RITCHIE BROS AUCTIONEERS INC

FORM 40-F
(Annual Report (foreign private issuer))

Filed 03/04/10 for the Period Ending 12/31/09

Telephone	7783315500
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Industry	Business Services
Sector	Services
Fiscal Year	12/31

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 40-F

(Check One)

☐ **Registration statement pursuant to Section 12 of the Securities Exchange Act of 1934**

Or

☑ **Annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended December 31, 2009 **Commission File Number: 001-13425**

Ritchie Bros. Auctioneers Incorporated
(Exact Name of Registrant as Specified in Its Charter)

Not Applicable	**Canada**	**Not Applicable**
(Translation of Registrant's Name Into English (if Applicable))	*(Province or Other Jurisdiction of Incorporation or Organization)*	*(I.R.S. Employer Identification Number (if Applicable))*

7389
(Primary Standard Industrial Classification Code Number (if Applicable))

9500 Glenlyon Parkway, Burnaby, British Columbia, Canada V5J 0C6 (778) 331-5500
(Address and Telephone Number of Registrant's Principal Executive Offices)

Ritchie Bros. Auctioneers (America) Inc., 15500 Eastex Frwy, Humble, TX, 77396, (713) 455-5200
(Name, Address (Including Zip Code) and Telephone Number (Including Area Code) of Agent For Service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	*Name of Each Exchange on Which Registered*
Common Shares	**New York Stock Exchange; Toronto Stock Exchange**

Securities registered or to be registered pursuant to Section 12(g) of the Act:

Not Applicable

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

Not Applicable

For annual reports, indicate by check mark the information filed with this Form:

☑ Annual information form ☑ Audited annual financial statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

Common Shares: 105,378,620

Indicate by check mark whether the Registrant by filing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934. If "Yes" is marked, please indicate the filing number assigned to the Registrant in connection with such Rule.

Yes ☐ No ☑

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes ☑ No ☐

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).

Yes ☐ No ☑

The Annual Report on Form 40-F shall be incorporated by reference into or as an exhibit to, as applicable, each of the Registrant's Registration Statements under the Securities Act of 1933: Forms S-8 (File Nos. 333 – 65533 and 333 – 71577).

Forward-Looking Statements

This Annual Report on Form 40-F and documents incorporated by reference contain forward-looking statements (as such term is defined under the U.S. Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. These statements are based on current expectations and estimates about the Company's business and include, among others, statements relating to:

- the Company's future performance;
- growth of the Company's operations;
- growth of the world market for used trucks and equipment;
- increases in the number of consignors and bidders participating in the Company's auctions;
- the impact of the current economic environment on the Company's operations and capital resources and customers, including the number of bidders and buyers attending the Company's auctions and consignment volumes at those auctions; the demand for the Company's services during challenging economic times; the Company's bidders' ability to access credit to fund their purchases; the impact of the economic environment on equipment prices, supply of and demand for equipment at the Company's auctions, risk and the Company's business model;
- the Company's principal operating strengths, competitive advantages, and the appeal of the Company's auctions to buyers and sellers of industrial assets;
- the Company's ability to draw consistently significant numbers of local and international end-user bidders to its auctions;
- the Company's long-term mission to be the world's largest marketplace for commercial and industrial assets;
- the Company's people, including its ability to recruit, train, retain and develop the right people to help it achieve its goals and the desired increase in its sales force;
- the Company's places, including its ability to add the capacity necessary to accommodate its growth; its ability to increase its market share in its core markets and regions and its ability to expand into complimentary market sectors and new geographic markets, including its ability to take advantage of growth opportunities in emerging markets; the acquisition and development of auction facilities and the related impact on its capital expenditures;
- the Company's processes, including its process improvement and systems continuity initiatives and their effect on its business, results of operations and capital expenditures, particularly its ability to grow revenues faster than operating costs;
- the relative percentage of the Company's gross auction proceeds represented by straight commission, guarantee and inventory contracts;
- the Company's auction revenue rates, the sustainability of those rates, and the impact of its commission rate and fee changes implemented in 2008, as well as the seasonality of gross auction proceeds and auction revenues;
- the Company's direct expense and income tax rates, depreciation expenses and general and administrative expenses;
- the Company's future capital expenditures;
- the Company's internet initiatives and the level of participation in its auctions by internet bidders;
- the proportion of the Company's 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 its results of operations; and
- financing available to the Company and the sufficiency of its working capital to meet its 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. The Company’s forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. While the Company has not described all potential risks related to its business and owning its common shares, the important factors listed under “Risk Factors” in the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” attached in Exhibit 3 to this Report on Form 40-F are among those that may affect the Company’s performance significantly or could cause actual financial and operational results to differ significantly from the Company’s predictions. Except as required by applicable securities law and regulations of relevant securities exchanges, the Company does not intend to update publicly any forward-looking statements, even if its predictions have been affected by new information, future events or other developments.

Disclosure Controls and Procedures

The Company performed an evaluation, under the supervision and with the participation of the principal executive officer and principal financial officer, of the effectiveness of Ritchie Bros.’ disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of December 31, 2009. Based on this evaluation, the Company’s principal executive officer and principal financial officer concluded that the Company’s disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 is accumulated and communicated to its management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Management’s Report on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal controls over financial reporting for the Company as defined in Rule 13a-15(f) and 15d-15(f) under the Securities and Exchange Act of 1934. The Company’s internal control over financial reporting is a process designed under the supervision of the Company’s CEO and CFO, overseen by the Company’s Board of Directors and implemented by the Company’s management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with Canadian generally accepted accounting principles and the requirements of the United States Securities and Exchange Commission.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with policies and procedures may deteriorate.

Management has assessed the effectiveness of the Company’s internal control over financial reporting as of December 31, 2009. In making this assessment, management used the criteria described in “Internal Control – Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). Based on its assessment under the framework in “Internal Control – Integrated Framework”, management has concluded that internal control over financial reporting was effective as of December 31, 2009.

Attestation Report of the Registered Public Accounting Firm

The Company's independent registered public accounting firm, KPMG LLP, has audited the Company's internal control over financial reporting, as stated in their report which is attached hereto as part of Exhibit 2.

Changes in Internal Control Over Financial Reporting

There has been no change in the Company's internal control over financial reporting that occurred during the year ended December 31, 2009 that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

Audit Committee Financial Expert

The Company's Board of Directors has determined that it has at least one audit committee financial expert serving on its Audit Committee. Ms. Beverley Briscoe has been determined to be such audit committee financial expert and is independent, as that term is defined by the New York Stock Exchange's corporate governance listing standards applicable to the Company for Audit Committee membership. The SEC has indicated that the designation of Ms. Briscoe as an audit committee financial expert: (1) does not make Ms. Briscoe an "expert" for any purpose; (2) impose any duties, obligations or liability on Ms. Briscoe that are greater than those imposed on members of the Audit Committee and Board of Directors who do not carry this designation, or (3) affect the duties, obligations or liability of any other member of the Audit Committee or Board of Directors.

Code of Ethics

The Company has adopted a Code of Business Conduct and Ethics (the "Code of Conduct") that applies to all employees, officers and directors. The Code of Conduct includes, among other things, written standards for the Company's principal executive officer, principal financial officer and principal accounting officer that are required by the SEC for a code of ethics applicable to such officers. The Code of Conduct is available at the Company's internet website, www.rbauction.com or by telephoning the Company's Corporate Secretary at 778-331-5500. The Company intends to disclose on its website within five days following the date of any such amendment or waiver, any amendment or waiver of the code of ethics portion of its Code of Conduct applicable to these officers that is required by SEC rules or regulations to be disclosed publicly, and to keep such disclosure available on the website for at least a 12-month period.

Principal Accountant Fees And Services

KPMG LLP and predecessor firms have served as Ritchie Bros.' auditing firm since 1974. The aggregate fees billed by KPMG LLP and its affiliates during fiscal 2009 and 2008 are detailed below.

	Fiscal 2009	Fiscal 2008
Audit Fees	$ 1,254,600	$ 1,190,400
Audit-Related Fees	37,300	4,000
Tax Fees	494,200	527,700
Total Fees	$ 1,786,100	$ 1,722,100

The nature of each category of fees is as follows:

Audit Fees:

Audit fees were paid for professional services rendered by the auditors for the audit and interim reviews of the Company's consolidated financial statements or services provided in connection with statutory and regulatory filings or engagements.

Audit-Related Fees:

Audit-related fees were paid for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under the Audit Fees item above.

Tax Fees:

Tax fees were paid for tax compliance, tax advice and tax planning professional services. These services consisted of: tax compliance, including the review of original and amended tax returns; assistance with questions regarding tax audits; assistance in completing routine tax schedules and calculations; and tax planning and advisory services relating to common forms of domestic and international taxation (i.e., income tax, capital tax, Goods and Services Tax and Value Added Tax).

Pre-Approval Policies and Procedures:

The Audit Committee has considered whether the provision of services other than audit services is compatible with maintaining the auditors' independence and has adopted a policy governing the provision of these services. This policy requires the pre-approval by the Audit Committee of all audit and non-audit services provided by the external auditor, other than any *de minimus* non-audit services allowed by applicable law or regulation. The policy outlines the procedures and the conditions pursuant to which permissible services proposed to be performed by KPMG LLP are pre-approved, provides a general pre-approval for certain permissible services and for subsequent reporting to the Audit Committee, and outlines a list of prohibited services. For 2009, less than 5% of the fees for the services described above were approved by the Audit Committee pursuant to the *de minimus* exemption.

All requests for KPMG LLP to provide services that do not require specific approval by the Audit Committee are reported to and documented by the Company's Corporate Secretary. If the proposed services are not covered by a pre-approval and the estimated fees for the proposed engagement are more than CA$5,000, the engagement of KPMG LLP to provide such services requires specific approval by the Audit Committee. Any proposed engagement to provide services that requires specific approval by the Audit Committee pursuant to the terms of the policy is submitted to the Corporate Secretary for presentation to the Audit Committee for its consideration. Less than 5% of KPMG's fees, excluding audit and review fees, were subject to a waiver of the pre-approval requirement in 2009.

Additional Corporate Governance Information

Additional information regarding the Company's corporate governance practices is included in its Information Circular for the 2010 Annual and Special Meeting of Shareholders and on the Company's internet website at www.rbauction.com. Any foreign private issuer listed on the NYSE is required to report any significant ways in which its corporate governance practices differ from those required for United States companies under NYSE listing standards. The Company is in conformance with the NYSE corporate governance requirements applicable to United States companies.

Off-Balance Sheet Arrangements

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

Contractual Obligations

The following table provides information about the Company's aggregate known contractual obligations as of December 31, 2009 (in thousands of U.S. dollars):

	Payments Due by Year				
	Total	In 2010	In 2011 and 2012	In 2013 and 2014	After 2014
Long-term debt obligations	$ 130,827	$ 14,268	$ 30,000	$ 29,487	$ 57,072
Operating leases obligations	159,851	9,952	18,125	15,093	116,681
Other long-term obligations	1,592	338	687	567	—
Total contractual obligations	$ 292,270	$ 24,558	$ 48,812	$ 45,147	$ 173,753

The Company's long-term debt in the table above is comprised mainly of term loans put in place in 2005 with original terms to maturity of five years, a revolving loan drawn under a credit facility that is available until January 2014, as well as a term loan put in place in 2009 with a term to maturity of seven years. The Company's operating leases related primarily to land on which it operates regional auction units and administrative offices. These properties are located in Canada, the United States, Panama, Italy, Spain, Germany, the Netherlands, the United Arab Emirates, Australia, India, Japan and China.

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

	In 2010	In 2011	In 2012	In 2013	In 2014
Interest expense on long-term debt	$ 5,967	$ 4,001	$ 3,968	$ 3,968	$ 3,671

Audit Committee

The Company's Board of Directors has a separately-designated standing Audit Committee established in accordance with section 3(a)(58)(A) of the Securities Exchange Act of 1934 for the purpose of overseeing the accounting and financial reporting processes of the Company and audits of the Company's annual financial statements. As of the date of this Report, the members of the Audit Committee include Eric Patel, Beverley A. Briscoe and James M. Micali. Ms. Briscoe serves as Chair of the Committee.

Undertaking

The Company undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the SEC staff, and to furnish promptly, when requested to do so by the SEC staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

Signatures

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

RITCHIE BROS. AUCTIONEERS INCORPORATED

By: /s/ JEREMY BLACK
Name: Jeremy Black
Title: Corporate Secretary

Date: March 4, 2010

EXHIBIT INDEX

Exhibit No.	Description
1.	Annual Information Form of the Registrant dated March 1, 2010.
2.	The following audited consolidated financial statements of the Registrant, together with the independent auditors' reports dated February 26, 2010 of KPMG LLP, Chartered Accountants: a. Consolidated Statements of Operations for the years ended December 31, 2009, 2008 and 2007; b. Consolidated Balance Sheets as of December 31, 2009 and 2008; c. Consolidated Statements of Shareholders' Equity for the years ended December 31, 2009, 2008 and 2007; d. Consolidated Statements of Comprehensive Income for the years ended December 31, 2009, 2008 and 2007; e. Consolidated Statements of Cash Flows for the years ended December 31, 2009, 2008 and 2007; and f. Notes to Consolidated Financial Statements (which include reconciliation with United States generally accepted accounting principles).
3.	Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended December 31, 2009.
4.	Consent dated February 26, 2010 of KPMG LLP, Chartered Accountants.
31.1	Certificate of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certificate of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certificate of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certificate of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

EXHIBIT NO. 1

RITCHIE BROS. AUCTIONEERS INCORPORATED

ANNUAL INFORMATION FORM FOR THE YEAR ENDED DECEMBER 31, 2009

March 1, 2010

Ritchie Bros. Auctioneers Incorporated
9500 Glenlyon Parkway
Burnaby, British Columbia
Canada V5J 0C6
(778) 331-5500

www.rbauction.com

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Unless the context otherwise requires, “Ritchie Bros.”, the “Company”, “we”, or “us” each refer to Ritchie Bros. Auctioneers Incorporated and its predecessor entities, either alone or together with its subsidiaries. Unless otherwise specified, references to years are references to calendar years and references to quarters are references to calendar quarters. All dollar amounts are denominated in United States Dollars.

Certain names in this document are our trademarks.

FORWARD LOOKING STATEMENTS

This Annual Information Form contains forward-looking statements that involve risks and uncertainties. These statements are based on our current expectations and estimates about our business, and include, among others, statements relating to:

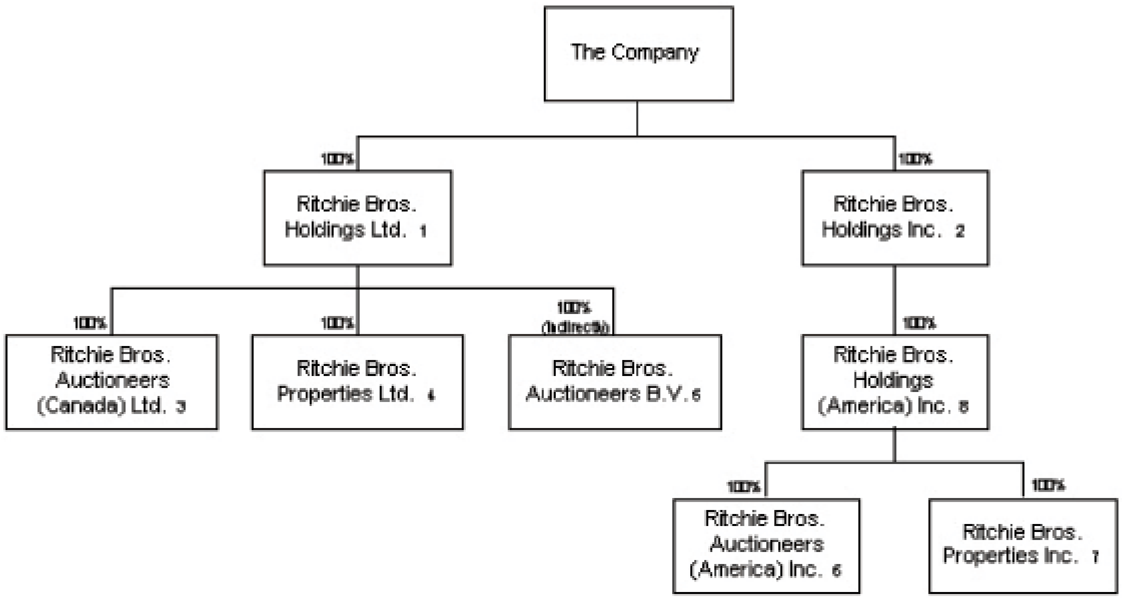
- our future performance;
- growth of our operations;
- growth of the world market for used trucks and equipment;
- increases in the number of consignors and bidders participating in our auctions;
- the impact of the current economic environment on our operations and capital resources, and our customers, including the number of bidders and buyers attending our auctions and consignment volumes at those auctions; the demand for our services during challenging economic times; our bidders' ability to access credit to fund their purchases; the impact of the economic environment on equipment prices, supply of and demand for equipment at our auctions, risk and our business model;
- 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 long-term mission to be the world's largest marketplace for commercial and industrial assets;
- our people, including our ability to recruit, train and develop the right people to help us achieve our goals and the desired increases in our sales force;
- our places, including our ability to add the capacity necessary to accommodate our growth; our ability to increase our market share in our core markets and regions; and our ability to expand into complimentary market sectors and new geographic markets, including our ability to take advantage of growth opportunities in emerging markets; the acquisition and development of auction facilities and the related impact on our capital expenditures;
- our processes, including our process improvement and system continuity initiatives and their effect on our business, results of operations and capital expenditures, particularly our ability to grow revenues faster than operating costs;
- the relative percentage of gross auction proceeds represented by straight commission, guarantee and inventory contracts;
- our auction revenue rates, the sustainability of those rates, and the impact of our commission rate and fee changes implemented in 2008, as well as 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.

In some cases, you can identify forward-looking statements by terms such as "anticipate," "believe," "could," "would," "feel," "continue," "estimate," "expect," "intend," "may," "ongoing," "plan," "potential," "predict," "will," "should," "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" in our Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended December 31, 2009, which is incorporated by reference in this document, are among those we consider that 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.

THE COMPANY

Ritchie Bros. Auctioneers Incorporated was amalgamated on December 12, 1997 under, and is governed by, the *Canada Business Corporation Act* . Our registered office is located at 1300 — 777 Dunsmuir Street, Vancouver, British Columbia, Canada V7Y 1K2. Our executive office is located at 9500 Glenlyon Parkway, Burnaby, British Columbia, Canada V5J 0C6 and our telephone number is (778) 331-5500. We maintain a website at www.rbauction.com. None of the information on our website is incorporated into this Annual Information Form by this or any other reference.

The following diagram illustrates the primary intercorporate relationships of our company and our principal operating subsidiaries:



Notes:

1. Ritchie Bros. Holdings Ltd. is a corporation continued under the laws of Canada.
2. Ritchie Bros. Holdings Inc. is a corporation incorporated under the laws of the State of Washington, U.S.A.
3. Ritchie Bros. Auctioneers (Canada) Ltd. is a corporation incorporated under the laws of Canada.
4. Ritchie Bros. Properties Ltd. is a corporation incorporated under the laws of Canada.
5. Ritchie Bros. Auctioneers B.V. is a corporation incorporated under the laws of The Netherlands.
6. Ritchie Bros. Auctioneers (America) Inc. is a corporation incorporated under the laws of the State of Washington, U.S.A.
7. Ritchie Bros. Properties Inc. is a corporation incorporated under the laws of the State of Washington, U.S.A.
8. Ritchie Bros. Holdings (America) Inc. is a corporation incorporated under the laws of the State of Washington, U.S.A.

Overview

We are the world's largest industrial auctioneer, selling more equipment to on-site and online bidders than any other company in the world. At December 31, 2009, we operated from over 110 locations in more than 25 countries, including 40 auction sites worldwide. We sell, through unreserved public auctions, a broad range of used and unused industrial assets, including equipment, trucks and other assets utilized in the construction, transportation, agricultural, material handling, mining, forestry, petroleum and marine industries. Our purpose is to use unreserved auctions to create a global marketplace for our customers.

Gross auction proceeds represent the total proceeds from all items sold at our auctions. Our gross auction proceeds were $3.49 billion for the year ended December 31, 2009, which was 2% lower than in 2008. Gross auction proceeds growth in Canada and the Middle East was offset by a decrease in the United States and Europe. Excluding the United States market, gross auction proceeds increased by 10% in local currency in 2009 compared to 2008. We believe that we sell more used equipment than any other company in the world and that our annual gross auction proceeds are far greater than any of our auction competitors. 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.

Strict adherence to the unreserved auction process is one of our founding principles and, we believe, one of our significant competitive advantages. Unreserved means that there are no minimum 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 a fair auction.

Our customers are both buyers and sellers of equipment, trucks and other industrial assets. The majority of our buyers are end users of equipment (retail buyers), such as contractors, with the remainder being primarily truck and equipment 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.

