Statutory Financial Statements

Garmin Ltd. (Switzerland)
Years Ended December 30, 2017 and December 31, 2016

Building a better working world

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To the General Meeting of
Garmin Ltd., Schaffhausen

Zurich, February 21, 2018

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Garmin Ltd. (the Company), which comprise the balance sheet, statement of income and notes, for the period from January 1, 2017 to December 30, 2017.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the Company's articles of association. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the period from January 1, 2017 to December 30, 2017 comply with Swiss law and the Company's articles of association.

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Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of investment in affiliated companies

Area of focus	As at December 30, 2017, the investment in affiliated companies of Garmin Ltd. amounts to CHF 7,457 million and represents 98% of total assets. The investment in affiliated companies is valued at historical cost less adjustment for impairment of value, if events and circumstances suggest that the historical cost may not be recoverable. Refer to note 1 (Summary of significant accounting policies) in the financial statements for further details. The investment in affiliated companies is significant to our audit due to the complexity and judgment involved in the Company's impairment test.
Our audit response	Our audit procedures included gaining an understanding of the Company's investment in affiliated companies' impairment testing process and the determination of indicators of impairment. We evaluated the Company's assessment and corroborated key elements based on internally and externally available evidence and underlying data. Furthermore, we evaluated related income tax consequences.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of association. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

/s/ Christian Schibler	/s/ Siro Bonetti
Christian Schibler	Siro Bonetti
Licensed audit expert	Licensed audit expert
(Auditor in charge)	

Garmin Ltd.

Balance Sheet

(CHF in thousands)

	December 30, 2017	December 31, 2016
Assets		
- Cash and cash equivalents	416	444
- Accounts receivable - affiliates	292	41
- Other receivables - third party	12	1
- Prepaid expenses	-	493
Total current assets	720	979
- Loans receivable - affiliates	172,208	120,763
- Investment in affiliated companies	7,457,058	7,894,395
Total non-current assets	7,629,266	8,015,158
Total assets	7,629,986	8,016,137
Liabilities and shareholders' equity		
- Accounts payable	512	360
- Accounts payable - affiliates	13,364	10,753
- Provision for unrealized translation gains	25,508	9,522
- Dividend payable from capital contribution reserve	93,295	97,476
Total current liabilities	132,679	118,111
- Accrued expenses	30	67
- Long-term interest-bearing loans - affiliates	400,691	409,232
Total non-current liabilities	400,721	409,299
Total liabilities	533,400	527,410
Share capital	19,808	19,808
Legal capital reserves		
- Reserve from capital contribution	6,349,717	6,739,932
- Reserve for treasury shares from capital contribution	448,427	428,248
- Other capital reserves	68	68
Voluntary retained earnings		
- Dividend reserve from capital contribution	183,096	182,759
- Available earnings		
- Balance brought forward	117,912	143,108
- Net earnings (loss) for the year	(22,442)	(25,196)
Total shareholders' equity	7,096,586	7,488,727
Total liabilities and shareholders' equity	7,629,986	8,016,137

Garmin Ltd.

Statement of Income

(CHF in thousands)

	Fiscal Year Ended December 30, 2017	**Fiscal Year Ended December 31, 2016**
Dividend income - affiliates	439,181	350,000
- General and administrative expenses	(10,896)	(8,925)
- General and administrative expenses - affiliates	(11,269)	(9,939)
- Advertising expense	(231)	(138)
Operating expenses	(22,396)	(19,002)
Impairment on investment in affiliated companies	(439,181)	(350,000)
Financial result		
- Interest income	41	-
- Interest income - affiliates	7,025	2,777
- Interest expense - affiliates	(7,926)	(8,084)
- Foreign currency gains (losses)	814	(887)
Total financial result	(46)	(6,194)
Net earnings (loss)	(22,442)	(25,196)

Garmin Ltd.

Notes to Statutory Financial Statements

December 30, 2017 and December 31, 2016

(CHF in thousands, except share and per share information and where otherwise indicated)

1. Summary of significant accounting policies

General aspects

Garmin Ltd. (the "Company") is the parent company of the Garmin Group and has its registered office at Mühlentalstrasse 2, 8200 Schaffhausen, Switzerland. The Company did not have any employees at December 30, 2017 and December 31, 2016.

Basis of presentation

These unconsolidated statutory financial statements of Garmin Ltd. have been prepared in accordance with the general accepted accounting principles as set out in the Swiss Code of Obligations ("SCO") Art. 957 to 963b.

The consolidated financial statements of the Garmin Group include 100 percent of the assets, liabilities, revenues, expenses, income and cash flows of Garmin Ltd. and subsidiaries in which the Company has a controlling interest, as if the Company and its subsidiaries were a single company.

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 a 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. The fiscal year ended December 30, 2017 included 52 weeks and December 31, 2016 included 53 weeks.

Affiliates

The term "Affiliates", as referred to in these financial statements, is defined as directly and indirectly held subsidiaries.

Exchange rate differences

The Company keeps its accounting records in U.S. Dollars (USD) and translates them into Swiss Francs (CHF) for statutory reporting purposes. Assets and liabilities denominated in foreign currencies are translated into CHF using the year-end rates of exchange, except investment in affiliated companies and the Company's equity, which are translated at historical rates. Income statement transactions are translated into Swiss francs at the average rate of the year, except for individually significant transactions during the year in which case the applicable daily exchange rate is used. Exchange differences arising from business transactions are recorded in the income statement, except for net unrealized gains, which are deferred and recorded in current liabilities. Unrealized losses arising from the translation of the financial statements in USD to CHF are recorded in the statement of income, and unrealized gains are deferred and recorded in "provision for unrealized translation gains".

Investment in affiliated companies

Investment in affiliated companies are recorded at historical cost less adjustment for impairment of value.

Dividend payable from capital contribution

The dividend payable from capital contribution includes the outstanding quarterly dividend installments, approved by the annual general meeting but not yet paid.

Reserve from capital contribution

The reserve from capital contribution includes the premium from the capital increase in the year 2010, less

- the dividends from capital contribution distributed to date
- amounts expected to be distributed (dividend payable from capital contribution)
- amounts reallocated to the reserve for treasury shares from capital contribution and
- the dividend reserve from capital contribution.

At the annual general meeting on June 10, 2016, the shareholders approved in a first step the par value reduction of the Company's shares from CHF 10 to CHF 0.10 per share, and in a second step the cancellation of 10 million formation shares, resulting in a corresponding increase in the reserve from capital contribution. Refer to note 3. Shareholders' equity for further details.

Dividend reserve from capital contribution

The dividend reserve from capital contribution includes the amount of reserve from capital contribution reallocated to voluntary retained earnings through the last shareholder resolution, including the margin for unfavorable currency fluctuation and new share issuances that may occur between the time that the dividend has been approved by shareholders and when the last installment payment is made, reduced by quarterly dividend installments actually paid and expected quarterly dividend installments included in "dividend payable from capital contribution".

Treasury shares

Treasury shares are recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition. In case of resale, the gain or loss is recognized through the statement of income as financial income or financial expense. For treasury shares held at Affiliates, the Company builds a treasury shares reserve in equity at the respective acquisition costs.

Personnel expense

Personnel expense for the years ended December 30, 2017 and December 31, 2016 amounted to CHF 3,503 and CHF 2,375, respectively, and is related to personnel expense allocated from the Company's Affiliates, related to the performance of certain general and administrative services including executive administration, procurement and payables, treasury and cash management, payroll, and accounting, as well as the Board of Directors of the Company.

The Company uses treasury shares for share-based payment programs for Board members. Any difference between the acquisition cost and any consideration paid by the Board members at grant date is recognized as personnel expense.

2. Investment in directly and material indirectly held affiliated companies

		Ownership Interest		Voting Interest	
Company Name	**Domicile**	**Direct**	**Indirect**	**Direct**	**Indirect**
Garmin Luxembourg Holdings S.à r.l.	Luxembourg	100%		100%	
Garmin Luxembourg S.à r.l.	Luxembourg		100%		100%
Garmin Switzerland GmbH	Switzerland	100%		100%	
Garmin International, Inc.	United States	100%		100%	
Garmin Corporation	Taiwan		100%		100%
Garmin (Europe) Ltd.	United Kingdom		100%		100%
Garmin Australasia Pty. Ltd.	Australia		100%		100%
Garmin Deutschland GmbH	Germany		100%		100%
Garmin Switzerland Distribution GmbH	Switzerland	100%		100%	

The investment in directly and material indirectly held affiliated companies is the same for the years ended December 30, 2017 and December 31, 2016, with the exception of Garmin New Zealand Holdings Limited, which was liquidated during the year ended December 30, 2017 (100% direct ownership interest and 100% direct voting interest as of December 31, 2016).

3. Shareholders’ equity

		Legal capital reserves			Voluntary retained earnings				
						Available earnings			
CHF in thousands	Share capital	Reserve from capital contribution	Reserve for treasury shares from capital contribution	Other capital reserves	Dividend reserve from capital contribution	Balance brought forward	Net earnings (loss) for the year	Treasury Shares	Total
Balance as of December 26, 2015	2,080,774	5,091,539	389,598	68	189,461	(223,591)	717,889	(351,190)	7,894,548
Balance brought forward						717,889	(717,889)		-
Par Value Reduction	(2,059,966)	2,059,966							
Cancellation of Formation Shares	(1,000)	1,000				(351,190)		351,190	
Release of amounts to dividend payable from reserve from capital contribution (2014 dividend)		1,696							1,696
Release of dividend reserve from capital contribution (2014 dividend)		189,461			(189,461)				-
Net movement in reserve for treasury shares from capital contribution		(38,650)	38,650						-
Release to dividend reserve from capital contribution (2015 dividend)		(565,080)			565,080				-
Dividend payments (2015 dividend)					(284,845)				(284,845)
Dividend payable at year-end (2015 dividend)					(97,476)				(97,476)
Net earnings (loss) for the year							(25,196)		(25,196)
Balance as of December 31, 2016	19,808	6,739,932	428,248	68	182,759	143,108	(25,196)	-	7,488,727
Balance brought forward						(25,196)	25,196		-
Release of amounts to dividend payable from reserve from capital contribution (2015 dividend)		1,438							1,438
Release of dividend reserve from capital contribution (2015 dividend)		182,759			(182,759)				-
Net movement in reserve for treasury shares from capital contribution		(20,179)	20,179						-
Release to dividend reserve from capital contribution (2016 dividend)		(554,233)			554,233				-
Dividend payments (2016 dividend)					(277,842)				(277,842)
Dividend payable at year-end (2016 dividend)					(93,295)				(93,295)
Net earnings (loss) for the year							(22,442)		(22,442)
Balance as of December 30, 2017	19,808	6,349,717	448,427	68	183,096	117,912	(22,442)	-	7,096,586

The summary of the components of authorized shares at December 30, 2017, December 31, 2016, and December 26, 2015 and changes during those years are as follows:

	Outstanding Shares	Treasury Shares: Held by Affiliates	Treasury Shares: Held by Company	Issued Shares	Conditional Capital [2]
December 26, 2015	189,721,890	8,355,528	10,000,000	208,077,418 [1]	104,038,709
Treasury shares purchased	(2,300,083)	2,300,083			
Treasury shares issued for stock based compensation	1,143,084	(1,143,084)			
Cancellation of 10 million formation shares			(10,000,000)	(10,000,000) [4]	
Reduction in conditional capital					(5,000,000) [3]
December 31, 2016	188,564,891	9,512,527	-	198,077,418 [4]	99,038,709
Treasury shares purchased	(1,699,115)	1,699,115			
Treasury shares issued for stock based compensation	1,323,640	(1,323,640)			
December 30, 2017	188,189,416	9,888,002	-	198,077,418 [4]	99,038,709

[1] Shares at CHF 10 par value

[2] Up to 99,038,709 conditional shares may be issued through the exercise of option rights which are granted to Garmin employees and/or members of its Board of Directors.

[3] Reduction in conditional capital approved by the annual general meeting following the cancellation of 10 million formation shares. In accordance with Swiss law, the conditional capital may not exceed 50% of the share capital.

[4] Shares at CHF 0.10 par value

4. Treasury Shares

At December 26, 2015, the Company held 10,000,000 treasury shares with an average cost of CHF 35. These 10,000,000 treasury shares were cancelled as of December 31, 2016.

At December 30, 2017 and December 31, 2016, the Company's Affiliates held 9,888,002 and 9,512,527 treasury shares, respectively. The average cost of all treasury shares held by Affiliates at December 30, 2017 and December 31, 2016 amounts to CHF 45 and CHF 45, respectively.

	Carrying value (CHF in thousands)	**Number of shares held by affiliates**	**Average cost (CHF)**
Balance as of December 26, 2015	389,598	8,355,528	47
Acquired	93,083	2,300,083	40
Treasury stock used for stock based compensation	(54,433)	(1,143,084)	48
Balance as of December 31, 2016	428,248	9,512,527	45
Acquired	86,334	1,699,115	51
Treasury stock used for stock based compensation	(66,155)	(1,323,640)	50
Balance as of December 30, 2017	448,427	9,888,002	45

5. Contingent Liabilities

The Company has a tax sharing agreement with its Affiliates for certain tax reserves. In addition, the Company through certain of its Affiliates is involved in various regulatory and legal matters. The Company's Affiliates have made certain related accruals. There could be material adverse outcomes beyond the accrued liabilities. Finally, as part of regular business negotiations, the

Company will also occasionally guarantee certain financial obligations of its Affiliates when doing so leads to favorable terms. The total amount of these guarantees at December 30, 2017 and December 31, 2016 were CHF 15,538 and CHF 14,466 respectively.

