

RITCHIE BROS AUCTIONEERS INC

Form 6-K

November 02, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

Form 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13A-16 OR 15D-16 UNDER
THE SECURITIES EXCHANGE ACT OF 1934**

For the month of November 2004

Commission File Number: 001-13425

Ritchie Bros. Auctioneers Incorporated

6500 River Road
Richmond, BC, Canada
V6X 4G5
(604) 273 7564

(Address of principal executive offices)

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

Form 20-F _____ Form 40-F

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

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

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

Yes No

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

PART 1. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The accompanying unaudited consolidated financial statements do not include all information and footnotes required by Canadian or United States generally accepted accounting principles for a complete set of annual financial statements. However, in the opinion of management, all adjustments (which consist only of normal recurring adjustments) necessary for a fair presentation of the results of operations for the relevant periods have been made. Results for the interim periods are not necessarily indicative of the results to be expected for the year or any other period. These financial statements should be read in conjunction with the summary of accounting policies and the notes to the consolidated financial statements included in the Company's Annual Report on Form 40-F for the fiscal year ended December 31, 2003, a copy of which has been filed with the Securities and Exchange Commission. These policies have been applied on a consistent basis.

RITCHIE BROS. AUCTIONEERS INCORPORATED

Consolidated Statements of Operations

(Expressed in thousands of United States dollars, except per share amounts)

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
Auction revenues	\$31,449	\$29,785	\$125,115	\$113,823
Direct expenses	<u>3,005</u>	<u>3,768</u>	<u>15,405</u>	<u>15,200</u>
	28,444	26,017	109,710	98,623
Expenses:				
Depreciation and amortization	3,246	3,032	9,253	8,586
General and administrative	<u>20,989</u>	<u>18,034</u>	<u>60,826</u>	<u>52,504</u>
	24,235	21,066	70,079	61,090
Earnings from operations	4,209	4,951	39,631	37,533
Other income (expenses):				
Interest expense	(695)	(1,360)	(2,448)	(3,644)
Other	<u>218</u>	<u>417</u>	<u>604</u>	<u>863</u>
	<u>(477)</u>	<u>(943)</u>	<u>(1,844)</u>	<u>(2,781)</u>
Earnings before income taxes	3,732	4,008	37,787	34,752
Income taxes:				
Current	1,693	1,075	13,463	9,853
Future	<u>229</u>	<u>212</u>	<u>760</u>	<u>722</u>
	<u>1,922</u>	<u>1,287</u>	<u>14,223</u>	<u>10,575</u>
Net Earnings	<u>\$ 1,810</u>	<u>\$ 2,721</u>	<u>\$ 23,564</u>	<u>\$ 24,177</u>

Net earnings per share (in accordance with Canadian and United States

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GAAP) (note 6):

Basic	\$ 0.05	\$ 0.08	\$ 0.69	\$ 0.72
Diluted	\$ 0.05	\$ 0.08	\$ 0.68	\$ 0.71

See accompanying notes to consolidated financial statements.

RITCHIE BROS. AUCTIONEERS INCORPORATED

Consolidated Balance Sheets

(Expressed in thousands of United States dollars)

	September 30	December 31
	2004	2003
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 153,924	\$ 119,009
Accounts receivable	69,148	17,064
Inventory	12,097	9,580
Advances against auction contracts	2,003	110
Funds committed for debt repayment (note 5)	18,107	13,000
Prepaid expenses and deposits	2,928	2,553
	<hr/>	<hr/>
	258,207	161,316
Capital assets (note 4)	216,332	210,416
Funds committed for debt repayment (note 5)	3,715	5,107
Other assets	2,659	537
Goodwill	37,055	35,632
	<hr/>	<hr/>
	\$ 517,968	\$ 413,008
	<hr/>	<hr/>
Liabilities and Shareholders' Equity		
Current liabilities:		
Auction proceeds payable	\$ 141,319	\$ 44,186
Accounts payable and accrued liabilities	29,438	35,150
Income taxes payable	75	3,196
Short term debt	3,276	
Current bank term loans (note 5)	50,646	43,438
	<hr/>	<hr/>
	224,754	125,970
Bank term loans (note 5)	13,408	27,350
Other liabilities	1,392	2,375
Future income taxes	5,404	4,534
Shareholders' equity:		
Share capital (note 6)	75,824	72,794

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Additional paid-in capital	7,181	6,075
Retained earnings	175,872	161,183
Foreign currency translation adjustment	14,133	12,727
	<u> </u>	<u> </u>
	273,010	252,779
Commitments and contingencies (note 7)	<u> </u>	<u> </u>
	\$517,968	\$413,008
	<u> </u>	<u> </u>

See accompanying notes to consolidated financial statements.

