WestSide Corporation Limited
Interim financial report

ABN 74 117 145 516

31 December 2011

Contents

Directors' report

Your Directors present their report on the Consolidated Entity (referred to hereafter as the Group) consisting of WestSide Corporation Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2011.

Directors

The following persons were Directors of WestSide Corporation Limited during the whole half-year and up to the date of this report :

A Karoll (Chairman)	T Karoll
J Clarke	N Mitchell
A Gall	R Neale

Review of operations

HIGHLIGHTS

- Finalised joint venture agreements with Mitsui E&P Australia and received payment of $13.4 million for the sale of 49% of WestSide's Galilee Basin and Bowen Basin tenement interests
- Received upgraded reserves estimates(2), equating to a 96% increase in net 3P gas reserves to 725PJ, a 17% rise in Meridian Seamgas' net 2P reserves to 258 PJ and an 86% rise in the field's 1P gas reserves
- Executed Gas Swap Agreement to provide access to gas to assist in meeting Meridian's commitments to supply up to 25 TJ/day
- Delivered net 819,034 GJ of gas for the six months to 31 December 2011 (2010 : 958,223 GJ), generating gross revenues of $2.61 million
- Recorded a net gain of $3.7 million upon the sale of the Group's Indonesian interests
- Completed drilling and connecting seven new dual-lateral well sets for dewatering and gas production
- Drilled two of three planned up-dip lateral wells and completed and placed the first on pump
- Three of the seven new dual-lateral wells achieved production rates in excess of 600,000 scf/day each
- Continued Meridian SeamGas production enhancement/work-over programs
- Executed Gangulu Cultural Heritage and Management Agreement covering key areas of Meridian's operations
- Granted new Environmental Authority for Meridian SeamGas Petroleum Lease PL 94
- Commenced the Galilee Basin exploration drilling program with drilling started on the second well
- Continued commercial negotiations for potential long term supply of gas to new customers
- Completed successful open hole production test at Paranui flowing at 340,000 scf/day

RESULT FOR THE PERIOD

Revenue from continuing operations for the six months to 31 December 2011, was $3.9 million (2010: $6.4m), including $2.6 million from Meridian SeamGas (2010: $2.9m) and $0.7 million from drilling rig operations (2010: $2.1m).

WestSide's operating loss after income tax for the period was $1.7 million (2010: $3.5m).

This included an operating loss of $2.5 million attributable to the Meridian SeamGas business (2010: $2.0m). Production rates continued to recover from the effects of wet weather experienced early in 2011 during the September quarter, aided by the results of well work-overs and a contribution from new wells. However, production was adversely impacted during the December quarter by natural field decline, necessary well work overs and a planned shutdown of Meridian's main Hillview dehydration unit in November for essential five-year compliance testing work.

The result included a one-off $3.7 million profit from the disposal of WestSide's Indonesian joint venture interests.

OUTLOOK

Meridian SeamGas

WestSide's emphasis during 2012 will be to increase aggregate gas production from the Meridian SeamGas gas fields through the commissioning of recently-drilled wells, workovers of existing producing wells and new enhancement methods. Importantly, all seven new dual-lateral wells are dewatering and producing early stage gas which has increased confidence in the Meridian SeamGas gas fields' capacity to deliver strong production growth.

Planning for the 2012 drilling and work over campaign is well underway with drilling expected to commence in the June quarter of 2012 after the wet season as well as the completion of the Meridian 34 and Meridian 35 up-dip lateral wells.

Plans are well advanced to trial gas lift water pump technology to overcome the fines issue delaying consistent production which has been a feature of the start-up phase.

In late December the Meridian SeamGas joint venturers executed a flexible Gas Swap Agreement with a leading market participant to provide access to gas (when available) to help meet contractual commitments to supply up to 25 TJ/d.

WestSide is yet to draw on any gas under the agreement and is working with the supplier to finalise logistical arrangements to secure the physical delivery of gas at the required delivery point. Under the swap agreement the same volume of gas purchased during 2012 must be sold back to the original supplier by the end of calendar 2015.

