IFCO

Q1 Report
2011

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 management, 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 2010 to Q1 2011 between the Euro and the US Dollar. Accordingly, we have described certain comparative information below as currency adjusted information, whereby 2010 income statement and financial position figures have been translated to US Dollars using applicable 2011 currency exchange rates. Unless otherwise noted, no 2010 figures in tabular form are currency adjusted.

Corporate developments

Shareholding

On March 31, 2011, Island International Investment Limited Partnership ("Island LP") – majority owned by funds advised by Apax Partners – and Brambles Investment Limited ("Brambles"), a subsidiary of Brambles Limited announced that they, after obtaining the applicable approvals and fulfilling the agreed conditions, completed the sale of 33,964,401 shares held by Island LP and other sellers to Brambles. The transaction was originally disclosed on November 14, 2010.

Brambles acquired further 16,888,841 shares in IFCO through a voluntary public takeover offer dated December 23, 2010 to the shareholders of IFCO for the acquisition of their ordinary bearer shares in IFCO.

Upon completion of the transaction and the voluntary public takeover offer Brambles has become the majority shareholder of IFCO. As of March 31, 2011, Brambles's shareholding in IFCO was 96.4% As of April 4, 2011, Brambles completed the final sale and purchase agreement and increased its shareholding in IFCO to 98.8%.

Resignation of Supervisory Board members

In connection with the above transaction the following members of the Supervisory Board of IFCO – Michael Phillips, Ralf Gruss and Korbinian Knoblach – resigned from their offices on the Supervisory Board of IFCO with immediate effect.

Committees

Following the above mentioned resignation of certain Supervisory Board members, the Committee composition was adjusted as well. The Audit Committee is composed of the following Supervisory Board members: Mr. Schmid, Dr. Malmström, Mr. Defforey and Mr. Rauen. The Remuneration Committee is composed of the following Supervisory Board members: Dr. Malmström, Mr. Schoeller, Mr. Schmid, Mr. Defforey and Mr. Rauen. The Selection and Appointment Committee is composed of the following Supervisory Board members: Dr. Malmström, Mr. Schoeller, Mr. Schmid, Mr. Defforey and Mr. Rauen.

Change of control

The Brambles purchase constitutes a change of control under the revolving credit facility agreement ("RCF") and under the indenture of the 10% Guaranteed Senior Secured Notes due 2016 ("Notes").

RCF

The lender was entitled to decide on the continuance of the revolving credit facility. The change of control as of March 31, 2011 was waived by the lender in regard of the sale of the IFCO shares from Island LP to Brambles.

Notes

On April 20, 2011, IFCO announced that it will make an offer to repurchase for cash any and all of its outstanding Notes upon the recently completed change of control by Brambles of the Company (the "change of control repurchase") as required by the Notes. The purpose of the change of control repurchase offer is to comply with the requirements of Section 4.18 of the indenture dated as of June 12, 2009, by and among the Company, the guarantors named therein, Deutsche Trustee Company Limited, as trustee, and the other parties thereto, governing the Notes, which obligates the Company, upon the occurrence of a change of control (as defined in the indenture), to offer to repurchase each Holder's outstanding Notes tendered by the Holder to the Company at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, as of the repurchase date pursuant to the change of control repurchase in accordance with the procedures set forth therein.

The Company will pay €1,010 (the "purchase price"), being an amount equal to 101%, for each €1,000 principal amount of Notes validly tendered and accepted for payment in the change of control repurchase. In addition, the Company will pay accrued and unpaid interest from and including the most recent interest payment date to but excluding the repurchase date.

Group consolidated financial highlights – 2011 vs. 2010

Operations data

US $ in thousands, except per share amounts	Q1 2011	Q1 2010	% Change	LTM Q1 2011
Revenues	205,726	188,403	9.2%	802,753
Gross profit	43,020	39,028	10.2%	181,476
Gross profit margin	20.9%	20.7%		22.6%
Selling, general and administrative expenses	19,228	19,152	0.4%	76,711
Selling, general and administrative expenses as a percentage of revenues	9.3%	10.2%		9.6%
EBITDA	34,290	31,827	7.7%	152,128
EBITDA margin	16.7%	16.9%		19.0%
EBIT	24,133	21,149	14.1%	108,735
EBIT margin	11.7%	11.2%		13.5%
Profit from continuing operations before taxes	11,233	5,152	118.0%	57,085
Net profit	5,441	940	478.8%	39,253
Profit per share from continuing operations – basic	0.11	0.04	195.6%	0.75
Profit per share from continuing operations – diluted	0.11	0.04	196.4%	0.75
Net profit per share – basic	0.11	0.02	478.7%	0.76
Net profit per share – diluted	0.11	0.02	480.3%	0.76
Operating cash flows from continuing operations excluding ICE [1]	7,808	20,474	(61.9%)	168,769
Operating cash flows from continuing operations including ICE [1]	1,189	12,599	(90.6%)	153,886
Capital expenditures from continuing operations	33,539	24,911	34.6%	130,683
Return on capital employed (ROCE) [2]	23.1%	20.4%		
Currency Adjusted:				
Revenues	205,726	187,495	9.7%	825,176
Gross profit	43,020	38,881	10.6%	188,084
EBITDA	34,290	31,719	8.1%	157,811
EBIT	24,133	21,122	14.3%	113,022

