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): July 2, 2014

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):

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

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

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

o 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 July 3, 2014, KVH Industries, Inc. ("KVH") filed a Current Report on Form 8-K reporting that it had completed the acquisition of Super Dragon Limited ("SDL") and Videotel Marine Asia Limited ("VMA", together with SDL referred to as "Videotel"). Videotel is a maritime training services company headquartered in London that produces and distributes training films and eLearning computer-based training courses to commercial customers in the maritime market. Videotel also has sales offices in Hong Kong and Singapore.

This Form 8-K/A amends the Form 8-K filed on July 3, 2014, to include Videotel's audited combined financial statements as of December 31, 2013 and 2012, and for the years then ended as required by Item 9.01(a) of Form 8-K, and the unaudited pro forma combined financial information related to the Videotel 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 Videotel audited combined financial statements as of December 31, 2013 and 2012, and for the years 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 Grant Thornton UK LLP, Videotel'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 Videotel 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 six months ended June 30, 2014;

(ii) Unaudited Pro Forma Combined Consolidated Statement of Operations for the year ended December 31, 2013;

(iii) Unaudited Pro Forma Combined Consolidated Balance Sheet as of June 30, 2014; and

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

(c) Not applicable.

(d) Exhibits.

23.1	Consent of Grant Thornton UK LLP
99.1	Videotel's Audited Combined Financial Statements as of December 31, 2013 and 2012 and for the years 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: September 17, 2014	BY: /s/ PETER A. RENDALL
	Peter A. Rendall
	Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
23.1	Consent of Grant Thornton UK LLP
99.1	Videotel's Audited Combined Financial Statements as of December 31, 2013 and 2012 and for the years then ended
99.2	Unaudited Pro Forma Combined Consolidated Financial Information

Exhibit 23.1

Consent of Independent Auditors

We have issued our report dated September 16, 2014, with respect to the combined financial statements of Super Dragon Limited and Videotel Marine Asia Limited Group as of December 31, 2012 and December 31, 2013 and for the years then ended, included in this Current Report of KVH Industries, Inc. on Form 8-K/A. We hereby consent to the incorporation by reference of said report in the Registration Statements of KVH Industries, Inc. on Forms S-8 (File No. 333-168406, No. 333-160230, No. 333-141404, No. 333-112341, No. 333-67556 and No. 333-08491).

/s/ GRANT THORNTON UK LLP

Leeds
United Kingdom
September 16, 2014

Combined Super Dragon Limited and Videotel Marine Asia Limited Group

Combined Financial Statements

For the years ended December 31, 2013 and 2012

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Super Dragon Limited and Videotel Marine Asia Limited Group

We have audited the accompanying combined financial statements of Super Dragon Limited and subsidiaries and Videotel Marine Asia Limited Group and subsidiaries, which comprise the combined balance sheets as of December 31, 2013 and 2012, and the related combined statements of operations, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Super Dragon Limited and subsidiaries and Videotel Marine Asia Limited Group and subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ GRANT THORNTON UK LLP
Leeds
United Kingdom
September 16, 2014

SUPER DRAGON LIMITED AND VIDEOTEL MARINE ASIA LIMITED GROUP

COMBINED BALANCE SHEETS

(in thousands, except share data)

	As of December 31, 2013		As of December 31, 2012	
ASSETS				
Current assets:				
Cash	£	9,353	£	7,303
Accounts receivable, net of allowance for doubtful accounts of £300 and £566, respectively		3,453		2,811
Prepaid expenses and other current assets		87		83
Total current assets		12,893		10,197
Property and equipment, net		2,647		2,039
Film production costs, net		790		692
Capitalized software, net		383		340
Acquired intangible assets, net		1,488		2,335
Deferred tax asset		866		768
Total assets	**£**	**19,067**	**£**	**16,371**
LIABILITIES AND STOCKHOLDER'S EQUITY				
Current liabilities:				
Accounts payable	£	1,274	£	1,221
Accrued expenses		1,021		880
Accrued taxes		1,204		1,137
Deferred revenue		1,805		1,073
Stockholder loan		2,400		2,400
Dividend payable		4,100		—
Total current liabilities		11,804		6,711
Other non-current liabilities		737		635
Liability for uncertain tax positions		2,202		2,296
Total liabilities		**14,743**		**9,642**
Commitments and contingencies (note 5)				
Stockholder's equity:				
Super Dragon Limited common stock, £0.09 par value. Authorized 10,000 shares; 100 shares issued outstanding.		—		—
Videotel Marine Asia Limited common stock, £0.07 par value. Authorized 10,000 shares; 100 shares issued and outstanding.		—		—
Accumulated earnings		4,324		6,729
Total stockholder's equity		**4,324**		**6,729**
Total liabilities and stockholder's equity	**£**	**19,067**	**£**	**16,371**

See accompanying Notes to Combined Financial Statements.

SUPER DRAGON LIMITED AND VIDEOTEL MARINE ASIA LIMITED GROUP

COMBINED STATEMENTS OF OPERATIONS

(in thousands)

	Years ended December 31, 2013	Years ended December 31, 2012
Revenue	£ 13,422	£ 13,090
Costs and expenses:		
Cost of sales	4,032	3,725
Sales and marketing	3,738	3,756
General and administrative	1,522	1,926
Total costs and expenses	9,292	9,407
Income from operations	4,130	3,683
Other income, net	480	317
Income before income tax expense	4,610	4,000
Income tax expense	965	1,090
Net income	£ 3,645	£ 2,910

See accompanying Notes to Combined Financial Statements.

SUPER DRAGON LIMITED AND VIDEOTEL MARINE ASIA LIMITED GROUP

COMBINED STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY

(in thousands, except share data)

	Common Stock of Super Dragon Limited		**Common Stock of Videotel Marine Asia Limited**			
	Shares	**Amount**	**Shares**	**Amount**	**Accumulated Earnings**	**Total Stockholder's Equity**
Balance at December 31, 2011	**100**	**£ —**	**100**	**£ —**	**£ 3,819**	**£ 3,819**
Net income	—	—	—	—	2,910	2,910
Balance at December 31, 2012	**100**	**£ —**	**100**	**£ —**	**£ 6,729**	**£ 6,729**
Net income	—	—	—	—	3,645	3,645
Cash dividends declared - Super Dragon Limited	—	—	—	—	(700)	(700)
Cash dividends declared - Videotel Marine Asia Limited	—	—	—	—	(5,350)	(5,350)
Balance at December 31, 2013	**100**	**£ —**	**100**	**£ —**	**£ 4,324**	**£ 4,324**

See accompanying Notes to Combined Financial Statements.

