“2012 was a year in which Open Universities Australia was challenged to change.”

Sam Weiss
OUA Chairman
2012 OUA Achievements

- Over 60,000 enrolled students in 2012
- 17% growth in unit enrolments
- 14% jump in corporate enrolments
- 20 new postgraduate courses
- 63 new TAFE courses
- 28,000 followers on Facebook
- 24% increase in available CSP courses
- 250% increase in PREP unit enrolments
- Students from over 89 countries
- Student counselling uptake doubled
- 1st Bachelor of Education graduates
- 20 new postgraduate courses
- Profit: 10.3% increase from 2011
  - $20.4m
- Revenue: 19.6% increase from 2011
  - $191.2m
- 17% jump in corporate enrolments
- 250% increase in PREP unit enrolments
Message from the Chairman

I am pleased to report to you that Open Universities Australia achieved record results with substantial increases in revenue, profit and student numbers, as set out on these pages.

2012 was also a year in which Open Universities Australia was challenged to change. We face dramatically increased levels of competition from both home and abroad, particularly in the face of the widespread adaptation of open enrolments in free online courses. Our response has been to take the initiative and lead the change in Australia in online higher education. We began to reshape our business internally and re-examine our external identity and the study experience of our students to increase and enhance our market leadership position, in an online education market that has never been so in demand as it is now.

2012 was the first year for Open Universities Australia under the leadership of our CEO, Paul Wappett. During the year the Board and management tackled a number of vexing strategic issues for the organisation and made strong progress in our plans for:

- the delivery of free online courses
- the vocational education and training market
- closer relationships with our providers
- higher quality delivery of online courses
- a better student experience

I am grateful for the support of each of our shareholders. Without their contribution and deep and abiding commitment to working collaboratively to achieve a high standard in the online delivery of open access higher education, Open Universities Australia simply would not exist.

I am equally grateful to my colleagues on the Board of Open Universities Australia for their enthusiasm for our cause and for the many ways, both large and small, in which each, in his or her own way makes a real difference to the success of the organisation.

David Boymal, AM retired from the Board in 2012 and we thank him for his contribution to the success of OUA over the past eight years as both a member of the Board and Chairman of the Board’s Finance, Audit and Risk Committee.

On behalf of the Board of Directors I would like to thank our management team and every one of our employees, our providers, our suppliers and most of all our students for their part in what makes Open Universities Australia such an exciting and innovative institution.

Sam Weiss
Chairman
2012 saw the start of some seismic changes in the market for online tertiary education that have the potential to change the way in which education is delivered to students all around the world.

In fact, the New York Times declared 2012 as “The Year of the MOOC” (Massive Open Online Courses), highlighting the level of intense interest that has accompanied the emergence of agile, cashed-up, consciously disruptive entrants into the world of education such as Coursera, edX and Udacity. These entrants, combined with student demand that exceeded expectations, indicate that online education continues to grow in legitimacy.

Our domestic Australian markets continued to become more and more competitive, as others see the enormous value that quality online education brings to students and look to enter into a space that OUA once was lucky enough to have largely to ourselves.

But we welcome these changes. They keep us sharp. They make us focus on the most important things: quality programs, engaging learning experiences for students, great customer service, strong and enduring partnerships with our providers, investment into new technologies, and an organisational culture that is driven to provide opportunities for as many people as possible to successfully complete tertiary education.

2012 has been a year in which we set a new direction to become the business that we aspire to be in 2017.

It became apparent to us that three key areas were of the upmost importance to us: putting students at the centre of learning, being driven by what the market needs when designing, developing and delivering new courses and units, and a relentless dedication to develop the best possible online experience for our students.

As a result we have made large investments into new lines of business and into our infrastructure, systems, processes and office facilities.

That we have done all of these things whilst having grown our business in an increasingly competitive world, speaks volumes about how committed our staff are to our students’ success.

