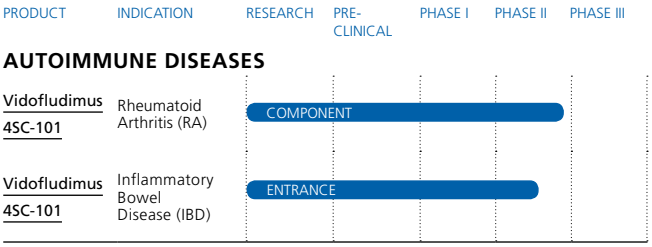
9-MONTH FINANCIAL REPORT :: 30 SEPTEMBER 2011 (IFRS)

TAILORED DRUGS
FOR STRONG PATIENT BENEFIT.

BY PEOPLE. WITH PEOPLE. FOR PEOPLE.

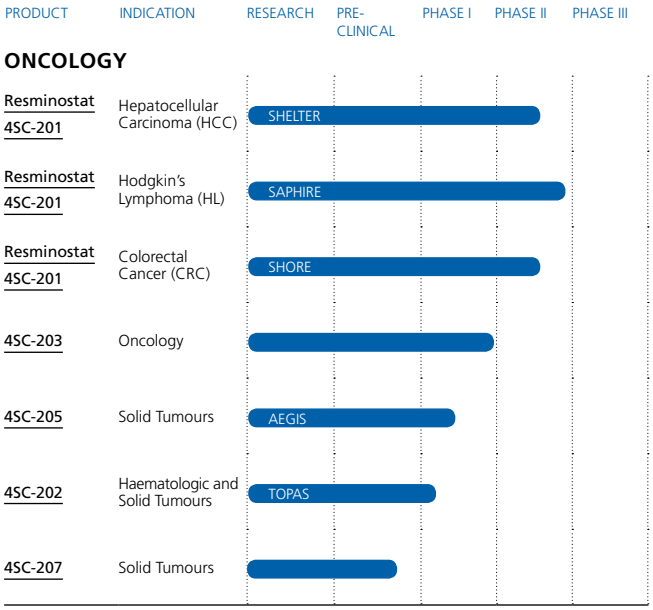
:: 4SC IN BRIEF

:: 01 4SC PRODUCT PIPELINE "AUTOIMMUNE DISEASES"



Current as of: 30 September 2011

:: 02 4SC PRODUCT PIPELINE "ONCOLOGY"



Current as of: 30 September 2011

:: 03 ACHIEVEMENTS

ON THE BASIS OF OUR BALANCED, ROBUST CLINICAL PIPELINE AND CONTINUOUS RESEARCH INTO NEW, VALUE-DRIVEN PROGRAMMES, WE AIM TO BECOME A LEADING PARTNER TO GLOBAL BIOTECHNOLOGY AND PHARMACEUTICAL COMPANIES FOR TARGETED, INNOVATIVE, SMALL-MOLECULE DRUGS IN THE INDICATIONS OF AUTOIMMUNE DISEASES AND ONCOLOGY. OUR RESULTS IN THE THIRD QUARTER OF 2011 HAVE ONCE AGAIN BROUGHT US AN IMPORTANT STEP CLOSER TO THIS GOAL.

OUR RESULTS IN THE THIRD QUARTER OF 2011:

:: Resminostat – US Food and Drug Administration (FDA) grants orphan drug status in the indications of hepatocellular carcinoma and Hodgkin's lymphoma

:: Resminostat – European Medicines Agency (EMA) recommends resminostat for designation as an orphan medicinal product in the EU in the indication of hepatocellular carcinoma

:: Resminostat – Announcement of positive top-line results from the Phase II SAPHIRE study in the Hodgkin's lymphoma indication

:: 04 KEY FINANCIAL FIGURES

	Q3.2011	Q3.2010	Change in %	9M 2011 resp. 30.09.2011	9M 2010 resp. 30.09.2010	Change in %
KEY FINANCIAL FIGURES (IN €000'S)						
Revenue	223	235	- 5	443	753	- 41
Operating profit/loss	- 4,847	- 4,680	- 4	- 14,385	- 15,303	6
Profit/loss for the period	- 4,748	- 4,592	- 3	- 14,681	- 15,165	3
Earnings per share (basic and diluted) (in €)	- 0.11	- 0.12	8	- 0.35	- 0.39	10
Cash flows from operating activities	- 4,209	- 4,221	0	- 7,835	- 13,110	40
Cash flows from investing activities	5,429	- 9,075	160	- 1,981	- 12,204	84
Cash flows from financing activities	0	0	n/a	11,080	0	n/a
Net change in cash and cash equivalents	1,220	- 13,296	109	1,264	- 25,314	105
Cash and cash equivalents				6,220	10,207	- 39
Cash balance/funds				20,220	22,207	- 9
Equity				27,857	36,014	- 23
Equity ratio				75.7 %	91.1 %	- 15.4 % P
Total assets				36,797	39,494	- 7
EMPLOYEES						
Number of employees and Management Board members (at end of period)				94	94	0

4SC researches and develops innovative, orally administered small-molecule drugs for autoimmune diseases and cancer – indications with a high unmet medical need. The aim is for these targeted therapies to provide better efficacy and a lower side-effect profile than existing treatments and to offer greater benefits and new hope for patient groups that have been specifically selected for treatment. Thanks to its balanced clinical pipeline and continuous research into new, value-creating programmes, 4SC is evolving into an attractive partner for pharmaceutical and global biotechnology companies.

