TRANSIT

HOLDINGS LTD

ACN 121 184 316

Interim Financial Report

for the half year ended 31 December 2010

TRANSIT HOLDINGS LTD
ACN: 121 184 316

Contents

This financial report covers the Transit Holdings Ltd Group consisting of Transit Holdings Ltd and its subsidiaries. The financial report is presented in Australian dollars.

Transit Holdings Ltd is a company limited by shares, incorporated and domiciled in Australia. It's registered office and principal place of business is:

Transit Holdings Ltd
Suite 2
12 Parliament Place
West Perth WA 6005

A description of the nature of the Group's operations and its principal activities is included in the review of operations and activities in the Directors' Report on page 2, which does not form part of this financial report.

The Company has the power to amend and reissue the financial report.

Corporate Information

Directors:
Ananda Kathiravelu
Non-Executive Chairman

Brian Thomas
Non-Executive Director

Richard Monti
Executive Director

Company Secretary:
Morgan Barron

Registered & Principal Office:
Suite 2, 12 Parliament Place
WEST PERTH WA 6005
Telephone: + 618 9482 0515
Facsimile: + 618 9482 0505

Postal Address:
P.O. Box 902
WEST PERTH WA 6872

Auditors:
MGI Perth Audit Services Pty Ltd
7/1 William Street
PERTH WA 6000

Solicitors - Perth:
Steinepreis Paganin
Level 4, Next Building
16 Milligan Street
PERTH WA 6000

Home Stock Exchange:
Australian Securities Exchange
Exchange Plaza
2 The Esplanade
PERTH WA 6000
ASX Code – TRH

Share Registry:
Security Transfers Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

Directors' Report

Your Directors have pleasure in submitting their report on the Group, being the Company and its controlled entities, for the half-year ended 31 December 2010. In order to comply with the provisions of the Corporations Act 2001, the Directors report is as follows:

DIRECTORS

The names and details of Directors in office at any time during the half year were:

Ananda Kathiravelu	Non Executive Chairman
Brian Thomas	Non Executive Director
Richard Monti	Executive Director

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

PRINCIPAL ACTIVITIES

Transit Holdings Limited's ("Transit" or the "Group") principal activities are the exploration of potash in Utah, USA.

RESULTS

The net profit attributable to members of the parent entity for the period ended 31 December 2010 amounted to $2,419,665 (2009: net loss of $986,841). The net profit is attributable to a fair value gain on the Company's investment in Radar Iron Ltd. The Company has not realised any of this profit on this investment to date.

The net loss from ordinary activities, not including amounts recognised in relation to the loss of control transaction, for the period ended 31 December 2010 amounted to $728,089 (2009: $986,841).

OPERATING AND FINANCIAL REVIEW

OVERVIEW

At Transit's Paradox Basin Potash Project in the in south eastern Utah, USA, intensive negotiations continued with various government agencies to secure the Right of Way over Federal Land, to access drilling sites on 4 blocks administered by the State of Utah. On legal advice, the application to drill 12 wells on Federal land has been delayed until after the Rights of Way were secured, to reduce administration delays associated with the permitting.

The successful IPO of Radar Iron Ltd (ASX:RAD) in December progressed Transit's strategy to obtain value from a large iron ore tenement position in the Yilgarn area of Western Australia. TRH holds 36.7% of the new company and 12 million share options.

On 22 Dec 2010 Transit announced an agreement, subject to due diligence, to acquire rights over a large exploration project in Cordoba Province, Colombia, covering 320,000 hectares in areas of known coal formations bearing thermal coal.

POTASH - K2O UTAH LLC JOINT VENTURE

Exploration

Transit's Joint Venture vehicle, K2O Utah LLC ("K2O"), focused its activities in the December quarter on continued negotiations with various levels of government and government agencies, to encourage the Bureau of Land Management ("BLM"), which administers Federal Land, to grant access via a Right of Way Agreement to allow the drilling of up to 4 wells on State Lease Blocks. During December, and after months of deadlock, progress appeared to be made with the government producing a substantial Environmental Assessment for the traversing of bituminous roads, and a short section of dirt road, to access these state lease blocks. This was reviewed, and returned to the BLM with minor amendments.

