



rb RITCHIE BROS. Auctioneers

ANNUAL REPORT 2002

Our goal is to create lifetime customers by exceeding expectations at each and every encounter.

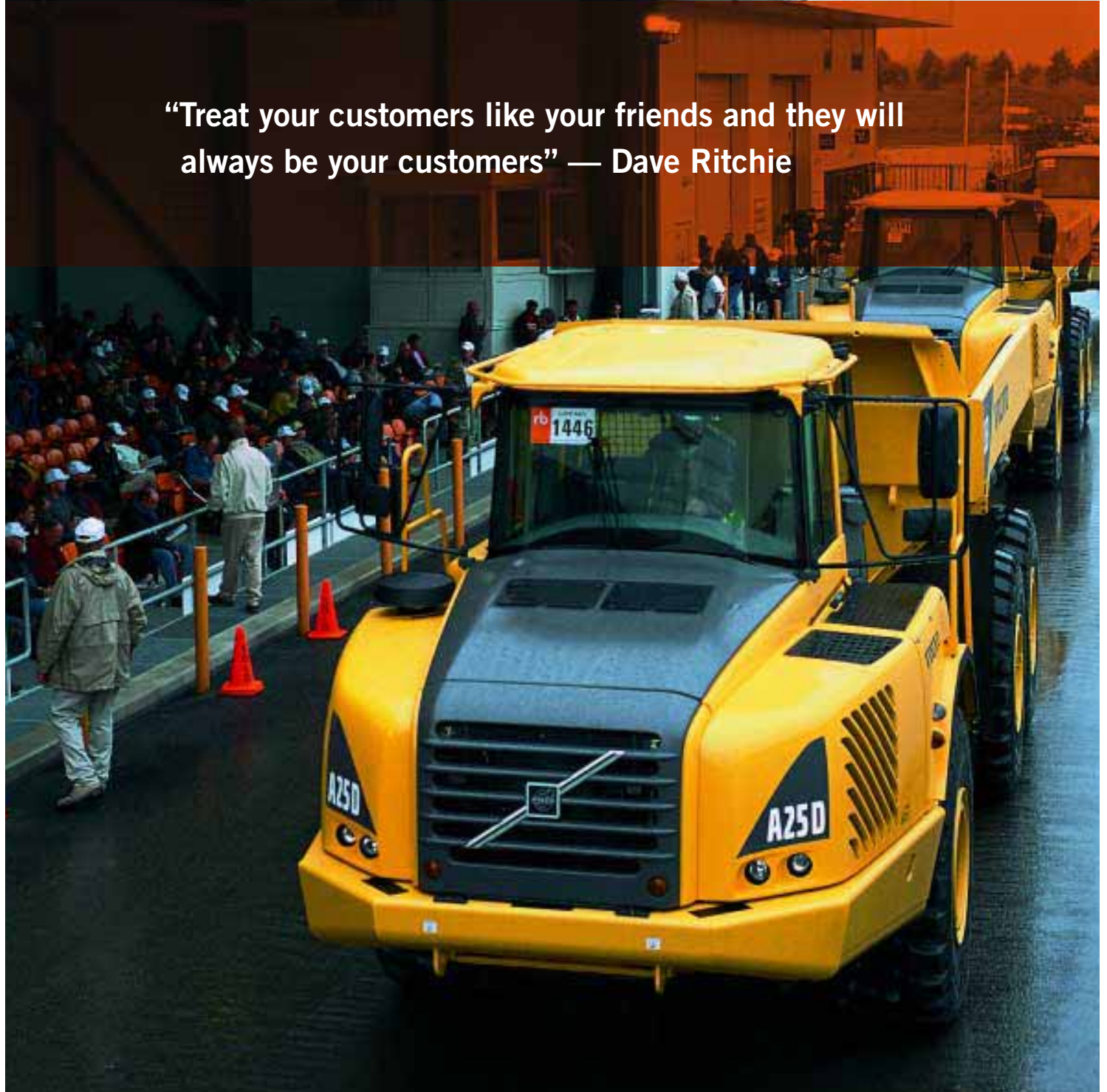
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In this annual report, all dollars amounts are stated in United States dollars unless a different currency is indicated.

ITCHIE BROS. Auctioneers

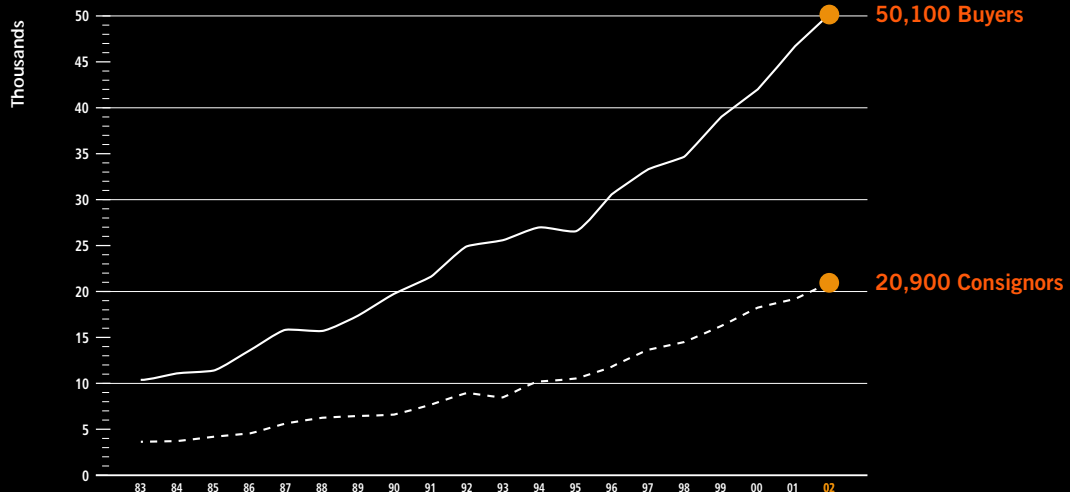
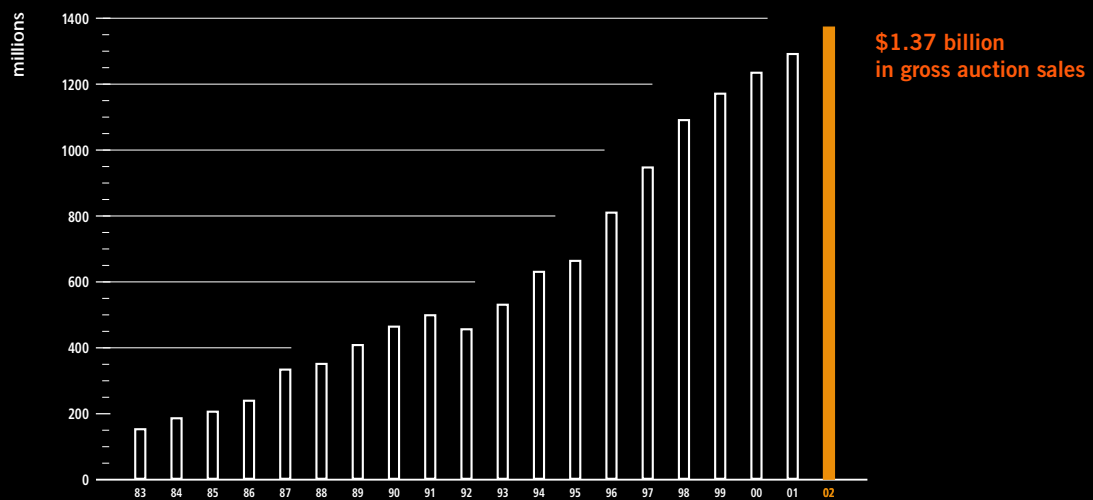
“Treat your customers like your friends and they will always be your customers” — Dave Ritchie