Financial position data

US $ in thousands	March 31, 2011	December 31, 2010	% Change
Cash and cash equivalents	22,561	59,392	(62.0%)
Property, plant and equipment	576,834	528,832	9.1%
Total debt, including finance lease obligations	350,913	322,269	8.9%
Net debt [3]	328,352	262,877	24.9%
Net debt currency adjusted	328,352	279,682	17.4%
Liquidity	71,900	120,351	(40.3%)
Liquidity currency adjusted	71,900	126,859	(43.3%)
Shareholders' equity	261,051	257,552	1.4%
Headcount of continuing operations (as of the respective financial position dates)	3,875	3,849	0.7%

(1) Operating cash flows presented above as calculated under IFRS are prior to interest and income tax payments.
(2) 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.
(3) Net debt includes cash and cash equivalents, all interest bearing debt and current and non-current finance lease obligations.

Cash flows

US $ in thousands	Q1 2011	Q1 2010
Cash and cash equivalents, beginning of period	59,392	73,042
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	32,353	30,539
Cash flow effect of changes in working capital	(24,545)	(10,065)
Operating cash flows of continuing operations, prior to income tax payments and excluding ICE	**7,808**	20,474
Cash used for ICE [(1)]	(6,619)	(7,875)
Operating cash flows of continuing operations, prior to income tax payments and including ICE	**1,189**	12,599
Income taxes paid	(1,717)	(1,304)
Operating cash flows of continuing operations	**(528)**	11,295
Operating cash flows of discontinued operations	(106)	(818)
	(634)	10,477
Investing cash flows	**(33,385)**	(24,756)
Financing cash flows	**(4,586)**	(14,802)
Effect of exchange rate changes on cash and cash equivalents	1,774	(3,286)
Cash and cash equivalents, end of period	**22,561**	40,675

[(1)] In January 2011, the Company paid the third annual installment payment (US $6.0 million) due under the ICE non-prosecution agreement signed in December 2008. 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.

IFCO's currency adjusted group revenues and operational profitability both continued to grow in Q1 2011 as compared to Q1 2010. Both of our key segments, RPC Management Services and Pallet Management Services, achieved growth in currency adjusted revenues, gross profit and EBITDA in Q1 2011 as compared to Q1 2010.

- Group **revenues** developed as follows:

US $ in thousands	Q1 2011	Q1 2010	% Change
Group revenues	205,726	188,403	9.2%
Group revenues currency adjusted	205,726	187,495	9.7%

RPC Management Services' revenues developed as follows:

US $ in thousands	Q1 2011	Q1 2010	% Change
RPC Management Services revenues	119,395	103,502	15.4%
RPC Management Services revenues currency adjusted	119,395	102,594	16.4%

RPC Management Services' revenues significantly increased in Q1 2011 by US $15.9 million or 15.4% (currency adjusted by 16.4%), compared to Q1 2010. 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 and Carrefour in France. Our South American and US business continued to grow, although growth in our RPC US business was tempered significantly as a result of adverse weather during Q4 2010 and Q1 2011 that reduced crop levels.

Pallet Management Services' revenues developed as follows:

US $ in thousands	Q1 2011	Q1 2010	% Change
Pallet Management Services revenues	86,331	84,901	1.7%

Revenues in Pallet Management Services grew slightly in Q1 2011 by 1.7% to US $86.3 million compared to Q1 2010. We experienced gains in both pallet volumes and average unit prices as compared to the prior year quarter. Service related revenues increased marginally in absolute terms and as a percentage of total revenues. These gains were partially offset by significantly lower revenues in our Custom Crating division in Q1 2011 than in Q1 2010.

