

ORBIS ABSOLUTE RETURN FUNDS

ANNUAL
REPORTS
31 DECEMBER 2002



ORBIS OPTIMAL

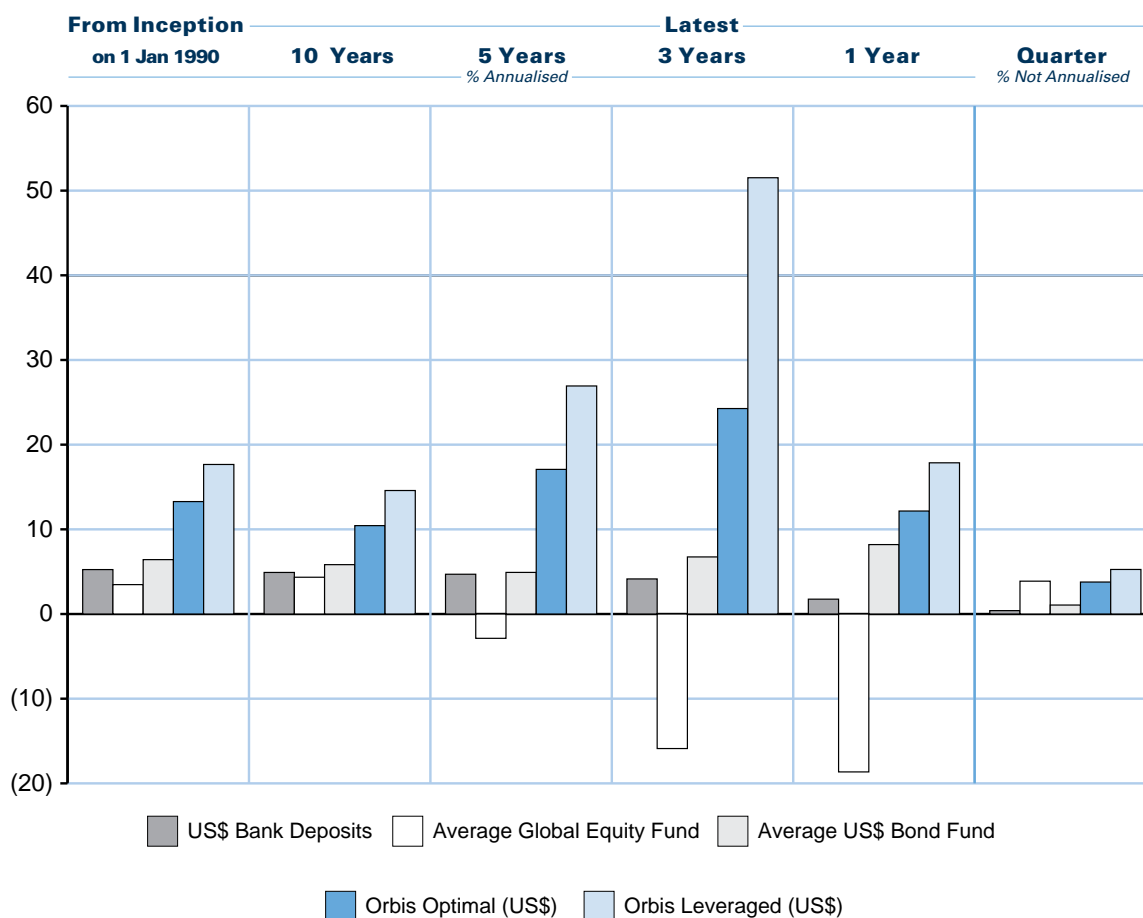
US\$ Fund / Euro Fund

ORBIS LEVERAGED

US\$ Fund / Euro Fund

ORBIS OPTIMAL AND ORBIS LEVERAGED AT 31 DECEMBER 2002

TOTAL RATE OF RETURN IN US DOLLARS



The Optimal and Leveraged (Euro) Funds are based on the same portfolios as the Optimal and Leveraged (US\$) Funds, respectively, and are therefore not shown separately above. Average Global Equity Fund and Average US\$ Bond Fund source: Standard & Poor's Offshore Territories sector index return.

We invite you to visit our website, orbisfunds.com, where you may register on-line to automatically receive regular reports on our funds by e-mail. We hope that it enables you to keep in better touch with us and your investments.

This Report does not constitute an offer to sell, or a solicitation to buy, shares of Orbis Funds. Subscriptions are only valid if made on the basis of the current prospectus of an Orbis Fund. Certain capitalised terms are defined in the Glossary section of the Orbis Funds General Information document, copies of which are available upon request from the Manager. Past performance is not necessarily indicative of future performance. Orbis Fund share prices fluctuate and are not guaranteed.

