ORBIS ABSOLUTE RETURN FUNDS

ANNUAL

REPORTS

31 DECEMBER 2005

ORBIS OPTIMAL

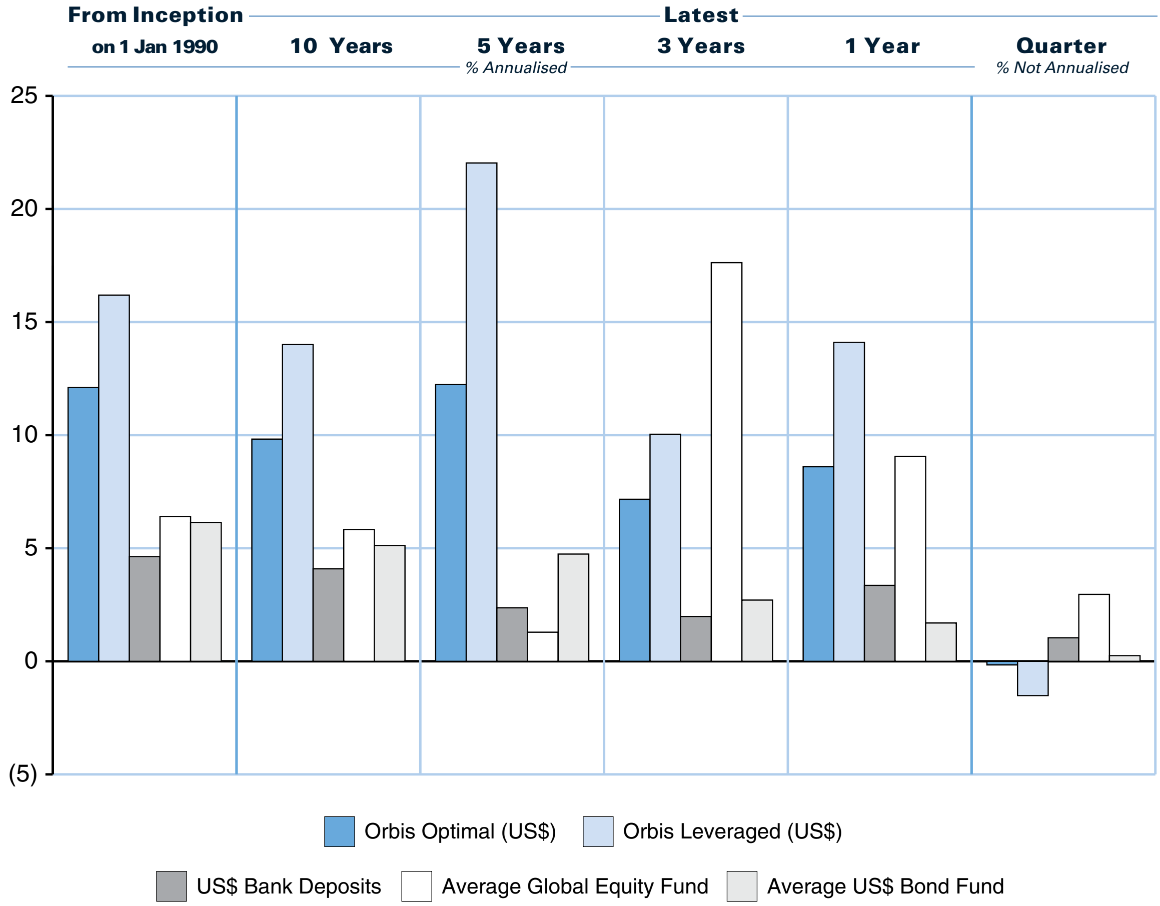
US$ Fund / Euro Fund

ORBIS LEVERAGED

US$ Fund / Euro Fund

ORBIS OPTIMAL AND ORBIS LEVERAGED AT 31 DECEMBER 2005

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 Internationally Marketed sector index.

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.

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.

