

RITCHIE BROS AUCTIONEERS INC

Form 6-K

March 26, 2010

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

**Form 6-K
REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13A-16 OR 15D-16 UNDER
THE SECURITIES EXCHANGE ACT OF 1934
For the month of March 2010**

Commission File Number: 001-13425
Ritchie Bros. Auctioneers Incorporated
9500 Glenlyon Parkway
Burnaby, BC, Canada
V5J 0C6
(778) 331 5500
(Address of principal executive offices)

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

Form 20-F Form 40-F

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

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

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

Yes No

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

SIGNATURES

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

Ritchie Bros. Auctioneers Incorporated
(Registrant)

Date: March 26, 2010

By: */s/ Jeremy Black*
Jeremy Black
Corporate Secretary

ANNUAL REPORT 2009

Gross Auction Proceeds in billions of US dollars 3.57 3.53 493.193.02.722.52.092.01.791.56
 1.51.00.58081 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03 04 05 06 07 08 09
 0Buyers* in thousands 97.83333333390.084.0 80.3 Letter to Shareholders 374.0 Innovation 3362.860.055.9
 58.9 Our Customers 33 Why Buyers Choose Ritchie Bros. 33 Why Sellers Choose Ritchie Bros. 3330.0
 rbauction.com 33 Our Auction Sites 33 Growth Strategy 338081 82 83 84 85 86 87 88 89 90 91 92 93 94
 95 96 97 98 99 00 01 02 03 04 05 06 07 08 09 0 Corporate Governance 33 Our Auction
 Process 33 Financial Information 33 Consignors* in thousands 36.6 37.032.1 34.930.0 Supplemental
 Quarterly Data 3327.923.5 24.920.0 Selected Financial and Operating Data 3310.0 Shareholder
 Information 338081 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03 04 05 06 07 08
 09 0 *Industrial auctions only In this Annual Report, all dollar amounts are stated in United States dollars
 unless a different currency is indicated. Gross auction proceeds (GAP) 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. Auction revenues is the most
 directly comparable measure in our Statement of Operations and represents the revenues we earn in the
 course of conducting our auctions. Auction Revenues are primarily comprised of the commissions earned
 on straight commission and gross guarantee contracts, plus the net profit on the sale of lots purchased and
 sold by the Company as principal. We define adjusted net earnings as financial statement net earnings
 excluding the after-tax effects of excess property sales and significant foreign exchange gains or losses
 resulting from financing activities we do not expect to recur. Adjusted net earnings is a non-GAAP
 financial 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 our adjusted net earnings
 for different financial periods provides more useful information about the growth or decline of our net
 earnings for the relevant financial period and identifies the impact of items which we do not consider to
 be part of our normal operating results. Forward-looking statements: The discussion in this Annual Report
 includes forward-looking statements, which involve risks and uncertainties as to possible future
 outcomes. Readers should refer to the discussion concerning forward-looking statements and risk factors
 included in our Management's Discussion and Analysis of Financial Condition and Results of Operations
 for the year ended December 31, 2013, which is included in the Financial Information section of this
 Annual Report.

THE YEAR IN REVIEW 2009

Headquartered in Vancouver, Canada, Ritchie Bros. Auctioneers is the world's largest industrial auctioneer. In 2009 we conducted 327 unreserved public auctions in 14 countries around the world, selling \$3.49 billion of used and unused equipment for the construction, transportation, agricultural and other industries. We welcomed record numbers of bidders to our auctions, sold a record number of equipment items and confirmed our position as the world leader in on-site and online equipment auctions. While many companies were downsizing we continued to grow, hiring more people, establishing new auction sites and expanding our presence in markets around the world. We achieved this through a unique combination of tradition and innovation.

ONLINE BIDDING RECORDS

Record amount of equipment sold online: \$831 million

Reached \$3 billion in cumulative online gross auction proceeds

Surpassed 100,000 approved online bidders

RECORDS BIDDER REGISTRATIONS

Record number of bidder registrations at industrial auctions: 336,000

Regional bidder registration records set at 25 auction sites

AUCTION RECORDS

Record number of lots sold at industrial auctions: 283,000

Largest auctions in Company history in Canada, the Middle East, Italy and France

Regional gross auction proceeds records set at 11 auction sites

MILESTONES

First auctions in India and Turkey; second auction in Poland; first auction in Central America (Panama) since 1998

Acquisition of Tipton, California-based Martella Auction Company; signed lease on Martella's 65-acre auction site, which became our 40th auction site worldwide

STRATEGIC PARTNERSHIPS

Partnership with uShip, the world's largest online shipping marketplace, to offer online shipping quotes and estimates through rbauction.com

AUCTION SITE NETWORK EXPANSION

Grand Opening auctions held at five new or replacement permanent auction sites:

Minneapolis, Minnesota

replaced smaller permanent site

Houston, Texas

replaced smaller permanent site

London, Ontario new site

Grande Prairie, Alberta

replaced smaller permanent site

Mexico City, Mexico

replaced regional auction unit

Regional auction unit established in Madrid, Spain

our second auction site in Spain

Land purchased for three new permanent auction sites:

Caorso, Italy (62 acres)

will replace existing regional auction unit

Madrid, Spain (74 acres)

will replace existing regional auction unit

St. Louis, Missouri (67 acres)

new permanent auction site

Long-term leases signed on 41 acres of land in Meppen, Germany and 37 acres of land in Salt Lake City, Utah, on which we will establish new regional auction units

Letter to Shareholders

We at Ritchie Bros. Auctioneers are very proud of our company's history of innovation. Ritchie Bros. has made a lasting impression on the auction industry and the entire used equipment market over the past 50 years, through a combination of innovation and adhering to our tradition of commitment to fairness and integrity. There are many unique features of Ritchie Bros. unreserved public auctions that have become part of the fabric of our business, and these are things of which we are all very proud.

Whether it was the development of the ramp style auction back in the 1960s or the advent of auctions that offer the best of both worlds—seamless integration of live AND internet bidding—our business is built on, and has remained successful in part because of, our continuing commitment to innovation, to improve the value of service we provide to our customers.

One of the keys to our success is execution of our strategy. 2009 was a challenging year for many companies, and Ritchie Bros. was not immune to the malaise plaguing economies around the world. A state of paralysis among equipment owners in the United States affected our ability to grow our gross auction proceeds in 2009, yet we remained focused on execution and innovation. This focus in part allowed our adjusted earnings per share to grow 8% in 2009.

Over the last 50 years we have used innovation in many ways, and some of the benefits were clearly demonstrated in 2009. We sold 12% more lots in 2009, yet we were able to keep operating costs in check. Innovation contributed to our ability to sell more items in an efficient manner and deliver earnings growth in the face of tough economic headwinds.

Our earnings growth in 2009 came in spite of our gross auction proceeds being down 2% compared to 2008. This lack of growth was largely as a result of lower average auction values and challenges generating consignments in the United States, as well as a shift in the mix of equipment we sold at our auctions towards lower valued items. That being said, our 2009 gross auction proceeds in local currencies were 10% ahead of our local currency gross auction proceeds in 2008. In spite of the challenging economic environment, we grew our business and to us this indicates clearly that our model is intact.

Earnings per share remain the focal point of our efforts and the ultimate measure of our success, and to further our goals we developed and implemented a number of new innovations in 2009 that we expect will allow us to continue to grow our earnings per share at a reasonable rate over the long term. Although we are pleased with our earnings growth in 2009, we can do more.

