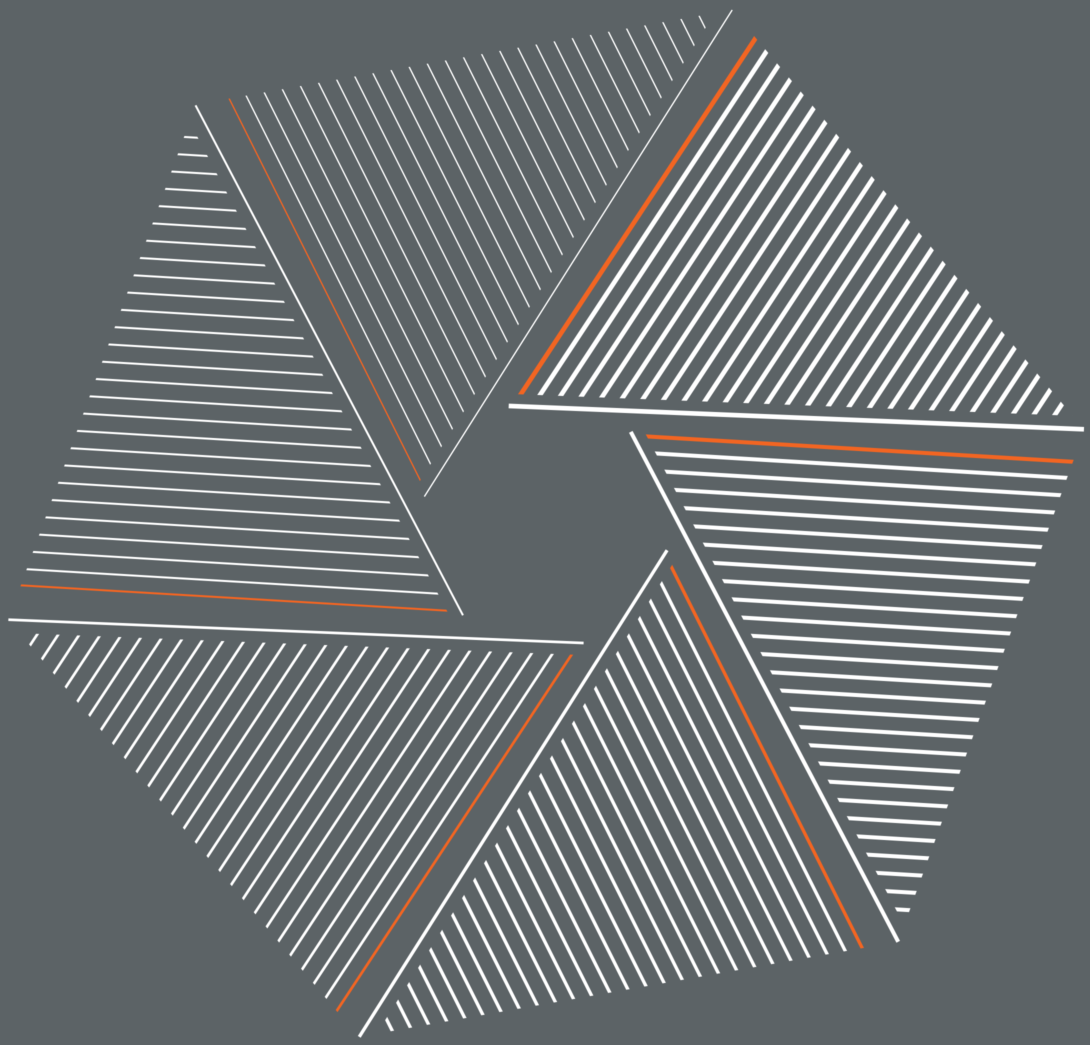
QSC AG



QUARTERLY REPORT II/2015

Key Data

All amounts in € million	01/04/–30/06/ 2015	01/04/–30/06/ 2014	01/01/–30/06/ 2015	01/01/–30/06/ 2014
Revenues	100.9	109.4	205.6	218.4
EBITDA	10.6	10.5	19.7	23.9
Depreciation / amortisation [1]	12.8	12.5	24.9	24.8
EBIT	(2.2)	(2.0)	(5.2)	(0.8)
Net income	(2.7)	(3.9)	(6.1)	(3.5)
Earnings per share [2] (in €)	(0.02)	(0.03)	(0.05)	(0.03)
Free cash flow	1.5	5.0	(2.9)	9.6
Capital expenditure (capex)	3.9	8.2	7.4	13.0
Capex ratio [3] (in %)	3.9	7.5	3.6	6.0
Liquidity			66.0 [4]	88.1 [5]
Shareholders' equity			127.5 [4]	145.6 [5]
Long-term liabilities			175.9 [4]	180.2 [5]
Short-term liabilities			61.0 [4]	79.7 [5]
Balance sheet total			364.4 [4]	405.5 [5]
Equity ratio (in %)			35.0 [4]	35.9 [5]
Xetra closing price as of 30/06/ (in €)			1.84	3.14
Number of shares as of 30/06/			124,162,487	124,142,487
Market capitalisation as of 30/06/			228.5	389.8
Number of employees as of 30/06/			1,585	1,712

[1] Including non-cash share-based remuneration

[2] Basic and diluted

[3] Ratio of capital expenditure to revenues

[4] As of 30 June 2015

[5] As of 31 December 2014

Contents

Dear Shareholders,

In the second quarter of 2015, we made good progress on the road back to success. The most visible sign of this is the turnaround in earnings. The extensive cost-cutting programme is taking effect. This also involves streamlining organisational structures and ensuring clear allocation of responsibilities.

All employees are united in pursuit of one goal – the consistent implementation of our strategy. QSC is supporting medium-sized companies across Germany in their transition into the digital age. One key tool here is the cloud, and we are making particularly clear progress in expanding our business with cloud-based products and solutions. Preparations are well underway for the market launch of Vodafone Secure E-Mail. The technology used here comes from our FTAPI subsidiary. Other companies are also showing growing interest in this innovation, which offers convenient and secure e-mail and document encryption.

The development work done in recent years is paying off. Novoferm tormatic, a specialist in door and gateway automation, is drawing on QSC's services to implement a next-generation smart gateway control system and is integrating our cloud module into its drive systems. This not only facilitates data transmission between logistics centres and trucks, but also enables additional systems to be linked up. It is precisely this kind of innovation that has the potential to make a key contribution towards digitising value chains at medium-sized companies. With its Solucon platform, QSC has a superb basis for this, as is documented by other projects such as those with heating construction companies and energy suppliers.

Initial projects already underway with the Pure Enterprise Cloud

Our developers are also working at full steam on completing the Pure Enterprise Cloud and initial projects are currently underway. This platform enables traditional IT applications to be combined with cloud-based services and is totally consistent with the needs of our customers in the German SME segment. This hybrid solution therefore also forms a core component of the current process of restructuring our Outsourcing business. In future, existing customers will procure a growing share of services from the cloud – not only at the high quality to which they are accustomed, but also faster and more flexibly. I am convinced that this innovation will enable us to attract new customers.

Management Board team enhanced by Udo Faulhaber

The corresponding sales campaign will be managed by Udo Faulhaber, who has enhanced our Management Board team since his start on 1 August 2015. From his time on the Management Board at Pironet NDH AG he has excellent skills in managing sales organisations in a cloud computing environment. This expertise is of great value to QSC and I am very much looking forward to working together closely and on a basis of trust with this new colleague on the Management Board.

