher probability of success using vidofludimus. Such targeted therapy strategies are regarded as especially promising in drug development today. Development programmes that follow the "targeted therapy" approach are highly regarded by pharmaceutical partners.

We are now beginning to reap the first fruits following many years of intensive work. Over the coming months we expect to make further promising announcements about advancements in, and the results of, our clinical programmes. We hope to be able to build on our already demonstrated successes and achieve the desired, value-creating milestones in all our clinical studies.

On behalf of my colleagues on the Management Board I would like to thank everyone who once again supported us so actively and tirelessly during this last quarter.

Yours sincerely,



Dr Ulrich Dauer
CEO

INTERIM MANAGEMENT REPORT

1. BUSINESS PERFORMANCE

1.1 CURRENT DEVELOPMENTS IN THE BIOTECH SECTOR

All major biotech and pharmaceutical indices moved in an upward trend in the third quarter of 2010. The mood in the industry, compared with the first six months, improved on the strength of brisk M&A activities, positive clinical results and optimistic expectations of forthcoming milestones.

A total of five life sciences companies went public on the global capital markets in the third quarter: three in the United States, one in France and one in South Korea. The proceeds for each company netted between \$17 million and \$84 million, a total of approximately \$231 million. In the past quarter, 76 listed life sciences companies worldwide were able to raise new capital of \$8.9 billion, with 14 listed companies in Continental Europe alone raising \$840 million.

Investors are awaiting the fourth quarter with interest, when Phase III or regulatory milestones are pending for over 80 products. If the majority of these are reached, the news is likely to set a positive tone for share price performance in the biotechnology sector.

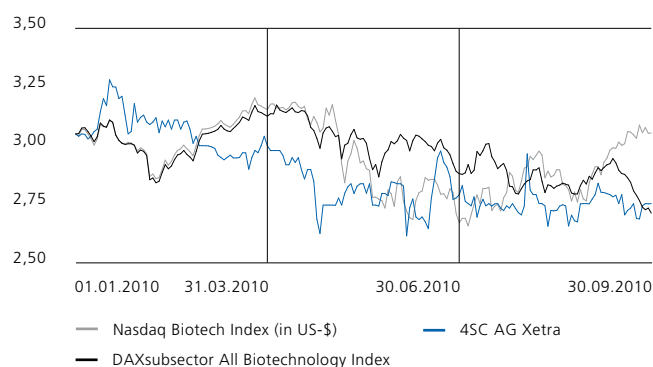
Of the companies in 4SC's peer group in the third quarter, Cosmo Pharmaceuticals was particularly of note as it presented positive Phase III top-line results in ulcerative colitis, a form of inflammatory bowel disease. These results lifted the Italian pharmaceutical company's share price by around 11%. Furthermore, in the third quarter UK pharmaceutical company AstraZeneca and US-based Rigel Pharmaceuticals announced the start of a Phase III study in rheumatoid arthritis with the small-molecule fostamatinib. AstraZeneca and Rigel had already announced a strategic partnership for the development and commercialisation of fostamatinib at the beginning of the year, after Rigel had reported positive Phase IIb results. The deal includes a potential deal value of over \$1 billion.

On M&A activities in the third quarter, the news of a possible takeover of Genzyme dominated the headlines. Here, investors are expecting an offer of over \$18.5 billion. Investors also predicted that the successful launch of new products from Amylin, Dendreon, Amgen and Vertex will continue to drive positive momentum, in addition to M&A activities. Once this momentum has been seized by the US market, the European market will follow its lead in response.

1.2 4SC SHARE PRICE PERFORMANCE

4SC shares opened the third quarter trading at €2.85 on 1 July 2010. The highest Xetra closing price was €3.02 at the beginning of August. After reaching its low of €2.70 in mid-August, the shares started to regain ground towards the end of the quarter, closing at €2.80 on 30 September 2010, just 1.43% short of the closing price for the previous quarter of €2.84. 4SC shares therefore outperformed the DAXsubsector All Biotechnology Index, which fell 6.5%. By contrast, the Nasdaq Biotech Index posted gains of 12.3%.

