UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K/A
(Amendment No.1)

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): May 11, 2013

KVH Industries, Inc.
(Exact Name of Registrant as Specified in Charter)

Delaware	**0-28082**
(State or Other Jurisdiction of Incorporation)	**(Commission File Number)**

05-0420589
(IRS Employer Identification No.)

50 Enterprise Center Middletown, RI	**02842**
(Address of Principal Executive Offices)	**(Zip Code)**

Registrant's telephone number, including area code: (401) 847-3327

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.14d-2(b))

Item 2.01 Completion of Acquisition or Disposition of Assets.

On May 14, 2013, KVH Industries, Inc. (“KVH”) filed a Current Report on Form 8-K reporting that it had completed the acquisition of Headland Media Limited (“Headland”), a media and entertainment service company based in the United Kingdom.

This Form 8-K/A amends the Form 8-K filed on May 14, 2013, to include Headland’s audited consolidated financial statements as of December 31, 2012, and for the year then ended as required by Item 9.01(a) of Form 8-K, and the unaudited pro forma combined consolidated financial information related to the Headland acquisition required by Item 9.01(b) of Form 8-K.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired.

The Headland audited consolidated financial statements as of December 31, 2012, and for the year then ended and accompanying notes, are attached as Exhibit 99.1 to this Form 8-K/A and incorporated by reference to this Form 8-K/A.

The consent of KPMG LLP, Headland’s independent auditor, is attached as Exhibit 23.1 to this Form 8-K/A.

(b) Pro Forma Financial Information.

The following unaudited pro forma combined consolidated financial information related to KVH’s acquisition of Headland is attached as Exhibit 99.2 to this Form 8-K/A and incorporated by reference into this Form 8-K/A.

(i) Unaudited Pro Forma Combined Consolidated Statement of Operations for the three months ended March 31, 2013;

(ii) Unaudited Pro Forma Combined Consolidated Statement of Operations for the year ended December 31, 2012;

(iii) Unaudited Pro Forma Combined Consolidated Balance Sheet as of March 31, 2013; and

(iv) Notes to Unaudited Pro Forma Combined Consolidated Financial Information.

(c) Not applicable.

(d) Exhibits.

23.1	Consent of KPMG LLP
99.1	Headland’s Audited Consolidated Financial Statements as of December 31, 2012 and for the year then ended
99.2	Unaudited Pro Forma Combined Consolidated Financial Information

SIGNATURES

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

KVH INDUSTRIES, INC.

Date: July 23, 2013

BY: /s/ PETER A. RENDALL

Peter A. Rendall
Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
23.1	Consent of KPMG LLP
99.1	Headland's Audited Consolidated Financial Statements as of December 31, 2012 and for the year then ended
99.2	Unaudited Pro Forma Combined Consolidated Financial Information

Exhibit 23.1

Consent of Independent Auditors

Headland Media Limited

We consent to the incorporation by reference in the registration statements (No. 333-168406, No. 333-160230, No. 333-141404, No. 333-112341, No. 333-67556 and No. 333-08491) on Form S-8 of KVH Industries, Inc of our report dated July 23, 2013, with respect to the consolidated balance sheet of Headland Media Limited as of December 31, 2012, and the related consolidated profit and loss account, statement of total recognized gains and losses, reconciliation of movements in shareholders' funds and cash flow statement for the year ended December 31, 2012, which report appears in the Form 8-K/A of KVH Industries, Inc. dated May 11, 2013 and to be filed on July 23, 2013.

Our report includes an other matter paragraph stating that accounting principles generally accepted in the United Kingdom vary in certain significant respects from the United States generally accepted accounting principles and that information relating to the nature and effect of such differences is presented in note 23 to the consolidated financial statements.

/s/ KPMG LLP

Leeds, United Kingdom
23 July 2013

Exhibit 99.1

Headland Media Limited

Consolidated financial statements

For the year ended 31 December 2012

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Independent Auditors' Report

We have audited the accompanying consolidated financial statements of Headland Media Limited, which comprise the consolidated balance sheet as of December 31, 2012, and the related consolidated profit and loss account, statement of total recognised gains and losses, reconciliation of movements in shareholder's funds, and cash flow statement for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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 auditors' 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 internal control relevant to the entity's preparation and fair presentation 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, 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.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the financial position of Headland Media Limited as of December 31, 2012, and the results of its operations and its cash flow for the year then ended in accordance with generally accepted accounting principles in the United Kingdom.

Other Matter

Accounting principles generally accepted in the United Kingdom vary in certain significant respects from U.S. generally accepted accounting principles. Information relating to the nature and effects of such differences is presented in note 23 to the consolidated financial statements.

/s/ KPMG LLP

Leeds, United Kingdom

July 23, 2013

Consolidated profit and loss account
for the year ended 31 December 2012

	Note	**2012 £000**
Group turnover	*2*	**8,029**
Cost of sales		**(1,795)**
Gross profit		**6,234**
Administrative expenses (including non-recurring costs)		**(4,736)**
EBITDA before non-recurring costs		**2,223**
Non-recurring costs	*4*	**(40)**
EBITDA after non-recurring costs		**2,183**
Depreciation and amortisation		**(685)**
Group operating profit		**1,498**
Interest payable and similar charges	*5*	**(315)**
Profit on ordinary activities before taxation	*3*	**1,183**
Tax on profit on ordinary activities	*6*	**(344)**
Profit on ordinary activities after taxation and profit for the financial year	*14*	**839**

There is no difference between the amounts presented above and those prepared on a historical basis.

All of the trading during the year related to continuing operations.