SUPER DRAGON LIMITED AND VIDEOTEL MARINE ASIA LIMITED GROUP

COMBINED STATEMENTS OF CASH FLOWS

(in thousands)

	Years ended December 31, 2013	Years ended December 31, 2012
Cash flows from operating activities:		
Net income	£ 3,645	£ 2,910
Adjustments to reconcile net income to net cash provided by operating activities:		
Allowance for doubtful accounts	131	271
Depreciation and amortization	2,236	2,154
Loss on disposals	185	130
Deferred taxes	(98)	(249)
Change in operating assets and liabilities:		
Accounts receivable	(773)	(103)
Prepaid expenses and other current assets	(4)	14
Film production costs	(356)	(294)
Accounts payable	(432)	(356)
Accrued expenses	97	229
Accrued taxes	67	7
Deferred revenue	732	403
Other non-current liabilities	102	127
Liability for uncertain tax positions	(94)	238
Net cash provided by operating activities	5,438	5,481
Cash flows from investing activities:		
Purchase of property and equipment, including internally developed software	(1,438)	(1,220)
Net cash used in investing activities	(1,438)	(1,220)
Cash flows from financing activities:		
Repayment of related party loan	—	(2,759)
Dividends paid	(1,950)	—
Net cash used in financing activities	(1,950)	(2,759)
Net increase in cash	2,050	1,502
Cash, beginning of period	7,303	5,801
Cash, end of period	£ 9,353	£ 7,303
Supplemental disclosure of noncash investing and financing activities:		
Cash paid for income taxes	£ 1,162	£ 801
Changes in accounts payable and accrued expenses related to fixed asset additions	£ 529	£ 557

See accompanying Notes to Combined Financial Statements.

(1) Summary of Significant Accounting Policies

(a) Description of Business

Super Dragon Limited ("SD") and Videotel Marine Asia Limited Group ("VMA") and their subsidiaries (the "Group") provide maritime training materials for oil, gas and chemical tankers, container, refrigerated cargo, passenger and RO-RO ships, offshore operations, pilots, surveyors, port and terminal operators, and more. The Group produces training materials for the maritime industry in which it actively sells to the global market.
The maritime training catalogue contains over 800 titles available in a range of formats and different languages, computer-based training ("CBT") and online training solutions. The Group also provides tailored training management services, enabling customers to keep up to date records.

(b) Basis of Presentation

The Group has been under common management control by virtue of Newton Cheng's 100% shareholding of each of the legal entities, throughout the years presented in the combined financials. However, they did not form a legal group in those years. The combined financial statements have been prepared by aggregating the assets, liabilities, results of operations, share capital, and retained earnings less dividends of the relevant entities, after eliminating inter-entity transactions and balances. The entities included in the combined financial statements for the years ended December 31, 2013 and 2012 are as follows:

Legal Entity	**Country of incorporation**	**Description**
Super Dragon Limited	Hong Kong	Holding Group of Videotel Marine International Limited, Videotel Consultants & Rentals Limited, Videotel Training Services and Videotel Limited
Videotel Marine Asia Limited	Hong Kong	Holding Group of Videotel PTE Limited, Distribution of marine training material
Videotel Training Services Limited	England and Wales	Subsidiary of Super Dragon Limited, Supply of training services
Videotel Consultants & Rentals Limited	England and Wales	Subsidiary of Super Dragon Limited, Production and distribution of marine training material
Videotel Marine International Limited	England and Wales	Subsidiary of Super Dragon Limited, Distribution of marine training material
Videotel Limited	England and Wales	Subsidiary of Super Dragon Limited, Dormant
Videotel PTE Limited	Singapore	Subsidiary of Videotel Marine Asia Limited, Administrative and Support Services

The combined financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). Each entity included within the combined financial statements has been adjusted to ensure consistent accounting policies are applied across the Group, unless otherwise stated. The combined financial statements are presented in pounds sterling, which is the Group's functional and reporting currency. Amounts are rounded to the nearest thousand, unless otherwise stated. The combined financial statements have been prepared under the historical cost convention.

(c) Significant Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of sales and expenses during the reporting periods. Significant estimates and assumptions by management affect the Group's revenue recognition, valuation of accounts receivable, assumptions used to determine fair value of intangible assets, deferred tax liabilities and accounting for contingencies.

Although the Group regularly assesses these estimates, actual results could differ materially from these estimates. Changes in estimates are recorded in the period in which they become known. The Group bases its estimates on historical experience and various other assumptions that it believes to be reasonable under the circumstances.

(d) Fair Value of Financial Instruments

Certain financial instruments are carried at cost on the combined balance sheets, which approximates fair value due to their short-term, highly liquid nature. These instruments include cash, accounts receivable, accounts payable and accrued expenses.

(e) Fair value of Non-Financial Instruments

The Group's non-financial assets and liabilities, such as intangible assets, and other long-lived assets resulting from business combinations are measured at fair value using income approach valuation methodologies at the date of acquisition and subsequently re-measured if there are indicators of impairment. There were no indicators of impairment identified during the years ended December 31, 2013 and 2012. As of December 31, 2013, the Group did not have any other non-financial assets or liabilities that were carried at fair value on a recurring basis in the combined financial statements or for which a fair value measurement was required.

(f) Revenue Recognition

The Group recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, price is fixed or determinable, and collection of the resulting receivable is reasonably assured. Revenue recognition requires judgment and estimates, which may affect the amount and timing of revenue recognized in any given period.

The Group's revenue transactions are comprised of both single-element and multiple-element transactions. Multiple-element transactions may include subscriptions to two or more products or services, including subscriptions for the use of the Group's film and training content, hardware, software, and updates to content and software. The Group may also enter into arrangements to sell its film and training content directly to or develop content on behalf of its customers.

