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

FORM 10-K

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

For the fiscal year ended December 27, 2003

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	**98-0229227**
(State or other jurisdiction of incorporation or organization)	(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	N/A
(Address of principal executive offices)	(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act: **None**
Securities registered pursuant to Section 12(g) of the Act:

Common Shares, $0.01 Per Share Par Value
(Title of Class)

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Company's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [Ö]

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

Aggregate market value of the voting and non-voting common shares held by non-affiliates of the Company as of June 27, 2003, the last business day of the Company's most recently completed second fiscal quarter, based on the closing price of the Company's common shares on the Nasdaq Stock Market for that date

Common Shares, $.01 par value – $ 2,532,348,456

Number of shares outstanding of the Company's common shares as of March 1, 2004:

Common Shares, $.01 par value – 108,201,576

Documents incorporated by reference:

Portions of the following document are incorporated herein by reference into Part III of the Form 10-K as indicated:

Document	**Part of Form 10-K into which Incorporated**
Company's Definitive Proxy Statement for the 2004 Annual Meeting of Shareholders which will be filed no later than 120 days after December 27, 2003	Part III

Garmin Ltd.

2003 Form 10-K Annual Report

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GARMIN, the GARMIN logo, the GARMIN globe design, the GARMIN "swoosh"' design, APOLLO, BLUECHART, CITY SELECT, DCG, ETREX, ETREX CAMO, ETREX LEGEND, ETREX SUMMIT, ETREX VENTURE, ETREX VISTA, GNC, GPS II, GPS III, GPS V, GPSMAP, GUIDANCE BY GARMIN, IQUE, MAPSOURCE, METROGUIDE, NAVTALK, PERSONAL NAVIGATOR, RINO, SEE-THRU, STREETPILOT, and TRACBACK are included among the registered trademarks of Garmin, and FORERUNNER, FORETREX, G1000, GEKO, ION, QUE, and WAAS ENABLED are included among the trademarks of Garmin Ltd. or its subsidiaries. All other trademarks and trade names referred to in this Form 10-K are the property of their respective owners.

CAUTIONARY STATEMENT WITH RESPECT TO FORWARD-LOOKING COMMENTS

The discussions set forth in this Annual Report on Form 10-K contain statements concerning potential future events. Such forward-looking statements are based upon assumptions by the Company's management, as of the date of this Annual Report, including assumptions about risks and uncertainties faced by the Company. In addition, management may make forward-looking statements orally or in other writings, including, but not limited to, in press releases, in the annual report to shareholders and in the Company's other filings with the Securities and Exchange Commission. 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. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their date. If any of management's assumptions prove incorrect or should unanticipated circumstances arise, the Company's 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 Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations", of this Form 10-K under the heading "Company-Specific Trends and Risks". Readers are strongly encouraged to consider those factors when evaluating any forward-looking statements concerning the Company. The Company does not undertake to update any forward-looking statements in this Annual Report to reflect future events or developments.

Part I

Item 1. Business

This discussion of the business of Garmin Ltd. ("Garmin" or the "Company") should be read in conjunction with, and is qualified by reference to, "Management's Discussion and Analysis of the Company's Financial Condition and Results of Operations" ("MD&A") under Item 7 herein and the information set forth in response to Item 101 of Regulation S-K in such Item 7 is incorporated herein by reference in partial response to this Item 1. Garmin has two business segments – Consumer and Aviation. Pursuant to Rule 12b-23 under the Securities Exchange Act of 1934, as amended, the segment and geographic information included in Item 8, "Financial Statements and Supplementary Data", Note 10 is incorporated herein by reference in partial response to this Item 1.

Garmin was incorporated in the Cayman Islands on July 24, 2000 as a holding company for Garmin Corporation, a Taiwan corporation, in order to facilitate a public offering of Garmin shares in the United States. Garmin owns, directly or indirectly, all of the operating companies in the Garmin group.

Garmin's annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statement and Forms 3, 4 and 5 filed on behalf of directors and executive officers and all amendments to those reports will be made available free of charge through the Investor Relations section of Garmin's Internet website (http://www.garmin.com) as soon as reasonably practicable after such material is electronically filed with, or furnished to, the Securities and Exchange Commission.

The reference to Garmin's website address does not constitute incorporation by reference of the information contained on this website and such information should not be considered part of this report on Form 10-K.

Recent Developments in the Company's Business

Acquisition of UPS Aviation Technologies, Inc.

On August 22, 2003, Garmin's subsidiary, Garmin International, Inc. completed the acquisition of all the outstanding stock of UPS Aviation Technologies, Inc., a subsidiary of United Parcel Services, Inc., for $38 million in cash. The name of the acquired company has since been changed to Garmin AT, Inc.

Garmin AT, Inc. is located in Salem, Oregon and had 145 employees as of December 31, 2003. The acquisition is expected to provide Garmin with additional resources for developing and manufacturing products for the aviation market. The acquisition also provided Garmin with a range of additional aviation products, including the CNX80 Global Positioning System ("GPS") navigation receiver, which is the first fully-integrated panel-mounted GPS receiver certified by the Federal Aviation Administration ("FAA") for primary means navigation using the FAA's Wide Area Augmentation System ("WAAS").

New Consumer Product Introductions

Garmin began shipping the iQue® 3600 in July 2003. The iQue 3600 is the Company's first personal digital assistant (PDA) product. The iQue 3600 is a Palm® operating system based PDA with fully-integrated GPS navigation technology, including color maps, automatic route calculation and turn-by-turn navigation with voice prompts.

In August 2003, Garmin began shipping the StreetPilot® 2610 and in September 2003 Garmin began shipping the StreetPilot 2650, two new models for portable automotive applications. Both models feature a high resolution color display with touchscreen, fast map drawing and route calculation and a remote control.

In November 2003, Garmin began shipping the Forerunner™ 201, an integrated personal training product for running and other athletic applications which uses a GPS sensor to provide data on speed, training time, distance, lap time and other information.

New Aviation Product Introductions

In 2003, Garmin announced that Cessna Aircraft Company selected Garmin's G-1000™ integrated avionics system as standard equipment for Cessna's new Citation Mustang business jet and as optional equipment for certain Cessna single-engine piston aircraft. Cessna expects the Citation Mustang to be in production in 2006. Also in 2003, Garmin announced that Diamond Aircraft selected the G-1000 system as standard equipment for its DA42 TwinStar twin-engine piston aircraft and as optional equipment for its DA40 Diamond Star single-engine piston aircraft. The G-1000 system is expected to be available in the second quarter of 2004.

NASDAQ-100 Index

In December 2003, Garmin was added to the NASDAQ-100 Index®. The NASDAQ-100 Index is composed of the 100 largest non-financial stocks on the NASDAQ Stock Market based on market capitalization.

Debt Retirement

On June 2, 2003, Garmin's subsidiary, Garmin International, Inc. purchased all $20 million of its outstanding industrial revenue bonds issued in 2000 (City of Olathe, Kansas Taxable Industrial Revenue Bonds, Garmin International, Inc. Project, Series 2000). This action retired all of the long-term debt of Garmin Ltd. and its subsidiaries.

Company Overview

Garmin is a leading, worldwide provider of navigation, communications and information devices, most of which are enabled by GPS technology. Garmin designs, develops, manufactures and markets under the GARMIN brand a diverse family of hand-held, portable and fixed mount GPS-enabled products and other navigation, communications and information products for the general aviation and consumer markets. Each of Garmin's GPS products utilizes its proprietary integrated circuit and receiver designs to collect, calculate and display location, direction, speed and other information in forms optimized for specific uses.

Overview of the Global Positioning System

The Global Positioning System is a worldwide navigation system which enables the precise determination of geographic location using established satellite technology. The system consists of a constellation of orbiting satellites. The satellites and their ground control and monitoring stations are maintained and operated by the United

States Department of Defense, which maintains an ongoing satellite replenishment program to ensure continuous global system coverage. Access to the system is provided free of charge by the U.S. government.

Reception of GPS signals from the satellites requires line-of-sight visibility between the satellites and the receiver. GPS receivers generally do not work indoors and when a receiver is outside, buildings, hills and dense foliage can attenuate or block reception. GPS receivers can be very compact, and it is not necessary to have a large dish antenna to receive GPS signals.

Prior to May 2000, the U.S. Department of Defense intentionally degraded the accuracy of civilian GPS signals in a process known as Selective Availability (''SA'') for national security purposes. SA variably degraded GPS position accuracy to a radius of 100 meters. On May 2, 2000, the U.S. Department of Defense discontinued SA. With SA removed, a GPS receiver can calculate its position to an accuracy of approximately 10 meters or less, enhancing the utility of GPS for most applications.

The accuracy and utility of GPS can be enhanced even further through augmentation techniques which compute any remaining errors in the signal and broadcast these corrections to a GPS device. The Federal Aviation Administration ("FAA") is developing a Wide Area Augmentation System (''WAAS'') comprising ground reference stations and additional satellites which will improve the accuracy of GPS positioning available in the United States and portions of Canada and Mexico to approximately 3 meters. WAAS is intended to support the use of GPS as the primary means of enroute, terminal and approach navigation for aviation in the United States. The increased accuracy offered by WAAS is expected also to enhance the utility of WAAS-enabled GPS receivers for consumer applications. The FAA announced on July 11, 2003 that the WAAS system had achieved initial operating capability and that the system was available for instrument flight use with appropriately certified avionics equipment.

Products

Garmin has achieved a leading market position and a record of growth in revenues and profits by offering ergonomically designed, user friendly products with innovative features and designs covering a broad range of applications and price points.

Garmin's target markets currently consist of the consumer segment, which primarily includes marine, recreational and automotive products, and the aviation segment, which consists of panel mount and portable products for use in general aviation aircraft.

While the marine, recreational, automotive and aviation product lines will continue to be the core of Garmin's business in the near-term, GPS capabilities are becoming increasingly commercially viable in a wide range of consumer products and services, including wireless consumer and mobile information devices (such as Family Radio Service and General Mobile Radio Service two-way radios and personal digital assistants). Garmin's goal is to take advantage of its brand name and its product development experience to expand its product line in these markets.

Consumer

Garmin currently offers a wide range of consumer products, including handheld GPS receivers, two-way radios with integrated GPS receivers, GPS-enabled portable digital assistants, portable automotive navigation devices and fixed-mount GPS/Sounder products. Garmin believes that its consumer products are known for their value leadership, high performance, innovation and ergonomics. Garmin's iQue 3600 portable digital assistant with integrated GPS won the 2003 Consumer Electronics Association Best of Innovations award in the mobile office category.

Garmin also offers a broad set of accessories for its products. For instance, Garmin's MapSource® CDs, which can be loaded into selected GPS products through a personal computer, provide detailed mapping information for the United States and Canada, Australia, South Africa and a number of European and Asian countries. With this information, many of Garmin's products can provide the customer with detailed information concerning business listings and points of interest. A user can choose a business listing (e.g., restaurants, hotels, and shops) and the unit will display the location of the destination on a map along with the user's location and the distance from the user's location. Some of Garmin's products offer automatic route calculation and turn-by-turn route guidance. Garmin's BlueChart® CD's and data cards, which are compatible with selected GPS chartplotter and handheld products, provide detailed nautical chart data for boaters.

The table below includes a sampling of some of the products that Garmin currently offers to consumers.

Handheld and portable consumer products:

Geko (3 models)	Miniature size low-cost GPS receivers with colorful design and easy operation.
Forerunner 201	Affordable, compact lightweight training assistant for athletes with an easy-to-read display, ergonomic wristband, and integrated GPS sensor that provides precise speed, distance, and pace data.
eTrex (6 models)	Ultra compact full feature handheld GPS design for outdoor enthusiasts. All models are waterproof and have rugged designs. The eTrex Summit and eTrex Vista have electronic compass and barometric altimeter functions. eTrex Venture has a worldwide database of cities. eTrex Legend and eTrex Vista have internal basemaps of either North and South America or Europe. eTrex Camo features a camouflaged design and a hunting and fishing almanac. In fiscal years 2003, 2002 and 2001, the eTrex class of products represented approximately 19%, 20% and 20%, respectively, of Garmin's total consolidated revenues.
StreetPilot (3 models)	Portable automotive navigation systems with basemap and MapSource compatibility allowing street level mapping, points of interest and address location functionality. Features of the StreetPilot 2610 and 2650 include "turn by turn" automatic route guidance and voice prompting, high resolution color display, remote control, touch screen, and PC/USB connection capabilities. The StreetPilot 2650 additionally features "dead reckoning" capabilities allowing for continued navigation even in the event of lost GPS reception.
GPS60C (commenced shipping in January 2004)	Lightweight, rugged and waterproof handheld with 256-color transreflective TFT color displays. Contain 56MB of internal memory for uploading mapping data from MapSource CD-ROMs and automatic route calculation with turn-by-turn directions.
GPS 72	Rugged handheld for land or marine navigation. Features include 1 MB internal memory for loading MapSource points of interest and high contrast 4-level gray scale display.
GPS 76 (3 models)	Handheld GPS with large display and a waterproof case which floats in water. Preloaded with U.S. tidal data. GPSMAP 76 has internal basemap and MapSource compatibility for street level mapping and detailed marine charts. GPSMAP 76S additionally features a barometric altimeter and an electronic compass.
GPS V	Portable GPS with "turn by turn" automatic route guidance, MapSource compatibility for street level mapping and selectable vertical or horizontal displays.
iQue 3600	Portable Digital Assistant (PDA) with integrated GPS and mapping. Features include Palm OS 5 platform with all standard Palm applications, voice recorder, flip-up integrated GPS antenna, 3.8" diagonal 320x480 pixel color display, automatic route calculation, turn-by-turn voice route guidance and patent-pending contact-locator feature

	that connects the address book and calendar to the GPS mapping features. Includes internal basemap, 32MB of internal memory, SD card expansion slot. Compatible with MapSource and BlueChart products for street-level mapping and detailed marine charts.

Marine fixed-mount units:

GPS126, 128 and 152	Low cost fixed-mount GPS units for boating with either a built-in antenna or an external antenna for exposed installations. GPS 152 has internal database of U.S. cities and navigation aids and has the compatibility of uploading points of interest data from a personal computer with MapSource CD-ROMs.
GPSMAP (10 models)	Marine GPS/plotter combinations for boating and fishing enthusiasts of different levels. Features available on different models include a variety of display sizes (ranging in size from 3.8" to 10"), high-contrast LCD graphics, monochrome 16-color or 256-color displays and the capability of uploading mapping and nautical chart data from a personal computer with MapSource and BlueChart CD-ROMs.

Sounder products:

FishFinders (7 models)	Fishfinders feature DCG® and See-Thru® technology, which aid fishermen in defining the ocean/lake bottom and spotting fish in hidden or obscured areas. Features available on different models include color displays and dual frequency transducers for optimal performance in deep water.
GPSMAP/Sounder (4 models)	''All-in-one'' product lines with GPS, chartplotter and sonar functionality. These units come with different display sizes (ranging in size from 4.2" to 7.25") and the capability of uploading mapping and nautical chart data. Certain models feature dual frequency transducers for optimal sonar performance in deep water. GPSMAP 188C features a color display.

Consumer communications products:

Rino (3 models)	Handheld two-way Family Radio Service (FRS) and General Mobile Radio Service (GMRS) radios that integrate two-way voice communications with GPS navigation. Features include patented "peer-to-peer position reporting" so you can transmit your location to another Rino radio. The Rino 120 has an internal basemap and MapSource compatibility for street-level mapping. The Rino 130 (which commenced shipping in the first quarter of 2004) has 24 MB of internal memory, built-in electronic compass, barometric sensor, and NOAA weather radio receiver.
NavTalk GSM	A handheld unit that combines a 900 MHz/1800 MHz GSM digital cellular telephone and a full-featured GPS receiver with mapping display, "turn by turn" automatic route guidance and voice prompting. Features the ability to transmit location from one unit to another unit and to location-based service companies.
VHF 720 & 725	Waterproof, portable handheld marine two-way radios with either 3-watt or 5-watt power output provide clear Very High Frequency (VHF) communication capabilities for all types of boaters.

Aviation

Garmin's panel mounted product line includes GPS-enabled navigation, VHF communications transmitters/receivers, multi-function displays, traditional VHF navigation receivers, instrument landing system (ILS) receivers, digital transponders (which transmit either an aircraft's altitude or its flight identification number in response to requests transmitted by ground-based air traffic control radar systems or air traffic avoidance devices on other aircraft), marker beacon receivers and audio panels.

Garmin's aviation products have won prestigious awards throughout the industry for their innovative features and ease of use. Garmin was the first company to offer a GPS receiver, the GPS 155/165, which met the Federal Aviation Administration's requirements for certain kinds of instrument approaches and did so a full year ahead of its competitors. The GPS 155/165 with its instrument approach capability won *Flying* Magazine's outstanding achievement award for 1994. The GNS 430/530 offers multiple features and capabilities integrated into a single product. This high level of integration minimizes the use of precious space in the cockpit, enhances the quality and safety of flight through the use of modern designs and components and reduces the cost of equipping an aircraft with modern electronics. The GNS 430 was also recognized by *Flying* Magazine as the Editor's Choice Product of the Year for 1998. In 1994 and again in 2000, Garmin earned recognition from the Aircraft Electronics Association for outstanding contribution to the general aviation electronics industry. The GPSMAP 295 won *Aviation Consumer* Magazine's Gear of the Year award for best aviation portable product in 2000 and again in 2001. Garmin won first place for avionics product support in *Professional Pilot* magazine's survey of its readers published in its January 2003 issue. Also, Garmin was ranked No. 1 among avionics manufacturers for operation, presentation, technical advancement, information, construction and satisfaction in a survey of readers of *Professional Pilot* magazine published in its January 2004 issue.

Garmin's panel mounted aviation products are sold in the retrofit market where older aircraft are fitted with the latest electronics from Garmin's broad product line. Garmin believes this market continues to have good growth potential as aircraft owners elect to upgrade their existing aircraft at a cost that is lower than purchasing a new aircraft.

Garmin has also expanded its range of aviation electronics (avionics) offerings to leading General Aviation aircraft manufacturers such as the Cessna Aircraft Company, Cirrus Design Corporation, Diamond Aircraft Industries, EADS Socata, Eurocopter, Mooney Aircraft Corporation, New Piper Aircraft Company, Raytheon Aircraft Company, Pilatus Business Aircraft, and Robinson Helicopter. Garmin anticipates further growth in its sales to the original equipment manufacturers market as its product offerings expand to include flight control systems and primary flight and multi-function display instrumentation that uses the latest display technologies.

The table below includes a sampling of some of the aviation products currently offered by Garmin:

Handheld and portable aviation products:

GPS III Pilot	Aviation style portable GPS receiver, with built-in maps and Jeppesen database.
GPSMAP 196	Portable GPS receiver with 3.8" diagonal moving map and Horizontal Situation Indicator (HSI) display with internal basemap and automatic logbook functions. Also features automatic turn-by-turn automotive routing and MapSource compatibility for street level mapping.
GPSMAP 295	A high-end portable GPS receiver designed specifically for the serious aviator. Features include a 16-color display and built-in aviation database; it can download MapSource CD-ROM information through a personal computer for street level map details.

Panel-mount aviation products:

GNC 300XL TSO	Instrument Flight Rules (''IFR'') certified product that combines a GPS receiver with VHF radio and features moving map graphics.

400 Series (3 models)	The GNS 430 was the world's first ''all-in-one'' IFR certified GPS navigation receiver/traditional VHF navigation receiver/instrument landing systems receiver and VHF communication transmitter/receiver. Features available in different 400 series models include 4-color map graphics, GPS, communication and navigation capabilities.
500 Series (2 models)	These units combine the features of the 400 series along with a larger 5" color display.
GI-102A & 106A	Course deviation indicators (CDIs). The GI-106A features an instrument landing system receiver to aid in landing.
GMA 340	A feature-rich audio panel with six-place stereo intercom and independent pilot/co-pilot communications capabilities.
GTX 320A & 327	FAA-certified transponders which transmit altitude or flight identification to air traffic control radar systems or other aircraft's air traffic avoidance devices and feature solid-state construction for longer life. The GTX 327 offers a digital display with timing functions.
GTX 330 & 330D	FAA-certified Mode S transponders with data link capability, including local air traffic information at FAA radar sites equipped with Traffic Information Service (TIS).
Apollo CNX 80	Integrated avionics unit with GPS navigation receiver certified for primary means Wide Area Augmentation System (WAAS)/GPS navigation and VHF navigation receiver/instrument landing systems receiver and VHF communication transmitter/receiver.
Apollo MX 20	Multi-function display unit featuring high resolution 6-inch active-matrix color LCD display and customizable map function.
Apollo SL 30 and SL 40	Compact UHF navigation and communications units that combine a 760-channel VHF communications radio with 200-channel glideslope and localizer receivers. The SL30 features 8 watts carrier transmit power and the SL40 features 10 watts carrier transmit power.
G1000 (expected to be available in second quarter of 2004)	Integrated avionics suite that presents navigation, communication, attitude, weather, terrain, traffic, surveillance and engine information on large high-resolution color displays.

Sales and Marketing

Garmin's consumer products are sold through a worldwide network of approximately 3,000 independent dealers and distributors in approximately 100 countries who meet our sales and customer service qualifications. No single customer represented 10% or more of Garmin's consolidated revenues in the year ended December 27, 2003. Garmin intends to selectively grow its dealer network geographically and by product lines. Marketing support is provided geographically from Garmin's offices in Olathe, Kansas (North, South and Central America), Romsey, U.K. (Europe, Middle East and Africa) and Shijr, Taiwan (Asia and Australia). Garmin's distribution strategy is intended to increase Garmin's global penetration and presence while maintaining high quality standards to ensure end-user satisfaction.

Garmin's U.S. consumer segment marketing is handled through its dealers who are serviced by a staff of regional sales managers and in-house sales associates. Some of Garmin's largest consumer products dealers include:

- *Bass Pro Shops*—a freshwater sports specialist with a sophisticated catalog sales effort and ‘‘super store’’ locations;
- *Best Buy*—one of the largest U.S. electronics retailers;
- *Boaters World*—a leading off-shore marine retailer with multiple locations;
- *Cabela’s*—a major hunting and fishing catalog retailer for the outdoor marine market with super store and destination store locations;
- *Circuit City*—a leading U.S. electronics retailer;
- *Target*—a leading mass merchandise chain of retail stores;
- *Wal-Mart*—one of the world’s largest mass retailers; and
- *West Marine*—the largest U.S. marine retailer specializing in offshore boating equipment.

Garmin’s Europe, Middle East and Africa consumer segment marketing is handled through in-country distributors who resell to dealers. Working closely with Garmin’s in-house sales and marketing staff in Romsey, U.K., these distributors are responsible for inventory levels and staff training requirements at each retail location. Garmin’s Taiwan-based marketing team handles its Asia marketing effort.

Instrument Flight Rules (“IFR”) products are sold through distributors around the world. Garmin’s largest aviation distributors include Sportsman’s Market, Tropic Aero and JA Air Center. These distributors have the training, equipment and certified staff required for at-airport installation of Garmin’s most sophisticated IFR avionics equipment. Visual Flight Rules (‘‘VFR’’) equipment, including handheld GPS receivers, are also sold through distributors and through catalogs.

In addition to the traditional distribution channels mentioned, Garmin enjoys significant market penetration with original equipment manufacturers. In the consumer market, Garmin’s products are standard equipment on boats manufactured by Allison Boats, Cigarette Racing Team, Inc., Cobalt Boats, Pro Sports Boats and Ranger Boats. In the aviation market, Garmin’s avionics are standard equipment on aircraft built by Cessna Aircraft Company, Cirrus Design Corporation, Diamond Aircraft Industries, EADS SOCATA, Eurocopter, The Lancair Company, Pilatus Business Aircraft, Mooney Aircraft Corporation, Raytheon Aircraft Company, Robinson Helicopter, Tiger Aircraft, LLC and The New Piper Aircraft Company. Other aircraft and boat manufacturers offer Garmin’s products as optional equipment.

Competition

The market for navigation, communications and information products is highly competitive. Garmin believes the principal competitive factors impacting the market for its products are design, functionality, quality and reliability, customer service, brand, price, time-to-market and availability. Garmin believes that it generally competes favorably in these areas.