Consolidated statement of total recognised gains and losses
for the year ended 31 December 2012

	2012 £000
Profit for the financial year	**839**
Exchange differences arising on retranslation of foreign subsidiaries	**(45)**
Total recognised gains and losses for the year	**794**

Reconciliation of movements in shareholders' funds
for the year ended 31 December 2012

	2012 £000
Shareholders' funds at 1 January	**6,244**
Profit for the financial year	**839**
Exchange differences arising on retranslation of foreign subsidiaries	**(45)**
Repayment of shareholder funding (see note 14)	**(655)**
Increase in shareholder funding (see note 14)	**300**
Shareholders' funds at 31 December	**6,683**

Consolidated balance sheet
at 31 December 2012

	Note	**2012 £000**
Fixed assets		
Intangible assets	*7*	**8,285**
Tangible assets	*8*	**149**
		8,434
Current assets		
Stock	*9*	**59**
Debtors	*10*	**1,966**
Cash at bank and in hand		**929**
		2,954
Creditors: amounts falling due within one year	*11*	**(2,969)**
Net current liabilities		**(15)**
Total assets less current liabilities		**8,419**
Creditors: amounts falling due after more than one year	*12*	**(1,736)**
Net assets		**6,683**
Capital and reserves		
Called up share capital	*13*	**10**
Capital reserve	*14*	**4,211**
Share premium account	*14*	**240**
Investment in own shares	*14*	**(10)**
Profit and loss account	*14*	**2,232**
Shareholders' funds		**6,683**

Consolidated cash flow statement
For the year ended 31 December 2012

	Note	**2012 £000**
Cash inflow from operating activities	*18*	**1,854**
Returns on investments and servicing of finance	*19*	**(473)**
Taxation		**(274)**
Capital expenditure	*19*	**(128)**
Net cash inflow before financing		**979**
Financing	*19*	**(2,004)**
Decrease in cash in the year		**(1,025)**

Reconciliation of net cash flow to movement in net debt

	Note	**2012 £000**
Decrease in cash for the year	*20*	**(1,025)**
Cash outflow from decrease in debt		**1,818**
Change in net debt resulting from cash flows		**793**
Translation differences		**(45)**
Movement in net debt in the year		**748**
Net debt at start of the year		**(2,261)**
Net debt at end of the year		**(1,513)**

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements.

Accounting convention

The accounts are prepared under the historical cost accounting rules and in accordance with applicable UK accounting standards.

Basis of consolidation

The Group accounts consolidate the accounts of Headland Media Limited and its subsidiary undertakings made up to 31 December 2012. The subsidiary undertakings are accounted for using acquisition accounting and their results are included in the profit and loss account from the date control passed.

Going concern

The Group had net liabilities of £15,000 as at 31 December 2012. Notwithstanding this fact, the financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

The Group has sufficient financial resources together with long term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors are able to forecast the business activity level with enough certainty that the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are included within the primary statements on pages 2 to 5. Note 14 to the financial statements refers to the refinancing of the Oakley Capital Loan Notes in February 2012, note 22 outlines changes to funding post year end and note 17 details the hedging of currency risk in place at the balance sheet date.

Although the group had outstanding bank lending at year end, the business traded within the covenants during the year, and to 11 May 2013 when it was acquired by KVH Industries UK Limited, a wholly owned subsidiary of KVH Industries Inc (see note 22). Upon acquisition, all previous shareholder funding and term loans were repaid in full and replaced with a £5.5 million intra group loan. The parent company, KVH Industries UK Limited, has given an indication, in writing, that it will continue to provide such financial support as is required for at least twelve months from the date of signing these accounts. Consequently, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

Goodwill

Goodwill arising on acquisitions of subsidiary undertakings is capitalised and amortised over its estimated useful life of 20 years on a straight line basis. The useful life of goodwill is determined based on the individual circumstances of each business acquired. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other years if changes in circumstances or events indicate that the carrying value may not be recoverable.

On the subsequent disposal or termination of a business, the profit or loss on disposal or termination is calculated after charging the un-amortised amount of any related goodwill.

Notes *(continued)*

1 Accounting policies *(continued)*

Investments

Investments are held at cost less any provision for impairment in value. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Tangible fixed assets

The cost of fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Fixtures and fittings	—	over 5-10 years
Plant and office equipment	—	over 3-5 years

The carrying value of tangible fixed assets is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Intangible assets

Software development costs are capitalised where they relate to separately identifiable projects of ongoing commercial value to the Group and are amortised over their useful economic life of 3 to 5 years.

Turnover

Turnover, which excludes value added tax and sales between Group businesses, represents the value of services supplied to customers.

Subscription based revenue is recognised evenly over the period of subscription. Non-subscription based revenue is recognised as supplied.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

The assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rates. Profit and loss accounts of such undertakings are consolidated at the average rates of exchange during the year. Gains and losses arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

Research and development

Expenditure on research and development includes expenses incurred by the Group to develop, enhance, manage, monitor and operate the Group’s websites and systems. This is written off to the profit and loss account in the year in which it is incurred. Development expenditure is capitalised only where there is a clearly defined project, the expenditure is separately identifiable, the outcome of the project can be assessed with reasonable certainty, aggregate costs are expected to exceed related future sales and adequate resources exist to enable the project to be completed.

Notes *(continued)*

1 Accounting policies *(continued)*

Leasing

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Taxation

The charge for taxation is based on the profit/loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Tax charges or credits arising on the retranslation of foreign currency borrowings used to finance or provide a hedge against equity investments in foreign enterprises are taken to the Statement of Total Recognised Gains and Losses together with the exchange differences on the borrowings themselves.

Pension costs

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period. The Group provides no other post-retirement benefits to its employees.

Stock

Stock is valued at the lower of cost and net realisable value.

Classification of financial instruments issued by the Group

Following the adoption of FRS 25, financial instruments issued by the Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Dividends on shares presented within equity

Dividends are only recognised as a liability to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Notes *(continued)*

1 Accounting policies *(continued)*

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

2 Turnover and segmental analysis

Turnover can be analysed by geographical market as follows:-

	2012 £000
UK	**2,621**
Europe	**2,639**
North America	**1,252**
Rest of world	**1,517**
	8,029

3 Notes to the profit and loss account

	2012 £000
Profit/(loss) on ordinary activities before taxation is stated after charging:	
Amortisation of intangible fixed assets	**617**
Depreciation of owned tangible fixed assets	**68**
Operating leases rentals	
- Land and buildings	**134**
- Plant and equipment	**3**
Non-recurring costs (see note 4)	**40**

Notes *(continued)*

4 Non-recurring costs

Non-recurring costs during the year were £40,000 in relation to cost incurred on a potential acquisition that the Group withdrew from.

