

RITCHIE BROS AUCTIONEERS INC

Form 6-K

March 25, 2011

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

**Form 6-K
REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13A-16 OR 15D-16 UNDER
THE SECURITIES EXCHANGE ACT OF 1934
For the month of March 2011**

Commission File Number: 001-13425
Ritchie Bros. Auctioneers Incorporated
9500 Glenlyon Parkway
Burnaby, BC, Canada
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(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- _____

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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

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**Ritchie Bros. Auctioneers Incorporated
Annual Report
2010**

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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, 2010, which is included in the Financial Information section of this Annual Report.

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To Our Fellow Shareholders:

Every successful company shares two characteristics: a strong sense of what has made them successful to date, and a willingness to evolve to ensure continued success in the future. By remaining nimble and focusing on the needs of our customers, Ritchie Bros. has enjoyed decades of growth; we intend to continue to deliver compelling business solutions for our customers to help sustain that growth into the future.

That's why we invested the time and energy in 2010 to complete a thorough update of our strategic plan and to renew our core values. We are not changing course or losing sight of what makes us successful today; we are merely re-dedicating our efforts to meet the needs of our current and future customers, while ramping up innovation and ensuring we continue to have a top caliber team in place to help us accomplish our ambitious objectives.

Our Mission:

We live to create compelling business solutions that enable the world's builders to easily and confidently exchange equipment.

Our Core Values:

It's all about our customers

We do what is right

We are one team

We have fun

We offer compelling business solutions to people who buy and sell equipment and trucks, including the people who build our homes and offices, schools and community centers, bridges and roads, as well as the people who grow our food and those who support all of these activities, such as finance companies, transportation companies, rental companies and equipment dealers, among others. Our customers are the builders of the world. Our goal is to provide solutions that make it easy for them to buy and sell equipment with confidence solutions that include, but are not limited to, unreserved public auctions.

For the last several years we pursued a strategic framework that focused simultaneously on three core areas: our people; our places, including our auction site network and geographical expansion; and our processes, including IT and non-IT initiatives. This framework has evolved and matured into three strategic pillars that incorporate many of the same concepts: GROW, ADD and PERFORM.

Our core values support our three strategic pillars, which in turn support our mission. Our updated strategic pillars can be described as follows:

GROW our core auction business

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

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We expect that most of our near-term growth will come from our established regions, primarily the United States and Western Europe, and believe that emerging markets such as China, Brazil and other developing countries offer significant potential for long-term growth. We have enhanced our process for prioritizing new markets and are developing plans to enter high priority markets in a more disciplined and methodical manner.

We also plan to add at least one new auction site to our network every year, and will continue conducting off-site auctions to expand our presence in new regions. We have reduced our targeted auction site additions to one site from two in recognition of the fact that our accelerated capital expenditure program over the last five years achieved our objectives and has left us with a network that has significant capacity to grow our sales without significant additional capital outlays. We are well positioned to serve the world's builders.

In order to grow our core business, we intend to streamline and simplify our auctions to make them easy. Many of our new customers have little or no experience buying or selling at auctions; we want to make the process as easy and stress-free as possible, so they feel confident on auction day and continue attending our auctions for years to come.

We will be leveraging new technologies and launching initiatives to improve our customers' on-site and online experience.

Starting July 1, 2011 we will be rolling out an enhanced equipment information program, which is just one example of the types of initiatives we intend to introduce to help accomplish our GROW objectives. We will be offering enhanced information about the equipment to be sold in our auctions to all customers free of charge. This information will contribute greatly to the confidence of existing and new customers, and should make our auctions more appealing to a broader range of equipment owners.

We also intend to simplify and expand our fee structure starting July 1, 2011. We will eliminate certain fees, including our internet purchase fee, and expand the scope of our administrative fee that we charge to buyers. The net effect of these changes will be to increase our revenue for 2011 and future years, and we expect the increased revenue will outweigh the cost of implementing our planned initiatives.

ADD new business & information solutions

Technology and innovation have played significant roles at Ritchie Bros. in the past decade, enabling us to enhance our auctions and deliver added value to equipment owners around the world. We will continue to harness the latest technology to supplement and enhance our auction services, and investigate new services to meet the needs of equipment owners that aren't being met by our unreserved auctions.