BY PEOPLE. WITH PEOPLE. FOR PEOPLE.

:: LETTER TO THE SHAREHOLDERS

DEAR SHAREHOLDERS,

In the third quarter of 2011, we focused in particular on the advancement of resminostat, our lead oncology compound. We reinforced our three-pillar strategy for resminostat for the development of targeted cancer therapies in the indications of Hodgkin's lymphoma (HL), hepatocellular carcinoma and K-ras-mutated colorectal carcinoma (CRC) with a new clinical success. The positive results of the Phase II SAPHIRE study in patients with refractory or relapsed HL that were published in September showed clear anti-tumour activity with full and partial response to the treatment with resminostat. The drug candidate's good safety and tolerability profile was demonstrated once again.

Our development strategy was also validated in recent months through the designation of resminostat as an orphan drug and orphan medicinal product, in the USA and the EU respectively, in the indications HL, a cancer of the lymphatic system, and HCC, the most common form of liver cancer. These designations by the FDA (for the United States) and the EMA (for Europe) emphasise the importance of developing novel, targeted and well tolerated therapies in these indications in order to provide effective treatment options for patients suffering from these life-threatening diseases. As a result, we can now benefit from a number of advantages in further clinical development as well as in a subsequent approval process for resminostat in HL and HCC. These include, for example, reduced approval fees, assistance from the regulatory authorities in the preparation of approval-related study protocols, or, in the EU, a centralised and thus simpler approval process. Benefits also include seven (USA) or ten (EU) years of market exclusivity following drug approval, preventing competitors from launching similar drugs from the same class on the market during this period.

Following the positive data reported for HL, we are looking forward with great anticipation to the results from our Phase II SHELTER study in HCC patients so that we can promptly discuss the next development steps in these indications with the regulatory authorities. Given the current, highly advanced status of patient recruitment, we expect to announce the top-line data early next year. In view of the high unmet medical need and the limited number of therapeutic options available in the tumour indications addressed, we are very confident of being able to achieve the next step of planning an approval programme. We are also eagerly awaiting the development of resminostat in the third oncology indication, K-ras-mutated colon cancer (CRC). We expect interim results from the ongoing Phase I/II SHORE study in the coming year.

In the field of autoimmune diseases, we continued our activities for the further development of vidofludimus in the inflammatory bowel disease (IBD) indication during the third quarter. These centred on planning an advanced international Phase IIb study. In this indication we impressively demonstrated the efficacy of vidofludimus with the results of our Phase IIa ENTRANCE study published at the end of 2010 – with especially good tolerability of the compound, which is extremely important for this group of patients in particular. Based on vidofludimus' unique mechanism of action and the clinical and preclinical results demonstrated up to now, we firmly believe that testing the compound in other indications as well, such as multiple sclerosis, lupus, psoriasis and organ transplantation rejection, might be promising. We are currently doing everything in our power to find a partner with whom we can exploit vidofludimus' diverse potential to the full.

Given the very tense situation on the capital markets at present, we decided to sharpen the focus of our financial resources starting at the beginning of the fourth quarter and initially concentrate our development activities on selectively continuing the clinical programmes which we believe have the highest potential to increase the Company's value within the next twelve months. For this reason, the spotlight will be on our most advanced drugs – resminostat and vidofludimus – as well as on our anti-cancer compound 4SC-202. We will conclude ongoing clinical studies of our other compounds as planned, but will not commence any more clinical trials for the time being. The cost savings this will generate are expected to provide funding for the Company until the beginning of 2013, longer than previously communicated.

As a result, 4SC will continue to have a balanced, robust pipeline with attractive development programmes for oncology and autoimmune diseases. Our product portfolio is specifically designed to maximise the opportunities in the portfolio but also to be able to absorb any setbacks or delays in individual programmes, which can never be ruled out entirely in pharmaceutical development. Fortunately, the clinical success of resminostat in the third quarter draws attention to the opportunities inherent in our business model.

We are excited about the events awaiting us in the remainder of the year and are working hard to meet our goals. We would like to take this opportunity to thank our shareholders, employees and business partners above all for their sustained confidence in and enormous dedication to our Company.

Yours sincerely,

Dr Ulrich Dauer
Chief Executive Officer of 4SC

:: INTERIM MANAGEMENT REPORT

1. BUSINESS PERFORMANCE

1.1 CURRENT DEVELOPMENTS IN THE BIOTECH SECTOR

ECONOMIC ENVIRONMENT :: During the third quarter of 2011, the capital markets were severely impacted by the ongoing sovereign debt crisis. In addition to Portugal, Italy, Ireland, Greece and Spain, the United States also continues to experience debt problems. Japan's national debt is nearly twice as high as its economic output. The uncertainty about how the debt crisis will develop and the slowdown in global economic growth led to a loss of confidence among investors and prompted a sharp drop in share prices on the global equity markets.

CURRENT SECTOR DEVELOPMENTS :: Events at a global level have also made investors in the biotech sector more averse to risk again. Investor confidence was additionally put to the test in the third quarter of 2011 by various clinical and regulatory setbacks in the industry. The German DAXsubsector Biotechnology index lost over 17.5 % of its value during this period. The NASDAQ Biotech Index (NBI) also fell by 13.5 %, while the DAX lost 25.8 %. The value of 4SC shares declined by 15.5 %.

