

ORBIS ABSOLUTE RETURN FUNDS

ANNUAL
REPORTS
31 DECEMBER 2003



ORBIS OPTIMAL

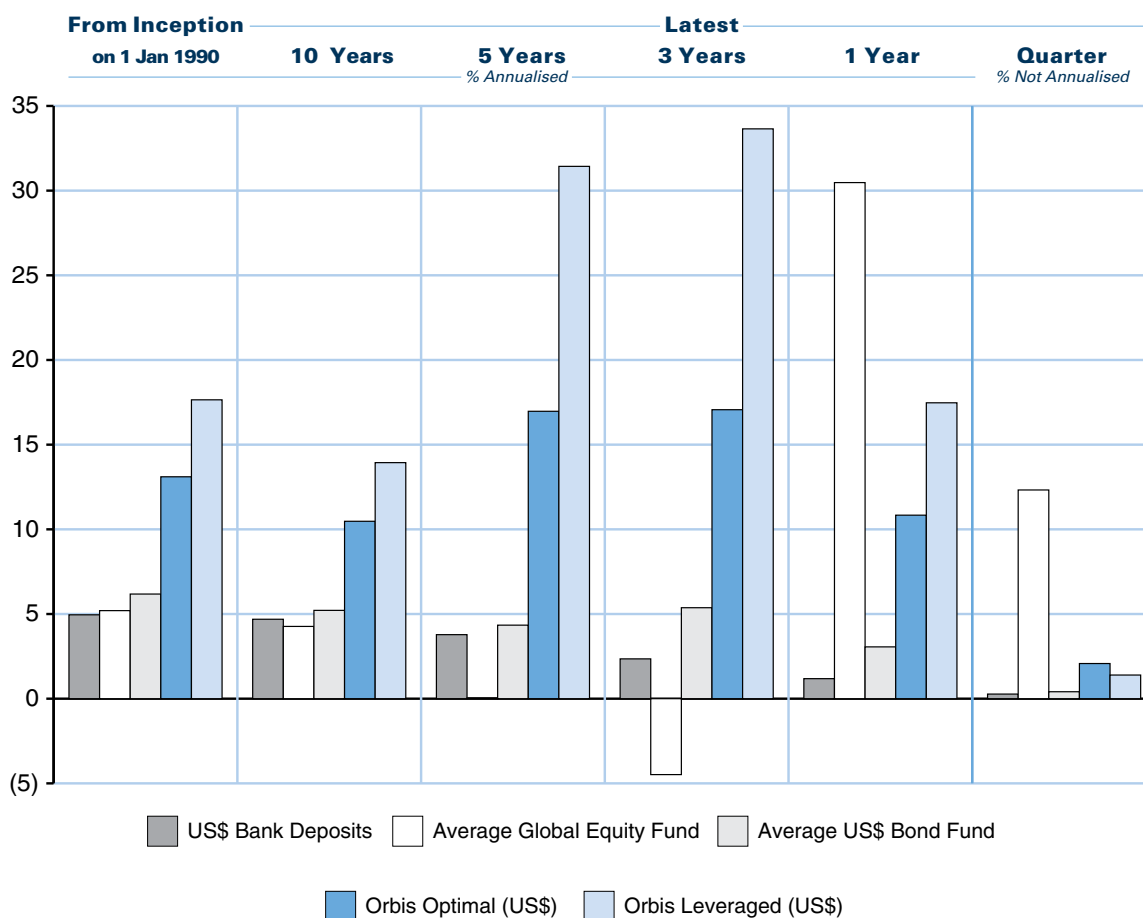
US\$ Fund / Euro Fund

ORBIS LEVERAGED

US\$ Fund / Euro Fund

ORBIS OPTIMAL AND ORBIS LEVERAGED AT 31 DECEMBER 2003

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

Dear Member,

Notwithstanding a slightly rough start in the first quarter, we are pleased with the performance of the Orbis Absolute Return Funds in 2003. The Orbis Optimal (US\$) Fund rose by 10.8% after all fees and expenses (or 9.6 percentage points above the return on cash). This return contributed almost all of the return on the Leveraged US\$ and Euro Funds, allowing them to rise 17.5% and 18.8% in their base currencies, respectively. The weakness of the US dollar versus the euro, coupled with the fact that the Orbis Optimal (US\$) Fund benefited from that, meant that the Orbis Optimal (Euro) Fund rose a lesser 6.7% in euro but a higher 28% in US dollars.

