IFCO

Q3 2010 Report

WORLD WIDE RESPONSIBILITY

IFCO SYSTEMS N.V.

Content

Basis of presentation

To help the stakeholders of IFCO SYSTEMS N.V. (IFCO or the Company) to understand and follow the progress of our group and to comply with all International Financial Reporting Standards (IFRS) as adopted by the European Union, we present our financial results both on a group level and in business segments which match our operational structure. Our primary business segments, whose financial results are described in greater detail below, are:

- RPC Management Services – our reusable plastic container (RPC) services business in Europe and North and South America.
- Pallet Management Services – our pallet management, repair, and recycling services business in North America.
- Corporate – provides various financial, tax, internal audit and organizational services to the operating segments.

Our assets, liabilities, revenues and expenses are subject to exchange rate fluctuations between the US Dollar, which is our group presentation / reporting currency and the primary functional currency of the North American operations and the Euro, the primary functional currency of IFCO SYSTEMS N.V. and the European operations. Exchange rate fluctuations also occur, as a result of certain European and South American subsidiaries operating in other countries and using other functional currencies.

Exchange rate volatility has existed from Q1 2009 to Q3 2010 between the Euro and the US Dollar. Accordingly, we have described certain comparative information below as currency adjusted information, whereby 2009 income statement and financial position figures have been translated to US Dollars using applicable 2010 currency exchange rates. Unless otherwise noted, no 2009 figures in tabular form are currency adjusted.

The Company has made changes according to IAS 8 leading to restated 2008 and YTD 2009 Financial Statements. For further details see Notes of the accompanied unaudited condensed interim consolidated Financial Statements. The following explanations and discussions will highlight references to changed prior year numbers.

Group consolidated financial highlights – 2010 vs. 2009

Operations data

US $ in thousands, except per share amounts	Q3 2010	Q3 2009 [1]	% Change	YTD 2010	YTD 2009 [1]	% Change	LTM Q3 2010
Revenues	200,197	186,634	7.3%	583,825	541,367	7.8%	778,384
Gross profit	43,780	36,198	20.9%	127,292	104,610	21.7%	173,822
Gross profit margin	21.9%	19.4%		21.8%	19.3%		22.3%
Selling, general and administrative expenses	17,909	17,583	1.9%	56,976	55,727	2.2%	79,081
Selling, general and administrative expenses as a percentage of revenues	8.9%	9.4%		9.8%	10.3%		10.2%
EBITDA	37,074	36,191	2.4%	104,979	90,262	16.3%	143,727
EBITDA margin	18.5%	19.4%		18.0%	16.7%		18.5%
EBIT	26,086	25,011	4.3%	73,328	59,570	23.1%	101,904
EBIT margin	13.0%	13.4%		12.6%	11.0%		13.1%
Profit from continuing operations before taxes	16,669	10,174	63.8%	32,949	14,865	121.7%	48,535
Net profit	11,066	7,618	45.3%	18,116	4,950	266.0%	33,120
Profit per share from continuing operations – basic	0.22	0.15	43.0%	0.37	0.11	242.4%	0.68
Profit per share from continuing operations – diluted	0.22	0.15	43.0%	0.37	0.11	240.2%	0.68
Net profit per share – basic	0.22	0.14	49.3%	0.35	0.09	280.0%	0.65
Net profit per share – diluted	0.22	0.14	49.3%	0.35	0.09	277.5%	0.64
Operating cash flows from continuing operations excluding ICE [2]	54,868	51,359	6.8%	119,445	84,449	41.4%	170,338
Operating cash flows from continuing operations including ICE [2]	52,944	50,264	5.3%	105,681	76,092	38.9%	154,147
Capital expenditures from continuing operations	27,163	13,356	103.4%	80,046	38,185	109.6%	99,936
Return on capital employed (ROCE) [3]	22.4%	17.5%					
Currency Adjusted:							
Revenues	200,197	178,724	12.0%	583,825	532,540	9.6%	771,583
Gross profit	43,780	34,570	26.6%	127,292	102,516	24.2%	171,795
EBITDA	37,074	34,144	8.6%	104,979	87,807	19.6%	141,934
EBIT	26,086	23,624	10.4%	73,328	57,842	26.8%	100,526

(1) Certain Q3 2009 and YTD 2009 numbers shown here reflect changes according to IAS 8 made as detailed in the Notes of the accompanied Financial Statements. The changes increased previously reported Q3 2009 (decreased YTD 2009) gross profit, EBITDA, EBIT, profit from continuing operations before taxes and net profit by US $0.3 million (YTD decreased by US $0.3 million).

(2) Operating cash flows presented above as calculated under IFRS are prior to interest and income tax payments.

(3) We calculate ROCE by dividing the last twelve months' reported EBIT by the total average book value of the capital employed which would be required to fund the measured business unit during this measurement period. We only consider our continuing operations' EBIT and average book value to calculate ROCE.

Financial position data

US $ in thousands	September 30, 2010	December 31, 2009	% Change
Cash and cash equivalents	46,230	73,042	(36.7%)
Property, plant and equipment	503,411	467,484	7.7%
Total debt, including finance lease obligations	327,636	338,615	(3.2%)
Net debt [(1)]	281,406	265,573	6.0%
Net debt currency adjusted	281,406	251,245	12.0%
Liquidity	107,858	138,206	(22.0%)
Shareholders equity	236,471	222,999	6.0%
Headcount of continuing operations (as of the respective financial position dates)	3,999	3,877	3.1%

Cash flows

US $ in thousands	YTD 2010	YTD 2009
Cash and cash equivalents, beginning of period	73,042	31,506
Operating cash flows:		
Cash generated from continuing operations, excluding the cash flow effect of changes in working capital and income tax payments and excluding ICE	102,380	83,143
Cash flow effect of changes in working capital	17,065	1,306
Operating cash flows of continuing operations, prior to income tax payments and excluding ICE	**119,445**	**84,449**
Cash used for ICE [(2)]	(13,764)	(8,357)
Operating cash flows of continuing operations, prior to income tax payments and including ICE	**105,681**	**76,092**
Income taxes paid	(2,151)	(5,079)
Operating cash flows of continuing operations	**103,530**	**71,013**
Operating cash flows of discontinued operations	(691)	1,194
	102,839	**72,207**
Investing cash flows	**(79,743)**	(38,059)
Financing cash flows	**(46,244)**	(12,617)
Effect of exchange rate changes on cash and cash equivalents	(3,664)	2,636
Cash and cash equivalents, end of period	**46,230**	55,673

(1) Net debt includes cash and cash equivalents, all interest bearing debt and current and non-current finance lease obligations.
(2) In January 2010, the Company paid the second annual installment payment (US $6.1 million) due under the ICE non-prosecution agreement signed in December 2008. In January 2009, the Company had paid the first annual installment (US $2.6 million) of the ICE non-prosecution agreement. Other ICE costs are primarily related to legal defense costs paid by the Company on behalf of certain employees.