WestSide continued commercial negotiations with various parties for the potential long term supply of gas to new customers in the export and domestic markets and hopes to reach agreement with a new customer in coming months.

Exploration

Planning is underway for appraisal testing of pilots at Paranui within ATP 769P and Mount Saint Martin within ATP 688P. Plans are in place at Paranui to trial the new gas lift system once the initial results from the Meridian trials are known.

The Galilee Basin exploration drilling program was suspended in mid-December due to the onset of the wet season. An expanded drilling program for ATP 974P and ATP 978P will commence in the second quarter of 2012.

Corporate

As previously announced, WestSide has received an indicative, conditional, non-binding and confidential proposal from an interested party to acquire all of the shares in WestSide.

The Board is committed to maximising value for shareholders and has been working co-operatively with the interested party to progress the Proposal, including by offering the Potential Acquirer due diligence access, on a non-exclusive basis.

The Board intends to continue to assess the Indicative Proposal alongside other strategic options available to the Company.

The Company has announced a fully-underwritten non-renounceable entitlement offer to raise $25.4 million to fund ongoing activity across the Company's operations.

UPGRADED GAS RESERVES

Since assuming operational control of the Meridian SeamGas CSG fields on 1 July 2010, WestSide and joint venture partner Mitsui E&P Australia Pty Ltd (Mitsui) have pursued an aggressive, two pronged strategy to boost field production and increase proved and probable (2P) reserves.

In late July 2011 WestSide received an upgraded reserves estimate from independent certifiers, increasing the Meridian SeamGas joint venture's gross proved and probable (2P) reserves to 433 PJ(1). This represented a 135 per cent increase on the 186 PJ of 2P reserves estimated at the time of the Meridian acquisition.

WestSide has since been reviewing its overall gas reserves at Meridian based on a more detailed analysis of regional and newly interpreted data for all shallow and deeper coal seams within the entire petroleum licence area and the results of the joint venture's production drilling and work programs.

This resulted in a further significant upgrade which saw WestSide's share of Meridian's Proved, Probable and Possible (3P) reserves more than double from 261.5 PJ to 617 PJ(2). Meridian's net 2P reserves increased by another 16.6 per cent to 258 PJ(2) while Proved or 1P reserves increased from 3.5 PJ to 6.5 PJ(2) in recognition of the production drilling since WestSide took over as operator.

Gas Reserves (PJ) (2) (net to WestSide)	Interest %	1P* (PJ)	2P* (PJ)	3P* (PJ)	GIP (PJ)*
Meridian (< 1,350m)	51.0	6.5	258	617	1,552
ATP 769P (<1,000m)	25.5			69	1,420
ATP 688P (<1,000m)	25.5			39	1,215
Galilee Basin ATP974P & ATP978P	51.0				10,700
Total Net WestSide Reserves		**6.5**	**258**	**725**	**14,887**

**Net to WestSide , GIP internal estimate*

Table 1: WestSide net reserves as at 31 December 2011

OPERATIONS REVIEW

Meridian SeamGas CSG gas fields

(WestSide interest 51%)

Reserves: 6.5 PJ (1P); 258 PJ (2P); 617 PJ (3P) net to WestSide(2)

The Meridian SeamGas fields comprise a range of CSG assets including a petroleum lease (PL94), gas rights in mining leases, some 70 producing wells and gas compression and pipeline infrastructure connected to Queensland's commercial gas network and Gladstone, just 160 km to the east.

Production drilling continued at pace during the half year, resulting in the conclusion of a program to drill and complete seven new dual-lateral well sets. Two new up-dip lateral wells, Meridian 35 and Meridian 36 were also drilled and the latter was completed and made ready to place on pump. Drilling commenced on the third well, Meridian 34 prior to the Christmas shut-down. The drilling of these wells followed a successful trial on an existing blind lateral well which was returned to production during the September quarter.