Garmin believes that its principal competitors for consumer GPS-enabled product lines are Thales Navigation, Inc. (“Thales”), Lowrance Electronics Inc. (‘‘Lowrance’’), Cobra Electronics Corporation (“Cobra”), Raymarine Ltd. (“Raymarine”), Furuno Electronic Company, the Standard Vertex Division of Yaesu Co. Ltd. (“Standard”), the Northstar Technologies unit of Brunswick Corporation, Navman NZ Ltd. (“Navman”), a subsidiary of Brunswick Corporation, and Simrad AS (‘‘Simrad’’). For Garmin’s fishfinder/depth sounder product lines, Garmin believes that its principal competitors are Lowrance, Furuno, Raymarine, Simrad, Navman, and the Humminbird division of Techsonic Industries, Inc.. (‘‘Humminbird’’). Garmin believes that its principal competitors for marine VHF transceiver product lines are Standard, Shakespeare Corporation, Humminbird, Raymarine, Uniden Corporation, Simrad and Icom, Inc. For Garmin’s general aviation product lines, Garmin considers its principal competitors to be Lowrance, for portable GPS units, and Honeywell, Inc., Avidyne Corporation, L-3 Avionics Systems, Meggitt PLC, Rockwell Collins, Inc., Universal Avionics Systems Corporation, Chelton Flight Systems and Free Flight Systems for panel-mount GPS and display units. For Garmin’s Family

Radio Service and General Mobile Radio Service product line, Garmin believes that its principal competitors are Motorola, Inc. (“Motorola”), Cobra and Audiovox Corporation. For Garmin’s cellular product line, Garmin believes that its principal competitors are Nokia Oy, Telefon AB LM Ericsson, Motorola, Benefon Oy, Siemens AG (“Siemens”), Sony Corporation (“Sony”) and Samsung. For Garmin’s GPS sensor board product lines, Garmin believes its principal competitors are Furuno, Koden, Trimble Navigation, Ltd., Thales, Motorola, Philips N.V. (‘‘Philips’’) and SiRF Technology, Inc. For Garmin’s automotive product lines, Garmin considers its principal competitors to be Thales, Alpine Electronics, Inc., Cobra, Denso KK, Visteon, the On-Star Division of General Motors Corporation, Navman, Xanavi Informatics Corporation, Robert Bosch GmbH, and Siemens. For Garmin’s personal digital assistant product line, Garmin considers its principal competitors to be PalmOne, Inc., Sony, Hewlett-Packard Company, Dell Computer Corporation and Toshiba Corporation.

Research and Development

Garmin’s product innovations are driven by its strong emphasis on research and development and the close partnership between Garmin’s engineering and manufacturing teams. Garmin’s products are created by its engineering and design staff, which numbered approximately 515 people worldwide as of December 31, 2003. Garmin’s manufacturing staff includes manufacturing process engineers who work closely with Garmin’s design engineers to ensure manufacturability and manufacturing cost control for its products. Garmin’s design staff includes industrial designers, as well as software engineers, electrical engineers and mechanical engineers. Garmin believes the industrial design of its products has played an important role in Garmin’s success. Once a development project is initiated and approved, a multi-disciplinary team is created to design the product and transition it into manufacturing.

Below is a table of Garmin’s expenditures on research and development over the last three fiscal years.

	Fiscal Years Ended		
	December 27, 2003	December 28, 2002	December 29, 2001
(In thousands)			
Research and development	$43,706	$32,163	$28,164

Manufacturing and Operations

Garmin believes that one of its core competencies is its manufacturing capability at both its Shijr, Taiwan facility and its Olathe, Kansas facility. Garmin believes that its vertically integrated approach has provided it the following benefits:

Reduced time-to-market. Utilizing concurrent engineering techniques, Garmin’s products are introduced to production at an early development stage and the feedback provided by manufacturing is incorporated into the design before mass production begins. In this manner, Garmin attempts to reduce the time required to move a product from its design phase to mass production deliveries, with improved quality and yields. Reducing time to market has enabled Garmin to offer several industry firsts, such as the Rino GPS-enabled Family Radio Service/General Mobile Radio Service two-way radio, the iQue 3600 portable digital assistant with integrated GPS and mapping and the GNS 430, which integrates traditional aviation navigation and communications systems with GPS in a single package.

Design and process optimization. Garmin uses its manufacturing resources to rapidly prototype design concepts, products and processes in order to achieve higher efficiency, lower cost and better value for customers. Garmin’s ability to fully explore product design and manufacturing process concepts has enabled it to optimize its designs to minimize size and weight in GPS devices that are functional, waterproof, and rugged.

Logistical agility. Operating its own manufacturing facilities helps Garmin minimize problems, such as component shortages and long component lead times which are common in the electronics industry. Many products can be re-engineered to bypass component shortages or reduce cost and the new designs can quickly fill the distribution pipeline. Garmin reacts rapidly to changes in market demand by maintaining a safety stock of long-lead components and by rescheduling components from one product line to another.

Garmin's design and manufacturing processes are certified to ISO 9001-2000, international quality standards developed by the International Organization for Standardization. Garmin's Taiwan manufacturing facility has also achieved QS 9000 quality certification, a quality standard for automotive suppliers. In addition Garmin's aviation panel-mount products are designed and manufactured according to processes which are approved and monitored by the FAA.

Materials

Garmin purchases components for its products from a number of suppliers around the world. For certain components, Garmin relies on sole source suppliers. The failure of our suppliers to deliver components in sufficient quantities and in a timely manner could adversely affect our business.

Seasonality

Our sales are subject to some seasonal fluctuation. Typically, sales of our consumer products are highest in the second quarter, due to increased demand during the spring and summer marine season, and in the fourth quarter, due to increased demand during the holiday buying season. Sales of consumer products are also influenced by the timing of the release of new products. Our aviation products do not experience much seasonal variation, but are more influenced by the timing of the release of new products when the initial demand is typically the strongest.

Backlog

Our sales are generally of a consumer nature and there is a relatively short cycle between order and shipment. Therefore, we believe that backlog information is not material to the understanding of our business. We typically ship most orders within 72 hours of receipt.

Intellectual Property

Garmin's success and ability to compete is dependent in part on its proprietary technology. Garmin relies on a combination of patent, copyright, trademark and trade secret laws, as well as confidentiality agreements, to establish and protect our proprietary rights. As of March 1, 2004, Garmin held 141 U.S. patents that expire at various dates no earlier than 2006. As of March 1, 2004, Garmin had 153 U.S. patent applications pending. Our U.S. patents do not create any patent rights in foreign countries and we do not hold any foreign patents. In addition, Garmin often relies on licenses of intellectual property for use in its business. For example, Garmin obtains licenses for digital cartography technology for use in our products from various sources. Garmin's registered U.S. trademarks include: GARMIN; the GARMIN logo; the GARMIN globe design; the GARMIN ''swoosh'' design; APOLLO; BLUECHART; CITY SELECT; DCG; ETREX; ETREX CAMO; ETREX LEGEND; ETREX SUMMIT; ETREX VISTA; ETREX VENTURE; GNC; GPS II; GPS III; GPS V; GPSMAP; GUIDANCE BY GARMIN; IQUE; MAPSOURCE; METROGUIDE; NAVTALK; PERSONAL NAVIGATOR; RINO; SEE-THRU; STREETPILOT and TRACBACK. Our mark GARMIN and certain other trademarks have also been registered in selected foreign countries. Garmin's trademarks include FORERUNNER; FORETREX; G1000; GEKO; ION; QUE and WAAS ENABLED. Some of Garmin's patents and its registered trademarks and trademarks are owned by Garmin's subsidiaries, Garmin Corporation, Garmin International, Inc. and Garmin AT, Inc.

Garmin believes that its continued success depends on the intellectual skills of its employees and their ability to continue to innovate. Garmin will continue to file and prosecute patent applications when appropriate to attempt to protect Garmin's rights in its proprietary technologies.

It is possible that Garmin's current patents, or patents which it may later acquire, may be successfully challenged or invalidated in whole or in part. It is also possible that Garmin may not obtain issued patents for inventions it seeks to protect. It is also possible that Garmin may not develop proprietary products or technologies in the future that are patentable, or that any patent issued to Garmin may not provide it with any competitive advantages, or that the patents of others will preclude Garmin from manufacturing and marketing certain products. Legal protections afford only limited protection for Garmin's technology. Despite Garmin's efforts to protect its proprietary rights, unauthorized parties may attempt to copy aspects of Garmin's products or to obtain and use information that Garmin regards as proprietary. Litigation may be necessary in the future to enforce Garmin's intellectual property rights, to protect its trade secrets, to determine the validity and scope of the proprietary rights of others or to defend against claims of infringement or invalidity. Any resulting litigation could result in substantial costs and diversion of Garmin's resources. Garmin's means of protecting its proprietary rights may not be adequate and Garmin's competitors may independently develop similar technology.

Regulations

Garmin's aviation products that are intended for installation in type certificated aircraft are required to be certified by the FAA, its European counterpart, the Joint Aviation Authorities, and other comparable organizations before they can be used in an aircraft. The telecommunications industry is highly regulated, and the regulatory environment in which Garmin operates is subject to change. In accordance with Federal Communication Commission ("FCC") rules and regulations, wireless transceiver and cellular handset products are required to be certified by the FCC and comparable authorities in foreign countries where they are sold. Garmin's products sold in Europe are required to comply with relevant directives of the European Commission. A delay in receiving required certifications for new products or enhancements to Garmin's products or losing certification for Garmin's existing products could adversely affect its business.

Because Garmin Corporation, one of the Company's principal subsidiaries, is located in Taiwan, foreign exchange control laws and regulations of Taiwan with respect to remittances into and out of Taiwan may have an impact on Garmin's operations. The Taiwan Foreign Exchange Control Statute, and regulations thereunder, provide that all foreign exchange transactions must be executed by banks designated to handle such business by the Ministry of Finance of Taiwan and by the Central Bank of China, also referred to as the CBC. Current regulations favor trade-related foreign exchange transactions. Consequently, foreign currency earned from exports of merchandise and services may now be retained and used freely by exporters, while all foreign currency needed for the import of merchandise and services may be purchased freely from the designated foreign exchange banks. Aside from trade-related foreign exchange transactions, Taiwan companies and residents may, without foreign exchange approval, remit outside and into Taiwan foreign currencies of up to $50 million and $5 million respectively, or their equivalent, each calendar year. Currency conversions within the limits are processed by the designated banks and do not have to be reviewed and approved by the CBC. The above limits apply to remittances involving a conversion between New Taiwan Dollars and U.S. Dollars or other foreign currencies. The CBC typically approves foreign exchange in excess of the limits if a party applies with the CBC for review and presents legitimate business reasons justifying the currency conversion. A requirement is also imposed on all enterprises to register all medium and long-term foreign debt with the CBC.

Environmental Matters

Capital expenditures, earnings and the competitive position of Garmin have not been materially affected by compliance with federal, state and local environmental laws and regulations.

Employees

As of December 31, 2003, Garmin had 2,021 full-time employees worldwide, of whom 997 were in the United States, 975 were in Taiwan and 49 were in the United Kingdom. None of Garmin's employees are represented by a labor union or covered by a collective bargaining agreement. Garmin considers its employee relations to be good.

Item 2. Properties

Garmin International, Inc. and Garmin USA, Inc., occupy a 240,000 square foot facility on 41 acres in Olathe, Kansas, where all aviation panel-mount products are manufactured and Garmin products are warehoused, distributed, and supported for North, Central and South America. Garmin's subsidiary, Garmin Realty, LLC also owns an additional 46 acres of land on the Olathe site for future expansion. In connection with the bond financings for the facility in Olathe and the expansion of that facility, the City of Olathe holds the legal title to this property which is leased to Garmin's subsidiaries by the City. Upon the payment in full of the outstanding bonds, the City of Olathe is obligated to transfer title to Garmin's subsidiaries for the aggregate sum of $200. Garmin International, Inc. has purchased all the outstanding bonds and continues to hold the bonds until maturity in order to benefit from property tax abatement.

Garmin AT, Inc. leases approximately 15 acres of land in Salem, Oregon with a ground lease. This ground lease expires in 2030 but Garmin AT has the option to extend the ground lease until 2050. Garmin AT, Inc. owns and occupies a 52,000 square foot facility and a 6,000 square foot aircraft hangar on this land. Garmin AT, Inc. plans to construct a 15,000 square foot expansion to its aircraft hangar in 2004.

Garmin International, Inc. is constructing a 575,000 square foot expansion to its Olathe, Kansas facility. This building expansion is expected to be completed in 2004.

Garmin International, Inc. leases 148,320 square feet of land at New Century Airport in Gardner, Kansas under a ground lease which expires in 2026. Garmin International, Inc. owns and occupies a 25,034 square foot aircraft hangar, flight test and certification facility on this land for use in development and certification of aviation products.

Garmin's subsidiary, Garmin Corporation, owns a 249,326 square foot facility in Shijr, Taipei County, Taiwan where it manufactures all of Garmin's consumer and portable aviation products and warehouses, markets and supports products for the Pacific Rim countries. Garmin Corporation occupies 218,662 square feet at this facility and leases the remaining 30,664 square feet to third parties.

Garmin's subsidiary, Garmin (Europe) Ltd., leases an aggregate of 28,358 square feet under three leases in Romsey, England for warehousing, marketing and supporting Garmin products in Europe, Africa and the Middle East. Garmin (Europe) Ltd. also repairs products at this facility. One of these leases expires in 2010 and two of these leases expire in 2015. Garmin International, Inc. also leases an aggregate of 3,233 square feet of office space in Tempe, Arizona for software development, and Wichita, Kansas for support for Garmin's aviation original equipment manufacturer operations.

Item 3. Legal Proceedings

From time to time, Garmin may be involved in litigation relating to claims arising out of our operations. As of March 1, 2004, Garmin was not a party to any material legal proceedings.

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

No matters were submitted to a vote of shareholders of Garmin during the fourth fiscal quarter of 2003.

Executive Officers and Significant Employees of the Company

Pursuant to General Instruction G(3) of Form 10-K and instruction 3 to paragraph (b) of Item 401 of Regulation S-K, the following list is included as an unnumbered Item in Part I of this Annual Report on Form 10-K in lieu of being included in the Company's Definitive Proxy Statement in connection with its annual meeting of shareholders scheduled for June 4, 2004.

Gary L. Burrell, age 66, has served as Co-Chairman of Garmin Ltd. since August 2000. He also served as Co-Chief Executive Officer of Garmin Ltd. from August 2000 to August 2002. He has been a director of Garmin Corporation since January 1990. He served as President of Garmin Corporation from January 1990 to December 1998. Mr. Burrell has also been Chairman of Garmin International, Inc. since March 2002, a director of Garmin International, Inc. since August 1990 and he served as President of Garmin International, Inc. from August 1990 to March 2002. Mr. Burrell has been Chairman of Garmin USA, Inc. since March 2002 and a director of Garmin USA, Inc. since December 2001. He served as President of Garmin USA, Inc. from December 2001 to March 2002. Mr. Burrell has been a director and Chairman of Garmin (Europe) Ltd. since 1992. Mr. Burrell was a director of Garmin

Foreign Sales Corporation from May 1998 to December 2001 and President from July 1998 to December 2001. Mr. Burrell holds a BS degree in Electrical Engineering from Wichita State University and a MS degree in Electrical Engineering from Rensselaer Polytechnic Institute.

Dr. Min H. Kao, age 55, has served as Co-Chairman of Garmin Ltd. since August 2000. He has served as Chief Executive Officer of Garmin Ltd. since August 2002 and previously served as Co-Chief Executive Officer from August 2000 to August 2002. He has been President of Garmin Corporation since January 1999. He has also been Chairman and a director of Garmin Corporation since January 1990. Dr. Kao has been President of Garmin International, Inc. since March 2002 and a director of Garmin International, Inc. since August 1990. He served as Vice President of Garmin International, Inc. from April 1991 to March 2002. Dr. Kao has been President of Garmin USA, Inc. since March 2002 and a director of Garmin USA, Inc. since December 2001. Dr. Kao has been President of Garmin AT, Inc. and a director of Garmin AT, Inc. since August 2003. He served as Vice President of Garmin USA, Inc. from December 2001 to March 2002. He has been a director of Garmin (Europe) Ltd. since 1992. Dr. Kao was a director of Garmin Foreign Sales Corporation from May 1998 to December 2001 and Vice President from July 1998 to December 2001. Dr. Kao holds Ph.D. and MS degrees in Electrical Engineering from the University of Tennessee and a BS degree in Electrical Engineering from National Taiwan University.

Kevin S. Rauckman, age 41, has served as Chief Financial Officer and Treasurer of Garmin Ltd. since August 2000. He has been Director of Finance and Treasurer of Garmin International, Inc. since January 1999 and a director of Garmin International, Inc. since April 2001. He has been Treasurer and a director of Garmin USA, Inc. since December 2001. Mr. Rauckman has been Chief Financial Officer and Treasurer and a director of Garmin AT, Inc. since August 2003. Mr. Rauckman was a director and Treasurer of Garmin Foreign Sales Corporation from January 1999 to December 2001. Previously, Mr. Rauckman served as Director of Finance and in other finance capacities for one of Allied Signal's (now known as Honeywell International, Inc.) Aerospace units from May 1996 to January 1999 and served as Finance Manager with Unisys Corporation, a technology hardware and consulting services company, from June 1993 to April 1996. Mr. Rauckman holds BS and MBA degrees in Business from the University of Kansas.

Andrew R. Etkind, age 48, has served as General Counsel and Secretary of Garmin Ltd. since August 2000. He has been General Counsel of Garmin International, Inc. since February 1998 and Secretary since October 1998. He has been General Counsel and Secretary of Garmin USA, Inc. since December 2001. Mr. Etkind has been General Counsel and Secretary of Garmin AT, Inc. since August 2003. He has been Secretary of Garmin (Europe) Ltd. since March 2001. Previously, Mr. Etkind served as Senior Attorney for Alumax Inc., a manufacturer of aluminum and aluminum products, from March 1996 to January 1998 and was Vice President, General Counsel and Secretary of Information Management Resources, Inc., a software systems development and consulting company, from July 1993 to February 1996. Mr. Etkind holds BA, MA and LLM degrees from Cambridge University, England and a JD degree from the University of Michigan Law School.

Clifton A. Pemble, age 38, has been Director of Engineering of Garmin International, Inc. since 2002. Previously, he was Software Engineering Manager of Garmin International, Inc. from 1995 to 2002 and a Software Engineer with Garmin International, Inc. from 1989 to 1995. Mr. Pemble has been a director of Garmin AT, Inc. since August 2003. Prior to joining Garmin, Mr. Pemble was a Software Engineer at Allied Signal (now known as Honeywell International, Inc.). Mr. Pemble holds BA degrees in Mathematics and Computer Science from MidAmerica Nazarene University.

Gary V. Kelley, age 57, has been Director of Marketing of Garmin International, Inc. since 1992 and has been a director of Garmin (Europe) Ltd. since 1993. He has also been Director of Marketing of Garmin USA, Inc. since January 2002. Mr. Kelley holds a BBA degree from Baker University. He also holds a commercial pilot license with instrument and flight instructor ratings.

All executive officers are elected by and serve at the discretion of the Company's Board of Directors. None of the executive officers has an employment agreement with the Company. There are no arrangements or understandings between the executive officers and any other person pursuant to which he or she was or is to be selected as an officer. There is no family relationship among any of the executive officers. Dr. Min H. Kao is the brother of Ruey-Jeng Kao, who is a supervisor of Garmin Corporation, Garmin's Taiwan subsidiary. A supervisor serves as an ex-officio member of Garmin Corporation's Board of Directors.

PART II

Item 5. Market for the Company's Common Shares and Related Shareholder Matters

The Company's common shares have traded on the Nasdaq National Market under the symbol "GRMN" since its initial public offering on December 8, 2000 (the "IPO"). As of March 1, 2004 there were 174 shareholders of record.

The range of high and low closing sales prices of the Company's common shares as reported on the Nasdaq Stock Market for each fiscal quarter of fiscal years 2003 and 2002 was as follows:

	Year Ended			
	December 27, 2003		December 28, 2002	
	High	Low	High	Low
First Quarter	$36.89	$28.08	$22.92	$18.76
Second Quarter	$50.26	$35.05	$24.19	$21.80
Third Quarter	$46.61	$36.25	$21.90	$18.10
Fourth Quarter	$56.01	$41.68	$30.33	$18.00

One dividend has been paid since the IPO. The Board of Directors declared a cash dividend of $0.50 per common share to shareholders of record on December 1, 2003 which was paid on December 15, 2003. The Board of Directors currently anticipates declaring and paying annual cash dividends in similar amounts in the future subject to continuation of favorable tax treatment for dividends, evaluation of the Company's level of earnings, balance sheet position and availability of cash.

Item 6. Selected Financial Data

The following table sets forth selected consolidated financial data of the Company. The selected consolidated balance sheet data as of December 27, 2003 and December 28, 2002 and the selected consolidated statement of income data for the years ended December 27, 2003, December 28, 2002 and December 29, 2001 were derived from the Company's audited consolidated financial statements and the related notes thereto which are included in Item 8 of this annual report on Form 10-K. The selected consolidated balance sheet data as of December 29, 2001, December 30, 2000, and December 25, 1999 and the selected consolidated statement of income data for the years ended December 30, 2000 and December 25, 1999 were derived from the Company's audited consolidated financial statements, not included herein.

The information set forth below is not necessarily indicative of the results of future operations and should be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and notes to those statements included in Items 7 and 8 in Part II of this Form 10-K.

	Years ended (1)				
	Dec. 27, 2003	Dec. 28, 2002	Dec. 29, 2001	Dec. 30, 2000	Dec. 25, 1999
	(in thousands, except per share data)				
Consolidated Statements of Income Data:					
Net sales	$572,989	$465,144	$369,119	$345,741	$232,586
Cost of goods sold	242,448	210,088	170,960	162,015	105,654
Gross profit	330,541	255,056	198,159	183,726	126,932
Operating expenses:					
Selling, general and administrative	59,835	45,453	38,709	32,669	27,063
Research and development	43,706	32,163	28,164	21,764	17,339
Total operating expenses	103,541	77,616	66,873	54,433	44,402
Operating income	227,000	177,440	131,286	129,293	82,530
Other income, net (2), (3)	(1,057)	5,294	20,749	11,629	1,602
Income before income taxes	225,943	182,734	152,035	140,922	84,132
Income tax provision	47,309	39,937	38,587	35,259	19,965
Net income	$178,634	$142,797	$113,448	$105,663	$64,167
Net income per share: (6)					
Basic	$1.65	$1.32	$1.05	$1.05	$0.64
Diluted	$1.64	$1.32	$1.05	$1.05	$0.64
Weighted average common shares outstanding:					
Basic	108,011	107,774	108,097	100,489	100,000
Diluted	108,902	108,201	108,447	100,506	100,000
Cash dividends per share (4)	$0.50	$0.00	$0.00	$0.29	$0.13
Balance Sheet Data (at end of Period):					
Cash and cash equivalents	$274,329	$216,768	$192,842	$251,731	$104,079
Marketable securities	221,447	245,708	131,584	0	0
Total assets	856,945	705,888	538,984	463,347	250,090
Total debt (5)	0	20,000	32,188	46,946	27,720
Total stockholders' equity	749,690	602,499	453,969	365,239	194,599

(1) Our fiscal year-end is the last Saturday of the calendar year and does not always fall on December 31.

(2) Other income, net mainly consists of interest income, interest expense and foreign currency gain (loss).

(3) Includes $6.7 million of foreign currency losses in 2003, $0.0 million, $11.6 million, and $7.0 million of foreign currency gains in 2002, 2001, and 2000 respectively, and $1.5 million of foreign currency losses in 1999.

(4) A cash dividend of $0.50 per share was paid on December 15, 2003 to shareholders of record on December 1, 2003. There were no cash dividends issued during 2002 or 2001. Dividends paid in 2000 and 1999 are adjusted for the 1.12379256 for 1 stock split of our common shares, effected through a stock dividend on November 6, 2000.

(5) Total debt consists of notes payable and long-term debt.

