

RITCHIE BROS AUCTIONEERS INC

FORM 6-K (Report of Foreign Issuer)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13A-16 OR 15D-16 UNDER
THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended March 31, 2011

Commission File Number: 001-13425

Ritchie Bros. Auctioneers Incorporated

9500 Glenlyon Parkway
Burnaby, BC, Canada
V5J 0C6
(778) 331 5500
(Address of principal executive offices)

indicate by check mark whether the registrant files or will file annual reports
under cover Form 20-F or Form 40-F

Form 20-F Form 40-F

indicate by check mark if the registrant is submitting the Form 6-K in paper
as permitted by Regulation S-T Rule 101(b)(1):

indicate by check mark if the registrant is submitting the Form 6-K in paper
as permitted by Regulation S-T Rule 101(b)(7):

indicate by check mark whether by furnishing information contained in this Form,
the registrant is also thereby furnishing the information to the Commission pursuant to
Rule 12g3-2(b) under the Securities Exchange Act of 1934

Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in
connection with Rule 12g3-2(b): 82- _____

PART 1. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated interim financial statements do not include all information and footnotes required by International Financial Reporting Standards as issued by the IASB (IFRS), for a complete set of annual financial statements. However, in the opinion of management, all adjustments (which consist only of normal recurring adjustments) necessary for a fair presentation of the results of operations for the relevant periods have been made. Results for the interim periods are not necessarily indicative of the results to be expected for the year or any other period. These financial statements should be read in conjunction with the summary of accounting policies and the notes to the consolidated financial statements included in the Company's Annual Report on Form 40-F for the fiscal year ended December 31, 2010, a copy of which has been filed with the U.S. Securities and Exchange Commission. These policies have been applied on a consistent basis with the exception of the changes as a result of the transition to IFRS, as disclosed in note 13 to these statements.

RITCHIE BROS. AUCTIONEERS INCORPORATED

Condensed Consolidated Income Statements

(Expressed in thousands of United States dollars, except share and per share amounts)

(Unaudited)

Three months ended March 31,	2011	2010
Auction revenues	\$ 88,463	\$ 83,544
Direct expenses (note 4)	<u>8,933</u>	<u>10,685</u>
	79,530	72,859
Selling, general and administrative expenses (note 4)	<u>60,185</u>	<u>52,944</u>
Earnings from operations	19,345	19,915
Other income (expense):		
Foreign exchange loss	(487)	(430)
Gain on disposition of property, plant and equipment	3,639	85
Other	<u>684</u>	<u>(278)</u>
	<u>3,836</u>	<u>(623)</u>
Finance income (costs):		
Finance income	680	611
Finance costs	<u>(1,457)</u>	<u>(1,278)</u>
	<u>(777)</u>	<u>(667)</u>
Earnings before income taxes	22,404	18,625
Income tax expense (recovery) (note 5):		
Current	3,960	6,249
Deferred	<u>1,874</u>	<u>(331)</u>
	<u>5,834</u>	<u>5,918</u>
Net earnings	<u>\$ 16,570</u>	<u>\$ 12,707</u>
Net earnings per share (note 6):		
Basic	\$ 0.16	\$ 0.12
Diluted	\$ 0.16	\$ 0.12
Weighted average number of shares outstanding:		
Basic	105,809,701	105,412,766
Diluted	106,611,182	106,080,428

See accompanying notes to condensed consolidated interim financial statements.

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on April 29, 2011.

/s/ Beverley A Briscoe

Beverley A Briscoe
Director

/s/ Peter J Blake

Peter J Blake
Chief Executive Officer

RITCHIE BROS. AUCTIONEERS INCORPORATED
Condensed Consolidated Statements of Comprehensive Income
(Expressed in thousands of United States dollars)
(Unaudited)

Three months ended March 31,	<u>2011</u>	<u>2010</u>
Net earnings	\$ 16,570	\$ 12,707
Other comprehensive income (loss):		
Foreign currency translation adjustment	<u>10,638</u>	<u>(4,029)</u>
Total comprehensive income	<u>\$ 27,208</u>	<u>\$ 8,678</u>

See accompanying notes to condensed consolidated interim financial statements.

RITCHIE BROS. AUCTIONEERS INCORPORATED
Condensed Consolidated Balance Sheets
(Expressed in thousands of United States dollars)
(Unaudited)

	March 31, 2011	December 31, 2010	January 1, 2010
Assets			
Current assets:			
Cash and cash equivalents	\$ 157,589	\$ 68,185	\$ 122,596
Trade and other receivables	161,197	59,818	51,963
Inventory	63,261	26,533	6,640
Advances against auction contracts	12,784	2,379	4,574
Prepaid expenses and deposits	10,281	10,565	8,131
Assets held for sale	—	421	3,675
Current portion of loan receivable	106	105	100
Current other assets	50	37	165
Income taxes receivable	11,584	14,635	3,824
	<u>416,852</u>	<u>182,678</u>	<u>201,668</u>
Property, plant and equipment (note 7)	635,280	618,984	590,108
Investment property (note 8)	8,501	8,246	7,837
Loan receivable	4,999	5,026	5,131
Other non-current assets	8,235	6,227	5,666
Goodwill	46,628	46,254	45,593
Deferred tax assets	2,742	5,143	3,485
	<u>\$ 1,123,237</u>	<u>\$ 872,558</u>	<u>\$ 859,488</u>
Liabilities and Shareholders' Equity			
Current liabilities:			
Auction proceeds payable	\$ 205,258	\$ 46,463	\$ 74,726
Trade and other payables	103,711	87,685	88,402
Income taxes payable	1,106	1,900	—
Current borrowings (note 9)	49,983	1,087	19,326
	<u>360,058</u>	<u>137,135</u>	<u>182,454</u>
Non-current borrowings (note 9)	138,537	135,886	116,137
Other non-current liabilities	3,587	1,659	1,254
Deferred tax liabilities	16,976	18,011	13,565
	<u>519,158</u>	<u>292,691</u>	<u>313,410</u>
Shareholders' equity:			
Share capital (note 10)	110,489	103,978	99,980
Additional paid-in capital	22,703	21,101	18,239
Retained earnings	455,729	450,268	427,859
Foreign currency translation reserve	15,158	4,520	—
	<u>604,079</u>	<u>579,867</u>	<u>546,078</u>
	<u>\$ 1,123,237</u>	<u>\$ 872,558</u>	<u>\$ 859,488</u>

Contingencies (note 12)

See accompanying notes to condensed consolidated interim financial statements.

RITCHIE BROS. AUCTIONEERS INCORPORATED

Condensed Consolidated Statements of Changes in Equity

(Expressed in thousands of United States dollars, except share amounts)

(Unaudited)

	Share Capital		Additional Paid-In Capital	Retained Earnings	Foreign Currency Translation Reserve	Total Shareholders' Equity
	Number of Shares	Amount				
Balance, January 1, 2010	<u>105,378,620</u>	<u>\$ 99,980</u>	<u>\$ 18,239</u>	<u>\$427,859</u>	<u>\$ —</u>	<u>\$ 546,078</u>
Total comprehensive income						
Net earnings	—	—	—	12,707	—	12,707
Foreign currency translation adjustment	—	—	—	—	(4,029)	(4,029)
	—	—	—	12,707	(4,029)	8,678
Exercise of stock options	80,166	1,232	(217)	—	—	1,015
Share based compensation tax adjustment	—	—	(265)	—	—	(265)
Share based compensation expense (note 11(b))	—	—	669	—	—	669
Cash dividends paid	—	—	—	(10,540)	—	(10,540)
Balance, March 31, 2010	<u>105,458,786</u>	<u>101,212</u>	<u>18,426</u>	<u>430,026</u>	<u>(4,029)</u>	<u>545,635</u>
Total comprehensive income						
Net earnings	—	—	—	52,968	—	52,968
Foreign currency translation adjustment	—	—	—	—	8,549	8,549
	—	—	—	52,968	8,549	61,517
Exercise of stock options	189,249	2,766	(502)	—	—	2,264
Share based compensation tax adjustment	—	—	455	—	—	455
Share based compensation expense (note 11(b))	—	—	2,722	—	—	2,722
Cash dividends paid	—	—	—	(32,726)	—	(32,726)
Balance, December 31, 2010	<u>105,648,035</u>	<u>103,978</u>	<u>21,101</u>	<u>450,268</u>	<u>4,520</u>	<u>579,867</u>
Total comprehensive income						
Net earnings	—	—	—	16,570	—	16,570
Foreign currency translation adjustment	—	—	—	—	10,638	10,638
	—	—	—	16,570	10,638	27,208
Exercise of stock options	395,452	6,511	(1,232)	—	—	5,279
Share based compensation tax adjustment	—	—	1,833	—	—	1,833
Share based compensation expense (note 11(b))	—	—	1,001	—	—	1,001
Cash dividends paid	—	—	—	(11,109)	—	(11,109)
Balance, March 31, 2011	<u>106,043,487</u>	<u>\$110,489</u>	<u>\$ 22,703</u>	<u>\$455,729</u>	<u>\$ 15,158</u>	<u>\$ 604,079</u>

See accompanying notes to condensed consolidated interim financial statements.

RITCHIE BROS. AUCTIONEERS INCORPORATED
Condensed Consolidated Statements of Cash Flows
(Expressed in thousands of United States dollars)
(Unaudited)

Three months ended March 31,	2011	2010
Cash provided by (used in):		
Operating activities:		
Net earnings	\$ 16,570	\$ 12,707
Items before changes in non-cash working capital:		
Depreciation	10,312	6,409
Share based compensation expense	1,001	669
Deferred income tax expense (recovery)	1,874	(331)
Foreign exchange loss	487	430
Net gain on disposition of property, plant and equipment	(3,639)	(85)
Changes in non-cash working capital:		
Trade and other receivables	(99,453)	(45,407)
Inventory	(35,939)	(15,424)
Advances against auction contracts	(10,363)	(2,609)
Prepaid expenses and deposits	691	(1,361)
Income taxes receivable	3,051	2,590
Income taxes payable	(1,356)	(3,667)
Auction proceeds payable	157,434	145,490
Trade and other payables	13,183	(10,376)
Other	(2,090)	(396)
Interest paid	1,614	1,852
Income taxes paid	733	3,667
Net cash generated by operating activities	<u>54,110</u>	<u>94,158</u>
Investing activities:		
Property, plant and equipment additions	(14,791)	(18,932)
Proceeds on disposition of property, plant and equipment	4,669	610
Decrease/(Increase) in other assets	(1,966)	1,298
Net cash used in investing activities	<u>(12,088)</u>	<u>(17,024)</u>
Financing activities:		
Issuance of share capital	5,279	1,015
Dividends on common shares	(11,109)	(10,540)
Issuance of short-term borrowings	48,947	78
Repayment of short-term borrowings	—	(4,897)
Other	1,836	45
Net cash used in financing activities	<u>44,953</u>	<u>(14,299)</u>
Effect of changes in foreign currency rates on cash and cash equivalents	<u>2,429</u>	<u>(279)</u>
Increase in cash and cash equivalents	89,404	62,556
Cash and cash equivalents, beginning of period	68,185	122,596
Cash and cash equivalents, end of period	<u>\$ 157,589</u>	<u>\$ 185,152</u>

See accompanying notes to condensed consolidated interim financial statements.

RITCHIE BROS. AUCTIONEERS INCORPORATED

Notes to Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2011 and 2010

(Tabular dollar amounts expressed in thousands of United States dollars, except share and per share amounts)

(Information as at March 31, 2011 and March 31, 2010, and for the three months then ended, is unaudited)

1. General information:

Ritchie Bros. Auctioneers Incorporated and its subsidiaries (collectively referred to as the "Company") sell used and unused industrial equipment and other assets for the construction, transportation, material handling, mining, forestry, petroleum, agricultural and other industries at its unreserved auctions worldwide.

Ritchie Bros. Auctioneers Incorporated is a company incorporated in Canada whose shares are publicly traded on the Toronto Stock Exchange (TSX) and the New York Stock Exchange (NYSE). It was amalgamated in December 1997 under the Canada Business Corporations Act. The address of its registered office is located at 1300 — 777 Dunsmuir Street, Vancouver, British Columbia, Canada.

2. Significant accounting policies:

The principal accounting policies applied in the preparation of these condensed consolidated interim financial statements are set out below. These policies have been consistently applied to the periods presented, unless otherwise stated.

(a) Basis of preparation:

These condensed consolidated interim financial statements including comparatives present the consolidated income statements, statements of comprehensive income, balance sheets, statements of changes in equity and statements of cash flows of the Company. The condensed consolidated interim financial statements have been prepared on the historical cost basis, except for cash flows and cash and cash equivalents, the financial instrument valued at fair value through profit and loss that is measured at fair value. A summary of the principal accounting policies is set out below.

(b) Statement of compliance:

The condensed consolidated interim financial statements of the Company have been prepared under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB) incorporating Interpretations issued by the IFRS Interpretations Committee ("IFRICs"), and complying with the Canada Business Corporations Act 1997. These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. These are the Company's first IFRS condensed consolidated interim financial statements for part of the period covered by the first IFRS annual financial statements and IFRS 1 *First-time Adoption of IFRS* has been applied. These condensed consolidated interim financial statements have been prepared in accordance with the accounting policies the Company expects to adopt in its December 31, 2011 consolidated annual financial statements. These accounting policies are based on the IFRS and IFRICs that the Company expects to be applicable at that time. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

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The disclosures concerning the transition from pre-changeover Canadian Generally Accepted Accounting Principles ("previous GAAP") to IFRS are included in the First-time adoption of IFRS note (note 13). In preparing these condensed consolidated interim financial statements, management has amended certain accounting methods formerly applied in the previous GAAP financial statements to comply with IFRS. The comparative figures for 2010 were restated to reflect these adjustments.

(c) Basis of consolidation:

(i) *Subsidiaries:*

The condensed consolidated interim financial statements incorporate the assets and liabilities of all subsidiaries of Ritchie Bros. Auctioneers Incorporated for all periods presented and the results of all subsidiaries for the periods then ended.

Subsidiaries are all those entities which the Company controls, i.e. has the power to govern the financial and operating policies, generally accompanying an equity holding of more than one-half of the voting rights.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases. The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Company.

Inter-entity transactions, balances and unrealized gains on transactions between entities within the consolidated company are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. The Company's accounting policies are applied consistently throughout the organization.

(ii) *Ultimate parent entity*

Ritchie Bros. Auctioneers Incorporated is the ultimate parent entity of the consolidated company.

(d) Revenue recognition:

Auction revenues are comprised mostly of auction commissions, which are earned by the Company acting as an agent for consignors of equipment and other assets, but also include net profits on the sale of inventory, internet purchase fees, administrative and documentation fees on the sale of certain lots, and auction advertising fees.