Production enhancement programs continued during the half year, with new and existing wells targeted for workovers to increase production levels. The joint venturers were particularly encouraged with gas flows from the new dual-lateral wells, with three of the seven new wells each producing at over 600,000 standard cubic feet per day (scf/d). These new dual-lateral wells are still in the commissioning phase.

As anticipated, the new wells continued to require workovers, along with several other wells, to address a build-up of coal fines at a temporary expense to production which has been recovering as gas flows from the wells continue to increase.

The engineering team focused during the period on the connection of new production skids and pipelines to the new wells coming on line. Work was also significantly advanced on a field development plan to supply potential new customers. Work also continued on optimising the efficiency of field compression and upgrading communications and telemetry systems.

The Schramm TXD rig has been repaired and will return ready for service in the current quarter.

Various field development options and well completion technologies to lift both production and efficiency are being investigated and implemented.

One of the most promising technologies capable of addressing any fines problem and thereby expediting the commissioning process is a gas lift system. Gas lift systems have been successfully utilised in the United States for a number of years and this equipment is now in the process of being installed and tested in the field at Meridian on one dual-lateral well initially.

PRODUCTION REVIEW

Gross production from the Meridian SeamGas CSG gas fields for the half year totalled 1,510,956 gigajoules (GJ) averaging 8.2 Terajoules a day (TJ/d) before excluding fuel gas consumption by compressors. This was down 9.5 per cent on the 1,669,591 GJ produced in the previous corresponding period.

Gross sales volumes totalled 1,605,949 GJ – down 14.5 per cent from 1,878,863 GJ sold in the previous corresponding half and were impacted by a continuing decline in available third party gas.

The difference between production and sales volumes reflects the volume of available third party gas sourced from the nearby Mungi field for re-sale, as well as gas consumed as part of the production process.

WestSide's net share of production for the period was 770,587 GJ, while net sales totalled 819,034 GJ generating gross revenue of $2.61 million – down from $2.95 million in the previous corresponding period.

Meridian SeamGas		Half Year December 2011	Half Year December 2010	Change %
Gross Operated				
Gas Production	GJ	1,510,956	1,669,591	(9.5)
Gas Sales	GJ	1,605,949	1,878,863	(14.5)
Net to WestSide (51%)				
Gas Production	GJ	770,587	851,491	(9.5)
Gas Sales	GJ	819,034	958,223	(14.5)

Table 2: Gas Production and Sales Data for six months to 31 December 2011

Meridian SeamGas's gross September quarter production of 767,030 GJ was up 4.5 per cent on the previous quarter in response to an intense focus on well work-overs and bringing the seven new dual-lateral well sets into production. However WestSide's average net daily sales volumes by month were impacted during the December quarter by a combination of factors including reduced availability of third party gas, a planned shutdown of the Hillview compressor station for maintenance and compliance testing and a loss of production from wells requiring work overs, including two top performing new wells (Pretty Plains 2 and 10).

These wells are now being brought back on line, and along with a third new well – Meridian 29, have each produced at over 600,000 scf/d. Average daily sales started to recover in December and continued to do so during January and February. WestSide expects this upward trend to continue.

EXPLORATION REVIEW

Meridian SeamGas CSG gas fields

(WestSide interest 51%)

There was no further exploration drilling during this half year. All work focused on an update of the fields' gas reserves utilising the analysis of the results of the joint venture's recent work programs including new production wells, production completions in 2011, and a revised field development plan to fully exploit the total gas in place.

The analysis covered all of the Baralaba coal seams within PL94 including newly interpreted data from shallow and deeper coal seams to a depth of 1,500 metres.

This resulted in a further significant upgrade by independent certifier MHA Petroleum Consultants LLC which saw Meridian's net Proved, Probable and Possible (3P) reserves more than double from 261.5 PJ to 617 PJ. Meridian's net 2P reserves increased by another 16.6 per cent to 258 PJ while Proved or 1P reserves increased from 3.5 PJ to 6.5 PJ in recognition of the production drilling since WestSide took over as operator.