We will continue to work on the innovative things that drive online businesses: a compelling learner experience; using technology to create engaging courses and also deliver scalability; and harnessing data analytics to better understand learners, their risk indicators, and what combinations of course content, teaching styles, assessment etc make them most successful.

I have enjoyed greatly my first year in the role and have found this to be the most challenging, dynamic and rewarding environment in which I have ever worked. For that, I would like to acknowledge and express my appreciation for the support that I have been provided by the Chairman, the Board of Directors and all of OUA’s staff. I look forward to a great year for OUA in 2013.

Paul Wappett
Chief Executive Officer
We continue to break down the boundaries of traditional universities and pursue our quest to offer an open education to as many people as possible, on a mass scale.

In 2012, the Commonwealth Supported Places (CSP) Program, which allows OUA students to move into a full course of study with an individual provider, has moved from pilot phase to an established OUA business function. OUA offered 20 CSP courses, across six provider universities in 2012, yielding strong results and assisting thousands of students.

- **24% increase of CSP courses**
- **Over 4,300 students gained admission to a CSP course**

It was also a year in which OUA's first cohort of 'Can Do' Scholarship holders were awarded the opportunity prepare for eligibility to study as a Commonwealth supported student. These students have never previously had access to further study and the majority have overcome major difficulties and disadvantages in their lives.

The scholarship proved its worth, with our first 'Can Do' Scholarship recipient successfully transitioning into their chosen CSP university degree in 2012.

We also celebrated the inaugural graduation of our first cohort of Thai Burma Scholarship recipients. It was a remarkable accomplishment that Jedsada Kaysonr and Kasauh Mon successfully graduated with a world-class degree qualification; living in refugee camps on the Thai Burma border, studying in a second language, whilst working and maintaining a family life.

Providing students with access to a higher education in the most remote parts of the world, in such harsh conditions, is the true meaning of open access to OUA.

In 2012, OUA students were also given access to more support services than ever before.
- Live chat and web/affiliate enquiries rose by 60%
- Inbound calls accounted for two thirds of student enquiries
- A scalable Contact Centre grew when students needed it most

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Julie Payne
Thanks OUA for taking the battler in.

I am 32 years old. I applied for on campus at [name of institution withheld]. Was rejected and told that my life/work history I have is not sufficient to complete the psychology degree. They then offered Unitrack with an out of pocket cost of $1500, with a ‘maybe’ it may help get selected next year. They suggested I gain employment in psychology field which had me scratching my head wondering how I could do that when I don’t have a degree or anything backing me.

I also was left wondering how a ‘kid’ fresh out of year 12 that has more than likely never lived out of home let alone experienced anything more than worrying about getting drunk on the weekend could possibly be more suitable than someone who has lived life. They then dumped me like a hot cake with no possible solutions. Yet one half an hour call to OUA and I was enrolled not feeling like a hopeless, past my use by date, stay at home mum. My passion can start now.

Thanks!

August 10, 2012 at 4.09pm

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Leea Harley
I was reading through all the posts and all I can say is that I have had the best experience with OUA so far.

I have been here all this year and I only got cranky once and that was because I didn’t listen (whoops, my bad), Keep up the great work and I am loving the My Study Centre. :)

November 28, 2012 at 2.18pm

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Matt Kross
Kudos to @OpenUnisAu - great website. Very easy to navigate and find courses units.

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Bee’s knees
Thank you OUA. You gave me the best preparation for Uni!

For me, a man in his late 30’s at the time, you guys really opened my eyes to the possibilities.

Even at that age, Now, some 3 years since doing your SSK12, which prepared me so well for my future life and study goals, I am a scholarship winner at University of Ballarat (April, 2011). I have continued to learn exponentially since. I strongly believe Murdoch’s “SSK12/Introduction to University Learning” was the perfect start for me. I refer to the reader and “A Guide to learning Indepandability” still today...

So, when I say thank you, I mean it from deep in my heart. I have always wanted to resume my studies.

Murdoch University helped me to realise this WAS possible - from the other side of the country - no less...