PRESIDENT 'S LETTER

The returns achieved by the Orbis Absolute Return Funds in 2000 and 2001 were clearly exceptional and unlikely to be repeated in 2002. As it happened, both the Optimal and Leveraged (US\$) Funds earned returns in 2002 that were similar to their long-term averages. This reinforces our conviction that the abnormally large returns of 2000 and 2001 were the result of the Funds' returns reverting to the mean, having been depressed in the years leading up to 2000. With the benefit of hindsight, the last five years present a classic example of a stockmarket environment that built into a speculative bubble and is suffering a subsequent reversion to the mean. The tendency for returns on assets to revert to the mean is powerful and an important element of our approach to adding value. Unfortunately, it is impossible to predict either by how much or for how long an asset's return will deviate from the mean before reverting. Even when we are right, our investment positions are often loss making before turning profitable. Diversifying this risk by holding a significant number of positions is therefore essential. Either that or one has to have the capacity to endure occasional significant interim losses. After all, mean reversion positions offer the highest prospective rewards at the time that most investors disagree strongly and have acted accordingly. One only needs to recall how difficult it would have been to hold overweight positions in gold and the euro at the expense of US equities and the US dollar in early 2000 – both classic mean reversion investment themes – to understand these pressures. Overweighting Japanese equities is a similar contemporary example of the same dynamics.

This has a number of important implications for how we run the Funds, how they may be expected to perform and the role they may play in Members' portfolios. Firstly, because it is difficult to diversify the risks associated with taking asset allocation positions, we attempt to limit the size and therefore impact of these positions on the Funds' returns. The Funds may be expected to maintain no meaningful correlation with any traditional asset class. This leaves Members in control of the asset allocation of their overall portfolio. Secondly, as the risks associated with individual equities are easily diversified, the Funds are fully exposed to the value added or lost by our portfolio of selected equities. As few absolute return fund managers follow the same approach as ours, the Funds are likely to have little correlation with the returns of other hedge funds. Members should not be concerned if the Funds perform differently from other market neutral funds. In fact, the diversification benefits that result from this should be considered when investors are constructing and monitoring the performance of their overall portfolio. Finally, as was amply demonstrated during the period surrounding March 2000, the Orbis Absolute Return Funds cannot diversify away their sensitivity to highly speculative, momentum driven stockmarket sentiment. High and increasing speculative interest is adverse to the Funds. In the face of these forces, Members need to focus on the longer term, remember that speculative frenzies always subside and that the resultant decline in speculative interest is particularly positive for the Funds.

All things considered, the level and pattern of the Funds' performance since their inception have been satisfying. This is particularly true when viewed in the context of a balanced portfolio, as discussed in the Orbis Optimal (US\$) Fund's Manager's Report. We remain enthusiastic regarding the potential for the Funds and we look forward to delivering on that potential.

Yours sincerely,


William B Gray

Hamilton, Bermuda
21 January 2003

ORBIS OPTIMAL (US\$) FUND AT 31 DECEMBER 2002

Total Rate of Return in US dollars:	From Inception on 1 Jan 1990	Latest			Quarter % Not Annualised
		5 Years % Annualised	3 Years	1 Year	
Orbis Optimal (US\$)	13.3	17.1	24.3	12.2	3.8
US\$ Bank Deposits	5.2	4.7	4.1	1.8	0.4
Average Global Equity Fund	3.5	(2.9)	(15.9)	(18.6)	3.9
Average US\$ Bond Fund	6.4	4.9	6.7	8.2	1.1

Investing in a carefully selected portfolio of equities is a very effective way of compounding capital at high rates over the long term. The problem is that any equity portfolio is subject to the risk of significant interim loss, the timing of which is unpredictable. The typical approach to solving this problem is to invest a certain portion of a balanced portfolio in cash or bonds. This certainly reduces risk but suffers from the fact that one cannot add significant value in these asset classes. Orbis Optimal is our solution to this problem. The return on Orbis' equity portfolios net of all expenses has exceeded that of their local stockmarkets by about 7% per annum since inception. Switching out of these carefully selected equity portfolios into bonds and cash merely to reduce stockmarket exposure eliminates the potential to benefit from the excess returns generated by our stockpicking. A typical balanced portfolio limits equities to 60% of assets, allocating the remaining 40% to cash and bonds. Substituting Orbis Optimal for this 40% investment allows investors to maintain exposure to Orbis' ability to add value through stock picking without taking on stockmarket exposure which is largely eliminated by the Fund's portfolio hedging.

The effectiveness of the Orbis Optimal concept can only be fairly judged in the light of a full stockmarket cycle. Thirteen years after the launch of the Fund, we think it is fair to say that we have been through a full market cycle and that one can learn from the results. Below is a table showing the return and risk statistics for Orbis Optimal, the major investable asset classes, a typical balanced portfolio of 60% equities, 30% bonds and 10% cash and two hypothetical portfolios, one with the Fund acting as an additional, alternative asset class within a balanced portfolio and the other using the Fund as a substitute for the bonds and cash element.

	Total Returns Cumulative	p.a.	Maximum Loss (since 1 January 1990)	Annualised Monthly Volatility	Correlation vs World Index
	%	%	%	%	%
Orbis Optimal (US\$)	406	13.3	17	9.9	(0.2)
US\$ Bank Deposits (cash)	94	5.2	0	0.5	0.0
Average Global Equity Fund (equities)	56	3.5	45	12.7	0.9
Average US\$ Bond Fund (bonds)	125	6.4	5	3.3	0.2
Typical Balanced Portfolio	82	4.7	25	7.9	0.9
80% Balanced Portfolio, 20% Optimal	128	6.5	12	6.5	0.8
60% Equities, 40% Optimal	161	7.6	15	8.4	0.7

The Fund's very low correlation with the traditional asset classes, coupled with its potential for superior returns, has been a powerful combination in portfolio construction. Incorporating Orbis Optimal into a typical balanced portfolio would have significantly increased the portfolio's return while also decreasing its risk of loss. The very low correlation of the Fund with other hedge funds means the inclusion of Orbis Optimal would likely also benefit a fund of hedge funds.