Paranui (ATP 769P)

(WestSide interest 25.5% - Mitsui E&P Australia 24.5% - QGC 50%)
Reserves: 69 PJ (3P) net to WestSide(2)

During the period the exploration team extended the structural geology model from Meridian SeamGas and the Paranui project area into the broader tenement acreage and complemented it with available well and seismic data.

Planning for a new production pilot testing program in 2012 is underway with installation of a gas lift system on the Paranui pilot wells planned for the second quarter of 2012 following a trial at Meridian.

Planning is underway for further exploration drilling in the northern areas of the tenement targeting reserves additions. The joint venture is proposing to drill additional wells and will be conducting a seismic program within the tenement to identify new exploration targets.

Mount Saint Martin and Tilbrook (ATP 688P)

*(WestSide interest 25.5% - Mitsui E&P Australia 24.5% - QGC 50%)*Reserves: 39 PJ (3P) net to WestSide(2)

Production testing at the Mount Saint Martin three-well pilot project was suspended during the wet season. The pilot is comprised of MSM 2, MSM 3 and MSM 4 – three of six wells drilled to test the extent of the resource previously identified in the Moranbah Coal Measures at Mount Saint Martin.

Cultural Heritage and environmental assessments of two lease sites for lateral wells which are planned to be drilled during 2012 into MSM 2 and MSM 4 were conducted during the period. A lateral well test is planned to demonstrate production and move toward an initial reserve certification to add to the Tilbrook reserves.

WestSide has taken over operatorship of the tenement area previously operated by QGC and is in the process of aligning forward planning with QGC and Mitsui E&P. Planning is now underway for a regional seismic program.

GALILEE BASIN

ATP 974P and ATP 978P

(WestSide interest 51% - Mitsui 49%)

The Glenlyon 1 exploration well in ATP 974P, about 70km south of Richmond, spudded on 22 September 2011 and was cased, cemented and successfully drilled to a depth of 1,101 metres. However, an obstruction in the well prevented drilling below this depth.

Glenlyon 1 was subsequently plugged and abandoned and data collected was used to assist drilling of the Glenlyon 2 well on the same lease.

Glenlyon 2 was successfully drilled to 1,222 metres and intersected the Betts Creek Formation, which is the first of the two drilling targets. The well intersected approximately 80 metres of the Upper Permian sequence, but had not intersected the primary target, being the Aramac Coal Measures, before operations were suspended due to the onset of the wet season.

The second target, the Aramac Coal Measures, will be cored on recommencement of drilling of this well. Glenlyon 2 intersected in excess of 10.8 metres of gross coal within the Betts Creek Formation.

Completion of coring at Glenlyon 2, along with the drilling of additional exploration wells is planned to recommence in the second quarter of 2012.

Preparation work is ongoing to identify drilling sites, gain landholder approval, complete Cultural Heritage and environmental assessments and secure suitable contractors to recommence drilling operations.

WestSide believes the tenement area could contain up to 21 trillion cubic feet of gas in place and during the December quarter continued reprocessing and reinterpreting the limited historical seismic data available.

The joint venture is currently assessing various options for the optimal funding of the work program.

(1) The reserves estimates for the Meridian SeamGas Project located in the Bowen Basin, Queensland Australia, contained in Netherland Sewell & Associates Inc's (NSAI) report dated 27 July 2011, were compiled by Mr John G. Hattner of NSAI and are consistent with the definitions of reserves that appear in the Australian Stock Exchange (ASX) Listing Rules. Mr Hattner consents to the use of the reserves estimates for general release by WestSide Corporation Ltd for use in Quarterly Reports, Annual Reports, Announcements or Broker requests.