However positive all this progress might be, QSC still has a great deal of work ahead. My colleague on the Management Board, Stefan Baustert, will be pressing ahead with implementing the cost-cutting program with absolute determination in the quarters ahead as well. Not only that, we now have to rapidly expand our new business units, migrate existing customers – particularly in the Outsourcing business – to the Cloud and reinforce our position in our established business units. The latest success in our Consulting business shows its potential – ever more customers are placing their trust in our competence to guide them securely into the digital age. I look forward to informing you about the next round of progress in early November.

Thank you for your continuing great interest in QSC.

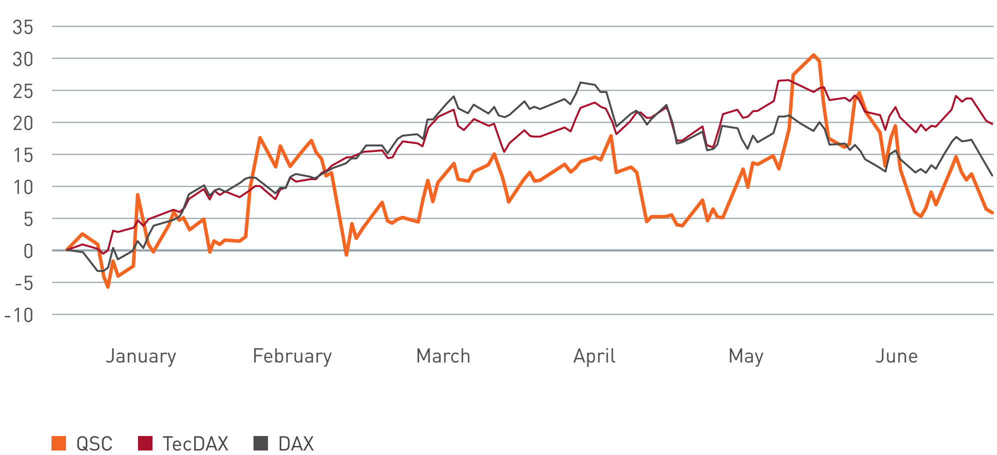
Cologne, August 2015

Jürgen Hermann
Chief Executive Officer

QSC Share Performance

Euro crisis puts a damper on the stock markets • Following its record rally at the beginning of the year, in the past quarter the DAX fell 9 percent and closed at 10,945 points on 30 June 2015. Together with weaker growth in emerging economies such as China, the ongoing discussions surrounding a potential "Grexit" made investors more prone to lock in gains and less willing to enter into new commitments. The TecDAX, by contrast, managed to gain another 2 percent in the second quarter of 2015. This nevertheless also contrasted with the 18 percent increase seen in the first quarter.

QSC SHARE PRICE PERFORMANCE IN H1 2015 (indexed)



Having risen by 12 percent at the beginning of the year, QSC shares yielded part of their gains in the second quarter of 2015 and closed at € 1.84 on 30 June 2015, as against € 1.95 on 31 March 2015. The shares thus still rose 6 percent over the six-month period and also managed to make up in the meantime for the technical "reset" triggered by the dividend payment of 10 cents per share at the end of May. Like at the beginning of the year, however, institutional investors in particular continued to adopt a "wait and see" approach. Most analysts also saw no need to act. At the end of June 2015, six banks recommended holding QSC shares, while two classified them as a "buy" and two as a "sell". JPMorgan Cazenove discontinued its coverage.

Dividend was paid at May-end 2015

FINANCIAL INSTITUTIONS THAT PUBLISH STUDIES ON QSC

Bankhaus Lampe	Hauck & Aufhäuser	Oddo Seydler Bank
Berenberg Bank	Independent Research	Warburg Research
Commerzbank	Landesbank Baden-Württemberg	
Deutsche Bank	Metzler Equities	

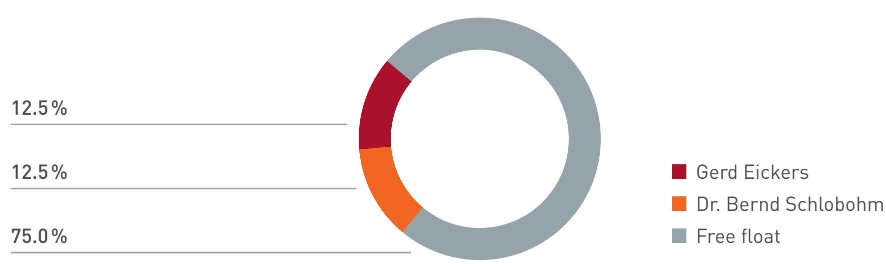
Lively trading with QSC shares • Despite the reservations shown by many fund managers, QSC shares were among the 30 most-traded technology stocks on German stock exchanges once again in the second quarter of 2015. On average, more than 1.1 million shares changed hands per trading day, equivalent to a 76 percent increase compared with the second quarter of 2014. Total stock market trading volumes amounted to € 136.6 million.

Retail investors hold 60 percent of the free float

Retail investors were once again the key factor behind this lively trading in the second quarter of 2015. Based on an analysis of the share register, their share of free float rose by 3 percentage points to 60 percent on 30 June 2015, while 40 percent of shares were held by institutional investors. Overall, the free float share of QSC shares amounted to 75 percent and was distributed among 30,757 shareholders. With stakes of 12.5 percent each, QSC's two founders – Gerd Eickers and Dr. Bernd Schlobohm – are still the company's largest shareholders.

Management Board members acquire QSC shares • Company CEO Jürgen Hermann increased his stake by 100,000 shares on 12 May 2015. At the beginning of July, CFO Stefan Baustert also increased his stake, namely by 10,000 QSC shares. Capital market participants see these purchases as a clear sign of the management team's confidence in the successful implementation of the corporate strategy.

SHAREHOLDER STRUCTURE AS OF 30 JUNE 2015



Interim Consolidated Report QII/2015

BUSINESS FRAMEWORK

ICT industry expects rising revenues • Three quarters of Germany's ICT companies expect to see rising revenues in the second half of the year, and that even though the index compiled by the Bitkom industry association has declined slightly since its record level at the end of 2014. Cloud computing remains one of the key growth drivers. According to the latest edition of Cloud Monitor, 44 percent of companies in Germany are already using cloud solutions. The positive future expectations in the ICT industry should therefore be viewed separately from the uneven development in the ifo business confidence index in the second quarter of 2015.

44 percent of companies use cloud solutions

QSC singled out as "Cloud Leader" • QSC is one of the pioneers in the high-growth market for cloud services. The "Cloud Vendor Benchmark 2015" performed by the Experton Group singled out the Company in three categories, including Communication-as-a-Service and Infrastructure-as-a-Service (IaaS) solutions for the SME market. The study investigated more than 490 providers of cloud services, technologies and transformation services in Germany. Experton underlined that QSC AG has "distinct competitive strengths" in the IaaS market for the SME customer segment. The market researchers particularly highlighted the Company's end-to-end responsibility given its proprietary network and proprietary data centres located in Germany.

BUSINESS PERFORMANCE

Turnaround in earnings • EBITDA at QSC increased to € 10.6 million in the second quarter of 2015, up from € 10.5 million in the previous year's period. Compared with the first quarter of 2015, earnings even improved by € 1.5 million. The cost-cutting programme introduced at the end of February is thus taking effect and impacting positively on all key earnings figures. Gross profit, EBITDA, EBIT and consolidated net income all rose compared with the first quarter of 2015.