IFCO's currency adjusted group revenues and operational profitability both continued to grow in Q3 2010 and YTD 2010 as compared to Q3 2009 and YTD 2009. RPC Management Services delivered significant gains in currency adjusted revenues, gross profit and EBITDA in Q3 2010 and YTD 2010 as compared to Q3 2009 and YTD 2009. Q3 2010 revenues in the Pallet Management Services business segment grew while gross profit and EBITDA declined compared to Q3 2009. YTD 2010 gross profit and EBITDA of Pallet Management Services business segment grew with stable revenues compared to YTD 2009.

- Group **revenues** developed as follows:

US $ in thousands	Q3 2010	Q3 2009	% Change	YTD 2010	YTD 2009	% Change
Group revenues	200,197	186,634	7.3%	583,825	541,367	7.8%
Group revenues currency adjusted	200,197	178,724	12.0%	583,825	532,540	9.6%

RPC Management Services' revenues developed as follows:

US $ in thousands	Q3 2010	Q3 2009	% Change	YTD 2010	YTD 2009	% Change
RPC Management Services revenues	117,831	105,726	11.4%	327,379	284,483	15.1%
RPC Management Services revenues currency adjusted	117,831	97,816	20.5%	327,379	275,656	18.8%

RPC Management Services' currency adjusted revenues showed continuous growth in recent quarters (Q1 2010 17.3%, Q2 2010 18.3% and Q3 2010 20.5%), resulting from a combination of organic volume growth in our European RPC business as well as strong and sustainable growth in our RPC US business. Our European business benefited from higher usage and increased penetration of our current customer base as well as winning new retailers in certain markets, like Spar in Austria for previous quarters and Carrefour in France for future quarters. Also our efforts to develop the business in East Europe showed good progress and supported the overall positive volume development in Europe. We recently signed an agreement with MERCATOR in Slovenia. Growth in our RPC US business has accelerated even further due to increasing RPC penetration in our existing customer base and a steady flow of new retailers adopting the RPC model. RPC South America's growth momentum continued to develop.

Pallet Management Services' revenues developed as follows:

US $ in thousands	Q3 2010	Q3 2009	% Change	YTD 2010	YTD 2009	% Change
Pallet Management Services revenues	82,366	80,908	1.8%	256,446	256,884	(0.2%)

Revenues in Pallet Management Services were nearly unchanged in recent quarters, however grew slightly in Q3 2010 compared to Q3 2009 and came in close to previous year levels for YTD 2010. Although the market pricing environment remained below 2009 levels, the negative sequential trends flattened out, with Q3 2010 average pallet pricing at the same average levels as Q1 and Q2 2010. Year-over-year pallet sale volumes grew for the first time during 2010 in Q3, as our efforts to recover volumes have been successful. Service related revenues showed a good growth momentum and continued to increase as a percentage of total revenues.

- **Gross profit margin** on a group level increased in Q3 2010 by 2.5 percentage points to 21.9% (YTD 2010, grew 2.5 percentage points to 21.8%). RPC Management Services' gross profit margin grew from 23.8% in Q3 2009 to 27.9% in Q3 2010. Gross profit margin in our European RPC business benefited from higher per trip revenues because of changes in the mixture of rented RPCs, under proportional growth of per unit cost of goods sold and relative lower depreciation. Gross profit margin in the RPC US business decreased slightly as a result of marginally lower prices, as well as higher freight costs resulting from higher fuel prices, a higher rate of expedited RPC pool movements in order to meet the increasing customer demand and general cost increases in the US truckload and intermodal carrier market. All regions continue to benefit from the scale effects of the growing business on fixed costs. Gross profit margin in the Pallet Management Services business slightly decreased to 13.3% from 13.6% in Q3 2009. Gains related to the continued lower cost of pallet cores, greater direct labor productivity, and improved fixed cost leverage were more than offset by the effect of lower customer prices, higher common carrier spend to move inventories between locations to meet customer demand, higher year-over-year fuel prices, and lower margins in our Custom Crating division.

- Q3 2010 **selling, general and administrative expenses** (SG&A) increased by 1.9% to US $17.9 million (YTD 2010 increased by 2.2% to US $57.0 million). SG&A as a percentage of revenues decreased in Q3 2010 to 8.9% compared to 9.4% in Q3 2009. Improved credit and collection development in the prior year has resulted in reduced general allowance for bad debt of US $1.6 million in Q3 2009. Therefore SG&A of Q3 2009 was positively affected by this release. Eliminating this positive effect in Q3 2009, SG&A would have been reduced by 6.6% in Q3 2010 compared to Q3 2009.

- Group **EBITDA** and **EBITDA margin** developed as follows, and is explained in greater detail in the respective business segment sections of this report:

US $ in thousands	Q3 2010	Q3 2009	% Change	YTD 2010	YTD 2009	% Change
Group EBITDA	37,074	36,191	2.4%	104,979	90,262	16.3%
Group EBITDA currency adjusted	37,074	34,144	8.6%	104,979	87,807	19.6%
Group EBITDA margin	18.5%	19.4%		18.0%	16.7%	

EBITDA growth in Q3 2010 was negatively and EBITDA margin in Q3 2009 was positively affected by the above described SG&A development and the net effect of insurance reimbursement of US $0.8 million in Q3 2009. LTM Q3 2010 EBITDA reached a record level of US $143.7 million in IFCO's history.

- Group **EBIT** and **EBIT margin** developed as follows, and is explained in greater detail in the respective business segment sections of this report:

US $ in thousands	Q3 2010	Q3 2009	% Change	YTD 2010	YTD 2009	% Change
Group EBIT	26,086	25,011	4.3%	73,328	59,570	23.1%
Group EBIT currency adjusted	26,086	23,624	10.4%	73,328	57,842	26.8%
Group EBIT margin	13.0%	13.4%		12.6%	11.0%	

LTM Q3 2010 EBIT reached a level of US $101.9 million.

- **Net profit** significantly increased from US $7.6 million in Q3 2009 to US $11.1 million in Q3 2010 (YTD 2010 from US $4.9 million to US $18.1 million). The net operational improvements and lower net interest costs were partially offset by a higher deferred tax provision. On a YTD basis, net finance costs decreased in 2010 as a result of the one-time costs recognized in Q2 2009 in connection with the Company's 2009 refinancing.

- As a result of the above, **basic profit per ordinary share** from continuing operations increased from US $0.15 in Q3 2009 to US $0.22 in Q3 2010 (YTD 2010 increased from US $0.11 to US $0.37).

- IFCO's **cash flow from continuing operations**, excluding the cash flow effect of income tax payments and ICE related payments, significantly increased to US $119.4 million in YTD 2010 from US $84.4 million in YTD 2009 as a result of higher profit levels and improved working capital development. Working capital especially improved through lower inventory levels and better accounts receivable day sales outstanding.

- Our **capital expenditure** levels increased by US $13.8 million, or 103.4%, to US $27.2 million during Q3 2010 (YTD 2010, by 109.6% to US $80.0 million). The realization of the planned growth in Europe and the US has led to continued investments in our RPC pools in 2010.

