United States
Securities and Exchange Commission
Washington, D.C. 20549

FORM 10-Q

[X] **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 26, 2005

or

[ ] **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______ to ______

Commission file number 0-31983

GARMIN LTD.

(Exact name of Company as specified in its charter)

Cayman Islands (State or other jurisdiction of incorporation or organization)	**98-0229227** (I.R.S. Employer identification no.)
5th Floor, Harbour Place, P.O. Box 30464 SMB, 103 South Church Street George Town, Grand Cayman, Cayman Islands (Address of principal executive offices)	N/A (Zip Code)

Company's telephone number, including area code: **(345) 946-5203**

No Changes

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the Company (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Company was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES [Ö] NO [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). YES [Ö] NO [ ]

Number of shares outstanding of the Company's common shares as of April 29, 2005
Common Shares, $.01 par value: 108,432,680

Garmin Ltd.
Form 10-Q
Quarter Ended March 26, 2005

Table of Contents

Garmin Ltd.
Form 10-Q
Quarter Ended March 26, 2005

Part I – Financial Information

Item 1. Condensed Consolidated Financial Statements (Unaudited)

Introductory Comments

The Condensed Consolidated Financial Statements of Garmin Ltd. ("Garmin" or the "Company") included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the United States Securities and Exchange Commission. Certain information and note disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to enable a reasonable understanding of the information presented. These Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements and the notes thereto for the year ended December 25, 2004. Additionally, the Condensed Consolidated Financial Statements should be read in conjunction with Item 2 of Management's Discussion and Analysis of Financial Condition and Results of Operations, included in this Form 10-Q.

The results of operations for the 13-week period ended March 26, 2005 are not necessarily indicative of the results to be expected for the full year 2005.

Garmin Ltd. And Subsidiaries

Condensed Consolidated Balance Sheets

(In thousands, except share information)

	(Unaudited) March 26, 2005	December 25, 2004
Assets		
Current assets:		
Cash and cash equivalents	$249,193	$249,909
Marketable securities	52,270	64,367
Accounts receivable, net	101,720	110,119
Inventories	166,429	154,980
Deferred income taxes	36,962	38,527
Prepaid expenses and other current assets	16,991	19,069
Total current assets	623,565	636,971
Property and equipment, net	180,342	171,630
Marketable securities	299,850	257,848
Restricted cash	1,482	1,457
Other assets, net	47,992	49,485
Total assets	$1,153,231	$1,117,391
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$40,321	$53,673
Salaries and benefits payable	7,681	7,183
Warranty reserve	14,778	15,518
Other accrued expenses	18,795	28,960
Income taxes payable	65,975	70,933
Total current liabilities	147,550	176,267
Deferred income taxes	5,334	5,267
Stockholders' equity:		
Common stock, $0.01 par value, 500,000,000 shares authorized: Issued and outstanding shares - 108,327,000 as of December 25, 2004 and 108,429,044 as of March 26, 2005	1,085	1,084
Additional paid-in capital	110,853	108,949
Retained earnings	862,610	815,209
Accumulated other comprehensive gain	25,799	10,615
Total stockholders' equity	1,000,347	935,857
Total liabilities and stockholders' equity	$1,153,231	$1,117,391

See accompanying notes.

Garmin Ltd. And Subsidiaries
Condensed Consolidated Statements of Income (Unaudited)
(In thousands, except per share information)

	13-Weeks Ended	
	March 26, 2005	**March 27, 2004**
Net sales	$192,651	$158,329
Cost of goods sold	89,453	77,878
Gross profit	103,198	80,451
Selling, general and administrative expenses	20,518	16,642
Research and development expense	16,928	14,220
	37,446	30,862
Operating income	65,752	49,589
Other income (expense):		
Interest income	3,901	1,896
Interest expense	(2)	(10)
Foreign currency	(11,138)	(7,564)
Other	297	(43)
	(6,942)	(5,721)
Income before income taxes	58,810	43,868
Income tax provision	11,409	9,212
Net income	$47,401	$34,656
Net income per share:		
Basic	$0.44	$0.32
Diluted	$0.43	$0.32
Weighted average common shares outstanding:		
Basic	108,408	108,197
Diluted	109,421	109,182

See accompanying notes.