05 SHARE PRICE :: IN €, INDEXED ON 4SC



The trading volume in the third quarter amounted to 470,000 shares across all exchanges. In Xetra trading there was an average daily trading volume of 5,707 shares.

Active communication with investors continued in the third quarter. To this end, 4SC attended further important international investor conferences such as the German Healthcare Conference in Zurich, Switzerland, organized by DZ Bank, and the UBS Global Life Sciences Conference in New York, USA.

	Q3. 2010	Q3. 2009	9M 2010	9M 2009
Number of shares issued (average, in 000's.)	38,503	28,503	38,503	28,503
Free float (%)	19.4	29.4	19.4	29.4
3- resp. 9-month high (Xetra) (€)	3.02	3.50	3.28	3.50
3- resp. 9-month low (Xetra) (€)	2.70	2.82	2.67	2.60
Price at beginning of quarter/year (Xetra) (€)	2.85	2.83	3.02	3.07
Closing price at end of quarter (Xetra) (€)	2.80	3.27	2.80	3.27
Market capitalisation at end of quarter (€000's)	107,808	93,204	107,808	93,204
Average daily trading volume (Xetra, shares)	5,707	7,548	9,506	4,196

1.3 BUSINESS REVIEW

1.3.1 HIGHLIGHTS

4SC continued the positive development of its numerous clinical programmes in the third quarter of 2010. Important milestones were reached in particular with the two most advanced products.

Progress was made with patient recruitment in the Phase IIb COMPONENT study. By mid-September, the Company had recruited 153 patients suffering from rheumatoid arthritis (RA), thereby reaching 63% of the planned 244 patients. Initial clinical results are expected in the first half of 2011.

In the Phase II SHELTER study in patients with hepatocellular carcinoma, promising initial interim data on safety, tolerability and efficacy were published for the first nine patients treated in this study. These initial findings set a positive expectation for the further developments in this study.

1.3.2 CLINICAL PROGRAMMES OVERVIEW

AUTOIMMUNE DISEASES :: In the field of autoimmune diseases, the focus was on patient recruitment for the COMPONENT study of vidofludimus, an orally administered DMARD (disease-modifying anti-rheumatic drug). This study will comprise 244 patients with rheumatoid arthritis in 29 clinical study centres in Poland, Romania, Bulgaria and the Czech Republic. By mid-September a total of 153 patients had been recruited. Based on the current speed of recruitment, this study is expected to deliver results in the first half of 2011.

Furthermore 4SC is evaluating vidofludimus in the Phase IIa ENTRANCE study. This exploratory study was designed to provide first efficacy data of vidofludimus in inflammatory bowel disease (IBD). The clinical part of this study was completed in the third quarter of 2010 after patient recruitment and the subsequent treatment phase had ended. Preliminary, positive headline results were announced on the 4 November 2010.

ONCOLOGY :: 4SC made significant advances in all of its oncology portfolio programmes.

In the ongoing Phase II SHELTER study, the efficacy, safety and tolerability of resminostat, an HDAC indicator for patients with advanced hepatocellular carcinoma (HCC), is being examined as a monotherapy or in combination with the current standard treatment, sorafenib, in sorafenib-refractory patients. In September 2010, Professor Dr Michael Bitzer, the lead clinician, presented initial data on the safety, tolerability and efficacy for the first nine patients in this study at the "2010 Visceral Medicine" symposium in Stuttgart organised by the DGVS (German Association for Digestive and Metabolic Diseases) and the DGAV (German Society for General and Visceral Surgery). The objective of the study is to treat approximately 60 patients with hepatocellular carcinoma. Preliminary results are expected for the first half of 2011.

At the same time, progress was made in the ongoing Phase II SAPHIRE study of resminostat in patients with Hodgkin's lymphoma (HL). The second recruitment stage of the Simon's two-stage design was commenced, as already announced in the second quarter, with the goal of including a further 15 patients in the study, which plans to enrol 33 in total.