In the third quarter, the major challenges facing the sector were contrasted by over 30 new drug approvals worldwide. One highlight in the field of oncology was the accelerated FDA approval in August of the antibody brentuximab (Acetris) by Seattle Genetics for the treatment of patients with Hodgkin's lymphoma and systemic anaplastic large cell lymphoma (ALCL), which is fairly rare. Brentuximab is the first new approved therapy for HL since 1977 and the first-ever therapy for ALCL to be approved by the FDA.

During the last quarter, the biotech sector continued to be dominated by the takeover activities of pharmaceutical companies. In July, for example, the US pharmaceutical group Pfizer announced plans to take over Icagen. Also in July, Roche took over the Heidelberg-based unlisted company mtm laboratories AG. Under the agreement, Roche will pay the shareholders of mtm around €130 million immediately and up to €60 million once certain performance-related milestones have been reached. In September, Jazz Pharmaceuticals announced a merger with the Irish company Azur Pharma.

Only three life sciences companies went public worldwide in the third quarter of 2011, two of these in the United States and one in Japan. The IPOs generated capital of between $49.5 and $84.7 million for each of these companies. Aggregate issue proceeds amounted to $213.6 million. Listed biotechnology companies raised a total of $2.8 billion in this period – the lowest volume raised since the fourth quarter of 2008. In total, the sector generated an inflow of capital of $23.4 billion in the first nine months of 2011.

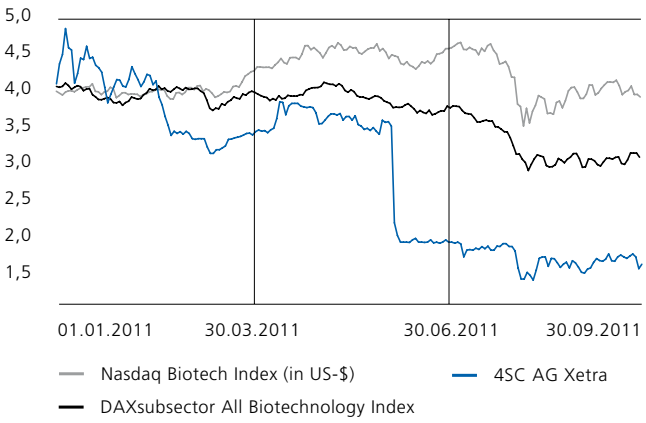
1.2 4SC SHARE PRICE PERFORMANCE

The difficult capital market and industry environment is also reflected in the performance of 4SC's share price, which shed 15.5 % of its value in the third quarter.

4SC shares opened the third quarter of 2011 on 1 July at a price of €2.01 in XETRA trading. In spite of a series of positive reports on resminostat in the reporting period, such as the publication of positive results from the Phase II SAPHIRE study in patients with Hodgkin's lymphoma (HL) and the designation of orphan drug status in the HL and hepatocellular carcinoma (HCC) indications by the regulatory authorities in the United States and Europe, the XETRA closing price stood at €1.70 on 30 September, 2011. 4SC's market capitalisation at the end of the quarter was therefore €71.3 million with 41,968,304 shares.

The trading volume of the 4SC stock in the third quarter was 2,246,097 shares traded across all exchanges. The average daily trading volume was 34,555 shares.

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



:: 06 THE 4SC SHARE

	Q3. 2011	Q3. 2010	9M 2011	9M 2010
Number of shares issued (average, in 000's)	41,968	38,503	41,284	38,503
Free float at end of quarter (%)	25.9	19.4	25.9	19.4
3- resp. 9-month high (Xetra) (€)	2.03	3.02	4.89	3.28
3- resp. 9-month low (Xetra) (€)	1.49	2.70	1.49	2.67
Price at beginning of quarter/year (Xetra) (€)	2.01	2.85	4.10	3.02
Closing price at end of quarter (Xetra) (€)	1.70	2.80	1.70	2.80
Market capitalisation at end of quarter (Xetra) (€000's)	71,346	107,808	71,346	107,808
Average daily trading volume (Xetra, shares)	19,317	5,707	30,613	9,506

1.3 BUSINESS REVIEW

1.3.1 HIGHLIGHTS

Attention in the third quarter of 2011 was focused on 4SC's lead oncology compound resminostat, an orally administered pan-HDAC inhibitor.

The US Food and Drug Administration (FDA) granted orphan drug status to resminostat in the indications of hepatocellular carcinoma (HCC) and Hodgkin's lymphoma (HL). The European Medicines Agency (EMA) also recommended resminostat as an orphan medicinal product in the EU – both for the treatment of HCC and, shortly after the reporting period, HL.

Furthermore, in early September 2011 4SC announced encouraging top-line results from its Phase II SAPHIRE study with resminostat in the HL indication. The primary study endpoint was met and the drug's previously observed positive safety and tolerability profile was confirmed.

1.3.2 CURRENT STATUS OF CLINICAL DEVELOPMENT

AUTOIMMUNE DISEASES :: In the third quarter of 2011, the Company intensified its development of vidofludimus in the inflammatory bowel disease (IBD) indication. Work focused on preparing a further Phase IIb study in IBD to be conducted in cooperation with a partner.

