

ANNUAL  
**REPORTS**  
31 DECEMBER 2004



ORBIS GLOBAL

ORBIS AFRICA

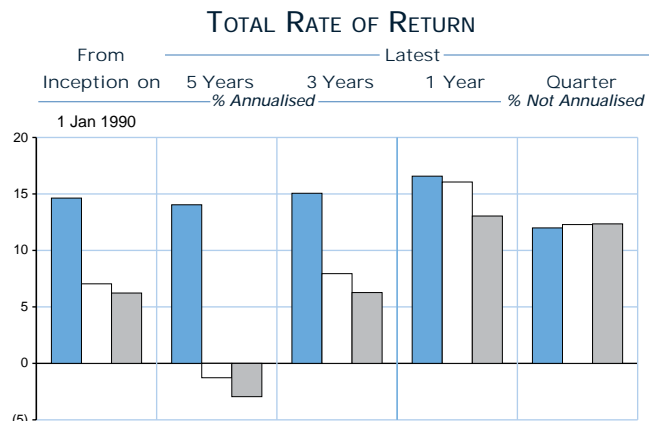
ORBIS JAPAN

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**ORBIS EQUITY STRATEGIES AT 31 DECEMBER 2004**

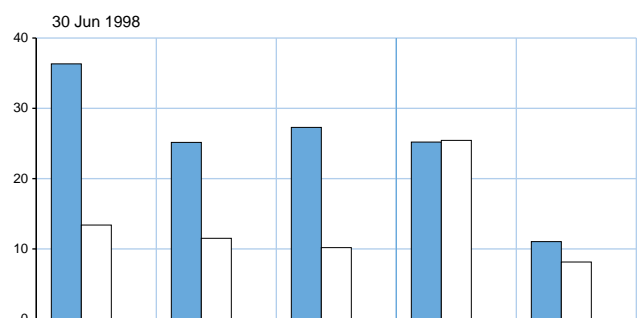
**ORBIS GLOBAL EQUITY FUND**

This Fund invests in equities 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.



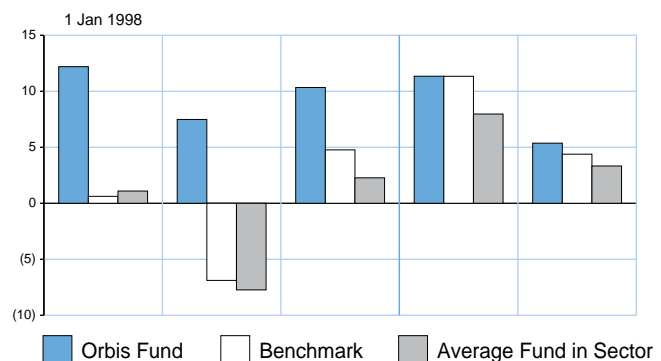
**ORBIS AFRICA EQUITY (RAND) FUND**

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 includes only one other fund. 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,

The absolute returns achieved by the Orbis Equity Funds in 2004, while pleasing, were essentially a classic case of a rising tide lifting all boats. While each of the Orbis Global, Japan and Africa Equity Funds earned reasonable returns, they essentially matched those of their comparable benchmarks but didn't add much more value than that. Having said that, most active managers underperformed materially last year, as illustrated in the table below.

	Return in 2004 (%)		
	Orbis	Index	Average Fund*
Global	16.6	16.1	13.0
Japan	11.3	11.3	8.0
Africa	25.2	25.4	n/a


\*Source: S&P; n/a for Africa as there are only 2 funds in S&P's Africa Index

A colleague brought an interesting document to my attention recently. John Bogle, the founder of Vanguard and disciple of passive index investing, has long held that, in general, active investing is inferior to passive investing. Interestingly, he took his observation one step further in a 2003 speech stating that "while the [US] market has provided an annual return of 13% during the past 20 years, and the average equity fund earned an annual return of 10%, the average fund investor, according to recent estimates, earned just 2% per year"! In explaining the reason for the poor performance by investors, Bogle points to, among other things, a lack of long-term thinking, citing particularly striking figures showing that the average retail mutual fund investors' hold period has shrunk from 16 years in the 1950s to just 2 years of late. It appears that the advent of CNBC and others is having little positive impact on the investing public.