2002 BY THE NUMBERS

141 auctions in 10 countries
\$1.37 billion in gross auction sales
156,000 registered bidders
50,100 buyers
20,900 consignors
150,900 lots

Twenty Year Summary



In December 2002 this asphalt plant at our Fort Worth, Texas auction site sold for \$775,000 to an Internet bidder in California.



TO OUR FELLOW SHAREHOLDERS

In 2002 we reached record levels of gross auction sales, auction revenues and net earnings. We were able to take advantage of the foundation we have been building in recent years and capitalize on opportunities in the truck and equipment markets. Salesforce productivity, which had been a focus for us in 2002, improved significantly — gross auction sales per member of our sales force increased from an average of \$6.7 million in 2001 to \$7.2 million in 2002. And perhaps most importantly, our customer base continued to expand.

During the year we also launched the rbauctionBid-Live Internet bidding service and by the end of the year, with the system fully deployed, Internet bidders were representing 10% to 15% of our registered bidders. Customers from over 50 countries are now using the rbauctionBid-Live service; they are now the buyer or runner-up bidder on over 15% of the lots offered online and in some auctions they are bidding on as many as 40% of the lots offered. The rapid growth of this service has exceeded our expectations and helped us to remain at the forefront of our industry.

As further evidence of our continued growth, sales records were set at several of our locations. During 2002, we held our largest-ever auctions at our sites in Olympia, Washington; Denver, Colorado; North East, Maryland; Atlanta, Georgia; Edmonton, Alberta and Dubai, United Arab Emirates. At CAD 31 million the Edmonton sale was our largest-ever sale in Canada and was the first sale at our new Edmonton auction facility. Replacing our previous 24-acre site, the new yard covers more than 100 acres and the auction building features two ramps, allowing for simultaneous auctions of rolling stock so that more trucks and equipment can be sold in a single day.

Fortunately, the significant investments in our network of auction sites made since 1998 have given us the capacity and operating leverage to grow our business profitably for many years to come. We are now able to hold larger more cost-effective auctions and we rarely find ourselves turning equipment away from full yards. In fact, with sufficient capacity now in place to grow our business by as much as 50% from present levels, we have been able to turn our attention to productivity, efficiency and customer service.

After 30 years with Ritchie Bros., Russell Cmolik retired in 2002. Russ played a key role in the growth and development of the Company and served as President since 1991, providing guidance and leadership to the current management team. There is no doubt that employees, customers and shareholders will continue to benefit from his contributions for many years to come. Thanks Russ.



Much of our effort in 2002 — from new building designs to the launch of our Internet bidding service — was focused on customer service and we are carrying that theme into 2003. We've never put much weight in mission statements, preferring to let our actions speak for themselves; however, Ritchie Bros. started 2003 by committing to a simple objective: *to create lifetime customers by exceeding expectations at each and every encounter*. We are challenging every member of the Ritchie Bros. team to find ways of improving the service we provide our customers.

Ritchie Bros. sells more used trucks and equipment than anybody else in the world. We believe that we have achieved this market position by adhering to the basic values of honesty and fairness and by continually striving to deliver superior customer service. Ours has always been a relationship business and we believe it will always be a relationship business.

We are beginning our 40th year by recommitting ourselves to the pursuit of superior customer service. The 570 full-time employees and over 1,000 part-time employees that make up the Ritchie Bros. team share this commitment. You won't find a harder working or more energetic group anywhere in the world. We are proud to stand beside them every day and we thank them for their dedication. We also thank our customers for choosing to do business with Ritchie Bros. There are other ways to buy and sell industrial assets; but in 2002 record numbers of buyers and consignors chose Ritchie Bros. We look forward to raising the bar on customer service so that an ever increasing number of buyers and sellers of industrial assets will choose to participate in Ritchie Bros. auctions.



**The Ritchie Bros. Auctioneers
Executive Committee**

David E. Ritchie
Chairman, Chief Executive Officer

Randall J. Wall
President, Chief Operating Officer

Peter J. Blake
Senior Vice President,
Chief Financial Officer

Robert K. Mackay
Executive Vice President

Roger W. Rummel
Senior Vice President,
Southwest & Mexico Divisions

Robert K. Whitsit
Senior Vice President,
Southeast Division



Unreserved

At Ritchie Bros., “unreserved” means that there are no minimum prices — everything sells to the high bidder on sale day. There are no buy-backs or bid-ins; there is no artificial price manipulation.

“Unreserved” is also a founding principle of our Company and one of our most significant competitive advantages. We are committed to treating our customers with fairness and integrity and in our view the only auction that achieves that is an unreserved auction. “Unreserved” is why an average of 1,100 bidders from all over the world participate in each of our auctions — they know they aren’t wasting their time.

By attracting a large number of bidders and allowing them to compete in an open and fair auction environment, we are able to transcend local market conditions and deliver the best possible prices.



OPPORTUNITIES FOR GROWTH

Ritchie Bros. sells more used trucks and equipment than anybody else in the world. Our target markets include mobile and stationary equipment used in the construction, mining, forestry, marine, petroleum, agriculture and transportation industries.

The used equipment market is huge. Over \$1 trillion worth of used equipment in our target markets is estimated to be in circulation worldwide, with approximately \$100 billion worth being bought and sold each year. Dealers and brokers have historically handled most of the transactions in this largely fragmented market; auctioneers currently deal with about 5% of the business. In our most mature markets, we believe that auctioneers are now handling as much as 25% of the used equipment business; and in several markets Ritchie Bros. has 50% or more of the auction share. As the largest participant in a fragmented market, we see strong growth opportunities for many years.