6. Significant Shareholders

As of December 30, 2017 and December 31, 2016, the following shareholders held 5 percent or more of Garmin Ltd.'s total issued shares and voting rights:

Shareholder	Percentage at Dec. 30, 2017	Percentage at Dec. 31, 2016
Jonathan Burrell	13.15% [2]	14.39% [1]
Ruey-Jeng Kao	5.14%	5.14%
Min H. Kao, Ph.D.	19.41% [3]	19.47% [3]
Blackrock, Inc.	5.69%	5.92%
The Vanguard Group	5.23%	5.37%

[1] Includes (a) 3,062,000 shares held by The Gary L. Burrell Revocable Trust, over which shares Jonathan Burrell shares voting and dispositive power with his father, Gary L. Burrell, (b) 4,383,570 shares held by The Judith M. Burrell Revocable Trust, over which shares Jonathan Burrell shares voting and dispositive power with his mother, Judith M. Burrell, (c) 8,897,400 shares held in three Charitable Lead Annuity Trusts, over which shares Jonathan Burrell has the sole voting and dispositive power, (d) 3,000,000 shares held in a limited liability company, over which shares Jonathan Burrell has sole voting and dispositive power, and (e) 9,120,000 shares held in several Grantor Retained Annuity Trusts established by Judith M. Burrell, over which shares Jonathan Burrell has sole voting and dispositive power.

[2] Includes (a) 3,930,870 shares held by The Judith M. Burrell Revocable Trust, over which shares Jonathan Burrell shares voting and dispositive power with his mother, Judith M. Burrell, (b) 8,720,050 shares held in three Charitable Lead Annuity Trusts, over which shares Jonathan Burrell has the sole voting and dispositive power, (c) 3,000,000 shares held in a limited liability company, over which shares Jonathan Burrell has sole voting and dispositive power, and (d) 10,351,200 shares held in several Grantor Retained Annuity Trusts established by Judith M. Burrell, over which shares Jonathan Burrell has sole voting and dispositive power.

[3] Includes 24,332,539 shares held by revocable trusts established by Dr. Kao's children, over which Dr. Kao has shared voting and dispositive power. Also includes 5,207,824 shares that are held by a revocable trust established by Dr. Kao's wife, over which Dr. Kao does not have any voting or dispositive power. Dr. Kao disclaims beneficial ownership of the 5,207,824 shares held in his wife's trust.

To the best of the Company's knowledge, no other shareholder held 5 percent or more of Garmin Ltd.'s total issued shares and voting rights as registered in accordance with Swiss law on December 30, 2017 or December 30, 2016.

7. Shares for members of the Board of Directors

According to the compensation plan, members of the Board of Directors are partially paid in shares. Treasury shares are used for such share allocations. The allocation of shares to the Board of Directors was as follows:

2017		2016	
Quantity	Value in CHF	Quantity	Value in CHF
10,432	492,612	12,984	492,612

8. Share Ownership of Garmin Ltd. by Board Members and Members of Executive Management

As of December 30, 2017 and December 31, 2016, the members of the Board of Directors held the following numbers of shares:

Name and Function	Total number of shares held at Dec. 30, 2017	Total number of shares held at Dec. 31, 2016
Donald H. Eller, Ph.D., Member of Compensation Committee, Chairman of Nominating and Corporate Governance Committee	446,783	444,778
Joseph Hartnett, Member of Audit Committee, and Nominating and Corporate Governance Committee, Chairman of the Compensation Committee	6,799	4,796
Min H. Kao, Ph.D., Executive Chairman	38,450,917 [1]	38,557,017 [1]
Charles W. Peffer, Chairman of Audit Committee, Member of Compensation Committee and Nominating and Corporate Governance Committee	16,655	14,650
Clifton A. Pemble, President & Chief Executive Officer	- [2]	- [2]
Rebecca R. Tilden, Member of Audit Committee, Nominating and Corporate Governance Committee and Compensation Committee	811	0
Total	38,921,965	39,021,241

[1] Includes 24,332,539 shares held by revocable trusts established by Dr. Kao's children, over which Dr. Kao has shared voting and dispositive power. Also includes 5,207,824 shares that are held by a revocable trust established by Dr. Kao's wife, over which Dr. Kao does not have any voting or dispositive power. Dr. Kao disclaims beneficial ownership of the 5,207,824 shares held in his wife's trust.

[2] Shares held by Mr. Pemble are shown in the Executive Management disclosure below.

As of December 30, 2017 and December 31, 2016, the members of Executive Management held the following numbers of shares:

Name and Principal Position [1]	Total number of shares held at Dec. 30, 2017	Total number of shares held at Dec. 31, 2016
Douglas G. Boessen, Chief Financial Officer & Treasurer	8,871	4,065
Clifton A. Pemble, President & Chief Executive Officer	75,017	77,659
Total	83,888	81,724

[1] On February 14, 2014, the Company's Board of Directors determined that with effective date of January 1, 2014, the Company's Executive Management consists of its President & Chief Executive Officer and its Chief Financial Officer & Treasurer.

The members of our Board of Directors and Executive Management owned 19.69 and 19.74 percent of the Company's total shares issued as of December 30, 2017 and December 31, 2016, respectively.

The following tables provide information for each non-employee member of the Board of Directors regarding outstanding equity awards held by them as of December 30, 2017 and December 31, 2016, respectively.

Outstanding Equity Awards at December 30, 2017

Name and Function	Option awards[1]	Stock Awards[2]
Donald Eller Member of the Board and Compensation Committee, Chairman of Nominating Committee	18,567	5,772
Joseph Hartnett Member of the Board and Audit, Compensation and Nominating Committees, Chairman of Compensation Committee	-	5,772
Charles Peffer Member of the Board and Compensation and Nominating Committees, Chairman of Audit Committee	9,905	5,772
Rebecca Tilden Member of the Board, Audit, Compensation and Nominating Committees	-	4,772
Total	28,472	22,088

[1] Represents non-qualified stock options.

[2] Represents restricted stock units.

Outstanding Equity Awards at December 31, 2016

Name and Function	Option awards[1]	Stock Awards[2]
Donald Eller Member of the Board and Compensation Committee, Chairman of Nominating Committee	19,926	5,840
Joseph Hartnett Member of the Board and Audit, Compensation and Nominating Committees, Chairman of Compensation Committee	-	5,840
Charles Peffer Member of the Board and Compensation and Nominating Committees, Chairman of Audit Committee	11,485	5,840
Rebecca Tilden Member of the Board, Audit, Compensation and Nominating Committees	-	3,246
Total	31,411	20,766

[1] Represents non-qualified stock options.

[2] Represents restricted stock units.

The following tables provide information for each member of Executive Management regarding outstanding equity awards held by them as of December 30, 2017 and December 31, 2016, respectively. Amounts in these tables are presented in CHF.

Outstanding Equity Awards at December 30, 2017

	Option Awards						Stock Awards		
Name	*Number of Securities Underlying Unexercised Options (#) Exercisable*		*Number of Securities Underlying Unexercised Options (#) Unexercisable*	*Option / SAR Exercise Price (CHF)*	*Option / SAR Expiration Date*		*Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)*		*Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (CHF)* [5]
Clifton A. Pemble	45,260	(1)	-	41.12	12/10/22		6,437	(3)	373,981
President & Chief	20,649	(2)	13,766	51.14	12/15/24		10,980	(3)	637,923
Officer	30,794	(2)	7,698	47.86	12/10/23		16,536	(3)	960,719
							11,934	(4)	693,349
							15,288	(4)	888,212
	96,703		21,464				61,175		
Douglas G. Boessen	7,608	(2)	5,072	51.14	12/15/24		2,080	(3)	120,845
Chief Financial Officer							2,928	(3)	170,113
& Treasurer							3,675	(3)	213,512
							3,854	(4)	223,912
							4,077	(4)	236,868
	7,608		5,072				16,614		
Total	104,311		26,536				77,789		

[1] Represents non-qualified stock options.
[2] Represents stock appreciation rights.
[3] Represents restricted stock units.
[4] Represents time-based and performance-based vesting restricted stock units.
[5] Determined by multiplying the number of unearned shares by CHF 58.10, which was the closing price of Garmin shares on the NASDAQ stock market on December 29, 2017.

Outstanding Equity Awards at December 31, 2016

Name	Option Awards: Number of Securities Underlying Unexercised Options (#) Exercisable		Option Awards: Number of Securities Underlying Unexercised Options (#) Unexercisable	Option / SAR Exercise Price (CHF)	Option / SAR Expiration Date	Stock Awards: Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)		Stock Awards: Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (CHF) [5]
Clifton A. Pemble	36,208	(1)	9,052	42.83	12/10/22	4,078	(3)	200,906
President & Chief	28,220	(1)	-	40.35	12/28/21	12,874	(3)	634,248
Officer	13,766	(2)	20,649	53.28	12/15/24	16,470	(3)	811,408
	23,096	(2)	15,396	49.86	12/10/23	17,901	(4)	881,908
	25,000	(2)	-	51.79	06/06/18			
	25,000	(2)	-	107.02	12/04/17			
	20,000	(2)	-	64.32	06/08/17			
	171,290		45,097			51,323		
Douglas G. Boessen	5,072	(2)	7,608	53.28	12/15/24	1,318	(3)	64,932
Chief Financial Officer						4,160	(3)	204,946
& Treasurer						4,392	(3)	216,376
						5,784	(4)	284,954
	5,072		7,608			15,654		
Total	176,362		52,705			66,977		

[1] Represents non-qualified stock options.
[2] Represents stock appreciation rights.
[3] Represents restricted stock units.
[4] Represents time-based and performance-based vesting restricted stock units.
[5] Determined by multiplying the number of unearned shares by CHF 49.27, which was the closing price of Garmin shares on the NASDAQ stock market on December 30, 2016.

Other than as disclosed, no party related to any member of the Board of Directors or Executive Management held any shares of Garmin Ltd. or equity awards in Garmin Ltd. shares as of December 30, 2017 or December 31, 2016.

9. Dividend income and impairment loss on investment in Affiliates

During 2017, Garmin Ltd. received a dividend of CHF 435,000 from one of its Affiliates resulting in a reduction in the value of the investment in this Affiliate by the same amount. Consequently, the Company has recognized an impairment of CHF 435,000 in the value of its investment in affiliated companies. During 2017, Garmin Ltd. received a liquidation dividend of CHF 4,181 from Garmin New Zealand Holdings resulting in a full impairment of the investment. During 2016, Garmin Ltd. received dividends of CHF 350,000 from one of its Affiliates resulting in a reduction in the value of the investment in this Affiliate by the same amount. Consequently, the

Company recognized an impairment of CHF 350,000 in the value of its investment in affiliated companies during 2016.

10. Subsequent events

No significant events occurred subsequent to the balance sheet date but prior to February 21, 2018 that would have a material impact on the financial statements.

Proposed Appropriation of Available Earnings

Balance brought forward from previous years	117,912
Net loss for the period (on a stand-alone unconsolidated basis)	(22,442)
Total available to the general meeting	95,470
Proposal of the Board of Directors for the appropriation of available earnings to the general meeting:	95,470
Balance to be carried forward	95,470

	Reserve from capital contribution	Reserve for treasury shares from capital contribution[1]	Dividend reserve from capital contribution
Balance as of December 30, 2017	6,349,717	448,427	183,096
Proposed release of reserve from capital contribution to dividend reserve from capital contribution	(552,895)		552,895
Balance to be carried forward	5,796,822	448,427	735,991

[1] The reserve for treasury shares is blocked from distribution.

The Board of Directors proposes to the Annual Meeting that Garmin Ltd. pay a cash dividend in the amount of USD 2.12[1] per outstanding share out of Garmin Ltd.'s reserve from capital contribution payable in four equal installments at the dates determined by the Board of Directors in its discretion, the record date and payment date for each such installment to be announced in a press release[2] at least ten calendar days prior to the record date.

The cash dividend shall be made with respect to the outstanding share capital of Garmin Ltd. on the record date for the applicable installment, which amount will exclude any shares of Garmin Ltd. held by Garmin Ltd. or any of its direct or indirect subsidiaries.

CHF 552,895[3] shall be allocated to dividend reserves from capital contribution (the "Dividend Reserve") from the reserve from capital contribution in order to pay such dividend of USD 2.12 per outstanding share with a nominal value of CHF 0.10 each (assuming a total of 198,077,418 shares[4] eligible to receive the dividend). If the aggregate dividend payment is lower than the Dividend Reserve, the relevant difference will be allocated back to the reserve from capital contribution. To the extent that any installment payment, when converted into Swiss francs, at a USD/CHF exchange rate prevailing at the relevant payment date for the relevant installment payment, would exceed the Dividend Reserve then remaining, the USD per share amount of that installment payment shall be reduced on a pro rata basis, provided, however, that the aggregate amount of that installment payment shall in no event exceed the then remaining Dividend Reserve.