RITCHIE BROS. AUCTIONEERS INCORPORATED

Consolidated Statements of Shareholders' Equity

(Expressed in thousands of United States dollars)

(Unaudited)

	Share Capital	Additional Paid-In Capital	Retained Earnings	Foreign Currency Translation Adjustment	Total Shareholders Equity
Balance, December 31, 2002	\$69,499	\$4,646	\$129,682	\$ (4,453)	\$199,374
Net earnings			8,575		8,575
Cash dividends paid					
Stock compensation		260			260
Net proceeds on stock options exercised	389				389
Foreign currency translation adjustment				4,589	4,589
	_____	_____	_____	_____	_____
Balance, March 31, 2003	69,888	4,906	138,257	136	213,187
Net earnings			12,881		12,881
Cash dividends paid					
Stock compensation		261			261
Net proceeds on stock options exercised	1,027				1,027
Foreign currency translation adjustment				7,272	7,272
	_____	_____	_____	_____	_____
Balance, June 30, 2003	70,915	5,167	151,138	7,408	234,628
Net earnings			2,721		2,721
Cash dividends paid			(2,545)		(2,545)
Stock compensation		263			263
Net proceeds on stock options exercised	1,783				1,783
Foreign currency translation adjustment				754	754
	_____	_____	_____	_____	_____
Balance, September 30, 2003	72,698	5,430	151,314	8,162	237,604
Net earnings			12,417		12,417
Cash dividends paid			(2,548)		(2,548)
		382			382

Stock compensation tax adjustment					
Stock compensation		263			263
Net proceeds on stock options exercised	96				96
Foreign currency translation adjustment				4,565	4,565
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance, December 31, 2003	72,794	6,075	161,183	12,727	252,779
Net earnings			6,590		6,590
Cash dividends paid			(2,549)		(2,549)
Stock compensation		396			396
Net proceeds on stock options exercised	2,272				2,272
Foreign currency translation adjustment				(1,388)	(1,388)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance, March 31, 2004	75,066	6,471	165,224	11,339	258,100
Net earnings			15,164		15,164
Cash dividends paid			(2,563)		(2,563)
Stock compensation		353			353
Net proceeds on stock options exercised	597				597
Foreign currency translation adjustment				(1,945)	(1,945)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance, June 30, 2004	75,663	6,824	177,825	9,394	269,706
Net earnings			1,810		1,810
Cash dividends paid			(3,763)		(3,763)
Stock compensation		357			357
Net proceeds on stock options exercised	161				161
Foreign currency translation adjustment				4,739	4,739
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance, September 30, 2004	\$75,824	\$7,181	\$175,872	\$14,133	\$273,010
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

See accompanying notes to consolidated financial statements.

RITCHIE BROS. AUCTIONEERS INCORPORATED

Consolidated Statements of Cash Flows

(Expressed in thousands of United States dollars)

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
Cash provided by (used in):				
Operating activities:				
Net earnings	\$ 1,810	\$ 2,721	\$ 23,564	\$ 24,177
Items not involving cash:				
Depreciation and amortization	3,246	3,032	9,253	8,586
Stock compensation expense	357	263	1,106	784
Future income taxes	470	212	870	722
Net (gain) loss on disposition of capital assets	16	178	(88)	215
Changes in non-cash working capital:				
Accounts receivable	(8,972)	(9,695)	(52,084)	(35,671)
Inventory	(607)	(1,494)	(2,517)	(536)
Advances against auction contracts	(9)	(32)	(1,893)	(2,688)
Prepaid expenses and deposits	(881)	121	(375)	(708)
Income taxes payable	(4,650)	(1,146)	(3,121)	3,140
Income taxes recoverable				2,485
Auction proceeds payable	(7,704)	(7,448)	97,133	114,392
Accounts payable and accrued liabilities	(1,840)	(1,019)	(5,712)	(7,660)
Other	(1,570)	1,556	(427)	(1,792)
	<u>(20,334)</u>	<u>(12,751)</u>	<u>65,709</u>	<u>105,446</u>
Investing activities:				
Acquisition of business			(1,171)	
Capital asset additions	(5,703)	(3,485)	(15,263)	(11,697)
Proceeds on disposition of capital assets	495	3,363	1,410	4,807
Increase in other assets	(2,124)	(5)	(2,122)	(89)
	<u>(7,332)</u>	<u>(127)</u>	<u>(17,146)</u>	<u>(6,979)</u>
Financing activities:				
Issuance of share capital	161	1,783	3,030	3,199