In the third quarter, 4SC also continued with preparations for a further Phase I/II study of resminostat as a second-line therapy in colon cancer patients with K-ras mutations. This study is scheduled to commence before the end of 2010. With clinical studies soon to be running in three separate indications, 4SC expects to deliver and realise its development strategy for resminostat.

In the Phase I study with the multi-target kinase inhibitor 4SC-203, the treatment of the volunteers was completed in the third quarter. The results of this study and their evaluation are expected for the fourth quarter of this year.

The Phase I study of the Eg5 inhibitor 4SC-205 also progressed according to plan in the third quarter. First results are expected in 2011.

1.3.3 PRECLINICAL PROJECTS OVERVIEW

Beyond these activities, 4SC develops new, innovative drug candidates in its preclinical research to ensure a continuous stream of clinical products for its pipeline.

The focus in the third quarter was on the further advancement of the second HDAC inhibitor 4SC-202. Pending approval from all regulatory authorities, a Phase I clinical study in hematological tumours will commence this year to evaluate this compound, which has a target profile that differs substantially from resminostat (4SC-201).

1.3.4 STAFF

As at 30 September 2010, 4SC had a staff of 90 employees and four Management Board members. 70 employees, i.e. almost 75%, are engaged in research and development. Compared with the end of 2009, the workforce was therefore expanded by three people, who were hired primarily for the development department. Compared with 30 September 2009, one person was added to the team.

2. FINANCIAL POSITION, CASH FLOWS AND FINANCIAL PERFORMANCE

2.1 FINANCIAL PERFORMANCE

REVENUE :: Revenue, which was generated exclusively from research co-operation agreements, amounted to €235 thousand in the third quarter of 2010, down from €384 thousand in the prior-year period. On a nine-month basis, revenue declined from €1,351 thousand to €753 thousand, since 4SC concentrated its operations on the value-adding development programmes.

OPERATING EXPENSES :: Operating expenses, comprising the cost of sales, distribution costs, research and development costs and administration costs, stood at €4,922 thousand in the third quarter of 2010, an increase of slightly below 3% on the prior-year figure of €4,796 thousand. Operating expenses in the first nine months were up 20% from €13,424 thousand to €16,085 thousand. Development costs remained the principal cost driver due to the significant expansion of clinical studies. On a year-for-year basis, research and development costs rose by 6% in the third quarter to €3,963 thousand (previous year: €3,746 thousand) and by over 25% in the first nine months to €12,989 thousand (previous year: €10,292 thousand).

Administration costs show a differentiated picture. While a slight year-on-year decrease was recorded in the third quarter of 2010 (€829 thousand compared with €848 thousand), administration costs increased by 7% in the first nine months (€2,635 thousand compared with €2,456 thousand). This resulted in particular from non-cash staff costs under stock options and higher costs for investor relations activities.

Both the cost of sales and distribution costs declined on the whole, with lower revenue also reducing the cost of sales year-on-year – by 28% to €80 thousand in the third quarter and by 32% to €275 thousand in the first nine months. Distribution costs, which consist of the costs incurred by the Business Development and PR/Marketing units, fell by 45% to €50 thousand in the third quarter and by 30% to €186 thousand in the first nine months. This is due to reduced expenses for public relations.

OPERATING PROFIT/LOSS :: As expected, the Company's loss from operating activities rose to €4,680 thousand in the third quarter (previous year: €4,401 thousand) and to €15,303 thousand in the period from January to September 2010 (previous year: €11,969 thousand).

NET FINANCE INCOME/LOSS :: Net finance income rose from €48 thousand in the prior-year quarter to €70 thousand in the third quarter of 2010, primarily due to the increase in the share in the profit/loss of associates (€28 thousand compared with €5 thousand in the previous year). Nevertheless, the Company still recorded a decrease for the first nine months of the year with net finance income of €113 thousand as against €324 thousand in the first nine months of 2009. This was attributable to a lower share in the profit/loss of associates as well as to a drop in finance income despite a simultaneous decline in finance costs.

