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

Form 40-F

(Check One)

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

or

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

For the fiscal year ended December 31, 2007 **Commission File Number: 001-13425**

Ritchie Bros. Auctioneers Incorporated

(Exact Name of Registrant as Specified in Its Charter)

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

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

6500 River Road, Richmond, British Columbia, Canada V6X 4G5 (604) 273-7564
(Address and Telephone Number of Registrant's Principal Executive Offices)

Ritchie Bros. Auctioneers (America) Inc., 4170 Highway 154, Newnan, GA, 30265-1429, (770) 304-3355
(Name, Address (Including Zip Code) and Telephone Number (Including Area Code) of Agent For Service in the United States)

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

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

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

Not Applicable

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

Not Applicable

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

þ Annual information form þ Audited annual financial statements

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

Common Shares: 34,812,850

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

Yes o No þ

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

Yes þ No o

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Forward-Looking Statements

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

- the Company's future performance;
- growth of the Company's operations;
- growth of the world market for used trucks and equipment;
- increases in the number of consignors and bidders participating in the Company's auctions;
- the Company's principal operating strengths, competitive advantages, and the appeal of the Company's auctions to buyers and sellers of industrial assets;
- the Company's ability to draw consistently significant numbers of local and international end-user bidders to its auctions;
- the Company's long-term mission to be the world's largest marketplace for commercial and industrial assets;
- the Company's people, including its ability to recruit, train, retain and develop the right people to help it achieve its goals;
- the Company's places, including: its ability to add the capacity necessary to accommodate its growth; its ability to increase its market share in its core markets and regions and its ability to expand into complimentary market sectors and new geographic markets, including its ability to take advantage of growth opportunities in emerging markets; the acquisition and development of auction facilities and the related impact on its capital expenditures;
- the Company's processes, including its M07 initiatives and the effect on its business, results of operations and capital expenditures, particularly its ability to grow revenues faster than operating costs;
- the relative percentage of the Company's gross auction proceeds represented by straight commission, guarantee and inventory contracts;
- the Company's auction revenue rates and the sustainability of those rates, and the seasonality of gross auction proceeds and auction revenues;
- the performance of the Company's agricultural division, and the variability on its agricultural sales from period to period;
- the Company's direct expense and income tax rates, depreciation expenses and general and administrative expenses;
- the Company's future capital expenditures;
- the Company's internet initiatives and the level of participation in its auctions by internet bidders;
- the proportion of the Company's revenues and operating costs denominated in currencies other than the U.S. dollar or the effect of any currency exchange fluctuations on its results of operations; and
- financing available to the Company and the sufficiency of its working capital to meet its financial needs.

In some cases, forward-looking statements can be identified by terms such as "anticipate," "believe," "could," "continue," "estimate," "expect," "intend," "may," "might," "ongoing," "plan,"

“potential,” “predict,” “project,” “should,” “will,” “would,” or the negative of these terms, and similar expressions intended to identify forward-looking statements. The Company’s forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. While the Company has not described all potential risks related to its business and owning its common shares, the important factors listed under “Risk Factors” in the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” attached in Exhibit 3 to this Report on Form 40-F are among those that may affect the Company’s performance and could cause actual financial and operational results to differ significantly from the Company’s predictions. The Company does not intend to update publicly any forward-looking statements, even if its predictions have been affected by new information, future events or other developments.

Disclosure Controls and Procedures

The Company carried out an evaluation, under the supervision and with the participation of the principal executive officer and principal financial officer, of the effectiveness of Ritchie Bros.’ disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of December 31, 2007. Based on this evaluation, the Company’s principal executive officer and principal financial officer concluded that the Company’s disclosure controls and procedures are effective.

The Company’s principal executive officer and principal financial officer do not expect that Ritchie Bros.’ disclosure controls and procedures or internal control over financial reporting will prevent all error and fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple mistake or error. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based partly on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Management’s Report on Internal Control Over Financial Reporting

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

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

Management has assessed the effectiveness of the Company’s internal control over financial reporting as of December 31, 2007. In making this assessment, management used the criteria described in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO’). Based on its assessment under the framework in Internal Control — Integrated Framework, management has concluded that internal control over financial reporting was effective as of December 31, 2007.

Attestation Report of the Registered Public Accounting Firm

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

Changes in Internal Control Over Financial Reporting

There has been no changes in the Company's internal control over financial reporting that occurred during the fiscal year ended December 31, 2007 that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

Audit Committee Financial Expert

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

Code of Ethics

The Company has adopted a Code of Business Conduct and Ethics (the "Code of Conduct") that applies to all employees, officers and directors. The Code of Conduct includes, among other things, written standards for the Company's principal executive officer, principal financial officer and principal accounting officer that are required by the SEC for a code of ethics applicable to such officers. The Code of Conduct is available at the Company's internet website, www.rbauction.com, or by telephoning the Company's Corporate Secretary at 604-273-7564. The Company intends to disclose on its website within five days following the date of any such amendment or waiver, any amendment or waiver of the code of ethics portion of its Code of Conduct applicable to these officers that is required by SEC rules or regulations to be disclosed publicly, and to keep such disclosure available on the website for at least a 12-month period.

Principal Accountant Fees And Services

KPMG LLP and predecessor firms have served as Ritchie Bros.' auditing firm since 1974. The aggregate fees billed by KPMG LLP and its affiliates during fiscal 2007 and 2006 are detailed below.

	Fiscal 2007	Fiscal 2006
Audit Fees	$1,307,000	$1,143,000
Audit-Related Fees	98,000	248,000
Tax Fees	806,000	575,000
All Other Fees	—	—
Total Fees	$2,211,000	$1,966,000

The nature of each category of fees is as follows:

Audit Fees:

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

Audit-Related Fees:

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

Tax Fees:

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

Pre-Approval Policies and Procedures:

The Audit Committee has considered whether the provision of services other than audit services is compatible with maintaining the auditors' independence and has adopted a policy governing the provision of these services. This policy requires the pre-approval by the Audit Committee of all audit and non-audit services provided by the external auditor, other than any *de minimus* non-audit services allowed by applicable law or regulation. The policy outlines the procedures and the conditions pursuant to which permissible services proposed to be performed by KPMG LLP are pre-approved, provides a general pre-approval for certain permissible services and for subsequent reporting to the Audit Committee, and outlines a list of prohibited services. For fiscal 2007, less than 5% of the fees for the services described above were approved by the Audit Committee pursuant to the *de minimus* exemption.

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

Additional Corporate Governance Information

Additional information regarding the Company's corporate governance practices is included in its Information Circular for the 2008 Annual Meeting of Shareholders and on the Company's internet website at www.rbauction.com.

Off-Balance Sheet Arrangements

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

Contractual Obligations

The following table provides information about the Company's aggregate known contractual obligations as of December 31, 2007:

	Payments Due by Year				
	Total	In 2008	In 2009 and 2010	In 2011 and 2012	After 2012
Long-term debt obligations	$45,336	$ 241	$ 15,095	$ 30,000	$ —
Operating leases obligations	5,665	2,143	2,419	1,103	—
Other long-term obligations	385	—	325	60	—
Total contractual obligations	$51,386	$2,384	$ 17,839	$ 31,163	$ —

The Company's long-term debt in the table above is comprised mainly of term loans put in place in 2005 with original terms to maturity of five years. The Company's operating leases related primarily to land on which it operates regional auction units and to administrative offices. These properties are located in Canada, the United States, Mexico, Italy, Spain, the Netherlands, the United Arab Emirates, Australia, Singapore, India, Japan and China.

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

	In 2008	In 2009	In 2010	In 2011	In 2012
Interest expense on long-term debt	$2,340	$2,334	$2,033	$ 78	$ —

Audit Committee

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

Undertaking

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

Signatures

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

RITCHIE BROS. AUCTIONEERS INCORPORATED

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

Date: February 20, 2008

EXHIBIT INDEX

Exhibit No.	Description
1.	Annual Information Form of the Registrant dated February 19, 2008.
2.	The following audited consolidated financial statements of the Registrant, together with the independent auditors' reports dated February 15, 2008 of KPMG LLP, Chartered Accountants: a. Consolidated Statements of Operations for the years ended December 31, 2007, 2006 and 2005; b. Consolidated Balance Sheets as of December 31, 2007 and 2006; c. Consolidated Statements of Shareholders' Equity for the years ended December 31, 2007, 2006 and 2005; d. Consolidated Statements of Comprehensive Income for the years ended December 31, 2007, 2006 and 2005; e. Consolidated Statements of Cash Flows for the years ended December 31, 2007, 2006 and 2005; and f. Notes to Consolidated Financial Statements (which include reconciliation with United States generally accepted accounting principles).
3.	Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended December 31, 2007.
4.	Consent dated February 20, 2008 of KPMG LLP, Chartered Accountants.
31.1	Certificate of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certificate of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certificate of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certificate of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

EXHIBIT NO.1

RITCHIE BROS. AUCTIONEERS INCORPORATED

ANNUAL INFORMATION FORM FOR THE YEAR ENDED DECEMBER 31, 2007

FEBRUARY 19, 2008

Ritchie Bros. Auctioneers Incorporated
6500 River Road
Richmond, British Columbia
Canada V6X 4G5
(604) 273-7564

www.rbauction.com

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

Certain names in this document are our trademarks.

Forward Looking Statements

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

- our future performance;
- growth of our operations;
- growth of the world market for used trucks and equipment;
- increases in the number of consignors and bidders participating in our auctions;
- our principal operating strengths, competitive advantages, and the appeal of our auctions to buyers and sellers of industrial assets;
- our ability to draw consistently significant numbers of local and international end-user bidders to our auctions;
- our long-term mission to be the world's largest marketplace for commercial and industrial assets;
- our people, including our ability to recruit, train, retain and develop the right people to help us achieve our goals;
- our places, including: our ability to add the capacity necessary to accommodate our growth; our ability to increase our market share in our core markets and regions and our ability to expand into complimentary market sectors and new geographic markets, including our ability to take advantage of growth opportunities in emerging markets; the acquisition and development of auction facilities and the related impact on our capital expenditures;
- our processes, including our M07 initiatives and the effect on our business, results of operations and capital expenditures, particularly our ability to grow revenues faster than operating costs;
- the relative percentage of our gross auction proceeds represented by straight commission, guarantee and inventory contracts;
- our auction revenue rates and the sustainability of those rates, and the seasonality of gross auction proceeds and auction revenues;
- the performance of our agricultural division, and the variability on our agricultural sales from period to period;
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- the proportion of our revenues and operating costs denominated in currencies other than the U.S. dollar or the effect of any currency exchange fluctuations on our results of operations; and
- financing available to us and the sufficiency of our working capital to meet our financial needs.

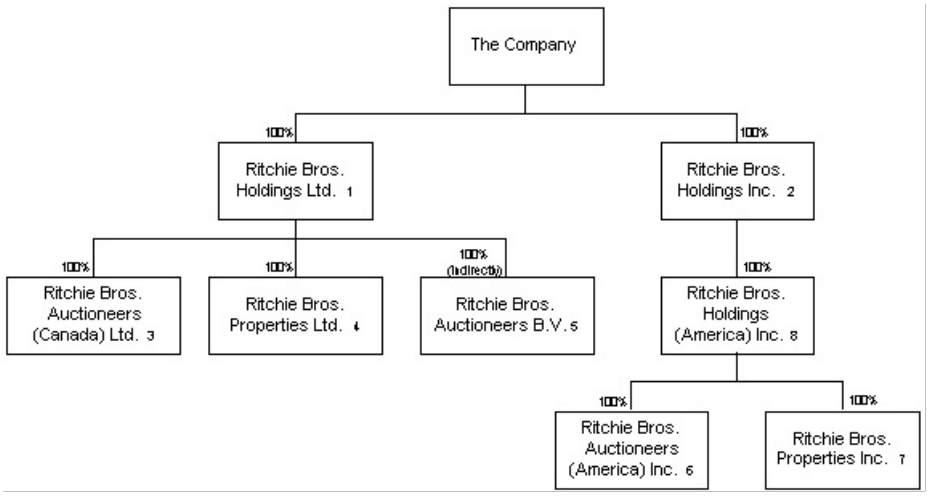
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The Company

Ritchie Bros. Auctioneers Incorporated was amalgamated on December 12, 1997 under, and is governed by, the *Canada Business Corporation Act*. Our registered office is located at 1300 — 777 Dunsmuir Street, Vancouver, British Columbia, Canada V7Y 1K2. Our executive office is located at 6500 River Road, Richmond, British Columbia, Canada V6X 4G5 and

our telephone number is (604) 273-7564. We maintain a website at www.rbauction.com. None of the information on our website is incorporated into this Annual Information Form by this or any other reference.

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



Notes:

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

OVERVIEW

We are the world's largest auctioneer of industrial equipment. At December 31, 2007, we operated from over 110 locations, including 37 auction sites, in more than 27 countries around the world. We sell, through unreserved public auctions, a broad range of industrial assets, including equipment, trucks and other assets used in the construction, transportation, mining, forestry, petroleum, material handling, marine, real estate and agricultural industries.

Gross auction proceeds, which until recently we referred to as gross auction sales, represent the total proceeds from all items sold at our auctions. Our gross auction proceeds were $3.19 billion for the year ended December 31, 2007, which was 17% higher than in 2006. We believe that we sell more used equipment than any other company in the world and that our annual gross auction proceeds are far greater than any of our auction competitors. Consignment volumes at our auctions are affected by a number of factors, including regular fleet upgrades and reconfigurations, financial pressure, retirements, and inventory reductions, as well as by the timing of the completion of major construction and other projects.

Strict adherence to the unreserved auction process is one of our founding principles and, we believe, one of our significant competitive advantages. Unreserved means that there are no minimum or reserve prices on anything sold at a Ritchie Bros. auction — each item sells to the highest bidder on sale day, regardless of the price. In addition, consignors (or their agents) are forbidden by contract from bidding on or buying back their own equipment. We maintain this commitment to the unreserved auction process because we believe that an unreserved auction is a fair auction.

Our customers are both buyers and sellers of equipment, trucks and other industrial assets. The majority of our buyers are end users of equipment, such as contractors, with the remainder being primarily truck and equipment dealers and brokers. Sellers at our auctions, which we also call consignors, represent a broad range of truck , equipment and other asset owners, with the majority being end users and the balance being dealers and brokers, finance companies and rental companies.

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 multinational bidding audiences provide a global marketplace that allows our auctions to transcend local market conditions, which we believe is a significant competitive advantage. Evidence of this is the fact that in recent periods an average of over 60% of the value of equipment sold at any particular auction has left the region of the sale. We believe that our ability to consistently draw significant numbers of local and international bidders 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.

History and Development of Our Business

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

By 1970, we had established operations in the United States and held our first U.S. sale in Beaverton, Oregon. Throughout the 1970s and 1980s, we held auctions in additional locations across Canada and an increasing number of American states. In 1987, we held our first European auctions in Liverpool, U.K. and Rotterdam, The Netherlands. Our first Australian auction was held in 1990, and this was followed by expansion into Asia, with subsequent sales in Japan, the Philippines, Hong Kong, Thailand and Singapore. We held our first Mexican auction in 1995, our first Middle Eastern auction in Dubai, U.A.E. in 1997, and our first African auction in Durban, in the Republic of South Africa, in 2003. Although we are focused on growth in all of our major geographic markets, our primary near-term focus is the United States and Western Europe.