During the period under review, Transit completed a Prospecting Permit Application for the drilling of up to 12 wells on Federal Land administered by the BLM which has included siting of drillholes and preparation of environmental permitting documents. On the advice of legal counsel, the submission of this document will be deferred until the Right of Way is secured, to avoid further administrative delays.

In anticipation of the granting of a Right of Way, the company is engaging with a large multinational engineering and drilling consultancy to assist in the preparation and eventual execution of a drilling plan for up to 4 wells on state lease blocks.

COLOMBIA COAL – HEADS OF AGREEMENT

In December 2010, Transit entered a Heads of Agreement with Corvus Coal Limited, a BVI Investment Company, to acquire, subject to due diligence and other approvals, their rights to a coal exploration project covering 320,000 hectares in the Cordoba Province of Colombia. An agreement was reached for a 90 day exclusivity period, in return for a A$25,000 payment.

The rights which Transit may acquire are for 45 "solicitudes" or first-in-line rights covering a substantial portion of the coal bearing Cerrito and Cienaga del Oro formations. These lie on average, within 150km of the coast, and offer options for road or barging to prospective port locations using current known and established logistics routes.

Consideration for the transaction has been agreed at 5 million Transit shares, plus up to A$100,000 in previous expenses, in addition to a number of other share issues on certain milestones being achieved. Due diligence will take place during the March 2011 quarter.

The Group is evaluating an entry strategy for coal, and is considering opportunities in other locations which offer potential for shareholder value.

RADAR IRON LIMITED

Radar Iron Ltd Spin Out

Following a review of options to unlock the value of the iron ore assets in Transit a decision was made to spin out the assets into a new company – Radar Iron Ltd (Radar – ASX code RAD). After shareholder approval was granted, Radar Iron Limited completed an Initial Public Offering in December 2010, and commenced trading under the ASX ticker RAD. Transit Holdings Limited holds 36.70% of the new company and 12 million share options. The Chairman of Transit, Mr Ananda Kathiravelu, has been appointed to the Board of Directors of Radar Iron Ltd.

Directors' Report

Please refer to Radar Iron Ltd's website www.radariron.com.au for details on Radar Iron's operations.

LIKELY DEVELOPMENTS

Other than as disclosed elsewhere in this report, there are no likely developments in the operations of the Company that were not finalised at the date of this report. Further information as to likely developments in the operations of the Group and Company and likely results of those operations would in the opinion of the Directors, be likely to result in unreasonable prejudice to the Group.

AUDITORS INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* for the half year ended 31 December 2010 has been received and can be found on page 5.

AUDITOR

MGI Perth Audit Services Pty Ltd continues in office in accordance with section 327 of the Corporation Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to Section 306(3) of the *Corporations Act 2001*.

R. Monti
Executive Director

Perth
15 March 2011

MGI Perth Audit Services Pty Ltd
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Lead auditor's independent declaration under section 307C of the Corporations Act 2001

To the directors of Transit Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half year ended 31 December 2010 there have been:

(i) no contraventions of the auditors independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

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

MGIPAS

MGI Perth Audit Services Pty Ltd

TJ Spooner **CA FCA(UK) ACIS**
Director

Perth
15 March 2011

Condensed Consolidated Statement of Comprehensive Income

For the half-year ended 31 December 2010

	Note	Consolidated 31 December 2010 $	Consolidated 31 December 2009 $
Finance Income		107,446	36,434
Share of net profits of associates and jointly controlled entities accounted for using the equity method		11,899	-
Financial administration, insurance and compliance costs		(119,229)	(91,640)
General exploration expenses		(65,673)	-
Impairment of exploration expenditure		(49,132)	-
Consulting and contracting expenses		(386,785)	(436,106)
Employee benefits expense	2	(167,738)	(568,085)
Administration expenses		(137,644)	(42,130)
Gain on loss of control of subsidiary	7	4,166,314	-
Profit (Loss) before income tax expense		3,359,458	(1,101,527)
Income tax expense		(981,327)	-
Net profit (loss) for the period		2,378,131	(1,101,527)
Other comprehensive income		-	-
Total comprehensive loss for the period		2,378,131	(1,101,527)
Profit (Loss) attributable to:			
Owners of the parent		2,419,665	(986,841)
Non-controlling interest		(41,534)	(114,686)
Total comprehensive loss for the period is attributable to:			
Owners of the parent		2,419,665	(986,841)
Non-controlling interest		(41,534)	(114,686)
Basic and diluted profit (loss) per share - cents per share		5.33	(3.11)