One example of our recent initiatives that we expect to contribute to earnings growth in the future is the development of our Timed Auction system that was piloted in 2009 and is being rolled out in 2010. The Timed Auction system is an online bidding system that creates another option for our customers and ensures that we continue to have flexibility and convenience in our auction process. This initiative will result in tremendous efficiencies as we sell thousands of lower valued items, such as buckets and attachments, using this system.

Our Timed Auction system has the potential to allow us to reduce our number of auction days, which should translate into lower costs and higher margins. It will allow us to sell many more items per day, with fewer staff and less cost, while maximizing the return to the consignor. Our bidders will benefit because the Timed Auction system creates much more convenience for them. It will also allow us to focus our efforts at the auction on higher value items, where the value add of the live auction experience is most dramatic. Our aim is to use the auction method that generates the best return for our customers, and now we have one more available alternative. Please see our discussion elsewhere in this report for a more comprehensive explanation of this exciting new technology.

There have been many other examples of innovation in our auctions and our business practices over the years, but the common theme in all of these is value, allowing us to continue to grow by focusing on what we see as our fundamental purpose—creating compelling value for our customers, employees and shareholders.

We generate value for our customers by using unreserved auctions to create a global marketplace where people can buy and sell equipment in a fair and transparent way. The key to that transparency is the open and honest nature of our auctions. Auctioneering has been around for a long time, yet it has not always been conducted to the highest standards of integrity. Being a public company has created even more

transparency in our business and allowed us to demonstrate clearly day in and day out that we operate to the highest level of business conduct and ethics, and this has become a competitive advantage.

Over the last 50 years of continual innovation, we have grown to become the world's largest auctioneer of construction, transportation and agricultural equipment both live and online. We have accumulated a series of strategic assets that helps set us apart from any other offering available in the marketplace. One of our most important strategic assets is our global network of auction facilities, complete with state of the art refurbishing facilities.

Our global auction site network allows us to take care of all the details of the auction process, allowing our customers to focus on their business. We save our customers time, effort and money by making the purchase and sale process easy and flexible. We have been refining our current auction facility model since we first introduced a prototype in the 1990s, and as a result, our facilities are leading edge. We made further progress in 2009 as we formalized a design prototype that is making the development of our auction facilities more efficient.

In 2009 we also made significant progress expanding our global auction site network. We opened a brand new permanent site in London, Ontario and conducted our first auctions at our new property near Madrid, Spain. We expect to open a permanent site at this location in 2010. We moved into a new site near Melbourne, Australia and replaced permanent auction sites with significantly expanded capacity in Minneapolis, Minnesota; Houston, Texas; and Grande Prairie, Alberta. We also replaced a leased facility with a new permanent auction site near Mexico City, Mexico.

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2010 is already off to a roaring start: we conducted our first auction at our new permanent auction site in Narita (near Tokyo), Japan in January 2010. Again, innovation played a role in this facility as it was constructed without our standard ramp all equipment in our Narita auctions is sold on-site through our Virtual Ramp system to both the live crowd and internet bidders. Entering Japan allows us to make a huge leap forward in our Asia strategy. Japan is an important used equipment market and having a permanent facility there after approximately 20 years of business in that country should allow us to reap tremendous rewards.

We have five more facilities under development that we expect to open in 2010, as well as our regional auction unit in Tipton, CA that had its first auction in February 2010. We have been on an accelerated capital expenditure program for several years now and we believe that it peaked in 2009. We spent \$157 million in 2009 and we expect expenditures to be in the range of \$100 million per year as we move towards a more sustainable capex level. Our long term goal is to add at least two new sites to our network each year, as well as a number of replacement facilities.

With all this investment in 2009 and previous years we have deliberately spent more than we've earned because it was more important to accelerate our innovations and expand our auction site capacity to prepare for future growth. Turning potential auction consignments away from auction yards that are already full is not the way to deliver value to our customers. We have made meaningful progress over the last few years and we expect to return to a positive cash flow situation in 2010 or 2011, with free cash flow improving steadily in the years ahead.

We often get asked why our investments in auction sites are so important. There's a simple answer: having care, custody and control of the equipment we sell means our sellers do not have to worry about their assets while we prepare them for sale and our buyers can bid in confidence knowing that transactions will be completed. When our buyers travel from overseas or participate online, they know exactly with whom they are dealing and where the assets are located. We let our bidders, the majority of whom are end users, inspect, test and compare the equipment prior to the auction so they can trust their own eyes and not need to rely on third party information to gain comfort on value. And few other auction companies can offer their sellers a local presence with a global reach, which is what we do every day with our strategically located yards around the

OUR CORE VALUES

We do what is right

We maintain the highest level of business integrity

We build and maintain strong and enduring customer relationships

We never lose track of the basics

We face our issues immediately and are solution oriented

We have a hunger and passion for the deal

We are nimble and opportunistic

We have fun

world. That may seem basic, but few other companies offer the global reach of our network. Our auction site network is a critical strategic asset that has become a significant competitive advantage.

In addition to the tremendous activity on the auction site development front, we also had success in our frontier market initiatives in 2009. After five years of developing our business in India, we conducted our first sale in Hyderabad in September 2009. We recently completed our second sale in India and expect many more in the future.

We also conducted our first sale in Turkey, which is another large equipment market with tremendous potential for us, and our first sale in ten years in Panama, with another sale completed in February 2010. We expect to see more activity from all of these markets in the future. Pioneering new markets helps us to expand our global bidding audiences at our auctions, which is another demonstration of our innovative approach to the auction business.

Our continuous focus on innovation and execution has helped us become the world's largest industrial auction company. At end of 2009, our team was comprised of 1,148 employees working out of more than 110 offices in 25 countries, including 40 auction sites. During 2009, we sold 283,000 lots for 37,000 consignors at 195 unreserved public industrial auctions, attracting 336,000 bidder registrations. We sold \$831 million of equipment to online buyers, maintaining our position as the world's largest seller of used equipment to online and on-site buyers. As most of the charts and graphs in this report show, these numbers have been increasing. To us, this is a clear sign that our strategy and model are working.

We invest in innovative ways to serve our customers better in an effort to transform the way the world buys and sells commercial and industrial assets. We believe that our future growth and expansion is directly dependent on our ability to create compelling value for our customers, and we are always looking for new and innovative ways to accomplish that.

Today, as we plan for the future, we are aiming to become the world's largest marketplace for commercial and industrial assets. Right now our planning horizon is \$10 billion in gross auction proceeds and beyond, and that motivates us to maintain our focus on execution and innovation. We continue to serve just a tiny share of a large and extremely fragmented market, and the biggest restriction on our growth is our conservative growth strategy and our ability to execute that strategy.

It's very important to recognize that recent times have been tough for our customers. Yet, there is still a lot of work going on and analysts estimate that over \$100 billion of used equipment is trading every year. We are the world's largest auctioneer of industrial equipment but we handle only a small fraction of the used equipment that's bought and sold around the world. That means we enjoy both the benefit of market leadership and the potential for tremendous growth. The liquidity that we create is very appealing to equipment owners around the world, and we intend to continue to look for innovative ways to make it even more appealing.