In 1994, we introduced our prototype auction facility, opening new permanent auction sites in Fort Worth, Texas and Olympia, Washington that represented significant improvements over the facilities being used at the time by industrial equipment auctioneers. We have since constructed similar facilities in various locations in Canada, the United States, Europe, Australia, Asia and the Middle East. We had 37 auction sites at December 31, 2007, of which two have been built or put into service since December 31, 2006. Replacement facilities in Houston, Texas and Minneapolis, Minnesota, and new sites in Kansas City, Missouri and Paris, France are currently under construction.

In March 1998, we completed an initial public offering of our common shares. Our common shares trade on the New York Stock Exchange, and, since January 27, 2004, on the Toronto Stock Exchange, under the ticker symbol “RBA”.

Industry

We operate mainly in the auction segment of the global industrial equipment marketplace. Our primary target markets within that marketplace are the used construction, transportation and agricultural equipment sectors, which are large and fragmented. Industry analysts estimate that there is approximately $1 trillion of used industrial equipment of the type we sell in circulation worldwide, and that around $100 billion of that equipment changes ownership each year. Of this total, only a fraction is currently traded through auctions, with the majority being sold directly by the owner or through truck and equipment dealers and brokers. Although we sell more used equipment than any other company in the world, our 2007 gross auction proceeds represented only about 3% of the estimated total annual market.

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

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

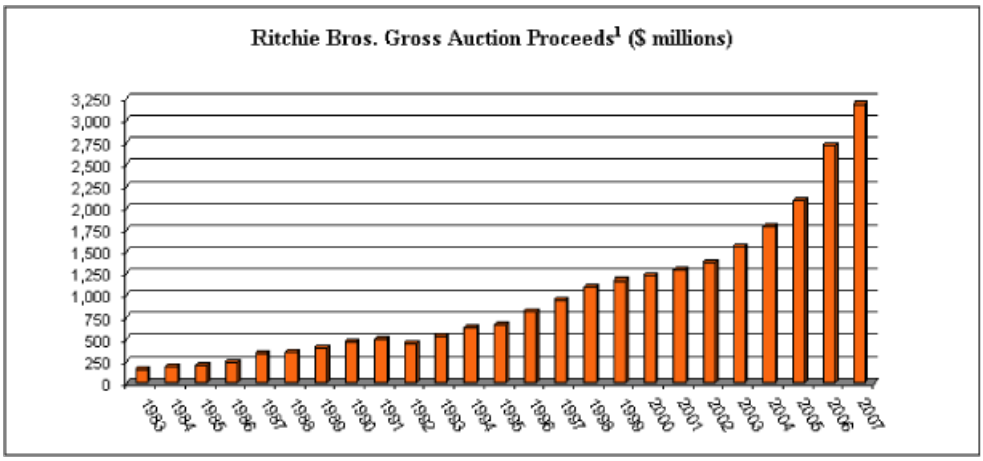
- The ability of auctioneers to sell a wide range of equipment and related assets and therefore, offer a comprehensive and convenient service to buyers and sellers;
- The increasing transparency of the international used equipment market due in large part to the depth of information now available on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

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

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

COMPETITIVE ADVANTAGES

Our key strengths provide distinct competitive advantages and have enabled us to attract an increasing number of consignors and bidders to our auctions, allowing us to achieve significant and profitable growth. Our gross auction proceeds have grown at a compound annual growth rate of 14.3% over the last 25 years, as illustrated below.



(1) Gross auction proceeds, which until recently we referred to as gross auction sales, represent the total proceeds from all items sold at our auctions. Our definition of gross auction proceeds may differ from those used by other participants in our industry. Gross auction proceeds is an important measure we use in comparing and assessing our operating performance. It is not a measure of our financial performance, liquidity or revenue and is not presented in our consolidated financial statements. We believe that auction revenues, which is the most directly comparable measure in our Statement of Operations, and certain other line items, are best understood by considering their relationship to gross auction proceeds.

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

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

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

Extensive Network of Auction Sites. Our international network of auction sites is attractive to consignors of trucks and equipment with widely dispersed fleets and also to manufacturers wanting to access multiple regional markets. We believe that our network of auction sites has allowed us to achieve economies of scale by holding more frequent and larger auctions at our existing facilities, taking advantage of our considerable operating capacity without incurring significant incremental costs. In addition, many of our auction sites are equipped with environmentally certified painting and refurbishing facilities

which, together with purpose-built auction theatres and equipment display yards, allow us to deliver a uniquely high level of service to our customers.

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

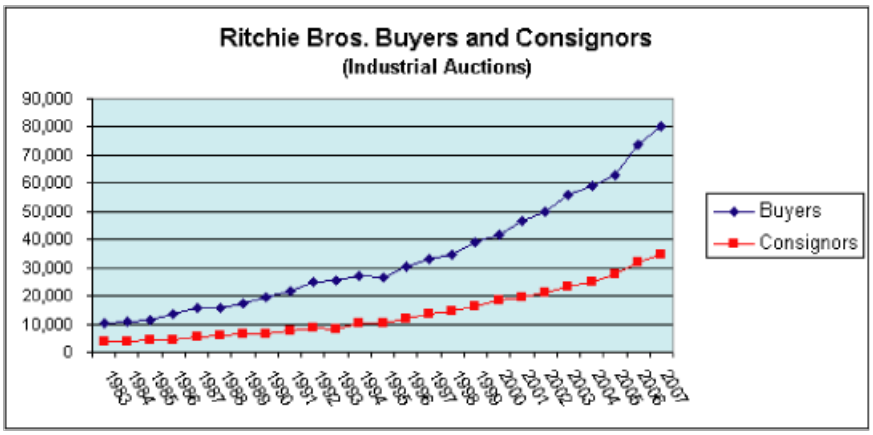
We also maintain a proprietary customer information database containing detailed information on more than 430,000 companies and individuals from over 200 countries, including each customer's auction attendance, trade association memberships, buying and travel habits and banking information. This database enables us to identify customers that might be interested in the equipment being sold at any particular auction.

Internet Services. We believe that our extensive internet presence and the tools available on our website are valuable to buyers and sellers of equipment and represent a distinct competitive advantage for Ritchie Bros. Our *rbauctionBid-Live* internet bidding service has enhanced our ability to transcend local market conditions and offer international scope to equipment buyers and sellers. It has also increased the number of bidders participating in our auctions, which we believe has led to higher selling prices. We launched the *rbauctionBid-Live* service in 2002, and by the end of 2007 we had over 77,000 customers from 170 countries registered and approved to use the service. In 2007, customers bidding in our live auctions over the internet were the buyer or runner-up bidder on 28% of the lots offered online. The average number of registered bidders participating in our industrial auctions has increased 29% to 1,390 registered bidders from 1,080 bidders in 2001, prior to the implementation of the *rbauctionBid-Live* service.

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

Dedicated and Experienced Workforce. Our sales and support team is a key part of our customer service effort. We had 943 full-time employees at December 31, 2007, including 265 sales people. Our senior management team has extensive industry experience — the 10 members of our senior management Executive Council at the date of this discussion have a combined experience of over 115 years in the equipment auction industry.

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



We believe that our auctions generally draw a larger number of bidders than most other industrial equipment auctions. Also, the majority of the bidders at our auctions are end-users of equipment (typically retail buyers) rather than brokers or dealers (typically wholesale buyers). In 2007, approximately 85% of the buyers at our auctions were end-users. Large end-user bidder audiences, including international bidders and internet bidders, enable us to deliver world market prices and transcend local market conditions. The ability to deliver high prices on the sale of trucks and equipment is a core part of our value proposition and helps to attract consignments, which attract larger bidder audiences in a self-reinforcing process that we believe has been working in our favor for almost 50 years. We believe that this momentum, together with our reputation, size and financial resources, gives our customers confidence in our auction services, which contributes to our growth and acts as a barrier to entry for potential competitors.

Growth Strategies

Our long-term mission is to be the world's largest marketplace for commercial and industrial assets. Our principal goals are to grow our earnings per share at a manageable pace while maintaining a reasonable return on invested capital over the long term and to maintain 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. Although we have been pursuing this strategy for some time, our articulation of this strategy was updated in 2007 to reflect the ongoing evolution of our business and our annual review of our strategic plan.

1. Our people

   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 promoting 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.

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 over the next five years 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, opening an average of two to three new or replacement sites per year. Our shorter-term focus for this expansion is the United States and Western Europe. In addition, we 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, petroleum and real estate.

3. Our processes

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

In 2004 we launched a strategic initiative that we called Mission 2007, or M07, with the goal of developing business processes and systems that are efficient, consistent and scalable to support our growth. We have made significant progress on our process improvement initiatives, including the implementation of a new enterprise resource planning (or ERP) system, which we substantially completed in 2007. M07 has evolved into a mindset of continuous improvement throughout our company, and we see this initiative continuing far into the future.

We believe that these three components work together because our people help us to achieve our goals, 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.

OPERATIONS

During 2007 we conducted 183 unreserved industrial auctions at locations in North America, Europe, the Middle East, Australia and Asia. We also conducted 177 unreserved agricultural auctions in 2007, in Canada and the United States. Although our auctions vary in size, the average Ritchie Bros. auction in 2007 had the following characteristics:

	Industrial auctions	Agricultural auctions
Gross auction proceeds	$16.7 million	$0.7 million
Bidder registrations	1,389	326
Lots offered for sale	1,449	289
Consignors	191	6

Approximately 56% of our auction revenues was earned from operations in the United States (2006 — 60%), 23% was earned in Canada (2006 — 21%) and 12% was earned in Europe (2006 — 11%). The remaining 9% was earned from operations primarily in Australia, the Middle East and Mexico (2006 — 8%).

In 2007, approximately 88% of our gross auction proceeds came from auctions held at our permanent auction sites and regional auction units (2006 — 91%). Permanent auction sites are located on land that we own. Our permanent auction sites average approximately 60 acres in size and typically include an equipment display yard, an auction theatre, administrative offices, customer parking, and an environmentally certified refurbishing facility. Regional auction units are auction sites typically located on leased land with more modest facilities than a permanent auction site.

The remaining 12% of our gross auction proceeds in 2007 came from “off-site” auctions (2006 — 9%), typically held on rented or consignor-owned land. The decision as to whether to hold a particular auction at one of our sites instead of at an off-site location is influenced by the nature, amount and location of the equipment to be sold. The majority of our agricultural auctions are held at off-site locations, usually on the consignor’s farm.

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

Some of the key elements of our auction process include:

Attracting Bidders. We believe our proprietary customer database, which contains over 430,000 customer names from more than 200 countries, significantly enhances our ability to market our auctions effectively. We typically send an average of 50,000 full-color auction brochures for each auction to strategically selected customers from our database. We also conduct targeted regional and industry-specific advertising and marketing campaigns. In addition, we post information about the majority of the consigned equipment at upcoming auctions on our website so that potential bidders can review equipment descriptions and view photographs of many of the items to be sold. We had 254,259 bidder registrations at our industrial auctions in 2007 compared to 241,132 in 2006.

Attracting Equipment. We solicit equipment consignments ranging from single pieces of equipment consigned by local owner-operators to large equipment fleets offered by multi-national consortiums upon the completion of major construction projects. For larger consignments, our service typically begins with an equipment appraisal that gives the prospective consignor a credible estimate of the value of the appraised equipment. We believe that our consignors choose to sell their equipment at our auctions, rather than through other channels or other auctioneers, because they believe that selling at a Ritchie Bros. auction is the best way to maximize the net proceeds on the sale of their assets. During 2007 we received 34,931 industrial auction consignments, typically comprised of multiple lots, compared to 32,075 consignments in 2006.

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

Attractive Contract Options. We offer consignors several contract options to meet their individual needs and sale objectives. These can include a straight commission contract, where the consignor receives the gross proceeds from the sale less a pre-negotiated commission rate, as well as alternate arrangements including guarantee contracts (where the consignor receives a guaranteed minimum amount plus an additional amount if proceeds exceed a specified level) or an outright purchase of the equipment by us for resale. We refer to guarantee and outright purchase contracts as our underwritten or at-risk business. Guarantee contracts have generally represented about 15% of our gross auction proceeds on an annual basis in recent periods, while outright purchases have averaged about 10%.

Our commission structure reflects the degree of risk we assume in connection with the equipment being sold. In general, on similar packages of equipment, we factor in a lower commission rate for straight commission sales than for guarantee contracts. In the case of outright purchases, pricing takes into account the risks we assume. We typically offer guarantee and purchase contract options only on large, diverse fleets of equipment. We manage the risk associated with our underwritten business by performing detailed appraisals of the equipment and involving valuation specialists and senior

levels of management in the decision making process. In addition, equipment prices tend not to fluctuate significantly during the short time prior to the auction that we are exposed on these types of arrangements.

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

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

Marketing and Sales

At December 31, 2007, we employed 265 sales representatives (2006 — 245). These representatives are deployed by geographic region around the world. Each sales representative is primarily responsible for the development of customer relationships and sourcing consignments in the representative's territory. Sales representatives are also involved in the appraisal and proposal presentation process. To encourage global teamwork and superior customer service, none of our employees is paid on a commission basis. All members of our sales force are compensated primarily by a combination of base salary and incentive bonus.

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

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

International Network of Auction Sites

We attempt to establish our auction sites in industrial areas close to major cities. Although we lease some auction sites, we prefer to purchase land and construct purpose-built facilities once we have determined that a region can generate sufficient financial returns to justify the investment. We generally do not construct a permanent auction site in a particular region until we have conducted a number of offsite sales in the area, and often we will operate from a regional auction unit for several years before considering a more permanent investment. This process allows us to evaluate the market potential before we make a significant investment. We will not invest in a permanent auction site unless we believe there is an opportunity for significant, profitable growth in a particular region. Our average expenditure on a permanent auction site has been between $10 million and $20 million in recent years, including land, improvements and buildings.

We operated from the following auction sites at February 19, 2008:

Permanent Auction Sites:

	Size (Acres)	Year Placed in Service
Canada		
Vancouver, British Columbia	12	1979
Prince George, British Columbia	60	2003
Grande Prairie, Alberta (1)	31	2002
Edmonton, Alberta	125	2002
Saskatoon, Saskatchewan	62	2006
Regina, Saskatoon	22	2007
Toronto, Ontario	63	1998
Montreal, Quebec	60	2000
Halifax, Nova Scotia	28	1997
United States		
Olympia, Washington	79	1994
Los Angeles, California	59	2000
Sacramento, California	90	2005
Phoenix, Arizona	48	2002
Albuquerque, New Mexico	11	1999
Denver, Colorado	70	2007
Fort Worth, Texas	113	1994
Houston, Texas (2)	54	1993
Buxton, North Dakota	25	2006
Kansas City, Missouri (3)	40	2007
Minneapolis, Minnesota (4)	29	1991
Chicago, Illinois	51	2000
Columbus, Ohio	95	2007
Nashville, Tennessee	76	2006
Atlanta, Georgia	64	1996
Statesville, North Carolina	40	1999
Orlando, Florida	124	2002
North East, Maryland	85	2001
Other Countries		
Moerdijk, The Netherlands	53	1999
Brisbane, Australia	42	1999

Regional Auction Units:

Valencia, Spain
Paris, France (5)
Toluca, Mexico (6)
Caorso, Italy
Dubai, United Arab Emirates
Singapore
Melbourne, Australia
Hartford, Connecticut
Las Vegas, Nevada

(1) We have purchased approximately 300 acres of land in Grande Prairie, Alberta, on which we intend to build a new permanent auction site to replace our existing permanent auction site in that region.

(2) We are building a new permanent auction site on approximately 95 acres of a 125-acre property in Houston, Texas, to replace our existing permanent auction site in that region. The new site is expected to open in 2008.