[1] In no event will the dividend payment exceed a total of USD 2.12 per share.

[2] The announcements will not be published in the Swiss Official Gazette of Commerce.

[3] Based on the currency conversion rate as at December 30, 2017, with a total of 198,077,418 shares eligible for payout (based on the number of shares issued as at December 30, 2017), the aggregate Dividend Reserve would be CHF 552,895. The amount of the Dividend Reserve, calculated on the basis of the Company's issued shares as at December 30, 2017, includes a 35% margin to accommodate (i) unfavorable currency fluctuation and (ii) new share issuances (see footnote 4 below) that may occur between the time that the dividend is approved by shareholders and when the last installment payment is made. Unused Dividend Reserves will be returned to the reserve from capital contribution after the last installment payment.

[4] This number is based on the registered share capital at December 30, 2017. The number of shares eligible for dividend payments may change due to the repurchase of shares, the sale of treasury shares or the issuance of new shares, including (without limitation) from the conditional share capital reserved for the employee profit sharing program.

STATUTORY CONSOLIDATED

FINANCIAL STATEMENTS

Garmin Ltd. (Switzerland)
Years Ended December 30, 2017 and December 31, 2016

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To the General Meeting of
Garmin Ltd., Schaffhausen

Zurich, February 21, 2018

Report of the statutory auditor on the consolidated financial statements

Opinion

As statutory auditor, we have audited the accompanying consolidated financial statements of Garmin Ltd. and its subsidiaries (the Group), which comprise the consolidated balance sheets as of December 30, 2017 and December 31, 2016, and the related consolidated statements of income, comprehensive income, stockholders' equity, cash flows, and notes to the consolidated financial statements for each of the three years in the period ended December 30, 2017. In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 30, 2017 and December 31, 2016, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 30, 2017, in accordance with U.S. generally accepted accounting principles and comply with Swiss law.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm and are required to be independent with respect to the Group. We conducted our audits in accordance with Swiss law, Swiss Auditing Standards and the standards of the Public Company Accounting Oversight Board (United States) (PCAOB). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to fraud or error.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibility* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Revenue recognition – multiple-element arrangements and sales programs

Area of focus The Group enters into certain revenue arrangements that contain multiple-elements, such as hardware, software, and/or services. For these arrangements, the Group allocates revenue to each identified element based on their estimated relative selling prices and recognizes revenue allocated to each identified element in accordance with general revenue recognition accounting guidance. In addition, the Group is responsible to account for estimated reductions to revenue for customer sales programs including rebates, price protection, promotions and other volume-based incentives. The reductions to revenue are based on estimates and judgments using historical experience and expectation of future conditions. Refer to note 2 (Summary of Significant Accounting Policies, section Revenue Recognition) in the consolidated financial statements for further details.

Revenue recognition related to multiple-element arrangements and sales programs is considered significant to our audit due to the complexity and judgment involved in the Group's methodologies to determine relative selling prices and to estimate sales programs related accruals.

Our audit response	Our audit procedures included assessing the consistent application of the Group's revenue recognition policies with regard to multiple-element arrangements and sales programs. In addition, we tested the controls related to the Group's revenue process, as well as the precision of management review controls and system generated reports and data. With regard to multiple-element arrangements, we examined supporting documentation for selected multiple-element arrangement transactions to recompute and corroborate management's calculation of the relative selling prices and the consistency of the calculation compared to prior periods. Furthermore, we corroborated assumptions utilized in estimating deferred revenue in light of current trends in bundled product sales, and the amortization thereof. With regard to the Group's sales programs, we performed analytical procedures with regard to the relationship of revenues and revenue reductions over time, evaluated the Group's hindsight analyses with regard to the sufficiency and appropriateness of prior period sales programs accruals and substantively tested credit memos issued subsequent to December 30, 2017.

Income taxes – accounting for uncertainty in income taxes

Area of focus	The Group operates in multiple tax jurisdictions, which are regulated by various tax laws, and is subject to period tax audits by local tax authorities. The Group is required to apply judgment in the estimation of whether, and the extent to which, additional taxes will become payable. The Group has summarized such uncertain tax positions in these jurisdictions and has disclosed the amounts recorded in the consolidated financial statements. Refer to note 6 (Income Taxes) in the consolidated financial statements for further details. The accounting for uncertainty in income taxes is considered significant to our audit due to the complexity and judgment involved in the Group's identification and determination of uncertain tax positions.
Our audit response	Our audit procedures included testing the controls related to the Group's income tax process, as well as the precision of management review controls and system generated reports and data. We involved tax specialists in certain jurisdictions where we audit affiliated companies that are subject to local tax laws. Further, we evaluated the Group's judgments used in the calculations for the uncertain tax positions and the assumptions utilized, considered the status of past and current tax audits in relevant jurisdictions, and corroborated the assumptions with supporting evidence, including our specialists assessing the supporting evidence for relevant uncertain tax positions.

Report on other legal and regulatory requirements

We are a public accounting firm registered with the Swiss Federal Audit Oversight Authority (FAOA) and the PCAOB and we confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA). We are independent with respect to the Group in accordance with Swiss law (article 728 CO and article 11 AOA) and U.S. federal securities laws as well as the applicable rules and regulations of the Swiss audit profession, the U.S. Securities and Exchange Commission and the PCAOB, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

We have served as the Group's auditor since 1990.

Ernst & Young Ltd

/s/ Christian Schibler	/s/ Siro Bonetti
Christian Schibler	Siro Bonetti
Licensed audit expert	Licensed audit expert
(Auditor in charge)	

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

	December 30, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	$ 891,488	$ 846,883
Marketable securities *(Note 3)*	161,687	266,952
Accounts receivable, less allowance for doubtful accounts of $4,168 in 2017 and $14,669 in 2016	590,882	527,062
Inventories, net	517,644	484,821
Deferred costs	48,312	47,395
Prepaid expenses and other current assets	153,912	89,903
Total current assets	2,363,925	2,263,016
Property and equipment, net		
Land and improvements	114,701	104,740
Building and improvements	482,794	376,916
Office furniture and equipment	246,107	222,439
Manufacturing equipment	156,119	129,526
Engineering equipment	141,321	124,979
Vehicles	21,115	21,259
	1,162,157	979,859
Accumulated depreciation	(566,473)	(496,981)
	595,684	482,878
Restricted cash *(Note 4)*	271	113
Marketable securities *(Note 3)*	1,260,033	1,213,285
Deferred income taxes *(Note 6)*	199,343	110,293
Noncurrent deferred costs	73,851	56,151
Intangible assets, net	409,801	305,002
Other assets	107,352	94,395
Total assets	$ 5,010,260	$ 4,525,133
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 169,640	$ 172,404
Salaries and benefits payable	102,802	88,818
Accrued warranty costs	36,827	37,233
Accrued sales program costs	93,250	80,953
Deferred revenue	139,681	146,564
Accrued royalty costs	32,204	36,523
Accrued advertising expense	30,987	37,440
Other accrued expenses	93,652	70,469
Income taxes payable	33,638	16,163
Dividend payable	95,975	96,168
Total current liabilities	828,656	782,735
Deferred income taxes *(Note 6)*	75,215	61,220
Noncurrent income taxes	138,295	121,174
Noncurrent deferred revenue	163,840	140,407
Other liabilities	1,788	1,594
Stockholders' equity:		
Shares, CHF 0.10 par value, 198,077 shares authorized and issued, 188,189 shares outstanding at December 30, 2017; and 188,565 shares outstanding at December 31, 2016; *(Notes 9, 10, and 11):*	17,979	17,979
Additional paid-in capital	1,828,386	1,836,047
Treasury stock	(468,818)	(455,964)
Retained earnings	2,368,874	2,056,702
Accumulated other comprehensive income (loss)	56,045	(36,761)
Total stockholders' equity	3,802,466	3,418,003
Total liabilities and stockholders' equity	$ 5,010,260	$ 4,525,133

See accompanying notes.

Garmin Ltd. And Subsidiaries

Consolidated Statements of Income

(USD in thousands, except per share information)

	Fiscal Year Ended		
	December 30, 2017	**December 31, 2016**	**December 26, 2015**
Net sales	$ 3,087,004	$ 3,018,665	$ 2,820,270
Cost of goods sold	1,303,840	1,339,095	1,281,566
Gross profit	1,783,164	1,679,570	1,538,704
Advertising expense	164,693	177,143	167,166
Selling, general and administrative expenses	437,977	410,558	394,914
Research and development expense	511,634	467,960	427,043
	1,114,304	1,055,661	989,123
Operating income	668,860	623,909	549,581
Other income (expense):			
Interest income	36,925	33,406	29,653
Foreign currency losses	(22,579)	(31,651)	(23,465)
Other	(912)	4,006	11,418
	13,434	5,761	17,606
Income before income taxes	682,294	629,670	567,187
Income tax provision (benefit): *(Note 6)*			
Current	79,234	117,842	114,222
Deferred	(91,895)	1,014	(3,262)
	(12,661)	118,856	110,960
Net income	$ 694,955	$ 510,814	$ 456,227
Basic net income per share *(Note 10)*	$ 3.70	$ 2.71	$ 2.39
Diluted net income per share *(Note 10)*	$ 3.68	$ 2.70	$ 2.39

See accompanying notes.

Garmin Ltd. And Subsidiaries

Consolidated Statements of Comprehensive Income

(USD in thousands)

	Fiscal Year Ended		
	December 30, 2017	**December 31, 2016**	**December 26, 2015**
Net income	$ 694,955	$ 510,814	$ 456,227
Foreign currency translation adjustment	88,320	4,696	(34,981)
Change in fair value of available-for-sale marketable securities, net of deferred taxes	4,486	(11,029)	1,982
Comprehensive income	$ 787,761	$ 504,481	$ 423,228

See accompanying notes.

Garmin Ltd. And Subsidiaries
Consolidated Statements of Stockholders' Equity
(USD in thousands)

	Common Stock	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance at December 27, 2014	$ 1,797,435	$ 73,521	$ (330,132)	$ 1,859,972	$ 2,571	$ 3,403,367
Net income	–	–	–	456,227	–	456,227
Translation adjustment	–	–	–	–	(34,981)	(34,981)
Adjustment related to unrealized gains (losses) on available-for-sale securities net of income tax effects of $115	–	–	–	–	1,982	1,982
Comprehensive income						423,228
Dividends declared	–	(100)	–	(385,682)	–	(385,782)
Tax benefit from issuance of equity awards	–	(2,050)	–	–	–	(2,050)
Issuance of treasury stock related to equity awards	–	(35,422)	52,494	–	–	17,072
Stock compensation	–	26,290		–	–	26,290
Purchase of treasury stock related to equity awards	–	–	(5,586)	–	–	(5,586)
Purchase of treasury stock under share repurchase plan	–	–	(131,413)	–	–	(131,413)
Balance at December 26, 2015	$ 1,797,435	$ 62,239	$ (414,637)	$ 1,930,517	$ (30,428)	$ 3,345,126
Net income	–	–	–	510,814	–	510,814
Translation adjustment	–	–	–	–	4,696	4,696
Adjustment related to unrealized gains (losses) on available-for-sale securities net of income tax effects of $1,094	–	–	–	–	(11,029)	(11,029)
Comprehensive income						504,481
Dividends declared	–	-	–	(384,629)	–	(384,629)
Tax benefit from issuance of equity awards	–	(6,309)	–	–	–	(6,309)
Issuance of treasury stock related to equity awards	–	(40,589)	59,237	–	–	18,648
Stock compensation	–	41,250	–	–	–	41,250
Purchase of treasury stock related to equity awards	–	–	(7,331)	–	–	(7,331)
Purchase of treasury stock under share repurchase plan	–	–	(93,233)	–	–	(93,233)
Reduction in par value of Common Stock	(1,779,456)	1,779,456	–	–	–	–
Balance at December 31, 2016	$ 17,979	$ 1,836,047	$ (455,964)	$ 2,056,702	$ (36,761)	$ 3,418,003
Net income	–	–	–	694,955	–	694,955
Translation adjustment	–	–	–	–	88,320	88,320
Adjustment related to unrealized gains (losses) on available-for-sale securities net of income tax effects of $493	–	–	–	–	4,486	4,486
Comprehensive income						787,761
Dividends declared	–	–	–	(382,783)	–	(382,783)
Issuance of treasury stock related to equity awards	–	(52,581)	74,442	–	–	21,861
Stock compensation	–	44,735	–	–	–	44,735
Purchase of treasury stock related to equity awards	–	185	(12,773)	–	–	(12,588)
Purchase of treasury stock under share repurchase plan	–	–	(74,523)	–	–	(74,523)
Balance at December 30, 2017	$ 17,979	$ 1,828,386	$ (468,818)	$ 2,368,874	$ 56,045	$ 3,802,466

See accompanying notes.