- **Gross profit margin** on a group level increased slightly in Q1 2011 by 0.2 percentage points to 20.9%. RPC Management Services' gross profit margin declined from 25.3% in Q1 2010 to 24.1% in Q1 2011, largely as a result of decreased RPC US gross profit margin due to higher fuel and transportation tariff charges. Gross profit margin in the Pallet Management Services business increased to 16.5% from 15.1% in Q1 2011.

- Q1 2011 **selling, general and administrative expenses** (SG&A) decreased slightly by 0.4% to US $19.2 million. SG&A as a percentage of revenues decreased in Q1 2011 to 9.3% compared to 10.2% in Q1 2010.

- 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	Q1 2011	Q1 2010	% Change
Group EBITDA	34,290	31,827	7.7%
Group EBITDA currency adjusted	34,290	31,719	8.1%
Group EBITDA margin	16.7%	16.9%	

LTM Q1 2011 EBITDA reached a record level of US $152.1 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	Q1 2011	Q1 2010	% Change
Group EBIT	24,133	21,149	14.1%
Group EBIT currency adjusted	24,133	21,122	14.3%
Group EBIT margin	11.7%	11.2%	

LTM Q1 2011 EBIT reached a record level of US $108.7 million in IFCO's history.

- **Net profit** significantly increased from US $0.9 million in Q1 2010 to US $5.4 million in Q1 2011. The net operational improvements, lower ICE related expenses and lower net interest costs were partially offset by a higher tax provision.

- As a result of the above, **basic profit per ordinary share** from continuing operations increased from US $0.04 in Q1 2010 to US $0.11 in Q1 2011.

- IFCO's **cash flow from continuing operations**, excluding the cash flow effect of income tax payments and ICE related payments, decreased in line with our expectations to US $7.8 million in Q1 2011 from US $20.5 million in Q1 2010. Higher profit levels were more than offset by negative working capital development, principally as a result of temporary declines in trade payables and other current liability accounts.

- Our **capital expenditure** levels increased by US $8.6 million, or 34.6%, to US $33.5 million during Q1 2011. The realization of the planned growth in Europe, expectations of a timely volume recovery in our RPC US business and increased granulate prices have led to increased investments in our RPC pool in 2011.

- **ROCE** from continuing operations, on a LTM basis, increased to 23.1% as of March 31, 2011, compared to 20.4% as of March 31, 2010. This positive development is the result of the Company's increased profitability and continuous improved utilization of the RPC pool.

- IFCO's **cash** position as of March 31, 2011 of US $22.6 million was lower by US $36.8 million than the cash position as of December 31, 2010.

- **Net debt** increased by US $65.5 million to US $328.4 million as of March 31, 2011 compared to December 31, 2010 (on a currency adjusted basis by US $48.7 million), as a result of higher capital expenditures and negative working capital development. Additionally, in Q1 2011, IFCO funded the third annual installment payment (US $6.0 million) due under the ICE non-prosecution agreement.

- 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 March 31, 2011, our liquidity declined to US $71.9 million compared to US $120.4 million as of December 31, 2010 and compared to US $99.8 million (currency adjusted US $104.8 million) as of March 31, 2010. 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	Q1 2011	Q1 2010	% Change
Revenues	119,395	103,502	15.4%
Gross profit	28,787	26,224	9.8%
Gross profit margin	24.1%	25.3%	
EBITDA	28,054	27,437	2.2%
EBITDA margin	23.5%	26.5%	
EBIT	19,479	18,547	5.0%
EBIT margin	16.3%	17.9%	
Total RPC trips (in thousands)	138,107	122,811	12.5%
RPC pool size (end of period)	119,567	105,295	13.6%
Average RPC annualized turns LTM	5.04	4.89	3.0%
Currency Adjusted:			
Revenues	119,395	102,594	16.4%
Gross profit	28,787	26,077	10.4%
EBITDA	28,054	27,307	2.7%
EBIT	19,479	18,498	5.3%

Revenues

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

US $ in thousands	Q1 2011	Q1 2010	% Change
RPC Europe	88,476	74,014	19.5%
RPC US	25,760	24,833	3.7%
RPC South America	5,159	3,747	37.7%

RPC Management Services' revenues in Q1 2011 significantly increased by US $15.9 million or 15.4% (currency adjusted by 16.4%), compared to Q1 2010. 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 and Carrefour in France. Our South American and US business continued to grow, although growth in our RPC US business was tempered significantly as a result of adverse weather during Q4 2010 and Q1 2011 that reduced crop levels.

- Total trips increased by 12.5% to 138.1 million in Q1 2011.