The Group's revenue arrangements related to subscriptions to its content via "Videotel On Demand" computer-based units ("VOD units") or DVD libraries falls within the guidance of Subtopic 605-25, *Revenue Recognition-Multiple-Element Arrangements* (ASC 605-25) and Topic 926, *Entertainment – Films*. The Group assessed whether the elements specified in its multiple-element arrangements should be treated as separate units of accounting for revenue recognition purposes, concluding that each subscription arrangement represents a single unit of accounting. Revenue recognition commences upon delivery of the VOD unit or DVD library to the customer and is recognized on a straight-line basis during the subscription arrangement's initial and subsequent billing periods. The subscription fee amounts are billed in excess of revenue recognized resulting in deferred revenues that are subsequently recognized as revenue in later reporting periods in accordance with their revenue recognition policies.

The Group also sells its film and training content directly to customers. Revenue for these arrangements is recorded upon delivery of the content, provided all other criteria for revenue recognition are met.

The Group may at times develop custom film, training and other content for its customers. These services are usually in the form of time and materials based contracts which are generally short in duration. Revenue for these services is recorded at the completion of services and delivery of content specified in the customer contract.

The Group enters into arrangements from time to time with third parties to jointly finance and distribute certain of its film productions, falling within the guidance of Topic 470, *Debt* (ASC 470). Any up-front payments from third parties are recorded as non-current liabilities. Upon distribution of the related productions, any payments to these third parties are offset against the associated liability until relieved, after which the payments are recorded as expense.

(g) Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated net of an allowance for uncollectible accounts, which are determined by establishing reserves for specific accounts and consideration of historical and estimated probable losses. Account balances are charged against the allowance when the Group determines it is probable that the receivable will not be recovered.

(h) Business and Credit Concentrations

The Group sells its services to a significant number of large and small commercial customers throughout the world. None of the Group's individual customers accounted for more than 10% of annual Group sales in 2013 or 2012. The Group performs continuing credit evaluations of its customers.

(i) Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the respective assets. The useful lives used in determining the depreciation rates of assets are as follows:

	Useful Life
VOD units	4
Furniture and fixtures	7
Office and computer equipment	3

(j) Film Production Costs

The Group capitalizes direct costs incurred in the production of its training videos, such as the writing, directing, narrating, casting, location rental, and editing. These film costs are classified as a non-current asset on its combined balance sheet and are placed into service upon the film title being released and available for customer's use. The Group's sales model is subscription based, in which fees from third parties are not directly attributable to the exhibition of a particular film but rather access to the entire film library. Accordingly, management estimates that the straight line method is the most representative for the amortization of film costs. Consistent with the period over which ultimate revenues are assessed, (i.e. subscription period), the film costs are amortized over four years. In the event that the film title is replaced or removed from the film library before the amortization period has expired, all unamortized costs would be expensed immediately.

The Group capitalized £356 and £294 expenses related to film production costs during the years ended December 31, 2013 and 2012, respectively. The Group recorded production cost amortization of £258 and £246 in the years ended December 31, 2013 and 2012, respectively, which is included in cost of sales in the accompanying combined statements of operations. There were disposals of £187 and £185 in the years ended December 31, 2013 and 2012, respectively.

(k) Capitalized Software

The Group capitalizes costs related to its computer based training courses incurred during the application development stage. Costs related to preliminary project activities and post implementation activities are expensed as incurred. Internal-use software is amortized on a straight line basis over its estimated useful life of four years. Management evaluates the useful lives of these assets on an annual basis and tests for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets.

The Group capitalized £137 and £209 expenses related to internal-use software development during the years ended December 31, 2013 and 2012, respectively. Capitalized internal-use software amortization expense totaled £95 and £61 for the years ended December 31, 2013 and 2012, respectively, which is included in cost of sales in the accompanying combined statements of operations. There were disposals of £22 and £53 in the years ended December 31, 2013 and 2012, respectively.

(l) Acquired Intangible Assets

The Group's acquired intangible assets are associated with the purchase of Videotel Marine International Limited, Videotel Consultants and Rentals Limited, Videotel Training Services Limited, and Videotel Limited by Super Dragon Limited in May 2010. No goodwill was recorded as a result of the May 2010 transaction.

Acquired intangible assets are comprised of the following, which are being amortized on a straight line basis over the following estimated useful lives:

	Useful Life
Customer relationships	8
Proprietary content	5
Internally developed software	4

Intangible assets with estimated lives and other long-lived assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of intangible assets with estimated lives and other long-lived assets is measured by a comparison of the carrying amount of an asset or asset group to future net undiscounted cash flows expected to be generated by the asset or asset group. If these comparisons indicate that an asset is not recoverable, the Group will recognize an impairment loss for the amount by which the carrying value of the asset or asset group exceeds the related estimated fair value. Estimated fair value is based on either discounted future operating cash flows or appraised values, depending on the nature of the asset. There are no events or changes in circumstances that indicated any of the carrying amounts of the Group's intangible assets may not be recoverable during 2013. As of December 31, 2013 and 2012, there were no impairment losses recognized for intangible assets and other long-lived assets. See note 3 for further discussion of acquired intangible assets.

(m) Foreign Currency Remeasurement

The Group's operations are subject to exchange rate fluctuations and foreign currency transaction costs. As the Group's functional and reporting currency is pounds sterling, any foreign currency denominated assets and liabilities are remeasured at the period-end exchange rates and related gains or losses are reflected as other income in the combined statements of operations. Non-monetary assets (e.g., property and equipment) and related income statement accounts (e.g., cost of sales and expenses) are re-measured at historical exchange rates. The majority of the Group's sales are denominated in pounds sterling. Realized foreign currency remeasurement gains and losses are recognized within other income, net in the accompanying combined statements of operations. During the years ended December 31, 2013 and 2012, the Group recognized net gains on foreign exchange of £228 and £38, respectively.

(n) Income Taxes

Income taxes are accounted for under the asset and liability method. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Group records valuation allowances to reduce deferred income tax assets to the amount that is more likely than not to be realized. The Group determines whether it is more likely than not that a tax position will be sustained upon examination. If it is not more likely than not that a position will be sustained, no amount of the benefit attributable to the position is recognized. The tax benefit to be recognized of any tax position that meets the more likely than not recognition threshold is calculated as the largest amount that is more than 50% likely of being realized upon resolution of the contingency. See note 6 for further discussion of income taxes.

(o) Contingent Liabilities

The Group estimates the amount of potential exposure it may have with respect to claims, assessments and litigation in accordance with Topic 450, *Contingencies*. The Group is not party to any lawsuit or proceeding that, in management's opinion, is likely to materially harm the Group's business, results of operations, financial condition or cash flows, as described in note 7. It is not always possible to predict the outcome of litigation, as it is subject to many uncertainties. Additionally, it is not always possible for management to make a meaningful estimate of the potential loss or range of loss associated with such litigation. As of December 31, 2013, no losses have been accrued with respect to pending litigation.