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We intend to introduce a range of additional value-added services in 2011, including a customer finance program, enhanced shipping services, a customer insurance program and other ancillary services. We already do more for our customers than any of our competitors, and we are now going to raise the bar even higher.

We are investing in an enhanced business intelligence program to further bolster our understanding of the equipment market. We want to reinforce Ritchie Bros. position as the knowledge and information authority in the equipment marketplace, so that when people are looking for equipment information, they'll turn to us the experts. We will also continue to enhance rbauction.com making it easier to use, more powerful and more valuable to equipment owners with the goal of becoming the number one equipment web site in the world.

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

Our main internal focus in the coming years will be ramping up sales force productivity, increasing employee engagement and building our management bench strength. We intend to be even more effective at growing future leaders by focusing on enhanced development initiatives for our top talent, which will also improve our ability to attract and retain key players. We are also working to refine sales and operational management roles that will allow us to focus more clearly on the foundation of our business our customers.

Our GROW, ADD, PERFORM strategy provides a clear road map for Ritchie Bros. for the future and gives our people a renewed sense of energy and purpose. We have a big job in front of us, but with clearly defined objectives and a strong support mechanism in place, we are well on our way.

2010: the year in review

We faced many headwinds in 2010, and this impacted our ability to grow our business. These headwinds were particularly acute in the United States, which accounts for approximately 55% of our business. Interest rates remained low and creditors remained less aggressive with underperforming loans. Market values for equipment improved in 2010, yet many equipment owners were still faced with related debt on equipment that was higher than market values, and this restricted the flow of that used equipment to market. Many owners chose to park their idle equipment rather than sell it, in hopes that market values would improve or activity would increase.

Market fundamentals showed signs of improvement in the latter part of 2010. Equipment owners who had delayed replacing their equipment during the economic turmoil of the last few years began replacing their fleets, which resulted in increased demand for late model equipment in the latter part of 2010. Equipment manufacturers began to increase production during the second half of 2010 but demand outstripped supply and this created a very competitive market for late model equipment.

In 2010, despite ongoing global economic challenges that made it harder to secure equipment to sell at our auctions, we worked with a record number of consignors, attracted record numbers of bidders and confirmed our position as the world's largest industrial auctioneer selling more equipment to on-site and online bidders than any other company in the world. This tells us we were successful maintaining the significant market share gains we believe we achieved in previous years.

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2011: the year ahead

As we look forward to 2011 we see many signs of improving fundamentals in the used equipment market, which appears to be returning to a more balanced state. Equipment owners are more optimistic, OEM production is increasing to satisfy growing demand, and values remain firm on most categories of equipment. Late model, low hour equipment is in particular demand and is fetching strong prices, mainly as a result of the void created in the market by the reduced production of new equipment over the last several years. There is a lot of cash waiting to be deployed in the economy, and some of that capital is likely to be invested in equipment. For example, many rental companies are increasing capital spending and the equipment replacement cycle appears to be taking hold. These are all positive signs for the used equipment market and our ability to grow our business in 2011. It remains difficult to predict precisely when momentum will turn positive, but the success of our early auctions in 2011 and the flow of consignments for upcoming auctions provide clues to a return to brighter days ahead.

Thanks to an updated strategic plan and some positive economic indicators, we have entered 2011 with greater clarity, a feeling of optimism and a renewed sense of purpose. The past year was difficult for Ritchie Bros. and our people worked harder than ever to help sustain our business. We could not have succeeded without the hard work and determination of all the men and women on the Ritchie Bros. team. We are truly grateful for the energy, dedication and passion of our team, and look forward to their continued contributions in the future as we help the world's builders to easily and confidently exchange equipment.

And finally, thanks to our shareholders for sticking with us through the challenging times and believing in our ability to set an appropriate course for the future, and to the ever-increasing number of equipment owners who are choosing to participate in our unreserved auctions. We truly appreciate your support and loyalty and are proud to be part of your investment portfolio.