Thank you again. I’m now a very happy uni student learning more and loving study more every day.

September 27, 2012 at 10.06am
Revolutionising Learning

OUA seeks to provide opportunities for individuals to fulfil their ambitions and effect positive social change. We do this by delivering open, flexible, high-quality education to the market. But it doesn’t stop there.

2012 saw OUA further our quest to embrace and revolutionise every facet of online learning – from understanding what equates to a quality online student experience, to the application of new educational technologies and evolving online learning pedagogies.

Embarking on establishing ourselves as an expert to the wider online sector, we focused on providing sound and authoritative advice about the future of online education. We are also continuously working to improve the quality of OUA’s academic offering.

Major achievements in 2012:
- The design and development of a free education platform - Open2Study
- The design, development and rollout of OUA’s Learning, Teaching and Assessment Model
- The development of OUA’s Professional Development Framework
- Initiating the development of OUA’s Learning Technologies Framework
- Initiating the development of the applied Research and Development Hub and research agenda
- Initiating the development of learning analytics research agenda
- Development and refinement of in-house production capability, across design, video production and learning management environments

The specialised work undertaken in 2012 did not go unnoticed. OUA influenced the global community and presented its expertise and findings at numerous teaching and learning conferences.
- MoodleMoot, Queensland, Australia
- Networks and Communities Conference
- Expanding Horizons: Celebrating Learning and Teaching, New South Wales, Australia
- International Open Education Conference, Vancouver, Canada
- International Conference on E-learning in the Workplace, New York, USA
- Society for Teaching and Learning in Higher Education, Montreal, Canada

In line with OUA’s stance to challenge the status quo, we look beyond the obvious changes in the higher education industry and explore disruptive technologies and practices within this space.

To remain on the cutting edge of the higher education market, OUA also collaborated with and welcomed the wealth of knowledge from scholars and leading international experts in the industry including:
- Professor Grainne Canolle
  Professor of Learning Innovation and Director of the Beyond Distance Research Alliance
  University of Leicester, United Kingdom
  Papers and presentations on open learning design, use of open education resources and a QASAR presentation, hosted at RMIT on New Ecologies and Trajectories of Learning
- Rick Sleaver
  Chief of Staff to President
  Contact North Ontario, Canada
  Exchange of information on provider collaborations, quality online courses, supporting students at a distance, resources and learning hubs, contact centres.
- Associate Professor Maree Gosper
  Macquarie University
  New South Wales, Australia
  Contribution to development of OUA’s Professional Development Framework as well as co-design and development of Macquarie/OUA Foundations in Teaching and Learning program.

Equipped with specialised knowledge, OUA has put itself into a unique position to capitalise and drive the evolving higher education market.

Ultimately, OUA is committed to delivering its students the best online learning experience on offer and continue to revolutionise learning on a global platform.
154% increase in students since 2007

17% rise in unit enrolments since 2011

Almost 50% increase in NAB and Westpac enrolments

20 additional postgraduate courses

63 additional TAFE courses

2012, a disruptive year in the higher education market, saw OUA continue to deliver strong growth, both financially and in terms of student numbers and enrolments.

Institution | 2012 Student Numbers (Source: The Good Universities Guide 2013) |
-------------|---------------------------------------------------------------|
OUA         | 62,685                                                        |
University of Western Australia | 23,119                                                        |
Swinburne University            | 23,216                                                        |
University of South Australia   | 35,940                                                        |
University of Queensland        | 43,830                                                        |
University of Melbourne         | 46,867                                                        |
Monash University               | 62,550                                                        |

Without doubt, OUA led the market in 2012 with the biggest online education offering in Australia. Aggressive advertising campaigns from traditional universities and increased competition did not prevent OUA from achieving ambitious targets and boosting the business.

OUA’s student community swelled to over 60,000 students - a 154 per cent increase since 2007 - and unit enrolments rose by 17 per cent since 2011.

Pursuing an aggressive growth strategy, OUA not only focused on the core higher education business line but also our emerging business lines of Commonwealth supported places (CSP) and vocational education and training (VET).