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 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 has left the region of the sale.

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 trucks and equipment 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 substantial momentum in our business.

History and Development of Our Business

Our company was founded in 1958 in the small town of Kelowna, British Columbia, Canada. We held our first major industrial auction in 1963, selling over $600,000 worth of construction equipment in Radium, British Columbia. While our early auction sales were held primarily in Western Canada, Ritchie Bros. expanded eastward in Canada through the 1960s.

By 1970, we had established operations in the United States and held our first U.S. sale in Beaverton, Oregon. Throughout the 1970s and 1980s, we held auctions in additional locations across Canada and an increasing number of American states. In 1987, we held our first European auctions in Liverpool, U.K. and Rotterdam, The Netherlands. Our first Australian auction was held in 1990, and this was followed by expansion into Asia, with subsequent sales in Japan, the Philippines, Hong Kong, Thailand and Singapore. We held our first Mexican auction in 1995, our first Middle Eastern auction in Dubai, U.A.E. in 1997, our first African auction in Durban, in the Republic of South Africa, in 2003, our first auction in Eastern Europe in Poland in 2008, and our first auctions in India and Turkey in 2009. Although we expect that most of our growth in the near future will come from expanding our business and increasing our penetration in regions where we already have a presence, such as the United States and Western Europe, we anticipate that emerging markets in developing countries will be important in the longer term.

In 1994, we introduced our prototype auction facility, opening new permanent auction sites in Fort Worth, Texas and Olympia, Washington that represented significant improvements over the facilities being used at the time by industrial equipment auctioneers. We have since constructed similar facilities in various locations in Canada, the United States, Mexico, Europe, Australia, Asia and the Middle East. We had 40 auction sites at the date of this discussion, of which seven were built or put into service during 2009.

In March 1998, we completed an initial public offering of our common shares. Our common shares trade on the New York Stock Exchange and the Toronto Stock Exchange, under the ticker symbol "RBA".

INDUSTRY

We operate mainly in the auction segment of the global industrial equipment marketplace. Our primary target markets within that marketplace are the used truck and equipment sectors, which are large and fragmented. The world market for used trucks and equipment continues to grow, primarily as a result of the cumulative increase in supply of used trucks and equipment, which is driven by the ongoing production of new trucks and equipment. Industry analysts estimate that the world-wide value of used equipment transactions, of the type of equipment we sell at our auctions, is in excess of $100 billion per year. Of this total, only a fraction is currently traded through auctions, with the majority being sold directly by the owner or through truck and equipment dealers and brokers. Although we sell more used equipment than any other company in the world, our share of this fragmented market is only in the range of 3%.

As we grow our business we intend to capitalize on a number of key characteristics of the global industrial equipment market:

Growth of the Auction Segment of the Industrial Equipment Market. We believe that auctions represent an increasingly popular distribution channel for industrial equipment for the following reasons:

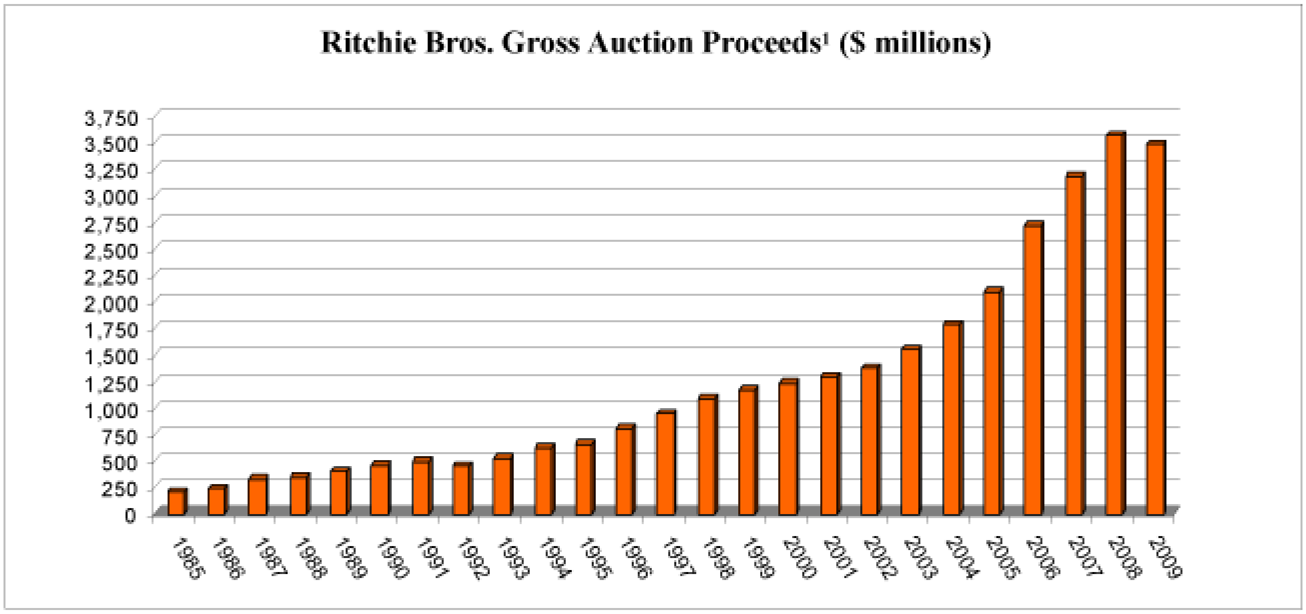
- The ability of auctioneers to sell a wide range of equipment and related assets and therefore, offer a comprehensive and convenient service to buyers and sellers;
- The increasing transparency of the international used equipment market due in large part to the depth of information now available on the internet;
- The increasing preference of sellers to access the auction marketplace to achieve a sale quickly and efficiently; and
- The ability of auctioneers to deliver high net proceeds on the sale of equipment.

Attractiveness of the Industrial Equipment Auction Market. In addition to the growth potential of the auction segment of the industrial equipment market, we believe that the following are attractive characteristics of the industrial equipment auction business:

- Many of the factors that prompt owners to sell equipment also create an environment in which equipment buyers opt for high quality used equipment rather than typically more expensive new equipment. In addition, much of the equipment that we sell can be used in multiple industries and in diverse geographic locations. As a result, auctioneers can capitalize on economic downturns as well as upturns, in terms of items available for sale;
- Industrial equipment auctioneers are not restricted to selling lines of equipment provided by a particular manufacturer or manufactured for a particular industry, or to conducting sales in a particular geographic region;
- Auction companies do not typically bear the risks associated with holding inventory over extended periods;
- The industrial equipment auction industry is highly fragmented (and we are the largest participant in that industry); and
- Used industrial equipment is well-suited to the auction method of buying and selling because items of used equipment cannot be valued on a commodity basis – their value is dependent mainly on their condition. The transparency of the unreserved auction method gives buyers and sellers confidence that the equipment has traded at a fair market price.

COMPETITIVE ADVANTAGES

Our key strengths provide distinct competitive advantages and have enabled us to attract an increasing number of consignors and bidders to our auctions, allowing us to achieve significant and profitable growth. Our gross auction proceeds have grown at a compound annual growth rate of 12.5% over the last 25 years, as illustrated below.



(1) 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 Statement of Operations, and certain other line items, are best understood by considering their relationship to gross auction proceeds.

Reputation for Conducting Only Unreserved Auctions. We believe that our highly publicized commitment to fair dealing and the unreserved auction process is a key contributor to our growth and success. All of our auctions are unreserved, meaning that there are no minimum or reserve prices; each and every item is sold to the highest bidder on the day of the auction regardless of the price. Consignors are prohibited by contract from bidding on their own consigned items at the auction or in any way artificially affecting the auction results. Bidders at our auctions have confidence that if they are the high bidder on an item, then they are the buyer of that item, regardless of price. We believe that Ritchie Bros.' reputation for conducting only unreserved auctions is a major reason why bidders are willing to commit the necessary time and effort to participate in our auctions, and we believe that the size and breadth of the resulting bidding audiences enable us generally to achieve higher prices than our competitors.

Ability to Transcend Local Market Conditions. We market each auction to a global customer base of potential bidders, through the use of print media and the internet. Because bidders are willing to travel between regions and countries to attend our auctions, and are able to participate over the internet if they are unable or choose not to attend in person, consignors have confidence that they will receive the world market price for their equipment. In recent periods, an average of approximately 60% of the value of equipment sold at any particular auction has left the region of the sale.

International Scope. We have substantial expertise in marketing, assembling and conducting auctions in international markets. We have conducted auctions in more than 20 countries and we regularly hold auctions in North America, Central America, Europe, Australia, Asia and the Middle East.

Extensive Network of Auction Sites. Our international network of auction sites is attractive to consignors of trucks and equipment with widely dispersed fleets and also to manufacturers wanting to access multiple regional markets. We believe that our network of auction sites has allowed us to achieve economies of scale by holding more frequent and larger auctions at our existing facilities, taking advantage of our considerable operating capacity without incurring significant incremental costs. In addition, many of our auction sites are equipped with state of the art painting and refurbishing facilities which, together with purpose-built auction theatres and equipment display yards, allow us to deliver a uniquely high level of service to our customers. Our secure yards enable our bidders to inspect, test and compare assets available for sale at our auctions, while our consignors take comfort knowing their assets are under our care, custody and control, and that we are looking after all details in connection with the auction.

Proprietary Databases. We maintain sophisticated databases containing information on several million pieces of equipment sold at auctions around the world, detailed information regarding new equipment prices and listings of stolen equipment. Together with our unique and comprehensive information about the flow of equipment coming to market, these databases help us to identify market trends and estimate equipment values.

We also maintain a proprietary customer information database containing detailed information on more than 620,000 companies and individuals from approximately 200 countries, including each customer's auction attendance, trade association memberships, buying habits and other information. This database enables us to identify customers that might be interested in the equipment being sold at any particular auction.

Internet Services. We believe that our extensive internet presence and the tools available on our website are valuable to buyers and sellers of equipment and represent a distinct competitive advantage for Ritchie Bros. Our online bidding service has enhanced our ability to transcend local market conditions and offer international scope to equipment buyers and sellers. It has also increased the number of bidders participating in our auctions, which we believe has led to higher selling prices. We launched our online service in 2002, and by the end of 2009 we had approximately 130,000 customers from over 195 countries registered and approved to use the service. In 2009, customers bidding in our live auctions over the internet were the buyer or runner-up bidder on 37% of the lots offered online. Our internet bidding service gives our customers access to the best of both worlds – live and online auction participation. The average number of registered bidders, both online and on-site, participating in our industrial auctions has increased 60% to 1,723 registered bidders from 1,080 bidders in 2001, prior to the implementation our online service.

Size and Financial Resources. In addition to being the world's largest auctioneer of industrial equipment, we believe that we sell more used trucks and equipment than any other company, including non-auction companies such as manufacturers, dealers and brokers, making us the largest participant in this highly fragmented market. In addition to our strong market position, we have the financial resources to offer our consignors flexible contract options such as guarantee and outright purchase contracts, to invest in new technologies and to expand into new markets.

Dedicated and Experienced Workforce. Our sales and support team is a key part of our customer service effort. We had 1,148 full-time employees at December 31, 2009, including 302 sales representatives and 19 trainee territory managers. Our senior management team has extensive industry experience – the 10 members of our senior management Executive Council have a combined experience of over 195 years in the equipment auction industry.

These competitive advantages have enabled us to hold successful auctions that are appealing to both buyers and consignors, as evidenced by the growth in the number of buyers and consignors participating in our auctions, set out in the graph below, and the resulting growth in our gross auction proceeds.

We believe that our auctions generally draw a larger number of bidders than most other industrial equipment auctions. Also, the majority of the bidders at our auctions are end-users of equipment (typically retail buyers) rather than brokers or dealers (typically wholesale buyers). In recent periods, approximately 80% of what we sold at our auctions went to end-users of equipment, such as contractors. Large end-user bidder audiences, including international bidders and internet bidders, enable us to deliver world market prices and transcend local market conditions. The ability to deliver high prices on the sale of trucks and equipment is a core part of our value proposition and helps to attract consignments, which attract larger bidder audiences in a self-reinforcing process that we believe has been working in our favor for over 50 years. We believe that this momentum, together with our reputation, size and financial resources, gives our customers confidence in our auction services, which contributes to our growth and acts as a barrier to entry for potential competitors.

GROWTH STRATEGIES

Our long-term mission is to be the world's largest marketplace for commercial and industrial assets. Our principal goals are to grow our earnings per share at a manageable pace over the long term while maintaining a reasonable return on invested capital and to maintain and enhance the Ritchie Bros. culture. Our preference is to pursue sustainable growth with a consistently high level of customer service, rather than targeting aggressive growth and risking erosion of the strong customer relationships and high level of customer service that we believe differentiate us from our competitors.

To grow our business, we are focusing simultaneously on three different fronts, and we believe these three key components of our strategy work in unison.

1. Our people

   People are a key driver of our growth, and one of our key strategies is to build the team that will help us achieve our goals. This includes recruiting, training and developing the right people, as well as enhancing the productivity of our sales force and our administrative support teams by giving them the tools and training they need to be effective. This component of our strategy also includes active succession planning and leadership development, with a focus on developing employees from within our company.

   Our ability to recruit, train and retain capable new members for our sales team has a significant influence on our rate of growth. Ours is a relationship business and our Territory Managers are the main point of contact with our customers. We look for bright, hard-working individuals with positive attitudes, and we are committed to providing our people with a great workplace and opportunities to grow with the company and become future leaders of our global team. Our target is to increase our sales force by an average of 5-10% per year.

2. Our places

   We intend to continue to expand our presence in existing markets and enter new markets, and to expand our international auction site network to handle expected growth in our business. When we talk about markets, we are referring to geographic markets and industry sectors.

   Although we expect that most of our growth in the near future will come from expanding our business and increasing our penetration in regions where we already have a presence, such as the United States and Western Europe, we anticipate that emerging markets in developing countries will be important in the longer term. Our sales offices in many of these emerging markets have been established to position us to take advantage of these future growth opportunities and we will continue to invest in frontier markets in the future.

   We plan to expand our worldwide network of auction sites, adding an average of at least two new permanent auction sites or regional auction units to our network every year. In addition, we intend to expand or replace existing auction sites as necessary to provide capacity for increased sales volumes. Our auction site network does not directly drive our growth, but is a critical competitive advantage and 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 and expose our business to more equipment owners around the world.

   We also aim to increase our market share in our core markets of construction, transportation and agricultural equipment, and to sell more assets in categories that are complimentary to these core markets. Examples of these complimentary categories include mining, forestry and petroleum assets, among others.

3. Our processes

   We are committed to developing and continually refining the processes and systems that we use to conduct our business. We believe that this continuous improvement focus will allow us to grow our revenues faster than our operating costs in over the long term. We also intend to use technology to facilitate our growth and enhance the quality and service level of our auctions.

   Over the past few years, we have made significant progress in developing business processes and systems that are efficient, consistent and scalable, including the successful implementation of a new enterprise resource planning system.

We believe that these three components work together because our people help us to achieve our growth objectives, our places give us focus areas for and the capacity to handle growth, and our processes help us to achieve that growth with efficiency and consistency while continuing to deliver value to our customers.

OPERATIONS

During 2009 we conducted 195 unreserved industrial auctions at locations in North and Central America, Europe, the Middle East Australia and India. We also held 132 unreserved agricultural auctions in Canada. Although our auctions varied in size, the average Ritchie Bros. industrial auction in 2009 had the following characteristics:

Gross auction proceeds	$ 17.3 million
Bidder registrations	1,723
Lots offered for sale	1,450
Consignors	190

Approximately 54% of our auction revenue was earned from operations in the United States (2008 – 54%), 24% was earned in Canada (2008 – 21%) and 15% was earned in Europe (2008 – 15%). The remaining 7% was earned from operations primarily in Australia, the Middle East and Mexico (2008 – 10%).

In 2009, approximately 90% of the gross auction proceeds from our auctions was attributable to auctions held at our permanent auction sites and regional auction units (2008 – 89%). Permanent auction sites are located on land that we own. Our permanent auction sites average nearly 65 acres in size and typically include an equipment display yard, an auction theatre, administrative offices, customer parking, and a state of the art refurbishing facility. Regional auction units are auction sites typically located on leased land with more modest facilities than a permanent auction site.

The remaining 10% of our gross auction proceeds in 2009 came from "off-site" auctions (2008 – 11%), typically held on rented or consignor-owned land. The decision as to whether to hold a particular auction at one of our sites instead of at an off-site location is influenced by the nature, amount and location of the equipment to be sold. The majority of our agricultural auctions are held at off-site locations, usually on the consignor's farm.

Our gross auction proceeds and auction revenues are affected by the seasonal nature of the auction business. Our gross auction proceeds and auction revenues tend to increase during the second and fourth calendar quarters, during which time we generally conduct more business than in the first and third calendar quarters.

Some of the key elements of our auction process include:

Attracting Bidders. We believe our proprietary customer database, which contains over 620,000 customer names from approximately 200 countries, significantly enhances our ability to market our auctions effectively. We typically send over 45,000 full-color auction brochures for each auction to strategically selected customers from our database. We also conduct targeted regional and industry-specific advertising and marketing campaigns. In addition, we post information about the majority of the consigned equipment at upcoming auctions on our website so that potential bidders can review equipment descriptions and view photographs of many of the items to be sold. We had 335,900 bidder registrations at our industrial auctions in 2009 compared to 277,560 in 2008.

Attracting Equipment. We solicit equipment consignments ranging from single pieces of equipment consigned by local owner-operators to large equipment fleets offered by multi-national consortiums upon the completion of major construction projects. For larger consignments, our service typically begins with an equipment appraisal that gives the prospective consignor a credible estimate of the value of the appraised equipment. We believe that our consignors choose to sell their equipment at our auctions, rather than through other channels or other auctioneers, because they believe that selling at a Ritchie Bros. auction is the best way to maximize the net proceeds on the sale of their assets. During 2009 we received 37,041 industrial auction consignments, typically comprised of multiple lots, compared to 36,595 consignments in 2008.

Our willingness to take consignment of a customer's full equipment fleet, including ancillary assets such as inventories, parts, tools, attachments and construction materials, rather than only accepting selected items, is another valuable service that we offer to consignors that sets us apart from most of our competitors.

Attractive Contract Options. We offer consignors several contract options to meet their individual needs and sale objectives. These can include a straight commission contract, where the consignor receives the gross proceeds from the sale less a pre-negotiated commission rate, as well as alternate arrangements including guarantee contracts (where the consignor receives a guaranteed minimum amount plus an additional amount if proceeds exceed a specified level) or an outright purchase of the equipment by us for resale. We refer to guarantee and outright purchase contracts as our underwritten or at-risk business. At-risk contracts have generally represented about 25% of our gross auction proceeds on an annual basis in recent periods.

Our commission structure reflects the degree of risk we assume in connection with the equipment being sold. In general, on similar packages of equipment, we factor in a lower commission rate for straight commission sales than for guarantee contracts. In the case of outright purchases, pricing takes into account the risks we assume and our expected margin. We typically offer guarantee and purchase contract options only on large, diverse fleets of equipment. We manage the risk associated with our underwritten business by performing detailed appraisals of the equipment and involving valuation specialists and senior levels of management in the decision making process. In addition, equipment prices tend not to fluctuate significantly during the short time prior to the auction that we are exposed on these types of arrangements.

Value-Added Services. We provide a wide array of services to make the auction process convenient for buyers and sellers of equipment. Examples of these services include:

- conducting title searches on consigned equipment, where registries are commercially available, to ensure the equipment is sold free and clear of all liens and encumbrances (if we are not able to deliver clear title, we provide a full refund up to the purchase price to the buyer);
- making consigned equipment available for inspection, testing and comparing by prospective buyers;
- displaying photographs of consigned equipment on our website;
- providing access at our auctions to representatives of finance companies, transportation companies, customs brokerages and other service providers;
- providing facilities for on-site cleaning, painting and refurbishment of equipment; and
- handling all pre-auction marketing, as well as collection and disbursement of proceeds.

MARKETING AND SALES

At December 31, 2009, we employed 302 sales representatives and 19 trainee territory managers (2008 – 265 and 29, respectively). These representatives are deployed by geographic region around the world. Each sales representative is primarily responsible for the development of customer relationships and sourcing consignments in the representative's territory. Sales representatives are also involved in the appraisal and proposal presentation process. To encourage global teamwork and superior customer service, none of our employees is paid on a commission basis. All members of our sales force are compensated primarily by a combination of base salary and incentive bonus.

To support our sales representatives, we follow a dual marketing strategy, promoting Ritchie Bros. and the unreserved auction process in general, as well as marketing specific auctions. This dual strategy is designed to attract both consignors and bidders to our auctions. Our advertising and promotional efforts include the use of trade journals and magazines and attendance at numerous trade shows held around the world. We also participate in international, national and local trade associations. The rbauction.com website is another important component of our marketing effort. In 2009 our customers conducted 29.6 million equipment searches on our website.