PROFIT/LOSS FOR THE PERIOD :: The Company's loss for the period increased to €4,592 thousand for the third quarter (previous year: €4,339 thousand) and to €15,165 thousand for the first nine months (previous year: €11,624 thousand).

EARNINGS PER SHARE :: As a result of the capital increase at the end of 2009, which increased the number of shares, the loss per share fell in spite of the higher loss for the period. The Company recorded a loss per share of €0.12 in the third quarter (previous year: €0.15) and of €0.39 in the first nine months (previous year: €0.41).

2.2 FINANCIAL POSITION

NON-CURRENT ASSETS :: Non-current assets rose from €16,695 thousand as at 31 December 2009 to €16,996 thousand as at 30 September 2010 as a result of the following (in some cases countervailing) effects: while intangible assets decreased from €14,837 thousand to €14,215 thousand and property, plant and equipment fell from €1,485 thousand to €1,383 thousand – due in each case to depreciation and amortisation – other financial assets increased from €154 thousand to €1,146 thousand. The investment of funds of €1,000 thousand with a remaining term at the reporting date of more than twelve months is included in this item.

CURRENT ASSETS :: The steep fall in current assets from €37,208 thousand as at 31 December 2009 to €22,498 thousand as at 30 September 2010 as expected was primarily attributable to the decrease in the current cash balance/funds, which comprises the items cash and cash equivalents and other financial assets. As a result of 4SC's operating business and the acquisition of non-current financial assets of €1,000 thousand, an overall decrease from €35,621 thousand to €21,207 thousand was reported for this item.

EQUITY :: The decline in equity from €50,909 thousand as at 31 December 2009 to €36,014 thousand as at 30 September 2010 largely reflected the loss for the period of €15,165 thousand. The accumulated deficit rose from €56,372 thousand to €71,537 thousand.

At 91.2%, the equity ratio as at 30 September 2010 was down 3.2 percentage points on the figure for 31 December 2009.

CURRENT AND NON-CURRENT LIABILITIES :: Both current and non-current liabilities were up compared with 31 December 2009. Non-current liabilities at 30 September 2010 amounted to €131 thousand (end of 2009: €104 thousand), while current liabilities rose to €3,349 thousand (end of 2009: €2,890 thousand). This was attributable in each case to the increase in other liabilities, which in the current items principally comprise unbilled external scientific services (e.g. clinical studies).

TOTAL ASSETS/TOTAL EQUITY AND LIABILITIES :: Total assets/total equity and liabilities amounted to €39,494 thousand as at 30 September 2010, down almost 27% on the end-of-year figure for the previous year (31 December 2009: €53,903 thousand).

2.3 CASH FLOWS

CASH FLOWS FROM OPERATING ACTIVITIES :: Cash totalling €13,110 thousand was used for operating activities in the period from January to September 2010. The change compared with the pre-tax loss of €15,190 thousand is attributable to adjustments for non-cash items in the statement of comprehensive income (principally depreciation and amortisation plus stock options) and also to changes in items in the statement of financial position that had a positive effect on cash flows such as the reduction in receivables or the build-up of debt.

In the prior-year period, cash outflows from operating activities came to €9,976 thousand with a pre-tax loss of €11,645 thousand.

CASH FLOWS FROM INVESTING ACTIVITIES :: The cash outflows from investing activities in the first nine months of the year amounted to €12,204 thousand. This includes investments of €17 thousand in intangible assets and capital expenditure of €287 thousand on property, plant and equipment. In addition, 4SC purchased financial instruments worth €12,000 thousand and sold financial instruments in the amount of €100 thousand.

In the same period in 2009, the Company invested €75 thousand in intangible assets and €279 thousand in property, plant and equipment. The purchase and sale of financial instruments generated net cash inflows of €10,434 thousand, which resulted in positive cash flows from investing activities totalling €10,080 thousand in this period.

CASH FLOWS FROM FINANCING ACTIVITIES :: No cash flows from financing activities were generated in the reporting period. In the prior-year period, cash outflows from financing activities were generated mainly from the repayment of long-term loans of €902 thousand in January 2009.