(p) Shipping and Handling Costs

Shipping and handling costs for customer orders are expensed as incurred and included in cost of sales. Billings for shipping and handling are reflected within service revenue in the combined statements of operations.

(q) Advertising Costs

Costs related to advertising are expensed as incurred. Advertising expense was £86 and £78 for the years ended December 31, 2013 and 2012, respectively.

(r) Evaluation of Subsequent Events

The Group has evaluated subsequent events through September 15, 2014, which is the date the financial statements were available to be issued.

(2) Property and equipment, net

Property and equipment, net, as of December 31, 2013 and 2012 consist of the following:

	Year-ended December 31, 2013	Year-ended December 31, 2012
VOD units	£ 4,529	£ 3,769
Furniture and fixtures	19	19
Office and computer equipment	67	142
	4,615	3,930
Less accumulated depreciation	1,968	1,891
	£ 2,647	£ 2,039

Depreciation for the years ended December 31, 2013 and 2012 amounted to £1,036 and £998, respectively. Depreciation for VOD units is included in cost of sales in the accompanying combined statements of operations. Depreciation for all other fixed assets is included in operating expenses in the accompanying combined statements of operations.

(3) Acquired intangible assets, net

Intangible assets are subject to amortization. The following table summarizes other intangible assets as of December 31, 2013 and 2012, respectively:

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
December 31, 2013			
Customer relationships	£ 1,120	£ 514	£ 606
Proprietary content	3,225	2,367	858
Internally developed software	253	229	24
	£ 4,598	£ 3,110	£ 1,488
December 31, 2012			
Customer relationships	£ 1,120	£ 374	£ 746
Proprietary content	3,225	1,722	1,503
Internally developed software	253	167	86
	£ 4,598	£ 2,263	£ 2,335

The Group amortizes its intangible assets over the estimated useful lives of the respective assets. Amortization expense related to intangible assets was £847 and £851 for years ended December 31, 2013 and 2012, respectively.

Estimated future amortization expense for intangible assets recorded by the Group at December 31, 2013 is as follows:

Years ending December 31,	**Amortization Expense**
2014	£ 806
2015	355
2016	140
2017	140
2018	47
Thereafter	—
Total amortization expense	£ 1,488

(4) Accrued expenses

The Group's accrued expenses consist of the following:

	Year-ended December 31,	
	2013	**2012**
Accrued Commissions	£ 770	£ 551
Accrued Expense, Other	251	329
Total	£ 1,021	£ 880

(5) Commitments and Contingencies

The Group has certain operating leases for office space in London, United Kingdom and Singapore. The following reflects future minimum payments under operating leases that have initial or remaining non-cancelable lease terms at December 31, 2013:

Years ending December 31,	**Operating Leases**
2014	£ 142
2015	139
2016	125
2017	125
2018	125
Thereafter	85
Total minimum lease payments	£ 741

Total rent expense incurred under facility operating leases amounted to £135 for the years ended December 31, 2013 and 2012.

In the normal course of business, the Group enters into unconditional purchase order obligations with its suppliers for inventory and other operational purchases. There were no outstanding and unconditional purchase order obligations as of December 31, 2013 and 2012.

The Group did not have any off-balance sheet commitments, guarantees, or standby repurchase obligations as of December 31, 2013 and 2012.

Videotel Marine Asia Limited received £265 during 2013, which is recognized in other income, net in the accompanying combined statements of operations, in respect of a settlement with a customer arising from the cancellation of a contract. If a new contract is entered into with this customer, the amounts received as part of the settlement could be offset against future sales. The likelihood of this transaction is deemed to be remote. As December 31, 2013 and December 31, 2012, there were no other contingent liabilities.

The Group had no capital commitments of at the end of the financial years December 31, 2013 and 2012.

(6) Income Taxes

The components of pre-tax income for the year ended December 31, 2013 and 2012, respectively, are as follows (in thousands):

	Year-ended December 31, 2013	Year-ended December 31, 2012
U.S.	£ —	£ —
Foreign	4,610	4,000
	£ 4,610	£ 4,000

The provision for income taxes for the periods ended December 31, 2013 and 2012, respectively, consists of the following (in thousands):

	Year-ended December 31, 2013	Year-ended December 31, 2012
Current		
Federal	£ —	£ —
State	—	—
Foreign	1,063	1,339
	1,063	1,339
Deferred		
Federal	—	—
State	—	—
Foreign	(98)	(249)
	(98)	(249)
Total	£ 965	£ 1,090

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2013 and 2012 are as follows (in thousands):

	December 31, 2013	December 31, 2012
Depreciation	£ 849	£ 740
Deferred revenue	108	88
Net operating loss carryforwards	84	103
Valuation allowance	(84)	(103)
Net deferred tax assets	957	828
Other	(91)	(60)
Total deferred tax liability	(91)	(60)
Net deferred tax assets	£ 866	£ 768

The major reconciling items between the effective tax rate of the Group for the periods ended December 31, 2013 and 2012, respectively, and the domestic statutory income tax rate are adjustments for foreign income subject to lower tax rates, and foreign exchange losses not subject to tax.

At December 31, 2013 and 2012, respectively, the Group had foreign net operating loss carryforwards of approximately £367 and £429, respectively. These foreign losses do not expire.

Deferred income taxes arise from temporary differences between the tax and financial statement recognition of revenue and expense. In evaluating the Group's ability to recover its deferred tax assets within the jurisdiction from which they arise, the Group considers all available positive and negative evidence, including reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent financial operations. A valuation allowance of £84 and £103 at December 31, 2013 and 2012, respectively, has been provided for the foreign net operating losses where it has been determined that it is more likely than not, based upon persuasive evidence, that the tax benefits will not be utilized.

The Group is subject to income taxes in many jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. In the ordinary course of business, there are many transactions and calculations in which the ultimate tax determination is uncertain. Although the Group believes the estimates for uncertain tax positions are reasonable and recorded in accordance with accounting standards, the final determination upon examination could be materially different than that which is reflected in historical income tax provisions and accruals. Additional taxes assessed as a result of an examination could have a material effect on the Group's income tax provision and net income in the period or periods in which the determination is made. Interest and penalties related to uncertain positions have been classified as a component of income tax expense. Interest and penalties recognized in the statement of operations for the years ended December 31, 2013 and 2012 were £35 and £64, respectively. Total interest and penalties accrued at the years ended December 31, 2013 and 2012 were £576 and £540, respectively.