In addition to regional marketing through our sales representatives, we market through our national accounts team to large national customers, including rental companies, manufacturers and finance companies, who have equipment disposition requirements in various regions and countries and can therefore benefit from our international network of auction sites.

INTERNATIONAL NETWORK OF AUCTION SITES

We attempt to establish our auction sites in industrial areas close to major cities. Although we lease some auction sites, we prefer to purchase land and construct purpose-built facilities once we have determined that a region can generate sufficient financial returns to justify the investment. We generally do not construct a permanent auction site in a particular region until we have conducted a number of offsite sales in the area, and often we will operate from a regional auction unit for several years before considering a more permanent investment. This process allows us to evaluate the market potential before we make a significant investment. We will not invest in a permanent auction site unless we believe there is an opportunity for significant, profitable growth in a particular region. Our average expenditure on a permanent auction site has been in the range of $20 million in recent years, including land, improvements and buildings.

We operated from the following auction sites at March 1, 2010:

Permanent Auction Sites:

	Size (Acres)	Year Placed in Service
Canada		
Vancouver, British Columbia (1)	24	2010
Prince George, British Columbia	60	2003
Grande Prairie, Alberta (2)	60	2009
Edmonton, Alberta	125	2002
Saskatoon, Saskatchewan	62	2006
Regina, Saskatchewan	22	2007
Toronto, Ontario	63	1998
London, Ontario (3)	37	2009
Montreal, Quebec	60	2000
Halifax, Nova Scotia	28	1997
United States		
Olympia, Washington	79	1994
Los Angeles, California	59	2000
Sacramento, California	90	2005
Phoenix, Arizona	48	2002
Albuquerque, New Mexico	11	1999
Denver, Colorado	70	2007
Fort Worth, Texas	113	1994
Houston, Texas (4)	90	2009
Kansas City, Missouri	40	2007
Minneapolis, Minnesota (5)	70	2009
Chicago, Illinois	51	2000
Columbus, Ohio	95	2007
Nashville, Tennessee	76	2006
Atlanta, Georgia	64	1996
Statesville, North Carolina	40	1999
Orlando, Florida (6)	182	2002
North East, Maryland	85	2001
Other Countries		
Mexico City, Mexico (7)	60	2009
Narita, Japan (8)	17	2010
Paris, France	50	2008
Moerdijk, The Netherlands	62	1999
Brisbane, Australia	42	1999
Caorso, Italy (9)	50	2010

Regional Auction Units:

Moncofa, Spain	Dubai, United Arab Emirates
Las Vegas, Nevada	Geelong, Australia
Madrid, Spain (10)	Hartford, Connecticut
Tipton, California (11)	

(1) We completed the construction of a replacement permanent auction site on approximately 24 acres in Vancouver, British Columbia, and relocated to the new facility in December 2009.

(2) We completed the construction of a replacement permanent auction site on approximately 60 acres of a 300-acre property in Grande Prairie, Alberta, to replace our existing permanent auction site in that region, and conducted our grand opening auction in November 2009.

(3) We completed the construction of a new permanent auction site on approximately 37 acres of a 165-acre property in London, Ontario, and conducted our grand opening auction in June 2009.

(4) We completed the construction of a replacement permanent auction site on approximately 90 acres of a 125-acre property in Houston, Texas, to replace our existing permanent auction site in that region, and conducted our grand opening auction in March 2009.

(5) We completed the construction of a replacement permanent auction site on approximately 70 acres of a 140 acre property near Minneapolis, Minnesota, to replace our existing permanent auction site in that region, and conducted our grand opening auction in March 2009.

(6) During 2008 we purchased an additional 74 acres of land adjoining our permanent auction site in Orlando, Florida, and have expanded our existing permanent auction site by an additional 58 acres. During 2009 we purchased an additional 27 acres of land adjoining our permanent auction site in Orlando, Florida and are holding it for future development.

(7) We completed the construction of a new permanent auction site on approximately 60 acres of a 300-acre property near Mexico City, Mexico, to replace our existing regional auction unit in that region, and conducted our grand opening auction at the new facility in October 2009.

(8) We completed the construction of a new permanent auction site on approximately 17 acres of property in Narita near Tokyo, Japan, and conducted our grand opening auction at the new facility in January 2010.

(9) We purchased approximately 50 acres of land in Caorso, Italy (near Milan) in 2009, on which we are building a new permanent auction site to replace our regional auction unit in that region. The site is expected to open in early 2010 and we moved into the new facility at the end of 2009.

(10) We purchased approximately 62 acres of land near Madrid, Spain in 2009, on which we started conducting auctions in July 2009. We are building a new permanent auction site on this property that is expected to open in 2010.

(11) During 2009 we completed the acquisition of the auction business and certain assets of Martella Auction Company Inc., an agricultural and industrial auctioneer based in Tipton, California and signed a lease for Martella's 65-acre Tipton auction site.

During 2009 we signed a long-term lease on approximately 37 acres of land in Salt Lake City, Utah, on which we are building a new regional auction unit that we expect to open in 2010. During 2009 we also signed a long-term lease on approximately 41 acres of land in Meppen, Germany, on which we are building a new regional auction unit that we expect to open in 2010.

We have ceased operations at our Buxton, North Dakota permanent auction site and intend to sell the facility in 2010.

At certain of our auction sites we own additional property that may be available for future expansion or sale. We also own land in other areas not listed or described above that may be available for future expansion or sale. We own approximately 7 acres of land in Lincoln, Nebraska, which is the location of our United States administrative office.

Competition

Both the global used industrial equipment market and the auction segment of that market are highly fragmented. We compete for potential purchasers of industrial equipment with other auction companies and with non-auction competitors such as equipment manufacturers, distributors and dealers, 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 who have traditionally disposed of equipment through private sales.

Governmental and Environmental Regulations

Our operations are subject to a variety of federal, provincial, state and local laws, rules and regulations relating to, among other things, the auction business, imports and exports of equipment, worker health and safety, privacy of customer information. and the use, storage, discharge and disposal of environmentally sensitive materials. In addition, our development or expansion of auction sites depends upon the receipt of required licenses, permits and other governmental authorizations, and we are subject to various local zoning requirements with regard to the location of our auction sites, which vary among jurisdictions.

Under some of the laws regulating the use, storage, discharge and disposal of environmentally sensitive materials, an owner or lessee of, or other person involved in, real estate may be liable for the costs of removal or remediation of certain hazardous or toxic substances located on or in, or emanating from, such property, as well as related costs of investigation and property damage. These laws often impose liability without regard to whether the owner or lessee or other person knew of, or was responsible for, the presence of such hazardous or toxic substances.

We typically obtain Phase I environmental assessment reports prepared by independent environmental consultants in connection with our site acquisitions. A Phase I assessment consists of a site visit, historical record review, interviews and reports, with the purpose of identifying potential environmental conditions associated with the subject property. There can be no assurance, however, that acquired or leased sites have been operated in compliance with environmental laws and regulations or that future uses or conditions will not result in the imposition of environmental liability upon us or expose us to third-party actions such as tort suits. Although we have insurance to protect us from such liability, there can also be no assurance that it will cover any or all potential losses.

There are restrictions in the United States and Europe that may affect the ability of equipment owners to transport certain equipment between specified jurisdictions. One example of these restrictions is environmental certification requirements in the United States, which prevent non-certified equipment from being entered into commerce in the U.S. In addition, engine emission standards in some jurisdictions limit the operation of certain trucks and equipment in those markets. We expect these emission standards to be implemented in more jurisdictions in the future.

We are committed to contributing to the protection of the natural environment by preventing and reducing adverse impacts of our operations. As part of our commitment, we aim to:

- empower our employees to identify and address environmental issues;
- consider environmental impacts as part of all business decisions;
- conduct business in compliance with applicable regulations and legislations, and where appropriate, adopt the most stringent as our global benchmark;
- use resources wisely and efficiently to minimize our environmental impact;
- communicate transparently with our stakeholders about environmental matters;
- conduct ongoing assessments to ensure compliance and good stewardship; and
- hold management accountable for providing leadership on environmental matters, achieving targets, and providing education to employees.

We believe that by following these principles, we will be able to achieve our objective to be in compliance with applicable environmental legislation and make a positive contribution to the protection of the natural environment.

We believe that we are in compliance in all material respects with all laws, rules, regulations and requirements that affect our business, and that compliance with such laws, rules, regulations and requirements does not impose a material impediment on our ability to conduct our business.

RISK FACTORS

Disclosure relating to risk factors concerning us and our business is included under “Risk Factors” in our Management’s Discussion and Analysis of Financial Condition and Results of Operations for the year ended December 31, 2009, which has been filed on SEDAR at www.sedar.com, and is incorporated in this document by reference.

DIVIDENDS

We currently pay a regular quarterly cash dividend of $0.10 per common share. We currently intend to continue to declare and pay a regular quarterly cash dividend on our common shares. However, 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. In 2009 we paid total cash dividends of $0.38 per common share, compared to $0.34 per share in 2008 and $0.30 per share in 2007. The dividend amounts reflect the impact of our three-for-one stock split that took effect on April 24, 2008.

Because Ritchie Bros. Auctioneers Incorporated is a holding company with no material assets other than the shares of its subsidiaries, our ability to pay dividends on our common shares depends on the income and cash flow of our subsidiaries. No financing agreements to which our subsidiaries are party currently restrict those subsidiaries from paying dividends.

Pursuant to income tax legislation, Canadian resident individuals who receive “eligible dividends” in 2006 and subsequent years will be entitled to an enhanced gross-up and dividend tax credit on such dividends. All dividends that we pay are “eligible dividends” unless indicated otherwise.

Capital Structure

We have the following shares authorized for issuance and issued and outstanding as of March 1, 2010:

Description	Number Authorized	Number Issued and Outstanding
Common shares, without par value	Unlimited	105,401,820
Senior preferred shares, without par value, issuable in series	Unlimited	None
Junior preferred shares, without par value, issuable in series	Unlimited	None

Our Board of Directors is authorized to determine the designations, rights and restrictions to be attached to the Senior preferred shares and Junior preferred shares (together, the preferred shares) upon issuance. No preferred shares have been issued.

Holders of our common shares are entitled to one vote for each share held on all matters submitted to a vote of shareholders. Subject to preferences that may be applicable to any preferred shares outstanding at the time, holders of common shares are entitled to receive ratably any dividends as may be declared from time to time by our Board of Directors out of funds legally available for dividends. Please read the “Dividends” section above. In the event of a liquidation, dissolution or winding up, holders of common shares are entitled to share ratably in all assets of the Company remaining after payment of liabilities and any liquidation preferences of any outstanding preferred shares.

We have adopted a Shareholder Rights Plan, the purpose of which is to discourage discriminatory or unfair take-over offers for our company and to provide our Board of Directors with time, if appropriate, to pursue alternatives to maximize shareholder value in the event of an unsolicited takeover bid for our company.

Market for Securities

Our common shares are listed for trading on the New York Stock Exchange, or the NYSE, and on the Toronto Stock Exchange, or the TSX, on both exchanges under the ticker symbol “RBA”. The closing price of our common shares on March 1, 2010 on the NYSE was $20.73 and on the TSX was CA$21.76.

Our trading volumes and price ranges on the NYSE and the TSX for the year ended December 31, 2009 were as follows:

	NYSE (US$)				TSX (CA$)			
Date	High Price	Low Price	Closing Price	Total Volume	High Price	Low Price	Closing Price	Total Volume
December-09	$ 24.77	$ 22.34	$ 22.43	10,013,500	$ 26.05	$ 23.49	$ 23.69	1,608,200
November-09	25.69	21.16	23.82	10,688,600	26.91	22.82	24.94	2,826,400
October-09	24.81	21.79	21.92	11,455,900	26.50	23.55	23.83	2,350,900
September-09	26.25	23.82	24.54	7,031,800	28.07	25.70	26.50	1,590,700
August-09	26.81	22.55	25.06	9,030,500	29.00	25.35	27.50	2,120,900
July-09	25.52	22.59	24.00	7,928,200	28.11	25.73	25.80	1,572,000
June-09	24.34	21.79	23.45	9,710,400	27.33	24.48	27.30	2,970,300
May-09	26.42	22.29	22.90	14,731,700	31.00	24.76	24.76	3,081,500
April-09	22.54	18.27	22.40	14,284,200	27.25	23.08	26.33	3,220,100
March-09	19.45	13.99	18.59	14,797,700	24.33	18.05	23.77	4,336,300
February-09	20.61	14.77	15.05	15,969,200	25.95	18.59	19.37	3,183,200
January-09	22.64	17.21	18.36	10,219,600	26.99	21.67	22.80	2,357,600

DIRECTORS AND EXECUTIVE OFFICERS

Under our Articles of Amalgamation, our number of directors is set at a minimum of three and a maximum of ten and the directors are authorized to determine the actual number of directors to be elected from time to time. We currently have seven directors. Each of our directors is elected annually and holds office until our next annual meeting of shareholders unless he or she ceases to hold office before that date. Information concerning our directors is as follows:

Directors

Name and Municipality of Residence	Position with the Company	Principal Occupation or Employment (1)	Previous Service as a Director
Robert W. Murdoch (2) Salt Spring Island, B.C., Canada	Chairman of the Board and a Director	Businessman	Director since February 20, 2006
Peter J. Blake Vancouver, B.C., Canada	Chief Executive Officer and a Director	Chief Executive Officer of the Company	Director since December 12, 1997
Eric Patel (2)(3) Vancouver, B.C., Canada	Director	Chief Financial Officer of Pembrook Mining Corp	Director since April 16, 2004
Beverley A. Briscoe (2)(3) Vancouver, B.C., Canada	Director	Owner and President of Briscoe Management Ltd.	Director since October 29, 2004
Edward B. Pitoniak (4) West Vancouver, B.C., Canada	Director	Businessman	Director since July 28, 2006
Christopher Zimmerman (4) Exeter, NH, USA	Director	Businessman	Director since April 11, 2008
James M. Micali (3)(4) Boston, MA, USA	Director	Senior Advisor of Azalea Capital	Director since April 25, 2008

(1) This information has been provided by the respective director as of February 15, 2010.

(2) Our Board of Directors has a nominating and corporate governance committee comprised of Messrs. Patel (Chair), Murdoch and Ms. Briscoe.

(3) Our Board of Directors has an audit committee comprised of Ms. Briscoe (Chair) and Messrs. Patel and Micali.

(4) Our Board of Directors has a compensation committee comprised of Messrs. Pitoniak (Chair), Zimmerman and Micali.

We do not have a Lead Director because our Chairman, Robert W. Murdoch, is an independent director and fulfills this role. Mr. Murdoch can be reached at (778) 331-5300 or by email at rmurdoch@rbauction.com.

Executive Officers

As of March 1, 2010, the following Executive Officers have been appointed by our Board of Directors:

Name and Municipality of Residence	Position with the Company
Peter J. Blake Vancouver, B.C., Canada	Chief Executive Officer
Robert K. Mackay Delta, B.C., Canada	President
Robert S. Armstrong New Westminster, B.C., Canada	Chief Operating Officer
Robert A. McLeod Vancouver, B.C., Canada	Chief Financial Officer
Robert K. Whitsit Newnan, Georgia, U.S.A.	Senior Vice-President
David D. Nicholson Humble, Texas, U.S.A.	Senior Vice-President – Central United States, Mexico and South America
Guylain Turgeon Kapellen, Belgium	Senior Vice-President – Managing Director Europe, Middle East and Asia
Steven C. Simpson Scottsdale, Arizona, U.S.A.	Senior Vice-President – Western United States
Curtis C. Hinkelman Peachtree City, Georgia, U.S.A.	Senior Vice-President – Eastern United States
Kevin R. Tink Grande Prairie, AB, Canada	Senior Vice-President – Canada and Agriculture
Victor E. Pospiech North Vancouver, B.C., Canada	Senior Vice-President – Administration and Human Resources
Jeremy M. T. Black Vancouver, B.C., Canada	Corporate Secretary and Vice-President, Business Development

As of March 1, 2010, our directors and executive officers as a group beneficially owned, directly or indirectly, or exercised control or direction over, approximately 1% of our issued and outstanding common shares.

AUDIT COMMITTEE INFORMATION

Our Audit Committee primarily assists our Board of Directors in overseeing:

- the integrity of our financial statements;
- our compliance with legal and regulatory requirements;
- the independent auditor’s qualifications and independence; and
- the performance of our internal audit function and independent auditor.

In particular, our Audit Committee's role includes, among other things, ensuring that management properly develops and adheres to a sound system of disclosure controls and procedures and internal controls. The full text of our Audit Committee charter, which complies with the NYSE and TSX rules and applicable securities laws, is available on our website, www.rbauction.com.

As of March 1, 2010, the Audit Committee of our Board of Directors was composed of the following members:

Member	Independent	Financially Literate	Relevant Education and Experience
Beverley A. Briscoe (Chair)	Yes	Yes	**Current employment:** • Owner and president – Briscoe Management Ltd. **Past employment:** • President and owner – Hiway Refrigeration Limited – 1997 to 2004 • Vice President and General Manager – Wajax Industries Limited. • Chief Financial Officer – Rivtow Group of Companies • Various executive positions – several operating divisions of The Jim Pattison Group • Audit Manager – Coopers & Lybrand **Other board membership:** • Director, Chair of the Audit Committee and member of the Governance and Nominating Committee and the Environmental Health and Safety Committee, Goldcorp Inc. (TSX: G), and director of several non-public companies **Education:** • Fellow of the Institute of Chartered Accountants • Bachelor of Commerce degree from the University of British Columbia
Eric Patel	Yes	Yes	**Current employment:** • Chief Financial Officer – Pembrook Mining Corp., a private mining company (formerly Paget Resources Corporation) **Past employment:** • Chief Financial Officer – Crystal Decisions, Inc., a privately held software company – 1999 to 2004 • Executive positions, including CFO – University Games, Inc., a privately held manufacturer of educational toys and games – 1997 to 1999 • Director of Strategy – Dreyer's Grand Ice Cream • Strategy consultant – Marakon Associates **Education:** • MBA degree from Stanford University
James M. Micali	Yes	Yes	**Current employment:** • Senior advisor and limited partner – Azalea Capital (a private equity fund) • Counsel – Ogletree Deakins, a labour and employment law firm **Past employment:** • Various positions, including Chairman and President of Michelin North America – 1977 – 2008 **Other board membership:** • Director, member of Compensation, Audit and Governance, and Executive Committees, Sonoco Products Company (NYSE: "SON") • Director, member of Nuclear Oversight and Personnel Committees, SCANA Corporation (NYSE: "SCG") **Education:** • J.D. from Boston College Law School

In fulfilling its responsibilities, our Audit Committee held regular meetings in 2009 with our external auditors and with our management. In these meetings, the Audit Committee discussed with management and the external auditors, among other things, the quality and acceptability of accounting principles and significant transactions or issues encountered during the period. In addition, our Audit Committee met with our external auditors independent of our management to provide for independent and confidential assessment of our management and our internal controls as they relate to the quality and reliability of our financial statements.

In addition to retaining KPMG LLP to audit our consolidated financial statements for the year ended December 31, 2009, we retained KPMG LLP to provide various non-audit services in 2009. The aggregate fees billed for professional services by KPMG LLP and its affiliates during 2009 and 2008 were as follows:

	Fiscal 2009	Fiscal 2008
Audit Fees	$ 1,254,600	$ 1,190,400
Audit-Related Fees	37,300	4,000
Tax Fees	494,200	527,700
Total Fees	$ 1,786,100	$ 1,722,100

The nature of each category of fees is as follows:

Audit Fees:

Audit fees were paid for professional services rendered by the auditors for the audit and interim reviews of our consolidated financial statements or services provided in connection with statutory and regulatory filings or engagements.

Audit-Related Fees:

Audit-related fees were paid for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported under the Audit Fees item above.

Tax Fees:

Tax fees were paid for tax compliance, tax advice and tax planning professional services. These services consisted of: tax compliance, including the review of original and amended tax returns; assistance with questions regarding tax audits; assistance in completing routine tax schedules and calculations; and tax planning and advisory services relating to common forms of domestic and international taxation (i.e., income tax, capital tax, Goods and Services Tax and Value Added Tax).

Pre-Approval Policies and Procedures:

The Audit Committee has considered whether the provision of services other than audit services is compatible with maintaining auditors' independence and has adopted a policy governing the provision of these services. This policy requires the pre-approval by the Audit Committee of all audit and non-audit services provided by the external auditor, other than any *de minimus* non-audit services allowed by applicable law or regulation. The policy outlines the procedures and the conditions pursuant to which permissible services proposed to be performed by KPMG LLP are pre-approved, provides a general pre-approval for certain permissible services and for subsequent reporting to the Audit Committee, and outlines a list of prohibited services. For fiscal 2009, less than 5% of the fees for the services described above were approved by the Audit Committee pursuant to the *de minimus* exemption.