5 Interest payable and similar charges

	2012 £000
Interest on loans	195
Arrangement fees relating to acquisition finance	120
	315

6 Taxation

Analysis of charge in year	2012 £000
UK Corporation tax	
Current tax on income for the year	234
Adjustments in respect of prior periods	1
	235
Foreign tax	
Current tax on income for the year	119
Total current tax	354
Deferred tax	
Origination and reversal of timing differences	(10)
Total deferred tax	(10)
Tax on profit on ordinary activities	**344**

Notes *(continued)*

6 Taxation *(continued)*

Factors affecting the tax charge for the current year

The current tax charge for the year is higher than the standard rate of corporation tax in the UK of 24.5%. The differences are explained below:

	2012 £000
Current tax reconciliation	
Profit on ordinary activities before tax	**1,183**
Current tax at 24.5%	**290**
Effects of:	
Expenses which are not deductible for tax purposes	**127**
Income not taxable for tax purposes	**(1)**
Capital allowances in excess of depreciation	**9**
Other short term timing differences	**4**
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(76)**
Adjustment in respect of prior periods	**1**
Total current tax charge (see above)	**354**

At 31 December 2012, there were unrelieved losses in the Group of approximately £19,900. On the basis of the relevant tax rates applicable to the jurisdictions in which the tax losses arose the Group had a potential deferred tax asset in relation to unrelieved losses, fixed asset timing differences and short term timing differences of £19,100. A deferred tax asset has been recognised in relation to those Group entities that, in the opinion of the directors, will make sufficient profits against which to utilise the timing differences.

	Deferred taxation £000
At beginning of year	9
Credit to the profit and loss for the year	10
At end of year	**19**

Notes *(continued)*

6 Taxation *(continued)*

The elements of deferred taxation which are recognised at 23% are as follows:

	2012 £000
Difference between accumulated depreciation and amortisation and capital allowances	17
Other timing differences	2
	19

The elements of deferred taxation at 23% including recognised and unrecognised, are as follows:

	2012 £000
Difference between accumulated depreciation and amortisation and capital allowances	18
Other timing differences	4
Tax losses	5
	27

The Autumn Statement on 5 December 2012 announced that the UK corporation tax rate will reduce to 21% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. This will reduce the Group's future current tax charge accordingly. The deferred tax asset at 31 December 2012 has been calculated based on the rate of 23% substantively enacted at the balance sheet date. It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the group's future current tax charge and reduce the group's deferred tax asset accordingly.

Notes *(continued)*

7 Intangible fixed assets

	Goodwill £000	Development costs £000	Total £000
Cost			
At beginning of year	10,198	580	10,778
Additions	—	101	101
At end of year	**10,198**	**681**	**10,879**
Amortisation			
At beginning of year	1,568	409	1,977
Charge for the year	510	107	617
At end of year	**2,078**	**516**	**2,594**
Net book value			
At 31 December 2012	**8,120**	**165**	**8,285**

Capitalised goodwill relates to the acquisitions of Headland Communication Limited, Headland Entertainment Limited, Good Morning News Sprl, Walport International Limited, Walport USA Inc. and Newslink Services Limited. The goodwill is being amortised over 20 years.

Notes *(continued)*

8 Tangible fixed assets

	Plant and office equipment £000	Fixtures and fittings £000	Total £000
Cost			
At beginning of year	262	219	481
Additions	25	2	27
At end of year	**287**	**221**	**508**
Depreciation			
At beginning of year	190	101	291
Charge for period	42	26	68
At end of year	**232**	**127**	**359**
Net book value			
At 31 December 2012	**55**	**94**	**149**

9 Stock

	2012 £000
Receiving equipment and DVDs for resale	**59**

10 Debtors

	2012 £000
Trade debtors	**1,473**
Other debtors	**89**
Prepayments	**385**
Deferred taxation (note 6)	**19**
	1,966

All amounts above are due within one year with the exception of deferred tax items.

Notes *(continued)*

11 Creditors: amounts falling due within one year

	2012 £000
Trade creditors	**456**
Corporation tax	**199**
Other taxation and social security	**95**
Accruals	**480**
Deferred income	**1,033**
Term loan (see note 12)	**706**
	2,969

12 Creditors: amount falling due after more than one year

	2012 £000
Term loan	**1,736**

The term loans outstanding at 31 December 2012 are repayable over a 5 year period ending in December 2014. The loans accrue interest at a rate of between 3.75% above LIBOR and 5% above LIBOR and are secured on the fixed and floating assets of the Group.

On 16 February 2012 the amount due to Oakley Capital Investments Limited was repaid in full from existing funds and a new loan of £1 million from Yorkshire Bank.

13 Share capital

	2012 No.	2012 £000
Allotted, called up and fully paid		
Ordinary shares of £1 each	**10,000**	**10**

14 Reserves

	Capital reserve £000	Share premium £000	Investment in own shares £000	Profit and loss account £000
At beginning of year	4,566	240	(10)	1,438
Profit for the financial year	—	—	—	839
Exchange adjustments on retranslation of foreign subsidiaries	—	—	—	(45)
Repayment of shareholder funding (see below)	(655)	—	—	—
New shareholder funding (see below)	300	—	—	—
At end of year	**4,211**	**240**	**(10)**	**2,232**

On 28 December 2012 the company repaid a funding agreement of €700k to Oakley Capital Private equity L.P. This was a capital contribution from Oakley Capital Private equity L.P. which was interest free and repayable at the discretion of the company. In consideration of Yorkshire Bank approving this repayment, Oakley Capital Private Equity L.P. contributed a further £300,000 in funding, on identical terms, which was used as a prepayment against the term loans from Yorkshire Bank.

Notes *(continued)*

15 Commitments

Annual commitments under non-cancellable operating leases were as follows:

	Land & buildings 2012 £000
Group	
Operating leases which expire:	
Within one year	**78**
Between one and two years	**—**
Over 5 years	**59**
	137

16 Related party transactions

The Group had a loan balance with Oakley Capital Investments Limited, a related party to the ultimate parent undertaking. The details of the loan are disclosed in note 12. The principal amount of the loan was £1.6 million and £0.2 million of interest had accrued in the period up to the repayment of the loan on 16 February 2012.

17 Financial instruments

The Group hedges currency risk using forward currency contracts used for currency exposures on a portion of next year's expected sales and purchases.

At 31 December 2012, the Group held forward currency contracts to sell €480,000 and $1,800,000 at average contract rates of €1.237/£ and $1.58/£ respectively, covering a period through to December 2013 and $1,200,000 at $1.58/£ for delivery in 2014.