Despite all of our growth over the years, we still believe that we are just beginning to scratch the surface. One of the keys to our ability to grow is our people. Without continuing to attract, train, develop and retain the right people, we will not continue to grow over the long term. This is an often-misunderstood aspect of our business. We are pleased that we increased our sales force by 14% in 2009. We expect these new members of our team to make an increasing contribution to our growth in the years ahead.

Ours is a business built on relationships, meaning that our growth is limited by our capacity to meet and develop relationships with customers. We build these relationships in many ways, including interactively and online via our industry-leading web site at rbauction.com, over the phone when customers are dealing directly with our sale sites and our customer service group, and, most importantly, the old-fashioned way — face to face with our sales force.

Letter to Shareholders *(continued)*

In 2009 we made some big leaps forward in our efforts to develop deeper relationships with our customers. We invested in the development of an exciting new web site, and this will be rolled out in 2010. Not only will the new rbauction.com offer much more convenience and value for our customers, but it will also allow us to develop deeper and more meaningful online relationships with our customers and help us understand their buying and selling patterns. Our website attracted millions of unique users in 2009 and 29.6 million equipment searches were completed. There is a tremendous amount of information that we will be able to extract with our new site.

Closely linked to our efforts to deepen our customer relationships is our sales force automation tool. We are excited to be rolling this out in early 2010 and expect meaningful sales force efficiencies as a result of this new tool. Please see further discussion in this report for a more complete description of our Salesplace tool.

On a similar vein, another recent example of innovation in our business is the creation of a centralized team to reach out to all of our first-time customers to ensure we are developing more meaningful relationships with them and serving them as effectively as possible. We have a very high level of repeat business among established customers, and we expect this team will ensure we do an even better job connecting with our new customers. In 2009, a significant percentage of bidders attending our auctions were there for the very first time, and we want to enhance their experience so we can continue to penetrate the massive global equipment market.

Our growth strategies are geared towards our dual goals of (a) maintaining and enhancing our corporate culture and (b) growing our earnings per share at an average annual rate of 15% while generating a reasonable return on invested capital. We fear that chasing faster growth could dilute our high level of customer service and make it more challenging for us to maintain and enhance our corporate culture. That is a risk we are not prepared to take.

As we write this letter in the early days of 2010 the world remains an uncertain place in the short term – it is hard to say what the year ahead will have in store for Ritchie Bros. Precise visibility into the future is a challenge for any organization at the best of times. The future direction of the global economy over the coming year remains cloudy and many of our customers are facing ongoing uncertainty, which makes forecasting even more challenging for us. However, there is one thing we are clear about – we believe we are well positioned for ongoing earnings growth over the long term and that is our focus for the future.

We are proud of our accomplishments and ongoing innovation in 2009 – although it was a difficult year, we delivered revenue and adjusted earnings growth in the face of challenging conditions. We could not have accomplished these results without the hard work and determination of all the men and women on the Ritchie Bros. team. Thanks to the energy, dedication and passion of our team, we are getting closer every year to our ultimate goal of becoming the world's largest marketplace for commercial and industrial assets.

And finally, thanks to our shareholders, for their ongoing confidence in us, and to the ever-increasing number of equipment owners who are choosing to participate in our unreserved auctions. We truly appreciate your support and are proud to be working with you.

Robert W. Murdoch
Chairman

Peter J. Blake
Chief Executive Officer

Innovation

More than a few things have changed since the first Ritchie Bros. unreserved auction in 1958. If you attended a typical Ritchie Bros. auction in 2009, you would have seen hundreds, if not thousands, of bidders in the auction theater and heard bids coming in over the internet from all over the world. You would have seen the electronic signboards, displaying the current ask price and updating in real time, and an Electronic Auction Clerking system tracking auction results in real time. You probably watched mobile equipment rolling over the ramp and saw photos of stationary items projected onto a Virtual Ramp screen as they were sold. You might even have seen people using their mobile phones to place bids on items being sold in an online Timed Auction.

A little different from those first Ritchie Bros. auctions in the 1950s and 60s, even though those first auctions were innovative in their own right.

But in many ways, Ritchie Bros. auctions today are fundamentally the same as they've always been: open to the public and strictly unreserved, with no minimum bids or reserve prices. Interested buyers can still inspect, test and compare items at the auction site, with everything under our care, custody and control. Owners are still forbidden from bidding on their own items, so bidders can be sure that there is no artificial price manipulation and that every item will be sold to a new owner on auction day, regardless of price. And every customer is still treated with fairness and respect.

Ritchie Bros. earned and has maintained its position as the world's largest industrial auctioneer largely due to this unique combination of tradition and innovation. For that we have to thank our founders, the three Ritchie brothers: true pioneers in their field. They turned a secondhand furniture store into a very successful auction company. They established auctions as a fair and legitimate means of buying and selling equipment. They pioneered the ramp style auction method, bringing the equipment to the bidders—not the other way around.

That innovative spirit continued in the 1970s and 80s, with national and international expansion and the opening up of the global used equipment marketplace, through the 1990s, with auctions and bidders being linked by video satellite conference, and into the 2000s, with the introduction of real-time internet bidding.

The prototype auction facility that became the model for what we build today was developed in Olympia, Washington and Fort Worth, Texas in the 1990s. At that point no other company had built as innovative an auction facility as those early models.

Becoming a public company in 1998 was another form of innovation for Ritchie Bros. Our business is built on trust, and what better way to help customers develop trust than having our financial statements and detailed financial and operating data out in the open, available for public inspection. Transparency is a critical element of our business, and being a public company has helped us display that we operate to the highest standards of ethics and business conduct.

Innovation is as much a part of Ritchie Bros. as our commitment to Auctions Done Right. You'll see evidence of both throughout this Annual Report—including in our financial statements. Coupled with our commitment to fair, transparent unreserved auctions, our innovative mindset helps us serve more people in more places, attract more bidders to our auctions, sell more equipment without increasing costs, and deliver exceptional value to our customers, our employees and our shareholders.

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THE INTERNET

Our web site receives millions of unique visitors every year, making it one of our most powerful marketing tools. Following development and testing throughout 2009, we intend to launch our new 21-language web site in early 2010. The new rbauction.com will make it easier for our customers to find the information they want and the equipment they need in the language they speak. Equipment buyers around the world will be able to search the world's largest used equipment inventory, access the world's largest database of used equipment values or bid online at auctions around the globe, all in their own language. Our new web site will help us reach a massive audience of non-English speaking equipment buyers and sellers, while giving all of our customers more tools and information to help them manage their equipment fleets and more reasons to visit rbauction.com daily. The new rbauction.com will allow us to develop deeper and richer online relationships with our customers.

ONLINE BIDDING

We introduced our real-time internet bidding service in 2002, giving our customers the ability to bid at auctions all over the world without getting on an airplane and creating a global bidding audience for equipment sellers. Between then and the close of 2009, online bidders had purchased almost \$3.3 billion of equipment at Ritchie Bros. auctions.

In early 2009 we released an enhanced version of our online bidding software, making it easier for our customers to bid in multiple auctions taking place at the same time. And in 2010 we intend to launch the new rbauction.com with online bidding in seven languages, giving even more people around the world the ability to bid online at our auctions in their own language. The interplay of the live auction with real time internet participation is important in the used equipment world, and has allowed us to become the largest seller of used equipment in the world to online AND on-site customers.