Auction commissions represent the percentage earned by the Company on the gross proceeds from equipment and other assets sold at auction. The majority of auction commissions are earned as a pre-negotiated fixed rate of the gross selling price. Other commissions are earned when the Company guarantees a certain level of proceeds to a consignor. This type of commission typically includes a pre-negotiated percentage of the guaranteed gross proceeds plus a percentage of proceeds in excess of the guaranteed amount. If actual auction proceeds are less than the guaranteed amount, commission is reduced; if proceeds are sufficiently lower, the

RITCHIE BROS. AUCTIONEERS INCORPORATED

Notes to Condensed Consolidated Interim Financial Statements

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Company can incur a loss on the sale. Losses, if any, resulting from guarantee contracts are recorded in the period in which the relevant auction is completed. If a loss relating to a guarantee contract held at the period end to be sold after the period end is known at the financial statement reporting date, the loss is accrued in the financial statements for that period. The Company's exposure from these guarantee contracts fluctuates over time (see contingencies note 12).

Auction revenues also include auction fees and net profit on the sale of inventory items. In some cases the Company temporarily acquires title to items for a short time prior to a particular auction sale; the revenue recorded is the net gain or loss on the sale of the items.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is shown net of value-added tax and duties.

The Company recognizes revenue when the auction sale is complete and the Company has determined that the auction proceeds are collectible.

(e) Foreign currency translation:

The parent entity's presentation and functional currency is the United States dollar. The functional currency for each of the parent entity's subsidiaries is the currency of the primary economic environment, which is usually the currency of the country of residency. Accordingly, the financial statements of the Company's subsidiaries that are not denominated in United States dollars have been translated into United States dollars using the exchange rate at the end of each reporting period for asset and liability amounts and the monthly average exchange rate for amounts included in the determination of earnings. Any gains or losses from the translation of asset and liability amounts are included in foreign currency translation reserve in other comprehensive income, which is included as a separate component of shareholders' equity.

In preparing the financial statements of the individual subsidiaries, transactions in currencies other than the entity's functional currency are recognized at the rates of exchange prevailing at the dates of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Foreign currency differences arising on retranslation are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(f) Cash and cash equivalents:

Cash and cash equivalents is comprised of cash on hand, deposits with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less when acquired, that are readily convertible to known amounts of cash.

RITCHIE BROS. AUCTIONEERS INCORPORATED

Notes to Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2011 and 2010

(Tabular dollar amounts expressed in thousands of United States dollars, except share and per share amounts)

(Information as at March 31, 2011 and March 31, 2010, and for the three months then ended, is unaudited)

(g) Inventory:

Inventory is represented by goods held for auction and has been valued at the lower of cost, determined by the specific identification method, and net realizable value.

(h) Financial instruments:

(i) *Recognition of financial instruments:*

Financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset, and substantially all the risks and rewards of ownership of the asset, to another entity.

Financial liabilities are derecognized when the Company's obligations are discharged, cancelled or they expire.

(ii) *Financial assets at fair value through profit or loss:*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified as held for trading if it has been acquired principally for the purpose of selling in the short term or if so designated by management and meets the criteria to designate at fair value. The policy of management is to designate a financial asset as held for trading if the possibility exists that it will be sold in the short term and the asset is subject to frequent changes in fair value.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognized in the income statement. The net gain or loss recognized in the income statement incorporates any dividends or interest earned on the financial asset.

Assets in this category are classified as current assets and are cash and cash equivalents on the balance sheet.

(iii) *Loans and receivables:*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides services with no intention of selling the receivable. They are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

Assets in this category are classified as current assets, except for those with maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables are trade and other receivables, advances against auction contracts and other current assets on the balance sheet.

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(iv) Effective interest method:

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs, and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period.

Income is recognized on an effective interest basis for debt instruments other than those financial assets designated as fair value through profit or loss.

(v) Impairment of financial assets:

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. Objective evidence of impairment could include:

- a. Significant financial difficulty of the issuer or counterparty;
- b. Default or delinquency in interest or principal payments; or
- c. It becoming probable that the borrower will enter bankruptcy or financial re-organization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(vi) Financial liabilities:

Trade and other payables, auction proceeds payable, other liabilities and borrowings are measured at amortized cost using the effective interest method. Transaction costs are offset against the outstanding principal of the related debts and are amortized using the effective interest rate method.

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Three months ended March 31, 2011 and 2010

(Tabular dollar amounts expressed in thousands of United States dollars, except share and per share amounts)

(Information as at March 31, 2011 and March 31, 2010, and for the three months then ended, is unaudited)

(i) Property, plant and equipment:

All property, plant and equipment are stated at cost less accumulated depreciation. Cost includes all expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to working condition for their intended use, the costs of dismantling and removing items and restoring the site on which they are located (if applicable) and capitalized interest on qualifying assets. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss.

When major components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment and depreciated over their respective lives. Depreciation is provided to charge the cost of the assets to operations over their estimated useful lives based on their usage as follows:

Asset	Basis	Rate/term
Improvements	declining balance	10%
Buildings	straight-line	30 years
Computer software	straight-line	3 - 5 years
Yard equipment	declining balance	20 - 30%
Automotive equipment	declining balance	30%
Computer equipment	straight-line	3 - 5 years
Office equipment	declining balance	20%
Leasehold improvements	straight-line	Terms of leases

No depreciation is provided on freehold land or on assets in the course of construction or development.

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Where assets are to be taken out of use, an impairment charge is levied. Where assets' useful lives are shortened, an estimate is made of their new lives and an accelerated depreciation charge is levied.

RITCHIE BROS. AUCTIONEERS INCORPORATED

Notes to Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2011 and 2010

(Tabular dollar amounts expressed in thousands of United States dollars, except share and per share amounts)

(Information as at March 31, 2011 and March 31, 2010, and for the three months then ended, is unaudited)

At the end of each reporting period, the Company reviews the carrying amounts of property, plant and equipment to determine whether depreciation policies and useful lives remain appropriate and also if there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. CGUs are identified as the smallest group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of the CGU is determined as the higher of fair value less costs to sell and value in use. The value in use is calculated by applying a pre-tax discounted cash flow modeling to management's projection of future cash flows and any impairment is determined by comparing the carrying value with the value in use. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Legal obligations to retire and constructive obligations to restore property, plant and equipment and assets under operating leases are recorded at management's best estimate in the period in which they are incurred, if a reasonable estimate can be made, with a corresponding increase in asset carrying value. The liability is accreted to face value over the remaining estimated useful life of the asset. The Company does not have any significant asset retirement obligations.

(j) Goodwill:

Goodwill represents non-identifiable intangible assets acquired on business combinations. Goodwill is not amortized and is tested for impairment at least annually, or more frequently if events or changes in circumstances indicate that the asset might be impaired. Goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes. The impairment test compares the carrying amount of the goodwill against its implied fair value. To the extent that the carrying amount of goodwill exceeds its fair value, an impairment loss is charged against profit or loss.

(k) Investment property:

The Company's investment property is held for capital appreciation, not for sale in the ordinary course of business or for administrative purposes, and is carried at cost.

(l) Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are measured at carrying amount in accordance with the Company's accounting policies. Thereafter the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in profit or loss.

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(m) Share-based payments:

The Company has a stock-based compensation plan, which is described in the share based payment note. The Company uses a fair value method to account for employee share-based compensation; cost attributable to options granted to employees is measured at the fair value of the underlying option at the grant date using the Black-Scholes option pricing model. Details regarding this determination are described in note 11. Compensation expense is recognized over the period in which the service conditions are fulfilled with a corresponding increase to equity, ending on the date the employees become fully entitled to the award. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity.

(n) Taxes:

Income tax expense represents the sum of current tax expense and deferred tax expense.

(i) *Current tax:*

The current tax expense is based on taxable profit for the period and includes any adjustments to tax payable in respect of previous years. Taxable profit differs from profit as reported in the condensed consolidated income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

(ii) *Deferred tax:*

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(iii) Current and deferred tax for the period:

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting for a business combination.

(o) Net earnings per share:

Net earnings per share has been calculated based on the weighted average number of common _____ shares outstanding. Diluted net earnings per share has been calculated after giving effect to outstanding dilutive options calculated by adjusting the profit or loss attributable to shareholders and the weighted average number of shares outstanding for all dilutive shares.

(p) New and amended accounting standards:

At the date of authorization of these financial statements, the following standards and interpretations were issued but not yet effective:

- In December 2010, the IASB issued amendments to IFRS 1 *First-time Adoption of IFRS* to eliminate references to fixed dates. This amendment is effective for years beginning on or after July 1, 2011. The Company has early adopted this amendment.
- In 2009, the IASB issued the first part of IFRS 9 *Financial Instruments - Classification & Measurement*. This standard is effective for periods starting on or after January 1, 2013. The Company has chosen not to early adopt this standard.

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3. Critical accounting estimates and judgments:

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies and assumptions. Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are depreciation methods; valuation of inventory; valuation and recognition of income taxes; valuation of commitments under guarantee contracts; and the calculation of share based payments.

4. Expenses by nature:

The Company classifies expenses according to function in the condensed consolidated income statements. The following items are listed by function into additional components by nature:

Direct Expenses

	<u>2011</u>	<u>2010</u>
Employee compensation expense	\$ 3,339	\$ 3,316
Travel, advertising and promotion	2,992	4,453
Other direct expenses	2,602	2,916
	<u>\$ 8,933</u>	<u>\$ 10,685</u>

Selling, general and administrative expenses

	<u>2011</u>	<u>2010</u>
Employee compensation expense	\$ 31,801	\$ 28,815
Buildings & facilities	9,595	9,728
Travel, advertising and promotion	4,187	3,429
Other general and administrative expenses	4,290	4,563
	<u>\$ 49,873</u>	<u>\$ 46,535</u>
Depreciation	10,312	6,409
	<u>\$ 60,185</u>	<u>\$ 52,944</u>

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5. Income taxes:

Income tax expense is recognized based on management's best estimate of the annual income tax rate expected by jurisdiction for the full financial year applied to the pre-tax income of the interim period. The Company's consolidated effective tax rate in respect of operations for the three months ended March 31, 2011 was 26.0% (three months ended March 31, 2010: 31.8%). The change in effective tax rate was caused mainly by the following factors:

- A greater proportion of earnings in the period ended March 31, 2011 are subject to tax in jurisdictions with lower tax rates.
- A gain from the disposition of land in the period ended March 31, 2011 is subject to a low tax rate.
- In the period ended March 31, 2011, some tax losses have not been recognized because management did not consider it probable that future taxable profits would be available to utilize those losses.

6. Earnings per share:

Three months ended March 31, 2011	Net earnings	Shares	Per share amount
Basic net earnings per share	\$ 16,570	105,809,701	\$ 0.16
Effect of dilutive securities:			
Stock options	—	801,481	—
Diluted net earnings per share	<u>\$ 16,570</u>	<u>106,611,182</u>	<u>\$ 0.16</u>
Three months ended March 31, 2010	Net earnings	Shares	Per share amount
Basic net earnings per share	\$ 12,707	105,412,766	\$ 0.12
Effect of dilutive securities:			
Stock options	—	667,662	—
Diluted net earnings per share	<u>\$ 12,707</u>	<u>106,080,428</u>	<u>\$ 0.12</u>

For the three months ended March 31, 2011, stock options to purchase 494,160 common shares were outstanding but were excluded from the calculation of diluted earnings per share as they were anti-dilutive (2010: 1,037,563).

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7. Property, plant and equipment:

	Land and improvements	Buildings	Land, buildings and leasehold improvements under development	Yard and automotive equipment	Computer software and equipment	Computer software and equipment under development	Office equipment	Leasehold improvements	Total
Cost:									
Balance, January 1, 2010	\$ 286,297	\$ 232,160	\$ 57,367	\$ 49,069	\$ 44,184	\$ 14,084	\$ 17,275	\$ 4,396	\$ 704,832
Additions	51	109	44,810	7,116	843	11,067	540	1,066	65,602
Disposals	(544)	(2,812)	—	(5,160)	(4,229)	—	(727)	—	(13,472)
Transfers from property under developme to completed assets	47,285	24,059	(84,518)	2,842	23,836	(23,836)	2,848	7,484	—
Reclassified as held for sale	(436)	(87)	—	—	—	—	—	—	(523)
Foreign exchange movement	5,617	4,662	(2,356)	663	2,874	473	372	(12)	12,293
Balance, December 31, 2010	\$ 338,270	\$ 258,091	\$ 15,303	\$ 54,530	\$ 67,508	\$ 1,788	\$ 20,308	\$ 12,934	\$ 768,732
Additions	371	79	10,666	1,836	1,718	810	66	—	15,546
Disposals	—	(32)	—	(1,127)	(14)	—	(68)	(16)	(1,257)
Transfers from property under developme to completed assets	113	(43)	(247)	29	(141)	141	25	123	—
Foreign exchange movement	5,828	3,980	52	1,016	1,882	65	471	427	13,721
Balance, March 31, 2011	\$ 344,582	\$ 262,075	\$ 25,774	\$ 56,284	\$ 70,953	\$ 2,804	\$ 20,802	\$ 13,468	\$ 796,742

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7. Property, plant and equipment (continued):

	Land and improvements	Buildings	Land, buildings and leasehold improvements under development	Yard and automotive equipment	Computer software and equipment	Computer software and equipment under development	Office equipment	Leasehold improvements	Total
Accumulated depreciation:									
Balance, January 1, 2010	\$ (19,684)	\$ (40,882)	\$ —	\$ (21,756)	\$ (22,853)	\$ —	\$ (6,998)	\$ (2,551)	\$ (114,724)
Depreciation for the year	(5,109)	(8,866)	—	(7,835)	(12,556)	—	(2,603)	(844)	(37,813)
Disposals	117	1,579	—	3,240	(313)	—	694	—	5,317
Reclassified as held for sale	71	33	—	—	—	—	—	—	104
Foreign exchange movement	13	(661)	—	(297)	(1,599)	—	(94)	6	(2,632)
Balance, December 31 2010	\$ (24,592)	\$ (48,797)	\$ —	\$ (26,648)	\$ (37,321)	\$ —	\$ (9,001)	\$ (3,389)	\$ (149,748)
Depreciation for the period	(1,848)	(2,276)	—	(1,787)	(3,483)	—	(579)	(339)	(10,312)
Disposals	110	17	—	672	639	—	52	10	1,500
Foreign exchange movement	(337)	(716)	—	(494)	(1,098)	—	(197)	(60)	(2,902)
Balance, March 31, 2011	\$ (26,667)	\$ (51,772)	\$ —	\$ (28,257)	\$ (41,263)	\$ —	\$ (9,725)	\$ (3,778)	\$ (161,462)
Net carrying amount:									
As at January 1, 2010	\$ 266,613	\$ 191,278	\$ 57,367	\$ 27,313	\$ 21,331	\$ 14,084	\$ 10,277	\$ 1,845	\$ 590,108
As at December 31, 2010	\$ 313,678	\$ 209,294	\$ 15,303	\$ 27,882	\$ 30,187	\$ 1,788	\$ 11,307	\$ 9,545	\$ 618,984
As at March 31, 2011	\$ 317,915	\$ 210,303	\$ 25,774	\$ 28,027	\$ 29,690	\$ 2,804	\$ 11,077	\$ 9,690	\$ 635,280

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7. Property, plant and equipment (continued):

During the three months, interest of \$176,000 (2010: \$624,000) was capitalized to the cost of buildings under development.

