

ORBIS EQUITY FUNDS

ANNUAL  
**REPORTS**  
31 DECEMBER 2003



ORBIS GLOBAL

ORBIS AFRICA

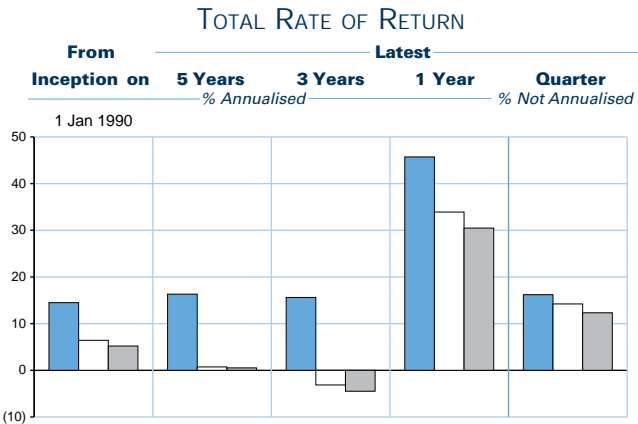
ORBIS JAPAN

TABLE OF CONTENTS		PAGE
President's Letter		1
Bermuda domiciled Funds <i>on white paper</i>		
Orbis Global, Orbis Africa, Orbis Japan (US\$)		
Manager's Reports and Statements of Net Assets		2-5,8
Statements of Operations, Notes & Auditors' Report		9-13
Luxembourg domiciled Fund <i>on blue paper</i>		
Orbis SICAV - Japan Equity Fund		
Manager's Report and Statement of Net Assets		6-7
Statements of Operations, Notes & Auditors' Report		14-16
Notices <i>on white paper</i>		17

**ORBIS EQUITY STRATEGIES AT 31 DECEMBER 2003**

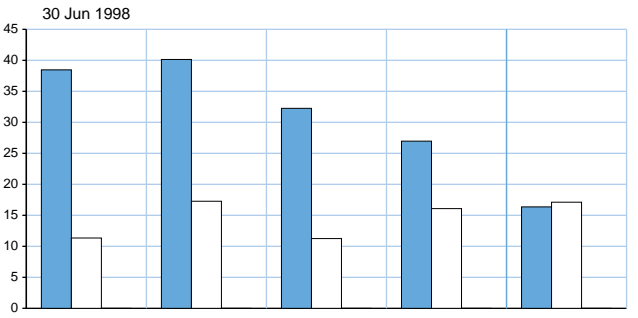
**ORBIS GLOBAL EQUITY FUND**

This Fund invests globally and seeks to earn higher returns than world stockmarkets. The Fund's Benchmark is the FTSE World Index, including income ("World Index"). The Fund's currency exposure is managed relative to that of the World Index.



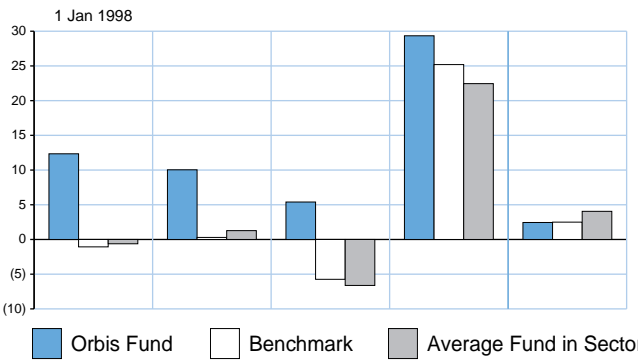
**ORBIS AFRICA EQUITY (RAND) FUND**

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



**ORBIS JAPAN EQUITY FUND**

This Fund invests in Japanese equities. The Benchmark of the Fund's Yen Class is the Japanese stockmarket, measured by the Tokyo Stock Price Index, including income ("TOPIX"). The Yen Class does not hedge currencies, and therefore is exposed to the Japanese yen. This Fund is also available in euro and US dollars.



*"Average Fund source: Standard & Poor's sector index return. Orbis Africa is not compared with other South Africa funds because its sector comprises no other funds. Orbis Japan Equity Fund is the Yen Class of the Japan Equity Fund of the Orbis SICAV. The Orbis Japan (US\$) Fund and the Euro Class of the Japan Equity Fund of the Orbis SICAV are based on the same equity portfolio as the Orbis Japan Equity Fund and therefore are not shown separately above. Total rate of return on each graph is in the Orbis Fund's base currency.*

Only Orbis SICAV is admitted for public marketing in Luxembourg

## PRESIDENT'S LETTER

Dear Member,

Notwithstanding a rough start in the first quarter, we are pleased with the performance of the Orbis Equity Funds in 2003. Each of the Global, Japan and Africa Funds outperformed their respective benchmarks. Combined with the strong rise in stockmarkets themselves, the Funds' returns were remarkable. Orbis Global gained 45.7%, Orbis Japan (Yen) 29.3% and Orbis Africa 27.0% compared to their respective benchmark indices of 33.9%, 25.2% and 16.1%. Last year, the strength of the Orbis Equity Funds' investment process and long-term investment performance allowed each of them to earn Standard & Poor's highest fund management rating. Orbis is the only manager of multiple funds with all its equity funds rated AAA by S&P.