ONLINE SHIPPING SERVICE

We entered into a partnership with uShip, the world's largest online shipping marketplace, allowing us to offer online shipping quotes and estimates to customers participating at our auctions in the U.S. and Canada. During the year, thousands of our customers took advantage of this convenient free service. This relationship is another innovative way that we have made it easier for our customers to buy and sell through Ritchie Bros. auctions.

TIMED AUCTIONS

We conducted successful Timed Auction pilot projects at a number of auctions in 2009. At these auctions, we sold most items in the regular live auction; however, lower value items, such as consumer goods and equipment attachments, were sold in an online Timed Auction, without an auctioneer. On-site and online bidders could place bids in the Timed Auction over several days through our web site, using internet kiosks at the auction site, or with a mobile device.

Bidders appreciated the ease and convenience, sellers were pleased with the returns, and our professional auctioneers, bid catchers, clerks and other staff enjoyed greater productivity and more time to focus on our customers. In order to achieve our goal of growing our earnings at a sustainably strong rate over the long term, we need to sell more equipment in the same amount of time; Timed Auctions will help us realize that goal. Due to the success of our 2009 pilot project, we will be introducing Timed Auctions for the sale of certain lower value items at our auction sites around the world in 2010.

THE VIRTUAL RAMP

A few years ago we introduced the Virtual Ramp to improve our customers' experience when bidding on stationary equipment or items located off-site, such as real estate. Photos and descriptions of these items are projected onto a large theater-style screen, together with bid and ask prices, so the bidders know exactly what they're bidding on, without venturing out into inclement weather. In our experience, the more comfortable the bidders, the more likely they are to participate.

In 2009, the Virtual Ramp became an indispensable part of our auctions - and a standard feature of our permanent auction sites. Thanks to the new Virtual Ramp theatre, bidders at our Grande Prairie auction site Grand Opening auction in November could stay indoors for the entire auction, out of the cold, for the first time ever. And in September, we were able to conduct a major mining equipment auction by Virtual Ramp in West Virginia, even though the equipment was scattered at mine sites in various states. We will sell everything by Virtual Ramp at our new permanent auction site in Narita, Japan, making best use of the limited acreage while giving our customers the true Ritchie Bros. auction experience.

HANDHELD APPRAISAL DEVICE

In 2009 we streamlined our appraisal process by introducing our new Field Asset Information Management system, known as FAIM. Our Territory Managers can now use handheld devices to capture more complete, accurate and consistent information about the equipment they're inspecting; it's not only more efficient, it results in a more accurate appraisal. Our head office appraisal team can now receive detailed inspection reports, with digital photos, within hours of a Territory Manager's field visit, enabling us to get back to our customers quickly with value estimates.

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SALES FORCE AUTOMATION

In late 2009 we rolled out our new sales force automation tool, giving our Territory Managers instant access to our database of over 620,000 customers through their laptop or mobile device. When they're out in the field, our sales team can now quickly retrieve the most up-to-date information about their customers, instantly email marketing materials in response to questions or current needs, and record any new information from meetings, including email correspondence, for future reference. They can also retrieve their customers' buying and selling history. This tool will help increase sales force productivity while providing a more personal and meaningful experience for our customers.

STATE-OF-THE-ART AUCTION FACILITIES

When we started to invest in permanent auction sites in the 1970s, we changed the face of the equipment auction industry. Through their permanence, location and design, our sites instill confidence in both buyers and sellers of equipment. Look beyond the land and buildings and you'll see acres of equipment in our care, custody and control. Interested buyers can inspect and compare items side-by-side in the yard, and then see the machines in front of them while they are bidding—seated comfortably inside. Our sites are located close to major transportation routes, so our customers can get their equipment to and from our sites with ease, and they can feel confident doing business with us because they know we'll be in the same place next week, and next year. In 2009 we developed a more standardized auction site prototype to make the development of new permanent auctions sites more efficient, cost effective and timely.

RITCHIE WIKI

2009 also marked the first anniversary of RitchieWiki, the Ritchie Bros.-sponsored public heavy equipment wiki, which now includes more than 2,000 articles, over 2,600 photos and detailed specifications for more than 11,200 different machines. RitchieWiki and the associated RitchieSpecs are valuable resources for the industries we serve, and also an excellent way to introduce our brand to new customers.

NEW BIDDER WORKSHOPS

Not every innovation involves technology. In the past year we welcomed tens of thousands of first-time bidders to our auctions, in part because demand for used equipment rises in economic downturns when people are focused more than ever on value, but also because we're expanding our presence in new markets worldwide. Many of our first-time bidders have never attended any kind of auction before and we want them to feel comfortable, confident and ready to bid on auction day. That's why we introduced "How to Bid" workshops in 2009. Hundreds of people attended these free workshops prior to our successful auctions in India, Panama and Turkey in 2009; for our Panama auction we conducted workshops in many countries across Latin America. Our new customers can look forward to similar workshops at other sites in 2010.

Our Customers

Every year, we help more people in more places around the world buy and sell equipment.

Our customers are a diverse bunch. They come from more than 200 countries. Some are buyers, some are sellers; an increasing number are both. Many people have been attending our auctions for years; others recently bid for the first time. Some own multi-million dollar fleets of equipment; others operate one or two machines.

Our customers represent a diverse range of end markets and include end-users of equipment and dealers; finance companies and banks; rental companies and manufacturers. They work in the construction, transportation, agricultural, material handling, mining, forestry, petroleum, marine and other industries.

We sometimes conduct complete dispersals for people who are retiring or companies that are discontinuing a line of business or ceasing operations, but most of our customers are buying and selling equipment as part of a regular fleet turnover program. Only a small fraction of our business comes out of bankruptcy situations.

In spite of these differences, our customers have many similarities. They appreciate honesty, integrity and transparency. They want to be treated right. They want to know that they are paying a fair price when they buy and that they are getting a fair return when they sell. They want value and they want their business to be valued.

That's why an increasing number of people turn to Ritchie Bros. auctions every year for their equipment buying and selling needs: because we do auctions right.

WHY BUYERS CHOOSE RITCHIE BROS.

We provide our buyers with innovative bidding options and value added services to make their buying experience convenient and rewarding, and to keep them coming back to our auctions. Some of the other innovative features of our auctions that our buyers appreciate include:

FAIR, TRANSPARENT AUCTION PROCESSES

Every Ritchie Bros. auction is unreserved, with no minimum bids or reserve prices. We also forbid owners from bidding on their own items. Our customers can be confident that the bidders—not the sellers or the auctioneer—set the prices at our auctions, so they always pay fair market value. And they know that every item will be sold on auction day, regardless of price.

COMPREHENSIVE SELECTION OF EQUIPMENT

More than 1,400 items are sold at an average Ritchie Bros. industrial auction—everything from skid steer loaders and forklifts to motor graders and truck tractors. In 2009, we sold almost 283,000 lots, making our auctions one of the best sources for used equipment in the world.

CONVENIENT LOCATIONS AROUND THE WORLD

We choose our auction sites carefully. Our 40+ auction sites are strategically located close to major transportation routes and services, making it more convenient and cost-effective for out-of-region bidders to participate on auction day.