- **ROCE** from continuing operations, on a LTM basis, increased to 22.4% as of September 30, 2010, compared to 19.0% as of year-end 2009 and compared to 17.5% as of September 30, 2009. This positive development is the result of the Company's increased profitability and continuous improved utilization of the RPC pool leading to relative lower capex spending.

- IFCO's **cash** position as of September 30, 2010 of US $46.2 million was lower by US $26.8 million than the cash position as of December 31, 2009.

- **Net debt** increased by US $15.8 million to US $281.4 million as of September 30, 2010 compared to December 31, 2009 (on a currency adjusted basis by US $30.2 million). This increase is mainly the result of the US $8.9 million STECO vendor note payment, scheduled ICE related payments and higher finance lease obligations.

- Our sources of **liquidity** currently include cash from operations, cash and cash equivalents on hand, amounts available under our RCF and certain factoring agreements. As of September 30, 2010, our liquidity declined to US $107.9 million compared to US $138.2 million as of December 31, 2009 and compared to US $116.0 million (currency adjusted US $108.8 million) as of September 30, 2009. Despite the growth driven higher capex in our RPC pools, ICE related payments, the dividend payment made during Q2 2010 and the STECO vendor note payment, the Company's currency adjusted liquidity has kept stable on prior year level, which is the result of higher operational profitability and better working capital management. We believe that these sources of liquidity are sufficient to finance our future capital and operational requirements in accordance with our business plans.

Segment information

RPC Management Services

US $ in thousands, except RPC data	Q3 2010	Q3 2009	% Change	YTD 2010	YTD 2009	% Change	LTM Q3 2010
Revenues	117,831	105,726	11.4%	327,379	284,483	15.1%	441,367
Gross profit	32,854	25,187	30.4%	89,489	70,007	27.8%	124,488
Gross profit margin	27.9%	23.8%		27.3%	24.6%		28.2%
EBITDA	34,296	32,879	4.3%	92,323	78,984	16.9%	130,282
EBITDA margin	29.1%	31.1%		28.2%	27.8%		29.5%
EBIT	25,006	23,333	7.2%	65,922	53,287	23.7%	95,491
EBIT margin	21.2%	22.1%		20.1%	18.7%		21.6%
Total RPC trips (in thousands)	145,632	125,900	15.7%	405,439	348,830	16.2%	533,173
RPC pool size (end of period)	112,219	99,974	12.2%	112,219	99,974	12.2%	112,219
Average RPC annualized turns	5.29	5.07	4.4%	5.04	4.73	6.5%	5.03
Currency Adjusted:							
Revenues	117,831	97,816	20.5%	327,379	275,656	18.8%	434,566
Gross profit	32,854	23,559	39.5%	89,489	67,913	31.8%	122,461
EBITDA	34,296	30,600	12.1%	92,323	76,238	21.1%	128,164
EBIT	25,006	21,714	15.2%	65,922	51,268	28.6%	93,788

Revenues

- Currency adjusted revenues grew in our main geographic regions as follows:

US $ in thousands	Q3 2010	Q3 2009	% Change	YTD 2010	YTD 2009	% Change
RPC Europe	81,900	70,476	16.2%	229,573	202,605	13.3%
RPC US	31,908	24,505	30.2%	86,173	64,581	33.4%
RPC South America	4,023	2,835	41.9%	11,633	8,470	37.3%

- RPC Management Services' revenues in Q3 2010 increased by US $12.1 million or 11.4% (currency adjusted by 20.5%), compared to Q3 2009 (YTD 2010 by 15.1%; YTD 2010 currency adjusted by 18.8%). This growth trend is a continuation of recent quarters (Q1 2010 17.3%, Q2 2010 18.3% and Q3 2010 20.5%). These gains resulted from organic growth in our core business in RPC Europe as well as winning new retailers in certain markets, like Spar in Austria for previous quarters and Carrefour in France for future quarters. In East Europe we recently signed an agreement with MERCATOR in Slovenia. Our RPC South American business further increased and we realized continued strong retailer and market share expansion in our RPC US business.

- Total trips increased by 15.7% to 145.6 million in Q3 2010 (YTD 2010 by 16.2% to 405.4 million).

- Compared to Q3 2009, our overall average per trip pricing increased due to structural changes in the mixture of the rented RPCs.

- The annualized turns of our global RPC pool increased to 5.03 turns during LTM Q3 2010 compared to 4.68 in LTM Q3 2009. In Q3 2010 the worldwide RPC pool turn rate reached a level of 5.3. This is the result of significantly better overall pool management and RPC pool utilization in Europe and the US, as well as faster turns realized in our South American business.

Operational expenses and profitability

- RPC Management Services' currency adjusted gross profit increased significantly by 39.5% to US $32.9 million in Q3 2010 (YTD 2010, 31.8% to US $89.5 million). Gross profit margin grew by 4.1 percentage points to 27.9% in Q3 2010. Gross profit margin in our European RPC business benefited from slightly higher per trip revenues, constant per unit cost of goods sold and relative lower depreciation. Gross profit margin in the RPC US business decreased slightly as a result of slightly lower prices, as well as higher freight costs resulting from higher fuel prices, a higher rate of expedited RPC pool movements in order to meet the increasing customer demand and general cost increases in the US truckload and intermodal carrier market. All regions continue to benefit from the scale effects of the growing business on fixed costs.

- SG&A increased in Q3 2010 by 2.3% compared to Q3 2009 (YTD 2010 decreased by 0.4%), resulting in a significant reduction in SG&A as a percentage of revenues from 9.0% in YTD 2009 to 7.8% in YTD 2010. Improved credit and collection development in the prior year has resulted in reduced general allowance for bad debt of US $1.6 million in Q3 2009. Therefore SG&A of Q3 2009 was positively affected by this release. Eliminating this positive effect in Q3 2009, SG&A would have been reduced by 14.7% in Q3 2010 compared to Q3 2009.

- As a result of the items discussed above, our RPC Management Services EBITDA improved. EBITDA margin declined in Q3 2010 compared to Q3 2009. However, EBITDA margin development in 2010 is continuing the positive trend (Q1 2010 26.5%, Q2 2010 28.8% and Q3 2010 29.1%). Eliminating the above described SG&A development and the net effect of insurance reimbursement of US $0.8 million in Q3 2009, EBITDA margin would have increased.

US $ in thousands	Q3 2010	Q3 2009	% Change	YTD 2010	YTD 2009	% Change
EBITDA	34,296	32,879	4.3%	92,323	78,984	16.9%
EBITDA currency adjusted	34,296	30,600	12.1%	92,323	76,238	21.1%
EBITDA margin	29.1%	31.1%		28.2%	27.8%	

- As a result of the items discussed above, our RPC Management Services EBIT improved. EBIT margin, however, declined in Q3 2010 compared to Q3 2009. EBIT margin development in 2010 is continuing the positive trend (Q1 2010 17.9%, Q2 2010 21.1% and Q3 2010 21.2%).

