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

FORM 10-Q

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

For the quarterly period ended June 30, 2001

or

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

For the transition period from to
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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.)
P.O. Box 30464SMB, 113 South Church Street George Town, Grand Cayman, Cayman Islands (Address of principal executive offices)	N/A (Zip Code)

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

No Changes
(Former name, former address and former fiscal year, if changed since last report)

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

Number of shares outstanding of the Company's common shares as of August 13, 2001:
Common Shares, $.01 par value - 108,242,111

*The executive offices of the Registrant's principal United States subsidiary are located at 1200 East 151st Street, Olathe, Kansas 66062. The telephone number there is (913) 397-8200.

Garmin Ltd.
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The Company's registered trademarks include, without limitation, eTrex and GPS III and the Company's trademarks include, without limitation, GNS 430 and GNS 530 referred to in this Report.

Garmin Ltd.
Form 10-Q
Quarter Ended June 30, 2001

Part I - Financial Information

Item 1. Condensed Consolidated Financial Statements (unaudited)

Introductory Comments

The Condensed Consolidated Financial Statements of Garmin Ltd. ("Garmin" or the "Company") included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the United States Securities and Exchange Commission. Certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to enable a reasonable understanding of the information presented. These Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements and the notes thereto for the year ended December 31, 2000. Additionally, the Condensed Consolidated Financial Statements should be read in conjunction with Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations included in this Form 10-Q.

The results of operations for the 13 and 26-week periods ended June 30, 2001 are not necessarily indicative of the results to be expected for the full year 2001.

Garmin Ltd. And Subsidiaries
Condensed Consolidated Balance Sheets
(In thousands, except per share information)

	(Unaudited) June 30, 2001	December 30, 2000
Assets		
Current Assets:		
Cash and cash equivalents	$278,777	$251,731
Accounts receivable, net	54,444	32,719
Inventories	73,347	89,855
Deferred income taxes	11,722	12,293
Prepaid expenses and other current assets	5,059	1,423
Total current assets	423,349	388,021
Property and equipment, net	68,541	64,704
Other assets, net	6,614	10,622
Total assets	$498,504	$463,347
Liabilities and Stockholder's Equity		
Current liabilities:		
Accounts payable	$13,466	$22,496
Other accrued expenses	14,111	13,163
Income taxes payable	10,265	5,795
Current portion of long-term debt	-	587
Total current liabilities	37,842	42,041
Long-term debt, less current portion	37,867	46,359
Deferred income taxes	8,221	9,616
Other liabilities	575	92
Stockholders' equity:		
Preferred stock, $1.00 par value, 1,000,000 authorized, none issued	-	-
Common stock, $0.01 par value, 500,000,000, share authorized: Issued and outstanding shares-108,242,111	1,082	1,082
Additional paid-in capital	133,925	133,925
Retained earnings	313,542	253,140
Accumulated other comprehensive loss	(34,550)	(22,908)
Total stockholders' equity	413,999	365,239
Total liabilities and stockholders' equity	$498,504	$463,347

The accompanying notes are an integral part of these financial statements.

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

	13-Weeks Ended		26-Weeks Ended	
	June 30, 2001	June 24, 2000	June 30, 2001	June 24, 2000
Net sales	$103,634	$93,964	$189,168	$170,540
Cost of goods sold	48,584	43,939	88,200	78,602
Gross profit	55,050	50,025	100,968	91,938
Selling, general and administrative expenses	9,801	7,984	19,060	15,075
Research and development expense	6,765	5,013	13,061	9,719
	16,566	12,997	32,121	24,794
Operating income	38,484	37,028	68,847	67,144
Other income (expense):				
Interest income	2,644	1,599	5,930	2,534
Interest expense	(459)	(979)	(1,227)	(1,462)
Foreign currency	8,419	669	7,316	(3,029)
Other	(22)	(146)	101	(52)
	10,582	1,143	12,120	(2,009)
Income before income taxes	49,066	38,171	80,967	65,135
Income tax provision	12,463	9,010	20,565	15,375
Net income	$36,603	$29,161	$60,402	$49,760
Net income per share				
Basic	$0.34	$0.29	$0.56	$0.50
Diluted	$0.34	$0.29	$0.56	$0.50
Weighted average common shares outstanding:				
Basic	108,242	100,000	108,242	100,000
Diluted	108,648	100,000	108,629	100,000

The accompanying notes are an integral part of these financial statements.