Actively managing investments ensures we maintain a heavy measure of humility. After all, we are fortunate if only one third of our decisions prove to be wrong and, believe me, the mistakes are more memorable than the successes. But that is a good thing, as the recognition of how easy it is to be wrong leads us to research a company thoroughly and invest in that company only if we can understand what makes it a good investment in the first place. Without that humility and a strong sense of risk aversion, poor investment results usually follow. Members of the Orbis Funds are less acutely aware of the individual stock selection mistakes we make. Instead, the Funds' returns provide a convenient single measure of the quality of Members' decisions to invest in Funds. The returns achieved by Orbis Optimal and Leveraged in the last five years may well lull Members into dropping their guard, reducing their urge to understand what they have invested in. In light of that, we remind you in the table below that the more recent performance of the Orbis Optimal (US\$) Fund contrasts sharply with that from just four years ago.

Total Rate of Return (in benchmark currency for period)	to 31 December 2003				to 31 December 1999			
	14 years	5 years	3 years	1 year	10 years	5 years	3 years	1 year
	% annualised				% annualised			
Orbis Optimal	13	17	17	11	10	7	4	3
Bank Deposits	5	4	2	1	6	5	5	5
Average Global Equity Fund	5	0	(5)	31	10	18	20	29

Both sets of results were a product of the same investment approach, executed by the same team applying the same process. While the long-term results are similar, shorter-term results have varied significantly and are clearly a poor basis for evaluating a decision to invest in the Orbis Funds. We caution against investing or remaining invested in the Orbis Funds on the basis of recent performance without understanding the investment philosophy, process and team. Without an understanding of what makes the Fund a sound long-term investment, the risk is that when faced with periods of poor short-term performance (as inevitably there will be) uninformed investors will no longer have a compelling reason to remain invested and will sell, ensuring a poor investment experience and relinquishing the potential to participate in any subsequent rebound.

The recent performance of the Funds has been strong. But it is the strength of the underlying investment philosophy as detailed further in the Orbis Equity Funds Reports that leaves us optimistic regarding the long-term prospects of the Funds, particularly when viewed in light of the valuation and prospects for the alternative investments of equities, bonds and cash. We look forward to delivering on that potential.

Yours sincerely,


William B Gray

Hamilton, Bermuda
20 January 2004

ORBIS OPTIMAL (US\$) FUND AT 31 DECEMBER 2003

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\$)	13.1	17.0	17.1	10.8	2.1
US\$ Bank Deposits	5.0	3.8	2.4	1.2	0.3
Average Global Equity Fund	5.2	0.1	(4.5)	30.5	12.3
Average US\$ Bond Fund	6.2	4.3	5.4	3.1	0.4

Most investors know it is unwise to put all their eggs into one basket, but are left wondering how to decide which baskets to put them in. After all, within a broadly diversified portfolio, the mix of assets is the single most important determinant of the risk and return of the portfolio over time. Some investors attempt to manage the mix very actively in order to optimise the short-term returns and risk. Adding value by significantly shifting asset allocation based on such short-term timing decisions is, we believe, extremely difficult and best left to those very few investment professionals who have demonstrated skill in that regard.

Yet that does not mean that ordinary investors should ignore or outsource their asset allocation decisions entirely. On the contrary, they should conscientiously engage in making their *long-term* asset allocation decision, which depends importantly on individual circumstances and personal preferences. While predicting short-term returns is difficult, forming long-term expectations for the returns of asset classes is achievable. By looking back at long-term experience and current divergences from the long-term average, we believe investors can establish a reasonable view on the future long-term risk and reward prospects of various asset classes. This information, combined with personal preferences such as investment horizon, risk appetite, income needs and base currency, form a solid basis for a long-term allocation decision.

The Family of Orbis Funds is structured to help Members implement that long-term allocation decision once it has been made. While all Orbis Funds offer exposure to Orbis' core stock picking skill, they are differentiated by asset class, currency or risk level. The Optimal Funds sit at the core of the Orbis Absolute Return Funds and are designed for Members who wish exposure to Orbis' stock picking skill in a lower risk investment and do not wish stockmarket exposure. The Funds' returns therefore have and are expected to have little correlation with stockmarkets, other major asset classes or hedged funds. Offering Orbis Optimal in both US dollar and euro versions allows Members further flexibility to express alternative currency preferences. Members wishing similar asset class exposure but with a higher risk tolerance can consider the Orbis Leveraged Funds, whose Manager's Reports are on pages 6 and 8. The Orbis Equity Funds are designed for Members who wish exposure to the return on stockmarkets in addition to Orbis' core stock picking skill. They focus on the best available long-term equity investment opportunities we can find within 3 different geographic parameters, some with a choice of currency benchmark.