All requests for KPMG LLP to provide services that do not require specific approval by the Audit Committee are reported to and documented by our Corporate Secretary. If the proposed services are not covered by a pre-approval and the estimated fees for the proposed engagement are more than CA$5,000, the engagement of KPMG LLP to provide such services requires specific approval by the Audit Committee. Any proposed engagement to provide services that requires specific approval by the Audit Committee pursuant to the terms of the policy is submitted to the Corporate Secretary for presentation to the Audit Committee for its consideration.

Additional information regarding our corporate governance practices is included in our Information Circular for our 2010 Annual Meeting of Shareholders and on our website.

LEGAL AND REGULATORY ACTIONS

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 operation or that involve a claim for damages, excluding interest and costs, in excess of 10% of our current assets.

CODE OF ETHICS

We have adopted a Code of Business Conduct and Ethics (the Code of Conduct) that applies to all of our employees, officers and directors. Our Code of Conduct includes, among other things, written standards for our principal executive officer, principal financial officer and principal accounting officer that are required by the U.S. Securities and Exchange Commission (or SEC) for a code of ethics applicable to such officers. Our Code of Conduct is available on our internet website, www.rbauction.com. We intend to disclose on our website within five days thereof, any amendment or waiver of the code of ethics portion of our Code of Conduct applicable to these officers that is required by SEC rules or regulations to be disclosed publicly, and to keep such disclosure available on our website for at least a 12-month period.

TRANSFER AGENT

Our transfer agent for our common shares in Canada is Computershare Trust Company of Canada. The register of transfers of our common shares maintained by Computershare is located at their offices in Vancouver, British Columbia, Canada and Toronto, Ontario, Canada.

INTERESTS OF EXPERTS

Our consolidated financial statements for the years ended December 31, 2009 and 2008 have been audited by KPMG LLP, Chartered Accountants, our external auditors.

ADDITIONAL INFORMATION

Additional information, including our directors' and officers' remuneration and indebtedness to us, principal holders of our securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in our Information Circular for our most recent annual meeting of shareholders that involved the election of directors.

Additional financial information is provided in our consolidated financial statements and our management's discussion and analysis of financial condition and results of operations for our most recently completed financial year. This and other information about our company can be found on 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, unless otherwise specified.

Copies of these documents may be obtained upon request from our Corporate Secretary, 9500 Glenlyon Parkway, British Columbia, V5J 0C6 (telephone number: (778) 331-5500).

EXHIBIT NO. 2

Consolidated Financial Statements of

RITCHIE BROS. AUCTIONEERS INCORPORATED

Years ended December 31, 2009 and 2008

AUDITORS' REPORT

To the Shareholders of Ritchie Bros. Auctioneers Incorporated

We have audited the consolidated balance sheets of Ritchie Bros. Auctioneers Incorporated (the "Company") as at December 31, 2009 and 2008 and the consolidated statements of operations, shareholders' equity, comprehensive income and cash flows for each of the years in the three-year period ended December 31, 2009. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and 2008 and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2009 in accordance with Canadian generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2009, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 26, 2010 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

***/s/* KPMG LLP**

Chartered Accountants

Vancouver, Canada

February 26, 2010

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Ritchie Bros. Auctioneers Incorporated

We have audited Ritchie Bros. Auctioneers Incorporated (the "Company")'s internal control over financial reporting as of December 31, 2009, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the section entitled Internal Controls over Financial Reporting included in Management's Discussion and Analysis. Our responsibility is to express an opinion the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have conducted our audits on the consolidated financial statements in accordance with Canadian generally accepted auditing standards. With respect to the years ended December 31, 2009 and 2008, we also have conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our report dated February 26, 2010 expressed an unqualified opinion on those consolidated financial statements.

***/s/* KPMG LLP**

Chartered Accountants

Vancouver, Canada

February 26, 2010

RITCHIE BROS. AUCTIONEERS INCORPORATED
Consolidated Statements of Operations
(Expressed in thousands of United States dollars, except share and per share amounts)

Years ended December 31,	2009	2008	2007
Auction revenues	$ 377,211	$ 354,818	$ 311,906
Direct expenses	49,890	49,750	46,481
	327,321	305,068	265,425
Expenses:			
Depreciation and amortization	31,761	24,764	19,417
General and administrative	168,312	164,556	144,816
	200,073	189,320	164,233
Earnings from operations	127,248	115,748	101,192
Other income (expense):			
Interest expense	(544)	(859)	(1,206)
Interest income	2,400	4,994	7,393
Foreign exchange gain (loss)	(1,085)	11,656	2,802
Gain on disposition of capital assets	647	6,370	243
Other	2,857	1,375	1,471
	4,275	23,536	10,703
Earnings before income taxes	131,523	139,284	111,895
Income tax expense (recovery) (note 10):			
Current	35,230	39,101	33,797
Future	2,841	(1,217)	2,115
	38,071	37,884	35,912
Net earnings	$ 93,452	$ 101,400	$ 75,983
Net earnings per share (note 8(e)):			
Basic	$ 0.89	$ 0.97	$ 0.73
Diluted	0.88	0.96	0.72
Weighted average number of shares outstanding	105,141,368	104,713,375	104,266,113

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

/s/ Beverley A. Briscoe
Beverley A. Briscoe
Director

/s/ Peter J. Blake
Peter J. Blake
Director and Chief Executive Officer

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

December 31,	2009	2008
Assets		
Current assets:		
Cash and cash equivalents	$ 122,596	$ 107,275
Accounts receivable	51,963	60,375
Inventory	6,640	9,711
Advances against auction contracts	4,574	285
Prepaid expenses and deposits	8,131	12,088
Other assets	265	752
Income taxes receivable	3,824	2,674
Future income tax asset (note 10)	714	780
	198,707	193,940
Capital assets (note 4)	597,945	453,642
Other assets (note 5)	14,472	1,164
Goodwill	45,593	40,233
Future income tax asset (note 10)	1,104	509
	$ 857,821	$ 689,488
Liabilities and Shareholders' Equity		
Current liabilities:		
Auction proceeds payable	$ 74,726	$ 62,717
Accounts payable and accrued liabilities	88,402	84,114
Short-term debt (note 6)	5,069	—
	168,197	146,831
Long-term debt (note 7)	130,394	67,411
Other liabilities	1,254	60
Future income tax liability (note 10)	13,565	10,024
	313,410	224,326
Shareholders' equity:		
Share capital (note 8)	99,980	94,366
Additional paid-in capital	16,146	14,355
Retained earnings	411,326	357,845
Accumulated other comprehensive income (loss)	16,959	(1,404)
	544,411	465,162
	$ 857,821	$ 689,488

Commitments and contingencies (note 11)

See accompanying notes to consolidated financial statements.

RITCHIE BROS. AUCTIONEERS INCORPORATED
Consolidated Statements of Shareholders' Equity
(Expressed in thousands of United States dollars)

	Share Capital	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, December 31, 2006	$ 85,910	$ 10,459	$ 247,349	$ 24,919	$ 368,637
Exercise of stock options	4,313	(688)	—	—	3,625
Stock compensation tax adjustment	—	722	—	—	722
Stock compensation expense	—	1,978	—	—	1,978
Net earnings	—	—	75,983	—	75,983
Cash dividends paid	—	—	(31,286)	—	(31,286)
Foreign currency translation adjustment	—	—	—	15,457	15,457
Balance, December 31, 2007	90,223	12,471	292,046	40,376	435,116
Exercise of stock options	4,143	(625)	—	—	3,518
Stock compensation tax adjustment	—	198	—	—	198
Stock compensation expense	—	2,311	—	—	2,311
Net earnings	—	—	101,400	—	101,400
Cash dividends paid	—	—	(35,601)	—	(35,601)
Foreign currency translation adjustment	—	—	—	(26,896)	(26,896)
Reclassification to net earnings of foreign currency translation gains	—	—	—	(14,884)	(14,884)
Balance, December 31, 2008	$ 94,366	$ 14,355	$ 357,845	$ (1,404)	$ 465,162
Exercise of stock options	5,614	(917)	—	—	4,697
Stock compensation tax adjustment	—	600	—	—	600
Stock compensation expense	—	2,108	—	—	2,108
Net earnings	—	—	93,452	—	93,452
Cash dividends paid	—	—	(39,971)	—	(39,971)
Foreign currency translation adjustment	—	—	—	18,363	18,363
Balance, December 31, 2009	$ 99,980	$ 16,146	$ 411,326	$ 16,959	$ 544,411

Consolidated Statements of Comprehensive Income
(Expressed in thousands of United States dollars)

Years ended December 31,	2009	2008	2007
Net earnings	$ 93,452	$ 101,400	$ 75,983
Other comprehensive income (loss):			
Foreign currency translation adjustment	18,363	(26,896)	15,457
Reclassification to net earnings of foreign currency translation gains	—	(14,884)	—
Comprehensive income	$ 111,815	$ 59,620	$ 91,440

See accompanying notes to consolidated financial statements.

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

Years ended December 31,	2009	2008	2007
Cash provided by (used in):			
Operating activities:			
Net earnings	$ 93,452	$ 101,400	$ 75,983
Items not involving cash:			
Depreciation and amortization	31,761	24,764	19,417
Stock compensation expense	2,108	2,311	1,978
Future income taxes (recoveries)	2,841	(1,217)	2,115
Foreign exchange loss (gain)	1,085	(11,656)	(2,802)
Net gain on disposition of capital assets	(647)	(6,370)	(243)
Changes in non-cash working capital:			
Accounts receivable	15,646	(6,770)	(22,198)
Inventory	3,856	(4,758)	244
Advances against auction contracts	(3,688)	100	847
Prepaid expenses and deposits	1,026	(6,987)	153
Income taxes receivable	(810)	3,420	1,717
Income taxes payable	—	—	(3,880)
Auction proceeds payable	(7,966)	8,355	3,138
Accounts payable and accrued liabilities	(112)	(9,704)	26,922
Other	(97)	(2,200)	(2,122)
	138,455	90,688	101,269
Investing activities:			
Acquisition of business	(3,803)	—	(597)
Capital asset additions	(157,416)	(145,024)	(113,219)
Proceeds on disposition of capital assets	4,201	33,813	8,455
Decrease (increase) in other assets	(7,638)	1,000	(364)
	(164,656)	(110,211)	(105,725)
Financing activities:			
Issuance of share capital	4,697	3,518	3,625
Dividends on common shares	(39,971)	(35,601)	(31,286)
Issuance of short-term debt	6,241	37,077	33,415
Repayment of short-term debt	(1,058)	(36,459)	(33,908)
Issuance of long-term debt	66,408	25,566	—
Repayment of long-term debt	(14,999)	(238)	(251)
Other	1,596	(57)	640
	22,914	(6,194)	(27,765)
Effect of changes in foreign currency rates on cash and cash equivalents	18,608	(17,323)	10,515
Increase (decrease) in cash and cash equivalents	15,321	(43,040)	(21,706)
Cash and cash equivalents, beginning of year	107,275	150,315	172,021
Cash and cash equivalents, end of year	$ 122,596	$ 107,275	$ 150,315
Supplemental information:			
Interest paid	$ 5,593	$ 3,476	$ 3,078
Income taxes paid	35,569	34,629	36,089

See accompanying notes to consolidated financial statements.

1. Significant accounting policies:

(a) Basis of presentation:

These consolidated financial statements present the financial position, results of operations, comprehensive income, changes in shareholders' equity and cash flows of Ritchie Bros. Auctioneers Incorporated (the "Company"), a company amalgamated in December 1997 under the Canada Business Corporations Act, and its subsidiaries. All significant intercompany balances and transactions have been eliminated.

The consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in Canada ("Canadian GAAP"). As disclosed in note 14, Canadian GAAP differs in certain material respects from accounting principles generally accepted in the United States.

(b) Cash and cash equivalents:

Cash equivalents consist of highly liquid investments having an original term to maturity of three months or less when acquired.

(c) Inventory:

Inventory is primarily 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.

(d) Capital assets:

All capital assets are stated at cost and include capitalized interest on assets under development. 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
Yard equipment	declining balance	20-30%
Computer software	straight-line	3-5 years
Automotive equipment	declining balance	30%
Office equipment	declining balance	20%
Computer equipment	straight-line	3 years
Leasehold improvements	straight-line	Terms of leases

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. In such situations, long-lived assets are considered impaired when undiscounted estimated future cash flows resulting from the use of the asset and its eventual disposition are less than the asset's carrying amount.

Legal obligations to retire tangible long-lived assets and assets under operating leases are recorded at the fair value in the period in which they are incurred, if a reasonable estimate of fair value can be made, with a corresponding increase in asset value. The liability is accreted to face value over the life of the asset. The Company does not have any significant asset retirement obligations.

1. Significant accounting policies (continued):

(e) Goodwill:

Goodwill represents non-identifiable intangible assets acquired on business combinations. Goodwill is not amortized and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the asset might be impaired. 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 earnings.

(f) 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 and proxy purchase fees, administrative and documentation fees on the sale of certain lots, and auction advertising fees. All revenue is recognized when the auction sale is complete and the Company has determined that the auction proceeds are collectible.

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 is 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 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 to be sold after a 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 note 11(b)).

Auction revenues also include net profit on the sale of inventory items. In some cases, incidental to its regular commission business, the Company temporarily acquires title to items for a short time prior to a particular auction sale. The auction revenue recorded is the net gain or loss on the sale of the items.

(g) Income taxes:

Income taxes are accounted for using the asset and liability method, whereby future taxes are recognized for the tax consequences of temporary differences by applying substantively enacted or enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. The effect on future taxes of a change in tax rates is recognized in earnings in the period in which the new tax rate is substantively enacted. Future tax benefits, such as non-capital loss carry forwards, are recognized to the extent that realization of such benefits is considered more likely than not.

1. Significant accounting policies (continued):

(h) Foreign currency translation:

The Company's reporting currency is the United States dollar. The functional currency for each of the Company's operations is usually the currency of the country of residency; in some cases it is the United States dollar. Each of the Company's foreign operations is considered to be self-sustaining. Accordingly, the financial statements of the Company's operations 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 average exchange rate for each reporting period for amounts included in the determination of earnings. Any gains or losses from the translation of asset and liability amounts have been included in accumulated other comprehensive income, which is included as a separate component of shareholders' equity. Monetary assets and liabilities recorded in foreign currencies are translated into the appropriate functional currency at the rate of exchange in effect at the balance sheet date. Foreign currency denominated transactions are translated into the appropriate functional currency at the exchange rate in effect on the date of the transaction.

(i) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant financial statement items requiring the use of estimates include the determination of useful lives for depreciation, the valuation of goodwill and capital assets, the valuation of consignors' equipment and other assets subject to guarantee contracts, and the estimation of the utilization of future income tax asset balances. Actual results could differ from such estimates and assumptions.

(j) Financial instruments:

The Company classifies its cash and cash equivalents as held-for-trading, which is measured at fair value with changes in fair value being recognized in net earnings. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities, auction proceeds payable, and long-term debt are classified as other financial liabilities, which are measured at amortized cost.

Transaction costs are offset against the outstanding principal of the related debts and are amortized using the effective interest rate method.

All derivative instruments, including embedded derivatives, are recorded in the financial statements at fair value unless exempted from derivative treatment as a normal purchase and sale. All changes in their fair value are recorded in income unless cash flow hedge accounting is applied, in which case changes in fair value are recorded in other comprehensive income.

1. Significant accounting policies (continued):

(k) 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 the treasury stock method (note 8(e)).

(l) Stock-based compensation:

The Company has a stock-based compensation plan, which is described in note 8(c) and (d). The Company uses the fair value based method to account for employee stock-based compensation. Under the fair value based method, 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. Compensation expense is recognized on a straight-line basis over the vesting period of the underlying option. Any consideration paid by employees on exercise of stock options or purchase of stock is credited to share capital.

(m) Comparative figures:

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.

2. Changes in accounting policies:

On January 1, 2009, the Company adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3064 *Goodwill and Intangible Assets* , the revisions to Section 3855 *Financial Instruments — Recognition and Measurement* and Section 3862 *Financial Instrument — Disclosures* and the Emerging Issues Committee (EIC) Abstract 173 *Credit risk and the Fair Value of Financial Assets and Financial Liabilities* . Section 3064 establishes new standards for the recognition and measurement of intangible assets, but accounting for goodwill is unchanged. Revisions to Sections 3855 and 3862 were to enhance the disclosure requirements for publicly accountable enterprises. The adoption of Section 3064 and EIC 173 did not have an impact the Company's presentation of consolidated financial statements.

3. Future changes in accounting policies:

In February 2008, the Canadian Accounting Standards Board confirmed that International Financial Reporting Standards ("IFRS") will replace Canadian GAAP in 2011 for all publicly accountable Canadian enterprises. The Company will be required to report its financial results in accordance with IFRS effective January 1, 2011.

In January 2009, the CICA issued Handbook Section 1582 *Business Combinations* , 1601 *Consolidated Financial Statements* and 1602 *Non-controlling Interests,* which replace Sections 1581 *Business Combinations* and 1600 *Consolidated Financial Statements* . These new standards are harmonized with IFRS. These new standards will become effective in 2011; early adoption is permitted.

RITCHIE BROS. AUCTIONEERS INCORPORATED
Notes to Consolidated Financial Statements
(Tabular dollar amounts expressed in thousands of United States dollars, except share and per share amounts)

Years ended December 31, 2009, 2008 and 2007

4. Capital assets:

2009	Cost	Accumulated depreciation	Net book value
Land and improvements	$ 294,134	$ 19,684	$ 274,450
Buildings	232,160	40,882	191,278
Land and buildings under development	57,367	—	57,367
Yard equipment	28,945	13,533	15,412
Computer software and equipment under development	14,084	—	14,084
Computer software	29,477	15,749	13,728
Automotive equipment	20,124	8,223	11,901
Office equipment	17,275	6,998	10,277
Computer equipment	14,707	7,104	7,603
Leasehold improvements	4,396	2,551	1,845
	$ 712,669	$ 114,724	$ 597,945

2008	Cost	Accumulated depreciation	Net book value
Land and improvements	$ 173,901	$ 13,649	$ 160,252
Buildings	163,044	35,153	127,891
Land and buildings under development	112,807	—	112,807
Yard equipment	21,831	10,424	11,407
Computer software and equipment under development	7,873	—	7,873
Computer software	19,089	8,000	11,089
Automotive equipment	17,811	6,868	10,943
Office equipment	11,138	5,519	5,619
Computer equipment	9,881	5,418	4,463
Leasehold improvements	3,436	2,138	1,298
	$ 540,811	$ 87,169	$ 453,642

During the year, interest of $5,092,000 (2008 — $2,431,000; 2007 — $1,651,000) was capitalized to the cost of assets under development.

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

5. Other non-current assets:

	December 31, 2009	December 31, 2008
Note receivable	$ 5,131	$ —
Assets held for sale	3,675	1,031
Long-term prepaids	2,946	133
Other receivables	2,720	—
	$ 14,472	$ 1,164

The note receivable is secured by a property the Company is leasing and a neighbouring property. The note is repayable in monthly installments of principal plus interest, with final payment due in 2013.

6. Short-term debt:

Short-term debt at December 31, 2009 consisted of draws on the Company's revolving credit facilities with a weighted average interest rate of 1.472% per annum.

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

7. Long-term debt:

	2009	2008
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.	$ 56,889	$ —
Term loan, unsecured, bearing interest at 5.610%, due in quarterly installments of interest only, with the full amount of the principal due in 2011.	29,966	29,933
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 January 2014. As at December 31, 2009, the effective rate of interest on this loan, including the margin, was 1.096%.	29,282	25,220
Term loan, denominated in Canadian dollars, secured by a general security agreement, bearing interest at 4.429%, due in monthly installments of interest only, with the full amount of the principal due in 2010, which the Company intends to refinance on a long-term basis by drawing on its available credit facilities.	14,257	12,258
	$ 130,394	$ 67,411

As at December 31, 2009, principal repayments for the remaining period to the contractual maturity dates are as follows:

2010	$ 14,268
2011	30,000
2012	—
2013	—
2014	29,487
2015	—
2016	57,072
	$ 130,827

The following credit facilities are available to the Company:

	December 31, 2009	December 31, 2008
Committed revolving credit facilities:		
Total unused	$ 180,513	$ 189,524
Expires January 2014	165,513	169,524
Uncommitted credit facilities:		
Total unused	$ 280,426	$ 322,792
Expires November 2011	192,928	250,000

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

8. 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:

No preferred shares have been issued.

Common shares issued and outstanding are as follows:

Issued and outstanding, December 31, 2006	104,019,300
Issued for cash, pursuant to stock options exercised	419,250
Issued and outstanding, December 31, 2007	104,438,550
Issued for cash, pursuant to stock options exercised	449,170
Issued and outstanding, December 31, 2008	104,887,720
Issued for cash, pursuant to stock options exercised	490,900
Issued and outstanding, December 31, 2009	105,378,620

The Company's common shares were subdivided on a three-for-one basis effective April 24, 2008. Shareholders of record at the close of business on April 24, 2008 received two additional common shares for each common share held at that date. The stock split effectively tripled the number of common shares and stock options outstanding on that date. All share, stock option and per share information in these consolidated financial statements have been restated to reflect the stock split on a retroactive basis.