Robert W. Murdoch
Chairman

Peter J. Blake
Chief Executive Officer

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RITCHIE BROS. AUCTIONEERS INCORPORATED
Management's Discussion and Analysis of Financial Condition
And Results of Operations
For the Year Ended December 31, 2010

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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, 2010 compared to the year ended December 31, 2009. This discussion should be read in conjunction with our audited consolidated financial statements and notes thereto for the year ended December 31, 2010, and with the disclosures below regarding forward-looking statements and risk factors. The date of this discussion is as of February 22, 2011. Additional information relating to our Company, including our Annual Information Form, is available by accessing the SEDAR website at www.sedar.com. None of the information on the SEDAR website is incorporated by reference into this document by this or any other reference.

We prepare our consolidated financial statements in accordance with generally accepted accounting principles in Canada, or Canadian GAAP. There are no material measurement differences between those financial statements and the financial position and results of operations reflected on those financial statements and the financial 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 13 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 dollar amounts, including related footnotes, presented below are expressed in thousands of dollars, except per share amounts.

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

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

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

We compete directly for potential purchasers of industrial assets with other auction companies. Our indirect competitors include truck and equipment manufacturers, other third 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:

The power of our brand, which is supported by our reputation for conducting only unreserved auctions and our widely recognized commitment to honesty, integrity and fair dealing.

Our ability to transcend local market conditions and create a global marketplace for industrial assets by attracting diverse audiences of mainly end-user bidders from around the world to our auctions.

Our size, our financial strength and access to capital, the international scope of our operations, our extensive network of auction sites, and our marketing skills.

Our ability to respond to market changes with innovative solutions to enhance our live auctions with technology such as our online bidding service, our proprietary Virtual Ramp, our Timed Auction system, as well as our 21 language website, to provide stakeholders in the equipment world with a compelling value proposition to meet their needs.

Our in-depth experience in the marketplace, including our ability to gather and leverage equipment valuation expertise and proprietary customer and equipment databases.

Our dedicated and experienced workforce, which allows us to, among other things, enter new geographic markets, structure deals to meet our customers' needs, provide high quality and consistent service to consignors and bidders and operate an international network of auction sites that creates value for our customers.

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

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

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

Our performance in 2010 reflected the challenging environment in which we operated, like many companies in our industry, and the difficulties we faced securing equipment consignments to sell at our auctions. The widely hoped-for recovery in the used equipment market did not materialize. The challenging environment was particularly acute in the U.S., where equipment owners chose not to sell idle equipment, either because the values of used equipment were too low or there was no catalyst to force them to sell. In the face of considerable uncertainty in the market, mainly around market values and construction spending, many owners held on to under-utilized assets. In addition, they did not deploy additional capital in upgrading or replacing their fleets, which would have stimulated the sale of used equipment.

We believe the used equipment market has contracted considerably over the last three years, mainly as a result of the reduction in the number of used equipment transactions, the drop in market values for used equipment and the diminished production of new equipment. We also believe that the biggest contributor to our reduced gross auction proceeds performance in 2010 was the mix of equipment available for sale, which tended to be older and lower value equipment than we would normally expect.

We believe that the fundamentals in our market are improving, as demonstrated by a renewed sense of optimism among equipment owners. New equipment production is increasing in the face of strong demand and many participants in the industry are starting to return to what most would consider more normal equipment buying and selling behaviour. We believe our operating decisions over the last few years leave us well positioned to capitalize on strengthening in the used equipment market in the coming years and to meet the needs of our customers.

Despite the challenges we faced in 2010, our business model is generally well suited for all economic conditions. We also believe that, over the long term, designing and executing an appropriate growth strategy will continue to be a significant determinant of our ability to grow our earnings, in part because our share of the world market for used equipment and trucks is so small. We are focused on growing our market share by ensuring that our auctions offer compelling value to meet the needs of current and potential customers to make the process of buying and selling equipment easy and confidence inspiring.

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Growth Strategies

For the last several years we pursued a strategic framework that focused simultaneously on three core areas: our people, including our sales and support teams; our places, including our auction site network and geographical expansion; and our processes, including IT and non-IT initiatives. Highlights of our execution in this regard for the year ended December 31, 2010 included:

People

In 2010 we grew our sales team to 314 people, a 4% increase compared to the end of 2009. 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. However, we expect that investing in our sales force and giving them the tools and training to be more productive will help us to achieve our longer-term growth objectives.