DIRECTORS Allan W B Gray, Chairman John C R Collis Geoffrey M Gardner William B Gray William D Thomson

MANAGER
Orbis Investment Management Limited

INVESTMENT ADVISOR
Orbis Investment Advisory Limited

CUSTODIAN
The Bank of Bermuda Limited

ORBIS OPTIMAL (US\$) FUND AT 31 DECEMBER 2002

STATEMENT OF NET ASSETS

Number Held	Security	Market Value US\$ 000's	% of Fund
21,510,000	Orbis Global Equity Fund	981,501	65
21,400,000	Orbis Japan Equity (US\$) Fund	311,370	21
2,610,000	Orbis Africa Equity (Rand) Fund	68,671	4
3,600,000	Orbis SICAV - Japan Core Equity Fund	24,095	2
	Total Equity Exposure	1,385,637	92
	Portfolio Hedging:		
	Stock Index Futures Sold:		
(1,984)	US: S&P 500 CME 3/2003	(436,430)	(31)
(359)	DJIA CBOT 3/2003	(29,905)	
(6,511)	Japan: TOPIX TSE 3/2003	(457,436)	(30)
(2,016)	UK: FTSE 100 LIFFE 3/2003	(127,221)	(9)
(1,269)	Germany: DAX Eurex 3/2003	(96,743)	(6)
(9,511)	South Africa: JSE All Share Top 40 SAFEX 3/2003	(97,938)	(6)
(2,502)	Korea: KOSPI KSE 200 3/2003	(83,878)	(6)
	Contract Value	1,370,469	92
	Net Balances at Brokers	68,952	4
	Balance Committed to Above Positions	109,870	8
	Net Current Assets	2,513	-
	Net Assets (Cost US\$ 1,413,722)	1,498,020	100
	Net Asset Value per Share	29,622,223 shares issued	US\$ 50.57
	(At 31 December 2001: 23,910,731 shares issued; US\$ 45.09)		

ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Portfolio Hedging	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
Japan	39	(30)	9	7
North America	21	(31)	(10)	(7)
Europe	18	(15)	3	-
Emerging Markets	14	(12)	2	-
Total	92	(88)	4	-

* Equity Exposure, multiplied by a Beta determined using Blume's technique, minus Portfolio Hedging.

CURRENCY DEPLOYMENT

	% of Fund
US dollar	74
Euro	15
Canadian dollar	10
South African rand	1
Net Assets	100

See accompanying notes

ORBIS OPTIMAL (EURO) FUND AT 31 DECEMBER 2002

Total Rate of Return in euro:	From Inception	3 Years	Latest	Quarter
	on 30 Jun 1998	% Annualised		% Not Annualised
Orbis Optimal (Euro)	14.4	21.9	9.1	3.0
Euro Bank Deposits	3.8	4.0	3.4	0.8
Average Global Equity Fund	(4.7)	(17.1)	(31.1)	(2.3)
Average Euro Bond Fund	4.2	6.0	6.9	1.3
% change in the US dollar value of the euro	(0.9)	1.4	18.0	6.3

In effect, apart from its currency exposure, Orbis Optimal (Euro) is the same investment as Orbis Optimal (US\$). Given this, we refer regular readers to the Orbis Optimal (US\$) Fund report on page 2. First time readers may find it informative to also read the text below in italics.

This Fund seeks capital appreciation in euro on a low risk global portfolio. It invests in the Orbis Optimal (US\$) Fund and hedges most or all of its currency exposure from US dollars into euro. The result is that this Fund may be expected to earn returns in euro which usually approximate those on Orbis Optimal (US\$) in dollars, adjusted by the short-term interest rate differential between the euro and the dollar. Page 2 shows the returns on Orbis Optimal (US\$) in dollars for various periods, including 13.3% per annum for the period since that Fund's inception on 1 January 1990.

The returns of Orbis Optimal (Euro) may also differ from those of Orbis Optimal (US\$) because the policy of these Funds is to avoid net short currency positions. For example, page 3 shows that at the year-end the Currency Deployment of Orbis Optimal (US\$) comprised 74% US dollars, 15% euro, 10% Canadian dollars and 1% South African rand. If Orbis Optimal (Euro) had simply hedged 100% of net assets from US dollars into euro as usual, it would have included minus 26% exposure to the US dollar. Instead, as shown opposite, this Fund's hedging into euro was adjusted in order to avoid a negative dollar position.

Your choice between this Fund and Orbis Optimal (US\$) should be dictated by the base currency in which you wish us to manage your investment. The above table shows the fluctuations in the exchange rate between the euro and the dollar for various periods (the ecu was used prior to 1 January 1999). The table highlights that these exchange rate fluctuations can be substantial and that it is therefore important to select an investment managed in the base currency best suited to your needs.

