IFCO SYSTEMS N.V.

Q3 2009 Report

Content

Basis of presentation

To help the stakeholders of IFCO SYSTEMS N.V. (IFCO SYSTEMS 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 2008 to Q3 2009 between the Euro and the US Dollar. Accordingly, we have described certain comparative information below as currency adjusted information, whereby 2008 income statement and financial position figures have been translated to US Dollars using applicable 2009 currency exchange rates. Unless otherwise noted, no 2008 figures in tabular form are currency adjusted.

IFCO SYSTEMS GmbH, an indirect subsidiary of IFCO SYSTEMS N.V., acquired all of the shares of STECO Holding GmbH and its subsidiaries during 2008. We refer to this acquired group as STECO herein. STECO was consolidated for the first time commencing April 16, 2008. Accordingly, YTD 2008 results do not reflect the results of STECO activities as far as Q1 2008 is concerned.

On June 12, 2009, IFCO SYSTEMS successfully refinanced its debt structure by placing a new senior secured bond with institutional investors at an aggregate principal amount of EUR 200 million at 10.00% p.a. at a price of 95.75% with a maturity on June 30, 2016 and by extending its Revolving Credit Facility (‘RCF’) at an amount of EUR 65 million for another three years until May 29, 2012. The successful refinancing of IFCO SYSTEMS’ debt has significantly extended our debt maturity profile and has also significantly increased the Company’s liquidity position. For further information we refer to the Offering Memorandum for the EUR 200 million senior secured notes available on our web page.

Group consolidated financial highlights – 2009 vs. 2008

Operations data

US $ in thousands, except per share amounts	Q3 2009	Q3 2008	% Change	YTD 2009	YTD 2008	% Change	LTM Q3 2009
Revenues	186,634	190,343	(1.9%)	541,367	556,105	(2.7%)	721,150
Gross profit	35,870	35,555	0.9%	104,866	96,630	8.5%	140,413
Gross profit margin	19.2%	18.7%		19.4%	17.4%		19.5%
Selling, general and administrative expenses (1)	17,583	19,688	(10.7%)	55,727	55,952	(0.4%)	73,532
Selling, general and administrative expenses as a percentage of revenues	9.4%	10.3%		10.3%	10.1%		10.2%
EBITDA	35,863	29,572	21.3%	90,518	81,002	11.7%	120,560
EBITDA margin	19.2%	15.5%		16.7%	14.6%		16.7%
EBIT	24,683	19,273	28.1%	59,826	46,618	28.3%	81,003
EBIT margin	13.2%	10.1%		11.1%	8.4%		11.2%
Profit from continuing operations before taxes	9,846	5,007	96.6%	15,121	15,350	(1.5%)	4,293
Net profit (loss)	7,290	2,466	195.6%	5,206	8,440	(38.3%)	(9,272)
Profit (loss) per share from continuing operations – basic	0.15	0.05	201.7%	0.11	0.17	(32.1%)	(0.19)
Profit (loss) per share from continuing operations – diluted	0.15	0.05	202.4%	0.11	0.16	(30.9%)	(0.19)
Net profit (loss) per share – basic	0.14	0.05	201.1%	0.10	0.16	(37.6%)	(0.17)
Net profit (loss) per share – diluted	0.14	0.05	201.8%	0.10	0.16	(36.5%)	(0.17)
Operating cash flows from continuing operations (2)	50,264	26,687	88.3%	76,092	26,135	191.2%	107,099
Capital expenditures from continuing operations (3)	13,356	21,465	(37.8%)	38,185	68,807	(44.5%)	58,331
Return on capital employed (ROCE) (4)	17.5%	14.7%					
Currency Adjusted:							
Revenues	186,634	186,521	0.1%	541,367	535,850	1.0%	729,430
Gross profit	35,870	34,767	3.2%	104,866	92,674	13.2%	142,541
EBITDA	35,863	28,873	24.2%	90,518	77,329	17.1%	122,478
EBIT	24,683	18,977	30.1%	59,826	45,152	32.5%	82,378

(1) The Company reclassified YTD 2008 ICE related expenses of US $6.7 million (Q3 2008, US $3.9 million) previously included in selling, general and administrative expenses to a separate income statement line. YTD 2008 amortization of other assets US $0.7 million (Q3 2008, US $0.3 million) (shown as part of other income, net in the condensed Income Statement of 2008) and YTD 2008 stock based compensation expenses US $0.7 million (Q3 2008, US $0.2 million) are no longer presented in a separate income statement line and are reclassified to SG&A.

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

(3) 2008 includes the acquisition of STECO, net of cash acquired (US $29.3 million).

(4) 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.

Group consolidated financial highlights – 2009 vs. 2008

Financial position data

US $ in thousands	September 30, 2009	December 31, 2008	% Change
Cash and cash equivalents	55,673	31,506	76.7%
Property, plant and equipment	459,782	435,691	5.5%
Total debt, including finance lease obligations	347,749	291,494	19.3%
Net debt [1]	292,076	259,988	12.3%
Net debt currency adjusted	292,076	273,068	7.0%
Liquidity	115,955	53,548	116.5%
Shareholders equity	226,945	243,323	(6.7%)
Headcount of continuing operations (as of the respective financial position dates)	3,945	4,255	(7.3%)

Cash flows

US $ in thousands	YTD 2009	YTD 2008 [2]
Cash and cash equivalents, beginning of period	31,506	35,511
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	83,399	77,681
Cash flow effect of changes in working capital	1,050	(45,351)
Operating cash flows of continuing operations, prior to income tax payments and excluding ICE	**84,449**	**32,330**
Cash used for ICE [3]	(8,357)	(6,195)
Operating cash flows of continuing operations, prior to income tax payments and including ICE	**76,092**	**26,135**
Income taxes paid	(5,079)	(5,166)
Operating cash flows of continuing operations	**71,013**	**20,969**
Operating cash flows of discontinued operations	1,194	(691)
	72,207	**20,278**
Investing cash flows [4]	**(38,059)**	**(68,705)**
Financing cash flows	**(12,617)**	**31,611**
Effect of exchange rate changes on cash and cash equivalents	2,636	172
Cash and cash equivalents, end of period	**55,673**	**18,867**

[1] Net debt includes cash and cash equivalents, all interest bearing debt and current and non-current finance lease obligations.
[2] The Company reclassified the Cash Flow Statement of YTD 2008 regarding the cash used for ICE of US $6.2 million (resulting in an increase in cash generated from continuing operations by US $6.7 million and a decrease of changes in working capital of US $0.5 million), which is presented in a separate line.
[3] January 15, 2009, the Company paid the first annual installment (US $2.6 million) of the ICE non-prosecution agreement.
[4] 2008 includes the acquisition of STECO, net of cash acquired (US $29.3 million).