(3) We are building a new permanent auction site on approximately 40 acres of a 140-acre property in Kansas City, Missouri, which replaced our regional auction unit in that location in 2007. The new permanent facility is expected to be complete in 2008.

(4) We have purchased approximately 140 acres of land near Minneapolis, Minnesota on which we intend to build a new permanent auction site to replace our existing permanent auction site in that region.

(5) We are building a new permanent auction site near Paris, France, which is expected to replace our regional auction unit in that location in 2008.

(6) We have purchased approximately 300 acres of land near Mexico City, Mexico, on which we intend to build a new permanent auction site to replace our regional auction unit in that region.

In December of 2007, we also completed the purchase of approximately 165 acres of land in London, Ontario, on which we intend to build a new permanent auction site focused primarily on agricultural auctions.

At certain of our auction sites we own additional property that may be available for future expansion or sale. We also own land in other areas not listed or described above that may be available for future expansion or sale.

Competition

Both the global used industrial equipment market and the auction segment of that market are highly fragmented. We compete for potential purchasers of industrial equipment with other auction companies and with non-auction competitors such as equipment manufacturers, distributors and dealers, and equipment rental companies. When sourcing equipment to sell at our auctions, we compete with other auction companies, equipment dealers and brokers, and equipment owners who have traditionally disposed of equipment through private sales.

Governmental and Environmental Regulations

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

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

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

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

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

Risk Factors

Disclosure relating to risk factors concerning us and our business is included under “Risk Factors” in our Management’s Discussion and Analysis of Financial Condition and Results of Operations for the year ended December 31, 2007, which has been filed on SEDAR at www.sedar.com, and is incorporated in this document by reference.

DIVIDENDS

We currently pay a regular quarterly cash dividend of $0.24 per common share. We currently intend to continue to declare and pay a regular quarterly cash dividend in this amount on our common shares. However, any decision to declare and pay dividends in the future will be made at the discretion of our Board of Directors, after taking into account our operating results, financial condition, cash requirements, financing agreement restrictions and other factors our Board may deem relevant. In 2007 we paid total cash dividends of $0.90 per common share, compared to $0.78 per share in 2006 and $0.58 per share in 2005.

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

Pursuant to new income tax legislation, Canadian resident individuals who receive “eligible dividends” in 2006 and subsequent years will be entitled to an enhanced gross-up and dividend tax credit on such dividends. All dividends that we paid in 2007 were “eligible dividends” for these purposes.

CAPITAL STRUCTURE

We have the following shares authorized for issuance and issued and outstanding as of February 19, 2008:

Description	Number Authorized	Number Issued and Outstanding
Common shares, without par value	Unlimited	34,837,390
Senior preferred shares, without par value, issuable in series	Unlimited	None
Junior preferred shares, without par value, issuable in series	Unlimited	None

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

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

In 2007, we adopted a Shareholder Rights Plan, the purpose of which is to discourage discriminatory or unfair take-over offers for our company and to provide our Board of Directors with time, if appropriate, to pursue alternatives to maximize shareholder value in the event of an unsolicited takeover bid for our company.

Subsequent to December 31, 2007, our Board of Directors approved a three-for-one stock split for our common shares, subject to the approval of our shareholders at our Annual and Special Meeting of Shareholders scheduled for April 11, 2008. All share and per share information in this document does not give effect to the proposed stock split.

Market for Securities

Our common shares are listed for trading on the New York Stock Exchange, or the NYSE, and on the Toronto Stock Exchange, or the TSX, on both exchanges under the ticker symbol “RBA”. The closing price of our common shares on February 19, 2008 on the NYSE was $81.73 and on the TSX was CA$83.83.

Our trading volumes and price ranges on the NYSE and the TSX for the year ended December 31, 2007 were as follows:

	NYSE (US$)				TSX (CA$)			
Date	High Price	Low Price	Closing Price	Total Volume	High Price	Low Price	Closing Price	Total Volume
December-07	$ 85.91	$ 73.37	$ 82.70	1,947,400	$ 84.87	$ 74.07	$ 82.40	510,200
November-07	76.83	69.26	74.10	2,152,400	76.79	68.29	74.06	576,200
October-07	76.10	64.82	74.83	3,057,700	72.18	64.26	70.99	590,400
September-07	65.82	62.85	65.10	1,124,400	69.01	62.50	64.96	1,413,800
August-07	66.55	58.07	64.61	2,064,300	70.20	62.01	68.38	460,300
July-07	67.25	61.37	65.20	1,417,800	70.30	65.01	69.74	337,900
June-07	64.31	58.23	62.62	1,502,600	68.14	61.91	66.90	347,000
May-07	62.57	55.92	58.99	1,804,600	69.11	60.50	63.40	640,300
April-07	62.00	58.41	59.08	1,238,500	71.00	65.49	65.60	354,000
March-07	58.99	54.05	58.52	1,715,200	67.89	63.51	67.48	546,000
February-07	63.25	55.92	57.51	2,098,500	73.54	65.07	66.89	561,500
January-07	59.53	52.75	59.27	1,593,100	70.24	61.75	69.73	436,900

Directors and Executive Officers

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

Directors

Name and Municipality of Residence	Position with the Company	Principal Occupation or Employment(1)	Previous Service as a Director
Charles E. Croft(2)(4)(7) Vancouver, B.C., Canada	Chairman of the Board and a Director	President and Director of Falcon Pacific Financial Corp. and its subsidiaries	Director since June 17, 1998
Peter J. Blake Vancouver, B.C., Canada	Chief Executive Officer and a Director	Chief Executive Officer of the Company	Director since December 12, 1997
C. Russell Cmolik(3) Surrey, B.C., Canada	Director	Businessman(6)	Director since December 12, 1997
Eric Patel(4)(5) Vancouver, B.C., Canada	Director	Chief Financial Officer of Paget Resources Corporation Business Consultant	Director since April 14, 2004
Beverley A. Briscoe(4)(5) Vancouver, B.C., Canada	Director	Owner and President of Briscoe Management Ltd.	Director since October 29, 2004
Robert W. Murdoch(2)(3) Salt Spring Island, B.C., Canada	Director	Businessman	Director since February 20, 2006
Edward B. Pitoniak(3)(5) West Vancouver, B.C., Canada	Director	President and Chief Executive Officer of bcIMC Hospitality Group	Director since July 28, 2006

(1) This information has been provided by the respective director as of February 19, 2008.

(2) Mr. Croft does not intend to stand for re-election at our Annual Meeting of Shareholders in April 2008. Our Board of Directors intends to appoint Mr. Murdoch to the position of Chairman, subject to his election at our Annual Meeting.

(3) Our Board of Directors has a compensation committee comprised of Messrs. Cmolik (Chair), Murdoch and Pitoniak.

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

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

(6) Mr. Cmolik was our President and Chief Operating Officer until his retirement in July 2002. Mr. Cmolik does not intend to stand for re-election at our Annual Meeting of Shareholders in April 2008.

(7) Mr. Croft was a director of a Canadian private company that entered into a Plan of Arrangement in 2004, immediately following his resignation as a director of that company. The company subsequently emerged from protection in 2004.

We do not have a Lead Director because our Chairman, Charles E. Croft, is an independent director and fulfills this role. Our director can be reached at (604) 233-6153 or by email at leaddirector@rbauction.com.

Executive Officers

As of February 19, 2008, the following Executive Officers have been appointed by our Board of Directors:

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

As of February 19, 2008, our directors and Executive Officers as a group beneficially owned, directly or indirectly, or exercised control or direction over, approximately 7.8% of our issued and outstanding common shares.

AUDIT COMMITTEE INFORMATION

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

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

In particular, our Audit Committee's role includes, among other things, ensuring that management properly develops and adheres to a sound system of disclosure controls and procedures and internal controls. The full text of our Audit Committee

charter, which complies with the NYSE rules and applicable securities laws, is available on our website, www.rbauction.com.

As of February 19, 2008, the Audit Committee of our Board of Directors was composed of the following members:

Member	Independent	Financially Literate	Relevant Education and Experience
Beverley A. Briscoe (Chair)	Yes	Yes	**Current employment:** • Business consultant — owner and principal, Briscoe Management Ltd. **Past employment:** • President and owner — Hiway Refrigeration — 1997 to 2004 • Vice President and General Manager — Wajax Industries Ltd. • Vice President of Finance — Rivtow Group of Companies • Chief Financial Officer — various operating divisions of The Jim Pattison Group in British Columbia and Geneva, Switzerland • Auditor — Predecessor firm of PricewaterhouseCoopers **Other board membership:** • Director and Chair of Audit Committee, Goldcorp Inc. (TSX: G), Director and Chair of Audit Committee, Spectra Energy Income Fund (TSX: SP.un), and director of several non-public companies **Education:** • Chartered Accountant (Fellow) • Bachelor of Commerce degree from University of British Columbia
Eric Patel	Yes	Yes	**Current employment:** • Chief Financial Officer of Paget Resources Corporation, a private company • Business consultant **Past employment:** • Chief Financial Officer — Crystal Decisions, Inc., a privately held software company — 1999 to 2004 • Executive positions, including CFO — University Games, Inc., a privately held manufacturer of educational toys and games — 1997 to 1999 • Director of Strategy — Dreyer's Grand Ice Cream • Strategy consultant — Marakon Associates **Education:** • MBA degree from Stanford University

Member	Independent	Financially Literate	Relevant Education and Experience
Edward B. Pitoniak	Yes	Yes	**Current employment:** • President and Chief Executive Officer — bcIMC Hospitality Group — 2004 to present **Past employment:** • Senior Vice-President — Intrawest Corp. (NYSE: IDR; TSX: ITW) — 1996 to 2004 • Editor-in-Chief and Advertising Director — SKI Magazine (part of Times Mirror Magazines) **Education:** • Bachelor of Arts Degree from Amherst College

In fulfilling its responsibilities, our Audit Committee held regular meetings in 2007 with our external auditors and with our management. In these meetings, the Audit Committee discussed with management and the external auditors, among other things, the quality and acceptability of accounting principles and significant transactions or issues encountered during the period. In addition, our Audit Committee met with our external auditors independent of our management to provide for independent and confidential assessment of our management and our internal controls as they relate to the quality and reliability of our financial statements.

In addition to retaining KPMG LLP to audit our consolidated financial statements for the year ended December 31, 2007, we retained KPMG LLP to provide various non-audit services in 2006. The aggregate fees billed for professional services by KPMG LLP and its affiliates during 2007 and 2006 were as follows:

	Fiscal 2007	Fiscal 2006
Audit Fees	$1,307,000	$1,143,000
Audit-Related Fees	98,000	248,000
Tax Fees	806,000	575,000
All Other Fees	—	—
Total Fees	$2,211,000	$1,966,000

The nature of each category of fees is as follows:

Audit Fees:

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

Audit-Related Fees:

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

Tax Fees:

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

The Audit Committee is responsible for the appointment, compensation and oversight of the work of our independent auditor and is required to pre-approve all non-audit related services performed by KPMG LLP. Accordingly, the Audit Committee has adopted a pre-approval policy. The policy outlines the procedures and the conditions pursuant to which permissible services proposed to be performed by KPMG LLP are pre-approved, provides a general pre-approval for certain permissible services and for subsequent reporting to the Audit Committee, and outlines a list of prohibited services.

All requests for KPMG LLP to provide services that do not require specific approval by the Audit Committee are reported to and documented by our Corporate Secretary. If the proposed services are not covered by a pre-approval and the estimated fees for the proposed engagement are more than CA$5,000, the engagement of KPMG LLP to provide such services requires specific approval by the Audit Committee. Any proposed engagement to provide services that requires specific approval by the Audit Committee pursuant to the terms of the policy is submitted to the Corporate Secretary for presentation to the Audit Committee for its consideration. Less than 5% of KPMG's fees, excluding audit and review fees, were subject to a waiver of the pre-approval requirement in 2007.

Additional information regarding our corporate governance practices is included in our Information Circular for our 2008 Annual Meeting of Shareholders and on our website.

Legal and Regulatory Actions

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

Interest of Management and Others in Material Transactions

During the year ended December 31, 2007, we paid approximately $1.0 million to D.E.R. Resorts Ltd. (or Resorts), a company controlled by David E. Ritchie, the former Chairman of our Board of Directors, who retired from our Board effective November 30, 2006 (2006 — $0.7 million). The costs were incurred pursuant to agreements, approved by our Board of Directors, by which Resorts agreed to provide meeting rooms, accommodations, meals and recreational activities at its facilities on Stuart Island in British Columbia, Canada, for certain of our customers and guests. The agreements set forth the fees and costs per excursion, which were based on market prices for similar types of facilities and excursions. We have entered into similar agreements with Resorts in the past.

Code of Ethics

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

Transfer Agent

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

Interests of Experts

Our consolidated financial statements for the years ended December 31, 2007 and 2006 have been audited by KPMG LLP, Chartered Accountants, our external auditors.

Additional Information

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

Additional financial information is provided in our consolidated financial statements and our management's discussion and analysis of financial condition and results of operations for our most recently completed financial year. This and other information about our company can be found on the SEDAR website at www.sedar.com. None of the information on the SEDAR website is incorporated by reference into this document by this or any other reference, unless otherwise specified.

Copies of these documents may be obtained upon request from our Corporate Secretary, 6500 River Road, Richmond, British Columbia, V6X 4G5 (telephone number: (604) 273-7564).

EXHIBIT NO. 2

Consolidated Financial Statements of

RITCHIE BROS. AUCTIONEERS INCORPORATED

Years ended December 31, 2007 and 2006

AUDITORS' REPORT

To the Shareholders of Ritchie Bros. Auctioneers Incorporated

We have audited the consolidated balance sheets of Ritchie Bros. Auctioneers Incorporated ("the Company") as at December 31, 2007 and 2006 and the consolidated statements of operations, shareholders' equity, comprehensive income and cash flows for each of the years in the three-year period ended December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. With respect to the consolidated financial statements for the years ended December 31, 2007 and 2006, we also conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2007 and 2006 and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2007 in accordance with Canadian generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2007, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 15, 2008 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP
Chartered Accountants

Vancouver, Canada
February 15, 2008

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited Ritchie Bros. Auctioneers Incorporated ("the Company")'s internal control over financial reporting as of December 31, 2007, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the section entitled Internal Controls over Financial Reporting included in Management's Discussion and Analysis. Our responsibility is to express an opinion the Company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have conducted our audits on the consolidated financial statements in accordance with Canadian generally accepted auditing standards. With respect to the years ended December 31, 2007 and 2006, we also have conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our report dated February 15, 2008 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP
Chartered Accountants

Vancouver, Canada
February 15, 2008

RITCHIE BROS. AUCTIONEERS INCORPORATED

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

Years ended December 31,	2007	2006	2005
Auction revenues	$ 315,231	$ 261,040	$ 212,633
Direct expenses	42,413	36,976	27,035
	272,818	224,064	185,598
Expenses:			
Depreciation and amortization	19,417	15,017	13,172
General and administrative	142,014	118,165	94,670
	161,431	133,182	107,842
Earnings from operations	111,387	90,882	77,756
Other income (expense):			
Interest expense	(1,206)	(1,172)	(2,224)
Gain on disposition of capital assets	243	1,277	6,565
Other	1,471	1,079	417
	508	1,184	4,758
Earnings before income taxes	111,895	92,066	82,514
Income tax expense (note 8):			
Current	33,797	33,757	28,704
Future	2,115	1,091	230
	35,912	34,848	28,934
Net earnings	$ 75,983	$ 57,218	$ 53,580
Net earnings per share (notes 6(e)):			
Basic	$ 2.19	$ 1.66	$ 1.56
Diluted	2.17	1.64	1.54
Weighted average number of shares outstanding	34,755,371	34,546,460	34,366,311

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

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

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

RITCHIE BROS. AUCTIONEERS INCORPORATED

Consolidated Balance Sheets
(Expressed in thousands of United States dollars)

December 31,	2007	2006
Assets		
Current assets:		
Cash and cash equivalents	$150,315	$172,021
Accounts receivable	67,716	36,682
Inventory	6,031	5,614
Advances against auction contracts	658	1,474
Prepaid expenses and deposits	5,766	5,267
Other assets	—	2,723
Income taxes receivable	5,921	3,212
Future income tax asset (note 8)	778	1,074
	237,185	228,067
Capital assets (note 4)	390,044	285,091
Other assets	2,031	343
Goodwill	42,612	39,537
Future income tax asset (note 8)	1,015	1,189
	$672,887	$554,227
Liabilities and Shareholders' Equity		
Current liabilities:		
Auction proceeds payable	$ 80,698	$ 65,114
Accounts payable and accrued liabilities	98,039	67,496
Current portion of long-term debt (note 5)	241	237
Future income tax liability (note 8)	—	851
	178,978	133,698
Long-term debt (note 5)	44,844	43,081
Other liabilities	385	—
Future income tax liability (note 8)	13,564	8,811
	237,771	185,590
Shareholders' equity:		
Share capital (note 6)	90,223	85,910
Additional paid-in capital	12,471	10,459
Retained earnings	292,046	247,349
Accumulated other comprehensive income	40,376	24,919
	435,116	368,637
	$672,887	$554,227

Commitments and contingencies (note 9)

See accompanying notes to consolidated financial statements.