18 Reconciliation of operating profit to operating cash flows

	2012 £000
Operating profit	**1,498**
Depreciation and amortisation	**685**
Increase in debtors	**(275)**
Increase in stock	**(2)**
Decrease in creditors	**(52)**
Net cash inflow from operating activities	**1,854**

Notes *(continued)*

19 Analysis of cash flows

	2012 £000
Returns on investment and servicing of finance	
Interest paid	**(395)**
Refinancing costs	**(78)**
Net cash outflow from returns on investments and servicing of finance	**(473)**
Capital expenditure	
Purchase of tangible fixed assets	**(27)**
Capitalised development costs	**(101)**
Net cash outflow from capital expenditure	**(128)**
Financing	
New term loan	**1,000**
Repayment of existing term loans	**(1,040)**
Repayment of shareholder funding (see note 14)	**(655)**
New shareholder funding (see note 14)	**300**
OCIL loan repayment (see note 12)	**(1,609)**
Net cash outflow from financing	**(2,004)**

20 Analysis of net debt

	At beginning of year £000	Cash flow £000	Other non-cash changes £000	At end of year £000
Cash at bank and in hand	1,999	(1,025)	(45)	**929**
	1,999	(1,025)	(45)	**929**
Debt due within one year	(366)	(340)	—	**(706)**
Debt due after one year	(3,894)	2,158	—	**(1,736)**
Total	(2,261)	793	(45)	**(1,513)**

21 Ultimate parent undertaking

The Group's ultimate parent undertaking was Oakley Capital Private Equity LP, a limited liability partnership registered in Bermuda, until 11 May 2013 (see note 22).

22 Post balance sheet event

On 11 May 2013, the Group was acquired by KVH Industries UK Limited, a company registered in England and Wales and a wholly owned subsidiary of KVH Industries Inc., a company registered in the United States. As part of the acquisition, all previous shareholder funding and term loans were repaid in full and replaced with a £5.5 million intra group loan.

Notes *(continued)*

23 UK to US GAAP Reconciliation

The Group prepares its financial statements in accordance with accounting principles generally accepted in the United Kingdom ('UK GAAP'), which differs in certain respects from accounting principles generally accepted in the United States of America. ('US GAAP'). Reconciliations of profit for the financial year (or net income) and shareholders' funds (or shareholders' equity) as reported in the Consolidated financial statements under UK GAAP and those under US GAAP are set out below:

	Notes	**Year ended 31 December 2012 Profit & loss account £'000**	**As at 31 December 2012 Shareholders' funds £000**
Results under UK GAAP			
Profit for year		839	
Shareholders' funds			6,683
US GAAP adjustments:			
Amortisation of goodwill	(a)	510	2,078
Business Combinations	(b)	(330)	(1,349)
Derivatives	(c)	54	54
Tax effect of US GAAP adjustments	(d)	63	(493)
Results under US GAAP		1,136	6,973

Explanation of Notes:

a) Goodwill

Under UK GAAP, positive goodwill arising on acquisition is capitalised and amortised on a straight-line basis over its estimated useful economic life of 20 years.

Under US GAAP, goodwill is not amortised but it is instead tested for impairment or on an interim basis if an event occurs or circumstances change that would reduce the fair value of a reporting unit to a value below its carrying value. The test for impairment is undertaken on a reporting unit basis annually and is reviewed by the Board. The test is undertaken in two parts, first a general review of the existence of any indicators of impairments and then a calculation of the performance of the unit against its acquisition assumptions. There were no impairments noted related to goodwill for any of the acquisitions made.

The adjustments reflect the elimination of all goodwill amortisation recorded in the profit and loss account for the periods presented as well the amortisation expense recorded to date through the shareholders' funds.

b) Business Combinations

For business combinations, the purchase method of accounting is used for UK GAAP whereby the acquiring entity allocates consideration for the transaction to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition with the difference treated as goodwill. The consolidated accounts for these business combinations are on a consistent basis under US GAAP with the following exceptions:

Under UK GAAP, the Group recognises intangible assets separately in a business combination only when they can be disposed of separately without disposing of the business of the entity and their value can be measured reliably on initial measurement. Acquisition costs associated with business combinations are capitalised on the balance sheet.

Under US GAAP, the Group recognises acquired intangible assets apart from goodwill if (i) they arise from contracted or other legal rights even if the assets are not transferable or separable from the acquired entity or form rights and obligations; or (ii) they are capable of being separated or divided from the acquired entity and sold, transferred, licensed, rented or exchanged. Acquisition costs associated with business combinations are expensed to the profit and loss account.

Notes *(continued)*

23 UK to US GAAP reconciliation *(continued)*

The adjustments reflect the recognition of acquired intangible assets including distribution rights and customer contracts along with the related amortisation expense for the period and the accumulated amortisation charge.

c) Derivates

Forward currency contracts are not required to be recognised at fair value on the balance sheet under UK GAAP.

Under US GAAP forward currency contracts are required to be recognised on the balance sheet at fair value with any movements in fair value being taken to the profit and loss account.

The adjustment reflects the gain on the fair value of the Group’s forwards currency contracts for the period presented.

d) Deferred taxes

Under UK GAAP, the Group provides for deferred tax in respect of timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of available evidence, it is regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Under US GAAP, deferred taxation is provided for all temporary differences (differences between the carrying value of assets and liabilities and their corresponding tax bases) on a full liability basis. Certain items that are treated as permanent differences under UK GAAP are treated as temporary differences under US GAAP. Deferred tax assets are also recognised (net of a valuation allowance) to the extent that it is more likely than not that the benefit will be realised.

The adjustment reflects the tax effect of the incremental amortisation expense and derivative fair value recorded in accordance with US GAAP.

Classification differences between UK and US GAAP

In addition to the differences between UK and US GAAP related to the recognition and measurement of transactions by the Group, there are also a number of differences in the manner in which items are classified in the consolidated profit and loss account and consolidated balance sheet. These classification differences have no impact on net income or shareholders’ equity.

Exhibit 99.2

UNAUDITED PRO FORMA COMBINED CONSOLIDATED FINANCIAL INFORMATION

The following tables set forth certain unaudited pro forma combined consolidated financial information giving effect to KVH Industries, Inc.'s ("KVH") acquisition of Headland Media Limited ("Headland").