- Compared to Q1 2010, 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 5.04 turns during LTM Q1 2011 compared to 4.89 in LTM Q1 2010.

Operational expenses and profitability

- RPC Management Services' currency adjusted gross profit increased by 10.4% to US $28.8 million in Q1 2011. Gross profit margin decreased by 1.2 percentage points to 24.1% in Q1 2011. Gross profit margin in our European RPC business benefited from increased average prices per trip. Gross profit margin in the RPC US business decreased as a result of higher fuel and transportation tariff charges.

- SG&A increased in Q1 2011 by 10.2% compared to Q1 2010, resulting in a significant reduction in SG&A as a percentage of revenues from 8.2% in Q1 2010 to 7.8% in Q1 2011.

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

US $ in thousands	Q1 2011	Q1 2010	% Change
EBITDA	28,054	27,437	2.2%
EBITDA currency adjusted	28,054	27,307	2.7%
EBITDA margin	23.5%	26.5%	

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

US $ in thousands	Q1 2011	Q1 2010	% Change
EBIT	19,479	18,547	5.0%
EBIT currency adjusted	19,479	18,498	5.3%
EBIT margin	16.3%	17.9%	

Pallet Management Services

US $ in thousands	Q1 2011	Q1 2010	% Change
Revenues	86,331	84,901	1.7%
Gross profit	14,233	12,804	11.2%
Gross profit margin	16.5%	15.1%	
EBITDA	8,729	6,918	26.2%
EBITDA margin	10.1%	8.1%	
EBIT	7,147	5,130	39.3%
EBIT margin	8.3%	6.0%	

Revenues

- Revenues increased by US $1.4 million, or 1.7%, to US $86.3 million in Q1 2011.

- We experienced gains in both pallet volumes and average unit prices as compared to the prior year quarter. Service related revenues increased in absolute terms and as a percentage of total revenues. These gains were partially offset by significantly lower revenues in our Custom Crating division in Q1 2011 than in Q1 2010.

Operational expenses and profitability

- Gross profit margin in our Pallet Management Services division increased by 1.4 percentage points to 16.5% in Q1 2011. The gross profit margin gains were primarily the result of improved materials utilization and labor efficiencies, as well as improved fixed cost coverage as volumes rebounded.

- Total SG&A expenses were 10.9% lower during Q1 2011 compared to Q1 2010. These decreases were primarily the result of lower personnel, bad debt, and travel costs.

- 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	Q1 2011	Q1 2010	% Change
EBITDA	8,729	6,918	26.2%
EBITDA margin	10.1%	8.1%	
EBIT	7,147	5,130	39.3%
EBIT margin	8.3%	6.0%	

Corporate

US $ in thousands	Q1 2011	Q1 2010	% Change
EBITDA	(2,493)	(2,528)	(1.4%)
EBIT	(2,493)	(2,528)	(1.4%)
Net finance costs	9,516	10,284	(7.5%)
Foreign currency gain (loss), net	1,027	(455)	
Income tax provision	5,792	3,312	74.9%
Loss from discontinued operations	–	(900)	(100.0%)

EBIT

Our corporate EBIT charges are overall flat in Q1 2011 compared to Q1 2010.

Net finance costs

The decrease in our net borrowing costs is primarily due to the fact that we no longer record interest expenses related to the STECO seller note following its repayment in 2010.

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 Q1 2011 consists of a deferred income tax provision of US $3.0 million (Q1 2010, US $1.5 million) and US $2.8 million of current income tax provision accruals (Q1 2010, US $1.8 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 incurred legal costs and other costs related to the lawsuits and related settlements of US $1.7 million in 2010. The Company has obtained agreements from its insurers for reimbursement totaling US $11.0 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, US $6.0 million paid in Q1 2011 and then US $6.0 million due in 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.

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 recent financial crisis continued to impact the worldwide economy, challenging economic climates remained in many of our markets. The economy in the United States remained weak but in a slightly improved condition. Our European business continued to perform strongly despite mixed economic conditions. However, certain Southern European countries are still suffering from their governmental debt crisis.

Accordingly, our 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 2011. 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 focus will remain on new and innovative products and markets where we can achieve profitable growth, as well as continuing to deliver on our ongoing responsibility to our global environment.

Our Pallet Management Services business continued to feel the negative impact of the recent economic downturn, primarily as a result of pressure on prices from weak 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 grow revenues and increase profitability in 2011.

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 2011 as compared to 2010.

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

We are excited about the acquisition by Brambles and the value it brings to IFCO and we bring to it. The integration process has started and will present synergies in the near future for the Brambles group.