The fact that the Funds were able to fully participate in the strong rebound in their respective equity markets while also having preserved capital in the market's preceding decline is gratifying but should not be taken for granted. Any investment in the Funds should be made on the basis of their investment philosophy, process and people. In assessing the results delivered by the investment philosophy, process and people, Members should review investment performance over a period long enough to appreciate the extent to which the results have been influenced by the market cycle, often a period of at least 5 years. Shorter-term investment results should not be used to measure an investment manager's skill but rather to test whether they reflect a consistent application of the manager's investment process. Our investment process has been developed and refined over decades at both Orbis and Allan Gray Limited, an associated company in South Africa. At the heart of our process is a very simple philosophy: if one can buy a share of a business at a price less than its intrinsic value to a long-term owner, one is likely to make money and not lose it. When this philosophy is successfully applied to a diversified portfolio and executed in a disciplined and consistent manner over time, the portfolio offers the long-term potential for superior returns and reduced risk of loss.

While buying shares of companies at below their intrinsic value is likely to produce superior returns over time, exactly when this happens is much less predictable. Precisely when and how the share price will rise to reflect the true worth of the business depends not on us, but on the actions of other investors in the market. There will be periods when the rest of the market does not see the value in the stocks our Funds hold, and other periods when other investors buy these stocks enthusiastically. This has created shorter-term periods of underperformance or exaggerated outperformance in the past. Snapshots of the Funds' short-term performance are more representative of the stockmarket environment than our skill or the Funds' long-term potential.

This means Members should not look for consistency in the Funds' short-term relative performance as evidence of our ability to add value. Instead, we suggest that Members look to whether the results and the current investment portfolio are consistent with a disciplined execution of our investment approach. Evidence of consistent execution, together with a belief in the quality of the investment approach, can help Members avoid extrapolating short-term good performance into unrealistic over-optimism and short-term underperformance into unjustified despondency.

Yours sincerely,

  
William B Gray

Hamilton, Bermuda  
20 January 2004

## ORBIS GLOBAL EQUITY FUND AT 31 DECEMBER 2003

Total Rate of Return in US dollars:	From Inception	Latest			Quarter
	on 1 Jan 1990	5 Years <i>% Annualised</i>	3 Years	1 Year	<i>% Not Annualised</i>
<b>Orbis Global Equity</b>	<b>14.5</b>	<b>16.3</b>	<b>15.6</b>	<b>45.7</b>	<b>16.2</b>
World Index	6.4	0.4	(3.1)	33.9	14.2
Average Global Equity Fund	5.2	0.1	(4.5)	30.5	12.3

The Fund's objective is to earn superior long-term returns without exposing Members to higher risks of significant and enduring losses than that of the World Index. Our focus is to buy a share of a business at a price less than its intrinsic value to a long-term owner. When executed effectively, this should produce a pattern of returns that are relatively high in the long term, relatively steady in the medium term and includes fewer significant, enduring losses. The table below helps demonstrate that the Fund's pattern of historical returns has been consistent with that.

	Since Inception	3 years to		Period of	
	14 years to Dec. 2003	31 Mar. 2000	31 Mar. 2003	Q1 2003	Q2-Q4 2003
	% pa	% pa	% pa	%	%
Orbis Global Equity	14	16	0	(13)	68
World Index	6	22	(17)	(5)	41
Superior (inferior) return	8	(6)	17	(8)	27

Although the Fund has outperformed the World Index by 8% pa after all fees and expenses since inception, it has also experienced uneven shorter-term relative performance because of, rather than despite, a consistent application of our approach. The Fund earned an inferior return of 6% pa in the 3 years to March 2000 because, while it produced a reasonable return, it did not match the World Index's unsustainably high return. Likewise, the Fund earned a superior return of 17% pa over the subsequent 3 years because, while it produced no return at all, it did not experience the World Index's significant and extended losses. Over shorter-term periods, both the Fund's relative and absolute performance is less predictable, as illustrated by the two columns on the right hand side of the table above. This further reinforces our belief that short-term relative performance is not a good indicator of a fund's ability to add value over the long term. We make this point because our experience shows that investors often succumb to the temptation to invest after periods of significant short-term outperformance only to redeem after similar periods of underperformance with the result that they achieve investment returns significantly lower than those of the Fund over the long term.

When examining whether the Fund's portfolio is consistent with our investment approach, Members should be aware that our approach naturally leads us to companies that are out of favour or ignored by other investors, such as Hypo Real Estate (HRE), an international specialty property lender. As a spin-off from a German bank, HRE was ignored despite having delivered more than 10 years of high returns on capital for its former parent. Management is experienced, conservative and focused on creating long-term shareholder value. The core business' high returns were obscured by other businesses, which were showing improving fundamentals, and some of which have since been sold at a profit. Such was the neglect that HRE opened trading at less than 40% of its tangible NAV. After detailed analysis, a management visit and a major HRE client interview, we substantially increased the Fund's small position inherited after the spin-off.