The Internet is enhancing our growth. One of the main reasons for our continued growth, even during a market environment that has led to declining sales for most equipment distribution companies, is the leveling of the playing field in the used equipment market. Thanks in part to the Internet, equipment owners are now much better informed about market values. They have easy access to information about what's available for sale and recent selling prices. While some market participants used to have an information advantage, the increasing transparency in today's market has changed that significantly. In an environment where all players have equal access to information, transactions migrate to the most efficient marketplace. This is a trend that favors Ritchie Bros.

We have opportunities in non-traditional markets. In addition to growth in our traditional truck and equipment markets, we have been doing an increasing amount of work in areas such as agriculture and industrial marine and we are being engaged for an increasing number of special projects.

Notable examples of growth in these markets include:

- ▶ Sales of industrial real estate, including excess Ritchie Bros. properties, at several auctions in 2002.
- ▶ The creation of the APA Agricultural Auction division in August, following the acquisition of the business of All Peace Auctions, an Alberta based auction company.
- ▶ The October sale of a large quantity of machine shop tools in Torino, Italy.
- ▶ Sales in October of industrial marine equipment in Cheboygan, Michigan and Jacksonville, Florida.
- ▶ Sales of unused asphalt plants in Phoenix, Arizona in November and Ft. Worth, Texas in December.
- ▶ The March 2003 sale in Vancouver, British Columbia of three of the largest catamaran fast ferries in the world for the British Columbia Ferry Corporation.

We have a unique ability to create value for customers.

As we identify further expansion opportunities, we look for ways to capitalize on the competitive advantages we have to offer. These include our reputation for fairness and integrity, our international network of offices and auction sites, our customer base, our marketing systems, our Internet tools and perhaps most importantly, the ability of

our unreserved auctions to deliver the best possible price. Where there are opportunities for us to bring some or all of these factors into play and assist an owner in realizing the best possible return on the sale of assets, we will pursue that opportunity.

This unused Asphalt plant sold in Phoenix, Arizona for \$1.1 Million, becoming Ritchie Bros. highest selling item to date.



HOW WE CREATE VALUE FOR OUR CUSTOMERS

The foundation for the customer service we provide is made up of our people, our international network of auction facilities and our infrastructure.

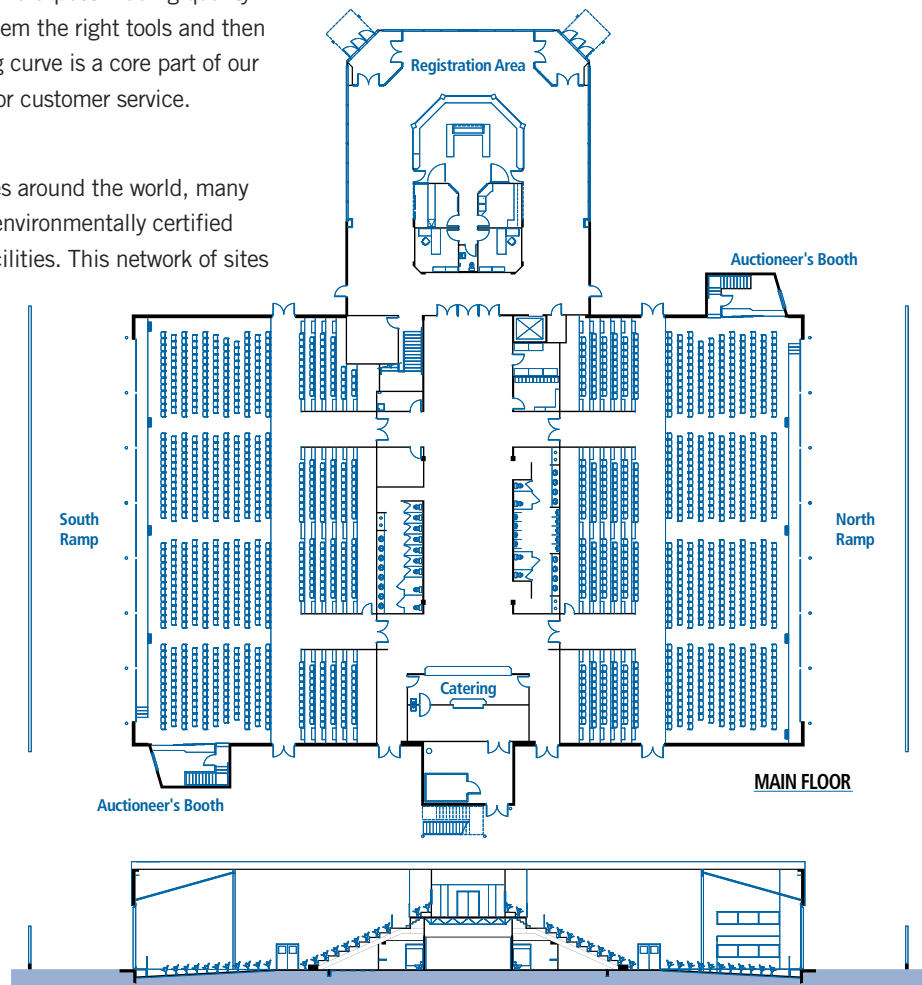
People

At the end of 2002, we had 189 sales representatives calling on equipment owners around the world. Ours is a relationship business and the members of our sales team, together with our Customer Service Managers, are critical to our success. Recruiting these people is a challenge for Ritchie Bros. because there is no ready pool to draw from. Most of our salespeople come to us with an equipment background — having worked for a dealership, rental company or contractor — and then apprentice with an experienced member of our team before taking on their own territory. It takes up to 24 months or longer for a new Territory Manager to reach the level of productivity that we expect. Adding quality people to our team, giving them the right tools and then helping them up the learning curve is a core part of our strategy for delivering superior customer service.

Facilities

We now have 28 auction sites around the world, many of which are equipped with environmentally certified painting and refurbishing facilities. This network of sites allows us to offer customers an unparalleled level of service. Our 22 permanent auction sites have, on average, over 50 acres of developed land, and some have over 100 acres. We have ample room at most of our locations to hold larger auctions and grow our business.

Our new Edmonton, Alberta facility, completed in 2002, features dual ramps, enabling us to sell more items per day — this saves our customers valuable time.



Infrastructure

Less visible but no less important is the supporting infrastructure that enables us to deliver our services efficiently and effectively. To support the size and breadth of our operations, we have developed extensive marketing and information technology operations. Most of our systems have been developed in-house as there simply are no other companies in the world quite like Ritchie Bros. While we are continually refining the way we do things and always looking for better ways to help our customers, our systems today — from marketing to salesite operations to Internet bidding — enable us to provide an unparalleled level of service to our customers.