8. Investment property:

	<u>March 31, 2011</u>	<u>December 31, 2010</u>	<u>January 1, 2010</u>
Investment Property	<u>\$ 8,501</u>	<u>\$ 8,246</u>	<u>\$ 7,837</u>

Investment property held at the balance sheet date is comprised of land and site improvements which are non-depreciating asset categories. The fair value of investment property as at January 1, 2010 was approximately \$39 million; there was no significant change in real estate prices in the geographies where investment property is held for the period from January 1, 2010 to March 31, 2011. The fair value of the Company's investment property has been arrived at on the basis of a valuation carried out at January 1, 2010 by local real estate agents not related to the Company. These agents are members of appropriate real estate associations for their jurisdiction, and have the appropriate recent experience in the valuation of properties in the relevant locations. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

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9. Borrowings:

	March 31, 2011	December 31, 2010	January 1, 2010
Current Borrowings	<u>\$ 49,983</u>	<u>\$ 1,087</u>	<u>\$ 19,326</u>
Non-Current Borrowings:			
Term loan, denominated in Canadian dollars, unsecured, bearing interest at 6.385%, due in quarterly installments of interest only, with full amount of the principal due in 2016.	\$ 61,718	\$ 59,977	\$ 56,889
Term loan, denominated in United States dollars, unsecured, bearing interest at 5.61%, due in quarterly installments of interest only, with the full amount of the principal due in 2011.	—	29,998	29,966
Revolving loan, denominated in Canadian dollars, unsecured, bearing interest at Canadian bankers' acceptance rate plus a margin between 0.65% and 1.00%, due in monthly installments of interest only. The revolving credit facility is available until 2014.	31,819	30,911	29,282
Term loan, denominated in United States dollars, unsecured, bearing interest at 2.30%, due in quarterly installments of interest only, with the full amount of the principal due in 2013.	15,000	15,000	—
Term loan, denominated in United States dollars, unsecured, bearing interest at 1.81%, due in quarterly installments of interest only, with the full amount of the principal due in 2013.	30,000	—	—
Sub-total Non-current borrowings	<u>\$ 138,537</u>	<u>\$ 135,886</u>	<u>\$ 116,137</u>
Total Borrowings	<u>\$ 188,520</u>	<u>\$ 136,973</u>	<u>\$ 135,463</u>

Current Borrowings at March 31, 2011 are comprised of drawings in different currencies on the Company's committed revolving credit facility. These have a weighted average interest rate of 0.95% at the end of this reporting period.

10. Share capital:

(a) Authorized:

Unlimited number of common shares, without par value.

Unlimited number of senior preferred shares, without par value, issuable in series.

Unlimited number of junior preferred shares, without par value, issuable in series.

(b) Issued:

All issued shares are fully paid. No preferred shares have been issued.

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11. Share-based payment:

(a) Stock options:

Stock option activity for the 3 months ended March 31, 2011 and the year ended December 31, 2010 is presented below:

	Common Shares Under Option	Weighted Average Exercise Price
Outstanding, January 1, 2010	2,922,587	\$ 15.13
Granted	591,704	21.79
Exercised	(269,415)	12.17
Forfeited	(10,100)	24.39
Expired	—	—
Outstanding, December 31, 2010	3,234,776	16.57
Granted	487,650	25.91
Exercised	(395,452)	13.35
Forfeited	(4,900)	22.92
Expired	—	—
Outstanding, March 31, 2011	<u>3,322,074</u>	<u>\$ 18.32</u>
Exercisable as at March 31, 2011	2,412,406	\$ 16.77
Exercisable as at December 31, 2010	<u>2,256,031</u>	<u>\$ 15.55</u>

The stock options outstanding at March 31, 2011 expire on dates ranging to March 3, 2021.

The following is a summary of stock options outstanding and exercisable at March 31, 2011:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding	Weighted Average Remaining Life (years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
\$3.89 – \$4.35	34,400	0.9	\$ 4.34	34,400	\$ 4.34
\$5.18	99,724	1.8	5.18	99,724	5.18
\$8.82 – \$10.80	282,981	3.3	9.75	282,981	9.75
\$14.23 – \$14.70	1,090,985	7.0	14.55	894,711	14.56
\$18.67 – \$19.23	349,504	6.0	18.68	342,600	18.67
\$21.82	561,067	9.0	21.82	346,727	21.82
\$24.39 – \$25.91	903,413	8.6	25.22	411,263	24.41
	<u>3,322,074</u>			<u>2,412,406</u>	

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(b) Share-based compensation:

During the first quarter of 2011, the Company recognized compensation cost of \$1,001,000 (2010: \$669,000) in respect of options granted under its stock option plan. This amount was calculated in accordance with the fair value method of accounting.

The fair value of the stock option grants was estimated on the date of the grant using the Black-Scholes option pricing model with the following assumptions:

	<u>2011</u>	<u>2010</u>
Risk free interest rate	2.3%	2.7%
Expected dividend yield	1.62%	1.83%
Expected lives of options	5 years	5 years
Expected volatility	34.9%	34.4%

The weighted average grant date fair value of options granted during the three months ended March 31, 2011 was \$7.77 per option (2010: \$6.42). The fair value method requires that this amount be amortized over the relevant vesting periods of the underlying options.

12. Contingencies:

(a) Legal and other claims:

The Company is subject to legal and other claims that arise in the ordinary course of its business. The Company does not believe that the results of these claims will have a material effect on the Company's balance sheet or income statement.

(b) Guarantee contracts:

In the normal course of its business, the Company will in certain situations guarantee to a consignor a minimum level of proceeds in connection with the sale at auction of that consignor's equipment. At March 31, 2011, total outstanding guarantees under contract were \$59,595,000 for industrial equipment, all of which were due to be sold prior to the end of the second quarter of 2011 (December 31, 2010: \$7,860,000 to be sold prior to the end of the second quarter of 2011). The Company also had guarantees under contract totalling \$43,896,000 relating to agricultural auctions, all of which were due to be sold prior to the end of the second quarter of 2011 (December 31, 2010: \$21,008,000 to be sold prior to the end of the second quarter of 2011). The outstanding guarantee amounts are undiscounted and before estimated proceeds from sale at auction.

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13. First-time adoption of IFRS:

These are the Company's first consolidated financial statements prepared in accordance with IFRS. The significant accounting policies in Note 2 have been applied in preparing the condensed consolidated interim financial statements for the three months ended March 31, 2011, the comparative information for the periods ended March 31, 2010, December 31, 2010, and the preparation of an opening IFRS balance sheet on the date of transition to IFRS ("Transition Date"), January 1, 2010.

The guidance for first-time adoption of IFRS is set out in IFRS 1 *First-time Adoption of IFRS*. IFRS 1 requires that the standards are applied retrospectively at the Transition Date with all adjustment to assets and liabilities taken to retained earnings, unless certain exemptions are applied. The Company elected to take the following IFRS 1 optional exemptions:

- to apply the requirements of IFRS 3 *Business Combinations* prospectively from the Transition Date;
- to apply the requirements of IFRS 2 *Share Based Payments* only to equity instruments granted after November 7, 2002 which had not vested as of the Transition date; and
- to transfer all foreign currency translation differences recognized as a separate component of equity to retained earnings as at the Transition Date.

IFRS 1 also outlines specific guidelines where a first-time adopter must not apply the standards retrospectively. The Company has complied with these mandatory exceptions from retrospective application.

In preparing the opening IFRS balance sheet and comparative information for the three months ended March 31, 2010, and the year ended December 31, 2010, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. An explanation of how the transition from previous GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and discussion.

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Reconciliation of net earnings

	Three months ended March 31, 2010			
	Previous GAAP	Effect of Transition to IFRS	Notes	IFRS
Auction revenues	\$ 83,544			\$ 83,544
Direct expenses	10,685			10,685
	<u>72,859</u>			<u>72,859</u>
Selling, general & administrative expenses	52,816	128	(e)	52,944
Earnings from operations	20,043	(128)		19,915
Other income (expense):				
Foreign exchange loss	(430)			(430)
Gain on disposition of property, plant and equipment	85			85
Other	(278)			(278)
	<u>(623)</u>			<u>(623)</u>
Finance income (costs):				
Finance income	611			611
Finance costs	(1,278)			(1,278)
	<u>(667)</u>			<u>(667)</u>
Earnings before income taxes	18,753	(128)		18,625
Income tax expense (recovery):				
Current	6,249			6,249
Deferred	(296)	(35)	(e)	(331)
	<u>5,953</u>	<u>(35)</u>		<u>5,918</u>
Net earnings	<u>\$ 12,800</u>	<u>\$ (93)</u>		<u>\$ 12,707</u>
Net earnings per share:				
Basic	\$ 0.12			\$ 0.12
Diluted	\$ 0.12			\$ 0.12

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Reconciliation of net earnings

	Twelve months ended December 31, 2010			
	Previous GAAP	Effect of Transition to IFRS	Notes	IFRS
Auction revenues	\$ 357,369			\$ 357,369
Direct expenses	47,021			47,021
	<u>310,348</u>			<u>310,348</u>
Selling, general and administrative expenses	218,345	488	(e)	218,833
Earnings from operations	92,003	(488)		91,515
Other income (expense):				
Foreign exchange loss	(49)			(49)
Gain on disposition of property, plant and equipment	250			250
Other	1,823			1,823
	<u>2,024</u>			<u>2,024</u>
Finance income (costs):				
Finance income	2,035			2,035
Finance costs	(5,216)			(5,216)
	<u>(3,181)</u>			<u>(3,181)</u>
Earnings before income taxes	90,846	(488)		90,358
Income tax expense (recovery):				
Current	21,992			21,992
Deferred	2,941	(250)	(d), (e)	2,691
	<u>24,933</u>	<u>(250)</u>		<u>24,683</u>
Net earnings	<u>\$ 65,913</u>	<u>\$ (238)</u>		<u>\$ 65,675</u>
Net earnings per share:				
Basic	\$ 0.62			\$ 0.62
Diluted	\$ 0.62			\$ 0.62

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Reconciliations of comprehensive income**Three months ended March 31, 2010**

	<u>Previous GAAP</u>	<u>Effect of transition to IFRS</u>	<u>Notes</u>	<u>IFRS</u>
Net earnings	<u>\$ 12,800</u>	<u>\$ (93)</u>		<u>\$ 12,707</u>
Other comprehensive income (loss):				
Foreign currency translation adjustment	<u>(4,029)</u>	<u>—</u>		<u>(4,029)</u>
Total comprehensive income	<u>\$ 8,771</u>	<u>\$ (93)</u>		<u>\$ 8,678</u>

Twelve months ended December 31, 2010

	<u>Previous GAAP</u>	<u>Effect of transition to IFRS</u>	<u>Notes</u>	<u>IFRS</u>
Net earnings	<u>\$ 65,913</u>	<u>\$ (238)</u>		<u>\$ 65,675</u>
Other comprehensive income (loss):				
Foreign currency translation adjustment	<u>4,520</u>	<u>—</u>		<u>4,520</u>
Total comprehensive income	<u>\$ 70,433</u>	<u>\$ (238)</u>		<u>\$ 70,195</u>

RITCHIE BROS. AUCTIONEERS INCORPORATED
Notes to Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2011 and 2010
(Tabular dollar amounts expressed in thousands of United States dollars, except share and per share amounts)
(Information as at March 31, 2011 and March 31, 2010, and for the three months then ended, is unaudited)

Reconciliation of balance sheet

	January 1, 2010			IFRS
	Previous GAAP	Effect of Transition to IFRS	Notes	
Assets				
Current assets:				
Cash and cash equivalents	\$ 122,596			\$ 122,596
Trade and other receivables	51,963			51,963
Inventory	6,640			6,640
Advances against auction contracts	4,574			4,574
Prepaid expenses and deposits	8,131			8,131
Assets held for sale	—	3,675	(a)	3,675
Current portion of loan receivable	—	100	(g)	100
Current other assets	265	(100)	(g)	165
Income taxes receivable	3,824			3,824
Deferred tax asset	714	(714)	(b)	—
	<u>198,707</u>	<u>2,961</u>		<u>201,668</u>
Property, plant and equipment	597,945	(7,837)	(c)	590,108
Investment property	—	7,837	(c)	7,837
Loan receivable	—	5,131	(g)	5,131
Other non-current assets	14,472	(8,806)	(a), (g)	5,666
Goodwill	45,593			45,593
Deferred tax assets	1,104	2,381	(b) (d)	3,485
	<u>\$ 857,821</u>	<u>\$ 1,667</u>		<u>\$ 859,488</u>
Liabilities and Shareholders' Equity				
Current liabilities:				
Auction proceeds payable	\$ 74,726			\$ 74,726
Trade and other payables	88,402			88,402
Current borrowings	5,069	14,257	(h)	19,326
	<u>168,197</u>	<u>14,257</u>		<u>182,454</u>
Non-current borrowings	130,394	(14,257)	(h)	116,137
Other non-current liabilities	1,254			1,254
Deferred tax liabilities	13,565			13,565
	<u>313,410</u>	<u>—</u>		<u>313,410</u>
Shareholders' equity:				
Share capital	99,980			99,980
Additional paid-in capital	16,146	2,093	(d), (e)	18,239
Retained earnings	411,326	16,533	(e), (f)	427,859
Foreign currency translation reserve	16,959	(16,959)	(f)	—
	<u>544,411</u>	<u>1,667</u>		<u>546,078</u>
	<u>\$ 857,821</u>	<u>\$ 1,667</u>		<u>\$ 859,488</u>

RITCHIE BROS. AUCTIONEERS INCORPORATED

Notes to Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2011 and 2010

(Tabular dollar amounts expressed in thousands of United States dollars, except share and per share amounts)

(Information as at March 31, 2011 and March 31, 2010, and for the three months then ended, is unaudited)

Reconciliation of balance sheet

	December 31, 2010			
	Previous GAAP	Effect of Transition to IFRS	Notes	IFRS
Assets				
Current assets:				
Cash and cash equivalents	\$ 68,185			\$ 68,185
Trade and other receivables	59,818			59,818
Inventory	26,533			26,533
Advances against auction contracts	2,379			2,379
Prepaid expenses and deposits	10,565			10,565
Assets held for sale	—	421	(a)	421
Current portion of loan receivable	—	105	(g)	105
Current other assets	142	(105)	(g)	37
Income taxes receivable	14,635			14,635
Deferred tax asset	211	(211)	(b)	—
	<u>182,468</u>	<u>210</u>		<u>182,678</u>
Property, plant and equipment	627,230	(8,246)	(c)	618,984
Investment property	—	8,246	(c)	8,246
Loan receivable	—	5,026	(g)	5,026
Other non-current assets	11,674	(5,447)	(a), (g)	6,227
Goodwill	46,254			46,254
Deferred tax assets	3,192	1,951	(b), (d), (e)	5,143
	<u>\$ 870,818</u>	<u>\$ 1,740</u>		<u>\$ 872,558</u>
Liabilities and Shareholders' Equity				
Current liabilities:				
Auction proceeds payable	\$ 46,463			\$ 46,463
Trade and other payables	87,685			87,685
Income taxes payable	1,900			1,900
Current borrowings	1,087			1,087
	<u>137,135</u>			<u>137,135</u>
Non-current borrowings	135,886			135,886
Other non-current liabilities	1,659			1,659
Deferred tax liabilities	18,011			18,011
	<u>292,691</u>			<u>292,691</u>
Shareholders' equity:				
Share capital	103,978			103,978
Additional paid-in capital	18,697	2,404	(d), (e)	21,101
Retained earnings	433,973	16,295	(d), (e), (f)	450,268
Foreign currency translation reserve	21,479	(16,959)	(f)	4,520
	<u>578,127</u>	<u>1,740</u>		<u>579,867</u>
	<u>\$ 870,818</u>	<u>\$ 1,740</u>		<u>\$ 872,558</u>