US $ in thousands	Q3 2010	Q3 2009	% Change	YTD 2010	YTD 2009	% Change
EBIT	25,006	23,333	7.2%	65,922	53,287	23.7%
EBIT currency adjusted	25,006	21,714	15.2%	65,922	51,268	28.6%
EBIT margin	21.2%	22.1%		20.1%	18.7%	

Pallet Management Services

US $ in thousands	Q3 2010	Q3 2009	% Change	YTD 2010	YTD 2009	% Change	LTM Q3 2010
Revenues	82,366	80,908	1.8%	256,446	256,884	(0.2%)	337,017
Gross profit	10,926	11,011	(0.8%)	37,803	34,603	9.2%	49,334
Gross profit margin	13.3%	13.6%		14.7%	13.5%		14.6%
EBITDA	5,378	5,678	(5.3%)	20,272	17,801	13.9%	25,459
EBITDA margin	6.5%	7.0%		7.9%	6.9%		7.6%
EBIT	3,680	4,044	(9.0%)	15,022	12,806	17.3%	18,427
EBIT margin	4.5%	5.0%		5.9%	5.0%		5.5%

Revenues

- Revenues increased by US $1.5 million, or 1.8%, to US $82.4 million in Q3 2010 (YTD 2010 decreased by 0.2% to US $256.4 million).

- The economic recession in the US that existed during 2009 has continued to create a challenging market environment. Although average pallet pricing remained lower in Q3 2010 compared to Q3 2009, we saw pallet volumes rebound somewhat and exceed Q3 2009 levels. Service related revenues increased as a percentage of total revenues. Revenues in our Custom Crating division were significantly lower in Q3 2010 than in Q3 2009.

Operational expenses and profitability

- Gross profit margin in our Pallet Management Services division slightly decreased by 0.3 percentage points to 13.3% in Q3 2010. Gains related to the continued lower cost of pallet cores, greater direct labor productivity, and improved fixed cost leverage were more than offset by the effect of lower customer prices, higher common carrier spend to move inventories between locations to meet customer demand, higher year-over-year fuel prices, and lower margins in our Custom Crating division.

- Total SG&A expenses were 4.4% higher during Q3 2010 compared to Q3 2009. These increases were primarily the result of increases in professional and travel expenses (YTD 2010 increased by 5.8%).

- As a result of the items discussed above, our Pallet Management Services EBITDA, EBITDA margin, EBIT and EBIT margin developed as follows:

US $ in thousands	Q3 2010	Q3 2009	% Change	YTD 2010	YTD 2009	% Change
EBITDA	5,378	5,678	(5.3%)	20,272	17,801	13.9%
EBITDA margin	6.5%	7.0%		7.9%	6.9%	
EBIT	3,680	4,044	(9.0%)	15,022	12,806	17.3%
EBIT margin	4.5%	5.0%		5.9%	5.0%	

Corporate

US $ in thousands	Q3 2010	Q3 2009	% Change	YTD 2010	YTD 2009	% Change	LTM Q3 2010
EBITDA	(2,600)	(2,366)	9.9%	(7,616)	(6,523)	16.8%	(12,014)
EBIT	(2,600)	(2,366)	9.9%	(7,616)	(6,523)	16.8%	(12,014)
Net finance costs	8,938	10,586	(15.6%)	28,766	34,233	(16.0%)	38,564
Foreign currency gain (loss), net	642	538	19.3%	(926)	2,381		(1,015)
Income tax provision	5,526	2,163	155.5%	14,115	9,154	54.2%	13,759
Loss from discontinued operations	(77)	(393)	(80.4%)	(718)	(761)	(5.7%)	(1,656)

EBIT

Our corporate EBIT charges increased by US $0.2 million in Q3 2010 (YTD 2010, US $1.1 million). The increase is primarily the result of higher variable compensation accruals.

Net finance costs

Our net finance costs consist of recurring costs and interest items affected by the refinancing in June 2009 as follows:

US $ in thousands	Q3 2010	Q3 2009	% Change	YTD 2010	YTD 2009	% Change
Recurring interest items	8,938	10,586	(15.6%)	28,766	25,814	11.4%
Interest items affected by refinancing	–	–	N/A	–	8,419	(100.0%)
Net finance costs	**8,938**	**10,586**	**(15.6%)**	**28,766**	**34,233**	**(16.0%)**

The increase in our YTD recurring net borrowing costs is primarily due to our increased debt levels following the issuance of a EUR 200 million bond in June 2009.

Foreign currency gain (loss), net

Our foreign currency non cash gains and losses are the result of exchange rate fluctuations between the Euro and other local European currencies and the Euro and the US Dollar.

Income tax provision

Our income tax provision in Q3 2010 consists of a deferred income tax provision of US $5.3 million (Q3 2009, US $1.0 million) and US $0.2 million of current income tax provision accruals (Q3 2009, US $1.2 million). Our income tax provision in YTD 2010 consists of a deferred income tax provision of US $11.6 million (YTD 2009, US $6.4 million) and US $2.5 million of current income tax provision accruals (YTD 2009, US $2.8 million).

Discontinued operations

During Q3 2003, the Company, certain of its subsidiaries and other third parties were named as defendants in two lawsuits, based upon alleged discharges of toxic substances from a Chicago drum reconditioning facility we operated prior to February 2002, when that business was sold. In Q2 2010, the Company reached settlement with the plaintiffs for US $9.5 million, resolving any claims by plaintiffs and other parties named in the lawsuits. The Company has obtained agreements from its insurers for reimbursement totaling US $10.4 million, and is engaged in further negotiations with its insurers regarding additional reimbursements of defense costs and other expenses related to this matter.

Investigation by U.S. Immigration and Customs Enforcement

In 2006, facilities at certain U.S. subsidiaries of the Company ("the U.S. Subsidiaries") were searched by agents from U.S. Immigration and Customs Enforcement ("ICE"), in connection with allegations of the hiring of illegal aliens not eligible for U.S. employment. On December 19, 2008, the U.S. Subsidiaries entered into a "non-prosecution" agreement with the investigating U.S. Attorney's Office ("U.S. Attorney"), in which the U.S. Attorney agreed it would not criminally prosecute the U.S. Subsidiaries for offenses related to this investigation. The U.S. Subsidiaries agreed to undertake certain compliance and cooperation obligations and to pay approximately US $20.7 million with approximately US $2.6 million paid in Q1 2009, US $6.1 million paid in Q1 2010, then US $6.0 million due in each of January 2011 and January 2012. The Company has agreed to guarantee the making of these payments by the U.S. Subsidiaries. Five employee-defendants await trial in Houston, Texas, where the case was recently transferred.

Litigation

The Company is a defendant in various other legal matters arising in the normal course of business. In the opinion of management, after consultation with legal counsel, the ultimate resolution of these matters is not expected to have a material effect on the accompanying consolidated financial statements.