RITCHIE BROS. AUCTIONEERS INCORPORATED

Consolidated Statements of Shareholders' Equity
(Expressed in thousands of United States dollars)

	Share Capital	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Balance, December 31, 2004	$76,445	$ 7,859	$183,438	$ 21,522	$ 289,264
Exercise of stock options	3,399	(485)	—	—	2,914
Stock compensation tax adjustment	—	87	—	—	87
Stock compensation expense	—	1,468	—	—	1,468
Net earnings	—	—	53,580	—	53,580
Cash dividends paid	—	—	(19,938)	—	(19,938)
Foreign currency translation adjustment	—	—	—	(2,192)	(2,192)
Balance, December 31, 2005	79,844	8,929	217,080	19,330	325,183
Exercise of stock options	6,066	(881)	—	—	5,185
Stock compensation tax adjustment	—	391	—	—	391
Stock compensation expense	—	2,020	—	—	2,020
Net earnings	—	—	57,218	—	57,218
Cash dividends paid	—	—	(26,949)	—	(26,949)
Foreign currency translation adjustment	—	—	—	5,589	5,589
Balance, December 31, 2006	85,910	10,459	247,349	24,919	368,637
Exercise of stock options	4,313	(688)	—	—	3,625
Stock compensation tax adjustment	—	722	—	—	722
Stock compensation expense	—	1,978	—	—	1,978
Net earnings	—	—	75,983	—	75,983
Cash dividends paid	—	—	(31,286)	—	(31,286)
Foreign currency translation adjustment	—	—	—	15,457	15,457
Balance, December 31, 2007	$90,223	$12,471	$292,046	$ 40,376	$ 435,116

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

Years ended December 31,	2007	2006	2005
Net earnings	$ 75,983	$57,218	$53,580
Other comprehensive income:			
Foreign currency translation adjustment	15,457	5,589	(2,192)
Comprehensive income	$ 91,440	$62,807	$51,388

See accompanying notes to consolidated financial statements.

RITCHIE BROS. AUCTIONEERS INCORPORATED

Consolidated Statements of Cash Flows
(Expressed in thousands of United States dollars)

Years ended December 31,	2007	2006	2005
Cash provided by (used in):			
Operating activities:			
Net earnings	$ 75,983	$ 57,218	$ 53,580
Items not involving cash:			
Depreciation and amortization	19,417	15,017	13,172
Stock compensation expense	1,978	2,020	1,468
Future income taxes	2,115	1,091	230
Net gain on disposition of capital assets	(243)	(1,277)	(6,565)
Changes in non-cash working capital:			
Accounts receivable	(22,198)	(14,097)	(7,848)
Inventory	244	4,663	3,015
Advances against auction contracts	847	(1,207)	842
Prepaid expenses and deposits	153	(2,353)	(372)
Income taxes payable	(3,880)	(10,632)	5,022
Income taxes receivable	1,717	(3,601)	—
Auction proceeds payable	3,138	660	15,825
Accounts payable and accrued liabilities	26,922	19,766	5,097
Other	(4,924)	(1,629)	1,605
	101,269	65,639	85,071
Investing activities:			
Acquisition of business	(597)	(2,300)	—
Capital asset additions	(113,219)	(51,239)	(42,737)
Proceeds on disposition of capital assets	8,455	5,160	9,929
Decrease (increase) in other assets	(364)	1,832	601
	(105,725)	(46,547)	(32,207)
Financing activities:			
Issuance of share capital	3,625	5,185	2,914
Dividends on common shares	(31,286)	(26,949)	(19,938)
Issuance of short-term debt	33,415	—	—
Repayment of short-term debt	(33,908)	—	—
Repayment of long-term debt	(251)	(227)	(48,746)
Issuance of long-term debt	—	—	46,016
Decrease in funds committed for debt repayment	—	—	6,965
Other	640	335	(348)
	(27,765)	(21,656)	(13,137)
Effect of changes in foreign currency rates on cash and cash equivalents	10,515	5,336	(3,110)
Increase (decrease) in cash and cash equivalents	(21,706)	2,772	36,617
Cash and cash equivalents, beginning of year	172,021	169,249	132,632
Cash and cash equivalents, end of year	$ 150,315	$172,021	$169,249
Supplemental information:			
Interest paid	$ 3,078	$ 2,186	$ 2,217
Income taxes paid	36,089	47,924	22,696

See accompanying notes to consolidated financial statements.

1. Significant accounting policies:

(a) Basis of presentation:

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

The consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in Canada which, except as disclosed in note 11, also comply, in all material respects, with generally accepted accounting principles in the United States.

(b) Cash and cash equivalents:

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

(c) Inventory:

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

(d) Capital assets:

All capital assets are stated at cost and include capitalized interest on property under development. Depreciation is provided to charge the cost of the assets to operations over their estimated useful lives based on their usage as follows:

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

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

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

1. Significant accounting policies (continued):

(e) Goodwill:

Goodwill represents non-identifiable intangible assets acquired on business combinations. Goodwill is not amortized and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the asset might be impaired. The impairment test compares the carrying amount of the goodwill against its implied fair value. To the extent that the carrying amount of goodwill exceeds its fair value, an impairment loss is charged against earnings.

(f) Revenue recognition:

Auction revenues are comprised mostly of auction commissions, which are earned by the Company acting as an agent for consignors of equipment and other assets, but also include net profits on the sale of inventory, incidental interest income, internet and proxy purchase fees, and administrative fees on the sale of certain lots. All revenue is recognized when the auction sale is complete and the Company has determined that the auction proceeds are collectible.

Auction commissions represent the percentage earned by the Company on the gross proceeds from equipment and other assets sold at auction. The majority of auction commissions is earned as a pre-negotiated fixed rate of the gross selling price. Other commissions are earned when the Company guarantees a certain level of proceeds to a consignor. This type of commission typically includes a pre-negotiated percentage of the guaranteed gross proceeds plus a percentage of proceeds in excess of the guaranteed amount. If actual auction proceeds are less than the guaranteed amount, commission is reduced; if proceeds are sufficiently lower, the Company can incur a loss on the sale. Losses, if any, resulting from guarantee contracts are recorded in the period in which the relevant auction is completed. If a loss relating to a guarantee contract to be sold after a period end is known at the financial statement reporting date, the loss is accrued in the financial statements for that period. The Company's exposure from these guarantee contracts fluctuates over time (see note 9(b)).

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

(g) Income taxes:

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

1. Significant accounting policies (continued):

(h) Foreign currency translation:

The Company's reporting currency is the United States dollar. The functional currency for each of the Company's operations is usually the currency of the country of residency; in some cases it is the United States dollar. Each of the Company's foreign operations is considered to be self-sustaining. Accordingly, the financial statements of the Company's operations that are not denominated in United States dollars have been translated into United States dollars using the exchange rate at the end of each reporting period for asset and liability amounts and the average exchange rate for each reporting period for amounts included in the determination of earnings. Any gains or losses from the translation of asset and liability amounts have been included in accumulated other comprehensive income, which is included as a separate component of shareholders' equity. Monetary assets and liabilities recorded in foreign currencies are translated into the appropriate functional currency at the rate of exchange in effect at the balance sheet date. Foreign currency denominated transactions are translated into the appropriate functional currency at the exchange rate in effect on the date of the transaction. Exchange gains on these transactions included in the determination of earnings in 2007 were $2,802,000 (2006 — loss of $451,000; 2005 — loss of $863,000).

(i) Use of estimates:

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

(j) Financial instruments:

Carrying amounts of certain of the Company's financial instruments (note 2), including accounts receivable, income taxes payable, auction proceeds payable and accounts payable and accrued liabilities, approximate their fair value due to their short terms to maturity. Based on borrowing rates currently available to the Company for loans with similar terms, the carrying value of its long-term debt approximates fair value.

(k) Credit risk:

The Company is not exposed to any significant credit risk because it does not extend credit to buyers at its auctions. In addition, items purchased at the Company's auctions are not normally released to the buyers until they are paid for in full.

(l) Net earnings per share:

Net earnings per share has been calculated based on the weighted average number of common shares outstanding. Diluted net earnings per share has been calculated after giving effect to outstanding dilutive options calculated by the treasury stock method (note 6(e)).

1. Significant accounting policies (continued):

(m) Stock-based compensation:

The Company has a stock-based compensation plan, which is described in note 6(c) and (d). The Company uses the fair value based method to account for employee stock-based compensation. Under the fair value based method, compensation cost attributable to options granted to employees is measured at the fair value of the underlying option at the grant date using the Black-Scholes option pricing model. Compensation expense is recognized on a straight-line basis over the vesting period of the underlying option. Any consideration paid by employees on exercise of stock options or purchase of stock is credited to share capital.

(n) Comparative figures:

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

2. Changes in accounting policies:

On January 1, 2007, the Company adopted The Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1530, Comprehensive Income, Section 3251, Equity, Section 3855, Financial Instruments — Recognition and Measurement, Section 3861, Financial Instruments — Disclosure and Presentation and Section 3865, Hedges. Section 1530 establishes standards for reporting and presenting comprehensive income, which represents the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with Canadian GAAP. Other comprehensive income has been included in the Consolidated Statements of Comprehensive Income.

Section 3861 establishes standards for disclosure and presentation of financial instruments and non-financial derivatives. Section 3865 describes when and how hedge accounting can be applied as well as disclosure requirements. Section 3855 prescribes when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet, and the amount at which these items should be recorded. Under the new standard, financial instruments must be classified into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale or other financial liabilities.

All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized costs. Subsequent measurement and the accounting for changes in fair value will depend on their initial classification.

Upon the adoption of these new standards, the Company designated its cash and cash equivalents as held-for-trading, which is measured at fair value and changes in fair value are recognized in net earnings. Accounts receivable are classified as loans and receivables, which are measured at amortized cost.

2. Changes in accounting policies (continued):

Accounts payable and accrued liabilities, auction proceeds payable, short-term debt and long-term debt are classified as other financial liabilities, which are measured at amortized cost.

Transaction costs that are directly attributable to the issuance of financial assets or liabilities are accounted for as part of the carrying value at inception, and are recognized over the term of the assets or liabilities using the effective interest method. As at January 1, 2007, the Company decreased the carrying value of its long-term debt by $312,000 (see note 5) to reflect this change.

All derivative instruments, including embedded derivatives, are recorded in the financial statements at fair value unless exempted from derivative treatment as a normal purchase and sale. All changes in their fair value are recorded in income unless cash flow hedge accounting is applied, in which case changes in fair value are recorded in other comprehensive income. The Company has elected to apply this accounting treatment for all embedded derivatives in host contracts entered into on or after January 1, 2003.

The adoption of these standards did not result in any material impact on the Company's financial statements.

3. Future changes in accounting policies:

The CICA issued Section 1535, Capital Disclosures, Section, 3862, Financial Instruments — Disclosures, and Section 3863, Financial Instruments — Presentation, which are effective for the Company on January 1, 2008. Section 1535 requires the disclosure of both qualitative and quantitative information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital. Sections 3862 and 3863 replace Section 3861, Financial Instruments — Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. The Company has not yet determined the impact of these new standards on its financial statements, but does not expect the effects to be material.

4. Capital assets:

2007	Cost	Accumulated depreciation	Net book value
Buildings	$160,795	$ 33,247	$127,548
Land and improvements	161,107	9,865	151,242
Land and buildings under development	65,072	—	65,072
Automotive equipment	17,727	6,591	11,136
Yard equipment	19,270	9,387	9,883
Office equipment	11,549	5,922	5,627
Computer equipment	8,820	5,024	3,796
Computer software	19,549	5,137	14,412
Leasehold improvements	3,111	1,783	1,328
	$467,000	$ 76,956	$390,044

2006	Cost	Accumulated depreciation	Net book value
Buildings	$129,489	$ 26,319	$103,170
Land and improvements	131,856	6,689	125,167
Land and buildings under development	25,782	—	25,782
Automotive equipment	14,675	5,677	8,998
Yard equipment	15,083	7,284	7,799
Office equipment	8,174	5,075	3,099
Computer equipment	5,207	3,333	1,874
Computer software	10,187	2,298	7,889
Leasehold improvements	2,387	1,074	1,313
	$342,840	$ 57,749	$285,091

During the year, interest of $1,651,000 (2006 — $1,480,000; 2005 — $553,000) was capitalized to the cost of land and buildings under development.

5. Long-term debt:

	2007	2006
Term loan, unsecured, bearing interest at 5.61%, due in quarterly installments of interest only, with the full amount of the principal due in 2011.	$29,904	$30,000
Term loan, denominated in Canadian dollars, secured by a general security agreement, bearing interest at 4.429%, due in monthly installments of interest only, with the full amount of the principal due in 2010.	14,940	12,864
Term loan, denominated in Australian dollars, secured by deeds of trust on specific property, bearing interest between the prime rate and 6.5%, due in quarterly installments of AUD75, plus interest, with final payments of AUD275 occurring in 2008.	241	454
	45,085	43,318
Current portion	(241)	(237)
Non-current portion	$44,844	$43,081

As at January 1, 2007, the carrying values of the term debt due in 2011 and 2010 were adjusted for transaction costs by $124,000 and $188,000, respectively, to reflect the adoption of new accounting policies, as described in note 2.

As at December 31, 2007, principal repayments for the next five years are as follows:

2008	241
2009	—
2010	15,095
2011	30,000
	$45,336

6. Share capital:

(a) Authorized:

Unlimited number of common shares, without par value.

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

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

6. Share capital (continued):

(b) Issued:

No preferred shares have been issued.