PRESIDENT'S LETTER

Dear Member,

Since inception 16 years ago, the Orbis Absolute Return Funds have rewarded investors satisfactorily. However, there were periods when that was not the case. And when compared to many other hedged funds, the risk profile is high, as assessed by common short-term risk/return pay-off measures like Sharpe Ratio. Sharpe Ratio divides an investment's periodic return in excess of the risk-free return on cash by the return's standard deviation. However, it and most other measures that only look at periodic returns fail to capture an important aspect of risk assumed by investors, the risk of catastrophic loss.

To show this, let's examine a hypothetical hedge fund that adopts the following strategy: at the start of every quarter for every 1 unit of capital, the fund sells a call option and a put option on the S&P 500 Index. Each option covers 10 units of capital, expires in three months and has an exercise price that is 20% above and below the current index level, respectively. If the market over the quarter moves up or down by less than 20%, the fund pockets the option premium and earns about 8% per annum above the return on cash (admittedly over-simplistically assuming no transaction, financing, administrative, or management costs). If, however, the S&P 500 moves by more than 20% in a quarter, the fund very quickly gets into trouble and with a 31% move it will go broke.

Had this hypothetical fund been launched the same day as our absolute funds, the results would have been spectacular. The strategy would have yielded well more than the return on cash without a down quarter, and a very high Sharpe Ratio. Yet it is hard to argue that the fund is not very risky. While it would not have happened in the last 16 years, a large market move will lead to certain bankruptcy. But because the risk is of a low probability, high-severity nature, it is very hard to see without understanding the inner working of the fund.

The Orbis Absolute Return Funds take the opposite approach. They accept an inevitably higher appearance of risk when evaluated on the basis of Sharpe Ratio, peak-to-trough loss and volatility in exchange for the benefit of executing a common-sense, transparent investment approach that has stood the test of time. That way we can sleep better at night.

Finally, as is highlighted by the recent launch of the Optimal and Leveraged (Yen) Funds, our increased range of Funds makes each Member's responsibility in allocating between those Funds more challenging. We would therefore like to invite all Members to use our new online portfolio service by going to www.orbisfunds.com and clicking on the "My Account" link. Once signed up, Members will be able to view their holdings and the resulting exposures, check the history of their transactions, and assess the historical performance of the Funds as well as the performance of their own decisions. It is our hope that by utilising this service, Members will learn more about the implications of Orbis' investment philosophy, gain a greater understanding of the impact of their decisions, and in the end have a rewarding and more satisfying investing experience with Orbis.

Yours sincerely,

William Gray

William B Gray

Hamilton, Bermuda
24 January 2006

ORBIS OPTIMAL (US$) FUND AT 31 DECEMBER 2005

Total Rate of Return in US dollars:	From Inception on 1 Jan 1990	Latest 5 Years (% Annualised)	Latest 3 Years (% Annualised)	Latest 1 Year (% Annualised)	Quarter (% Not Annualised)
Orbis Optimal (US$)	**12.1**	**12.2**	**7.2**	**8.6**	**(0.2)**
US$ Bank Deposits	4.6	2.4	2.0	3.4	1.0
Average Global Equity Fund	6.4	1.3	17.6	9.1	3.0
Average US$ Bond Fund	6.1	4.7	2.7	1.7	0.2

The primary motivation for actively managing the currency exposure of the Optimal Fund is to better preserve clients' purchasing power. As such, we reduce the exposure of the Fund to its US dollar currency benchmark only when we perceive there is a substantial risk of that currency failing to be a good store of value. To offset this, we of course have to add exposure to a currency that is expected to better preserve its value. The extent to which this is implemented will depend on the relative attractiveness of the two currencies, subject to the expected impact of these positions being materially smaller than that from our core equity selection skills. By making these currency exposure adjustments, we aim both to help protect the Members from weakness in the benchmark currency, and potentially add modest return to the Fund over time. Any return generated is likely to be uncorrelated with that from equity selection and should therefore also enhance the overall risk and return experience of Members.