EBITDA (in € million)

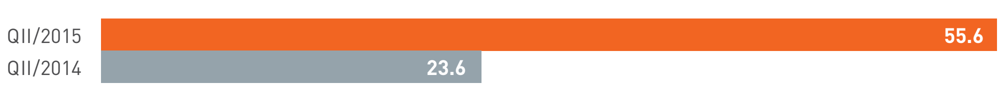
Stable telecommunications business with enterprise customers • Consistent with expectations, revenues declined year-on-year by € 8.5 million to € 100.9 million in the second quarter of 2015. This was due to the decline in telecommunications revenues as a result of market and regulatory factors, as well as to the reorganisation currently underway in the Outsourcing business. At the end of the first six months, revenues for the current financial year came to € 205.6 million, as against € 218.4 million in the first half of 2014.

Revenues in Telecommunications, the largest segment, amounted to € 54.5 million in the second quarter of 2015, compared with € 60.1 million in the previous year's period. Of this total, 60 percent was attributable to the highly contested B2B2C business with resellers, which primarily targets private customers, and 40 percent to the stable B2B2B business with enterprise customers. Despite stricter regulation, revenues in this business have consistently totalled around € 22 million per quarter for more than two years now. Overall, the latest decisions taken by the Federal Network Agency will cost QSC telecommunications revenues of around € 2.5 million per quarter in the current year.

REVENUES, TELECOMMUNICATIONS (in € million)

Marked increase in new orders • The second quarter of 2015 witnessed a sharp increase in new orders to € 55.6 million, up from € 23.6 million in the previous year's quarter. New orders in the first half of 2015 rose to € 119.8 million, as against € 50.9 million in the previous year's period. This positive development was driven by both new and existing customers. Numerous, in some cases longstanding, customers from a wide variety of industrial sectors extended their contracts or awarded additional contracts.

NEW ORDERS (in € million)



The Outsourcing segment is currently reorganising its business model and will be focusing more closely in future on medium-sized companies. QSC attached great priority in the past quarter to the further development of the Pure Enterprise Cloud, which will enable our customers to benefit in future from the advantages of cloud-based services. Due to the reorganisation currently underway, revenues amounted to € 34.7 million in the second quarter of 2015, compared with € 40.1 million in the previous year's quarter.

REVENUES, OUTSOURCING (in € million)

Market launch of the Pure Enterprise Cloud • The Pure Enterprise Cloud is scheduled to be launched onto the market in the second half of 2015. Its attractive range of services covers all options for online IT use. It allows customers to gradually transform and tailor their IT to the cloud age. In this, it offers great flexibility, as it facilitates both effective provision and use of traditional IT applications and the integration of entirely new cloud services, also in interaction with each other.

The Pure Enterprise Cloud is based on a modular set of proven cloud technologies and service components, as well as high-performance network and infrastructure services, and thus covers the entire scope of QSC's cloud services. The cloud portfolio, which is close to market needs and comprehensive, offers services ranging from randomly scalable data and storage services through to fully customised virtual office desktop and IT workplaces and the operation of customer-specific software, such as SAP and Microsoft. In a second stage, the Pure Enterprise Cloud should also integrate select public cloud services from other providers alongside services provided from QSC data centres and thus evolve into a one-stop multi-cloud solution.

In future, QSC will also be offering a multi-cloud solution

Consulting revenues up 19 percent • As in the first quarter of 2015 already, the Consulting segment posted a marked rise in revenues in the period under report as well. Revenues grew to € 10.0 million, up 19 percent compared with the previous year's quarter. Here, QSC benefited in particular from its expertise in projecting and implementing SAP solutions.

REVENUES, CONSULTING (in € million)

Cloud business grows significantly • The fourth segment, Cloud, is still at the beginning of its development. Revenues here grew from € 0.8 million in the previous year's quarter to € 1.7 million in the second quarter of 2015. Having gained a major customer in Vodafone in the first quarter of 2015, in the past quarter QSC's subsidiary FTAPI extended its sales network. sysob IT-Distribution GmbH & Co. KG, an IT distributor with a far-reaching network of partners in Germany, Austria and Switzerland, will in future be marketing FTAPI solutions for secure end-to-end data transmission. The TC provider Tele2 will in future be relying on a cloud-based softswitch solution offered by QSC when operating its DSL connections. The basis for this will be provided by QSC's internally developed Solucon cloud platform.

REVENUES, CLOUD (in € million)

Savings of more than € 10 million expected in 2015

180 job cuts already agreed • QSC is implementing an extensive cost-cutting programme in the current year and aims to achieve full-year savings of more than € 10 million. One core component of this programme involves downsizing the workforce by around 350 employees by the end of 2016. At the end of June 2015, the Company had already concluded employment termination agreements with 180 employees. In some cases, employees drew on the conditions set out in a redundancy plan agreed with the Works Council in June 2015. In other cases, employees signed voluntarily rescission agreements or submitted their own resignations. Given existing termination notice periods, this reduction will take time to impact on personnel expenses and on the number of employees reported.

EARNINGS PERFORMANCE

Gross margin improves to 27 percent • Gross profit improved for the second time in succession in the second quarter of 2015. At € 27.2 million, it stood only slightly below the previous year's figure of € 27.8 million. The increase in the gross margin from 25 percent to 27 percent underlines this turnaround in earnings.

GROSS MARGIN

The cost-cutting measures introduced at the end of February 2015 impacted positively on all cost items in the second quarter of 2015. Cost of revenues decreased to € 73.8 million, down from € 81.6 million in the previous year's period. At € 8.5 million in the second quarter of 2015, sales and marketing expenses also fell short of the previous year's figure of € 9.1 million, as did general and administrative expenses, which fell from € 8.5 million to € 8.3 million.

EBITDA surpasses previous year's level • The Company generated EBITDA of € 10.6 million in the second quarter of 2015 compared with € 10.5 million in the previous year's period. At the end of the first six months, EBIDTA totalled € 19.7 million, as against € 23.9 million in the first half of 2014. The turnaround in earnings is particularly apparent when these figures are compared with those for the previous quarter, which shows that QSC managed to increase its EBITDA by € 1.5 million. The EBITDA margin improved from 9 percent in the first quarter of 2015 to 11 percent. EBITDA is defined as earnings before interest, taxes, amortisation of deferred non-cash share-based remuneration, depreciation/amortisation and impairment losses on customer-related inventories and depreciation/amortisation of property, plant and equipment and intangible assets. The EBITDA margin expresses EBITDA as a percentage of revenues.

EBITDA (in € million)

Depreciation and amortisation showed a slight increase to € 12.8 million in the past quarter, as against € 12.5 million in the previous year's quarter. This resulted in operating earnings (EBIT) of € -2.2 million, compared with € -2.0 million in the second quarter of 2014. Compared with the first quarter of 2015, EBIT improved by € 0.8 million. Consolidated net income also improved on the previous quarter, amounting to € -2.7 million as against € -3.4 million in the first quarter of 2015. Compared with the previous year's figure of € -3.9 million, consolidated net income even improved by € 1.2 million. The turnaround in earnings is thus now apparent in all key figures.

Consolidated net income improves on previous quarter

EARNINGS PERFORMANCE BY SEGMENT

Tough price competition in Telecommunications • Due to persistent price competition, cost of revenues in QSC's largest segment did not develop in line with revenues. While the latter declined to € 54.5 million, down by € 5.6 million compared with the previous year's quarter, cost of revenues only decreased by € 1.4 million to € 40.2 million. As a result, the gross profit of € 14.3 million fell short of the previous year's figure of € 18.6 million. Despite lower sales and marketing expenses, the segment contribution also declined, in this case to € 10.3 million compared with € 13.8 million in the second quarter of 2014.