Following the publication of the top-line results from the Phase IIb COMPONENT study with vidofludimus in the rheumatoid arthritis (RA) indication in June 2011, in which the primary endpoint was not met, 4SC concentrated on evaluating the final study data. This data was published on 6 November, 2011 – i.e. after the reporting period had ended – at the Annual Scientific Meeting of the American College of Rheumatology (ACR) in Chicago, Illinois, USA.

In this study, vidofludimus achieved a substantial reduction in the objective inflammation parameters in RA patients in addition to the non-significant improvement over a comparative therapy already demonstrated in the top-line results. The COMPONENT study provided further validation of the compound's anti-inflammatory efficacy and extremely favourable safety and tolerability profile. In connection with the unique mechanism of action and the extensive collection of clinical and preclinical results, this underscores vidofludimus' significant potential for the acute and chronic treatment of a host of autoimmune diseases such as RA, IBD, multiple sclerosis, lupus, psoriasis and organ transplantation rejection. The next step 4SC will take will be to concentrate on the further development of vidofludimus in the IBD indication. The compound's good efficacy results in the Phase IIa ENTRANCE study in IBD, the high unmet medical need and the limited number of therapeutic options available in this indication reinforce this decision. 4SC will not continue to develop the compound in RA until it finds a partner.

ONCOLOGY :: In July 2011, the US Food and Drug Administration (FDA) granted resminostat orphan drug status in the HCC indication. Not long afterwards, the European Medicines Agency (EMA) also issued a recommendation for resminostat in this indication in the EU as an orphan medicinal product. In September 2011, the FDA also granted resminostat orphan drug status in the HL indication in the United States. Shortly after the reporting period ended, the EMA additionally recommended it as orphan medicinal product for the same indication in the EU. Compounds categorised as orphan drugs by the regulatory authorities may benefit from various privileges and simplifications in the regulatory progress and, in the event of regulatory approval, from market exclusivity for a limited time, usually seven years in the United States and ten years in the EU.

The publication in the third quarter of the top-line results from the Phase II SAPHIRE study for treatment of HL patients was decisive for the further development of resminostat. In this study as a third-line therapy in patients with refractory or relapsed HL, resminostat showed encouraging anti-tumour efficacy and excellent tolerability with a tumour response rate of 33.3 % and a general clinical benefit among 54.5 % of patients.

Back in June 2011, 4SC had published positive interim results from its Phase II SHELTER study with resminostat in HCC patients. Given the current, highly advanced status of patient recruitment, 4SC expects to announce the top-line results early next year. In addition to HL and HCC, resminostat is currently also being tested in patients with K-ras-mutated colorectal carcinoma (CRC), a form of colon cancer, in a Phase I/II study.

Besides resminostat, two other innovative oncology compounds are currently examined in active clinical studies. The compound 4SC-205 is in Phase I for evaluation in patients with solid tumours or lymphomas, while 4SC-202 is being tested in patients with advanced haematological cancers.

1.3.3 PRECLINICAL PROJECTS OVERVIEW

In its preclinical work, 4SC is currently researching and developing several new, innovative drug candidates to ensure that it has a continuous stream of clinical programmes in its pipeline.

1.3.4 STAFF

As at 30 September, 2011, 4SC had a staff of 90 employees and four Management Board members. Sixty-five employees, or 72 %, are engaged in research and development. This is essentially the same number as at the end of 2010. The number of staff also remained the same compared with 30 September, 2010.

2. FINANCIAL POSITION, CASH FLOWS AND FINANCIAL PERFORMANCE

2.1 FINANCIAL PERFORMANCE

REVENUE :: Revenue, which was generated from deferred income recognised as a result of the up-front payment received from Yakult Honsha in connection with the licence agreement for resminostat in April 2011, amounted to €223 thousand in the quarter under review. Revenue for the first nine months of the year, which totals €443 thousand, also includes revenues of €30 thousand from research cooperation agreements. This compares to revenue of €235 thousand in the third quarter of 2010 and €753 thousand in the first nine months of 2010.

OPERATING EXPENSES :: Operating expenses, comprising the cost of sales, distribution costs, research and development costs and administration costs, stood at €5,069 thousand in the third quarter of 2011, an increase of slightly below 3 % on the prior-year figure of €4,922 thousand. Operating expenses in the first nine months were down 8 % from €16,085 thousand to €14,833 thousand. Development costs caused by the ongoing clinical studies continue to make up a large part of operating expenses. On a year-for-year basis, research and development costs fell by 4 % in the third quarter to €3,792 thousand (previous year: €3,963 thousand) and by 13 % in the first nine months to €11,331 thousand (previous year: €12,989 thousand).

The decrease in the cost of sales from €80 thousand in the prior-year period to €0 in the third quarter of 2011 reflects the planned drop in revenue from research cooperation agreements, which fell from €275 thousand in the previous year to €11 thousand in 2011. The increase of €305 thousand in administrative costs from €829 thousand to €1,134 thousand is mainly attributable to legal and consulting costs as well as to higher costs for investor relations activities. Administrative costs in the first nine months of the year stood at €3,100 thousand, a similar increase of almost 18 % over the prior-year period (€2,635 thousand).

Distribution costs, which consist of the costs incurred by the Business Development and PR/Marketing units, increased by €93 thousand to €143 thousand in the third quarter and by €205 thousand to €391 thousand in the first nine months. This increase was essentially due to the rise in legal and consulting costs incurred in connection with Yakult Honsha.