Garmin Ltd. And Subsidiaries
Consolidated Statements of Cash Flows
(USD in thousands)

	Fiscal Year Ended		
	December 30, 2017	December 31, 2016	December 26, 2015
Operating Activities:			
Net income	$ 694,955	$ 510,814	$ 456,227
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	59,895	55,796	51,311
Amortization	26,357	30,544	27,049
Gain on sale of property and equipment	(230)	(503)	(198)
Provision for doubtful accounts	1,021	4,136	(2,521)
Provision for obsolete and slow-moving inventories	31,071	26,458	23,257
Unrealized foreign currency losses	21,036	13,387	37,931
Deferred income taxes	(90,725)	1,699	5,897
Stock compensation	44,735	41,250	26,290
Realized losses (gains) on marketable securities	991	(822)	(55)
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable	(40,088)	9,000	22,473
Inventories	(38,575)	(2,455)	(121,718)
Other current and non-current assets	(21,608)	2,234	(107,360)
Accounts payable	(17,240)	(11,496)	36,079
Other current and non-current liabilities	5,627	44,766	20,742
Deferred revenue	15,329	(6,363)	(43,338)
Deferred costs	(18,266)	(15,780)	(585)
Income taxes payable	(13,443)	3,017	(151,014)
Net cash provided by operating activities	660,842	705,682	280,467
Investing activities:			
Purchases of property and equipment	(139,696)	(90,960)	(80,592)
Proceeds from sale of property and equipment	361	676	7,921
Purchase of intangible assets	(12,232)	(5,715)	(3,889)
Purchase of marketable securities	(587,656)	(905,089)	(915,921)
Redemption of marketable securities	635,311	957,350	919,141
Acquisitions, net of cash acquired	(90,471)	(77,945)	(38,687)
Change in restricted cash	(153)	146	48
Net cash used in investing activities	(194,536)	(121,537)	(111,979)
Financing activities:			
Dividends	(382,976)	(481,452)	(378,117)
Tax benefit from issuance of equity awards	-	1,692	(2,049)
Proceeds from issuance of treasury stock related to equity awards	21,860	18,648	17,073
Purchase of treasury stock related to equity awards	(12,773)	(7,331)	(5,586)
Purchase of treasury stock under share repurchase plan	(74,523)	(93,233)	(131,413)
Net cash used in financing activities	(448,412)	(561,676)	(500,092)
Effect of exchange rate changes on cash and cash equivalents	26,711	(8,656)	(31,594)
Net increase (decrease) in cash and cash equivalents	44,605	13,813	(363,198)
Cash and cash equivalents at beginning of year	846,883	833,070	1,196,268
Cash and cash equivalents at end of year	$ 891,488	$ 846,883	$ 833,070

See accompanying notes.

Garmin Ltd. And Subsidiaries
Consolidated Statements of Cash Flows (continued)
(USD in thousands)

	Fiscal Year Ended		
	December 30, 2017	December 31, 2016	December 26, 2015
Supplemental disclosures of cash flow information			
Cash paid during the year for income taxes	$ 106,146	$ 115,548	$ 252,885
Cash received during the year from income tax refunds	$ 3,806	$ 4,275	$ 3,793
Supplemental disclosure of non-cash investing and financing activities			
Increase in accrued capital expenditures related to purchases of property and equipment	$ 13,864	$ 2,154	$ -
Change in marketable securities related to unrealized appreciation (depreciation)	$ 4,979	$ (12,123)	$ 1,867
Fair value of assets acquired	$ 128,190	$ 91,620	$ 38,687
Liabilities assumed	(29,587)	(6,344)	-
Less: cash acquired	(8,132)	(7,331)	-
Cash paid for acquisitions, net of cash acquired	$ 90,471	$ 77,945	$ 38,687

See accompanying notes.

1. Description of the Business

Garmin Ltd. and subsidiaries (together, the "Company") design, develop, manufacture, market, and distribute a diverse family of hand-held, wrist-based, portable and fixed-mount Global Positioning System (GPS)-enabled products and other navigation, communications, information and sensor-based products. Garmin Corporation (GC) is primarily responsible for the manufacturing and distribution of the Company's products to the Company's subsidiaries and, to a lesser extent, new product development and sales and marketing of the Company's products in Asia and the Far East. Garmin International, Inc. (GII) is primarily responsible for sales and marketing of the Company's products in the Americas region and for most of the Company's research and new product development. GII also manufactures most of the Company's products in the aviation segment. Garmin (Europe) Ltd. (GEL) is responsible for sales and marketing of the Company's products in Europe, the Middle East and Africa (EMEA). Many of GEL's sales are to other Company-owned distributors in the EMEA region.

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.

At the Company's Annual General Meeting on June 10, 2016, the Company's shareholders approved the cancellation of 10,000,000 registered shares of the Company held by the Company (the "Formation Shares") and the reduction in par value of each share of the Company from CHF 10 to CHF 0.10 and the amendment of the Company's Articles of Association to effect a corresponding share capital reduction.

Fiscal Year

The Company's fiscal year is based on 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 53-week fiscal years, and the associated 14-week fourth quarters, will not be entirely comparable to the prior and subsequent 52-week fiscal years and the associated 13-week quarters. Fiscal years 2017 and 2015 included 52 weeks while fiscal 2016 included 53 weeks.

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.

Foreign Currency

Many Garmin Ltd. subsidiaries utilize currencies other than the United States Dollar (USD) as their functional currency. As required by the Foreign Currency Matters topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), the financial statements of these subsidiaries for all periods presented have been translated into USD, the functional currency of Garmin Ltd., 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 currency translation adjustments of $78,909 and ($9,411) as of December 30, 2017 and December 31, 2016, respectively, have been included in accumulated other comprehensive income in the accompanying consolidated balance sheets.

Transactions in foreign currencies are recorded at the approximate rate of exchange at the transaction date. The movements of the Taiwan Dollar and Euro/British Pound Sterling typically have offsetting impacts on operating income when the currencies move congruently against the U.S. Dollar due to the use of the Taiwan Dollar for manufacturing costs while the Euro and British Pound Sterling transactions relate primarily to revenue.

Assets and liabilities resulting from these transactions are translated at the rate of exchange in effect at the balance sheet date. The majority of the Company's consolidated foreign currency gain or loss is typically driven by the significant cash and marketable securities, receivables and payables held in a currency other than the functional currency at a given legal entity. Foreign currency losses recorded in results of operations were $22,579, $31,651, and $23,465 for the years ended December 30, 2017, December 31, 2016, and December 26, 2015, respectively. The loss in fiscal 2017 was due primarily to the USD weakening against the Taiwan Dollar, which was partially offset by the USD weakening against the Euro and British Pound Sterling. The loss in fiscal 2016 was due primarily to the USD weakening against the Taiwan Dollar and the USD strengthening against the Euro and British Pound Sterling. The loss in fiscal 2015 was due primarily to the USD strengthening against the Euro and British Pound Sterling, which was partially offset by the USD strengthening against the Taiwan Dollar.

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 share-based compensation awards has been reduced by the number of shares which could have been purchased from the proceeds of the exercise or release at the average market price of the Company's stock during the period the awards were outstanding. See Note 10.

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.

Trade Accounts Receivable

The Company sells its products to retailers, wholesalers, and other customers and extends credit based on its evaluation of the customer's financial condition. Potential losses on receivables are dependent on each individual customer's financial condition. The Company carries its trade accounts receivable at net realizable value. Typically, its accounts receivable are collected within 80 days and do not bear interest. The Company monitors its exposure to losses on receivables and maintains allowances for potential losses or adjustments. The Company determines these allowances by (1) evaluating the aging of its receivables and (2) reviewing its high-risk customers. Past due receivable balances are written off when internal collection efforts have been unsuccessful in collecting the amount due. The Company maintains trade credit insurance to provide security against large losses.

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 typically have been within management's expectations. Certain customers are allowed extended terms consistent with normal industry practice. Most of these extended terms can be classified as either relating to seasonal sales variations or to the timing of new product releases by the Company.

The Company's top ten customers have contributed between 22% and 24% of net sales since 2015. None of the Company's customers accounted for more than or equal to 10% of consolidated net sales in the years ended December 30, 2017, December 31, 2016, and December 26, 2015.

Inventories

Inventories are stated at the lower of cost or market with cost being determined on a first-in, first-out (FIFO) basis. The Company writes down its inventory for estimated obsolescence or unmarketable inventory equal to the difference between the cost of inventory and the estimated net realizable 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. Inventories consisted of the following:

	December 30, 2017	December 31, 2016[(1)]
Raw materials	$ 179,659	$ 152,497
Work-in-process	75,754	61,048
Finished goods	262,231	271,276
Inventory	$ 517,644	$ 484,821

(1) Inventory balances by major class of inventory as of December 31, 2016 have been recast to conform to the current year presentation.

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	39-50
Office furniture and equipment	3-5
Manufacturing and engineering equipment	5-10
Vehicles	5

Long-Lived Assets

As required by the *Property, Plant and Equipment* topic of the FASB ASC, 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 is based on the carrying amount of the asset at the date it is tested for recoverability. An impairment loss is measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

The *Intangibles – Goodwill and Other* topic of the FASB ASC (ASC Topic 350) requires that goodwill and intangible assets with indefinite useful lives should not be amortized but rather be tested for impairment at least annually or sooner whenever events or changes in circumstances indicate that they may be impaired. The Company performs its annual goodwill and intangible asset impairment tests in the fourth quarter of each year. ASC Topic 350 allows management to first perform a qualitative assessment (“step zero”) by assessing the qualitative factors of relevant events and circumstances at the reporting unit level to determine if it is necessary to perform the quantitative goodwill impairment test (“step one”). If factors indicate that it is more likely than not that the fair value of the reporting unit is less than the carrying amount, then the step one assessment will be performed. If the fair value of the reporting unit is less than the carrying amount in step one then goodwill impairment will be recognized and the charge is determined through the “step two” analysis.

Each of the Company’s operating segments (auto PND, auto OEM, aviation, marine, outdoor, and fitness) represents a distinct reporting unit. The auto PND market has declined in recent years as competing technologies have emerged and market saturation has occurred. This has resulted in periods of lower revenues and profits for the Company’s auto PND reporting unit. Considering these qualitative factors, management performed a step one quantitative goodwill impairment assessment of the auto PND reporting unit in the fourth quarter of 2017. Management determined that the fair value of the reporting unit was substantially in excess of its carrying amount, and a step two analysis was therefore not performed. However, considering the uncertainty of future operating results and/or market conditions deteriorating faster or more drastically than the forecasts utilized in management’s estimation of fair value, management believes some or all of the approximately $80 million of goodwill associated with the Company’s auto PND reporting unit is at risk of future impairment. Management concluded that no other reporting units are currently at risk of impairment.

The Company did not recognize any material goodwill or intangible asset impairment charges in 2017, 2016, or 2015.

Accounting guidance also requires that intangible assets with finite lives be amortized over their estimated useful lives and reviewed for impairment. The Company is currently amortizing its acquired intangible assets with finite lives over periods ranging from three to ten years.

Dividends

Under Swiss corporate law, dividends must be approved by shareholders at the general meeting of the Company’s shareholders.

On June 9, 2017, the shareholders approved a dividend of $2.04 per share (of which, $1.53 was paid in the Company’s 2017 fiscal year) payable in four equal installments on dates determined by the Board of Directors. The dates determined by the Board were as follows:

Dividend Date	Record Date	$s per share
June 30, 2017	June 19, 2017	$0.51
September 29, 2017	September 15, 2017	$0.51
December 29, 2017	December 15, 2017	$0.51
March 30, 2018	March 15, 2018	$0.51

The Company paid dividends in 2017 in the amount of $382,976. Both the dividends paid and the remaining dividend payable were reported as a reduction of retained earnings.

On June 10, 2016, the shareholders approved a dividend of $2.04 per share (of which, $1.53 was paid in the Company’s 2016 fiscal year) payable in four equal installments on dates determined by the Board of Directors. The dates determined by the Board were as follows:

Dividend Date	Record Date	$s per share
June 30, 2016	June 16, 2016	$0.51
September 30, 2016	September 15, 2016	$0.51
December 30, 2016	December 14, 2016	$0.51
March 31, 2017	March 15, 2017	$0.51

The Company paid dividends in 2016 in the amount of $481,452. Both the dividends paid and the remaining dividend payable were reported as a reduction of retained earnings.

On June 5, 2015, the shareholders approved a dividend of $2.04 per share (of which, $1.02 was paid in the Company's 2015 fiscal year) payable in four equal installments on dates determined by the Board of Directors. The dates determined by the Board were as follows:

Dividend Date	Record Date	$s per share
June 30, 2015	June 16, 2015	$0.51
September 30, 2015	September 15, 2015	$0.51
December 31, 2015	December 15, 2015	$0.51
March 31, 2016	March 16, 2016	$0.51

The Company paid dividends in 2015 in the amount of $378,117. Both the dividends paid and the remaining dividend payable were reported as a reduction of retained earnings.

As of December 30, 2017 and December 31, 2016, approximately $304,674 of retained earnings was indefinitely restricted from distribution to stockholders pursuant to the laws of Taiwan.

Intangible Assets

At December 30, 2017, and December 31, 2016, the Company had patents, customer related intangibles and other identifiable finite-lived intangible assets recorded at a cost of $316,705 and $253,473, 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 $193,886 and $173,023 at December 30, 2017, and December 31, 2016, respectively. Amortization expense on these intangible assets was $20,863, $14,319, and $7,115 for the years ended December 30, 2017, December 31, 2016, and December 26, 2015, respectively. In the next five years, the amortization expense is estimated to be $18,796, $16,293, $14,167, $10,463, and $8,111, respectively.