Places

During 2010 we added five auction sites to our network and replaced two regional auction units and one permanent site with new permanent auction sites. During the fourth quarter we decided to discontinue having auctions in India for the time being, although we will continue to have personnel and maintain a sales office in the country building relationships with equipment owners.

Processes

We introduced our new Timed Auction system to 23 of our sites during 2010. This new technology is used to sell smaller items, such as consumer goods and equipment attachments, in an online Timed Auction, without an auctioneer and therefore with more flexibility and convenience for our bidders. In addition to offering a higher level of service for our customers, this system enables us to sell lower-value lots more efficiently and at lower cost. We also launched our new 21 language website, www.rbauction.com, and experienced a 14% increase in unique visitors to our website in 2010 compared to 2009.

Strategy update

In the fourth quarter of 2010 we completed a thorough update of our strategic plan, identifying strategic initiatives to be undertaken over the next five years. We continue to focus on our core unreserved auction model with a view to adding solutions and streamlining processes to enhance the value we provide to our existing customers, as well as make our auctions more appealing to new customers. In addition, we want to extend our services where we can leverage our competitive advantages. Our people, places and process framework has evolved and matured into three strategic pillars that incorporate many of the same concepts: grow, add, perform.

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In 2010, we updated our core values and refined our mission statement to better align with our updated strategy and guide our behaviour in the years ahead. Our mission is to provide compelling business solutions that enable the world's builders to easily and confidently exchange equipment. Our customers are the people who buy and sell equipment and trucks, including the people who build our homes and offices, schools and community centers, bridges and roads, as well as the people who grow our food and those who support all of these activities, such as finance companies, rental companies, transportation companies and equipment dealers, among others.

Our core values support three strategic pillars, which are designed to help us achieve our mission. An overview of our strategic pillars follows:

GROW our core auction business

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

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

In addition, we intend to add at least one new auction site to our network each year, as well as replace a number of existing auction sites as necessary to provide capacity for increased consignment volumes. Our auction site network supports our long-term growth and is a critical strategic advantage, which helps us to sustain efficient and scalable growth. We also intend to continue to hold offsite auctions in new regions to expand the scope of our operations. Another key focus of this pillar is to streamline and simplify our auctions, to make them easy for our customers. Many of our new customers have little or no experience buying or selling at unreserved auctions; we want to make the process as easy and hassle-free as possible, so they feel confident on auction day and throughout the whole process. Beginning July 1, 2011 we plan to introduce our enhanced equipment information program. We will be offering enhanced information about the equipment to be sold in our auctions to all customers free of charge. We expect that this information will help our customers feel more confident and should make our auctions more appealing to a broader range of equipment owners.

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

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ADD new business and information solutions

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

We intend to introduce a range of additional value-added services in 2011, including a customer finance program, enhanced shipping services, a customer insurance program and other ancillary services.

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

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

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

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

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 2010, 92% of our gross auction proceeds was attributable to auctions held at our permanent auction sites and regional auction units (2009 - 90%). Gross auction proceeds represent the total proceeds from all items sold at our auctions (please see Sources of Revenue and Revenue Recognition below).

During 2010, we had approximately 340,000 bidder registrations at our industrial auctions, compared to approximately 336,000 in 2009. In 2010 we generated over 40,000 industrial asset consignments, which was 8% greater than the 37,000 generated in 2009. We handled approximately 277,000 industrial lots in 2010 compared to 283,000 lots in 2009.

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During 2010, we conducted 230 unreserved industrial auctions at locations in North and Central America, Europe, the Middle East, Australia and India (2009 195 auctions). We also held 106 unreserved agricultural auctions during the year in Canada (2009 132). Although our auctions varied in size, our average industrial auction in 2010 attracted over 1,400 bidder registrations (2009 over 1,700) and featured over 1,200 lots (2009 over 1,400) consigned by 175 consignors (2009 190), generating average gross auction proceeds of approximately \$13.4 million per auction, compared to approximately \$17.3 million in 2009. Our agricultural auctions in 2010 averaged gross auction proceeds of approximately \$1.8 million compared to \$0.9 million in 2009.

We sold over \$872 million of equipment, trucks and other assets to online bidders during 2010, representing a 5% increase compared to 2009 (2009 approximately \$830 million). Our online sales growth in 2010 cemented our position as the world's largest seller of industrial equipment to online buyers.