CASH BALANCE/FUNDS :: Cash and cash equivalents amounted to €10,207 thousand at the reporting date. As additional funds of €1,000 thousand were invested in non-current financial instruments and funds totalling €11,000 thousand were invested in current financial instruments, total funds amounted to €22,207 thousand as at 30 September 2010 (31 December 2009: €35,621 thousand; 30 September 2009: €10,613 thousand).

3. REPORT ON RISKS AND OPPORTUNITIES

Please see the management report as at 31 December 2009 for a detailed description of the risks and opportunities arising from our business activities, as well as for information relating to our IT-based risk management and controlling system. Since then, no major changes have occurred with respect to our situation in terms of risks and opportunities and no major changes are expected to occur in the next three months either. The occurrence of any one of the risks described in the annual report – alone or in conjunction with each other – could have a negative impact on the financial position, cash flows and financial performance of 4SC.

4. EVENTS AFTER THE REPORTING PERIOD

On 26 October 2010, 4SC presented initial, positive Phase II data from the SAPHIRE study of resminostat for the treatment of Hodgkin lymphoma patients at the 8th International Symposium on Hodgkin Lymphoma in Cologne. The data presented was on 18 patients from the first Simon stage of patient recruitment who were treated with the oral pan histone deacetylase (HDAC) inhibitor resminostat as part of the current SAPHIRE study. Based on established PET/CT evaluation criteria, 10 patients out of 18 benefited from treatment with resminostat with two patients being assessed as partial responders (PR) (i.e. more than 50% reduction in size of tumour lesions) and a further eight patients with stabilization of disease (SD). According to the statistical design of the SAPHIRE study (Simon two-stage design), a minimum number of five responders were required in this reported 1st Simon stage in order to extend the study to a second enrolment phase of an additional 15 patients (the 2nd Simon stage). Daily oral application of 600 mg resminostat for 5 consecutive days per 2-week treatment cycle was well tolerated with the majority being mild to moderate gastrointestinal and haematological side effects. Pharmacokinetic data indicate good bioavailability of this HDAC inhibitor and plasma exposure levels yielded significant pharmacodynamic activity as exemplified by time dependent HDAC enzyme inhibition after dosing.

On 4 November 4SC published positive preliminary results from its clinical Phase IIa ENTRANCE study of vidofludimus, an oral inhibitor of Interleukin-17 (IL-17) release, in inflammatory bowel disease (IBD). The exploratory, open-label, single-arm Phase IIa ENTRANCE study met its primary endpoint of significantly increasing the response rate in corticosteroid-dependent IBD patients to 88.5% versus an average placebo response across published benchmark clinical trials of approximately 20%.

5. OUTLOOK

4SC expects to meet further important milestones in clinical development and to be able to present significant results from the individual programmes before the end of the year.

The Phase IIa ENTRANCE study evaluating vidofludimus in inflammatory bowel disease published significant results on 4 November 2010. The results from the second study, the Phase IIb COMPONENT study of vidofludimus for the treatment of rheumatoid arthritis, are expected in the first half of 2011.

In its oncology portfolio, pending approval from all regulatory authorities, 4SC also expects to commence a Phase I/II study of resminostat in patients with K-ras-mutated colon cancer in the fourth quarter.

In addition, the Company expects to publish initial results from the Phase I study of the drug candidate 4SC-203 and to start a Phase I study of 4SC-202 before the end of the year. In addition it will continue the ongoing Phase I study of the oral Eg5 inhibitor 4SC-205 in line with planning.

With total funds of €22,207 thousand, 4SC is well positioned financially to meet all of the above-mentioned milestones in the coming months.