*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 GLOBAL EQUITY FUND AT 31 DECEMBER 2003

## STATEMENT OF NET ASSETS

Shares Held 000's	Equity	Market Value US\$ 000's	Fund's % Equities	Exposure to Currencies	% of World Index
	<b>Europe</b>		<b>33</b>	<b>23</b>	<b>28</b>
4,120	Hypo Real Estate	102,648	4		
4,800	Berkeley Group	75,436	3		
3,250	Bayerische Hypo-und Vereinsbank	75,040	3		
41,150	Royal & Sun Alliance Insurance	64,855	3		
4,530	RMC Group	56,429	2		
7,450	Scottish & Newcastle	50,326	2		
21,680	International Power	47,817	2		
1,720	Karstadtquelle	42,442	2		
1,410	Douglas Holding	39,124	2		
2,450	Oce	37,476	2		
14,400	Cable & Wireless	34,332	2		
550	DSM	27,025	1		
5,370	WH Smith	26,421	1		
2,530	Associated British Foods	26,387	1		
330	Hornbach Holding - Preference	25,758	1		
	Positions less than 1%	50,899	2		
	<b>United States</b>		<b>26</b>	<b>38</b>	<b>53</b>
2,000	Triad Hospitals	66,540	3		
5,200	Liberty Media - A	61,828	3		
1,460	First Data	59,991	2		
1,340	HCA	57,566	2		
1,160	Carnival	46,087	2		
820	Loews	40,549	2		
1,200	Trinity Industries	37,008	2		
2,200	Hughes Electronics	36,410	2		
2,000	Copart	33,200	1		
790	Costco	29,372	1		
1,750	AVX	29,085	1		
3,300	AT&T Wireless Services	26,367	1		
1,500	Tenet Healthcare	24,075	1		
	Positions less than 1%	81,098	3		
	<b>Japan</b>		<b>25</b>	<b>19</b>	<b>9</b>
3,890	Pioneer	107,240	4		
2,690	Yamada Denki	90,193	4		
2,090	Toyota Motor	70,465	3		
1,310	Honda Motor	58,076	2		
300	Nippon Television Network	44,510	2		
6	Mitsubishi Tokyo Financial	43,462	2		
940	Takeda Chemical Industries	37,208	2		
6,640	Nikko Cordial	36,920	2		
5	Fuji Television Network	24,573	1		
	Positions less than 1%	78,263	3		
	<b>Emerging Markets and Other</b>		<b>16</b>	<b>5</b>	<b>8</b>
600	Samsung Electronics - Preference	123,563	5		
5,930	Sasol	84,280	4		
640	Samsung SDI - Common	75,430	3		
75	and Preference	4,331			
15,820	Avgold	25,561	1		
520	Anglogold	24,427	1		
	Positions less than 1%	45,562	2		
	<b>Canada</b>		-	<b>15</b>	<b>2</b>
	<b>Net Current Assets</b>	3,901	-		
	<b>Net Assets</b>	<b>2,389,556</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Net Asset Value per Share US\$ 66.49** 35,937,624 shares issued

(At 31 December 2002: US\$ 45.63; 28,650,149 shares issued)

See accompanying notes on page 10

## ORBIS AFRICA EQUITY (RAND) FUND AT 31 DECEMBER 2003

Total Rate of Return in South African rand:	From Inception on 30 Jun 1998	Latest			Quarter % Not Annualised
		5 Years % Annualised	3 Years	1 Year	
<b>Orbis Africa Equity</b>	<b>38.5</b>	<b>40.1</b>	<b>32.3</b>	<b>27.0</b>	<b>16.4</b>
JSE Index	11.3	17.3	11.3	16.1	17.1
% appreciation of the rand versus the US dollar	(2.0)	(2.5)	4.3	28.2	3.7

*Note: Orbis Africa Equity is not compared with the offshore sector index for South Africa funds because the sector comprises no other funds.*

South African equities recorded healthy gains in 2003, reaching levels last seen in mid 2002 at the height of the rand crisis. Given the appreciation of the rand since then, the gains in US dollar terms have been dramatic. That is the reward for Members who were invested in the market in a time of crisis when others were not. When viewed over the longer term, the JSE Index has only recently reached levels seen in the mid-1990s in US dollar terms.

South African stocks are trading on low valuations relative to most other stockmarkets as measured by price/earnings (P/E) ratios. The trailing 12-month 17.4 P/E ratio of the JSE Index is skewed by the almost 50% weighting of shares in it that are listed on foreign stockmarkets and consequently have higher ratings. Many shares in high quality companies that are only listed on the Johannesburg Stock Exchange trade on single digit P/E ratios with dividend yields of 4% to 5% per annum or more. Domestic investors pay no tax on dividend receipts, but pay full tax on interest. After recent interest rate declines, the dividend income from shares now offers strong income competition against fixed interest for the first time in decades.

These relatively low P/E ratios should either allow any growth in earnings to feed straight through to higher share prices or provide some cushion against earnings declines. The risk therefore lies in the strong currency gains of the last two years producing a particularly sharp decline in earnings. The annual producer price index, which is a good measure for the prices companies can sell their products for, has recently experienced a record decline of 2.5% per annum as cheap imports flood the country. At the same time, wages (and some other costs) are still increasing at around 8% per annum due to historic agreements reached when inflation was much higher. This combination of lower selling prices, but higher costs does not bode well for the profits of many companies.

It is thus vital to understand the earnings dynamics of companies in South Africa over the next few years and pay special attention to the downside risk in profits. We are focusing the portfolio on stocks that will be able to protect their margins in this environment better than most. Of the Fund's top five holdings as shown opposite, Tiger Brands (branded food products, pharmaceuticals and retail), Kersaf (casinos) and MTN (mobile phone operator) fall into this category. In each case, importers either find it difficult to or cannot compete with those companies' products and they should be able to protect their pricing and hence profitability.

We believe the Fund's portfolio still represents attractive value on a global basis. In the short term, earnings will come under pressure from the strength of the rand in 2003, but valuations are relatively low, long-term growth prospects are good, interest rates have declined significantly and companies have ample room to increase gearing and hence return on equity.