In our opinion, Bogle quite correctly identifies short-term thinking as the root cause of such dramatically inferior investor returns. The fact is that most investors have not been and will not be able to withstand their emotions of greed and fear, causing them to buy high and sell low, thereby destroying value. Of course if most investors are destroying value through untimely impulsive trading, the few who can withstand those emotions, run counter to the herd, and invest on the basis of fundamentals stand to gain disproportionately. Our objective is to ensure the Orbis Equity Funds continue to be among those few.

The end of December 2004 marked the 15<sup>th</sup> anniversary of the initial Orbis Funds. Their long-term track records shown opposite lay testament to what is possible. But superior returns of that magnitude are not delivered in a straight line over time. The Orbis Funds have experienced and will experience periods when their short-term performance is better or worse than others. As pointed out above, the emotional aspects of markets and their effect on the Funds' short-term returns need not be a negative, meaning that Members able to resist the herd mentality should look to produce returns that at least match those of the Funds. A contrarian approach has allowed us to add value in managing these equity funds on your behalf. We hope that over time these reports will help Members to do the same in managing their investments in the Orbis Funds.

Yours sincerely,

  
William B Gray

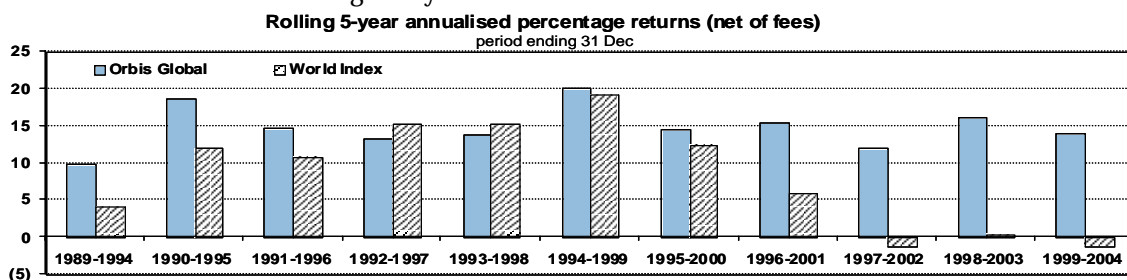
Hamilton, Bermuda  
21 January 2005

## ORBIS GLOBAL EQUITY FUND AT 31 DECEMBER 2004

Total Rate of Return in US dollars:	From Inception on 1 Jan 1990	Latest			
		5 Years % Annualised	3 Years	1 Year	Quarter % Not Annualised
Orbis Global Equity	14.6	14.0	15.1	16.6	12.0
World Index	7.0	(1.3)	7.9	16.1	12.3
Average Global Equity Fund	6.2	(2.9)	6.3	13.0	12.4

The Fund completed 2004, its 15<sup>th</sup> year of operations, with a healthy absolute return of 16.6% as shown in the table above. However, unlike the Fund's performance since inception, its return in 2004 was largely thanks to strong returns being generated by stockmarkets in general as reflected by the 16.1% return of the World Index. The Fund added little incremental value through stock picking in 2004.

We are convinced that a significant portion of the Fund's success in achieving superior performance over time is attributable to a consistent focus on achieving superior long-term absolute returns, as opposed to short-term relative returns. The benefits of this focus are illustrated in the graph below which shows the trailing five-year returns of the Fund and its benchmark.



Consistent with a focus on longer-term absolute returns, the Fund's rolling five-year returns have been noticeably more stable than those of the World Index, having varied within a range of about 10% to 20% per annum. That consistency has come at the cost of experiencing some periods of underperformance, such as for the five-year periods ending 31 December 1997 and 1998. While we would obviously prefer that this not be the case, it would be unrealistic for anyone to expect such an outcome – particularly if, as in the past, the underperformance comes at a time when the Fund has shown reasonable absolute returns and any shortfall is more than made up for when subsequent benchmark returns are well below average.