(6) Net income per share in 2000 and 1999 are adjusted for the 1.12379256 for 1 stock split of our common shares, effected through a stock dividend on November 6, 2000.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations focuses on and is intended to clarify the results of our operations, certain changes in our financial position, liquidity, capital structure and business developments for the periods covered by the consolidated financial statements included in this Form 10-K. This discussion should be read in conjunction with, and is qualified by reference to, the other related information including, but not limited to, the audited consolidated financial statements (including the notes thereto and the independent auditor's report thereon), the description of our business, all as set forth in this Form 10-K, as well as the risk factors discussed below (the "Company-Specific Trends and Risks").

As previously noted, the discussion set forth below, as well as other portions of this Form 10-K, contains statements concerning potential future events. 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 on which the statements are based 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, the Company-Specific Trends and Risks. Readers are strongly encouraged to consider those factors when evaluating any such forward-looking statement. We do not undertake to update any forward-looking statements in this Form 10-K.

The Company's fiscal year is a 52-53 week period ending on the last Saturday of the calendar year. Fiscal year 2000 contained 53 weeks compared to 52 weeks for fiscal years 2003, 2002 and 2001. Unless otherwise stated, all years and dates refer to the Company's fiscal year and fiscal periods. Unless the context otherwise requires, references in this document to "we," "us," "our" and similar terms refer to Garmin Ltd. and its subsidiaries.

Unless otherwise indicated, dollars are in thousands.

Overview

We are 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 applications 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.

Since our first products were delivered in 1991, we have generated positive income from operations each year and have funded our growth from these profits. Our sales have increased at a compounded annual growth rate of 23% since 1996 and our net income has increased at a compounded annual growth rate of 34% since 1996. The vast majority of this growth has been organic; only a very small amount of new revenue occurred as a result of the acquisition of UPS Aviation Technologies in 2003, and this acquisition had no significant impact on net income for that year.

Since our principal locations are in the United States, Taiwan and the U.K., we experience some foreign currency fluctuations in our operating results. The functional currency of our European operations is the U.S. dollar (effective in 2001) and the functional currency of our Asian operations is the New Taiwan Dollar. Minimal transactions of our European operations are now denominated in British Pounds Sterling or the Euro. We experienced $(6.7) million, $0.0 million, $11.6 million, $7.0 million, and $(1.5) million in foreign currency gains (losses) during fiscal years 2003, 2002, 2001, 2000, and 1999, respectively. To date, we have not entered into hedging transactions with the European Dollar, the British Pound Sterling or the New Taiwan Dollar, although we may utilize hedging transactions in the future.

Critical Accounting Policies and Estimates

General

The Company's discussion and analysis of its financial condition and results of operations are based upon the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The presentation of these financial statements requires the Company to make estimates and judgements that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, the Company evaluates its estimates, including those related to customer sales programs and incentives, product returns, bad debts, inventories, investments, intangible assets, income taxes, warranty obligations, and contingencies and litigation. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Revenue Recognition

The Company records estimated reductions to revenue for customer sales programs returns and incentive offerings including rebates, price protection, promotions and other volume-based incentives. The reductions to revenue are based on estimates and judgements using historical experience and expectation of future conditions. Changes in these estimates could negatively affect the Company's operating results. These incentives are accrued for on a percentage of sales basis and reviewed periodically. If market conditions were to decline, the Company may take actions to increase customer incentive offerings possibly resulting in an incremental reduction of revenue at the time the incentive is offered.

Warranties

The Company's products sold are generally covered by a warranty for periods ranging from one to two years. The Company accrues a warranty reserve for estimated costs to provide warranty services. The Company's estimate of costs to service its warranty obligations is based on historical experience and expectation of future conditions. To the extent the Company experiences increased warranty claim activity or increased costs associated with servicing those claims, its warranty accrual will increase resulting in decreased gross profit.

Inventory

The Company writes down its inventory for estimated obsolescence or unmarketable inventory equal to the difference between the cost of inventory and the estimated market value based upon assumptions about future demand and market conditions. If actual market conditions are less favorable than those projected by management, additional inventory write-downs may be required.

Investments

Investments are classified as available for sale and recorded at fair value, and unrealized investment gains and losses are reflected in stockholders' equity. Investment income is recorded when earned, and capital gains and losses are recognized when investments are sold. Investments are reviewed periodically to determine if they have suffered an impairment of value that is considered other than temporary. If investments are determined to be impaired, a capital loss is recognized at the date of determination.

Testing for impairment of investments also requires significant management judgement. The identification of potentially impaired investments, the determination of their fair value and the assessment of whether any decline in value is other than temporary are the key judgement elements. The discovery of new information and the passage of time can significantly change these judgements. Revisions of impairment judgements are made when new information becomes known, and any resulting impairment adjustments are made at that time. The current economic environment and recent volatility of securities markets increase the difficulty of determining fair value and assessing investment impairment.

Income Taxes

While no valuation allowance has been recorded, it is the Company's policy to record a valuation allowance to reduce its deferred tax assets to an amount that it believes is more likely than not to be realized. While the Company has considered future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for the valuation allowance, in the event the Company were to determine that it would not be able to realize all or part of its net deferred tax assets in the future, an adjustment to the deferred tax assets would be charged to income in the period such determination was made. Likewise, should the Company determine that it would be able to realize its deferred tax assets in the future in excess of its net recorded amount, an adjustment to the deferred tax assets would increase income in the period such determination was made.

In addition, the calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax regulations. We recognize liabilities for tax audit issues in the U.S. and other tax jurisdictions based on our estimate of whether, and the extent to which, additional taxes will be due. If payment of these amounts ultimately proves to be unnecessary, the reversal of the liabilities would result in tax benefits being recognized in the period when we determine the liabilities are no longer necessary. If our estimate of tax liabilities proves to be less than the ultimate assessment, a further charge to expense would result.

Stock Based Compensation

The Company distributes a small number of stock options each year as part of the Company's compensation package for employees. Employees with certain levels of responsibility within the Company are eligible for stock option grants, but the granting of options is at the discretion of the Compensation Committee of the Board of Directors and is not a contractual obligation. Stock compensation plans are discussed in detail in Note 11 of the Notes to Consolidated Financial Statements.

Accounting Terms and Characteristics

Net Sales

Our net sales are primarily generated through sales to our global dealer and distributor network and to original equipment manufacturers. We recognize sales when products are shipped. Our sales are largely of a consumer nature; therefore backlog levels are not necessarily indicative of our future sales results. We aim to achieve a quick turnaround on orders we receive, and we typically ship most orders within 72 hours.

Net sales are subject to some seasonal fluctuation. Typically, sales of our consumer products are highest in the second quarter, due to increased demand during the spring and summer marine season, and in the fourth quarter, due to increased demand during the holiday buying season. Our aviation products do not experience much seasonal variation, but are more influenced by the timing of the release of new products when the initial demand is typically the strongest.

Gross Profit

The most significant components of our cost of goods sold are raw materials, labor and depreciation. Raw material costs, which are our most significant cost item, have come down slightly as a percentage of sales in recent years, as we have negotiated lower raw material costs with our key suppliers. As a result, gross profit has improved somewhat as a percentage of sales when compared with prior years.

In 2000, we experienced upward pricing pressures on our high technology components, but had offset those with efficiencies in our manufacturing processes. We did not experience significant pricing pressure on high technology components in fiscal 2001 and fiscal 2002. We experienced upward pricing pressures on our high technology components in late 2003, but offset much of those with efficiencies in our manufacturing processes. Our existing practice of performing the design and manufacture of our products in-house has enabled us to utilize alternative lower cost components from different suppliers and, where possible, to redesign our products to permit us to use these lower cost components. We believe that because of our practice of performing the design, manufacture and marketing of our products in-house, both our Shijr, Taiwan and Olathe, Kansas manufacturing plants have experienced relatively low costs of manufacturing, compared to our competition. In general, products manufactured in Taiwan have been our highest volume products. Our manufacturing labor costs historically have been lower in Taiwan than in Olathe.

Sales price variability has had and can be expected to have an effect on our gross profit. In the past, prices of some of our handheld devices sold into the consumer market have declined due to market pressures and introduction of new products sold at lower price points. The average selling prices of our aviation products have decreased due to product mix and market pressures partially offset by the introduction of more advanced products sold at higher prices. In conjunction with the effects of lower labor costs experienced on Taiwan production, the effect of the sales price variability inherent within the mix of GPS-enabled products sold could have a significant impact on our gross profit.

Selling, General and Administrative Expenses

Our selling, general and administrative expenses consist primarily of:

- salaries for sales and marketing personnel;
- salaries and related costs for executives and administrative personnel;
- advertising, marketing, and other brand building costs;
- accounting and legal costs;
- information systems and infrastructure costs;
- travel and related costs; and
- occupancy and other overhead costs.

Since we plan to increase market penetration in the future, we expect selling, general and administrative expenses to continue to increase for the foreseeable future. We intend to increase advertising and marketing expenses in order to build increased brand awareness in the consumer marketplace, especially as we continue to develop new markets, such as automotive and personal digital assistants (PDA). We also intend to increase our customer call center support as our consumer segment continues to grow. Another cause of increased selling, general, and administrative costs is the continued implementation of an ORACLE Enterprise Resource Planning (ERP) system during fiscal 2004 and associated information system staffing needed to support ORACLE. We anticipate that these increased expenses could impact our financial results in fiscal 2004 and subsequent periods, although it is unclear at this point what the extent of this impact may be.

Research and Development

The majority of our research and development costs represent salaries for our engineers, costs for high technology components used in product and prototype development, and costs of test equipment needed during product development.

We have continued to grow our research and development capabilities since our inception. Substantially all of the research and development of our products is performed in the United States.

We are committed to increasing the level of innovative design and development of new products as we strive for expanded ability to serve our existing consumer and aviation markets as well as new markets for GPS-enabled devices. We continue to grow our research and development budget on absolute terms. Research and development expenses may also grow at a faster rate when compared to our projected revenue growth for fiscal year 2003.

Customers

No customer accounted for greater than 10% of our sales in the year ended December 27, 2003. Our top ten customers accounted for approximately 25% of net sales. We have experienced average sales days in our customer accounts receivable between 35 and 51 days since 1999. The average sales days in our customer accounts receivable was 51 days as of December 27, 2004.

Income Taxes

We have experienced a relatively low effective tax rate in Taiwan due to lower marginal tax rates and substantial tax incentives offered by the Taiwanese government on certain high-technology capital investments. Therefore, profits earned in Taiwan have been taxed at a lower rate than those in the United States and Europe. As a result, our consolidated effective tax rate was approximately 21% during 2003. We have taken advantage of this tax benefit in Taiwan since our inception and we expect to continue to benefit from lower effective tax rates at least through 2008. The current Taiwan tax incentives for which Garmin has received approval will end in 2008. We plan on applying for additional incentives for years beyond 2008 based on capital investments we expect to make in the future. However, there can be no assurance that such tax incentives will be available indefinitely.

Results of Operations

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

	Fiscal Years Ended		
	Dec. 27, 2003	**Dec. 28, 2002**	**Dec. 29, 2001**
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	42.3%	45.2%	46.3%
Gross profit	57.7%	54.8%	53.7%
Operating expenses:			
Selling, general and administrative	10.4%	9.8%	10.5%
Research and development	7.6%	6.9%	7.6%
Total operating expenses	18.0%	16.7%	18.1%
Operating income	39.7%	38.1%	35.6%
Other income / (loss) , net	(0.2%)	1.2%	5.6%
Income before income taxes	39.5%	39.3%	41.2%
Provision for income taxes	8.3%	8.6%	10.5%
Net income	31.2%	30.7%	30.7%

The following table sets forth our results of operations for each of our two segments through income before taxes during the period shown. For each line item in the table the total of the consumer and aviation segments' amounts equals the amount in the consolidated statements of income data included in Item 6.

	Fiscal Years Ended					
	December 27, 2003		December 28, 2002		December 29, 2001	
	Consumer	Aviation	Consumer	Aviation	Consumer	Aviation
Net sales	$452,437	$120,552	$350,674	$114,470	$263,358	$105,761
Cost of goods sold	199,284	43,164	166,130	43,958	130,836	40,124
Gross profit	253,153	77,388	184,544	70,512	132,522	65,637
Operating expenses:						
Selling, general and administrative	47,113	12,722	35,114	10,339	29,018	9,691
Research and development	22,195	21,511	18,863	13,300	18,197	9,967
Total operating expenses	69,308	34,233	53,977	23,639	47,215	19,658
Operating income	183,845	43,155	130,567	46,873	85,307	45,979
Other income / (loss), net	(1,144)	87	4,292	1,002	17,204	3,545
Income before income taxes	$182,701	$43,242	$134,859	$47,875	$102,511	$49,524

Comparison of Fiscal Years Ended December 27, 2003 and December 28, 2002

Net Sales

	2003		2002		Year over Year	
	Net Sales	% of Net Sales	Net Sales	% of Net Sales	$ change	% change
Consumer	$452,437	79.0%	$350,674	75.4%	$101,763	29.0%
Aviation	120,552	21.0%	114,470	24.6%	6,082	5.3%
Total	$572,989	100.0%	$465,144	100.0%	$107,845	23.2%

The increase in total net sales during fiscal 2003 was primarily due to the introduction of 16 new products and overall demand for our consumer products. Total consumer and aviation units sold increased 33.0% to 2,066,000 in 2003 from 1,557,000 in 2002. In general, management believes that continuous innovation and the introduction of new products are essential for future revenue growth.

The Company's revenues are seasonal, with the fiscal second and fourth quarter revenues meaningfully higher than the first and third fiscal quarters. The revenue increase in second quarter is primarily attributable to the onset of the marine selling season and secondarily Father's Day purchases, and the revenue increase in the fourth quarter is primarily attributable to the traditional holiday selling season. Revenues can also be impacted in any given quarter by the timing of new product introductions.

The increase in net sales to consumers was primarily due to the introduction of 16 new consumer products and overall demand for our consumer products as total units sold were up 33%. It is management's belief that the continued demand for the Company's consumer products is due to the emergence of the GPS market in general, and overall increased consumer awareness of the capabilities and applications of GPS.

The increase in aviation sales for fiscal 2003 was primarily due to increased sales from panel mount products sold into the retrofit market and sales from UPS Aviation Technologies (now Garmin AT, Inc.), which was acquired during the third quarter of 2003. While Temporary Flight Restrictions (TFR's) continue to impact general aviation, the flying community is adapting to these changes and returning to the skies in greater numbers. Should the Federal Aviation Administration (FAA) impose more restrictions, or elect to shutdown U.S. airspace in the future, these factors could have a material adverse effect on our business.

Gross Profit

	2003		2002		Year over Year	
	Gross Profit	% of Net Sales	Gross Profit	% of Net Sales	$ change	% change
Consumer	$253,153	56.0%	$184,544	52.6%	$68,609	37.2%
Aviation	77,388	64.2%	70,512	61.6%	6,876	9.8%
Total	$330,541	57.7%	$255,056	54.8%	$75,485	29.6%

The increase in gross profit is primarily attributed to the introduction of 16 new products and overall demand for our consumer products. The improvement in gross margin was primarily due to the introduction of new higher margin products, improved manufacturing efficiencies on many of the new products introduced throughout the year, and reductions of certain material costs early in the fiscal year. The Company experienced upward pricing pressure on certain raw materials components in the latter part of 2003. It is unclear at this point if this pricing pressure will abate or continue in 2004.

The increase in consumer gross margin is primarily attributed to the introduction of 16 new consumer products and overall demand for our consumer products.

The increase in aviation gross profit is primarily due to improved product mix within our OEM and retrofit products partially offset by certain lower gross profit margin products as a result of the acquisition of UPS Aviation Technologies.

Selling, General and Administrative Expenses

	2003		2002		Year over Year	
	Selling, Gen. & Admin.	% of Net Sales	Selling, Gen. & Admin.	% of Net Sales	$ change	% change
Consumer	$47,113	10.4%	$35,114	10.0%	$11,999	34.2%
Aviation	12,722	10.6%	10,339	9.0%	2,383	23.0%
Total	$59,835	10.4%	$45,453	9.8%	$14,382	31.6%

The increase in expense was primarily attributable to increases in employment generally across the organization (net increase of approximately 300 non-engineering employees), significantly increased advertising costs (up 32%) associated primarily with consumer products, ORACLE software implementation costs, and additional staffing in our customer call center. In the past, selling, general and administrative expenses increased at a lower rate than revenues due to strong demand for newly introduced and existing consumer products. Management expects that in spite of strong demand for our products, selling, general and administrative expenses will remain flat or increase slightly as a percentage of sales during fiscal 2004.

Research and Development Expenses

	Research & Development	% of Net Sales	Research & Development	% of Net Sales	$ change	% change
Consumer	$22,195	4.9%	$18,863	5.4%	$3,332	17.7%
Aviation	21,511	17.8%	13,300	11.6%	8,211	61.7%
Total	$43,706	7.6%	$32,163	6.9%	$11,543	35.9%

The increase in research and development expense was primarily attributable to the addition of 50 UPS Aviation Technologies engineering associates to our aviation research and development team and the addition of 100 new engineers to our research and development teams during fiscal 2003. Management believes that one of the key strategic initiatives for future growth and success of the Company is continuous innovation, development, and introduction of new products. Management expects that its research and development expenses will increase approximately 20% to 25% during fiscal 2004 on an absolute dollar basis due to the anticipated introduction of approximately 45 new products for fiscal 2004. Management expects to continue to invest in the research and development of new products and technology in order to maintain the Company's competitive advantage in the markets in which it competes.

Other Income (Expense)

	2003	2002
Interest Income	$7,473	$6,466
Interest Expense	(534)	(1,329)
Foreign Currency Exhange	(6,699)	11
Other	(1,297)	146
Total	($1,057)	$5,294

Other income (expense) principally consists of interest income, interest expense and foreign currency exchange gains and losses. Other income was significantly lower in fiscal 2003, relative to fiscal year 2002, with the majority of this difference caused by foreign currency losses in 2003. Interest income for fiscal 2003 increased due to larger cash and marketable securities balances during the year, increasing the returns on the Company's cash and cash equivalents. Interest expense decreased 60% for fiscal 2003 relative to fiscal 2002, due primarily to the retirement of $20 million of outstanding long-term debt during fiscal 2003.

During fiscal 2003 the Company experienced foreign currency exchange losses of $6.7 million, as the U.S. Dollar weakened versus the New Taiwan Dollar (34.05 NTD/USD) relative to the end of fiscal 2002 (34.90 NTD/USD). During fiscal 2002 the Company's position was neutral with regard to foreign currency exchange gains and losses, and the U.S. Dollar was at approximately the same level at the beginning of 2002 relative to the New Taiwan Dollar ($35.17 NTD/USD) as it was at the end of fiscal 2002 ($34.90 NTD/USD).

Income Tax Provision

Income tax expense increased by $7.4 million, to $47.3 million, for fiscal year 2003 from $39.9 million for fiscal year 2002 due to our higher taxable income. The effective tax rate was 20.9% for fiscal 2003 versus 21.9% for fiscal 2002. The decrease in tax rate is due primarily to additional tax benefits received from Taiwan as a result of our continued capital investment in our manufacturing facilities there. Management believes that the effective tax rate for fiscal 2004 will be comparable to fiscal 2003. The actual effective tax rate will be dependent upon the production volume and additional capital investments made during fiscal 2004.

Net Income

As a result of the various factors noted above, net income increased 25.1% to $178.6 million for fiscal year 2003 compared to $142.8 million for fiscal year 2002.

Comparison of Fiscal Years Ended December 28, 2002 and December 29, 2001

Net Sales

	2002		2001		Year over Year	
	Net Sales	% of Net Sales	Net Sales	% of Net Sales	$ change	% change
Consumer	$350,674	75.4%	$263,358	71.3%	$87,316	33.2%
Aviation	114,470	24.6%	105,761	28.7%	8,709	8.2%
Total	$465,144	100.0%	$369,119	100.0%	$96,025	26.0%

The increase in net sales during fiscal 2002 was primarily due to the introduction of 22 new products and overall demand for our consumer products. Total consumer and aviation units sold increased 17.0% to 1,557,000 in 2002 from 1,331,000 in 2001. In general, management believes that continuous innovation and the introduction of new products are essential for future revenue growth.

The increase in consumer net sales was primarily due to the introduction of 18 new consumer products and overall demand for our consumer products as total units sold were up 17.1%. It is management's belief that the continued demand for the Company's consumer products is due to the emergence of the GPS market in general, and overall increased consumer awareness of the capabilities and applications of GPS.

The increase in aviation net sales for fiscal 2002 was primarily due to the introduction of four new products, increased penetration into the OEM market, and significant reductions of the restrictions placed on general aviation following the events of September 11, 2001. While Temporary Flight Restrictions (TFR's) continue to impact general aviation, the flying community is adapting to these changes and returning to the skies in greater numbers. Should the Federal Aviation Administration (FAA) impose more restrictions, or elect to shutdown U.S. airspace in the future, these factors could have a material adverse effect on our business.

Gross Profit

	2002		2001		Year over Year	
	Gross Profit	% of Net Sales	Gross Profit	% of Net Sales	$ change	% change
Consumer	$184,544	52.6%	$132,522	50.3%	$52,022	39.3%
Aviation	70,512	61.6%	65,637	62.1%	4,875	7.4%
Total	$255,056	54.8%	$198,159	53.7%	$56,897	28.7%

The increase in gross profit is primarily attributed to the introduction of 22 new products and overall demand for our consumer products. The improvement in gross margin was primarily due to the introduction of new higher margin products, improved manufacturing efficiencies on many of the new products introduced throughout the year, and a reduction of material costs.

The increase in the consumer segment gross profit is primarily attributed to the introduction of 18 new consumer products and overall demand for our consumer products.

The increase in the aviation segment gross profit is primarily due to the increase in revenues associated with the introduction of four new aviation products, increased penetration into the OEM market, and a return to less restricted airspace for general aviation aircraft. The decrease in gross margin as a percentage of net revenues for the aviation segment is primarily attributed to product mix as we experienced a 19.4% increase in lower margin panel mount unit sales during 2002 when compared to 2001.

Selling, General and Administrative Expenses

	2002		2001		Year over Year	
	Selling, Gen. & Admin.	% of Net Sales	Selling, Gen. & Admin.	% of Net Sales	$ change	% change
Consumer	$35,114	10.0%	$29,018	11.0%	$6,096	21.0%
Aviation	10,339	9.0%	9,691	9.2%	648	6.7%
Total	$45,453	9.8%	$38,709	10.5%	$6,744	17.4%

The increase in selling, general, and administrative expense was primarily attributable to increases in employment generally across the organization (net increase of 146 employees), increased advertising costs (up 13.3%) associated primarily with new product releases, additional staffing in the customer call center, and increases in insurance premiums. Overall, selling, general and administrative expenses increased at a lower rate than revenues due to strong demand for newly introduced and existing consumer products.

Research and Development Expenses

	2002		2001		Year over Year	
	Research & Development	% of Net Sales	Research & Development	% of Net Sales	$ change	% change
Consumer	$18,863	5.4%	$18,197	6.9%	$666	3.7%
Aviation	13,300	11.6%	9,967	9.4%	3,333	33.4%
Total	$32,163	6.9%	$28,164	7.6%	$3,999	14.2%

The increase in research and development expense during fiscal 2002 was primarily attributable to the development and introduction of 22 new products, and the addition of 67 new engineers to our staff. Management believes that one of the key strategic initiatives for future growth and success of the Company is continuous innovation, development, and introduction of new products.

Other Income (Expense)

	2002	2001
Interest Income	$6,466	$11,164
Interest Expense	(1,329)	(2,174)
Foreign Currency Exhange	11	11,573
Other	146	186
Total	$5,294	$20,749

The majority of the difference between 2001 and 2002 was caused by foreign currency gains in 2001. Interest income for fiscal 2002 decreased relative to fiscal 2001 due to the fall in interest rates, reducing the returns on the Company's cash and cash equivalents. Interest expense decreased from fiscal 2001 to fiscal 2002 due primarily to the reduction of debt and a lower interest rate environment during fiscal 2002.

During fiscal 2002 the Company's position was neutral with regard to foreign currency exchange gains and losses, as the U.S. Dollar was at approximately the same level at the beginning of 2002 relative to the New Taiwan Dollar (35.17 NTD/USD) as it was at the end of fiscal 2002 (34.90 NTD/USD). In fiscal 2001 there was an $11.6 million gain due to the significantly increased strength of the U.S. Dollar compared to the New Taiwan Dollar during 2001, when the exchange rate increased to 35.17 NTD/USD at December 29, 2001 from 33.01 NTD/USD at December 30, 2000.