The Fund's deployment at the year-end is shown opposite. The Statement of Net Assets shows that 98% of Orbis Optimal (Euro) was invested in Orbis Optimal (US\$). Details of the portfolio of Orbis Optimal (US\$) are in turn disclosed on page 3. Note that Orbis Optimal (US\$), and therefore Orbis Optimal (Euro), can include sufficient stockmarket hedging to materially reduce or even eliminate all stockmarket exposure, and thus can target positive returns regardless of the current trend in stockmarkets (or any other asset class). This is why we refer to the Orbis Optimal Funds as "Absolute Return Funds".

Finally, the Analysis of Stockmarket Exposure opposite looks through the investment in Orbis Optimal (US\$) at the year-end to present Orbis Optimal (Euro)'s indirect exposure to stockmarkets. A comparison between this table and the corresponding one for Orbis Optimal (US\$) on page 3 confirms that, aside from currency exposure, the investment exposure of the two Funds was virtually identical.

DIRECTORS	Allan W B Gray, Chairman	John C R Collis	Geoffrey M Gardner	William B Gray	William D Thomson
MANAGER	INVESTMENT ADVISOR		CUSTODIAN		
Orbis Investment Management Limited	Orbis Investment Advisory Limited		The Bank of Bermuda Limited		

ORBIS OPTIMAL (EURO) FUND AT 31 DECEMBER 2002

STATEMENT OF NET ASSETS

Shares Held	Security	Market Value € 000's	% of Fund
6,920,000	Orbis Optimal (US\$) Fund	333,312	98
	Net Current Assets	5,658	2
	Net Assets (Cost € 335,973)	338,970	100
	Net Asset Value per Share	18,522,608 shares issued	€ 18.30
	(At 31 December 2001: 4,986,426 shares issued; € 16.77)		

ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Portfolio Hedging	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
Japan	39	(30)	9	7
North America	21	(31)	(10)	(7)
Europe	17	(14)	3	-
Emerging Markets	14	(12)	2	-
Total	91	(87)	4	-

* Equity Exposure, multiplied by a Beta determined using Blume's technique, minus Portfolio Hedging.

CURRENCY DEPLOYMENT

	% of Fund
Euro	100
Net Assets	100

See accompanying notes

ORBIS LEVERAGED (US\$) FUND AT 31 DECEMBER 2002

Total Rate of Return in US dollars:	From Inception on 1 Jan 1990	Latest			Quarter % Not Annualised
		5 Years % Annualised	3 Years	1 Year	
Orbis Leveraged (US\$)	17.7	26.9	51.5	17.8	5.3
US\$ Bank Deposits	5.2	4.7	4.1	1.8	0.4
Average Global Equity Fund	3.5	(2.9)	(15.9)	(18.6)	3.9
Average US\$ Bond Fund	6.4	4.9	6.7	8.2	1.1

The Fund's core Orbis Optimal investment posted a solid performance in 2002, rising by 12.2%. This allowed Orbis Leveraged to deliver a 17.8% return after producing extraordinary returns in the prior two years. The Fund's returns in 2000 and 2001 were clearly significantly above normal, raising the legitimate question as to whether they were therefore a precursor to below normal returns in the years to come. The Fund's performance last year, together with the fact that the composition of its underlying equity portfolios has changed significantly over the past three years, may help allay those concerns. Looking forward, we are no less optimistic regarding the returns of the Fund than we have been on average in the past.

The President's letter highlights the fact that we intentionally limit the Fund's exposure to any traditional asset class. The aim is to ensure that any such exposures have a limited effect on the return of the Fund. That does not mean that we take no asset class exposures in the Fund at all. We estimate that having exposure to traditional asset classes caused a modest increase of 9% in the Fund's total risk exposure, as measured by volatility. As illustrated opposite, these exposures are spread across positions consisting of a short position in Japanese government bonds (JGBs), a long position in Japanese equities versus a short position in US equities, and a short position in the US dollar against long positions in the euro and Canadian dollar. All of these positions largely emanate from, and are supported by, the fundamentals we observe from our work on individual companies.

As with our individual equity decisions, we are generally early when taking views on macroeconomic variables. Despite having learnt this the hard way and intentionally delaying and phasing in the implementation of the Fund's short JGB position, we yet again managed to be too early in implementing the position in the Fund. This is of course leaving open the possibility that we are wrong altogether. The Fund lost just less than 3% on this position last year. Having said that, we are more enthusiastic about the position than ever. A crazy and unsustainable boom in bonds has depressed yields on JGBs. The 10-year JGB future is trading at an implied yield of 0.5% per annum with a 7-year duration while the cost of maintaining this position if Japanese yields do not change is slightly less than 0.5% per annum. The Fund stands to gain or lose about 2.5% should the yield on the JGB future rise or fall by 0.5 percentage points, respectively. With the western world in deflation mode and the Japanese increasingly coming to realise that deflation is one of the few ways out of Japan's current crisis, we like the risk-reward profile of this position.