Through market demand forecasting, OUA identified in-demand courses to tailor our product portfolio to deliver the types of units and courses that students want.

2012 saw the addition of many new courses including 20 postgraduate and 63 TAFE courses.

Whilst OUA is in the business of education delivery and has strong ties within the sector, we are also commercially driven, seeking to deliver the best possible results for students and stakeholders.

In 2012, OUA did this by expanding and leveraging our network of partners and affiliates.

The formation of key new relationships with leading organisations included Funbox, Mazzel Media and Kidspot, DGM, Viva 9 and Career FAQ.

OUA also continued to strengthen relationships with Australian corporate and blue chip organisations by consistently delivering flexible, high quality study pathways to up skill their workforce and offer professional development for employees. Corporate enrolments surged by 14% since 2011 and notably, enrolments with Australia’s leading banks – NAB and Westpac – increased by almost 50 per cent.

We also consider that our organisation is a leading employer, so in 2012 put into motion a series of initiatives to achieve this. Amongst these initiatives was the organisation’s investment in a staff Alignment and Engagement Survey.

“The internet has been disruptive in a range of areas, and those who think it’s not going to happen to them will, in the future, be sitting on the side of the road with their possessions in a box, looking dazed and bewildered.”

It tracked how well OUA’s culture was aligned with its long-term business goals, informing the key steps OUA will need to take to sustain high levels of workforce performance and engagement.

In 2012, we made our mark within the media landscape, during an ambiguous time, which left industry experts and commentators guessing the impact and direction of online education within the international tertiary sector.

Increasingly the first port of call for numerous online education media enquiries, CEO, Paul Wappett, received regular invitations to provide commentary in heavyweight publications such as The Australian Financial Review, The Sydney Morning Herald, The Age and The Conversation.

From a thought leadership perspective, Paul spoke to the current state of online education, its legitimisation in 2012 and the importance of learning pedagogy in learning structures.

Every 2012 activity was guided by a strategic mindset to lead the market; investing wisely in our people, processes and systems and trialing new innovative approaches, OUA cut through the cluttered market and reaffirmed our number one spot in providing access to online education in Australia.
Digital Innovator

2012 was about investing in the development and maintenance of a competitive, compelling, online experience.

Going above and beyond 2010 and 2011 capabilities, OUA enabled constant review, testing and re-engineering of the online experience. This ensured OUA lives up the expectations of students, and delivers the experience that is expected of the market leader.

OUA has experienced a critical growth in the number of people accessing OUA's website in 2012. Monthly traffic to the OUA website has almost doubled in 2012 compared to the same months in 2011. We ranked first throughout 2012 in the 'Online Learning, Education - Institutions' Hitwise category for Australian websites.

Monthly traffic to the OUA website has almost doubled in 2012

The OUA website also experienced a rise of more than three hundred places in 'All Sites' during 2012 to become one of the top 650 most visited websites for Australian internet users.

Twenty four new digital capabilities were delivered in 2012.

**Digital capabilities initiatives included:**

- Transforming student account area, MyOUA, into an improved academic and social hub for students called My Study Centre
- Improved search engine optimisation
- New scalable and robust website platform in the Cloud and Content Management System enabling no-outage deployments for website
- Application for the acquisition of two new general top level domain names through ICANN

2012 saw the execution of smarter digital marketing capabilities and implementation, yielding better optimisation and financial results. This was achieved by testing and quantifying performance-based media opportunities to progressively build OUA’s body of competitive IP and develop a stable of high return marketing opportunities.

OUA implemented more innovative bidding methods and tools across all our digital marketing campaigns. These tools have enabled us to optimise our digital advertising spend across multiple digital channels, based on multiple variables in real time.