IFCO SYSTEMS' currency adjusted group revenues grew slightly in Q3 2009 and YTD 2009, while operational profitability continued to grow significantly in the same periods. RPC Management Services has continued to withstand the economic downturn and delivered gains in both revenues and EBITDA. However, in line with management's expectations, revenues and EBITDA in our Pallet Management Services business segment declined as a result of the effects of the US economic recession.

- Group **revenues** developed as follows:

US $ in thousands	Q3 2009	Q3 2008	% Change	YTD 2009	YTD 2008	% Change
Group revenues	186,634	190,343	(1.9%)	541,367	556,105	(2.7%)
Group revenues currency adjusted	186,634	186,521	0.1%	541,367	535,850	1.0%

RPC Management Services' revenues developed as follows:

US $ in thousands	Q3 2009	Q3 2008	% Change	YTD 2009	YTD 2008	% Change
RPC Management Services revenues	105,726	99,466	6.3%	284,483	263,496	8.0%
RPC Management Services revenues currency adjusted	105,726	95,644	10.5%	284,483	243,241	17.0%

Increased revenues in RPC Management Services were the result of organic volume growth in our European RPC business, the YTD effects of the Q2 2008 STECO acquisition, increased volume in RPC South America, accelerating growth in our RPC US business and to a lesser extent higher average per trip pricing in Europe.

Pallet Management Services' revenues developed as follows:

US $ in thousands	Q3 2009	Q3 2008	% Change	YTD 2009	YTD 2008	% Change
Pallet Management Services revenues	80,908	90,877	(11.0%)	256,884	292,609	(12.2%)

Revenues in Pallet Management Services declined compared to Q3 2008. Although key product volumes continued to increase compared to the prior year quarter, albeit at a lower rate than in previous quarters, increasing pricing pressure resulting from weakened market demand and structural and planned downsizing of our Custom Crating division drove revenues lower in this segment.

- **Gross profit margin** on a group level increased in Q3 2009 by 0.5 percentage points to 19.2% (YTD 2009, grew 2.0 percentage points to 19.4%). RPC Management Services' gross profit margin grew from 22.6% in Q3 2008 to 23.5% in Q3 2009. RPC Management Services benefited in Europe from increasing synergies resulting from the integration of the former STECO organization. Additionally, lower per unit washing and transportation costs and sustainable economies of scales effects supported the gross margin improvements in Europe and the US. Gross profit margin in the Pallet Management Services business fell to 13.6% from 14.4% in Q3 2008, with the effects of lower customer prices partially offset by lower raw materials costs and fuel prices.

Group consolidated financial highlights – 2009 vs. 2008

- Q3 2009 **selling, general and administrative expenses** (SG&A) decreased by 10.7% to US $17.6 million (YTD 2009 decreased by 0.4% to US $55.7 million). The decline of SG&A in Q3 2009 and YTD 2009 is largely due to realized SG&A synergies with STECO. SG&A as a percentage of revenues decreased in Q3 2009 to 9.4% compared to Q3 2008 results of 10.3% and slightly increased to 10.3% in YTD 2009 compared to 10.1% in YTD 2008.

- 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 2009	Q3 2008	% Change	YTD 2009	YTD 2008	% Change
Group EBITDA	35,863	29,572	21.3%	90,518	81,002	11.7%
Group EBITDA currency adjusted	35,863	28,873	24.2%	90,518	77,329	17.1%
Group EBITDA margin	19.2%	15.5%		16.7%	14.6%	

LTM Q3 2009 EBITDA reached a level of US $120.6 million.

- 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 2009	Q3 2008	% Change	YTD 2009	YTD 2008	% Change
Group EBIT	24,683	19,273	28.1%	59,826	46,618	28.3%
Group EBIT currency adjusted	24,683	18,977	30.1%	59,826	45,152	32.5%
Group EBIT margin	13.2%	10.1%		11.1%	8.4%	

LTM Q3 2009 EBIT reached a level of US $81.0 million.

- **Net profit** significantly increased from US $2.5 million in Q3 2008 to US $7.3 million in Q3 2009 (YTD 2009 decreased from US $8.4 million to US $5.2 million). On a YTD basis, gains in 2009 operating profit were more than offset by a higher non-cash deferred income tax provision and the one-time costs recognized in connection with IFCO SYSTEMS' comprehensive refinancing, which were included in net finance costs. Excluding these refinancing expenses, net profit for YTD 2009 would have been US $13.6 million.

- As a result of the above, **basic profit per ordinary share** from continuing operations increased from US $0.05 in Q3 2008 to US $0.15 in Q3 2009 (YTD 2009 fell from US $0.17 to US $0.11).

- IFCO SYSTEMS **cash flow from continuing operations**, excluding the cash flow effect of income tax payments and ICE related payments, increased significantly to US $84.4 million in YTD 2009 from US $32.3 million in YTD 2008. The lower 2008 result was primarily due to reduced refundable deposit levels and other related effects on working capital following the termination of the EDEKA contract in Europe during early 2008. Including the ICE effects, IFCO SYSTEMS generated cash from continuing operations of US $76.1 million in YTD 2009 as compared to US $26.1 million in YTD 2008.

- Our **capital expenditure** levels (excluding the cash paid for the STECO acquisition in Q2 2008) decreased by US $8.2 million, or 38.1%, to US $13.4 million during Q3 2009 (YTD 2009 decreased by 3.3% to US $38.2 million). The realization of the planned growth in the US and South America has led to continued investments in these RPC pools in 2009. However, lower absolute RPC related capital expenditures in YTD 2009 compared to YTD 2008 are the result of significantly improved turns, or higher utilization, of our RPC pool and significantly lower costs of raw materials for all of our RPC pools, which has reduced the average per unit acquisition cost of a new RPC during 2009.