(2)The certified reserves figures used in this report are based on information compiled by John P. Seidle, Ph.D., P.E., and Vice President of MHA Petroleum Consultants LLC. Mr Seidle is not an employee of WestSide Corporation Ltd and consents to the inclusion in this report of these reserves figures in the form and context in which they appear.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of Directors.

Angus Karoll
Director

Brisbane
8 March 2012

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Auditor's Independence Declaration

As lead auditor for the review of WestSide Corporation Limited for the half-year ended 31 December 2011, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of WestSide Corporation Limited and the entities it controlled during the period.

Brett Delaney
Partner
PricewaterhouseCoopers

Brisbane
8 March 2012

Liability limited by a scheme approved under Professional Standards Legislation

WestSide Corporation Limited
Consolidated Statement of Comprehensive Income
For the half-year ended 31 December 2011

	Half Year	
	2011	2010
	$'000	$'000
Revenue from continuing operations	**3,854**	6,363
Other income	**-**	7
Total income	**3,854**	6,370
Other expenses :		
Depreciation and depletion	**(2,627)**	(1,620)
Employment	**(2,503)**	(2,925)
Operating costs and consumables – gas field	**(805)**	(870)
Operating costs and consumables – drilling rig	**(784)**	(1,825)
Other operations and administration	**(718)**	(663)
Finance costs	**(566)**	(673)
Accounting, legal and compliance	**(490)**	(356)
Occupancy	**(292)**	(340)
Gas purchases	**(197)**	(422)
Gas supply remedy charge	**(195)**	-
Total other expenses	**(9,177)**	(9,694)
Loss before income tax	**(5,323)**	(3,324)
Income tax expense	**-**	-
Loss from continuing operations	**(5,323)**	(3,324)
Profit / (loss) from discontinued operations	**3,662**	(158)
Loss after income tax attributable to the owners of WestSide Corporation Ltd	**(1,661)**	(3,482)
Other comprehensive income		
Exchange differences on translation of foreign operations	**3**	1
Total comprehensive income / (loss) for the half year attributable to the owners of WestSide Corporation Ltd	**(1,658)**	(3,481)

	2011	2010
	Cents	Cents
Loss per share for loss from continuing operations attributable to the ordinary equity holders of the company:		
Basic and diluted earnings per share	**(2.08)**	(1.32)
Loss per share for loss attributable to the ordinary equity holders of the company:		
Basic and diluted earnings per share	**(0.65)**	(1.38)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

	31 December 2011 $'000	30 June 2011 $'000
ASSETS		
Current assets		
Cash and cash equivalents	**15,680**	23,053
Trade and other receivables	**3,378**	2,867
Inventories	**2,569**	2,261
Total current assets	**21,627**	28,181
Non-current assets		
Gas field producing assets	**42,004**	33,571
Gas field plant and equipment	**23,853**	24,605
Property, plant and equipment	**9,676**	2,716
Intangible assets – exploration and evaluation costs	**16,445**	27,286
Other	**-**	3,636
Total non-current assets	**91,978**	91,814
Total assets	**113,605**	119,995
LIABILITIES		
Current liabilities		
Trade and other payables	**3,902**	9,576
Borrowings	**215**	20
Provisions	**3,182**	3,276
Total current liabilities	**7,299**	12,872
Non-current liabilities		
Borrowings	**2**	15
Provisions	**12,987**	12,284
Total non-current liabilities	**12,989**	12,299
Total liabilities	**20,288**	25,171
Net assets	**93,317**	94,824
EQUITY		
Contributed equity	**110,548**	110,479
Reserves	**1,059**	974
Accumulated losses	**(18,290)**	(16,629)
Total equity	**93,317**	94,824

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total $'000
Balance at 1 July 2010	**107,316**	**648**	**(7,255)**	**100,709**
Loss for the half year	-	-	(3,482)	(3,482)
Other comprehensive income for the half year	-	1	-	1
Total comprehensive income for the half year	**-**	**1**	**(3,482)**	**(3,481)**
Transactions with owners in their capacity as owners:				
Contributions of equity net of transaction costs	3,018	-	-	3,018
Employee equity incentives	-	260	-	260
Balance at 31 December 2010	**110,334**	**909**	**(10,737)**	**100,506**