- The expansion of affiliate partners and strengthening of relationships contributed to OUA’s growth in 2012. Our lead generation model strategy improved the effectiveness of affiliate relationships and produced record levels of qualified leads in 2012, and will continue to grow into 2013.
- The Information and Communications Technology group delivered initiatives in 2012 that enhanced time efficiencies, increased cost effectiveness and prepared the business in the event of a disaster.

**Key initiatives included:**

- Transition to Private Cloud resulting in a major boost in scalability and a huge increase in core up-time
- Disaster Test in Production – successful completion of the first of many disaster recovery tests using the new Cloud technology
- Virtual Database - OUA jointly worked with Oracle and Oakton on a trial of New Database Virtualisation technology anticipated to save the business $300,000 in 2013
We continue to break down the boundaries of traditional universities and pursue our quest to offer an open education to as many people as possible.
Selected 2012 Board Highlights

“One that stands out for me was OUA’s clear, purposeful and inventive response to the challenge of mapping individual students’ learning journeys.”
Professor Adam Shoemaker

“Developing a new governance model that will take OUA into the future.”
Dr Judith Slocombe

“Establishing a clear direction for those components of OUA other than higher education which offer huge potential in providing educational opportunities.”
Professor Sue Spence

“The excitement of a bold new plan for deepening the support for online tertiary education.”
Professor Margaret Gardner

Board of Directors

Mr Paul Beard
Chief Operating Officer, University of South Australia (Nominee Director)
Chair, Finance, Audit and Risk Management Committee

Professor David Wood
Deputy Vice Chancellor, International, Curtin University of Technology (Nominee Director)
Member, People and Culture Committee

Professor Judyth Sachs
Provost and Deputy Vice Chancellor – Academic, Macquarie University (Nominee Director)
Member, People and Culture Committee

Mr David De Campo
Independent Director
Member, Finance Audit and Risk Management Committee

Mr Sam Weiss
Chairman, Independent Director
Ex officio member of all committees

Professor Adam Shoemaker
Deputy Vice Chancellor – Education, Monash University (Nominee Director)
Member, People and Culture Committee

Mr David Phillips
Independent Director
Member, People and Culture Committee

Mr Stephen Beall
Vice-President (Student and Corporate Services), Swinburne University of Technology (Nominee Director)

Directors not pictured
Mr David Boymal, AM
Independent Director (retired 14th May 2012)
Chair, Finance Audit and Risk Management Committee

Dr Judith Slocombe
Independent Director
Chair, People and Culture Committee

Professor Sue Spence
Deputy Vice Chancellor – Academic (Teaching and Learning), Griffith University (Nominee Director)
Member, People and Culture Committee

Professor Margaret Gardner, AO
Vice Chancellor, RMIT University (Nominee Director)
The Directors present their report together with the financial report of Open Universities Australia Pty Ltd for the year ended 31 December 2012 and auditor’s report thereon.

This report has been prepared in accordance with Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Directors’ Names
The names of the Directors in office at any time during or since the end of the year are:

Mr S S Weiss (Chairman)
Mr D G Boymal, AM (resigned 14 May 2012)
Dr J M Slocombe
Mr D W De Campo
Mr P J Beard
Professor D S Wood
Professor S H Spence (resigned 11 January 2013)
Professor J M Sachs
Professor A M Shoemaker
Professor M E Gardner, AO
Mr D J Phillips
Mr S J Beall
Ms P M Allen (appointed 1 February 2013)
Professor D I O’Connor (appointed 1 February 2013)

The Directors have been in office since the start of the year to the date of this report unless otherwise stated.

For the period up to 31 December 2012, the Company Secretary, Mr Mark Licciardo, provided these services through Mertons Corporate Services Pty Ltd of which Mr Licciardo is Managing Director. From 1 January 2013, Mr Matthew Walsh has been appointed to the role of Company Secretary.

Results
The profit of the Company for the year amounted to $20,449,088.

Review of operations
The company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs
There were no significant changes in the Company’s state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Principal activity
The principal activity of the Company during the year was providing access to higher education.