We launched our new website in April, 2010 to enable us to interact more effectively with customers in the online environment. We experienced an increase of 14% in the total number of unique visitors to the site during the year compared to 2009. We had roughly 3.2 million unique visitors during 2010 and they performed nearly 35 million equipment searches, plus an additional 3 million auction results searches. With its additional language capabilities, we believe our new website has opened up our auctions to previously untapped market of non-English speaking equipment buyers and sellers. We have seen an increase in site visits of over 11% from non-English speakers compared to 2009, who accounted for over 18% of traffic on the website.

In 2010, approximately 52% of our auction revenues were earned from operations in the United States (2009 54%), 23% were generated from auctions in Canada (2009 24%) and the remaining 25% were earned from operations in countries other than the United States and Canada, primarily in Europe, the Middle East, Australia, and Mexico (2009 22%). We had 1,162 full-time employees at December 31, 2010, including 314 sales representatives and 13 trainee territory managers, compared to 1,148 full-time employees, 302 sales representatives and 19 trainee territory managers at the end of 2009.

We are a public company and our common shares are listed under the symbol "RBA" on the New York and Toronto Stock Exchanges. On February 22, 2011 we had 105,797,120 common shares issued and outstanding and stock options outstanding to purchase a total of 3,085,697 common shares.

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.

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

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

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

Our financial exposure from guarantee contracts fluctuates 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, 2010, our outstanding industrial and agricultural guarantees totalled approximately \$29 million, of which approximately \$1 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 \$44 million over the last 12 months. 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 at risk, or underwritten, business. In recent periods, our at risk business represented approximately 20% to 25% of gross auction proceeds on an annual basis. Competition for equipment consignments has intensified in recent months, and this will likely result in an increase in the relative proportion of our at risk business in 2011.

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The choice by consignors between straight commission, guarantee, or outright purchase arrangements depends on many factors, including the consignor's risk tolerance and sale objectives. In addition, we do not have a target for the relative mix of contracts. As a result, the mix of contracts in a particular quarter or year fluctuates and is not necessarily indicative of the mix in future periods. The composition of our auction revenues and our auction revenue rate (i.e. auction revenues as a percentage of gross auction proceeds) are affected by the mix and performance of contracts entered into with consignors in the particular period and fluctuates from period to period. Our auction revenue rate performance is presented in the table below. Our past experience has shown that our auction revenue rate is difficult to estimate precisely, and over the past two years our quarterly rate has ranged between 10.58% and 11.06%.

(1) The average auction revenue rate for the first quarter in 2010 includes the results of the auction of Apoise; had these been excluded the auction revenue rate would have been 11.33%.

In general, the largest contributor to the variability of our auction revenue rate is the performance, rather than the amount, of our at risk business. In a period when our at risk business performs better than average, our auction revenue rate typically exceeds the expected average rate. Conversely, if our at risk business performs below average, our auction revenue rate will typically be below the expected average rate. Our above trend auction revenue rate over the past two years has been due primarily to the strong performance of our at risk business. We believe this strong performance was related in part to the economic environment; as competition increase in the future, the performance of our at risk business may deteriorate, which will impact our auction revenue rate.

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

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

Gross auction proceeds and auction revenues are also affected on a period-to-period basis by the timing of major auctions. In newer markets where we are developing operations, the number and size of auctions and, as a result, the level of gross auction proceeds and auction revenues, are likely to vary more dramatically from period to period than in our established markets where the number, size and frequency of our auctions are more consistent. In addition, economies of scale 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 our gross auction proceeds, auction revenues and net earnings are best compared on an annual basis, rather than on a quarterly basis.

Overall Performance

Our gross auction proceeds were \$3.28 billion for the year ended 2010, which is a decrease of 6% from 2009. The decrease is mainly attributable to the continuing trend from 2009 where equipment owners have continued to hold onto otherwise idle assets for various reasons, including low interest rates and uncertainty around equipment values, construction spending and other factors. We believe that the dramatic drop in the production and sale of new equipment over the last few years has also affected our ability to grow our gross auction proceeds.