The unaudited pro forma combined statements of operations for the year ended December 31, 2012 (KVH's year-end) and for the three months ended March 31, 2013 ("Pro Forma Statements of Operations"), give effect to KVH's acquisition of Headland, as discussed in Note 5, as if such acquisition had occurred on January 1, 2012, combining the results of KVH and Headland for the year ended December 31, 2012 and for the three month period ended March 31, 2013. The unaudited pro forma combined balance sheet ("Pro Forma Balance Sheet") as of March 31, 2013 gives effect to the Headland acquisition as if it had occurred on March 31, 2013, combining the consolidated balance sheets of KVH and Headland. The Pro Forma Statements of Operations and the Pro Forma Balance Sheet are hereafter collectively referred to as the "Pro Forma Financial Information". The Pro Forma Financial Information is unaudited and does not purport to represent what KVH's consolidated results of operations would have been if the Headland acquisition had occurred on January 1, 2012, or what those results will be for any future periods; or what KVH's consolidated balance sheet would have been if the KVH acquisition had occurred on March 31, 2013.

The Pro Forma Financial Information is based upon the historical consolidated financial statements of KVH and Headland and certain adjustments which KVH believes are reasonable, to give effect of the Headland acquisition. The pro forma adjustments and Pro Forma Financial Information included herein were prepared using the acquisition method of accounting for the business combination. The pro forma adjustments are based on preliminary estimates and certain assumptions that KVH believes are reasonable under the circumstances. The purchase price allocation is considered preliminary and subject to change once KVH receives certain information it believes is necessary to finalize the acquisition accounting, as noted in Note 5 to the Pro Forma Financial Information.

The Pro Forma Financial Information has been compiled from the following sources with the following unaudited adjustments:

- U.S. GAAP financial information for KVH has been extracted without adjustment from (i) KVH audited consolidated statement of operations for the year ended December 31, 2012 contained in KVH's Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on April 2, 2013 and (ii) KVH unaudited consolidated balance sheet and consolidated statement of operations for the three months ended March 31, 2013 contained in KVH's Quarterly Report on Form 10-Q filed with the SEC on May 9, 2013.
- The financial information for Headland has been prepared in accordance with U.K. Accounting Standards (U.K. Generally Accepted Accounting Practice) and derived without material adjustment from: (i) Headland's audited consolidated profit and loss account as of and for the year ended December 31, 2012, contained in this Form 8-K/A; and (ii) Headland's unaudited consolidated balance sheet and profit and loss account for the three months ended March 31, 2013, both received from Headland management. These financial statements were originally prepared using pounds sterling as the reporting currency, and have been translated into U.S. dollars in the Pro Forma Financial Information using the methodology and the exchange rates noted below.
- Certain adjustments have been made to convert Headland's U.K. Generally Accepted Accounting Practice financial information to U.S. GAAP and to align those policies with KVH's U.S. GAAP accounting policies. The basis of these adjustments is explained in the notes to the Pro Forma Financial Information.

KVH translated the financial information from Headland into U.S. dollars. Based upon its review of Headland's historical financial statements and understanding of the differences between U.S. GAAP and U.K. Generally Accepted Accounting Practice, KVH is not aware of any further adjustments that it would need to make to Headland's historical financial statements relating to foreign currency translation.

- The historical financial information and pro forma adjustments in the Pro Forma Financial Information have been translated from pounds sterling to U.S. dollars using historic exchanges rates. The average exchange rates applicable to Headland during the periods presented for the Pro Forma Statements of Operations and the period end exchange rate for the Pro Forma Balance Sheet are as follows:

		GBP/USD
Year ended December 31, 2012	Average spot rate	$1.5847
Three months ended March 31, 2013	Average spot rate	$1.5533
March 31, 2013	Period end spot rate	$1.5189

The unaudited Pro Forma Financial Information should be read in conjunction with:

- the accompanying notes to the Pro Forma Financial Information;
- the unaudited consolidated financial statements of KVH for the three months ended March 31, 2013 and related notes thereto and the consolidated financial statements of KVH for the year ended December 31, 2012 and related notes thereto; and
- the consolidated financial statements of Headland for the year ended December 31, 2012 and related notes thereto, incorporated by reference in this Form 8-K/A.

UNAUDITED PRO FORMA COMBINED CONSOLIDATED STATEMENT OF OPERATIONS
THREE MONTHS ENDED MARCH 31, 2013
(In thousands, except per share amounts)

	Three Months Ended March 31, 2013 KVH	Three Months Ended March 31, 2013 Headland		Pro Forma and GAAP Adjustments	Note	Pro Forma KVH
	(in USD)	(in GBP)	(in USD)			(in USD)
Sales:						
Product	$ 25,216	£	$	$		$ 25,216
Service	14,711	1,970	3,060			17,771
Net sales	39,927	1,970	3,060			42,987
Costs and expenses:						
Costs of product sales	13,909					13,909
Costs of service sales	10,249	474	736	69	5(d)	11,054
Research and development	2,950			42	5(i)	2,992
Sales, marketing and support	6,943			478	5(h)i; 5(h)ii; 5(i)	7,421
General and administrative	3,374	1,166	1,811	(406)	5(d); 5(h)ii; 5(i); 5(k)ii	4,779
Total costs and expenses	37,425	1,640	2,547	183		40,155
Income from operations	2,502	330	513	(183)		2,832
Interest income	168					168
Interest expense	76	39	61	25	5(b); 5(c)ii	162
Other income	24	64	99	(194)	5(k)i	(71)
Income before income tax expense	2,618	355	551	(402)		2,767
Income tax expense	655	110	171	(149)	5(e)	677
Net income	$ 1,963	£ 245	$ 380	$ (253)		$ 2,090
Pro forma per share information:						
Net income per share, basic	$ 0.13					$ 0.14
Net income per share, diluted	$ 0.13					$ 0.14
Number of shares used in pro forma per share calculation:						
Basic	14,989					14,989
Diluted	15,219					15,219

See notes to pro forma combined consolidated financial information

UNAUDITED PRO FORMA COMBINED CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2012
(In thousands, except per share amounts)