Income Tax Provision

Income tax expense increased by $1.3 million, to $39.9 million, for fiscal year 2002 from $38.6 million for fiscal year 2001 due to our higher taxable income. The effective tax rate was 21.9% for fiscal 2002 versus 25.4% for fiscal 2001. The decrease in tax rate is due primarily to additional tax benefits received from Taiwan as a result of our continued capital investment in our manufacturing facilities there.

Net Income

As a result of the above, net income increased 25.9% to $142.8 million for fiscal year 2002 compared to $113.4 million for fiscal year 2001.

Liquidity and Capital Resources

Net cash generated by operations was $175.2 million, $175.4 million, and $130.0 for fiscal years 2003, 2002, and 2001, respectively. We operate with a customer oriented approach and seek to maintain sufficient inventory to meet customer demand. Because we desire to respond quickly to our customers and minimize order fulfillment time, our inventory levels are generally substantial enough to meet most demand. We also attempt to carry sufficient inventory levels of key components so that potential supplier shortages have as minimal an impact as possible on our ability to deliver our finished products. We significantly increased our raw material inventories in late 2003 in anticipation of new product releases in the first half of 2004 and also as a response to the significant increase in the lead-time of high dollar components such as LCD's and flash memory. In addition, we prefer to have sufficient finished goods on hand to meet anticipated demand for our products. Finished goods inventory levels also continued to grow gradually as a function of our growing sales. We were able to reduce inventory levels during fiscal year 2002 by $3.6 million when compared to fiscal year end 2001, without impairing our ability to meet customer demand, by effectively managing the introduction of 22 new products during the year. We expect that inventory levels may decrease during the latter half of fiscal 2004 as raw materials inventories are consumed during the manufacture and delivery of new products in the first half of 2004.

Capital expenditures in 2003 totaled $32.8 million, an increase of $20.4 million over fiscal 2002. This increase in 2003 was primarily attributable to the initiation of expansion of our Olathe, Kansas facility ($17 million) and maintenance capital expenditures ($3.4 million). During fiscal 2002, our capital expenditures totaled $12.4 million. The expenditures in fiscal 2002 were primarily related to general corporate purposes ($9.8 million) and the addition of surface-mount production equipment in both the Olathe, Kansas and Shijr, Taiwan facilities ($2.6 million).

We have budgeted approximately $60 million of capital expenditures during fiscal 2004 to include construction costs related to the completion of our facilities expansion in Olathe, Kansas and purchases of production machinery and equipment to expand capacity in the Shijr, Taiwan facility.

In addition to capital expenditures, in 2003 cash flow used in investing relates to the $38.2 million acquisition of UPS Aviation Technologies (renamed Garmin AT), the purchase of fixed income securities associated with the investment of our on-hand cash balances and approximately $2.3 million of intangible assets. The Company's average return on its investments during fiscal 2003 was approximately 1.5%. In 2002, cash flow used in investing principally related to the purchase of fixed income securities associated with the investment of our on-hand cash balances and approximately $13.5 million related to the purchase of licenses, of which $11.5 million consists of prepaid royalties under our license agreement with PalmSource, Inc. for the Palm Operating System. 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 return on its investments during fiscal year 2002 was approximately 1.6%.

Cash flow used in financing activities during 2003 relates primarily to the payment of a dividend ($54.0 million), and reduction of our debt ($20.0 million). The Company retired approximately $20.0 million of long-term debt during fiscal 2003, which represented the remainder of an outstanding issue of industrial revenue bonds. The employee stock option exercises and employee stock purchase plan purchases generated a $4.3 million source of cash in 2003. Cash flow used in financing activities during 2002 relates primarily to the reduction of our debt. The Company retired approximately $12.2 million of its long-term debt during fiscal 2002, consisting in good part of an outstanding issue of industrial revenue bonds. The employee stock purchase plan and stock option exercises were a $2.1 million source of cash in 2002. During 2001, the Company repurchased 595,200 shares of its common shares under its stock repurchase program that was approved by the Board of Directors on September 24, 2001 and expired on December 31, 2002.

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 and working capital requirements.

Cash dividends paid to shareholders were $54.0 million, $0.0 million, $0.0 million, and $29.0 million during fiscal years 2003, 2002, 2001 and 2000, respectively. Included in cash dividends for fiscal 2000 was a special one-time dividend of $17.4 million that was paid in order to provide funds to shareholders to pay withholding taxes and stock transfer taxes related to the reorganization of Garmin Corporation.

We believe that our existing cash balances and cash flow from operations will be sufficient to meet our projected capital expenditures, working capital and other cash requirements at least through the end of fiscal 2004.

Contractual Obligations and Commercial Commitments

On March 23, 2000, Garmin International, Inc. completed a $20.0 million 20-year Taxable Industrial Revenue Bond issuance (the "2000 Bonds") for the expansion of its Olathe, Kansas facility. During May of fiscal 2003, these outstanding bonds were retired by Garmin International, Inc. for a total of $20.0 million.

On January 1, 1995, Garmin International, Inc. completed a $9.5 million 30-year Tax-Exempt Industrial Revenue Bond issuance for the construction of its new corporate headquarters located in Olathe, Kansas. Upon completion of the project in 1996, Garmin International retired bonds totaling $0.1 million. During May of fiscal 2002, the remainder of the outstanding bonds were retired by Garmin International, Inc. for a total of $9.4 million.

We utilize interest rate swap agreements from time to time to manage interest rate exposure. The principal objective of such financial derivative contracts is to moderate the effect of fluctuations in interest rates. We, as a matter of policy, do not speculate in financial markets and therefore do not hold these contracts for trading purposes.

Future payments due from the Company, as of December 27, 2003, aggregated by type of contractual obligation, are:

	Payments due by period				
Contractual Obligations	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Long-Term Debt	-	-	-	-	-
Capital Lease Obligations	-	-	-	-	-
Operating Leases	$15,189	$107	$602	$602	$13,878
Purchase Obligations	$60,013	$60,013	$0	$0	$0
Other Long-Term Liabilities	-	-	-	-	-
Total	$75,202	$60,120	$602	$602	$13,878

Operating Leases describes a lease obligation associated with the Garmin Europe facility in the United Kingdom and a lease obligation associated with Garmin AT. Purchase obligations are the aggregate of those purchase orders that were outstanding on December 27, 2003; these obligations are created and then paid off within 3 months during the normal course of our manufacturing business.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Recent Accounting Pronouncements

In December 2002, the FASB issued SFAS No. 148, "*Accounting for Stock-Based Compensation — Transition and Disclosure*." This statement requires all entities with stock-based employee compensation arrangements to provide additional disclosures in their summary of significant accounting policies note. Since the Company uses the intrinsic value method of Accounting Principles Board ("APB") Opinion No. 25, *"Accounting for Stock Issued to Employees"*, the accounting policies note includes a tabular presentation of pro forma net income and earnings per share using the fair value method prescribed by SFAS No. 123, *"Accounting for Stock-Based Compensation"*. Also, SFAS No. 148 permits entities changing to the fair value method of accounting for employee stock compensation to choose from one of three transition methods — the prospective method, the modified prospective method, or the retroactive restatement method. Finally, SFAS No. 148 requires the Company to make interim-period pro forma disclosures if stock-based compensation is accounted for under the intrinsic value method in any period presented. The expanded annual disclosure requirements and the transition provisions were effective for the Company's fiscal year 2002. The new interim period disclosures were required in the Company's financial statements for interim periods beginning in the first quarter of fiscal 2003. This statement did not have a material impact on the Company's results of operations or financial condition.

In July 2001, the FASB issued SFAS No. 143, *"Accounting for Asset Retirement Obligations."* The objective of this statement is to provide accounting guidance for legal obligations associated with the retirement of long-lived assets by requiring the fair value of a liability for the asset retirement obligation to be recognized in the period in which it is incurred. When the liability is initially recognized, the asset retirement costs should also be capitalized by increasing the carrying amount of the related long-lived asset. The liability is then accreted to its present value each period and the capitalized costs are depreciated over the useful life of the associated asset. This statement is effective for fiscal years beginning after June 15, 2002, and did not have a material impact on our financial statements.

At its November 2002 meeting, the EITF reached a consensus on Issue 00-21 "*Accounting for Revenue Arrangements with Multiple Deliverable*", which provides a model to be used, in the context of a multiple-deliverable revenue arrangement, in determining (a) how the arrangement consideration should be measured, (b) whether the arrangement should be divided into separate units of accounting, and, if so, (c) how the arrangement consideration should be allocated to the separate units of accounting. Issue 00-21 is effective for revenue arrangements entered into in fiscal periods (annual or interim) beginning after June 15, 2003, with earlier adoption permitted. Companies also are permitted to adopt Issue 00-21 by reporting the change in accounting as a cumulative effect adjustment in accordance with APB Opinion No. 20, "*Accounting Changes*", and FASB Statement No. 3, "*Reporting Accounting Changes in Interim Financial Statements*". The adoption of this standard did not have a material impact on the Company's results of operations or financial condition.

In January 2003, the Financial Accounting Standards Board (FASB) issued Interpretation No. 46, "*Consolidation of Variable Interest Entities*." Interpretation No. 46 requires that the assets, liabilities and results of the activity of variable interest entities be consolidated into the financial statements of the Company that has the controlling financial interest. Interpretation No. 46 also provides the framework for determining whether a variable interest entity should be consolidated based on voting interests or significant financial support provided to it. Interpretation No. 46 will become effective for the Company on March 31, 2004 for variable interest entities created prior to December 31, 2003. We do not expect the adoption of Interpretation No. 46 to have a material impact on our results of operations or financial condition.

Company-Specific Trends and Risks

You should carefully consider the risks described below regarding an investment in our common shares. The risks described below are not the only ones facing our company. Additional risks and uncertainties not *presently known to us or that we currently believe to be immaterial may also impair our business operations. If any of the following risks occur, our business, financial condition or operating results could be materially adversely affected.*

Risks Related to the Company

Our Global Positioning System products depend upon satellites maintained by the United States Department of Defense. If a significant number of these satellites become inoperable, unavailable or are not replaced or if the policies of the United States government for the use of the Global Positioning System without charge are changed or if there is interference with Global Positioning System signals, our business will suffer.

The Global Positioning System is a satellite-based navigation and positioning system consisting of a constellation of orbiting satellites. The satellites and their ground control and monitoring stations are maintained and operated by the United States Department of Defense. The Department of Defense does not currently charge users for access to the satellite signals. These satellites and their ground support systems are complex electronic systems subject to electronic and mechanical failures and possible sabotage. The satellites were originally designed to have lives of 7.5 years and are subject to damage by the hostile space environment in which they operate. However, of the current deployment of satellites in place, some have been operating for more than 13 years.

If a significant number of satellites were to become inoperable, unavailable or are not replaced, it would impair the current utility of our Global Positioning System products and the growth of current and additional market opportunities. In addition, there can be no assurance that the U.S. government will remain committed to the operation and maintenance of Global Positioning System satellites over a long period, or that the policies of the U.S. government that provide for the use of the Global Positioning System without charge and without accuracy degradation will remain unchanged. Because of the increasing commercial applications of the Global Positioning System, other U.S. government agencies may become involved in the administration or the regulation of the use of Global Positioning System signals.

European governments have expressed interest in building an independent satellite navigation system known as Galileo. Depending on the as yet undetermined design and operation of this system, it is possible that it could cause interference with Global Positioning System signals.

Any of the foregoing factors could affect the willingness of buyers of our products to select Global Positioning System-based products instead of products based on competing technologies.

A shut down of U.S. airspace would harm our business.

On September 11, 2001, terrorists hijacked and crashed four passenger aircraft operated by commercial air carriers, resulting in major loss of life and property. Following the terrorist attacks, the Federal Aviation Administration ("FAA") ordered all aircraft operating in the U.S. to be grounded for several days. In addition to this shut down of U.S. airspace, the general aviation industry was further impacted by the additional restrictions implemented by the FAA on those flights that fly utilizing Visual Flight Rules (VFR). The FAA restricted VFR flight inside 30 enhanced Class B (a 20-25 mile radius around the 30 largest metropolitan areas in the USA) airspace areas. The Aircraft Owners and Pilots Association (AOPA) estimated that these restrictions affected approximately 41,800 general aviation aircraft based at 282 airports inside the 30 enhanced Class B airspace areas. The AOPA estimates that approximately 90% of all general aviation flights are conducted VFR, and that only 15% of general aviation pilots are current to fly utilizing Instrument Flight Rules (IFR).

The shut down of U.S. airspace following September 11, 2001 caused reduced sales of our general aviation products and delays in the shipment of our products manufactured in our Taiwan manufacturing facility to our distribution facility in Olathe, Kansas, thereby adversely affecting our ability to supply new and existing products to our dealers and distributors.

Any future shut down of U.S. airspace or imposition of restrictions on general aviation could have a material adverse effect on our business and financial results.

Any reallocation of radio frequency spectrum could cause interference with the reception of Global Positioning System signals. This interference could harm our business.

Our Global Positioning System technology is dependent on the use of the Standard Positioning Service (SPS) provided by the U.S. Government's Global Positioning System satellites. The Global Positioning System operates in radio frequency bands that are globally allocated for radio navigation satellite services. The assignment of spectrum is controlled by an international organization known as the International Telecommunications Union (''ITU''). The Federal Communications Commission (''FCC'') is responsible for the assignment of spectrum for non-government use in the United States in accordance with ITU regulations. Any ITU or FCC reallocation of radio frequency spectrum, including frequency band segmentation or sharing of spectrum, could cause interference with the reception of Global Positioning System signals and may materially and adversely affect the utility and reliability of our products, which would, in turn, have a material adverse effect on our operating results. In addition, emissions from mobile satellite service and other equipment operating in adjacent frequency bands or inband may materially and adversely affect the utility and reliability of our products, which could result in a material adverse effect on our operating results.

Ultra-Wideband radio devices could cause interference with the reception of Global Positioning System signals if the FCC were to change its rules. This interference could harm our business.

On February 13, 2003, the FCC adopted a Memorandum Opinion and Order (the "Order") that allows a limited number of Ultra-Wideband (''UWB'') devices to operate on a licensed basis in the frequency band used by the Global Positioning System. The Order limits these devices to use by qualified emergency officials at emission limits that protect the Global Positioning System. The FCC has stated that it plans to review the rules of operation for UWB devices again within a twelve to eighteen month period following the date of adoption of the Order. If the FCC were to issue a further rule authorizing operation of UWB devices in the frequency band used by the Global Positioning System at higher power levels than those set out in the Order or otherwise change the definitional or operational characteristics of permitted UWB devices, such devices might cause interference with the reception of Global Positioning System signals. Such interference could reduce demand for Global Positioning System products in the future. Any resulting change in market demand for Global Positioning System products could have a material adverse effect on our financial results.

If we are not successful in the continued development, introduction or timely manufacture of new products, demand for our products could decrease.

We expect that a significant portion of our future revenue will continue to be derived from sales of newly introduced products. The market for our products is characterized by rapidly changing technology, evolving industry standards and changes in customer needs. If we fail to modify or improve our products in response to changes in technology, industry standards or customer needs, our products could rapidly become less competitive or obsolete. We must continue to make significant investments in research and development in order to continue to develop new products, enhance existing products and achieve market acceptance for such products. However, there can be no assurance that development stage products will be successfully completed or, if developed, will achieve significant customer acceptance.

If we are unable to successfully develop and introduce competitive new products, and enhance our existing products, our future results of operations would be adversely affected. Our pursuit of necessary technology may require substantial time and expense. We may need to license new technologies to respond to technological change. These licenses may not be available to us on terms that we can accept or may materially change the gross profits that we are able to obtain on our products. We may not succeed in adapting our products to new technologies as they emerge. Development and manufacturing schedules for technology products are difficult to predict, and there can be no assurance that we will achieve timely initial customer shipments of new products. The timely availability of these products in volume and their acceptance by customers are important to our future success. We have previously experienced delays in shipping certain of our products and any future delays, whether due to product development delays, manufacturing delays, lack of market acceptance, delays in regulatory approval, or otherwise, could have a material adverse effect on our results of operations.

If we do not correctly anticipate demand for our products, we may not be able to secure sufficient quantities or cost-effective production of our products or we could have costly excess production or inventories.

Historically, we have experienced steady increases in demand for our products (although we did experience a decline in demand for our aviation products in 2001 due to declining economic conditions and the shut down of U.S. airspace as a result of the terrorist attacks that occurred on September 11, 2001) and we have generally been able to increase production to meet that demand. However, the demand for our products depends on many factors and will be difficult to forecast. We expect that it will become more difficult to forecast demand as we introduce and support multiple products and as competition in the market for our products intensifies. Significant unanticipated fluctuations in demand could cause the following problems in our operations:

- If demand increases beyond what we forecast, we would have to rapidly increase production. We would depend on suppliers to provide additional volumes of components and those suppliers might not be able to increase production rapidly enough to meet unexpected demand.

- Rapid increases in production levels to meet unanticipated demand could result in higher costs for manufacturing and supply of components and other expenses. These higher costs could lower our profit margins. Further, if production is increased rapidly, manufacturing quality could decline, which may also lower our margins.

- If forecasted demand does not develop, we could have excess production resulting in higher inventories of finished products and components, which would use cash and could lead to write-offs of some or all of the excess inventories. Lower than forecasted demand could also result in excess manufacturing capacity at our facilities, which could result in lower margins.

We may become subject to significant product liability costs.

If our aviation products malfunction or contain errors or defects, airplane collisions or crashes could occur resulting in property damage, personal injury or death. Malfunctions or errors or defects in our marine navigational products could cause boats to run aground or cause other wreckage, personal injury or death. If any of these events occurs, we could be subject to significant liability for personal injury and property damage. We maintain insurance against accident-related risks involving our products. However, there can be no assurance that such insurance would be sufficient to cover the cost of damages to others or that such insurance will continue to be available at commercially reasonable rates. If we are unable to maintain sufficient insurance to cover product liability costs, our business could be harmed.

We depend on our suppliers, some of which are the sole source for specific components, and our production would be seriously harmed if these suppliers are not able to meet our demand and alternative sources are not available, or if the costs of components rise.

We are dependent on third party suppliers for various components used in our current products. Some of the components that we procure from third party suppliers include semiconductors and electroluminescent panels, liquid crystal displays, memory chips and microprocessors. The cost, quality and availability of components are essential to the successful production and sale of our products. Some components we use are from sole source suppliers. Certain application-specific integrated circuits incorporating our proprietary designs are manufactured for us by sole source suppliers. Alternative sources may not be currently available for these sole source components.

In the past, we have experienced shortages, particularly involving components that are also used in cellular phones. In addition, if there are shortages in supply of components, the costs of such components may rise. If suppliers are unable to meet our demand for components on a timely basis and if we are unable to obtain an alternative source or if the price of the alternative source is prohibitive, or if the costs of components rise, our ability to maintain timely and cost-effective production of our products would be seriously harmed.

We license mapping data for use in our products from various sources. There are only a limited number of suppliers of mapping data for each geographical region. If we are unable to continue licensing such mapping data and are unable to obtain an alternative source, or if the price of the alternative source is prohibitive, our ability to supply mapping data for use in our products would be seriously harmed.

We rely on independent dealers and distributors to sell our products, and disruption to these channels would harm our business.

Because we sell a majority of our products to independent dealers and distributors, we are subject to many risks, including risks related to their inventory levels and support for our products. In particular, our dealers and distributors maintain significant levels of our products in their inventories. If dealers and distributors attempt to reduce their levels of inventory or if they do not maintain sufficient levels to meet customer demand, our sales could be negatively impacted.

Our dealers and distributors also sell products offered by our competitors. If our competitors offer our dealers and distributors more favorable terms, those dealers and distributors may de-emphasize or decline to carry our products. In the future, we may not be able to retain or attract a sufficient number of qualified dealers and distributors. If we are unable to maintain successful relationships with dealers and distributors or to expand our distribution channels, our business will suffer.

Failure to manage our growth and expansion effectively could adversely impact our business.

Our ability to successfully offer our products and implement our business plan in a rapidly evolving market requires an effective planning and management process. We continue to increase the scope of our operations domestically and internationally and have grown our shipments and headcount substantially. This growth has placed, and our anticipated growth in future operations will continue to place, a significant strain on our management systems and resources.

Our business may suffer if we are not able to hire and retain sufficient qualified personnel or if we lose our key personnel.

Our future success depends partly on the continued contribution of our key executive, engineering, sales, marketing, manufacturing and administrative personnel. We currently do not have employment agreements with any of our key executive officers. We do not have key man life insurance on any of our key executive officers and do not currently intend to obtain such insurance. The loss of the services of any of our senior level management, or other key employees, could harm our business. Recruiting and retaining the skilled personnel we require to maintain our market position may be difficult. For example, in some recent years there has been a nationwide shortage of qualified electrical engineers and software engineers who are necessary for us to design and develop new products and therefore, it has sometimes been challenging to recruit such personnel. If we fail to hire and retain qualified employees, we may not be able to maintain and expand our business.

Our sales and gross margins for our products may fluctuate or erode.

Our sales and gross margins for our products may fluctuate from period to period due to a number of factors, including product mix, competition and unit volumes. In particular, the average selling prices of a specific product tend to decrease over that product's life. To offset such decreases, we intend to rely primarily on obtaining yield improvements and corresponding cost reductions in the manufacture of existing products and on introducing new products that incorporate advanced features and therefore can be sold at higher average selling prices. However, there can be no assurance that we will be able to obtain any such yield improvements or cost reductions or introduce any such new products in the future. To the extent that such cost reductions and new product introductions do not occur in a timely manner or our customers' products do not achieve market acceptance, our business, financial condition and results of operations could be materially adversely affected. As we introduce new product lines that serve personal digital assistant ("PDA"), and original equipment manufacturer automotive and sensor board applications, we may experience a decline in our overall gross margins from sales of these potentially high volume but low margin product lines.

Our quarterly operating results are subject to fluctuations and seasonality.

Our operating results are difficult to predict. Our future quarterly operating results may fluctuate significantly. If this occurs, the price of our stock would likely decline. As we expand our operations, our operating expenses, particularly our sales, marketing and research and development costs, may increase as a percentage of our sales. If revenues decrease and we are unable to reduce those costs rapidly, our operating results would be negatively affected.

Historically, our revenues have usually been weaker in the first and third quarters of each fiscal year and have, from time to time, been lower than the preceding quarter. Our devices are highly consumer-oriented, and consumer buying is traditionally lower in these quarters. Sales of certain of our consumer products tend to be higher in our second fiscal quarter due to increased consumer spending for such products during the recreational marine and fishing season. Sales of certain of our consumer products also tend to be higher in our fourth fiscal quarter due to increased consumer spending patterns on electronic devices during the holiday season. In addition, we attempt to time our new product releases to coincide with relatively higher consumer spending in the second and fourth fiscal quarters, which contributes to these seasonal variations.

Our quarterly financial statements will reflect fluctuations in foreign currency translation.

Our Taiwan subsidiary holds, and is expected to continue to hold, significant cash, cash equivalents, and marketable securities. Because the U.S. Dollar is the primary currency for our business and in order to substantially reduce the economic consequence of any variation in the exchange rate for the U.S. Dollar and the New Taiwan Dollar on these assets, management expects that the Taiwan subsidiary will continue to hold the majority of these assets in U.S. Dollar or U.S. Dollar denominated instruments. Nonetheless, U.S. GAAP requires the Company at the end of each accounting period to translate into New Taiwan dollars all such U.S. dollar denominated assets held by our Taiwan subsidiary. This translation is required because the New Taiwan Dollar is the functional currency of the subsidiary. This U.S. GAAP-mandated translation will cause us to recognize gain or loss on our financial statements as the New Taiwan dollar/U.S. dollar exchange rate varies. Such gain or loss will create variations in our earnings per share. Because there is minimal cash impact caused by such exchange rate variations, management will continue to focus on the Company's operating performance before the impact of the foreign currency translation.

If we are unable to compete effectively with existing or new competitors, our resulting loss of competitive position could result in price reductions, fewer customer orders, reduced margins and loss of market share.