Garmin Ltd. And Subsidiaries
Condensed Consolidated Statements of Cash Flows (Unaudited)
(In thousands)

	26-Weeks Ended	
	June 30, 2001	June 24, 2000
Operating Activities:		
Net income	$60,402	$49,760
Depreciation & amortization	5,038	3,382
Provision for doubtful accounts	148	155
Deferred income taxes	(685)	(357)
Foreign currency transaction (gains) losses	(4,550)	932
Change in operating assets and liabilities:		
Accounts receivable	(22,398)	(9,751)
Inventories	15,451	(16,030)
Other current assets	(3,086)	(425)
Accounts payable	(9,122)	4,675
Other current liabilities	1,083	400
Income taxes payable	5,774	2,587
Net cash provided by operating activities	48,055	35,328
Investing activities:		
Purchases of property and equipment	(8,842)	(12,956)
Proceeds from asset sale	-	20
Change in restricted cash	5,471	(11,762)
Other	(3,158)	(1,742)
Net cash used in investing activities	(6,529)	(26,440)
Financing activities:		
Proceeds from issuance of long term debt	-	20,000
Payments on long term debt	(8,617)	-
Dividends	-	(11,602)
Net cash provided by (used in) financing activities	(8,617)	8,398
Effect of exchange rate changes on cash	(5,863)	2,426
Net increase in cash	27,046	19,712
Cash at beginning of period	251,731	104,237
Cash at end of period	$278,777	$123,949

The accompanying notes are an integral part of these financial statements.

Garmin Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited)
June 30, 2001
(In thousands, except share information)

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the 13 and 26-week periods ended June 30, 2001 are not necessarily indicative of the results that may be expected for the year ended December 29, 2001.

The condensed consolidated balance sheet at December 30, 2000 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for completed financial statements. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 30, 2000.

The Company's fiscal year is based on a 52-53 week period ending on the last Saturday of the calendar year. Therefore the financial results of certain fiscal years, and the associated 14-week quarters, will not be exactly comparable to the prior and subsequent 52-week fiscal years and the associated quarters having only 13 weeks. The quarters ended June 30, 2001 and June 24, 2000 both contain operating results for 13 weeks.

2. Inventories

The components of inventory consist of the following:

	June 30, 2001	December 30, 2000
Raw materials	$35,296	$39,914
Work-in-process	4,097	8,116
Finished goods	37,165	41,825
Inventory, net of reserves	$73,347	$89,855

3. Initial Public Offering

On December 8, 2000, the Company completed an underwritten initial public offering of 12,075,000 shares (including shares sold pursuant to the underwriters' over-allotment option) of its common shares, of which 8,242,111 shares were offered by the Company and 3,832,889 were offered by selling shareholders (the Offering) at an offering price of $14.00 per share. Prior to, but in connection with the Offering, the Board of Directors approved a 1.12379256-for-1 stock split of the Company's common shares, effected through a stock dividend on November 6, 2000. All share and per share information included in the accompanying condensed consolidated financial statements has been adjusted to give retroactive effect to the common stock split.