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

Condensed Consolidated Statement of Financial Position

As at 31 December 2010

	Note	Consolidated 31 December 2010 $	Consolidated 30 June 2010 $
ASSETS			
Current assets			
Cash and cash equivalents		3,703,607	4,626,434
Other receivables		42,065	89,660
Total current assets		3,745,672	4,716,094
Non-current assets			
Investments accounted for using the equity method	7	4,587,222	-
Exploration and evaluation expenditure	3	-	472,901
Plant and equipment		2,182	3,925
Total non-current assets		4,589,404	476,826
TOTAL ASSETS		8,335,076	5,192,920
LIABILITIES			
Current liabilities			
Trade and other payables		54,104	239,413
Total current liabilities		54,104	239,413
Non-current liabilities			
Deferred tax liabilities	7	986,166	131,970
Total non-current liabilities		986,166	131,970
TOTAL LIABILITIES		1,040,270	371,383
NET ASSETS		7,294,806	4,821,537
EQUITY			
Issued capital	4	11,022,291	11,022,291
Reserves		978,321	883,183
Accumulated losses		(4,375,997)	(6,795,662)
Equity attributable to owners of the parent		7,624,615	5,109,812
Non-controlling interest		(329,809)	(288,275)
TOTAL EQUITY		7,294,806	4,821,537

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2010

2010 CONSOLIDATED	Issued Capital $	Un-allotted Shares $	Option Reserve $	Accumulated Losses $	Non-controlling Interest $	Total Equity $
Total equity at the beginning of the period	**11,022,291**		**883,183**	**(6,795,662)**	**(288,275)**	**4,821,537**
Total comprehensive profit (loss) for the period	-	-	-	2,419,665	(41,534)	2,378,131
Transactions with equity holders:						
Share-based payments	-	-	95,138	-	-	95,138
Total equity at 31 December 2010	**11,022,291**	**-**	**978,321**	**(4,375,997)**	**(329,809)**	**7,294,806**

2009 CONSOLIDATED	Issued Capital $	Un-allotted Shares $	Option Reserve $	Accumulated Losses $	Non-controlling Interest $	Total Equity $
Total equity at the beginning of the period	6,659,716	-	1,111,581	(4,680,875)	(35,832)	3,054,590
Total comprehensive loss for the period	-	-	-	(986,841)	(114,686)	(1,101,527)
Transactions with equity holders:						
Contributions of equity, net of transaction costs	342,707	-	(25,385)	-	-	317,322
Share-based payments	-	-	509,225	-	-	509,225
Options Exercised	-	2,511,071	-	-	-	2,511,071
Total equity at 31 December 2009	**7,002,423**	**2,511,071**	**1,595,421**	**(5,667,716)**	**(150,518)**	**5,290,681**

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

Condensed Consolidated Statement of Cash Flows

For the half-year ended 31 December 2010

	Consolidated 31 December 2010 $	Consolidated 31 December 2009 $
Cash flows from operating activities		
Receipts from customers	42,470	30,798
Interest received	147,955	36,434
Exploration expenditure	(600,672)	(230,404)
Payments to suppliers and employees	(405,646)	(304,769)
Net cash used in operating activities	(815,893)	(467,941)
Cash flows from investing activities		
Payments for exploration expenditure	(209,255)	(116,532)
Proceeds from disposal of entities, net of cash disposed	102,321	-
Net cash used in investing activities	(106,934)	(116,532)
Cash flows from financing activities		
Proceeds from exercise of options	-	2,511,071
Proceeds from the issue of shares	-	317,322
Net cash provided by financing activities	-	2,828,393
Net decrease in cash and cash equivalents	(922,827)	2,243,920
Cash and cash equivalents at the beginning of the period	4,626,434	2,935,447
Cash and cash equivalents at the end of the period	**3,703,607**	**5,179,367**

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

Notes to the Financial Statements

For the half-year ended 31 December 2010

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Transit Holdings Ltd (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the half year ended 31 December 2010 comprises the Company and its subsidiaries (together referred to as the "Group").