The markets for our products are highly competitive and we expect competition to increase in the future. Many of our competitors have significantly greater financial, technical and marketing resources than we do. These competitors may be able to respond more rapidly to new or emerging technologies or changes in customer requirements. They may also be able to devote greater resources to the development, promotion and sale of their products. Increased competition could result in price reductions, fewer customer orders, reduced margins and loss of market share. Our failure to compete successfully against current or future competitors could seriously harm our business, financial condition and results of operations.

Our intellectual property rights are important to our operations, and we could suffer loss if they infringe upon other's rights or are infringed upon by others.

We rely on a combination of patents, copyrights, trademarks and trade secrets, confidentiality provisions and licensing arrangements to establish and protect our proprietary rights. To this end, we hold rights to a number of patents and registered trademarks and regularly file applications to attempt to protect our rights in new technology and trademarks. However, there is no guarantee that our patent applications will become issued patents, or that our trademark applications will become registered trademarks. Moreover, even if approved, our patents or trademarks may thereafter be successfully challenged by others or otherwise become invalidated for a variety of reasons. In addition, the only patents we have obtained are U.S. patents. Thus, any patents or trademarks we currently have or may later acquire may not provide us a significant competitive advantage.

Third parties may claim that we are infringing their intellectual property rights. Such claims could have a serious adverse effect on our business and financial condition. From time to time we receive letters alleging infringement of patents. Litigation concerning patents or other intellectual property is costly and time consuming. We may seek licenses from such parties, but they could refuse to grant us a license or demand commercially unreasonable terms. We might not have sufficient resources to pay for the licenses. Such infringement claims could also cause us to incur substantial liabilities and to suspend or permanently cease the use of critical technologies or processes or the production or sale of major products.

Failure to obtain required certifications of our products on a timely basis could harm our business.

We have certain products, especially in our aviation segment, that are subject to governmental and similar certifications before they can be sold. For example, Federal Aviation Administration (''FAA'') certification is required for all of our aviation products that are intended for installation in type certificated aircraft. To the extent required, certification is an expensive and time consuming process that requires significant focus and resources. An inability to obtain, or excessive delay in obtaining, such certifications could have an adverse effect on our ability to introduce new products and, therefore, our operating results. In addition, we cannot assure you that our certified products will not be decertified. Any such decertification could have an adverse effect on our operating results.

Our business is subject to economic, political and other risks associated with international sales and operations.

Our business is subject to risks associated with doing business internationally. We estimate that approximately 29% of our net sales in the fiscal year ended December 27, 2003 represented products shipped to international destinations. Accordingly, our future results could be harmed by a variety of international factors, including:

- changes in foreign currency exchange rates;
- changes in a specific country's or region's political or economic conditions, particularly in emerging markets;
- trade protection measures and import or export licensing requirements;
- potentially negative consequences from changes in tax laws;
- difficulty in managing widespread sales and manufacturing operations; and
- less effective protection of intellectual property.

We may experience unique economic and political risks associated with companies that operate in Taiwan.

Relations between Taiwan and the People's Republic of China, also referred to as the PRC, and other factors affecting the political or economic conditions of Taiwan in the future could affect our business and the market price and the liquidity of our shares. Our principal manufacturing facilities where we manufacture all of our products, except our panel-mounted aviation products, are located in Taiwan.

Taiwan has a unique international political status. The PRC asserts sovereignty over all of China, including Taiwan, certain other islands and all of mainland China. The PRC government does not recognize the legitimacy of the Taiwan government. Although significant economic and cultural relations have been established during recent years between Taiwan and the PRC, the PRC government has indicated that it may use military force to gain control over Taiwan in certain circumstances, such as the declaration of independence by Taiwan. Relations between Taiwan and the PRC have on occasion adversely affected the market value of Taiwanese companies and could negatively affect our operations in Taiwan in the future.

There is uncertainty as to our shareholders' ability to enforce certain foreign civil liabilities in the Cayman Islands and Taiwan.

We are a Cayman Islands company and a substantial portion of our assets are located outside the United States, particularly in Taiwan. As a result, it may be difficult for you to effect service of process within the United States upon us. In addition, there is uncertainty as to whether the courts of the Cayman Islands or Taiwan would recognize or enforce judgments of United States courts obtained against us predicated upon the civil liability provisions of the securities laws of the United States or any state thereof, or be competent to hear original actions brought in the Cayman Islands or Taiwan against us predicated upon the securities laws of the United States or any state thereof.

Our shareholders may face difficulties in protecting their interests because we are incorporated under Cayman Islands law.

Our corporate affairs are governed by our Memorandum and Articles of Association and by the Companies Law (2003 Revision) and the common law of the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly established as under statutes or judicial precedent in existence in jurisdictions in the United States. Therefore, our public shareholders may have more difficulty in protecting their interests in the face of actions by the management, directors or our controlling shareholders than would shareholders of a corporation incorporated in a jurisdiction in the United States, due to the comparatively less developed nature of Cayman Islands law in this area.

We may pursue strategic acquisitions, investments, strategic partnerships or other ventures, and our business could be materially harmed if we fail to successfully identify, complete and integrate such transactions.

We intend to evaluate acquisition opportunities and opportunities to make investments in complementary businesses, technologies, services or products, or to enter into any strategic partnerships with parties who can provide access to those assets, additional product or services offerings or additional industry expertise. In August 2003, we acquired UPS Aviation Technologies, Inc. We currently have no commitments to make any material investments or acquisitions, or to enter into strategic partnerships. We may not be able to identify suitable acquisition, investment or strategic partnership candidates, or if we do identify suitable candidates in the future, we may not be able to complete those transactions on commercially favorable terms, or at all.

Any future acquisition could result in difficulties assimilating acquired operations and products and diversion of capital and management's attention away from other business issues and opportunities. Integration of acquired companies may result in problems related to integration of technology and inexperienced management teams. In addition, the key personnel of the acquired company may decide not to work for us. Our management has had limited experience in assimilating acquired organizations and products into our operations. We may not successfully integrate any operations, personnel or products that we may acquire in the future. If we fail to successfully integrate such transactions, our business could be materially harmed.

We have benefited in the past from Taiwan government tax incentives offered on certain high technology capital investments that may not always be available.

Our effective tax rate is lower than the U.S. Federal statutory rate, because we have benefited from lower tax rates since our inception and from incentives offered in Taiwan related to our high technology investments in Taiwan. The loss of these tax benefits could have a significant effect on our financial results in the future.

Changes in our United States federal income tax classification or in applicable tax law could result in adverse tax consequences to our shareholders.

We do not believe that we (or any of our non-United States subsidiaries) are currently a ‘‘foreign personal holding company’’ or ‘‘passive foreign investment company’’ for United States federal income tax purposes. We would constitute a foreign personal holding company in any taxable year if (1) 60% (or 50% in any year following the year in which we first became a foreign personal holding company) or more of our gross income were foreign personal holding company income (which is generally income of a passive nature such as dividends, interest and royalties) (the ‘‘income test’’) and (2) more than 50% of the voting power or value of our equity were owned, directly or indirectly, by five or fewer U.S. holders that are individuals (the ‘‘shareholder test’’). If we (or any of our non-United States subsidiaries) are classified as a foreign personal holding company in any taxable year, then each shareholder that is a United States person would be required to pay tax on its pro rata share of the undistributed foreign personal holding income of such foreign personal holding company. We currently satisfy the shareholder test for qualifying as a foreign personal holding company but intend to manage our affairs so as to attempt to avoid satisfaction of the income test for qualifying as a foreign personal holding company, or minimize the impact to our shareholders if we satisfy the income test, to the extent this management of our affairs would be consistent with our business goals, although we cannot assure you in this regard.

We do not expect to become a passive foreign investment company. However, because the passive foreign investment company determination is made annually on the basis of facts and circumstances that may be beyond our control and because the principles for applying the passive foreign investment company tests are not entirely clear, we cannot assure you that we will not become a passive foreign investment company. If we are a passive foreign investment company in any year, then any of our shareholders that is a United States person could be liable to pay tax at ordinary income tax rates plus an interest charge upon some distributions by us or when that shareholder sells our common shares at a gain. Further, if we are classified as a passive foreign investment company in any year in which a United States person is a shareholder, we generally will continue to be treated as a passive foreign investment company with respect to such shareholder in all succeeding years, regardless of whether we continue to satisfy the income or asset tests described above. Additional tax considerations would apply if we or any of our subsidiaries were a controlled foreign corporation or a personal holding company.

Risks Relating to Our Shares

The markets for high technology stocks have experienced extreme volatility and our share price may be subject to significant fluctuations and volatility.

The markets for high technology stocks have experienced extreme volatility that has often been unrelated to the operating performance of the particular companies. These broad market fluctuations may adversely affect the trading price of our common shares.

Our officers and directors exert substantial influence over us.

As of March 1, 2004 members of our Board of Directors and our executive officers, together with members of their families and entities that may be deemed affiliates of or related to such persons or entities, beneficially own approximately 45% of our outstanding common shares. Accordingly, these shareholders may be able to determine the outcome of corporate actions requiring shareholder approval, such as mergers and acquisitions. This level of ownership may have a significant effect in delaying, deferring or preventing a change in control of Garmin and may adversely affect the voting and other rights of other holders of our common shares.

Prior to 2006, without the approval of a majority of certain of our shareholders, we may not dispose of our shares of Garmin Corporation or its assets, even if it would benefit all of our shareholders.

In connection with the reorganization whereby Garmin became the holding company for Garmin Corporation, shareholders of Garmin Corporation entered into a shareholders' agreement whereby each shareholder party to the agreement agreed to take all reasonable actions required to prevent the disposition by Garmin of any shares of Garmin Corporation or of substantially all of the assets of Garmin Corporation until after December 31, 2005 except upon approval of a majority in interest of such shareholders who are U.S. citizens or residents. Certain of our officers and directors own a substantial portion of these shares.

Provisions in our charter documents might deter, delay or prevent a third party from acquiring us, which could decrease the value of our shares.

Our Board of Directors has the authority to issue up to 1,000,000 preferred shares and to determine the price, rights, preferences, privileges and restrictions, including voting rights, of those shares without any further vote or action by the shareholders. This could have an adverse impact on the market price of our common shares. We have no present plans to issue any preferred shares, but we may do so. The rights of the holders of common shares may be subject to, and adversely affected by, the rights of the holders of any preferred shares that may be issued in the future. In addition, we have adopted a classified board of directors. Our shareholders are unable to remove any director or the entire board of directors without a super majority vote. In addition, a super majority vote is required to approve transactions with interested shareholders. Shareholders do not have the right to call a shareholders meeting. We have adopted a shareholders' rights plan which under certain circumstances would significantly impair the ability of third parties to acquire control of us without prior approval of our Board of Directors. This shareholders' rights plan and the provisions in our charter documents could make it more difficult for a third party to acquire us, even if doing so would benefit our shareholders.

Item 7A. 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 materials costs are both significantly influenced by semiconductor market conditions. Historically, during cyclical industry 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 materials costs.

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. We generally have not been significantly affected by foreign exchange fluctuations because, until recently, the Taiwan Dollar has proven to be relatively stable. However, periodically we have experienced significant foreign currency gains and losses due to the strengthening and weakening of the U.S. dollar. 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 New Taiwan Dollar. Garmin Corporation, located in Shijr, Taiwan uses the local currency as the 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 net assets, we have elected to retain most of our Taiwan subsidiary's cash in U.S. dollars. As discussed above, the Taiwan dollar/U.S. dollar exchange rate can be volatile. The exchange rate decreased 3.0% during 2003 and resulted in a foreign currency loss of $6.7 million. While the net effect of foreign currency moves in fiscal 2002 was neutral, there were significant shifts in the exchange rate throughout 2002. The exchange rate increased 6.5% during 2001 and resulted in a foreign currency gain of $11.6 million. If the exchange rate decreased by a similar percentage, a comparable foreign currency loss would be recognized. A 10% positive or negative change in the US dollar exchange rate versus the New Taiwan Dollar would have resulted in a foreign currency gain of $22.1 million (positive 10% change) or a foreign currency loss of $22.1 million (negative 10% change) during 2003.

Interest Rate Risk

As of December 27, 2003, we have no outstanding long-term debt, and therefore no debt-related interest rate risk. Upon retiring the industrial revenue bond issue during 2003 as described above, Garmin International, Inc. also terminated two interest rate swap agreements, one with a $10.0 million notional amount and another with a $5.0 million notional amount at a cost of $0.6 million. The Company's average outstanding debt during fiscal 2003 was approximately $10 million. The average interest rate on debt during fiscal 2003 was 3.5%.

At December 27, 2003, the Company is exposed to interest rate risk in connection with its investments in marketable securities. As interest rates change, the unrealized gains and losses associated with those securities will fluctuate accordingly. A hypothetical change of 10% in interest rates would not have a material effect on such unrealized gains or losses. At December 27, 2003, unrealized gains on those securities were $2.8 million.

Item 8. Financial Statements and Supplementary Data

CONSOLIDATED FINANCIAL STATEMENTS

Garmin Ltd. and Subsidiaries
Years Ended December 27, 2003, December 28, 2002, and December 29, 2001

Contents

Report of Independent Auditors

The Board of Directors and Stockholders
Garmin Ltd.

We have audited the accompanying consolidated balance sheets of Garmin Ltd. and subsidiaries (the Company) as of December 27, 2003 and December 28, 2002, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 27, 2003. Our audits also included the financial statement schedule listed in the index at Item 15(a)(2). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Garmin Ltd. and subsidiaries at December 27, 2003 and December 28, 2002, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 27, 2003, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Ernst & Young LLP

Kansas City, Missouri
January 30, 2004

Garmin Ltd. And Subsidiaries

Consolidated Balance Sheets

(In thousands, except share information)

	December 27, 2003	December 28, 2002
Assets		
Current assets:		
Cash and cash equivalents	**$274,329**	$216,768
Marketable securities *(Note 3)*	**53,127**	113,336
Accounts receivable, less allowance for doubtful accounts of $3,576 in 2003 and $3,153 in 2002	**82,718**	58,278
Inventories, net	**96,794**	57,507
Deferred income taxes *(Note 7)*	**26,812**	22,620
Prepaid expenses and other current assets	**6,148**	4,490
Total current assets	**539,928**	472,999
Property and equipment *(Note 5)*		
Land and improvements	**21,168**	20,517
Building and improvements	**59,044**	33,952
Office furniture and equipment	**22,437**	15,086
Manufacturing equipment	**21,146**	18,920
Engineering equipment	**19,880**	15,730
Vehicles	**2,424**	2,286
	146,099	106,491
Accumulated depreciation	**41,315**	32,051
	104,784	74,440
Restricted cash *(Note 5)*	**1,602**	1,598
Marketable securities *(Note 3)*	**168,320**	132,372
License agreements, net	**14,966**	19,370
Other intangible assets	**27,345**	5,109
Total assets	**$856,945**	$705,888
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	**$40,671**	$32,446
Salaries and benefits payable	**4,792**	4,178
Accrued warranty costs	**8,399**	5,949
Accrued sales program costs	**4,461**	4,752
Other accrued expenses *(Note 8)*	**7,165**	8,000
Income taxes payable	**38,946**	25,853
Total current liabilities	**104,434**	81,178
Long-term debt *(Note 4)*	**-**	20,000
Deferred income taxes *(Note 7)*	**2,821**	2,211
Stockholders' equity:		
Preferred stock, $1.00 par value, 1,000,000 shares authorized, none issued		
Common stock, $0.01 par value, 500,000,000 shares authorized *(Notes 12 and 13)*:		
Issued and outstanding shares - 108,166,000 in 2003, and 107,919,766 in 2002	**1,082**	1,080
Additional paid-in capital	**104,022**	129,431
Retained earnings *(Note 2)*	**663,604**	507,884
Accumulated other comprehensive loss	**(19,018)**	(35,896)
Total stockholders' equity	**749,690**	602,499
Total liabilities and stockholders' equity	**$856,945**	$705,888

See accompanying notes.

Garmin Ltd. And Subsidiaries

Consolidated Statements of Income

(In Thousands, Except Per Share Information)

	Fiscal Year Ended		
	December 27, 2003	**December 28, 2002**	**December 29, 2001**
Net sales	**$572,989**	$465,144	$369,119
Cost of goods sold	**242,448**	210,088	170,960
Gross profit	**330,541**	255,056	198,159
Selling, general and administrative expenses	**59,835**	45,453	38,709
Research and development expense	**43,706**	32,163	28,164
	103,541	77,616	66,873
Operating income	**227,000**	177,440	131,286
Other income (expense):			
Interest income	**7,473**	6,466	11,164
Interest expense	**(534)**	(1,329)	(2,174)
Foreign currency	**(6,699)**	11	11,573
Other	**(1,297)**	146	186
	(1,057)	5,294	20,749
Income before income taxes	**225,943**	182,734	152,035
Income tax provision (benefit):			
Current	**51,514**	40,510	40,610
Deferred	**(4,205)**	(573)	(2,023)
	47,309	39,937	38,587
Net income	**$178,634**	$142,797	$113,448
Basic net income per share *(Note 12)*	**$1.65**	$1.32	$1.05
Diluted net income per share *(Note 12)*	**$1.64**	$1.32	$1.05

See accompanying notes.

Garmin Ltd. And Subsidiaries

Consolidated Statements of Stockholders' Equity
(In Thousands, Except Per Share Information)

	Common Stock Shares	Common Stock Dollars	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance at December 30, 2000	108,242	$1,082	$133,925	$253,140	($22,908)	$365,239
Net income	–	–	–	113,448	–	113,448
Translation adjustment	–	–	–	–	(15,519)	(15,519)
Adjustment related to effective portion of cash flow hedges, net of income tax effects of $579	–	–	–	–	(900)	(900)
Comprehensive income						97,029
Issuance of common stock from exercise of stock options	5	1	70	–	–	71
Issuance of common stock through stock purchase plan	123	1	1,463	–	–	1,464
Purchase and retirement of common stock	(595)	(6)	(8,327)	(1,501)	–	(9,834)
Balance at December 29, 2001	107,775	1,078	127,131	365,087	(39,327)	453,969
Net income	–	–	–	142,797	–	142,797
Translation adjustment	–	–	–	–	2,456	2,456
Adjustment related to effective portion of cash flow hedges, net of income tax effects of $170	–	–	–	–	263	263
Adjustment related to unrealized gains on available-for-sale securities, net of income tax effects of $455	–	–	–	–	712	712
Comprehensive income						146,228
Issuance of common stock from exercise of stock options	74	1	1,252	–	–	1,253
Issuance of common stock through stock purchase plan	70	1	1,048	–	–	1,049
Balance at December 28, 2002	107,919	1,080	129,431	507,884	(35,896)	602,499
Net income	–	–	–	**178,634**	–	**178,634**
Translation adjustment	–	–	–	–	**15,006**	**15,006**
Adjustment related to effective portion of cash flow hedges less reclassification adjustment, net of income tax effects of $408	–	–	–	–	**638**	**638**
Adjustment related to unrealized gains (losses) on available-for-sale securities, net of income tax effects of $357	–	–	–	–	**1,234**	**1,234**
Comprehensive income						**195,512**
Dividends paid ($0.50 per share)	–	–	**(31,126)**	**(22,914)**	–	**(54,040)**
Tax benefit from exercise of employee stock options	–	–	**1,458**	–	–	**1,458**
Issuance of common stock from exercise of stock options	**176**	**2**	**2,454**	–	–	**2,456**
Issuance of common stock through stock purchase plan	**71**	–	**1,805**	–	–	**1,805**
Balance at December 27, 2003	**108,166**	**$1,082**	**$104,022**	**$663,604**	**($19,018)**	**$749,690**

See accompanying notes.

Garmin Ltd. And Subsidiaries

Consolidated Statements of Cash Flows

(In Thousands)

	Fiscal Year Ended		
	December 27, 2003	**December 28, 2002**	**December 29, 2001**
Operating Activities:			
Net income	**$178,634**	$142,797	$113,448
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	**10,216**	8,279	7,341
Amortization	**9,888**	7,852	3,527
(Gain) Loss on sale of property and equipment	**61**	(7)	23
Provision for doubtful accounts	**600**	941	1,137
Provision for obsolete and slow-moving inventories	**6,574**	688	4,000
Foreign currency translation gains/losses	**10,015**	600	(5,593)
Deferred income taxes	**(4,205)**	(573)	(2,023)
Changes in operating assets and liabilities, net of acquisition:			
Accounts receivable	**(21,982)**	(10,854)	(17,894)
Inventories	**(36,102)**	3,173	22,958
Prepaid expenses and other current assets	**(1,590)**	(1,568)	(447)
Accounts payable	**6,324**	13,604	(2,657)
Accrued expenses	**735**	9,716	(1,016)
Income taxes payable	**15,912**	760	7,187
Other assets	**100**	-	-
Net cash provided by operating activities	**175,180**	175,408	129,991
Investing activities:			
Purchases of property and equipment	**(32,770)**	(12,424)	(14,883)
Proceeds from sale of property and equipment	**14**	18	239
Purchase of marketable securities	**22,870**	(869,112)	(1,684,985)
Sales of marketable securities	**-**	753,998	1,553,401
Purchase of Sequoia Instruments, Inc.	**-**	-	(3,625)
Purchase of UPS Aviation Technologies, Inc.	**(38,177)**	-	-
Purchase of licenses	**(1,724)**	(13,525)	(12,028)
Change in restricted cash	**4**	2	4,239
Other	**(649)**	(29)	(748)
Net cash used in investing activities	**(50,432)**	(141,072)	(158,390)
Financing activities:			
Dividends	**(54,040)**	-	-
Proceeds from issuance of common stock through stock purchase plan	**1,805**	1,049	1,464
Proceeds from issuance of common stock from exercise of stock options	**2,456**	1,026	71
Principal payments on long-term debt	**(20,000)**	(12,236)	(14,189)
Purchase of common stock	**-**	-	(9,834)
Net cash used in financing activities	**(69,779)**	(10,161)	(22,488)
Effect of exchange rate changes on cash and cash equivalents	**2,592**	(249)	(8,002)
Net increase / (decrease) in cash and cash equivalents	**57,561**	23,926	(58,889)
Cash and cash equivalents at beginning of year	**216,768**	192,842	251,731
Cash and cash equivalents at end of year	**$274,329**	$216,768	$192,842

Garmin Ltd. And Subsidiaries

Consolidated Statements of Cash Flows (continued)

(In Thousands)

	Fiscal Year Ended		
	December 27, 2003	December 28, 2002	December 29, 2001
Supplemental disclosures of cash flow information			
Cash paid during the year for income taxes	**$38,266**	$39,992	$38,844
Cash received during the year from income tax refunds	**$512**	-	-
Cash paid during the year for interest	**$534**	$1,325	$2,011
Supplemental disclosure of non-cash investing and financing activities			
Change in liability recognized in accrued expenses related to cash flow hedges and charge to accumulated other comprehensive loss	**($1,046)**	($433)	$1,479
Change in marketable securities related to unrealized appreciation	**$1,591**	$1,167	-
Fair value of assets acquired (UPS Aviation Technologies)	**$41,558**	-	-
Liabilities assumed	**(3,320)**	-	-
Less: cash acquired	**(61)**	-	-
Net cash paid	**$38,177**	-	-

See accompanying notes.

1. Organization

On July 24, 2000, the stockholders of Garmin Corporation (GARMIN) incorporated Garmin Ltd. (the Company) under the laws of the Cayman Islands. Subsequently, the stockholders of GARMIN executed a Shareholders Agreement to transfer to Garmin Ltd. their investments in 88,988,394 common shares of stock of GARMIN. These shares, which represented approximately 100% of the issued and outstanding common stock of GARMIN as of July 24, 2000, were used by the stockholders to pay for their subscriptions to 100,000,000 common shares of Garmin Ltd. at a par value of $0.01 or an aggregate value of $1,000. As such, the exchange of shares in this reorganization between GARMIN and the newly formed holding company, Garmin Ltd., completed on September 22, 2000, has been accounted for at historical cost similar to that in pooling-of-interests accounting. Until April 15, 2002, one share of GARMIN stock was held by each of six shareholders as nominees under nominee trusts in order to comply with Article 2 of the Company Law of Taiwan which required that, as a “company limited by stock”, GARMIN have at least seven shareholders, and 4,000 shares of GARMIN were held by two shareholders who did not convert their GARMIN shares to common shares of the Company. These 4,006 shares represented approximately 0.004% of the outstanding shares of GARMIN. Taiwan company law was subsequently changed to remove the requirement that a Taiwan company have a minimum of seven shareholders and to permit single shareholder companies. As of April 15, 2002, the Company acquired the 4,000 shares of GARMIN that were held by the two shareholders and the six nominee shareholders each transferred their own share of GARMIN stock to the Company. As a result, the Company now owns all of the outstanding shares of GARMIN. Garmin Ltd. completed an initial public offering of its common stock in December 2000.