In brief, the Orbis Equity Funds combine our stock selection skills with the return on stockmarkets while the Orbis Absolute Return Funds combine those same stock selection skills with the return on cash. By differentiating the Orbis Funds in this way, Members are able to be in control of their own asset allocation while still being able to benefit from our core stock picking skills on 100% of their investment with Orbis.

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ORBIS OPTIMAL (US\$) FUND AT 31 DECEMBER 2003

STATEMENT OF NET ASSETS

Number Held	Security	Market Value US\$ 000's	% of Fund
25,885,000	Orbis Global Equity Fund	1,721,094	69
28,525,000	Orbis SICAV - Japan Equity Fund - Yen Class	533,997	21
2,660,000	Orbis Africa Equity (Rand) Fund	112,468	5
3,600,000	Orbis SICAV - Japan Core Equity Fund	34,199	1
	Total Equity Exposure	2,401,758	96
	Portfolio Hedging:		
	Stock Index Futures Sold:		
(8,511)	Japan: TOPIX TSE 3/2004	(828,350)	(33)
(1,888)	US: S&P 500 CME 3/2004	(524,203)	(21)
(3,482)	Germany: DAX Eurex 3/2004	(437,818)	(18)
(2,320)	UK: FTSE 100 LIFFE 3/2004	(185,060)	(7)
(12,934)	South Africa: JSE All Share Top 40 SAFEX 3/2004	(184,946)	(7)
(3,858)	Korea: KOSPI KSE 200 3/2004	(172,010)	(7)
	Contract Value	2,229,447	89
	Net Balances at Brokers	217,468	9
	Balance Committed to Above Positions	114,528	5
	Net Current Liabilities	(17,137)	(1)
	Net Assets	2,499,149	100
	Net Asset Value per Share	44,587,843 shares issued	US\$ 56.05
	(At 31 December 2002: 29,622,223 shares issued; US\$ 50.57)		

ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Portfolio Hedging	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
Japan	40	(33)	7	8
Europe	23	(25)	(2)	(4)
North America	18	(21)	(3)	(4)
Emerging Markets	15	(14)	1	-
Total	96	(93)	3	-

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

CURRENCY DEPLOYMENT

	% of Fund
US dollar	80
Canadian dollar	10
Japanese yen	7
Taiwan dollar	3
Net Assets	100

See accompanying notes

ORBIS OPTIMAL (EURO) FUND AT 31 DECEMBER 2003

Total Rate of Return in euro:	From Inception on 30 Jun 1998	Latest			Quarter % Not Annualised
		5 Years % Annualised	3 Years	1 Year	
Orbis Optimal (Euro)	12.9	14.2	14.7	6.7	1.2
Euro Bank Deposits	3.5	3.5	3.4	2.4	0.5
Average Global Equity Fund	(2.3)	(1.4)	(13.3)	8.8	4.0
Average Euro Bond Fund	4.2	3.7	5.3	4.2	0.1
% appreciation of the euro versus the US dollar	2.6	1.4	10.2	19.9	8.0

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 13.1% 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 80% US dollars, 10% Canadian dollars, 7% Japanese yen and 3% Taiwan dollars. If Orbis Optimal (Euro) had simply hedged 100% of net assets from US dollars into euro as usual, it would have included minus 20% 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.