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Dividends on common shares	(3,763)	(2,545)	(8,875)	(2,545)
Repayment of bank term loans	(51)	(113)	(6,832)	(2,844)
Decrease in other liabilities	(1,011)	(1,066)	(983)	(709)
Increase (decrease) in short term debt	3,276		3,276	(2,758)
Increase in funds committed for debt repayment			(3,715)	(3,714)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	(1,388)	(1,941)	(14,099)	(9,371)
Effect of foreign currency rates on cash and cash equivalents	<u>2,182</u>	<u>(1,071)</u>	<u>451</u>	<u>2,918</u>
Increase (decrease) in cash and cash equivalents	(26,872)	(15,890)	34,915	92,014
Cash and cash equivalents, beginning of period	<u>180,796</u>	<u>170,126</u>	<u>119,009</u>	<u>62,222</u>
Cash and cash equivalents, end of period	<u>\$ 153,924</u>	<u>\$ 154,236</u>	<u>\$ 153,924</u>	<u>\$ 154,236</u>
Supplemental information:				
Interest paid	\$ 780	\$ 1,252	\$ 2,316	\$ 3,799
Income taxes paid	\$ 5,571	\$ 2,214	\$ 16,475	\$ 5,012

See accompanying notes to consolidated financial statements.

RITCHIE BROS. AUCTIONEERS INCORPORATED

Notes to Consolidated Financial Statements

Nine months ended September 30, 2004 and 2003

(Tabular dollar amounts expressed in thousands of United States dollars, except share and per share amounts)
(Information as at September 30, 2004 and for the nine-month periods ended September 30, 2004 and 2003 is unaudited)

1. Significant accounting policies:

(a) Basis of presentation:

These unaudited consolidated financial statements present the financial position, results of operations, changes in shareholders' equity and cash flows of Ritchie Bros. Auctioneers Incorporated (the Company) and its subsidiaries. All significant intercompany balances and transactions have been eliminated.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) applicable to interim financial information and are based on accounting principles and practices consistent with those used in the preparation of the annual consolidated financial statements. These consolidated financial statements are not materially different from those that would be presented in accordance with United States GAAP. The interim consolidated financial statements should be read in conjunction with the December 31, 2003 audited consolidated financial statements.

(b) Revenue recognition:

Auction revenues earned in the Company's capacity as agent for consignors of equipment are comprised mostly of auction commissions, but also include net profits on the sale of inventory, incidental interest income, internet and proxy purchase fees, and handling 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 sold at auction. The majority of auction commissions is earned as a 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 includes a 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 held. If a loss relating to a guarantee contract to be sold after a period end is known at the 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 7).

RITCHIE BROS. AUCTIONEERS INCORPORATED

Notes to Consolidated Financial Statements

Nine months ended September 30, 2004 and 2003

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

(Information as at September 30, 2004 and for the nine-month periods ended September 30, 2004 and 2003 is unaudited)

1. Significant accounting policies (continued):

(b) Revenue recognition (continued):

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.

(c) Comparative figures:

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

2. Seasonality of operations:

The Company's operations are both seasonal and event driven. Auction revenues tend to be highest during the second and fourth calendar quarters. The Company generally conducts more auctions during these quarters than during the first and third calendar quarters.

Mid-December through mid-February and July through August are traditionally less active periods.

In addition, the Company's revenue is dependent upon the timing of such events as fleet upgrades and realignments, contractor retirements, and the completion of major projects, among other things. These events are not predictable and are usually unrelated to fiscal quarters, making quarter-to-quarter comparability difficult.

3. Change in accounting policy:

The Company adopted the fair-value based method of accounting for

stock-based compensation in 2003 on a prospective basis. Certain comparative figures have been restated to give effect to the change in accounting policy as its adoption was effective on January 1, 2003.

- 8 -

RITCHIE BROS. AUCTIONEERS INCORPORATED

Notes to Consolidated Financial Statements

Nine months ended September 30, 2004 and 2003

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

(Information as at September 30, 2004 and for the nine-month periods ended September 30, 2004 and 2003 is unaudited)

4. Capital assets:

September 30, 2004	Cost	Accumulated depreciation	Net book value
Buildings	\$ 110,552	\$ 17,060	\$ 93,492
Land and improvements	94,808	3,801	91,007
Land and buildings under development	11,525		11,525
Automotive equipment	11,065	4,183	6,882
Yard equipment	9,040	4,318	4,722
Office equipment	5,891	3,557	2,334
Computer equipment	5,621	2,610	3,011
Computer software	10,250	7,669	2,581
Leasehold improvements	1,626	848	778
	\$ 260,378	\$ 44,046	\$ 216,332

December 31, 2003	Cost	Accumulated depreciation	Net book value
Buildings	\$ 112,133	\$ 15,198	\$ 96,935
Land and improvements	94,253	3,453	90,800
Land and buildings under development	3,143		3,143
Automotive equipment	10,219	3,766	6,453
Yard equipment	8,558	3,951	4,607
Office equipment	5,716	3,245	2,471
Computer equipment	4,076	2,032	2,044
Computer software	8,751	5,531	3,220
Leasehold improvements	1,430	687	7