At the end of the day, the bricks in this foundation are simply tools. As a Company, our challenge is to use these tools to deliver a service that creates value for our customers. The ever increasing numbers of buyers and consignors who choose Ritchie Bros. are the proof that we are creating that value.



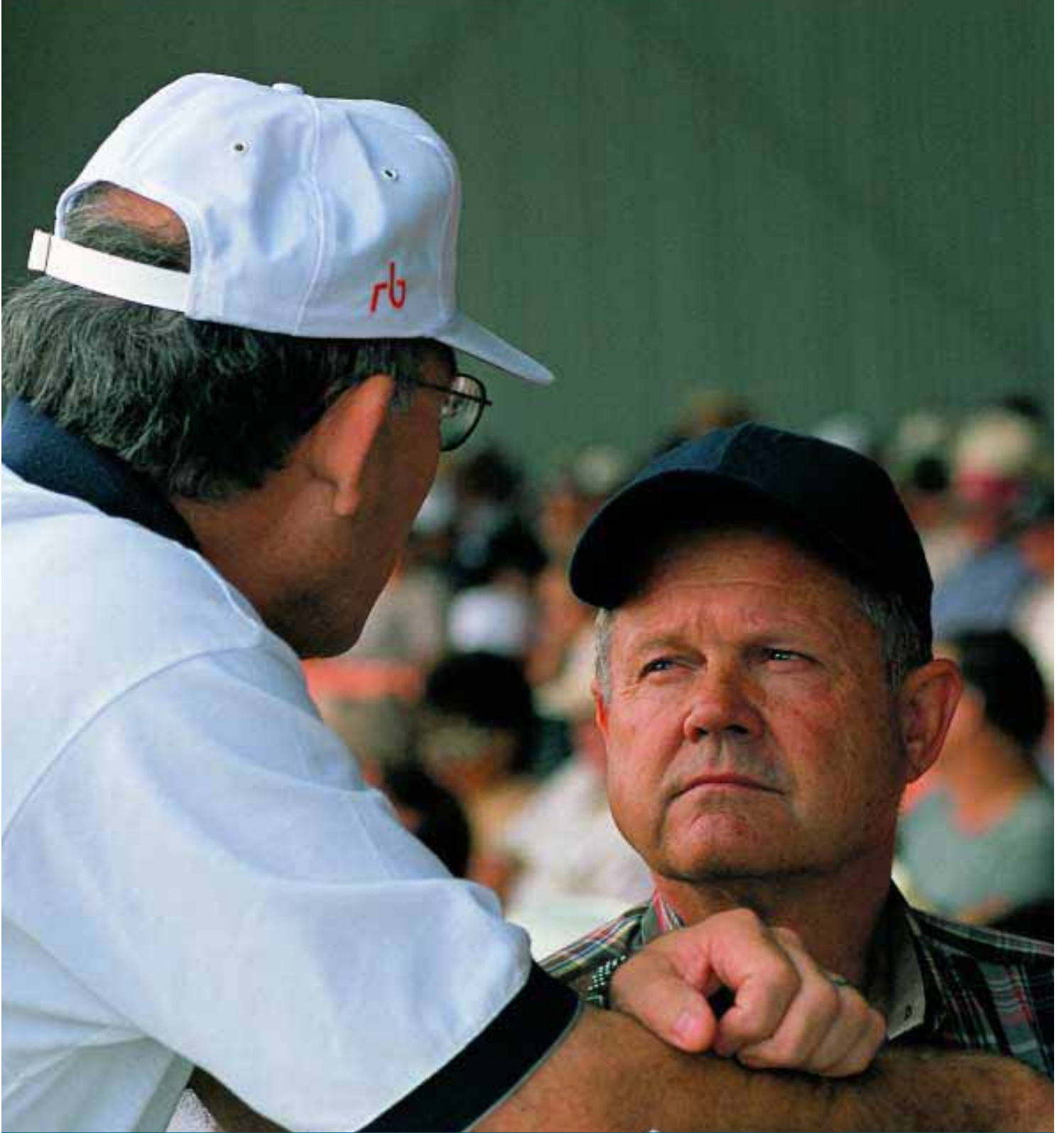
What drives the supply of equipment for our auctions?



We can do well in good or bad times, as long as things are changing. Economic uncertainty fuels the supply of used equipment. So do fleet realignments, financial pressure, mergers and acquisitions, inventory reductions, lease returns, project completions and even retirements. As long as a few of these factors are at work somewhere in the world, Ritchie Bros. has customers to call on. 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 more expensive new equipment. This is particularly true during economic downturns as contractors still have work to do but they are reluctant to commit capital to new equipment.

Our ongoing investments in people, facilities and infrastructure enable us to deliver the highest possible level of customer service.





Our greatest assets are the relationships we've built with our customers.

Customer Service — The Buyer's Perspective

We sell everything on an unreserved basis

Bidders at a Ritchie Bros. auction do not need to be concerned about artificial price manipulation because only legitimate bidders are allowed to participate in our auctions. There are no minimum prices and sellers are not allowed to bid on their own equipment. While some auctioneers openly permit sellers to bid on their own items, or will bid on the equipment themselves to artificially support prices, we are well known for our policy prohibiting consignors from bidding on their own equipment, either directly or through agents.

Not only does every item sell on sale day to the highest bidder, once the auctioneer says "SOLD" the negotiations are over. The buyer simply pays Ritchie Bros. and then takes possession of the equipment without any need to haggle over payment or delivery terms.

Our commitment to selling everything on an unreserved basis is one of our most significant competitive advantages when it comes to attracting bidders.

Buyers pay a fair market price

Because everything is sold unreserved, buyers at a Ritchie Bros. auction always pay a fair market price. All bidders compete on an equal basis irrespective of their negotiating skills or buying power; and they know that the people they are bidding against are legitimate bidders like themselves. We don't promise any bargains, but our buyers can always be confident that they are paying fair market value.

Clear title is guaranteed to our buyers

We do not pass on title or ownership problems. A buyer at a Ritchie Bros. auction does not need to be concerned about the financial condition of the sellers. If we can't deliver clear title, the buyer receives a full refund. Without such a guarantee, buyers run the risk of having their equipment repossessed by the bank that financed the previous owner — something most buyers don't think about until it's too late. We commit considerable resources to identifying and coordinating the release of all liens before we sell the equipment.

Customers can inspect, test and compare before bidding.

We recognize that a piece of used equipment needs to be inspected and compared to other units before being purchased, particularly when the buyer is an end user who intends to take the equipment to the jobsite and use it to earn income. We organize our auction yards so that customers can accurately determine the condition and value of the equipment.