STATEMENT OF COMPLIANCE

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reports*, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with IAS 34 *'Interim Financial Reporting'*.

The half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2010 and any public announcements made by Transit Holdings Limited during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

This consolidated interim financial report was approved by the Board of Directors on 14 March 2011.

BASIS OF PREPARATION

The half-year report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the half-year report, the half-year has been treated as a discrete reporting period.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY ESTIMATES

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2010.

ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2010.

Notes to the Financial Statements

For the half-year ended 31 December 2010

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS (CONTINUED)

In the half-year ended 31 December 2010, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2010.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2010. The Group has decided against early adoption of any new Standards and Interpretations except amendments resulting from AASB 2009-5. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

NOTE 2 – LOSS BEFORE INCOME TAX EXPENSE

	31 December 2010 $	31 December 2009 $
The following expense items are relevant in explaining the financial performance for the half-year:		
Impairment of capitalised exploration expenditure	49,132	-
Wages and Salaries	72,600	58,860
Share-based payments	95,138	509,225

NOTE 3 – DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2010 $	30 June 2010 $
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation		
Exploration and evaluation expenditure, at cost	-	472,901

Reconciliation:

A reconciliation of the carrying amounts of exploration and evaluation expenditure is set out below:

Carrying amount at 1 July 2009	294,050
Additions	178,851
Impairment of exploration expenditure	-
Carrying amount at 30 June 2010	472,901
Additions	263,528
Impairment of fair value adjustments on consolidation	(49,132)
Derecognition of exploration assets due to loss of control	(687,297)
Carrying amount at 31 December 2010	-

Notes to the Financial Statements

For the half-year ended 31 December 2010

NOTE 3 – DEFERRED EXPLORATION AND EVALUATION EXPENDITURE (CONTINUED)

Exploration commitments

In order to maintain rights of tenure to exploration permits, the Group has certain obligations to perform minimum exploration work and expend minimum amounts of money.

These commitments may be varied as a result of renegotiations, relinquishments, farm-outs, sales or carrying out work in excess of the permit obligations. The minimum expenditure required by the Group on exploration permits during the year to 31 December 2011 is estimated below. Commitments beyond this time frame cannot be estimated reliably as minimum expenditure requirements are reassessed annually. The commitments have not been provided for in the financial report.

	31 December 2010 $	31 December 2009 $
Within one year.	-	155,000

NOTE 4 - ISSUED CAPITAL

CONSOLIDATED AND PARENT ENTITY 2010	Number of Shares		$
	Ordinary Shares	Converting Shares	
(a) Issued and Paid Up Capital			
Fully paid ordinary shares	45,381,224	6,000	11,022,291
(b) Movements in fully paid shares on issue			
Opening balance 1 July 2010	45,381,224	6,000	11,022,291
Shares issued during the period	-	-	-
Total fully paid shares on issue	45,381,224	6,000	11,022,291

(c) Options Exercised	31 December 2010 $	31 December 2009 $
Proceeds from exercise of options not yet allotted by the Company	-	2,511,071

During the period no options were exercised to take up ordinary shares. As at 31 December 2010 the Company had a total of 6,000,000 unissued ordinary shares on which options are outstanding with an average weighted exercise price of 40 cents.

NOTE 5 – RELATED PARTY TRANSACTIONS

Arrangements with related parties continued during the period. For details of these arrangements please refer to the 30 June 2010 Annual Financial Report. Other related party transactions are in the form of short term employee benefits, post employment benefits, share based payments, loans to subsidiaries and the sale of a subsidiary to a separate controlled entity.

See Note 8 for further information on share based payments.

NOTE 6– SEGMENT REPORTING

Description of segments

The Group's reportable operating segments are as follows:

1. Potash Exploration Segment (USA); and
2. All Other Segments, of which includes the iron-ore and gold exploration segment and the corporate & administration segment (Australia).