The Fund's current currency positioning, shown opposite, illustrates our management process in action. We are concerned with the US dollar as a long-term store of value at present. We have therefore chosen to hold 21% of the Fund's currency exposure in yen rather than US dollars. The table also shows the Fund having a 9% exposure to the Hong Kong dollar, resulting from Orbis Global's investments in Chinese companies listed in Hong Kong. This exposure is more appropriately characterised as being to the Chinese renminbi however, seeing as that is the operating currency of those Hong Kong listed Chinese securities. We believe the Chinese renminbi is a very attractive alternative to the US dollar and have therefore chosen not to eliminate that exposure.

From a currency management perspective, what matters most is that the Member be invested in a Fund or Funds whose benchmark currency matches their expected spending pattern. As Orbis has grown, so has our ability to offer Members tools to accomplish this. Those familiar with the history of the Fund know that Optimal was originally managed with a mixed currency benchmark of 40% US dollars, 40% ecu and 20% yen, reflecting in our judgment the best mix for a single Fund employing the Optimal strategy. Our growth as a firm then allowed us sufficient scale to offer discrete dollar and euro versions of Optimal in 1998, which then covered the vast majority of our Members' currency needs. We believe the time is now opportune to complete the menu of major currency options for clients and on 1 January launched the Optimal Yen Fund. Members now have the ability to choose an Optimal Fund in any of the three major currencies in order to best match their investments with their long-term individual currency exposure needs. It is our hope that clients will use this ability prudently with the same focus on preservation of purchasing power spirit with which we endeavour to manage the currency exposures of each Fund.

ORBIS OPTIMAL (US$) FUND AT 31 DECEMBER 2005

STATEMENT OF NET ASSETS

Number Held	Security	Market Value US$ 000's	% of Fund
36,370,000	**Orbis Global Equity Fund**	3,433,328	86
2,700,000	**Orbis Africa Equity (Rand) Fund**	229,292	6
4,200,000	**Orbis SICAV - Japan Core Equity Fund**	59,783	1
	Total Equity Exposure	3,722,403	93
	Portfolio Hedging:		
	Stock Index Futures Sold:		
(20,179)	US: E-mini S&P 500 3/2006	(1,265,980)	(32)
(3,662)	Japan: TOPIX 3/2006	(511,147)	(13)
(17,712)	South Africa: FTSE/JSE Top 40 3/2006	(463,353)	(12)
(3,287)	Hong Kong: Hang Seng 1/2006	(314,479)	(8)
(1,901)	Germany: DAX 3/2006	(306,226)	(8)
(2,766)	UK: FTSE 100 3/2006	(267,625)	(7)
(3,005)	Korea: KOSPI 200 3/2006	(263,830)	(6)
(412)	Italy: S&P/MIB 3/2006	(87,433)	(2)
(872)	France: CAC40 1/2006	(48,810)	(1)
	Contract Value	3,496,115	88
	Net Balances at Brokers	267,504	7
	Balance Committed to Above Positions	234,736	6
	Net Current Assets	21,068	1
	Net Assets	**3,978,207**	**100**

Net Asset Value per Share 63,921,750 shares issued **US$ 62.24**

(At 31 December 2004: 64,440,355 shares issued; US$ 57.31)

ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Portfolio Hedging	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
Japan	24	(13)	11	10
United States	22	(32)	(10)	(10)
Europe	18	(18)	-	-
Asia ex-Japan	17	(14)	3	5
South Africa and Other	12	(12)	-	-
Total	**93**	**(89)**	**4**	**5**