(c) Stock option plan:

The Company has a stock option plan that provides for the award of stock options to selected employees, directors and officers of the Company and to other persons approved by the Board of Directors. Stock options are granted at the fair market value of the Company's common shares at the grant date, with various vesting periods and a term not exceeding 10 years. In 2007, the Company's stock option plan was amended and restated, and an additional 5,059,404 common shares were authorized for stock option grants. At December 31, 2009, there were 5,950,193 (2008 — 6,890,046; 2007 — 7,338,456) shares authorized and available for grants of options under the stock option plan.

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

8. Share capital (continued):

(c) Stock option plan (continued):

Stock option activity for 2009, 2008 and 2007 is presented below:

	Common Shares Under Option	Weighted Average Exercise Price
Outstanding, December 31, 2006	2,413,044	$ 9.31
Granted	489,300	18.67
Exercised	(419,250)	8.65
Cancelled	(8,700)	18.67
Outstanding, December 31, 2007	2,474,394	11.24
Granted	460,710	24.35
Exercised	(449,170)	7.83
Cancelled	(12,300)	24.39
Outstanding, December 31, 2008	2,473,634	14.23
Granted	942,053	14.61
Exercised	(490,900)	9.57
Cancelled	(2,200)	24.39
Outstanding, December 31, 2009	2,922,587	$ 15.13
Exercisable, December 31, 2009	1,968,634	$ 15.37

The options outstanding at December 31, 2009 expire on dates ranging to September 9, 2019.

The following is a summary of stock options outstanding and exercisable at December 31, 2009:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Life (years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$3.89 – $4.35	98,800	2.0	$ 4.28	98,800	$ 4.28
$4.44 – $5.18	178,724	3.0	5.15	178,724	5.15
$8.82 – $10.80	377,200	4.6	9.76	377,200	9.76
$14.23 – $14.70	1,392,400	8.1	14.55	453,000	14.67
$18.67	422,700	7.2	18.67	422,700	18.67
$24.39 – $25.76	452,763	8.2	24.41	438,210	24.41
	2,922,587			1,968,634	

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

8. Share capital (continued):

(d) Stock-based compensation:

The Company uses the fair value based method to account for employee stock-based compensation awards. During 2009, the Company recognized compensation cost of $2,108,000 (2008 — $2,311,000; 2007 — $1,978,000) in respect of options granted under its stock option plan.

For the purposes described above, 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:

	2009	2008	2007
Risk free interest rate	2.5%	2.7%	4.5%
Dividend yield	2.47%	1.31%	1.50%
Expected lives of options	5 years	5 years	5 years
Volatility	31.8%	23.0%	21.8%

The weighted average grant date fair value of options granted during the year ended December 31, 2009 was $3.77 per option (2008 — $5.29; 2007 — $4.43). The fair value method requires that this amount be amortized over the relevant vesting periods of the underlying options.

(e) Net earnings per share:

Year ended December 31, 2009	Net earnings	Shares	Per share amount
Basic net earnings per share	$ 93,452	105,141,368	$ 0.89
Effect of dilutive securities:			
Stock options	—	632,438	(0.01)
Diluted net earnings per share	$ 93,452	105,773,806	$ 0.88

Year ended December 31, 2008	Net earnings	Shares	Per share amount
Basic net earnings per share	$ 101,400	104,713,375	$ 0.97
Effect of dilutive securities:			
Stock options	—	1,060,569	(0.01)
Diluted net earnings per share	$ 101,400	105,773,944	$ 0.96

Year ended December 31, 2007	Net earnings	Shares	Per share amount
Basic net earnings per share	$ 75,983	104,266,113	$ 0.73
Effect of dilutive securities:			
Stock options	—	996,183	(0.01)
Diluted net earnings per share	$ 75,983	105,262,296	$ 0.72

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

8. Share capital (continued):

(e) Net earnings per share (continued):

For the year ended December 31, 2009, stock options to purchase 452,763 common shares (2008 — 443,310; 2007 — nil) were outstanding but were excluded from the calculation of diluted earnings per share as they were anti-dilutive.

9. Segmented information:

The Company's principal business activity is the sale of consignment and self-owned equipment and other assets at auctions. This business represents a single reportable segment.

The Company determines its activities by geographic segment based on the location of its auctions. Summarized information by geographic segment is as follows:

	United States	Canada	Europe	Other	Combined
Year ended December 31, 2009:					
Auction revenues	$ 202,415	$ 90,148	$ 57,714	$ 26,934	$ 377,211
Capital assets and goodwill	298,625	176,906	105,360	62,647	643,538
Year ended December 31, 2008:					
Auction revenues	$ 191,459	$ 75,683	$ 54,635	$ 33,041	$ 354,818
Capital assets and goodwill	280,417	112,799	58,167	42,492	493,875
Year ended December 31, 2007:					
Auction revenues	$ 173,983	$ 71,271	$ 38,771	$ 27,881	$ 311,906
Capital assets and goodwill	244,528	118,493	53,405	16,230	432,656

10. Income taxes:

Income tax expense differs from that determined by applying the United States statutory tax rates to the Company's results of operations as follows:

	2009	2008	2007
Statutory federal and state tax rate in the United States	38.5%	38.5%	40.0%
Expected income tax expense	$ 50,636	$ 53,624	$ 44,758
Differences:			
Earnings taxed in foreign jurisdictions	(12,958)	(12,846)	(10,199)
Settlement of intercompany loan	—	(3,612)	—
Non-deductible expenses	1,976	1,793	1,368
Foreign exchange gains and losses	—	—	(657)
Change in valuation allowance	901	756	1,009
Other	(2,484)	(1,831)	(367)
Actual income tax expense	$ 38,071	$ 37,884	$ 35,912

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

10. Income taxes (continued):

Temporary differences that give rise to future income taxes are as follows:

	2009	2008
Future income tax asset:		
Working capital	$ 1,227	$ 793
Capital assets	—	360
Stock-based compensation	1,336	1,061
Unused tax losses	5,946	3,991
Other	942	1,749
	9,451	7,954
Valuation allowance	(2,921)	(1,933)
Total future income tax asset	6,530	6,021
Current future income tax asset	1,227	793
Non-current future income tax asset	5,303	5,228
Future income tax liability:		
Capital assets	(6,684)	(2,933)
Goodwill	(8,224)	(7,089)
Other	(3,369)	(4,734)
Total future income tax liability	(18,277)	(14,756)
Current future income tax liability	—	—
Non-current future income tax liability	(18,277)	(14,756)
Net future income taxes	$ (11,747)	$ (8,735)
Presented on balance sheet as:		
Future income tax asset — current	$ 714	$ 780
Future income tax asset — non-current	1,104	509
Future income tax liability — non-current	(13,565)	(10,024)
	$ (11,747)	$ (8,735)

As at December 31, 2009, the Company has net operating and capital loss carryforwards of approximately $25,289,000 available to reduce future taxable income, of which $6,944,000 expire through 2029, and $18,345,000 remain indefinitely. The Company has recorded a valuation allowance against $13,484,000 of these losses.

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

11. Commitments and contingencies:

(a) Operating leases:

The Company is party to certain operating leases relating to auction sites and offices located in Canada, the United States, the Netherlands, Spain, Germany, the United Arab Emirates, Mexico, Panama, Japan, India, and China.

The future minimum lease payments as at December 31, 2009 are approximately as follows:

2010	$ 9,952
2011	9,579
2012	8,546
2013	7,670
2014	7,423
Thereafter	116,681

Total rent expenses in respect of these leases for the year ended December 31, 2009 was $6,211,000 (2008 — $3,449,000; 2007 — $2,131,000).

(b) Contingencies:

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 financial position or results of operations.

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 December 31, 2009, outstanding guarantees under contract for industrial equipment to be sold prior to the end of the second quarter of 2010 totaled $13,553,000 (2008 — $5,829,000 sold prior to the end of the first quarter of 2009). The Company also had guarantees under contract totaling $8,070,000 relating to agricultural auctions to be held prior to the end of the third quarter of 2010 (2008 — $12,094,000 to be sold prior to the end of the second quarter of 2009). All amounts are undiscounted and do not reflect estimated proceeds from sale at auction. No liability has been recorded with respect to these guarantee contracts.

12. Capital risk management:

The Company's objectives when managing its capital are to maintain a financial position suitable for providing financial capacity and flexibility to meet its growth strategies, to provide an adequate return to shareholders, and to return excess cash through the payment of dividends. The Company's invested capital is defined as the sum of shareholders' equity and long-term debt.

The Company executes a planning and budgeting process to determine the funds required to ensure the Company has appropriate liquidity to meets its operating and growth objectives. The Company ensures that there are sufficient credit facilities to meet its current and future business requirements, taking into account its anticipated cash flows from operations and its holding of cash and cash equivalents.

The Company complies with covenant criteria established by its lenders. These include tangible net worth and leverage ratio measurements. As at December 31, 2009 and 2008, the Company is in compliance with these covenants.

The Company is not subject to any statutory capital requirements, and has not made any changes with respect to its overall capital management strategy during the year ended December 31, 2009.

13. Financial instruments:

(a) Fair value:

Carrying amounts of certain of the Company's financial instruments, including accounts receivable, auction proceeds payable, accounts payable and accrued liabilities, and short-term debt approximate their fair values due to their short terms to maturity. Based on lending rates currently available to the issuer of the note receivable for notes with similar terms, the carrying amount of its note receivable approximates fair value as at December 31, 2009. The other non-current receivables carrying values approximate fair value. Based on borrowing rates currently available to the Company for loans with similar terms, the fair value of its long-term debt as at December 31, 2009 was approximately $138,429,000 (2008 — $69,756,000). The other non-current liability is a payable whose carrying value approximates fair value.

(b) Financial risk management:

The Company is exposed to a variety of financial risks by virtue of its activities, including foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Board of Directors has overall responsibility for the oversight of the Company's risk management.

13. Financial instruments (continued):

(b) Financial risk management (continued):

Foreign exchange risk

The Company operates internationally and is exposed to currency risk, primarily relating to the Canadian and U.S. dollars, and the Euro, arising from sales, purchases and loans that are denominated in currencies other than the respective functional currencies of the Company's international operations. The Company also has various investments in non-U.S. dollar self-sustaining operations. Upon translation of those operations' net assets into U.S. dollars, the Company is exposed to foreign exchange risk. The Company has elected not to actively manage this exposure at this time. Refer to further discussion in the section entitled Quantitative and Qualitative Disclosure about Market Risk contained in the Company's Management Discussion and Analysis.

For the year ended December 31, 2009, the currently quantifiable effect, with other variables unchanged, of a 1% strengthening (weakening) of the U.S. dollar against the Canadian dollar and Euro on the Company's financial statements is as follows:

- decrease (increase) net earnings by approximately $380,000 due to the translation of the foreign operations' statements of operations into the Company's reporting currency, the U.S. dollar;

- decrease (increase) net earnings by approximately $180,000 due to the revaluation of significant foreign currency denominated monetary items; and

- decrease (increase) other comprehensive income by approximately $1,800,000.

Interest rate risk

The Company's interest rate risk mainly arises from the interest rate impact on the Company's cash and cash equivalents and floating rate debt. Cash and cash equivalents earn interest based on market interest rates. As at December 31, 2009, the Company is not exposed to significant interest rate risk on its cash and cash equivalents.

The Company's interest rate management policy is generally to borrow at fixed rates. However, floating rate funding has been used if the terms of borrowings are favorable. The Company will consider utilizing derivative instruments such as interest rate swaps to minimize its exposure to interest rate risk. As at December 31, 2009, approximately 22% of the Company's borrowings are at floating rates of interest. The weighted average interest rate paid by the Company on its outstanding floating rate borrowings during the year was 2.12%.

During 2009, the majority of the Company's interest was capitalized as it relates to the development of various new auction sites. As a result, changes in interest rates on these borrowings will not materially affect the Company's net earnings or other comprehensive income until such time as these developments are put into use. For the year ended December 31, 2009, with other variables unchanged, a 100 basis points or 1% increase or decrease in interest rates would have no significant impact on the Company's financial statements.

13. Financial instruments (continued):

(b) Financial risk management (continued):

Credit risk

Credit risk is the risk of financial loss to the Company arising from the non-performance by counterparties of contractual financial obligations. The Company is not exposed to significant credit risk on accounts receivable because it does not extend credit to buyers at its auctions, and it has a large diversified customer base. In addition, assets purchased at the Company's auctions are not normally released to the buyers until the Company receives payment in full. The Company's maximum exposure to credit risk on accounts receivable at the reporting date is the carrying value of its accounts receivable, less those receivables relating to assets that have not been released to the buyers.

The Company's credit risk exposure on liquid financial assets, being cash and cash equivalents, is limited since it maintains its cash and cash equivalents in a range of large financial institutions around the world.

The Company limited its credit risk on its note receivable by performing credit verification procedures prior to the issuance of the note receivable. In addition, the note receivable is secured by a property the Company is leasing and a neighbouring property, and is monitored on an ongoing basis. To date, the counterparty has not failed to meet its financial obligations to the Company.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity risk by maintaining adequate cash and cash equivalent balances, generally by releasing payments to consignors only after receivables from buyers have been collected. The Company also utilizes its established lines of credit (notes 6 and 7) for short-term borrowings on an as-needed basis. The Company continuously monitors and reviews both actual and forecast cash flows to ensure there is sufficient working capital to satisfy its operating requirements.

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

14. United States generally accepted accounting principles:

The consolidated financial statements are prepared in accordance with Canadian GAAP, which differ, in certain respects, from accounting practices generally accepted in the United States ("US GAAP") and from requirements promulgated by the Securities and Exchange Commission.

The amounts in the consolidated statements of operations and comprehensive income that differ from those reported under Canadian GAAP are as follows:

	2009	2008	2007
Net earnings under Canadian GAAP	$ 93,452	$ 101,400	$ 75,983
Cumulative translation adjustment on settlement of intercompany loans (a)	—	(14,884)	—
Net earnings under US GAAP	$ 93,452	$ 86,516	$ 75,983
Other comprehensive income (loss) under Canadian GAAP	18,363	(41,780)	15,457
Cumulative translation adjustment (a)	—	14,884	—
Other comprehensive income (loss) under US GAAP	$ 18,363	$ (26,896)	$ 15,457
Comprehensive income under US GAAP	$ 111,815	$ 59,620	$ 91,440
Net earnings per share in accordance with US GAAP:			
Basic	$ 0.89	$ 0.83	$ 0.73
Diluted	$ 0.88	$ 0.82	$ 0.72

The amounts in the consolidated balance sheets that differ from those reported under Canadian GAAP are as follows:

	2009		2008	
	Canadian GAAP	US GAAP	Canadian GAAP	US GAAP
Capital assets (b)	$ 597,945	$ 597,945	$ 453,642	$ 474,720
Accounts payable and accrued liabilities (b)	88,402	88,402	84,114	105,192
Retained earnings (a)	411,326	396,442	357,845	342,961
Accumulated other comprehensive income (loss) (a)	16,959	31,843	(1,404)	13,480

14. United States generally accepted accounting principles (continued):

(a) The Company had a number of outstanding intercompany loan balances where settlement was not planned or anticipated in the foreseeable future, which were considered part of net investments in foreign operations. As such, foreign exchange gains or losses arising from these intercompany loans were reported in the cumulative translation adjustment account. In 2008, a number of the intercompany loans were settled or planned to be settled, which resulted in the reclassification to net earnings of foreign currency translation gains of $14,884,000, net of tax of $139,000. Under US GAAP, the reclassification of the pro rata portion of foreign exchange gains or losses in accumulated other comprehensive income to net earnings only occurs when the reduction in the net investment is the result of a complete sale, or complete or substantially complete liquidation, which has not occurred in this case.

(b) During 2008, the Company sold its new headquarters building under construction with the intention of leasing the property from the purchaser upon construction completion. Under US GAAP, the Company recorded an asset under construction as prescribed by the Financial Accounting Standards Codification (ASC) 840, Leases, as the Company was deemed the owner of the construction project during the construction period. Reimbursements from the lessor to the Company during the construction period were recorded as accounts payable and accrued liabilities, as construction was expected to be completed within one year. During 2009, construction was completed and a sale-leaseback transaction occurred under US GAAP. The Company is now leasing the headquarters facility from the lessor. Amounts recorded under asset under construction and accounts payable and accrued liabilities were derecognized upon completion of the sale-leaseback transaction.

<u>EXHIBIT NO. 3</u>

RITCHIE BROS. AUCTIONEERS INCORPORATED

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2009

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 year ended December 31, 2009 compared to the year ended December 31, 2008. This discussion should be read in conjunction with our audited consolidated financial statements and notes thereto for the year ended December 31, 2009, and with the disclosures below regarding forward-looking statements and risk factors. The date of this discussion is as of March 1, 2010. 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 prepare our consolidated financial statements in accordance with generally accepted accounting principles in Canada, or Canadian GAAP. There are no material measurement differences between the financial position and results of operations reflected on those financial statements and the financial position and results of operations that would be reported under generally accepted accounting principles in the United States, or U.S. GAAP, except as described in note 14 to our audited consolidated financial statements. Amounts discussed below are based on our audited consolidated financial statements prepared in accordance with Canadian GAAP and are presented in U.S. dollars. Unless indicated otherwise, all tabular and related footnote dollar amounts 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 40 auction sites worldwide. We sell, through unreserved public auctions, a broad range of used and unused industrial assets, including equipment, trucks and other assets utilized in the construction, transportation, agricultural, material handling, mining, forestry, petroleum and marine industries. Our purpose is to use unreserved auctions to create a global marketplace for our customers.

We operate mainly in the auction segment of the global industrial equipment marketplace. Our primary target markets within that marketplace are the used truck and equipment sectors, which are large and fragmented. The world market for used trucks and equipment continues to grow, primarily as a result of the increasing, cumulative supply of used trucks and equipment, which is driven by the ongoing production of new trucks and equipment. Industry analysts estimate that the world-wide value of used equipment transactions, of the type of equipment we sell at our auctions, is greater than $100 billion per year. Although we sell more used equipment than any other company in the world, our share of this fragmented market is in the range of 3%.

In recent periods, approximately 80% of what was sold at our auctions was purchased by end users of trucks and equipment (retail buyers), such as contractors, with the remainder being purchased primarily by truck and equipment 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 party methods, 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 party methods, 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 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:

- Our reputation for conducting only unreserved auctions and our widely recognized commitment to honesty 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 enhance our live auctions with technology using our online bidding service, our proprietary Virtual Ramp methodology, which projects equipment photos and information onto a large screen to allow bidders to view each item as they bid. Also our Timed Auction system, which we piloted in 2009 and started rolling out to our auction sites at the beginning of 2010; this allows our customers to bid on lower valued items at their convenience rather than waiting for the auction schedule.
- Our in-depth experience in the marketplace, including our 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 and provide high quality and consistent service to consignors and bidders.

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 a fair auction.

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.

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 trucks and equipment 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 substantial momentum in our business.

In spite of the difficulties being faced by many companies as a result of recent economic events, we believe that our business model remains strong and our strategy continues to be viable. Financial and economic uncertainty generally acts as an incentive for equipment owners to turn their surplus assets into cash quickly, efficiently and for fair market value, which we believe benefits our business. In our experience over the last 50 years, when cash flow or credit is tight and there is uncertainty in the market, traditional buyers of new equipment are more likely to look for good quality, late-model used equipment, resulting in demand for equipment at our auctions. We believe there is still a significant volume of surplus used equipment in the market. However, in some geographic areas in which we operate, particularly the United States, gross auction proceeds (described below) in 2009 were adversely affected by market uncertainty.

We believe many equipment owners are holding on to idle assets rather than selling them, hoping for the economy to recover and used equipment pricing to improve. We have seen recent signs in many of our geographic markets that equipment owners and their financial institutions are starting to accept the current environment as the new reality, and we believe we are well positioned to assist these owners when they do decide to sell their surplus assets. In some other markets, such as Canada, we experienced strong growth in 2009.

Our strategy, which is discussed in more detail below, is designed in part to increase our share of the large and highly fragmented used equipment market, and market share gains tend not to be directly impacted by economic uncertainty. Also, there are still a significant amount of infrastructure and other construction projects being undertaken around the world, which we believe benefit our business by generating equipment buying and selling activity at our auctions.

Equipment values at our auctions trended down through 2007, 2008 and into the early part of 2009; they remained relatively stable for the balance of 2009. In 2009 we generally saw these auction value decreases being offset by increased consignment volumes in our Canadian and European auctions, but not in the United States market. The mix of equipment being sold at our auctions changes continually and in 2009 the mix included an increase in the number of lower value lots (which generally attract a higher commission rate). This mix shift resulted in lower average gross auction proceeds per lot in 2009 and modestly increased our auction revenue rate (i.e. auction revenues as a percentage of gross auction proceeds – please see further discussion below) as lower value lots are generally charged at a higher commission rate.