As of December 31, 2013 and 2012, the liability for uncertain tax positions is £2.2 million and £2.3 million, respectively.

The Group is subject to taxation in various foreign jurisdictions. Certain tax years could be subject to audit if selected by tax authorities. The Group is currently subject to audit in certain foreign jurisdictions for calendar years 2011 through 2013. In certain other foreign jurisdictions, the Group is currently subject to audit for tax years 2008 through 2013.

(7) Legal Matters

From time to time, the Group is involved in litigation incidental to the conduct of its business. In the ordinary course of business, the Group is a party to inquiries, legal proceedings and claims including, from time to time, disagreements with vendors and customers. The Group is not a party to any lawsuit or proceeding that, in management's opinion, is likely to materially harm the Group's business, results of operations, financial condition or cash flows.

(8) Stockholder Loan

The outstanding stockholder loan of approximately £2,400 is unsecured, interest free and has no fixed terms of repayment. The shareholder agreed not to demand repayment of the loan unless the Group has sufficient working capital.

(9) Related Party Transactions

Winwell Services Limited ("Winwell") is a related party by virtue of common directorship. Winwell serves as the exclusive sales agent covering Vancouver, Vietnam, China, Taiwan, Hong Kong, and Macau. The exclusive agreement extends until March 2021, with a termination clause in event of default provisions. The Group paid Winwell commissions, retainer fees and productions expenses of £695 and £604 for the year ended December 31, 2013 and 2012, respectively, of which £208 and £153 was accrued for as of December 31, 2013 and 2012, respectively, and included in accrued expenses on the combined balance sheet.

Stephen Bond serves as a consultant to the Group and is primarily in charge of customer relations, sales development and production. Mr. Bond is not a statutory director of the Group, however is the Group's former owner and holds the title of Chairman. The Group paid Mr. Bond £150 in each of 2012 and 2013. In addition, the Group paid his Group-related travel expenses during this period. At each of December 31, 2013 and 2012, the Group had £nil outstanding payables due to Mr. Bond. In May 2010, the Group had a £4.4 million related-party loan due to Mr. Bond, which was payable over 4 years at 0% interest. The Group paid the remaining outstanding balance on this loan of £2.7 million in 2012. The Group leases its London, United Kingdom office space from Living Tapes Ltd, an entity solely owned by Mr. Bond. The Group paid Living Tapes lease payments of £105 and £105 for the year ended December 31, 2013 and 2012, respectively. The lease is contracted at an annual rate of £105 through expiration on August 2, 2019. See note 5.

The Group has an outstanding loan with its sole stockholder, Newton Cheng. See note 8.

(10) Subsequent Events

On July 2, 2014, the Group was acquired by Nigel Cleave. On that same day, the Group was acquired from Nigel Cleave by KVH Media Group 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 was repaid in full, and KVH Industries, Inc. became the ultimate controlling party.

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 Super Dragon Limited ("SDL") and Videotel Marine Asia Limited ("VMA," together with SDL referred to as "Videotel").

The unaudited pro forma combined consolidated statements of operations for the year ended December 31, 2013 (KVH's fiscal year-end) and for the six months ended June 30, 2014 ("Pro Forma Statements of Operations"), gives effect to KVH's acquisition of Videotel, as discussed in Note 5, as if such acquisition had occurred on January 1, 2013, combining the results of KVH and Videotel for the year ended December 31, 2014 and for the six month period ended June 30, 2014. The unaudited pro forma combined consolidated balance sheet ("Pro Forma Balance Sheet") as of June 30, 2014 gives effect to KVH's acquisition of Videotel as if such acquisition had occurred on June 30, 2014, combining the consolidated balance sheets of KVH and Videotel. 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 Videotel acquisition had occurred on January 1, 2013, 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 June 30, 2014.

The Pro Forma Financial Information is based upon the historical consolidated financial statements of KVH and the combined financial statements of Videotel, and certain adjustments which KVH believes are reasonable to give effect of the Videotel 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:

- Accounting principles generally accepted in the United States of America ("US GAAP") financial information for KVH has been extracted without adjustment from (i) KVH audited consolidated statement of operations for the year ended December 31, 2013 contained in KVH's Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 17, 2014; and (ii) KVH unaudited consolidated balance sheet and consolidated statement of operations for the six months ended June 30, 2014 contained in KVH's Quarterly Report on Form 10-Q filed with the SEC on August 7, 2014.
- The financial information for Videotel has been prepared in accordance with US GAAP and derived without material adjustment from: (i) Videotel's audited combined profit and loss account as of and for the year ended December 31, 2013, contained in this Form 8-K/A; and (ii) Videotel's unaudited combined balance sheet and profit and loss account as of and for the six months ended June 30, 2014, provided by Videotel 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.

KVH translated the financial information for Videotel into U.S. dollars. Based upon its review of Videotel's historical financial statements, KVH is not aware of any further adjustments that it would need to make to Videotel'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 exchange rates. The average exchange rates applicable to Videotel during the periods presented for the Pro Forma Statements of Operations and the period end exchange rate for the Pro Forma Balance Sheet, obtained from www.oanda.com, are as follows:

		GBP/USD
Year ended December 31, 2013	Average spot rate	$ 1.5630
Six months ended June 30, 2014	Average spot rate	$ 1.6687
June 30, 2014	Period end spot rate	$ 1.7028

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 six months ended June 30, 2014 and related notes thereto and the consolidated financial statements of KVH for the year ended December 31, 2013 and related notes thereto; and
- the combined financial statements of Videotel for the year ended December 31, 2013 and related notes thereto, incorporated by reference in this Form 8-K/A.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
SIX MONTHS ENDED JUNE 30, 2014
(In thousands, except per share amounts)