4. Earnings Per Share

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

	13-weeks Ended	
	June 30, 2001	June 24, 2000
Numerator:		
Numerator for basic and diluted net income per share - net income	$36,603	$29,161
Denominator:		
Denominator for basic net income per share - weighted-average common shares	108,242	100,000
Effect of dilutive securities - employee stock options	406	-
Denominator for diluted net income per share - adjusted weighted-average common shares	108,648	100,000
Basic net income per share	$0.34	$0.29
Diluted net income per share	$0.34	$0.29

	26-weeks Ended	
	June 30, 2001	June 24, 2000
Numerator:		
Numerator for basic and diluted net income per share - net income	$60,402	$49,760
Denominator:		
Denominator for basic net income per share - weighted-average common shares	108,242	100,000
Effect of dilutive securities - employee stock options	387	-
Denominator for diluted net income per share - adjusted weighted-average common shares	108,629	100,000
Basic net income per share	$0.56	$0.50
Diluted net income per share	$0.56	$0.50

5. Comprehensive Income

Comprehensive income is comprised of the following:

	26-weeks Ended	
	June 30, 2001	June 24, 2000
	(in thousands)	
Net income	$60,402	$49,760
Foreign currency translation adjustment	(11,642)	5,203
Comprehensive income	$48,760	$54,963

6. Segment Information

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

	13-weeks Ended			
	June 30, 2001		June 24, 2000	
	Consumer	Aviation	Consumer	Aviation
	(in thousands)			
Sales to external customers	$70,827	$32,807	$64,247	$29,717
Income before income taxes	$31,729	$17,337	$24,615	$13,556

	26-weeks Ended			
	June 30, 2001		June 24, 2000	
	Consumer	Aviation	Consumer	Aviation
	(in thousands)			
Sales to external customers	$129,351	$59,817	$114,399	$56,141
Income before income taxes	$51,735	$29,232	$41,005	$24,130

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

The discussion set forth below, as well as other portions of this Quarterly Report, contains statements concerning potential future events. Such forward-looking statements are based upon assumptions by our management, as of the date of this Quarterly Report, including assumptions about risks and uncertainties faced by the Company. Readers can identify these forward-looking statements by their use of such verbs as expects, anticipates, believes or similar verbs or conjugations of such verbs. If any of our assumptions prove incorrect or should unanticipated circumstances arise, our actual results could materially differ from those anticipated by such forward-looking statements. The differences could be caused by a number of factors or combination of factors including, but not limited to, those factors identified in the Company's Annual Report on Form 10-K for the year ended December 30, 2000. This report has been filed with the Securities and Exchange Commission (the "SEC" or the

"Commission") in Washington, D.C. and can be obtained by contacting the SEC's public reference operations or obtaining it through the SEC's web site on the World Wide Web at http://www.sec.gov. Readers are strongly encouraged to consider those factors when evaluating any forward-looking statement concerning the Company. The Company will not update any forward-looking statements in this Quarterly Report to reflect future events or developments.

The information contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the Condensed Consolidated Financial Statements and Notes thereto included in this Form 10-Q and the audited financial statements and notes thereto in the Company's Annual Report on Form 10-K for the year ended December 30, 2000.

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

Results of Operations

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

	13-weeks Ended	
	June 30, 2001	June 24, 2000
Net sales	100.0%	100.0%
Cost of goods sold	46.9%	46.8%
Gross profit	53.1%	53.2%
Selling, general and administrative expenses	9.5%	8.5%
Research and development expenses	6.5%	5.3%
Total operating expenses	16.0%	13.8%
Operating income	37.1%	39.4%
Other income, net	10.2%	1.2%
Income before income taxes	47.3%	40.6%
Provision for income taxes	12.0%	9.6%
Net income	35.3%	31.0%

	26-weeks Ended	
	June 30, 2001	June 24, 2000
Net sales	100.0%	100.0%
Cost of goods sold	46.6%	46.1%
Gross profit	53.4%	53.9%
Selling, general and administrative expenses	10.1%	8.8%
Research and development expenses	6.9%	5.7%
Total operating expenses	17.0%	14.5%
Operating income	36.4%	39.4%
Other income, net	6.4%	(1.2%)
Income before income taxes	42.8%	38.2%
Provision for income taxes	10.9%	9.0%
Net income	31.9%	29.2%