The Company's excess purchase cost over fair value of net assets acquired (goodwill) was $286,982 at December 30, 2017, and $224,553 at December 31, 2016.

	December 30, 2017	December 31, 2016
Goodwill balance at beginning of year	$ 224,553	$ 187,791
Acquisitions	58,332	38,061
Finalization of purchase price allocations and effect of foreign currency translation	4,097	(1,299)
Goodwill balance at end of year	$ 286,982	$ 224,553

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 were considered available-for-sale at December 30, 2017. Available-for-sale securities are stated at fair value, with the unrealized gains and losses, net of tax, reported in other comprehensive income (loss). At December 30, 2017 and December 31, 2016, cumulative unrealized net losses of $22,864 and $27,350, respectively, were reported in accumulated other comprehensive income, net of related taxes.

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 loss is recognized at the date of determination.

Testing for impairment of investments requires significant management judgment. 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 judgment elements. The discovery of new information and the passage of time can significantly change these judgments. Revisions of impairment judgments are made when new information becomes known, and any resulting impairment adjustments are made at that time. The economic environment and volatility of securities markets increase the difficulty of determining fair value and assessing investment impairment.

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 credit declines in value judged to be other-than-temporary are included in other income. The cost of securities sold is based on the specific identification method.

Investments are discussed in detail in Note 3 of the Notes to Consolidated Financial Statements.

Income Taxes

The Company accounts for income taxes using the liability method in accordance with the FASB ASC 740 topic *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 based on the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company records a valuation allowance to reduce deferred tax assets to the amount that is believed more likely than not to be realized.

The Company accounts for uncertainty in income taxes in accordance with the FASB ASC 740 topic *Income Taxes*. The Company recognizes liabilities based on our estimate of whether, and the extent to which, additional taxes will be due. If payment of these amounts ultimately proves not to be required, the reversal of the liabilities would result in tax benefits being recognized in the period when the Company determines the liabilities are no longer necessary. If the Company's estimate of tax liabilities proves to be less than the ultimate assessment, a further charge to expense would result.

Income taxes are discussed in detail in Note 6 of the Notes to Consolidated Financial Statements.

Revenue Recognition

The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable, and collection is probable. For the large majority of the Company's sales, these criteria are met once product has shipped and title and risk of loss have transferred to the customer. The Company recognizes revenue from the sale of hardware products and software bundled with hardware that is essential to the functionality of the hardware in accordance with general revenue recognition accounting guidance. The Company recognizes revenue in accordance with industry specific software accounting guidance for standalone sales of software products and sales of software bundled with hardware not essential to the functionality of the hardware. The Company generally does not offer specified or unspecified upgrade rights to its customers in connection with software sales.

For multiple-element arrangements that include tangible products that contain software essential to the tangible product's functionality and undelivered software elements that relate to the tangible product's essential software, the Company allocates revenue to all deliverables based on their relative selling prices. In such circumstances, the accounting principles establish a hierarchy to determine the selling price to be used for allocating revenue to deliverables as follows: (i) vendor-specific objective evidence of fair value (VSOE), (ii) third-party evidence of selling price (TPE), and (iii) best estimate of the selling price (ESP). VSOE generally exists only when the Company sells the deliverable separately, on more than a limited basis, at prices within a relatively narrow range. In addition to the products listed below, the Company has offered certain other products including mobile applications, in-dash navigation solutions, incremental navigation and/or communication service subscriptions, aviation subscriptions and extended warranties that involve multiple-element arrangements that are individually immaterial.

The Company offers PNDs with lifetime map updates (LMUs) bundled in the original purchase price. LMUs enable customers to download the latest map and point of interest information for the useful life of their PND. In addition, the Company offers PNDs with traffic service bundled in the original purchase price. The Company has identified multiple deliverables contained in arrangements involving the sale of PNDs which include the LMU and/or traffic service. The first deliverable is the hardware along with the software essential to the functionality of the hardware device delivered at the time of sale. The remaining deliverables are the LMU and/or traffic service. The Company has allocated revenue between these deliverables using the relative selling price method. Amounts allocated to the delivered hardware and the related essential software are recognized at the time of sale provided the other conditions for revenue recognition have been met. The revenue and associated cost of royalties allocated to the LMU and/or the traffic service are deferred and recognized on a straight-line basis over the estimated life of the products.

The Company has determined sufficient VSOE does not exist for LMU or traffic, and that third party evidence of selling price is not available as stand-alone and unbundled unit sales do not occur on more than a limited basis. Therefore, the Company uses the royalty cost plus a normal margin as the primary indicator to calculate relative selling prices of the LMU and traffic elements.

For multiple-element software arrangements that do not include a tangible product, the Company allocates revenue to the various elements based on VSOE. When VSOE cannot be established for undelivered elements, all revenue is deferred until the earlier point at which all elements of the arrangement are delivered or sufficient VSOE does exist, unless the only undelivered element is post-contract customer support. If the only undelivered element is post-contract customer support, the entire arrangement consideration is recognized ratably over the support period. The Company offers navigation software licenses to certain customers, bundled with map updates to be provided periodically over the support period. The Company has determined sufficient VSOE of similar map updates does not exist for certain arrangements, and therefore revenue from these transactions is recognized ratably over the contractual map update period.

The Company records revenue net of sales tax, trade discounts and customer returns. The Company records estimated reductions to revenue for customer sales programs, returns and incentive offerings including rebates, price protection (product discounts offered to retailers to assist in clearing older products from their inventories in advance of new product releases), promotions and other volume-based incentives. The reductions to revenue are based on estimates and judgments using historical experience and expectation of future conditions. Changes in these estimates could negatively affect the Company's operating results. These incentives are reviewed periodically and, with the exceptions of price protection and certain other promotions, accrued for on a percentage of sales basis. 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.

Deferred Revenues and Costs

At December 30, 2017 and December 31, 2016, the Company had deferred revenues totaling $303,521 and $286,971, respectively, and related deferred costs totaling $122,162 and $103,546, respectively.

The deferred revenues and costs are recognized over their estimated economic lives, typically one to five years, on a straight-line basis. In the next five years, the gross margin recognition of deferred revenue and cost for the currently deferred amounts is estimated to be $91,370, $48,627, $25,340, $11,208, and $4,814, respectively.

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 Company's standard warranty obligation to retail partners generally provides for a right of return of any product for a full refund in the event that such product is not merchantable, is damaged or defective. The Company's historical experience is that these types of warranty obligations are generally fulfilled within 5 months from time of sale. The Company's standard warranty obligation to its end-users provides for a period of one to two years from date of shipment while certain aviation and auto OEM products have a warranty period of two years or more from the date of installation**.** The Company's estimate of costs to service its warranty obligations are based on historical experience and expectations of future conditions and are recorded as a liability on the balance sheet. 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. The following reconciliation provides an illustration of changes in the aggregate warranty accrual:

	Fiscal Year Ended		
	December 30, 2017	December 31, 2016	December 26, 2015
Balance - beginning of period	$ 37,233	$ 30,449	$ 27,609
Accrual for products sold[1]	56,360	61,578	44,620
Expenditures	(56,766)	(54,794)	(41,780)
Balance - end of period	$ 36,827	$ 37,233	$ 30,449

(1) Changes in cost estimates related to pre-existing warranties are not material and aggregated with accruals for new warranty contracts in the 'accrual for products sold' line.

Sales Programs

The Company provides certain monthly and quarterly incentives for its dealers and distributors 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 dealers and distributors are regularly reviewed and recorded as accrued expenses on a monthly basis. In addition, the Company provides dealers and distributors with product discounts to assist these customers in clearing older products from their inventories in advance of new product releases. Each discount is tied to a specific product and can be applied to all customers who have purchased the product, or a special discount may be agreed to on an individual customer basis. These rebates, incentives, and discounts are recorded as reductions to net sales in the accompanying consolidated statements of income in the period the Company has sold the product.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense amounted to approximately $164,693, $177,143, and $167,166 for the years ended December 30, 2017, December 31, 2016, and December 26, 2015, respectively.

Research and Development

A majority of the Company's research and development is performed in the United States. Research and development costs, which are expensed as incurred, amounted to approximately $511,634, $467,960, and $427,043 for the years ended December 30, 2017, December 31, 2016, and December 26, 2015, respectively.

Customer Service and Technical Support

Customer service and technical support costs are included as selling, general and administrative expenses in the accompanying consolidated statements of income. Customer service and technical support costs include costs associated with performing order processing, answering customer inquiries by telephone and through websites, e-mail and other electronic means, and providing free technical support assistance to customers. The technical support is typically provided within one year after the associated revenue is recognized. The related cost of providing this free support is not material.

Software Development Costs

The FASB ASC topic entitled *Software* requires companies to expense software development costs as they incur them until technological feasibility has been established, at which time those costs are capitalized until the product is available for general release to customers. Capitalized software development costs are not significant as the time elapsed from working model to release is typically short. As required by the Research and Development topic of the FASB ASC, costs incurred to enhance our existing products or after the general release of the service using the product are expensed in the period they are incurred and included in research and development costs in the accompanying consolidated statements of income.

Accounting for Stock-Based Compensation

The Company currently sponsors four stock-based employee compensation plans. The FASB ASC topic entitled *Compensation – Stock Compensation* requires the measurement and recognition of compensation expenses for all share-based payment awards made to employees and directors, including employee stock options and restricted stock, based on estimated fair values.

Accounting guidance requires companies to estimate the fair value of share-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as stock-based compensation expense over the requisite service period in the Company's consolidated financial statements.

As stock-based compensation expenses recognized in the accompanying consolidated statements of income are based on awards ultimately expected to vest, they have been reduced for estimated forfeitures. Accounting guidance requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Forfeitures were estimated based on historical experience and management's estimates.

In March 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2016-09, Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting ("ASU 2016-09"), which is intended to simplify the accounting for share-based payment awards. The Company adopted ASU 2016-09 on a prospective basis during the quarter ended April 1, 2017. ASU 2016-09 requires excess tax benefits or deficiencies from stock-based compensation to be recognized in the income tax provision. We previously recorded these amounts to additional paid-in capital. Additionally, under ASU 2016-09, excess tax benefits and deficiencies are not estimated in the effective tax rate, rather, are recorded as discrete tax items in the period they occur. Excess income tax benefits from stock-based compensation arrangements are classified as a cash flow from operations under ASU 2016-09, rather than as a cash flow from financing activities. The most significant impact of ASU 2016-09 during the fiscal year ending December 30, 2017 was the recognition of income tax expense of $22,620 resulting from stock options and stock appreciation rights expiring unexercised in the second and fourth quarters.

Stock compensation plans are discussed in detail in Note 9 of the Notes to Consolidated Financial Statements.

Recently Issued Accounting Pronouncements

Revenue from Contracts with Customers

In May 2014, the FASB issued Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (Topic 606) (“ASU 2014-09”), which supersedes previous revenue recognition guidance. The FASB has issued several standards amending or relating to ASU 2014-09 (collectively, the “new revenue standard”). The effective date of ASU 2014-09 is for fiscal years, and interim periods within those years, beginning on or after December 15, 2017. The Company has adopted the new revenue standard in the first quarter of the Company’s fiscal year ending December 29, 2018 using the full retrospective method, which will require the Company to restate each prior reporting period presented in future financial statement issuances.

The Company has evaluated Topic 606, and has assessed existing and historical contracts to identify possible differences in the timing of revenue recognition under the new revenue standard. During this evaluation, both senior management and the Audit Committee have been updated as to progress and findings on a frequent basis. Based on our evaluation of the new revenue standard, our recognition will be consistent with our historical accounting policies except for certain arrangements within the Company’s auto segment.

A portion of the Company’s auto segment contracts have historically been accounted for under Accounting Standards Codification Topic 985-605 Software-Revenue Recognition (Topic 985-605). Under Topic 985-605, the Company deferred revenue and associated costs of all elements of multiple-element software arrangements if vendor-specific objective evidence of fair value (VSOE) could not be established for an undelivered element (e.g. map updates). In applying the new revenue standard to certain contracts that include both software licenses and map updates, we will recognize the portion of revenue and costs related to the software license at the time of delivery rather than ratably over the map update period.

Additionally, for certain multiple-element arrangements within the Company’s auto segment, the Company’s policy has been to allocate consideration to traffic services and recognize the revenue and associated cost of royalties ratably over the estimated life of the underlying product. Under the new revenue standard, we will recognize revenue and associated costs of royalties related to certain traffic services at the time of hardware and/or software delivery. Specifically, the new revenue standard emphasize the timing of the Company’s performance, and upon delivery of the navigation device and/or software, the Company has performed its obligation with respect to the design and production of the product to receive and interpret the broadcast traffic signal for the benefit of the end user.