Garmin Ltd. And Subsidiaries

Condensed Consolidated Statements of Cash Flows (Unaudited)

(In thousands)

	13-Weeks Ended	
	March 26, 2005	**March 27, 2004**
Operating Activities:		
Net income	$47,401	$34,656
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	4,070	2,791
Amortization	5,372	2,665
Loss (gain) on sale of property and equipment	(140)	105
Provision for doubtful accounts	146	116
Deferred income taxes	1,596	(8)
Foreign currency translation gains/losses	15,116	9,564
Provision for obsolete inventories	2,346	2,528
Changes in operating assets and liabilities:		
Accounts receivable	8,440	5,987
Inventories	(11,943)	1,602
Other current assets	(337)	(1,909)
Accounts payable	(14,346)	(12,719)
Other current liabilities	(10,558)	(1,072)
Income taxes	(4,316)	7,969
Net cash provided by operating activities	42,847	52,275
Investing activities:		
Purchases of property and equipment	(11,777)	(17,779)
Purchase of intangible assets	(177)	(329)
Purchase of marketable securities, net	(33,162)	(27,015)
Change in restricted cash	(22)	-
Proceeds from sale of property and equipment	-	25
Net cash provided by investing activities	(45,138)	(45,098)
Financing activities:		
Proceeds from issuance of common stock	1,104	680
Net cash provided by financing activities	1,104	680
Effect of exchange rate changes on cash and cash equivalents	471	180
Net increase in cash and cash equivalents	(716)	8,037
Cash and cash equivalents at beginning of period	249,909	274,329
Cash and cash equivalents at end of period	$249,193	$282,366

See accompanying notes.

Garmin Ltd. and Subsidiaries

Notes to Condensed Consolidated Financial Statements (Unaudited)

March 26, 2005
(In thousands, except share and per share information)

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the 13-week period ended March 26, 2005 are not necessarily indicative of the results that may be expected for the year ended December 31, 2005.

The condensed consolidated balance sheet at December 25, 2004 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 25, 2004.

The Company's fiscal year is based on a 52-53 week period ending on the last Saturday of the calendar year. Therefore the financial results of certain fiscal years, and the associated 14-week quarters, will not be exactly comparable to the prior and subsequent 52-week fiscal years and the associated quarters having only 13 weeks. The quarters ended March 26, 2005 and March 27, 2004 both contain operating results for 13 weeks.

2. Inventories

The components of inventories consist of the following:

	March 26, 2005	December 25, 2004
Raw materials	$72,233	$69,036
Work-in-process	34,868	29,959
Finished goods	70,083	67,274
Inventory reserves	(10,755)	(11,289)
Inventory, net of reserves	$166,429	$154,980

3. Stock Purchase Plan

The Board of Directors approved a share repurchase program on April 21, 2004, authorizing the Company to purchase up to 3.0 million shares of Garmin Ltd.'s common stock as market and business conditions warrant. The share repurchase authorization expires on April 30, 2006. 100,000 shares have been repurchased and retired under this plan as of March 26, 2005. These amounts have been reported as a reduction in additional paid-in capital because companies incorporated in the Cayman Islands are not permitted by law to hold treasury stock.

4. Long Term Debt

Garmin had no long-term debt as of March 26, 2005 or December 25, 2004.

5. Earnings Per Share

The following table sets forth the computation of basic and diluted net income per share (in thousands, except per share information):

	13-Weeks Ended	
	March 26, 2005	**March 27, 2004**
Numerator:		
Numerator for basic and diluted net income per share - net income	$47,401	$34,656
Denominator:		
Denominator for basic net income per share – weighted-average common shares	108,408	108,197
Effect of dilutive securities – employee stock options	1,013	985
Denominator for diluted net income per share – adjusted weighted-average common shares	109,421	109,182
Basic net income per share	$0.44	$0.32
Diluted net income per share	$0.43	$0.32

There were 542,859 antidilutive options for the 13-week period ended March 26, 2005.