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

	13-weeks Ended			
	June 30, 2001		June 24, 2000	
	Consumer	Aviation	Consumer	Aviation
	(in thousands)			
Net sales	$70,827	$32,807	$64,247	$29,717
Cost of goods sold	36,714	11,870	31,456	12,483
Gross profit	34,113	20,937	32,791	17,234
Operating expenses:				
Selling, general and administrative	7,080	2,721	5,855	2,129
Research and development	4,374	2,391	3,317	1,696
Total operating expenses	11,454	5,112	9,172	3,825
Operating income	22,659	15,825	23,619	13,409
Other income (expense), net	9,070	1,512	996	147
Income before income taxes	$31,729	$17,337	$24,615	$13,556

	26-weeks Ended			
	June 30, 2001		June 24, 2000	
	Consumer	Aviation	Consumer	Aviation
	(in thousands)			
Net sales	$129,351	$59,817	$114,399	$56,141
Cost of goods sold	65,265	22,935	55,085	23,517
Gross profit	64,086	36,882	59,314	32,624
Operating expenses:				
Selling, general and administrative	13,737	5,324	10,984	4,091
Research and development	8,609	4,452	6,094	3,625
Total operating expenses	22,346	9,776	17,078	7,716
Operating income	41,740	27,106	42,236	24,908
Other income (expense),net	9,995	2,126	(1,231)	(778)
Income before income taxes	$51,735	$29,232	$41,005	$24,130

Comparison of 13-Weeks Ended June 30, 2001 and June 24, 2000

Net Sales

Net sales increased $9.6 million, or 10.3%, to $103.6 million for the 13-week period ended June 30, 2001, from $94.0 million for the 13-week period ended June 24, 2000. The increase for the 13-week period ended June 30, 2001 was primarily due to the introduction of several new products and the increase in overall demand for our GPS products. Sales from our consumer products accounted for 68.3% of net sales for the second quarter of 2001 compared to 68.4% during the second quarter of 2000. Sales from our aviation products accounted for 31.7% for the second quarter of 2001 compared to 31.6% during the second quarter of 2000. Both consumer and aviation segments drove sales growth as total units were up 11% to 357,000 in 2001 from 321,000 in 2000.

Net sales for the consumer segment increased $6.6 million, or 10.2%, to $70.8 million for the 13-week period ended June 30, 2001, from $64.2 million for the 13-week period ended June 24, 2000. The increase for the 13-week period ended June 30, 2001 was primarily due to the 17 new products introduced in the first half of 2001 and overall demand for our consumer products as total units were up 11%.

Net sales for the aviation segment increased $3.1 million, or 10.4%, to $32.8 million for the 13-week period ended June 30, 2001, from $29.7 million for the 13-week period ended June 24, 2000. The increase for the 13-week period ended June 30, 2001 was primarily due to strong sales of our panel-mount aviation products as total units were up 15%.

Gross Profit

Gross profit increased $5.1 million, or 10.2%, to $55.1 million for the 13-week period ended June 30, 2001, from $50.0 million for the 13-week period ended June 24, 2000. This increase was primarily attributable to revenue growth associated with increased unit volumes. Gross profit as a percentage of net sales remained flat at 53.1% for the 13-week period ended June 30, 2001 compared to 53.2% for the 13-week period ended June 24, 2000.

Gross profit for the consumer segment increased $1.3 million, or 4.0%, to $34.1 million for the 13-week period ended June 30, 2001, from $32.8 million for the 13-week period ended June 24, 2000. Gross profit as a percentage of net sales decreased to 48.2% for the 13-week period ended June 30, 2001 from 51.0% for the 13-week period ended June 24, 2000 due to a shift in product mix as we sold more entry level eTrex(R) units. As we develop new product lines, the overall margin levels may be lower than the existing product line that is

replaced. For example, our eTrex product line overall has a lower margin than the GPS III(R) predecessor product line. Additionally, we did not fully benefit from the incremental sales generated from our new higher margin product introductions that occurred late in the quarter.