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

CURRENCY DEPLOYMENT

	% of Fund
US dollar	70
Japanese yen	21
Hong Kong dollar	9
Net Assets	**100**

See accompanying notes

ORBIS OPTIMAL (EURO) FUND AT 31 DECEMBER 2005

Total Rate of Return in euro:	From Inception on 30 Jun 1998	Latest 5 Years	3 Years	1 Year	Quarter
		% Annualised			% Not Annualised
Orbis Optimal (Euro)	**11.1**	**11.2**	**6.4**	**10.5**	**(0.3)**
Euro Bank Deposits	3.2	2.9	2.2	2.1	0.5
Average Global Equity Fund	1.7	(3.3)	13.0	24.8	4.5
Average Euro Bond Fund	4.3	5.1	4.4	3.3	(0.6)
% appreciation of the euro versus the US dollar	*1.1*	*4.7*	*4.1*	*(12.6)*	*(1.5)*

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 12.1% 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 70% US dollars, 21% Japanese yen and 9% Hong Kong dollars. If Orbis Optimal (Euro) had simply hedged 100% of net assets from US dollars into euro as usual, it would have included minus 30% 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 100% 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.

ORBIS OPTIMAL (EURO) FUND AT 31 DECEMBER 2005

STATEMENT OF NET ASSETS

Shares Held	Security	Market Value € 000's	% of Fund
10,850,000	**Orbis Optimal (US$) Fund**	569,925	100
	Net Current Assets	327	-
	Net Assets	**570,252**	**100**
	Net Asset Value per Share	25,894,603 shares issued	**€ 22.02**

(At 31 December 2004: 33,103,205 shares issued; € 19.93)

ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Portfolio Hedging	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
Japan	24	(13)	11	10
United States	22	(32)	(10)	(10)
Europe	18	(18)	-	-
Asia ex-Japan	17	(14)	3	5
South Africa and Other	12	(12)	-	-
Total	**93**	**(89)**	**4**	**5**

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

CURRENCY DEPLOYMENT

	% of Fund
Euro	74
Japanese yen	17
Hong Kong dollar	9
Net Assets	**100**

See accompanying notes

ORBIS LEVERAGED (US$) FUND AT 31 DECEMBER 2005

Total Rate of Return in US dollars:	From Inception on 1 Jan 1990	Latest 5 Years	3 Years	1 Year	Quarter
		% Annualised			% Not Annualised
Orbis Leveraged (US$)	**16.2**	**22.0**	**10.0**	**14.1**	**(1.5)**
US$ Bank Deposits	4.6	2.4	2.0	3.4	1.0
Average Global Equity Fund	6.4	1.3	17.6	9.1	3.0
Average US$ Bond Fund	6.1	4.7	2.7	1.7	0.2

In the Optimal Report, we discuss that Fund's approach to currency management. As the most important component of Leveraged's return is its geared investment in the Optimal Fund, we encourage Members to read that report. With that currency management discussion as a backdrop, we believe it useful to discuss the approach of the incremental currency management directly performed in the Leveraged Fund.

The Optimal Fund, structured to be a lower risk investment, only takes currency positions in order to mitigate the risk of its benchmark currency suffering a loss of purchasing power. The Leveraged Fund, with its higher risk tolerance, can be positioned to take more aggressive currency exposures. It has the ability to be net short a currency with the objective of using currency management to produce additional returns for the Fund. While the returns from the currency positions in Leveraged are expected to add to the Fund's return over the long-term, they introduce additional risk as well. Fortunately, the return from the Fund's incremental currency positions tends to be uncorrelated with the return from our bread and butter stockpicking. The result is that the incremental currency positions add much less to the Fund's overall risk level than would appear on the surface.

As one can see from the Currency Deployment section on the opposite page, the primary exposure is a long position in the Japanese yen. Being long the yen was not profitable for the Fund in 2005 as the yen depreciated 12.9% against the dollar. However, we believe last year's negative performance only enhanced the yen's appeal, both as a likely preserver of purchasing power and an attractive appreciation opportunity relative to the US dollar or euro. Backed by our fundamentally driven approach to currency positions, last year's weakness provided an attractive entry point to increase the Fund's exposure to the yen from 20% to 50% over the year. This long yen position is now set off against short positions in a selection of other currencies.