	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total $'000
Balance at 1 July 2011	**110,479**	**974**	**(16,629)**	**94,824**
Loss for the half year	-	-	(1,661)	(1,661)
Other comprehensive income for the half year	-	3	-	3
Total comprehensive income for the half year	**-**	**3**	**(1,661)**	**(1,658)**
Transactions with owners in their capacity as owners:				
Contributions of equity net of transaction costs	69	-	-	69
Employee equity incentives	-	82	-	82
Balance at 31 December 2011	**110,548**	**1,059**	**(18,290)**	**93,317**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

	Notes	Half Year 2011 $'000	2010 $'000
Cash flows from operating activities			
Receipts from customers		**2,652**	2,594
Receipts of refunds of goods and services tax		**3,652**	1,777
Payments to suppliers and employees (inclusive of goods and services tax)		**(15,960)**	(12,615)
Interest received		**432**	605
Interest paid		**(13)**	(2)
Net cash outflow from operating activities		**(9,237)**	(7,641)
Cash flows from investing activities			
Receipts from joint venturer participants (inclusive of goods and services tax)		**10,856**	11,253
Payments for exploration and evaluation		**(5,795)**	(5,316)
Payments for acquisition of joint venture assets and liabilities		**-**	(28,597)
Proceeds from sale of interest in tenements		**13,432**	-
Payments for development assets		**(16,596)**	(6,649)
Payments for property, plant and equipment		**(208)**	(462)
Proceeds from sale of property, plant and equipment		**-**	52
Investment in joint venture entities		**-**	(9)
Net cash inflow/(outflow) from investing activities		**1,689**	(29,728)
Cash flows from financing activities			
Proceeds from borrowings		**454**	-
Repayment of borrowings		**(272)**	(9)
Payments for share issue costs		**(9)**	(124)
Net cash inflow/(outflow) from financing activities		**173**	(133)
Net decrease in cash and cash equivalents		**(7,375)**	(37,502)
Cash and cash equivalents at the beginning of the half year		**23,053**	73,794
Effects of exchange rate changes on cash and cash equivalents		**2**	-
Cash and cash equivalents at end of the half year		**15,680**	36,292

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

This interim financial report covers the Consolidated Entity consisting of WestSide Corporation Limited and its subsidiaries.

1 Basis of preparation

This general purpose financial report for the interim half-year reporting period ended 31 December 2011 has been prepared in accordance with Australian Accounting Standard AASB 134 “Interim Financial Reporting” and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by WestSide Corporation Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Going Concern

The Directors acknowledge that for the Company to fund its planned exploration, appraisal and development programs it will be necessary to raise additional capital. At the date of this report, the Company had announced a fully-underwritten pro-rata entitlement offer to shareholders which is expected to raise $25.4 million subject to the normal terms, conditions and termination events for transactions of this nature. Accordingly the financial report has been prepared on a going concern basis. At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 31 December 2011.

Change in accounting estimates : Depletion and depreciation of development and production assets

Up to 30 June 2011, the Group calculated depletion charges using a unit-of-production method based on the proved (1P) gas reserves relating to the area of interest. The depletion charge effectively amortised the written-down cost of carried-forward gas field producing assets in that area of interest over the total 1P gas reserves.

As at 1 July 2011, new gas reserve estimates were adopted. A review of the historic and expected field production profiles concluded that amortising the full cost of the gas field producing assets over the revised 1P gas reserves base would not appropriately reflect value of the periodic consumption of the assets to the Group.

Effective 1 July 2011, the Group has calculated depletion charges using a unit-of-production method based on the proved and probable (2P) gas reserves relating to the area of interest. The depletion charge effectively amortises the written-down cost of carried–forward gas field producing assets in that area of interest, combined with the expected future cost of developing the 2P gas reserves, over the total 2P gas reserves.