The changes in accounting policy described above collectively result in reductions to deferred costs (asset) and deferred revenue (liability) balances, and accelerate the recognition of revenues and deferred costs in the auto segment going forward. Summarized financial information depicting the impact of the new revenue standard follows:

	52-Weeks Ended December 30, 2017			53-Weeks Ended December 31, 2016		
	As reported	Restated(1)	Impact	As reported	Restated(1)	Impact
Net sales	$ 3,087,004	$ 3,121,560	$ 34,556	$ 3,018,665	$ 3,045,796	$ 27,131
Gross profit	1,783,164	1,797,941	14,777	1,679,570	1,688,525	8,955
Operating income	668,860	683,637	14,777	623,909	632,864	8,955
Income tax (benefit) provision	(12,661)	(7,902)	4,759	118,856	122,890	4,034
Net income	$ 694,955	$ 704,973	$ 10,018	$ 510,814	$ 515,735	$ 4,921
Diluted net income per share	$ 3.68	$ 3.74	$ 0.06	$ 2.70	$ 2.72	$ 0.02

	December 30, 2017			December 31, 2016		
	As reported	Restated(1)	Impact	As reported	Restated(1)	Impact
Current assets:						
Deferred costs	$ 48,312	$ 30,525	$ (17,787)	$ 47,395	$ 34,665	$ (12,730)
Total current assets	2,363,925	2,346,139	(17,786)	2,263,016	2,250,286	(12,731)
Noncurrent deferred income tax	199,343	189,959	(9,384)	110,293	105,668	(4,625)
Noncurrent deferred costs	73,851	33,029	(40,822)	56,151	30,934	(25,217)
Total assets	$ 5,010,260	$ 4,942,268	$ (67,991)	$ 4,525,133	$ 4,482,560	$ (42,573)
Current liabilities:						
Deferred revenue	139,681	103,140	(36,542)	146,564	118,496	(28,068)
Total current liabilities	828,656	792,115	(36,541)	782,735	754,667	(28,068)
Deferred income taxes	75,215	76,612	1,396	61,220	62,617	1,397
Non-current deferred revenue	163,840	87,061	(76,779)	140,407	91,238	(49,169)
Retained earnings	2,368,874	2,412,423	43,549	2,056,702	2,090,233	33,531
Accumulated other comprehensive income	56,045	56,428	382	(36,761)	(37,024)	(263)
Total stockholders' equity	3,802,466	3,846,397	43,931	3,418,003	3,451,271	33,268
Total liabilities and stockholders' equity	$ 5,010,260	$ 4,942,267	$ (67,992)	$ 4,525,133	$ 4,482,561	$ (42,572)

(1) Effective for the fiscal year ending December 29, 2018, we have adopted ASC Topic 606. The balances above are restated under ASC Topic 606.

The Company's historical net cash flows provided by or used in operating, investing, and financing activities are not impacted by adoption of the new revenue standard.

Financial Instruments – Recognition, Measurement, Presentation, and Disclosure

In January 2016, the FASB issued Accounting Standards Update No. 2016-01, Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities ("ASU 2016-01"). The standard addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. ASU 2016-01 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. The Company will adopt the new standard effective in the first quarter of fiscal year 2018, and it is not expected to have a material impact on the Company's financial position or results of operations.

Leases

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, Leases (Topic 842) ("ASU 2016-02"), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. ASU 2016-02 requires lessees to present a right-of-use asset and a corresponding lease liability on the balance sheet. Lessor accounting is substantially unchanged compared to the current accounting guidance. ASU 2016-02 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. Early adoption is permitted. The Company is currently evaluating the impact of adopting the new standard on its consolidated financial statements.

Statement of Cash Flows

In August 2016, the FASB issued Accounting Standards Update No. 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments ("ASU 2016-15"), which adds or clarifies guidance on the classification of certain cash receipts and payments in the statement of cash flows. The standard addresses eight specific cash flow issues with the objective of reducing diversity in practice. ASU 2016-15 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. The Company will adopt the new standard effective in the first quarter of fiscal year 2018, and it is not expected to have a material impact on the Company's financial position of results of operations.

Income Taxes

In October 2016, the FASB issued Accounting Standards Update No. 2016-16, Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other than Inventory ("ASU 2016-16"), which requires recognition of the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. ASU 2016-16 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. The Company will adopt the new standard effective in the first quarter of fiscal year 2018, and it is not expected to have a material impact on the Company's financial position or results of operations.

Receivables – Nonrefundable Fees and Other Costs

In March 2017, the FASB issued Accounting Standards Update No. 2017-08, Receivables – Nonrefundable Fees and Other Costs (Topic 310-20): Premium Amortization on Purchased Callable Debt Securities ("ASU 2017-08"), which shortens the amortization period for certain callable debt securities held at a premium, requiring the premium to be amortized to the earliest call date. Callable debt securities held at a discount continue to be amortized to maturity. ASU 2017-08 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2019. Early adoption is permitted. The Company is currently evaluating the impact of adopting the new standard on its consolidated financial statements.

Income Statement – Reporting Comprehensive Income

In February 2018, the FASB issued Accounting Standards Update No. 2018-02, Income Statement – Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income ("ASU 2018-02"), which allows for stranded tax effects in accumulated other comprehensive income resulting from the U.S. Tax Cuts and Jobs Act to be reclassified to retained earnings. ASU 2018-02 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. Early adoption is permitted. The Company is currently evaluating the impact of adopting the new standard and expects to early adopt the new standard effective in the first quarter of fiscal year 2018. The Company does not expect the new standard to have a material impact on the Company's financial position or results of operations.

3. Marketable Securities

The FASB ASC topic entitled *Fair Value Measurements and Disclosures* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The accounting guidance classifies the inputs used to measure fair value into the following hierarchy:

Level 1	Unadjusted quoted prices in active markets for identical assets or liability
Level 2	Observable inputs for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability
Level 3	Unobservable inputs for the asset or liability

The Company endeavors to utilize the best available information in measuring fair value. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Valuation is based on prices obtained from an independent pricing vendor using both market and income approaches. The primary inputs to the valuation include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, contractual cash flows, benchmark yields, and credit spreads.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Available-for-sale securities measured at fair value on a recurring basis are summarized below:

	Fair Value Measurements as of December 30, 2017			
	Total	Level 1	Level 2	Level 3
U.S. Treasury securities	$ 19,337	$ -	$ 19,337	$ -
Agency securities	43,361	-	43,361	-
Mortgage-backed securities	174,615	-	174,615	-
Corporate securities	816,793	-	816,793	-
Municipal securities	186,105	-	186,105	-
Other	181,509	-	181,509	-
Total	$ 1,421,720	$ -	$ 1,421,720	$ -

	Fair Value Measurements as of December 31, 2016			
	Total	Level 1	Level 2	Level 3
U.S. Treasury securities	$ 29,034	$ -	$ 29,034	$ -
Agency securities	59,541	-	59,541	-
Mortgage-backed securities	230,823	-	230,823	-
Corporate securities	893,725	-	893,725	-
Municipal securities	176,168	-	176,168	-
Other	90,946	-	90,946	-
Total	$ 1,480,237	$ -	$ 1,480,237	$ -

Marketable securities classified as available-for-sale securities are summarized below:

	Available-For-Sale Securities as of December 30, 2017			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury securities	$ 19,591	$ -	$ (254)	$ 19,337
Agency securities	44,191	1	(831)	43,361
Mortgage-backed securities	180,470	13	(5,868)	174,615
Corporate securities	830,447	136	(13,790)	816,793
Municipal securities	187,999	110	(2,004)	186,105
Other	183,730	2	(2,223)	181,509
Total	**$ 1,446,428**	**$ 262**	**$ (24,970)**	**$ 1,421,720**

Available-For-Sale Securities as of December 31, 2016

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury securities	$ 29,291	$ 31	$ (288)	$ 29,034
Agency securities	60,513	19	(991)	59,541
Mortgage-backed securities	236,354	41	(5,572)	230,823
Corporate securities	914,028	252	(20,555)	893,725
Municipal securities	178,804	224	(2,859)	176,169
Other	90,934	20	(9)	90,945
Total	**$ 1,509,924**	**$ 587**	**$ (30,274)**	**$ 1,480,237**

The Company's investment policy targets low risk investments with the objective of minimizing the potential risk of principal loss. The fair value of our securities varies from period to period due to changes in interest rates, in the performance of the underlying collateral and in the credit performance of the underlying issuer, among other factors. The Company does not intend to sell the securities that have an unrealized loss shown in the table above, and it is not more likely than not that the Company will be required to sell a security before recovery of its amortized cost basis, which may be maturity.

The Company recognizes the credit component of other-than-temporary impairments of debt securities in "Other Income" and the noncredit component in "Other comprehensive income (loss)" for those securities that we do not intend to sell and for which it is not more likely than not that we will be required to sell before recovery. During 2017 and 2016, the Company did not record any material impairment charges on its outstanding securities.

The amortized cost and fair value of the securities at an unrealized loss position at December 30, 2017 were $1,348,777 and $1,323,807 respectively. Approximately 80% of securities in our portfolio were at an unrealized loss position at December 30, 2017. We have the ability to hold these securities until maturity or their value is recovered. We do not consider these unrealized losses to be other than temporary credit losses because there has been no material deterioration in credit quality and no change in the cash flows of the underlying securities. We do not intend to sell the securities and it is not more likely than not that we will be required to sell the securities; therefore, no material impairment has been recorded in the accompanying condensed consolidated statement of income.

The cost of securities sold is based on the specific identification method.

The following tables display additional information regarding gross unrealized losses and fair value by major security type for available-for-sale securities in an unrealized loss position as of December 30, 2017 and December 31, 2016.

	As of December 30, 2017			
	Less than 12 Consecutive Months		12 Consecutive Months or Longer	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
U.S. Treasury securities	$ (111)	$ 12,966	$ (143)	$ 6,371
Agency securities	(168)	16,097	(663)	25,972
Mortgage-backed securities	(503)	19,628	(5,365)	153,835
Corporate securities	(4,562)	439,174	(9,228)	347,052
Municipal securities	(1,027)	125,819	(977)	38,167
Other	(2,219)	136,147	(4)	2,579
Total	**$ (8,590)**	**$ 749,831**	**$ (16,380)**	**$ 573,976**

	As of December 31, 2016			
	Less than 12 Consecutive Months		12 Consecutive Months or Longer	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
U.S. Treasury securities	$ (288)	$ 24,260	$ -	$ -
Agency securities	(991)	49,255	-	-
Mortgage-backed securities	(3,702)	159,665	(1,870)	64,645
Corporate securities	(18,856)	765,712	(1,699)	40,910
Municipal securities	(2,762)	130,994	(97)	6,326
Other	(3)	4,058	(6)	6,919
Total	**$ (26,602)**	**$ 1,133,944**	**$ (3,672)**	**$ 118,800**

The amortized cost and fair value of marketable securities at December 30, 2017, 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.

	Amortized Cost	Fair Value
Due in one year or less	$ 162,045	$ 161,687
Due after one year through five years	1,108,172	1,089,840
Due after five years through ten years	160,967	155,354
Due after ten years	15,244	14,839
	$ 1,446,428	**$ 1,421,720**

4. Commitments and Contingencies

Commitments

Rental expense related to office, equipment, warehouse space, and real estate amounted to $18,915, $19,657, and $18,104 for the years ended December 30, 2017, December 31, 2016, and December 26, 2015, respectively. The Company recognizes rental expense on a straight-line basis over the lease term.

Future minimum lease payments are as follows:

Year	Amount
2018	$ 17,572
2019	14,179
2020	11,598
2021	9,478
2022	7,777
Thereafter	21,606
Total	**$ 82,210**

Certain cash balances, primarily of GEL and GC, are held as collateral by banks securing payment of local value-added tax requirements. The total amount of restricted cash balances were $271 and $113 at December 30, 2017 and December 31, 2016, respectively.

The Company is party to certain commitments, which include purchases of raw materials, advertising expenditures, and other indirect purchases in connection with conducting our business. The aggregate amount of purchase orders and other commitments open as of December 30, 2017 was approximately $313,385. We cannot determine the aggregate amount of such purchase orders that represent contractual obligations because purchase orders may represent authorizations to purchase rather than binding agreements. Our purchase orders are based on our current needs and are fulfilled by our suppliers, contract manufacturers, and logistics providers within short periods of time.

Contingencies

In the normal course of business, the Company and its subsidiaries are parties to various legal claims, investigations and complaints, including matters alleging patent infringement and other intellectual property claims. The Company evaluates, on a quarterly and annual basis, developments in legal proceedings, investigations, claims, and other loss contingencies that could affect any required accrual or disclosure or estimate of reasonably possible loss or range of loss. An estimated loss from a loss contingency is accrued by a charge to income if it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. If a range of loss is estimated, and some amount within that range appears to be a better estimate than any other amount within that range, then that amount is accrued. If no amount within the range can be identified as a better estimate than any other amount, the Company accrues the minimum amount in the range.

If an outcome unfavorable to the Company is determined to be probable, but the amount of loss cannot be reasonably estimated or is determined to be reasonably possible, but not probable, we disclose the nature of the contingency and an estimate of the possible loss or range of loss or a statement that such an estimate cannot be made. The Company's aggregate range of reasonably possible losses includes (1) matters where a liability has been accrued and there is a reasonably possible loss in excess of the amount accrued for that liability, and (2) matters where a loss is believed to be reasonably possible, but not probable, and a liability therefore has not been accrued. This aggregate range only represents the Company's estimate of reasonably possible losses and does not represent the Company's maximum loss exposure. The assessment regarding whether a loss is probable or reasonably possible, and whether the loss or a range of loss is estimable, often involves a series of complex judgments about future events. In assessing the probability of an outcome in a lawsuit, claim or assessment that could be unfavorable to the Company, we consider the following factors, among others: a) the nature of the litigation, claim, or assessment; b) the progress of the case; c) the opinions or views of legal counsel and other advisers; d) our experience in similar cases; e) the experience of other entities in similar cases; and f) how we intend to respond to the lawsuit, claim, or assessment. Costs incurred in defending lawsuits, claims or assessments are expensed as incurred.