After balance date events
No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Income tax status
In June 2010 the Company applied to the Australian Taxation Office to have its not for profit status reinstated. The Australian Taxation Office by Private Ruling in May 2011 endorsed that the Company was exempt from income tax pursuant to section 50 110 of the Income Tax Assessment Act 1997 (ITAA 1997) and reinstated the Company as a charitable entity. This enabled the Company (having amended its Constitution in 2009 to enable the payment of dividends), although being a tax exempt entity, to pay dividends to its members who themselves are endorsed as tax exempt entities.

The Australian Charities and Not for Profit Commission Bill 2012 (ACNC) has been enacted in 2012. Enactment of the Bill does not affect the current tax status of OUA as the entity will still be regarded as charitable. Similarly the Tax Law Amendments Bill 2012 (Special Condition for Not for Profit Concessions) that has been passed by both houses of parliament will not affect OUA’s tax exempt status.

Dividends paid, recommended and declared:
In July 2012 a 100% unfranked dividend of $6.60 per share (total $9,240,000) was paid (2011: $3.26 per share totalling $4,564,000 and $4.73 per share totalling $6,622,000).

Directors’ benefits
Since the end of the previous financial year no Director has received or become entitled to receive a benefit by reason of a contract made by the company or a related body corporate with the Director or with a firm of which he/she is a member, or with a company in which he/she has a substantial financial interest. This statement excludes a benefit included in the aggregated amount of emoluments received or due and receivable by Directors shown in the notes to the financial statements.

Meetings of Directors

<table>
<thead>
<tr>
<th>Directors</th>
<th>Directors’ meetings</th>
<th>Finance, Audit and Risk Management Committee meetings</th>
<th>Human Resources Committee meetings</th>
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<tbody>
<tr>
<td></td>
<td>number eligible to attend</td>
<td>number attended</td>
<td>number eligible to attend</td>
</tr>
<tr>
<td>Mr S S Weiss (Chairman)</td>
<td>9</td>
<td>9</td>
<td>4</td>
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<tr>
<td>Mr D G Boymal, AM</td>
<td>3</td>
<td>3</td>
<td>1</td>
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<tr>
<td>Dr J M Slocombe</td>
<td>9</td>
<td>8</td>
<td>-</td>
</tr>
<tr>
<td>Mr D W De Campo</td>
<td>9</td>
<td>8</td>
<td>4</td>
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<tr>
<td>Mr P J Beard</td>
<td>9</td>
<td>8</td>
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<tr>
<td>Professor D S Wood</td>
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<td>-</td>
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<td>Professor S H Spence</td>
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<td>Professor J M Sachs</td>
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<tr>
<td>Professor A M Shoemaker</td>
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<tr>
<td>Professor M E Gardner, AO</td>
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<td>5</td>
<td>-</td>
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<tr>
<td>Mr D J Phillips</td>
<td>9</td>
<td>9</td>
<td>-</td>
</tr>
<tr>
<td>Mr S J Beall</td>
<td>9</td>
<td>8</td>
<td>-</td>
</tr>
</tbody>
</table>

Indemnification of Officers and Auditors
During or since the end of the year, the Company has paid insurance premiums to insure all Directors and Officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

No indemnities have been given during or since the end of the year, for any person who is or has been an auditor of the Company.
Corporate Governance Statement

The Board of Directors is responsible for the direction and oversight of Open Universities Australia Pty Ltd.

The Board has two Committees:

1. Mr Paul Beard, who has taken over from Mr David Boymal, AM (retired 14 May 2012) chairs the Finance, Audit & Risk Management Committee. The primary objective of this Committee is to make recommendations to the Board in the effective conduct of its responsibilities. These responsibilities include compliance and statutory reporting, internal control systems, investments, reviewing the financial situation of the Company, risk management, external audit and ensuring all statutory and ethical obligations are met.