Gross profit for the aviation segment increased $3.7 million, or 21.5%, to $20.9 million for the 13-week period ended June 30, 2001, from $17.2 million for the 13-week period ended June 24, 2000. Gross profit as a percentage of net sales increased to 63.8% for the 13-week period ended June 30, 2001 from 58.0% for the 13-week period ended June 24, 2000. This increase as a percentage of net sales was primarily attributed to both volume, as panel-mount aviation unit sales increased 38%, as well as product mix. We experienced a greater increase in sales of our higher margin GNS 530 product compared to our GNS 430 product.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased $1.8 million, or 22.8%, to $9.8 million (9.5% of net sales) for the 13-week period ended June 30, 2001, from $8.0 million (8.5% of net sales) for the 13-week period ended June 24, 2000. Selling, general and administrative expenses increased $1.2 million, or 20.9%, in the consumer segment and $0.6 million, or 27.8%, in the aviation segment. The increase in expense was primarily attributable to increases in employment generally across the organization (net increase of 33 new employees), increased advertising costs (up 16%) associated with new product releases, and increased insurance premiums. Overall, selling, general and administrative expenses increased at a higher rate than revenues due to the need to gear-up for the release of new products. As a result, expenses are incurred before we experience the benefit of incremental revenue growth from new products.

Research and Development Expense

Research and development expenses increased $1.8 million, or 34.9%, to $6.8 million (6.5% of net sales) for the 13-week period ended June 30, 2001, from $5.0 million (5.3% of net sales) for the 13-week period ended June 24, 2000. Research and development expenses increased $1.1 million, or 31.9%, in the consumer segment and $0.7 million, or 41.0%, in the aviation segment. The increase in expense was primarily due to the release of ten new recently-developed products within our consumer segment and the addition of 25 new engineers to our engineering staff as a result of our continued emphasis on innovation.

Operating Income

Operating income for the 13-week period ended June 30, 2001 increased to $38.5 million, or 3.9% from $37.0 million for the 13-week period ended June 24, 2000. Operating income as a percentage of net sales decreased to 37.1% for the 13-week period ended June 30, 2001, from 39.4% for the 13-week period ended June 24, 2000 as a result of the factors discussed above.

Other Income (Expense)

Other income (expense) principally consists of interest income, interest expense and foreign currency exchange gains and losses. Other income for the 13-week period ended June 30, 2001 amounted to $10.6 million compared to other income of $1.1 million for the 13-week period ended June 24, 2000. Interest income for the 13-week period ended June 30, 2001 amounted to $2.6 million compared to $1.6 million for the 13-week period ended June 24, 2000, the increase being attributable to the growth of the Company's cash and cash equivalents during the period on which interest income is earned. Interest expense decreased to $0.5 million for the 13-week period ended June 30, 2001 from $1.0 million for the 13-week period ended June 24, 2000, due primarily to the reduction of debt and a lower interest rate environment during fiscal 2001.

We recognized a foreign currency exchange gain of $8.4 million for the 13-week period ended June 30, 2001 compared to a gain of $0.7 million for the 13-week period ended June 24, 2000. The $8.4 million gain was due to the significantly increased strength of the U.S. Dollar compared to the New Taiwan Dollar during the second quarter of fiscal 2001, when the exchange rate increased to 34.50 NTD/USD at June 30, 2001 from 32.84 NTD/USD at March 31, 2001. The $0.7 million gain was due to the relative stability of the U.S. Dollar compared to the New Taiwan Dollar during the second quarter of fiscal 2000, when the exchange rate increased only slightly.

Income Tax Provision

Income tax expense increased by $3.5 million, to $12.5 million, for the 13-week period ended June 30, 2001 from $9.0 million for the 13-week period ended June 24, 2000 due to our higher taxable income. The effective tax rate was 25.4% for the 13-week period ended June 30, 2001 versus 23.6% for the 13-week period ended June 24, 2000. The increase is attributable to the effects of a surtax on undistributed earnings in Taiwan that the Company will pay in the following year, among other things. The tax cost of distributing earnings from Garmin Corporation, the Company's Taiwan subsidiary, to the Company significantly exceeds the amount of the surtax.