We make it easy to buy

Registration is fast and efficient. Our sale sites feature covered theater-style seating for the bidders — during the auction, the rolling stock is driven over an elevated ramp in front of the bidders. In addition to displaying the equipment to facilitate on-site inspections, we arrange for transportation, finance and other service companies to be present at our auction sites so customers can get quotes before they bid. Of course, our staff is always available if bidders need additional help or information.

Buyers don't waste their time

An average Ritchie Bros. auction includes over 1,000 lots from 150 different consignors, covering a diverse array of truck and equipment categories and manufacturers. At our auctions, an equipment buyer can inspect in one day what might have taken weeks if the equipment were being offered for sale by a number of vendors in various locations. A buyer can purchase all manner of equipment and attachments in one place, on one day, with one invoice — rather than having to negotiate with multiple vendors. This one-stop shopping approach addresses the needs of our customers, most of whom are contractors who can only afford to spend a limited amount of time away from their jobsites.



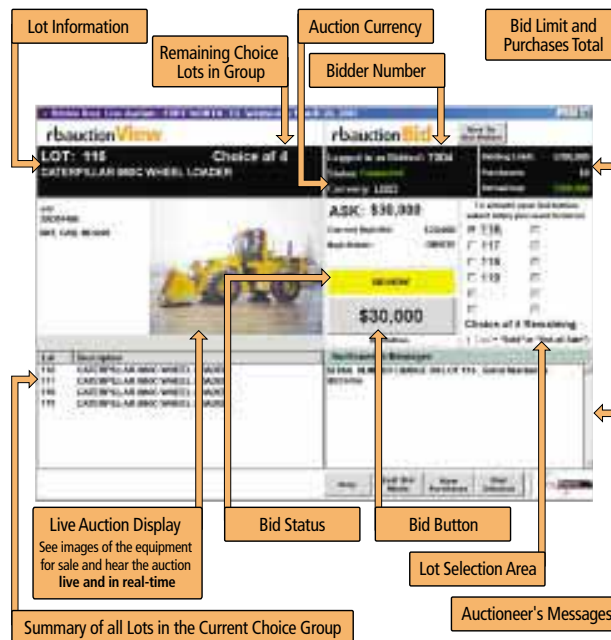
Bidders can be in two places at once

Customers who are able to satisfy themselves as to the value of particular pieces, but can't be at the auction site on sale day, can still participate in one of two ways:

- ▶ **rbactionBid-Live** is our Internet bidding service. This service allows qualified bidders to hear the auctioneer, follow the bid and ask numbers and see the item being sold, live and in real-time over the Internet. Bidding is as simple as clicking the bid button, which continuously updates to reflect the auctioneer's current asking price. This service was launched in March 2002 and has already become very popular with our customers.
- ▶ **Proxy Bids** from qualified bidders can be submitted via our website, via fax, or by calling the sale site. Customers placing proxy bids specify the maximum they are willing to pay for given lots. Proxy bids are inserted into the auction process just as they would have been if the bidders had been able to attend the auction in person. The auctioneer ensures that proxy bidders never pay more than they would have if they had been there to place their own bids on auction day.



rbactionBid-Live



Services for equipment owners @ rbaction.com

Equipment Search	A sophisticated tool that allows you to search through all items consigned to upcoming auctions
Sale Day Catalogs	On-line access to auction catalogs with all lots listed in sale order
rbactionReSults	Access to 24 months of Ritchie Bros. auction results
rbactionFleetValuator	A tool that allows equipment owners to estimate the value of their fleets with reference to Ritchie Bros. auction results
rbactionBid-Live	A tool that allows customers to place live real-time bids into our auctions
rbactionBid-Proxy	A tool for submitting bids in advance of the live auction
rbactionView	Live Internet broadcasts of Ritchie Bros. auctions
rbactionConsign	A streamlined consignment process for customers with annual contracts



Why Equipment Sellers Choose Ritchie Bros.

We deliver a global marketplace

By marketing our auctions to a strategic selection from our proprietary database of over 400,000 potential bidders in over 200 countries, we are able to directly expose the trucks and equipment in our auctions to a large and geographically diverse pool of buyers. In addition, all of the equipment is listed on our website, and our auctions are advertised in trade journals and industry publications, as well as promoted to the bidders attending other Ritchie Bros. auctions. All told, we believe we are able to market the equipment in our auctions to a larger base of potential purchasers than could be reached by any of our competitors. Interested bidders can then participate in our auctions either in person, by placing a proxy bid or by bidding on-line using the rbauctionBid-Live service, ensuring that the largest possible bidding audience is participating in the auction.

Our auctions are able to transcend local market conditions

Our auctions attract a large number of foreign and out-of-state/out-of-province buyers. Transportation costs are frequently not an issue for these bidders because, compared to the value of the equipment, such costs can be relatively insignificant — particularly the costs of ocean freight. As a result, we are able to deliver world market prices for our consignors' equipment regardless of local market conditions. On average, over 50% of our gross auction sales go to buyers from outside the region in which the auction is held.



We help our consignors get the most net dollars for their equipment

Not only do we help our consignors sell their equipment quickly and efficiently, we help them achieve the highest net return on their sale. We charge higher commissions than some other auctioneers, some of whom charge inspection fees and buyers premiums, but the substantially higher level of service we provide enables us to achieve higher prices. An increasing number of consignors choose Ritchie Bros. each year (over 20,000 in 2002) because they understand that our unreserved auctions put the most net dollars in their pockets at the end of the day.

On average, over 1,100 bidders participate in each of our auctions. Bidders participate aggressively because they know our auctions are fair and open. On sale day, our experienced auctioneers and ringmen create an exciting atmosphere and a rapid pace, selling up to 100 lots per hour. And with the majority of our buyers being end users, prices are often closer to retail than wholesale. Our auctions provide the environment needed to generate the best prices.

In addition, our experience over 39 years and 2,200 auctions has taught us that some pieces sell better in their “working clothes”, while in other cases, an investment in new tires, some body work or a fresh coat of paint can increase the value of a piece well beyond the cost of the work itself. If we see an opportunity for a consignor to invest \$5,000 to generate an increase in value of \$10,000, we’ll recommend it. A prudent plan to make a machine auction-ready can sometimes generate a return of up to three times the refurbishing costs.

We offer an international network of auction sites

With regularly scheduled auctions at 28 auction sites, and numerous off-site sales, owners can sell their equipment when and where they want. This gives us an unparalleled ability to help owners sell their equipment whether they have a single piece in their yard, or a fleet spread out over several states, provinces or countries.





Olympia, Washington USA



Brisbane, Australia

The Ritchie Bros. value proposition is simple: we get you the best net return on the sale of your equipment.