DIRECTORS Allan W B Gray, Chairman John C R Collis Geoffrey M Gardner William B Gray William D Thomson

MANAGER
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INVESTMENT ADVISOR
Orbis Investment Advisory Limited

CUSTODIAN
The Bank of Bermuda Limited

ORBIS LEVERAGED (US\$) FUND AT 31 DECEMBER 2002

STATEMENT OF NET ASSETS

Number Held	Security	Market Value US\$ 000's	% of Fund
18,350,000	Orbis Optimal (US\$) Fund	927,960	194
	Incremental Position		
	Bond Futures Sold:		
(285)	Japan: JGB 10 Year TSE 3/2003	(340,858)	(71)
	Contract Value	339,226	71
	Balances at Broker	3,887	1
	Balance Committed to Above Position	2,255	1
	Loans	(453,000)	(95)
	Net Current Assets	303	-
	Net Assets (Cost US\$ 657,481)	477,518	100
	Net Asset Value per Share	5,765,452 shares issued	US\$ 82.82
	(At 31 December 2001: 6,549,227 shares issued; US\$ 70.28)		

ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Stockmarket Positions	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
Japan	76	(59)	17	13
North America	42	(61)	(19)	(13)
Europe	35	(29)	6	-
Emerging Markets	27	(24)	3	-
Total	180	(173)	7	-

* Equity Exposure, multiplied by a Beta determined using Blume's technique, minus Stockmarket Positions.

CURRENCY DEPLOYMENT

	% of Fund
US dollar	52
Euro	25
Canadian dollar	20
South African rand	3
Net Assets	100

See accompanying notes

ORBIS LEVERAGED (EURO) FUND AT 31 DECEMBER 2002

Total Rate of Return in euro:	From Inception	3 Years	Latest	Quarter
	on 30 Jun 1998	% Annualised		% Not Annualised
	25.5	49.9	18.9	5.7
Orbis Leveraged (Euro)	25.5	49.9	18.9	5.7
Euro Bank Deposits	3.8	4.0	3.4	0.8
Average Global Equity Fund	(4.7)	(17.1)	(31.1)	(2.3)
Average Euro Bond Fund	4.2	6.0	6.9	1.3
% change in the US dollar value of the euro	(0.9)	1.4	18.0	6.3

In effect, apart from its currency exposure, Orbis Leveraged (Euro) is the same investment as Orbis Leveraged (US\$). Given this, we refer regular readers to the Orbis Leveraged (US\$) Fund report on page 6. First time readers may find it informative to also read the text below in italics.

This Fund seeks capital appreciation in euro on a leveraged global portfolio. It invests in the Orbis Leveraged (US\$) Fund and hedges most or all of its currency exposure from US dollars into euro. The result is that this Fund may be expected to earn returns in euro which approximate those on Orbis Leveraged (US\$) in dollars, adjusted by the short-term interest rate differential between the euro and the dollar. Page 6 shows the returns on Orbis Leveraged (US\$) in dollars for various periods, including 17.7% per annum for the period since that Fund's inception on 1 January 1990.

Your choice between this Fund and Orbis Leveraged (US\$) should be dictated by the base currency in which you wish us to manage your investment. The above table shows the fluctuations in the exchange rate between the euro and the dollar for various periods (the ecu was used prior to 1 January 1999). The table highlights that these exchange rate fluctuations can be substantial and that it is therefore important to select an investment managed in the base currency best suited to your needs.

The Fund's deployment at the year-end is shown opposite. The Statement of Net Assets shows that 98% of Orbis Leveraged (Euro) was invested in Orbis Leveraged (US\$). Details of the portfolio of Orbis Leveraged (US\$) are in turn disclosed on page 7.

Note that Orbis Leveraged (US\$), and therefore Orbis Leveraged (Euro), can include sufficient stockmarket hedging to materially reduce or even eliminate all stockmarket exposure, and thus can target positive returns regardless of the current trend in stockmarkets (or any other asset class). This is why we refer to the Orbis Leveraged Funds as "Absolute Return Funds".

The Analysis of Stockmarket Exposure opposite looks through the investment in Orbis Leveraged (US\$) at the year-end to present Orbis Leveraged (Euro)'s indirect exposure to stockmarkets. A comparison between this table and the corresponding one for Orbis Leveraged (US\$) on page 7 confirms that, aside from currency exposure, the investment exposure of the two Funds was virtually identical. For example at the year-end, both Funds had no Beta Adjusted Exposure to stockmarkets.

Finally, this Fund's Currency Deployment is shown at the foot of the opposite page, while that for Orbis Leveraged (US\$) is on page 7. A comparison of the two shows that at the year-end Orbis Leveraged (Euro) had modified the currency exposure it derived from Orbis Leveraged (US\$) by selling dollars and buying euro amounting to 100% of net assets.

DIRECTORS Allan W B Gray, Chairman John C R Collis Geoffrey M Gardner William B Gray William D Thomson

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The Bank of Bermuda Limited

ORBIS LEVERAGED (EURO) FUND AT 31 DECEMBER 2002

STATEMENT OF NET ASSETS

Shares Held	Security	Market Value € 000's	% of Fund
3,775,000	Orbis Leveraged (US\$) Fund	297,786	98
	Net Current Assets	5,424	2
	Net Assets (Cost € 174,597)	303,210	100
	Net Asset Value per Share	10,897,253 shares issued	€ 27.82
	(At 31 December 2001: 14,525,609 shares issued; € 23.39)		

ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Stockmarket Positions	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
Japan	75	(58)	17	13
North America	41	(60)	(19)	(13)
Europe	34	(29)	5	-
Emerging Markets	27	(23)	4	-
Total	177	(170)	7	-

* Equity Exposure, multiplied by a Beta determined using Blume's technique, minus Stockmarket Positions.