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	Q1 2011	Q1 2010
Net profit	5,441	940
Net finance costs	9,516	10,284
Income tax provision	5,792	3,312
Depreciation expense	9,769	10,355
Amortization of other assets	388	323
Stock-based compensation expense	194	11
Foreign currency (gain) loss	(1,027)	455
Nonrecurring items [1]	4,217	5,247
Loss from discontinued operations	–	900
EBITDA	**34,290**	**31,827**

Reconciliation of EBITDA to EBIT

US $ in thousands	Q1 2011	Q1 2010
EBITDA	34,290	31,827
Depreciation expense	(9,769)	(10,355)
Amortization of other assets	(388)	(323)
EBIT	**24,133**	**21,149**

[1] Q1 2010 nonrecurring items consist primarily of "ICE related expenses", prior year related expenses and Pallet Management Services plant restructuring costs. Q1 2011 nonrecurring items consists primarily of "ICE related expenses" and Brambles merger 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	Q1 2011	Q1 2010	% Change
Revenues:			
RPC Management Services	119,395	103,502	15.4%
Pallet Management Services	86,331	84,901	1.7%
	205,726	**188,403**	**9.2%**
Gross profit:			
RPC Management Services	28,787	26,224	9.8%
Pallet Management Services	14,233	12,804	11.2%
	43,020	**39,028**	**10.2%**
EBITDA:			
RPC Management Services	28,054	27,437	2.2%
Pallet Management Services	8,729	6,918	26.2%
Operations subtotal	**36,783**	**34,355**	**7.1%**
Corporate	(2,493)	(2,528)	(1.4%)
	34,290	**31,827**	**7.7%**
EBIT:			
RPC Management Services	19,479	18,547	5.0%
Pallet Management Services	7,147	5,130	39.3%
Operations subtotal	**26,626**	**23,677**	**12.5%**
Corporate	(2,493)	(2,528)	(1.4%)
	24,133	**21,149**	**14.1%**
Operating cash flows:			
RPC Management Services	12,750	21,396	(40.4%)
Pallet Management Services	(6,062)	(8,918)	(32.0%)
Operations subtotal	**6,688**	**12,478**	**(46.4%)**
Corporate	(5,499)	121	
	1,189	**12,599**	**(90.6%)**
Capital expenditures:			
RPC Management Services	32,732	24,294	34.7%
Pallet Management Services	679	534	27.2%
Operations subtotal	**33,411**	**24,828**	**34.6%**
Corporate	128	83	54.2%
	33,539	**24,911**	**34.6%**
Personnel (as of March 31, 2011 and December 31, 2010)			
RPC Management Services	814	786	3.6%
Pallet Management Services	3,052	3,054	(0.1%)
Operations subtotal	**3,866**	**3,840**	**0.7%**
Corporate	9	9	0.0%
	3,875	**3,849**	**0.7%**

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

US $ in thousands	March 31, 2011	December 31, 2010
Assets		
Non-current assets:		
Goodwill	209,238	204,443
Property, plant and equipment, net	576,834	528,832
Other assets	8,128	8,050
Total non-current assets	**794,200**	741,325
Current assets:		
Receivables, net	225,745	218,083
Inventories	11,060	10,440
Other current assets	20,493	23,699
Cash and cash equivalents	22,561	59,392
Total current assets	**279,859**	311,614
Total assets	**1,074,059**	1,052,939
Equity and liabilities		
Equity attributable to equity holders of the parent:		
Ordinary share capital	555	555
Treasury shares	(4,742)	(4,801)
Paid in capital	497,736	497,742
Other reserves	1,760	3,755
Retained earnings	(234,258)	(239,699)
Total equity	**261,051**	257,552
Non-current liabilities:		
Interest bearing loans and borrowings, net of current maturities	633	247,067
Finance lease obligations, net of current maturities	45,414	45,834
Other liabilities	18,979	21,885
Total non-current liabilities	**65,026**	314,786
Current liabilities:		
Current maturities of interest bearing loans and borrowings	279,035	4,875
Current maturities of finance lease obligations	25,831	24,493
Provisions	39,732	38,911
Refundable deposits	190,924	178,972
Trade and other payables	136,131	158,014
Other liabilities	76,329	75,336
Total current liabilities	**747,982**	480,601
Total liabilities	**813,008**	795,387
Total equity and liabilities	**1,074,059**	1,052,939