Outlook

As the financial crisis that unfolded in 2008 spread to the worldwide economy up to today, we experienced challenging economic climates in many of our markets. While the economy in the United States remained in a weak but slightly improved condition during Q2 2010, the European economy will recover during 2010.

Accordingly, the European RPC Management Services business will continue to leverage our leadership position and market experience to meet or exceed overall market development. We plan to increase our sales initiatives and to continue to expand our geographic presence in Western Europe, Central Eastern Europe (CEE) and South America. Recent wins of new retailers, like Carrefour in France, Spar in Austria and MERCATOR in Slovenia support our expectations. In the United States, we realized increases in the overall RPC penetration among grocery food retailers and plan to grow in excess of this market development. Based on our solid RPC business model, we expect that the RPC Management Services businesses will continue to grow in 2010. Our investments to support this growth will be carefully aligned with our business development and are targeted to continually increase the return on our invested capital.

Our Pallet Management Services business has significantly been negatively affected by the overall economic decline in the United States in 2009, primarily as a result of pressure on prices from lower market demand. Nevertheless, we remain confident that the key competitive advantages of the Pallet Management Services business – the breadth of service offerings, the national network and the value proposition at a national and local level – have not changed and should allow our Pallet Management Services segment to stabilize revenues and increase profitability in 2010.

We believe that our current assessment of the markets and our business development as described above should result in overall significant gains in both revenues and operational profitability in 2010 as compared to 2009.

Financially, we expect to be able to fund our capital, operational and debt service requirements through our own operating cash flows.

Financial reconciliations

In addition to measuring key group and segment level cash flow metrics, we measure the profitability of our segments through the use of operating EBITDA and EBIT measures (see reconciliation of our IFRS net profit to our EBITDA and EBIT below). Our management uses EBITDA and EBIT as key operating measures because they measure operating profits before certain non-operating items, such as ICE related expenses, net financing costs, foreign currency gains and losses, discontinued operations, stock-based compensation expense and income taxes. We believe that the exclusion of these items from segment measurement is appropriate because (1) these items are managed centrally, not by segment members (see analysis of corporate items above), (2) these items are not necessarily indicative of the operating results of our businesses and (3) operating results excluding these items allow investors to see our businesses as they are measured by management. Other companies may use different measures or calculate these measures differently, and their figures may not be comparable to ours.

Reconciliation of Net profit to EBITDA

US $ in thousands	Q3 2010	Q3 2009	YTD 2010	YTD 2009
Net profit	11,066	7,618	18,116	4,950
Net finance costs	8,938	10,586	28,766	34,233
Income tax provision	5,526	2,163	14,115	9,154
Depreciation expense	10,663	10,870	30,678	29,780
Amortization of other assets	325	310	973	912
Stock-based compensation expense (income)	(247)	11	119	(218)
Foreign currency (gain) loss	(642)	(538)	926	(2,381)
Nonrecurring items [1]	1,368	4,778	10,568	13,071
Loss from discontinued operations	77	393	718	761
EBITDA	**37,074**	36,191	**104,979**	90,262

Reconciliation of EBITDA to EBIT

US $ in thousands	Q3 2010	Q3 2009	YTD 2010	YTD 2009
EBITDA	37,074	36,191	104,979	90,262
Depreciation expense	(10,663)	(10,870)	(30,678)	(29,780)
Amortization of other assets	(325)	(310)	(973)	(912)
EBIT	**26,086**	25,011	**73,328**	59,570

[1] 2009 nonrecurring items consist of "ICE related expenses", the operating result of ILD Logistik + Transport GmbH, which was a part of the STECO acquisition, but will be liquidated, and severance accruals. 2010 nonrecurring items consist primarily of "ICE related expenses", non deductible VAT and Pallet Management Services plant restructuring costs. ICE related expenses consist of legal expenses, salaries for employees on leave and the interest accrued on the present value of the ICE settlement obligation.

Summary information by continuing business segment

US $ in thousands	Q3 2010	Q3 2009	% Change	YTD 2010	YTD 2009	% Change	LTM Q3 2010
Revenues:							
RPC Management Services	117,831	105,726	11.4%	327,379	284,483	15.1%	441,367
Pallet Management Services	82,366	80,908	1.8%	256,446	256,884	(0.2%)	337,017
	200,197	**186,634**	**7.3%**	**583,825**	**541,367**	**7.8%**	**778,384**
Gross profit:							
RPC Management Services	32,854	25,187	30.4%	89,489	70,007	27.8%	124,488
Pallet Management Services	10,926	11,011	(0.8%)	37,803	34,603	9.2%	49,334
	43,780	**36,198**	**20.9%**	**127,292**	**104,610**	**21.7%**	**173,822**
EBITDA:							
RPC Management Services	34,296	32,879	4.3%	92,323	78,984	16.9%	130,282
Pallet Management Services	5,378	5,678	(5.3%)	20,272	17,801	13.9%	25,459
Operations subtotal	**39,674**	**38,557**	**2.9%**	**112,595**	**96,785**	**16.3%**	**155,741**
Corporate	(2,600)	(2,366)	9.9%	(7,616)	(6,523)	16.8%	(12,014)
	37,074	**36,191**	**2.4%**	**104,979**	**90,262**	**16.3%**	**143,727**
EBIT:							
RPC Management Services	25,006	23,333	7.2%	65,922	53,287	23.7%	95,491
Pallet Management Services	3,680	4,044	(9.0%)	15,022	12,806	17.3%	18,427
Operations subtotal	**28,686**	**27,377**	**4.8%**	**80,944**	**66,093**	**22.5%**	**113,918**
Corporate	(2,600)	(2,366)	9.9%	(7,616)	(6,523)	16.8%	(12,014)
	26,086	**25,011**	**4.3%**	**73,328**	**59,570**	**23.1%**	**101,904**
Operating cash flows:							
RPC Management Services	49,642	43,367	14.5%	106,185	70,057	51.6%	152,850
Pallet Management Services	6,433	6,508	(1.2%)	7,911	11,241	(29.6%)	14,949
Operations subtotal	**56,075**	**49,875**	**12.4%**	**114,096**	**81,298**	**40.3%**	**167,799**
Corporate	(3,131)	389		(8,415)	(5,206)	61.6%	(13,651)
	52,944	**50,264**	**5.3%**	**105,681**	**76,092**	**38.9%**	**154,147**
Capital expenditures:							
RPC Management Services	26,077	12,622	106.6%	77,577	36,219	114.2%	96,396
Pallet Management Services	742	490	51.4%	1,755	1,427	23.0%	2,317
Operations subtotal	**26,819**	**13,112**	**104.5%**	**79,332**	**37,646**	**110.7%**	**98,713**
Corporate	344	244	41.0%	714	539	32.5%	1,223
	27,163	**13,356**	**103.4%**	**80,046**	**38,185**	**109.6%**	**99,936**

	September 30, 2010	December 31, 2009
Personnel:		
RPC Management Services	766	750
Pallet Management Services	3,225	3,118
Operations subtotal	**3,991**	**3,868**
Corporate	8	9
	3,999	**3,877**