SEGMENT CONTRIBUTION, TELECOMMUNICATIONS (in € million)

Outsourcing generates significantly higher segment contribution • By contrast, despite declining revenues gross profit in the Outsourcing segment improved to € 10.5 million in the second quarter of 2015, up from € 8.0 million in the previous year's period. Cost of revenues for the same period fell by € 7.9 million to € 24.2 million. As sales and marketing expenses also decreased, the segment contribution rose to € 7.7 million, as against € 4.7 million in the second quarter of 2014. In the current year, QSC is pressing ahead with industrialising its processes, thus enhancing the efficiency of its service provision in Outsourcing. At the same time, the Company is focusing even more closely on its core target group of medium-sized companies. This strategy is beginning to pay off.

Outsourcing strategy starting to pay off

SEGMENT CONTRIBUTION, OUTSOURCING (in € million)

Consulting on profitable growth course • In its personnel-intensive Consulting business, QSC achieved a year-on-year increase in its revenues of € 1.6 million to € 10.0 million. By contrast, cost of revenue, which mainly comprises personnel expenses, only rose by € 0.7 million to € 7.3 million in the second quarter of 2015. As a result, gross profit grew to € 2.7 million, up from € 1.8 million in the second quarter of 2014. The segment contribution improved over the same period from € 1.3 million to € 2.2 million.

SEGMENT CONTRIBUTION, CONSULTING (in € million)

Cloud business posts successive improvement in earnings • Revenues in the Company's smallest business unit rose by € 0.9 million to € 1.7 million in the past quarter. Cost of revenues for the same period increased by € 0.8 million to € 2.1 million. Gross profit thus improved by € 0.2 million to € -0.3 million. In the first quarter of 2015, this key figure had still amounted to € -0.7 million.

The marked rise in revenues was also due to expanded sales activities. Sales and marketing expenses thus came to € 1.2 million in the second quarter of 2015, as against € 0.5 million in the previous year's period. As planned, the segment contribution of € -1.6 million therefore still fell short of the previous year's figure of € -1.1 million. Compared with the first quarter of 2015, however, this key figure improved by € 0.5 million.

SEGMENT CONTRIBUTION, CLOUD (in € million)

FINANCIAL POSITION AND NET ASSETS

QSC posts positive free cash flow • Compared with the first quarter of 2015, the Company's free cash flow improved by € 5.9 million to € 1.5 million in the second quarter of 2015. This key figure had amounted to € 5.0 million in the previous year's quarter. The Company calculates its free cash flow as the change in net liquidity/debt before acquisitions and distributions. The following table presents the relevant input factors on the two reporting dates as of 30 June 2015 and 31 March 2015:

€ million	30 June 2015	31 March 2015
Liquidity		
Cash and cash equivalents	65.9	80.1
Available-for-sale financial assets	0.1	0.3
Liquidity	**66.0**	**80.4**
Interest-bearing liabilities		
Liabilities under financing and finance lease arrangements	(6.1)	(7.0)
Liabilities due to banks	(158.3)	(161.0)
Interest-bearing liabilities	**(164.4)**	**(168.0)**
Net debt	**(98.4)**	**(87.6)**

As is apparent from the table, liquidity decreased by € 14.4 million to € 66.0 million in the second quarter of 2015. Interest-bearing liabilities reduced by € 3.6 million to € -164.4 million. As a result, net debt increased by € 10.8 million to € -98.4 million as of 30 June 2015. As the free cash flow presents the financial strength of the operating business, QSC adjusts this key figure by eliminating outgoing payments for acquisitions and distributions. In the second quarter of 2015, a total of € 12.4 million was disbursed for payment of the dividend of 10 cents per share. Overall, free cash flow thus amounted to € 1.5 million (rounded) in the second quarter of 2015.

Majority of capital expenditure is customer-related

Moderate level of capital expenditure • Capital expenditure totalled € 3.9 million in the second quarter of 2015, as against € 8.2 million in the previous year. Of this expenditure, 57 percent was customer-related, while 43 percent involved infrastructure and other property, plant and equipment.

CAPITAL EXPENDITURE (in € million)

Solid balance sheet • Long-term assets amounted to € 235.5 million as of 30 June 2015, down from € 255.6 million as of 31 December 2014, and thus accounted for 65 percent of the total assets of € 364.4 million as of 30 June 2015. 35 percent of total assets at this date thus related to short-term assets, which declined from € 149.9 million at the end of 2014 to € 128.9 million. On the equity and liabilities side of the balance sheet, 35 percent of assets were financed with equity, and 65 percent with debt capital. At the end of June 2015, shareholders' equity and long-term liabilities covered 129 percent of the value of long-term assets.

Depreciation-related reduction in property, plant and equipment • Depreciation and amortisation reduced the value of property, plant and equipment and of other intangible assets recognised in the balance sheet. Property, plant and equipment thus decreased to € 64.6 million, down by € 11.6 million compared with 31 December 2014, while other intangible assets decreased by € 5.4 million to € 48.3 million.
The value of trade receivables decreased to € 50.9 million as of the reporting date, down from € 52.1 million as of 31 December 2014. Given that QSC paid € 12.4 million for the dividend alone in the past quarter, cash and cash equivalents totalled € 65.9 million as against € 87.8 million at the end of 2014.

Equity ratio of 35 percent • Shareholders' equity came to € 127.5 million as of 30 June 2015, compared with € 145.6 million at the end of the 2014 financial year. This reduction was due the consolidated net loss, as well as to the dividend payment being charged directly to the accumulated deficit. Accordingly, the equity ratio amounted to 35 percent, as against 36 percent as of 31 December 2014.

Significant reduction in short-term liabilities

Long-term liabilities decreased to € 175.9 million as of 30 June 2015, down from € 180.2 million at the end of 2014. The largest share of this item relates to liabilities due to banks, which came to € 156.1 million as of 30 June 2015 compared with € 156.6 million at the 2014 balance sheet date. Short-term liabilities declined to € 61.0 million as of 30 June 2015, as against € 79.7 million at the end of 2014. This decrease was largely driven by the reduction in trade payables by € 13.2 million to € 31.6 million.

EMPLOYEES

Workforce down to 1,585 • QSC had a total workforce of 1,585 employees as of 30 June 2015, and thus 81 employees fewer than on 31 March 2015 and 112 fewer than on 31 December 2014. The Company aims to downsize its workforce by 350 employees by the end of 2016. Irrespective of this, QSC is recruiting staff on a highly selective basis for high-growth business fields. The Company is also upholding its commitment to providing vocational training. A total of 34 young adults will be starting their professional training at QSC in the third quarter of 2015.

WORKFORCE

OPPORTUNITY AND RISK REPORT

No material change in opportunity and risk situation • The second quarter of 2015 did not witness any material changes in the opportunities and risks presented in the 2014 Annual Report. Just like other risks or erroneous assumptions, however, the risks listed there could lead future actual earnings to deviate from QSC's expectations. Unless they constitute historic facts, all disclosures in this unaudited interim consolidated report represent forward-looking statements. They are based on current expectations and forecasts concerning future events and may therefore change over time.

EVENTS AFTER THE REPORTING PERIOD

QSC is not aware of any events of material significance subsequent to the quarter under report that would require disclosure here.

OUTLOOK

QSC reiterates forecast • Given the progress made with the cost-cutting programme and the turnaround in earnings, QSC can reiterate its full-year forecast for 2015. The Company expects to generate revenues of more than € 400 million, EBITDA of more than € 40 million and positive free cash flow.

Consulting and cloud services expected to generate rising revenues • QSC will continue with reorganising its Outsourcing business in the second half of 2015. With the market launch of its Pure Enterprise Cloud, the Company is able to assist its customers even more closely than before in gradually migrating their existing outsourcing solutions to the cloud. In its Telecommunications segment, QSC expects revenues to continue to decline overall in the further course of the year. The stricter regulation alone will shave off revenues of around € 10 million in 2015. By contrast, QSC expects to see further revenue growth in its Consulting and Cloud segments.