If the previous method of calculating depletion based on the 1P gas reserves had been applied in the half year ended 31 December 2011, an additional depreciation and depletion expense of $5.4 million would have been recognised in the period. The impact of the change on future periods is impracticable to estimate as depletion rates are recalculated each period to reflect gas reserve updates and changes to actual and future estimated development costs.

2 Segment information

The Group’s primary operating segment is its gas production, development and exploration activities at the Meridian SeamGas gas fields. The Group’s exploration activities in other exploration tenements are managed separately, but as the operations in each of these areas are similar, the various tenements have been aggregated into one operating segment.

The Group rents a drilling rig to a drilling contractor. Drilling operations are considered to be a separate operating segment as the revenues and costs of drilling operations are reported separately to management and the Board.

The Group’s activities are conducted in two geographical areas, being Australia and Indonesia. WestSide sold its Indonesian operations during the period.

Notes to the financial statements (continued)

2 Segment information (continued)

	Meridian SeamGas Australia $'000	Drilling rig operations Australia $'000	Exploration Australia $'000s	All other segments Indonesia $'000	All other segments Australia $'000	**Total $'000**
Half year ended 31 December 2011						
Revenue from external customers	**2,611**	**736**	**-**	**-**	**53**	**3,400**
Add interest revenue						454
Total income						**3,854**
Segment profit / (loss) before interest	**(2,502)**	**(475)**	**-**	**3,662**	**(2,234)**	**(1,549)**
Add interest revenue						454
Less interest expense						(566)
Loss after income tax						**(1,661)**
Segment assets at 31 December 2011	**70,420**	**7,963**	**19,012**	**-**	**383**	**97,778**
Add jointly utilised assets :						
Cash						15,269
Interest receivable						107
Inventories						451
Total assets						**113,605**
Half year ended 31 December 2010						
Revenue from external customers	2,949	2,108	-	20	94	5,171
Add interest revenue						1,199
Total income						6,370
Segment profit / (loss) before interest	(1,961)	260	-	(134)	(2,173)	(4,008)
Add interest revenue						1,199
Less interest expense						(673)
Loss after income tax						(3,482)
Segment assets at 31 December 2010	53,646	4,863	28,730	-	367	87,606
Add jointly utilised assets :						
Cash						34,526
Interest receivable						887
Total assets						123,019

Notes to the financial statements (continued)

3 Equity securities issued or expired

(a) Ordinary shares

Date	Details	Number of shares	Value $'000
30 June 2011	**Balance**	**254,017,800**	**110,479**
23 August 2011	Vesting of employees share rights	173,550	78
23 August 2011	Share issue costs		(9)
31 December 2011	**Balance**	**254,191,350**	**110,548**

(b) Incentive options

	Exercise price	2011 Options	2010 Options
Incentive options which expired during the half year			
Exercisable between 1 July 2011 and 10 January 2013	$0.3614	**-**	200,000
Exercisable between 1 July 2011 and 30 June 2012	$0.4999	**-**	36,000
Total incentive options which expired during the half year		**-**	236,000

(c) Performance rights

	Number of rights vesting			
	30/6/2011	**31/12/2012**	**30/06/2012**	**31/12/2014**
Performance rights at 30 June 2011	312,700	2,110,000	-	1,030,000
Performance rights issued during the half year	-	-	579,400	-
Performance rights lapsed during the half year	(139,150)	(80,000)	-	(220,000)
Performance rights converted to ordinary shares during the half year	(173,550)	-	-	-
Performance rights at 31 December 2011	**-**	**2,030,000**	**579,400**	**810,000**

4 Discontinued Operations

Sale of Indonesian assets

On 16 September 2011, WestSide Corporation Ltd disposed of its Indonesian operations comprising of two overseas subsidiaries domiciled in Singapore, WestSide CSG Holdings Pte Ltd and WestSide KPC Holdings Pte Ltd, and its 50% interest in several jointly controlled entities. As consideration for the disposal of WestSide' interests in these entities WestSide received full ownership of the Schramm TXD drilling rig that it had been using in its Australian drilling operations. After taking into account WestSide's previous contributions to the costs of commissioning the drilling rig, the fair value of the consideration received was $3,664,264. No cash consideration was received.