IFCO SYSTEMS N.V. and subsidiaries unaudited condensed interim consolidated statements of financial position

US $ in thousands	September 30, 2010	December 31, 2009
Assets		
Non-current assets:		
Goodwill	206,066	210,367
Property, plant and equipment, net	503,411	467,484
Other assets	4,847	7,976
Total non-current assets	714,324	685,827
Current assets:		
Receivables, net	201,500	203,831
Inventories	7,672	12,899
Other current assets	13,521	20,866
Cash and cash equivalents	46,230	73,042
Total current assets	268,923	310,638
Total assets	983,247	996,465
Equity and liabilities		
Equity attributable to equity holders of the parent:		
Ordinary share capital	555	583
Treasury shares	(3,377)	(23,433)
Paid in capital	498,051	518,927
Other reserves	(2,423)	(6,833)
Retained earnings	(256,335)	(266,245)
Total equity	236,471	222,999
Non-current liabilities:		
Interest bearing loans and borrowings, net of current maturities	253,082	264,381
Finance lease obligations, net of current maturities	44,766	41,167
Other liabilities	22,377	18,679
Total non-current liabilities	320,225	324,227
Current liabilities:		
Current maturities of interest bearing loans and borrowings	5,820	9,222
Current maturities of finance lease obligations	23,968	23,845
Provisions	34,541	40,931
Refundable deposits	169,483	170,765
Trade and other payables	129,291	137,312
Other liabilities	63,448	67,164
Total current liabilities	426,551	449,239
Total liabilities	746,776	773,466
Total equity and liabilities	983,247	996,465

IFCO SYSTEMS N.V. and subsidiaries unaudited condensed interim consolidated income statements

US $ in thousands, except share and per share amounts	Q3 2010	Q3 2009 Restated [1]	YTD 2010	YTD 2009 Restated [1]
Revenues	200,197	186,634	583,825	541,367
Cost of sales	156,417	150,436	456,533	436,757
Gross profit	**43,780**	**36,198**	**127,292**	**104,610**
Selling expenses	5,829	5,387	16,635	14,984
General and administrative expenses	12,080	12,196	40,341	40,743
Other operating income, net	(122)	(3,621)	(404)	(3,864)
Profit from operating activities	**25,993**	**22,236**	**70,720**	**52,747**
ICE related expenses [2]	(1,363)	(2,130)	(8,195)	(6,119)
Foreign currency gain (loss), net	642	538	(926)	2,381
Other income, net	335	116	116	89
Net finance costs	(8,938)	(10,586)	(28,766)	(34,233)
Profit from continuing operations before taxes	**16,669**	**10,174**	**32,949**	**14,865**
Current income tax provision	(207)	(1,162)	(2,474)	(2,758)
Deferred income tax provision	(5,319)	(1,001)	(11,641)	(6,396)
Income tax provision	**(5,526)**	**(2,163)**	**(14,115)**	**(9,154)**
Profit before discontinued operations	**11,143**	**8,011**	**18,834**	**5,711**
Loss from discontinued operations	(77)	(393)	(718)	(761)
Net profit	**11,066**	**7,618**	**18,116**	**4,950**
Profit per share from continuing operations – basic	0.22	0.15	0.37	0.11
Profit per share from continuing operations – diluted	0.22	0.15	0.37	0.11
Net profit per share – basic	0.22	0.14	0.35	0.09
Net profit per share – diluted	0.22	0.14	0.35	0.09
Shares on which net profit is calculated:				
Basic [3]	51,239,181	52,680,914	51,247,570	53,209,088
Effect of dilutive stock options	102,177	61,110	121,928	–
Diluted	**51,341,358**	**52,742,024**	**51,369,498**	**53,209,088**

[1] Certain numbers shown here do not correspond to the Q3 2009 and YTD 2009 financial statements and reflect adjustments made as detailed in the Notes.
[2] ICE related expenses consist of legal expenses, salaries for employees on leave and the interest accrued on the present value of the ICE settlement obligation.
[3] Average outstanding shares during the period.

IFCO SYSTEMS N.V. and subsidiaries unaudited condensed interim consolidated statements of comprehensive income

US $ in thousands	Q3 2010	Q3 2009 Restated [(1)]	YTD 2010	YTD 2009 Restated [(1)]
Net profit	11,066	7,618	18,116	4,950
Currency translation differences	(6,632)	(2,323)	4,410	(4,434)
Other comprehensive income for the period	**(6,632)**	(2,323)	**4,410**	(4,434)
Total comprehensive income for the period	**4,434**	5,295	**22,526**	516

IFCO SYSTEMS N.V. and subsidiaries unaudited condensed interim consolidated statements of changes in equity

US $ in thousands, except share amounts	Ordinary Shares Shares	Treasury Shares Shares	Ordinary Shares Amount	Treasury Shares Amount	Paid in Capital	Retained Earnings	Other Reserves	Total Equity
Balance at December 31, 2008 – Restated [(1)]	54,222,214	749,039	583	(8,150)	521,966	(287,534)	(4,109)	222,756
Stock-based compensation income	–	–	–	–	(218)	–	–	(218)
Buyback of treasury shares	–	2,315,582	–	(18,232)	–	–	–	(18,232)
Exercise of stock options funded by treasury shares	–	(120,334)	–	3,224	(2,722)	–	–	502
Net profit	–	–	–	–	–	4,950	–	4,950
Other comprehensive income	–	–	–	–	–	–	(4,434)	(4,434)
Total comprehensive income	–	–	–	–	–	4,950	(4,434)	516
Balance at September 30, 2009 – Restated [(1)]	54,222,214	2,944,287	583	(23,158)	519,026	(282,584)	(8,543)	205,324
Balance at December 31, 2009	54,222,214	2,968,719	583	(23,433)	518,927	(266,245)	(6,833)	222,999
Stock-based compensation expense	–	–	–	–	23	–	–	23
Buyback of treasury shares	–	99,148	–	(1,288)	–	–	–	(1,288)
Exercise of stock options funded by treasury shares	–	(107,334)	–	1,151	(734)	–	–	417
Dividend	–	–	–	–	–	(8,206)	–	(8,206)
Reduction of issued share capital by cancelation of treasury shares	(2,650,000)	(2,650,000)	(28)	20,193	(20,165)	–	–	–
Net profit	–	–	–	–	–	18,116	–	18,116
Other comprehensive income	–	–	–	–	–	–	4,410	4,410
Total comprehensive income	–	–	–	–	–	18,116	4,410	22,526
Balance at September 30, 2010	**51,572,214**	**310,533**	**555**	**(3,377)**	**498,051**	**(256,335)**	**(2,423)**	**236,471**

[(1)] Certain numbers shown here do not correspond to the 2008, Q3 2009 and YTD 2009 financial statements and reflect adjustments made as detailed in the Notes.