One position in the Fund that did not unfold as we expected last year was its overweighting of Japanese equities at the expense of those in the US. As it happened, the Fund's US listed shares did better than the Japanese ones, although that relative underperformance was somewhat offset by the benefit derived from the associated exposure to an appreciating yen. Our company-specific research continues to conclude that the Fund's Japanese holdings offer prospective long-term returns that are no less attractive than those in the US but with less risk of permanent loss of capital. Thus, in a similar fashion to the discussion above, while the Fund's Japanese shares may struggle to keep pace with strongly rising global equity markets, we believe they help reduce the Fund's vulnerability should the global environment for equities become less buoyant. This is another example of our focus on earning superior long-term returns while minimising exposure to the risk of permanent loss of capital.

*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 2004

## STATEMENT OF NET ASSETS

Number Held 000's	Equity	Market Value US\$ 000's	Fund's % Exposure to Equities	Exposure to Currencies	% of World Index
	Europe		28	19	29
4,847	Hypo Real Estate	200,392	4		
8,640	Bayerische Hypo-und Vereinsbank	195,575	4		
7,233	Berkeley Group	112,285	3		
40,317	Hagemeyer - Common	92,900	2		
2,900	and Convertible bonds	4,339			
1,450	DSM	93,569	2		
28,120	International Power	83,367	2		
9,070	Scottish & Newcastle	75,840	2		
2,143	Douglas Holding	75,523	2		
42,650	Royal & Sun Alliance Insurance	63,427	1		
23,939	Cable & Wireless	54,779	1		
3,539	Oce	54,017	1		
	Positions less than 1%	193,837	4		
	Japan		27	24	9
18	Mitsubishi Tokyo Financial	180,546	4		
4,704	Toyota Industries	117,441	3		
2,450	Daito Trust Construction	116,354	3		
43	Fuji Television Network	92,943	2		
1,943	Yamada Denki	83,185	2		
1,679	Secom	67,131	2		
5,982	Toppan Printing	66,327	1		
3,870	Dai Nippon Printing	62,044	1		
409	Nippon Television Network	61,407	1		
1,468	Toyota Motor	59,676	1		
968	Honda Motor	50,141	1		
	Positions less than 1%	296,544	6		
	United States		27	47	52
4,725	NRG Energy	170,354	4		
2,782	Liberty Media International - A	128,633	3		
3,542	Comcast - A	117,890	3		
7,971	Reliant Energy	108,806	2		
3,037	McKesson	95,548	2		
4,088	Health Management Associates	92,882	2		
2,311	Triad Hospitals	85,992	2		
1,847	First Data	78,563	2		
7,029	Liberty Media - A	77,173	2		
1,341	Costco	64,917	1		
6,555	UnitedGlobalCom	63,321	1		
3,655	DIRECTV	61,185	1		
	Positions less than 1%	98,355	2		
	Emerging Markets and Other		18	10	10
267	Samsung Electronics - Common	116,105	5		
357	and Preference	103,075			
8,525	Sasol	182,161	4		
1,253	Samsung SDI - Common	136,834	3		
92	and Preference	5,929			
6,547	Kangwon Land	85,075	2		
5,310	Harmony Gold Mining	48,015	1		
1,970	Samsung Securities	47,770	1		
	Positions less than 1%	88,647	2		
	Net Current Assets	13,657	-		
	Net Assets	4,624,476	100	100	100
	Net Asset Value per Share	US\$ 77.51	59,663,065 shares issued		
	(At 31 December 2003: US\$ 66.49; 35,937,624 shares issued)				

See accompanying notes on page 10

## ORBIS AFRICA EQUITY (RAND) FUND AT 31 DECEMBER 2004

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	
Orbis Africa Equity	36.3	25.2	27.3	25.2	11.0
JSE Index	13.4	11.5	10.2	25.4	8.1
% appreciation of the rand versus the US dollar	0.8	1.6	28.3	18.0	14.0

*Note: Orbis Africa Equity is not compared with the offshore sector index for South Africa funds because the sector comprises only one other fund.*

In 2004, the Fund returned 25.2% and the benchmark FTSE/JSE Africa All Share Index (the “JSE Index”) was up 25.4%. Since inception, the Fund has returned 36.3% per annum versus the 13.4% per annum return of its benchmark.