We have re-examined our growth strategy, including operating and capital plans, and overall we continue to believe our business model is well suited for current economic conditions. We also believe that designing and executing our strategy over the long term will continue to be a more significant determinant of our ability to grow our earnings than the macro economic environment, in part because our share of the world market for used trucks and equipment is so small. We believe that our growth is not directly dependent on growth of the broader used truck and equipment market.

Growth Strategies

Our long-term mission is to be the world’s largest marketplace for commercial and industrial assets. Our principal goals are to grow our earnings per share at a manageable pace over the long term while maintaining a reasonable return on invested capital, and to maintain and enhance the Ritchie Bros. culture. Our preference is to pursue sustainable growth with a consistently high level of customer service, rather than targeting aggressive growth and risking erosion of the strong customer relationships and high level of customer service that we believe differentiate us from our competitors.

To grow our business, we are focusing simultaneously on three different fronts, and we believe these three key components of our strategy work in unison.

1. Our people

    People are a key driver of our growth, and one of our key strategies is to build the team that will help us achieve our goals. This includes recruiting, training and developing the right people, as well as enhancing the productivity of our sales force and our administrative support teams by giving them the tools and training they need to be effective. This component of our strategy also includes active succession planning and leadership development, with a focus on developing employees from within our Company.

    Our ability to recruit, train and retain capable new members for our sales team has a significant influence on our rate of growth. Ours is a relationship business and our Territory Managers are the main point of contact with our customers. We look for bright, hard-working individuals with positive attitudes, and we are committed to providing our people with a great workplace and opportunities to grow with the Company and become future leaders of our global team. Our target is to increase our sales force by an average of 5-10% per year.

2. Our places

   We intend to continue to expand our presence in existing markets and enter new markets, and to expand our international auction site network to handle expected growth in our business. When we talk about markets, we are referring to geographic markets and industry sectors.

   Although we expect that most of our growth in the near future will come from expanding our business and increasing our penetration in regions where we already have a presence, such as the United States and Western Europe, we anticipate that emerging markets in developing countries will be important in the longer term. Our sales offices in many of these emerging markets have been established to position us to take advantage of these future growth opportunities and we will continue to invest in frontier markets in the future.

   We plan to expand our worldwide network of auction sites, adding an average of at least two new permanent auction sites or regional auction units to our network every year. In addition, we intend to expand or replace existing auction sites as necessary to provide capacity for increased sales volumes. Our auction site network does not directly drive our growth, but is a critical competitive advantage and 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.

   We also aim to increase our market share in our core markets of construction, transportation and agricultural equipment, and to sell more assets in categories that are complimentary to these core markets. Examples of these complimentary categories include mining, forestry and petroleum assets.

3. Our processes

   We are committed to developing and continually refining the processes and systems that we use to conduct our business. We believe that this continuous improvement focus will allow us to grow our revenues faster than our operating costs over the long term. We also intend to use technology to facilitate our growth and enhance the quality and service level of our auctions.

   Over the past few years we have made significant progress in developing business processes and systems that are efficient, consistent and scalable, including the successful implementation of a new enterprise resource planning system.

We believe that these three components work together because our people help us to achieve our growth objectives, our places give us focus areas for and the capacity to handle growth, and our processes help us to achieve that growth with efficiency and consistency while continuing to deliver value to our customers.

Strategy Execution in 2009

Highlights of the year ended December 31, 2009, included:

<u>People</u>

In 2009 we increased our sales team to 302 people, a 14% increase compared to the end of 2008. Because our business depends on trusting relationships with our customers to generate consignments to our auctions, it can often take two to three years for a sales person to achieve a suitable level of productivity. Our productivity, which we measure as gross auction proceeds per revenue producer, was lower in 2009 than 2008 in part as a result of this more rapid than normal growth in our sales force; it may take a year or more for our productivity to improve. However, we expect that investing in our sales force will help us to achieve our growth strategies.

Places

During 2009 we added three auction sites to our network and replaced an additional four sites with larger facilities. In 2010, we plan to add at least four sites to our network and replace three sites. Other achievements regarding our strategic plan for 'Places' included:

- We held our first auctions in India and Turkey, our second auction in Poland and our first auction in Panama since 1999, continuing the development of our business in our frontier markets.
- We completed the acquisition of the auction business and certain assets of Martella Auction Company Inc., an agricultural and industrial equipment auctioneer based in Tipton, California. As part of that acquisition, we signed a lease for Martella's 65-acre Tipton auction site. This transaction added to our sales team and our network of auction sites.
- We broke regional gross auction proceeds records in Denver, Colorado; Fort Worth, Texas; Houston, Texas; Dubai, UAE; Caorso, Italy; Moncofa, Spain; Madrid, Spain; Paris, France; Edmonton, Alberta; London, Ontario; and Montreal, Quebec.
- We held our first auction at our replacement permanent auction sites in Houston, Texas; Minneapolis, Minnesota; Grande Prairie, Alberta; and Mexico City, Mexico and at our new permanent auction site in London, Ontario and our new regional auction unit in Madrid, Spain.
- We completed the purchase of approximately 62 acres of land in Caorso, Italy, on which we built a new permanent auction site to replace our existing regional auction unit in that region. This new permanent auction site is expected to conduct its grand opening auction in early 2010.
- We completed the purchase of approximately 74 acres of land in Madrid, Spain, and held our first auction at that location. We are building a new permanent auction site in Madrid to complement our existing regional auction unit in Moncofa, Spain which we expect to open in 2010.
- We completed the purchase of approximately 67 acres of land near St. Louis, Missouri, on which we are building a new permanent auction site that we expect to open in 2010.
- We conducted our first auction at our new regional auction unit in Geelong, Australia, which replaced our regional auction unit in Melbourne, Australia.
- We extended the term of the lease on our regional auction unit in Las Vegas, Nevada to 25 years.
- We signed a long term lease on 41 acres of land in Meppen, Germany and began construction of a regional auction unit scheduled to open in 2010; and a long term lease on 37 acres in Salt Lake City, Utah on which we intend to construct a new regional auction unit to open in 2010.

Additionally, subsequent to year end, we conducted our grand opening auction at our new permanent auction facility in Narita, Japan. We also completed the construction of and relocated to our new Vancouver, British Columbia replacement permanent auction site.

Processes

Key achievements regarding our strategic plan for ‘Processes’ included:

- We piloted our new Timed Auction technology, which allows us to sell certain consumer and lower value items, such as buckets and attachments, without our usual live auctioneers and ringmen. This automated system will result in tremendous efficiencies at our auctions, allowing us to sell many lower value items in a shorter time and for lower costs. We intend to roll out our Timed Auction system throughout our network in 2010.

- We completed a worldwide rollout of our Field Asset Information Management System, which is an automated system that enables our personnel to perform equipment inspections and appraisals in a more consistent and efficient basis using a hand held tool and sophisticated image management system.

- We initiated the worldwide rollout to our sales team of a new sales force automation tool. This tool will allow our sales force to manage relationships with their customers, consignments to our auctions, and many other aspects of their roles with much greater efficiency and scalability. We expect this tool to contribute to improve sales force productivity in the future.

- We entered into an arrangement with uShip.com, the world’s largest online shipping marketplace, to provide online shipping solutions to our customers participating in our U.S. and Canadian auctions.

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 2009, 90% of the gross auction proceeds from our auctions were attributable to auctions held at our permanent auction sites and regional auction units (2008 – 89%). Gross auction proceeds represent the total proceeds from all items sold at our auctions (please see “Sources of Revenue and Revenue Recognition” below).

During 2009, we had approximately 336,000 bidder registrations at our industrial auctions, compared to approximately 278,000 in 2008, an increase of 21%. This statistic points to the value of our auctions. In addition, throughout our history, consignors to our auctions have often developed their relationship with us starting as bidders at our auction.

In both 2009 and 2008 we received nearly 37,000 industrial asset consignments (typically comprised of multiple lots). We handled approximately 283,000 lots in 2009, representing an increase of 12% over 2008. The majority of these additional lots in 2009 were low value lots, which affected the average lot value at our auctions and modestly increased our auction revenue rate (because they generally attract a higher commission rate). This increase in volume in 2009 offset some of the declines in auction values that we experienced in 2009 compared to 2008. The higher lot volume in 2009 did not translate into a significant increase in our direct expense rate, suggesting a marked improvement in operational efficiency.

During 2009, we conducted 195 unreserved industrial auctions at locations in North and Central America, Europe, the Middle East, Australia and India (2008 – 193 auctions). We also held 132 unreserved agricultural auctions during the year in Canada (2008 – 147). Although our auctions have varied in size, our average industrial auction in 2009 attracted over 1,700 bidder registrations (2008 – over 1,400) and featured over 1,400 lots (2008 – over 1,300) consigned by 190 consignors (2008 – 189), generating average gross auction proceeds of approximately $17.3 million per auction, compared to approximately $17.7 million in 2008. Our agricultural auctions in both 2009 and 2008 averaged approximately $0.9 million in size.

We sold approximately $830 million of trucks, equipment, and other assets to online bidders during 2009, representing an 18% increase compared to 2008 (2008 – approximately $700 million). Our online sales growth in 2009 cemented our position as the world's largest seller of industrial equipment to online buyers In 2009, approximately 54% of our auction revenues was earned from operations in the United States (2008 – 54%), 24% was generated from auctions in Canada (2008 – 21%) and the remaining 22% was earned from operations in countries other than the United States and Canada, primarily in Europe, the Middle East, Australia, and Mexico (2008 – 25%). We had 1,148 full-time employees at December 31, 2009, including 302 sales representatives and 19 trainee territory managers, compared to 1,077 full-time employees, 265 sales representatives and 29 trainee territory managers at the end of 2008.

We are a public company and our common shares are listed under the symbol "RBA" on the New York and Toronto Stock Exchanges. On March 1, 2010 we had 105,401,820 common shares issued and outstanding and stock options outstanding to purchase a total of 2,899,393 common shares. On April 24, 2008, our issued and outstanding common shares were split on a three-for-one basis. All share and per share amounts in this document reflect the stock split on a retroactive basis.

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 Statements of Operations, 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 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 periods, straight commission sales have represented approximately 75% of our gross auction proceeds volume on an annual basis.

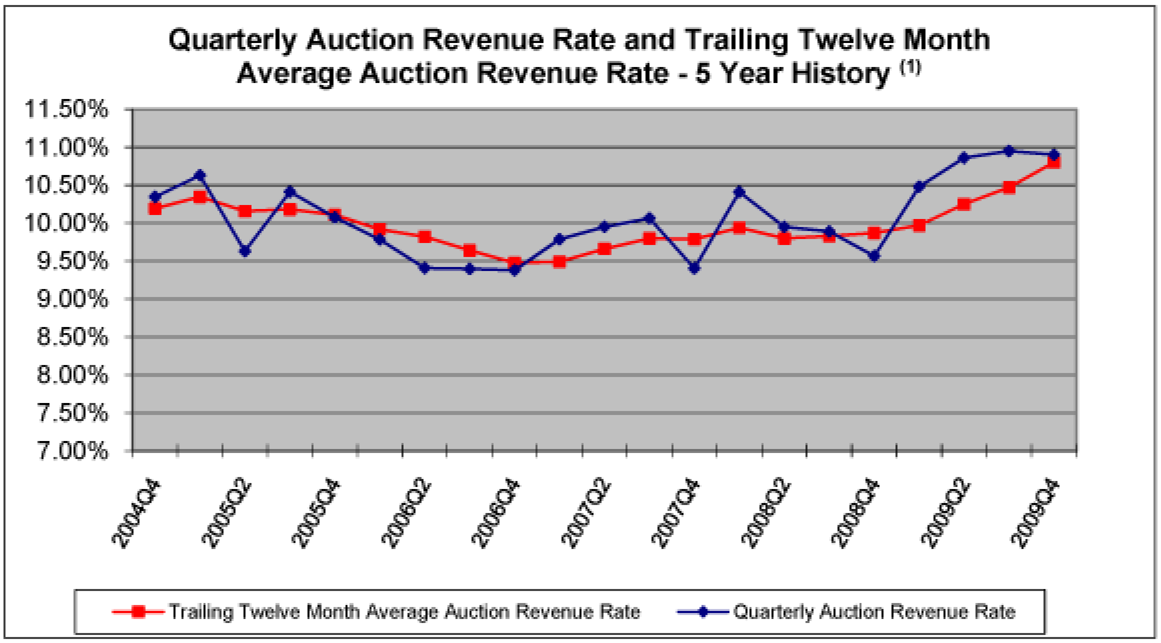
In the normal course of business, we sometimes guarantee minimum sales proceeds to the consignor and earn a commission based on the actual results of the auction, typically including a pre-negotiated percentage of any sales proceeds in excess of the guaranteed amount. The consigned equipment is sold 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 over time, 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 80 days, respectively. At December 31, 2009, our outstanding industrial and agricultural guarantees totaled approximately $22 million, of which approximately $10 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; however the quarter-end balances averaged approximately $57 million during 2009. Losses, if any, resulting from 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 underwritten or at-risk business. In recent periods, our at-risk business represented approximately 25% of gross auction proceeds on an annual basis.

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) is 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.



(1) Our historical auction revenue rates have been restated to conform to the presentation adopted in 2008. The revised presentation had an insignificant impact on auction revenue rates for the periods 2004 through 2007. On an annual basis, the impact on auction revenue rates during this period was between one to 12 basis points.

Prior to 2008, our expected average annual auction revenue rate was in the range of 9.50% to 10.00%. At the beginning of 2008, we made changes to certain of our existing fees charged to our customers, including the minimum commission rate applicable to low value lots and the consignor document administration fee. These fees were increased slightly to reflect increased costs of conducting auctions. In addition, effective January 2008, we made certain reclassifications in our statement of operations that affected our auction revenue rate, including the reclassifications of interest income from auction revenues to other income and auction advertising fees and documentation fees from direct expenses to auction revenues. These changes were made to improve the presentation in our financial statements and had no impact on our reported net earnings. As a result of the changes to our existing fees and the reclassifications, in 2008 we increased our expected annual average auction revenue rate to be in the range of 9.75% to 10.25%. However, our past experience has shown that our auction revenue rate is difficult to estimate precisely, meaning our actual auction revenue rate in future periods may be above or below our expected range. In 2009, we achieved an auction revenue rate of 10.80% (2008 – 9.95%).

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

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 are 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 are also achieved when our auctions increase in size.

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

Overall Performance

Our gross auction proceeds were $3.49 billion for the year ended 2009, which is a decrease of 2% from 2008. The decrease is mainly attributable to the lower auction values in 2009 versus 2008 which was generally offset by higher volumes of equipment in most markets, except for the United States. Equipment owners had the unusual situation of low interest rates and generally more accommodating lenders, so in the face of a high degree of uncertainty in the market and depressed equipment values, many equipment owners chose to hold on to their assets.

Foreign exchange fluctuations had a modest impact on our 2009 gross auction proceeds. Applying foreign exchange rates in effect in 2008 our reported gross auction proceeds in 2009 would have been approximately $35 million higher.

For the year ended December 31 2009, we recorded auction revenues of $377.2 million and net earnings of $93.5 million, or $0.88 per diluted common share. This performance compares to auction revenues of $354.8 million and net earnings of $101.4 million, or $0.96 per diluted share for the year ended December 31, 2008. We ended 2009 with working capital of $30.5 million, compared to $47.1 million at December 31, 2008.

Adjusted net earnings for the year ended December 31, 2009 were $92.0 million, or $0.87 per diluted share, compared to adjusted net earnings of $85.5 million, or $0.81 per diluted share for the year ended December 31, 2008. 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 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 net earnings for the relevant period, and identifies the impact of items which we do not consider to be part of our normal operating results.

Our adjusted net earnings in 2009 grew by approximately 8% compared to 2008 as a result of a stronger auction revenue rate partially offset by higher operating costs.

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

	Year ended December 31, 2009	2008
Net earnings under Canadian GAAP	$ 93,452	$ 101,400
Gain on sale of excess property [1]	(1,097)	(8,304)
Net foreign exchange impact on financing transactions [2]	(759)	(9,188)
Tax relating to reconciling items	446	1,571
Adjusted net earnings	$ 92,042	$ 85,479

(1) In 2009, we recorded a gain of $1,097 ($746, or $0.01 per diluted share, after tax) on the sale of excess property. In 2008, we recorded a gain of $8,304 ($7,295, or $0.07 per diluted share, after tax) on the sale of our former headquarters property located in Richmond, British Columbia.

(2) During 2009, we recorded a foreign exchange gain of $759 ($664, or 0.01 per diluted share, after tax) on U.S. dollar denominated bank debt held by a subsidiary that has the Canadian dollar as its functional currency. The equivalent amount in 2008 was a foreign exchange loss of $5,835 ($4,989, or $0.05 per diluted share, after tax). We have highlighted this amount because in January 2009, the Canadian subsidiary assigned the bank debt to an affiliate whose functional currency is the U.S. dollar to eliminate the future impact of currency fluctuations. In addition, for the year ended December 31, 2008, we reclassified to net earnings foreign currency translation gains in the cumulated translation adjustment account of $15,023 ($13,615, or $0.13 per diluted share, after tax) as a result of the settlement of a number of foreign currency denominated intercompany loans that were considered long-term in nature. We did not settle any long-term intercompany loans during 2009 that resulted in a significant foreign exchange adjustment. We have highlighted these amounts because we do not expect the foreign exchange gains or losses on these financial transactions to recur in future periods.

Selected Annual Information

The following selected consolidated financial information as at December 31, 2009, 2008 and 2007 and for each of the years in the three-year period ended December 31, 2009 has been derived from our audited consolidated financial statements. This data should be read together with those financial statements and the risk factors described below.

Our consolidated financial statements are prepared in U.S. dollars in accordance with Canadian GAAP. As disclosed in note 14, Canadian GAAP differs in certain respects from accounting principles generally accepted in the United States.

	Year Ended December 31,		
	2009	2008	2007
Statement of Operations Data:			
Auction revenues [1]	$ 377,211	$ 354,818	$ 311,906
Direct expenses	(49,890)	(49,750)	(46,481)
	327,321	305,068	265,425
Operating expenses [2]	(200,073)	(189,320)	(164,233)
Other income [3]	4,275	23,536	10,703
Earnings before income taxes	131,523	139,284	111,895
Income taxes	38,071	37,884	35,912
Net earnings	$ 93,452	$ 101,400	$ 75,983
Net earnings per share — basic	$ 0.89	$ 0.97	$ 0.73
Net earnings per share — diluted	0.88	0.96	0.72
Cash dividends declared per share [4]	$ 0.38	$ 0.34	$ 0.30
Balance Sheet Data (year end):			
Working capital (including cash)	$ 30,510	$ 47,109	$ 58,207
Capital assets	597,945	453,642	390,044
Total assets	857,821	689,488	672,887
Long-term liabilities	145,213	77,495	58,793
Statement of Cash Flows Data:			
Capital asset additions	$ 157,416	$ 145,024	$ 113,219

(1) Auction revenues are comprised of commissions earned from consignors through straight commission and guarantee contracts, the net profit or loss on the sale of inventory items, internet and proxy purchase fees, administrative and documentation fees on the sale of certain lots, and auction advertising fees.

(2) Operating expenses include depreciation and amortization and general and administrative expenses.

(3) Other income in 2009 included a $759 foreign exchange gain ($664, or $0.01 per diluted share, after tax) on U.S. dollar denominated bank debt held by a subsidiary that has the Canadian dollar as its functional currency. The equivalent amount in 2008 was a foreign exchange loss of $5,835 ($4,989, or $0.05 per diluted share, after tax) and in 2007 was a gain of $4,789 ($4,093, or $0.04 per diluted share, after tax). We have highlighted this amount because in January 2009, the Canadian subsidiary assigned the bank debt to an affiliate whose functional currency is the U.S. dollar to eliminate the future impact of these currency fluctuations. In addition, during 2008, we reclassified to net earnings foreign currency translation gains reported in the cumulative translation adjustment account of $15,023 ($13,615, or $0.13 per diluted share, after tax) as a result of the settlement of a number of foreign currency denominated intercompany loans that were considered long-term in nature. We did not settle any long-term intercompany loans in 2009 that resulted in a significant foreign exchange adjustment. We have highlighted these amounts because we do not expect such foreign exchange gains or losses relating to financial transactions to recur in future periods. In addition, other income in 2009 included a gain of $1,097 ($746, or $0.01 per diluted share after tax) on the sale of excess property; other income in 2008 included an $8,304 ($7,295, or $0.07 per diluted share, after tax) gain recorded on the sale of our former headquarters property located in Richmond, British Columbia.

(4) In addition to the cash dividends declared and paid in 2009, we declared a cash dividend of $0.10 per common share on January 22, 2010 relating to the quarter ended December 31, 2009, which is not included in this amount.