Net Income

As a result of the above, net income increased 25.5% for the 13-week period ended June 30, 2001 to $36.6 million compared to $29.2 million for the 13-week period ended June 24, 2000.

Comparison of 26-Weeks Ended June 30, 2001 and June 24, 2000

Net Sales

Net sales increased $18.7 million, or 10.9%, to $189.2 million for the 26-week period ended June 30, 2001, from $170.5 million for the 26-week period ended June 24, 2000. The increase for the 26-week period ended June 30, 2001 was primarily due to the introduction of 17 new products and the increase in overall demand for our GPS products. Sales from our consumer products accounted for 68.4% of net sales for the first half of 2001 compared to 67.1% during the first half of 2000. Sales from our aviation products accounted for 31.6% for the first half of 2001 compared to 32.9% during the first half of 2000. Both consumer and aviation segments drove sales growth as total units were up 17% to 682,000 in 2001 from 584,000 in 2000.

Net sales for the consumer segment increased $15.0 million, or 13.1%, to $129.4 million for the 26-week period ended June 30, 2001, from $114.4 million for the 26-week period ended June 24, 2000. The increase for the 26-week period ended June 30, 2001 was primarily due to new product introductions during fiscal 2001 and overall demand for our consumer products as total units increased 18%.

Net sales for the aviation segment increased $3.7 million, or 6.6%, to $59.8 million for the 26-week period ended June 30, 2001, from $56.1 million for the 26-week period ended June 24, 2000. The increase for the 26-week period ended June 30, 2001 was primarily due to stable sales of both our panel-mount and handheld aviation products as total units were up 2%.

Gross Profit

Gross profit increased $9.1 million, or 9.8%, to $101.0 million for the 26-week period ended June 30, 2001, from $91.9 million for the 26-week period ended June 24, 2000. This increase was primarily attributable to revenue growth associated with increased unit volumes. Gross profit as a percentage of net sales decreased to 53.4% for the 26-week period ended June 30, 2001 compared to 53.9% for the 26-week period ended June 24, 2000. This decrease as a percentage of net sales was primarily attributed to a shift in product mix within the consumer segment, lower margin new product lines replacing higher margin existing product lines within the consumer segment, and the fact that we did not benefit from the incremental sales generated from our new high margin product introductions that occurred late in the second quarter of fiscal 2001.

Gross profit for the consumer segment increased $4.8 million, or 8.0%, to $64.1 million for the 26-week period ended June 30, 2001, from $59.3 million for the 26-week period ended June 24, 2000. Gross profit as a percentage of net sales decreased to 49.5% for the 26-week period ended June 30, 2001 from 51.8% for the 26-week period ended June 24, 2000 due to a shift in product mix as we sold more entry level eTrex(R) units and a shift to lower margin product lines. Additionally, we did not fully benefit from the incremental sales generated from our new higher margin product introductions that occurred late in the second quarter of fiscal 2001.

Gross profit for the aviation segment increased $4.3 million, or 13.1%, to $36.9 million for the 26-week period ended June 30, 2001, from $32.6 million for the 26-week period ended June 24, 2000. Gross profit as a percentage of net sales increased to 61.7% for the 26-week period ended June 30, 2001 from 58.1% for the 26-week period ended June 24, 2000. This increase as a percentage of net sales was primarily attributed to both volume, as panel-mount aviation unit sales increased 38%, as well as product mix. We experienced a greater increase in sales of our GNS 530 product compared to our GNS 430 product due to its increased capabilities and larger display.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased $4.0 million, or 26.4%, to $19.1 million (10.1% of net sales) for the 26-week period ended June 30, 2001, from $15.1 million (8.8% of net sales) for the 26-week period ended June 24, 2000. Selling, general and administrative expenses increased $2.8 million, or 25.1%, in the consumer segment and $1.2 million, or 30.1%, in the aviation segment. The increase in expense was primarily attributable to increases in employment generally across the organization, increased advertising costs associated with new product releases, additional costs associated with being a public company, and increases in insurance premiums. Overall, selling, general and administrative expenses increased at a higher rate than revenues due to the need to gear-up for the release of new products. As a result, expenses are incurred before we experience the benefit of incremental revenue growth from new products.