The South African equity market continued its strong performance in 2004 primarily on the back of lower interest rates and a buoyant consumer market. While the overall market is not as attractive as it was, it still offers reasonable long-term value. Furthermore, the disparity within the market has increased from low levels. This has created more opportunities for bottom-up stock pickers like Orbis to add value.

One such area of opportunity is amongst large, high quality, growth companies, which can be acquired at attractive prices. This is illustrated by three of the Fund’s four largest holdings: Sasol; MTN; and Standard Bank. These are all substantial businesses which trade on earnings multiples lower than the market but which we believe are above-average businesses that should grow their earnings faster than the market over time.

	2005 Earnings Yield %	Historical Annual Earnings Growth %
Sasol	11.1	15
MTN	8.2	50
Standard Bank	8.0	18
JSE Index	6.6	11

*Source: 2005 Earnings Yield - IBES Estimates, JSE Index Datastream  
Earnings Growth based on data going back up to 25 years.*

A second area of opportunity is amongst selected South African focused resource companies (such as the gold and platinum miners) whose earnings and share prices have been significantly impacted by the persistent strength of the South African rand versus major international currencies. These companies effectively earn their revenues in dollars and incur a substantial portion of their costs in rand. As a result, the earnings of these companies are significantly positively geared to a weaker domestic currency and several of them can be acquired on attractive multiples assuming a more normal level of earnings. While there is a growing consensus within South Africa that the rand is likely to remain strong or get stronger, we do not share this view and believe that there is risk of weakness from these levels. The Fund is positioned accordingly, which should help offset the effect of a weaker rand on the foreign currency return of the Fund. Members should recognise, of course, that the Fund is denominated in rand and does not hedge.

**DIRECTORS** Allan W B Gray, Chairman John C R Collis William B Gray Simon C Marais Stephen Mildenhall

**MANAGER**  
Orbis Investment Management Limited

**INVESTMENT ADVISORS**  
Orbis Investment Advisory Limited  
Allan Gray Limited

**CUSTODIAN**  
The Bank of Bermuda Limited

# ORBIS AFRICA EQUITY (RAND) FUND AT 31 DECEMBER 2004

## STATEMENT OF NET ASSETS

Shares Held 000's	Equity (Ranked by sector)	Market Value R 000's	% of Fund	% of JSE Index
	Industrial & Cyclical Services		30	24
1,678	Sun International	95,674	6	
503	Remgro	47,463	3	
531	Naspers	39,820	2	
1,123	Johnnic Communications	38,196	2	
2,072	Allied Electronics - Preference	33,675	2	
282	and Common	4,675		
2,650	Net1 UEPS Technologies	33,766	2	
6,302	FrontRange	29,621	2	
2,772	New Clicks Holdings	26,333	2	
2,298	Woolworths Holdings	26,169	2	
1,605	Nampak	25,115	2	
1,771	Primedia - 'N'	20,361	1	
285	and Common	3,425		
1,072	Adcorp Holdings	18,111	1	
	Positions less than 1%	41,350	3	
	Resources		30	33
1,110	Sasol	134,298	9	
1,209	Harmony Gold Mining	61,877	4	
6,846	Northam Platinum	60,586	4	
1,698	Western Areas	42,440	3	
171	AngloGold Ashanti - Common	34,011	3	
30	and ADR	6,175		
1,471	African Rainbow Minerals	38,976	2	
286	Anglo American	38,229	2	
150	Anglo American Platinum	31,050	2	
1,000	Banro	21,225	1	
	Positions less than 1%	584	-	
	Financials		24	28
1,348	Standard Bank Group	88,690	6	
2,300	RMB Holdings	50,057	3	
3,557	FirstRand	47,490	3	
537	ABSA Group	40,814	3	
125	Investec Plc	22,609	2	
95	and Group	17,232		
1,246	VenFin	31,268	2	
391	Nedcor	30,420	2	
7,203	Real Africa Holdings	27,372	2	
5,404	Coronation Fund Managers	21,615	1	
	Non-Cyclicals		16	15
2,293	MTN Group	99,761	6	
650	Tiger Brands	62,986	4	
1,856	Aspen Pharmacare Holdings	33,971	2	
2,173	Shoprite Holdings	28,037	2	
	Positions less than 1%	25,440	2	
	Net Current Assets	5,798	-	
	Net Assets	1,586,765	100	100
	(Currency exposure 99% rand, 1% Canadian dollar)			
	Net Asset Value per Share	R 346.27	4,582,473 shares issued	
	(At 31 December 2003: R 282.62; 3,438,529 shares issued)			