IFCO SYSTEMS N.V. and subsidiaries unaudited condensed interim consolidated cash flow statements

US $ in thousands	YTD 2010	YTD 2009 Restated [1]
Cash flows from continuing operating activities:		
Net profit	18,116	4,950
ICE related expenses	8,195	6,119
Adjustments for:		
Depreciation and amortization expense of property, plant and equipment	30,678	29,780
Amortization of other assets	973	912
Stock-based compensation expense (income)	119	(218)
Foreign currency loss (gain), net	926	(2,381)
Income tax provision	14,115	9,154
Income from equity entity	–	(116)
Gain on sale of property, plant and equipment	(226)	(51)
Net finance costs	28,766	34,233
Loss from discontinued operations	718	761
Cash generated from continuing operations, excluding the cash flow effect of changes in working capital and excluding ICE	102,380	83,143
Changes in working capital of continuing operations:		
Receivables	(5,795)	(28,384)
Inventories	5,226	4,570
Trade and other payables	(2,910)	(3,579)
Refundable deposits	7,428	19,728
Other assets and liabilities	13,116	8,971
Cash flow effect of changes in operating assets and liabilities of continuing operations	17,065	1,306
Cash generated from continuing operations before income tax payments and excluding ICE	119,445	84,449
Cash used for ICE	(13,764)	(8,357)
Cash generated from continuing operations before income tax payments and including ICE	105,681	76,092
Income taxes paid	(2,151)	(5,079)
Cash generated from continuing operating activities	103,530	71,013
Cash (used in) generated from discontinued operations	(691)	1,194
Net cash generated from operating activities	102,839	72,207
Cash flows from investing activities:		
Purchase of RPCs	(75,505)	(31,966)
Purchase of property, plant and equipment	(4,541)	(6,219)
Total capital expenditures	(80,046)	(38,185)
Proceeds from sale of property, plant and equipment	303	126
Net cash used in investing activities	(79,743)	(38,059)
Cash flows from financing activities:		
Principal proceeds of long-term debt	–	119,589
Payback of sellers' note	(8,949)	–
Interest paid [2]	(31,840)	(52,467)
Interest received	255	109
Proceeds from exercise of stock options	417	502
Net proceeds (payments) of finance lease obligations	3,367	(1,447)
Net payments for payback of revolving credit facility	–	(60,671)
Payments for treasury share buyback	(1,288)	(18,232)
Dividend paid	(8,206)	–
Net cash used in financing activities	(46,244)	(12,617)
Effect of exchange rate changes on cash and cash equivalents	(3,664)	2,636
Net (decrease) increase in cash and cash equivalents	(26,812)	24,167
Cash and cash equivalents, beginning of period	73,042	31,506
Cash and cash equivalents, end of period	46,230	55,673

(1) Certain numbers shown here do not correspond to the YTD 2009 financial statements and reflect adjustments made as detailed in the Notes.
(2) 2009 interest paid includes interest paid affected by refinancing of US $28.2 million.

Selected explanatory notes to unaudited consolidated interim financial statements

Basis of preparation of the third quarter condensed consolidated financial report

This third quarter condensed consolidated financial report has been prepared in accordance with IAS 34 and therefore does not include all notes of the type normally included within the annual consolidated financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements.

This third quarter condensed interim consolidated financial report should also be read in conjunction with the annual consolidated financial statements of IFCO SYSTEMS N.V. as of December 31, 2009.

The accounting policies adopted in the preparation of the third quarter condensed interim consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2009, except for the adoption of the new Standards and Interpretations as of January 1, 2010, noted below:

- IAS 39 Financial Instruments - Recognition and Measurement – Eligible Hedged Items
  The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. It clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as hedged item. The amendment did not have any impact on the financial position or performance of the Company, as the Company has not entered into any such hedges.

- IFRS 2 Share-based Payment – Amendments relating to group cash-settled share-based payment transactions
  The amendments clarify the scope of IFRS 2. An entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. The amendments clarify the interaction of IFRS 2 and other standards. The Board clarified that in IFRS 2 a 'group' has the same meaning as in IAS 27 Consolidated and Separate Financial Statements, that is, it includes only a parent and its subsidiaries. This amendment did not have any impact on the financial position or performance of the Company.

- IFRIC 17 Distributions of Non-cash Assets to Owners
  The interpretation is to be applied prospectively. The interpretation clarifies that a dividend payable should be recognized when the dividend is appropriately authorized and is no longer at the discretion of the entity. Furthermore it clarifies that an entity should measure the dividend payable at the fair value of the net assets to be distributed, and that an entity should recognize the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss. The interpretation also requires an entity to provide additional disclosures if the net assets being held for distribution to owners meet the definition of a discontinued operation. IFRIC 17 applies to pro rata distributions of non-cash assets except for common control transactions. IFRIC 17 did not have any impact on the financial position or performance of the Company, as the Company does not pay pro rata distributions of non-cash assets to owners.

Improvements to IFRSs

In April 2009 the IASB issued a collection of amendments to twelve IFRSs. The following amendments did not have any material effect on the financial statements.

- IFRS 2 Share-based Payment
  Scope of IFRS 2 and revised IFRS 3
  Clarifies that the contribution of a business on formation of a joint venture and combinations under common control are not within the scope of IFRS 2.

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
  Disclosures
  Clarifies that the disclosures required in respect of non-current assets, disposal groups classified as held for sale, or discontinued operations are only those set out in IFRS 5.

- IFRS 8 Operating Segments
  Disclosure of information about segment assets
  Segment assets and liabilities need only be reported when those assets and liabilities are included in measures used by the chief operating decision maker.

- IAS 1 Presentation of Financial Statements
  Current/non-current classification of convertible instruments
  The terms of a liability that could at anytime result in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification.

- IAS 7 Statement of Cash Flows
  Classification of expenditures on unrecognized assets
  Only expenditure that results in a recognized asset can be classified as a cash flow from investing activities.

- IAS 17 Leases
  Classification of land and buildings
  The specific guidance on classifying land as a lease has been removed so that only the general guidance remains.

- IAS 18 Revenue
  Determining whether an entity is acting as principal or agent
  The Board has added guidance to determine whether an entity is acting as a principal or as an agent.

- IAS 36 Impairment of Assets
  Unit of accounting for goodwill impairment testing
  The largest unit permitted for allocating goodwill acquired in a business combination is the operating segment defined in IFRS 8 before aggregation for reporting purposes.

- IAS 38 Intangible Assets
  Consequential amendments arising from revised IFRS 3
  If an intangible acquired in a business combination is identifiable only with another intangible asset, the acquirer may recognize the group of intangibles as a single asset provided the individual assets have similar useful lives.

  Measuring fair value
  The valuation techniques presented for determining the fair value of intangible assets acquired in a business combination are only examples and are not restrictive on the methods that can be used.

- IAS 39 Financial Instruments: Recognition and Measurement
  Assessment of loan prepayment penalties as embedded derivatives
  A prepayment option is considered closely related to the host contract when the exercise price reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract.