<b>DIRECTORS</b>	<i>Allan W B Gray, Chairman</i>	<i>John C R Collis</i>	<i>William B Gray</i>	<i>Simon C Marais</i>	<i>Stephen Mildenhall</i>
<b>MANAGER</b>	Orbis Investment Management Limited	<b>INVESTMENT ADVISORS</b>	Orbis Investment Advisory Limited Allan Gray Limited	<b>CUSTODIAN</b>	The Bank of Bermuda Limited

# ORBIS AFRICA EQUITY (RAND) FUND AT 31 DECEMBER 2003

## STATEMENT OF NET ASSETS

Shares Held 000's	Equity <i>(Ranked by sector)</i>	Market Value R 000's	% of Fund	% of JSE Index
	<b>Industrial &amp; Cyclical Services</b>		<b>35</b>	<b>21</b>
1,678	Kersaf Investments	63,783	7	
2,677	Allied Electronics - Preference	28,780	4	
667	and Common	7,332		
3,108	Primedia 'N'	20,199	3	
760	and Common	4,905		
2,491	Comparex Holdings	23,915	2	
2,772	New Clicks Holdings	21,787	2	
1,123	Johnnic Communications	20,817	2	
288	Remgro	20,333	2	
2,498	Woolworths Holdings	18,107	2	
6,302	FrontRange	15,378	2	
5,005	Sun International	15,015	2	
687	Foschini	13,493	1	
1,034	Nampak	13,442	1	
1,072	Adcorp Holdings	12,646	1	
1,455	Mr Price Group	11,303	1	
	Positions less than 1%	28,789	3	
	<b>Resources</b>		<b>32</b>	<b>44</b>
775	Sasol	73,587	8	
1,350	Anglovaal Mining	56,843	6	
5,135	Avgold	55,461	6	
1,168	Western Areas	48,457	5	
286	Anglo American	40,950	4	
1,871	Northam Platinum	18,519	2	
35	Anglogold	11,052	1	
	Positions less than 1%	1,689	-	
	<b>Non-Cyclicals</b>		<b>20</b>	<b>12</b>
865	Tiger Brands	68,335	7	
2,293	MTN Group	65,246	7	
1,856	Aspen Pharmacare Holdings	23,019	2	
2,173	Shoprite Holdings	20,321	2	
732	Afrox Healthcare	10,214	1	
	Positions less than 1%	8,267	1	
	<b>Financials</b>		<b>13</b>	<b>23</b>
1,169	Standard Bank Investment	45,782	5	
125	Investec Plc and	15,991	3	
95	Group	12,186		
7,203	Real Africa Holdings	20,168	2	
5,404	Coronation Fund Managers	19,994	2	
699	VenFin	14,757	1	
	<b>Net Current Assets</b>	951	-	
	<b>Net Assets</b>	<b>971,813</b>	<b>100</b>	<b>100</b>
	<i>(Currency exposure 100% rand)</i>			
	<b>Net Asset Value per Share</b>	<b>R 282.62</b>	3,438,529 shares issued	
	<i>(At 31 December 2002: R 225.49; 3,484,579 shares issued)</i>			

See accompanying notes on page 10

## JAPAN EQUITY FUND AT 31 DECEMBER 2003

Total Rate of Return	From Inception			Latest	
	on 1 Jan 1998	5 Years % Annualised	3 Years	1 Year	Quarter % Not Annualised
<b>Yen Class*</b>	<b>12.3</b>	<b>10.0</b>	<b>5.4</b>	<b>29.3</b>	<b>2.4</b>
TOPIX	(1.1)	0.1	(5.7)	25.2	2.5
Average Japan Equity Fund	(0.6)	1.3	(6.6)	22.5	4.1
% appreciation of the yen versus the US dollar	3.3	1.1	2.1	10.6	3.9
<b>Euro Class</b> (launched 1 Jan 2003)				<b>31.9</b>	<b>2.8</b>
TOPIX Hedged into euro				29.0	3.3
% appreciation of the euro versus the US dollar				19.9	8.0

*Prior to 29 November 2002 this was Orbis Japan Equity (Yen) Fund Limited*

Developments in Japan in 2003 reinforce our conviction that the 13-year bear market in the TOPIX has ended. Following an 8% decline to 773 from 1 January through April, the TOPIX price index surged 43% to 1,106 in October. Over the next month a sharp 14% decline ensued, which we view as a healthy correction. The TOPIX price index subsequently rose 9% to end the year at 1,043 for an annual return of 24%. In comparison, the Orbis Japan Equity Fund – Yen Class rose 29% in 2003.

In our opinion, the rise in the TOPIX and the inversely correlated decline in prices of Japanese Government Bonds in 2003 have respectively corrected their extreme undervaluation and overvaluation and completed the first stage of their bull and bear markets. While price earnings ratios in Japan are now broadly in line with global equities, price-to-sales and price-to-book ratios are well below those in the US and Europe. This reflects the fact that corporate profits in the domestic economy are extremely depressed. Following a prolonged bear market we don't find it surprising that investor expectations for future earnings growth are very low. In fact, they are invariably below those of management themselves. We expect the progress of the TOPIX in the second stage of the classic bull market cycle to be largely determined by the extent of further improvement in corporate profits and we are bullish in this regard. Readers are referred to our discussion of stockmarket cycles in our March 2003 Orbis Japan Equity Fund report.