- In accordance with an ongoing **share buy back program**, the Company has invested US $18.2 million in YTD 2009 and US $5.9 million in YTD 2008 in the repurchase of its shares. As of September 30, 2009, the Company owns 2,944,287 treasury shares, or 5.43% of total shares outstanding.

- **ROCE** from continuing operations, on a LTM basis, increased to 17.5% as of September 30, 2009, compared to 14.7% as of September 30, 2008. This development is due to improved utilization of the employed capital as well as an increased EBIT level.

- IFCO SYSTEMS‘ **cash** position as of September 30, 2009 of US $55.7 million was 76.7% higher than the cash position as of December 31, 2008. The cash position includes US $21.4 million in escrowed funds, representing the present value of the payment of the STECO vendor note due in June 2010 resulting from the acquisition of STECO in 2008.

- As a result of the above mentioned refinancing activities, **net debt** increased by US $32.1 million to US $292.1 million as of September 30, 2009 compared to December 31, 2008 (on a currency adjusted basis grew by US $19.0 million). Net debt on a currency adjusted basis is reduced by US $11.5 million compared to the previous quarter Q2 2009.

- 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, 2009, our liquidity more than doubled to US $116.0 million compared to US $53.5 million as of December 31, 2008. We believe that these sources 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 2009	Q3 2008	% Change	YTD 2009	YTD 2008	% Change	LTM Q3 2009
Revenues	105,726	99,466	6.3%	284,483	263,496	8.0%	379,269
Gross profit	24,859	22,509	10.4%	70,263	53,721	30.8%	94,248
Gross profit margin	23.5%	22.6%		24.7%	20.4%		24.8%
EBITDA	32,551	24,125	34.9%	79,240	61,819	28.2%	104,893
EBITDA margin	30.8%	24.3%		27.9%	23.5%		27.7%
EBIT	23,005	15,390	49.5%	53,543	32,006	67.3%	71,955
EBIT margin	21.8%	15.5%		18.8%	12.1%		19.0%
Total RPC trips (in thousands)	125,900	109,285	15.2%	348,830	289,895	20.3%	457,157
Total RPC trips (in thousands, ProForma STECO 2008)	125,900	109,285	15.2%	348,830	307,002	13.6%	457,157
RPC pool size (end of period, in thousands, ProForma STECO 2008)	99,974	95,391	4.8%	99,974	95,391	4.8%	99,974
Average RPC annualized turns	5.07	4.58	10.7%	4.73	4.28	10.5%	4.68
Currency Adjusted:							
Revenues	105,726	95,644	10.5%	284,483	243,241	17.0%	387,549
Gross profit	24,859	21,721	14.4%	70,263	49,765	41.2%	96,376
EBITDA	32,551	23,328	39.5%	79,240	57,555	37.7%	107,022
EBIT	23,005	14,996	53.4%	53,543	29,949	78.8%	73,541

Revenues

- RPC Management Services' revenues on a currency adjusted basis grew by 10.5% in Q3 2009 compared to Q3 2008 (YTD 2009 by 17.0%). This increase is primarily due to organic growth in RPC Europe, the acquisition of STECO in Q2 2008, significant growth in RPC US and growing volumes in RPC South America.
- Total trips increased by 15.2% to 125.9 million in Q3 2009 (YTD 2009 by 20.3% to 348.8 million, on a ProForma STECO basis – i.e. including Q1 2008 – by 13.6%). These gains resulted from organic growth in our core business in Europe, a significant increase of our South American business volumes as new retail business in Brazil has been initiated, and continued strong retailer and market share expansion in our RPC US business.
- Compared to Q3 2008, our overall average per trip pricing levels increased slightly in Q3 2009.
- The annualized turns of our global RPC pool increased significantly to 5.07 turns during Q3 2009 compared to 4.58 in Q3 2008, as a result of better overall pool utilization in Europe and the US, as well as the significantly faster turns realized in our South American business. The continuing gains in the annualized turn rate of IFCO SYSTEMS' RPC Pool is the result of the Company's intense worldwide focus on RPC asset management, with the goal of comparatively lower capex spending and higher free cash flow generation.

Operational expenses and profitability

- RPC Management Services' gross profit increased by 10.4% to US $24.9 million in Q3 2009 (YTD 2009 by 30.8% to US $70.3 million). Gross profit margin grew by 0.9 percentage points to 23.5% in Q3 2009. Gross profit margin in our core European business benefited from realized synergies following the integration of the former

STECO organization and lower per unit cost of goods sold. Gross profit in the RPC US business increased as a result of the favorable fixed cost leverage effects of higher volumes and significantly lower transportation costs. All divisions experienced lower depreciation levels following an increase in the estimated useful life of our RPC pool from 8 to 10 years in Q3 2008.

- SG&A decreased in Q3 2009 compared to Q3 2008 by 20.9% (YTD 2009 decreased by 1.7%). SG&A decreased in our RPC Europe business and is nearly flat in our RPC US business.
- As a result of the items discussed above, EBITDA and EBITDA margin developed as follows:

US $ in thousands	Q3 2009	Q3 2008	% Change	YTD 2009	YTD 2008	% Change
EBITDA	32,551	24,125	34.9%	79,240	61,819	28.2%
EBITDA currency adjusted	32,551	23,328	39.5%	79,240	57,555	37.7%
EBITDA margin	30.8%	24.3%		27.9%	23.5%	

- As a result of the items discussed above, EBIT and EBIT margin developed as follows:

US $ in thousands	Q3 2009	Q3 2008	% Change	YTD 2009	YTD 2008	% Change
EBIT	23,005	15,390	49.5%	53,543	32,006	67.3%
EBIT currency adjusted	23,005	14,996	53.4%	53,543	29,949	78.8%
EBIT margin	21.8%	15.5%		18.8%	12.1%	