Common shares issued and outstanding are as follows:

Issued and outstanding, December 31, 2004	34,262,300
Issued for cash, pursuant to stock options exercised	161,600
Issued and outstanding, December 31, 2005	34,423,900
Issued for cash, pursuant to stock options exercised	249,200
Issued and outstanding, December 31, 2006	34,673,100
Issued for cash, pursuant to stock options exercised	139,750
Issued and outstanding, December 31, 2007	34,812,850

During 2004, the Company's common shares were split on a two-for-one basis. All share, per share and stock option information in the consolidated financial statements gives effect to the stock split on a retroactive basis.

Subsequent to December 31, 2007, the Company's Board of Directors approved a three-for-one stock split for its common shares, subject to the approval of the Company's shareholders at the Annual and Special Meeting of Shareholders scheduled for April 11, 2008. All share and per share information in the consolidated financial statements does not give effect to the proposed stock split.

(c) Stock option plan:

The Company has a stock option plan that provides for the award of stock options to selected employees, directors and officers of the Company and to other persons approved by the Board of Directors. Stock options are granted at the fair market value of the Company's common shares at the grant date, with various vesting periods and a term not exceeding 10 years. In 2007, the Company's stock option plan was amended and restated, and an additional 1,686,468 common shares were authorized for stock option grants. At December 31, 2007, there were 2,446,152 (2006 — 919,884) shares authorized and available for grants of options under the stock option plan.

6. Share capital (continued):

(c) Stock option plan (continued):

Stock option activity for 2007, 2006 and 2005 is presented below:

	Common Shares Under Option	Weighted Average Exercise Price
Outstanding, December 31, 2004	808,998	$ 18.38
Granted	213,800	32.98
Exercised	(161,600)	18.03
Cancelled	(13,600)	32.41
Outstanding, December 31, 2005	847,598	21.90
Granted	205,950	44.09
Exercised	(249,200)	20.80
Outstanding, December 31, 2006	804,348	27.92
Granted	163,100	56.01
Exercised	(139,750)	25.94
Cancelled	(2,900)	56.01
Outstanding, December 31, 2007	824,798	$ 33.72
Exercisable, December 31, 2007	658,598	$ 28.21

The options outstanding at December 31, 2007 expire on dates ranging to March 1, 2017.

The following is a summary of stock options outstanding and exercisable at December 31, 2007:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Life (years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$11.675 — $13.050	104,900	3.6	$ 12.34	104,900	$ 12.34
$13.344 — $15.525	113,598	4.5	15.15	113,598	15.15
$26.460 — $32.410	263,300	6.6	29.54	263,300	29.54
$42.690 — $44.090	182,800	8.1	44.00	176,800	44.04
$56.010	160,200	9.2	56.01	—	—
	824,798			658,598	

6. Share capital (continued):

(d) Stock-based compensation:

During 2007, the Company recognized compensation cost of $1,978,000 (2006 — $2,020,000; 2005 — $1,468,000) in respect of options granted under its stock option plan. This amount was calculated in accordance with the fair value method of accounting.

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

	2007	2006	2005
Risk free interest rate	4.5%	4.3%	3.7%
Expected dividend yield	1.50%	1.63%	1.41%
Expected lives of options	5 years	5 years	5 years
Expected volatility	21.8%	21.0%	20.1%

The weighted average grant date fair value of options granted during the year ended December 31, 2007 was $13.29 per option (2006 — $9.86; 2005 — $6.98). The fair value method requires that this amount be amortized over the relevant vesting periods of the underlying options.

(e) Net earnings per share:

Year ended December 31, 2007	Net earnings	Shares	Per share amount
Basic net earnings per share	$ 75,983	34,755,371	$ 2.19
Effect of dilutive securities:			
Stock options	—	332,061	(0.02)
Diluted net earnings per share	$ 75,983	35,087,432	$ 2.17

Year ended December 31, 2006	Net earnings	Shares	Per share amount
Basic net earnings per share	$ 57,218	34,546,460	$ 1.66
Effect of dilutive securities:			
Stock options	—	305,540	(0.02)
Diluted net earnings per share	$ 57,218	34,852,000	$ 1.64

Year ended December 31, 2005	Net earnings	Shares	Per share amount
Basic net earnings per share	$ 53,580	34,366,311	$ 1.56
Effect of dilutive securities:			
Stock options	—	365,629	(0.02)
Diluted net earnings per share	$ 53,580	34,731,940	$ 1.54

7. Segmented information:

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

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

	United States	Canada	Europe	Other	Combined
Year ended December 31, 2007:					
Auction revenues	$ 175,949	$ 71,223	$39,339	$28,720	$315,231
Capital assets and goodwill	244,528	118,493	53,405	16,230	432,656
Year ended December 31, 2006:					
Auction revenues	$ 157,236	$ 54,862	$29,024	$19,918	$261,040
Capital assets and goodwill	199,659	86,852	25,989	12,128	324,628
Year ended December 31, 2005:					
Auction revenues	$ 121,253	$ 48,824	$26,609	$15,947	$212,633
Capital assets and goodwill	173,709	79,849	22,638	12,846	289,042

8. Income taxes:

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

	2007	2006	2005
Statutory federal and state tax rate in the United States	40%	40%	40%
Expected income tax expense	$ 44,758	$36,826	$33,006
Differences:			
Earnings taxed in foreign jurisdictions	(10,199)	(3,912)	(5,571)
Non-deductible expenses	1,368	1,898	1,268
Foreign exchange gains and losses	(657)	—	(724)
Change in valuation allowance	1,009	—	—
Other	(367)	36	955
Actual income tax expense	$ 35,912	$34,848	$28,934

8. Income taxes (continued):

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

	2007	2006
Future income tax asset:		
Working capital	$ 778	$ 1,074
Capital assets	173	556
Stock-based compensation	775	574
Unused tax losses	2,380	1,344
Other	298	265
	4,404	3,813
Valuation allowance	(1,177)	(168)
Total future income tax asset	3,227	3,645
Current future income tax asset	778	1,074
Non-current future income tax asset	2,449	2,571
Future income tax liability:		
Capital assets	(4,422)	(2,381)
Goodwill	(6,354)	(5,486)
Other	(4,222)	(3,177)
Total future income tax liability	(14,998)	(11,044)
Current future income tax liability	—	(851)
Non-current future income tax liability	(14,998)	(10,193)
Net future income taxes	$(11,771)	$ (7,399)
Presented on balance sheet as:		
Future income tax asset — current	$ 778	$ 1,074
Future income tax asset — non-current	1,015	1,189
Future income tax liability — current	—	(851)
Future income tax liability — non-current	(13,564)	(8,811)
	$(11,771)	$ (7,399)

As at December 31, 2007, the Company has net operating and capital loss carryforwards of approximately $9,055,000 available to reduce future taxable income, of which $2,015,000 expire through 2028, and $7,040,000 remain indefinitely. The Company has recorded a valuation allowance of $3,697,000 against these losses.

9. Commitments and contingencies:

(a) Operating leases:

The Company is party to certain operating leases relating to auction sites and offices located in Canada, the United States, Mexico, Italy, Spain, the Netherlands, the United Arab Emirates, Australia, Singapore, India, Japan and China. The future minimum lease payments as at December 31, 2007 are approximately as follows:

2008	$2,143
2009	1,494
2010	925
2011	898
2012	205
Thereafter	—

Total rent expenses in respect of these leases for the year ended December 31, 2007 was $2,131,000 (2006 — $1,796,000; 2005 — $1, 574,000).

(b) Contingencies:

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

In the normal course of its business, the Company will in certain situations guarantee to a consignor a minimum level of proceeds in connection with the sale at auction of that consignor's equipment. At December 31, 2007, outstanding guarantees under contract for industrial equipment to be sold prior to the end of the second quarter of 2008 totaled $29,134,000 (December 31, 2006 — $14,581,000 sold prior to the end of the first quarter of 2007) (undiscounted and before estimated proceeds from sale at auction). The Company also had guarantees under contract totaling $26,559,000 relating to agricultural auctions to be held prior to the end of the second quarter of 2008 (December 31, 2006 — $25,128,000 sold prior to the end of the second quarter of 2007). No liability has been recorded with respect to these contracts.

10. Transactions with related parties:

During the year ended December 31, 2007, the Company paid $1,004,000 (2006 — $727,000; 2005 - $751,000) to a company controlled by the former Chairman of the Company's Board of Directors, who retired in 2006. The costs were incurred pursuant to agreements, approved by the Company's Board of Directors, by which the related company agrees to provide meeting rooms, accommodations, meals and recreational activities at its facilities on Stuart Island in British Columbia, Canada, for certain of the Company's customers and guests. The agreements set forth the fees and costs per excursion, which are based on market prices for similar types of facilities and excursions. The Company has entered into similar agreements in the past.

11. United States generally accepted accounting principles:

The consolidated financial statements are prepared in accordance with generally accepted accounting principles ("GAAP") in Canada which differ, in certain respects, from accounting practices generally accepted in the United States and from requirements promulgated by the Securities and Exchange Commission. However, there were no significant differences in the presented net earnings for the years ended December 31, 2007, 2006 and 2005, and balance sheets as at December 31, 2007 and 2006, had these results been prepared in accordance with United States GAAP.

EXHIBIT NO. 3

RITCHIE BROS. AUCTIONEERS INCORPORATED

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

FOR THE YEAR ENDED DECEMBER 31, 2007

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, 2007 compared to the year ended December 31, 2006. This discussion should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2007 and notes thereto, and with the disclosures below regarding forward-looking statements and risk factors. The date of this discussion is as of February 19, 2008. 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. Amounts discussed below are based on our consolidated financial statements prepared in accordance with Canadian GAAP and are presented in United States 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. Our world headquarters are located in Richmond, British Columbia, Canada, and as of the date of this discussion, we operated from over 110 locations, including 38 auction sites, in 27 countries around the world. We sell, through unreserved public auctions, a broad range of industrial assets, including equipment, trucks and other assets used in the construction, transportation, mining, forestry, petroleum, material handling, marine, real estate and agricultural 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 approximately $100 billion per year. Although we sell more used equipment than any other company in the world, our share of this fragmented market is only about 3%. Our secondary target markets include agricultural and industrial real estate, which are related and complimentary markets to our primary markets and are also large and fragmented.

In 2007, approximately 80% of the buyers at our auctions were end users of equipment (retail buyers), such as contractors, with the remainder being primarily truck and equipment dealers and brokers (wholesale buyers). This is roughly consistent with the relative proportions of buyers in recent periods. Consignors to our auctions represent a broad mix of equipment owners, the majority being end users of equipment, with the balance being finance companies, trucks 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, distributors and dealers that sell new or used industrial assets, and equipment rental companies that offer an alternative to purchasing. When sourcing equipment to sell at our auctions, we compete with other auction companies, truck and equipment dealers and brokers, and equipment owners that have traditionally disposed of equipment through private sales.

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

- Our reputation for conducting only unreserved auctions and our widely recognized commitment to honesty and fair dealing.
- Our ability to transcend local market conditions and create a global marketplace for industrial assets by attracting diverse audiences of end-user bidders from around the world to our auctions.
- Our size and financial strength, the international scope of our operations, our extensive network of auction sites, and our marketing skills.
- Our ability to enhance our live auctions with technology using our rbauctionBid-Live internet bidding service.
- Our in-depth experience in the marketplace, including our equipment valuation expertise and proprietary customer and equipment databases.
- Our dedicated and experienced workforce, which allows us to, among other things, enter new geographic markets, structure deals to meet our customers' needs and provide high quality and consistent service to consignors and bidders.

Strict adherence to the unreserved auction process is one of our founding principles and, we believe, one of our most significant competitive advantages. When we say "unreserved" we mean that there are no minimum 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 multinational bidding audiences provide a global marketplace that allows our auctions to transcend local market conditions, which we believe is a significant competitive advantage. Evidence of this is the fact that in 2007 an average of over 60% of the value of equipment sold at our auctions left the region of the sale, which is higher than the proportion that left the region of sale in recent years (2006 — 50%).

We believe that our ability to consistently draw significant numbers of local and international bidders 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. During 2007, we had over 254,000 bidder registrations at our industrial auctions, compared to more than 241,000 in 2006. We received almost 35,000 industrial asset consignments (typically comprised of multiple lots) in 2007, compared to more than 32,000 in 2006.

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 while maintaining a reasonable return on invested capital over the long term and to maintain 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. Although we have been pursuing this strategy for some

time, our articulation of this strategy was updated in 2007 to reflect the ongoing evolution of our business and our annual review of our strategic plan.

1. Our people

   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 promoting 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.

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 over the next five years 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, opening an average of two to three new or replacement sites per year. Our shorter-term focus for this expansion is the United States and Western Europe. In addition, we 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, petroleum and real estate.

3. Our processes

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

   In 2004 we launched a strategic initiative that we called Mission 2007, or M07, with the goal of developing business processes and systems that are efficient, consistent and scalable to support our growth. We have made significant progress on our process improvement initiatives, including the implementation of a new enterprise resource planning (or ERP) system, which we substantially completed in 2007. M07 has evolved into a mindset of continuous improvement throughout our company, and we see this initiative continuing far into the future.

We believe that these three components work together because our people help us to achieve our goals, 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.

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 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 2007, 88% of the gross auction proceeds from our auctions was attributable to auctions held at our permanent auction sites and regional auction units (2006 — 91%). Gross auction proceeds represent the total proceeds from all items sold at our auctions (please see "Sources of Revenue and Revenue Recognition" below).

During 2007, we conducted 183 unreserved industrial auctions at locations in North America, Europe, the Middle East, Australia and Asia (2006 — 177 auctions). We also held 177 unreserved agricultural auctions during the year, primarily in Canada and the United States (2006 — 141). Although our auctions have varied in size over the last 12 months, our average industrial auction in 2007 attracted almost 1,400 bidder registrations (2006 —over 1,300) and featured over 1,400 lots (2006 — over 1,300) consigned by 191 consignors (2006 — 181), generating average gross auction proceeds of approximately $16.7 million, compared to approximately $14.6 million in 2006. Our agricultural auctions in 2007 averaged approximately $0.7 million in size, compared to $0.9 million in 2006. Approximately 27% of the bidder registrations at our industrial auctions during 2007 were over the internet using our rbauctionBid-Live internet bidding tool (2006 — 25%).

In 2007, approximately 56% of our auction revenues was earned from operations in the United States (2006 — 60%), 23% was earned in Canada (2006 — 21%) and the remaining 21% was earned from operations in countries other than the United States and Canada (primarily Europe, the Middle East and Australia) (2006 — 19%). We had 943 full-time employees at December 31, 2007, including 265 sales representatives, compared to 821 and 245, respectively, at the end of 2006.

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 19, 2007 we had 34,837,390 common shares issued and outstanding and stock options outstanding to purchase a total of 800,258 common shares.

Sources of Revenue and Revenue Recognition

Gross auction proceeds, which until recently we referred to as gross auction sales, 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, incidental interest income, administrative fees on the sale of certain lots, 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.

Starting in 2008, we intend to make certain reclassifications in our Statements of Operations that will affect our reported auction revenues, direct expenses and other income. Interest income will be recorded in “other income” in 2008, rather than being included in auction revenues. In addition, we intend to record certain other amounts, including auction advertising recoveries and document administration fees, in auction revenues rather than as an offset to direct expenses. These changes are being made to improve the presentation in our financial statements. The net effect of these changes on auction revenues in 2007 would have been a reduction of $3.3 million (2006 — reduction of $3.2 million). These reclassifications will have no impact on our net earnings. Our comparative historic quarterly and annual financial results will be reclassified to conform with the presentation adopted in 2008.