THE ABILITY TO INSPECT, TEST AND COMPARE ITEMS

We marshal the equipment we sell at our secure auction sites so our customers can inspect, test and compare a diverse selection of makes, models and years from many different sellers, all in one place, before they bid on auction day. Our customers don't have to rely on a third-party inspection report: they can trust their own eyes and verify the condition and assess the value of a machine for themselves, or have their own trusted mechanic do so for them. They also know exactly where their purchases are located: in the care, custody and control of

Our Customers: 2009 620,000 customers in 200 countries 130,000 approved online bidders from 196 countries 336,000 bidder registrations* 98,000 buyers*

Our Customers *(continued)*

Ritchie Bros. These features are particularly important for our end user buyers they are buying equipment at our auctions because they have a job to do.

LIEN-FREE EQUIPMENT

Our search department works to identify and release any liens and encumbrances before auction day, so our customers can be confident that the equipment they are bidding on comes with clear title. If we can't deliver clear title, we offer a full refund of the purchase price.

NO HIDDEN FEES OR PREMIUMS

Our auctions are open to the public; registration to bid is free. Unlike some auction companies, we do not charge unsuccessful bidders any fees and we don't place reserve prices on any item we sell. We also do not charge buyers premiums when the auctioneer says sold, that's the price you pay. Bidders do not have to calculate additional fees in their head as they are bidding, so they can focus on bidding not math.

CONVENIENT BIDDING OPTIONS

Our customers can bid in person, online in real time or by proxy at most of our auctions. Most people still prefer the experience of bidding in person, but they appreciate the option of bidding online if they can't make it to the auction site on auction day or simply for the convenience of bidding on equipment being sold all over the world at multiple auctions without leaving home.

VALUE-ADDED SERVICES

We continue to enhance our customers' buying experience by inviting third-party vendors to our auctions (such as finance companies, transportation companies, customs brokers and caterers) and partnering with companies that offer value-added services (such as Like-Kind Exchange services, credit card payments and shipping quotes).

è We registered a record 336,000 on-site and online bidders at our industrial auctions in 2009: A 21% increase over 2008.

ON-SITE REFURBISHING

Many buyers take advantage of the convenient on-site refurbishing services we offer at most of our auction sites: they can have their newly purchased machine painted and repaired before it leaves the auction site, so they only have to make one payment and they can transport it straight to their worksite.

Our Customers *(continued)*

Average Industrial Auction: 2009

Our auctions range in size from small, single-owner auctions on a customer's property to multi-day, multi-million dollar auctions at our permanent auction sites.

\$17.3 million in gross auction proceeds

24% sold to online bidders

1,450 lots

190 consignors

1,720 bidders (total)

570 online bidders (33%)

60% sold to out-of-region bidders

82% sold to end-users

WHY SELLERS CHOOSE RITCHIE BROS.

We take care of all of the details of the sale process for our consignors, so they can focus on their business. Whether they are operating a single machine or a large fleet of equipment, our approach is the same. We use innovation and good old fashioned customer service to deliver value, including:

FAIR, TRANSPARENT AUCTION PROCESSES

Our sellers value our commitment to fair, transparent, unreserved auctions as much as our bidders. For a start, many of them are also buyers. More importantly, they know that it is our integrity that attracts such large bidding crowds to our auctions helping sellers achieve the best possible returns on auction day.

FLEXIBLE CONTRACT OPTIONS

We offer different contract options to meet our customers' sale objectives and risk tolerance, including straight commission, guarantee and outright purchase options.

UNPARALLELED MARKETING

We employ a comprehensive global marketing campaign for each and every industrial auction using our high-traffic web site; full-color auction brochures; email campaigns; print and online advertising; and often, media relations campaigns. Our consignors can be confident that they are reaching the maximum number of potential buyers from around the world when they sell through Ritchie Bros.

GLOBAL FAIR MARKET VALUE

An average Ritchie Bros, industrial auction attracts more than 1,700 on-site and online bidders from around the world and from a diverse range of

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end markets. Reaching beyond the local market for buyers enables our consignors to sell their equipment for its global fair market value, regardless of local market conditions.

ACCESS TO END-USERS

We attract large numbers of end-users to our auctions because they know they can buy a piece of equipment today and put it to work almost instantly. Unlike wholesale buyers or resellers, end-users are rarely speculative buyers; they tend to bid when they need a machine for a specific project, which motivates them to outbid their competitors.

EXPOSURE TO ONLINE AND ON-SITE BIDDERS

Despite the convenience of online bidding, most Ritchie Bros. customers still prefer to bid in person at our auction sites. They like kicking the tires on the equipment they're interested in and they like to see it running over the ramp as they bid. When you're selling a machine that's worth tens or hundreds of thousands of dollars, it's important to reach every potential buyer—not just the ones who choose to bid online.

ON-SITE REFURBISHING

Many of our consignors have their equipment painted or refurbished at the convenient, cost-competitive refurbishing facilities at our permanent auction sites. Buyers will often pay a premium for a machine that is ready to be put straight to work.

SELLING EXPERIENCE AND EXPERTISE

Selling equipment takes time, expertise and resources. We take care of every aspect of the sale of our customers' equipment—from advertising to meeting potential buyers to collecting proceeds to coordinating load out—so they can focus on what they do best: running their business. Our customers appreciate the convenience and value of our after-sale completion process. We coordinate all after-sale activities on their behalf, helping them avoid the hassles of dealing with multiple buyers of their equipment. They also take comfort in the fact that their valuable equipment is safe and secure in our auction site.

ALMOST INSTANT LIQUIDITY

At Ritchie Bros. unreserved auctions, every single item is sold on auction day. Within three weeks our consignors have the net proceeds of the sale. Unlike most other sales channels, our unreserved auctions provide almost instant liquidity and certainty of sale for equipment sellers.

PEACE OF MIND

Ritchie Bros. is listed on the New York and Toronto stock exchanges. We have a solid balance sheet and more than 50 years of experience in the auction business. Our customers feel confident placing their equipment in our hands because we have the expertise, integrity and financial ability to deliver on our commitments.

rbaction.com

Millions of people visit rbaction.com every year, making it one of the most popular equipment web sites in the world and one of our most important marketing channels. Our web site is often our first point of contact with a new customer; many people make a point of visiting daily. We take advantage of the latest online tools to attract new visitors to rbaction.com and then provide useful tools and relevant content that give them a reason to come back frequently.

rbaction.com Stats: 2009

29.6 million equipment searches

2.3 million auction results searches

30% more unique visitors than 2008

OUR CUSTOMERS VISIT rbaction.com TO:

CHECK THE AUCTION CALENDAR

In 2009 we conducted 327 unreserved auctions; as soon as we set an auction date, add equipment or have new details about an auction, we can update our web site, making rbaction.com the best place for our customers to find up-to-the-minute auction information

SEARCH FOR EQUIPMENT

We post detailed information about every item we sell on rbaction.com including photos, specifications and serial numbers so our customers can make accurate and informed buying decisions

LOOK UP PAST AUCTION RESULTS

We publish the results for every auction item over the previous 24 months on our web site within 48 hours of each auction, giving our customers free access to worldwide equipment values and adding to the transparency of our auctions

BID ONLINE IN REALTIME

If they can't make it to the auction site on auction day, our customers can visit rbaction.com to bid online in real time, giving them greater access to the worldwide equipment marketplace

PLACE DEPOSITS OR MAKE PAYMENTS

Our customers can use our Online Payment Service to place deposits or make payments using their credit card, which is especially convenient for our online bidders