See accompanying notes on page 10

## JAPAN EQUITY FUND AT 31 DECEMBER 2004

Total Rate of Return	From Inception	Latest			Quarter % Not Annualised
		5 Years % Annualised	3 Years	1 Year	
Yen Class (launched 1 Jan 1998)*	12.2	7.5	10.3	11.3	5.4
TOPIX	0.6	(6.9)	4.8	11.3	4.4
Average Japan Equity Fund	1.1	(7.7)	2.3	8.0	3.3
% appreciation of the yen versus the US dollar	3.5	(0.1)	8.7	4.7	7.3
Euro Class (launched 1 Jan 2003)	22.6			13.9	5.8
TOPIX Hedged into euro	21.1			13.7	4.9
% appreciation of the euro versus the US dollar	13.6			7.7	9.0

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

As indicated above, a strong final quarter of the year for both the Fund and the TOPIX enabled the Fund to earn a double-digit return in 2004, in line with the benchmark TOPIX and comfortably above the return of the Average Japan Equity Fund.

Canon Sales, which constitutes 4% of the Fund, is typical of the Japanese shares we find attractive. From a macro standpoint, shares in Canon Sales, which is the distributor in Japan for its renowned multinational parent, Canon Inc, are favoured as Canon Sales' earnings have been hurt by the long-depressed Japanese economy—at least until very recently. By contrast, Japanese multinationals have prospered for many years from buoyant economies outside Japan. Furthermore, the domestically focused Canon Sales is unaffected by the strengthening yen. Mr Fujio Mitarai's appointment as President of Canon Inc in 1995 subsequently transformed that company's profitability. At Canon Sales, we expect President Haruo Murase's appointment in 1999 to do likewise, but in this case we believe the improvement in profitability is only just beginning.

Despite the share price of Canon Sales appreciating 61% to ¥1,531 since we initiated the Fund's position 16 months ago, the share price only now approximates the underlying tangible net asset value per share of ¥1,533. Canon Sales' balance sheet is pristine with no less than ¥591 per share in cash and cash equivalents net of all debt, representing 39% of shareholders' equity. With bank deposits in Japan yielding zero and 3-year government bonds yielding only 0.24% pa, this 39% of assets in net cash earns nothing. Clearly if these excess financial assets were returned to shareholders, return on the company's reduced equity would nearly double in one fell swoop. A more reasonable expectation, now that confidence is gradually returning to management in Japan following the traumatic bursting of the bubble that began in 1990, is a higher dividend payout, redeployment of excess financial assets into growing operating assets both from internal growth and through acquisitions, perhaps some buybacks, and no dilution from new share issues. Western companies and their shareholders have long benefited from such soundly implemented "financial engineering". These benefits still lie ahead for many cash-rich Japanese companies, including Canon Sales, with market leaders such as the Toyota Group showing the way.

Management - conservatively we believe - expects a 5% return on equity in 2004 which translates into a 9% return on the remaining 61% of shareholders' equity not in cash but actively employed in the business. We expect earnings growth to exceed expectations as profit margins are boosted by the transformation of Canon Sales' important business solutions division with networked printers, copiers/multifunctional printers and the shift to colour printing.