	Six Months Ended June 30, 2014 KVH	Six Months Ended June 30, 2014 Videotel				Pro Forma KVH
	(in USD)	(in GBP)	(in USD)	Pro Forma Adjustments	Note	(in USD)
Sales:						
Product	$ 39,005	£ —	$ —	$ —		$ 39,005
Service	38,902	6,769	11,295	—		50,197
Net sales	77,907	6,769	11,295	—		89,202
Costs and expenses:						
Costs of product sales	23,410	—	—	—		23,410
Costs of service sales	22,419	1,927	3,216	228	5(a)ii, 5(a)iii, 5(c)	25,863
Research and development	7,549	—	—	—		7,549
Sales, marketing and support	15,147	1,820	3,036	34	5(g)	18,217
General and administrative	10,402	1,332	2,223	374	5(a)iii, 5(c), 5(f)	12,999
Total costs and expenses	78,927	5,079	8,475	636		88,038
(Loss) income from operations	(1,020)	1,690	2,820	(636)		1,164
Interest income	415	—	—	—		415
Interest expense	377	—	—	561	5(b)	938
Other income, net	86	79	132	—		218
(Loss) income before income tax expense	(896)	1,769	2,952	(1,197)		859
Income tax expense	172	364	607	(205)	5(d)	574
Net (loss) income	$ (1,068)	£ 1,405	$ 2,345	$ (992)		$ 285
Pro forma per share information:						
Net (loss) income per share, basic	$ (0.07)					$ 0.02
Net (loss) income per share, diluted	$ (0.07)					$ 0.02
Number of shares used in pro forma per share calculation:						
Basic	15,365				5(h)	15,365
Diluted	15,365				5(h)	15,546

See accompanying Notes to Pro Forma Combined Consolidated Financial Information

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2013
(In thousands, except per share amounts)

	Year Ended December 31, 2013 KVH	Year Ended December 31, 2013 Videotel		Pro Forma Adjustments	Note	Pro Forma KVH
	(in USD)	(in GBP)	(in USD)			(in USD)
Sales:						
Product	$ 90,295	£ —	$ —	$ —		$ 90,295
Service	71,993	13,422	20,979	—		92,972
Net sales	162,288	13,422	20,979	—		183,267
Costs and expenses:						
Costs of product sales	51,518	—	—	—		51,518
Costs of service sales	45,058	4,032	6,302	551	5(a)ii, 5(a)iii, 5(c)	51,911
Research and development	12,987	—	—	—		12,987
Sales, marketing and support	28,792	3,738	5,842	67	5(g)	34,701
General and administrative	17,764	1,522	2,379	1,977	5(a)iii, 5(c)	22,120
Total costs and expenses	156,119	9,292	14,523	2,595		173,237
Income from operations	6,169	4,130	6,456	(2,595)		10,030
Interest income	657	—	—	—		657
Interest expense	637	—	—	972	5(b)	1,609
Other income, net	494	480	750	—		1,244
Income before income tax expense	6,683	4,610	7,206	(3,567)		10,322
Income tax expense	2,150	965	1,508	(692)	5(d)	2,966
Net income	$ 4,533	£ 3,645	$ 5,698	$ (2,875)		$ 7,356
Pro forma per share information:						
Net income per share, basic	$ 0.30					$ 0.49
Net income per share, diluted	$ 0.30					$ 0.48
Number of shares used in pro forma per share calculation:						
Basic	15,144				5(h)	15,144
Diluted	15,341				5(h)	15,341

See accompanying Notes to Pro Forma Combined Consolidated Financial Information

UNAUDITED PRO FORMA COMBINED CONSOLIDATED BALANCE SHEET

June 30, 2014

(In thousands, except share data)

	As of June 30, 2014 KVH	As of June 30, 2014 Videotel				Pro Forma KVH
	(in USD)	(in GBP)	(in USD)	Pro Forma Adjustments	Note	(in USD)
ASSETS						
Cash and cash equivalents	$ 13,361	£ 2,334	$ 3,974	$ (14,068)	5(b)	$ 3,267
Marketable securities	40,970	—	—	—		40,970
Accounts receivable, net	30,649	3,166	5,391	—		36,040
Inventories	20,111	—	—	—		20,111
Deferred income taxes	3,235	—	—	—		3,235
Prepaid expenses and other assets	3,833	136	232	—		4,065
Total current assets	112,159	5,636	9,597	(14,068)		107,688
Property and equipment, less accumulated depreciation	36,512	3,484	5,933	—		42,445
Film production costs, net	—	597	1,017	(1,017)	5(a)ii	—
Intangible assets, less accumulated amortization	14,500	1,337	2,277	23,247	5(a)i, 5(a)iii	40,024
Goodwill	18,737	—	—	23,813	5(a)vi	42,550
Deferred income taxes	—	981	1,670	(1,670)	5(a)v	—
Other non-current assets	4,879	—	—	—		4,879
Total assets	$ 186,787	£ 12,035	$ 20,494	$ 30,305		$ 237,586
LIABILITIES AND STOCKHOLDERS' EQUITY						
Accounts payable	$ 7,545	£ 1,200	$ 2,043	$ —		$ 9,588
Accrued compensation and employee-related expenses	4,932	—	—	—		4,932
Accrued other	9,110	2,460	4,189	800	5(f)	14,099
Accrued product warranty costs	1,616	—	—	—		1,616
Deferred revenue	6,951	1,794	3,055	(1,432)	5(a)iv	8,574
Current portion of long-term debt	1,293	—	—	4,875	5(b)	6,168
Total current liabilities	31,447	5,454	9,287	4,243		44,977
Other long-term liabilities	296	665	1,133	—		1,429
Line of credit	30,000	—	—	(30,000)	5(b)	—
Long-term debt, excluding current portion	6,443	—	—	60,125	5(b)	66,568
Liability for uncertain tax positions	—	2,227	3,792	—		3,792
Deferred income taxes	464	—	—	3,019	5(a)v	3,483
Total liabilities	68,650	8,346	14,212	37,387		120,249
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, 17,099,149 issued and 15,440,158 shares outstanding	171	—	—	—		171
Additional paid-in capital	119,106	2,400	4,087	(4,087)	5(e)	119,106
Accumulated earnings	10,612	1,289	2,195	(2,995)	5(e), 5(f)	9,812
Accumulated other comprehensive income	1,398	—	—	—		1,398
	131,287	3,689	6,282	(7,082)		130,487
Less: treasury stock at cost, common stock, 1,658,991 shares	(13,150)	—	—	—		(13,150)
Total stockholders' equity	118,137	3,689	6,282	(7,082)		117,337

Total liabilities and stockholders' equity	$ 186,787	£ 12,035	$ 20,494	$ 30,305	$ 237,586