GET ONLINE SHIPPING QUOTES OR ESTIMATES

Customers buying or selling equipment at our auctions in the U.S. and Canada can obtain quick estimates or competitive shipping quotes through our web site

FIND THEIR LOCAL RITCHIE BROS. REPRESENTATIVE OR OFFICE

We have offices and auction sites in more than 25 countries to serve our global customer base; finding your local representative is as easy as visiting rbaction.com and looking for your country or region

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ferred option for some: they can bid on equipment being sold on the other side of the world without leaving home, take 10 minutes out of their work day to place a bid over the internet, or bid in multiple auctions taking place on the same day. Our online bidding service is designed to mimic the experience of bidding on-site as closely as possible: internet bidders can hear the auctioneer, see pictures and details of items as they're sold, make selections from choice groups, keep track of bids coming from on-site and online bidders, and place bids—all in real time. The 2009 version of our online bidding software improved greatly that experience: online bidders can now see more equipment photos, enlarge the images for a closer look and participate in multiple auctions taking place at the same time without having to open new browser sessions. Although most people still prefer to bid in person at our auctions, online bidding greatly expands our international reach. By offering on-site and online bidding, we're able to attract the largest and most diverse audience

of potential buyers to our auctions, ensuring that our consignors achieve maximum returns on the sale of their equipment, regardless of local conditions. By taking an innovative approach to serving both buyers and sellers of equipment, and giving them the choice of how they participate in our auctions, Ritchie Bros. confirmed its position as the world's largest industrial auctioneer in 2009 - on-site and online. The proof is in the numbers: Almost 130,000 approved online bidders from 196 countries 33 percent of our bidders participated online in 2009 \$831 million of equipment sold to online bidders in 2009 Almost \$3.3 billion of equipment sold to online bidders since 2002

Our Auction Sites

Our global network of auction sites is a critical strategic asset and one of our most significant competitive advantages. We had 40 auction sites in North America, Europe, the Middle East and Australia at the end of 2009, including 32 permanent sites, with another seven new or replacement sites under construction in Canada, the U.S.A., Japan, Spain, Italy and Germany.

PREFERRED

Our online bidding service is convenient, easy to use and popular and yet 67 percent of our registered bidders participated in person at our auction sites in 2009, purchasing over 75 percent of the equipment sold (by value). Many customers still travel hundreds or thousands of miles to attend our auctions because they prefer the live auction experience. They like to assess the value and condition of the equipment in the yard for themselves, see the machines in operation while they bid, meet with other people in their industry and enjoy the excitement of auction day.

CONVENIENT

An average Ritchie Bros. industrial auction features 1,450 items and we can display all of that equipment at our large, conveniently-located auction sites. Bidders can visit the auction site in person prior to the auction and inspect, test and compare items from many different sellers, all in one place, which helps them make informed decisions on auction day.

SECURE

Both buyers and sellers take comfort in knowing that we have full care, custody and control of the equipment we sell, from the time it enters our secure auction sites to the time we release it to the new owner fully paid for.

DEPENDABLE

There is no substitute for a permanent address and regular auction schedule. Our customers know where they can find us, where they can find their equipment, and when the auctions usually take place. In addition, this permanence helps maintain and enhance trust, a cornerstone of our business.

EFFICIENT

We conduct many off-site auctions at temporary locations, when that option best serves the needs of our customers and the assets they are selling such as when a customer is selling their entire farm or when they have a large equipment fleet located some distance away from our auction sites. In most cases, however, it is more efficient and cost-effective to conduct the auction at one of our own sites, where we can sell more equipment from more sellers using the same amount of company time and resources.

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THE EVOLUTION OF AN AUCTION SITE

We intend to add an average of at least two new sites to our global network every year, plus a number of replacement sites. When assessing the potential for a new auction site we look at many factors, including our auction history and the size and growth of our customer base in that region; local regulations and conditions that impact buying, selling and moving equipment; and the availability and suitability of land near major transportation routes, airports, hotels and other services. We don't establish auction sites overnight; we start small and build on our successes.

1 First, we get to know customers from a new region when they attend our auctions in other regions.

2 Next, we send a Territory Manager into that region to assess the market opportunity, meet customers and establish a sales office.

3 We then help new customers in that region buy and sell equipment at our auctions in other areas.

4 When the time is right, we'll conduct an auction at a temporary location in the new region.

5 After several successful auctions, we'll usually open a regional auction unit on leased land with limited auction and administrative facilities.

6 When the growth in gross auction proceeds and the market potential warrants the investment, we'll purchase land and establish a full-service permanent auction site and celebrate with a Grand Opening auction.

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Growth Strategy

THE FUTURE OF RITCHIE BROS.

The mission of Ritchie Bros. is simple: to become the world's largest marketplace for commercial and industrial assets. We believe this mission is both realistic and achievable, as long as we maintain our innovative mindset, focus on execution and stay true to our founding principles: conducting strictly unreserved auctions and treating every customer fairly and with respect. As we pursue this long-term mission we intend to remain focused on two core goals: (a) to maintain and enhance our corporate culture; and (b) to grow our earnings per share at a manageable pace while maintaining a reasonable return on invested capital.

While our stated mission is growth, we will not pursue growth opportunities that offer short-term rewards but run counter to our core values or jeopardize our high level of customer service. We believe that compromising our corporate culture would in fact inhibit our long-term growth potential and be a disservice to our customers, employees and shareholders.

OPPORTUNITIES FOR GROWTH

The worldwide market for used equipment is massive and highly fragmented. Analysts estimate that more than \$100 billion of used equipment is bought and sold around the world each year. Auctions represent a very small segment of that market; most people still sell their surplus equipment privately, by placing ads in magazines or on the internet, or through other third party methods. Our unreserved auctions offer significant benefits over these sales channels, which is one of the reasons for our continued success.

Ritchie Bros. is the world's largest auctioneer of industrial equipment; we also sell more used equipment than any other organization in the world. Yet we sold only \$3.5 billion of equipment at our auctions in 2009 – less than four percent of the amount trading hands. In other words, we are the dominant player in the used equipment industry, with a very small share of a very large and fragmented market – giving us significant potential for long-term, stable growth.

We will continue to focus on increasing our market share in our core markets of construction, transportation and agricultural equipment, as well as complementary markets such as mining, material handling, forestry and petroleum assets.

OUR GROWTH STRATEGY

To achieve our long-term objectives we are investing simultaneously on three fronts: our people, places and processes. Our people help us achieve our goals, our places give us the capacity to handle and locations for future growth, and our processes enable us to become more efficient and effective as we expand around the world.

OUR PEOPLE

At its heart, our business is about relationships. We don't sell a product, we sell a service – and we need the right people interacting with our customers, explaining the value that we provide and reflecting the integrity of our auction processes. Recruiting, training and retaining the right people – especially sales staff – is one of our key priorities. We look for bright, hardworking people with positive attitudes to join our team. We give them the tools and training they need to be effective and productive, and offer them competitive compensation and opportunities for growth within our organization.

We also remain focused on active succession planning and leadership development, with an emphasis on developing our employees from within. We are committed to making Ritchie Bros. the kind of company where motivated individuals can build a rewarding career.

At the end of 2009, we had 1,148 full-time employees working in more than 25 countries around the world, including 302 sales representatives and 19 Trainee Territory Managers.