QSC budgets positive free cash flow for 2015

Turnaround in earnings initiated • The positive impact of the cost-cutting programme is increasingly becoming apparent from quarter to quarter in the current financial year. QSC has therefore budgeted a further improvement in its relevant key figures for the second half of the year. Even though the cost-cutting measures involve substantial outlays for employee redundancy payments in particular, the Company nevertheless expects to report a positive free cash flow figure for 2015 as a whole.

Key contributions in this respect will come from the inflow of funds from operating activities and the discontinuation of personnel expenses. These factors will be countered by moderate capital expenditure of € 25 million. Given its inflow of funds from operating activities and existing liquidity, QSC sees itself as solidly financed for the current financial year.

Interim Consolidated Financial Statements

CONSOLIDATED STATEMENT OF INCOME (unaudited)

Euro amounts in thousands (€ 000s)

	01/04/–30/06/ 2015	01/04/–30/06/ 2014	01/01/–30/06/ 2015	01/01/–30/06/ 2014
Net revenues	**100,924**	**109,385**	**205,633**	**218,448**
Cost of revenues	(73,756)	(81,599)	(151,374)	(160,510)
Gross profit	**27,168**	**27,786**	**54,259**	**57,938**
Sales and marketing expenses	(8,539)	(9,073)	(17,822)	(17,539)
General and administrative expenses	(8,337)	(8,504)	(16,751)	(16,779)
Depreciation and non-cash share-based remuneration	(12,793)	(12,465)	(24,909)	(24,759)
Other operating income	305	285	599	506
Other operating expenses	-	10	(580)	(197)
Operating profit (loss)	**(2,196)**	**(1,961)**	**(5,204)**	**(830)**
Financial income	105	29	195	84
Financial expenses	(1,638)	(1,615)	(3,143)	(2,694)
Net income before income tax	**(3,729)**	**(3,547)**	**(8,152)**	**(3,440)**
Income tax	1,004	(312)	2,057	(98)
Net income	**(2,725)**	**(3,859)**	**(6,095)**	**(3,538)**
Earnings per share (basic) in €	**(0.02)**	**(0.03)**	**(0.05)**	**(0.03)**
Earnings per share (diluted) in €	**(0.02)**	**(0.03)**	**(0.05)**	**(0.03)**

CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)

Euro amounts in thousands (€ 000s)

	01/01/–30/06/ 2015	01/01/–30/06/ 2014
Cash flow from operating activities		
Net income before income tax	(8,152)	(3,440)
Depreciation and amortisation of fixed assets	24,656	24,505
Non-cash income and expenditure	253	317
Changes in provisions	(4,440)	(2,233)
Changes in trade receivables	3,115	(1,307)
Changes in trade payables	(7,967)	1,297
Changes in other assets and liabilities	1,379	(7,716)
Cash flow from operating activities	**8,844**	**11,423**
Cash flow from investing activities		
Purchase from acquisition of subsidiary less liquid assets acquired	-	(3,629)
Purchase of intangible assets	(4,539)	(7,082)
Purchase of property, plant and equipment	(8,087)	(5,940)
Cash flow from investing activities	**(12,626)**	**(16,651)**
Cash flow from financing activities		
Dividends paid	(12,416)	(12,414)
Issuance of convertible bonds	1	1
Proceeds from issuance of common stock	23	179
Proceeds of loans	-	150,000
Repayment of loans	(2,824)	(11,682)
Changes in advance payments relating to financing activities	(186)	-
Repayment of liabilities under financing		
and finance lease arrangements	(2,759)	(3,418)
Cash flow from financing activities	**(18,161)**	**122,666**
Change in cash and cash equivalents	**(21,943)**	**117,438**
Cash and cash equivalents as of 1 January	87,803	58,716
Cash and cash equivalents as of 30 June	**65,860**	**176,154**
Interest paid	3,795	1,690
Interest received	123	37
Income tax paid	1,513	2,756
Income tax received	-	89

CONSOLIDATED BALANCE SHEET

Euro amounts in thousands (€ 000s)

	30 June 2015 (unaudited)	31 Dec. 2014 (audited)
ASSETS		
Long-term assets		
Property, plant and equipment	64,619	76,169
Land and buildings	25,490	25,915
Goodwill	67,077	67,077
Other intangible assets	48,269	53,684
Trade receivables	5,920	7,761
Prepayments	3,377	2,641
Other long-term assets	243	2,948
Deferred tax assets	20,535	19,377
Long-term assets	**235,530**	**255,572**
Short-term assets		
Trade receivables	50,871	52,145
Prepayments	5,553	6,493
Inventories	1,348	1,278
Other short-term assets	5,112	1,855
Available-for-sale financial assets	144	343
Cash and cash equivalents	65,860	87,803
Short-term assets	**128,888**	**149,917**
TOTAL ASSETS	364,418	405,489

	30 June 2015 (unaudited)	31 Dec. 2014 (audited)
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Capital stock	124,162	124,142
Capital surplus	142,325	142,069
Other capital reserves	(2,764)	(3,066)
Accumulated deficit	(136,197)	(117,511)
Shareholders' equity	**127,526**	**145,634**
Liabilities		
Long-term liabilities		
Long-term liabilities under financing		
and finance lease arrangements	2,112	4,447
Liabilities due to banks	156,092	156,550
Convertible bonds	26	25
Accrued pensions	7,123	7,281
Other provisions	315	305
Other long-term financial liabilities	8,970	9,209
Deferred tax liabilities	1,218	2,333
Long-term liabilities	**175,856**	**180,150**
Short-term liabilities		
Trade payables	31,623	44,820
Short-term liabilities under financing		
and finance lease arrangements	4,003	4,427
Liabilities due to banks	2,152	4,518
Other provisions	7,588	10,883
Accrued taxes	760	1,757
Deferred income	4,031	3,900
Other short-term liabilities	10,879	9,400
Short-term liabilities	**61,036**	**79,705**
Liabilities	**236,892**	**259,855**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**364,418**	**405,489**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)

Euro amounts in thousands (€ 000s)

	Equity attributable to equity holders of QSC AG				
			Other capital reserves		
	Capital stock	Capital surplus	Fair value of marketable securities	Actuarial gains (losses)	Cash flow hedge reserve
Balance as of 1 January 2015	124,142	142,069	(1)	(1,590)	(1,475)
Net income for the period	-	-	1	-	-
Other comprehensive income					
for the period, net of tax	-	-	-	-	301
Total comprehensive income	-	-	-	-	301
Revaluation of financial liabilities relating					
to business acquisition	-	-	-	-	-
Conversion of convertible bonds	20	3	-	-	-
Dividends	-	-	-	-	-
Non-cash share-based remuneration	-	253	-	-	-
Balance as of 30 June 2015	**124,162**	**142,325**	**-**	**(1,590)**	**(1,174)**
Balance as of 1 January 2014	124,057	141,286	(1)	(1,175)	-
Net income for the period	-	-	-	-	-
Other comprehensive income					
for the period, net of tax	-	-	-	-	(786)
Total comprehensive income	-	-	-	-	(786)
Conversion of convertible bonds	85	94	-	-	-
Dividends	-	-	-	-	-
Non-cash share-based remuneration	-	254	-	-	-
Balance as of 30 June 2014	124,142	141,634	(1)	(1,175)	(786)