See accompanying Notes to Pro Forma Combined Consolidated Financial Information

NOTES TO UNAUDITED PRO FORMA COMBINED

CONSOLIDATED FINANCIAL INFORMATION

(All amounts in thousands)

1. BASIS OF PRESENTATION

The accompanying unaudited Pro Forma Statements of Operations for the year ended December 31, 2013 and for the six months ended June 30, 2014, give effect to KVH's stock acquisition of Videotel as discussed in Note 5, as if such acquisition had occurred on January 1, 2013, combining the results of KVH and Videotel for the year ended December 31, 2013 and for the six month period ended June 30, 2014. The acquisition of Videotel will be accounted for under the acquisition method of accounting for the business combination. As such, the cost to acquire Videotel 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 June 30, 2014 gives effect to the Videotel acquisition as if it had occurred on June 30, 2014, combining the consolidated balance sheet of KVH and the combined balance sheet of Videotel. This unaudited Pro Forma Financial Information is not intended to reflect the financial position and results which would have actually resulted had the Videotel acquisition occurred on the dates indicated. Further, the Pro Forma Statements 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 acquisition method of accounting as described further in Note 5.

The financial information for Videotel 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. VIDEOTEL ACQUISITION

On July 2, 2014, KVH Media Group Limited ("KMG UK"), an indirectly wholly owned subsidiary of KVH, entered into a Share Purchase Agreement with Nigel Cleave to acquire all of the issued share capital of SDL and VMA, for an aggregate purchase price of approximately $49,068. Videotel is a maritime training services company headquartered in London that produces and distributes training films and eLearning computer-based training courses to commercial customers in the maritime market. Videotel also has sales offices in Hong Kong and Singapore. The acquisition was consummated on the same day. The purchase price was determined through arm's-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 approximately twenty-one months after the closing in order to satisfy valid indemnification claims that KMG UK may assert for specified breaches of representations, warranties and covenants.

In the Share Purchase Agreement, the Seller agreed to comply with certain confidentiality, non-competition and non-solicitation covenants with respect to the business of Videotel for a period of eighteen months after the closing.

The total purchase price and related preliminary excess total purchase price over fair value of net assets acquired is as follows:

Consideration transferred—cash		$ 49,068
Book value of net assets acquired	$ 2,988	
Fair value adjustments to deferred revenue	1,432	
Fair value of tangible net assets acquired		4,420
Identifiable intangibles at acquisition-date fair value		
Customer relationships	12,759	
Proprietary content	9,814	
Internally developed software	2,160	
Favorable operating leases	791	
		25,524
Deferred income taxes		(4,689)
Goodwill		$ 23,813

Except as discussed in Note 5 below, the carrying value of assets and liabilities in Videotel's unaudited combined balance sheet 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.

4. CREDIT AGREEMENT AND NOTE

On July 1, 2014, KVH entered into (i) a five-year senior credit facility agreement (the "Credit Agreement") with Bank of America, N.A., as Administrative Agent, and the lenders named from time to time as parties thereto (the "Lenders"), for an aggregate amount of up to $80,000, including a revolving credit facility (the "Revolver") of up to $15,000 and a term loan ("Term Loan") of $65,000 to be used for general corporate purposes, including both (A) the refinancing of KVH's $30,000 then-outstanding indebtedness under its previous credit facility and (B) permitted acquisitions, (ii) revolving credit notes (together, the "Revolving Credit Note") to evidence the Revolver, (iii) term notes (together, the "Term Note," and together with the Revolving Credit Note, the "Notes") to evidence the Term Loan, (iv) a Security Agreement (the "Security Agreement") required by the Lenders with respect to the grant by KVH of a security interest in substantially all of the assets of KVH in order to secure the obligations of KVH under the Credit Agreement and the Notes, and (v) Pledge Agreements (the "Pledge Agreements") required by the Lenders with respect to the grant by KVH of a security interest in 65% of the capital stock of each of KVH Industries A/S and KVH Industries U.K. Limited held by KVH in order to secure the obligations of KVH under the Credit Agreement and the Notes.

The $65,000 Term Note was executed on July 1, 2014 in connection with the acquisition of all of the outstanding shares of Videotel pursuant to the Share Purchase Agreement. Proceeds in the amount of $35,000 were applied toward the payment of a portion of the purchase price for the acquired shares of Videotel, and proceeds in the amount of approximately $30,000 were applied toward the refinancing of the then-outstanding balance of KVH's previous credit facility. KVH must make principal repayments on the Term Loan in the amount of approximately $1,200 at the end of each of the first eight three-month periods following the closing; thereafter, KVH must make principal repayments in the amount of approximately $1,600 for each succeeding three-month period until the maturity of the loan on July 1, 2019. On the maturity date, the entire remaining principal balance of the loan, including any future loans under the Revolver, is due and payable, together with all accrued and unpaid interest, penalties and other amounts due and payable under the Credit Agreement. The Credit Agreement contains provisions requiring the mandatory prepayment of amounts outstanding under the Term Loan and the Revolver under specified circumstances, including (i) 100% of the net cash proceeds from certain dispositions to the extent not reinvested in KVH's business within a stated period, (ii) 50% of the net cash proceeds from stated equity issuances and (iii) 100% of the net cash proceeds from certain receipts of more than $250 outside the ordinary course of business. The prepayments are first applied to the Term Loan, in inve rse order of maturity, and then to the Revolver. In the discretion of the Administrative Agent, certain mandatory prepayments made on the Revolver can permanently reduce the amount of credit available under the Revolver.

Loans under the Credit Agreement bear interest at varying rates determined in accordance with the Credit Agreement. Each LIBOR Rate Loan, as defined in the Credit Agreement, bears interest on the outstanding principal amount thereof for each interest period from the applicable borrowing date at a rate per annum equal to the LIBOR Daily Floating Rate or LIBOR Monthly Floating Rate, each as defined in the Credit Agreement, as applicable, plus the Applicable Rate, as defined in the Credit Agreement, and each Base Rate Loan, as defined in the Credit Agreement, bears interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate, as defined in the Credit Agreement, plus the Applicable Rate. The Applicable Rate ranges from 1.50% to 2.25%, depending on the KVH's Consolidated Leverage Ratio, as defined in the Credit Agreement. The highest Applicable Rate applies when the Consolidated Leverage Ratio exceeds 2.00:1.00. Based on rates in effect on the date hereof, KVH currently expects to make monthly interest payments of approximately $100 with respect to the Term Loan, which interest payments will be subject to adjustment in accordance with the terms of the Credit Agreement. Upon certain defaults, including failure to make payments when due, interest becomes payable at a higher default rate.