*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 2004

### STATEMENT OF NET ASSETS

Shares Held 000's	Equity ( <i>Ranked by sector</i> )	Market Value ¥ 000's	% of Fund	% of TOPIX
	Cyclicals		44	37
2,175	Daito Trust Construction	10,591,276	5	
4,056	Toyota Industries	10,382,848	5	
1,973	Sankyo (machinery)	10,219,104	5	
6,201	Toppan Printing	7,050,537	4	
4,099	Dai Nippon Printing	6,738,756	3	
1,187	Honda Motor	6,304,563	3	
5,998	Mitsubishi Logistics	6,057,980	3	
468	Nintendo	6,024,447	3	
2,333	Maruichi Steel Tube	4,225,063	2	
929	Toyota Motor	3,874,764	2	
7,688	Toda	3,844,000	2	
2,010	Heiwa	3,441,291	2	
4,606	Okumura	2,984,688	2	
1,491	Kurita Water Industries	2,197,734	1	
	Positions less than 1%	2,809,482	2	
	Consumer Non-Durables		24	17
2,208	Secom	9,052,800	5	
1,915	Yamada Denki	8,408,167	4	
5,193	Canon Sales	7,950,483	4	
1,699	Sundrug	6,132,307	3	
2,300	Shimachu	5,829,232	3	
2,003	Aoki International	2,738,511	2	
841	Tsuruha	2,396,565	1	
	Positions less than 1%	3,656,814	2	
	Financials		17	18
10	Mitsubishi Tokyo Financial	10,636,080	5	
17,337	Nikko Cordial	9,413,991	5	
3,165	Nomura Holdings	4,728,510	3	
6	Sumitomo Mitsui Financial	4,231,600	2	
4,526	Sumitomo Trust & Banking	3,353,766	2	
	Communications and Utilities		9	13
41	Fuji Television Network	9,101,778	5	
410	Nippon Television Network	6,309,900	3	
10	TV Asahi	2,115,360	1	
	Technology		6	15
1,206	Canon	6,670,839	3	
5,513	Citizen Watch	5,430,305	3	
	Net Current Assets	296,299	-	
	Net Assets (Cost ¥ 162,499,314)	195,199,840	100	100

#### Net Asset Value per Share

Yen Class (*Currency exposure 100% yen*)    ¥ 2,238    83,636,492 shares issued

Euro Class (*Currency exposure 100% euro*)    € 15.03    3,850,387 shares issued

(At 31 December 2003: Yen Class ¥ 2,010; 81,121,627 shares issued)

Euro Class € 13.19; 4,946,202 shares issued)

See accompanying notes on page 14

## ORBIS JAPAN EQUITY (US\$) FUND AT 31 DECEMBER 2004

Total Rate of Return in US dollars:	From Inception on 12 Jun 1998	Latest			
		5 Years % Annualised	3 Years	1 Year	Quarter % Not Annualised
Orbis Japan Equity (US\$)	12.3	10.8	12.0	13.4	5.8
TOPIX Hedged	4.0	(3.9)	6.5	13.0	4.9
<i>% appreciation of the US dollar versus the yen</i>	<i>(5.1)</i>	<i>0.1</i>	<i>(8.0)</i>	<i>(4.5)</i>	<i>(6.8)</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	Security	Market Value US\$ 000's	% of Fund
9,150	Orbis SICAV - Japan Equity Fund Yen Class	199,695	100
	Net Current Assets	593	-
	Net Assets	200,288	100
	Net Asset Value per Share (At 31 December 2003: US\$ 18.92; 7,912,854 shares issued)	US\$ 21.45	9,339,258 shares issued