RITCHIE BROS. AUCTIONEERS INCORPORATED
Notes to Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2011 and 2010
(Tabular dollar amounts expressed in thousands of United States dollars, except share and per share amounts)
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Reconciliation of balance sheet

	March 31, 2010			
	Previous GAAP	Effect of Transition to IFRS	Notes	IFRS
Assets				
Current assets:				
Cash and cash equivalents	\$ 185,152			\$ 185,152
Trade and other receivables	96,303			96,303
Inventory	22,107			22,107
Advances against auction contracts	7,164			7,164
Prepaid expenses and deposits	9,537			9,537
Assets held for sale	—	3,675	(a)	3,675
Current portion of loan receivable	—	100	(g)	100
Current other assets	2,945	(2,744)	(a), (g)	201
Income taxes receivable	1,561			1,561
Deferred tax asset	1,170	(1,170)	(b)	—
	<u>325,939</u>	<u>(139)</u>		<u>325,800</u>
Property, plant and equipment	610,508	(8,127)	(c)	602,381
Investment property	—	8,127	(c)	8,127
Loan receivable	—	5,106	(g)	5,106
Other non-current assets	10,529	(6,137)	(a), (g)	4,392
Goodwill	46,024			46,024
Deferred tax assets	2,688	2,556	(b), (d)	5,244
	<u>\$ 995,688</u>	<u>\$ 1,386</u>		<u>\$ 997,074</u>
Liabilities and Shareholders' Equity				
Current liabilities:				
Auction proceeds payable	\$ 221,237			\$ 221,237
Trade and other payables	79,379			79,379
Current borrowings	78			78
	<u>300,694</u>			<u>300,694</u>
Non-current borrowings	133,966			133,966
Other non-current liabilities	1,533			1,533
Deferred tax liabilities	15,246			15,246
	<u>451,439</u>			<u>451,439</u>
Shareholders' equity:				
Share capital	101,212			101,212
Additional paid-in capital	16,521	1,905	(d), (e)	18,426
Retained earnings	413,586	16,440	(d), (e), (f)	430,026
Foreign currency translation reserve	12,930	(16,959)	(f)	(4,029)
	<u>544,249</u>	<u>1,386</u>		<u>545,635</u>
	<u>\$ 995,688</u>	<u>\$ 1,386</u>		<u>\$ 997,074</u>

RITCHIE BROS. AUCTIONEERS INCORPORATED
Notes to Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2011 and 2010
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Material adjustments to the Statements of Cash Flows

The adoption of IFRS has had no impact on the net cash flows of the Company. The changes made to the presentation of the statement of cash flows as a result of the transition to IFRS have resulted in reclassifications of various amounts, however as there have been no changes to the net operating, financing or investing cash flows, no reconciliations have been presented.

Notes to the IFRS reconciliations above:

(a) Reclassification of assets held for sale

As at January 1, 2010 and December 31, 2010, the Company held assets whose carrying amount would be recovered principally through a sale transaction, rather than through continuing use, and therefore met the criteria as "held for sale". These are reclassified to current assets under IFRS.

(b) Deferred tax classification

Under previous GAAP, deferred tax assets and liabilities are classified as current or non-current as appropriate. IFRS does not allow the classification of a current portion of deferred tax, and therefore these amounts have been reclassified as non-current.

(c) Investment property

The Company owns certain properties that were classified as property, plant and equipment under previous GAAP and meet the definition of an investment property under IAS 40 *Investment Property*. This standard requires that the carrying value of these assets be disclosed separately on the face of the balance sheet; therefore, these amounts have been reclassified on transition to IFRS. The Company has chosen to continue to account for these assets using the cost method.

(d) Deferred tax on share-based payment

The Company issues share purchase options to employees who are resident in certain tax jurisdictions where the cost of granting this instrument can be deductible for tax purposes when exercised. IAS 12 requires the re-measurement of these options to reflect the value of the deduction based on the market price of the shares at each reporting date, and an adjustment to the deferred tax asset created when the award was issued. Previous GAAP required the measurement of the deferred tax asset to be recognized based on grant date fair value of the options. In revaluing the share purchase options vested but not exercised at the balance sheet date, an adjustment to increase deferred tax assets and additional paid-in capital has been recorded.

RITCHIE BROS. AUCTIONEERS INCORPORATED

Notes to Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2011 and 2010

(Tabular dollar amounts expressed in thousands of United States dollars, except share and per share amounts)

(Information as at March 31, 2011 and March 31, 2010, and for the three months then ended, is unaudited)

(e) Share based payments

Under previous GAAP, the Company recognized stock based compensation expense of awards that vest in multiple installments as if it were a single award. IFRS requires that each installment of option awards be treated as a separate option grant, because each installment has a different vesting period. Therefore the fair value of each installment is amortized over each installment's vesting period, with an impact of decreasing net earnings. The cumulative impact is an increase in additional paid-in capital, a decrease in retained earnings and an increase to the deferred tax asset for options that are tax deductible upon exercise.

(f) Cumulative translation differences

On transition to IFRS, the Company has chosen to apply the election in IFRS 1 regarding IAS 21 *The Effects of Changes in Foreign Exchange Rates* for cumulative translation differences that existed at the date of transition to IFRS. This eliminates the cumulative translation difference and adjusts retained earnings by the same amount at the Transition Date.

(g) Reclassification of financial assets

Within other non-current assets the Company previously included a note receivable balance on a promissory note due from a third party entity. As this is a financial asset which was included in a line with non-financial assets, this has been reclassified for separate presentation under IFRS.

(h) Reclassification of non-current borrowings

Borrowings held at the period end which are due to be settled within twelve months of the balance sheet date are classified as current. Under previous GAAP, such obligations are classified as non-current when contractual arrangements have been made for settlement by a means other than current assets. However under IFRS they are only classified as non-current when the refinancing is with the same lender under same or similar terms.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

The following discussion summarizes significant factors affecting the consolidated operating results and financial condition of Ritchie Bros. Auctioneers Incorporated ("Ritchie Bros.", the "Company", "we" or "us") for the three-month period ended March 31, 2011 compared to the three-month period ended March 31, 2010. This discussion should be read in conjunction with our unaudited condensed consolidated interim financial statements and notes thereto for the three-month periods ended March 31, 2011 and 2010, and with the disclosures below regarding forward-looking statements and risk factors. You should also consider our audited consolidated financial statements and notes thereto and our Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended December 31, 2010, which are included in our 2010 Annual Report on Form 40-F.

The date of this discussion is as of April 29, 2011. Additional information relating to our Company, including our Annual Information Form, is available by accessing the SEDAR website at www.sedar.com. None of the information on the SEDAR website is incorporated by reference into this document by this or any other reference.

We have prepared our condensed consolidated interim financial statements in accordance with International Financial Reporting Standards, or IFRS. We also disclose in this document financial results dating from before our transition to IFRS; these are identified by the title previous GAAP. There are no material measurement differences between those financial statements, and the financial position and results of operations reflected on those financial statements, and the financial statements, and financial position and results of operations, that would be reported under generally accepted accounting principles in the United States, or U.S. GAAP. Amounts discussed below are based on our unaudited condensed consolidated interim financial statements prepared in accordance with IFRS and are presented in U.S. dollars. Unless indicated otherwise, all tabular dollar amounts, including related footnotes, presented below are expressed in thousands of dollars, except per share amounts.

Ritchie Bros. is the world's largest auctioneer of industrial equipment, selling more equipment to on-site and online bidders than any other company in the world. Our world headquarters are located in Vancouver, British Columbia, Canada, and as of the date of this discussion, we operated from over 110 locations in more than 25 countries, including 43 auction sites worldwide. Our purpose is to create compelling business solutions that enable the world's builders to easily and confidently exchange equipment. We sell, through unreserved public auctions, a broad range of used and unused industrial assets, including equipment, trucks and other assets used in the construction, transportation, agricultural, material handling, mining, forestry, petroleum and marine industries.

We operate mainly in the auction segment of the global industrial equipment marketplace. Our primary target markets within that marketplace are the used equipment and truck sectors, which are large and fragmented. The world market for used equipment and trucks is driven by the cumulative supply of used equipment and trucks, which is affected by the ongoing production of new equipment and trucks and the motivation of equipment owners to realign and replace their fleets. Industry analysts estimate that the world-wide value of used equipment and truck transactions, of the type of equipment we sell at our auctions, is greater than \$100 billion per year on average. Although we sell more used equipment than any other company in the world, we estimate that our share of this fragmented market is in the low to mid single digit range.

Typically, between 70-80% of the value of the items sold at our auctions is purchased by end users of equipment and trucks (retail buyers), such as contractors, with the remainder being purchased primarily by equipment and truck dealers, rental companies and brokers (wholesale buyers). Consignors to our auctions represent a broad mix of equipment owners, the majority being end users of equipment, with the balance being finance companies, truck and equipment dealers and equipment rental companies, among others. Consignment volumes at our auctions are affected by a number of factors, including regular fleet upgrades and reconfigurations, financial pressure, retirements, and inventory reductions, as well as by the timing of the completion of major construction and other projects.

We compete directly for potential purchasers of industrial assets with other auction companies. Our indirect competitors include truck and equipment manufacturers, other third parties, and equipment rental companies that offer an alternative to purchasing. When sourcing equipment to sell at our auctions, we compete with other auction companies, other third parties, and equipment owners that have traditionally disposed of equipment through private sales. Private sales between equipment owners are the dominant form of transaction in the used truck and equipment sectors.

We have several key strengths that we believe provide distinct competitive advantages and that we believe will enable us to grow and make our auctions more appealing to both buyers and sellers of industrial assets. Some of our principal strengths include:

- The power of our brand, which is supported by our reputation for conducting only unreserved auctions and our widely recognized commitment to honesty, integrity and fair dealing.
- Our ability to transcend local market conditions and create a global marketplace for industrial assets by attracting diverse audiences of mainly end-user bidders from around the world to our auctions.
- Our size, our financial strength and access to capital, the international scope of our operations, our extensive network of auction sites, and our marketing skills.
- Our ability to respond to market changes with innovative solutions to enhance our live auctions with technology such as our online bidding service, our proprietary Virtual Ramp, our Timed Auction system, as well as our 21 language website, to provide stakeholders in the equipment world with a compelling value proposition to meet their needs.
- Our in-depth experience in the marketplace, including our ability to gather and leverage equipment valuation expertise and proprietary customer and equipment databases.
- Our dedicated and experienced workforce, which allows us to, among other things, enter new geographic markets, structure deals to meet our customers' needs, provide high quality and consistent service to consignors and bidders and operate an international network of auction sites that creates value for our customers.

Strict adherence to the unreserved auction process is one of our founding principles and, we believe, one of our most significant competitive advantages. When we say “unreserved” we mean that there are no minimum bids or reserve prices on anything sold at a Ritchie Bros. auction — each item sells to the highest bidder on sale day, regardless of the price. In addition, consignors (or their agents) are not allowed to bid on or buy back or in any way influence the selling price of their own equipment. We maintain this commitment to the unreserved auction process because we believe that an unreserved auction is an efficient, effective and fair way to exchange equipment.

We attract a broad base of bidders from around the world to our auctions. Our worldwide marketing efforts help to attract bidders, and they are willing to travel long distances or participate online in part because of our reputation for conducting fair auctions. These diverse multinational, mainly end user bidding audiences provide a global marketplace that allows our auctions to transcend local market conditions, which we believe is a significant competitive advantage. Evidence of this is the fact that in recent periods an average of approximately 60% of the value of equipment sold at our auctions left the region of the sale (which we define as the state or province of sale for North American and Australian auctions, or the country for sales occurring in other geographies).

We believe that our ability to consistently draw significant numbers of local and international bidders from many different end markets to our auctions, most of whom are end users rather than resellers, is appealing to sellers of used equipment and trucks and helps us to attract consignments to our auctions. Higher consignment volumes attract more bidders, which in turn attract more consignments, and so on in a self-reinforcing process that has helped us to achieve a history of significant growth and momentum in our business.

The used equipment market started returning to a more balanced state in the first quarter of 2011, with equipment owners demonstrating what we would consider more typical buying and selling behaviour, particularly in the U.S. There was less uncertainty in the marketplace compared to recent periods, and that acted as a catalyst for equipment owners to sell idle assets.

The supply of quality late model used equipment has been generally scarce in 2011, mainly because of lower production and sale of new equipment over the last two years. Demand for late model equipment increased in the first quarter, in part because of the need of some equipment owners to replace older machines and the long lead times for the purchase of many categories of new equipment. These factors have contributed to generally higher equipment values at our auctions, which have acted as a further catalyst to encourage equipment owners to sell idle assets.

Strong equipment values and a return to more typical buying and selling behaviour, combined with a different mix of equipment sold at our auctions, contributed to growth in our gross auctions proceeds in the first quarter of 2011. Competition continued to increase as more participants returned to the market. This increased competition contributed to an increase in the volume of our at risk business, which is described in more detail below.

We believe our operating decisions over the last few years leave us well positioned to capitalize on strengthening in the used equipment market in the coming years and to meet the needs of our customers. We also believe that, over the long term, designing and executing an appropriate growth strategy will continue to be a significant determinant of our ability to grow our earnings, in part because our share of the world market for used equipment and trucks is so small.

We are focused on growing our market share by ensuring that our auctions offer compelling value to meet the needs of current and potential customers to make the process of buying and selling equipment easy and confidence inspiring.

Growth Strategy

Our mission is to provide compelling business solutions that enable the world's builders to easily and confidently exchange equipment. Our customers are the people who buy and sell equipment and trucks, including the people who build our homes and offices, schools and community centers, bridges and roads, as well as the people who grow our food and those who support all of these activities, such as finance companies, rental companies, transportation companies and equipment dealers, among others. We are pursuing three strategic pillars, which are designed to help us achieve our mission, as follows.

GROW our core auction business

We believe unreserved public auctions offer significant benefits over other sales channels, including certainty, fairness and transparency. We intend to focus on increasing our market share with our traditional customer groups, while simultaneously doing more business with new customer groups and in new markets. We plan to undertake deeper market research to understand more clearly why equipment owners do and do not use our services, and to help us meet the needs of the large number of equipment owners who do not even know about Ritchie Bros.

