UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

[X] **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)**
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended September 30, 2015.

or

[_] **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)**
OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 001-36605

PATRIOT TRANSPORTATION HOLDING, INC.

(Exact name of registrant as specified in its charter)

FLORIDA	**47-2482414**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
200 W. Forsyth St., 7th Floor, Jacksonville, Florida	**32202**
(Address of principal executive offices)	(Zip Code)

(904) 396-5733

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock $.10 par value	NASDAQ

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [_] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [_] No [X]

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [_]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No [_]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [_]	Accelerated filer [_]
Non-accelerated filer [X]	Smaller reporting company [_]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes [_] No [X]

The number of shares of the registrant's stock outstanding as of December 7, 2015 was 3,272,804. The aggregate market value of the shares of Common Stock held by non-affiliates of the registrant as of March 31, 2015, the last day of business of our most recently completed second fiscal quarter, was $50,010,251. Solely for purposes of this calculation, the registrant has assumed that all directors, officers and ten percent (10%) shareholders of the Company are affiliates of the registrant.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Patriot Transportation Holding, Inc. 2015 Annual Report to Shareholders are incorporated by reference in Parts I and II.

Portions of the Patriot Transportation Holding, Inc. Proxy Statement which will be filed with the Securities and Exchange Commission not later than December 31, 2015 are incorporated by reference in Part III.

Preliminary Note Regarding Forward-Looking Statements.

Certain matters discussed in this report contain forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those indicated by such forward-looking statements.

These forward-looking statements relate to, among other things, capital expenditures, liquidity, capital resources and competition and may be indicated by words or phrases such as ”anticipate”, ”estimate”, ”plans”, ”projects”, ”continuing”, ”ongoing”, ”expects”, ”management believes”, ”the Company believes”, ”the Company intends” and similar words or phrases. The following factors and others discussed in the Company’s periodic reports and filings with the Securities and Exchange Commission are among the principal factors that could cause actual results to differ materially from the forward-looking statements: freight demand for petroleum products including recessionary and terrorist impacts on travel in the Company’s markets; fuel costs and the Company’s ability to recover fuel surcharges; accident severity and frequency; risk insurance markets; driver availability and cost; the impact of future regulations regarding the transportation industry; availability and terms of financing; competition in our markets; interest rates, and inflation and general economic conditions. However, this list is not a complete statement of all potential risks or uncertainties.

These forward-looking statements are made as of the date hereof based on management’s current expectations, and the Company does not undertake an obligation to update such statements, whether as a result of new information, future events or otherwise. Additional information regarding these and other risk factors may be found in the Company’s other filings made from time to time with the Securities and Exchange Commission.

PART I

Item 1. BUSINESS.

On January 30, 2015, FRP Holdings, Inc. ("FRP") completed the tax-free spin-off (the “Spin-off") of Patriot Transportation Holding, Inc., (the "Company" or "Patriot"). In the Spin-off, FRP distributed all of the outstanding stock of the Company to FRP's shareholders as of the record date of January 9, 2015. FRP’s shareholders received one share of Patriot (stock symbol “PATI”) for every three shares of FRP owned on the record date resulting in 3,242,524 of Patriot shares outstanding on the distribution date. Patriot now is an independent, publicly traded company, and FRP retains no ownership in Patriot.

Patriot was incorporated on August 5, 2014 in connection with a corporate reorganization that preceded the Spin-off. The business of the Company is conducted through our wholly-owned subsidiary, Florida Rock & Tank Lines, Inc. (“Tank Lines”), the same subsidiary through which FRP operated the transportation business prior to the Spin-off.

Our Business. Our business consists of hauling petroleum related products and dry bulk commodities and liquid chemicals. We are one of the largest regional tank truck carriers in North America. According to the Tank Truck Carrier 2014 Gross Revenue Report issued by Bulk Transporter, we are the 15th largest bulk tank carrier in North America by revenue. We operate terminals in Florida, Georgia, Alabama, South Carolina, North Carolina and Tennessee. We do not own any of the products we haul; rather, we act as a third party carrier to deliver our customers’ products from point A to point B, using predominately Company employees and Company-owned tractors and tank trailers. Approximately 82% of our business consists of hauling liquid petroleum products (mostly gas and diesel fuel) from large scale fuel storage facilities to our customers’ retail outlets (e.g. convenience stores, truck stops and fuel depots) where we off-load the product into our customer’s fuel storage tanks for ultimate sale to the retail consumer. The remaining 18% of our business consists of hauling our customers’ dry bulk commodities such as cement, lime and various industrial powder products and liquid chemicals. As of September 30, 2015, we employed 696 revenue-producing drivers who operated our fleet of 477 tractors and 568 trailers from our 21 terminals and 9 satellite locations.