6. Comprehensive Income

Comprehensive income is comprised of the following (in thousands):

	13-Weeks Ended	
	March 26, 2005	**March 27, 2004**
Net income	$47,401	$34,656
Translation adjustment	18,745	12,382
Change in fair value of available-for-sale marketable securities, net of deferred taxes	(3,561)	(1,175)
Comprehensive income	$62,585	$45,863

7. Segment Information

Revenues and income before income taxes for each of the Company's reportable segments are presented below:

	13-Weeks Ended			
	March 26, 2005		March 27, 2004	
	Consumer	Aviation	Consumer	Aviation
Sales to external customers	$137,475	$55,176	$123,499	$34,830
Income before income taxes	$36,306	$22,504	$34,060	$9,808

Revenues and long-lived assets (property and equipment) by geographic area are as follows for the 13-week periods ended March 26, 2005 and March 27, 2004:

	North America	Asia	Europe	Total
March 26, 2005				
Sales to external customers	$132,629	$9,685	$50,337	$192,651
Long-lived assets	$134,513	$45,357	$472	$180,342
March 27, 2004				
Sales to external customers	$107,364	$7,089	$43,876	$158,329
Long-lived assets	$87,092	$32,860	$451	$120,403

8. Stock Compensation Plans

Accounting for Stock-Based Compensation

At March 26, 2005, the Company has two stock-based employee compensation plans. The Company accounts for those plans under the recognition and measurement principles of APB Opinion No. 25, *Accounting for Stock Issued to Employees*, and related Interpretations. No stock-based employee compensation cost is reflected in net income, as all options granted under those plans had an exercise price equal to the market value of the underlying common stock on the date of grant. The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123, *Accounting for Stock-Based Compensation*, to stock-based employee compensation.

	13-Weeks Ended	
	March 26, 2005	**March 27, 2004**
Net income as reported	$47,401	$34,656
Deduct: Total stock-based employee compensation expense determined under fair-value based method for all awards, net of tax effects	(1,616)	(987)
Pro forma net income	$45,785	$33,669
Net income per share as reported:		
Basic	$0.44	$0.32
Diluted	$0.43	$0.32
Pro forma net income per share:		
Basic	$0.42	$0.31
Diluted	$0.42	$0.31

2000 Non-employee Directors' Option Plan

In October 2000, the stockholders adopted a stock option plan for non-employee directors (the Directors Plan) providing for grants of options for up to 50,000 common shares of the Company's stock. The term of each award is ten years. All awards vest evenly over a three-year period. During 2004, 2003, and 2002, options to purchase 6,621, 3,648, and 5,058 shares, respectively, were granted under this plan.

2000 Equity Incentive Plan

Also in October 2000, the stockholders adopted an equity incentive plan (the Plan) providing for grants of incentive and nonqualified stock options and "other" stock compensation awards to employees of the Company and its subsidiaries, pursuant to which up to 3,500,000 shares of common stock are available for issuance. The stock options generally vest over a period of five years or as otherwise determined by the Board of Directors or the Compensation Committee and generally expire ten years from the date of grant, if not exercised. Option activity under the Plan during the first quarter of 2005, and full years 2004 and 2003 is summarized below. There have been no "other" stock compensation awards granted under the Plan.

A summary of the Company's stock option activity and related information under the Plan and the Directors' Plan for the period ended March 26, 2005 and year ended December 25, 2004 is provided below:

	Weighted-Average Exercise Price	**Number of Shares** (In Thousands)
Outstanding at December 27, 2003	28.42	2,257
Granted	39.74	703
Exercised	17.12	(202)
Canceled	32.15	(33)
Outstanding at December 25, 2004	32.12	2,725
Granted	-	-
Exercised	**21.29**	**(102)**
Canceled	**32.08**	**(19)**
Outstanding at March 26, 2005	**32.54**	**2,604**

There were no options granted during the 13-week periods ended March 26, 2005 and March 27, 2004, respectively.

The weighted-average remaining contract life for options outstanding at March 26, 2005 is 7.77 years. Options outstanding at March 26, 2005 have exercise prices ranging from $14.00 to $54.54. At March 26, 2005, options to purchase 847,370 shares are exercisable.

9. Warranty Reserves

The Company's products sold are generally covered by a warranty for periods ranging from one to two years. The Company's estimate of costs to service its warranty obligations are based on historical experience and expectation of future conditions and are recorded as a liability on the balance sheet. The following reconciliation provides an illustration of changes in the aggregate warranty reserve.