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

US $ in thousands, except share and per share amounts	Q1 2011	Q1 2010
Revenues	205,726	188,403
Cost of sales	162,706	149,375
Gross profit	**43,020**	**39,028**
Selling expenses	5,259	5,332
General and administrative expenses	13,969	13,820
Other operating expense (income), net	7	(24)
Profit from operating activities	**23,785**	**19,900**
ICE related expenses [1]	(2,336)	(4,074)
Foreign currency gain (loss), net	1,027	(455)
Other (expense) income, net	(1,727)	65
Net finance costs	(9,516)	(10,284)
Profit from continuing operations before taxes	**11,233**	**5,152**
Current income tax provision	(2,839)	(1,800)
Deferred income tax provision	(2,953)	(1,512)
Income tax provision	**(5,792)**	**(3,312)**
Profit before discontinued operations	**5,441**	**1,840**
Loss from discontinued operations	–	(900)
Net profit	**5,441**	**940**
Profit per share from continuing operations – basic	0.11	0.04
Profit per share from continuing operations – diluted	0.11	0.04
Net profit per share – basic	0.11	0.02
Net profit per share – diluted	0.11	0.02
Shares on which net profit is calculated:		
Basic [2]	51,262,664	51,247,507
Effect of dilutive stock options	3,749	146,066
Diluted	**51,266,413**	**51,393,573**

[1] 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.
[2] Average outstanding shares during the period.

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

US $ in thousands	Q1 2011	Q1 2010
Net profit	5,441	940
Currency translation differences	(3,016)	4,278
Income tax effect	1,021	–
Other comprehensive income for the period	**(1,995)**	4,278
Total comprehensive income for the period	**3,446**	5,218

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, 2009	54,222,214	2,968,719	583	(23,433)	518,927	(266,245)	(6,833)	222,999
Stock-based compensation expense	–	–	–	–	11	–	–	11
Buyback of treasury shares	–	54,148	–	(695)	–	–	–	(695)
Exercise of stock options funded by treasury shares	–	(68,334)	–	758	(493)	–	–	265
Dividend	–	–	–	–	–	(8,206)	–	(8,206)
Net profit	–	–	–	–	–	940	–	940
Other comprehensive income	–	–	–	–	–	–	4,278	4,278
Total comprehensive income	–	–	–	–	–	940	4,278	5,218
Balance at March 31, 2010	54,222,214	2,954,533	583	(23,370)	518,445	(273,511)	(2,555)	219,592
Balance at December 31, 2010	51,572,214	310,533	555	(4,801)	497,742	(239,699)	3,755	257,552
Stock-based compensation expense	–	–	–	–	1	–	–	1
Buyback of treasury shares	–	766	–	(14)	–	–	–	(14)
Exercise of stock options funded by treasury shares	–	(6,666)	–	73	(7)	–	–	66
Net profit	–	–	–	–	–	5,441	–	5,441
Other comprehensive income	–	–	–	–	–	–	(1,995)	(1,995)
Total comprehensive income	–	–	–	–	–	5,441	(1,995)	3,446
Balance at March 31, 2011	**51,572,214**	**304,633**	**555**	**(4,742)**	**497,736**	**(234,258)**	**1,760**	**261,051**

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

US $ in thousands	Q1 2011	Q1 2010
Cash flows from continuing operating activities:		
Net profit	5,441	940
ICE related expenses	2,336	4,074
Adjustments for:		
Depreciation and amortization expense of property, plant and equipment	9,769	10,355
Amortization of other assets	388	323
Stock-based compensation expense	194	11
Foreign currency (gain) loss, net	(1,027)	455
Income tax provision	5,792	3,312
Gain on sale of property, plant and equipment	(56)	(115)
Net finance costs	9,516	10,284
Loss from discontinued operations	–	900
Cash generated from continuing operations, excluding the cash flow effect of changes in working capital and excluding ICE	**32,353**	30,539
Changes in working capital of continuing operations:		
Receivables	3,103	(1,414)
Inventories	(607)	(46)
Trade and other payables	(28,516)	(12,871)
Refundable deposits	610	(5,481)
Other assets and liabilities	865	9,747
Cash flow effect of changes in operating assets and liabilities of continuing operations	**(24,545)**	(10,065)
Cash generated from continuing operations before income tax payments and excluding ICE	**7,808**	20,474
Cash used for ICE	(6,619)	(7,875)
Cash generated from continuing operations before income tax payments and including ICE	**1,189**	12,599
Income taxes paid	(1,717)	(1,304)
Cash (used in) generated from continuing operating activities	**(528)**	11,295
Cash used in discontinued operations	(106)	(818)
Net cash (used in) generated from operating activities	**(634)**	10,477
Cash flows from investing activities:		
Purchase of RPCs	(30,670)	(23,071)
Purchase of property, plant and equipment	(2,869)	(1,840)
Total capital expenditures	**(33,539)**	(24,911)
Proceeds from sale of property, plant and equipment	154	155
Net cash used in investing activities	**(33,385)**	(24,756)
Cash flows from financing activities:		
Interest paid	(15,358)	(16,784)
Interest received	69	93
Proceeds from exercise of stock options	66	265
Net (payments of) proceeds from finance lease obligations	(4,083)	319
Net proceeds from use of revolving credit facility	14,734	2,000
Payments for treasury share buyback	(14)	(695)
Net cash used in financing activities	**(4,586)**	(14,802)
Effect of exchange rate changes on cash and cash equivalents	1,774	(3,286)
Net decrease in cash and cash equivalents	**(36,831)**	(32,367)
Cash and cash equivalents, beginning of period	59,392	73,042
Cash and cash equivalents, end of period	**22,561**	40,675