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MANAGING RISK

Most of our business is conducted on a straight commission basis and is therefore relatively risk free. In 2009, approximately 80 percent of our business was conducted on a straight commission basis, which is marginally higher than the average proportion in recent years. The other 20 percent of our business involved a guarantee of minimum sale proceeds or an outright purchase of a customer's assets.

We mitigate risk when entering into underwritten contracts by building a risk premium into our commission rate and by following a rigorous inspection and appraisal process that draws on our extensive field experience and unparalleled database of equipment values. We sell more used equipment than any other company in the world, giving us unparalleled knowledge of the global equipment marketplace. As a result, we can stay ahead of changing market conditions and anticipate any shifts in supply and demand, then adjust our appraisals accordingly.

Equipment values are more stable than stock and commodity prices and tend not to fluctuate dramatically over short periods of time, so the limited timeframe that our guarantee and purchase contracts are outstanding also mitigates our risk on underwritten business. The time from signing a contract to selling on auction day is typically between 30 and 45 days, which enables us to give more confident assessments of potential auction day prices.

During economic downturns, demand for underwritten contracts typically increases. We're one of the few companies still in a position to offer guarantees; on the other hand, we tend to be more conservative when evaluating and structuring deals during periods of market uncertainty, which helps us further mitigate our risk. Faced with the options and considering the cost of an underwritten arrangement, most of our customers choose a straight commission contract and realize the full benefit of selling unreserved directly.

Our sales force grew 14 percent in 2009, demonstrating the effectiveness of our recruiting and retention programs.

OUR PLACES

We intend to increase our share of existing markets while simultaneously developing new markets and expanding our international network of auction sites. When we talk about markets, we are referring to both market sectors and to geographic areas.

Although we expect that most of our short-term growth will come from regions where we are already well established, such as the United States and Western Europe, we believe that emerging markets in developing countries offer significant potential for long-term growth. That is why we have established offices and are developing relationships with new customers in countries like China, India, Turkey and Poland among others.

We plan to expand our international network of auction sites, adding at least two new sites to our network every year, with a short-term focus on the United States and Western Europe. We will also continue conducting off-site auctions to expand our presence in new regions.

Ritchie Bros. added three new auction sites in 2009: London, Ontario; Madrid, Spain; and Tipton, California.

At the end of 2009 we had 40 auction sites in North America, Europe, the Middle East and Australia, including 32 permanent sites.

We have seven new or replacement auction sites under development: permanent auction sites in Vancouver, British Columbia; Madrid, Spain; Caorso, Italy; Narita, Japan; and St. Louis, Missouri, and regional auction units in Meppen, Germany and Salt Lake City, Utah.

We conducted a Grand Opening auction in January 2010 at our new permanent auction site in Narita, and finalized plans to close our Buxton, North Dakota permanent auction site.

OUR PROCESSES

We are committed to making our business more consistent, efficient and scalable by implementing new and improved processes and systems. Technology will continue to play a large role in our business, enabling us to improve the quality of our auctions and deliver added value to our buyers and sellers. We believe that the continuous improvement mindset we've developed over the past few years will help us improve our margins over the long term.

In 2009, our process improvement initiatives and company-wide efforts to control costs started to pay dividends: we sold a record 283,000 lots, 12 percent more than 2008, without an equivalent increase in operating costs.

Among the process improvement initiatives implemented or expanded in 2009: new online bidding software, sales force automation tool, FAIM tool, web site redesign, Timed Auction system, Virtual Ramp auctions and uShip partnership.

ENVIRONMENTAL PRINCIPLES

Ritchie Bros. is committed to contributing to the protection of the natural environment by preventing and reducing adverse impacts of our operations. Our objective is to be more than compliant; we want to make a positive contribution and be true to our core value: We do what is right.

As part of this commitment, Ritchie Bros. will:

- 1) **empower our employees to identify and address environmental issues;**
- 2) **consider environmental impacts as part of all business decisions;**
- 3) **conduct business in compliance with applicable regulations and legislation, and where appropriate, adopt the most stringent as our global benchmark;**
- 4) **use resources wisely and efficiently to minimize our environmental impact;**
- 5) **communicate transparently with our stakeholders about environmental matters;**
- 6) **conduct ongoing assessments to ensure compliance and good stewardship;**
- 7)

hold management accountable for providing leadership on environmental matters, achieving targets, and providing education to employees.

The purpose of these principles is to stimulate local decision-making in line with our environmental principles and with executive leadership as necessary.

Corporate Governance

Our Board of Directors is currently composed of seven members. All Board members except Peter Blake, our CEO, are independent directors.

ROBERT MURDOCH CHAIRMAN

Bob Murdoch was elected to the Company's Board in 2006. Mr. Murdoch spent his career with Lafarge Corporation and affiliates, suppliers of construction materials, retiring from the position of President and Chief Executive Officer of Lafarge North America Inc. (NYSE & TSX: LAF) in 1992. Mr. Murdoch was a member of the board of Lafarge, S.A. (NYSE: LR ; Paris Stock Exchange (Eurolist): LG) the Paris-based parent company of Lafarge Corporation, until 2005 and still sits on their advisory board. Mr. Murdoch is a director of Lallemand Inc., Weatherhaven Inc. and Timberwest Forest Corp. (TSX: TWF.un). Mr. Murdoch holds an LLB degree. Mr. Murdoch sits on the Nominating & Corporate Governance Committee.

PETER BLAKE

Peter Blake joined Ritchie Bros. in 1991, having worked previously with predecessor firms of PricewaterhouseCoopers and KPMG. Mr. Blake is a Chartered Accountant and started with the Company as Controller. He was appointed Vice President, Finance in 1994, and in 1997 he was appointed Chief Financial Officer and was elected to the Board. In 2002 Mr. Blake was appointed Senior Vice President and became CEO effective November 2004.

BEVERLEY BRISCOE

Bev Briscoe was appointed to the Ritchie Bros. Board in 2004. Ms. Briscoe has an extensive background working in industries complementary to the auction business and currently works as a business consultant and is President of Briscoe Management Ltd. Ms. Briscoe previously owned and was president of Hiway Refrigeration Limited. Before that she held executive positions with Wajax Industries Ltd., the Rivtow Group, and the Jim Pattison Group, and was a manager at a predecessor firm of PricewaterhouseCoopers. Ms. Briscoe is a member of the board of Goldcorp Inc. (TSX: G ; NYSE: GG), as well as a director of several non-profit organizations, including the B.C. Forest Safety Council, the Boys and Girls Club of Greater Vancouver, Forum of Women Entrepreneurs and Coast Opportunities Funds. Ms. Briscoe holds a Bachelor of Commerce degree and is a Chartered Accountant (Fellow). Ms. Briscoe is currently Chair of the Audit Committee and a member of the Nominating & Corporate Governance Committee.

ERIC PATEL

Eric Patel was first elected to the Ritchie Bros. Board in 2004. Mr. Patel has extensive business and financial experience, and is currently CFO of Pembroke Mining Corp. (formerly Paget Resources Corporation), a private mining company. Prior to that Mr. Patel acted as the CFO of Crystal Decisions, Inc., a privately held software company. Mr. Patel joined Crystal Decisions in 1999 after holding executive level positions, including that of CFO, with University Games, Inc., a privately held manufacturer of educational toys and games. Before 1997, Mr. Patel worked for Dreyer's Grand Ice Cream as Director of Strategy, for Marakon Associates strategy consultants and for Chemical Bank. Mr. Patel holds an MBA degree. Mr. Patel is currently a member of the Audit Committee and is Chair of the Nominating & Corporate Governance Committee.