	13-Weeks Ended	
	March 26, 2005	March 27, 2004
Balance - beginning of the period	$15,518	$8,399
Accrual for products sold during the period	5,136	5,282
Expenditures	(5,876)	(3,818)
Balance - end of the period	$14,778	$9,863

10. Commitments

Pursuant to certain supply agreements, the Company is contractually committed to make purchases of approximately $90 million over the next 3 years.

11. Recent Accounting Pronouncements

In December 2004, the FASB issued SFAS No. 123(R), "Share-Based Payment", which is a revision of SFAS No. 123. SFAS No.123 (R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values. As permitted by SFAS No. 123, the company currently accounts for share-based payments to employees using APB Opinion No. 25's intrinsic value method and, as such, generally recognizes no compensation cost for employee stock options at the date of grant. Accordingly, the adoption of SFAS No.123(R)'s fair value method will have a significant impact on our result of operations, although it will have no impact on our overall financial position. The impact of adoption of SFAS No.123(R) cannot be predicted at this time because it will depend on levels of share-based payments granted in the future. However, had we adopted SFAS No.123(R) in prior periods, the impact of that standard would have approximated the impact of SFAS No.123 as described in the disclosure of pro forma net income and earnings per share as noted above. SFAS No.123(R) also requires the benefits of tax deductions in excess of recognized compensation cost to be reported as a financing cash flow, rather than as an operating cash flow as required under current literature. This requirement will reduce net operating cash flows and increase net financing cash flows in periods after adoption.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The discussion set forth below, as well as other portions of this Quarterly Report, contains statements concerning potential future events. Such forward-looking statements are based upon assumptions by our management, as of the date of this Quarterly Report, including assumptions about risks and uncertainties faced by the Company. Readers can identify these forward-looking statements by their use of such verbs as expects, anticipates, believes or similar verbs or conjugations of such verbs. If any of our assumptions prove incorrect or should unanticipated circumstances arise, our actual results could materially differ from those anticipated by such forward-looking statements. The differences could be caused by a number of factors or combination of factors including, but not limited to, those factors identified in the Company's Annual Report on Form 10-K for the year ended December 25, 2004. This report has been filed with the Securities and Exchange Commission (the "SEC" or the "Commission") in Washington, D.C. and can be obtained by contacting the SEC's public reference operations or obtaining it through the SEC's web site on the World Wide Web at http://www.sec.gov. Readers are strongly encouraged to consider those factors when evaluating any forward-looking statement concerning the Company. The Company will not update any forward-looking statements in this Quarterly Report to reflect future events or developments.

The information contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the Condensed Consolidated Financial Statements and Notes thereto included in this Form 10-Q and the audited financial statements and notes thereto in the Company's Annual Report on Form 10-K for the year ended December 25, 2004.

The Company is a leading worldwide provider of navigation, communications and information devices, most of which are enabled by Global Positioning System, or GPS, technology. We operate in two business segments, the consumer and aviation markets. Both of our segments offer products through our network of independent dealers and distributors. However, the nature of products and types of customers for the two segments vary significantly. As such, the segments are managed separately. Our consumer segment includes portable GPS receivers and accessories for marine, recreation, land and automotive use sold primarily to retail outlets. Our aviation products are portable and panel-mount avionics for Visual Flight Rules and Instrument Flight Rules navigation and are sold primarily to retail outlets and certain aircraft manufacturers.

Results of Operations

The following table sets forth our results of operations as a percentage of net sales during the periods shown:

	13-Weeks Ended	
	March 26, 2005	March 27, 2004
Net sales	100.0%	100.0%
Cost of goods sold	46.4%	49.2%
Gross profit	53.6%	50.8%
Research and development	8.8%	9.0%
Selling, general and administrative	10.7%	10.5%
Total operating expenses	19.5%	19.5%
Operating income	34.1%	31.3%
Other income (expense), net	(3.6%)	(3.6%)
Income before income taxes	30.5%	27.7%
Provision for income taxes	5.9%	5.8%
Net income	24.6%	21.9%

The following table sets forth our results of operations (in thousands) for each of our two segments through income before income taxes during the periods shown. For each line item in the table, the total of the consumer and aviation segments' amounts equals the amount in the condensed consolidated statements of income included in Item 1.