Foreign exchange fluctuations had a modest impact on our 2010 gross auction proceeds. Applying the foreign exchange rates in effect in 2009 our reported gross auction proceeds in 2010 would have been approximately \$60 million lower.

For the year ended December 31 2010, we recorded auction revenues of \$357.4 million and net earnings of \$65.9 million, or \$0.62 per diluted common share. This performance compares to auction revenues of \$377.2 million and net earnings of \$93.5 million, or \$0.88 per diluted share, for the year ended December 31, 2009. We ended 2010 with working capital of \$45.3 million, compared to \$30.5 million at December 31, 2009. The increase in our working capital was a result of reduced capital expenditures and positive operating cash flow, offset by higher dividend payments during the year.

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Adjusted net earnings for the year ended December 31, 2010 were \$65.2 million, or \$0.61 per diluted share, compared to adjusted net earnings of \$92.0 million, or \$0.87 per diluted share for the year ended December 31, 2009. 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 our net earnings for the relevant financial period, and identifies the impact of items which we do not consider to be part of our normal operating results.

Our adjusted net earnings in 2010 decreased by approximately 29% compared to 2009, primarily as a result of decreased auction revenues and increased general and administrative expenses and depreciation. Although our auction revenues decreased during 2010, other measures of our business volume were increasing or being maintained, including the number of consignments and the number of bidder registrations at our auctions. Also, recent additions to our auction site network, business systems, and sales team contributed to an increase in our overhead expenditures and depreciation expense in 2010. Our investments in people, IT infrastructure and our auction site network are long term in nature and we made a conscious decision to maintain our model in the face of recent gross auction proceeds growth challenges.

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

	Year ended December 31,	
	2010	2009
Net earnings under Canadian GAAP	\$ 65,913	\$ 93,452
Gain on sale of excess property ⁽¹⁾	(1,230)	(1,097)
Net foreign exchange impact on financing transactions ⁽²⁾		(759)
Tax relating to reconciling items	474	446
Adjusted net earnings	\$ 65,157	\$ 92,042

(1) During the year ended December 31, 2010, we completed the sale of our former Houston, Texas, permanent auction site. In 2009, we sold our former Minneapolis, Minnesota, permanent auction site.

(2) During the year ended December 31, 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. 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. We did not settle any long-term intercompany loans during 2010 that resulted in a significant foreign exchange adjustment. We do not expect the foreign exchange gains or losses on these financing transactions to recur in future periods.

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The following selected consolidated financial information as at December 31, 2010, 2009 and 2008 and for each of the years in the three-year period ended December 31, 2010 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 13, Canadian GAAP differs in certain respects from accounting principles generally accepted in the United States.

	Year Ended December 31,		
	2010	2009	2008
Statement of Operations Data:			
Auction revenues ⁽¹⁾	\$ 357,369	\$ 377,211	\$ 354,818
Direct expenses	(47,021)	(49,890)	(49,750)
	310,348	327,321	305,068
Operating expenses ⁽²⁾	(218,345)	(200,073)	(189,320)
Other income (expense) ⁽³⁾	(1,157)	4,275	23,536
Earnings before income taxes	90,846	131,523	139,284
Income taxes	24,933	38,071	37,884
Net earnings	\$ 65,913	\$ 93,452	\$ 101,400
Net earnings per share basic	\$ 0.62	\$ 0.89	\$ 0.97
Net earnings per share diluted	0.62	0.88	0.96
Cash dividends declared per share	\$ 0.41 ⁽⁴⁾	\$ 0.38	\$ 0.34
Balance Sheet Data (year end):			
Working capital (including cash)	\$ 45,333	\$ 30,510	\$ 47,109
Capital assets	627,230	597,945	453,642
Total assets	870,818	857,821	689,488
Long-term liabilities	155,556	145,213	77,495
Statement of Cash Flows Data:			
Capital asset additions	\$ 62,284	\$ 157,416	\$ 145,024

(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.

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- (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). 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. We did not settle any long-term intercompany loans in 2010 that resulted in a significant foreign exchange adjustment. In addition, other income in 2010 included gains of \$1,230 (\$756 or \$0.01 per diluted share after tax) on the sale of our former Houston, Texas permanent auction site; other income in 2009 included gains of \$1,097 (\$746, or \$0.01 per diluted share after tax for 2009) on the sale of our Minneapolis, Minnesota, permanent auction site; 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 2010, we declared a cash dividend of \$0.105 per common share on January 24, 2011 relating to the quarter ended December 31, 2010, which is not included in this amount.