Dubai, United Arab Emirates

We do all the work

We take care of selling the equipment so our customers can concentrate on their business. We help consignors sell their equipment quickly, efficiently and with a minimum commitment of time, energy or costs. We can coordinate transporting the equipment to the auction site and look after any cleaning, refurbishing or painting required to get the equipment auction-ready. We store the equipment in our secure yards. We also handle questions from prospective bidders, take care of the marketing and title searches, and set up the auction yard so bidders can inspect, test and compare the equipment. Perhaps most importantly, we help our consignors with all of their equipment — any make, model or manufacturer, high-value or low-value, big or small, young or old. After the auction, we handle the collections and we pay out the net proceeds. Our consignors don't have to negotiate with multiple buyers.



Our refurbishing facilities are environmentally certified

At many of our auction sites, we have built environmentally certified refurbishing facilities and can arrange for all necessary painting and refurbishing work to be done right in our yards. With environmental regulations tightening in many of the jurisdictions in which we operate, equipment owners who want to paint their equipment before selling it are finding that they have fewer and fewer alternatives. As a result, these refurbishing facilities have become a valuable competitive advantage.

We tailor our auction contracts to meet the needs of our customers

Most of our consignments are done on a straight commission basis. In these cases, consignors take the risk that their equipment may sell for less than they expect, but enjoy maximum upside potential if it sells for more. If a consignor is selling a significant fleet, we will typically offer to underwrite the sale by providing the consignor with a guarantee or by purchasing the equipment outright. In these cases, we charge a higher commission rate but our consignor's downside risk is eliminated. Our goal is to come up with the contract that best suits the needs of the customer.

Ritchie Bros. is a reliable and reputable business partner

Ritchie Bros. has a strong balance sheet, has been conducting unreserved industrial auctions for 39 years and is a public company listed on the New York Stock Exchange. Our customers know that we have the financial strength to live up to our commitments — when they sign a contract with Ritchie Bros. they know that their equipment will sell, that it will sell for fair market value, and that they will be paid in full. They can also be proud that they are doing business with a trusted and reputable business partner that adheres to the highest standards of business ethics.





THE FUTURE OF RITCHIE BROS.

Expansion on Numerous Fronts

Our strategy for 2003 is essentially the same strategy we have been following since our first industrial auction in 1963. Now in our 40th year, we are still focused on customer service, we are still committed to the unreserved auction process and we are still looking to grow. Growth will continue to come from expansion in our traditional markets of construction and transportation equipment. In addition, we will continue to look for opportunities outside these markets — opportunities where we can use our strengths to create value for customers. These strengths include our customer base, our reputation for honesty and integrity, our international network of offices and auction sites, and the way that we use our unreserved auctions to create a global marketplace for the assets we are selling.

Thanks to aggressive expansion in recent years, we are now working from a very solid base. As we saw in both 2001 and 2002, we have the infrastructure and capacity to grow revenues faster than costs and we plan to continue along that path. Working off this platform and seeking out opportunities to enhance customer service and develop new markets, our plan is to deliver continued earnings growth and increased shareholder value.



As we head into 2003, we will be concentrating on the following areas:

Working with more customers in more countries

During 2002, we worked for 20,900 consignors, an increase of 6% over 2001. The total number of registered bidders increased 12% to 156,000. One of the drivers behind the growth in registered bidders was the launch of rbauctionBid-Live, our Internet bidding service. By the end of the year, Internet bidders were representing an average of 10% to 15% of the registered bidders at our auctions.

The growing numbers of consignors and bidders choosing Ritchie Bros. point to the increasing popularity of our auctions. While we have an extensive customer base, introducing our services to equipment owners who don't yet know us, and to industries where we are only scratching the surface, remains a critical growth strategy for Ritchie Bros.

In terms of geographic expansion, most of our growth in recent years has come from the United States. In 2002, we also saw significant growth in our Middle Eastern operation — demand for equipment in the Middle East remained very strong throughout the year. However, our Asian operation remained weak. While we were able to help our Asian consignors access stronger markets in other parts of the world, Asia remained a very tough market in 2002 due to the lack of demand for equipment and depressed purchasing power throughout the region.

In 2003, we are looking for another strong year in the Middle East but we are mindful that instability in that region could have a negative impact on our sales volumes. We also expect continued growth in the United States and we are looking for further expansion in our European operations. European sales volumes were up in 2002 and we held auctions in The Netherlands, the United Kingdom, Spain and Italy. In 2003 we will be holding our first ever sale in Greece. There continue to be significant growth opportunities for Ritchie Bros. in Europe.

Expanding our international network of auction sites

Since 1997 we have made significant investments in our network of auction sites — adding several new sites and upgrading several older ones. During 2002, we opened new permanent auction sites in Phoenix, Arizona and Edmonton, Alberta, replacing the smaller facilities we had been operating in those cities. We also added a permanent auction site in Grande Prairie, Alberta when we acquired the business of All Peace Auctions. We now have 22 permanent auction sites (each with an average of over 50 acres of developed land) and 6 regional auction units. A regional auction unit is an auction site on leased land, typically with fairly modest facilities, whereas a permanent auction site is on land owned by Ritchie Bros.



We will be holding the grand opening of our new Orlando, Florida facility in the first quarter of 2003 and we plan to open our new facility in Prince George, British Columbia in the second quarter — both are replacements for existing permanent auction sites. While we will continue to add permanent auction sites and regional auction units to our network when opportunities present themselves, we do not expect capital expenditures in the next few years to reach the levels seen from 1998 through 2001.

Building our customer service team

As ours is a relationship business and because our future growth depends on our ability to deliver superior customer service, it is critical that we continue to recruit, train and develop the best people. In 2002 we placed a significant focus on sales force productivity and due in part to initiatives undertaken last year, we increased average sales per sales representative from \$6.7 million in 2001 to \$7.2 million in 2002. In late 2002 we piloted a new customer relationship management system and we expect to roll this system out to our full sales force in 2003. This new system, together with ongoing training and development initiatives, should help us build on our success to date and improve productivity even further. We are working towards a target of an average of \$8.0 million in gross auction sales per sales representative.

While our front line Territory Managers are the most visible members of our customer service team, every Ritchie Bros. employee has contact with our customers and plays an important role in our customer relations efforts. In recognition of this, we have added a customer relations training specialist to our training department and expanded the responsibilities of our Marketing department (and renamed it “Marketing and Customer Relations”). We have also elevated the profile of some of the most important people working at our auctions — the people who deal directly with our customers, whether they are registering for an auction, requesting information or paying their invoice. In recognition of their significant role, the people previously known as Field Accountants are now Customer Service Managers and have assumed an enhanced level of responsibility for customer relations.