	13-Weeks Ended			
	March 26, 2005		March 27, 2004	
	Consumer	Aviation	Consumer	Aviation
Net sales	$137,475	$55,176	$123,499	$34,830
Cost of goods sold	70,971	18,482	64,028	13,850
Gross profit	66,504	36,694	59,471	20,980
Operating expenses:				
Selling, general and administrative	14,840	5,678	12,498	4,144
Research and development	8,921	8,007	7,202	7,018
Total operating expenses	23,761	13,685	19,700	11,162
Operating income	42,743	23,009	39,771	9,818
Other income (expense), net	(6,437)	(505)	(5,711)	(10)
Income before income taxes	$36,306	$22,504	$34,060	$9,808

Comparison of 13-Weeks Ended March 26, 2005 and March 27, 2004

Net Sales

	13-weeks ended March 26, 2005		13-weeks ended March 27, 2004		Quarter over Quarter	
	Net Sales	% of Revenues	Net Sales	% of Revenues	$ Change	% Change
Consumer	$137,475	71.4%	$123,499	78.0%	$13,976	11.3%
Aviation	55,176	28.6%	34,830	22.0%	$20,346	58.4%
Total	$192,651	100.0%	$158,329	100.0%	$34,322	21.7%

Increases in consumer sales for the 13-week period ended March 26, 2005 were primarily due to increased demand across nearly all product lines. Increases in aviation sales were due to revenues from both panel-mount and portable products as well as increased shipments to aviation OEM customers for the 13-week period ended March 26, 2005. Approximately 31% of sales in the first quarter of 2005 were generated from products introduced in the last twelve months.

Total consumer and aviation unit sales increased 22% to 584,000 in the first quarter of 2005 from 478,000 in the same period of 2004. The higher unit sales volume in the first quarter of fiscal 2005 was primarily attributable to the introduction of new products in the prior twelve months, as well as strength in our existing product lines. Unit growth occurred in both consumer and aviation segments.

Gross Profit

	13-weeks ended March 26, 2005		13-weeks ended March 27, 2004		Quarter over Quarter	
	Gross Profit	% of Revenues	Gross Profit	% of Revenues	$ Change	% Change
Consumer	$66,504	48.4%	$59,471	48.2%	$7,033	11.8%
Aviation	36,694	66.5%	20,980	60.2%	15,714	74.9%
Total	$103,198	53.6%	$80,451	50.8%	$22,747	28.3%

Gross profit improvements within the consumer segment in the quarter ended March 26, 2005, when compared to the same quarter in 2004, were driven primarily by reduced transition costs, improved product mix within the segment, and better component pricing.

Aviation gross margin improvements were primarily a result of favorable product mix and reduced G1000 cockpit program costs versus the same quarter of 2004.

Selling, General and Administrative Expenses

	13-weeks ended March 26, 2005		13-weeks ended March 27, 2004		Quarter over Quarter	
	Selling, General & Admin. Expenses	% of Revenues	Selling, General & Admin. Expenses	% of Revenues	$ Change	% Change
Consumer	$14,840	10.8%	$12,498	10.1%	$2,342	18.7%
Aviation	$5,678	10.3%	4,144	11.9%	1,534	37.0%
Total	$20,518	10.7%	$16,642	10.5%	$3,876	23.3%

The increase in expense was driven primarily by increased advertising costs ($2.4 million), legal and accounting fees ($0.7 million), Oracle consulting costs ($0.4 million), and increased call center expense ($0.3 million).

Research and Development Expense

	13-weeks ended March 26, 2005		13-weeks ended March 27, 2004		Quarter over Quarter	
	Research & Development	% of Revenues	Research & Development	% of Revenues	$ Change	% Change
Consumer	$8,921	6.5%	$7,202	5.8%	$1,719	23.9%
Aviation	8,007	14.5%	7,018	20.1%	989	14.1%
Total	$16,928	8.8%	$14,220	9.0%	$2,708	19.0%

The increase in expense was due to ongoing development activities for new products, and the addition of 72 new engineering personnel to our staff since March 2004 and an increase in engineering program costs during the first quarter of 2005 as a result of our continued emphasis on product innovation.