### DEPLOYMENT

		% of Fund
Stockmarket exposure	Japan	100
Currency exposure	US dollar	100

See accompanying notes on page 10

#### DIRECTORS

Allan W B Gray, Chairman

John C R Collis

William B Gray

#### MANAGER

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

#### INVESTMENT ADVISOR

Orbis Investment Management Limited

#### CUSTODIAN

State Street Bank and Trust Company

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

Reporting Currency: For the Years Ended 31 December:	Orbis Global Equity US\$		Orbis Africa Equity (Rand) R		Orbis Japan Equity (US\$) US\$	
	2004	2003	2004	2003	2004	2003
	Investment Income:	48	29	47	33	-
Dividends and Interest	48	29	47	33	-	-
Expenses:	94	44	32	22	-	-
Managers' Fees	92	42	30	21	-	-
Custodians' Fees and Other	2	2	2	1	-	-
Net Investment (Loss) Income	(46)	(15)	15	11	-	-
Net Gain (Loss) from Investments and Currencies:	640	706	291	207	19	55
Realised	188	106	57	106	(1)	(19)
Unrealised	452	600	234	101	20	74
Increase in Net Assets Resulting from Operations	594	691	306	218	19	55
Members' Activity During the Year:						
Subscriptions:						
Orbis Funds	1,455	479	228	55	2	144
Other Members	612	214	151	90	80	68
Switches Between Funds	23	9	32	9	6	7
Redemptions:						
Orbis Funds	(311)	(246)	(28)	(35)	-	(42)
Other Members	(72)	(14)	(47)	(138)	(7)	(6)
Switches Between Funds	(67)	(50)	(5)	(3)	(50)	(607)
Dividends declared and paid	-	-	(22)	(10)	-	-
Increase (Decrease) in Net Assets	2,234	1,083	615	186	50	(381)
Net Assets at Beginning of Year	2,390	1,307	972	786	150	531
Net Assets at End of Year	4,624	2,390	1,587	972	200	150

See accompanying notes on page 10

## General

The Orbis Equity Funds invest in equities selected from a specified geographic region. Each fund is actively managed to outperform a benchmark index of the stockmarkets in its region without greater risk.

## 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\$3,611 (2003 - cost US\$1,841, market US\$2,386), for Orbis Africa R1,081 (2003 - cost R705, market R971), and for Orbis Japan (US\$) US\$143 (2003 - cost US\$112, market US\$149).

**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 R19.6 million in Orbis Africa, 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 except for certain balances which will be disclosed elsewhere in these financial statements.

## 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 2003. 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\$)	
	2004	2003	2004	2003	2004	2003
Balance at beginning of year	35,938	28,650	3,439	3,485	7,913	36,478
Subscriptions						
Orbis Funds	21,010	9,071	822	210	125	10,037
Other Members	8,657	3,953	492	396	3,860	4,184
Switches Between Funds	328	148	100	36	305	450
Redemptions						
Orbis Funds	(4,291)	(4,696)	(92)	(160)	-	(2,960)
Other Members	(1,024)	(271)	(162)	(515)	(342)	(380)
Switches Between Funds	(955)	(917)	(17)	(13)	(2,522)	(39,896)
Balance at end of year	59,663	35,938	4,582	3,439	9,339	7,913

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	2004	21 January 2005	27 January 2005	R 23,797	R 5.45
Orbis Africa	2003	20 January 2004	22 January 2004	R 22,331	R 6.39

## Material Contracts

At year-end the following Funds had forward currency contracts settling on 10 June 2005 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 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	(917,990)	(919,489)	(1,499)
Orbis Japan Equity (US\$)	(202,057)	(202,042)	15

## 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) pays 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\$10,886 (2003 - US\$5,276) and by Orbis Africa Equity (Rand) was R3,773 (2003 - R2,265).

At the year-end other Orbis funds held, in thousands of shares, 42,604 (2003 - 26,096) in Orbis Global Equity, 3,390 (2003 - 2,660) in Orbis Africa Equity (Rand), and 125 (2003 - nil) 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, 4,694 (2003 - 2,406) in Orbis Global Equity, 21 (2003 - 4) in Orbis Africa Equity (Rand), and 2,853 (2003 - 1,675) in Orbis Japan Equity (US\$) excluding their indirect holdings via other Orbis funds.