Expanding into new markets

We will continue to look for growth outside our traditional markets where we can see opportunities to create value for customers. In recent years, we have looked to boost our sales of agricultural equipment and over-the-road trucks and trailers. We have also been expanding our activities in the marine sector — including industrial marine and pleasure craft, and in March 2003, fast ferries — and have been selling an increasing amount of industrial and agricultural real estate. We are open to new opportunities, especially when we have a competitive advantage by virtue of our reputation, our network of auction sites, our customer base, and the ability of a Ritchie Bros. unreserved auction to generate world market prices.





Our focus on customer service will help us deliver continued income growth and increased shareholder value.

Risk Management

Straight commission contracts pose little risk to Ritchie Bros. However, in cases where we underwrite a contract, either by offering a guarantee or an outright purchase, we assume the risk of the sale. These contracts represented about 20% of our business in 2002.

We mitigate our risk when entering into underwritten contracts by building a risk premium into our commission rate and by relying on an appraisal process that draws on our extensive field experience and our proprietary appraisal database. We also use our knowledge of major equipment deals around the world to form a view of the pipeline of equipment coming to market and to anticipate any potential supply/demand imbalances. Further mitigating the risk is our limited exposure to changes in equipment values — the time from signing a contract to the date of the auction is typically between 30 and 45 days.

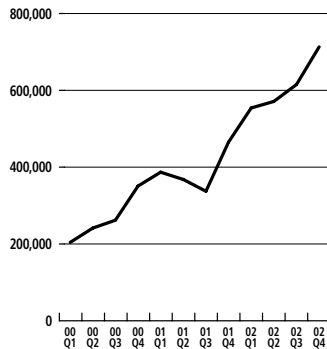


Using the Internet to enhance customer service

We will continue to use the Internet to enhance our auctions, not replace them. We fully understand that used equipment buyers like to kick tires and that success in our market will continue to be based largely on personal relationships, reputation and trust. However, it has been exciting to watch the Internet become an increasingly valuable tool for our customers. We remain committed to being technology leaders in the used equipment industry and to the extent that we can use the Internet and other technologies to expand our services further, we will do so.

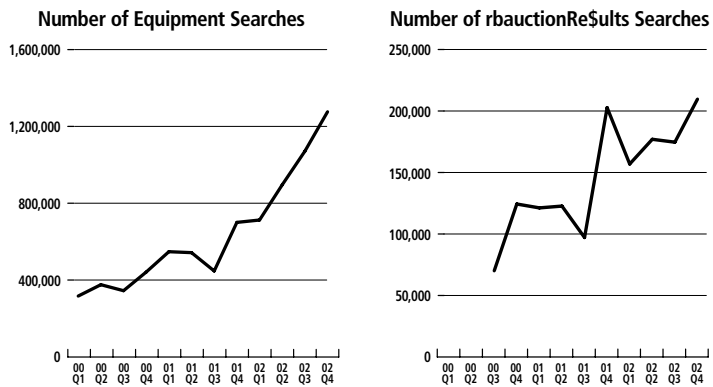
Our most exciting Internet service, rbauctionBid-Live, was launched in March 2002 and was fully deployed by the end of the year. This service allows customers to follow the auction, hear the auctioneer, and place bids, all live and in real-time over the Internet. By the end of the year, over 3,500 customers from over 50 countries were using the service. Internet bidders were competing on as many as 40% of the items being offered on-line and were buyer or runner-up bidder on over 15%. This success far exceeded our initial expectations. We will enhance this service in 2003 and ensure that it remains the leading Internet bidding tool in our industry.

Number of rbauction.com User Sessions per Quarter



A user session is a visit to the rbauction.com website. At the end of 2002, user sessions lasted between 20 and 30 minutes on average.

Quarterly Search Activity on rbauction.com



An Equipment Search is a search of our database of equipment for sale in upcoming auctions; an rbauctionReSults Search is a search of our database of historic auction results.



Edmonton, Alberta Canada



We are taking advantage of technology to deliver services that create real value for our customers.





Olympia, Washington USA

THE RITCHIE BROS. AUCTION PROCESS

STEP 1

Getting to know the owner and his equipment

The auction process begins when an equipment owner meets with one of our Territory Managers. We get to know the owner's needs and, if necessary, we appraise his equipment. Photographs and particulars of the equipment are circulated to the people participating in the appraisal; a typical appraisal team includes two people from the local area, two from head office and, if necessary, additional people with relevant expertise. After their individual appraisals are complete, members of the appraisal team compare notes and conclude on a final appraised value for the fleet.

STEP 2

Drafting the auction contract

We sit down with the consignor and work out the details of the auction contract. Straight commission contracts are the most common. In some cases, we also offer the consignor a guarantee of gross proceeds or an outright purchase contract. In certain circumstances, we offer cash advances and other options. We draft a contract tailored to the consignor's individual needs and requirements.

STEP 3

Getting the equipment "auction ready"

Once the equipment arrives at the auction site, we coordinate any cleaning, refurbishing, repairwork or painting that the consignor requires in order to get the equipment ready for auction. When we see an opportunity to add value in excess of the costs of refurbishing, we'll recommend doing the work.

STEP 4

Marketing the equipment to the world

Marketing is done through full-color auction brochures that are mailed to a targeted selection from our extensive customer database. In addition, every piece of equipment is posted on our highly trafficked website at rbauction.com. Our auctions are also advertised through trade journals and press releases, and we promote them at all intervening Ritchie Bros. auctions, ensuring that the equipment is exposed to the widest possible audience of potential buyers.



STEP 5

Searching the equipment for liens

To ensure that buyers can purchase with confidence, we guarantee them the clear title of everything we sell. Our search department identifies and arranges for the release of all liens and encumbrances.

STEP 6

Setting up the auction yard

The equipment is sorted and displayed in logical groupings so prospective buyers can easily inspect, test and compare similar pieces. We have knowledgeable staff on hand to answer bidders' questions. We also arrange for caterers, finance company representatives, customs brokers, transportation companies and other services to be present on the site.

STEP 7

Auction day

On auction day, our auctioneers, ringmen, yard staff, Internet coordinators and customer relations team conduct an efficient and exciting auction. We sell between 50 and 100 lots every hour.

STEP 8

Taking care of business

After the auction is over, we collect the proceeds from the buyers, coordinate the release of the equipment to its new owners, and disburse the proceeds (along with detailed settlement statements) to the consignors.