Accumulated deficit	Total shareholders' equity	
(117,511)	145,634	**Balance as of 1 January 2015**
(6,095)	(6,094)	Net income for the period
		Other comprehensive income
-	301	for the period, net of tax
(6,095)	**(5,794)**	**Total comprehensive income**
		Revaluation of financial liabilities relating
(175)	(175)	to business acquisition
-	23	Conversion of convertible bonds
(12,416)	(12,416)	Dividends
-	253	Non-cash share-based remuneration
(136,197)	**127,526**	**Balance as of 30 June 2015**
(70,302)	**193,865**	**Balance as of 1 January 2014**
(3,538)	(3,538)	Net income for the period
		Other comprehensive income
(59)	(845)	for the period, net of tax
(3,597)	**(4,383)**	**Total comprehensive income**
-	179	Conversion of convertible bonds
(12,414)	(12,414)	Dividends
-	254	Non-cash share-based remuneration
(86,313)	**177,501**	**Balance as of 30 June 2014**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (unaudited)

Euro amounts in thousands (€ 000s)

	01/01/–30/06/ 2015	01/01/–30/06/ 2014
Other comprehensive income		
Line items that are not reclassified in the income statement		
Actuarial losses from defined benefit pension plans	-	-
Tax effect	-	-
Line items that are not reclassified in the income statement	-	-
Line items that might subsequently be reclassified		
in the income statement		
Fair value measurement of cash flow hedges	444	(1,162)
Tax effect	(143)	376
Line items that might subsequently be reclassified		
in the income statement	301	(786)
Total fair value changes (net of tax) recognised directly		
in equity (attributable to equity holders of QSC AG)	301	(786)
Net income for the period	(6,095)	(3,538)
Total comprehensive income for the period	(5,794)	(4,324)

Notes to the Interim Consolidated Financial Statements

CORPORATE INFORMATION

QSC AG (hereinafter also called "QSC" or "the Company") is a one-stop ICT service provider for medium-sized enterprises in Germany. Its customers benefit from a full range of products and services in the fields of Telecommunications, Outsourcing, Consulting and Cloud. QSC draws on internally developed platforms to integrate both traditional IT applications and Cloud services. This enables companies to select a secure, customised approach to the Cloud and the Internet of Things. QSC's proprietary infrastructure, comprising TÜV and ISO-certified data centres in Germany and its own nationwide voice data network, offers maximum end-to-end security for all applications. Products and services are marketed both directly and via partners.
QSC is a stock corporation registered in the Federal Republic of Germany. Its legal domicile is Mathias-Brüggen-Strasse 55, 50829 Cologne, Germany. The Company is registered in the Commercial Register of Cologne District Court under the number HRB 28281. QSC has been listed on the Deutsche Börse Stock Exchange since 19 April 2000 and, following the reorganisation of the equity market, in the Prime Standard since the beginning of 2003. On 22 March 2004, QSC was accepted into the TecDAX, which comprises the 30 largest and most liquid technology stocks in the Prime Standard.

ACCOUNTING POLICIES

1 Basis of preparation

These condensed interim consolidated financial statements of QSC AG and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) with due application of International Accounting Standard (IAS) 34 "Interim Financial Reporting". The interim consolidated financial statements do not include all the information and disclosures required of annual financial statements and should therefore be read in conjunction with the consolidated financial statements as of 31 December 2014.
The interim consolidated financial statements include all of the adaptations deemed necessary by the Management Board to provide a true and fair view of the financial position, financial performance and cash flows of the consolidated group. The results for the reporting period ending on 30 June 2015 do not necessarily allow any conclusions to be drawn concerning future developments in results.

The accounting policies applied when preparing these interim consolidated financial statements are basically consistent with those applied when preparing the consolidated financial statements for the 2014 financial year.
Income tax expenses have been determined on the basis of the weighted average annual tax rate expected for the 2015 financial year.
IFRS amendments requiring mandatory application from the 2015 financial year onwards did not have any impact on the interim financial statements as of 30 June 2015.
The preparation of interim financial statements in accordance with IFRS requires certain estimates and judgements to be made that affect the amounts of assets and liabilities thereby recognised and the disclosures of contingent assets and liabilities as of the balance sheet date. Actual amounts may differ from these estimates. No material changes have arisen in the Management Board's assessment concerning application of accounting policies compared with the consolidated financial statements as of 31 December 2014.
Unless otherwise stated, all amounts have been rounded up or down to the nearest thousand euro amount (€ 000s).
These condensed interim consolidated financial statements, including the interim consolidated report, have neither been audited pursuant to § 317 of the German Commercial Code (HGB) nor subject to an audit review by any suitably qualified person.

2 Consolidation

The interim consolidated financial statements comprise the financial statements of QSC AG and of its subsidiaries as of 30 June 2015. There have been no changes in the scope of consolidation since 31 December 2014.

3 Financial instruments

The following table presents the carrying amounts and fair values of all financial instruments included in the interim consolidated financial statements with the exception of convertible bonds issued in connection with stock option programmes.

€ 000s	Classification category pursuant to IAS 39	Carrying amounts		Fair value	
		30/06/2015	31/12/2014	30/06/2015	31/12/2014
Financial instruments					
Cash and Cash Equivalents	LaR	65,860	87,803	65,860	87,803
Available-for-Sale Financial Assets	AFS	144	343	144	343
Long-Term Trade Receivables	LaR	5,920	7,761	5,920	7,761
Short-Term Receivables	LaR	2,024	875	2,024	875
from Construction Contracts					
Short-Term Trade Receivables	LaR	48,847	51,270	48,847	51,270
Trade Payables	FLAC	31,623	44,820	31,623	44,820
Liabilities due to Banks	FLAC	158,244	161,068	158,244	161,068
Liabilities under Financing					
and Finance Lease Arrangements	FLAC	6,115	8,874	6,263	9,039
Interest Swaps – Hedge Accounting	FV	1,818	2,262	1,818	2,262
Put Option, Minority Shareholders	FV	7,122	6,947	7,122	6,947
Other Liabilities	FLAC	10,909	9,400	10,909	9,400
Aggregated according to classification categories					
pursuant to IAS 39:					
Financial Assets Carried at Amortised Cost	LaR	122,651	147,709	122,651	147,709
Available-for-Sale Financial Assets	AFS	144	343	144	343
Financial Liabilities Measured at Amortised Cost	FLAC	206,891	224,162	207,039	224,327
Interest Swaps – Hedge Accounting	FV	1,818	2,262	1,818	2,262
Financial Liabilities Measured at Fair Value	FV	7,122	6,947	7,122	6,947

Abbreviations: LaR – Loans and Receivables / AFS – Available For Sale / FLAC – Financial Liabilities at Amortised Cost / FV – Fair Value

Cash and cash equivalents, available-for-sale assets, trade receivables and short-term receivables from construction contracts predominantly have short remaining terms. Their carrying amounts as of the balance sheet date thus approximate to their fair values. The same applies for trade payables. The fair values of liabilities under financing and finance lease arrangements and other short and long-term liabilities have been calculated using customary market interest

rates. The fair values of available-for-sale financial assets have been determined by reference to market prices (Level 1 as per IFRS 13.76). The carrying amount of receivables from multiple-element arrangements already includes the discounted cash flows and thus corresponds to fair value. The fair values of the interest swaps have been calculated by the intermediary bank on the basis of market data (Level 2 as per IFRS 13.81).
To calculate the fair values of the purchase options granted in connection with the acquisition of shares in FTAPI Software GmbH and fonial GmbH, the performance indicators expected by the Company on the basis of the respective company budgets have been measured using a risk and term-adequate interest rate (fair value: Level 3 as per IFRS 13.86).