EDWARD PITONIAK

Ed Pitoniak was appointed to the Company's Board in 2006 and is currently Chair of the Company's Compensation Committee. Mr. Pitoniak is a businessman and until 2008 was President and CEO of bclMC Hospitality, a private hotel company. Prior to joining the predecessor firm of bclMC Hospitality Group in 2004 (Canadian Hotel Income Properties Real Estate Investment Trust-TSX: HOT.un), Mr. Pitoniak was a Senior Vice-President at Intrawest Corporation for eight years. Before Intrawest, Mr. Pitoniak spent nine years with Times Mirror Magazines, where he held both top editorial and advertising positions with Ski Magazine specifically, editor-in-chief and advertising director. Mr. Pitoniak has a Bachelor of Arts degree.

JAMES MICALI

Jim Micali was appointed to the Company's Board in 2008. Mr. Micali is a senior advisor and limited partner of Azalea Capital (a private equity fund) and a counsel of Ogletree Deakins, a labour and employment law firm. Mr. Micali retired in 2008 from the position of Chairman and President of Michelin North America, where he had responsibility for Michelin's operations in North America. He started his career with Michelin in 1977 and over the

years had

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responsibility for many of Michelin's major business functions. Prior to joining Michelin, Mr. Micali obtained his legal education from Boston College Law School and was admitted to the bars of Rhode Island and Massachusetts. Mr. Micali also served on the board of directors of Lafarge North America, a supplier of construction materials (NYSE & TSX: LAF) from 2003 until May 2006. Mr. Micali sits on the Boards of Sonoco Products Company (NYSE: SON), SCANA Corporation (NYSE: SCG), American Tire Distributors Holdings, Inc. and Humphries Companies, LCC. Mr. Micali is a member of the Company's Audit Committee and Compensation Committee.

CHRISTOPHER ZIMMERMAN

Chris Zimmerman was elected to the Company's Board in 2008. Mr. Zimmerman is President of Easton-Bell Sports, Inc., a California based designer, developer and marketer of sports equipment and accessories, effective March 1, 2010, and was President and Chief Executive Officer of Canucks Sports and Entertainment in Vancouver, B.C. until 2009. Before joining them, Mr. Zimmerman held various senior positions with Nike, most recently as President and Chief Executive Officer of Nike Bauer Inc. He joined Nike in 1998 after spending 16 years in a variety of senior advertising positions, including USA Advertising Director for the Nike Brand and Senior Vice President at Saatchi and Saatchi Advertising in New York, where he directed the advertising development for brands such as Tide, Wendy's, Champion Sportswear, Finesse Shampoo, KennerToys, and LifeSavers Candy. Mr. Zimmerman has an MBA degree. Mr. Zimmerman is a member of the Compensation Committee.

Our Management Advisory Committee is responsible for all of our significant policies and procedures. The Committee is comprised of all of our Vice Presidents and Divisional Managers. The members of the Management Advisory Committee are pictured on pages 4 and 5 and are listed on page 64.

Further governance information, including our Report on Corporate Governance, which is included in our Information Circular, is available on our web site at rbaction.com.

OUR AUCTION PROCESS: FROM SURPLUS TO SOLD

Selling through Ritchie Bros. is one of the best ways to turn assets into cash quickly, efficiently and for the best possible returns in the global market. We've developed a consistent, efficient and reliable auction process that gives our customers the confidence they need when selling their valuable equipment.

STEP ONE: GETTING TO KNOW THE CUSTOMER

We take time to get to know our customers and find out how we can best meet their needs. The process of selling a piece of equipment usually starts with a meeting between the owner and their local Ritchie Bros. representative—a meeting that often marks the start or continuation of a long relationship.

STEP TWO: ASSESSING THE VALUE OF THE EQUIPMENT

Ritchie Bros. sells more used equipment than anyone else in the world. We can draw on our extensive experience and knowledge of the global used equipment market to assess the value of a customer's equipment and make the most appropriate selling recommendations for their needs.

STEP THREE: DRAFTING THE AUCTION CONTRACT

We offer our consignors a range of contract options, including straight commission, guarantee and outright purchase. We strive to offer flexible contract options for our customers while accepting appropriate levels of risk.

STEP FOUR: GETTING THE EQUIPMENT READY FOR THE AUCTION

We will recommend and coordinate any cleaning, painting, repairs or other refurbishing that's needed to help our consignors achieve maximum value for their equipment on auction day.

STEP FIVE: MARKETING THE EQUIPMENT TO THE WORLD

We post equipment photos and details on our high-traffic web site, mail full-color auction brochures to tens of thousands of selected customers, conduct email campaigns, arrange online, print and radio advertising, and often employ strategic media relations campaigns to attract the largest possible audience of potential buyers to our auctions.

STEP SIX: SEARCHING THE EQUIPMENT FOR LIENS

Our search department works to identify and resolve any title issues before the auction. If we can't deliver clear and marketable title on auction day, we will offer the buyer a full refund. Our customers bid knowing they can take possession and put their auction purchases straight to work as soon as they've paid.

STEP SEVEN: SETTING UP THE AUCTION YARD

We arrange equipment in logical groupings at the auction site so our customers can easily inspect, test and compare different items before they bid. We also provide any available documentation to potential buyers, including work and repair history, so they can assess the value of the equipment for themselves.

STEP EIGHT: CONDUCTING THE AUCTION

Our professional team works together to ensure that the auction progresses smoothly and efficiently, and to make our bidders feel confident and comfortable. We conduct fair, transparent auctions and design our auction sites with comfort and convenience in mind.

STEP NINE: TAKING CARE OF BUSINESS

Once the auction is over, we collect the proceeds from the buyers; only then do we release the equipment to the new owner. We then remit any taxes and fees to the appropriate authorities and—within three weeks of the auction—deliver the net proceeds of the sale to our consignors, along with a detailed settlement statement.

Financial Information

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Management's Discussion and Analysis of Financial Condition and Results of Operations**Overview**

The following discussion summarizes significant factors affecting the consolidated operating results and financial condition of Ritchie Bros. Auctioneers Incorporated (Ritchie Bros., the Company, we or us) for the 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:

- è Our reputation for conducting only unreserved auctions and our widely recognized commitment to honesty and fair dealing.
- è 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.
- è 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.
- è 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.
- è Our in-depth experience in the marketplace, including our equipment valuation expertise and proprietary customer and equipment databases.
- è 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:

People

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:

è 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.

è 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.

è 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.

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- è 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.
- è 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.
- è 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.
- è 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.
- è We conducted our first auction at our new regional auction unit in Geelong, Australia, which replaced our regional auction unit in Melbourne, Australia.
- è We extended the term of the lease on our regional auction unit in Las Vegas, Nevada to 25 years.
- è 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:

- è 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.
- è 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.
- è 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.
- è 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.

Quarterly Auction Revenue Rate and Trailing Twelve Month Average Auction Revenue Rate 5 Year History⁽¹⁾

- (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 the 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
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(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.

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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 earnings 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