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ORBIS OPTIMAL (EURO) FUND AT 31 DECEMBER 2003

STATEMENT OF NET ASSETS

Shares Held	Security	Market Value € 000's	% of Fund
9,415,000	Orbis Optimal (US\$) Fund	419,167	98
	Net Current Assets	7,204	2
	Net Assets	426,371	100
	Net Asset Value per Share	21,834,656 shares issued	€ 19.53
	(At 31 December 2002: 18,522,608 shares issued; € 18.30)		

ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Portfolio Hedging	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
Japan	39	(32)	7	8
Europe	22	(24)	(2)	(4)
North America	18	(21)	(3)	(4)
Emerging Markets	15	(14)	1	-
Total	94	(91)	3	-

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

CURRENCY DEPLOYMENT

	% of Fund
Euro	85
Japanese yen	7
Canadian dollar	5
Taiwan dollar	3
Net Assets	100

See accompanying notes

ORBIS LEVERAGED (US\$) FUND AT 31 DECEMBER 2003

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\$)	17.6	31.4	33.6	17.5	1.4
US\$ Bank Deposits	5.0	3.8	2.4	1.2	0.3
Average Global Equity Fund	5.2	0.1	(4.5)	30.5	12.3
Average US\$ Bond Fund	6.2	4.3	5.4	3.1	0.4

Long-standing Fund Members will know that the observation in the President's Letter cautioning against investing or remaining invested in the Orbis Absolute Return Funds without an understanding of the investment philosophy, process and team is particularly relevant when it comes to Orbis Leveraged. The Orbis Funds follow an investment approach that places greater emphasis on adding value over the long term than consistently adding value in the short term. The Fund's use of borrowings magnifies any short-term volatility inherent in the investment approach and makes it essential that Members remain focussed on the Fund's long-term potential.

As discussed on page 2, the Orbis Absolute Return Funds are designed to offer exposure to Orbis' potential to add value through stock picking without taking on the stockmarket exposure that normally accompanies it. Orbis Optimal achieves that by investing in the Orbis Equity Funds and hedging out the inherent stockmarket risk, leaving it with an exposure to the return on cash plus (minus) the extent to which Orbis' selected equities outperform (underperform) their local stockmarkets. Orbis Leveraged makes a geared investment in Orbis Optimal. The Orbis Equity Funds' President's Letter, which is under separate cover, describes our approach to stock selection and the pattern of performance over time. We encourage Members to read the Orbis Funds' Reports regularly to help them build an understanding of their investment in the Fund.

For 2003, the vast majority of the Fund's return came, as expected, from its geared investment in Orbis Optimal. Incremental investment positions held by the Fund added some value, but not much. The short position in Japanese Government Bond futures contributed 2% over the year, costing the Fund 1% in the first quarter before subsequently adding 3%. This is another example of how difficult we find it is to successfully time an investment decision even when the long-term investment case is compelling. The Fund also held incremental short S&P 500 stock index futures positions. These positions lost 2%, but were offset by the gains the Fund inherited from Orbis Optimal on incremental stockmarket positions. Overall, contributions from stockmarket positions were neutral in 2003.

In the Optimal (US\$) Report, we touched on the importance of personal circumstances and preferences in making an asset allocation decision. While both Orbis Optimal and Orbis Leveraged offer access to our stock-picking skills without significant exposure to any asset classes, they serve different functions in a portfolio. The low risk and cash-plus nature of the Orbis Optimal Funds makes them suitable for most investors as part of a balanced portfolio. The high risk-high return nature of the Orbis Leveraged Funds makes them a specialist vehicle for investors with higher risk appetite and also stronger faith in Orbis' ability to add value. Members should bear these important differences in mind when matching the Funds' characteristics to their own needs while making their decision about which fund to invest in.

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ORBIS LEVERAGED (US\$) FUND AT 31 DECEMBER 2003

STATEMENT OF NET ASSETS

Number Held	Security	Market Value US\$ 000's	% of Fund
26,650,000	Orbis Optimal (US\$) Fund	1,493,732	191
	Incremental Positions		
	Bond and Index Futures Sold:		
(569)	Japan: JGB 10 Year TSE 3/2004	(730,527)	(93)
(286)	US: S&P 500 CME 3/2004	(79,408)	(10)
	Contract Value	805,757	103
	Balances at Broker	16,438	2
	Balance Committed to Above Positions	12,260	2
	Loans	(735,000)	(94)
	Net Current Assets	10,123	1
	Net Assets	781,115	100
	Net Asset Value per Share	8,028,405 shares issued	US\$ 97.29
	(At 31 December 2002: 5,765,452 shares issued; US\$ 82.82)		

ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Stockmarket Positions	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
Japan	76	(63)	13	16
Europe	43	(48)	(5)	(8)
North America	35	(50)	(15)	(18)
Emerging Markets	30	(27)	3	-
Total	184	(188)	(4)	(10)