CURRENCY DEPLOYMENT

	% of Fund
Euro	125
US dollar	(47)
Canadian dollar	20
South African rand	2
Net Assets	100

See accompanying notes

ORBIS LEVERAGED (US\$) FUND

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2002

US\$ 000's

Cash Flows from Operating Activities:

Proceeds from sale of investments	287,783
Purchases of investments	(245,682)
Gain on forward currency contracts	4,945
Increase in margin deposits at brokers	(3,887)
Interest and other borrowing costs	(12,388)
Other expenses paid	(220)

Net Cash Provided by Operating Activities 30,551

Cash Flows from Financing Activities:

Net redemptions paid	(59,664)
Loan drawdowns	1,157,000
Loan repayments	(1,132,000)

Net Cash Used in Financing Activities (34,664)

Net Decrease in Cash (4,113)

Cash - Beginning of Year 6,957

Cash - End of Year **2,844**

See accompanying notes

STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (MILLIONS)

Reporting Currency: For the Years Ended 31 December:	Orbis Optimal				Orbis Leveraged			
	(US\$)		(Euro)		(US\$)		(Euro)	
	US\$	€	US\$	€	US\$	€	US\$	€
	2002	2001	2002	2001	2002	2001	2002	2001
Investment Income:	1	2	-	-	-	-	-	-
Interest	1	2	-	-	-	-	-	-
Expenses:	6	6	-	-	13	22	-	-
Manager's Fees	5	5	-	-	-	-	-	-
Interest and Other Borrowing Costs	1	1	-	-	13	22	-	-
Net Investment Income (Loss)	(5)	(4)	-	-	(13)	(22)	-	-
Net Gain (Loss) from Investments and Currencies:	147	227	18	11	87	254	56	175
Realised	217	249	28	1	87	151	113	72
Unrealised	(70)	(22)	(10)	10	-	103	(57)	103
Net Increase in Net Assets Resulting from Operations	142	223	18	11	74	232	56	175
Members' Activity During the Year:								
Subscriptions:								
Orbis Funds	509	378	-	-	82	34	-	-
Other Members	102	33	74	14	47	33	40	20
Switches Between Funds	96	51	188	57	6	12	11	34
Redemptions:								
Orbis Funds	(303)	(325)	-	-	(118)	(140)	-	-
Other Members	(8)	(6)	(6)	-	(7)	(7)	(5)	(2)
Switches Between Funds	(118)	(11)	(19)	(10)	(66)	(69)	(139)	(155)
Increase (Decrease) in Net Assets	420	343	255	72	18	95	(37)	72
Net Assets at Beginning of Year	1,078	735	84	12	460	365	340	268
Net Assets at End of Year	1,498	1,078	339	84	478	460	303	340

See accompanying notes

Significant Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles in Canada and Bermuda. The Funds' significant accounting policies are as follows:

Investments. Investments are recorded as of the trade date and are stated at their fair market values. Investments in Orbis Funds are valued at their year-end Net Asset Value per share, while other marketable securities, including futures and options, are valued at their closing prices. The amounts realised may differ from these valuations due to variations in pricing, exchange rates, trading volumes and regulations.

Foreign Currency Translation. Assets, liabilities and forward currency contracts denominated in foreign currencies are translated into the Reporting Currency shown on page 11 using exchange rates prevailing at the year-end. Income and expenses in foreign currencies are translated into the Reporting Currency at the exchange rates prevailing at the dates of the transactions. Translation exchange gains and losses are included in the Statement of Operations.

Income and Expenses. The accrual basis is used to recognise income and expenses. Dividends are accrued on the ex-dividend date, net of withholding taxes. Realised gains and losses on investments are based on average cost.

Accounting Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Net Current Assets. Net current assets include primarily unrealised gains (losses) on forward currency contracts, cash, amounts due to shareholders and other miscellaneous accounts receivable and payable, the individual amounts of which are not significant in relation to the total net assets of the Fund.

Taxes

There are no Bermuda income, profit, capital, capital gains, estate or inheritance taxes payable by the Funds or their Members in respect of shares in the Funds. The Bermuda Government has undertaken that in the event that any such taxes are levied in the future, the Funds and their shares will be exempt from such taxes until 28 March 2016.

Share Capital

Each Fund's authorised share capital comprises 100 million Fund shares (2001 - 100 million) and 12,000 issued Founders' shares (2001 - 12,000), all with a US\$1 par value. Fund shares participate pro rata in their Fund's net assets and dividends, are redeemable, and are non-voting. Founders' shares do not participate in their Fund's portfolio, are redeemable at par value only after all Fund shares have been redeemed, and carry the right to vote. If a Fund is wound up or dissolved, the Founders' shares will participate only to the extent of their par value.