€ 000s	From interests, dividends	Subsequent to initial recognition		Net gain (loss)	
		Allowance	At fair value	30/06/2015	30/06/2014
Loans and Receivables (LaR)	191	-	-	191	78
Financial Liabilities Measured at Amortised Cost (FLAC)	(2,641)	-	-	(2,641)	(2,238)
Financial Instruments Measured at Fair Value	(311)	-	-	(311)	(53)
Net result by classification category	**(2,761)**	**-**	**-**	**(2,761)**	**(2,213)**

4 Segment reporting

Consistent with IFRS 8 requirements, segments are delineated on the basis of the Company's internal organisational structure as referred to by the management for business decisions and performance assessments. As previously announced, QSC amended its segment reporting as of 1 January 2015. Since the beginning of the 2015 financial year, the previous segments of Direct Sales, Indirect Sales and Resellers have been superseded by segmentation based on product structures. Accordingly, the company now reports by reference to the following segments: Telecommunications, Outsourcing, Consulting and Cloud. This breakdown by product facilitates transparent presentation of the Company's performance in the high-growth Cloud market, which is now reported as a standalone segment. Furthermore, reporting Consulting and Outsourcing separately enables the performance and profitability of these two very different business fields to be presented in greater detail. The fourth segment comprises QSC's Telecommunications business.
The new segmentation is based on the Company's internal management structure.

The products and services offered in the four segments are presented below.

Telecommunications • This segment comprises all voice and data communication products. The products on offer include asymmetric ADSL2+ lines, symmetric SDSL lines and premium internet access via wireless local loop (WLL) networks.
Many customers also use their internet connections for voice telephony. QSC offers IP telephony connections (Voice over IP) and the appropriate telephone systems. Furthermore, the range of services also includes further forms of voice telephony, including open call-by-call and preselect offerings as well as value-added services.

Outsourcing • QSC offers its customers a full range of outsourcing services and concentrates here on services surrounding its own data centres within Germany. The key focus is on outsourcing infrastructure. Here, QSC assumes all IT operations and ensures a smooth and trouble-free service. The range of services includes operation of servers, appropriate firewall and security services, as well as their integration within secure and fast networking solutions. Moreover, QSC offers a broad portfolio of data centre services, from providing infrastructure in the form of housing and hosting through to building and operating proprietary data centres for customers. QSC's virtual private networks (VPNs) ensure that data can be securely exchanged among data centres, company outlets and branches, as well as with teleworkers, field staff, partners and suppliers.
In addition, the Company maintains a service desk to support users, as well as an SAP and Microsoft application service. Here, QSC employees maintain customers' systems and work consistently on developing them further. If so desired, QSC can also assume IT operations management and thus responsibility for secure operations independently of infrastructure outsourcing. This may also involve operating the relevant SAP or Microsoft environment, database management systems, collaboration services and/or platforms for mobile devices.
QSC is currently pressing ahead with reorganising its Outsourcing segment and is increasingly focusing on medium-sized companies. High priority is also being attached to the further development of the Pure Enterprise Cloud to enable Outsourcing customers to migrate to the cloud to an even greater extent in future.

Consulting • QSC has longstanding experience in advising companies on how to optimise their business processes with two key focuses on SAP and Microsoft. As well as applications development and SAP system customisation, the project work performed in the SAP environment also includes optimising key business processes and reporting.
For Microsoft applications and technologies, the focus is on implementing cloud services with the assistance of Microsoft Private Cloud solutions and the use of communication and collaboration solutions. In general, Consulting is set to play a key role in migrating customers' ICT into the cloud age.

Cloud • QSC is pursuing the strategy of systematically extending its range of services to include internally developed products and accessing new business fields. The focus here is on Software-as-a-Service (SaaS) and Platform-as-a-Service (PaaS) solutions for the cloud age. The Solucon platform serves as a basis for numerous innovations.
QSC already offers mobile and scalable workplace components as SaaS services. These include unified communication (UC) and collaboration solutions, a cloud-based virtual workplace and the smart management of mobile devices. With its takeover of a majority interest in the encryption specialist FTAPI in February 2014, the Company extended its portfolio to include products for the ultra-secure transmission and storage of critical company data.

The segment contribution is the key segment performance indicator referred to by the management. This is defined as EBIT before general administration expenses, depreciation and amortisation, other operating income and expenses, interest and taxes in accordance with IFRS. For income statement purposes, the cost of revenues is thus allocated in full to the respective segment, as are sales and marketing expenses. The direct and indirect allocation of costs to individual segments is consistent with internal reporting and management structures. Indirect allocation of costs is primarily based on resource utilisation by the respective segments. The Management Board does not receive any regular information about segment-specific capital expenditure, assets and liabilities, general administration expenses, depreciation and amortisation and other operating income and expenses as components of the respective segment earnings figures.
The comparative figures stated in the tables for the 2nd quarter and for the 1st half of 2014 have been determined in accordance with the new delineation of segments.

€ 000s	Telecom-munications	Outsourcing	Consulting	Cloud	Consolidated Group
01/04/ – 30/06/2015					
Net revenues	54,520	34,671	9,999	1,734	100,924
Cost of revenues	(40,223)	(24,167)	(7,287)	(2,079)	(73,756)
Gross profit	14,297	10,504	2,712	(345)	27,168
Sales and marketing expenses	(4,034)	(2,801)	(498)	(1,206)	(8,539)
Segment contribution	10,263	7,703	2,214	(1,551)	18,629
General and administrative expenses					(8,337)
Depreciation and non-cash					
share-based remuneration					(12,793)
Other operating income					305
Operating loss (EBIT)					(2,196)
Financial income					105
Financial expenses					(1,638)
Net income before income tax					(3,729)
Income tax					1,004
Net income					(2,725)

€ 000s	Telecom-munications	Outsourcing	Consulting	Cloud	Consolidated Group
01/04/ – 30/06/2014					
Net revenues	60,118	40,069	8,417	781	109,385
Cost of revenues	(41,564)	(32,069)	(6,642)	(1,324)	(81,599)
Gross profit	18,554	8,000	1,775	(543)	27,786
Sales and marketing expenses	(4,737)	(3,337)	(478)	(521)	(9,073)
Segment contribution	13,817	4,663	1,297	(1,064)	18,713
General and administrative expenses					(8,504)
Depreciation and non-cash					
share-based remuneration					(12,465)
Other operating income					295
Operating loss (EBIT)					(1,961)
Financial income					29
Financial expenses					(1,615)
Net income before income tax					(3,547)
Income tax					(312)
Net income					(3,859)

€ 000s	Telecommunications	Outsourcing	Consulting	Cloud	Consolidated Group
01/01/ – 30/06/2015					
Net revenues	111,337	71,479	19,814	3,003	205,633
Cost of revenues	(81,373)	(50,273)	(15,642)	(4,086)	(151,374)
Gross profit	29,964	21,206	4,172	(1,083)	54,259
Sales and marketing expenses	(8,547)	(5,774)	(956)	(2,545)	(17,822)
Segment contribution	21,417	15,432	3,216	(3,628)	36,437
General and administrative expenses					(16,751)
Depreciation and non-cash					
share-based remuneration					(24,909)
Other operating income					19
Operating loss (EBIT)					(5,204)
Financial income					195
Financial expenses					(3,143)
Net income before income tax					(8,152)
Income tax					2,057
Net income					(6,095)

€ 000s	Telecommunications	Outsourcing	Consulting	Cloud	Consolidated Group
01/01/ – 30/06/2014					
Net revenues	120,480	79,489	16,974	1,505	218,448
Cost of revenues	(83,732)	(59,990)	(13,827)	(2,961)	(160,510)
Gross profit	36,748	19,499	3,147	(1,456)	57,938
Sales and marketing expenses	(9,363)	(6,342)	(925)	(909)	(17,539)
Segment contribution	27,385	13,157	2,222	(2,365)	40,399
General and administrative expenses					(16,779)
Depreciation and non-cash					
share-based remuneration					(24,759)
Other operating income					309
Operating loss (EBIT)					(830)
Financial income					84
Financial expenses					(2,694)
Net income before income tax					(3,440)
Income tax					(98)
Net income					(3,538)