Segment information

Pallet Management Services

US $ in thousands	Q3 2009	Q3 2008	% Change	YTD 2009	YTD 2008	% Change	LTM Q3 2009
Revenues	80,908	90,877	(11.0%)	256,884	292,609	(12.2%)	341,881
Gross profit	11,011	13,046	(15.6%)	34,603	42,909	(19.4%)	46,165
Gross profit margin	13.6%	14.4%		13.5%	14.7%		13.5%
EBITDA	5,678	7,248	(21.7%)	17,801	24,809	(28.2%)	24,195
EBITDA margin	7.0%	8.0%		6.9%	8.5%		7.1%
EBIT	4,044	5,684	(28.8%)	12,806	20,238	(36.7%)	17,576
EBIT margin	5.0%	6.3%		5.0%	6.9%		5.1%

Revenues

- Revenues decreased by 11.0% to US $80.9 million in Q3 2009 (YTD 2009, 12.2% to US $256.9 million).
- The economic recession in the US has resulted in overall lower market demand, creating an increasingly challenging pricing environment. One of the Company's key strategies during this recession has been to utilize the raw materials it derives from its retail relationships to increase its market share. This strategy continues to be successful, with volume gains in the sales of our key products in Q3 and YTD 2009 as compared to Q3 and YTD 2008, even as gross domestic product in the US is expected to have declined approximately 1.2% during the first nine months of 2009. However, this strategy, together with weak market conditions, has resulted in sequentially lower pricing and reduced revenues. Additionally, we have made several decisions to reduce the scope of our smaller Custom Crating division, which also contributed to the overall revenue decline.

Operational expenses and profitability

- Gross profit margin in our Pallet Management Services division decreased by 0.8 percentage points to 13.6% in Q3 2009 (YTD 2009, by 1.2 percentage points to 13.5%). The gross profit margin decrease is due to effects of the pricing pressure described above, higher distances in transporting finished goods to balance inventories across the organization and an increase in depreciation as a result of continued investments in the Company's trailer fleet. These negative effects have been partially offset by lower raw materials costs, whose average cost has also continued to decline during the economic recession, and more significantly during Q3 2009, and lower fuel costs.
- Total SG&A expenses decreased by 8.3% during Q3 2009 (YTD 2009, decreased by 6.0%).
- 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 2009	Q3 2008	% Change	YTD 2009	YTD 2008	% Change
Pallet Management Services EBITDA	5,678	7,248	(21.7%)	17,801	24,809	(28.2%)
Pallet Management Services EBITDA margin	7.0%	8.0%		6.9%	8.5%	
Pallet Management Services EBIT	4,044	5,684	(28.8%)	12,806	20,238	(36.7%)
Pallet Management Services EBIT margin	5.0%	6.3%		5.0%	6.9%	

Corporate

US $ in thousands	Q3 2009	Q3 2008	% Change	YTD 2009	YTD 2008	% Change	LTM Q3 2009
EBITDA	(2,366)	(1,801)	31.4%	(6,523)	(5,626)	15.9%	(8,528)
EBIT	(2,366)	(1,801)	31.4%	(6,523)	(5,626)	15.9%	(8,528)
Net finance costs	10,586	7,985	32.6%	34,233	20,952	63.4%	41,202
Foreign currency gain (loss), net	538	18		2,381	(100)		(1,104)
Income tax provision	2,163	2,413	(10.4%)	9,154	6,471	41.5%	14,395
(Loss) income from discontinued operations	(393)	(128)	207.0%	(761)	(439)	73.3%	830

EBIT

Our corporate EBIT charges increased by US $0.6 million in Q3 2009 (YTD 2009, US $0.9 million).

Net finance costs

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

US $ in thousands	Q3 2009	Q3 2008	% Change	YTD 2009	YTD 2008	% Change
Recurring interest items	10,586	7,985	32.6%	25,814	20,952	23.2%
Interest items affected by refinancing	–	–	N/A	8,419	–	N/A
Net finance costs	10,586	7,985	32.6%	34,233	20,952	63.4%

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

Reported YTD interest relating to the refinancing includes the redemption premium for the EUR 110 million bond (US $4.0 million) and the amortization of the capitalized debt issuance costs of the EUR 110 million bond and the RCF (US $4.4 million).

Foreign currency gain (loss), net

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

Income tax provision

Our income tax provision in Q3 2009 consists of a deferred income tax provision of approximately US $1.0 million (Q3 2008: US $0.9 million) and approximately US $1.2 million of current income tax provision accruals (Q3 2008: US $1.5 million). Our income tax provision in YTD 2009 consists of a deferred income tax provision of approximately US $6.4 million (YTD 2008: US $2.4 million) and approximately US $2.8 million of current income tax provision accruals (YTD 2008: US $4.1 million).

Segment information

Discontinued operations
In February 2002, we completed the sale of a majority of the assets of our industrial container services operations to Industrial Container Services, Inc. (ICS).

During Q3 2003, two lawsuits were filed, naming as defendants the Company and certain of its subsidiaries as well as a number of the customers, ICS and certain affiliates of ICS, based upon alleged discharges of contaminants, toxic substances and chemicals from one of our drum facilities in Chicago on or before mid-2001. In the beginning of Q2 2007, the class action allegations were dismissed from one of the cases and a group of unnamed class members filed a separate lawsuit patterned after the other two against certain subsidiaries of the Company. IFCO SYSTEMS N.V. itself was not named a party in this separate lawsuit. At this stage, the Company cannot accurately assess the potential merit or consequences of these claims. The Company intends to defend these claims vigorously. However, if these claims have a negative outcome to the Company or to parties to whom the Company owes indemnities, such claims could have a material adverse effect on the Company's business, liquidity, results of operation and financial condition.

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 USD $20.7 million with approximately USD $2.6 million paid in Q1 2009, then approximately USD $6 million due in each of January 2010, January 2011, and January 2012. The Company has agreed to guarantee the making of these payments by the U.S. Subsidiaries.

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 in 2009, we have experienced challenging economic climates in many of our markets so far during 2009. While the economies in both Europe and the United States, our two key markets, have remained in weakened states in 2009, it is expected that these economies will begin to recover in 2010.