We believe that most of our near-term growth will come from our established regions, primarily the United States and Western Europe, and that emerging markets such as China, Brazil and other developing countries offer significant potential for growth in the long-term.

In addition, we intend to add at least one new auction site to our network each year, as well as replace a number of existing auction sites as necessary to provide capacity for increased consignment volumes. Our auction site network supports our long-term growth and is a critical strategic advantage, which helps us to sustain efficient and scalable growth. We also intend to continue to hold offsite auctions in new regions to expand the scope of our operations.

Another key focus of this pillar is to streamline and simplify our auctions, to make them easy for our customers. Many of our new customers have little or no experience buying or selling at unreserved auctions; we want to make the process as easy and intuitive as possible, so they feel confident on auction day and throughout the whole process.

Beginning July 1, 2011 we plan to introduce our detailed equipment information program. We will be offering detailed information about the equipment to be sold in our auctions to all customers. We expect that this information will help our customers feel more confident and should make our auctions more appealing to a broader range of equipment owners.

To address the cost of our new initiatives, as well as the costs of other buyer-focused initiatives launched in recent years, we will simplify and expand our fee structure effective July 1, 2011. We will eliminate certain fees, including our internet purchase fee, and expand the scope of our administrative fee that we charge to buyers. The current 10% administrative fee will continue to be charged on all lots that sell for \$2,500 or less, and we will introduce a 2.5% administrative fee to be charged on all lots that sell for more than \$2,500, with a maximum fee of \$950 per lot (or the near equivalent amount in the currency of the auction). We anticipate an increase in both revenues and expenses in 2011 and future years as a result of the buyer-focused initiatives, with an expected positive net benefit to earnings.

ADD new business and information solutions

Technology and innovation have played key roles in our business in the past, allowing us to enhance our auctions and broaden their appeal to more equipment owners. We will continue to harness the latest technology to supplement and enhance our auction services, and investigate new services to meet the needs of equipment owners that are not being met by our unreserved auctions.

We intend to introduce a range of additional value-added services in 2011, including a customer finance program, enhanced shipping services, a customer insurance program and other ancillary services. The development of these programs is under way and we are on track to roll out on July 1, 2011.

We intend to invest in enhanced business intelligence and data analysis tools to improve our understanding of the equipment market, and position Ritchie Bros. as a knowledge and information authority. We also intend to continue to enhance rbauction.com by making it easier to use, more powerful and more valuable to equipment owners, with the goal of becoming the preferred global equipment website.

PERFORM by building an inspired high-performance, customer-focused Ritchie Bros. team

To maintain our high standards of customer service, we employ people who we believe embody our core values, especially the value of putting our customers first.

Our primary focus areas in the coming years will be improving our sales force productivity, employee engagement and management bench strength. We intend to be even more effective in developing future managers and we intend to take steps to improve our ability to attract, develop and retain key players. We also plan to take steps to refine sales and operational management roles to better equip our sales force for success. We are maintaining our long-term target of increasing our sales force by an average of 5% to 10% per year.

Sources of Revenue and Revenue Recognition

Gross auction proceeds represent the total proceeds from all items sold at our auctions. Our definition of gross auction proceeds may differ from those used by other participants in our industry. Gross auction proceeds is an important measure we use in comparing and assessing our operating performance. It is not a measure of our financial performance, liquidity or revenue and is not presented in our consolidated financial statements. We believe that auction revenues, which is the most directly comparable measure in our income statement, and certain other line items, are best understood by considering their relationship to gross auction proceeds. Auction revenues represent the revenues we earn in the course of conducting our auctions. The portion of gross auction proceeds that we do not retain is remitted to our customers who consign the items we sell at our auctions.

Auction revenues are comprised of auction commissions earned from consignors through straight commission and guarantee contracts, net profits or losses on the sale of inventory items, administrative and documentation fees on the sale of certain lots, auction advertising fees, and the fees applicable to purchases made through our internet and proxy bidding systems. All revenue is recognized when the auction sale is complete and we have determined that the auction proceeds are collectible.

Straight commissions are our most common type of auction revenues and are generated by us when we act as agent for consignors and earn a pre-negotiated, fixed commission rate on the gross sales price of the consigned equipment at auction. In recent years, straight commission sales have represented approximately 75-80% of our gross auction proceeds volume on an annual basis.

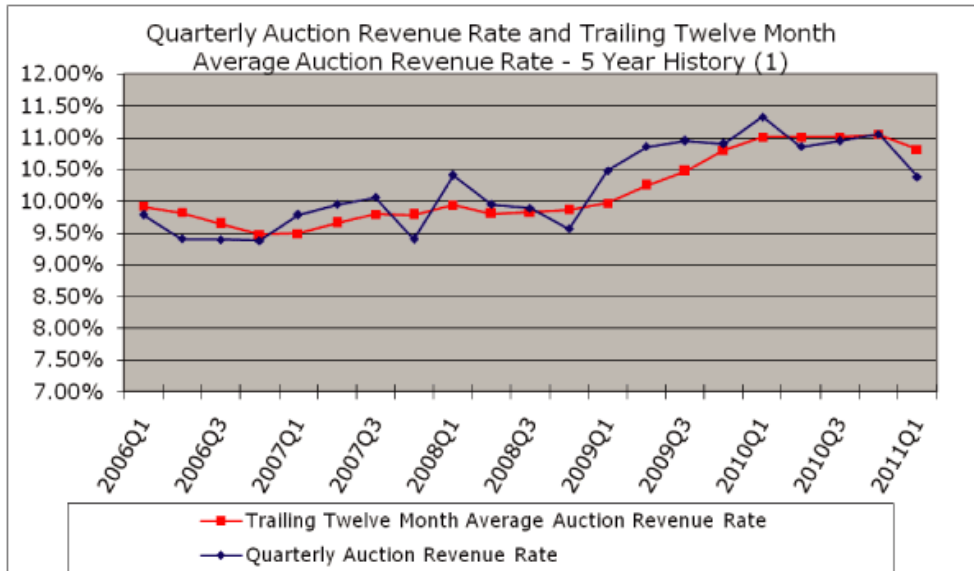
In the normal course of business, we sometimes guarantee minimum sales proceeds to the consignor and earn a commission based on the actual results of the auction, typically including a pre-negotiated percentage of any sales proceeds in excess of the guaranteed amount. The consigned equipment is sold on an unreserved basis in the same manner as other consignments. If the actual auction proceeds are less than the guaranteed amount, our commission is reduced, and if the proceeds are sufficiently less, we can incur a loss on the sale. We factor in a higher rate of commission on these sales to compensate for the increased risk we assume.

Our financial exposure from guarantee contracts fluctuates, but in recent periods industrial and agricultural auction guarantees have had an average period of exposure (days remaining until date of auction as at quarter-end) of approximately 30 days and 60 days, respectively. At March 31, 2011, our outstanding industrial and agricultural guarantees totalled approximately \$103 million (March 31, 2010 — \$69 million), of which approximately \$77 million had already been sold at our auctions as of the date of this discussion. The combined financial exposure from guarantee contracts at any period end can fluctuate significantly depending on the timing of auctions and customer requirements; however the quarter-end balances averaged approximately \$62 million over the last 12 months (\$49 million for the 12 months ended March 31, 2010). Losses, if any, resulting from these guarantee contracts are recorded in the period in which the relevant auction is completed, unless the loss is incurred after the period end but before the financial reporting date, in which case the loss is accrued in the financial statements for the period end.

Auction revenues also include the net profit or loss on the sale of inventory in cases where we acquire ownership of equipment for a short time prior to an auction sale. We purchase equipment for specific auctions and sell it at those auctions in the same manner as consigned equipment. During the period that we retain ownership, the cost of the equipment is recorded as inventory on our balance sheet. The net gain or loss on the sale is recorded as auction revenues.

We generally refer to our guarantee and outright purchase business as our at risk, or underwritten, business. In recent years, our at risk business represented approximately 20% to 25% of gross auction proceeds on an annual basis. Competition for equipment consignments to sell at our auctions has intensified in recent months, and this has and will likely continue to result in an increase in the relative proportion of our at risk business in 2011.

The choice by consignors between straight commission, guarantee, or outright purchase arrangements depends on many factors, including the consignor's risk tolerance and sale objectives. In addition, we do not have a target for the relative mix of contracts. As a result, the mix of contracts in a particular quarter or year fluctuates and is not necessarily indicative of the mix in future periods. The composition of our auction revenues and our auction revenue rate (i.e. auction revenues as a percentage of gross auction proceeds) are affected by the mix and performance of contracts entered into with consignors in the particular period and fluctuates from period to period. Our auction revenue rate performance is presented in the table below. Our auction revenue rate for the three months ended March 31, 2011 was 10.39%. Our past experience has shown that our auction revenue rate is difficult to estimate precisely, and over the past two years our quarterly rate has ranged between 10.39% and 11.33%.



(1) The average auction revenue rate for the first quarter in 2010 excludes the results of the auction of the Megayacht Apoise; had these been included the auction revenue rate would have been 10.76%.

In general, the largest contributor to the variability of our auction revenue rate is the performance, rather than the amount, of our at risk business. In a period when our at risk business performs better than average, our auction revenue rate typically exceeds the expected average rate. Conversely, if our at risk business performs below average, our auction revenue rate will typically be below the expected average rate.

Our auction revenue rate over the past two fiscal years performed above the normal trend, primarily as a result of the strong performance of our at risk business. We believe this strong performance was related in part to the economic environment. Competition has increased in the first quarter of 2011 and, as anticipated, the performance of our at risk business was lower than the above trend performance in 2010. This resulted in a decreased auction revenue rate for the first quarter of 2011 compared to the first quarter of 2010.

The planned changes to our fee structure that will take effect July 1, 2011, as discussed above, will have a positive impact on our auction revenues and therefore, our auction revenue rate. The expected impact in 2011 on our auction revenue rate will be an increase in the range of 0.7%. We expect this incremental revenue will more than offset the incremental costs of our strategic initiatives discussed previously.

Our gross auction proceeds and auction revenues are influenced by the seasonal nature of the auction business, which is determined mainly by the seasonal nature of the construction and natural resources industries. Gross auction proceeds and auction revenues tend to be higher during the second and fourth calendar quarters, during which time we generally conduct more business than in the first and third calendar quarters. This seasonality contributes to quarterly variability in our net earnings because a significant portion of our operating costs is relatively fixed.

Gross auction proceeds and auction revenues are also affected on a period-to-period basis by the timing of major auctions. In newer markets where we are developing operations, the number and size of auctions and, as a result, the level of gross auction proceeds and auction revenues, are likely to vary more dramatically from period to period than in our established markets where the number, size and frequency of our auctions are more consistent. In addition, economies of scale can be achieved as our operations in a region evolve from conducting intermittent auctions, to establishing a regional auction unit, and ultimately to developing a permanent auction site. Economies of scale can also be achieved when our auctions increase in size.

Because of these seasonal and period-to-period variations, we believe that our gross auction proceeds, auction revenues and net earnings are best compared on an annual basis, rather than on a quarterly basis.

Operations

The majority of our industrial auctions are held at our permanent auction sites, where we own the land and facilities, or at regional auction units, where we usually lease the land and typically have more modest facilities. We also hold off-site auctions at temporary locations, often on land owned by one of the main consignors to the particular auction. Most of our agricultural auctions are off-site auctions that take place on the consignor's farm. During the first quarter of 2011, 98% of our gross auction proceeds was attributable to auctions held at our permanent auction sites and regional auction units (first quarter of 2010 — 99%).

During the first quarter of 2011, we had approximately 85,000 bidder registrations at our industrial auctions, compared to approximately 77,000 in the first quarter of 2010. In the first quarter of 2011 we generated roughly 8,500 industrial asset consignments, which was 6% greater than the 8,000 generated in the same period in 2010. We handled approximately 58,000 industrial lots in the first three months of 2011 compared to 62,000 lots in the same period in 2010.

During the first three months of 2011, we conducted 37 unreserved industrial auctions at locations in North and Central America, Europe, the Middle East and Australia (first three months of 2010 — 40 auctions). Although our auctions vary in size, our 12 month rolling average industrial auction results were as follows:

Average industrial auction

	Twelve months ended March 31, 2011	Twelve months ended March 31, 2010
Gross auction proceeds	\$14.3 million	\$17.9 million
Registered bidders	1,460	1,700
Consignors	167	202
Lots	1,160	1,400

We sold over \$223 million of equipment, trucks and other assets to online bidders during the first quarter of 2011, representing a 19% increase compared to the same period in 2010 (three months ended March 31, 2010 — \$187 million) confirming our position as the world's largest seller of industrial equipment to online buyers.

Our new rbauction.com website celebrated its first anniversary in April, 2011, noting some significant achievements for the first quarter of 2011 compared to the first quarter of 2010 (when the new website had not yet been launched): an increase of 29% in the total number of unique visitors to the site with total visits up by 11%. We had roughly 1.0 million unique visitors making 10.7 million searches during the quarter ended March 31, 2011 compared to 0.8 million unique visitors and 7.9 million searches, respectively, in the same period in 2010. With its additional language capabilities, our new website provides significantly greater access to our auctions to non-English speaking equipment buyers and sellers. We saw a 29% increase in non-English speaking unique visitors compared to the first quarter of 2010, and they accounted for over 20% of traffic on the new website.

Approximately 64% of our auction revenues in the first three months of 2011 were earned from operations in the United States (first three months of 2010 — 63%), 12% were generated from auctions in Canada (first three months of 2010 — 16%) and the remaining 24% were earned from operations in countries other than the United States and Canada, primarily in Europe, the Middle East, Australia, and Mexico (first three months of 2010 — 21%). We had 1,156 full-time employees at March 31, 2011, including 300 sales representatives and 11 trainee territory managers, compared to 1,178 full-time employees, 313 sales representatives and 10 trainee territory managers at the same point in 2010.

Since the launch of our new strategic initiatives in November 2010, we have continued to focus our efforts on execution. We are on track to roll out our detailed equipment information program at our North American auctions beginning on July 1, 2011. We have also established relationships with our ancillary services partners, including our custom finance, insurance and warranty programs. In all of these programs, the risk of providing the underlying service will be borne by our partners and not by Ritchie Bros. Feedback from customers on these new initiatives has been positive and we remain on track to implement these ancillary services beginning July 1, 2011.

The recent earthquake and subsequent tsunami in Japan appears to have caused only minor damage to our Tokyo (Narita) permanent auction site, which is located away from the disaster area. We postponed our scheduled April auction and expect to resume our auctions in the near future. We do not expect there to be significant disruption to our operations at this site over the long term.

Subsequent to the end of the quarter, we completed the acquisition of 110 acres of land in Raleigh, North Carolina, and 200 acres in Napavine, Washington, on which we intend to develop new permanent auction sites to replace our existing permanent auction sites at Statesville, North Carolina, and Olympia, Washington, respectively. These purchases totalled approximately \$11 million, and the new permanent auction sites are scheduled to have grand opening auctions in 2012.