Operating Income

	13-weeks ended March 26, 2005		13-weeks ended March 27, 2004		Quarter over Quarter	
	Operating Income	% of Revenues	Operating Income	% of Revenues	$ Change	% Change
Consumer	$42,743	31.1%	$39,771	32.2%	$2,972	7.5%
Aviation	23,009	41.7%	9,818	28.2%	13,191	134.4%
Total	$65,752	34.1%	$49,589	31.3%	$16,163	32.6%

Operating income rose as a percent of revenue as a result of product mix shift that included more sales of new, higher-margin products, offset in part by increased research and development costs, legal and accounting fees, increased marketing and call center costs, and Oracle implementation costs.

Other Income (Expense)

	13-weeks ended March 26, 2005	13-weeks ended March 27, 2004
Interest Income	$3,901	$1,896
Interest Expense	(2)	(10)
Foreign Currency Exchange	(11,138)	(7,564)
Other	297	(43)
Total	($6,942)	($5,721)

The average taxable equivalent interest rate return on invested cash during the first quarter of 2005 was 2.7% compared to 1.5% during the same quarter of 2004.

The $11.1 million currency loss was due to the weakening of the U.S. Dollar compared to the Taiwan Dollar during the first quarter of fiscal 2005, when the exchange rate decreased to 31.49 TD/USD at March 26, 2005 from 32.19 TD/USD at December 25, 2004. The $7.6 million loss in the same quarter of 2004 was due to the weakening of the U.S. Dollar compared to the Taiwan Dollar during the first quarter of fiscal 2004, when the exchange rate decreased to 33.27 TD/USD at March 27, 2004 from 34.05 TD/USD at December 27, 2003.

Income Tax Provision

Income tax expense increased by $2.2 million, to $11.4 million, for the 13-week period ended March 26, 2005 from $9.2 million for the 13-week period ended March 27, 2004 due to our higher income before taxes. The effective tax rate fell to 19.4% from 21.0% due to incremental tax holidays applied for in Taiwan during 2004 and the first quarter of 2005.

Net Income

As a result of the above, net income increased 36.6% for the 13-week period ended March 26, 2005 to $47.4 million compared to $34.7 million for the 13-week period ended March 27, 2004.

Liquidity and Capital Resources

Net cash generated by operating activities was $42.8 million for the 13-week period ended March 26, 2005 compared to $52.3 million for the 13-week period ended March 27, 2004. We attempt to carry sufficient inventory levels of finished goods and key components so that potential supplier shortages have as minimal an impact as possible on our ability to deliver our finished products. We experienced a $11.4 million increase in inventory at March 26, 2005 when compared to inventory on December 25, 2004. Inventory levels increased year-to-date in 2005 primarily due to higher sales volumes during the year and the accumulation of components ahead of manufacturing product necessary to meet demand during the second quarter of 2005. Accounts receivable decreased $8.4 million due to payments received on the shipment of new products into the retail channel during the first quarter of 2005.

Cash flow from investing activities during the 13-week period ending March 26, 2005 was a $45.1 million use of cash. Cash flow used in investing activities principally related to $11.8 million in capital expenditures primarily related to business operation and maintenance activities, the net purchase of $33.1 million of fixed income securities associated with the investment of our on-hand cash balances, and the payment of prepaid license fees of $0.2 million as a result of long-term agreements with key suppliers to achieve favorable pricing. It is management's goal to invest the on-hand cash consistent with the Company's investment policy, which has been approved by the Board of Directors. The investment policy's primary purpose is to preserve capital, maintain an acceptable degree of liquidity, and maximize yield within the constraint of maximum safety. The Company's average taxable equivalent return on its investments during the period was approximately 2.7%.

Cash flow from financing activities during the period was a $1.1 million source of cash, which represents the issuance of common stock related to our Company stock option plan.

We currently use cash flow from operations to fund our capital expenditures and to support our working capital requirements. We expect that future cash requirements will principally be for capital expenditures, working capital requirements, repurchase of shares, and payment of dividends declared.

We believe that our existing cash balances and cash flow from operations will be sufficient to meet our projected capital expenditures, working capital, repurchase of shares, and other cash requirements at least through the end of fiscal 2005.