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States. The accompanying consolidated financial statements reflect the accounts of Garmin Ltd. and its wholly owned subsidiaries. All significant inter-company balances and transactions have been eliminated.

Nature of Business

Garmin Ltd. and subsidiaries (together, the Company) manufacture, market, and distribute Global Positioning System-enabled products and other related products. GARMIN was incorporated in Taiwan, Republic of China on January 16, 1990. GARMIN is primarily responsible for the manufacturing and distribution of the Company’s products to Garmin International, Inc. (GII) and Garmin (Europe) Limited (GEL) and, to a lesser extent, new product development and sales and marketing of the Company’s products in Asia and the Far East. In April 1990, a 100%-owned subsidiary, Garmin International, Inc., was incorporated in the United States. GII is primarily responsible for sales and marketing of the Company’s products in many international markets and in the United States as well as research and new product development. GII also manufactures certain products for the Company’s aviation segment. During June 1992, GII formed Garmin (Europe) Limited, a wholly owned subsidiary in the United Kingdom, to sell its products principally within the European market. During 2000, GII sold its interest in GEL to Garmin Ltd. As a result, GEL is now a direct subsidiary of Garmin Ltd. Also during 2000, Garmin Realty LLC was formed by GII to hold certain real estate. In December 2001, GII formed Garmin USA as a sales organization. During August 2003, GII acquired all the outstanding capital stock of UPS Aviation Technologies, Inc. for $38 million in cash and renamed the company Garmin AT, Inc (GAT). See Note 16.

Fiscal Year

The Company has adopted a 52–53-week period ending on the last Saturday of the calendar year. Due to the fact that there are not exactly 52 weeks in a calendar year and there is slightly more than one additional day per year (not including the effects of leap year) in each calendar year as compared to a 52-week fiscal year, the Company will have a fiscal year comprising 53 weeks in certain fiscal years, as determined by when the last Saturday of the calendar year occurs.

In those resulting fiscal years that have 53 weeks, the Company will record an extra week of sales, costs, and related financial activity. Therefore, the financial results of those fiscal years, and the associated 14-week quarter, will not be exactly comparable to the prior and subsequent 52-week fiscal years and the associated quarters having only 13 weeks. Fiscal 2003, 2002 and 2001 included 52 weeks.

Foreign Currency Translation

GARMIN utilizes the New Taiwan Dollar as its functional currency. In accordance with Statement of Financial Accounting Standards (SFAS) No. 52, *Foreign Currency Translation*, the financial statements of GARMIN for all periods presented have been translated into United States dollars, the functional currency of Garmin Ltd. and GII, and the reporting currency herein, for purposes of consolidation at rates prevailing during the year for sales, costs, and expenses and at end-of-year rates for all assets and liabilities. The effect of this translation is recorded in a separate component of stockholders' equity. Cumulative translation adjustments of $20,965 and $35,971 as of December 27, 2003 and December 28, 2002, respectively, have been included in accumulated other comprehensive loss in the accompanying consolidated balance sheets.

Transactions in foreign currencies are recorded at the approximate rate of exchange at the transaction date. Assets and liabilities resulting from these transactions are translated at the rate of exchange in effect at the balance sheet date. All differences are recorded in results of operations and amounted to an exchange loss of approximately $6,699, and exchange gains of $11 and $11,573 for the years ended December 27, 2003, December 28, 2002, and December 29, 2001, respectively. The loss in fiscal 2003 is due to weakening of the United States dollar compared to the New Taiwan Dollar throughout the year. The gain in fiscal 2001 is the result of the strengthening of the United States dollar compared to the New Taiwan Dollar in the second and fourth quarters of fiscal 2001. This loss and these gains are included in other income in the accompanying consolidated statements of income.

Earnings Per Share

Basic earnings per share amounts are computed based on the weighted-average number of common shares outstanding. For purposes of diluted earnings per share, the number of shares that would be issued from the exercise of dilutive stock options has been reduced by the number of shares which could have been purchased from the proceeds of the exercise at the average market price of the Company's stock during the period the options were outstanding. See Note 12.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, operating accounts, money market funds, and securities with maturities of three months or less when purchased. The carrying amount of cash and cash equivalents approximates fair value, given the short maturity of those instruments.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the weighted-average method (which approximates the first-in, first-out (FIFO) method) by GARMIN and the FIFO method by GII, GAT and GEL. Inventories consisted of the following:

	December 27, 2003	December 28, 2002
Raw Materials	**$45,388**	$24,177
Work-in-process	**12,551**	10,936
Finished goods	**50,340**	31,818
Inventory reserves	**(11,485)**	(9,424)
	$96,794	$57,507

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	8-55 years
Office furniture and equipment	3-8 years
Manufacturing and engineering equipment	3-8 years
Vehicles	3-8 years

Long-Lived Assets

In accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be fully recoverable. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. That assessment shall be based on the carrying amount of the asset at the date it is tested for recoverability. An impairment loss shall be measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

Dividends

On July 23, 2003 the Board of Directors declared a dividend of $0.50 per share to be paid on December 15, 2003 to shareholders of record on December 1, 2003. The Company paid out a dividend in the amount of $54,040. The dividend has been reported as a reduction of retained earnings to the extent of the stand-alone retained earnings of Garmin Ltd. The excess has been reported as a reduction of additional paid-in-capital.

Approximately $67,882 and $50,669 of GARMIN's retained earnings are indefinitely restricted from distribution to stockholders pursuant to the law of Taiwan at December 27, 2003 and December 28, 2002, respectively.

Intangible Assets

On December 30, 2001, the Company adopted SFAS No. 142, *Goodwill and Other Intangible Assets*. The statement addresses how goodwill and other intangible assets should be accounted for and tested for impairment. The standard requires intangibles to be identified as either finite-lived or indefinite lived. Indefinite-lived intangible assets are no longer subject to amortization, yet are to be tested for impairment annually and on an interim basis if events or changes in circumstances between annual tests indicate that the asset might be impaired. The impairment test requires the determination of the value of the intangible asset. If the value of the intangible asset is less than its carrying value, an impairment loss should be recognized in an amount equal to the difference. The asset will then be carried at its new value. Finite lived intangible assets are still subject to amortization and are reviewed for impairment in accordance with SFAS No. 144. The adoption of this statement did not have a material impact on the Company.

At December 27, 2003 and December 28, 2002, the Company had patents, license agreements, customer related intangibles and other identifiable finite lived intangible assets recorded at a cost of $48,703 and $35,403, respectively. The Company's excess purchase cost over fair value of net assets acquired (goodwill) was $11,418 and zero at December 27, 2003 and December 28, 2002, respectively.

Identifiable, finite lived intangible assets are amortized over their estimated useful lives on a straight-line basis over three to ten years. Accumulated amortization was $17,810 and $10,924 at December 27, 2003 and December 28, 2002, respectively. Amortization expense was $6,886, $5,277 and $2,800 for the years ended December 27, 2003, December 28, 2002, and December 29, 2001, respectively. In the next five years, the amortization expense is estimated to be $12,945, $7,145, $2,363, $1,889, and $1,535, respectively.

Marketable Securities

Management determines the appropriate classification of marketable securities at the time of purchase and reevaluates such designation as of each balance sheet date.

All of the Company's marketable securities are considered available-for-sale at December 27, 2003. See Note 3. Available-for-sale securities are stated at fair value, with the unrealized gains and losses, net of tax, reported in other comprehensive loss. During 2003, unrealized gains of $1,234 were reported in other comprehensive loss, net of related taxes.

The amortized cost of debt securities classified as available-for-sale is adjusted for amortization of premiums and accretion of discounts to maturity, or in the case of mortgage-backed securities, over the estimated life of the security. Such amortization is included in interest income from investments. Realized gains and losses, and declines in value judged to be other-than-temporary are included in net securities gains (losses). The cost of securities sold is based on the specific identification method. Realized gains and losses on available-for-sale securities were not material.

Income Taxes

The Company accounts for income taxes using the liability method in accordance with SFAS No. 109, *Accounting for Income Taxes*. The liability method provides that deferred tax assets and liabilities are recorded based on the difference between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes as measured by the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Income taxes have not been accrued by Garmin Corporation for the unremitted earnings of GII totaling approximately $112,567 and $122,315 at December 27, 2003 and December 28, 2002, respectively, because such earnings are intended to be reinvested in this subsidiary indefinitely. Income taxes have also not been accrued by the Company for the unremitted earnings of Garmin Corporation or GEL because such earnings are also intended to be reinvested in these subsidiaries indefinitely.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Concentration of Credit Risk

The Company grants credit to certain customers who meet the Company's pre-established credit requirements. Generally, the Company does not require security when trade credit is granted to customers. Credit losses are provided for in the Company's consolidated financial statements and consistently have been within management's expectations.

Revenue Recognition

The Company recognizes revenue from product sales when the product is shipped to the customer and title has transferred. The Company assumes no remaining significant obligations associated with the product sale other than that related to its warranty programs discussed below.

Shipping and Handling Costs

Shipping and handling costs are included in cost of goods sold in the accompanying consolidated financial statements.

Product Warranty

The Company provides for estimated warranty costs at the time of sale. The warranty period is generally for one year from date of shipment with the exception of certain aviation products for which the warranty period is two years from the date of installation.

Sales Programs

The Company provides certain monthly and quarterly incentives for its dealers based on various factors including dealer purchasing volume and growth. Additionally, from time to time, the Company provides rebates to end users on certain products. Estimated rebates and incentives payable to distributors are regularly reviewed and recorded as accrued expenses on a monthly basis. These rebates and incentives are recorded as reductions to net sales in the accompanying consolidated statements of income.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense charged to operations amounted to approximately $22,071, $16,670, and $14,714 for the years ended December 27, 2003, December 28, 2002, and December 29, 2001, respectively.

Research and Development

Substantially all research and development is performed by GII in the United States. Research and development costs, which are expensed as incurred, amounted to approximately $43,706, $32,163, and $28,164 for the years ended December 27, 2003, December 28, 2002, and December 29, 2001, respectively.

Accounting for Stock-Based Compensation

At December 27, 2003, the Company has two stock-based employee compensation plans, which are described more fully in Note 11. 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.

	December 27, 2003	December 28, 2002	December 29, 2001
Net income as reported	**$178,634**	$142,797	$113,448
Deduct: Total stock-based employee compensation expense determined under fair-value based method for all awards, net of tax effects	**(3,046)**	(1,949)	(1,298)
Pro forma net income	**$175,588**	$140,848	$112,150
Pro forma net income per share:			
Basic	**$1.63**	$1.31	$1.04
Diluted	**$1.61**	$1.30	$1.03

Derivative Investments and Hedging Activities

The Company applies SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, to its derivative instruments and hedging activities. This statement requires the Company to recognize all derivatives on the balance sheet at fair value. Derivatives not considered hedges must be adjusted to fair value through income.

If a derivative is a hedge, depending on the nature of the hedge, changes in the fair value of the derivative will either be offset against the change in fair value of the hedged asset, liability or firm commitment through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings.

GII has historically entered into interest rate swap agreements to modify the interest characteristics of portions of its outstanding long-term debt from a floating rate to a fixed rate basis. These agreements involved the receipt of floating rate amounts in exchange for fixed rate interest payments over the life of the agreements without an exchange of the underlying principal amount. The differential to be paid or received is accrued as interest rates change and recognized as an adjustment to interest expense related to the debt. The related amount payable to or receivable from the counterparty is included in other liabilities or assets. The Company's agreements have previously qualified for hedge accounting as permitted in SFAS No. 133, resulting in the agreement's being marked to market at each balance sheet date through other comprehensive income. Management assessed the effectiveness of the hedge relationship on a periodic basis during the year. See Note 8.

Recent Accounting Pronouncements

At its November 2002 meeting, the EITF reached a consensus on Issue 00-21 "Accounting for Revenue Arrangements with Multiple Deliverable", which provides a model to be used, in the context of a multiple-deliverable revenue arrangement, in determining (a) how the arrangement consideration should be measured, (b) whether the arrangement should be divided into separate units of accounting, and, if so, (c) how the arrangement consideration should be allocated to the separate units of accounting. Issue 00-21 is effective for revenue arrangements entered into in fiscal periods (annual or interim) beginning after June 15, 2003, with earlier adoption permitted. Companies also are permitted to adopt Issue 00-21 by reporting the change in accounting as a cumulative effect adjustment in accordance with APB Opinion No. 20, *Accounting Changes*, and SFAS No. 3, *Reporting Accounting Changes in Interim Financial Statements*. The adoption of this standard did not have a material impact on the Company's results of operations or financial condition.

In January 2003, the Financial Accounting Standards Board (FASB) issued Interpretation No. 46, "*Consolidation of Variable Interest Entities*." Interpretation No. 46 requires that the assets, liabilities and results of the activity of variable interest entities be consolidated into the financial statements of the Company that has the controlling financial interest. Interpretation No. 46 also provides the framework for determining whether a variable interest entity should be consolidated based on voting interests or significant financial support provided to it. Interpretation No. 46 will become effective for the Company on March 31, 2004 for variable interest entities created prior to December 31, 2003. We do not expect the adoption of Interpretation No. 46 to have a material impact on our results and operations or financial condition.

Reclassification

Certain amounts in the fiscal 2002 consolidated financial statements have been reclassified to conform to fiscal 2003 presentation.

3. Marketable Securities

The following is a summary of the Company's marketable securities classified as available-for-sale securities at December 27, 2003:

	Amortized Cost	Gross Unrealized Gains/Losses	Estimated Fair Value (Net Carrying Amount)
Mortgage-backed securities	**$61,354**	**$1,097**	**$62,451**
Obligations of states and political subdivisions	**95,544**	**1,313**	**96,857**
U.S. corporate bonds	**34,591**	**349**	**34,940**
Other	**27,200**	**(1)**	**27,199**
Total	**$218,689**	**$2,758**	**$221,447**

The following is a summary of the Company's marketable securities classified as available-for-sale securities at December 28, 2002:

	Amortized Cost	Gross Unrealized Gains/Losses	Estimated Fair Value (Net Carrying Amount)
Mortgage-backed securities	$58,038	$386	$58,424
Obligations of states and political subdivisions	86,006	595	86,601
U.S. corporate bonds	79,572	185	79,757
Other	20,925	1	20,926
Total	$244,541	$1,167	$245,708

The amortized cost and estimated fair value of marketable securities at December 27, 2003, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because the issuers of the securities may have the right to prepay obligations without prepayment penalties.

	Cost	Estimated Fair Value
Due in one year or less (2004)	**$52,836**	**$53,127**
Due after one year through five years (2005-2009)	**102,844**	**104,866**
Due after five years through ten years (2010-2014)	**38,105**	**38,493**
Due after ten years (2015 and thereafter)	**24,904**	**24,961**
	$218,689	**$221,447**

The Company invests in auction rate securities which effectively mature every 28 days. Upon maturity, the proceeds are reinvested in the same security.

4. Long-Term Debt

During 1995, GII entered into an agreement with the City of Olathe, Kansas for the construction of a new corporate headquarters (the project) which was financed through issuance of Series 1995 Industrial Revenue Bonds (the Bonds) totaling $9,500. Upon completion of the project in 1996, GII retired bonds totaling $155. During 2002, GII retired the remaining Bonds totaling $9,345.

During 1999, GARMIN borrowed $18,040 to finance the purchase of land and a new manufacturing facility in Taiwan. The balance was due in 60 equal payments of principal plus interest beginning in November 2001. Through November 2001, interest was payable at a fixed rate of 6.155%. Subsequent to November 2001, interest was adjustable based on the Republic of China's government preferential rate on term deposits plus 0.18%. The Company opted to prepay a significant portion of the outstanding principal during 2001. The outstanding balance of $2,891 at December 29, 2001 was paid in full in January 2002.

During 2000, GII entered into another agreement with the City of Olathe, Kansas to finance the Company's expansion of its manufacturing facilities through the issuance of Series 2000 Industrial Revenue Bonds (the 2000 Bonds) totaling $20,000. The proceeds from the issuance of the 2000 Bonds were placed in an interest-bearing restricted cash account controlled by a trustee appointed by the issuer. Disbursements from the account were restricted to purchases of equipment and construction related to the project and amounted to $0 and $5,696 for years ended December 28, 2002 and December 29, 2001, respectively. There were no unexpended bond proceeds in this restricted cash account at December 28, 2002. During the second quarter of 2003, GII instructed the trustee of the 2000 Bonds to call them at par, leaving an outstanding principal of $0 at December 27, 2003.

At December 28, 2002, outstanding principal under the 2000 Bonds totaled $20,000. Interest on the 2000 Bonds was payable monthly at a variable interest rate (1.51% at December 28, 2002), which was adjusted weekly to the current market rate as determined by the remarketing agent of the 2000 Bonds.

5. Commitments and Contingencies

Rental expense related to office, warehouse space and real estate amounted to $324, $281, and $232 for the years ended December 27, 2003, December 28, 2002, and December 29, 2001, respectively.

Future minimum lease payments are as follows:

Year	Amount
2004	$107
2005	301
2006	301
2007	301
2008	301
Thereafter	13,276

At December 27, 2003 and December 28, 2002, standby letters of credit amounting to $0 and $509, respectively, were issued by banks on behalf of the Company. At December 27, 2003, the Company expects future costs of approximately $45,000 for the completion of its facility expansion in Olathe, Kansas.

Certain cash balances of GEL are held as collateral by a bank securing payment of the United Kingdom value-added tax requirements. These amounted to $1,602 and $1,598 at December 27, 2003 and December 28, 2002, respectively, and are reported as restricted cash.

In the normal course of business, the Company and its subsidiaries are parties to various legal claims, actions, and complaints, including matters involving patent infringement and other intellectual property claims and various other risks. It is not possible to predict with certainly whether or not the Company and its subsidiaries will ultimately be successful in any of these legal matters, or if not, what the impact might be. However, the Company's management does not expect that the results in any of these legal proceedings will have a material adverse effect on the Company's results of operations, financial position or cash flows.

6. Employee Benefit Plans

GII sponsors an employee retirement plan under which its employees may contribute up to 50% of their annual compensation subject to Internal Revenue Code maximum limitations and to which GII contributes a specified percentage of each participants annual compensation up to certain limits as defined in the plan. Additionally, GEL has a defined contribution plan under which its employees may contribute up to 5% of their annual compensation. Both GII and GEL contribute an amount determined annually at the discretion of the Board of Directors. During the years ended December 27, 2003, December 28, 2002, and December 29, 2001, expense related to these plans of $4,197, $2,728, and $2,356, respectively, was charged to operations.

Certain of the Company's foreign subsidiaries participate in local defined benefit pension plans. Contributions are calculated by formulas that consider final pensionable salaries. Neither obligations nor contributions for the years ended December 27, 2003, December 28, 2002, and December 29, 2001 were significant.

7. Income Taxes

The Company's income tax provision (benefit) consists of the following:

	Fiscal Year Ended		
	December 27, 2003	**December 28, 2002**	**December 29, 2001**
Federal:			
Current	**$17,066**	$18,576	$10,208
Deferred	**(2,486)**	(1,639)	(338)
	14,580	16,937	9,870
State:			
Current	**849**	(1,035)	2,237
Deferred	**(1,379)**	(328)	(74)
	(530)	(1,363)	2,163
Foreign:			
Current	**33,599**	22,969	28,165
Deferred	**(340)**	1,394	(1,611)
	33,259	24,363	26,554
Total	**$47,309**	$39,937	$38,587

The income tax provision differs from the amount computed by applying the statutory federal income tax rate to income before taxes. The sources and tax effects of the differences are as follows:

	Fiscal Year Ended		
	December 27, 2003	**December 28, 2002**	**December 29, 2001**
Federal income tax expense at U.S. statutory rate	**$79,080**	$63,957	$53,212
State income tax expense, net of federal tax effect	**626**	886	1,406
Foreign tax rate differential	**(21,038)**	(16,759)	(13,640)
Taiwan surtax, tax incentives and credits	**(21,161)**	(10,757)	(3,260)
Other, net	**9,802**	2,610	869
Income tax expense	**$47,309**	$39,937	$38,587

The Company's income before income taxes attributable to non-U.S. operations was $202,390, $146,804, and $120,550, for the years ended December 27, 2003, December 28, 2002, and December 29, 2001, respectively. The tax incentives and credits received from Taiwan included in the table above reflect $0.38, $0.10, and $0.03 per weighted-average common share outstanding for the years ended December 27, 2003, December 28, 2002, and December 29, 2001, respectively. The Company currently expects to benefit from the incentives and credits being offered by Taiwan through 2008, at which time these tax benefits expire.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows:

	December 27, 2003	**December 28, 2002**
Deferred tax assets:		
Product warranty accruals	**$2,529**	$1,707
Allowance for doubtful accounts	**1,214**	1,088
Inventory carrying value	**2,045**	2,777
Sales program allowances	**2,183**	3,249
Vacation accrual	**740**	507
Interest rate swaps	**-**	408
Unrealized intercompany profit in inventory	**15,498**	12,767
Other	**2,603**	117
	26,812	22,620
Deferred tax liabilities:		
Unrealized investment gain	**812**	455
Unrealized foreign currency gains	**86**	623
Depreciation	**1,923**	1,133
	2,821	2,211
Net deferred tax assets	**$23,991**	$20,409

8. Interest Rate Risk Management

During 1996, GII entered into an interest rate swap agreement to effectively convert a portion of its floating rate long-term debt associated with the Bonds to a fixed rate basis, thus, reducing the impact of interest rate changes on future income. The agreement was renewed in 2001. Pursuant to this "pay-fixed" swap agreement, GII agreed to exchange, at specified intervals, the difference between the fixed and the floating interest amounts calculated on the notional amount of the swap agreement totaling $5,000 at December 28, 2002. GII's fixed interest rate under the swap agreement was 5.1%. The counterparty's floating rate was based on the nontaxable PSA Municipal Swap Index and amounted to 1.18% at December 28, 2002.

During 2000, GII entered into an additional swap agreement to effectively convert a portion of additional floating rate long-term debt associated with the 2000 Bonds to a fixed rate basis. Pursuant to this pay-fixed swap agreement, GII agreed to exchange, at specified intervals, the difference between the fixed and the floating interest amounts calculated on the notional amount of the swap agreement totaling $10,000 at December 28, 2002. GII's fixed interest rate under the swap agreement was 7.26% compared to the counterparty's floating rate of 1.51% at December 28, 2002. The counterparty's floating rate was based on the bank's Taxable Low Floater Rate.

The fair value of the interest rate swap agreements was recorded as a component of other accrued expenses and amounted to $1,046 at December 28, 2002. During the second quarter of 2003, GII liquidated its interest rate swap positions and realized the loss previously recorded as a component of other comprehensive loss. None of the Company's cash flow hedges were deemed ineffective.

9. Fair Value of Financial Instruments

In accordance with SFAS No. 107, *Disclosures about Fair Value of Financial Instruments*, the following summarizes required information about the fair value of certain financial instruments for which it is currently practicable to estimate such value. None of the financial instruments are held or issued for trading purposes. The carrying amounts and fair values of the Company's financial instruments are as follows:

	December 27, 2003		December 28, 2002	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Cash and cash equivalents	**$274,329**	**$274,329**	$216,768	$216,768
Restricted cash	**1,602**	**1,602**	1,598	1,598
Marketable securities	**221,447**	**221,447**	245,708	245,708
Interest rate swap agreements (liability)	-	-	1,046	1,046
Long-term debt:				
Series 2000 Bonds	-	-	20,000	20,000

The carrying value of cash and cash equivalents, restricted cash, marketable securities, and interest rate swap agreements approximates their fair value. The fair value of the Company's floating-rate long-term debt was estimated to be the par value of the debt due to the variable interest rate nature of the instruments.