	Year Ended December 31, 2012 KVH	Year Ended December 31, 2012 Headland		Pro Forma and GAAP Adjustments	Note	Pro Forma KVH
	(in USD)	(in GBP)	(in USD)			(in USD)
Sales:						
Product	$ 90,677	£	$	$		$ 90,677
Service	46,435	8,029	12,724			59,159
Net sales	137,112	8,029	12,724			149,836
Costs and expenses:						
Costs of product sales	51,774					51,774
Costs of service sales	30,363	1,795	2,845	280	5(d)	33,488
Research and development	12,148			170	5(i)	12,318
Sales, marketing and support	24,069			1,919	5(h)i; 5(h)ii; 5(i)	25,988
General and administrative	12,188	4,736	7,505	(1,624)	5(d); 5(h)ii; 5(i); 5(k)ii	18,069
Total costs and expenses	130,542	6,531	10,350	745		141,637
Income from operations	6,570	1,498	2,374	(745)		8,199
Interest income	510					510
Interest expense	323	315	499	(154)	5(b); 5(c)ii	668
Other income	86			86	5(k)i	172
Income before income tax expense	6,843	1,183	1,875	(505)		8,213
Income tax expense	3,263	344	545	(376)	5(e)	3,432
Net income	$ 3,580	£ 839	$ 1,330	$ (129)		$ 4,781
Pro forma per share information:						
Net income per share, basic	$ 0.24					$ 0.32
Net income per share, diluted	$ 0.24					$ 0.32
Number of shares used in pro forma per share calculation:						
Basic	14,777					14,777
Diluted	15,019					15,019

See notes to pro forma combined consolidated financial information

UNAUDITED PRO FORMA COMBINED CONSOLIDATED BALANCE SHEET
MARCH 31, 2013
(In thousands)

	March 31, 2013 KVH	March 31, 2013 Headland		Pro Forma and GAAP Adjustments	Note	Pro Forma KVH
	(in USD)	(in GBP)	(in USD)			(in USD)
ASSETS						
Current Assets						
Cash and cash equivalents	$ 6,529	£ 1,691	$ 2,568	$ (1,022)	5(b)	$ 8,075
Marketable securities	38,316					38,316
Accounts receivable, net of allowance for doubtful accounts	29,392	1,834	2,786			32,178
Inventories	16,918	89	135			17,053
Deferred income taxes	824	24	36			860
Prepaid expenses and other assets	4,071	498	756			4,827
Total current assets	96,050	4,136	6,281	(1,022)		101,309
Property and equipment, less accumulated depreciation	35,912	302	459			36,371
Intangible assets, less accumulated amortization	1,524			13,595	5(a)i	15,119
Goodwill	4,527	7,993	12,141	(134)	5(a)ii	16,534
Deferred income taxes	3,153					3,153
Other non-current assets	4,137					4,137
Total assets	$145,303	£12,431	$18,881	$ 12,439		$176,623
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current Liabilities						
Accounts payable	$ 6,760	£ 371	$ 563	$		$ 7,323
Accrued compensation and employee-related expenses	5,093					5,093
Accrued other	5,409	844	1,282	691	5(g)	7,382
Accrued product warranty costs	803					803
Deferred revenue	2,074	1,965	2,985	(120)	5(a)iii	4,939
Current portion of long-term debt	1,098	706	1,072	(1,072)	5(c)i	1,098
Total current liabilities	21,237	3,886	5,902	(501)		26,638
Other long-term liabilities	1,309					1,309
Line of credit	7,000			23,542	5(b)	30,542
Long-term debt, excluding current portion	7,009	1,559	2,368	(2,368)	5(c)i	7,009
Deferred income taxes				3,068	5(a)iv	3,068
Total liabilities	36,555	5,445	8,270	23,741		68,566
Stockholders' equity:						
Preferred stock, $0.01 par value. Authorized 1,000,000 shares; none issued Common stock, $0.01 par value. Authorized 30,000,000 shares, 16,785,842 issued and 15,126,851 shares outstanding	168	10	15	(15)	5(f)	168
Additional paid-in capital	112,947	4,451	6,761	(6,761)	5(f)	112,947
Accumulated earnings	9,270	2,477	3,762	(4,453)	5(f); 5(g)	8,579
Accumulated other comprehensive (loss) income	(487)	48	73	(73)	5(f)	(487)
	121,898	6,986	10,611	(11,302)		121,207
Less: treasury stock at cost, common stock, 1,658,991 shares	(13,150)					(13,150)
Total stockholders' equity	108,748	6,986	10,611	(11,302)		108,057
Total liabilities and stockholders' equity	$145,303	£12,431	$18,881	$ 12,439		$176,623

See notes to pro forma combined consolidated financial information

NOTES TO UNAUDITED PRO FORMA COMBINED

CONSOLIDATED FINANCIAL INFORMATION

(in thousands)

1. BASIS OF PRESENTATION

The accompanying unaudited Pro Forma Statements of Operations for the year ended December 31, 2012 (KVH's fiscal year end), and for the three months ended March 31, 2013, give effect to KVH's stock acquisition of Headland as discussed in Note 5, as if such acquisition had occurred on January 1, 2012, combining the results of KVH and Headland for the year ended December 31, 2012 and for the three month period ended March 31, 2013. The acquisition of Headland will be accounted for under the acquisition method of accounting for the business combination. As such, the cost to acquire Headland will be allocated to the respective assets acquired and liabilities assumed based on their estimated fair value at the closing of the acquisition. The accompanying Pro Forma Balance Sheet as of March 31, 2013 gives effect to the Headland acquisition as if it had occurred on March 31, 2013, combining the consolidated balance sheets of KVH and Headland. This unaudited pro forma financial information is not intended to reflect the financial position and results which would have actually resulted had the Headland acquisition occurred on the dates indicated. Further, the pro forma results of operations are not necessarily indicative of the results of operations that may be obtained in the future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Pro Forma Financial Information has been compiled in a manner consistent with the accounting policies adopted by KVH. Adjustments were made for presentational differences between U.K. Generally Accepted Accounting Practice and U.S. Generally Accepted Accounting Principles (GAAP), as set out further in Note 5, together with adjustments arising as part of the acquisition accounting.

The Headland financial information has been translated from pounds sterling to U.S. dollars using the average exchange rates applicable during the periods presented in the Pro Forma Statements of Operations and the period end spot rate for the Pro Forma Balance Sheet.

3. HEADLAND ACQUISITION

On May 11, 2013, KVH Industries U.K. Limited (KVH U.K.), a newly formed, wholly owned subsidiary of KVH, entered into a Share Purchase Agreement with Oakley Capital Private Equity L.P., Mark Woodhead, Andrew Michael Galvin and the Trustees of the Headland Media Limited Employee Benefit Trust to acquire all of the issued share capital of Headland, a media and entertainment service company based in the United Kingdom that distributes premium news, sports, movies and music content for commercial and leisure customers in the maritime, hotel, and retail markets, for an aggregate purchase price of approximately £15,500 ($24,000 at the exchange rate of £1.00: $1.5517 on May 11, 2013). The acquisition was consummated on the same day. The purchase price was determined as a result of arms-length negotiation and is subject to a potential post-closing adjustment based on the value of the net assets delivered at the closing.