We believe that our RPC Management Services business will not materially suffer from the worldwide economic downturn, as the grocery food retail industry, which is our main customer base, has not been as strongly affected as other industries.

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 will increase our sales initiatives and continue to expand geographic presence in Western Europe, Central Eastern Europe (CEE) and South America. In the United States, we have seen increases in the overall RPC penetration among grocery food retailers and expect to grow in excess of this market development. Based on our solid RPC business model, the RPC Management Services businesses will continue to grow for the remainder of 2009. Therefore, we have, and will continue to, invest in our RPC pool during 2009 in anticipation of continued growth in 2010. These investments, however, 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 clearly 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. Although we remain confident that the key competitive advantages of 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 will allow our Pallet Management Services segment to increase revenues and profitability in 2010, it is expected that the pallet market will remain weak in Q4 2009 and in line with previous quarters.

Despite the dramatic economic downturn in 2009, we believe that the above described trends will result in overall flat revenues but significantly increased operational profitability in 2009 as compared to 2008.

Financially, we are in a position to be able to fund our capital, operational and debt service requirements through our own operational 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 2009	Q3 2008	YTD 2009	YTD 2008
Net profit	7,290	2,466	5,206	8,440
Net finance costs	10,586	7,985	34,233	20,952
Income tax provision	2,163	2,413	9,154	6,471
Depreciation expense	10,870	10,045	29,780	33,658
Amortization of other assets	310	254	912	726
Stock-based compensation expense (income)	11	202	(218)	671
Foreign currency (gain) loss	(538)	(18)	(2,381)	100
Nonrecurring items [1]	4,778	6,097	13,071	9,545
Loss from discontinued operations	393	128	761	439
EBITDA	**35,863**	29,572	**90,518**	81,002

Reconciliation of EBITDA to EBIT

US $ in thousands	Q3 2009	Q3 2008	YTD 2009	YTD 2008
EBITDA	35,863	29,572	90,518	81,002
Depreciation expense	(10,870)	(10,045)	(29,780)	(33,658)
Amortization of other assets	(310)	(254)	(912)	(726)
EBIT	**24,683**	19,273	**59,826**	46,618

[1] Q3 2008 and YTD 2008 nonrecurring items consist primarily of the legal costs associated with the ICE investigation and to a significantly lesser extent the start-up costs for IFCO SYSTEMS do Brasil Serviços de Embalagem Ltda and severance payments. Q3 2009 and YTD 2009 nonrecurring items consist primarily 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. 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 2009	Q3 2008	% Change	YTD 2009	YTD 2008	% Change	LTM Q3 2009
Revenues:							
RPC Management Services	105,726	99,466	6.3%	284,483	263,496	8.0%	379,269
Pallet Management Services	80,908	90,877	(11.0%)	256,884	292,609	(12.2%)	341,881
	186,634	190,343	(1.9%)	**541,367**	556,105	(2.7%)	**721,150**
Gross profit:							
RPC Management Services	24,859	22,509	10.4%	70,263	53,721	30.8%	94,248
Pallet Management Services	11,011	13,046	(15.6%)	34,603	42,909	(19.4%)	46,165
	35,870	35,555	0.9%	**104,866**	96,630	8.5%	**140,413**
EBITDA:							
RPC Management Services	32,551	24,125	34.9%	79,240	61,819	28.2%	104,893
Pallet Management Services	5,678	7,248	(21.7%)	17,801	24,809	(28.2%)	24,195
Operations subtotal	**38,229**	31,373	21.9%	**97,041**	86,628	12.0%	**129,088**
Corporate	(2,366)	(1,801)	31.4%	(6,523)	(5,626)	15.9%	(8,528)
	35,863	29,572	21.3%	**90,518**	81,002	11.7%	**120,560**
EBIT:							
RPC Management Services	23,005	15,390	49.5%	53,543	32,006	67.3%	71,955
Pallet Management Services	4,044	5,684	(28.8%)	12,806	20,238	(36.7%)	17,576
Operations subtotal	**27,049**	21,074	28.4%	**66,349**	52,244	27.0%	**89,531**
Corporate	(2,366)	(1,801)	31.4%	(6,523)	(5,626)	15.9%	(8,528)
	24,683	19,273	28.1%	**59,826**	46,618	28.3%	**81,003**
Operating cash flows:							
RPC Management Services	43,367	20,341	113.2%	70,057	16,454	325.8%	103,696
Pallet Management Services	6,508	9,533	(31.7%)	11,241	14,981	(25.0%)	18,364
Operations subtotal	**49,875**	29,874	67.0%	**81,298**	31,435	158.6%	**122,060**
Corporate	389	(3,187)		(5,206)	(5,300)	(1.8%)	(14,961)
	50,264	26,687	88.3%	**76,092**	26,135	191.2%	**107,099**
Capital expenditures:							
RPC Management Services	12,622	20,664	(38.9%)	36,219	65,947	(45.1%)	55,793
Pallet Management Services	490	266	84.2%	1,427	1,451	(1.7%)	1,878
Operations subtotal	**13,112**	20,930	(37.4%)	**37,646**	67,398	(44.1%)	**57,671**
Corporate	244	535	(54.4%)	539	1,409	(61.7%)	660
	13,356	21,465	(37.8%)	**38,185**	68,807	(44.5%)	**58,331**

	September 30, 2009	December 31, 2008
Personnel:		
RPC Management Services	719	855
Pallet Management Services	3,218	3,392
Operations subtotal	3,937	4,247
Corporate	8	8
	3,945	4,255

IFCO SYSTEMS N.V. and subsidiaries condensed unaudited consolidated financial positions