  Scope exemption for business combination contracts
  The scope exemption for contracts between an acquirer and a vendor in a business combination to buy or sell an acquiree at a future date applies only to binding forward contracts, not derivative contracts where further actions are still to be taken.

  Cash flow hedge accounting
  Gains or losses on cash flow hedges of a forecast transaction that subsequently results in the recognition of a financial instrument or on cash flow hedges or recognized financial instruments should be reclassified in the period that the hedged forecast cash flows affect profit or loss.

- IFRIC 9 Reassessment of Embedded Derivatives
  Scope of IFRIC 9 and revised IFRS 3
  IFRIC 9 does not apply to possible reassessment at the date of acquisition to embedded derivatives in contracts acquired in a combination between entities of businesses under common control of the formation or a joint venture.

- IFRIC 16 Hedges of a Net Investment in a Foreign Operation
  Amendment of the restriction on the entity that can hold hedging instruments
  Qualifying hedging instruments may be held by any entity within the group, provided the designation, documentation and effectiveness requirements of IAS 39 are met.

In the income statement, the Company used a subtotal „Profit from operating activities“ that is a non-GAAP measure and not as such defined by IFRS. The subtotal excludes all costs relating to the ICE investigation, which therefore were reclassified from general and administrative expenses to a separate line outside the operating result due to the magnitude and the non recurring character of these expenses. ICE related expenses consist of legal expenses, salaries for employees on leave and the interest accrued on the present value of the ICE settlement obligation.

Changes according to IAS 8

In 2009, the Deutsche Prüfstelle für Rechnungslegung (DPR) selected IFCO on a random basis and reviewed the Company's consolidated 2007 financial statements. As a result of this review, the DPR suggested that the Company correct the following errors:

- The Company's contractual obligations with its retail partners can be interpreted in a way that the Company should accrue the expenses associated with the ultimate collection of its RPCs currently in circulation with the Company's business partners as of each financial position date. Previously, these costs were recognized as they were incurred.
- Due to the relationship between Mr. Christoph Schoeller, one of the Company's Supervisory Board members, and Schoeller Arca Systems (SAS), the main supplier of the Company's RPCs, the Company will now consider SAS to be a related party in the Company's financial statements. Previously, SAS was not considered to be a related party.

Additionally, the Company has corrected its accounting policies and changed its method of calculating required reserves related to the self-insurance provisions of its North American workers compensation programs, which will now be based upon periodic actuarial reviews. Previously, this accounting determination was made based solely upon the periodic loss runs provided by the Company's workers compensation insurance carriers.

As required by IAS 8 and in order to ensure the comparability of its financial statements, the Company has restated its opening balances January 1, 2008 and 2008 financial statements for these changes (see annual consolidated financial statements of IFCO SYSTEMS N.V. as of December 31, 2009 for the detailed effects).

Consequently, the Company had to restate the Q3 2009 and YTD 2009 financial statements. The restatement relates to RPC recollections and led to a decrease of US $0.3 million in our cost of sales from US $150.7 million to US $150.4 million in Q3 2009 (YTD 2009 an increase by US $0.3 million from US $436.5 million to US $436.8 million).

Dividend

On March 24, 2010, the General Meeting of Shareholders of IFCO SYSTEMS N.V. has resolved to adopt the financial statements relating to the year 2009 and to approve the proposal of the Board of Managing Directors and the Supervisory Board to pay to the shareholders a dividend of EUR 0.12 per ordinary share in respect of the financial year 2009. The dividend in the amount of US $8.2 million was paid in April 2010.

Business segments

The following tables present revenue, EBITDA and total assets information regarding the Company's operating segments for YTD 2010 and YTD 2009, respectively.

US $ in thousands	Continuing Operations		Total	Unallocated	Discontinued Operation	YTD 2010 Total Operations
	RPC Management Service	Pallet Management Service		Corporate	Pallet Pooling	
Third party revenues	327,379	256,446	583,825	–	–	583,825
EBITDA	92,323	20,272	112,595	(7,616)	–	104,979
Net finance costs				(28,766)		(28,766)
Depreciation expense				(30,678)		(30,678)
Amortization of other assets				(973)		(973)
Stock-based compensation expense				(119)		(119)
Foreign currency loss				(926)		(926)
Nonrecurring items				(10,568)		(10,568)
Profit from continuing operations before taxes						32,949
Total assets	786,850	182,839	969,689	13,557	1	983,247

US $ in thousands	Continuing Operations		Total	Unallocated	Discontinued Operation	YTD 2009 Total Operations
	RPC Management Service	Pallet Management Service		Corporate	Pallet Pooling	
Third party revenues	284,483	256,884	541,367	–	–	541,367
EBITDA	78,984	17,801	96,785	(6,523)	–	90,262
Net finance costs				(34,233)		(34,233)
Depreciation expense				(29,780)		(29,780)
Amortization of other assets				(912)		(912)
Stock-based compensation income				218		218
Foreign currency gain				2,381		2,381
Nonrecurring items				(13,071)		(13,071)
Profit from continuing operations before taxes						14,865
Total assets	734,494	190,737	925,231	36,220	1	961,452

Related parties

Due to the relationship between Mr. Schoeller, one of the Company's Supervisory Board members, and Schoeller Arca Systems (SAS), the main supplier of the Company's RPCs, the Company considers SAS to be a related party.

The following table provides the total amount of transactions that have been entered into with related parties in YTD 2010 and YTD 2009, respectively:

US $ in thousands	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Entity with significant influence over the Company				
YTD 2010	–	73,027	–	19,691
YTD 2009	215	36,500	5	12,986

As of September 30, 2010 there were US $0.005 million trade receivables from related parties. As of September 30, 2009, there were no trade receivables from related parties. As of September 30, 2010 and September 30, 2009, there were trade and other payables from related parties in the amount of US $19.7 million and US $13.0 million.

In YTD 2010, a Supervisory Board remuneration in the amount of US $0.04 million was expensed for Mr. Schoeller.

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the quarter-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

Cautionary note

Cautionary note regarding forward looking statements

Some of the statements contained in this report discuss future expectations, contain projections of results of operations or financial condition of IFCO, or state other forward-looking information. These statements may include financial information and/or statements for periods following the period covered by this report. You can find many of these statements by looking for words like believes, expects, anticipates, estimates, or similar expressions used in this report.

These forward-looking statements may be affected by known and unknown risks, uncertainties, and other factors that could cause the actual results to differ materially from those contemplated by the statements. The forward-looking information is based on various factors and was derived using numerous assumptions that we believe to be reasonable. Risks and uncertainties are included in a separate section of this report.

Important factors that could cause our actual results to be materially different from the forward-looking statements are also discussed throughout this report.

Imprint

Editor	IFCO SYSTEMS N.V., Amsterdam, Netherlands
Editorial department	Investor Relations, Marketing Department
Business year	2010/01/01 – 2010/12/31
Design, type composition	Powergroup, Munich, Germany
Printing, lithographic print	Esta Druck GmbH, Polling in Obb., Germany Printed in Germany

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PEFC/04-31-1180

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