5 Authorised capital and conditional capital

Authorised capital • By resolution of the Annual Shareholders' Meeting on 27 May 2015, the Management Board is authorised, subject to approval by the Supervisory Board, to increase the Company's share capital by a total of up to € 50,000,000.00 on one or several occasions by 26 May 2020 by issuing new no-par registered shares in return for contributions in cash and/or kind (Authorised Capital). When drawing on authorised capital, the Management Board may, subject to approval by the Supervisory Board, exclude shareholders' subscription rights in four cases: (1) to exclude residual amounts from shareholders' subscription rights; (2) when the new shares are issued in return for contributions in kind, particularly in the context of company acquisitions; (3) if, pursuant to § 186 (3) Sentence 4 of the German Stock Corporation Act (AktG), the new shares are issued in return for cash contributions and if, at the time of final stipulation, the issue price does not fall materially short of the stock market price of the shares already listed; and (4) to the extent necessary to issue subscription rights for new shares to the bearers or creditors of warrant and/or convertible bonds in order to avoid dilution of their respective holdings.

Conditional capital • By resolution of the Annual Shareholders' Meeting on 27 May 2015, the Management Board is authorised, subject to approval by the Supervisory Board, to issue registered and/or bearer warrant and/or convertible bonds on one or several occasions by 26 May 2020 with a total nominal amount of up to € 150,000,000.00 with or without term restrictions and to grant option rights (where applicable also with a duty to exercise such rights) to the bearers or creditors of warrant bonds or conversion rights (where applicable also with a duty to exercise such rights) to shares in the Company that account for a combined share of € 40,000,000.00 in the Company's share capital. The conditional capital increase by up to € 25,000,000.00 approved by the Annual Shareholders' Meeting on 20 May 2010 (Conditional Capital IV) is rescinded. The share capital will rather be conditionally increased by up to € 40,000,000.00 by issuing up to 40,000,000 new no-par registered shares (Conditional Capital IV). The conditional capital increase serves to grant or impose option and/or conversion rights or obligations on the bearers or creditors of warrant and/or convertible bonds issued or guaranteed on the basis of the authorisation through to 26 May 2020 resolved by the Annual Shareholders' Meeting on 27 May 2015.
The Annual Shareholders' Meeting of QSC held on 27 May 2015 approved the 2015 Stock Option Programme (SOP 2015), which provides for the issuing to members of the Management Board, subject to approval by the Supervisory Board, of up to 750,000 convertible bonds with a nominal amount of € 0.01 each. The subscription period expires on 26 May 2020 at the latest. The convertible bonds have terms of up to 8 years following subscription. The conversion right may be exercised at the earliest after a qualifying period of 4 years after subscription and only when at least one of the two following conditions is met: the share price is either at least 20 percent higher than the conversion price or the share has, from a relative perspective, outperformed the TecDAX. No convertible bonds had been granted to members of the Management Board as of 30 June 2015.

6 Dividend payment

The Annual Shareholders' Meeting of QSC AG held on 27 May 2015 approved the distribution of a dividend of € 0.10 per no-par share with dividend entitlement. The dividend payment of € 12,416,248.70 was made directly after the Annual Shareholders' Meeting.

7 Legal disputes

The Company is currently not involved in any material legal disputes.

8 Related party transactions

QSC had business dealings in the first six months of the 2015 financial year with companies in which members of its Management and Supervisory Boards are shareholders. IAS 24 states that individuals or companies are related parties when one of the parties has the possibility of controlling or exerting significant influence over the other party. All contracts with these companies require the approval of the Supervisory Board and are concluded on customary market terms.

€ 000s	Net revenues	Expenses	Cash received	Cash paid
01/01/ – 30/06/2015				
IN-telegence GmbH	320	64	359	76
Teleport Köln GmbH	18	2	22	2
QS Communication Verwaltungs				
Service GmbH	-	66	-	91
01/01/ – 30/06/2014				
IN-telegence GmbH	447	49	534	57
Teleport Köln GmbH	15	2	21	2
QS Communication Verwaltungs				
Service GmbH	-	67	-	96

€ 000s	Trade receivables	Trade payables
As of 30 June 2015		
IN-telegence GmbH	95	-
Teleport Köln GmbH	7	-
As of 31 December 2014		
IN-telegence GmbH	73	-
Teleport Köln GmbH	21	-

IN-telegence GmbH is a provider of value-added services in the telecommunications industry and mainly uses QSC's network services. Subsidiaries of QSC AG also draw to a minor extent on these value-added services offered by IN-telegence. Teleport Köln GmbH supports QSC in installing end-customer connections and draws on QSC's telecommunications services. Die QS Communication Verwaltungs Service GmbH advises QSC in connection with product management for voice products.

9 Management Board

	Shares		Conversion rights	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
Jürgen Hermann	340,000	225,000	350,000	200,000
Stefan A. Baustert				
(since 1 January 2015)	30,000 [1]	-	-	-
Henning Reinecke				
(from 1 Sept. 2013 to 30 April 2015)	5,000 [2]	1,000	150,000 [2]	-
Barbara Stolz				
(from 1 June 2013 to 31 Dec. 2014)	10,000 [2]	-	182,100 [2]	30,000
Stefan Freyer				
(from 1 Sept. 2013 to 31 March 2014)	-	-	-	-

[1] Holdings at the time of joining the Management Board
[2] Holdings at the time of leaving the Management Board

Henning Reinecke, the Chief Sales Officer and responsible for the market-based development of the entire ICT range, left the company as of 30 April 2015. Within its strategy to become the leading cloud service provider to medium-sized enterprises in Germany, QSC will be reorganising and enlarging its Management Board team. QSC's Supervisory Board has appointed Udo Faulhaber as Chief Sales Officer as of 1 August 2015, and Felix Höger as Chief Technology and Operations Officer as of 1 January 2016.

10 Supervisory Board

	Shares		Conversion rights	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
Dr. Bernd Schlobohm, Chairman	15,518,372	15,518,372	200,000	200,000
Dr. Frank Zurlino, Deputy Chairman	10,000	10,000	-	-
Gerd Eickers	15,577,484	15,577,484	-	-
Ina Schlie	-	-	-	-
Anne-Dore Ahlers [1]	-	-	2,700	2,700
Cora Hödl [1]	-	-	4,100	4,100

[1] Employee representative

11 Directors' dealings pursuant to § 15a WpHG

The following statutory notifications were published in the period under report:

Trading date / stock exchange	Name / status	Type of transaction	Par value in € / no. of shares	Transaction volume in €
12 May 2015	Jürgen Hermann	Purchase	1.9406	194,061.91
Xetra	Chief Executive Officer		100,000	
8 July 2015	Stefan A. Baustert	Purchase	1.698	16,980.00
Zurich	Chief Financial Officer		10,000	

12 Events after the reporting period

There are no items requiring disclosure here.

Cologne, August 2015

On behalf of the Management Board of QSC AG

Jürgen Hermann
Chief Executive Officer

Stefan A. Baustert

Udo Faulhaber

Statement of Responsibility

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the Condensed Interim Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Interim Consolidated Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Cologne, August 2015

On behalf of the Management Board of QSC AG

Jürgen Hermann Chief Executive Officer	Stefan A. Baustert	Udo Faulhaber

Calendar

Quarterly Report
9 November 2015

Contact

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