On 1 January, we launched a yen version of the Leveraged Fund. It is hoped that the addition of this Fund will allow aggressive investors to better match their investment in the Leveraged Funds with their individual desired currency exposures. Investors should note that the Leveraged Yen Fund follows the same strategy as Leveraged US dollar and Euro Funds, simply superimposing the same active currency decisions on top of each Fund's benchmark currency position. The resulting currency positions can be extreme if a Member invests in a Fund whose benchmark does not match their base currency. For example, given that we have few Japanese clients, we expect the Leveraged Yen Fund may have limited appeal given its extremely aggressive 150% of net asset value exposure to the yen. It is our hope that clients will use this currency selection ability prudently and maintain a long-term focus on their investment objectives and future spending needs.

ORBIS LEVERAGED (US$) FUND AT 31 DECEMBER 2005

Statement of Net Assets

Number Held	Security	Market Value US$ 000's	% of Fund
30,170,000	**Orbis Optimal (US$) Fund**	1,877,781	193
	Incremental Position:		
	Bond Futures Sold:		
(784)	Japan: JGB 10-Year 3/2006	(914,539)	(94)
	Contract Value	910,814	94
	Balances at Broker	7,654	1
	Balance Committed to Above Position	3,929	1
	Loans	(913,000)	(94)
	Net Current Assets	1,736	-
	Net Assets	**970,446**	**100**

Net Asset Value per Share 8,793,695 shares issued **US$ 110.36**

(At 31 December 2004: 9,093,206 shares issued; US$ 96.72)

Analysis of Stockmarket Exposure

Region	Equity Exposure	Stockmarket Positions	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
Japan	46	(25)	21	20
United States	43	(61)	(18)	(20)
Europe	34	(34)	-	-
Asia ex-Japan	34	(28)	6	10
South Africa and Other	23	(23)	-	-
Total	**180**	**(171)**	**9**	**10**

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

Currency Deployment

	% of Fund
US dollar	60
Japanese yen	50
Hong Kong dollar	18
Euro	(18)
British pound	(10)
Net Assets	**100**

See accompanying notes

ORBIS LEVERAGED (EURO) FUND AT 31 DECEMBER 2005

Total Rate of Return in euro:	From Inception on 30 Jun 1998	Latest 5 Years	3 Years	1 Year	Quarter
		% Annualised			% Not Annualised
Orbis Leveraged (Euro)	**19.2**	**22.2**	**10.2**	**13.0**	**(2.0)**
Euro Bank Deposits	3.2	2.9	2.2	2.1	0.5
Average Global Equity Fund	1.7	(3.3)	13.0	24.8	4.5
Average Euro Bond Fund	4.3	5.1	4.4	3.3	(0.6)
% appreciation of the euro versus the US dollar	*1.1*	*4.7*	*4.1*	*(12.6)*	*(1.5)*

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 16.2% 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 101% 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 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.

ORBIS LEVERAGED (EURO) FUND AT 31 DECEMBER 2005

STATEMENT OF NET ASSETS

Shares Held	Security		Market Value € 000's	% of Fund
4,950,000	**Orbis Leveraged (US$) Fund**		461,036	101
	Net Current Liabilities		(3,066)	(1)
	Net Assets		**457,970**	**100**
	Net Asset Value per Share (At 31 December 2004: 12,458,027 shares issued; € 32.98)		12,286,943 shares issued	**€ 37.27**

ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Stockmarket Positions	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
Japan	46	(25)	21	20
United States	44	(62)	(18)	(20)
Europe	35	(35)	-	-
Asia ex-Japan	34	(28)	6	10
South Africa and Other	23	(23)	-	-
Total	**182**	**(173)**	**9**	**10**

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

CURRENCY DEPLOYMENT

	% of Fund
Euro	82
Japanese yen	50
US dollar	(40)
Hong Kong dollar	18
British pound	(10)
Net Assets	**100**