OPERATING PROFIT/LOSS :: The Company's loss from operating activities rose to €4,847 thousand in the third quarter (previous year: €4,680 thousand) but it improved to €14,385 thousand in the period from January to September 2011 (previous year: €15,303 thousand).

NET FINANCE INCOME/LOSS :: Net finance income rose from €70 thousand in the third quarter of 2010 to €102 thousand in the reporting quarter. Net finance income for the first nine months of the year increased from €113 thousand to €297 thousand. Interest rates on the capital markets improved slightly until the summer, lifting 4SC's finance income to €116 thousand in the reporting quarter (previous year: €52 thousand) and €243 thousand in the first nine months (previous year: €98 thousand). The share in the profit/loss of associates decreased to €-7 thousand in the reporting quarter (previous year: €28 thousand) whereas it improved to €79 thousand in the first nine months (previous year: €34 thousand). Exchange rate differences lifted finance costs to €7 thousand in the third quarter (previous year: €10 thousand) and to €25 thousand in the first nine months (previous year: €19 thousand).

TAXES :: The Company reported income tax expense of €3 thousand for the third quarter (previous year: €18 thousand) and €593 thousand for the first nine months of the year (previous year: €25 thousand). Most of this (€600 thousand) is attributable to non-deductible withholding tax in connection with the up-front payment received from Yakult Honsha in the second quarter of 2011.

PROFIT/LOSS FOR THE PERIOD :: The Company's loss for the period increased from €4,592 thousand in the previous year to €4,748 thousand in the third quarter, while it declined from €15,165 thousand to €14,681 thousand in the first nine months.

EARNINGS PER SHARE :: As a result of the capital increase in February 2011, which increased the number of shares, the loss per share fell in the reporting period. The Company recorded a loss per share of €-0.11 in the third quarter (previous year: €-0.12). The loss per share for the first nine months was impacted by the lower loss for the period, dropping from €-0.39 in the previous year to €-0.35 in 2011.

2.2 FINANCIAL POSITION

NON-CURRENT ASSETS :: Non-current assets fell to €15,285 thousand as at 30 September, 2011 from €15,631 thousand at the end of the 2010 financial year. Intangible assets remained the largest item of non-current assets at €13,804 thousand (31 December, 2010: €14,012 thousand), followed by property, plant and equipment at €1,166 thousand (31 December, 2010: €1,383 thousand) and financial assets at €312 thousand (31 December, 2010: €236 thousand).

CURRENT ASSETS :: Current assets continue to reflect the capital increase that was successfully implemented in early 2011. At €21,512 thousand, current assets were up substantially on the 31 December, 2010 figure of €19,100 thousand, largely due to the increase in funds (comprising cash and cash equivalents and other financial assets) from €17,607 thousand to €20,220 thousand.

EQUITY :: The decline in equity from €31,210 thousand as at 31 December, 2010 to €27,857 thousand as at 30 September, 2011 was influenced by a variety of factors. The capital measure implemented in the year's first half had a positive effect. The share capital rose by €3,465 thousand, from €38,503 thousand to €41,968 thousand. Similarly, the number of shares increased by 3,465,565, from 38,502,739 to 41,968,304. The net loss for the period of €14,681 thousand had a countervailing effect, lifting the accumulated deficit accordingly, from €76,447 thousand to €91,128 thousand.

The equity ratio declined by 14.2 percentage points, from 89.9 % as at 31 December, 2010 to 75.7 % at the reporting date. This is due essentially to the deferred income item reported under other non-current liabilities, which was recognised in connection with the up-front payment by Yakult Honsha.

CURRENT AND NON-CURRENT LIABILITIES :: Non-current liabilities rose substantially from €60 thousand at the end of 2010 to €4,955 thousand as at 30 September, 2011. Here, deferred income of €4,693 thousand was recognised for the up-front payment received from Yakult Honsha in the second quarter that is to be deferred over the assumed development period and reversed as revenue on a straight-line basis. Current liabilities increased from €3,461 thousand at the end of 2010 to €3,985 thousand at the end of the reporting period. While other liabilities of €2,240 thousand (previous year: €2,419 thousand), which principally comprise unbilled external services, were reduced, the current portion of the deferred income amounting to €894 thousand was recognised in connection with Yakult Honsha.

TOTAL ASSETS/TOTAL EQUITY AND LIABILITIES :: Total assets/total equity and liabilities amounted to €36,797 thousand as at 30 September, 2011, up 6 % on the end-of-year figure for the previous year (31 December, 2010: €34,731 thousand).

2.3 CASH FLOWS

CASH FLOWS FROM OPERATING ACTIVITIES :: Cash totalling €7,835 thousand was used for operating activities in the first nine months of 2011. The change compared with the net loss for the period of €14,681 thousand is attributable to adjustments for non-cash items in the statement of comprehensive income (principally straight-line depreciation and amortization plus stock options), income tax payments (withholding tax) and also to changes in items in the statement of financial position that had a positive effect on cash flows, especially the increase in other liabilities due to the recognition of a liabilities item for the up-front payment received from Yakult Honsha. In the prior-year period, cash flows from operating activities came to €-13,110 thousand with a loss for the period of €15,165 thousand.