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

CURRENCY DEPLOYMENT

	% of Fund
US dollar	70
Canadian dollar	20
Japanese yen	14
Euro	(10)
Taiwan dollar	6
Net Assets	100

See accompanying notes

ORBIS LEVERAGED (EURO) FUND AT 31 DECEMBER 2003

Total Rate of Return in euro:	From Inception on 30 Jun 1998	Latest			Quarter % Not Annualised
		5 Years % Annualised	3 Years	1 Year	
Orbis Leveraged (Euro)	24.3	30.0	34.2	18.8	1.6
Euro Bank Deposits	3.5	3.5	3.4	2.4	0.5
Average Global Equity Fund	(2.3)	(1.4)	(13.3)	8.8	4.0
Average Euro Bond Fund	4.2	3.7	5.3	4.2	0.1
% appreciation of the euro versus the US dollar	2.6	1.4	10.2	19.9	8.0

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 17.6% 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 negative 10% 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.

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ORBIS LEVERAGED (EURO) FUND AT 31 DECEMBER 2003

STATEMENT OF NET ASSETS

Shares Held	Security	Market Value € 000's	% of Fund
4,734,000	Orbis Leveraged (US\$) Fund	365,837	98
	Net Current Assets	6,726	2
	Net Assets	372,563	100
Net Asset Value per Share		11,276,671 shares issued	€ 33.04
		(At 31 December 2002: 10,897,253 shares issued; € 27.82)	

ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Stockmarket Positions	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
Japan	75	(62)	13	16
Europe	42	(47)	(5)	(8)
North America	34	(49)	(15)	(18)
Emerging Markets	29	(26)	3	-
Total	180	(184)	(4)	(10)

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

CURRENCY DEPLOYMENT

	% of Fund
Euro	90
US dollar	(30)
Canadian dollar	20
Japanese yen	14
Taiwan dollar	6
Net Assets	100

See accompanying notes

ORBIS LEVERAGED (US\$) FUND

STATEMENT OF CASH FLOWS

For the Years Ended 31 December:	US\$ 000's	
	2003	2002
Cash Flows from Operating Activities:		
Proceeds from sale of investments and currencies	103,293	292,728
Purchases of investments	(556,101)	(245,682)
Increase in margin deposits at brokers	(12,345)	(3,887)
Interest and other borrowing costs	(12,216)	(12,388)
Other expenses	(227)	(220)
Net Cash (Used in) Provided by Operating Activities	(477,596)	30,551
Cash Flows from Financing Activities:		
Net subscriptions (redemptions) received (paid)	205,604	(59,664)
Loan drawdowns	2,722,500	1,157,000
Loan repayments	(2,440,500)	(1,132,000)
Net Cash Provided by (Used in) Financing Activities	487,604	(34,664)
Net Increase (Decrease) in Cash	10,008	(4,113)
Cash - Beginning of Year	2,844	6,957
Cash - End of Year	12,852	2,844

See accompanying notes

STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (MILLIONS)

Reporting Currency:	Orbis Optimal (US\$)		(Euro)		Orbis Leveraged (US\$)		(Euro)	
	US\$	€	US\$	€	US\$	€	US\$	€
For the Years Ended 31 December:	2003	2002	2003	2002	2003	2002	2003	2002
Investment Income:	3	1	-	-	-	-	-	-
Interest and Dividends	3	1	-	-	-	-	-	-
Expenses:	9	6	-	-	12	13	-	-
Manager's Fees	7	5	-	-	-	-	-	-
Interest and Other Borrowing Costs	2	1	-	-	12	13	-	-
Net Investment (Loss)	(6)	(5)	-	-	(12)	(13)	-	-
Net Gain (Loss) from								
Investments and Currencies:	201	147	27	18	110	87	52	56
Realised	(312)	217	51	28	25	87	87	113
Unrealised	513	(70)	(24)	(10)	85	-	(35)	(57)
Net Increase in Net Assets Resulting from Operations	195	142	27	18	98	74	52	56
Members' Activity During the Year:								
Subscriptions:								
Orbis Funds	748	509	-	-	190	82	-	-
Other Members	212	102	121	74	103	47	79	40
Switches Between Funds	91	96	13	188	101	6	28	11
Redemptions:								
Orbis Funds	(169)	(303)	-	-	(99)	(118)	-	-
Other Members	(34)	(8)	(10)	(6)	(17)	(7)	(15)	(5)
Switches Between Funds	(42)	(118)	(64)	(19)	(73)	(66)	(74)	(139)
Increase (Decrease) in Net Assets	1,001	420	87	255	303	18	70	(37)
Net Assets at Beginning of Year	1,498	1,078	339	84	478	460	303	340
Net Assets at End of Year	2,499	1,498	426	339	781	478	373	303