See accompanying notes

Statement of Cash Flows

For the Years Ended 31 December:	US$ 000's 2005	US$ 000's 2004
Cash Flows from Operating Activities:		
Proceeds from sale of investments and currencies	113,301	136,023
Purchases of investments	(180,690)	(283,700)
(Increase) decrease in margin deposits at brokers	(1,053)	11,837
Interest and other borrowing costs	(31,467)	(18,880)
Other expenses	(167)	(814)
Net Cash Used in Operating Activities	(100,076)	(155,534)
Cash Flows from Financing Activities:		
Net (redemptions paid) subscriptions received	(24,553)	107,077
Loan drawdowns	5,427,500	6,402,000
Loan repayments	(5,292,500)	(6,359,000)
Net Cash Provided by Financing Activities	110,447	150,077
Net Increase (Decrease) in Cash	10,371	(5,457)
Cash - Beginning of Year	7,395	12,852
Cash - End of Year	**17,766**	**7,395**

See accompanying notes

STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (MILLIONS)

	Orbis Optimal (US$)		Orbis Optimal (Euro)		Orbis Leveraged (US$)		Orbis Leveraged (Euro)	
Reporting Currency:	**US$**		**€**		**US$**		**€**	
For the Years Ended 31 December:	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**
Investment Income:	8	5	-	-	-	-	-	-
Interest and Dividends	8	5	-	-	-	-	-	-
Expenses:	9	11	-	-	35	19	-	-
Manager's Fees	6	9	-	-	-	-	-	-
Interest and Other Borrowing Costs	2	2	-	-	35	19	-	-
Other	1	-	-	-	-	-	-	-
Net Investment (Loss)	(1)	(6)	-	-	(35)	(19)	-	-
Net Gain (Loss) from Investments and Currencies:	315	71	63	9	152	12	51	(2)
Realised	(170)	(232)	(54)	45	38	11	(35)	32
Unrealised	485	303	117	(36)	114	1	86	(34)
Increase (Decrease) in Net Assets Resulting from Operations	314	65	63	9	117	(7)	51	(2)
Members' Activity During the Year:								
Subscriptions:								
Orbis Funds	344	664	8	12	16	101	-	-
Other Members	375	744	148	235	63	128	46	63
Switches Between Funds	130	41	23	28	35	28	12	17
Redemptions:								
Orbis Funds	(434)	(161)	(20)	(2)	(85)	(13)	-	-
Other Members	(351)	(108)	(135)	(34)	(35)	(47)	(36)	(25)
Switches Between Funds	(93)	(51)	(177)	(14)	(21)	(91)	(26)	(15)
Increase (Decrease) in Net Assets	285	1,194	(90)	234	90	99	47	38
Net Assets at Beginning of Year	3,693	2,499	660	426	880	781	411	373
Net Assets at End of Year	3,978	3,693	570	660	970	880	458	411

See accompanying notes

General

The Orbis Absolute Return Funds seek absolute returns regardless of stockmarket trends by investing directly or indirectly in the Manager's optimal mix of hedged Orbis Equity Funds. The Orbis Optimal Funds seek capital appreciation through a low risk global portfolio and are managed in their base currencies, the US$ and euro. The Orbis Leveraged Funds seek capital appreciation on a leveraged global portfolio and are also managed in their base currencies, the US$ and euro.

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$2,279 (2004 - cost US$2,431, market US$3,442), for Optimal (Euro) €506 (2004 - cost €716, market €651), for Leveraged (US$) US$1,402 (2004 - cost US$1,289, market US$1,648) and for Leveraged (Euro) €311 (2004 - cost €350, market €403).