Planegg-Martinsried, 8 November 2010



Dr Ulrich Dauer, CEO



Dr Bernd Hentsch, CDO



Dipl.-Kfm. Enno Spillner, CFO



Dr Daniel Vitt, CSO

:: INTERIM FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2010

in €000's	Q3. 2010	Q3. 2009	9M 2010	9M 2009
Revenue	235	384	753	1,351
Costs of sales	- 80	- 111	- 275	- 408
GROSS PROFIT	155	273	478	943
Distribution costs	- 50	- 91	- 186	- 268
Research and development costs	- 3,963	- 3,746	- 12,989	- 10,292
Administration costs	- 829	- 848	- 2,635	- 2,456
Other income	7	11	29	104
OPERATING PROFIT/LOSS	- 4,680	- 4,401	- 15,303	- 11,969
NET FINANCE INCOME/LOSS				
Shares in profit/loss from associates	28	5	34	64
Finance income	52	112	98	372
Finance costs	- 10	- 69	- 19	- 112
NET FINANCE INCOME/LOSS	70	48	113	324
EARNINGS BEFORE TAX	- 4,610	- 4,353	- 15,190	- 11,645
Income taxes	18	14	25	21
PROFIT/LOSS FOR THE PERIOD	- 4,592	- 4,339	- 15,165	- 11,624
MEASUREMENT OF FINANCIAL INSTRUMENTS				
Changes in fair values of available-for-sale financial assets	0	- 1	0	0
Amount reclassified to profit and loss	0	3	0	3
MEASUREMENT OF FINANCIAL INSTRUMENTS	0	2	0	3
COMPREHENSIVE INCOME/LOSS	- 4,592	- 4,337	- 15,165	- 11,621
Earnings per share (basic and diluted; in €)	- 0.12	- 0.15	- 0.39	- 0.41

STATEMENT OF FINANCIAL POSITION

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

in €000's

30.09.2010

31.12.2009

ASSETS

NON-CURRENT ASSETS

Intangible assets	14,215	14,837
Property, plant and equipment	1,383	1,485
Investments accounted for using the equity method	95	62
Other financial assets	1,146	154
Other assets	157	157
NON-CURRENT ASSETS	16,996	16,695

CURRENT ASSETS

Inventories	20	22
Trade accounts receivable	279	535
Receivables from investees	0	0
Other financial assets	11,000	100
Cash and cash equivalents	10,207	35,521
Current tax assets	214	162
Other assets	778	868
CURRENT ASSETS	22,498	37,208
TOTAL ASSETS	39,494	53,903

EQUITY AND LIABILITIES

EQUITY

Subscribed capital	38,503	38,503
Share premium	67,836	67,836
Reserves	1,212	942
Accumulated deficit	- 71,537	- 56,372
EQUITY	36,014	50,909

NON-CURRENT LIABILITIES

Deferred tax liabilities	14	39
Other liabilities	117	65
NON-CURRENT LIABILITIES	131	104

CURRENT LIABILITIES

Trade accounts payable	1,040	913
Accounts payable to associates	29	29
Provisions	45	45
Other liabilities	2,235	1,903
CURRENT LIABILITIES	3,349	2,890
TOTAL EQUITY AND LIABILITIES	39,494	53,903

STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2010

in €000's

9M 2010

9M 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Result before taxes	- 15,190	- 11,645
<i>Adjustment for statement of comprehensive income items</i>		
Depreciation and amortisation	1,028	963
Net finance income/loss	- 113	- 324
Stock options	270	66
Other non-cash affecting items	38	- 324
<i>Changes in statement of financial position items</i>		
Inventories	2	- 2
Trade accounts receivable	256	123
Current tax assets	- 52	99
Other assets	90	127
Trade accounts payable	127	347
Accounts payable to associates	0	- 31
Other liabilities	384	37
Interest received	51	589
Interest paid	- 1	- 1

CASH FLOWS FROM OPERATING ACTIVITIES - 13,110 - 9,976

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of intangible assets	- 17	- 75
Purchase of property, plant and equipment	- 287	- 279
Purchase of financial investments	- 12,000	- 4,065
Sale of financial investments	100	14,499

CASH FLOWS FROM INVESTING ACTIVITIES - 12,204 10,080

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of long-term loans	0	- 902
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CASH FLOWS FROM FINANCING ACTIVITIES 0 - 902