## AUDITORS' REPORT

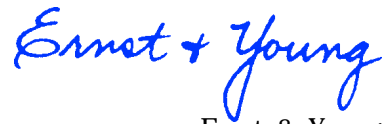
To the Members of  
Orbis Global Equity Fund Limited,  
Orbis Africa Equity (Rand) Fund Limited, and  
Orbis Japan Equity (US\$) Fund Limited (the "Funds"):

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 2004, 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. 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 2004 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  
21 January 2005

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)

Orbis Japan Equity Fund  
¥

Base Currency:

For the Years Ended 31 December:

2004

2003

Investment Income:

1,833

999

Dividends

1,833

999

Expenses:

4,518

3,216

Manager's Fees

4,274

2,990

Custodians' Fees and Other

244

226

Net Investment (Loss)

(2,685)

(2,217)

Net Gain from Investments and Currencies:

22,789

35,691

Realised

10,644

8,510

Unrealised

12,145

27,181

Increase in Net Assets

Resulting from Operations

20,104

33,474

Shareholders' Activity During the Year:

Subscriptions:

Orbis Funds

32,437

47,081

Other Shareholders

47,367

40,070

Switches Between Funds

9,932

79,125

Redemptions:

Orbis Funds

(74,304)

(87,839)

Other Shareholders

(10,102)

(15,964)

Switches Between Funds

(2,118)

(2,659)

Increase in Net Assets

23,316

93,288

Net Assets at Beginning of Year

171,884

78,596

Net Assets at End of Year

195,200

171,884

## NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2004

**General**

Orbis SICAV (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 20 December 2002 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 2004 the Company's share capital consisted of the Japan Equity Fund – Class A Yen and Euro shares, the Japan Core Equity Fund – Class I shares and the Global Equity Fund Refundable Reserve Fee and Fee Reserve shares.

This abridged version of the annual report of Orbis SICAV - Japan Equity Fund (the "Fund") does not contain certain Luxembourg legal and regulatory disclosure requirements as included in the complete version of the annual report. A complete version of the annual report is available upon request and free of charge at the registered office of the Company.

## 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 10 June 2005 having net contract and net market values as set out below. These contracts expose the Fund 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, the Fund has entered into agreements whereby all its currency transactions with the counterparty to that agreement can be netted.

Contract Value €	Contract Value ¥	Market Value ¥	Unrealised Gain ¥
58,390,959	(8,010,449,774)	(7,980,925,776)	29,523,998

## 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 ¥ 28,331,485 of which ¥ 4,589,494 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 2004 of US\$15,000 before withholding tax. No other Directors have received any remuneration or other direct benefit material to them.

### **Related Party Transactions**

Total fees due to HSBC Securities Services (Luxembourg) S.A. (the Company's co-promoter) and its affiliates in respect of administration and other services for the year amounted to ¥ 104,726,232 of which ¥ 9,303,477 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.

The Investment Manager has agreed that for the period from 1 October 2004 to 31 December 2005 the operating expenses of the Fund, excluding the Investment Manager's fee, brokerage and transaction costs and interest, will be capped at 0.20% per annum.

At the year-end other Orbis funds held 46,217,000 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 22,405,512 Class A Yen shares and 105,963 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 2004 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 21 January 2005.

ERNST & YOUNG  
Société Anonyme  
Réviseur d'Entreprises



M Ferguson

Luxembourg  
21 January 2005

## 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 2005 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 20 April 2004
- Review of audited financial statements in the 2004 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 2005 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 2005

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 2 May 2005.

### UNITED KINGDOM DISTRIBUTOR STATUS

The Board of Inland Revenue has certified each of the Orbis Funds and the Japan 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 2003. Certification is granted retrospectively, therefore there can be no assurance that the Orbis Funds will be certified as distributing funds for fiscal 2004 or for future accounting periods.

### MEMBER TRADE CONFIRMATION

Members will soon see a new form of advice from us confirming their trades in Fund shares. Original contract notes will continue to be mailed by the Registrar but Orbis will fax transacting Members a more concise trade confirmation on the business day after the trade is priced.

*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.*