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 including US$41 million in Optimal (US$) and €5 million in Leveraged (Euro), amounts due to shareholders including €6 million in Leveraged (Euro) 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 (2004 - 100 million) and 12,000 issued Founders' shares (2004 - 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)	
	2005	2004	2005	2004	2005	2004	2005	2004
Balance at beginning of year	64,440	44,588	33,103	21,835	9,093	8,028	12,458	11,277
Subscriptions								
Orbis Funds	5,715	11,695	361	587	148	1,042	-	-
Other Members	6,278	13,092	7,028	11,777	600	1,286	1,287	1,859
Switches Between Funds	2,200	727	1,122	1,395	352	282	349	527
Redemptions								
Orbis Funds	(7,284)	(2,861)	(920)	(114)	(848)	(126)	-	-
Other Members	(5,877)	(1,903)	(6,374)	(1,675)	(352)	(485)	(1,056)	(753)
Switches Between Funds	(1,550)	(898)	(8,425)	(702)	(199)	(934)	(751)	(452)
Balance at end of year	63,922	64,440	25,895	33,103	8,794	9,093	12,287	12,458

Material Contracts

At year-end the following Funds had forward currency contracts settling on 9 June 2006 having net contract and net market values as set out below. These contracts expose the Funds to credit risk arising from the potential inability of a counterparty to perform under the terms of a contract. 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$)	US$ (1,483,377)	US$ (1,501,663)	US$ (18,286)
Orbis Optimal (Euro)	€ (502,127)	€ (505,340)	€ (3,213)
Orbis Leveraged (US$)	US$ (180,483)	US$ (179,501)	US$ 982
Orbis Leveraged (Euro)	€ (457,957)	€ (462,390)	€ (4,433)

Commitments

Orbis Leveraged (US$) has a multi-currency line of credit, secured by a pledge of its assets, that may be drawn in three tranches. At 31 December 2005 (i) the first tranche of US$240 million expiring on 10 June 2007, was fully drawn (2004 - was fully drawn), was charged interest at LIBOR plus 0.85%, totaling 5.4% per annum and bore a commitment fee of 0.15% per annum on undrawn balances, (ii) the second tranche of US$850 million expiring on 29 May 2006, US$673 million (2004 - US$538 million) was drawn, was charged interest at LIBOR plus 0.65%, totaling 5.0% per annum, and bore a commitment fee of 0.10% per annum on undrawn balances and (iii) a third tranche that may be drawn only after the first two tranches are fully drawn expiring on 29 May 2006, was undrawn (2004 - was undrawn) and is uncommitted.

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 2005 and 2004, the margin facility was not drawn upon and no shares of Orbis Global Equity Fund Limited were pledged as collateral.

Related Party Transactions

Orbis Investment Management Limited has been contractually appointed as "Manager" of the Funds. Orbis Optimal (US$) pays the Manager a performance-based fee of up to 0.5% per annum of weekly net assets whenever that Fund's price exceeds its maximum price in the period from the date of inception to the date one year prior to the date of calculation and its trailing one-year return exceeds that of Bank Deposits plus 5%. Orbis Optimal (Euro), Orbis Leveraged (US$) 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 in thousands by Orbis Optimal (US$) was US$2,004 (2004 - nil).

At the year-end, other Orbis funds held, in thousands of shares, 43,650 (2004 - 45,219) in Orbis Optimal (US$), 960 (2004 - 1,519) in Orbis Optimal (Euro) and 4,950 (2004 - 5,650) in Orbis Leveraged (US$). 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, 4,620 (2004 - 4,164) in Orbis Optimal (US$), 12,702 (2004 - 19,842) in Orbis Optimal (Euro), 320 (2004 - 315) in Orbis Leveraged (US$) and 6,243 (2004 - 6,048) in Orbis Leveraged (Euro).

Subsequent Event

On 1 January 2006 the Orbis Optimal (Euro) and Orbis Leveraged (Euro) Funds each launched a Japanese yen share class.

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 2005, 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. 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 2005 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.

Ernst + Young

Hamilton, Bermuda
24 January 2006

Ernst & Young
Chartered Accountants

NOTICES

Special General Meetings

Notice is hereby given that Special General Meetings of Orbis Optimal (Euro) Fund Limited and Orbis Leveraged (Euro) Fund Limited will be held at the offices of Orbis Investment Management Limited, 34 Bermudiana Road, Hamilton HM 11, Bermuda on 24 February 2006 at 9:00 am. Members are invited to attend and address these meetings. The Agendas comprise the approval of the proposed change of name of (i) Orbis Optimal (Euro) Fund Limited to "Orbis Optimal Overlay Funds Limited" and (ii) Orbis Leveraged (Euro) Fund Limited to "Orbis Leveraged Overlay Funds Limited".