We are a public company and our common shares are listed under the symbol "RBA" on the New York and Toronto Stock Exchanges. On April 29, 2011 we had 106,060,487 common shares issued and outstanding and stock options outstanding to purchase a total of 3,071,288 common shares.

Overall Performance

The following discussion excludes \$46.8 million of gross auction proceeds, \$0.9 million of auction revenues and \$0.2 million of direct expenses generated in the first quarter of 2010 from the auction of the Megayacht Apoise. Net earnings and adjusted net earnings for the first quarter of 2010 have been adjusted for a \$0.1 million increase in other selling, general & administrative expenses as a result of the change in accounting for stock options under IFRS.

Our gross auction proceeds were \$851 million for the quarter ended March 31, 2011, which is an increase of 10% over the first quarter of 2010. Excluding the gross auction proceeds of \$47 million from the sale of the Megayacht Apoise in the first quarter of 2010, the increase would have been 17%. The increase is mainly attributable to higher equipment prices and a different mix of equipment sold compared to the first quarter of 2010.

Foreign exchange fluctuations had a modest impact on our first quarter 2011 gross auction proceeds. Applying the foreign exchange rates in effect in the first quarter of 2010 our reported gross auction proceeds in the first quarter of 2011 would have been approximately \$10 million lower.

During the first three months of 2011, we recorded auction revenues of \$88.5 million and net earnings of \$16.6 million, or \$0.16 per diluted common share. This performance compares to auction revenues of \$82.7 million and net earnings of \$12.0 million, or \$0.11 per diluted share, for the first three months of 2010. We ended the first three months of 2011 with working capital of \$56.8 million, compared to \$45.5 million at December 31, 2010. The increase in our working capital was primarily due to net earnings achieved during the period and reduced capital expenditures.

Adjusted net earnings for the three months ended March 31, 2011 were \$13.6 million, or \$0.13 per diluted share, compared to adjusted net earnings of \$12.0 million, or \$0.11 per diluted share for the three months ended March 31, 2010. We define adjusted net earnings as financial statement net earnings excluding the after-tax effects of sales of excess properties and significant foreign exchange gains or losses resulting from financing activities that we do not expect to recur on a consistent basis in the future (please see our reconciliation below).

Adjusted net earnings is a non-GAAP measure that does not have a standardized meaning, and is therefore unlikely to be comparable to similar measures presented by other companies. We believe that comparing adjusted net earnings as defined above for different financial periods provides more useful information about the growth or decline of our net earnings for the relevant financial period, and identifies the impact of items which we do not consider to be part of our normal operating results.

Our adjusted net earnings for the three months ended March 31, 2011 increased by approximately 13% compared to the same period in 2010, primarily as a result of increased gross auction proceeds and lower direct expenses. The decrease in direct expenses was offset in part by higher selling, general and administrative costs.

A reconciliation of our net earnings to adjusted net earnings is as follows:

	Three months ended March 31,	
	2011	2010
Net earnings	\$ 16,570	\$ 12,037
Gain on sale of excess property ⁽¹⁾	(3,482)	—
Tax relating to reconciling items	487	—
Adjusted net earnings	<u>\$ 13,575</u>	<u>\$ 12,037</u>

(1) During the three months ended March 31, 2011, we completed the sale of our former Surrey, British Columbia permanent auction site.

Results of Operations

The following discussion excludes \$46.8 million of gross auction proceeds, \$0.9 million of auction revenues and \$0.2 million of direct expenses generated in the first quarter of 2010 from the auction of the Megayacht Apoise. Net earnings and adjusted net earnings for the first quarter of 2010 have been adjusted for a \$0.1 million increase in other selling, general & administrative expenses as a result of the change in accounting for stock options under IFRS.

Three Months Ended March 31, 2011 compared to Three Months Ended March 31, 2010

We conduct operations around the world in a number of different currencies, but our presentation currency is the U.S. dollar. In the three months ended March 31 2011, approximately 30% of our revenues and approximately 60% of our operating costs were denominated in currencies other than the U.S. dollar.

The main currencies other than the U.S. dollar in which our revenues and operating costs are denominated are the Canadian dollar and the Euro. In recent periods there have been significant fluctuations in the value of the Canadian dollar and the Euro relative to the U.S. dollar. These fluctuations affect our reported auction revenues and operating expenses when non-U.S. dollar amounts are converted into U.S. dollars for financial statement reporting purposes. It is difficult, if not impossible, to quantify how foreign exchange rate movements affect such variables as the supply of and demand for the assets we sell. However, excluding these impacts, the effect of foreign exchange fluctuations on our translated auction revenues and operating expenses in our consolidated financial statements has been largely offset, making the impact of the currency fluctuation on our net earnings minimal.

United States Dollar Exchange Rate Comparison

Three months ended March 31,	2011	2010	% Change in U.S. \$
Average value of one U.S. dollar:			
Canadian dollar	\$ 0.9860	\$ 1.0409	-5%
Euro	€ 0.7314	€ 0.7230	1%

Auction Revenues

Three months ended March 31,	2011	2010	% Change
Auction revenues	\$ 88,463	\$ 82,694	7%
Gross auction proceeds	\$ 851,283	\$ 729,869	17%
Auction revenue rate	10.39%	11.33%	

Our auction revenues increased in the first quarter of 2011 compared to the same period in 2010 primarily as a result of higher gross auction proceeds. However the increase was partially offset by a lower auction revenue rate. Our at risk business represented approximately 32% of total gross auction proceeds for the period (first quarter 2010 — 17%).

Our auction revenue rate was 10.39% for the first quarter of 2011 (first quarter 2010 — 11.33%). The decrease was primarily attributable to the performance of our at risk business, which did not achieve the same above-trend performance compared to the same period in 2010.

Our auction revenues and our net earnings are influenced to a great extent by small changes in our auction revenue rate. For example, a 10 basis point (0.1%) change in our auction revenue rate during the first quarter of 2011 would have changed auction revenues by approximately \$0.9 million, of which approximately \$0.6 million, or \$0.01 per diluted share, would have flowed through to net earnings after tax in our income statement, assuming no other changes. This factor is important to consider when evaluating our current and past performance, as well as when assessing future prospects.

Direct Expenses

<u>Three months ended March 31,</u>	<u>2011</u>	<u>2010</u>	<u>% Change</u>
Direct expenses	\$ 8,933	\$ 10,505	-15%
Direct expenses as a percentage of gross auction proceeds	1.05%	1.44%	

Direct expenses are the costs we incur specifically to conduct an auction. Direct expenses include the costs of hiring temporary personnel to work at the auction, advertising costs directly related to the auction, travel costs for employees to attend and work at the auction, security personnel hired to safeguard equipment at the auction site and rental expenses for temporary auction sites, among other costs. At each quarter end, we estimate the direct expenses incurred with respect to auctions completed near the end of the period. In the subsequent quarter, these accruals are adjusted, to the extent necessary, to reflect actual costs incurred.

Our direct expense rate, which represents direct expenses as a percentage of gross auction proceeds, fluctuates from period to period based in part on the size and location of the auctions we hold during a particular period. The direct expense rate generally decreases as the average size of our auctions increases. In addition, we usually experience lower direct expense rates for auctions held at our permanent auction sites compared to auctions held at offsite locations, mainly as a result of the economies of scale and other efficiencies that we typically experience at permanent auction sites. Our direct expense rate for the first quarter in 2011 was lower than in the first quarter of 2010 as we held fewer offsite auctions and achieved higher average selling prices at an auctions.

Selling, General & Administrative Expenses (SG&A)

<u>Three months ended March 31,</u>	<u>2011</u>	<u>2010</u>	<u>% Change</u>
Depreciation	\$ 10,312	\$ 6,409	61%
Other SG&A expenses	49,873	46,535	7%
Total	\$ 60,185	\$ 52,944	14%

Depreciation is calculated on either a straight line or a declining balance basis on property, plant and equipment, PP&E, employed in our business, including buildings, computer hardware and software, automobiles and yard equipment.

Depreciation expense in the first quarter of 2011 has increased compared to the same period in 2010 primarily as a result of a one time \$2.7 million reduction in depreciation expense recorded in the first quarter of 2010, which occurred as a result of reclassifying certain assets on which depreciation was charged but which had an indefinite life and therefore should not have been depreciated. The additional increase is a result of new assets that we have put into service over the last two years, such as our auction sites and new computer hardware and software. We expect our depreciation in future periods to increase in line with the type and magnitude of our on-going capital expenditures.

Other SG&A expenses, (referred to in previous reports as General & Administrative expenses), include such expenditures as personnel (salaries, wages, bonuses and benefits), which represent approximately 60% of other SG&A on an annual basis. The remaining 40% is made up of information technology, non-auction related travel, repairs and maintenance, leases and rentals and utilities. The increase in our other SG&A costs for the first quarter of 2011 compared to the same period in 2010, was primarily a result of foreign currency fluctuations as well as higher personnel and operating costs relating to our new and replacement auction sites and infrastructure.

Foreign currency fluctuations resulted in an increase in our SG&A of approximately \$1.3 million for the three months ended March 31, 2011, compared to the three months ended March 31, 2010.

Foreign Exchange Loss

<u>Three months ended March 31,</u>	<u>2011</u>	<u>2010</u>	<u>% Change</u>
Foreign exchange loss	\$ (487)	\$ (430)	13%

Foreign exchange gains or losses arise when foreign currency denominated monetary items are revalued to the exchange rates in effect at the end of the reporting period. Examples of these items include cash, accounts receivable and accounts payable.

Gain on Disposition of Property, Plant & Equipment (PP&E)

<u>Three months ended March 31,</u>	<u>2011</u>	<u>2010</u>	<u>% Change</u>
Gain on disposition of PP&E	\$ 3,639	\$ 85	4181%

The gain on disposition of PP&E in the first quarter of 2011 included a gain of \$3.5 million (\$3.0 million after tax) recorded on the sale of our former Surrey, British Columbia, permanent auction site, as well as gains on the disposal of other assets. There were no significant disposals of PP&E in the same period in 2010.

Finance Costs

<u>Three months ended March 31,</u>	<u>2011</u>	<u>2010</u>	<u>% Change</u>
Finance costs	\$ 1,457	\$ 1,278	14%

Finance costs are comprised mainly of interest paid on long-term debt and revolving credit facilities. Finance costs increased for the three months ended March 31, 2011 compared to the same period in 2010, as a result of various factors including higher interest being charged, due to higher levels of debt held, and fewer capital projects underway that qualify for interest capitalization.

Finance costs vary depending on the amount of interest capitalized to development projects, which is primarily driven by the number and size of projects that the Company has in progress during a given period.

Finance Income

<u>Three months ended March 31,</u>	<u>2011</u>	<u>2010</u>	<u>% Change</u>
Finance income	\$ 680	\$ 611	11%

Finance income is earned on our excess cash and receivable balances. Our finance income fluctuates from period to period depending on the timing of the receipt of auction proceeds and may be affected by the timing, size, number and location of auctions held during the period.

Income Taxes

<u>Three months ended March 31,</u>	<u>2011</u>	<u>2010</u>	<u>% Change</u>
Income taxes	\$ 5,834	\$ 5,918	-1%
Effective income tax rate	26.0%	31.8%	

Income taxes have been calculated using the tax rates in effect in each of the tax jurisdictions in which we earn our income. The effective tax rate for the three months ended March 31, 2011 was lower than the effective tax rate for the same period in 2010 primarily due to a higher proportion of income being taxed in jurisdictions with lower tax rates, combined with the gain on disposition of PP&E being subject to a relatively low rate of tax. Income tax rates in future periods will fluctuate depending upon the impact of unusual items and the level of earnings in the different tax jurisdictions in which we earn our income.

Net Earnings

<u>Three months ended March 31,</u>	<u>2011</u>	<u>2010</u>	<u>% Change</u>
Net earnings	\$ 16,570	\$ 12,037	38%
Net earnings per share — basic	0.16	0.12	33%
Net earnings per share — diluted	0.16	0.12	33%

Our net earnings increased in the first quarter of 2011, compared to 2010 primarily as a result of higher gross auction proceeds and the gain realized on the sale of land. Adjusted earnings for the first quarter of 2011 were \$13.6 million, or \$0.13 per diluted share, compared to adjusted net earnings of \$12.0 million, or \$0.11 per diluted share in the same period in 2010, representing a 13% increase year over year.

Summary of Quarterly Results

The following tables present our unaudited consolidated quarterly results of operations for each of our last eight fiscal quarters. This data has been derived from our unaudited consolidated financial statements, which were prepared on the same basis as our annual audited consolidated financial statements and, in our opinion, include all normal recurring adjustments necessary for the fair presentation of such information. These unaudited quarterly results should be read in conjunction with our audited consolidated financial statements for the years ended December 31, 2010 and 2009, and our discussion above about the seasonality of our business.

	IFRS			
	Q1 2011	Q4 2010	Q3 2010	Q2 2010
Gross auction proceeds ⁽¹⁾	\$ 851,283	\$ 798,566	\$ 750,912	\$ 951,634
Auction revenues	\$ 88,463	\$ 88,296	\$ 82,229	\$ 103,300
Net earnings	16,570	13,538	13,376	26,054
Adjusted net earnings	13,575	13,538	13,376	25,298
Net earnings per share — basic	\$ 0.16	\$ 0.13	\$ 0.13	\$ 0.25
Net earnings per share — diluted	0.16	0.13	0.13	0.25
Adjusted net earnings per share — diluted	0.13	0.13	0.13	0.24

	IFRS	Previous GAAP		
	Q1 2010 ⁽²⁾	Q4 2009	Q3 2009	Q2 2009
Gross auction proceeds ⁽¹⁾	\$ 776,659	\$ 891,111	\$ 693,288	\$ 1,109,331
Auction revenues	\$ 83,544	\$ 97,143	\$ 75,934	\$ 120,459
Net earnings	12,707 ⁽³⁾	21,834	12,892	38,847
Adjusted net earnings	12,707 ⁽³⁾	21,088	12,892	38,847
Net earnings per share — basic	\$ 0.12	\$ 0.21	\$ 0.12	\$ 0.37
Net earnings per share — diluted	0.12	0.21	0.12	0.37
Adjusted net earnings per share — diluted	0.12	0.20	0.12	0.37

(1) Gross auction proceeds represents the total proceeds from all items sold at our auctions. Gross auction proceeds is not a measure of revenue and is not presented in our consolidated financial statements. Please see further discussion above under "Sources of Revenue and Revenue Recognition."

- (2) Results for the first quarter of 2010 included \$46.8 million of gross auction proceeds, \$0.9 million of auction revenues and \$0.2 million of direct expenses generated from the auction of Apoise.
- (3) In the first quarter of 2010, we determined that certain assets on which depreciation was charged had an indefinite life and therefore should not have been depreciated. The accumulated depreciation on these assets was approximately \$2.7 million, which was reversed in the period as an immaterial adjustment, resulting in a corresponding \$2.7 million decrease to depreciation expense.