We are an important link in our customers’ fuel supply chain, transporting primarily from petroleum terminals to retail locations such as hypermarkets, convenience stores and truck stops. We also provide the last mile of delivery service in the liquid chemical and dry bulk business primarily from distribution facilities or manufacturing facilities to the end user. Cement and ash are delivered to concrete plants, powdered lime to industrial users and liquid chemicals primarily to the end user at a manufacturing plant or water treatment or storage facility.

Tractors and Trailers. During fiscal 2015, the Company purchased 59 new tractors and 27 trailers. Our fiscal 2016 capital budget includes 94 new tractors and 29 new trailers including binding commitments to purchase one tractor at September 30, 2015. We anticipate this more modern fleet will result in reduced maintenance expenses, improved operating efficiencies and enhanced driver recruitment and retention. At September 30, 2015 the Company operated a fleet of 477 tractors and 568 tank trailers, 1 tractor that was being prepared for sale and 15 tractors that were being placed in service. The Company owns all of the tank trailers and tractors used to conduct our business, except for 3 tractors owned by owner-operators and 46 leased tractors that were assumed from Pipeline Transportation, Inc. in November, 2013.

Competitors. The tank lines transportation business is extremely competitive and fragmented. We have between two and six competitors in each of our markets, consisting of other carriers of varying sizes as well as our customers' private fleets. Price, service and location are the major competitive factors in each local market. Some of our competitors have greater financial resources and a more expansive geographic footprint than our company. Some of our competitors periodically reduce their prices to gain business, which may limit our ability to maintain or increase prices, implement new pricing strategies or maintain significant growth in our business.

Our largest competitors include Kenan Advantage Group, Eagle Transport, Penn Tank Lines, CTL, and Commercial Carriers. We also compete with smaller carriers in most of our markets.

Our strategy is to build long-term partnerships with our customers based on the highest level of customer service and reliability. The current trend is that hypermarkets and super regional and national chains have emerged to replace many of the independent convenience stores and service stations historically served by many of our competitors. As this continues, we believe that our size, capabilities, scope of services and geographic reach will provide us a competitive advantage over smaller carriers with fewer resources.

Customers. Approximately 82% of our business consists of hauling petroleum related products. Our petroleum clients include major convenience store and hypermarket accounts, fuel wholesalers and major oil companies. We strive to build long-term relationships with major customers by providing outstanding customer service. During fiscal 2015, the Company's ten largest customers accounted for approximately 58.9% of revenue. One of these customers, Murphy USA, accounted for 22.0% of revenue. The loss of any one of these customers could have a material adverse effect on the Company's revenues and income. Our transportation services agreements with our customers generally are terminable upon 90-120 days' notice, but nine of our top 10 accounts have been customers for at least 10 years.

Our dry bulk and chemical customers include large industrial companies including cement and concrete accounts and product distribution companies. Our customer relationships are long-standing and have grown over time as a result of consistently high safety and service levels.

Sales and Marketing. Our marketing activities are focused on building our relationships with existing customers as well as developing new business opportunities. Our senior management team has extensive experience in marketing specialized fuels delivery services. In addition, significant portions of our marketing activities are conducted locally by our regional managers, terminal managers and dispatchers who act as local customer service representatives. These managers and dispatchers maintain regular contact with customers and are well-positioned to identify the changing transportation needs of customers in their respective geographic areas. We also actively participate in various trade associations, including the National Tank Truck Carriers Association, various state petroleum marketing associations and the Society of Independent Gasoline Marketers Association.

Environmental Matters. Our activities, which involve the transportation, storage and disposal of fuels and other hazardous substances and wastes, are subject to various federal, state and local health and safety laws and regulations relating to the protection of the environment, including, among others, those governing the transportation, management and disposal of hazardous materials, vehicle emissions, underground and above ground storage tanks and the cleanup of contaminated sites. Our operations involve risks of fuel spillage or seepage, hazardous waste disposal and other activities that are potentially damaging to the environment. If we are involved in a spill or other accident involving hazardous substances, or if we are found to be in violation of or liable under applicable laws or regulations, it could significantly increase our cost of doing business.

Most of our truck terminals are located in industrial areas, where groundwater or other forms of environmental contamination may have occurred. Under environmental laws, we could be held responsible for the costs relating to any contamination at those or other of our past or present facilities and at third-party waste disposal sites, including cleanup costs, fines and penalties and personal injury and property damages. Under some of these laws, such as the Comprehensive Environmental Response Compensation and Liability Act (also known as the Superfund law) and comparable state statutes, liability for the entire cost of the cleanup of contaminated sites can be imposed upon any current or former owner or operator, or upon any party who sent waste to the site, regardless of the lawfulness of any disposal activities or whether a party owned or operated a contaminated property at the time of the release of hazardous substances. From time to time, we have incurred remedial costs and/or regulatory penalties with respect to chemical or wastewater spills and releases relating to our facilities or operations, and, notwithstanding the existence of our environmental management program, we may incur such obligations in the future.