Borrowings under the Revolver are subject to the satisfaction of numerous conditions precedent at the time of each borrowing, including the continued accuracy of KVH's representations and warranties and the absence of any default under the Credit Agreement.

The Credit Agreement contains two financial covenants, a Maximum Consolidated Leverage Ratio and a Minimum Consolidated Fixed Charge Coverage Ratio, each as defined in the Credit Agreement. The Maximum Consolidated Leverage Ratio is initially 2.25:1.00 and declines to 1.50:1.00 on December 31, 2014 and to 1.00:1.00 on September 30, 2015. The Minimum Consolidated Fixed Charge Coverage Ratio may not be less than 1.25:1.00 at any time after December 31, 2014. The Credit Agreement imposes certain other affirmative and negative covenants, including without limitation covenants with respect to the payment of taxes and other obligations, compliance with laws, entry into material contracts, creation of liens, incurrence of indebtedness, investments, dispositions, fundamental changes, restricted payments, changes in the nature of KVH's business, transactions with affiliates, corporate and accounting changes, and sale and leaseback arrangements.

KVH's obligation to repay loans under the Credit Agreement 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 combined financial statements of Videotel and certain adjustments which KVH believes are reasonable to give effect to the Videotel 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 Videotel, 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 materially change as a result of the final purchase price allocation, including the finalization of net assets delivered. 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 forma effects of the Videotel 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 Videotel financial information in accordance with US GAAP, or to align Videotel's historical accounting policies with KVH's US 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 Videotel of $25,524 have been recorded to reflect our preliminary estimate of the fair value of the acquired intangible assets, including customer relationships, proprietary content, internally developed software and favorable operating leases.

ii. The historical carrying value of Videotel's film production costs, net, as of the acquisition date of $1,017 (which is included in the fair value of acquired proprietary content discussed above in (a)i.) was eliminated as well as the amortization expense recorded in cost of service sales of $215 and $404 for the six months ended June 30, 2014 and the year ended December 31, 2013, respectively.

iii. The historical carrying value of Videotel’s acquired intangibles, net, as of the acquisition date of $2,277 (which relates to prior Videotel acquisitions) was eliminated as well as amortization expense. The amortization expense was eliminated in general and administrative expense of $169 and $316 for the six months ended June 30, 2014 and the year ended December 31, 2013, respectively. The amortization expense was eliminated in cost of service sales of $538 and $1,008 for the six months ended June 30, 2014 and the year ended December 31, 2013, respectively.

iv. Deferred revenue has been decreased by $1,432 to reflect our estimate of the fair value.

v. Deferred income tax liabilities and goodwill were increased by $4,689 to reflect the estimated tax impact of the intangible assets acquired, the fixed assets and adjustment to deferred revenue at the statutory tax rate. These amounts are preliminary estimates and may differ materially in actual future results of operations.

vi. Goodwill representing the excess of the total purchase price over the fair value of the net assets acquired was $23,813.

(b) Acquisition Funding

The Videotel acquisition was funded through $14,068 of existing cash from KVH and $35,000 from the Credit Agreement (see Note 4). The Credit Agreement includes a $65,000 Term Loan that bears interest at a floating rate. Adjustments were made in the Pro Forma Financial Information to record interest expense of $561 and $972 for the six months ended June 30, 2014 and the twelve months ended December 31, 2013, respectively, to reflect the additional borrowing related to the Videotel acquisition and an increase in the floating interest rate of the Term Loan. A 2.41% interest expense rate was used based upon the initial floating interest rate at inception (July 1, 2014) incurred by KVH on the Term Loan. A change of one-eighth of 1.00% (12.5 basis points) in the floating interest rate associated with the Term Loan would result in additional annual interest expense of approximately $81 (in the case of an increase in the rate) or reduced annual interest expense of approximately $81 (in the case of a decrease in the rate).

(c) Amortization Expense Related to Acquired Intangible Assets

Amortization adjustments to record estimated general and administrative expense of $1,147 and $2,293 were made for the six months ended June 30, 2014 and the year ended December 31, 2013, respectively. Amortization adjustments to record costs of service sales of $981 and $1,963 were made for the six months ended June 30, 2014 and the year ended December 31, 2013, respectively. The weighted-average useful life of the acquired intangible assets is estimated at approximately six years. The intangible assets were amortized to income statement categories using the average spot rate for the Pro Forma Statements of Operations over the estimated lives, as follows:

Intangible Asset	Fair Value	Life	Income Statement Category
Customer relationships	$ 12,759	8	General and administrative expense
Proprietary content	9,814	5	Costs of service sales
Internally developed software	2,160	4	General and administrative expense
Favorable operating leases	791	5	General and administrative expense

(d) Income Taxes

Adjustments were made in the Pro Forma Statements of Operations to reduce income tax expense by $205 and $692 for the six months ended June 30, 2014 and the year ended December 31, 2013, respectively, using the weighted average statutory tax rate in effect during the periods presented.

(e) Elimination of Videotel's Stockholder's Equity

An adjustment to eliminate Videotel's additional paid in capital of $4,087 and accumulated earnings of $2,195 was eliminated in the Pro Forma Balance Sheet at June 30, 2014.

(f) Transaction Costs

Acquisition costs of $463 incurred by KVH and $141 incurred by Videotel during the six months ended June 30, 2014 in connection with KVH's acquisition of Videotel have been excluded from the Pro Forma Statements of Operations because they are non-recurring costs directly attributable to the transaction. These costs are reflected in retained earnings in the unaudited Pro Forma Balance Sheet as of June 30, 2014. We have estimated additional acquisition related costs of $800 to be incurred post acquisition.

(g) Stock Compensation Expense

Adjustments were made in the Pro Forma Statements of Operations to record sales, marketing and support expense of $34 and $67 for stock option grants issued in conjunction with the Videotel acquisition, for the six months ended June 30, 2014 and the year ended December 31, 2013, respectively.

(h) Net income per share

Pro forma net income per share for the six months ended June 30, 2014 and for the year ended December 31, 2013, have been calculated using the same weighted average number of common shares used by KVH in its net income per share calculations except for periods in which shares were excluded because a net loss made them anti-dilutive.