The Share Purchase Agreement contains certain representations, warranties, covenants and indemnification provisions. The Share Purchase Agreement provides that 10% of the purchase price shall be held in escrow for a period of at least eighteen months after the closing in order to satisfy valid indemnification claims that KVH may assert for specified breaches of representations, warranties and covenants.

The total purchase price and related preliminary excess total purchase price over fair value of net assets acquired is as follows, excluding approximately $8,200 of acquired intercompany debt due KVH from Headland (in thousands):

Consideration transferred—cash		$24,000
Book value of net assets acquired	$282	
Fair value adjustments to deferred revenue	123	
Fair value of tangible net assets acquired		$ 405

Identifiable intangibles at acquisition-date fair value		
Subscriber relationships	8,271	
Distribution rights	4,888	
Internally developed software	543	
Proprietary content	186	
		13,888
Deferred income taxes		(3,134)
Goodwill		$12,841

Except as discussed in Note 5 below, the carrying value of assets and liabilities in Headland's financial statements are considered to be a reasonable estimate of the fair value of those assets and liabilities.

Our fair value estimate of assets acquired and liabilities assumed is pending completion of several elements, including the finalization of valuations of fair value of the assets acquired and liabilities assumed and final review by our management. The primary areas that are not yet finalized relate to the fair value of certain tangible assets acquired and liabilities assumed, the valuation of intangible assets acquired, and income and non-income based taxes. The final determination of the assets acquired and liabilities assumed will be based on the established fair value of the assets acquired and the liabilities assumed as of the acquisition date. The excess of the purchase price over the fair value of net assets acquired is allocated to goodwill. The final determination of the purchase price, fair values and resulting goodwill may differ significantly from what is reflected in the Pro Forma Financial Information.

Goodwill at the date of acquisition varies from goodwill presented in the Pro Forma Financial Information due to changes in the net book value of tangible assets during the period April 1, 2013 through the date of acquisition and different currency exchange rates at March 31, 2013 and the date of acquisition.

4. CREDIT AGREEMENT AND NOTE

On May 9, 2013, KVH and Bank of America, N.A. (the "Lender") entered into the Eighth Amendment (the "Amendment") to the Amended and Restated Credit and Security Agreement, dated July 17, 2003 (as amended to date, the "Credit Agreement"), which, among other modifications, increased KVH's line of credit from $15,000 to $30,000 (the "Line"). KVH also executed and delivered to the Lender an Amended and Restated Revolving Credit Note dated May 9, 2013 in the amount of up to $30,000 (the "Note"). The Note matures on December 31, 2014. As additional security for the obligations of the KVH to the Lender under the Credit Agreement and the Note, the KVH pledged to the Lender 65% of the KVH's equity interest in KVH U.K. As amended, the Credit Agreement no longer permits KVH to convert revolving loans into term loans.

In connection with the acquisition of the outstanding shares of Headland pursuant to the Share Purchase Agreement, on May 9, 2013, KVH borrowed $23,000 to pay substantially all of the purchase price for the acquired shares. The entire principal balance of the loan is due and payable on December 31, 2014 and, based on rates in effect on the date hereof, KVH expects to make monthly interest payments of approximately $29 with respect to the loan, which interest payments will be subject to adjustment in accordance with the terms of the Credit Agreement. KVH's obligation to repay the loan could be accelerated upon a default or event of default under the terms of the Credit Agreement, including certain failures to pay principal or interest when due, certain breaches of representations and warranties, the failure to comply with KVH's affirmative and negative covenants under the Credit

Agreement, a change of control of KVH, certain defaults in payment relating to other indebtedness, the acceleration of payment of certain other indebtedness, certain events relating to the liquidation, dissolution, bankruptcy, insolvency or receivership of KVH, the entry of certain judgments against KVH, certain events relating to the impairment of collateral or the Lender's security interest therein, and any other material adverse change with respect to KVH.

5. PRO FORMA ADJUSTMENTS

The Pro Forma Financial Information is based upon the historical consolidated financial statements of KVH and Headland and certain adjustments which KVH believes are reasonable to give effect to the Headland acquisition. These adjustments are based upon currently available information and certain assumptions, and therefore the actual adjustments will likely differ from the pro forma adjustments. In particular, such adjustments include information based upon our preliminary allocation of the purchase price for the acquisition of Headland, which is subject to adjustment based upon our further analysis. We have not completed the valuation studies necessary to determine the fair values of the assets we have acquired and liabilities we have assumed and the related allocations of purchase price. Accordingly, the allocation of purchase price set forth in the Pro Forma Financial Information may change as a result of the final purchase price allocation, including the finalization of net assets delivered, and the differences may be material. The Pro Forma Financial Information included herein was prepared using the acquisition method of accounting for the business combination. As discussed above, the purchase price allocation is considered preliminary at this time. However, KVH believes that the preliminary purchase allocation and other related assumptions utilized in preparing the Pro Forma Financial Information provide a reasonable basis for presenting the pro form effects of the Headland acquisition.

All pro forma adjustments have been prepared for informational purposes only. The historical financial statements have been adjusted to give effect to pro forma events that are (i) directly attributable to the merger, (ii) factually supportable, and (iii) with respect to the statement of operations, expected to have a continuing impact on the combined results of KVH.

Other than those described below, KVH believes there are no adjustments, in any material respects, that need to be made to present the Headland financial information in accordance with U.S. GAAP, or to align Headland's historical accounting policies with KVH's U.S. GAAP accounting policies.

The adjustments made in preparing the Pro Forma Financial Information are as follows:

(a) Fair Value Acquisition Accounting Adjustments:

For purposes of the pro forma presentation, the following adjustments were made to reflect our preliminary estimate of the fair value of the net assets acquired:

i. The intangible assets with finite lives of Headland have been increased by $13,595 to reflect our preliminary estimate of the fair value of the acquired intangible assets, including subscriber relationships, distribution rights, internally developed software and proprietary content.

ii. The historical carrying value of Headland's goodwill as of the acquisition date of $12,141 (which relates to prior Headland acquisitions) was eliminated.

iii. Deferred revenue has been decreased $120 to reflect our estimate of the fair value.

iv. Deferred income taxes liabilities and goodwill were increased by $3,068 to reflect the estimated tax impact of the intangible assets acquired at the statutory tax rate recorded at (e) below. These amounts are preliminary estimates and may differ materially in actual future results of operations.

