

QSC accelerates revenue growth in second quarter of 2005

Revenues up 37 percent
Positive, €0.7 million EBITDA
Positive, €2.5 million free cash flow
Forecast for the year reiterated

Cologne, August 8, 2005. According to preliminary results, QSC AG increased its revenues by 37 percent to €48.7 million in the second quarter of 2005, as opposed to €35.6 million for the same quarter the year before; in the first quarter of 2005, quarterly revenue growth had stood at 29 percent. Revenues advanced by 33 percent to €90.2 million in the first half of 2005, as opposed to €67.8 million for the same period in 2004.

During the second quarter of 2005, QSC largely completed the upgrade of its network into a Voice over IP-capable Next Generation Network, along with the expansion of its voice network. In spite of the required non-recurring expenses this involved, the preliminary gross profit rose by 53 percent to €12.4 million in the second quarter of 2005, as opposed to €8.1 million for the comparable quarter the year before. During the first half of 2005, gross profit advanced by 54 percent to €22.9 million, as opposed to €14.9 million for the corresponding period the year before.

According to preliminary results, QSC improved its EBITDA to €0.7 million in the second quarter of 2005, as opposed to €0.3 million for the second quarter of 2004, even though the acquisition of Bonn-based celox Telekommunikationsdienste GmbH in May 2005 and the start of the network integration had resulted in non-recurring expenses. During the first six months of 2005, QSC posted an EBITDA of €1.2 million, as opposed to €0.3 million for the first half of 2004.

The positive development of QSC's operative business is reflected in its cash flow. As of June 30, 2005, liquid assets totaled €33.8 million. QSC thus earned a positive free cash flow of €2.5 million in the second quarter of 2005. The preliminary operative cash flow in the second quarter of 2005 totaled €3.7 million.

Given these developments, QSC is reiterating the higher forecast for the full 2005 fiscal year that it announced in May of this year. The company anticipates revenue growth of at least 25 percent to at least €183 million, a positive EBITDA of from €4 to 8 million, as well as an operative cash flow of at least €10 million.

In millions of euros	Q2 2005 preliminary results without celox	Q2 2005 preliminary results with celox	Q2 2004
Net revenues	47.3	48.7	35.6
Gross profit	12.0	12.4	8.1
EBITDA	+0.6	+0.7	+0.3
Liquid assets as of June 30	32.0	33.8	39.1

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The 6-months report of QSC AG is available starting the 30st of August at www.qsc.de. This corporate news contains forward-looking statements pursuant to the US "Private Securities Litigation Act" of 1995. These forward-looking statements are based on current expectations and forecasts of future events by the management of QSC AG. Due to risks or mistaken assumptions, actual results may deviate substantially from those made in such forward-looking statements. The assumptions that may involve material deviations due to unforeseeable developments include, but are not limited to, the demand for our products and services, the competitive situation, the development, dissemination and technical performance of DSL technology and its prices, the development and dissemination of alternative broadband technologies and their respective prices, changes in respect of telecommunications regulation, legislation and adjudication, prices and timely availability of essential third-party services and products, the timely development of additional marketable value-added services, the ability to maintain and enlarge upon marketing and distribution agreements and to conclude new marketing and distribution agreements, the ability to obtain additional financing in the event that management's planning targets are not attained, the punctual and full payment of outstanding debts by sales partners and resellers of QSC AG, and the availability of sufficient skilled personnel.