Results of Operations

Year Ended December 31, 2009 Compared to Year Ended December 31, 2008

We conduct operations around the world in a number of different currencies, but our reporting currency is the U.S. dollar. In 2009, approximately 40% of our revenues and approximately 50% 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 rate fluctuations on our translated auction revenues and operating expenses in our consolidated financial statements has largely offset, making the net impact of the currency fluctuation on our annual net earnings insignificant. Excluding the foreign exchange impacts on financing transactions discussed in “Overall Performance” above, our adjusted net earnings for 2009 included a $1.8 million pre-tax loss (2008 — $2.5 million pre-tax gain) resulting from the revaluation and settlement of our foreign currency denominated monetary assets and liabilities.

United States Dollar Exchange Rate Comparison

Years ended December 31,		**2009**	**% Change in U.S.$**		**2008**	**% Change in U.S.$**		**2007**
Value of one U.S. dollar:								
Year-end exchange rate:								
Canadian dollar	$	1.0513	-13.6%	$	1.2168	22.5%	$	0.9937
Euro	€	0.6985	-2.4%	€	0.7159	4.5%	€	0.685
Average exchange rate:								
Canadian dollar	$	1.1415	7.0%	$	1.0671	-0.6%	$	1.0740
Euro	€	0.7197	5.2%	€	0.6839	-6.4%	€	0.7305

Auction Revenues

Years ended December 31,	**2009**	**2008**	**% Change**
Auction revenues – United States (1)	$ 202,415	$ 191,459	6%
Auction revenues – Canada (1)	90,148	75,683	19%
Auction revenues – Europe (1)	57,714	54,635	6%
Auction revenues – Other (1)	26,934	33,041	-18%
Total auction revenues	$ 377,211	$ 354,818	6%
Gross auction proceeds	$ 3,492,021	$ 3,567,160	-2%
Auction revenue rate	10.80%	9.95%	

(1) Information by geographic segment is based on auction location.

Our auction revenues increased in 2009 compared to 2008 primarily as a result of a higher auction revenue rate, partially offset by slightly lower gross auction proceeds and the impact of currency fluctuations. Gross auction proceeds growth in Canada and the Middle East was offset by a decrease in the United States and Europe. Our gross auction proceeds in 2009 in local currency, primarily being the United States, Canadian and Australian dollar and the Euro, increased by 2% compared to 2008. Excluding the United States market, gross auction proceeds increased by 10% in local currency in 2009 compared to 2008.

Our underwritten business represented 21% of our total gross auction proceeds in 2009 (24% in 2008). As discussed above under "Sources of Revenue and Revenue Recognition," we do not have a target for the relative mix of contracts. The mix experienced in 2009 was driven by our consignor's risk tolerance and sale objectives, and is not necessarily indicative of the mix in future periods or a trend.

Our auction revenue rate was 10.80% for 2009, which was higher than our current expected range of 9.75% to 10.25%. The increase compared to our experience in 2008 related primarily to the performance of our underwritten business (guarantee and inventory contracts), which performed better in 2009 than in 2008. This better performance reflected our efforts to apply a more conservative approach to evaluating potential underwritten contracts in 2009 in the face of uncertainty in the market. We do not expect this above trend performance to continue in the future; our experience has shown that rates usually revert to the mean. As a result, we expect our annual average auction revenue rate to be in the range of 9.75% to 10.25% in the foreseeable future. Our actual auction revenue rate in future periods may be above or below our expected range.

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%) increase or decrease in our auction revenue rate during 2009 would have impacted auction revenues by approximately $3.5 million, of which approximately $2.5 million, or $0.02 per share, would have flowed through to net earnings after tax in our statement of operations, assuming no other changes. This factor is important to consider when evaluating our current and past performance, as well as when judging future prospects.

Direct Expenses

Years ended December 31,	**2009**	**2008**	**% Change**
Direct expenses	$ 49,890	$ 49,750	0.3%
Direct expenses as a percentage of gross auction proceeds	1.43%	1.39%	

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. 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 2009 was marginally higher than the rate for 2008 mainly as a result of the slight decrease in our gross auction proceeds. We were able to keep our direct expenses in line with 2008 even though we sold 12% more lots in 2009, which is a demonstration of improved operating efficiency.

Depreciation and Amortization Expense

Years ended December 31,	2009	2008	% Change
Depreciation and amortization expense	$ 31,761	$ 24,764	28%

Depreciation is calculated on either a straight line or a declining balance basis on capital assets employed in our business, including buildings, computer hardware and software, automobiles and yard equipment. Depreciation increased in 2009 compared to 2008 as a result of depreciation relating to new assets that we have put into service in recent periods, such as our new permanent auction sites and new computer hardware and software outlined elsewhere in this discussion. We expect our depreciation in future periods to increase in line with our recent and on-going capital expenditures. A significant number of capital assets were put into use during the fourth quarter of 2009 and further assets are expected to be put into use in the first quarter of 2010. The timing of these and other future additions is expected to increase our depreciation expense in 2010 by an estimated 40% compared to 2009.

General and Administrative Expenses

Years ended December 31,	2009	2008	% Change
General and administrative expenses	$ 168,312	$ 164,556	2%
G&A as a percentage of gross auction proceeds	4.82%	4.61%	

General and administrative expenses, or G&A, include such expenditures as personnel (salaries, wages, bonuses and benefits), information technology, non-auction related travel, repairs and maintenance, leases and rentals and utilities. G&A expenses exclude foreign exchange gains or losses resulting from the revaluation and settlement of monetary assets and liabilities.

Foreign currency fluctuations contributed to a decrease in our G&A of approximately $6.6 million in 2009 compared to 2008 in connection with the translation into U.S. dollars for reporting purposes of our foreign operations' G&A expenses.

Our ongoing investments in our people, places and processes continued to contribute to the growth in our gross auction proceeds in local currency and adjusted net earnings during 2009. Please refer to "Overall Performance" for a description of adjusted net earning and for a reconciliation of adjusted net earnings to net earnings for 2009 and 2008. Our future success is dependent upon adding people to grow our business, building the places required to handle our anticipated future growth, and developing and implementing processes to help gain efficiencies and ensure consistency. Our sales force and administrative support teams are instrumental in carrying out these building and development programs and are necessary to facilitate and accommodate that growth. Personnel costs are the largest component of our G&A representing roughly 60% of our G&A on an annual basis, and our workforce increased 7% from December 31, 2008 to December 31, 2009. This increase was partially offset by the foreign currency effect discussed above. Our ongoing expansion will continue to influence future levels of G&A.

Interest Expense

Years ended December 31,	2009	2008	% Change
Interest expense	$ 544	$ 859	-37%

Interest expense is comprised mainly of interest paid on long-term debt and revolving credit facilities. Interest expense decreased in 2009 compared to 2008 primarily because of an increase in the amount of interest we capitalized to property under development. The relationship between capital expenditures and interest paid will likely result in higher interest expense in 2010. We expect that a lower proportion of our interest costs will be capitalized to properties under development in 2010 because our capital expenditures are expected to decrease (please see further discussion below).

Interest Income

Years ended December 31,	**2009**	**2008**	**% Change**
Interest income	$ 2,400	$ 4,994	-52%

Interest income, which is earned on payments from customers and our excess cash balances invested in conservative and liquid investments, is mostly affected by market interest rates. In recent periods, market interest rates in Canada and the United States have decreased dramatically, which resulted in a decrease in our interest income. In addition, our interest income can fluctuate from period to period depending on our cash position, which is affected by the timing, size and number of auctions held during the period, as well as the timing of the receipt of auction proceeds from buyers which may bear interest.

Foreign Exchange Gain (Loss)

Years ended December 31,	**2009**	**2008**	**% Change**
Foreign exchange gain (loss)	$ (1,085)	$ 11,656	90%

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. The gain or loss recognized in any given period is affected by changes in foreign exchange rates as well as the composition of our foreign currency denominated assets and liabilities. In 2009, the foreign exchange loss included the impact of foreign exchange rates on U.S. dollar denominated bank debt held by a Canadian subsidiary, which was assigned in January 2009 to an affiliate whose functional currency is the U.S. dollar to eliminate the impact of these currency fluctuations on this debt in future periods. The foreign exchange impact of this bank debt in the first quarter of 2009 was a $0.8 million gain compared to a $5.8 million foreign exchange loss in 2008. In 2008, the foreign exchange gain also included the reclassification to net earnings of foreign currency translation gains of $15.0 million reported in the cumulative translation adjustment account as a result of the settlement of a number of foreign currency denominated intercompany loans that had been considered long-term (see discussion under “Overall Performance”). We did not settle any intercompany loans in 2009 that resulted in a significant foreign exchange adjustment.

Gain on Disposition of Capital Assets

Years ended December 31,	**2009**	**2008**	**% Change**
Gain on disposition of capital assets	$ 647	$ 6,370	N/A

The gain on disposition of capital assets in 2009 included a $1.1 million gain ($0.7 million after tax) on the sale of our former Minneapolis, Minnesota permanent auction site, which was partially offset by writing off costs incurred on property and software developments that were no longer considered viable. The gain on disposition of capital assets in 2008 included an $8.3 million gain recorded on the sale of our former headquarters property located in Richmond, British Columbia, which was partially offset by write offs of costs incurred on property and software development projects that were no longer considered viable.

Income Taxes

Years ended December 31,	**2009**	**2008**	**% Change**
Income taxes	$ 38,071	$ 37,884	0.5%
Effective income tax rate	28.9%	27.2%	

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 year ended December 31, 2009 includes a favourable tax adjustment in the amount of $1.9 million relating to uncertain tax positions. The effective tax rate for 2008 includes adjustments recorded in 2008 to reflect our actual cash tax expenses arising from our 2007 tax filings. In 2008 we also realized the benefit of foreign exchange gains on financing transactions and the gain on sale of property which were subject to a lower tax rate. These did not recur to the same extent in 2009. 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

Years ended December 31,	**2009**	**2008**	**% Change**
Net earnings before income taxes	$ 131,523	$ 139,284	-5.6%
Net earnings	93,452	101,400	-7.8%
Net earnings per share – basic	0.89	0.97	-8.2%
Net earnings per share – diluted	0.88	0.96	-8.3%

Our net earnings decreased in 2009 compared to 2008 as a result of the gain recorded on the sale of our former headquarters property in 2008, offset by higher auction revenues in 2009. Adjusted net earnings for 2009 were $92.0 million, or $0.87 per diluted share, compared to adjusted net earnings of $85.5 million, or $0.81 per diluted share in 2008, representing an 8% increase in 2009. Adjusted net earnings in 2009 were higher compared to 2008, primarily as a result of increased auction revenues and lower operating costs. Please see “Overall Performance” for a description of adjusted net earnings and for a reconciliation of adjusted net earnings to net earnings for 2009 and 2008.

Summary of Fourth Quarter Results

We earned auction revenues of $97.1 million and net earnings of $21.8 million, or $0.21 per diluted share, during the fourth quarter of 2009. Adjusted net earnings for the fourth quarter of 2009 were $21.1 million, or $0.20 per diluted share. This compares to auction revenues of $81.7 million, net earnings of $27.1 million, or $0.26 per diluted share, and adjusted net earnings of $19.2 million, or $0.18 per diluted share, in the fourth quarter of 2008.

A reconciliation of our net earnings under Canadian GAAP to adjusted net earnings for each of the quarters ended December 31, 2009 and 2008 is as follows:

	Quarter ended December 31,	
	2009	**2008**
Net earnings under Canadian GAAP	$ 21,834	$ 27,140
Gain on sale of excess property (1)	(1,097)	—
Net foreign exchange impact on financing transactions (2)	—	(8,476)
Tax relating to reconciling items	351	558
Adjusted net earnings	$ 21,088	$ 19,222

(1) During the three months ended December 31, 2009, we recorded a gain of $1,097 ($746, or $0.01 per diluted share, after tax) on the sale of excess property.

(2) During the three months ended December 31, 2008, we recorded a foreign exchange loss of $3,778 ($3,230, or $0.03 per diluted share, after tax) on U.S. dollar denominated bank debt held by a subsidiary that has the Canadian dollar as its functional currency. We have highlighted this amount because in January 2009, the Canadian subsidiary assigned the bank debt to an affiliate whose functional currency is the U.S. dollar to eliminate the future impact of these currency fluctuations. No amount was recorded in the three months ended December 31, 2009. In addition, during the fourth quarter of 2008, we reclassified to net earnings foreign currency translation gains reported in the cumulated translation adjustment account of $12,254 ($11,148, or $0.11 per diluted share, after tax) as a result of the settlement of a number of foreign currency denominated intercompany loans that were considered long-term in nature. We did not settle any long-term intercompany loans during the fourth quarter of 2009 that resulted in a significant foreign exchange adjustment. We have highlighted these amounts because we do not expect the foreign exchange gains or losses on these financing transactions to recur in future periods.

Our gross auction proceeds were $891.1 million for the quarter ended December 31, 2009, which is an increase of 4% compared to the comparable period in 2008. This increase in our gross auction proceeds was mainly attributable to increased gross auction proceeds earned in Canada and foreign exchange fluctuations. It is difficult to isolate the effects of currency fluctuations on our customers' buying and selling patterns and therefore, our gross auction proceeds. However, had the foreign exchange rates in effect in the fourth quarter of 2008 been applied to the gross auction proceeds achieved in the fourth quarter of 2009, our reported gross auction proceeds would have been approximately 6% lower.

Our auction revenue rate increased to 10.90% in the fourth quarter of 2009 from 9.57% in the comparable period in 2008, mainly as a result of the stronger performance of our underwritten business in the fourth quarter of 2009.

Our G&A expenses increased to $45.0 million in the fourth quarter of 2009, compared to $38.3 million in the comparable 2008 period. During the fourth quarter of 2009, the translation into U.S. dollars of our non-U.S. operations' G&A expenses resulted in an increase in consolidated G&A expenses of approximately $3.2 million, primarily as a result of foreign currency fluctuations. Our G&A also increased because of the 1% increase in our workforce in the fourth quarter of 2009.

We experienced a 20.0% decrease in our earnings in the fourth quarter of 2009 compared to the equivalent period in the prior year primarily as a result of foreign exchange gains realized in 2008. Adjusted net earnings in the fourth quarter of 2009 increased by 10% compared to 2008, due to increased auction revenues partially offset by higher operating expenses.

Capital asset additions were $40.1 million for the fourth quarter of 2009, compared to $47.2 million in the fourth quarter of 2008. Our capital expenditures in the fourth quarter of 2009 related primarily to construction of our new or replacement permanent auction sites in St Louis, Missouri; Grande Prairie, Alberta; Chilliwack, British Columbia; Caorso, Italy; Madrid, Spain; Mexico City, Mexico; and Narita, Japan, as well as the expansion of our existing permanent auction site in Orlando, Florida. Exchange rate changes relating to capital assets held in currencies other than the U.S. dollar resulted in a decrease in our reported capital assets on our consolidated balance sheet of $0.3 million in the fourth quarter of 2009 compared to a decrease of $14.8 million in the equivalent period in 2008.

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, 2009 and 2008, and our discussion above about the seasonality of our business.

	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Gross auction proceeds (1)	$ 891,111	$ 693,288	$1,109,331	$ 798,291
Auction revenues	$ 97,143	$ 75,934	$ 120,459	$ 83,675
Net earnings	21,834(4)	12,892	38,847	19,879(2)
Adjusted net earnings (6)	21,088	12,892	38,847	19,215
Net earnings per share — basic	$ 0.21	$ 0.12	$ 0.37	$ 0.19
Net earnings per share — diluted	0.21	0.12	0.37	0.19
Adjusted net earnings per share — diluted (6)	0.20	0.12	0.37	0.18

	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Gross auction proceeds (1)	$ 853,927	$ 767,718	$1,163,546	$ 781,969
Auction revenues	$ 81,693	$ 75,909	$ 115,822	$ 81,394
Net earnings	27,140(2)(3)	11,934(2)	45,919(2)(3)(4)	16,407(2)(3)
Adjusted net earnings (6)	19,222	13,025	37,942	15,290
Net earnings per share — basic (5)	$ 0.26	$ 0.11	$ 0.44	$ 0.16
Net earnings per share — diluted (5)	0.26	0.11	0.43	0.16
Adjusted net earnings per share — diluted (6)	0.18	0.12	0.36	0.14

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

(2) Net earnings included the impact of foreign exchange rates on U.S. dollar denominated bank debt held by a Canadian subsidiary, which was assigned in January 2009 to an affiliate whose functional currency is the U.S. dollar to eliminate the impact of these currency fluctuations on this debt in future periods. Please see further discussion above under “Overall Performance”. The foreign exchange impact of this bank debt in the first quarter of 2009 was a $759 gain ($664, or $0.01 per diluted share, after tax). The impact in the fourth, third, second and first quarters of 2008 was a $3,778 loss ($3,230, or $0.03 per diluted share, after tax), $1,276 loss ($1,091, or $0.01 per diluted share, after tax), $205 gain ($175, or less than $0.01 per diluted share, after tax), and $986 loss ($843, or $0.01 per diluted share, after tax), respectively.

(3) Net earnings in the fourth quarter of 2008 included the reclassification of foreign currency translation gains of $12,254 ($11,148, or $0.11 per diluted share, after tax) relating to the settlement of foreign currency denominated intercompany loans. Amounts included in the second and first quarters of 2008 relating to these settlements were $680 ($507, or less than $0.01 per diluted share, after tax) and $2,089 ($1,960, or $0.02 per diluted share, after tax), respectively. We have highlighted these amounts as we do not expect these items to recur in future periods.

(4) Net earnings in the fourth quarter of 2009 included a gain of $1,097 (746, or $0.01 per diluted share, after tax) on the sale of excess property. Net earnings in the second quarter of 2008 included a gain of $8,304 recorded on the sale of our former headquarters property in Richmond, British Columbia ($7,295, or $0.07 per basic and diluted share, after tax). Excluding this amount, net earnings for the fourth quarter would have been $38,624, or $0.37 per basic and diluted share.

(5) Net earnings per share amounts have been adjusted on a retroactive basis to reflect the April 24, 2008 three-for-one stock split.

(6) 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. Please refer to “Overall Performance” for a description of adjusted net earnings.

Liquidity and Capital Resources

December 31,	**2009**	**2008**	**% Change**
Working capital	$ 30,510	$ 47,109	-35.2%

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 the 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 2009, our working capital decreased by $16.6 million, mostly as a result of our capital expenditures and dividend payments partially offset by positive operating results and the proceeds from draws on our credit facilities during 2009.

There are a number of factors that could potentially impact our working capital, such as current global economic conditions, which may affect the financial stability of our buyers and their ability to pay on a timely basis. However, we have substantial borrowing capacity in the event of any temporary working capital requirements. As at December 31, 2009, we had $461 million of unused credit facilities, which included a $166 million five-year committed credit facility expiring in January 2014, and a $193 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. Our access to capital resources has not been impacted by the recent events in credit markets, and we do not expect that the current economic environment will have a material adverse impact on our capital resources or our business. However, there can be no assurance that the cost or availability of future borrowings under our credit facilities will not be affected should there be a prolonged capital market disruption.

Contractual Obligations

	Payments Due by Year				
	Total	**In 2010**	**In 2011 and 2012**	**In 2013 and 2014**	**After 2014**
Long-term debt obligations	$ 130,827	$ 14,268	$ 30,000	$ 29,487	$ 57,072
Operating leases obligations	159,851	9,952	18,125	15,093	116,681
Other long-term obligations	1,592	338	687	567	0
Total contractual obligations	$ 292,270	$ 24,558	$ 48,812	$ 45,147	$ 173,753

Our long-term debt included in the table above is comprised mainly of term loans put in place in 2005 with original terms to maturity of five years, a revolving loan drawn under a credit facility that is available until January 2014, as well as a term loan put in place in 2009 with a term to maturity of seven years. Our operating leases relate primarily to land on which we operate regional auction units and administrative offices. These properties are located in Canada, the United States, Panama, Spain, Germany, the Netherlands, the United Arab Emirates, India, Japan and China.

In the normal course of our business, we will sometimes guarantee to a consignor a minimum level of proceeds in connection with the sale at auction of that consignor's equipment. Our total exposure at December 31, 2009 from these guarantee contracts was $21.6 million (compared to $17.9 million at December 31, 2008), which we anticipate will be offset by the proceeds that we will receive from the sale at auction of the related equipment. We do not record any liability in our financial statements in respect of these guarantee contracts, and they are not reflected in the contractual obligations table above.

Cash Flows

December 31,	**2009**	**2008**	**% Change**
Cash provided by (used in):			
Operations	$ 138,455	$ 90,688	52%
Investing	(164,656)	(110,211)	48%
Financing	22,914	(6,194)	N/A

Similar to the discussion above about our cash position, our cash provided by operations can fluctuate significantly from period to period, largely as a result of 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. During 2009, cash used for the investment in capital assets exceeded our cash provided by operations. As we continue to execute our strategy to expand our presence in existing and new markets in the near term, cash used in investing activities may continue to exceed cash provided by our operations. Depending on the timing of capital expenditures, we may be required to take on additional debt to fund these investments.