CASH FLOWS FROM INVESTING ACTIVITIES :: The cash outflows from investing activities in the first nine months of 2011 amounted to €1,981 thousand, compared with €12,204 thousand as at 30 September, 2010. The Company invested €465 thousand (previous year: €17 thousand) in intangible assets and €162 thousand (previous year: €287 thousand) in property, plant and equipment during that period of 2011. The acquisition of financial investments in the amount of €14,500 thousand (previous year: €12,000 thousand) with a simultaneous cash inflow from the sale of financial investments of €13,146 thousand (previous year: €100 thousand) results in net cash outflows of €1,354 thousand (previous year: €11,900 thousand).

CASH FLOWS FROM FINANCING ACTIVITIES :: The net cash flows of €11,080 from financing activities in the reporting period is due to the capital increase on 24 February 2011 and the issuance of employee shares as at 12 May, 2011. No capital measure was executed in the prior-year period.

FUNDS :: Cash and cash equivalents amounted to €6,220 thousand at the end of the reporting period (previous year: €4,956 thousand). Additional funds in the amount of €14,000 thousand (previous year: €12,651 thousand) were invested in short-term fixed and variable-interest securities and fixed-term deposits. As at 30 September, 2011, the Company had cash and available-for-sale securities totalling €20,220 thousand, compared with €17,607 thousand at the end of 2010.

3. REPORT ON RISKS AND OPPORTUNITIES

Please see the annual report as at 31 December, 2010 for a detailed description of the risks and opportunities arising from our business activities as well as of 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 13 October, 2011, shortly after the end of the reporting period, 4SC announced that the European Medicines Agency (EMA) had recommended resminostat for designation as an orphan medicinal product for the treatment of Hodgkin's lymphoma (HL), a cancer of the lymphatic system. Drugs with this classification in the EU are granted advantages such as a ten-year period of market exclusivity from the date of approval and benefit from simplified regulatory approval and fee reductions.

In early November, at the Annual Scientific Meeting of the American College of Rheumatology (ACR) in Chicago, Illinois, USA, 4SC released the final results from the Phase IIb COMPONENT study with vidofludimus in the rheumatoid

arthritis (RA) indication. In this study, vidofludimus achieved a substantial reduction in the objective inflammation parameters in RA patients in addition to the statistically non-significant improvement over a comparative therapy already shown in the top-line results. The anti-inflammatory effectiveness thus revealed and the favourable tolerability profile demonstrated once again underscore vidofludimus' great potential for the treatment of other autoimmune diseases such as inflammatory bowel disease (IBD).

5. ANTICIPATED DEVELOPMENTS

FORECAST FOR THE SECTOR :: In view of the present macroeconomic environment and a perceptible risk aversion among investors, the fourth quarter is likely to remain difficult for the biotech industry. Securing funding for biotechnology will continue to remain a challenge. Favourable pipeline reports could boost developments in the sector, however. In the next three months, industry observers anticipate over 80 results from Phase III studies alone plus decisions on regulatory approval by medicines agencies. Further takeover activities are also expected in the biotechnology sector.

FORECAST FOR THE COMPANY :: Following the announcement of positive top-line results from the Phase II SAPHIRE study with resminostat in the Hodgkin's lymphoma (HL) indication in the third quarter of 2011, the Company is now awaiting results from the Phase II SHELTER study with resminostat in patients with hepatocellular carcinoma (HCC), the most common form of liver cancer. Given the current, highly advanced status of patient recruitment, 4SC expects to be able to announce the top-line results early next year.

Based on the final data from these two studies, 4SC will then discuss its plans with medicines agencies for a "pivotal" programme, i.e. a development programme for resminostat aimed at achieving regulatory approval.

Besides HL and HCC, resminostat will be further investigated in a third indication: colon cancer. Initial results from the ongoing Phase I/II SHORE study are expected in 2012.

Progress is also being made in the Company's other clinical development programmes in the field of oncology. Patient recruitment for the Phase I AEGIS study of the compound 4SC-205 in patients with solid tumours or lymphomas is expected to be completed as planned in 2011. After the data has been analysed, the results will be available for publication early next year. In 2012, the Company also expects to deliver initial results from the Phase I TOPAS trial with the compound 4SC-202 in patients with advanced haematological cancers. In the area of autoimmune diseases, a Phase IIb study with vidofludimus in patients with inflammatory bowel disease (IBD) is currently being prepared. In parallel, 4SC is holding talks with potential partners and medicines agencies for the implementation of this trial.

Strengthened by encouraging results from the completed Phase IIa ENTRANCE study with vidofludimus in IBD as well as the recently published final efficacy data of the compound with regard to objective inflammation parameters in patients with rheumatoid arthritis (RA) from the Phase IIb COMPONENT study, the Company is optimistic about achieving a positive outcome in these talks.

4SC had funds of €20,220 thousand at the end of the third quarter. Given the very tense situation on the capital markets at present, the Company decided, starting from the beginning of the fourth quarter, to concentrate on selectively continuing the clinical programmes which it believes have the highest potential to increase the Company's value within the next twelve months. For this reason, the Company will focus on its most advanced drugs – resminostat and vidofludimus – as well as on the anti-cancer compound 4SC-202. The cost savings this will generate are expected to provide funding for the Company until the beginning of 2013, longer than previously communicated.

The statements on the Company's organisation and fundamental strategy, as well as the opportunities and risks as described on pages 46 to 50 of the 2010 annual report and page 7 of the 2011 half-year financial report are still applicable.