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 2007, straight commission sales represented approximately 75% of gross auction proceeds volume, which is consistent with the annual straight commission proportion in recent years.

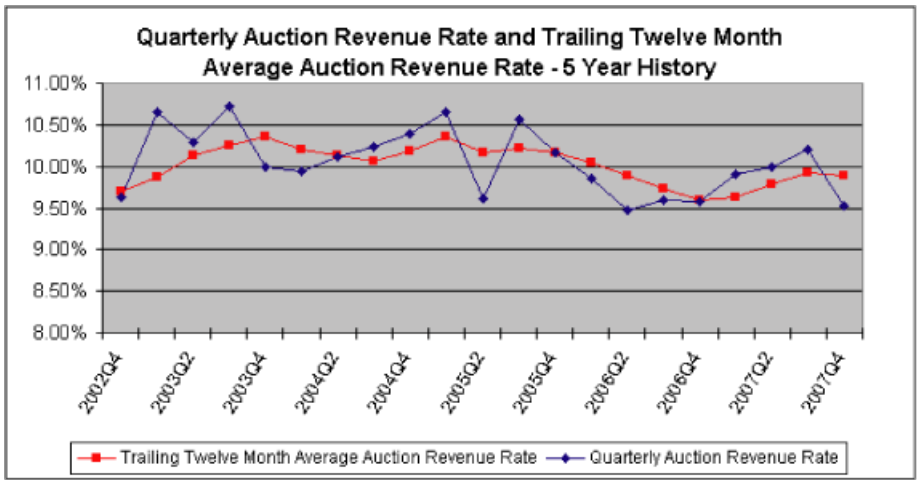
In some situations, we guarantee minimum sales proceeds to the consignor and earn a commission based on the actual results of the particular sale at auction, typically including a pre-negotiated percentage of any sales proceeds in excess of the guaranteed amount. The consigned equipment is sold on an 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 proceeds are sufficiently lower, 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 industrial auction guarantees are usually outstanding for less than 45 days. Agricultural auction guarantees are generally outstanding for a longer period of time; a common practice is for these contracts to be signed in the fall of one year for auctions to be held in the spring of the next year.

The combined exposure at any time from all outstanding guarantee contracts can fluctuate significantly from period to period, but the quarter-end balances averaged approximately $40 million in 2007 (2006 — $57 million). 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. In 2007, guarantee contracts represented approximately 15% of gross auction proceeds, which is consistent with the annual guarantee proportion in recent years.

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. In 2007, sales of inventory represented approximately 10% of gross auction proceeds, which is consistent with the annual inventory sales proportion in recent years. We generally refer to our guarantee and outright purchase business as our underwritten or at-risk business.

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 fluctuate from period to period. Our auction revenue rate performance is presented in the table below.



Prior to 2002, our long-term expected average annual auction revenue rate was approximately 8.80%. With the introduction of an administrative fee in 2002 and proxy and internet purchase fees in 2003, our long-term expected average annual auction revenue rate increased to approximately 9.30%. In 2003 we determined that we were achieving a sustainably higher average auction revenue rate and we increased our long-term expected average annual auction revenue rate to 9.50%. At the end of 2003 we increased our expected average annual auction revenue rate to be in the range of 9.50% to 10.00%, and our expectation has remained in this range since then. We achieved an auction revenue rate of 9.89% for 2007.

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 have been increased slightly to reflect increased costs of conducting auctions and we believe these changes will result in an increase in our annual auction revenue rate and net earnings. In addition, starting in 2008 we are reclassifying our interest income to “other income” and making certain other revenue reclassifications, as discussed above under “Sources of Revenue and Revenue Recognition.” As a result of these changes and reclassifications, we believe that our annual auction revenue rate in 2008 will 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.

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.

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 resource 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, as has occurred in recent years.

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.

Developments in 2007

Highlights of the year ended December 31, 2007 included:

Places

- We held the largest auction in our history, at our permanent auction site in Orlando, Florida, with gross auction proceeds of $172 million.
- We broke regional gross auction proceeds records in Fort Worth, Texas; Houston, Texas; Atlanta, Georgia; Northeast, Maryland; Denver, Colorado; Columbus, Ohio; Kansas City, Missouri; Buxton, North Dakota; Hartford, Connecticut; Nashville, Tennessee; Sacramento, California; Edmonton, Alberta; Saskatoon, Saskatchewan; Montreal, Quebec; Brisbane, Australia; Melbourne, Australia; Livorno, Italy; and Singapore.
- We completed our acquisition of the business and assets of Clarke Auctioneers Ltd., a Rouleau, Saskatchewan-based auctioneer of agricultural equipment. This added to our network a new permanent auction site focused primarily on agricultural auctions. We have not disclosed the terms of this acquisition because we do not believe they are material to our financial condition or results of operations.
- We held our first auctions at our replacement permanent auction site in Denver, Colorado and at our new permanent auction site in Columbus, Ohio.
- We established a regional auction unit near Paris, France, and completed the acquisition of an approximately 50-acre property nearby on which we are building a new permanent auction site. We expect to open this permanent auction site in 2008.
- We completed the purchase of approximately 300 acres of land near Kansas City, Missouri, on a portion of which we have commenced the construction of a new permanent auction site to replace our regional auction unit in that region. We expect to open the permanent auction site in 2008.
- We completed the purchase of approximately 300 acres of land in Grande Prairie, Alberta, on a portion of which we expect to build a new permanent auction site to replace our existing permanent auction site in that region. The timing of our development of this property has not yet been determined.
- We completed the purchase of approximately 123 acres of land in Medford, Minnesota, on a portion of which we expect to commence construction of a permanent auction site to replace our existing permanent auction site in that region.
- We completed the purchase of approximately 165 acres of land in London, Ontario, on a portion of which we expect to build a new permanent auction site, which will serve primarily the agricultural market in Southern Ontario.

- We completed the purchase of approximately 320 acres of land near Mexico City, Mexico, on a portion of which we expect to build a new permanent auction site to replace our existing regional auction unit in that region.
- We established a regional auction unit on leased land in Hartford, Connecticut.

People

- As part of our ongoing succession plans, we re-established the role of Chief Operating Officer effective January 1, 2008 and appointed Robert Armstrong, as Chief Financial Officer and Chief Operating Officer.
- Randall Wall, formerly President, Canada, Europe and Middle East, relinquished his executive officer position effective December 31, 2007 for personal reasons. Mr. Wall will continue to work with our company, focusing his efforts on our information technology, property development and training initiatives, but will no longer be one of our executive officers.
- We appointed the following new executive officers effective January 1, 2008:
  - Steven Simpson, Senior Vice-President — Western United States (formerly Vice-President, South West and North West Divisions);
  - Curtis Hinkelman, Senior Vice-President — Eastern United States (formerly Vice-President, Great Lakes Division);
  - Kevin Tink, Senior Vice-President — Canada and Agriculture (formerly Vice-President, Western Canada and Agricultural Divisions);
  - Victor Pospiech, Senior Vice-President — Administration and Human Resources (formerly Vice-President, Administration and Human Resources); and
  - Jeremy Black, Corporate Secretary and Director, Business Development (formerly Director, Finance).

  In addition to the individuals identified above, our other executive officers as of January 1, 2008 were as follows:
  - Peter Blake, Chief Executive Officer;
  - Robert Mackay, President (formerly President — United States, Asia and Australia);
  - Robert Armstrong, Chief Financial Officer and Chief Operating Officer (formerly Chief Financial Officer);
  - Robert Whitsit, Senior Vice-President (formerly Senior Vice-President — Southeast and Northeast Divisions);
  - David Nicholson, Senior Vice-President — Central United States, Mexico and South America (formerly Senior Vice-President — South Central United States, Mexico and South America Divisions); and
  - Guylain Turgeon, Senior Vice-President — Managing Director Europe and Middle East (formerly Senior Vice-President — Managing Director European Operations).
- We announced that Rob McLeod, currently Director of Global Accounting, is expected to be appointed as our Chief Financial officer during 2008.

Processes

- We completed the second phase of our ERP implementation, which included a customer relationship management module.
- We adopted a Shareholder Rights Plan, which is designed to ensure the fair treatment of shareholders in the event of any take-over offer for our common shares.

Subsequent to year-end, we established a regional auction unit on leased land in Las Vegas, Nevada.

In addition, our Board of Directors approved a three-for-one stock split for our common shares, subject to the approval of our shareholders at our Annual and Special Meeting of Shareholders scheduled for April 11, 2008. All share and per share information in this document does not give effect to the proposed stock split.

Overall Performance

For the year ended December 31, 2007 we recorded auction revenues of $315.2 million and net earnings of $76.0 million, or $2.17 per diluted common share. This performance compares to auction revenues of $261.0 million and net earnings of $56.2 million, or $1.61 per diluted share, for the year ended December 31, 2006, excluding the net effect of an after-tax gain of $1.0 million ($1.6 million before tax) recorded on the sale of excess property in Florida and a write-down of land held for sale in Texas. Financial statement net earnings for the year ended December 31, 2006 were $57.2 million, or $1.64 per diluted share. We have highlighted these amounts because we do not believe that the sale of excess property is part of our normal operations. Our financial performance in 2007 was stronger than 2006 primarily as a result of increased gross auction proceeds and a higher auction revenue rate, offset in part by higher operating costs. We ended 2007 with working capital of $58.2 million, compared to $94.4 million at the end of 2006, primarily due to an increase in capital expenditures in 2007.

Selected Annual Information

The following selected consolidated financial information as at December 31, 2007, 2006 and 2005 and for each of the years in the three-year period ended December 31, 2007 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 United States dollars in accordance with Canadian GAAP. These principles conform in all material respects with U.S. GAAP, except as disclosed in note 11 of our consolidated financial statements for the year ended December 31, 2007.

	Year Ended December 31,		
	2007	**2006**	**2005**
Statement of Operations Data:			
Auction revenues (1)	$ 315,231	$ 261,040	$ 212,633
Direct expenses	(42,413)	(36,976)	(27,035)
	272,818	224,064	185,598
Operating expenses (2)	(161,431)	(133,182)	(107,842)
Other income (3)	508	1,184	4,758
Earnings before income taxes	111,895	92,066	82,514
Income taxes	35,912	34,848	28,934
Net earnings	$ 75,983	$ 57,218	$ 53,580
Net earnings per share — basic	$ 2.19	$ 1.66	$ 1.56
Net earnings per share — diluted	2.17	1.64	1.54
Cash dividends declared per share (4)	$ 0.90	$ 0.78	$ 0.58
Balance Sheet Data (period end):			
Working capital (including cash)	$ 58,207	$ 94,369	$ 84,108
Capital assets	390,044	285,091	250,645
Total assets	672,887	554,227	496,396
Long-term liabilities	58,793	51,892	50,364

(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, fees charged to buyers and interest income incidental to our operations. Please see further discussion in "Sources of Revenue and Revenue Recognition."

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

(3) Other income and expenses in 2006 included the $1.6 million ($1.0 million, or $0.03 per diluted share, after tax) net effect of a gain recorded on the sale of excess property in Florida and a write-down of land held for resale in Texas; and in 2005 included gains of $6.4 million ($4.1 million, or $0.11 per diluted share, after tax) recorded on the sale of excess property in Texas and British Columbia. We have highlighted these amounts because we do not consider the sale of property to be part of our normal operations.

(4) In addition to the cash dividends declared and paid in 2007, we declared a cash dividend of $0.24 per common share on January 24, 2008 relating to the quarter ended December 31, 2007, which is not included in this amount.

Results of Operations

Year Ended December 31, 2007 Compared to Year Ended December 31, 2006

We conduct operations around the world in a number of different currencies, but our reporting currency is the United States dollar. In 2007, approximately 40% of our revenues and approximately 55% of our operating costs were denominated in currencies other than the United States dollar.

The main currencies other than the United States 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 Euro relative to the United States dollar. These fluctuations affect our reported auction revenues and operating expenses when non-United States dollar amounts are converted into United States dollars for financial statement reporting purposes. The effect on auction revenues and operating expenses reported in our annual consolidated financial statements has largely offset, making the impact of the currency fluctuation on our annual net earnings insignificant. However, our 2007 net earnings included a $2.8 million pre-tax gain resulting from the translation and settlement of foreign currency denominated monetary assets and liabilities (2006 — $0.5 million loss).

United States Dollar Exchange Rate Comparison

Years ended December 31,	2007	% Change	2006	% Change	2005
Value of one U.S. dollar:					
Year-end exchange rate:					
Canadian dollar	$0.9937	-14.8%	$1.1660	-0.3%	$1.1628
Euro	€0.6850	-9.6%	€0.7575	-10.3%	€0.8446
Average exchange rate:					
Canadian dollar	$1.0740	-5.3%	$1.1344	-6.4%	$1.2114
Euro	€0.7305	-8.3%	€0.7969	-1.0%	€0.8049

Auction Revenues

Years ended December 31,	2007	2006	% Change
Auction revenues — United States (1)	$175,949	$157,236	12%
Auction revenues — Canada (1)	71,223	54,862	30%
Auction revenues — Europe (1)	39,339	29,024	36%
Auction revenues — Other (1)	28,720	19,918	44%
Total auction revenues	$315,231	$261,040	21%

Years ended December 31,	2007	2006	% Change
Gross auction proceeds	$3,186,483	$2,721,023	17%
Auction revenue rate	9.89%	9.59%	

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

Our auction revenues increased in 2007 compared to 2006 primarily because we achieved higher gross auction proceeds in most of our markets around the world, a higher auction revenue rate and currency fluctuations. Our underwritten business (guarantee and inventory contracts) represented 25% of our total gross auction proceeds in 2007 (26% in 2006). Our agricultural division generated gross auction proceeds of $131.9 million in 2007, compared to $130.2 million in 2006.

Our auction revenue rate was 9.89% for 2007, which was within our expected range of 9.50% to 10.00%. The increase compared to our experience in 2006 related primarily to the performance of our underwritten business, which performed better in 2007 than in 2006. Please see the discussion above in “Sources of Revenue and Revenue Recognition” regarding changes that will affect our auction revenue rate in the future.

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 would have impacted auction revenues by approximately $3.1 million in 2007, of which approximately $2.0 million or $0.06 per share would have flowed through to net earnings 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,	2007	2006	% Change
Direct expenses	$42,413	$36,976	15%
Direct expenses as a percentage of gross auction proceeds	1.33%	1.36%	

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 hired to safeguard equipment at the auction site and rental expenses for temporary auction sites. At each quarter end, we estimate the direct expenses incurred with respect to auctions completed near the end of the period. In the subsequent quarter, these accruals are adjusted, to the extent necessary, to reflect actual costs incurred.

Our direct expense rate, which represents direct expenses as a percentage of gross auction proceeds, fluctuates from period to period based in part on the size and location of the auctions we hold during a particular period. The direct expense rate generally decreases as the average size of our auctions increases. In addition, we usually experience lower direct expense rates for auctions held at our permanent auction sites compared to auctions held at offsite locations, mainly as a result of the economies of scale and other efficiencies that we typically experience at permanent auction sites. Our direct expense rate in 2007 decreased slightly from the rate that we experienced in 2006 in part because the average size of our auctions increased in 2007. This was partly offset by the effect of a higher proportion of auctions held at offsite locations in 2007 compared to 2006.

Depreciation and Amortization Expense

Years ended December 31,	2007	2006	% Change
Depreciation and amortization expense	$19,417	$15,017	29%

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 2007 compared to 2006 as a result of depreciation relating to new assets that we have put into service in recent periods, such as new auction facilities and our ERP system. We expect our depreciation in future periods to increase in line with our on-going capital expenditures.