Goodwill, representing the total excess of the total purchase price over the fair value of the net assets acquired, was $12,007 (at exchange rate of £1.00:$1.5189 on March 31, 2013).

(b) Acquisition Funding

The Headland acquisition was funded through $1,000 ($1,022 USD equivalent on March 31, 2013) of existing cash from KVH and $23,000 ($23,542 USD equivalent on March 31, 2013) from a credit agreement. See Note 4. - Credit Agreement and Note above. Adjustments were made in the Pro Forma Financial Information to record interest expense of $86 and $345 for the three months ended March 31, 2013 and the twelve months ended December 31, 2012, respectively. A 1.5% interest expense rate was used based upon the recent interest rate incurred by KVH on the line.

(c) Debt Borrowing of Headland

i. In accordance with the Share Purchase Agreement, at closing, certain cash paid by KVH to acquire Headland was used to satisfy all outstanding debt of Headland.

ii. Adjustments were made in the Pro Forma Statements of Operations to eliminate interest expense of $61 and $499 paid by Headland related to its outstanding debt for the three months ended March 31, 2013 and the year ended December 31, 2012, respectively. As explained in Note 5(c)(i), all such debt was satisfied at the time of acquisition.

(d) Amortization Expense Related to Acquired Intangible Assets

Acquired finite-lived intangible assets were recorded at their estimated fair value of $13,595. The weighted-average useful life of the acquired intangible assets is estimated at approximately 11 years. Amortization adjustments to record estimated general administrative expense of $289 and $1,177 were made for the three months ended March 31, 2013 and the year ended December 31, 2012, respectively. Amortization adjustments to record costs of service sales of $69 and $280 were made for the three months ended March 31, 2013 and the year ended December 31, 2012, respectively. The intangible assets lives were amortized to income statement categories using the average spot rate for the Pro Forma Statements of Income as follows:

Intangible Asset	Fair Value	Life	Income Statement Category
Subscriber Relationships	$ 8,096	10	General and administrative expense
Distribution rights	4,785	15	General and administrative expense
Internally developed software	532	3	Costs of service sales
Proprietary content	181	2	Costs of service sales

(e) Income Taxes

Adjustments were made in the Pro Forma Statements of Operations to reduce income tax expense by $149 and $376 for the three months ended March 31, 2013 and the year ended December 31, 2012, respectively, using the weighted average statutory tax rate in effect during the periods presented.

(f) Elimination of Headland's Stockholder's Equity

An adjustment to eliminate Headland's common stock of $15, additional paid in capital of $6,761, accumulated earnings of $3,762, and accumulated other comprehensive income of $73 was eliminated in the Pro Forma Balance Sheet at March 31, 2013.

(g) Transaction Costs

We have estimated the total Headland acquisition related costs will be $850. These costs have been accrued as a current liability and reflected in the accrued other line item, net of a $159 tax benefit. We are required to expense these costs as they are incurred and have charged them to accumulated earnings as of March 31, 2013. No adjustments have been made to the unaudited Pro Forma Statements of Operations for these expenses as they are non-recurring.

(h) Stock Compensation Expense

i. Adjustments were made in the Pro Forma Statements of Operations to record sales, marketing and support expense of $17 and $69 for stock option grants issued in conjunction with the Headland acquisition, for the three months ended March 31, 2013 and the year ended December 31, 2012, respectively.

ii. Adjustments were made in the Pro Forma Statements of Operations to record general and administrative expense of $7 and $27, for stock option grants issued in conjunction with the Headland acquisition for the three months ended March 31, 2013 and the year ended December 31, 2012, respectively.

(i) Reclassifications

Certain balances were reclassified from the financial statements of Headland so their presentation would be consistent with KVH.

The following reclassifications were made to the Pro Forma Statement of Operations for the three months ended March 31, 2013

	Increase/Decrease
Research and development	$ 42
Sales, marketing and support	461
General and administrative	(503)

The following reclassifications were made to the Pro Forma Statement of Operations for the year ended December 31, 2012 (in thousands):

	Increase/Decrease
Research and development	$ 170
Sales, marketing and support	1,850
General and administrative	(2,020)

(j) Net income per share

Pro forma net income per share for the three months ended March 31, 2013 and for the year ended December 31, 2012, have been calculated using the same weighted average number of common shares used by KVH in its net income per share calculations.

(k) Pro Forma U.S. GAAP Adjustments

The following adjustments have been made to align the Headland U.K. GAAP financial information with KVH U.S. GAAP accounting policies:

i. Derivatives - Forward currency contracts are not required to be reported at fair value on the balance sheet under U.K. GAAP. Under U.S. GAAP forward currency contracts are required to be valued at fair value at the balance sheet date with any movements in fair value being taken to the income statement. Adjustments were made in the Pro Forma Statements of Operations to record other expense of $194 and other income of $86, to reflect the gain and loss on the fair value of Headland's forward currency contracts for the three months ended March 31, 2013 and the year ended December 31, 2012, respectively.

ii. Goodwill - Under U.K. GAAP, goodwill arising on acquisition is capitalized and amortized on a straight-line basis over its estimated useful economic life of 20 years. Under U.S. GAAP, goodwill is not amortized but it is instead tested for impairment or on an interim basis if an event occurs or circumstances change that would reduce the fair value of a reporting unit to a value below its carrying value. As a result, amortization adjustments to reverse general and administrative expense of $199 and $808, were made for the three months ended March 31, 2013 and the year ended December 31, 2012, respectively. These expenses related to Headland acquisition-related goodwill that existed prior to the acquisition, and was subsequently eliminated on the acquisition date.

iii. Deferred Taxes - U.K. GAAP provides for a deferred tax in respect of timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is regarded as recoverable and therefore recognized only when, on the basis of available evidence, it is regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Under U.S. GAAP, deferred taxation is provided for all temporary differences (differences between the carrying value of assets and liabilities and their corresponding tax bases) on a full liability basis. Certain items that are treated as permanent differences under U.K. GAAP are treated as temporary differences under U.S. GAAP. Deferred tax assets are also recognized (net of a valuation allowance) to the extent that it is more likely than not that the benefit will be realized.

Adjustments were made in the Pro Forma Statements of Operations to reduce income tax expense using the weighted average statutory tax rate in effect during the periods presented as explained in Note 5(e).