NET CHANGE IN CASH AND CASH EQUIVALENTS

	- 25,314	- 798
+ Cash and cash equivalents at the beginning of the period	35,521	7,346
= CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	10,207	6,548

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2010

in €000's	Subscribed capital	Share premium	Reserves			Accumulated deficit	Total
			Reserves stock options	Retained earnings	Revaluation surplus		
BALANCE ON 01.01.2009	28,503	48,101	755	67	- 3	- 40,265	37,158
Options issued (ESOP 2004/2004)			2				2
Options issued (ESOP 2004/2005)			4				4
Options issued (ESOP 2004/2006/1)			3				3
Options issued (ESOP 2006/2006/2)			37				37
Options issued (ESOP 2006/2007)			4				4
Options issued (ESOP 2006/2008)			16				16
Comprehensive income/loss 01.01.-30.09.2009					3	- 11,624	- 11,621
<i>Measurement of financial instruments</i>					3		3
<i>Profit/loss for the period 01.01.-30.09.2009</i>						- 11,624	- 11,624
BALANCE ON 30.09.2009	28,503	48,101	821	67	0	- 51,889	25,603
BALANCE ON 01.01.2010	38,503	67,836	875	67	0	- 56,372	50,909
Options issued (ESOP 2004/2005)			2				2
Options issued (ESOP 2004/2006/1)			1				1
Options issued (ESOP 2006/2006/2)			18				18
Options issued (ESOP 2006/2007)			1				1
Options issued (ESOP 2006/2008)			14				14
Options issued (ESOP 2009/2009)			234				234
Comprehensive income/loss 01.01.-30.09.2010						- 15,165	- 15,165
<i>Profit/loss for the period 01.01.-30.09.2010</i>						- 15,165	- 15,165
BALANCE ON 30.09.2010	38,503	67,836	1,145	67	0	- 71,537	36,014

NOTES TO THE INTERIM FINANCIAL STATEMENTS

AS AT 30 SEPTEMBER 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

This interim report was created in accordance with the accounting principles of the International Financial Reporting Standards (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. New standards issued by the IASB and adopted by the EU are applied without exception starting in the financial year in which their application becomes mandatory.

These interim financial statements represent the single-entity financial statements of Germany-based 4SC and in addition take account of the following companies:

Company/Domicile	Measured as	Measured acc. to
quattro research GmbH, Planegg-Martinsried, Germany	Associate	IAS 28
Nexigen GmbH, Bonn, Germany	Equity investment	IAS 39
Quiescence Technologies LLC., Melbourne, Florida, USA	Equity investment	IAS 39

The Management Board approved the interim financial statements for release on 8 November 2010, they were released on 11 November 2010. The discussion of the interim financial statements by the Audit Committee of the Supervisory Board and the Management Board in line with the German Corporate Governance Code (as amended on 27 May 2010) was held via teleconference on 26 October 2010.

1.2 GENERAL DISCLOSURES

The accounting policies applied and estimates made correspond to those used for the financial statements for the year ending 31 December 2009.

As the business activities do not differ significantly in their risk/reward profiles, 4SC operates in one segment only and therefore does not prepare segment reporting. The operating activities are not subject to seasonal influences.

2. EARNINGS PER SHARE

The basic earnings per share are calculated in accordance with IAS 33.9 et seq. by dividing the net profit/loss for the period attributable to the shareholders (numerator) by the average weighted number of shares outstanding in the reporting period (denominator).

	Q3. 2010	Q3. 2009	9M 2010	9M 2009
Based on profit/loss for the period (in €000's)	- 4,592	- 4,339	- 15,165	- 11,624
Based on average number of shares (in thsd)	38,503	28,503	38,503	28,503
EARNINGS PER SHARE (BASIC AND DILUTED, IN €)	- 0.12	- 0.15	- 0.39	- 0.41

Given 4SC's loss and the fact that the share price has currently dropped below the exercise price of the options, i.e. the options are currently „out of the money“, the options issued are not dilutive. As a result, the diluted and basic earnings per share are identical.