US $ in thousands	September 30, 2009	December 31, 2008
Assets		
Non-current assets:		
Goodwill	211,792	205,317
Property, plant and equipment, net	459,782	435,691
Other assets	6,602	13,258
Total non-current assets	**678,176**	654,266
Current assets:		
Receivables, net	194,983	158,823
Inventories	12,987	17,535
Other current assets	19,633	25,579
Cash and cash equivalents	55,673	31,506
Total current assets	**283,276**	233,443
Total assets	**961,452**	887,709
Equity and liabilities		
Equity attributable to equity holders of the parent:		
Ordinary share capital	583	583
Treasury shares	(23,158)	(8,150)
Paid in capital	519,026	521,966
Other reserves	(8,198)	(4,562)
Retained earnings	(261,308)	(266,514)
Total equity	**226,945**	243,323
Non-current liabilities:		
Interest bearing loans and borrowings, net of current maturities	267,975	169,743
Finance lease obligations, net of current maturities	35,141	34,677
Other liabilities	19,734	24,626
Total non-current liabilities	**322,850**	229,046
Current liabilities:		
Current maturities of interest bearing loans and borrowings	21,583	65,830
Current maturities of finance lease obligations	23,050	21,244
Provisions	16,177	15,494
Refundable deposits	161,125	133,046
Trade and other payables	129,687	128,576
Other liabilities	60,035	51,150
Total current liabilities	**411,657**	415,340
Total liabilities	**734,507**	644,386
Total equity and liabilities	**961,452**	887,709

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

US $ in thousands, except share and per share amounts	Q3 2009	Q3 2008 [1]	YTD 2009	YTD 2008 [1]
Revenues	186,634	190,343	541,367	556,105
Cost of sales	150,764	154,788	436,501	459,475
Gross profit	**35,870**	**35,555**	**104,866**	**96,630**
Selling expenses	5,387	5,591	14,984	14,882
General and administrative expenses	12,196	14,097	40,743	41,070
Other income, net	(3,621)	(896)	(3,864)	(1,972)
Profit from operating activities	**21,908**	**16,763**	**53,003**	**42,650**
ICE related expenses [2]	(2,130)	(3,900)	(6,119)	(6,740)
Foreign currency gain (loss), net	538	18	2,381	(100)
Other income, net	116	111	89	492
Net finance costs	(10,586)	(7,985)	(34,233)	(20,952)
Profit from continuing operations before taxes	**9,846**	**5,007**	**15,121**	**15,350**
Current income tax provision	(1,162)	(1,478)	(2,758)	(4,114)
Deferred income tax provision	(1,001)	(935)	(6,396)	(2,357)
Income tax provision	**(2,163)**	**(2,413)**	**(9,154)**	**(6,471)**
Profit before discontinued operations	**7,683**	**2,594**	**5,967**	**8,879**
Loss from discontinued operations	(393)	(128)	(761)	(439)
Net profit	**7,290**	**2,466**	**5,206**	**8,440**
Profit per share from continuing operations – basic	0.15	0.05	0.11	0.17
Profit per share from continuing operations – diluted	0.15	0.05	0.11	0.16
Net profit per share – basic	0.14	0.05	0.10	0.16
Net profit per share – diluted	0.14	0.05	0.10	0.16
Shares on which net profit is calculated:				
Basic [3]	52,680,914	53,651,972	53,209,088	53,799,760
Effect of dilutive stock options	61,110	198,660	–	296,875
Diluted	**52,742,024**	**53,850,632**	**53,209,088**	**54,096,635**

[1] The Company reclassified YTD 2008 ICE related expenses of US $6.7 million (Q3 2008, US $3.9 million) previously included in selling, general and administrative expenses to a separate income statement line. YTD 2008 amortization of other assets US $0.7 million (Q3 2008, US $0.3 million) (shown as part of other income, net in the condensed Income Statement of 2008) and YTD 2008 stock based compensation expenses US $0.7 million (Q3 2008, US $0.2 million) are no longer presented in a separate income statement line and are reclassified to SG&A.

[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 consolidated statements of comprehensive income

US $ in thousands	YTD 2009	YTD 2008
Net profit	5,206	8,440
Currency translation differences	(3,636)	23
Other comprehensive income for the period	**(3,636)**	**23**
Total comprehensive income for the period	**1,570**	**8,463**

IFCO SYSTEMS N.V. and subsidiaries unaudited 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, 2007	54,222,214	269,946	583	(3,205)	522,545	(260,476)	(4,821)	254,626
Stock-based compensation expense	–	–	–	–	591	–	–	591
Buyback of treasury shares	–	536,228	–	(5,875)	–	–	–	(5,875)
Exercise of stock options funded by treasury shares	–	(69,333)	–	1,015	(774)	–	–	241
Net profit	–	–	–	–	–	8,440	–	8,440
Other comprehensive income	–	–	–	–	–	–	23	23
Total comprehensive income	–	–	–	–	–	**8,440**	**23**	**8,463**
Balance at September 30, 2008	**54,222,214**	**736,841**	**583**	**(8,065)**	**522,362**	**(252,036)**	**(4,798)**	**258,046**
Balance at December 31, 2008	54,222,214	749,039	583	(8,150)	521,966	(266,514)	(4,562)	243,323
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	–	–	–	–	–	5,206	–	5,206
Other comprehensive income	–	–	–	–	–	–	(3,636)	(3,636)
Total comprehensive income	–	–	–	–	–	**5,206**	**(3,636)**	**1,570**
Balance at September 30, 2009	**54,222,214**	**2,944,287**	**583**	**(23,158)**	**519,026**	**(261,308)**	**(8,198)**	**226,945**