Liquidity and Capital Resources

	<u>March 31,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>	<u>%</u> <u>Change</u>
Working capital	\$ 56,794	\$ 45,543	25%

Our cash position can fluctuate significantly from period to period, largely as a result of differences in the timing, size and number of auctions, the timing of the receipt of auction proceeds from buyers, and the timing of the payment of net amounts due to consignors. We generally collect auction proceeds from buyers within seven days of an auction and pay out auction proceeds to consignors approximately 21 days following an auction. If auctions are conducted near a period end, we may hold cash in respect of those auctions that will not be paid to consignors until after the period end. Accordingly, we believe that working capital, including cash, is a more meaningful measure of our liquidity than cash alone. For the three months ended March 31, 2011, our working capital increased by \$11.3 million, primarily as a result of net earnings achieved during the period and reduced capital expenditures.

There are a number of factors that could potentially impact our working capital, such as the volume and profitability of our auctions and our capital expenditures. However, we have sufficient borrowing capacity in the event of any temporary working capital requirements.

At March 31, 2011, we had \$50 million of short term debt, which consisted of draws on our revolving credit facilities with a weighted average interest rate of 0.95% per annum. This left \$387 million of unused credit facilities, including a \$98 million five-year committed credit facility expiring in January 2014, and a \$188 million three-year uncommitted non-revolving credit facility expiring in November 2011. We believe our existing working capital and credit facilities are sufficient to satisfy our present operating requirements, as well as to fund future growth initiatives, such as property acquisitions and development. We continue to have adequate access to capital resources; however, there can be no assurance that the cost or availability of future borrowings under our credit facilities will not be materially affected should there be a capital market disruption.

Cash Flows

<u>Three months ended March 31,</u>	<u>2011</u>	<u>2010</u>	<u>% Change</u>
Cash provided by (used in):			
Operations	\$ 54,110	\$ 94,158	-43%
Investing	(12,088)	(17,024)	-29%
Financing	44,953	(14,299)	N/A

As discussed above, our cash provided by operations can fluctuate significantly from period to period, due to factors such as differences in the timing, size and number of auctions during the period, the timing of the receipt of auction proceeds from buyers, and the timing of the payment of net amounts due to consignors. Therefore, we do not believe that the change in our cash position provided by operations during the year is indicative of a trend.

PP&E additions were \$14.8 million for the three months ended March 31, 2011 compared to \$18.9 million in the same period in 2010. Our capital expenditures for the first three months of 2011 related primarily to the development of replacement permanent auction sites, ongoing developments at our regional auction units, and improvements to existing sites. PP&E additions also included investments in computer software and hardware.

Based on our most recent review of our auction site development plans and strategic initiatives, we expect that our annual capital expenditures will be in the range of \$70 to \$80 million per year for the next several years. We plan to add an average of one new permanent auction site or regional auction unit to our network per year, and to make improvements to and replace certain older existing sites. Actual expenditures will depend on the availability and cost of suitable expansion opportunities and prevailing business and economic conditions. We also expect to undertake system improvements, including expenditures on hardware, development, purchase and implementation of software, and related systems, in connection with our strategic initiatives discussed above. We expect to fund future capital expenditures from operating cash flows and borrowings under credit facilities.

We declared and paid regular cash dividends of \$0.10 per share for each of the quarters ended December 31, 2009 and March 31, 2010, and declared and paid dividends of \$0.105 per share for each of the quarters ended June 30, 2010, September 30, 2010 and December 31, 2010. Total dividend payments were \$11.1 million for the first quarter of 2011 compared to total dividend payments of \$10.5 million in the equivalent period in 2010. All dividends we pay are "eligible dividends" for Canadian income tax purposes unless indicated otherwise.

Long-term Debt and Credit Facilities

Our long-term debt and available credit facilities at March 31, 2011 and December 31, 2010 were as follows:

	<u>March 31,</u> <u>2011</u>	<u>December</u> <u>31, 2010</u>	<u>%</u> <u>Change</u>
Long-term debt	\$ 138,537	\$ 135,886	2%
Committed: Revolving credit facilities — available:	\$ 230,000	\$ 200,000	15%
Revolving credit facilities — unused:	102,677	152,828	-33%
Uncommitted: Revolving credit facilities — available:	111,070	106,268	5%
Revolving credit facilities — unused:	96,673	93,840	3%
Non-revolving credit facilities — available:	250,000	250,000	—
Non-revolving credit facilities — unused:	188,116	189,856	-1%
Total credit facilities — available:	\$ 591,070	\$ 556,268	6%
Total credit facilities — unused:	387,466	436,524	-11%

Our credit facilities are with financial institutions in the United States, Canada, the Netherlands and the United Kingdom. Certain of the facilities include commitment fees applicable to the unused credit amount. As at March 31, 2011, we had fixed rate and floating rate long-term debt bearing interest rates ranging from 1.8% to 6.4%. We were in compliance with all financial covenants applicable to our debt at March 31, 2011.

Future scheduled interest payments over the next five years under our existing long term debt are as follows:

	<u>9 months in</u> <u>2011</u>	<u>In 2012</u>	<u>In 2013</u>	<u>In 2014</u>	<u>In 2015</u>	<u>Thereafter</u>
Interest payments on long-term debt	\$ 5,501	\$ 5,447	\$ 4,772	\$ 4,003	\$ 3,951	\$ 1,361

Quantitative and Qualitative Disclosure about Market Risk

We conduct operations in local currencies in countries around the world, but we use the U.S. dollar as our reporting currency. As a result we are exposed to currency fluctuations and exchange rate risk. We cannot accurately predict the future effects of foreign currency fluctuations on our financial condition or results of operations, or quantify their effects on the macroeconomic environment. For the three months ended March 31, 2011, approximately 30% of our revenues were earned in currencies other than the U.S. dollar and approximately 60% of our operating costs were denominated in currencies other than the U.S. dollar. The proportion of revenues denominated in currencies other than the U.S. dollar in a given period will differ from the annual proportion depending on the size and location of auctions held during the period. However, on an annual basis, we expect these amounts to largely offset and generally act as a natural hedge against exposure to fluctuations in the value of the U.S. dollar. We have not adopted a long-term hedging strategy to protect against foreign currency fluctuations associated with our operations denominated in currencies other than the U.S. dollar, but we may consider hedging specific transactions if we deem it appropriate in the future.

During the three months ended March 31, 2011, we recorded a net increase in our foreign currency translation adjustment balance of \$10.6 million, compared to a decrease of \$4.0 million in 2010. Our foreign currency translation adjustment arises from the translation of our net assets denominated in currencies other than the U.S. dollar. As part of our transition to IFRS, we 'reset' our foreign currency translation reserve to nil as at January 1, 2010, through retained earnings. Any future disposals of foreign operations will not include foreign exchange gains or losses incurred prior to the transition to IFRS.

We have not experienced significant interest rate exposure historically, as our long-term borrowings generally bear fixed rates of interest. However, borrowings under our global revolving credit facility are available at both fixed and floating rates of interest. If we determine our exposure to short-term interest rates is too high, we may consider fixing a larger portion of our portfolio. As at March 31, 2011 we had a total of \$32.0 million (December 31, 2010 — \$31.0 million) in revolving non-current borrowings bearing floating rates of interest.

Although we cannot accurately anticipate the future effect of inflation on our financial condition or results of operations, inflation historically has not had a material impact on our operations.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Legal and Other Proceedings

From time to time we have been, and expect to continue to be, subject to legal proceedings and claims in the ordinary course of our business. Such claims, even if lacking merit, could result in the expenditure of significant financial and managerial resources. We are not aware of any legal proceedings or claims that we believe will have, individually or in the aggregate, a material adverse effect on us or on our financial condition or results of operations or that involve a claim for damages, excluding interest and costs, in excess of 10% of our current assets.

Critical Accounting Policies and Estimates

There have been no significant changes in our critical accounting policies and estimates since our Management's Discussion and Analysis of Financial Condition and Results of Operations as at and for the year ended December 31, 2010, which is included in our 2010 Annual Report on Form 40-F.

Changes in Accounting Policies

From January 1, 2011, IFRS are effective for our interim and annual financial statements. The conversion is disclosed in note 13 to our condensed consolidated interim financial statements.

The condensed consolidated interim financial statements have been prepared in accordance with the accounting policies we expect to adopt in its December 31, 2011 consolidated annual financial statements. The accounting policies stated therein are based on the IFRS and IFRS Interpretations (IFRICs) that we expect to be applicable at that time.

The qualitative impact of the transition on our net earnings for the comparative three month period ended March 31, 2010 is a reduction of \$0.1 million. This is due to a change in the recognition of expense for stock options which vest over more than one year. Other balance sheet reclassifications and changes in financial reporting on transition are detailed in the note 13.

Other than the change of framework from previous Canadian GAAP to IFRS, there have been no accounting policy changes implemented during the period.

Internal Control over Financial Reporting

Management is responsible for establishing and maintaining an adequate internal There has been no change in our internal control over financial reporting during the three months ended March 31, 2011 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Forward-Looking Statements

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements that involve risks and uncertainties. These statements are based on current expectations and estimates about our business, and include, among others, statements relating to:

- our future performance;
- the continued proportion and performance of our at risk business and its impact on auction revenues;
- growth of our operations;

- growth of markets for used equipment and truck markets;
- increases in the number of consignors and bidders participating in our auctions;
- our principal operating strengths, our competitive advantages, and the appeal of our auctions to buyers and sellers of industrial assets;
- our ability to draw consistently significant numbers of local and international end-user bidders to our auctions;
- our ability to grow our core auction business, including our ability to increase our market share with traditional customer groups and make our auctions easier, and do more business with new customer groups in new markets, among others;
- our ability to add new business and information solutions, including utilizing technology to enhance our auction services and support additional value added services, among others;
- our ability to perform by building an inspired high-performance customer focused team, to improve sales force productivity, and growth in our sales force, among others;
- the relative percentage of gross auction proceeds represented by straight commission, guarantee and inventory contracts;
- our auction revenue rates, the sustainability of those rates, the impact of our commission rate and fee changes, and the seasonality of gross auction proceeds and auction revenues;
- our direct expense and income tax rates, depreciation expenses and general and administrative expenses;
- our future capital expenditures;
- our internet initiatives and the level of participation in our auctions by internet bidders;
- the proportion of our revenues and operating costs denominated in currencies other than the U.S. dollar or the effect of any currency exchange and interest rate fluctuations on our results of operations; and
- financing available to us and the sufficiency of our working capital to meet our financial needs.

Forward-looking statements are typically identified by such words as “anticipate”, “believe”, “could”, “feel”, “continue”, “estimate”, “expect”, “intend”, “may”, “ongoing”, “plan”, “potential”, “predict”, “will”, “should”, “would”, “could”, “likely”, “generally”, “future”, “period to period”, “long term”, or the negative of these terms, and similar expressions intended to identify forward-looking statements. Our forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. While we have not described all potential risks related to our business and owning our common shares, the important factors listed under “Risk Factors” below are those that we consider may affect our performance significantly or could cause our actual financial and operational results to differ significantly from our predictions. Except as required by applicable securities law and regulations of relevant securities exchanges, we do not intend to update publicly any forward-looking statements, even if our predictions have been affected by new information, future events or other developments. You should consider our forward-looking statements in light of these and other relevant factors.

Risk Factors

Our business is subject to a number of risks and uncertainties, and our past performance is no guarantee of our performance in future periods. Some of the more important risks that we face are outlined below and holders of our common shares should consider these risks. The risks and uncertainties described below are not the only risks and uncertainties we face. Additional risks and uncertainties not currently known to us or that we currently deem immaterial may also adversely affect our financial condition or impair our business or results of operations. If any of the following risks actually occur, our business, results of operations and financial condition would suffer.

Damage to our reputation for fairness, integrity and conducting only unreserved auctions could harm our business.

Strict adherence to the unreserved auction process is one of our founding principles and, we believe, one of our most significant competitive advantages. Closely related to this is our reputation for fairness and honesty in our dealings with our customers. Our ability to attract new customers and continue to do business with existing customers could be harmed if our reputation for fairness, integrity and conducting only unreserved auctions was damaged. If we are unable to maintain our reputation and enforce our unreserved auction policy we could lose business and our results of operations would suffer.

Decreases in the supply of, demand for, or market values of industrial assets, primarily used industrial equipment, could harm our business.

Our auction revenues could decrease if there was significant erosion in the supply of, demand for, or market values of used industrial equipment, which could adversely affect our financial condition and results of operations. We have no control over any of the factors that affect the supply of, and demand for, used industrial equipment, and the circumstances that cause market values for industrial equipment to fluctuate — including, among other things, economic uncertainty, disruptions to credit and financial markets, lower commodity prices, and our customers’ restricted access to capital — are beyond our control. Recent economic conditions have caused fluctuations in the supply, mix and market values of used equipment available for sale, which has a direct impact on our auction revenues. In addition, price competition and the availability of industrial equipment directly affect the supply of, demand for, and market value of used industrial equipment. Climate change initiatives, including significant changes to engine emission standards applicable to industrial equipment, may also adversely affect the supply of, demand for or market values of industrial equipment.

We may incur losses as a result of our guarantee and outright purchase contracts and advances to consignors.

In recent periods, approximately 70-80% of our annual business has been conducted on a straight commission basis. In certain other situations we will either offer to:

- guarantee a minimum level of sale proceeds to the consignor, regardless of the ultimate selling price of the consignment at the auction; or
- purchase the equipment outright from the consignor for sale in a particular auction.

The level of guaranteed proceeds or inventory purchase price is based on appraisals performed on equipment by our internal personnel. Inaccurate appraisals could result in guarantees or inventory values that exceed the realizable auction proceeds. If auction proceeds are less than the guaranteed amount, our commission will be reduced and, in certain circumstances, we could incur a loss. If auction proceeds are less than the purchase price we paid for equipment that we take into inventory temporarily, we will incur a loss. Because all of our auctions are unreserved, there is no way for us to protect against these types of losses by bidding on or acquiring any of the items at the auction. We expect that competitive forces and supply imbalances will likely encourage us to increase our exposure to at risk contracts. If our exposure increases, this risk would be compounded.

Occasionally we advance to consignors a portion of the estimated auction proceeds prior to the auction. We generally make these advances only after taking possession of the assets to be auctioned and upon receipt of a security interest in the assets to secure the obligation. If we were unable to auction the assets or if auction proceeds were less than amounts advanced, we could incur a loss.

We may have difficulties sustaining and managing our growth.