3. NOTES TO THE CASH BALANCE

In addition to cash and cash equivalents presented in the statement of cash flows, 4SC has liquid funds that are predominantly invested in borrower's note loans and fixed deposits for better return. The reconciliation from the statement of cash flows to the total cash balance is shown in the following table:

in €000's	30.09.2010	31.12.2009	30.09.2009
Cash and cash equivalents at the end of the period	10,207	35,521	6,548
Other financial assets (non-current)	1,000	0	0
Other financial assets (current)	11,000	100	4,065
CASH BALANCE/FUNDS	22,207	35,621	10,613

4. SHAREHOLDINGS AND DIRECTORS' DEALINGS

In the third quarter of 2010 no reportable transactions pursuant to Section 15a of the German Securities Trading Act (Wertpapierhandelsgesetz - WpHG) were made with shares or options by members of the Management Board or Supervisory Board.

The following overviews show the shares and stock options held by members of the Management Board and Supervisory Board as at the 30 September 2010 reporting date as well as changes in these holdings compared to the start of the year.

Number of shares	Shares 01.01.2010	Purchase	Sale	Shares 30.09.2010
MANAGEMENT BOARD				
Dr Ulrich Dauer	430,639	6,800	0	437,439
Dr Daniel Vitt	416,803	0	0	416,803
Dipl.-Kfm. Enno Spillner	70,000	0	0	70,000
SHARES HELD BY THE MANAGEMENT BOARD	917,442	6,800	0	924,242
SUPERVISORY BOARD				
Dr Jörg Neermann	100,000	0	0	100,000
Dr Manfred Rüdiger	16,000	0	0	16,000
Dr Clemens Doppler	9,875	0	0	9,875
Dr Thomas Werner	0	5,000	0	5,000
SHARES HELD BY THE SUPERVISORY BOARD	125,875	5,000	0	130,875

Number of stock options	Options 01.01.2010	Additions	Expired	Exercised	Options 30.09.2010	Maximum number of shares
MANAGEMENT BOARD						
Dr Ulrich Dauer	152,200	0	0	0	152,200	147,400
Dr Daniel Vitt	152,200	0	0	0	152,200	147,400
Dr Bernd Hentsch	152,720	0	0	0	152,720	152,720
Dipl.-Kfm. Enno Spillner	249,600	0	0	0	249,600	236,400
OPTIONS HELD BY THE MANAGEMENT BOARD	706,720	0	0	0	706,720	683,920

5. RELATED PARTY TRANSACTIONS

In the third quarter there were no material changes in business transactions with related parties compared to the disclosures made in the annual report as at 31 December 2009 and in the interim report as at 30 June 2010.

6. EVENTS AFTER THE END OF THE REPORTING PERIOD

No events occurred after the end of the reporting period that have an immediate significant effect on 4SC's financial position, cash flows and performance.

:: GENERAL/PUBLISHING INFORMATION

Editor	4SC AG Am Klopferspitz 19a 82152 Planegg-Martinsried Germany
Management Board	Dr Ulrich Dauer, CEO Dr Bernd Hentsch, CDO Dipl.-Kfm. Enno Spillner, CFO Dr Daniel Vitt, CSO
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German SIN	575381
ISIN	DE0005753818
Share price symbol	VSC
Conception / Design	Kirchhoff Nix Corporate and Financial Communications AG Zurich, Switzerland

:: FINANCIAL CALENDAR

30 MARCH 2010

Annual Report 2009 ✓

11 MAY 2010

Half Year Financial Report 2010 ✓

21 JUNE 2010

Annual General Meeting 2010 ✓

10 AUGUST 2010

Half Year Financial Report 2010 ✓

11 NOVEMBER 2010

9 Months Financial Report 2010 ✓

22 – 24 NOVEMBER 2010

Analysts Meeting: Deutsches Eigenkapitalforum
Congress Center Messe Frankfurt

To offer successful therapies for AUTOIMMUNE DISEASES.

To develop innovative drugs in ONCOLOGY.

BY PEOPLE. WITH PEOPLE. FOR PEOPLE.

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