The fact that Mitsubishi Tokyo Financial is the largest position in the Fund is evidence that we believe the Japanese banking crisis has now passed for the major banks. This bank, Japan's pre-eminent quality bank, is well positioned to benefit from an improving economy and, given its massive deposit base, would be a major beneficiary of higher interest rates.

The Fund's second largest holding, Pioneer, is experiencing sharp gains in profitability due to its focus on digital consumer electronics, namely car navigation systems, plasma televisions and DVD recorders with hard disk drives. Orbis expects Pioneer's normalised earnings per share to rise over 40% in the year to March 2004 and another 60% the following year. We note that "street" estimates for operating profit are well below those forecast by Pioneer's management. Selling at 15.2 times our earning estimates for the year ended March 2005 and at 1.8 times tangible asset value, Pioneer is attractive in its own right and amongst global technology shares.

The Euro Class, shown in the table above, serves investors who wish to invest in Japanese equities while remaining exposed to the euro.

*DIRECTORS* Allan W B Gray, Chairman    Germain Birgen    John C R Collis    William B Gray    David T Smith    Jean-Claude Stoffel

**MANAGER**

Orbis Investment Management (B.V.I.) Limited

**INVESTMENT ADVISOR**

Orbis Investment Management Limited

**CUSTODIAN**

State Street Bank Luxembourg S.A.

## JAPAN EQUITY FUND AT 31 DECEMBER 2003

### STATEMENT OF NET ASSETS

Shares Held 000's	Equity (Ranked by sector)	Market Value ¥ 000's	% of Fund	% of TOPIX
	<b>Cyclicals</b>		<b>34</b>	<b>37</b>
1,820	Honda Motor	8,663,200	5	
7,660	Toppan Printing	8,540,900	5	
3,400	Toyota Industries	7,735,000	5	
1,960	Toyota Motor	7,095,200	4	
2,160	Daito Trust Construction	6,868,800	4	
3,560	Dai Nippon Printing	5,357,800	3	
1,540	Sankyo (machinery)	5,236,000	3	
4,430	Mitsubishi Logistics	3,947,130	2	
4,030	Okumura	1,837,680	1	
	Positions less than 1%	3,624,629	2	
	<b>Consumer Non-Durables</b>		<b>20</b>	<b>16</b>
2,460	Yamada Denki	8,856,000	5	
1,940	Secom	7,760,000	5	
2,040	Shimachu	4,335,000	3	
21	Yoshinoya D&C	3,254,940	2	
1,300	Taisho Pharmaceutical	2,490,800	1	
480	Takeda Chemical Industries	2,040,000	1	
	Positions less than 1%	5,626,404	3	
	<b>Financials</b>		<b>17</b>	<b>16</b>
12	Mitsubishi Tokyo Financial	9,916,632	6	
14,320	Nikko Cordial	8,549,040	5	
3,750	Mitsubishi Securities	4,376,250	3	
5,800	Sumitomo Trust & Banking	3,654,000	2	
4,690	Japan Securities Finance	2,640,470	1	
	<b>Technology</b>		<b>15</b>	<b>17</b>
3,100	Pioneer	9,176,000	5	
1,530	Canon	7,634,700	5	
2,640	Mitsumi Electric	3,115,200	2	
3,010	Citizen Watch	2,964,850	2	
	Positions less than 1%	1,969,651	1	
	<b>Communications and Utilities</b>		<b>14</b>	<b>14</b>
13	Fuji Television Network	7,611,340	4	
410	Nippon Television Network	6,531,300	4	
9	Nippon Telegraph & Telephone	4,400,704	3	
17	NTT DoCoMo	4,048,380	2	
	Positions less than 1%	1,508,402	1	
	<b>Net Current Assets</b>	517,599	-	
	<b>Net Assets</b> (Cost ¥ 151,328,753)	<b>171,884,001</b>	<b>100</b>	<b>100</b>

#### Net Asset Value per Share

**Yen Class** (Currency exposure 100% yen) **¥ 2,010** 81,121,627 shares issued

**Euro Class** (Currency exposure 100% euro) **€ 13.19** 4,946,202 shares issued

(At 31 December 2002: ¥ 1,554; 50,563,946 shares issued)

See accompanying notes on page 14

## ORBIS JAPAN EQUITY (US\$) FUND AT 31 DECEMBER 2003

Total Rate of Return in US dollars:	From Inception on 12 Jun 1998	Latest			Quarter % Not Annualised
		5 Years % Annualised	3 Years	1 Year	
<b>Orbis Japan Equity (US\$)</b>	<b>12.2</b>	<b>13.8</b>	<b>7.8</b>	<b>30.0</b>	<b>2.8</b>
TOPIX Hedged	2.5	4.2	(3.5)	27.4	2.8
<i>% appreciation of the US dollar versus the yen</i>	<i>(5.2)</i>	<i>(1.1)</i>	<i>(2.1)</i>	<i>(9.6)</i>	<i>(3.7)</i>

Orbis Japan Equity (US\$) was formed to serve investors who wish to invest in Japanese equities while remaining exposed to the dollar. As shown in the Statement of Net Assets below, the Fund's entire equity exposure comprises shares in the Luxembourg domiciled Orbis SICAV - Japan Equity Fund - Yen Class. Given this, we refer regular readers to the Orbis SICAV - Japan Equity Fund report on page 6. A further difference between the Funds is that the US\$ Fund is Bermuda domiciled and regulated whereas the Orbis SICAV is Luxembourg based and regulated. First time readers may find it informative to also read the text in italics below.