General and Administrative Expenses

Years ended December 31,	2007	2006	% Change
General and administrative expenses	$142,014	$118,165	20%
G&A as a percentage of gross auction proceeds	4.46%	4.34%	

The major categories of general and administrative expenses, or G&A, in order of magnitude in 2007 were as follows:

- personnel (salaries, wages, bonuses and benefits) — approximately 60% of total G&A;
- information technology and telecommunications;
- non-auction related travel;
- repairs and maintenance;
- utilities;
- leases and rentals;
- dues and fees;
- office supplies;
- advertising;
- promotion and entertainment; and
- audit and other professional fees.

Our infrastructure and workforce have continued to grow in order to support our growth objectives, and this, combined with other factors including currency fluctuations and the costs associated with our ERP implementation and business process improvement initiatives, has resulted in an increase in our G&A. During 2007, the ongoing growth in many aspects of our business, including personnel, facilities, and infrastructure, contributed to the increase in G&A.

Gross auction proceeds have increased more than 50% over the last three years, which has necessitated significant investments in our people, places and processes. Our growth has been more rapid than originally anticipated and this has necessitated adding people to our workforce. Personnel costs are the largest component of our G&A, and our workforce increased 15% between 2006 and 2007 and 22% between 2005 and 2006. As a percentage of gross auction proceeds, G&A in 2007 was higher than our plan, primarily because of the ongoing expansion of our infrastructure and workforce necessary to support our growth objectives. This ongoing expansion will continue to influence future levels of G&A.

Gain on Disposition of Capital Assets

Years ended December 31,	2007	2006	% Change
Gain on disposition of capital assets	$ 243	$ 1,277	-81%

The gain on disposition of capital assets recorded in 2006 included a $1.8 million gain recorded on the sale of excess property in Florida. There were no significant gains recorded during 2007.

Income Taxes

Years ended December 31,	2007	2006	% Change
Income taxes	$35,912	$34,848	3%
Effective income tax rate	32.1%	37.9%	

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, 2007 was lower than the rate we experienced in 2006 as a result of adjustments recorded in 2007 to reflect our actual cash tax expenses arising from our 2006 income tax filings, and a lower proportion of our earnings being earned in higher tax rate jurisdictions in 2007. Our income taxes in 2006 also included one-time adjustments relating to uncertain tax positions, which caused an increase in our effective income tax rate for 2006. 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,	2007	2006	% Change
Net earnings before income taxes	$111,895	$92,066	22%
Net earnings	75,983	57,218	33%
Net earnings per share — basic	2.19	1.66	32%
Net earnings per share — diluted	2.17	1.64	32%

Our net earnings increased in 2007 compared to 2006 mainly as a result of higher gross auction proceeds and a higher auction revenue rate, partially offset by higher operating costs. Net earnings for 2006 would have been $56.2 million, or $1.63 and $1.61 per basic and diluted share, respectively, if we excluded the $1.6 million ($1.0 million, or $0.03 per diluted share, after tax) net effect of the gain recorded on the sale of excess property in Florida and the write-down of land held for resale in Texas. Excluding the impact of the net gain recorded in 2006, which we have highlighted because we do not consider them to be part of our normal operating results, our net earnings increased by 35% in 2007.

Summary of Fourth Quarter Results

We earned auction revenues of $83.3 million and net earnings of $17.0 million, or $0.49 per basic share and $0.48 per diluted share, during the fourth quarter of 2007, which compares to auction revenues of $70.7 million and net earnings of $9.8 million, or $0.28 per basic and diluted share, in the fourth quarter of 2006. We typically experience one of our strongest quarterly gross auction proceeds performances in the fourth quarter because of the seasonality of our business, as discussed above. Our gross auction proceeds were $873.3 million for the quarter ended December 31, 2007, which is an increase of 18% compared to the comparable period in 2006. The growth in our gross auction proceeds in the fourth quarter of 2007 compared to the fourth quarter of 2006 was attributable mainly to stronger gross auction proceeds in most of our markets around the world.

Our auction revenue rate decreased to 9.53% in the fourth quarter of 2007 from 9.57% in the comparable period in 2006, mainly as a result of the stronger performance of our underwritten business in the fourth quarter of 2006. Our direct expense rate in the fourth quarter of 2007 was roughly consistent with that achieved in the fourth quarter of 2006.

Our G&A increased to $42.0 million in the fourth quarter of 2007, compared to $36.6 million in the comparable 2006 period. The increase related mainly to higher costs incurred to support the ongoing and more rapid than expected growth of our business. In particular, personnel costs increased significantly in the fourth quarter of 2007 compared to the fourth quarter of 2006 as a result of a 15% increase in our headcount.

We experienced a 73% increase in our earnings in the fourth quarter of 2007 compared to the equivalent period in the prior year primarily due to higher gross auction proceeds, partially offset by a lower auction revenue rate and higher operating costs in 2007 compared to 2006.

Capital asset additions were $55.9 million for the fourth quarter of 2007, compared to $14.6 million in the fourth quarter of 2006. Our capital expenditures in the fourth quarter of 2007 related primarily to construction of our new permanent auction sites in Houston, Texas; Kansas City, Missouri; Medford, Minnesota, and Paris, France. We also completed the purchase of land in London, Ontario; Grande Prairie, Alberta and Polotitlan, Mexico, on which we intend to build new or replacement permanent auction sites, and the purchase of a building in Lincoln, Nebraska to replace our United States administrative office. In addition, we made capital investments in computer software and equipment as part of our ongoing process improvement initiatives. Exchange rate changes relating to capital assets held in currencies other than the United States dollar resulted in an increase in our reported capital assets on our consolidated balance sheet of $0.9 million in the fourth quarter of 2007 compared to a decrease of $1.8 million in the equivalent period in 2006.

Summary of Quarterly Results

The following tables present our unaudited consolidated quarterly results of operations for each of our last eight fiscal quarters. This data has been derived from our unaudited consolidated financial statements, which were prepared on the same basis as our annual audited consolidated financial statements and, in our opinion, include all normal recurring adjustments necessary for the fair presentation of such information. These unaudited quarterly results should be read in conjunction with our audited consolidated financial statements for the years ended December 31, 2007 and 2006, and our discussion above about the seasonality of our business.

	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Gross auction proceeds (1)	$873,306	$667,553	$945,256	$700,368
Auction revenues	$ 83,266	$ 68,060	$ 94,543	$ 69,362
Net earnings	16,966	14,903	26,555	17,559
Net earnings per share — basic	$ 0.49	$ 0.43	$ 0.76	$ 0.51
Net earnings per share — diluted	0.48	0.42	0.76	0.50

	Q4 2006	Q3 2006	Q2 2006	Q1 2006
Gross auction proceeds (1)	$738,731	$580,271	$830,493	$571,528
Auction revenues	$ 70,699	$ 55,688	$ 78,680	$ 55,973
Net earnings	9,790(2)	9,704	24,526(3)	13,198
Net earnings per share — basic	$ 0.28(2)	$ 0.28	$ 0.71(3)	$ 0.38
Net earnings per share — diluted	0.28(2)	0.28	0.70(3)	0.38

(1) Gross auction proceeds represents the total proceeds from all items sold at our auctions. Gross auction proceeds is not a measure of our financial performance, liquidity or revenue and is not presented in our consolidated financial statements. Please read “Sources of Revenue and Revenue Recognition” above.

(2) Net earnings in the fourth quarter of 2006 included a write-down of $223 ($134 after tax) on land held for resale in Texas. Excluding this amount, net earnings would have been $9,924, or $0.28 per basic and diluted share.

(3) Net earnings in the second quarter of 2006 included a gain of $1,812 recorded on the sale of excess property in Florida ($1,087 after tax). Excluding this amount, net earnings would have been $23,439, or $0.68 and $0.67 per basic and diluted share, respectively.

Liquidity and Capital Resources

December 31,	2007	2006	% Change
Working capital	$58,207	$94,369	-38%

Our cash position can fluctuate significantly from period to period, largely as a result of differences in the timing, size and number of auctions, the timing of the receipt of auction proceeds from buyers, and the timing of the payment of net amounts due to consignors. We generally collect auction proceeds from buyers within seven days of the auction and pay out auction proceeds to consignors approximately 21 days following an auction. If auctions are conducted near a period end, we may hold cash in respect of those auctions that will not be paid to consignors until after the period end. Accordingly, we believe that working capital, including cash, is a more meaningful measure of our liquidity than cash alone. The decrease in our working capital in 2007 was primarily due to an increase in capital expenditures. We believe that our working capital balance at December 31, 2007 is adequate to satisfy our present operating requirements.

Contractual Obligations

		Payments Due by Year			
	Total	In 2008	In 2009 and 2010	In 2011 and 2012	After 2012
Long-term debt obligations	$45,336	$ 241	$15,095	$30,000	$ —
Operating leases obligations	5,665	2,143	2,419	1,103	—
Other long-term obligations	385	—	325	60	—
Total contractual obligations	$51,386	$ 2,384	$17,839	$31,163	$ —

Our long-term debt included in the table above is comprised mainly of term loans put in place in 2005 with original terms to maturity of five years. Our operating leases relate primarily to land on which we operate regional auction units and to administrative offices. These properties are located in Canada, the United States, Mexico, Italy, Spain, the Netherlands, the United Arab Emirates, Australia, Singapore, India, Japan and China.

In the normal course of our business, we will sometimes guarantee to a consignor a minimum level of proceeds in connection with the sale at auction of that consignor's equipment. Our total exposure at December 31, 2007 from these guarantee contracts was $55.7 million (compared to $39.7 million at December 31, 2006), which will be offset by the proceeds that we will receive from the sale at auction of the related equipment. We do not record any liability in our financial statements in respect of these guarantee contracts, and they are not reflected in the contractual obligations table above.

Cash Flows

December 31,	2007	2006	% Change
Cash provided by (used in):			
Operations	$ 101,269	$ 65,639	54%
Investing	(105,725)	(46,547)	-127%
Financing	(27,765)	(21,656)	-28%

Our cash provided by operations can fluctuate significantly from period to period, largely as a result of differences in the timing, size and number of auctions, the timing of the receipt of auction proceeds from

buyers, and the timing of the payment of net amounts due to consignors. Therefore, we do not believe that the change in our cash provided by operations during 2007 is indicative of a trend.

Capital asset additions were $113.2 million for 2007 compared to $51.2 million in 2006. Our capital expenditures in 2007 included construction of our new permanent auction sites in Denver, Colorado; Columbus, Ohio; Houston, Texas; Kansas City, Missouri; Medford, Minnesota and Paris, France. They also included the acquisition of land in Grande Prairie, Alberta; London, Ontario; and near Mexico City, Mexico; the purchase of an office building and land in Lincoln, Nebraska; and investments in computer software and equipment related to our ongoing process improvement initiatives. Exchange rate changes relating to capital assets held in currencies other than the United States dollar, which are not reflected as capital asset additions on the consolidated statements of cash flows, resulted in an increase of $18.2 million in the capital assets reported on our consolidated balance sheet as at December 31, 2007, compared to a $3.7 million decrease in 2006.

We intend to enhance our network of auction sites by adding facilities in selected locations around the world as appropriate opportunities arise, either to replace existing auction facilities or to establish new sites. Our actual expenditure levels in future periods will depend largely on our ability to identify, acquire and develop suitable auction sites. We intend to add or replace an average of two to three auction sites per year.

For the next several years, we expect that our average annual capital expenditures will be in the range of $100 million to $150 million per year, as we continue to invest in the expansion of our network of auction facilities and fund our process improvement initiatives. Actual capital expenditures will vary, depending on the availability and cost of suitable expansion opportunities and prevailing business and economic conditions, and could be higher or lower than this range. Depending on the scope of the required system improvements, the process improvement expenditures will likely be primarily for hardware, the development, purchase and implementation of software, and related systems. We expect to fund future capital expenditures primarily from working capital or draws on available credit facilities.

We paid regular cash dividends of $0.24 per share during the each of the quarters ended December 31 and September 30, 2007, and $0.21 per share during each of the quarters ended June 30 and March 31, 2007. Total dividend payments were $31.3 million for 2007, compared to $26.9 million in 2006. On January 24, 2008, our Board of Directors declared a quarterly cash dividend of $0.24 per common share relating to the quarter ended December 31, 2007. The dividend will be payable on March 14, 2008 to shareholders of record on February 22, 2008 in the aggregate amount of approximately $8.4 million.

Pursuant to new income tax legislation, Canadian resident individuals who receive “eligible dividends” in 2006 and subsequent years will be entitled to an enhanced gross-up and dividend tax credit on such dividends. All dividends that we paid in 2007 were considered “eligible dividends” for these purposes.

Debt

December 31,	2007	2006	% Change
Long-term debt (including current portion of long-term debt)	$45,085	$43,318	4%

Long-term debt at December 31, 2007 consisted of two five-year term loans in the principal amounts of $15.1 million and $30.0 million, due in periodic payments of interest only, with the full amount of the principal due in 2010 and 2011, respectively. The fixed interest rates applicable to these term loans are 4.429% and 5.61%, respectively. At December 31, 2007, we were in compliance with all of the financial covenants applicable to our long-term debt.

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

	In 2008	In 2009	In 2010	In 2011	In 2012
Interest expense on long-term debt	$ 2,340	$ 2,334	$ 2,033	$ 78	$ —

In addition to our long-term debt, we have available revolving credit facilities as follows:

December 31,	2007	2006
Revolving credit facilities — total available:	$132,039	$118,995
Revolving credit facilities — total unused:	$122,819	$118,995

Our credit facilities are with financial institutions in the United States, Canada, The Netherlands, The United Kingdom and Australia. Certain of the facilities include commitment fees applicable to the unused credit amount. During 2007, we increased our revolving credit facilities in Australia by AU$10 million. We had no floating rate debt outstanding at December 31, 2007.

Quantitative and Qualitative Disclosure about Market Risk

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

Because we conduct operations in local currencies in countries around the world, yet have the United States dollar as our reporting currency, we are exposed to currency fluctuations and exchange rate risk on all operations conducted in currencies other than the United States dollar. We cannot accurately predict the future effects of foreign currency fluctuations on our financial condition or results of operations. For 2007, approximately 40% of our revenues were earned in currencies other than the United States dollar and approximately 55% of our operating costs were denominated in currencies other than the United States dollar, and we believe that this ratio generally acts as a natural hedge against exposure to fluctuations in the value of the United States dollar. As a result, we have not adopted a long-term hedging strategy to protect against foreign currency rate fluctuations associated with our operations denominated in currencies other than the United States dollar, but we will consider hedging specific transactions when appropriate.

During the year ended December 31, 2007 we recorded an increase in our foreign currency translation adjustment balance of $15.4 million, compared to an increase of $5.6 million in 2006. Our foreign currency translation adjustment arises from the translation at the end of each reporting period of our net assets denominated in currencies other than the United States dollar into our reporting currency, in accordance with Canadian GAAP. Changes in this balance arise primarily from the strengthening or weakening of non-United States currencies against the United States dollar. During 2007, both the Euro and the Canadian dollar strengthened compared to the Unites States dollar.

Transactions with Related Parties

During 2007, we paid $1.0 million (2006 — $0.7 million) to a company controlled by David E. Ritchie, the former Chairman of our Board of Directors, who retired from our Board effective November 30, 2006. The costs were incurred pursuant to agreements, approved by our Board, by which Mr. Ritchie's company agreed to provide meeting rooms, accommodations, meals and recreational activities at its facilities on Stuart Island in British Columbia, Canada, for certain of our customers and guests. The agreements set forth the fees and costs per excursion, which are based on market prices for similar types of facilities and excursions. In 2007 we had more visitors than in 2006, which accounted for most of the increase compared to the prior year. We have entered into similar agreements with Mr. Ritchie's company in the past.