Share Capital (continued)

Fund share transactions, in thousands of shares, were as follows:

	Orbis Optimal (US\$)		Orbis Optimal (Euro)		Orbis Leveraged (US\$)		Orbis Leveraged (Euro)	
	2002	2001	2002	2001	2002	2001	2002	2001
Balance at beginning of year	23,911	21,017	4,987	916	6,549	8,941	14,526	19,547
Subscriptions								
Orbis Funds	10,559	8,856	-	-	1,046	540	-	-
Other Members	2,098	754	4,236	867	611	501	1,547	955
Switches Between Funds	2,012	1,268	10,709	3,803	74	180	430	1,569
Redemptions								
Orbis Funds	(6,379)	(7,581)	-	-	(1,546)	(2,326)	-	-
Other Members	(170)	(145)	(345)	(24)	(99)	(121)	(187)	(103)
Switches Between Funds	(2,409)	(258)	(1,064)	(575)	(870)	(1,166)	(5,419)	(7,442)
Balance at end of year	29,622	23,911	18,523	4,987	5,765	6,549	10,897	14,526

Material Contracts

At year-end the following Funds had forward currency contracts settling on 13 June 2003 having net contract and net market values as set out below. As these contracts expose the Funds to credit risk arising from the potential inability of a counterparty to perform under the terms of a contract, the Orbis Funds deal only with counterparties which have investment grade ratings from a recognised rating agency. To limit its risk to the amount of any net unrealised gain, each Fund has entered into an agreement whereby all its currency transactions can be netted.

	Contract Value 000's	Market Value 000's	Unrealised Gain (Loss) 000's
Orbis Optimal (US\$)	US\$ (410,838)	US\$ (415,152)	US\$ (4,314)
Orbis Optimal (Euro)	€ (326,133)	€ (322,918)	€ 3,215
Orbis Leveraged (US\$)	US\$ (13,525)	US\$ (14,209)	US\$ (684)
Orbis Leveraged (Euro)	€ (304,608)	€ (301,514)	€ 3,094

Commitments

Orbis Leveraged (US\$) has a multi-currency line of credit, scheduled to expire on 11 June 2004 secured by a pledge of its assets. At 31 December 2002, US\$453 million (2001 - US\$428 million) of the available facility, currently US\$600 million (2001 - US\$600 million), was drawn in US dollars and interest, charged at LIBOR plus 0.85%, totalled 2.5% pa. The Fund pays a commitment fee of 0.15% pa on undrawn balances.

The margin balances supporting Orbis Optimal (US\$)'s Portfolio Hedging are at times funded partly by an uncommitted margin facility which is secured by, and may not exceed, a maximum of 10% of the Fund's net asset value. At year-end the margin facility was not drawn upon and no assets were pledged.

Related Party Transactions

Orbis Investment Management Limited has been contractually appointed as “Manager” of the Funds. Orbis Optimal (US\$) pays the Manager a performance-based fee of up to 0.5% pa of weekly net assets whenever that Fund’s price exceeds its maximum price in the period from the date of inception to the date one year prior to the date of calculation and its trailing one year return exceeds that of Bank Deposits plus 5%. Orbis Optimal (Euro), Orbis Leveraged (US\$) and Orbis Leveraged (Euro) do not directly pay a fee to the Manager. To the extent that they directly or indirectly invest in other Orbis Funds, these Funds indirectly bear the management fees paid by such other funds. Each Orbis Equity Fund directly or indirectly pays a performance-based fee. At year-end the management fee payable by Orbis Optimal (US\$) was \$700,000 (2001 - \$468,000).

At year-end other related parties, which include institutional and other clients managed on a discretionary basis and the Directors and Officers of the Orbis Funds and of their Managers and Investment Advisors, held 22,490 shares in Orbis Optimal (US\$) (2001 - 1,100,852), 11,802,812 shares in Orbis Optimal (Euro) (2001 - 3,338,836), 371,840 shares in Orbis Leveraged (US\$) (2001 - 1,051,921) and 8,238,929 shares in Orbis Leveraged (Euro) (2001 - 13,149,261).

Comparative Figures

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

AUDITORS' REPORT

To the Members of
Orbis Optimal (US\$) Fund Limited,
Orbis Optimal (Euro) Fund Limited,
Orbis Leveraged (US\$) Fund Limited, and
Orbis Leveraged (Euro) Fund Limited (the "Funds"):

We have audited the Statements of Net Assets of the Funds (companies incorporated with limited liability in Bermuda) on pages 3, 5, 7 and 9 as at 31 December 2002, the Statement of Cash Flows for Orbis Leveraged (US\$) Fund Limited on page 10, the related Statements of Operations and Changes in Net Assets on page 11 and the accompanying notes on pages 12, 13 and 14 for the year then ended. These financial statements are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of the Funds as at 31 December 2001 and for the year then ended were audited by other auditors who have ceased operations and whose report dated 21 January 2002 expressed an unqualified opinion on those statements.