Planegg-Martinsried, 7 November, 2011

Dr Ulrich Dauer
Chief Executive Officer

Dr Bernd Hentsch
Chief Development Officer

Dipl.-Kfm. Enno Spillner
Chief Financial Officer

Dr Daniel Vitt
Chief Science Officer

:: INTERIM FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2011

in €000's	Q3. 2011	Q3. 2010	9M 2011	9M 2010
Revenue	223	235	443	753
Cost of sales	0	- 80	- 11	- 275
GROSS PROFIT	**223**	**155**	**432**	**478**
Distribution costs	- 143	- 50	- 391	- 186
Research and development costs	- 3,792	- 3,963	- 11,331	- 12,989
Administrative costs	- 1,134	- 829	- 3,100	- 2,635
Other income	- 1	7	5	29
OPERATING PROFIT/LOSS	**-4,847**	**-4,680**	**-14,385**	**-15,303**
NET FINANCE INCOME/LOSS				
Share in the profit of equity-accounted investees	- 7	28	79	34
Finance income	116	52	243	98
Finance costs	- 7	- 10	- 25	- 19
NET FINANCE INCOME/LOSS	**102**	**70**	**297**	**113**
EARNINGS BEFORE TAXES	**- 4,745**	**- 4,610**	**- 14,088**	**- 15,190**
Income tax	- 3	18	- 593	25
PROFIT/LOSS FOR THE PERIOD = COMPREHENSIVE INCOME/LOSS	**- 4,748**	**- 4,592**	**- 14,681**	**- 15,165**
Earnings per share (basic and diluted; in €)	- 0.11	- 0.12	- 0.35	- 0.39

STATEMENT OF FINANCIAL POSITION – ASSETS

FOR THE PERIOD ENDED 30 SEPTEMBER 2011

in €000's	30.09.2011	31.12.2010
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	13,804	14,012
Property, plant and equipment	1,166	1,383
Investments accounted for using the equity method	169	90
Other investments	143	146
Other assets	3	0
TOTAL NON-CURRENT ASSETS	**15,285**	**15,631**
CURRENT ASSETS		
Inventories	25	21
Trade accounts receivable	0	281
Other financial assets	14,000	12,651
Cash and cash equivalents	6,220	4,956
Current tax assets	126	249
Other assets	1,141	942
TOTAL CURRENT ASSETS	**21,512**	**19,100**
TOTAL ASSETS	**36,797**	**34,731**

STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES

FOR THE PERIOD ENDED 30 SEPTEMBER 2011

in €000's	30.09.2011	31.12.2010
EQUITY AND LIABILITIES		
EQUITY		
Subscribed capital	41,968	38,503
Share premium	75,451	67,836
Reserves	1,566	1,318
Accumulated deficit	- 91,128	- 76,447
TOTAL EQUITY	**27,857**	**31,210**
NON-CURRENT LIABILITIES		
Deferred tax liabilities	5	13
Other liabilities	257	47
Deferred income	4,693	0
TOTAL NON-CURRENT LIABILITIES	**4,955**	**60**
CURRENT LIABILITIES		
Trade accounts payable	806	968
Accounts payable to associates	0	29
Provisions	45	45
Other liabilities	2,240	2,419
Deferred income	894	0
TOTAL CURRENT LIABILITIES	**3,985**	**3,461**
TOTAL EQUITY AND LIABILITIES	**36,797**	**34,731**

STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2011

in €000's	9M 2011	9M 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Earnings before taxes	- 14,088	- 15,190
Adjustment for statement of comprehensive income items		
Depreciation and amortisation	1,051	1,028
Net finance income/loss	- 297	- 113
Stock options	248	270
Other non-cash items	83	38
Changes in statement of financial position items		
Inventories	- 4	2
Trade accounts receivable	281	256
Current tax assets	123	- 52
Other assets	- 202	90
Trade accounts payable	- 162	127
Accounts payable to associates	- 29	0
Deferred income	5,587	0
Other liabilities	23	384
Interest received	152	51
Interest paid	- 1	- 1
Income taxes paid	- 600	0
CASH FLOWS FROM OPERATING ACTIVITIES	**- 7,835**	**- 13,110**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	- 465	- 17
Purchase of property, plant and equipment	- 162	- 287
Purchase of financial investments	- 14,500	- 12,000
Sale of financial investments	13,146	100
CASH FLOWS FROM INVESTING ACTIVITIES	**- 1,981**	**- 12,204**
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments to subscribed capital	3,465	0
Payments to share premium	7,615	0
CASH FLOWS FROM FINANCING ACTIVITIES	**11,080**	**0**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**1,264**	**- 25,314**
+ Cash and cash equivalents at the beginning of the period	4,956	35,521
= CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**6,220**	**10,207**

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2011

			Reserves				
in €000's	Subscribed capital	Share premium	Reserves stock options	Retained earnings	Revaluation surplus	Accumulated deficit	Total
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
Profit/loss for the period 01.01.-30.09.2010						*- 15,165*	*- 15,165*
BALANCE ON 30.09.2010	**38,503**	**67,836**	**1,145**	**67**	**0**	**- 71,537**	**36,014**
BALANCE ON 01.01.2011	**38,503**	**67,836**	**1,251**	**67**	**0**	**- 76,447**	**31,210**
Options issued (ESOP 2004/2006/1)							
Options issued (ESOP 2006/2007)			1				1
Options issued (ESOP 2006/2008)			5				5
Options issued (ESOP 2009/2009)			238				238
Options issued (ESOP 2009/2010)			4				4
Capital increase 24.02.2011	3,452	7,582					11,034
Employee shares 12.05.2011	13	33					46
Comprehensive income/loss 01.01.-30.09.2011						- 14,681	- 14,681
Profit/loss for the period 01.01.-30.09.2011						*- 14,681*	*- 14,681*
BALANCE ON 30.09.2011	**41,968**	**75,451**	**1,499**	**67**	**0**	**- 91,128**	**27,857**