Selected explanatory notes to unaudited consolidated interim financial statements

Basis of preparation of the first quarter condensed consolidated financial report

This first quarter condensed consolidated financial report as of March 31, 2011, 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 first 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, 2010.

The accounting policies adopted in the preparation of the first 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, 2010, except for the adoption of the new Standards and Interpretations as of January 1, 2011, noted below:

- IAS 24 Related Party Disclosures – Revised definition of related parties
  The revised version of IAS 24 "Related Party Disclosures" simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party. The revised standard did not have any impact on the consolidated financial statements and the disclosures made on related parties.

- IAS 32 Financial Instruments: Presentation – Amendments relating to Classification of Rights Issues
  For rights issues offered for a fixed amount of foreign currency current practice appears to require such issues to be accounted for as derivative liabilities. The amendment states that if such rights are issued pro rata to an entity's all existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated. The amendment did not have an impact on the financial position or performance of the Company.

- Amendment to IFRIC 14 IAS 19 – Prepayments of a Minimum Funding Requirement
  The amendment applies in the limited circumstances when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendment permits such an entity to treat the benefit of such an early payment as an asset. The Company has currently no defined benefit schemes and, therefore, this interpretation did not have an impact on the financial position or performance of the Company.

- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
  IFRIC 19 clarifies the requirements of IFRSs when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. IFRIC 19 clarifies that the entity's equity instruments issued to a creditor are part of the consideration paid to extinguish the financial liability. IFRIC 19 clarifies that the equity instruments issued are measured at their fair value. If their fair value cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. IFRIC 19 clarifies that the difference between the carrying amount of the financial liability extinguished

and the initial measurement amount of the equity instruments issued is included in the entity's profit or loss for the period. This IFRIC did not have an impact on the financial position or performance of the Company.

Improvements to IFRSs
In May 2010 the IASB issued improvements to IFRSs, an omnibus of amendments to its IFRS standards. The following amendments did not have any material effect on the financial statements.

- IFRS 3 Business Combinations
  Measurement of non-controlling interests
  Specifies that the option to measure non-controlling interests either at fair value or at the proportionate share of the acquiree's net identifiable assets at the acquisition date under IFRS 3 (2008) applies only to non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. All other components of non-controlling interests should be measured at their acquisition date fair value, unless another measurement basis is required by IFRSs.

  Un-replaced and voluntary replaced sharebased payment awards
  Specifies that the current requirement to measure awards of the acquirer that replace acquiree share-based payment transactions in accordance with IFRS 2 at the acquisition date ('market-based measure') applies also to share-based payment transactions of the acquiree that are not replaced. Specifies that the current requirement to allocate the market-based measure of replacement awards between the consideration transferred for the business combination and post-combination remuneration applies to all replacement awards regardless of whether the acquirer is obliged to replace the awards or does so voluntarily.

  Transitional requirements for contingent consideration from a business combination that occurred before the effective date of IFRS 3 (2008)
  Clarifies that IAS 32 Financial Instruments: Presentation, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures do not apply to contingent consideration that arose from business combinations whose acquisition dates preceded the application of IFRS 3 (2008).

- IFRS 7 Financial Instruments: Disclosures
  Clarifications of disclosures
  Encourages qualitative disclosures in the context of the quantitative disclosure required to help users to form an overall picture of the nature and extent of risks arising from financial instruments. Clarifies the required level of disclosure around credit risk and collateral held and provides relief from disclosure of renegotiated loans.