Capital asset additions were $157.4 million for 2009 compared to $145.0 million in 2008. Our capital expenditures in 2009 related primarily to the acquisition of land in Caorso, Italy; Madrid, Spain; and St. Louis, Missouri; the expansion of our existing permanent auction site in Orlando, Florida and the construction of our new permanent auction sites in Houston, Texas; St. Louis, Missouri; Grande Prairie, Alberta; Chilliwack, British Columbia; Caorso, Italy; Madrid, Spain; Mexico City, Mexico; and Narita, Japan. Capital asset additions also included investments in computer software and hardware as part of our process improvement initiatives and our acquisition of the business of Martella Auction Company. Exchange rate changes relating to capital assets held in currencies other than the U.S. dollar, which are not reflected as capital asset additions on our consolidated statements of cash flows, resulted in an increase of $24.9 million in the capital assets reported on our consolidated balance sheet as at December 31, 2009, compared to a decrease of $26.0 million in 2008.

Based on our most recent review of our auction site development and process improvement initiatives, we expect that our annual capital expenditures will be in the range of $100 million per year for the near term. We intend to add auction facilities in selected locations around the world as appropriate opportunities arise, either to replace existing facilities or to establish new sites. We plan to add an average of at least two new permanent auction sites or regional auction units to our network per year, as well as a number of replacement facilities. Actual expenditures will vary depending on the availability and cost of suitable expansion opportunities and prevailing business and economic conditions. Depending on the scope of the required system improvements, the process improvement expenditures will likely be primarily for hardware, the development, purchase and implementation of software, and related systems. We expect to fund future capital expenditures from operating cash flows and borrowings under credit facilities.

During 2009, we provided a secured loan of $5.3 million with market terms to a lessor with whom we have a long-term property lease. The loan is repayable in monthly instalments of principal and interest, with the balance due in March 2013. The loan is secured by the underlying property and a neighbouring property.

We declared and paid regular cash dividends of $0.09 per share for each of the quarters ended December 31, 2008 and March 31, 2009, and declared and paid dividends of $0.10 per share for each of the quarters ended June 30, 2009 and September 30, 2009. The payments of these dividends were made in 2009 and the total dividend payments for 2009 were $40.0 million compared to $35.6 million in 2008. 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 December 31, 2009 and December 31, 2008 were as follows:

	December 31, 2009	December 31, 2008	% Change
Long-term debt	$ 130,394	$ 67,411	93%
Revolving credit facilities – total available:	$ 318,423	$ 330,119	
Revolving credit facilities – total unused:	$ 268,011	$ 262,316	
Non-revolving credit facilities – total available:	$ 250,000	$ 250,000	
Non-revolving credit facilities – total unused:	$ 192,928	$ 250,000	
Total unused credit facilities	$ 460,939	$ 512,316	

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. During 2009, we increased our revolving credit facilities in Europe by approximately €20 million. As at December 31, 2009, we had fixed rate and floating rate long-term debt with interest rates ranging from 1.1% to 6.4%. We were in compliance with all financial covenants applicable to our debt at December 31, 2009. Our long term debt and credit facilities have increased in 2009 in order to fund our auction site development activities.

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

	In 2010	In 2011	In 2012	In 2013	In 2014
Interest expense on long-term debt	$ 5,967	$ 4,001	$ 3,968	$ 3,968	$ 3,671

Quantitative and Qualitative Disclosure about Market Risk

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.

Because we conduct operations in local currencies in countries around the world, yet have the U.S. dollar as our reporting currency, we are exposed to currency fluctuations and exchange rate risk on all operations conducted in currencies other than the U.S. dollar. We cannot accurately predict the future effects of foreign currency fluctuations on our financial condition or results of operations. For 2009, approximately 40% of our revenues were earned in currencies other than the U.S. dollar and approximately 50% of our operating costs were denominated in currencies other than the U.S. dollar. On an annual basis, we expect these amounts to substantially 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 will consider hedging specific transactions if we deem them appropriate in the future.

During the year ended December 31, 2009, we recorded an increase in our foreign currency translation adjustment balance of $18.4 million, compared to a decrease of $26.9 million in 2008, excluding the impact of the reclassification to net earnings of foreign currency transaction gains of $14.9 million in 2008. Our foreign currency translation adjustment arises from the translation at the end of each reporting period of our net assets denominated in currencies other than the U.S. dollar into our reporting currency. Changes in this balance arise primarily from the strengthening or weakening of non-United States currencies against the U.S. dollar.

We have not experienced significant interest rate exposure historically, as our long-term debt generally bears fixed rates of interest. However, borrowings under our global revolving credit facility are only available at floating rates of interest. If our portfolio of floating rate debt increases, we may consider the use of interest rate swaps to mitigate our exposure to interest rate fluctuations. As at December 31, 2009, we had $29.5 million (December 31, 2008 – $25.4 million) in revolving loans bearing floating rates of interest. With other variables unchanged, a 100 basis points or 1% increase or decrease in interest rates would have no significant impact on the Company’s financial position or results of operations for the year ended December 31, 2009.

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

In preparing our consolidated financial statements in conformity with Canadian GAAP, we must make decisions that impact the reported amounts and related disclosures. Such decisions include the selection of the appropriate accounting principles to be applied and the assumptions on which to base accounting estimates. In reaching such decisions, we apply judgments based on our understanding and analysis of the relevant circumstances and historical experience. On an ongoing basis, we evaluate these judgments and estimates, including consideration of uncertainties relating to revenue recognition criteria, valuation of consignors’ equipment and other assets subject to guarantee contracts, recoverability of capital assets, goodwill and future income tax assets, and the assessment of possible contingent assets or liabilities that should be recognized or disclosed in our consolidated financial statements. Actual amounts could differ materially from those estimated by us at the time our consolidated financial statements are prepared.

The following discussion of critical accounting policies and estimates is intended to supplement the significant accounting policies presented as note 1 to our consolidated financial statements, which summarizes the accounting policies and methods used in the preparation of those consolidated financial statements. The policies and the estimates discussed below are included here because they require more significant judgments and estimates in the preparation and presentation of our consolidated financial statements than other policies and estimates.

Accounting for Income Taxes

We record income taxes relating to our business in each of the jurisdictions in which we operate. We estimate our actual current tax exposure and the temporary differences resulting from differing treatment of items for tax and book accounting purposes. These differences result in future income tax assets and liabilities, which are included within our consolidated balance sheet. We must then assess the likelihood that our future income tax assets will be recovered from future taxable income. If recovery of these future tax assets is considered unlikely, we must establish a valuation allowance. To the extent we either establish or increase a valuation allowance in a period, we must include an expense within the tax provision in the consolidated statement of operations. Significant management judgment is required in determining our provision for income taxes, our measurement of future tax assets and liabilities, and any valuation allowance recorded against our net future tax assets. If actual results differ from these estimates or we adjust these estimates in future periods, we may need to establish a valuation allowance that could materially impact the presentation of our financial position and results of operations.

Valuation of Goodwill

We assess the possible impairment of goodwill in accordance with standards issued by the Canadian Institute of Chartered Accountants in Canada (known as the CICA) and the Financial Accounting Standards Board in the United States. The standards stipulate that reporting entities test the carrying value of goodwill for impairment annually at the reporting unit level using a two-step impairment test; if events or changes in circumstances indicate that the asset might be impaired, the test is conducted more frequently.

In the first step of the impairment test, the net book value of each reporting unit is compared with its fair value. We operate as a single reporting unit, which is the consolidated public company. As a result, we are able to refer to the stock market for a third party indicator of our Company’s fair value. As long as the fair value of the reporting unit exceeds its net book value, goodwill is considered not to be impaired and the subsequent step of the impairment test is unnecessary. Changes in the market value of our common shares may impact our assessment as to whether goodwill has been impaired. These changes may result from changes in our business plans or other factors, including those that are outside our control. We perform the goodwill test each year as at September 30, or more frequently if events or changes in circumstances indicate that goodwill might be impaired. We performed the test as at September 30, 2009 and determined that no impairment had occurred.

Changes in Accounting Policies

On January 1, 2009, we adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3064 *Goodwill and Intangible Assets* , the revisions to Section 3855 *Financial Instruments - Recognition and Measurement* and Section 3862 *Financial Instrument — Disclosures* and the Emerging Issues Committee (EIC) Abstract 173 *Credit risk and the Fair Value of Financial Assets and Financial Liabilities* . Section 3064 establishes new standards for the recognition and measurement of intangible assets, but accounting for goodwill is unchanged. Revisions to Sections 3855 and 3862 were to enhance the disclosure requirements for publicly accountable enterprises. The adoption of Section 3064 and EIC 173 did not impact the presentation of our consolidated financial position or results of operations.

Recent Accounting Pronouncements

In January 2009, the CICA issued Handbook Section 1582 *Business Combinations* , 1601 *Consolidated Financial Statements* and 1602 *Non-controlling Interests* which replace Sections 1581 *Business Combinations* and 1600 *Consolidated Financial Statements* . These new standards are harmonized with International Financial Reporting Standards (IFRS) and will become effective in 2011; early adoption is permitted.

International Financial Reporting Standards

In February 2008, the Canadian Accounting Standards Board confirmed its strategy of replacing Canadian GAAP with International Financial Reporting Standards (or IFRS) for Canadian publicly accountable enterprises. IFRS is issued by the International Accounting Standards Board (IASB). IFRS will be effective for our interim and annual financial statements effective January 1, 2011. The conversion to IFRS will impact our accounting policies, information technology and data systems, internal control over financial reporting, and financial statement presentation and disclosure. The transition may also impact our business processes and operations, including such areas as contractual arrangements, debt covenants, and compensation arrangements.

We commenced our IFRS conversion project in 2007 and have established a conversion plan and an IFRS project team. We have identified the standards that have an impact on our financial statements, business processes and systems. We have presented and discussed the following major identified differences with the Audit Committee of our Board of Directors:

Property, plant and equipment (PP&E) — we have chosen to use the cost method under IFRS and will review annually depreciation methods and useful lives. We have identified assets meeting the investment property criteria under IAS 40: *Investment Property* ; these will be shown separately on the financial statements. We have also chosen to use the cost method of accounting for these assets. Our annual impairment testing methodology will change as we will be testing at the cash-generating unit level, rather than the reporting unit level. We have not identified any indications of expected impairment to either PP&E or goodwill on the date of transition to IFRS.

Business combinations that occurred prior to January 1, 2010 will remain unchanged, subject to the requirements of appendix C of IFRS 1 *First Time Adoption of International Financial Reporting Standards.* From January 1, 2010 onwards we intend to account for all business combinations in line with IFRS 3 *Business Combinations* for our IFRS financial reporting.

Leases will be assessed for classification as operating or finance lease under IAS 17 *Leases* . Our preliminary assessment has not indicated any change to the classification of our leases currently recorded as operating leases.

Income taxes will be reviewed for past uses of initial recognition exemption the effects of which will be removed in the transition adjustments. Stock options issued which are tax deductible must be revalued at each reporting date under IFRS. The temporary differences created on this revaluation will be included in deferred tax. Furthermore, our future tax assets and liabilities recorded in our consolidated balance sheets will be reclassified to be entirely non-current and renamed “deferred tax assets and liabilities”.

We have also prepared draft annual financial statements and related notes in compliance with IFRS. The following IFRS 1 exemptions from retrospective application are available to us and may be used on transition to IFRS:

- Business Combinations: At the date of transition to IFRS on January 1, 2010 we will apply IFRS 3 prospectively and use the exemption in IFRS to treat prior business combinations in a manner consistent with Canadian GAAP.

- Share Based Payments: We have not elected to apply IFRS 2: *Share Based Payments* to options granted before November 7, 2002 and those options that were granted after November 7, 2002 which were vested at January 1, 2010.

- Cumulative Translation Differences: We will “reset” cumulative translation differences accumulated as at the date of transition to zero. The gain/loss on a subsequent disposal of any foreign operation then excludes translation differences that arose before the date of transition, but includes all later translation differences.

As the IASB will continue to issue new accounting standards during our conversion period the final impact of IFRS on the presentation of our financial position and results of operations and our financial statement disclosure will only be measured once the IFRS applicable at our conversion date are known.

As the new accounting policies under IFRS are finalized, a review of the integrity of our internal control over financial reporting and disclosure controls and procedures will be completed. At this time, we believe that the current framework is sufficiently robust to incorporate the changes to the financial reporting processes.

We have conducted training sessions targeted to various levels of our organization. We also plan to continue to provide training to other key employees and will monitor the impacts on our business processes and operations, our information systems, and develop a broader external communication plan.

Our transition plans relating to IFRS are on schedule and we will continue to provide updates on the status of key activities for this project in our quarterly and annual Management's Discussion and Analysis throughout the period to initial adoption on January 1, 2011.

Disclosure Controls and Procedures

We have established and maintained disclosure controls and procedures in order to provide reasonable assurance that material information relating to our Company is made known to the appropriate level of management in a timely manner.

Based on current securities legislation in Canada and the United States, our Chief Executive Officer and Chief Financial Officer are required to certify that they have assessed the effectiveness of our disclosure controls and procedures as at December 31, 2009.

We performed an evaluation under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as at December 31, 2009. Based on that evaluation, we concluded that our disclosure controls and procedures were effective as of that date to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Internal Control over Financial Reporting

Management is responsible for establishing and maintaining an adequate internal control structure and procedures for financial reporting. Under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in "Internal Control – Integrated Framework", management concluded that our internal control structure and procedures over financial reporting were effective as of December 31, 2009.

The effectiveness of our internal controls over financial reporting as of December 31, 2009 has been audited by KPMG LLP, the independent registered public accounting firm that audited our December 31, 2009 consolidated annual financial statements, as stated in their report which is included in our consolidated financial statements.

Changes in Internal Controls Over Financial Reporting

There has been no change in our internal control over financial reporting during 2009 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;
- growth of our operations;
- growth of the world market for used trucks and equipment;
- increases in the number of consignors and bidders participating in our auctions;
- the impact of the current economic environment on our operations and capital resources, and our customers, including the number of bidders and buyers attending our auctions and consignment volumes at those auctions; the demand for our services during challenging economic times; our bidders' ability to access credit to fund their purchases; the impact of the economic environment on equipment prices, supply and demand, risk and our business model;
- 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 long-term mission to be the world's largest marketplace for commercial and industrial assets;
- our people, including our ability to recruit, train, retain and develop the right people to help us achieve our goals and the desired increase in our sales force;
- our places, including our ability to add the capacity necessary to accommodate our growth; our ability to increase our market share in our core markets and regions; and our ability to expand into complimentary market sectors and new geographic markets, including our ability to take advantage of growth opportunities in emerging markets; the acquisition and development of auction facilities and the related impact on our capital expenditures;
- our processes, including our process improvement and system continuity initiatives and their effect on our business, results of operations and capital expenditures, particularly our ability to grow revenues faster than operating costs;
- the relative percentage of gross auction proceeds represented by straight commission, guarantee and inventory contracts;
- our auction revenue rates, the sustainability of those rates, and the impact of our commission rate and fee changes implemented in 2008, as well as 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 impair our business 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 police and enforce our policy of conducting unreserved auctions, 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 be reduced if there was significant erosion in the supply of, demand for, or market values of used industrial equipment, which would 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, a sustained economic recession, lower commodity prices, and our customers’ restricted access to capital – are beyond our control. Any increase in the volume or change in the mix of equipment at our auctions may not be sufficient to offset declines in the market value for that equipment as a result of the current economic environment. In addition, price competition and 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 impact 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 75% of our 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 or, if sufficiently lower, we will 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. In recent periods, guarantee and inventory contracts have generally represented approximately 25% of our annual gross auction proceeds.

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 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 business successfully, we need to accomplish a number of objectives, including:

- recruiting and retaining suitable sales and managerial personnel;
- identifying and developing new geographic markets and market sectors;
- 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;
- managing expansion successfully;
- 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 consignors, bidders and buyers in new markets and market sectors, and maintaining these relationships in our existing markets;
- succeeding against local and regional competitors in new geographic markets;

- capitalizing on changes in the supply of and demand for industrial assets, 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.

In addition, we continue to pursue our strategy of investing in our people, places and processes to give us the capacity to handle expected future growth, including investments in frontier markets that may not generate profitable growth in the near term. Planning for future growth requires investments to be made now in anticipation of growth that may not materialize, and if we are not successful growing our gross auction proceeds our earnings may be adversely impacted. A large component of our G&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 a deep and prolonged recession, which would have a negative impact on our margins and earnings per share.

Our future expenses may increase significantly or 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, 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.

There are restrictions in the United States and Europe that may affect the ability of equipment owners to transport certain equipment between specified jurisdictions. 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. If these restrictions, or changes to environmental laws, were to inhibit materially the ability of customers to ship equipment to or from our auction sites, they could reduce gross auction proceeds and harm 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.

The recent global economic and financial market events have caused, among other things, a general tightening in credit markets, lower levels of liquidity, increases in default and bankruptcy rates, and a level of uncertainty in the used equipment marketplace, all of which may have a 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 assets purchases, or if 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 the uncertainty in the used equipment marketplace and the reduction in prices which could limit the growth in our gross auction proceeds. The timing and nature of any 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, 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.

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, and to 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. 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 also not be able to continue to adapt our business 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 some of 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. 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, as well as the implementation of an enterprise resource planning system, 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 if we are required to make payments to buyers and lienholders because we are unable to deliver clear title on the assets sold at our auctions.

In jurisdictions where title registries are commercially available, we guarantee to our buyers that each item purchased at our auctions is free of liens and other encumbrances, up to the purchase price paid at our auction. If we are unable to deliver clear title, we provide the buyer with a full refund of the purchase price. While we exercise considerable effort to ensure that all liens have been identified and, if necessary, discharged prior to the auction, we occasionally do not properly identify or discharge liens and have had to make payments to the relevant lienholders or purchasers. We will incur a loss if we are unable to recover sufficient funds from the consignors to offset these payments, and aggregate losses from these payments could be material.

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.

We do not currently have a fully-implemented business continuity plan, which exposes our business to risks.

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 liability 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, 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 $0.38 per outstanding common share in 2009. 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.

The impact of the adoption of International Financial Reporting Standards IFRS in 2011 is uncertain.

We, as a publicly accountable Canadian enterprise, are required by the Canadian Accounting Standards Board to adopt IFRS beginning January 2011. We have not yet determined the full impact of the adoption of IFRS on our consolidated financial statements.

EXHIBIT NO. 4

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of Ritchie Bros. Auctioneers Incorporated

We consent to the inclusion in this annual report on Form 40-F of:

- our auditors' report dated February 26, 2010 on the consolidated balance sheets of Ritchie Bros. Auctioneers Incorporated (the "Company") as at December 31, 2009 and 2008, and the consolidated statements of operations, shareholders' equity, comprehensive income and cash flows for each of the years in the three-year period ended December 31, 2009.
- our Report of Independent Registered Public Accounting Firm dated February 26, 2010 on the effectiveness of internal control over financial reporting as of December 31, 2009.

each of which is included in this annual report on Form 40-F of the Company for the year ended December 31, 2009.

We also consent to the incorporation by reference of such reports in the Registration Statements (Nos. 333 – 65533 and 333 – 71577) on Form S-8 of Ritchie Bros. Auctioneers Incorporated.

/s/ KPMG LLP

Chartered Accountants

Vancouver, Canada
February 26, 2010

EXHIBIT NO. 31.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Peter J. Blake, certify that:

1. I have reviewed this annual report on Form 40-F of Ritchie Bros. Auctioneers Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors:

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 4, 2010

/s/ Peter J. Blake
Peter J. Blake
Chief Executive Officer

EXHIBIT NO. 31.2

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert A. McLeod, certify that:

1. I have reviewed this annual report on Form 40-F of Ritchie Bros. Auctioneers Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors:

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 4, 2010

/s/ Robert A. McLeod
Robert A. McLeod
Chief Financial Officer

EXHIBIT NO. 32.1

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this annual report on Form 40-F of Ritchie Bros. Auctioneers Incorporated for the period ended December 31, 2009, I, Peter J. Blake, Chief Executive Officer of the issuer, certify that:

1. The annual report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the annual report fairly presents, in all material respects, the financial condition and results of operations of the issuer.

Date: March 4, 2010

/s/ Peter J. Blake
Peter J. Blake
Chief Executive Officer

This certification accompanies the annual report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the issuer for purposes of Section 18 of the Securities Exchange Act of 1934.

EXHIBIT NO. 32.2

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this annual report on Form 40-F of Ritchie Bros. Auctioneers Incorporated for the period ended December 31, 2009, I, Robert A. McLeod, Chief Financial Officer of the issuer, certify that:

1. The annual report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the annual report fairly presents, in all material respects, the financial condition and results of operations of the issuer.

Date: March 4, 2010

/s/ Robert A. McLeod
Robert A. McLeod
Chief Financial Officer

This certification accompanies the annual report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the issuer for purposes of Section 18 of the Securities Exchange Act of 1934.