:: SELECTED NOTES

TO THE INTERIM REPORT AS AT 30 SEPTEMBER 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

These interim financial statements were 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. New standards issued by the IASB and adopted by the European Commission are applied without exception starting in the financial year in which their application becomes mandatory.

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

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

The interim report was approved for publication by the Management Board on 7 November, 2011. The discussion of the interim report by the Supervisory Board's Audit Committee and the Management Board in line with the German Corporate Governance Code (as amended on 26 May, 2010) was held via teleconference on 25 October, 2011.

1.2 GENERAL DISCLOSURES

The accounting policies applied and estimates made essentially correspond to those used for the separate financial statements for the year ending 31 December, 2010.

Provided that certain criteria pursuant to IAS 18.14 ff. are not met, up-front payments are initially recognised as deferred income. The income is then reversed to profit or loss over term of the contract or the expected development period.

4SC currently operates only in one segment. 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 ff. by dividing the profit/loss for the period attributable to the shareholders (numerator) by the average weighted number of shares outstanding in the reporting period (denominator).

	Q3. 2011	Q3. 2010	9M 2011	9M 2010
Based on profit/loss for the period (in €000's)	- 4,748	- 4,592	- 14,681	- 15,165
Based on average number of shares (in thsd.)	41,968	38,503	41,284	38,503
EARNINGS PER SHARE (BASIC AND DILUTED, IN €)	**- 0.11**	**- 0.12**	**- 0.35**	**- 0.39**

Given 4SC's loss, 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 invested for better return in fixed deposits, borrower's note loans, fixed-interest bonds and money market funds. Taken together, these items comprise the cash balance/funds.

in €000's	30.09.2011	31.12.2010	30.09.2010
Cash and cash equivalents at the end of the period	6,220	4,956	10,207
Non-current investments	0	0	1,000
Other financial assets	14,000	12,651	11,000
CASH BALANCE/FUNDS	**20,220**	**17,607**	**22,207**

4. SHAREHOLDINGS AND DIRECTORS' DEALINGS

In the third quarter of 2011 the following reportable transaction pursuant to Section 15a of the German Securities Trading Act (Wertpapierhandelsgesetz - WpHG) was made with shares or options by members of the Management Board or Supervisory Board:

Date	Name	Function	Type of transaction	Market	Price in €	Number	Transaction volume in €
18.08.2011	Dr Clemens Doppler	Supervisory Board	Purchase of shares	Xetra	1.58	5,000	7,900.00

The following overviews show the shares and stock options held by members of the Management Board and Supervisory Board as at the 30 September, 2011 reporting date as well as changes in these holdings compared to the start of the year.

Number of shares	Shares 01.01.2011	Purchase	Sale	Shares 30.09.2011
MANAGEMENT BOARD				
Dr Ulrich Dauer	437,439	0	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	**924,242**	**0**	**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	5,000	0	14,875
Dr Thomas Werner	5,000	0	0	5,000
SHARES HELD BY THE SUPERVISORY BOARD	**130,875**	**5,000**	**0**	**135,875**

Number of stock options	Options 01.01.2011	Additions	Expired	Exercised	Options 30.09.2011	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

There were no significant changes regarding related party transactions in the third quarter compared to the disclosures made in the annual report as at 31 December, 2010 and the interim report as at 30 June, 2011.

6. EVENTS AFTER THE REPORTING PERIOD

For more information regarding further events after the reporting period, please see section 4 of the interim management report. They have no direct, significant effect on 4SC's financial position, cash flows and financial performance.

:: GENERAL/PUBLISHING INFORMATION

EDITOR

:: 4SC AG :: Am Klopferspitz 19a, 82152 Planegg-Martinsried, Germany

DATE OF PUBLICATION

:: 08 November 2011

MANAGEMENT BOARD

:: Dr Ulrich Dauer, Chief Executive Officer

:: Dr Bernd Hentsch, Chief Development Officer

:: Dipl.-Kfm. Enno Spillner, Chief Financial Officer

:: Dr Daniel Vitt, Chief Science Officer

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THE 4SC-SHARE

:: WKN 575381

:: ISIN DE0005753818

:: Share price symbol VSC

CONCEPTION/DESIGN

:: PETRANIX Corporate & Financial Communications AG :: Adliswil-Zurich, Switzerland

:: FINANCIAL CALENDAR

29 MARCH 2011

:: Annual Report 2010 ✓

10 MAY 2011

:: Q1 Report 2011 ✓

04 JULY 2011

:: Annual General Shareholders' Meeting 2011 ✓

09 AUGUST 2011 ✓

:: Q2 Report 2011

08 NOVEMBER 2011 ✓

:: Q3 Report 2011

21-23 NOVEMBER 2011

:: Analyst Conference – German Equity Forum Frankfurt, Germany

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