- IAS 1 Presentation of Financial Statements
  Clarification of statement of changes in equity
  Clarifies that an entity may present the analysis of other comprehensive income by item either in the statement of changes in equity or in the notes to the financial statements.

- IAS 27 Consolidated and Separate Financial Statements
  Transitional requirements for consequential amendments as a result of IAS 27 (2008)
  Clarifies that the amendments made to IAS 21 The Effects of Changes in Foreign Rates, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures as a result of IAS 27 (2008) should be applied prospectively (with the exception of paragraph 35 of IAS 28 and paragraph 46 of IAS 31, which should be applied retrospectively).

- IFRIC 13 Customer Loyalty Programmes
  Fair value of award credit
  Clarifies that the 'fair value' of award credits should take into account:
  - the amount of discounts or incentives that would otherwise be offered to customers who have not earned award credits from an initial sale; and
  - any expected forfeitures.

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.

The senior secured notes were reclassified from non current liabilities to current liabilities. According to the senior secured notes indenture and due to the change of control the Company was required to make an offer to repurchase all of the senior secured notes at 101%. The offer was made on April 20, 2011 and will be closed on May 23, 2011.

Business segments

The following tables present revenue, EBITDA and total assets information regarding the Company's operating segments for Q1 2011 and Q1 2010, respectively.

US $ in thousands	Continuing Operations				Discontinued Operation	Q1 2011 Total Operations
	RPC Management Services	Pallet Management Services	Corporate	Total	Pallet Pooling	
Third party revenues	119,395	86,331	–	205,726	–	205,726
EBITDA	28,054	8,729	(2,493)	34,290	–	34,290
Net finance costs			(9,516)	(9,516)		(9,516)
Depreciation expense			(9,769)	(9,769)		(9,769)
Amortization of other assets			(388)	(388)		(388)
Stock-based compensation expense			(194)	(194)		(194)
Foreign currency gain, net			1,027	1,027		1,027
Nonrecurring items			(4,217)	(4,217)		(4,217)
Profit from continuing operations before taxes						11,233
Total assets	872,200	189,460	12,398	1,074,058	1	1,074,059

US $ in thousands						Q1 2010
	Continuing Operations				Discontinued Operation	Total Operations
	RPC Management Services	Pallet Management Services	Corporate	Total	Pallet Pooling	
Third party revenues	103,502	84,901	–	188,403	–	188,403
EBITDA	27,437	6,918	(2,528)	31,827	–	31,827
Net finance costs			(10,284)	(10,284)		(10,284)
Depreciation expense			(10,355)	(10,355)		(10,355)
Amortization of other assets			(323)	(323)		(323)
Stock-based compensation expense			(11)	(11)		(11)
Foreign currency loss, net			(455)	(455)		(455)
Nonrecurring items			(5,247)	(5,247)		(5,247)
Profit from continuing operations before taxes						5,152
Total assets	719,629	198,973	30,843	949,445	1	949,446

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 Q1 2011 and Q1 2010, respectively:

US $ in thousands	Sales and services to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Entity with significant influence over the Company				
Q1 2011	–	29,187	–	27,781
Q1 2010	–	22,360	–	18,878

As of March 31, 2011 and March 31, 2010, there were no trade receivables from related parties. As of March 31, 2011 and March 31, 2010, there were trade and other payables from related parties in the amount of US $27.8 million and US $18.9 million.

In Q1 2011, Mr. Schoeller received a Supervisory Board remuneration in the amount of US $0.02 million.

Brambles Limited, Sydney, as ultimate controlling party owns 96.4% voting rights in IFCO as of March 31, 2011 (since April 4, 2011: 98.8%), indirectly. As of March 31, 2011, Brambles Limited, Sydney and its subsidiaries are considered as related parties. As of March 31, 2011, there were US $0.1 million trade receivables from related parties. As of March 31, 2011, there were trade and other payables from related parties in the amount of US $0.1 million.

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.

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. As at March 31, 2010, the Company recognized the dividend in the amount of US $8.3 million as a liability in the unaudited condensed interim statement of financial position.

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.

Personal Notes

Imprint

Editor	IFCO SYSTEMS N.V., Amsterdam, Netherlands
Editorial department	Investor Relations, Marketing Department
Business year	2011/01/01 – 2011/12/31
Design, title	Powergroup, Munich, Germany
Design, type composition	MILCH DESIGN GMBH
Printing, lithographic print	Color-Offset GmbH, Munich, Germany Printed in Germany

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Print compensated
Ident-No. 119255

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