Management of the Company currently does not believe it is reasonably possible that the Company may have incurred a material loss, or a material loss in excess of recorded accruals, with respect to loss contingencies in the aggregate, for the fiscal year ended December 30, 2017. The results of legal proceedings, investigations and claims, however, cannot be predicted with certainty. An adverse resolution of one or more of such matters in excess of management's expectations could have a material adverse effect in the particular quarter or fiscal year in which a loss is recorded, but based on information currently known, the Company does not believe it is likely that losses from such matters would have a material adverse effect on the Company's business or its consolidated financial position, results of operations or cash flows.

On January 24, 2018, Garmin and Navico agreed on a global settlement of all pending litigation between them, pursuant to which it is expected that all related claims will be dismissed with prejudice or terminated, including those for which the Company had previously disclosed a reasonably possible loss. The settlement is not material to the Company's financial condition or results of operations. The parties have agreed to keep the terms of the settlement confidential. The Company also settled or resolved certain other matters during the fiscal year ended December 30, 2017 that did not individually or in the aggregate have a material impact on the Company's business or its consolidated financial position, results of operations or cash flows.

5. Employee Benefit Plans

GII and the Company's other U.S.-based subsidiaries sponsor a defined contribution employee retirement plan under which their employees may contribute up to 50% of their annual compensation subject to Internal Revenue Code maximum limitations and to which the subsidiaries contribute a specified percentage of each participant's annual compensation up to certain limits as defined in the retirement plan. Additionally, GEL has a defined contribution plan under which its employees may contribute up to 7.5% of their annual compensation. During the years ended December 30, 2017, December 31, 2016, and December 26, 2015, expense related to these and other defined contribution plans of $43,826, $40,844, and $37,489, 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 30, 2017, December 31, 2016, and December 26, 2015 were significant.

6. Income Taxes

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

	Fiscal Year Ended		
	December 30, 2017	December 31, 2016	December 26, 2015
Federal:			
Current	$ 31,343	$ 66,627	$ 49,138
Deferred	50,936	5,343	4,216
	$ 82,279	$ 71,970	$ 53,354
State:			
Current	4,203	8,809	9,354
Deferred	11,712	(3,823)	(5,858)
	$ 15,915	$ 4,986	$ 3,496
Foreign:			
Current	43,688	42,406	55,730
Deferred	(154,543)	(506)	(1,620)
	$ (110,855)	$ 41,900	$ 54,110
Total	$ (12,661)	$ 118,856	$ 110,960

The income tax provision differs from the amount computed by applying the U.S. statutory federal income tax rate to income before taxes. The sources and tax effects of the differences, including the impact of establishing tax contingency accruals, are as follows:

	Fiscal Year Ended		
	December 30, 2017	December 31, 2016	December 26, 2015
Federal income tax expense at U.S. statutory rate	$ 238,803	$ 220,385	$ 198,516
State income tax expense, net of federal tax effect	5,977	2,749	1,931
Foreign tax rate differential	(102,316)	(111,989)	(100,010)
Other foreign taxes less incentives and credits	(4,646)	(16,593)	(8,592)
Withholding Tax	14,632	17,447	16,969
Net Change in Uncertain Tax Positions	5,363	17,328	21,246
Federal Domestic Production Activities Deduction	(3,895)	(5,528)	(4,589)
Federal Research and Development Credit	(10,851)	(8,548)	(8,573)
Switzerland Corporate Tax Election	(180,034)	-	-
Share Based Compensation	19,916	-	-
Other, net	4,390	3,605	(5,938)
Income tax expense	$ (12,661)	$ 118,856	$ 110,960

In the year ended December 30, 2017, the Company recorded an income tax benefit of $180,034 as a result of the Company's February 2017 election to align certain Switzerland corporate tax positions with evolving international tax initiatives.

The Company's statutory federal income tax rate in Switzerland, the Company's place of incorporation since the Redomestication, effective June 27, 2010, is 7.83%. If the Company reconciled taxes at the Swiss holding company federal statutory tax rate to the reported income tax for 2017 as presented above, the amounts related to tax at the statutory rate would be approximately $186,000 lower, or $53,600, and the foreign tax rate differential would be adjusted by a similar amount to approximately $77,000. For 2016, the amounts related to tax at the statutory rate would be approximately $171,000 lower, or $49,000, and the foreign tax rate differential would be adjusted by a similar amount to approximately $55,000. For 2015, the amount related to tax at the statutory rate would be approximately $154,000 lower, or $44,000, and the foreign tax differential would be reduced by a similar amount to approximately $52,000. All other amounts would remain substantially unchanged.

The Company's income before income taxes attributable to non-U.S. operations was $461,436, $453,729, and $403,242, for the years ended December 30, 2017, December 31, 2016, and December 26, 2015, respectively.

Income taxes of $20,287, $22,139, and $21,085 at December 30, 2017, December 31, 2016, and December 26, 2015, respectively, have not been accrued by the Company for the unremitted earnings of several of its foreign subsidiaries because such earnings are intended to be reinvested in the subsidiaries indefinitely.

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 30, 2017	December 31, 2016
Deferred tax assets:		
Product warranty accruals	$ 2,202	$ 2,768
Allowance for doubtful accounts	5,129	10,100
Inventory reserves	6,920	8,953
Sales program allowances	910	1,397
Reserve for sales returns	816	2,196
Other accruals	10,722	13,548
Share based compensation	6,261	29,632
Tax credit carryforwards	8,413	5,012
Amortization	165,162	15,368
Deferred Revenue	4,690	32,487
Net operating losses of subsidiaries	8,799	5,403
Benefit related to uncertain tax positions	5,383	7,542
Other	3,677	4,005
Valuation allowance related to loss carryforward and tax credits	(7,267)	(4,622)
	$ 221,817	$ 133,789
Deferred tax liabilities:		
Depreciation	11,674	17,854
Prepaid Expenses	3,147	2,876
Book basis in excess of tax basis for acquired entities	17,364	3,865
Withholding tax	60,555	58,597
Other	4,950	1,523
	97,690	84,715
Net deferred tax assets	$ 124,127	$ 49,074

At December 30, 2017, the Company had $8,413 of tax credit carryover compared to $5,012 at December 31, 2016.

At December 30, 2017, the Company had a deferred tax asset of $8,799 related to the future tax benefit on net operating loss (NOL) carryforwards of $70,419. Included in the NOL carryforwards is $43,210 that relates to Switzerland and expires in varying amounts between 2023 and 2024, $1,757 that relates to Finland and expires in varying amounts between 2025 and 2027, $10,610 that relates to the United States and various state jurisdictions and expires in varying amounts between 2022 and 2037, $5,234 that relates to the Netherlands and expires in 2026 and $9,608 that relates to various other jurisdictions and has no expiration date. The Company has recorded a valuation allowance for a portion of its deferred tax asset relating to various tax attributes that it does not believe are more likely than not to be realized. In the future, if the Company determines, based on existence of sufficient evidence, that it should realize more or less of its deferred tax assets, an adjustment to the valuation allowance will be made in the period such a determination is made.

On December 22, 2017, the Tax Cuts and Jobs Act was enacted into law in the United States. The new tax legislation contains several provisions that will impact the Company, including the reduction of the corporate income tax rate from 35% to 21%, acceleration of business asset expensing, and a reduction in the amount of executive pay that may qualify as a tax deduction, among others. The decrease in the corporate income tax rate will require the Company to remeasure its U.S. deferred tax assets and liabilities, as well as reassess the realizability of its deferred tax assets and liabilities. FASB ASC 740 requires the recognition of the effects of tax law changes in the period of enactment. However, due to the complexities of the new tax legislation, the SEC has issued SAB 118 which allows for the recognition of provisional amounts during a measurement period similar to the measurement period used when accounting for business combinations. The Company has recorded a provisional re-measurement of its deferred tax assets and liabilities, resulting in an immaterial impact on its 2017 income tax provision. The Company will continue to assess the impact of the new tax legislation, as well as any related future regulations and rules, and will record any additional impacts as identified during the measurement period, if necessary. The Company does not expect any such potential adjustments in the future periods will materially impact the Company's financial condition or result of operations.

The total amount of gross unrecognized tax benefits as of December 30, 2017 was $130,798. A reconciliation of the beginning and ending amount of gross unrecognized tax benefits for years ended December 30, 2017, December 31, 2016, and December 26, 2015 is as follows:

	December 30, 2017	December 31, 2016	December 26, 2015
Balance beginning of year	$ 115,090	$97,904	$ 77,495
Additions based on tax positions related to prior years	8,564	489	89
Reductions based on tax positions related to prior years	(983)	(940)	(1,671)
Additions based on tax positions related to current period	26,295	28,859	29,019
Reductions related to settlements with tax authorities	-	(134)	(364)
Expiration of statute of limitations	(18,168)	(11,088)	(6,664)
Balance at end of year	$ 130,798	$ 115,090	$ 97,904

Accounting guidance requires unrecognized tax benefits to be classified as noncurrent liabilities, except for the portion that is expected to be paid within one year of the balance sheet date. The entire balance of net unrecognized benefits of $127,306, $109,667 and $93,654 are required to be classified as noncurrent at December 30, 2017, December 31, 2016, and December 26, 2015, respectively. The net unrecognized tax benefits, if recognized, would reduce the effective tax rate. None of the unrecognized tax benefits are due to uncertainty in the timing of deductibility.

Interest and penalties, if any, accrued on the unrecognized tax benefits are reflected in income tax expense. At December 30, 2017, December 31, 2016, and December 26, 2015, the Company had accrued approximately $5,605, $3,901, and $2,479, respectively, for interest. The interest component of the reserve increased income tax expense for the years ending December 30, 2017, December 31, 2016, and December 26, 2015, by $1,704, $1,422, and $320 respectively. The Company did not have significant amounts accrued for penalties for the years ending December 30, 2017, December 31, 2016, and December 26, 2015.

The Company files income tax returns in Switzerland, U.S. federal jurisdiction, as well as various states, local, and foreign jurisdictions. In its major tax jurisdictions, Switzerland, Taiwan, United Kingdom, and U.S. federal and various states, the Company is no longer subject to income tax examinations by tax authorities, with few exceptions, for years prior to 2013, 2012, 2015, and 2014, respectively.

The Company recognized a reduction of income tax expense of $17,918, $11,151, and $6,971 in fiscal years ended December 30, 2017, December 31, 2016, and December 26, 2015, respectively, to reflect the expiration of statutes of limitations and releases due to audit settlement in various jurisdictions.

The Company believes that it is reasonably possible that approximately $20,000 to $25,000 of its reserves for certain unrecognized tax benefits will decrease within the next 12 months as the result of the expiration of statutes of limitations. This potential decrease in unrecognized tax benefits would impact the Company's effective tax rate within the next 12 months.

7. Fair Value of Financial Instruments

As required by the *Financial Instruments* topic of the FASB ASC, 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 30, 2017		December 31, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$ 891,488	$ 891,488	$ 846,883	$ 846,883
Restricted cash	$ 271	$ 271	$ 113	$ 113
Marketable securities	$ 1,421,720	$ 1,421,720	$ 1,480,237	$ 1,480,237

For certain of the Company's financial instruments, including accounts receivable, loan receivable, accounts payable and other accrued liabilities, the carrying amounts approximate fair value due to their short maturities.

8. Segment Information

The Company has identified five reportable segments for external reporting purposes – auto, aviation, marine, outdoor and fitness. There are two operating segments (auto PND and auto OEM) that are not reported separately but aggregated within the auto reportable segment. Each operating segment is individually reviewed and evaluated by the Chief Operating Decision Maker (CODM), who allocates resources and assesses performance of each segment individually.

All of the Company's reportable segments offer products through the Company's network of independent dealers and distributors as well as through OEMs. However, the nature of products and types of customers for the five reportable segments vary. The Company's marine, auto, outdoor, and fitness segments include portable global positioning system (GPS) receivers and accessories 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 CODM. The CODM uses operating income as the measure of profit or loss to assess segment performance and allocate resources. Operating income represents net sales less costs of goods sold and operating expenses, including certain allocated general and administrative costs. 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 Company's reportable segments share many common resources, infrastructures and assets in the normal course of business. Thus, the Company does not report accounts receivable, inventories, property and equipment, intangible assets, or capital expenditures by segment to the CODM.

Revenues, gross profit, and operating income for each of the Company's reportable segments are presented below. In 2016 the Company moved action camera related revenue and expenses from the outdoor segment to the auto segment, allowing for alignment and synergies with other camera-based efforts occurring within the auto segment. The overall impact of the move was immaterial. However, action camera related operating results for the 52-weeks ended December 26, 2015 has been recast to conform to the 2017 and 2016 presentation.