Research and Development Expense

Research and development expenses increased $3.4 million, or 34.4%, to $13.1 million (6.9% of net sales) for the 26-week period ended June 30, 2001, from $9.7 million (5.7% of net sales) for the 26-week period ended June 24, 2000. Research and development expenses increased $2.5 million, or 41.3%, in the consumer segment and $0.9 million, or 22.8%, in the aviation segment. The increase in expense was primarily due to the release of 17 new recently-developed products within our consumer segment and the addition of 30 new engineers to our engineering staff as a result of our continued emphasis on research and development expansion and innovation.

Operating Income

Operating income for the 26-week period ended June 30, 2001 increased to $68.8 million, or 2.5% from $67.1 million for the 26-week period ended June 24, 2000. Operating income as a percentage of net sales decreased to 36.4% for the 26-week period ended June 30, 2001, from 39.4% for the 26-week period ended June 24, 2000 as a result of the factors discussed above.

Other Income (Expense)

Other income (expense) principally consists of interest income, interest expense and foreign currency exchange gains and losses. Other income for the 26-week period ended June 30, 2001 amounted to $12.1 million compared to other expense of $2.0 million for the 26-week period ended June 24, 2000. Interest income for the 26-week period ended June 30, 2001 amounted to $5.9 million compared to $2.5 million for the 26-week period ended June 24, 2000, the increase being attributable to the growth of the Company's cash and cash equivalents during the period on which interest income is earned. Interest expense decreased to $1.2 million for the 26-week period ended June 30, 2001 from $1.5 million for the 26-week period ended June 24, 2000, due primarily to the reduction of debt and a lower interest rate environment during fiscal 2001.

We recognized a foreign currency exchange gain of $7.3 million for the 26-week period ended June 30, 2001 compared to a loss of $3.0 million for the 26-week period ended June 24, 2000. The $7.3 million gain was due to the significantly increased strength of the U.S. Dollar compared to the New Taiwan Dollar during the first half of fiscal 2001, when the exchange rate increased to 34.50 NTD/USD at June 30, 2001 from 33.01 NTD/USD at December 30, 2000. The $3.0 million loss was due to the weakening of the U.S. Dollar compared to the New Taiwan Dollar during the first half of fiscal 2000, when the exchange rate decreased to 30.77 NTD/USD at June 24, 2000 from 31.65 NTD/USD at December 25, 1999.

Income Tax Provision

Income tax expense increased by $5.2 million, to $20.6 million, for the 26-week period ended June 30, 2001 from $15.4 million for the 26-week period ended June 24, 2000 due to our higher taxable income. The effective tax rate was 25.4% for the 26-week period ended June 30, 2001 versus 23.6% for the 26-week period ended June 24, 2000. The increase is attributable to the effects of a surtax on undistributed earnings in Taiwan that the Company will pay in the following year, among other things. The tax cost of distributing earnings from Garmin Corporation, the Company's Taiwan subsidiary, to the Company significantly exceeds the amount of the surtax.

Net Income

As a result of the above, net income increased 21.4% for the 26-week period ended June 30, 2001 to $60.4 million compared to $49.8 million for the 26-week period ended June 24, 2000.

Liquidity and Capital Resources

Net cash generated by operating activities was $48.0 million for the 26-week period ended June 30, 2001 compared to $35.3 million for the 26-week period ended June 24, 2000. We operate with a strong customer driven approach and therefore carry 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 adequate to meet most demand. We also attempt to carry sufficient inventory levels on key components so that potential supplier shortages have as minimal an impact as possible on our ability to deliver our finished products. We did experience a $16.5 million reduction in inventory at June 30, 2001 when compared to fiscal year-end December 30, 2000 as we began shipments of 17 new products. Due to the timing of these new product introductions during the period, our accounts receivable balance increased $21.7 million to $54.4 million at June 30, 2001 from $32.7 million at December 30, 2000. We do not anticipate that the timing of new product introductions will have a negative impact on our financial results in the future.