The Group's operating segments have been determined with reference to the information used by the chief operating decision maker to make decisions regarding the Group's operations and the allocation of the Group's working capital. Due to the size and nature of the Group's business the Board as a whole has been determined as the chief operating decision maker.

The segments disclosed in the table below have been identified as operating segments that meet any of the following thresholds:

- Segment loss greater than 10% of combined loss of loss making operating segments; and
- Segment assets greater than 10% of combined assets of all operating segments.

Each of Transit's operating segments operates in separate geographical locations, as disclosed above.

AASB 8 *Segment Reporting* states that similar operating segments can be aggregated together to form one reportable segment. Transit has aggregated the Gold and Iron-Ore Segments together under this rule; however the aggregated segment did not satisfy any of the thresholds.

Once reportable segments have been identified, all remaining segments that do not satisfy the thresholds are to be aggregated together to form an all other segments reporting segment. In accordance with AASB 8 *Segment Reporting* corporate and administration activities are to be included in the all other segments reporting segment.

Notes to the Financial Statements

For the half-year ended 31 December 2010

NOTE 6– SEGMENT REPORTING (CONTINUED)

Segment Information

The following table presents the revenue and profit information regarding the segment information provided to the Board of Directors for the half-year periods ended 31 December 2010 and 31 December 2009.

	Potash Exploration $	All Other Segments $	Consolidated $
31 December 2010			
Segment revenue	-	107,446	107,446
Segment result	(360,000)	2,738,131	2,378,131
Unallocated expenses			-
Results from operating activities			2,378,131
Less: discontinued operation			-
Results from continuing operations			2,378,131
Segment assets	-	8,335,076	8,335,076
Segment liabilities	13,579	1,026,692	1,040,271
Included within segment result:			
Depreciation	-	1,742	1,742
Interest revenue	-	107,446	107,446
Income Tax Expense	-	981,327	981,327
31 December 2009			
Segment revenue	-	36,434	36,434
Segment result	(458,743)	(642,784)	(1,101,527)
Unallocated expenses			-
Results from operating activities			(1,101,527)
Less: discontinued operation			-
Results from continuing operations			(1,101,527)
Segment assets	-	5,633,661	5,633,661
Segment liabilities	221,745	121,235	342,980
Included within segment result:			
Depreciation	-	4,358	4,358
Interest revenue	-	36,434	36,434

Notes to the Financial Statements

For the half-year ended 31 December 2010

NOTE 7 – EQUITY ACCOUNTED INVESTEES

On 3 December 2010 Transit sold 100% of the ownership of Radar Resources Pty Ltd to another subsidiary Radar Iron Ltd in return for $120,000 cash, 22,690,612 shares and 12 million options exercisable at 25 cents expiring on or before 30 November 2013. The sale of Radar Resources Pty Ltd by Transit met the definition of acquisitions from entities under common control and as such is specifically excluded from the scope of AASB 3: *Business Combinations.* Accordingly, the consideration received for the sale was valued at Radar Resources Pty Ltd's Net Asset value as at the date of the sale, which amounted to $529,008, and no profit or loss has been recognised from the transaction.

On 16 December 2010 Radar Iron completed an Initial Public Offering ("IPO") of shares and was subsequently admitted to the official list of the ASX. On the allotment of the IPO shares Transit's ownership interest in Radar Iron diluted from a controlling interest to 36.7% which is considered one of significant influence and has therefore been deconsolidated and accounted for under equity accounting provisions.

In accordance with accounting standards, Transits retained interest in Radar Iron has been re-valued to fair value as at the date control was lost. The table below outlines the gain on the revaluation of the Group's interest in Radar Iron Ltd which has been recognised in the profit or loss.