Results of Operations*Year Ended December 31, 2010 Compared to Year Ended December 31, 2009*

We conduct operations around the world in a number of different currencies, but our reporting currency is the U.S. dollar. In 2010, approximately 40% of our revenues and approximately 60% of our operating costs were denominated in currencies other than the U.S. dollar.

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

United States Dollar Exchange Rate Comparison

Years ended December 31,	2010	% Change in U.S.\$	2009	% Change in U.S.\$	2008
Value of one U.S. dollar:					
Year-end exchange rate:					
Canadian dollar	\$ 0.9976	-5.1%	\$ 1.0513	-13.6%	\$ 1.2168
Euro	0.7479	7.1%	0.6985	-2.4%	0.7159
Average exchange rate:					
Canadian dollar	\$ 1.0301	-9.8%	\$ 1.1415	7.0%	\$ 1.0671
Euro	0.7549	4.9%	0.7197	5.2%	0.6839

Table of Contents*Auction Revenues*

Years ended December 31,	2010	2009	% Change
Auction revenues United States ⁽¹⁾	\$ 185,486	\$ 202,415	-8%
Auction revenues Canada ⁽¹⁾	82,894	90,148	-8%
Auction revenues Europe ⁽¹⁾	51,428	57,714	-11%
Auction revenues Other ⁽¹⁾	37,561	26,934	39%
Total auction revenues	\$ 357,369	\$ 377,211	-5%
Gross auction proceeds	\$ 3,277,771	\$ 3,492,021	-6%
Auction revenue rate	10.90%	10.80%	

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

Our auction revenues decreased in 2010 compared to 2009 primarily as a result of lower gross auction proceeds, but was partially offset by a higher auction revenue rate. Our at risk business represented approximately 24% of total gross auction proceeds for the year (2009 21%). The mix of contracts in 2010 was roughly consistent with our experience in recent periods. Our gross auction proceeds in 2010 in local currency, primarily being the U.S., Canadian and Australian dollar and the Euro, decreased by 9% compared to 2009.

Our auction revenue rate was 10.90% for 2010 (2009 10.80%). The increase was primarily attributable to the improved performance of our straight commission business and higher fee income in 2010.

Our auction revenues and our net earnings are influenced to a great extent by small changes in our auction revenue rate. For example, a 10 basis point (0.1%) increase or decrease in our auction revenue rate during 2010 would have decreased auction revenues by approximately \$3.3 million, of which approximately \$2.4 million, or \$0.02 per diluted 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 assessing future prospects.

Direct Expenses

Years ended December 31,	2010	2009	% Change
Direct expenses	\$ 47,021	\$ 49,890	-6%
Direct expenses as a percentage of gross auction proceeds	1.43%	1.43%	

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

Our direct expense rate, which represents direct expenses as a percentage of gross auction proceeds, fluctuates from period to period based in part on the size and location of the auctions we hold during a particular period. The direct expense rate generally decreases as the average size of our auctions increases. In addition, we usually experience lower direct expense rates for auctions held at our permanent auction sites compared to auctions held at offsite locations, mainly as a result of the economies of scale and other efficiencies that we typically experience at permanent auction sites. Our direct expense rate for 2010 was consistent with the rate we experienced in 2009.

Depreciation and Amortization Expense

Years ended December 31,	2010	2009	% Change
Depreciation and amortization expense	\$ 37,813	\$ 31,761	19%

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.

During 2010 we determined that certain assets on which depreciation was charged had an indefinite life and therefore should not have been depreciated. The accumulated depreciation on these assets was \$2.7 million which was reversed in the first quarter of 2010 as an immaterial adjustment, decreasing depreciation expense for the year.

Offsetting this reduction in depreciation expense was an increase relating to new assets that we have put into service over the last two years, such as our 13 new and replacement auction sites and new computer hardware and software, including our new website and Timed Auction system. We expect our depreciation in future periods to increase in line with the type and magnitude of our on-going capital expenditures.

General and Administrative Expenses