The carrying value of the assets and liabilities of the entities disposed of on 16 September 2011 was nil.

Notes to the financial statements (continued)

5 Contingent liabilities

Cash of $8,548,227 (June 2011 : $6,020,000) is held as collateral to secure bank guarantees in respect of the Company's obligations pursuant to: Gas Sale Agreements; production and development activities; leases of business premises; and environmental authorities for petroleum licences, pipelines and tenements.

Deeds of cross charge

WestSide Corporation Ltd, WestSide ATP 688P Pty Ltd, WestSide ATP 769P Pty Ltd, WestSide CSG A Pty Ltd and WestSide CSG D Pty Ltd are parties to Deeds of Cross Charge with their respective joint venture partners. Pursuant to the Deeds, each party has granted a fixed and floating charge over their participating interest in the respective exploration tenements, Petroleum Leases, Pipeline Licences and joint venture assets to secure their prospective liabilities under Joint Operating Agreements. In respect of joint ventures in ATP 688P and ATP 769P, the Deeds of Cross Charge are capped at a maximum of $1 million in the event of default.

Obligation to acquire joint venture assets in certain circumstances

WestSide's joint venturer in the Meridian SeamGas joint venture has the right, until 1 July 2012, to sell its 49% interest in that joint venture back to WestSide at acquisition cost plus reimbursement of net funds invested since 1 July 2010, but only where WestSide's performance as operator or joint venturer is not in accordance with the terms of the Joint Development and Marketing Agreement. Settlement would be subject to WestSide obtaining finance to fund the transaction.

Rehabilitation liabilities of sub-leased Petroleum Lease

WestSide has subleased part of Petroleum Lease 94 (PL94) to other parties who have assumed all of the permit and environmental obligations associated with that area. If the sub-lessee were to default on its sub-lease obligations, WestSide as a registered permit holder, would have an obligation to contribute to the rehabilitation of the area. WestSide's share of the estimated liability for restoration and rehabilitation at balance date would be $809,700

6 Related party transactions

A Director, N Mitchell, controls Mitchell Energy Group Pty Ltd, Mitchell Energy Services Pty Ltd and Mitchell Equipment Hire Pty Ltd. During the period, the Group purchased and rented equipment amounting to $366,775 (2010: $163,254) from these companies on normal commercial terms and conditions.

7 Events occurring after the balance sheet date

On 8 March 2012, the Company announced an entitlement offer of new shares to shareholders. The fully underwritten offer is expected to raise $25.4 million through the issue of 101,676,540 new shares to fund ongoing activities.

On 8 March 2012, the Company issued to employees and contractors 1,752,000 Performance Rights vesting 31 December 2015 and expiring 31 December 2016 and 150,000 Performance Rights vesting 31 December 2012 and expiring 31 December 2013.

In the Directors' opinion:

(a) the financial statements and notes set out on pages 7 to 14 are in accordance with the *Corporations Act 2001,* including:,

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2011 and of its performance for the half year ended on that date; and

(b) there are reasonable grounds to believe that WestSide Corporation Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

A Karoll
Director

Brisbane
8 March 2012

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Independent auditor's review report to the members of WestSide Corporation Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Westside Corporation Limited, which comprises the balance sheet as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Westside Corporation Limited Group (the consolidated entity) . The consolidated entity comprises both Westside Corporation Limited (the company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of WestSide Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001.*

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Westside Corporation Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of the Company for the half-year ended 31 December 2011 included on Westside Corporation Limited's web site. The company's directors are responsible for the integrity of the Westside Corporation Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

PricewaterhouseCoopers

Brett Delaney
Partner

Brisbane
8 March 2012