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

US $ in thousands	YTD 2009	YTD 2008 [1]
Cash flows from continuing operating activities:		
Net profit	5,206	8,440
ICE related expenses	6,119	6,740
Adjustments for:		
Depreciation and amortization expense of property, plant and equipment	29,780	33,658
Amortization of other assets	912	726
Stock-based compensation (income) expense	(218)	671
Foreign currency (gain) loss, net	(2,381)	100
Income tax provision	9,154	6,471
Income from equity entity	(116)	(529)
(Income) loss on sale of property, plant and equipment	(51)	13
Net finance costs	34,233	20,952
Loss from discontinued operations	761	439
Cash generated from continuing operations, excluding the cash flow effect of changes in working capital and excluding ICE	**83,399**	**77,681**
Changes in working capital of continuing operations:		
Receivables	(28,384)	16,670
Inventories	4,570	(5,071)
Trade and other payables	(3,579)	(45,152)
Refundable deposits	19,728	(13,326)
Other assets and liabilities	8,715	1,528
Cash flow effect of changes in operating assets and liabilities of continuing operations	**1,050**	**(45,351)**
Cash generated from continuing operations before income tax payments and excluding ICE	**84,449**	**32,330**
Cash used for ICE	(8,357)	(6,195)
Cash generated from continuing operations before income tax payments and including ICE	**76,092**	**26,135**
Income taxes paid	(5,079)	(5,166)
Cash generated from continuing operating activities	**71,013**	**20,969**
Cash generated from (used in) discontinued operations	1,194	(691)
Net cash generated from operating activities	**72,207**	**20,278**
Cash flows from investing activities:		
Purchase of RPCs	(31,966)	(33,478)
Purchase of property, plant and equipment	(6,219)	(5,994)
Acquisition of STECO Holding GmbH and its subsidiaries, net of cash acquired	–	(29,335)
Total capital expenditures	**(38,185)**	**(68,807)**
Proceeds from sale of property, plant and equipment	126	102
Net cash used in investing activities	**(38,059)**	**(68,705)**
Cash flows from financing activities:		
Principal proceeds (payments) of long-term debt	119,589	(33)
Interest paid [2]	(52,467)	(23,565)
Interest received	109	294
Proceeds from exercise of stock options	502	241
Net payments of finance lease obligations	(1,447)	(3,841)
Net (payments for payback) proceeds from use of revolving credit facility	(60,671)	64,390
Payments for treasury share buyback	(18,232)	(5,875)
Net cash (used in) generated from financing activities	**(12,617)**	**31,611**
Effect of exchange rate changes on cash and cash equivalents	2,636	172
Net increase (decrease) in cash and cash equivalents	**24,167**	**(16,644)**
Cash and cash equivalents, beginning of period	31,506	35,511
Cash and cash equivalents, end of period	**55,673**	**18,867**

[1] The Company reclassified the Cash Flow Statement of YTD 2008 regarding the cash used for ICE of US $6.2 million (resulting in an increase in cash generated from continuing operations by US $6.7 million and a decrease of changes in working capital of US $0.5 million), which is presented in a separate line.

[2] Interest paid includes interest paid affected by refinancing of US $28.2 million.

Notes to consolidated financial statements

Basis of preparation of the third quarter financial report

This third quarter 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 financial report 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 report.

This third quarter interim financial report should also be read in conjunction with the annual financial report of IFCO SYSTEMS N.V. as of December 31, 2008.

The accounting policies adopted in the preparation of the third quarter interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2008, except for the adoption of the new Standards and Interpretations as of January 1, 2009, noted below:

- IAS 1 – Presentation of Financial Statements - Revised
  The standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognized income and expense, either in one single, or in two linked statements. The Company has elected to present two statements.

- IAS 23 - Borrowing Costs – Revised
  The standard has been revised to require capitalization of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirement in the Standard, the Company has adopted this prospective change. Accordingly, borrowing costs are capitalized on qualifying assets with a commencement date after January 1, 2009. No changes have been made for borrowing costs incurred prior to this date that have been expensed. This revised standard did not have any impact on the Company's financial position or performance.

- IAS 32 Financial Instruments - Presentation and IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation
  The revisions provide a limited scope exception for puttable instruments to be classified as equity if they fulfill a number of specified features. The amendments to the standards did not have any impact on the financial position or performance of the Company, as the Company has not issued such instruments.

- IFRS 2 Share based Payment (Revised)
  The revised standard clarifies the definition of a vesting condition and describes the treatment for an award that is effectively cancelled. This revised standard did not have any impact on the Company's financial position or performance.

- IFRS 7 Financial Instruments: Disclosures
  The amended standard requires additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. In addition, a reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well significant transfers between Level 1 and Level 2 fair value measurements. The amendments also clarify the requirements for liquidity risk disclosures. The fair value measurement disclosures and the liquidity risk disclosures are not impacted by the amendments.

- IFRS 8 Operating Segments
  This standard requires disclosure information about the Company's operating segments and replaced the requirement to determine primary (business) and secondary (geographical) reporting segments of the Company. The standard did not have any impact on the segment presentation. However, there are additional disclosure requirements shown within these Notes.

- IFRIC 9 Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement
  These amendments to IFRIC 9 require an entity to assess whether an embedded derivative must be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. IAS 39 now states that if an embedded derivative cannot be reliably measured, the entire hybrid instrument must remain classified as at fair value through profit or loss. This interpretation did not have any impact on the Company's financial statements as no embedded derivatives currently exist.

- IFRIC 13 Customer Loyalty Programmes
  This Interpretation requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and deferred over the period that the award credits are fulfilled. This interpretation did not have any impact on the Company's financial statements as no such schemes currently exist.

- IFRIC 15 Agreement for the Construction of Real Estate
  The interpretation has been applied retrospectively. It clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognized if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the interpretation provides guidance on how to determine whether an agreement is within the scope of IAS 11 or IAS 18. IFRIC 15 did not have any impact on the consolidated financial statement because the Company does not conduct such activity.

Notes to consolidated financial statements

- IFRIC 16 Hedges of a Net Investment in a Foreign Operation
  The interpretation was applied prospectively. IFRIC 16 provides guidance on the accounting for a hedge of a net investment. As such it provides guidance on identifying the foreign currency risks that qualify for hedge accounting in the hedge of a net investment, where within the group the hedging instruments can be held in the hedge of a net investment and how an entity should determine the amount of foreign currency gain or loss, relating to both the net investment and the hedging instrument, to be recycled on disposal of the net investment. IFRIC 16 did not have any impact on the financial position or performance of the Company, as the Company has not entered into hedges.

Improvements to IFRSs
In May 2008 the Board issued its first omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Company.