10. Segment Information

The Company operates within its targeted markets through two reportable segments, those being related to products sold into the consumer and aviation markets. Both of the Company’s reportable segments offer products through the Company’s 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. The Company’s consumer segment includes portable global positioning system (GPS) receivers and accessories for marine, recreation, land, and automotive use sold primarily to retail outlets. These products are produced primarily by the Company’s subsidiary in Taiwan. The Company’s aviation products are portable and panel mount avionics for Visual Flight Rules and Instrument Flight Rules navigation and are sold primarily to aviation dealers and certain aircraft manufacturers.

The Company’s Chief Executive Officer has been identified as the Chief Operating Decision Maker (CODM). The CODM evaluates performance and allocates resources based on income before income taxes of each segment. Income before income taxes represents net sales less operating expenses including certain allocated general and administrative costs, interest income and expense, foreign currency adjustments, and other non-operating corporate expenses. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies. There are no inter-segment sales or transfers.

The identifiable assets associated with each reportable segment reviewed by the CODM include accounts receivable and inventories. The Company does not report property and equipment, intangible assets, depreciation and amortization, or capital expenditures by segment to the CODM.

Revenues, interest income and interest expense, income before income taxes, and identifiable assets for each of the Company's reportable segments are presented below:

	Fiscal Year Ended December 27, 2003		
	Consumer	**Aviation**	**Total**
Net sales to external customers	**$452,437**	**$120,552**	**$572,989**
Allocated interest income	**5,901**	**1,572**	**7,473**
Allocated interest expense	**422**	**112**	**534**
Income before income taxes	**182,701**	**43,242**	**225,943**
Assets:			
Accounts receivable	**65,315**	**17,403**	**82,718**
Inventories	**76,429**	**20,365**	**96,794**

	Fiscal Year Ended December 28, 2002		
	Consumer	**Aviation**	**Total**
Net sales to external customers	$350,674	$114,470	$465,144
Allocated interest income	4,875	1,591	6,466
Allocated interest expense	1,002	327	1,329
Income before income taxes	134,859	47,875	182,734
Assets:			
Accounts receivable	43,942	14,336	58,278
Inventories	43,360	14,147	57,507

	Fiscal Year Ended December 29, 2001		
	Consumer	**Aviation**	**Total**
Net sales to external customers	$263,358	$105,761	$369,119
Allocated interest income	7,960	3,204	11,164
Allocated interest expense	1,550	624	2,174
Income before income taxes	102,511	49,524	152,035
Assets:			
Accounts receivable	34,222	13,776	47,998
Inventories	43,587	17,545	61,132

Net sales, long-lived assets (property and equipment), and net assets by geographic area are as follows as of and for the years ended December 27, 2003, December 28, 2002, and December 29, 2001:

	North America	Asia	Europe	Total
December 27, 2003				
Net sales to external customers	**$414,580**	**$25,183**	**$133,226**	**$572,989**
Long-lived assets	**71,817**	**32,475**	**492**	**104,784**
Net assets	**284,902**	**437,152**	**27,636**	**749,690**
December 28, 2002				
Net sales to external customers	$339,415	$22,673	$103,056	$465,144
Long-lived assets	43,599	30,374	467	74,440
Net assets	232,430	348,255	21,814	602,499
December 29, 2001				
Net sales to external customers	$275,630	$15,039	$78,450	$369,119
Long-lived assets	40,183	29,321	582	70,086
Net assets	209,499	228,270	16,200	453,969

No single customer accounted for 10% or more of the Company’s consolidated net sales in any period. Accounts receivable from one customer were approximately $7,891 as of December 27, 2003 representing 9.5% of total accounts receivable.

11. Stock Compensation Plans

The various Company stock compensation plans are summarized below:

2000 Equity Incentive Plan

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 2003, 2002 and 2001 is summarized below. There have been no “other” stock compensation awards granted under the Plan.

2000 Non-employee Directors’ Option Plan

Also 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 2003, 2002 and 2001, options to purchase 3,648, 5,058 and 5,325 shares were granted under this plan.

A summary of the Company's stock option activity and related information under the 2000 Equity Incentive Plan and the 2000 Non-employee Directors' Option Plan for the years ended December 27, 2003, December 28, 2002 and December 29, 2001 is provided below:

	Weighted-Average Exercise Price	Number of Shares (In Thousands)
Outstanding at December 30, 2000	$14.00	1,176
Granted	19.96	374
Exercised	14.00	(5)
Canceled	14.00	(10)
Outstanding at December 29, 2001	15.45	1,535
Granted	29.61	453
Exercised	14.15	(74)
Canceled	16.58	(40)
Outstanding at December 28, 2002	18.90	1,874
Granted	**54.30**	**581**
Exercised	**14.91**	**(176)**
Canceled	**18.19**	**(22)**
Outstanding at December 27, 2003	**28.42**	**2,257**

	December 27, 2003	December 28, 2002	December 29, 2001
Weighted-average fair value of options granted during the year	**$22.01**	$11.42	$12.28

Stock Options as of December 27, 2003

Exercise Price	Options Outstanding (In Thousands)	Remaining Life (Years)	Options Exercisable (In Thousands)
$14-$24	1,241	7.23	568
$25-$34	436	9.00	87
$35-$44	6	9.45	-
$45-$55	574	9.98	-
	2,257	8.28	655

The weighted-average remaining contract life for options outstanding at December 27, 2003 is 8.28 years.

Pro forma information regarding net income and earnings per share is required by SFAS No. 123. SFAS No. 123 requires the pro forma information be determined as if the Company has accounted for its employee stock options under the fair value method of that statement. As described below, the fair value accounting provided under SFAS No. 123 requires the use of option valuation models that were not developed for use in valuing employee stock options. The fair value for these options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions for 2003, 2002, and 2001: risk-free interest rate of 4.25%, 1.67%, and 5.11%, respectively; dividend yield of 1.0% for 2003 and no dividend yield for 2002 and 2001; volatility factor of the expected market price of the Company's common stock of 0.3927, 0.3395, and 0.591, respectively; and a weighted-average expected life of the option of six years in 2003 and seven years in 2002 and 2001.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions, including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

Employee Stock Purchase Plan

The stockholders also adopted an employee stock purchase plan (ESPP). Up to 1,000,000 shares of common stock have been reserved for the ESPP. Shares will be offered to employees at a price equal to the lesser of 85% of the fair market value of the stock on the date of purchase or 85% of the fair market value on the enrollment date. The ESPP is intended to qualify as an "employee stock purchase plan" under Section 423 of the Internal Revenue Code. During 2003, 2002 and 2001, 70,857, 70,035 and 123,007 shares were purchased under the plan for a total purchase price of $1,805, $1,265 and $1,464, respectively. At December 27, 2003, approximately 736,000 shares are available for future issuance.

12. Earnings Per Share

The following table sets forth the computation of basic and diluted net income per share:

	Fiscal Year Ended		
	December 27, 2003	**December 28, 2002**	**December 29, 2001**
Numerator (in thousands):			
Numerator for basic and diluted net income per share - net income	**$178,634**	$142,797	$113,448
Denominator (in thousands):			
Denominator for basic net income per share - weighted-average common shares	**108,011**	107,774	108,097
Efect of dilutive securities - employee stock options (note 11)	**891**	427	350
Denominator for diluted net income per share - adjusted weighted-average common shares	**108,902**	108,201	108,447
Basic net income per share	**$1.65**	$1.32	$1.05
Diluted net income per share	**$1.64**	$1.32	$1.05

Options to purchase 48 shares of common stock at $54.54 per share were outstanding during 2003 and 472 shares of common stock at prices ranging from $21.67 to $29.79 per share were outstanding during 2002 but were not included in the computation of diluted earnings per share because the options' exercise price was greater than the average market price of the common shares and, therefore, the effect would be antidilutive.

13. Share Repurchase Program

On September 24, 2001, the Board of Directors authorized the Company to repurchase up to 5,000,000 shares of the Company's common stock through December 31, 2002. Through December 28, 2002, the Company had purchased 595,200 shares at $9,834. The share repurchase authorization expired on December 31, 2002.

14. Shareholder Rights Plan

On October 24, 2001, Garmin's Board of Directors adopted a shareholder rights plan (the "Rights Plan"). Pursuant to the Rights Plan, the Board declared a dividend of one preferred share purchase right on each outstanding common share of Garmin to shareholders of record as of November 1, 2001. The rights trade together with Garmin's common shares. The rights generally will become exercisable if a person or group acquires or announces an intention to acquire 15% or more of Garmin's outstanding common shares. Each right (other than those held by the new 15% shareholder) will then be exercisable to purchase preferred shares of Garmin (or in certain instances other securities of Garmin) having at that time a market value equal to two times the then current exercise price. Garmin's Board of Directors may redeem the rights at $0.002 per right at any time before the rights become exercisable. The rights expire on October 31, 2011.

15. Selected Quarterly Information (Unaudited)

	Fiscal Year Ended December 27, 2003			
	Quarter Ending			
	March 29	**June 28**	**September 27**	**December 27**
Net sales	**$123,788**	**$143,495**	**$135,562**	**$170,144**
Gross profit	**74,655**	**83,657**	**76,709**	**95,520**
Net income	**41,494**	**47,246**	**35,308**	**54,586**
Basic net income per share	**0.38**	**0.43**	**0.33**	**0.51**

	Fiscal Year Ended December 28, 2002			
	Quarter Ending			
	March 30	**June 29**	**September 28**	**December 28**
Net sales	$100,856	$122,838	$107,756	$133,694
Gross profit	54,492	67,662	59,051	73,851
Net income	26,761	32,146	38,428	45,462
Basic net income per share	0.25	0.30	0.36	0.41

The above quarterly financial data is unaudited, but in the opinion of management, all adjustments necessary for a fair presentation of the selected data for these interim periods presented have been included. These results are not necessarily indicative of future quarterly results.

16. Garmin AT Acquisition

On August 22, 2003, GII acquired all of the outstanding capital stock of UPS Aviation Technologies, Inc. for $38 million in cash. UPS Aviation Technologies, headquartered in Salem, Oregon, designs and manufactures multiple lines of communications, navigation and surveillance products for general aviation and air transport customers.

The purchase price of the UPS Aviation Technologies acquisition was allocated to the estimated fair values of assets acquired and liabilities assumed based on management's estimates and third-party appraisals. The excess purchase price over the fair value of the net assets acquired was allocated to deductible goodwill in the amount of $11.4 million. UPS Aviation Technologies, Inc. was subsequently renamed Garmin AT, Inc. by the Company. The results of Garmin AT, Inc. are included in the financial statements for the period from August 22, 2003 to December 27, 2003.

The following table summarizes the purchase price allocation and the useful life of intangibles for the aforementioned acquisition:

	Amount	Intangibles Useful Life (years)
Working capital	$8,562	
Fixed assets	7,092	
Intangibles:		
Technology / Patents	4,151	8
Tradenames	824	3
Non-Competition Agreements	2,122	4
Customer Contracts	292	3
Customer Relationships	3,344	10
Order Backlogs	372	3
Goodwill	11,418	
Purchase price paid, net of cash acquired	$38,177	

The following table is prepared on a pro forma basis for the 13-week and 52-week periods ended December 27, 2003 and December 28, 2002 as though the business had been acquired as of the beginning of the period presented, after including the estimated impact of certain adjustments such as amortization of intangibles (unaudited):

	13-Weeks Ended		52-Weeks Ended	
	December 27, 2003	December 28, 2002	December 27, 2003	December 28, 2002
Net sales	$170,144	$138,790	$591,050	$486,029
Net income after income taxes	$54,586	$44,768	$178,524	$139,265
Basic net income per share	$0.51	$0.42	$1.65	$1.29
Diluted net income per share	$0.50	$0.41	$1.64	$1.29

The pro forma results are not necessarily indicative of what would have occurred if the acquisition had been in effect for the periods presented. In addition, they are not intended to be a projection of future results and do not reflect any synergies that might be achieved from combining the operations.

17. 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:

	Fiscal Year Ended	
	December 27, 2003	December 28, 2002
Balance - beginning of period	**$5,949**	$4,777
Accrual for products sold during the period	**4,429**	8,520
Expenditures	**(1,979)**	(7,348)
Balance - end of period	**$8,399**	$5,949

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-14(c) as of the end of the period covered by this report. Based on the evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective. There were no changes in our internal control over financial reporting during the quarter ended December 27, 2003 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART III

Item 10. Directors and Executive Officers of the Company

Garmin has incorporated by reference certain information in response or partial response to the Items under this Part III of this Annual Report on Form 10-K pursuant to General Instruction G(3) of this Form 10-K and Rule 12b-23 under the Exchange Act. Garmin's definitive proxy statement in connection with its annual meeting of stockholders scheduled for June4, 2004 (the "Proxy Statement") will be filed with the Securities and Exchange Commission no later than 120 days after December 27, 2003.

(a) Directors of the Company

The information set forth in response to Item 401 of Regulation S-K under the headings "Election of Two Directors" and "The Board of Directors" in Garmin's Proxy Statement is hereby incorporated herein by reference in partial response to this Item 10.

(b) Executive Officers of the Company

The information set forth in response to Item 401 of Regulation S-K under the heading "Executive Officers and Significant Employees of the Company" in Part I of this Form 10-K is incorporated herein by reference in partial response to this Item 10.

(c) Compliance with Section 16(a) of the Exchange Act

The information set forth in response to Item 405 of Regulation S-K under the heading "Section 16(a) Beneficial Ownership Reporting Compliance" in Garmin's Proxy Statement is hereby incorporated herein by reference in partial response to this Item 10.

(d) Audit Committee Financial Expert

Garmin's Board of Directors has determined that both Gene M. Betts and Thomas A. McDonnell, members of Garmin's Audit Committee, are "audit committee financial experts" as defined by the SEC regulations implementing Section 407 of the Sarbanes-Oxley Act of 2002. Mr. Betts and Mr. McDonnell each are "independent" as defined by current listing standards of the Nasdaq Stock Market.

(e) Code of Ethics

Garmin's Board of Directors has adopted the Code of Business Conduct and Ethics for Directors, Officers and Employees of Garmin Ltd. and Subsidiaries (the "Code"). The Code is applicable to all Garmin employees including the Chief Executive Officer, the Chief Financial Officer, the Controller and other officers. A copy of the Code is filed as Exhibit 14 to this Annual Report on Form 10-K. If any amendments to the Code are made, or any waivers with respect to the Code are granted to the Chief Executive Officer, Chief Financial Officer or Controller, such amendment or waiver will be disclosed in a Form 8-K filed with the Securities and Exchange Commission.

Item 11. Executive Compensation

The information set forth in response to Item 402 of Regulation S-K under "The Board of Directors – Compensation of Directors" and under "Executive Compensation Matters" in Garmin's Proxy Statement (other than the "Compensation Committee Report on Executive Compensation" and the "Stock Performance Graph") is hereby incorporated herein by reference in response to this Item 11.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters

The information set forth in response to Item 403 of Regulation S-K under the heading "Stock Ownership of Certain Beneficial Owners and Management" in the Company's Proxy Statement is hereby incorporated herein by reference in response to this Item 12.

Equity Compensation Plan Information

The following table gives information as of December 27, 2003 about the Garmin Common Shares that may be issued under all of the Company's existing equity compensation plans.

	A	B	C
Plan Category	**Number of securities to be issued upon exercise of outstanding options, warrants and rights**	**Weighted-average exercise price of outstanding options, warrants and rights**	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column A)**
Equity compensation plans approved by shareholders(1)	2,257,537	$28.42	1,618,398
Equity compensation plans not approved by shareholders	--	--	--
Total	2,257,537	$28.42	1,618,398

(1) Consists of the Garmin Ltd. 2000 Equity Incentive Plan, the Garmin Ltd. 2000 Non-Employee Directors' Option Plan and the Garmin Ltd. Employee Stock Purchase Plan.

The Company has no knowledge of any arrangement, the operation of which may at a subsequent date result in a change in control of the Company.

Item 13. Certain Relationships and Related Transactions

The information set forth in response to Item 404 of Regulation S-K under the heading "The Board of Directors - Compensation Committee Interlocks and Insider Participation" and "Certain Relationships and Related Transactions" in the Company's Proxy Statement is incorporated herein by reference in response to this Item 13.

Item 14. Principal Accounting Fees and Services

The information set forth under the headings "Principal Accounting Firm Fees" and "Pre-Approval of Services Provided by the Independent Accountant" in the Proxy Statement is hereby incorporated by reference in response to this Item 14.

PART IV

Item 15. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) List of Documents filed as part of this Report

(1) Consolidated Financial Statements

The consolidated financial statements and related notes, together with the report of Ernst & Young LLP, appear in Part II, Item 8 "Financial Statements and Supplementary Data" of this Form 10-K.

(2) Schedule II Valuation and Qualifying Accounts

All other schedules have been omitted because they are not applicable, are insignificant or the required information is shown in the consolidated financial statements or notes thereto.

(3) Exhibits **--** The following exhibits are filed as part of, or incorporated by reference into, this Annual Report on Form 10-K:

EXHIBIT NUMBER	DESCRIPTION
3.1*	Memorandum and Articles of Association of Garmin Ltd. (as amended)
4.1**	Specimen share certificate
4.2***	Shareholder Rights Agreement
10.1**	Garmin Ltd. 2000 Equity Incentive Plan
10.2**	Garmin Ltd. 2000 Non-Employee Directors' Option Plan
10.3**	Garmin Ltd. Employee Stock Purchase Plan
10.4****	First Amendment to Garmin Ltd. Employee Stock Purchase Plan
10.5*	Second Amendment to Garmin Ltd. Employee Stock Purchase Plan
14.1	Code of Business Conduct and Ethics for Directors, Officers and Employees of Garmin Ltd. and Subsidiaries

21.1	List of subsidiaries
23.1	Consent of Ernst & Young LLP
24.1	Power of Attorney (included in signature page)
31.1	Chief Executive Officer's Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Chief Financial Officer's Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Chief Executive Officer's Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Chief Financial Officer's Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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* Incorporated by reference from the Registrant's Quarterly Report on Form 10-Q filed on August 13, 2003.

** Incorporated by reference from the Registrant's Registration Statement on Form S-1 filed December 6, 2000 (Commission File No. 333-45514).

*** Incorporated by reference from the Registrant's Current Report on Form 8-K filed on October 26, 2001.

**** Incorporated by reference from the Registrant's Annual Report on Form 10-K filed on March 27, 2002.

(b) Reports on Form 8-K

The Company furnished under Item 12 of Form 8-K the Company's Form 8-K dated October 29, 2003 reporting the announcement of the Company's financial results for the fiscal quarter ended September 27, 2003.

GARMIN LTD. AND SUBSIDIARIES
INDEX TO FINANCIAL STATEMENT SCHEDULE

Garmin Ltd. Financial Statement Schedule for the years ended December 27, 2003, December 28, 2002 and December 29, 2001.

SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS
Garmin Ltd. and Subsidiaries
(*In thousands*)

Description	Balance at Beginning of Period	Additions: Charged to Costs and Expenses	Additions: Charged to Other Accounts	Deductions	Balance at End of Period
Year Ended December 29, 2001:					
Deducted from asset accounts					
Allowance for doubtful accounts	$ 1,866	$ 1,137	$ -	$ (376)	$ 2,627
Inventory reserve	6,504	4,000	-	(950)	9,554
Total	$ 8,370	$ 5,137	$ -	$ (1,326)	$ 12,181
Year Ended December 28, 2002:					
Deducted from asset accounts					
Allowance for doubtful accounts	$ 2,627	$ 941	$ -	$ (415)	$ 3,153
Inventory reserve	9,554	688	-	(818)	9,424
Total	$ 12,181	$ 1,629	$ -	$ (1,233)	$ 12,577
Year Ended December 27, 2003:					
Deducted from asset accounts					
Allowance for doubtful accounts	$ 3,153	$ 600	$ -	$ (177)	$ 3,576
Inventory reserve	9,424	6,574	-	(4,513)	11,485
Total	$ 12,577	$ 7,174	$ -	$ (4,690)	$ 15,061

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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/ Min H. Kao
Min H. Kao
Chief Executive Officer

Dated: March 10, 2004

POWER OF ATTORNEY

Know all persons by these presents, that each person whose signature appears below constitutes and appoints Gary L. Burrell, Min H. Kao and Andrew R. Etkind, and each of them, as his attorney-in-fact, with the power of substitution, for him in any and all capacities, to sign any amendments to this Annual Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorney-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities indicated on March 10, 2004:

/s/ Min H. Kao
Min H. Kao
Co-Chairman, Chief Executive Officer and Director (Principal Executive Officer)

/s/ Gene M. Betts
Gene M. Betts
Director

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

/s/Donald H. Eller
Donald H. Eller
Director

/s/ Gary L. Burrell
Gary L. Burrell
Co-Chairman and Director

/s/ Thomas A. McDonnell
Thomas A. McDonnell
Director

Garmin Ltd.
2003 Form 10-K Annual Report
Exhibit Index

The following exhibits are attached hereto. See Part IV of this Annual Report on Form 10-K for a complete list of exhibits.

Exhibit Number	Document
14.1	Code of Business Conduct and Ethics for Directors, Officers and Employees of Garmin Ltd.
21.1	List of subsidiaries
23.1	Consent of Ernst & Young LLP
31.1	Chief Executive Officer's Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Chief Financial Officer's Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Chief Executive Officer's Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Chief Financial Officer's Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

EXHIBIT 14.1

Code of Business Conduct and Ethics for Directors, Officers and Employees of Garmin Ltd. and Subsidiaries

A. This Code contains specific corporate policies governing the conduct of the business of Garmin Ltd., and each of its subsidiaries (collectively, "Garmin" or "we", "our" or "us") and the ethical standards that each director and employee (collectively, "Associates" or "you" or "your") of Garmin should adhere to while acting on behalf of Garmin. These policies were developed and are intended to be applied in good faith with reasonable business judgment to enable us to achieve our operating and financial goals within the framework of the law and the ethical standards described in this Code.

We expect every Associate to comply in every respect with all applicable laws and regulations and to conduct Garmin's business in a way that protects and promotes our valuable reputation.

It is Garmin's policy to prevent the occurrence of unethical or unlawful behavior. Violations of this Code may result in serious consequences for the violator, including termination of employment.

I. ADMINISTRATION OF THE CODE

The Audit Committee of Garmin Ltd.'s Board of Directors (the "Audit Committee") is responsible for setting the standards contained in this Code and updating these standards as it deems appropriate to reflect changes in the legal and regulatory framework applicable to Garmin, the business practices within Garmin's industry as well as Garmin's own business practices, and the prevailing ethical standards of the communities in which Garmin operates.

The Audit Committee has authorized the General Counsel of Garmin Ltd. to serve as the Ethics Officer of Garmin. The Ethics Officer reports to the Audit Committee and is initially responsible for providing interpretive guidance in applying these policies to specific situations and for generally overseeing implementation and enforcement of the policies set forth in this Code.

II. legal compliance

A. **Generally**. It is the policy of Garmin to fully comply with, and to require its Associates to fully comply with, all laws, rules, regulations, orders, directives and judgments of governmental agencies or authorities, courts and administrative bodies (collectively referred to herein as "Law") that are applicable to the business of Garmin. Each of you is required to become familiar with and comply with both the letter of, and the spirit of, all such Laws that are applicable to the business of Garmin and which govern your area of involvement with, and responsibility for, the business of Garmin. You are not authorized by Garmin to take any action, or to fail to take any action, which would constitute a violation of Law. Whenever you have any question or doubt as to the applicability or interpretation of any particular Law, or how to comply with any particular Law, you should contact the Ethics Officer for advice. If the Ethics Officer is not sure how to answer your question, he will contact Garmin's outside legal counsel for guidance.

It is not practically feasible to describe in this Code all the Laws that are applicable to the business of Garmin.

Some of the more important legal obligations to which Garmin is fully committed to observing are to:

- provide accurate, fair, timely and understandable disclosure, in all material respects, concerning Garmin and its business and financial performance in reports and documents that Garmin files with, or submits to, the SEC as well as in other public communications by Garmin, in each case in compliance with all applicable federal and state securities laws, Generally Accepted Accounting Principles ("GAAP") and rules of the National Association of Securities Dealers ("NASD");

- prohibit trading in Garmin's securities while in possession of material nonpublic information concerning Garmin, or making selective disclosure of such information, in violation of Garmin's Insider Trading Policy for Employees or Garmin's Insider Trading Policy for Officers, Directors and certain Employees;

- promote a workplace that treats all Associates with dignity and respect, and that is free from discrimination or harassment based on race, color, religion, sex, national origin, age or other factors that violate applicable law or Garmin's specific policy on workplace harassment;

- maintain a safe and healthy work environment;

- support fair competition and laws prohibiting restraints of trade and other unfair trade practices;

- prohibit any illegal payments to any governmental officials or political party representatives of any country; and

- comply with all applicable federal and state environmental laws.