During the 26-week period ended June 30, 2001, our capital expenditures totaled $8.8 million compared to $13.0 million for the 26-week period ended June 24, 2000. The capital expenditures were incurred primarily for the continued expansion of our Olathe, Kansas facility. Cash flow from financing activities during the quarter were $8.6 million use of cash due to the reduction of debt in Taiwan compared to a source of cash of $8.4 million in the prior year. The source of cash in the prior year was attributed to the net effect of the issuance of long-term debt ($20.0 million) to finance the expansion of our Olathe, Kansas facility and to pay dividends ($11.6 million).

We believe that our existing cash balances and cash flow from operations will continue to be sufficient to meet our expected capital and liquidity needs for the foreseeable future.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market Sensitivity

We have market risk primarily in connection with the pricing of our products and services and the purchase of raw materials. Product pricing and raw material costs are both significantly influenced by semiconductor market conditions. Historically, during cyclical 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 material costs.

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 New Taiwan Dollar has proven to be relatively stable. However, within the last year we have experienced significant foreign currency gains due to the strengthening 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 currencies involved are the New Taiwan Dollar and the British Pound Sterling. The Company's international subsidiaries use 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 operations, we have elected to retain most of our cash at our Taiwan subsidiary in U.S. dollars. As such, even when a significant gain or loss occurs as a result of more volatile foreign exchange rate fluctuations, the actual impact on our operations is of a lesser extent.

Interest Rate Risk

As of June 30, 2001, we have interest rate risk in connection with our industrial revenue bonds that bear interest at a floating rate. The Company's subsidiary, Garmin International, Inc. entered into an interest rate swap agreement to modify the characteristics of $15 million of its outstanding long-term debt from a floating rate to a fixed rate basis. This agreement involves the receipt of floating rate amounts in exchange for fixed rate interest payments over the life of the agreement without an exchange of the underlying principal amount. The gain or loss on interest rate swap agreements is immaterial.

Part II - Other Information

Item 1. Legal Proceedings

From time to time the Company may be involved in litigation arising in the course of its operations. As of August 13, 2001, the Company was not a party to any material legal proceedings.

Item 2. Changes in Securities and Use of Proceeds

None

Item 3. Defaults Upon Senior Securities

None

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

The Company held its Annual General Meeting of Shareholders on June 8, 2001. Proxies for the meeting were solicited pursuant to Regulation 14A. There was no solicitation in opposition to the Board of Directors' nominees for election as directors as listed in the Proxy Statement and all such nominees were elected. Listed below is each matter voted on at the Company's Annual General Meeting. All such matters were approved. A total of 106,105,063 common shares or approximately 98% of the common shares outstanding on the record date, were present in person or by proxy at the Annual General Meeting. These shares were voted as follows:

1) Election of Three Directors of the Company:

Nominee	For	Withheld
Gene M. Betts	106,089,949	15,114
Donald H. Eller	106,091,974	13,089
Thomas A. McDonnell	106,091,824	13,239

The terms of office of Directors Donald H. Eller and Ruey-Jeng Kao will continue until the Annual General Meeting of Shareholders in 2002. The terms of office of Directors Gary L. Burrell and Min H. Kao will continue until the Annual General Meeting of Shareholders in 2003. The terms of office of Directors Gene M. Betts and Thomas A. McDonnell will continue until the Annual General Meeting of Shareholders in 2004.

2) Appointment of Ernst & Young LLP as Independent Auditors for the 2001 Fiscal Year at Remuneration to be Approved by the Board of Directors:

For	Against	Abstain	Broker non-votes
106,068,902	28,733	7,428	N/A

Item 5. Other Information

Not applicable

Item 6. Exhibits and Reports on Form 8-K

Not applicable

SIGNATURES

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

GARMIN LTD.

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

Dated: August 13, 2001