Off-Balance Sheet Arrangements

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

Legal and Other Proceedings

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

Critical Accounting Policies and Estimates

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

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

Accounting for Income Taxes

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

Valuation of Goodwill

We assess the possible impairment of goodwill in accordance with standards issued by the Canadian Institute of Chartered Accountants in Canada (known as the CICA) and the Financial Accounting Standards Board in the United States. The standards stipulate that reporting entities test the carrying value of

goodwill for impairment annually at the reporting unit level using a two-step impairment test; if events or changes in circumstances indicate that the asset might be impaired, the test is conducted more frequently.

In the first step of the impairment test, the net book value of each reporting unit is compared with its fair value. We operate as a single reporting unit, which is the consolidated public company. As a result, we are able to refer to the stock market for a third party indicator of our company's fair value. As long as the fair value of the reporting unit exceeds its net book value, goodwill is considered not to be impaired and the subsequent step of the impairment test is unnecessary. Changes in the market value of our common shares may impact our assessment as to whether goodwill has been impaired. These changes may result from changes in our business plans or other factors, including those that are outside our control. We perform the goodwill test each year as at September 30, or more frequently if events or changes in circumstances indicate that goodwill might be impaired. We performed the test as at September 30, 2007 and determined that no impairment had occurred.

Changes in Accounting Policies

On January 1, 2007, we adopted The Canadian Institute of Chartered Accountants Handbook Section 1530, "Comprehensive Income", Section 3251, "Equity", Section 3855, "Financial Instruments — Recognition and Measurement", Section 3861, "Financial Instruments — Disclosure and Presentation" and Section 3865, "Hedges".

Section 1530 establishes standards for disclosure and presentation of comprehensive income, which represents the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net earnings calculated in accordance with Canadian GAAP. Other comprehensive income has been included in our Consolidated Statements of Comprehensive Income for the nine-month periods ended September 30, 2007 and 2006.

Section 3861 establishes standards for disclosure and presentation of financial instruments and non-financial derivatives. Under the new standards, policies followed for periods prior to the effective date generally are not reversed and therefore, comparative figures are not restated, except for the requirement to restate our foreign currency translation adjustment as part of other comprehensive income.

Section 3865 describes when and how hedge accounting can be applied as well as disclosure requirements. Section 3855 prescribes when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet, and the amount at which these items should be recorded. Under the new standard, financial instruments must be classified into one of five categories: held-for-trading; held-to-maturity; loans and receivables; available-for-sale; or other financial liabilities.

All financial instruments, including derivatives, are measured in the balance sheet at fair value, except loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized costs. The subsequent measurement and accounting for changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value with changes in fair value recognized in net earnings; and available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired, at which time the amounts are recognized in net earnings.

Upon the adoption of these new standards, we designated our cash and cash equivalents as held-for-trading financial assets, which are measured at fair value and changes in fair value are recognized in net earnings. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities, auction proceeds payable, short-term debt and long-term debt are classified as other financial liabilities, which are measured at amortized cost. These changes did not have a material effect on our financial statements.

Under the new pronouncements, transaction costs that are directly attributable to the issuance of financial assets or liabilities are accounted for as part of the carrying value of the associated instrument at inception, and are recognized over the term of the assets or liabilities using the effective interest method. As at January 1, 2007, we decreased the carrying value of our long-term debt by $0.3 million to reflect the new accounting standard.

All derivative instruments, including embedded derivatives, are now recorded in the financial statements at fair value, unless exempted from derivative treatment as a normal purchase and sale. All changes in their fair value are recorded in income unless cash flow hedge accounting is applied, in which case changes in fair value are recorded in other comprehensive income. We have elected in accordance with the new rules to apply this accounting treatment for all embedded derivatives in host contracts entered into on or after January 1, 2003. However, the adoption of this standard did not result in a material change to our financial statements.

Recent Accounting Pronouncements

In December 2006, the CICA issued Section 1535, “Capital Disclosures”, Section, 3862, “Financial Instruments — Disclosures”, and Section 3863, “Financial Instruments — Presentation.” These standards are effective for us on January 1, 2008. Section 1535 requires the disclosure of both qualitative and quantitative information that enables users of financial statements to evaluate the entity’s objectives, policies and processes for managing capital. Sections 3862 and 3863 replace Section 3861, “Financial Instruments — Disclosure and Presentation,” revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These two new standards will enhance users’ ability to evaluate the significance of financial instruments to an entity, related exposure and the management of these risks.

We are currently assessing the impact of these new accounting standards on our financial statements but we do not expect them to have a material impact on the presentation of our financial condition or results of operations.

Disclosure Controls and Procedures

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

Based on current securities legislation in Canada and the United States, our Chief Executive Officer and Chief Financial Officer are required to certify that they have assessed the effectiveness of our disclosure controls and procedures as at December 31, 2007.

We performed an evaluation under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as at December 31, 2007. Based on that evaluation, we concluded that our disclosure controls and procedures were effective as of that date.

We do not expect that our disclosure controls and procedures or internal controls over financial reporting (see below) will prevent all error and fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. In addition, the design of any system of controls also is based partly on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Internal Controls over Financial Reporting

Management is responsible for establishing and maintaining adequate internal controls over financial reporting. Under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal controls over financial reporting based on the framework in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in Internal Control — Integrated Framework, management concluded that our internal controls over financial reporting were effective as of December 31, 2007.

The effectiveness of our internal controls over financial reporting as of December 31, 2007 has been audited by KPMG LLP, the independent registered public accounting firm that audited our December 31, 2007 consolidated annual financial statements, as stated in their report which is included in our consolidated financial statements.

Changes in Internal Controls Over Financial Reporting

There has been no change in our internal control over financial reporting during 2007 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Forward-Looking Statements

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

- our future performance;
- growth of our operations;
- growth of the world market for used trucks and equipment;
- increases in the number of consignors and bidders participating in our auctions;
- our principal operating strengths, our competitive advantages, and the appeal of our auctions to buyers and sellers of industrial assets;
- our ability to draw consistently significant numbers of local and international end-user bidders to our auctions;
- our long-term mission to be the world's largest marketplace for commercial and industrial assets;
- our people, including our ability to recruit, train, retain and develop the right people to help us achieve our goals;
- our places, including: our ability to add the capacity necessary to accommodate our growth; our ability to increase our market share in our core markets and regions and our ability to expand into complimentary market sectors and new geographic markets, including our ability to take advantage of growth opportunities in emerging markets; the acquisition and development of auction facilities and the related impact on our capital expenditures;

- our processes, including our M07 initiatives and their effect on our business, results of operations and capital expenditures, particularly our ability to grow revenues faster than operating costs;
- the relative percentage of gross auction proceeds represented by straight commission, guarantee and inventory contracts;
- our auction revenue rates, the sustainability of those rates, and the impact of our commission rate and fee changes implemented in 2008, as well as the seasonality of gross auction proceeds and auction revenues;
- the performance of our agricultural division, and the variability on our agricultural sales from period to period;
- our direct expense and income tax rates, depreciation expenses and general and administrative expenses;
- our future capital expenditures;
- our internet initiatives and the level of participation in our auctions by internet bidders;
- the proportion of our revenues and operating costs denominated in currencies other than the U.S. dollar or the effect of any currency exchange fluctuations on our results of operations; and
- financing available to us and the sufficiency of our working capital to meet our financial needs.

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

Risk Factors

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

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

Approximately 75% of our business is conducted on a straight commission basis. In certain other situations we will either offer to:

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

If auction proceeds are less than the guaranteed amount, our commission will be reduced or, if sufficiently lower, we will incur a loss. If auction proceeds are less than the purchase price we paid for equipment that

we take into inventory temporarily, we will incur a loss. Because all of our auctions are unreserved, there is no way for us to protect against these types of losses by bidding on or acquiring any of the items at the auction. In recent periods, guarantee and inventory contracts have generally represented approximately 25% of our annual gross auction proceeds.

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

We may incur losses if we are required to make payments to buyers and lienholders because we are unable to deliver clear title on the assets sold at our auctions.

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

We may have difficulties sustaining and managing our growth.

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

- recruiting and retaining suitable sales personnel;
- identifying and developing new geographic markets and market sectors;
- identifying and acquiring, on terms favourable to us, suitable land on which to build new auction facilities and, potentially, businesses that might be appropriate acquisition targets;
- managing expansion successfully;
- obtaining necessary financing on terms favourable to us;
- receiving necessary authorizations and approvals from governments for proposed development or expansion;
- integrating successfully new facilities and any acquired businesses into our existing operations;
- achieving acceptance of the auction process in general by potential consignors, bidders and buyers;
- establishing and maintaining favourable relationships with consignors, bidders and buyers in new markets and market sectors, and maintaining these relationships in our existing markets;
- succeeding against local and regional competitors in new geographic markets;
- capitalizing on changes in the supply of and demand for industrial assets, in our existing and new markets; and
- designing and implementing business processes that are able to support profitable growth.

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

In addition, we continue to pursue our strategy of investing in our people, places and processes to give us the capacity to handle expected future growth, including investments in frontier markets that may not generate profitable growth in the near term. Planning for future growth requires investments to be made now in anticipation of growth that may not materialize, and if we are not successful growing our gross auction proceeds our earnings may be impacted. A large component of our G&A is considered fixed costs that we will incur regardless of gross auction proceeds growth. There can be no assurances that our gross auction proceeds and auction revenues will grow at a more rapid rate than our fixed costs, which would have a negative impact on our margins and earnings per share.

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

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

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

Our auction revenues could be reduced if there was significant erosion in the supply of, demand for, or market values of used industrial equipment, which would affect our financial condition and results of operations. We have no control over any of the factors that affect the supply of, and demand for, used industrial equipment, and the circumstances that cause market values for industrial equipment to fluctuate are beyond our control. In addition, price competition and availability of industrial equipment directly affect the supply of, demand for, and market value of used industrial equipment. Climate change initiatives, including significant changes to engine emission standards applicable to industrial equipment, may also impact the supply of, demand for or market values of industrial equipment.

Our operating results are subject to quarterly variations.

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

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

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

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

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

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

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

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

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

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

Our direct competitors are primarily regional auction companies. Some of our indirect competitors have significantly greater financial and marketing resources and name recognition than we do. New competitors with greater financial and other resources may enter the industrial equipment auction market in the future. Additionally, existing or future competitors may succeed in entering and establishing successful operations in new geographic markets prior to our entry into those markets. They may also compete against us through internet-based services. If existing or future competitors seek to gain or retain market share by reducing commission rates, we may also be required to reduce commission rates, which may reduce our revenue and harm our operating results and financial condition.

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

We have invested significant resources in the development of our internet platform, including our rbauctionBid-Live internet bidding service. We use and rely on intellectual property owned by third parties, which we license for use in providing our rbauctionBid-Live service. Our internet technologies may not

result in any material long-term improvement in our results of operations or financial condition and may require further significant investment to avoid obsolescence. We may also not be able to continue to adapt our business to internet commerce and we may not be able to compete effectively against internet auction services offered by our competitors.

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

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

The availability and performance of our internal technology infrastructure, as well as the implementation of an enterprise resource planning system, are critical to our business.

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

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

We are in the midst a program to redesign our business processes and to upgrade our information systems, including implementing an enterprise resource planning system. Our business and results of operations could be harmed if this ongoing implementation is not successful. In addition, any difficulties with our systems implementation could have an adverse effect on our operations and also our ability to evaluate the effectiveness of our internal control over financial reporting, which could negatively affect our internal control reporting in accordance with the provisions of Section 404 of the Sarbanes-Oxley Act and applicable securities law in Canada, and of our disclosure controls and procedures, which could negatively affect our reporting in accordance with the provisions of Section 302 of the Sarbanes-Oxley Act and applicable securities law in Canada.

We are in the process of implementing a formal disaster recovery plan but it is not yet in place. If we were subject to a serious security breach or a threat to business continuity, it could materially damage our business, results of operations and financial condition.

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

We maintain proprietary databases containing confidential personal information about our customers and the results of our auctions, and we must safeguard the security and privacy of this information. Despite our

efforts to protect this information, we face the risk of inadvertent disclosure of this sensitive information or an intentional breach of our security measures.

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

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

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

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

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

There are restrictions in the United States and Europe that may affect the ability of equipment owners to transport certain equipment between specified jurisdictions. One example of these restrictions is environmental certification requirements in the United States, which prevent non-certified equipment from entering into commerce in the United States. If these restrictions, or changes to environmental laws, were to inhibit materially the ability of customers to ship equipment to or from our auction sites, they could reduce gross auction proceeds and harm our business.

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

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

The growth and performance of our business depends to a significant extent on the efforts and abilities of our executive officers and senior managers. Our business could be harmed if we lost the services of one or more of these individuals. We do not maintain key man insurance on the lives of any of our executive officers. Our future success largely depends on our ability to attract, develop and retain skilled employees in all areas of our business.

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

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

We may not continue to pay regular cash dividends.

We declared and paid total quarterly cash dividends of $0.21 per outstanding common share for the first and second quarter and $0.24 per outstanding common share for the third and fourth quarter of 2007. Any decision to declare and pay dividends in the future will be made at the discretion of our Board of Directors, after taking into account our operating results, financial condition, cash requirements, financing agreement restrictions and other factors our Board may deem relevant. We may be unable or may elect not to continue to declare and pay dividends, even if necessary financial conditions are met and sufficient cash is available for distribution.

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

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

EXHIBIT NO. 4

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of Ritchie Bros. Auctioneers Incorporated

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

- our auditors' report dated February 15, 2008 on the consolidated balance sheets of Ritchie Bros. Auctioneers Incorporated ("the Company") as at December 31, 2007 and 2006, and the consolidated statements of operations, shareholders' equity, comprehensive income and cash flows for each of the years in the three-year period ended December 31, 2007.
- our Report of Independent Registered Public Accounting Firm dated February 15, 2008 on the effectiveness of internal control over financial reporting as of December 31, 2007.

each of which is included in this annual report on Form 40-F of the Company for the fiscal year ended December 31, 2007.

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

/s/ KPMG LLP
Chartered Accountants

Vancouver, Canada
February 20, 2008

EXHIBIT NO. 31.1

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

I, Peter J. Blake, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: February 20, 2008

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

EXHIBIT NO. 31.2

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

I, Robert S. Armstrong, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: February 20, 2008

/s/ Robert S. Armstrong
Robert S. Armstrong
Chief Financial Officer

EXHIBIT NO. 32.1

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

In connection with this annual report on Form 40-F of Ritchie Bros. Auctioneers Incorporated for the period ended December 31, 2007, I, Peter J. Blake, Chief Executive Officer of the issuer, certify that:

1. The annual report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the annual report fairly presents, in all material respects, the financial condition and results of operations of the issuer.

Date: February 20, 2008

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

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

EXHIBIT NO. 32.2

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

In connection with this annual report on Form 40-F of Ritchie Bros. Auctioneers Incorporated for the period ended December 31, 2007, I, Robert S. Armstrong, Chief Financial Officer of the issuer, certify that:

1. The annual report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the annual report fairly presents, in all material respects, the financial condition and results of operations of the issuer.

Date: February 20, 2008

/s/ Robert S. Armstrong
Robert S. Armstrong
Chief Financial Officer

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