By Order of the Boards, James J Dorr, Secretary

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 19 April 2006 at 9:00 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 20 April 2005
- Review of audited financial statements in the 2005 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 2006 to each of Messrs Collis and Thomson of US$10,000 for each of Orbis Optimal (US$) Fund Limited and Orbis Leveraged (US$) Fund Limited, and US$1,000 for each of Orbis Optimal (Euro) Fund Limited and Orbis Leveraged (Euro) Fund Limited
- Proposed re-appointment of Ernst & Young as Auditors for the year to 31 December 2006
- Approval of proposed increase in the authorised share capital of Orbis Optimal (US$) Fund Limited from US$100,012,000 to US$200,012,000, divided into shares of par value US$1 each

By Order of the Boards, James J Dorr, Secretary

UK 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 2004. Certification is granted retrospectively, therefore there can be no assurance that the Orbis Funds will be certified as distributing funds for fiscal 2005. Inland Revenue has advised that for fiscal 2007 and later years the Orbis Optimal (Euro) Fund, the Orbis Optimal (Yen) Fund, the Orbis Leveraged (US$) Fund, the Orbis Leveraged (Euro) Fund and the Orbis Leveraged (Yen) Fund will be ineligible to be certified as distributing funds.

ORBIS INVESTMENT STRATEGIES

Equity Strategies

- Each Strategy remains fully invested in equities selected from a specified geographic region
- Each Strategy 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 intrinsic value
- The 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

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

Orbis Japan Equity

This Strategy invests in Japanese equities and seeks to earn higher returns than the Japanese stockmarket with no greater risk. The Strategy is offered with yen, euro or US dollar currency exposure. The Strategy's Benchmark is the Tokyo Stock Price Index, including income.

Orbis Africa Equity

This Strategy invests mainly in South African equities and seeks to earn higher returns in rand than the South African stockmarket with no greater risk. The Strategy's Benchmark is the FTSE/JSE Africa All Share Index, including income. This Strategy does not hedge currencies and thus is exposed to the rand.

Orbis Asia ex-Japan Equity

This Strategy invests mainly in Asian equities outside Japan and seeks to earn higher returns than the average of the Asia ex-Japan equity markets with no greater risk. The Strategy's Benchmark is the MSCI All Country Asia ex Japan (Net) (US$) Index, including income. The Strategy's currency exposure is managed relative to that of its Benchmark.

Absolute Return Strategies - Orbis Optimal and Orbis Leveraged

- These Strategies seek absolute *(i.e. positive)* returns regardless of stockmarket trends
- They invest directly or indirectly in Orbis' selected equity strategies
- 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

The Orbis Optimal Strategy seeks capital appreciation in US dollars, euro or yen on a low risk global portfolio. This Strategy invests in Orbis' preferred mix of equities via investments in Orbis' equity strategies. The risk of loss is managed with stockmarket and currency hedging.

Orbis Leveraged

The Orbis Leveraged Strategy seeks capital appreciation on a leveraged global portfolio. The Strategy invests up to 200% of its net assets, primarily in the Orbis Optimal Strategy with currency hedging enabling the Leveraged Strategy to be managed in a base currency of US dollars, euro or yen. The Strategy also makes incremental investments in currencies, stockmarket indices and bonds.

ORBIS INVESTMENT MANAGEMENT LIMITED • LPG BUILDING, 34 BERMUDIANA ROAD, HAMILTON HM 11, BERMUDA

TELEPHONE: +1 (441) 296 3000 • FACSIMILE: +1 (441) 296 3001 • E-MAIL: servicedesk@orbisfunds.com • WEB SITE: www.orbisfunds.com