2. Dr Judith Slocombe is chair of the People and Culture Committee. The Committee ensures that the Company has in place appropriate policies, procedures, systems and a compensation framework and reward strategy to enable the Company to recruit and retain independent directors, management and staff that will enable it to achieve its strategic objectives and provide the desired return for shareholders. The Committee also ensures that the Company has an appropriate culture and performance governance regime in place, is compliant with legislation, consistent with best practice human resources management and is able to foster a workplace culture that makes the Company an “Employer of Choice”. The People and Culture Committee also oversees compliance with Work Health and Safety legislation.

The Committees work with the Chief Executive Officer to ensure that the Company meets its regulatory obligations.

The Chief Executive Officer is directly accountable to the Board.

The Company has examined the ASX Corporate Governance Council’s Principals of Good Corporate Governance and Best Practice Recommendations, and the Standards Australia 2011 Risk Management guidelines, and where appropriate has taken on board these recommendations and guidelines and adjusted its structure and responsibilities to ensure transparent reporting and has a comprehensive register for the management of risk.

Transactions conducted with shareholder universities are on the same conditions as those with other provider universities and colleges and are considered to be within the normal course of Company business.

The Company has an Academic Programs Committee with representation from the major providers. The objective of the Committee is to make recommendations to the Chief Executive Officer on academic programs offered by the Company and to ensure that the portfolio of OUA offerings is of the appropriate breadth and quality. It conducts regular Academic Program Committee meetings with its providers. The Company also has a Provider Agreement in place with each provider to regulate the provision of access to course content, student support and assessment, and university awards.

In 2012, the Company initiated a new quality assurance framework in relation to the units, courses and programs delivered to the Company’s students by its provider universities and educational institutions. That quality assurance framework will ensure that the online characteristics of courses offered by OUA are to a standard that the Company and its students demand. That quality assurance framework has appropriate oversight by the Academic Programs Committee.

Signed on behalf of the Board of Directors

Director: Sam S Weiss, Chairman

Director: Paul J Beard, Chair
Finance, Audit and Risk Management Committee

Dated this 22nd day of March 2013

Senior Staff

Senior staff from left to right

Ms Michelle Beveridge
Executive Director
Operations

Mr David Christie
Director
Strategy

Mr Amgad Louka
Director
Education Solutions

Mr Paul Wappett
Chief Executive Officer

Dr Darien Rossiter
Executive Director,
Online Learning Excellence

Mr Peter McMahon
Executive Director,
Marketing Sales and Digital

Dr Marcia Devlin
Executive Director
Academic Programs and Services
## Financial Statements

### Statement of Comprehensive Income
For the year ended 31 December 2012

<table>
<thead>
<tr>
<th></th>
<th>2012 $</th>
<th>2011 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>191,192,652</td>
<td>159,807,008</td>
</tr>
<tr>
<td><strong>Less: expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Providers fees</td>
<td>(101,134,473)</td>
<td>(87,477,824)</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(2,930,033)</td>
<td>(1,911,124)</td>
</tr>
<tr>
<td>Employee benefits expense</td>
<td>(27,416,673)</td>
<td>(16,569,617)</td>
</tr>
<tr>
<td>Occupancy expenses</td>
<td>(1,522,289)</td>
<td>(1,618,840)</td>
</tr>
<tr>
<td>Advertising expense</td>
<td>(19,943,087)</td>
<td>(16,099,709)</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(13,551)</td>
<td>(10,320)</td>
</tr>
<tr>
<td>Product development expenses</td>
<td>(711,106)</td>
<td>(1,470,964)</td>
</tr>
<tr>
<td>Student services</td>
<td>(893,266)</td>
<td>(1,019,838)</td>
</tr>
<tr>
<td>Exam services fees</td>
<td>(5,674,427)</td>
<td>(4,906,023)</td>
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<tr>
<td>Communication expense</td>
<td>(814,010)</td>
<td>(299,771)</td>
</tr>
<tr>
<td>Other expenses</td>
<td>(9,690,649)</td>
<td>(9,908,777)</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td>(170,743,564)</td>
<td>(141,292,807)</td>
</tr>
</tbody>
</table>