SHAREHOLDER INFORMATION

ADDRESS

Ritchie Bros. Auctioneers Incorporated

6500 River Road
Richmond, BC
Canada, V6X 4G5
Telephone: 604.273.7564
Canada (toll-free) 1.800.663.1739
USA (toll-free) 1.800.663.8457
Facsimile: 604.273.6873
Website: rbauction.com

BOARD OF DIRECTORS

David E. Ritchie	Chairman & Chief Executive Officer
Peter J. Blake	Director, Senior VP & Chief Financial Officer
C. Russell Cmolik	Director
Charles E. Croft	Director
G. Edward Moul	Director

Mr. Moul serves as Lead Independent Director. Shareholders wishing to speak to the Lead Independent Director should call 604.233.6153 or send an email to leaddirector@rbauction.com

MANAGEMENT ADVISORY COMMITTEE

David E. Ritchie*	Chief Executive Officer
Robert S. Armstrong	VP – Finance & Internet Services; Corporate Secretary
Peter J. Blake*	Senior VP & Chief Financial Officer
Robert K. Mackay*	Executive VP
Michael J. Murray	Divisional VP – Northwest Division
David D. Nicholson	Divisional VP – South Central Division
Michael G. Ritchie	Divisional VP – Western Canada Division
Roger W. Rummel*	Senior VP – Southwest & Mexico Divisions
J. Dean Siddle	VP – Senior Valuation Analyst
Sylvain M. Touchette	Divisional VP – Eastern Canada Division
Guylain Turgeon	Managing Director – European Operations
Randall J. Wall*	President & Chief Operating Officer
Robert K. Whitsit *	Senior VP – Southeast Division

* Member of Executive Committee

INVESTOR RELATIONS

Securities analysts, portfolio managers, investors and representatives of financial institutions seeking financial and operating information may contact:

Investor Relations Department

6500 River Road
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Facsimile: 604.273.2405
Email: ir@rbauction.com

Copies of the Company's filings with the US Securities & Exchange Commission and with the Canadian securities commissions are available to shareholders and other interested parties on request or can be accessed directly on the Internet at rbauction.com.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company's shareholders will be held at 11 am on Monday April 14, 2003 at the Abercorn Inn, 9260 Bridgeport Road, Richmond, BC V6X 1S1.

STOCK EXCHANGE

Ritchie Bros. Auctioneers Incorporated is listed on the New York Stock Exchange and trades under the symbol "RBA".

TRANSFER AGENT

Communications concerning transfer requirements, address changes and lost certificates should be directed to:

Computershare Trust Company of Canada

Suite 600
530 – 8th Avenue S.W.
Calgary, Alberta
Canada T2P 3S8
Telephone: 403.267.6807
Canada and USA (toll-free): 1.800.332.0095
Facsimile: 403.267.6529
Email: philip.menard@computershare.com

Co-agent in the United States:

Computershare Trust Company of New York

New York, NY

AUDITORS

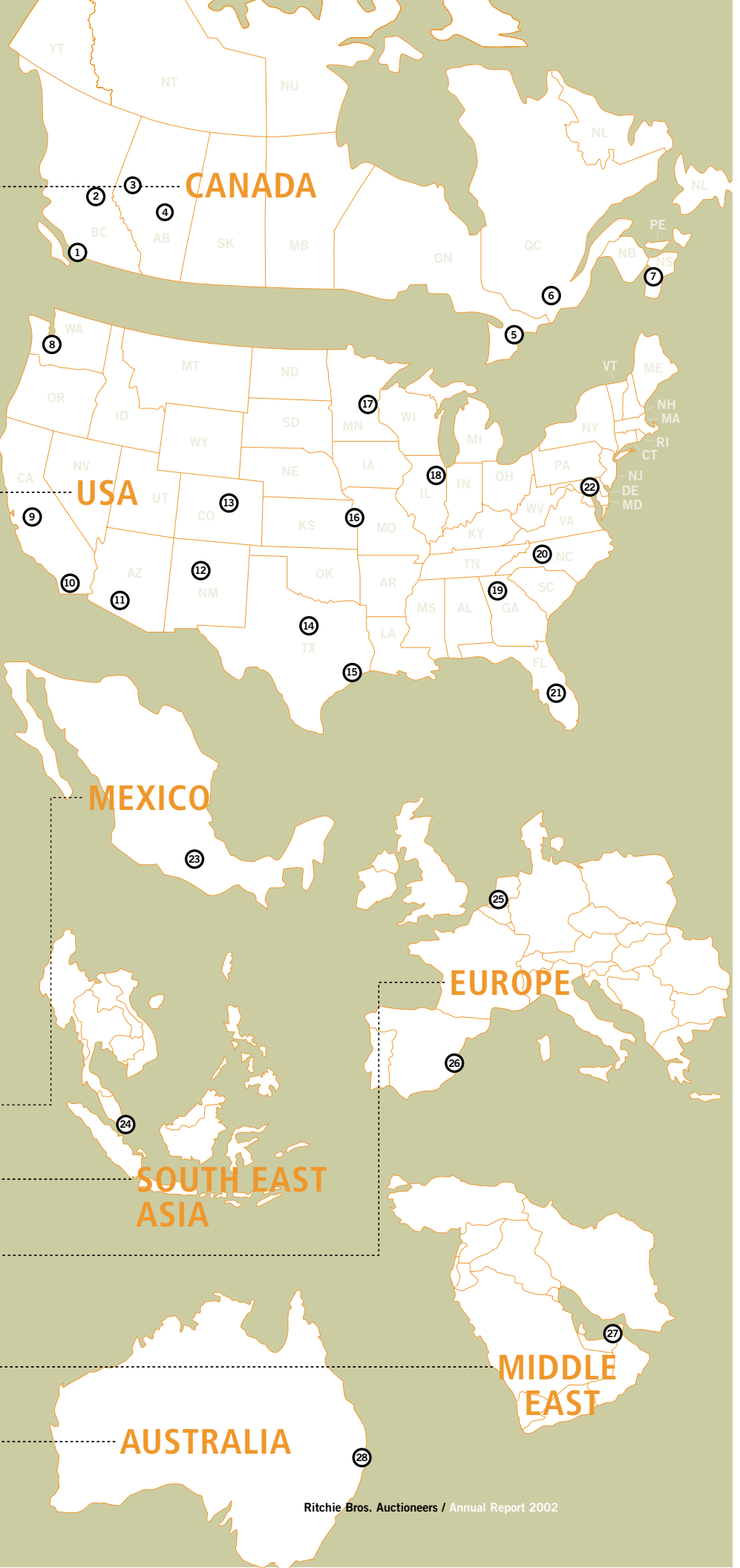
KPMG LLP

Vancouver, Canada

RBA
LISTED
NYSE

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- 3 **Grande Prairie, AB**
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This report was created by employees
of Ritchie Bros. Auctioneers.

rb RITCHIE BROS. Auctioneers

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www.rbauction.com

CELEBRATING
40
YEARS
1963 - 2003