*The Fund's currency hedging reduces or eliminates the effect on its share price of fluctuations in the yen/dollar exchange rate. Most Japanese equity funds do no currency hedging and therefore their returns are, when translated into dollars, directly influenced by these exchange rate fluctuations. As the statistics above show, these fluctuations are often large. The result is that this Fund's dollar returns above are not comparable with those of the Average Japan Equity Fund or those of Orbis SICAV - Japan Equity Fund - Yen Class when their returns are likewise expressed in dollars. The returns on Orbis Japan Equity (US\$) in dollars approximate those on the Orbis SICAV - Japan Equity Fund - Yen Class in yen, adjusted for the short-term interest rate differential between the US and Japan.*

### STATEMENT OF NET ASSETS

Shares Held 000's	Equity	Market Value US\$ 000's	% of Fund
7,968	<b>Orbis SICAV - Japan Equity Fund Yen Class</b>	149,163	100
	Net Current Assets	579	-
	<b>Net Assets</b>	<b>149,742</b>	<b>100</b>
	<b>Net Asset Value per Share</b>	<b>US\$ 18.92</b>	7,912,854 shares issued
	<small>(At 31 December 2002: US\$ 14.55; 36,478,445 shares issued)</small>		

### DEPLOYMENT

		% of Fund
<b>Stockmarket exposure</b>	Japan	<b>100</b>
<b>Currency exposure</b>	US dollar	<b>100</b>

See accompanying notes on page 10

<b>DIRECTORS</b>	<i>Allan W B Gray, Chairman</i>	<i>John C R Collis</i>	<i>William B Gray</i>
<b>MANAGER</b>	Orbis Investment Management (B.V.I.) Limited	<b>INVESTMENT ADVISOR</b> Orbis Investment Management Limited	<b>CUSTODIAN</b> State Street Bank and Trust Company

**STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (MILLIONS)**

<b>Reporting Currency:</b>	<b>Orbis Global Equity</b>		<b>Orbis Africa Equity (Rand)</b>		<b>Orbis Japan Equity (US\$)</b>	
	<b>US\$</b>		<b>R</b>		<b>US\$</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
<b>For the Years Ended 31 December:</b>						
Investment Income:	29	20	33	34	-	-
Dividends and Interest	29	20	33	34	-	-
Expenses:	44	31	22	24	-	-
Managers' Fees	42	30	21	22	-	-
Custodians' Fees and Other	2	1	1	2	-	-
Net Investment (Loss) Income	(15)	(11)	11	10	-	-
Net Gain (Loss) from Investments and Currencies:	706	(110)	207	207	55	(35)
Realised	106	(11)	106	174	(19)	(32)
Unrealised	600	(99)	101	33	74	(3)
Net Increase (Decrease) in Net Assets Resulting from Operations	691	(121)	218	217	55	(35)
Members' Activity During the Year:						
Subscriptions:						
Orbis Funds	479	546	55	189	144	367
Other Members	214	215	90	39	68	40
Switches Between Funds	9	15	9	4	7	136
Redemptions:						
Orbis Funds	(246)	(213)	(35)	(287)	(42)	(180)
Other Members	(14)	(18)	(138)	(67)	(6)	(40)
Switches Between Funds	(50)	(145)	(3)	(9)	(607)	(49)
Dividends declared and paid	-	-	(10)	(2)	-	-
Increase (Decrease) in Net Assets	1,083	279	186	84	(381)	239
Net Assets at Beginning of Year	1,307	1,028	786	702	531	292
Net Assets at End of Year	2,390	1,307	972	786	150	531

See accompanying notes on page 10

## General

Orbis Japan Equity (US\$) Fund transferred its registered office and domicile from the British Virgin Islands to Bermuda on 29 November 2002.

## 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 market values. Investments in Orbis Funds are valued at their year-end Net Asset Value per share, while other marketable securities 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 millions, was for Orbis Global US\$1,841 (2002 - cost US\$1,357, market US\$1,304), for Orbis Africa R705 (2002 - cost R620, market R784), and for Orbis Japan (US\$) US\$112 (2002 - cost US\$567, market US\$536).

**Foreign Currency Translation.** Assets, liabilities and forward currency contracts denominated in foreign currencies are translated into the Reporting Currency shown on page 9 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 or losses on forward currency contracts, cash including US\$1,579,000 in Orbis Japan (US\$), amounts due to or from brokers, 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 or British Virgin Islands income, profit, capital, capital gains, estate or inheritance taxes payable by the Funds or their Members, other than Members ordinarily resident in the British Virgin Islands, in respect of shares in the Funds. The Bermuda Government has undertaken that in the event that any such Bermuda taxes are levied in Bermuda 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 is detailed below and is unchanged from 31 December 2002. Fund shares participate pro rata in their Fund's net assets and dividends, and are redeemable and 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.