	Reportable Segments					
52-Weeks Ended December 30, 2017	**Outdoor**	**Fitness**	**Marine**	**Auto**	**Aviation**	**Total**
Net sales	$ 698,867	$ 762,194	$ 374,001	$ 750,583	$ 501,359	$ 3,087,004
Gross profit	448,410	422,636	212,592	327,921	371,605	1,783,164
Operating income	249,867	146,765	50,328	67,967	153,933	668,860
53-Weeks Ended December 31, 2016						
Net sales	$ 546,326	$ 818,486	$ 331,947	$ 882,558	$ 439,348	$ 3,018,665
Gross profit	340,504	437,205	183,709	388,747	329,405	1,679,570
Operating income	184,035	160,596	52,167	102,347	124,764	623,909
52-Weeks Ended December 26, 2015						
Net sales	$ 411,184	$ 661,599	$ 286,778	$ 1,062,091	$ 398,618	$ 2,820,270
Gross profit	254,878	366,139	158,493	464,480	294,714	1,538,704
Operating income	139,070	134,574	28,611	136,069	111,257	549,581

Net sales, long-lived assets (property and equipment), and net assets by geographic area are as shown below for the years ended December 30, 2017, December 31, 2016, and December 26, 2015. Note that APAC refers to the Asia Pacific region, and EMEA includes Europe, the Middle East and Africa.

	Americas	APAC	EMEA	Total
December 30, 2017				
Net sales to external customers [1]	$ 1,475,661	$ 436,188	$ 1,175,155	$ 3,087,004
Property and equipment, net	381,974	173,392	40,318	595,684
Net assets [2]	2,325,569	982,898	493,999	3,802,466
December 31, 2016				
Net sales to external customers [1]	$ 1,518,934	$ 386,549	$ 1,113,182	$ 3,018,665
Property and equipment, net	300,158	144,470	38,250	482,878
Net assets [2]	2,153,161	933,999	330,843	3,418,003
December 26, 2015				
Net sales to external customers [1]	$ 1,469,243	$ 337,888	$ 1,013,139	$ 2,820,270
Property and equipment, net	294,234	111,700	40,154	446,089
Net assets [2]	2,110,108	921,410	313,608	3,345,126

[1] The U.S. is the only country which constitutes greater than 10% of net sales to external customers.
[2] Americas and APAC net assets are primarily held in the United States and Taiwan, respectively.

9. Stock Compensation Plans

Accounting for Stock-Based Compensation

The various Company stock compensation plans are summarized below. For all stock compensation plans, the company's policy is to issue treasury shares for option/stock appreciation right (SAR) exercises, restricted stock unit (RSU) releases and employee stock purchase plan (ESPP) purchases.

2011 Non-employee Directors' Equity Incentive Plan

In June 2011, the stockholders adopted an equity incentive plan for non-employee directors (the "2011 Directors Plan") providing for grants of stock options, SARs, RSUs and/or performance shares, pursuant to which up to 122,592 shares were available for issuance. The term of each award cannot exceed ten years. Awards may vest over a minimum two-year period. In 2017, 2016, and 2015, 10,432, 12,984, and 12,008 RSUs were granted under this plan.

2005 Equity Incentive Plan

In June 2005, the shareholders adopted an equity incentive plan (the "2005 Plan") providing for grants of incentive and nonqualified stock options, SARs, RSUs and/or performance shares to employees of the Company and its subsidiaries, pursuant to which up to 10,000,000 common shares were available for issuance. In 2013, the shareholders approved an additional 3,000,000 shares to the plan, making the total shares authorized under the plan 13,000,000. Option and SAR grants vest evenly 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. RSUs granted prior to December 10, 2012 vested evenly over a period of five years, while RSUs granted on and after that date vested or are vesting evenly over a period of three years. In addition to time-based vesting requirements, the vesting of certain RSU grants is also contingent upon the Company's achievement of certain financial performance goals. During 2017, 2016, and 2015, 1,044,045, 1,228,427, and 1,171,905 RSUs were granted under the 2005 Plan. No SARs were granted under the 2005 Plan in 2017, 2016, and 2015.

2000 Equity Incentive Plan

In October 2000, the shareholders adopted an equity incentive plan (the "2000 Plan") providing for grants of incentive and nonqualified stock options, SARs, RSUs and/or performance shares to employees of the Company and its subsidiaries, pursuant to which up to 7,000,000 common shares were available for issuance. The stock options and SARs vest evenly 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. The Company did not grant any stock awards from the 2000 Plan in 2017, 2016, or 2015.

2000 Non-employee Directors' Option Plan

Also in October 2000, the stockholders adopted a stock option plan for non-employee directors (the "2000 Directors Plan") providing for grants of options for up to 100,000 common shares. In 2009, the stockholders approved an additional 150,000 shares to the plan, making the total shares authorized under the plan 250,000. The term of each award is ten years. All awards vest evenly over a three-year period. Following the June 2011 approval of the 2011 Directors Plan, the Company will no longer issue options to purchase shares under this plan.

Stock-Based Compensation Activity

A summary of the Company's stock-based compensation activity and related information under the 2011 Directors Plan, the 2005 Plan, the 2000 Plan and the 2000 Directors Plan for the years ended December 30, 2017, December 31, 2016, and December 26, 2015 is provided below:

	Stock Options and SARs	
	Weighted-Average Exercise Price	Number of Shares
		(In Thousands)
Outstanding at December 27, 2014	$ 63.19	4,731
Granted		-
Exercised	$ 29.15	(474)
Forfeited/Expired	$ 70.58	(196)
Outstanding at December 26, 2015	$ 66.80	4,061
Granted		-
Exercised	$ 50.77	(716)
Forfeited/Expired	$ 51.12	(608)
Outstanding at December 31, 2016	$ 74.48	2,737
Granted		-
Exercised	$ 50.15	(397)
Forfeited/Expired	$ 84.57	(1,948)
Outstanding at December 30, 2017	$ 48.94	392
Exercisable at December 30, 2017	$ 48.76	365
Expected to vest after December 30, 2017	$ 51.46	27

Stock Options and SARs as of December 30, 2017			
Exercise Price	Awards Outstanding	Remaining Life (Years)	Awards Exercisable
	(In Thousands)		*(In Thousands)*
\$18.00 - \$40.00	21	1.98	21
\$40.01 - \$60.00	369	2.39	343
\$60.01 - \$80.00	-	-	-
\$80.01 - \$100.00	2	0.01	2
\$100.01 - \$120.00	-	-	-
\$120.01 - \$140.00	-	-	-
	392	2.36	366

	Restricted Stock Units	
	Weighted-Average Grant Date Fair Value	Number of Shares *(In Thousands)*
Outstanding at December 27, 2014	\$ 42.55	1,088
Granted	\$ 37.07	1,184
Released/Vested	\$ 40.18	(562)
Cancelled	\$ 42.02	(53)
Outstanding at December 26, 2015	\$ 39.45	1,657
Granted	\$ 40.59	1,241
Released/Vested	\$ 38.96	(565)
Cancelled	\$ 44.57	(509)
Outstanding at December 31, 2016	\$ 38.94	1,824
Granted	\$ 51.71	1,055
Released/Vested	\$ 39.31	(763)
Cancelled	\$ 40.40	(54)
Outstanding at December 30, 2017	\$ 45.30	2,062

The weighted-average remaining contract life for stock options and SARs outstanding and exercisable at December 30, 2017 was 2.36 and 2.05 years, respectively. The weighted-average remaining contract life of restricted stock units at December 30, 2017 was 1.29 years.

The total fair value of awards vested during 2017, 2016, and 2015 was \$30,280, \$22,429, and \$23,351, respectively. The aggregate intrinsic values of options and SARs outstanding and exercisable at December 30, 2017 were \$4,209 and \$3,994, respectively. The aggregate intrinsic values of options and SARs exercised during 2017, 2016, and 2015 were \$3,742, \$1,632, and \$3,714, respectively. The aggregate intrinsic value of RSUs outstanding at December 30, 2017 was \$122,885. The aggregate intrinsic values of RSUs released during 2017, 2016, and 2015 were \$45,424, \$27,386, and \$20,787, respectively. Aggregate intrinsic value of options and SARs represents the applicable number of awards multiplied by the positive difference between the exercise price and the Company's closing stock price on the last trading day of the relevant fiscal period. Aggregate intrinsic value of RSUs represents the applicable number of awards multiplied by the Company's closing stock price on the last trading day of the relevant fiscal period. The Company's closing stock price was \$59.57 on December 30, 2017. As of December 30, 2017, there was \$65,166 of total unrecognized compensation cost related to unvested share-based compensation awards granted to employees under the stock compensation plans. That cost is expected to be recognized over the weighted average remaining vesting period.

Employee Stock Purchase Plan

The shareholders have adopted an ESPP. Up to 6,000,000 shares of common stock have been reserved for the ESPP, including 2,000,000 shares approved by shareholders in June 2015. 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 first day of the ESPP period. The ESPP is intended to qualify as an “employee stock purchase plan” under Section 423 of the Internal Revenue Code. During 2017, 2016, and 2015, 489,267, 541,018, 488,753 shares, respectively, were purchased under the plan for a total purchase price of $20,996, $18,157, and $16,789, respectively. During 2017, 2016, and 2015, the purchases were issued from treasury shares. At December 30, 2017, approximately 970,366 shares were available for future issuance.

10. Earnings Per Share

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

	Fiscal Year Ended		
	December 30, 2017	December 31, 2016	December 26, 2015
Numerator:			
Numerator for basic and diluted net income per share - net income	$ 694,955	$ 510,814	$ 456,227
Denominator:			
Denominator for basic net income per share – weighted-average common shares	187,828	188,818	190,631
Effect of dilutive securities – employee stock options and stock appreciation rights	904	525	476
Denominator for diluted net income per share – adjusted weighted-average common shares	188,732	189,343	191,107
Basic net income per share	$ 3.70	$ 2.71	$ 2.39
Diluted net income per share	$ 3.68	$ 2.70	$ 2.39

There were 1,175,728, 3,547,738, and 4,086,983 outstanding stock options, stock appreciation rights and restricted stock units (collectively “equity awards”) excluded from the computation of diluted earnings per share for the fiscal years of 2017, 2016, and 2015, respectively, because the effect would have been anti-dilutive.

11. Share Repurchase Plan

On February 13, 2015, the Board of Directors approved a share repurchase program authorizing the Company to purchase up to $300,000 of its common shares through December 31, 2016. In December 2016, the Board of Directors authorized an extension through December 31, 2017 to purchase remaining common shares. Under the plan, the Company repurchased 1,474,092 shares using cash of $74,523 in fiscal 2017, 2,152,716 shares using cash of $93,233 in fiscal 2016, and 3,148,901 shares using cash of $131,413 in fiscal 2015.

12. Accumulated Other Comprehensive Income

The following provides required disclosure of changes in accumulated other comprehensive income (AOCI) balances by component for the year ended December 30, 2017:

	Foreign Currency Translation Adjustment	Net unrealized gains (losses) on available-for-sale securities	Total
Balance - beginning of period	$ (9,411)	$ (27,350)	$ (36,761)
Other comprehensive income before reclassification	88,320	3,585	91,905
Amounts reclassified from accumulated other comprehensive income	-	901	901
Net current-period other comprehensive income	88,320	4,486	92,806
Balance - end of period	$ 78,909	$ (22,864)	$ 56,045

The following provides required disclosure of reporting reclassifications out of AOCI for the year ended December 30, 2017:

Details about Accumulated Other Comprehensive Income Components	Amount Reclassified from Accumulated Other Comprehensive Income	Affected Line Item in the Statement Where Net Income is Presented
Unrealized gains (losses) on available-for-sale securities	$ (991)	Other income (expense)
	90	Income tax provision
	$ (901)	Net of tax

13. Selected Quarterly Information (Unaudited)

	52-Weeks Ended December 30, 2017			
	Quarter Ending			
	April 1	**July 1**	**September 30**	**December 30**
Net sales	**$ 638,546**	**$ 816,885**	**$ 743,077**	**$ 888,496**
Gross profit	**372,123**	**477,858**	**433,665**	**499,518**
Net income	**237,812**	**170,950**	**147,413**	**138,780**
Basic net income per share	**$ 1.26**	**$ 0.91**	**$ 0.79**	**$ 0.74**
Diluted net income per share	**$ 1.26**	**$ 0.91**	**$ 0.78**	**$ 0.73**

	53-Weeks Ended December 31, 2016			
	Quarter Ending			
	March 26	June 25	September 24	December 31
Net sales	**$ 624,040**	**$ 811,609**	**$ 722,250**	**$ 860,767**
Gross profit	**339,850**	**462,958**	**405,980**	**470,782**
Net income	**88,092**	**161,064**	**125,054**	**136,605**
Basic net income per share	**$ 0.46**	**$ 0.85**	**$ 0.66**	**$ 0.73**
Diluted net income per share	**$ 0.46**	**$ 0.85**	**$ 0.66**	**$ 0.72**

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, and the table may not foot due to rounding.

14. Subsequent Events

On February 19, 2018, the Company acquired the shares of Trigentic AB, a privately held supplier of intelligent products, solutions and services in the areas of embedded systems, power supply and power distribution for the marine market. This acquisition was not material.