### Statement of Financial Position
As at 31 December 2012

<table>
<thead>
<tr>
<th></th>
<th>2012 $</th>
<th>2011 $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>88,810,886</td>
<td>63,720,022</td>
</tr>
<tr>
<td>Receivables</td>
<td>4,958,507</td>
<td>2,139,781</td>
</tr>
<tr>
<td>Investments</td>
<td>1,119,933</td>
<td>479,882</td>
</tr>
<tr>
<td>Other assets</td>
<td>1,795,126</td>
<td>1,574,505</td>
</tr>
<tr>
<td>Property classified as held for sale</td>
<td>3,600,000</td>
<td>4,353,802</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>100,284,452</td>
<td>72,267,992</td>
</tr>
<tr>
<td><strong>Non current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>–</td>
<td>1,170,015</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>10,098,751</td>
<td>4,877,934</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>2,973,774</td>
<td>3,665,845</td>
</tr>
<tr>
<td><strong>Total non current assets</strong></td>
<td>13,072,525</td>
<td>9,713,794</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>113,356,977</td>
<td>81,981,786</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2012 $</th>
<th>2011 $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>44,810,960</td>
<td>27,066,382</td>
</tr>
<tr>
<td>Provisions</td>
<td>3,233,202</td>
<td>2,422,938</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>946,102</td>
<td>106,040</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>48,990,264</td>
<td>29,595,360</td>
</tr>
<tr>
<td><strong>Non current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisions</td>
<td>147,067</td>
<td>126,026</td>
</tr>
<tr>
<td><strong>Total non current liabilities</strong></td>
<td>147,067</td>
<td>126,026</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>49,137,331</td>
<td>29,721,386</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>64,219,646</td>
<td>52,260,400</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>720,000</td>
<td>720,000</td>
</tr>
<tr>
<td>Reserves</td>
<td>119,933</td>
<td>(630,225)</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>63,379,713</td>
<td>52,170,625</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>64,219,646</td>
<td>52,260,400</td>
</tr>
</tbody>
</table>
## Financial Statements

### Statement of Cash Flows
For the year ended 31 December 2012

<table>
<thead>
<tr>
<th></th>
<th>2012 $</th>
<th>2011 $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts from customers</td>
<td>183,270,587</td>
<td>156,324,950</td>
</tr>
<tr>
<td>Payments to suppliers and employees</td>
<td>(148,255,917)</td>
<td>(130,388,178)</td>
</tr>
<tr>
<td>Interest received</td>
<td>4,838,539</td>
<td>3,439,506</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(13,551)</td>
<td>(10,320)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>39,839,658</td>
<td>29,365,958</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash flow from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from sale of investments</td>
<td>1,950,000</td>
<td>2,297,766</td>
</tr>
<tr>
<td>Proceeds from sale of property, plant and equipment</td>
<td>2,005</td>
<td>-</td>
</tr>
<tr>
<td>Payment for property, plant and equipment</td>
<td>(583,943)</td>
<td>(2,934,677)</td>
</tr>
<tr>
<td>Payment for investments in incorporated entities</td>
<td>(15)</td>
<td>-</td>
</tr>
<tr>
<td>Payments for intangible assets</td>
<td>(6,876,841)</td>
<td>(3,513,562)</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(5,508,794)</td>
<td>(4,150,473)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash flow from financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(9,240,000)</td>
<td>(11,186,000)</td>
</tr>
<tr>
<td><strong>Net cash used in financing activities</strong></td>
<td>(9,240,000)</td>
<td>(11,186,000)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Reconciliation of cash</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash at beginning of the financial year</td>
<td>63,720,022</td>
<td>49,690,537</td>
</tr>
<tr>
<td>Net increase in cash held</td>
<td>25,090,864</td>
<td>14,029,485</td>
</tr>
<tr>
<td><strong>Cash at end of financial year</strong></td>
<td>88,810,886</td>
<td>63,720,022</td>
</tr>
</tbody>
</table>