One of the main elements of our strategy is to continue to grow our core auction business, primarily by increasing our presence in markets in which we already operate and by expanding into new geographic markets and market segments in which we have not had a significant presence in the past. As part of this strategy, we may from time to time acquire additional assets or businesses from third parties. We may not be successful in growing our business or in managing this growth. For us to grow our core auction business successfully, we need to accomplish a number of objectives, including:

- recruiting and retaining suitable sales and managerial personnel;
- developing and enhancing an appropriate sales strategy;
- identifying and developing new geographic markets and market sectors;

- expanding awareness of our brand, including value proposition and competitive advantages, in existing and new markets;
- successfully executing the introduction of new ancillary services and detailed equipment information;
- successfully executing the introduction of our revised and expanded administrative fee;
- identifying and acquiring, on terms favourable to us, suitable land on which to build new auction facilities and, potentially, businesses that might be appropriate acquisition targets;
- obtaining necessary financing on terms favourable to us, and securing the availability of our credit facilities to fund our growth initiatives;
- receiving necessary authorizations and approvals from governments for proposed development or expansion;
- integrating successfully new facilities and any acquired businesses into our existing operations;
- achieving acceptance of the auction process in general by potential consignors, bidders and buyers;
- establishing and maintaining favourable relationships with and meeting the needs of consignors, bidders and buyers in new markets and market sectors, and maintaining these relationships in our existing markets;
- capturing all relevant market data and utilizing it to generate insight and understanding of key company and industry drivers and market trends;
- developing appropriate responses based on data collected to meet the needs of existing and potential customers to achieve customer retention targets;
- succeeding against local and regional competitors in existing and new geographic markets;
- capitalizing on changes in the supply of and demand for industrial assets, and understanding and responding to changing market dynamics, in our existing and new markets; and
- designing and implementing business processes and operating systems that are able to support profitable growth.

We will likely need to hire additional employees to manage our growth. In addition, growth may increase the geographic scope of our operations and increase demands on both our operating and financial systems. These factors will increase our operating complexity and the level of responsibility of existing and new management personnel. It may be difficult for us to attract and retain qualified sales personnel, managers and employees, and our existing operating and financial systems and controls may not be adequate to support our growth. We may not be able to improve our systems and controls as a result of increased costs, technological challenges, or lack of qualified employees. Our past results and growth may not be indicative of our future prospects or our ability to expand into new markets, many of which may have different competitive conditions and demographic characteristics than our existing markets.

We are pursuing a long-term growth strategy that requires upfront investment, with no guarantee of long-term returns.

We continue to pursue a long-term growth strategy that contemplates investments in growing our core business, including investments in frontier markets that may not generate profitable growth in the near term, adding new business and information solutions, and developing our people. Planning for future growth requires investments to be made now in anticipation of growth that may not materialize, and if our strategies do not successfully address the needs of current and potential customers we may not be successful growing our gross auction proceeds and our earnings may be adversely impacted. A large component of our SG&A expenses is considered fixed costs that we will incur regardless of gross auction proceeds growth. There can be no assurances that our gross auction proceeds and auction revenues will grow at a more rapid rate than our fixed costs, especially in the event of an economic downturn, which would have a negative impact on our margins and earnings per share.

Our future expenses may increase significantly and our operations and ability to expand may be limited as a result of environmental and other regulations.

A variety of federal, provincial, state and local laws, rules and regulations throughout the world, including local tax and accounting rules, apply to our business. These relate to, among other things, the auction business, imports and exports of equipment, worker safety, privacy of customer information, and the use, storage, discharge and disposal of environmentally sensitive materials. Complying with revisions to laws, rules and regulations could result in an increase in expenses and a deterioration of our financial performance. Failure to comply with applicable laws, rules and regulations could result in substantial liability to us, suspension or cessation of some or all of our operations, restrictions on our ability to expand at present locations or into new locations, requirements for the acquisition of additional equipment or other significant expenses or restrictions.

The development or expansion of auction sites depends upon receipt of required licenses, permits and other governmental authorizations. Our inability to obtain these required items could harm our business. Additionally, changes or concessions required by regulatory authorities could result in significant delays in, or prevent completion of, such development or expansion.

Under some environmental laws, an owner or lessee of, or other person involved in, real estate may be liable for the costs of removal or remediation of hazardous or toxic substances located on or in, or emanating from, the real estate, and related costs of investigation and property damage. These laws often impose liability without regard to whether the owner, lessee or other person knew of, or was responsible for, the presence of the hazardous or toxic substances. Environmental contamination may exist at our owned or leased auction sites, or at other sites on which we may conduct auctions, or properties that we may be selling by auction, from prior activities at these locations or from neighbouring properties. In addition, auction sites that we acquire or lease in the future may be contaminated, and future use of or conditions on any of our properties or sites could result in contamination. The costs related to claims arising from environmental contamination of any of these properties could harm our financial condition and results of operations.

Climate change may not affect us directly, but government regulation in response to this area of global concern may affect the ability of equipment owners to transport certain equipment between specified jurisdictions or the saleability of older equipment. One example of these restrictions is environmental certification requirements in the United States, which prevent non-certified equipment from entering into commerce in the United States. These restrictions, or changes to environmental laws, could inhibit materially the ability of customers to ship equipment to or from our auction sites, reducing our gross auction proceeds and harming our business.

International bidders and consignors could be deterred from participating in our auctions if governmental bodies impose additional export or import regulations or additional duties, taxes or other charges on exports or imports. Reduced participation by international bidders and consignors could reduce gross auction proceeds and harm our business, financial condition and results of operations.

Disruptions to credit and financial markets and economic uncertainty could harm our operations.

Recent global economic and financial market events caused, among other things, a general tightening in credit markets, lower levels of liquidity, increases in default rates, and a level of uncertainty in the used equipment marketplace, all of which may have a continuing negative impact on our operations, financial condition and liquidity and ability to grow our business. Our operations and access to our cash balances in the future are dependent upon the economic viability of our key suppliers and the various financial institutions we utilize. Our future operations may be disrupted if we cannot obtain products and services necessary for our auction operations from our key suppliers, or if we lose access to our cash balances. In addition, our future auction revenues may decrease if our consignors choose not to sell their assets as a result of economic conditions, or if our buyers are unable to obtain financing for asset purchases, or if any of our customers are in financial distress. In addition, our lenders may be unable to advance funds to us under existing credit facilities, which could harm our liquidity and ability to operate or grow our business. Our customers may decide to delay the sale of excess assets due to uncertainty about the used equipment market, market values, construction spending or other factors, which could limit growth of our gross auction proceeds. The timing and degree of a full recovery in credit and financial markets remain uncertain, and there can be no assurance that market conditions will improve in the near future and that our results of operations will not be adversely affected.

Competition in our core markets could result in reductions in our future revenues and profitability.

The used truck and equipment sectors of the global industrial equipment market, and the auction segment of those markets, are highly fragmented. We compete directly for potential purchasers of industrial equipment with other auction companies. Our indirect competitors include equipment manufacturers, other third party methods, and equipment rental companies. When sourcing equipment to sell at our auctions, we compete with other auction companies, other third party methods, and equipment owners that have traditionally disposed of equipment in private sales.

Our direct competitors are primarily regional auction companies. Some of our indirect competitors have significantly greater financial and marketing resources and name recognition than we do. New competitors with greater financial and other resources may enter the industrial equipment auction market in the future. Additionally, existing or future competitors may succeed in entering and establishing successful operations in new geographic markets prior to our entry into those markets. They may also compete against us through internet-based services. If existing or future competitors seek to gain or retain market share by reducing commission rates, or our strategy to compete against them is not effective, we may also be required to reduce commission rates, which may reduce our revenue and harm our operating results and financial condition, or we may lose market share.

We currently generate the majority of our revenues through unreserved auctions. We may be susceptible to loss of business as a result of our restrictive service offering if competing models become more appealing to customers. If our selling model becomes undesirable or we are not successful adding services complimentary to our existing selling model and business, we may not be successful increasing market penetration over the long term, which could prevent us from achieving our long-term earnings growth targets.

Our substantial international operations expose us to foreign exchange rate fluctuations and political and economic instability that could harm our results of operations.

We conduct business in many countries around the world and intend to continue to expand our presence in international markets, including emerging markets. Fluctuating currency exchange rates, acts of terrorism or war, and changing social, economic and political conditions and regulations, including income tax and accounting regulations, and political interference, may negatively affect our business in international markets and our related results of operations. Currency exchange rate fluctuations between the different countries in which we conduct our operations impact the purchasing power of buyers, the motivation of consignors, asset values and asset flows between various countries, including those in which we do not have operations. These factors and other global economic conditions may harm our business and our operating results.

Although we report our financial results in U.S. dollars, a significant portion of our auction revenues is generated at auctions held outside the United States, mostly in currencies other than the U.S. dollar. Currency exchange rate changes against the U.S. dollar, particularly for the Canadian dollar and the Euro, could affect the presentation of our results in our financial statements and cause our earnings to fluctuate.

Our business could be harmed if we lost the services of one or more key personnel.

The growth and performance of our business depends to a significant extent on the efforts and abilities of our executive officers and senior managers. Our business could be harmed if we lost the services of any of these individuals. We do not maintain key man insurance on the lives of any of our executive officers. Our future success largely depends on our ability to attract, develop and retain skilled employees in all areas of our business, as well as to design an appropriate organization structure and plan effectively for succession.

Our internet-related initiatives are subject to technological obsolescence and potential service interruptions and may not contribute to improved operating results over the long-term; in addition, we may not be able to compete with technologies implemented by our competitors.

We have invested significant resources in the development of our internet platform, including our online bidding service and website. We use and rely on intellectual property owned by third parties, which we license for use in providing our online bidding service. Our internet technologies may not result in any material long-term improvement in our results of operations or financial condition and may require further significant investment to avoid obsolescence. We may not be able to continue to adapt our business to new technologies, including but not limited to internet commerce and we may not be able to compete effectively against internet auction services offered by our competitors.

The success of our online bidding service and other services that we offer over the internet, including equipment-searching capabilities and historical price information, will continue to depend largely on the performance and reliability of the hardware and software we utilize, our ability to use suitable intellectual property licensed from third parties, further development and maintenance of our information technology infrastructure and the internet in general. Our ability to offer online services depends on the performance of the internet, as well as our internal hardware and software systems.

“Viruses”, “worms” and other similar programs, which have in the past caused periodic outages and other internet access delays, may in the future interfere with the performance of the internet and some of our internal systems. These outages and delays could reduce the level of service we are able to offer over the internet. We could lose customers and our reputation could be harmed if we were unable to provide services over the internet at an acceptable level of performance or reliability.

Our business is subject to risks relating to our ability to safeguard the security and privacy of our customers’ confidential information.

We maintain proprietary databases containing confidential personal information about our customers and the results of our auctions, and we must safeguard the security and privacy of this information. Despite our efforts to protect this information, we face the risk of inadvertent disclosure of this sensitive information or an intentional breach of our security measures.

Security breaches could damage our reputation and expose us to a risk of loss or litigation and possible liability for damages. We may be required to make significant expenditures to protect against security breaches or to alleviate problems caused by any breaches. Our insurance policies may not be adequate to reimburse us for losses caused by security breaches.

The availability and performance of our internal technology infrastructure are critical to our business.

The satisfactory performance, reliability and availability of our website, enterprise resource planning system, processing systems and network infrastructure are important to our reputation and our business. We will need to continue to expand and upgrade our technology, transaction processing systems and network infrastructure both to meet increased usage of our online bidding service and other services offered on our website and to implement new features and functions. Our business and results of operations could be harmed if we were unable to expand and upgrade in a timely manner our systems and infrastructure to accommodate any increases in the use of our internet services, or if we were to lose access to or the functionality of our internet systems for any reason.

We use both internally developed and licensed systems for transaction processing and accounting, including billings and collections processing. We have recently improved these systems to accommodate growth in our business. If we are unsuccessful in continuing to upgrade our technology, transaction processing systems or network infrastructure to accommodate increased transaction volumes, it could harm our operations and interfere with our ability to expand our business.

We may incur losses as a result of legal and other claims.

We are subject to legal and other claims that arise in the ordinary course of our business. While the results of these claims have not historically had a material effect on our business, financial condition or results of operations, we may not be able to defend ourselves adequately against these claims in the future and we may incur losses. Aggregate losses from and the legal fees associated with these claims could be material.

Our business continuity plan may not operate effectively in the event of a significant interruption of our business.

We depend on our information and other systems and processes for the continuity and effective operation of our business. We have recently implemented a formal business continuity plan covering most significant aspects of our business that would take effect in the event of a significant interruption to our business, or the loss of key systems as a result of a natural or other disaster. Although we have tested our business continuity plan as part of the implementation, there can be no assurance that it will operate effectively or that our business, results of operations and financial condition will not be materially affected in the event of a significant interruption of our business.

We are in the process of implementing a formal disaster recovery plan, including a data center co-location that went into effect in 2009. However, our disaster recovery plan is not yet complete. If we were subject to a disaster or serious security breach, it could materially damage our business, results of operations and financial condition.

Our insurance may be insufficient to cover losses that may occur as a result of our operations.

We maintain property and general liability insurance. This insurance may not remain available to us at commercially reasonable rates, and the amount of our coverage may not be adequate to cover all liabilities that we may incur. Our auctions generally involve the operation of large equipment close to a large number of people, and despite our focus on safe work practices, an accident could damage our facilities or injure auction attendees. Any major accident could harm our reputation and our business. In addition, if we were held liable for amounts exceeding the limits of our insurance coverage or for claims outside the scope of our coverage, the resulting costs could harm our results of operations and financial condition.

Certain global conditions may affect our ability to conduct successful auctions.

Like most businesses with global operations, we are subject to the risk of certain global conditions, such as pandemics or other disease outbreaks or natural disasters that could hinder our ability to conduct our scheduled auctions, or restrict our customers' travel patterns or their desire to attend auctions. If this situation were to occur, we may not be able to generate sufficient equipment consignments to sustain our business or to attract enough bidders to our auctions to achieve world fair market values for the items we sell. This could harm our results of operations and financial condition.

Our operating results are subject to quarterly variations.

Historically, our revenues and operating results have fluctuated from quarter to quarter. We expect to continue to experience these fluctuations as a result of the following factors, among others:

- the size, timing and frequency of our auctions;
- the seasonal nature of the auction business in general, with peak activity typically occurring in the second and fourth calendar quarters, mainly as a result of the seasonal nature of the construction and natural resources industries;
- the performance of our underwritten business (guarantee and outright purchase contracts);
- general economic conditions in our markets; and
- the timing of acquisitions and development of auction facilities and related costs.

In addition, we usually incur substantial costs when entering new markets, and the profitability of operations at new locations is uncertain as a result of the increased variability in the number and size of auctions at new sites. These and other factors may cause our future results to fall short of investor expectations or not to compare favourably to our past results.

We may not continue to pay regular cash dividends.

We declared and paid total quarterly cash dividends of \$0.41 per outstanding common share in 2010. We declared a \$0.105 cash dividend on April 29, 2011. Any decision to declare and pay dividends in the future will be made at the discretion of our Board of Directors, after taking into account our operating results, financial condition, cash requirements, financing agreement restrictions and other factors our Board may deem relevant. We may be unable or may elect not to continue to declare and pay dividends, even if necessary financial conditions are met and sufficient cash is available for distribution.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

RITCHIE BROS. AUCTIONEERS INCORPORATED
(Registrant)

Date: May 3, 2011

By: /s/ JEREMY BLACK
Jeremy Black,
Corporate Secretary