We conducted our audits in accordance with auditing standards generally accepted in Canada and Bermuda. 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. Our procedures included confirmation of all securities and cash owned as at 31 December 2002, by correspondence with the custodian and brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, these financial statements present fairly, in all material respects, the financial positions of the Funds as at 31 December 2002 and the results of their operations and the changes in their net assets and the cash flows for Orbis Leveraged (US\$) Fund Limited for the year then ended in accordance with accounting principles generally accepted in Canada and Bermuda.

Hamilton, Bermuda
21 January 2003


Ernst & Young
Chartered Accountants

NOTICES

ANNUAL GENERAL MEETINGS

Notice is hereby given that the Annual General Meetings of Orbis Optimal (US\$) Fund Limited, Orbis Optimal (Euro) Fund Limited, Orbis Leveraged (US\$) Fund Limited and Orbis Leveraged (Euro) Fund Limited (the “Orbis Funds”) will be held at the offices of Orbis Investment Management Limited, 34 Bermudiana Road, Hamilton, Bermuda on 16 April 2003 at 11:00 am. Members are invited to attend and address these meetings. The Agendas comprise the following:

- Review of Minutes of the Annual General Meetings of Members of the Orbis Funds held on 23 April 2002
- Review of audited financial statements in the 2002 Annual Reports
- Proposed re-appointment of the present Directors as shown in the Manager’s Reports
- Approval of proposed Directors’ fees for the year to 31 December 2003 to each of Messrs Collis and Thomson of US\$7,500 for each of Orbis Optimal (US\$) and Orbis Leveraged (US\$), and US\$1,000 for each of Orbis Optimal (Euro) and Orbis Leveraged (Euro)
- Proposed re-appointment of Ernst & Young as Auditors for the year to 31 December 2003

By Order of the Boards, James J Dorr, Secretary

UNITED KINGDOM DISTRIBUTOR STATUS

The Board of Inland Revenue has certified each of the Orbis Funds as a distributing fund for the purposes of Chapter V of Part XVII of the United Kingdom Income and Corporation Taxes Act 1988 from the Fund’s inception until 31 December 2001. The Directors intend to apply for such certification for fiscal 2002 for all of the Orbis Funds. Certification is granted retrospectively, therefore there can be no assurance that the Orbis Funds will be certified as distributing funds for fiscal 2002 or for future accounting periods.

THE FAMILY OF ORBIS OFFSHORE FUNDS

EQUITY FUNDS

- Each Fund remains fully invested in equities selected from a specified geographic region
- Each is actively managed to outperform a “Benchmark” index of the stockmarkets in its region
- The equities are selected based on detailed proprietary research which emphasises relative value
- A Fund’s portfolio may be focused and, unlike an index fund, notably different from its Benchmark
- However, the resulting risk of underperforming the Benchmark is regularly monitored

ORBIS GLOBAL EQUITY FUND

This Fund invests globally and seeks to earn higher returns than world stockmarkets with no greater risk. The Fund’s Benchmark is the FTSE World Index, including income. The Fund’s currency exposure is managed relative to that of the World Index.

ORBIS AFRICA EQUITY (RAND) FUND

This Fund invests in South African equities. The Fund’s Benchmark is the FTSE/JSE Africa All Share Index, including income. The Fund does not hedge currencies, and thus is exposed to the rand.

ORBIS JAPAN EQUITY FUNDS

The Luxembourg regulated Orbis Japan Equity Fund invests in Japanese equities. The Yen Class is fully exposed to the Japanese yen and has a Benchmark of the Tokyo Stock Price Index, including income (“TOPIX”). The Euro Class hedges its currency exposure into euro and has a Benchmark of the TOPIX, hedged into euro. The Orbis Japan Equity (US\$) Fund invests in the Yen Class of the Orbis Japan Equity Fund, hedges most or all of its currency exposure into US dollars and has a Benchmark of the TOPIX, hedged into US dollars.

ABSOLUTE RETURN FUNDS

- These Funds seek absolute (*ie positive*) returns regardless of stockmarket trends
- They invest directly or indirectly in the Manager’s optimal mix of hedged Orbis Equity Funds
- They manage risk of loss with stockmarket hedging
- They are able to have no net exposure to stockmarket trends
- They are differentiated from each other by their risk levels and their base currencies

ORBIS OPTIMAL (US\$) FUND

This Fund seeks capital appreciation in its base currency, the US dollar, while offering a low risk global portfolio. The Fund invests in selected Orbis Equity Funds. The risk of loss of the Fund is managed with stockmarket hedging.

ORBIS OPTIMAL (EURO) FUND

This Fund seeks capital appreciation in euro on a low risk global portfolio. The Fund supplements its sole investment, the Orbis Optimal (US\$) Fund, with currency hedging enabling the Fund to be managed in its base currency, the euro.

ORBIS LEVERAGED (US\$) FUND

This Fund seeks capital appreciation in US dollars on a leveraged global portfolio. The Fund invests up to 200% of its net assets, primarily in the Orbis Optimal (US\$) Fund. The stockmarket and currency exposures of the Fund are actively managed.

ORBIS LEVERAGED (EURO) FUND

This Fund seeks capital appreciation in euro on a leveraged global portfolio. The Fund supplements its sole investment, the Orbis Leveraged (US\$) Fund, with currency hedging enabling the Fund to be managed in its base currency, the euro.



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