In the event that Garmin, or any Associate of Garmin, has violated any Law applicable to the business of Garmin, it is the policy of Garmin to give government investigators the full measure of assistance to which they are entitled, consistent with the safeguards which the Law has established for the benefit of persons under investigation. Therefore, if any government investigator or agency contacts an Associate and requests information or access to Garmin's books, records or facilities, such Associate shall immediately inform Garmin's General Counsel.

The topics discussed in this Code may not cover every situation and are in addition to our other policies and programs, including those policies described in Garmin International, Inc.'s Associate Handbook.

III. Standards of Conduct

Unless affirmatively waived as provided in Section XVI below, each Associate shall observe the following standards of conduct:

A. Associates shall exercise honesty, objectivity, and diligence and act ethically in the performance of their duties and responsibilities.

B. Associates shall exhibit loyalty in all matters pertaining to the affairs of Garmin. However, Associates shall not knowingly be a party to any Fraud or other illegal or improper activity whether or not it is intended to benefit Garmin. The term "Fraud" for purposes of this Code includes, but is not limited to, embezzlement, criminal fraud, taking of property through deceit or artifice, misappropriation and other irregularities including such things as any dishonest act, forgery or alteration of negotiable instruments such as Company checks and drafts, misappropriation of Company or customer assets, conversion to personal use of cash, securities, supplies or any other Company asset, unauthorized handling or reporting of Company transactions, and falsification of Company records or financial statements for personal or other reasons. The above list is not all-inclusive but is intended to be representative of situations involving Fraud.

C. Associates shall not knowingly engage in acts or activities which are detrimental to Garmin's reputation or best interests.

D. Associates shall refrain from entering into any activity that is in conflict with, or would reasonably appear to be in conflict with, the interest of Garmin or which would prejudice their ability to exercise independent judgment in carrying out their duties and responsibilities or devote undivided loyalty to Garmin. Such activities may include, without limitation, investments in suppliers, customers or competing companies (except insubstantial securities investments in publicly traded companies), outside employment which would affect working efficiency, and direct or indirect ownership of property or tangible items which may be sold or leased to Garmin. Such conflicts of interest are addressed more fully in Section IV below.

E. Associates shall not accept anything of value from an employee, customer, supplier, or business associate of Garmin which would impair, or reasonably appear to impair, their independent judgment or ability to act solely in the best interest of Garmin.

F. Associates shall be prudent in the use of information acquired in the course of their duties. They shall not use confidential information for any personal gain nor in any manner which would be contrary to law or detrimental to the best interests of Garmin.

G. Associates, when reporting on the results of their work, shall reveal all material facts known to them which, if not revealed, could either distort reports of operations or conceal unlawful practices.

H. Associates shall continually strive for improvement in the proficiency, effectiveness and quality of their service to Garmin.

I. The integrity of Garmin's accounting and financial records is based on the validity, accuracy and completeness of basic information supporting entries to Garmin's books of account. All Associates involved in creating, processing or recording such information are held responsible for its integrity and are responsible for full, accurate, fair, timely and understandable disclosure in the periodic reports required to be filed by Garmin derived, directly or indirectly, from such records and information.

J. Every accounting or financial entry should reflect exactly that which is described by the supporting information. Associates must not conceal information from Garmin's Directors, Officers and independent auditors.

K. Associates who become aware of a possible omission, falsification or inaccuracy of accounting or financial entries or basic data supporting such entries, shall report such information to the Chief Financial Officer, the Ethics Officer, or the Audit Committee. Associates may contact the Audit Committee for this purpose c/o President and CEO, DST Systems, Inc., 333 West 11th Street, Kansas City, MO 64105. Tel: (816) 435-8660.

L. In dealing with public officials and private business associates, Garmin will utilize only ethical commercial practices. Garmin and its Associates will not seek to influence sales of its products or services (or other events impacting on Garmin) by payments of bribes, kickbacks or other questionable inducements. Payments or commitments (whether cast in the form of commissions, payment or fees for goods or services received, or otherwise) made with the understanding or under circumstances that would indicate that all or part thereof is to be paid (directly or indirectly) to a public official or Associate to induce that individual to fail to perform his or her duties, to perform them in an incorrect manner, or to cause any privilege or favor toward Garmin or its business are strictly prohibited.

M. While Garmin may hire individuals who have knowledge and experience in various technical areas, it is not Garmin's intent to employ such persons as a means of gaining access to the trade secrets of others. New Associates will not be asked to divulge such trade secrets. Similarly, we require that Associates not make unauthorized disclosure of our trade secrets, either during their employment or thereafter.

IV. Conflict of Interest

A. **Appearance of Conflict**. No Associate may engage in any activity, make any investment, or have any interest or association, that creates, or reasonably appears to create, a conflict between the personal interests of the Associate and the interests of Garmin, or otherwise interferes with the ability of the Associate to devote undivided loyalty to Garmin or exercise independent judgment in carrying out the Associate's duties and responsibilities to Garmin. This requirement applies equally to business relationships as well as personal activities. Associates have a duty of undivided loyalty to Garmin to advance its legitimate best interests.

B. **Private Interests**. You must avoid situations where your private interests, or the private interests of members of your family, conflict with the interests of Garmin. You should not have any business or financial relationship with customers, suppliers or competitors that could influence, or reasonably appear to influence, you in carrying out your responsibilities and duties to Garmin. You should also not acquire any interests or participate in any activities that would deprive Garmin of the time or attention required to perform your duties and responsibilities properly, or create a distraction that would affect your independent judgment or ability to act solely in Garmin's best interest. Associates are required to handle ethically actual or apparent conflicts of interest between personal and professional relationships in accordance with this Code.

C. **Examples.** It is not possible to describe in this Code all those activities, investments, or associations, that create, or appear to create, a conflict between the personal interests of an Associate and the interests of Garmin, or otherwise interfere with the ability of the Associate to exercise independent judgment in carrying out the Associate's duties and responsibilities to Garmin. If there is any possibility that a particular activity, investment, or association could create, or reasonably appear to create, such a conflict of interest, or otherwise interfere with an Associate's independent judgment, the Associate shall consult with the Ethics Officer to assess whether such a conflict of interest, or interference with independent judgment is created thereby. Examples of activities, investments, and associations that may require an Associate to consult with, and obtain the advance approval of the Ethics Officer, include, but are not limited to:

1. making an investment in any supplier, customer, or competitor of Garmin (except for an insubstantial investment in the publicly traded securities of the same);

2. acceptance by an Associate, or any person with whom the Associate has a familial or close personal relationship, of anything of value, including gifts and entertainment, from any supplier, customer, or other person with whom Garmin does business, which would impair, or reasonably appear to impair, their independent judgment or ability to act solely in Garmin's best interest;

3. employment, in any capacity, by any supplier, customer, accountant, or competitor of Garmin;

4. direct or indirect ownership of property or intangible items which may be sold or leased to Garmin;

5. any employment that would deprive Garmin of the time or attention required to perform an Associate's duties and responsibilities properly, or create a distraction that would affect an Associate's independent judgment or ability to act solely in Garmin's best interest;

6. engaging in any significant business transaction involving Garmin for personal profit or gain;

7. serving as a director, officer, employee or agent of any competitor of Garmin;

8. taking part in any activity that enhances or supports a competitor's position; or

9. engaging in any significant business transaction on behalf of Garmin with any person with whom the Associate has a familial or close personal relationship.

V. Corporate Opportunity – Corporate Assets.

A. **Corporate Opportunities**. It shall constitute a violation of this Code, and no Associate may:

1. use Garmin property, information or his or her position in Garmin for his or her own personal gain or benefit;

2. use Garmin property, information or his or her position in Garmin to learn of a business opportunity and either take such business opportunity for himself or herself or a member of his or her family, or disclose such business opportunity to any third party, without first having offered the business opportunity to the Board of Directors of Garmin with a majority of the independent and disinterested members of the Board of Directors declining to pursue such business opportunity; and

3. compete with Garmin, except as authorized by the Audit Committee.

B. **Use and Protection of Corporate Assets**. It shall constitute a violation of this Code, and no Associate may:

1. Take, use or divert Garmin property, equipment or services for any purpose other than to advance the business purposes and best interests of Garmin. The unauthorized use or removal of property or equipment belonging to Garmin is theft and will be treated as such.

2. Fail to maintain accurate and complete records regarding the disposition of Garmin property (other than supplies used in connection with the performance of such Associate's duties), including cash.

VI. Entertainment, Gifts and Payments

It is Garmin's policy that, in the interest of avoiding even the appearance of impropriety, Associates may not furnish on behalf of Garmin expensive gifts or provide excessive entertainment or benefits to other persons. See also Sections III(E), IV(C)(2) and XII.

VII. Protecting Confidential Information and Privacy

A. **Generally**. During the course of an Associate's employment with Garmin, an Associate may obtain certain confidential information of Garmin, or the suppliers and customers of Garmin, not generally known to the public. Confidential information includes (1) information marked "Confidential," "Proprietary," "For Internal Use Only," or similar legends, (2) technical or scientific information relating to current and future products, services or research, (3) business or marketing plans or financial projections, (4) earnings and other internal financial data, (5) personnel information, (6) supply and customer lists, (7) other nonpublic information that, if disclosed, might be of use to Garmin's competitors, or harmful to Garmin or its suppliers, customers or other business partners, and (8) the personal financial or other sensitive private information of customers of Garmin (collectively, the "Confidential Information"). In many cases, Garmin receives such Confidential Information pursuant to a written agreement that sets forth the rights of Garmin and its Associates to use such information, and the duties of Garmin and its Associates to protect such information. Improper and unauthorized disclosure of Confidential Information may irreparably harm Garmin, its suppliers or its customers.

B. **Principles Regarding the Use and Protection of Confidential Information**. Associates shall use and protect the Confidential Information of Garmin, and its suppliers and customers consistently with the following principles:

1. Associates shall only use and disclose Confidential Information consistently with Law, any agreements to which Garmin is a party, and the best interests of Garmin.

2. No Associate shall use or disclose Confidential Information for their own personal gain or the gain of their family members.

3. The Confidential Information of Garmin may only be used and disclosed to advance the business interests of Garmin.

4. Associates shall disclose Confidential Information to other Associates of Garmin only on a need to know basis and shall not disclose Confidential Information to any other person, except as required by Law, or as authorized by your supervisor or appropriate Officers of Garmin.

5. To avoid inadvertent disclosure of Confidential Information, Associates shall not discuss Confidential Information with or in the presence of any unauthorized persons, including family members and friends.

6. An Associate who leaves the employ of Garmin must return all Confidential Information in his or her possession or control to Garmin, and shall remain obligated to use and protect the Confidential Information of Garmin, and its suppliers and customers consistently with the principles set forth in this Code.

VIII. fair dealing

Garmin is committed to promoting the values of honesty, integrity and fairness in the conduct of its business and sustaining a work environment that fosters mutual respect, openness and individual integrity. Associates are expected to deal honestly and fairly with Garmin's customers, suppliers, competitors and other third parties. To this end, Associates shall not:

- make false or misleading statements to customers, suppliers or other third parties;
- make false or misleading statements about competitors; or
- otherwise take unfair advantage of Garmin's customers or suppliers, or other third parties, through abuse of privileged information or any other unfair-dealing practice.

IX. SEC and other public Disclosure

Garmin is dedicated to fully complying with the applicable federal and state securities laws, including reporting requirements, and to ensuring that information contained in its public communications and its publicly filed financial statements and periodic reports is accurate, complete, fair and understandable, in all material respects.

Garmin's books and records will reflect, in an accurate, complete, fair and timely manner, the transactions and dispositions of assets of Garmin. All funds and assets will be properly recorded and disclosed. Associates may not use the books and records to mislead those who receive them, or to conceal anything that is improper. Those responsible for the accounting and record-keeping functions must be vigilant in ensuring that Garmin's funds or assets are not used for any unlawful or improper purpose. Associates are required to promote accurate, complete, fair, timely, and understandable disclosure, in all material respects, in the periodic reports required to be filed by us and in all public communications.

Accordingly, Garmin is committed to providing an environment which is receptive to receiving and effectively dealing with complaints regarding its accounting, internal accounting controls, or auditing matters and maintaining the confidentiality of Associates who submit such concerns regarding questionable accounting or auditing matters.

X. Improper Influence over Auditors

Garmin recognizes the importance of preventing improper influence on the conduct of auditors. Accordingly, Garmin prohibits any Associate from taking any action, or failing to take any action, to fraudulently influence, coerce, manipulate, or mislead any of our auditors during their review or audit of our financial statements, and related books and records, for the purpose of rendering the financial statements false or materially misleading. Such conduct is prohibited even if it does not succeed in affecting the auditors' review or audit. Improper influence would include, but is not limited to, directly or indirectly:

A. offering or paying bribes or other financial incentives, including offering future employment or contracts for non-audit services;

B. providing an auditor with inaccurate or misleading accounting, financial or legal analysis, records or information;

C. threatening to cancel or canceling existing non-audit or audit engagements if the auditor objects to the proposed accounting;

D. seeking to have a partner removed from the audit engagement because the partner objects to the proposed accounting;

E. blackmailing; and

F. making physical threats.

XI. Internal Controls and Disclosure Controls and Procedures

Garmin shall maintain disclosure controls and procedures and internal controls for financial reporting which collectively ensure that the information required to be disclosed by Garmin in its periodic reports, current reports and proxy statements filed by Garmin under the Securities Exchange Act of 1934, as amended, is:

- recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms; and

- accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Associates must strictly comply with the disclosure controls and procedures and internal controls for financial reporting and must be vigilant in ensuring that Garmin's funds or assets are not used for any unlawful or improper purpose. Associates may only enter into transactions which are executed in accordance with Garmin's specific authorization or established formalized policies and procedures. Associates must not allow any transaction to be recorded in the accounts of Garmin unless it is within the scope of written policies and procedures or is specifically and formally approved by an appropriate and designated manager. Such approval requires the determination that the transaction:

- has been authorized in accordance with Company policy, and
- is supported by documentary evidence to verify the validity of the transaction.

All transactions that have been accounted for in accordance with Company policy will be accumulated and processed in a manner which will permit preparation of financial statements, reports and data for purposes of internal, public and regulatory reporting. Such statements, reports and data must be in a form sufficient to reflect accurately and fairly the results of transactions entered into by Garmin and to permit proper accountability for assets.

XII. Improper Influence or Payments; Political Contributions

In dealing with public officials and private business associates, Garmin will utilize only ethical commercial practices. Improper influence over regulators, auditors, suppliers or customers through accepting or giving bribes, kickbacks or other payoffs and other questionable inducements is illegal, unethical and dishonest. Accordingly, Garmin prohibits Associates from using such schemes to influence its business activities or legal compliance responsibilities (or other events impacting on Garmin).

Garmin strictly prohibits Associates from accepting or taking any kickbacks, bribes and other illegal payments.

Without prior approval of the Ethics Officer, Associates may not directly or indirectly offer, solicit, provide or accept any kind of payments, commitments (whether cast in the form of commissions, payments, fees or goods or services received or otherwise) or contribution of a significant value (other than salary, wages or other ordinary compensation from Garmin) for the purpose of:

- influencing customers, suppliers or governmental entities, including their officers or Associates to cause any privilege or favor toward Garmin or its business;
- obtaining, giving or keeping business;
- persuading any officials or employees of another company to fail to perform or improperly perform their duties; or
- influencing legislation or regulations.

Garmin policy does not prohibit expenditures by Associates for meals and entertainment of suppliers and customers which are ordinary and customary business expenses, if they are otherwise lawful. The lawful expenditures incurred in this way should be properly accounted for in an expense report. Associates may not use Company's funds, goods or services as contributions for political parties, candidates or campaigns, unless previously authorized in writing by the Ethics Officer.

XIII. Record Retention and Destruction; Government Investigations.

A. **Generally**. Garmin's corporate records are important assets. Garmin is required by Law and its business needs to follow certain specific requirements in managing Company records, including certain requirements regarding the retention and destruction of certain records. Records include paper documents, CDs, computer hard disks, e-mail, floppy disks, microfiche, microfilm and all other media, and all other records Associates produce, whether in hard copy or electronic form, and informal records such as desk calendars and personal notes regarding company matters. Garmin and its Associates may be subject to certain civil and criminal penalties for failure to comply with these requirements. From time to time Garmin may establish retention or destruction policies and schedules for specific categories of records in order to ensure legal compliance, and also to accomplish other objectives, such as preserving intellectual property and cost management.

Each Associate must fully comply with any such published records retention or destruction policies and schedules with the important exceptions described below. If an Associate has reason to believe, or Garmin informs an Associate (such as through a legal hold described in the next subsection), that Company records are relevant to pending or anticipated litigation or a governmental proceeding or investigation, then the Associate must preserve those records until Garmin's General Counsel determines that the records are no longer needed. This exception to any record destruction policy supersedes any previously or subsequently established destruction schedule for those records. If an Associate has reason to believe that the exception to any record destruction policy may apply, or has any question regarding the possible applicability of such exception, the Associate should contact Garmin's General Counsel.

B. **Legal Hold on Records**. A legal hold suspends all record destruction policies and schedules in order to preserve appropriate records under special circumstances, such as pending litigation or government proceedings or investigations. Garmin's General Counsel will determine and identify what types of Company records are required to be placed under a legal hold. Every Company Associate must comply with this policy. Garmin's General Counsel will notify each Associate if a legal hold is placed on records for which that Associate is responsible. Such Associate must then preserve and protect the necessary records in accordance with instructions from Garmin's General Counsel. RECORDS OR SUPPORTING DOCUMENTS THAT HAVE BEEN PLACED UNDER A LEGAL HOLD MUST NOT BE DESTROYED, ALTERED OR MODIFIED UNDER ANY CIRCUMSTANCES. A legal hold remains effective until it is officially released in writing by Garmin's General Counsel. If an Associate is unsure whether a record has been placed under a legal hold, the Associate should preserve and protect that document and then contact Garmin's General Counsel for advice.

XIV. Reporting Violations of the Code

A. **<u>Obligation of Associates to Report Violations</u>**. Each Associate of Garmin shall conform his or her conduct with the requirements of this Code. Each Associate of Garmin is also required to assist the Ethics Officer and the Audit Committee in monitoring compliance with this Code by Garmin and fellow Associates. Whenever an Associate has information regarding any possible violation of this Code that has taken place, is taking place, or is anticipated to take place, the Associate shall promptly report that information consistently with this Code. Garmin prohibits retaliation against Associates who report violations of this Code in good faith.

B. **<u>Procedures for Reporting Violations</u>**. Whenever an Associate has information regarding any possible violation of this Code, the Associate should first consider bringing such information to his or her immediate supervisor, the Chief Financial Officer or the Chief Executive Officer. Management is responsible for maintaining a workplace environment that encourages and solicits frank and open communication regarding compliance with this Code. However, if an Associate does not feel comfortable bringing such information to management, or if the possible violation of this Code involves the activities of management, the Associate may report the information to the Ethics Officer or the Audit Committee. The Audit Committee encourages Associates who report information to management, the Ethics Officer or the Audit Committee to identify themselves when making such a report in order to facilitate the investigation of the possible violations of this Code by the Ethics Officer, the Audit Committee or others as appropriate. The Ethics Officer and the Audit Committee will use every reasonable effort in order to protect the confidentiality of the identities of Associates reporting information to the Ethics Officer or the Audit Committee. However, an Associate may also report information directly and confidentially to the Audit Committee on an anonymous basis, by submitting the information to the Audit Committee in writing c/o President and CEO, DST Systems, Inc., 333 West 11th Street, Kansas City, MO 64105. Tel: (816) 435-8660.

C. **<u>Cooperation With Investigations of Violations</u>**. Each Associate is obligated to fully cooperate with investigations of possible violations of this Code by management, the Ethics Officer or the Audit Committee. Any Associate who has information relevant to an investigation of possible violations of this Code must not discuss or disclose such information to any person not authorized by the Ethics Officer or the Audit Committee, except as may be required by law or for the purpose of obtaining legal advice.

XV. employment-at-will

Unless there is a specific and personal written employment agreement between Garmin, signed by an authorized officer and an Associate, the Associate is free to leave the employment of Garmin and Garmin may terminate the employment of the Associate at any time for any or no reason. Garmin's policy is to be an employment-at-will employer. Nothing contained in this Code or in other publications of Garmin is intended by Garmin to be, nor shall it be construed as, an employment agreement or contract of employment.

XVI. waivers of the code of business conduct and ethics

No provision of this Code may be waived for a member of Garmin's Board of Directors, the Chief Executive Officer, the Chief Financial Officer, any other Executive Officer, or any senior financial or accounting officer of Garmin, except upon the written approval of the Audit Committee. Any such waiver of any provision of this Code for categories of persons specified in SEC rulemaking under Section 406 of the Sarbanes-Oxley Act of 2002 or applicable NASD rules must be promptly publicly disclosed to Garmin's shareholders.

The provisions of this Code may be waived by the Ethics Officer for persons who are not Directors, Executive Officers, or senior financial or accounting officers.

XVII. Distribution and DISSEMINATION

At commencement of employment, and on a periodic basis thereafter, all Associates will be provided with a copy of this Code.

This Code and any amendments or waivers thereto will also be disseminated by Garmin as and to the extent required by the applicable rules of the SEC and NASD.

EXHIBIT 21.1

GARMIN LTD.

List of Subsidiaries of Registrant

Name of Subsidiary	Jurisdiction of Incorporation
Garmin Corporation	Taiwan
Garmin International, Inc.	Kansas
Garmin USA, Inc.	Kansas
Garmin Realty, LLC	Kansas
Garmin AT, Inc.	Oregon
Garmin (Europe) Ltd.	England

EXHIBIT 23.1

Consent of Independent Auditors

We consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 333-51470 and 333-52766) pertaining to the Garmin Ltd. Employee Stock Purchase Plan, Garmin Ltd. 2000 Equity Incentive Plan, Garmin Ltd. Non-Employee Director Option Plan, and the Garmin International, Inc. Savings and Profit Sharing Plan of our report dated January 30, 2004, with respect to the consolidated financial statements and schedule of Garmin Ltd. included in the Annual Report (Form 10-K) for the year ended December 27, 2003.

/s/ Ernst & Young LLP

Kansas City, Missouri
March 5, 2004

EXHIBIT 31.1

CERTIFICATION

I, Min H. Kao, certify that:

1. I have reviewed this annual report on Form 10-K of Garmin Ltd.;

2. Based on my knowledge, this annual 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual 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) for the registrant and have:

a) designed such disclosure controls and procedures 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) 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

c) 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 registrant's board of directors (or persons performing the equivalent functions):

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: March 10, 2004 By __/s/ Min H. Kao_______________

Min H. Kao
Co-Chairman and Chief
Executive Officer

EXHIBIT 31.2

Certification

I, Kevin Rauckman, certify that:

1. I have reviewed this annual report on Form 10-K of Garmin Ltd.;

2. Based on my knowledge, this annual 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual 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) for the registrant and have:

a) designed such disclosure controls and procedures 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) 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

c) 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 registrant's board of directors (or persons performing the equivalent functions):

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: March 10, 2004

By /s/ Kevin Rauckman
Kevin Rauckman
Chief Financial Officer

EXHIBIT 32.1

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), I, Min H. Kao, Co-Chairman and Chief Executive Officer of Garmin Ltd. (the "Company") hereby certify that:

(1) The Annual Report on Form 10-K for the year ended December 27, 2003 (the "Form 10-K") of the Company 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 Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 10, 2004

/s/ Min H. Kao
Min H. Kao
Co-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-K 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
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), I, Kevin Rauckman, Co-Chairman and Chief Executive Officer of Garmin Ltd. (the “Company”) hereby certify that:

(1) The Annual Report on Form 10-K for the year ended December 27, 2003 (the “Form 10-K”) of the Company 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 Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 10, 2004

/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-K 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.