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. At the year-end the cost of investments in Orbis Funds, in millions, was for Optimal (US\$) US\$1,685 (2002 - cost US\$1,338, market US\$1,386), for Optimal (Euro) €446 (2002 - cost €334, market €333), for Leveraged (US\$) US\$1,130 (2002 - cost US\$653, market US\$928) and for Leveraged (Euro) €278 (2002 - cost €172, market €298).

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 or Liabilities. Net current assets or liabilities include primarily unrealised gains or 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 except for certain balances which will be disclosed elsewhere in these financial statements.

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 (2002 - 100 million) and 12,000 issued Founders' shares (2002 - 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.

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

	Orbis Optimal (US\$)		Orbis Optimal (Euro)		Orbis Leveraged (US\$)		Orbis Leveraged (Euro)	
	2003	2002	2003	2002	2003	2002	2003	2002
Balance at beginning of year	29,622	23,911	18,523	4,987	5,765	6,549	10,897	14,526
Subscriptions								
Orbis Funds	13,982	10,559	-	-	2,124	1,046	-	-
Other Members	3,952	2,098	6,481	4,236	1,122	611	2,554	1,547
Switches Between Funds	1,671	2,012	737	10,709	1,170	74	929	430
Redemptions								
Orbis Funds	(3,187)	(6,379)	-	-	(1,165)	(1,546)	-	-
Other Members	(672)	(170)	(557)	(345)	(200)	(99)	(507)	(187)
Switches Between Funds	(780)	(2,409)	(3,349)	(1,064)	(788)	(870)	(2,596)	(5,419)
Balance at end of year	44,588	29,622	21,835	18,523	8,028	5,765	11,277	10,897

Material Contracts

At year-end the following Funds had forward currency contracts settling on 11 June 2004 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 agreements whereby all its currency transactions with the counterparty to that agreement can be netted.

	Contract Value 000's	Market Value 000's	Unrealised Gain (Loss) 000's
Orbis Optimal (US\$)	US\$ (1,323,034)	US\$ (1,338,776)	US\$ (15,742)
Orbis Optimal (Euro)	€ (383,971)	€ (377,973)	€ 5,998
Orbis Leveraged (US\$)	US\$ (74,030)	US\$ (74,979)	US\$ (949)
Orbis Leveraged (Euro)	€ (373,262)	€ (366,712)	€ 6,550

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 2003, US\$735 million (2002 - US\$453 million) of the available facility, currently US\$800 million (2002 - US\$600 million), was drawn in US dollars and interest, charged at LIBOR plus 0.85%, totalled 2.0% 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 31 December 2003, the equivalent of US\$29 million (2002 - nil) in aggregate was drawn in US dollars, Japanese yen, South African rand, UK sterling and euro and 555,000 shares (2002 - nil) of Orbis Global Equity Fund Limited were pledged as collateral. Interest is charged at LIBOR plus 0.85%, totaling 1.6% pa.

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 \$1,128,000 (2002 - \$700,000).

At the year-end other Orbis funds held, in thousands of shares, 36,250 (2002 - 25,270) in Orbis Optimal (US\$), 732 (2002 - nil) in Orbis Optimal (Euro) and 4,734 (2002 - 3,775) in Orbis Leveraged (US\$). 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, in thousands of shares, 1,522 (2002 - 22) in Orbis Optimal (US\$), 11,161 (2002 - 11,803) in Orbis Optimal (Euro), 731 (2002 - 372) in Orbis Leveraged (US\$) and 5,803 (2002 - 8,239) in Orbis Leveraged (Euro).

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 2003, 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.

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 2003, 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 2003 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
20 January 2004

The logo for Ernst & Young, featuring the company name in a blue, cursive script font.

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 20 April 2004 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 16 April 2003
- Review of audited financial statements in the 2003 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 2004 to each of Messrs Collis and Thomson of US\$10,000 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 2004

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 2002. The Directors intend to apply for such certification for fiscal 2003 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 2003 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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