- IAS 1 Presentation of Financial Statements: Assets and liabilities classified as held for trading in accordance with IAS 39 Financial Instruments:
  Recognition and Measurement are not automatically classified as current in the balance sheet.
- IAS 8 Accounting Policies, Change in Accounting Estimates and Errors:
  Clarification that only implementation guidance that is an integral part of an IFRS is mandatory when selecting accounting policies.
- IAS 10 Events after the Reporting Period:
  Clarification that dividends declared after the end of the reporting period are not obligations.
- IAS 16 Property, Plant and Equipment:
  Replace the term ‘net selling price’ with ‘fair value less costs to sell’.
  Items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale.
- IAS 18 Revenues:
  Replacement of the term ‘direct costs‘ with ‘transaction costs‘ as defined in IAS 39.
- IAS 19 Employee Benefits:
  Revised the definition of ‘past service costs’, ‘return on plan assets’ and ‘short term’ and ‘other long-term‘ employee benefits. Amendments to plans that result in a reduction in benefits related to future services are accounted for as curtailment.
  Deleted the reference to the recognition of contingent liabilities to ensure consistency with IAS 37.
- IAS 20 Accounting for Government Grants and Disclosures of Government Assistance:
  Loans granted in the future with no or low interest rates will not be exempt from the requirement to impute interest. The difference between the amount received and the discounted amount is accounted for as government grant. Also, revised various terms used to be consistent with other IFRS.

- IAS 23 Borrowing Costs:
  The definition of borrowing costs is revised to consolidate the two types of items that are considered components of ‚borrowing costs' in to one - the interest expense calculated using the effective interest rate method calculated in accordance with IAS 39.
- IAS 27 Consolidated and Separate Financial Statements:
  When a parent entity accounts for a subsidiary at fair value in accordance with IAS 39 in its separate financial statements, this treatment continues when the subsidiary is subsequently classified as held for sale.
- IAS 28 Investment in Associates:
  If an associate is accounted for at fair value in accordance with IAS 39, only the requirement of IAS 28 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the entity in the form of cash or repayment of loans applies.
  An investment in an associate is a single asset for the purpose of conducting the impairment test. Therefore, any impairment test is not separately allocated to the goodwill included in the investment balance.
- IAS 29 Financial Reporting in Hyperinflationary economies:
  Revised the reference to the exception to measure assets and liabilities at historical cost, such that it notes property, plant and equipment as being an example, rather than implying that it is a definitive list. Also, revised various terms used to be consistent with other IFRS.
- IAS 31 Interest in Joint Ventures:
  If a joint venture is accounted for at fair value, in accordance with IAS 39, only the requirements of IAS 31 to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expense will apply.
- IAS 34 Interim Financial Reporting:
  Earnings per share are disclosed in interim financial reports if an entity is within the scope of IAS 33.
- IAS 36 Impairment of Assets:
  When discounted cash flows are used to estimate 'fair value less cost to sell' additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'.
- IAS 38 Intangible Assets:
  Expenditure on advertising and promotional activities is recognized as an expense when the Company either has the right to access the goods or has received the service.
  The reference to there being rarely, if ever, persuasive evidence to support an amortization method of intangible assets other than a straight-line method has been removed.
- IAS 39 Financial Instruments: Recognition and Measurement:
  Changes in circumstances relating to derivatives are not reclassifications and therefore may be either removed from, or included in, the 'fair value through profit or loss' classification after initial recognition. Removed the reference in IAS 39 to a 'segment' when determining whether an instrument qualifies as a hedge. Require the use of the revised effective interest rate when remeasuring a debt instrument on the cessation of fair value hedge accounting.

Notes to consolidated financial statements

- IAS 40 Investment Property:
  Revision of the scope such that property under construction or development for future use as an investment property is classified as investment property. If fair value cannot be reliably determined, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete. Also, revised of the conditions for a voluntary change in accounting policy to be consistent with IAS 8 and clarified that the carrying amount of investment property held under lease is the valuation obtained increased by any recognized liability.
- IAS 41 Agriculture:
  Removed the reference to the use of a pre-tax discount rate to determine fair value. Removed the prohibition to take into account cash flows resulting from any additional transformations when estimating fair value. Also, replaced of the term 'point-of-sale costs' with 'costs to sell'.
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
  Paragraphs 8A and 36A were added.
- IFRS 7 Financial Instrument: Disclosures:
  Removal of the reference to 'total interest income' as a component of finance costs.

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 (see Litigation), 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. The Company also made changes in the presentation of the cash flow statement. The Company made reclassifications within the cash flow statement for the ICE investigation. The comparative 2008 figures for the income statement and cash flow statement were reclassified accordingly.

The Company has adopted IFRS 8 "Operating Segments" and has changed its segment measurement from income from operations to EBITDA. The following tables present revenue and EBITDA information regarding the Company's operating segments for YTD 2009 and YTD 2008, respectively.

US $ in thousands	Continuing Operations RPC Management Service	Pallet Management Service	Unallocated Corporate	YTD 2009 Total
Third party revenues	284,483	256,884	–	541,367
EBITDA	79,240	17,801	(6,523)	90,518
Net finance costs				(34,233)
Depreciation expense				(29,780)
Amortization of other assets				(912)
Stock-based compensation income				218
Foreign currency gain				2,381
Nonrecurring items				(13,071)
Profit from continuing operations before taxes				**15,121**

US $ in thousands	Continuing Operations RPC Management Service	Pallet Management Service	Unallocated Corporate	YTD 2008 Total
Third party revenues	263,496	292,609	–	556,105
EBITDA	61,819	24,809	(5,626)	81,002
Net finance costs				(20,952)
Depreciation expense				(33,658)
Amortization of other assets				(726)
Stock-based compensation expense				(671)
Foreign currency loss				(100)
Nonrecurring items				(9,545)
Profit from continuing operations before taxes				15,350

According to the STECO Share Purchase Agreement and in line with the regulations in regard of a purchase price adjustment and following the judgment of an arbitration court in August 2009 concerning the total and final purchase price of the STECO acquisition, the seller's note was finally reduced by US $8.6 million. The cash position as of September 30, 2009 includes US $21.4 million in escrowed funds, representing the present value of the seller's note due in June 2010.

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 SYSTEMS, 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.

Personal notices

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Headquarters	IFCO SYSTEMS N.V. Evert van de Beekstraat 310 1118 CX Schiphol Centrum Netherlands

Contact information for shareholders, analysts and the media

E-mail	ir@ifcosystems.com
Phone	+49 89-744 91 0
Fax	+49 89-744 767 316

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