Contractual Obligations and Commercial Commitments

Pursuant to certain supply agreements, the Company is contractually committed to make purchases of approximately $90 million over the next 3 years.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market Sensitivity

We have market risk primarily in connection with the pricing of our products and services and the purchase of raw materials. Product pricing and raw material costs are both significantly influenced by semiconductor market conditions. Historically, during cyclical economic downturns, we have been able to offset pricing declines for our products through a combination of improved product mix and success in obtaining price reductions in raw material costs. In recent quarters we have experienced an increase in raw materials costs and an increase in the sale of lower-margin products as a part of the product mix, resulting in reduced gross margins.

Inflation

We do not believe that inflation has had a material effect on our business, financial condition or results of operations. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could adversely affect our business, financial condition and results of operations.

Foreign Currency Exchange Rate Risk

The operation of the Company's subsidiaries in international markets results in exposure to movements in currency exchange rates. The potential of volatile foreign exchange rate fluctuations in the future could have a significant effect on our results of operations.

The principal currency involved is the Taiwan Dollar. Garmin Corporation, located in Shijr, Taiwan, uses the local currency as its functional currency. The Company translates all assets and liabilities at year-end exchange rates and income and expense accounts at average rates during the year. In order to minimize the effect of the currency exchange fluctuations on our operations, we have elected to retain most of our cash at our Taiwan subsidiary in U.S. dollars. As discussed above, the exchange rate increased 0.2% during the first three months of 2005 and resulted in a foreign currency loss of $11.1 million. If the exchange rate increased by a similar percentage, a comparable foreign currency gain would be recognized.

Interest Rate Risk

As of March 26, 2005, we have no interest rate risk as we have no outstanding long term debt.

Item 4. Controls and Procedures

(a) *Evaluation of disclosure controls and procedures.* The Company maintains a system of disclosure controls and procedures that are designed to provide reasonable assurance that information, which is required to be timely disclosed, is accumulated and communicated to management in a timely fashion. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. As of March 26, 2005, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded as of March 26, 2005 that our disclosure controls and procedures were effective such that the information relating to the Company, required to be disclosed in our Securities and Exchange Commission ("SEC") reports (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (ii) is accumulated and communicated to the Company's management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

(b) *Changes in internal control over financial reporting*. There has been no change in the Company's internal controls over financial reporting that occurred during the Company's fiscal quarter ended March 26, 2005 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II - Other Information

Item 1. Legal Proceedings

From time to time the Company is involved in litigation arising in the course of its operations. As of May 2, 2005, the Company was not a party to any legal proceedings that management believes would have a material adverse effect upon the consolidated results of operations or financial condition of the Company.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The Board of Directors approved a share repurchase program on April 21, 2004, authorizing the Company to purchase up to 3,000,000 shares of the Company as market and business conditions warrant. The share repurchase authorization expires on April 30, 2006. No shares were repurchased in the fiscal quarter ended March 26, 2005.

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

Not applicable

Item 6. Exhibits

Exhibits

Exhibit 31.1	Certification of Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a) or 15d-14(a).
Exhibit 31.2	Certification of Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a) or 15d-14(a).
Exhibit 32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
Exhibit 32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibits 32.1 and 32.2 shall not be deemed “filed” for the purposes of or otherwise subject to the liabilities under Section 18 of the Securities Exchange Act of 1934 and shall not be deemed to be incorporated by reference into the filings of the Company under the Securities Act of 1933.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GARMIN LTD.

By /s/ Kevin Rauckman
Kevin Rauckman
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

Dated: May 4, 2005

INDEX TO EXHIBITS

EXHIBIT 31.1

CERTIFICATION

I, Min H. Kao, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Garmin Ltd.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;.

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities particularly during the period in which this annual report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2005 By *\/s/* Min H. Kao

Min H. Kao
Chairman and
Chief Executive Officer

CERTIFICATION

I, Kevin Rauckman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Garmin Ltd.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;.

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities particularly during the period in which this annual report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2005 By /s/ Kevin Rauckman

Kevin Rauckman
Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Garmin Ltd. (the "Company") on Form 10-Q for the period ending March 26, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Min H. Kao, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 4, 2005

By /s/ Min H. Kao

Min H. Kao
Chairman and
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Garmin Ltd. (the "Company") on Form 10-Q for the period ending March 26, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kevin Rauckman, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 4, 2005

By /s/ Kevin Rauckman

Kevin Rauckman
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.