	2010 **$**
Fair Value of Investment in Radar Iron*	4,575,322
Less: Original carrying value of Investment in Radar Iron as a Subsidiary	(409,008)
Gain on loss of control	4,166,314

* 22,690,612 ordinary shares at 20 cents per share, and 12 million options valued at 0.31 cents per option

The Group has recognised a Deferred Tax Liability in respect of this gain to the value of $986,166. The Company has Deferred Tax Assets in respect to carry forward losses, that may be available to offset any future tax liability arising from the investment in Radar Iron, these deferred tax assets have not been utilised in offsetting the deferred tax liability and will not be until an analysis of the Group's ability to satisfy the continuity of ownership test and/or the same business test has been completed.

The Groups share of profits in its equity accounted investees for the period is $11,899 (2009: Nil.) The Group has not received any dividends in respect of its share of profits from equity accounted investees.

Notes to the Financial Statements

For the half-year ended 31 December 2010

NOTE 8 – SHARE BASED PAYMENTS

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	Consolidated 2010 $
500,000 Unlisted Options issued to Director (Brian Thomas)	40,000
3,000,000 Unlisted Options issued to CEO*	55,138
	95,138

* The expense relating to the options issued to the CEO relates to the CEO options issued on 14 April 2010 and the remaining expense for the period 1 July 2010 to 14 July 2010 which completes the vesting period of these options. These options have not yet vested due to price hurdles not being satisfied to date.

These options are detailed below:

Date Granted	Expiry Date	Exercise Price	Issued During the period
6 December 2010	31 December 2012	$0.40	500,000
14 April 2010	31 December 2012	$0.40	-
			500,000

Fair value of Director Options granted

The fair value of unlisted options is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at valuation date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The Black-Scholes valuation is expensed over the vesting period of the particular options.

The table below summarises the model inputs for options granted during the period and valued using the Black-Scholes option pricing model:

Model Inputs	Director Options
1. Options granted for no consideration:	500,000
2. Exercise price (cents):	40
3. Valuation date:	26 November 2010
4. Expiry date:	31 December 2012
5. Underlying security spot price at grant date (cents):	21
6. Expected price volatility of the company's shares:	100%
7. Expected dividend yield:	0%
8. Risk-free interest rate	5.07%
Black & Scholes Valuation per Option (cents)	8

These options have vested and are exercisable from the date granted.

NOTE 8 – SHARE BASED PAYMENTS (CONTINUED)

Fair value of CEO Options granted

The fair value at grant date of the CEO Consulting options has been determined using a Binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The Binomial option pricing model uses an iterative procedure, allowing for the specification of nodes, or points in time, during the time span between the valuation date and the expiration date. It assumes that underlying security prices can only either increase or decrease with time until the option expires.

To correctly account for the vesting conditions in the valuation of the CEO Consulting Options, the exercise price of the option in each tranche has been adjusted to reflect the price when vesting conditions are satisfied. It is for this reason that the fair value of an option in Tranche 2 or Tranche 3 is lower that the in Tranche 1.

Please refer to the disclosures in the 2010 Annual Report for the model inputs used in the valuation of the CEO Consulting options.

NOTE 9 – CONTINGENT ASSETS & LIABILITIES

There has been no change in contingent assets or liabilities since the last annual reporting date.

NOTE 10 –SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company or Group, the results of those operations or the state of affairs of the Company and Group in subsequent financial years.

Directors' Declaration

In the opinion of the directors of Transit Holdings Limited ('the Company'):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:

    a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

    b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year then ended.

2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the board

R. Monti
Executive Director
Perth
15 March 2011

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Independent Auditor's Review Report to the members of Transit Holdings Limited

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of Transit Holdings Limited (the "Group") , which comprises the condensed consolidated statement of financial position as at 31 December 2010, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the period ended on that date, notes comprising a summary of significant accounting policies, other explanatory notes 1 to 10, and the directors' declaration of the consolidated entity comprising of the Company and the entities it controlled at the half-year end or from time to time during the interim period.

Directors' Responsibility for the Interim Financial Report

The directors of the Group are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the interim 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 interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a 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 Group's financial position as at 31 December 2010 and its performance for the period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Transit Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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.*

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Conclusion

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2010 and of its performance for the period ended on that date; and

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

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MGI Perth Audit Services Pty Ltd

TJ Spooner

TJ Spooner CA, FCA (UK) ACIS
Director

Perth

Date 15 March 2011