	Par Value (per share)	Authorised Fund shares	Authorised and Issued Founders' shares
Orbis Global Equity	US\$ 1	100 million	12,000
Orbis Africa Equity (Rand)	R 1	100 million	12,000
Orbis Japan Equity (US\$)	US\$ 1	100 million	12,000

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

	Orbis Global Equity		Orbis Africa Equity (Rand)		Orbis Japan Equity (US\$)	
	2003	2002	2003	2002	2003	2002
Balance at beginning of year	28,650	20,210	3,485	4,033	36,478	19,123
Subscriptions						
Orbis Funds	9,071	11,375	210	993	10,037	23,532
Other Members	3,953	4,239	396	197	4,184	2,611
Switches Between Funds	148	329	36	20	450	8,731
Redemptions						
Orbis Funds	(4,696)	(4,215)	(160)	(1,383)	(2,960)	(11,508)
Other Members	(271)	(384)	(515)	(331)	(380)	(2,671)
Switches Between Funds	(917)	(2,904)	(13)	(44)	(39,896)	(3,340)
Balance at end of year	35,938	28,650	3,439	3,485	7,913	36,478

Dividends have been declared in respect of the Fund shares as follows:

Fund	Period Ended	Declaration Date	Payment Date	Total Amount 000's	Amount per Share
Orbis Africa	2003	20 January 2004	22 January 2004	R 22,331	R 6.39
Orbis Africa	2002	21 January 2003	23 January 2003	R 10,472	R 3.00

## 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 of the following Funds has entered into agreements whereby all its currency transactions with the counterparty to that agreement can be netted.

	Contract Value US\$ 000's	Market Value US\$ 000's	Unrealised Gain (Loss) US\$ 000's
Orbis Global Equity	(277,031)	(274,794)	2,237
Orbis Japan Equity (US\$)	(148,931)	(149,901)	(970)

## Related Party Transactions

The contractually appointed “Manager” of Orbis Global Equity and Orbis Africa Equity (Rand) is Orbis Investment Management Limited, and of Orbis Japan Equity (US\$) is Orbis Investment Management (B.V.I.) Limited. Each of Orbis Global Equity and Orbis Africa Equity (Rand) pay a Manager’s fee which can vary between 0.5% and 2.5% pa of weekly net assets, determined by the Fund’s rate of return versus its benchmark. Orbis Japan Equity (US\$) does not directly pay a fee to its Manager, but, because it remains substantially invested in Orbis SICAV - Japan Equity Fund, it indirectly bears a portion of that Fund’s management fee. At the year-end the management fee payable by Orbis Global Equity was, in thousands, US\$5,276 (2002 - US\$3,036) and by Orbis Africa Equity (Rand) was R2,265 (2002 - R1,760).

At the year-end other Orbis funds held, in thousands of shares, 26,096 (2002 - 21,510) in Orbis Global Equity, 2,660 (2002 - 2,610) in Orbis Africa Equity (Rand), and nil (2002 - 25,216) in Orbis Japan Equity (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, 2,406 (2002 - 2,607) in Orbis Global Equity, 4 (2002 - 15) in Orbis Africa Equity (Rand), and 1,675 (2002 - 6,837) in Orbis Japan Equity (US\$) excluding their indirect holdings via other Orbis funds.

## AUDITORS' REPORT

To the Members of  
Orbis Global Equity Fund Limited,  
Orbis Africa Equity (Rand) Fund Limited, and  
Orbis Japan Equity (US\$) 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 and 8 as at 31 December 2003, the related Statements of Operations and Changes in Net Assets on page 9 and the accompanying notes on pages 10, 11 and 12 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 custodians 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 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

## STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (MILLIONS)

<b>Base Currency:</b>	<b>Orbis Japan Equity Fund</b>	
	<b>¥</b>	
<b>For the Years Ended 31 December:</b>	<b>2003</b>	<b>2002</b>
Investment Income:	999	548
Dividends	999	548
Expenses:	3,216	1,512
Manager's Fees	2,990	1,456
Custodians' Fees and Other	226	56
Net Investment (Loss)	(2,217)	(964)
Net Income (Loss) from Investments and Currencies	35,691	(4,926)
Realised	8,510	(3,184)
Unrealised	27,181	(1,742)
Net Increase (Decrease) in Net Assets Resulting from Operations	33,474	(5,890)
Shareholders' Activity During the Year:		
Subscriptions:		
Orbis Funds	47,081	48,171
Other Shareholders	40,070	4,656
Switches Between Funds	79,125	6,758
Redemptions:		
Orbis Funds	(87,839)	(12,288)
Other Shareholders	(15,964)	(63)
Switches Between Funds	(2,659)	(1,816)
Increase in Net Assets	93,288	39,528
Net Assets at Beginning of Year	78,596	39,068
Net Assets at End of Year	171,884	78,596

## NOTES TO THE AUDITED FINANCIAL STATEMENTS AT 31 DECEMBER 2003

**General**

Orbis SICAV (the "Company"), formerly Orbis Japan Equity (Yen) Fund Limited was formed on 29 November 2002 following the amalgamation of Orbis Japan Equity (Yen) Fund Limited and Orbis Japan Core Equity Fund Limited, companies incorporated in the British Virgin Islands on 23 December 1997, and the transfer of its registered office to Luxembourg. The Company qualifies as an open-ended investment company with variable capital (Société d'Investissement à Capital Variable ("SICAV")), with limited liability under Part I of the Luxembourg law of 30 March 1988 on undertakings for collective investment.

The Company is structured as an umbrella fund, providing both individual and institutional investors with an opportunity to invest in a variety of Funds. At 31 December 2003 the Company consisted of the Japan Equity Fund – Class A Yen and Euro shares and the Japan Core Equity Fund – Class I shares. The Euro Class of the Japan Equity Fund was launched on 1 January 2003.

This abridged version of the annual report of Orbis SICAV - Japan Equity Fund (the “Fund”) does not contain details of securities representing less than 1% of the net assets of the Fund. A complete version of the annual report is available upon request and free of charge at the registered office of the Company.

The Statement of Operations and Changes in Net Assets includes the results of Orbis Japan Equity (Yen) Fund Limited for the period from 1 January to 29 November 2002.

### **Significant Accounting Policies**

These financial statements have been prepared in accordance with Luxembourg legal and regulatory requirements and under the historical cost convention as modified to include the revaluation of investments.

**Investments.** Investments are recorded as of the trade date and are stated at their market values based on 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 foreign currency contracts denominated in currencies other than the Fund’s Base Currency are translated into the Base Currency using exchange rates prevailing at the year-end. Income and expenses in foreign currencies are translated into the Base Currency at the exchange rates prevailing at the dates of the transactions. Translation exchange gains and losses are included in the Statement of Operations. The unrealised gains or losses on forward currency contracts are included in net current assets.

**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. All expenses which can be allocated directly to individual share classes will be charged to those share classes. Expenses which do not relate specifically to a particular share class are allocated between the share classes pro rata to their Net Asset Values.

**Financial Statements.** Financial statements are presented in the Base Currency of the Fund.

### **Taxes**

Under current law and practice, the Company is not liable to Luxembourg taxes on income or capital gains, nor are dividends paid by the Company liable to any Luxembourg withholding tax. Income and capital gains on the Company’s investments, however, may be subject to withholding or capital gains taxes in certain countries.

The Company is liable in Luxembourg to a tax (taxe d’abonnement) on the net assets attributable to its Class A shares of 0.05% per annum such tax being payable quarterly and calculated on the net assets of the share class at the end of each calendar quarter.

### **Material Contracts - Forward Currency Contracts**

At year-end the Fund had forward currency contracts settling on 11 June 2004 having net contract and net market values as set out on the next page. As these contracts expose the Fund to credit risk arising from the potential inability of a counterparty to perform under the terms of a contract, the Fund deals 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, the Fund has entered into agreements whereby all its currency transactions with the counterparty to that agreement can be netted.

**Material Contracts - Forward Currency Contracts (continued)**

Contract Value €	Contract Value ¥	Market Value ¥	Unrealised Gain ¥
65,901,277	(8,628,855,725)	(8,431,253,692)	197,602,033

**Custodian's Fees**

The Custodian's fees are payable monthly and are based on the invested assets of the Fund as of each weekly Valuation Date. Custodian's fees and related charges for the year amounted to ¥62,786,735 of which ¥13,654,187 was payable at the year-end.

**Directors' Fees and Expenses**

There are no existing or proposed service contracts between any of the Directors and the Company. The Shareholders have approved Director's fees to each of Messrs Collis and Smith for 2003 of US\$6,000. No other Directors have received any remuneration or other direct benefit material to them.

**Related Party Transactions**

Total fees due to Bank of Bermuda (Luxembourg) S.A. (the Company's co-promoter) and its affiliates in respect of administration and other services for the year amounted to ¥ 79,723,703 of which ¥ 14,952,732 was payable at the year-end.

The Fund pays the Investment Manager a fee which can vary between 0.5% and 2.5% per annum of weekly net assets, determined by the Fund's Yen Class rate of return versus its benchmark.

At the year-end other Orbis funds held 65,574,366 Class A Yen shares in the Fund. 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 9,635,065 Class A Yen shares and 2,027,319 Class A Euro shares excluding their indirect holdings via other Orbis funds.

Certain of the Company's Directors also act as executives and directors of related companies.

**AUDITORS' REPORT**

To the Shareholders of  
Orbis SICAV - Japan Equity Fund

We have reviewed the accompanying abridged financial statements of Orbis SICAV - Japan Equity Fund for the year ended 31 December 2003 on pages 7 and 14-16 and report that these abridged financial statements are consistent with the full financial statements of the Orbis SICAV - Japan Equity Fund on which we issued an unqualified opinion dated 20 January 2004.

ERNST & YOUNG  
Société Anonyme  
Réviseur d'Entreprises

M Ferguson

Luxembourg  
20 January 2004

## NOTICES

### ANNUAL GENERAL MEETINGS

Notice is hereby given that the Annual General Meetings of Orbis Global Equity Fund Limited, Orbis Africa Equity (Rand) Fund Limited and Orbis Japan Equity (US\$) 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 10:30 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 Managers’ reports
- Approval of proposed Directors’ fees for the year to 31 December 2004 of US\$15,000 to Mr Thomson for Orbis Global Equity and US\$15,000, US\$6,000 and US\$1,000 to Mr Collis for Orbis Global Equity, Orbis Africa Equity (Rand) and Orbis Japan Equity (US\$), respectively
- Proposed re-appointment of Ernst & Young as Auditors for the year to 31 December 2004

By Order of the Boards, James J Dorr, Secretary

In accordance with Luxembourg law, notice of the Annual General Meeting for the Orbis SICAV will be sent to Shareholders shortly prior to the scheduled date of the meeting on 30 April 2004.

### UNITED KINGDOM DISTRIBUTOR STATUS

The Board of Inland Revenue has certified each of the Orbis Funds and each of the Funds of the Orbis SICAV 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.

*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 will fluctuate and are not guaranteed. Orbis Investment Management (B.V.I.) Limited is licensed to conduct investment business by the Bermuda Monetary Authority.*

*We invite you to visit our website, [orbisfunds.com](http://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.*



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