The discovery of contamination or the imposition of additional obligations or liabilities in the future could result in a material adverse effect on our financial condition, results of operations or our business reputation. See “Risk Factors—Risks Relating to Our Business—Our operations involve hazardous materials and could result in significant environmental liabilities and costs” for a discussion of certain risks of our being associated with transporting hazardous substances.

Seasonality. Our business is subject to seasonal trends common in the refined petroleum products delivery industry. We typically face reduced demand for refined petroleum products delivery services during the winter months and increased demand during the spring months. Further, operating costs and earnings are generally adversely affected by inclement weather conditions. These factors generally result in lower operating results during the first and fourth quarters of the year and cause our operating results to fluctuate from quarter to quarter. Our operating expenses also have been somewhat higher in the winter months, due primarily to decreased fuel efficiency and increased maintenance costs for tractors and trailers in colder months.

Employees. As of September 30, 2015, the Company employed 979 people.

Financial Information. Financial information about the company is presented in the financial statements included in the accompanying 2015 Annual Report to Shareholders and such information is incorporated herein by reference.

Company Website. The Company’s website may be accessed at www.patriottrans.com. All of our filings with the Securities and Exchange Commission can be accessed through our website promptly after filing. This includes annual reports on Form 10-K, proxy statements, quarterly reports on Form 10-Q, current reports filed or furnished on Form 8-K and all related amendments.

Item 1A. RISK FACTORS.

Our future results may be affected by a number of factors over which we have little or no control. The following issues, uncertainties, and risks, among others, should be considered in evaluating our business and outlook. Also, note that additional risks not currently identified or known to us could also negatively impact our business or financial results.

Risks Relating to Our Business

Our business is subject to general economic and other factors that are largely out of our control and could affect our operations, profitability and cash flow.

Our business is dependent on various economic factors over which we have little control, that include:

- the availability of qualified drivers;
- access to the credit and capital markets;
- rising healthcare costs;
- increases in fuel prices, taxes and tolls;
- increases in costs of equipment;
- interest rate fluctuations;
- excess capacity in the trucking industry;
- changes in laws or regulations or changes in license and regulatory fees;
- potential disruptions at U.S. ports of entry;
- downturns in customers' business cycles; and
- insurance prices.

As a result, we may experience periods of overcapacity, declining prices, lower profit margins and less availability of cash in the future. Our revenues and operating income could be materially adversely affected if we are unable to pass through to our customers the full amount of increased transportation costs.

We would be adversely affected by a decline in demand for hauling petroleum products in our markets.

We derive approximately 82% of our revenues from the hauling of petroleum products, including gasoline, diesel fuel and ethanol. The demand for these services is determined by motor fuel consumption in our markets, which is affected by general economic conditions, employment levels, consumer confidence, spending patterns and gasoline prices. Demand for our petroleum hauling services is also impacted by vehicle fuel efficiency, alternative fuel vehicles and government regulation relating to ethanol. The Energy Information Administration of the U.S. Department of Energy projects that U.S. motor gasoline consumption will decline at an average rate of 1.1% per year between 2012 and 2040 as improvements in fuel efficiency are expected to outpace increases in miles driven.

Advanced technology, improved fuel efficiency and increased use of "green" automobiles (e.g., those automobiles that do not use gasoline or that are powered by hybrid engines) would reduce demand for gasoline. Developments regarding climate change and the effects of greenhouse gas emissions on climate change may lead to increased use of "green" automobiles. Consequently, attitudes toward gasoline and its relationship to the environment may significantly affect our sales and ability to market our products. Reduced consumer demand for gasoline could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We may be adversely affected by fluctuations in the price and availability of fuel.

We require large amounts of diesel fuel to operate our tractors. In 2013, 2014 and 2015, fuel (including fuel taxes) represented approximately 22.9%, 22.7%, and 16.5%, respectively, of our total revenue. The market price for fuel can be extremely volatile and can be affected by a number of economic and political factors. In addition, changes in federal or state regulations can impact the price of fuel, as well as increase the amount we pay in fuel taxes. We incorporate a fuel surcharge clause in substantially all customer contracts to pass most additional fuel costs above a specified level on to our customers. However, we may not be able to do so in the future.

The amount of the fuel surcharge each month is typically based on the average price of fuel for the prior month; accordingly, our recovery of fuel costs in excess of the levels specified in our contracts lags the actual increase in fuel prices, and we may never be fully reimbursed for increases in fuel prices above the levels specified in our contracts. We currently do not hedge our fuel purchases to protect against fluctuations in fuel prices that are not covered by fuel surcharges, and therefore are at risk to the extent that changes in the market price of fuel are not covered by the fuel surcharge provisions of our customer contracts. In addition, our customers may negotiate rates or contracts that minimize or eliminate our ability to continue passing on fuel price increases to our customers. If fuel prices increase and we are unable to pass the increased cost to our customers, the additional expense could have a material adverse effect on our business, results of operations and financial condition.

Our operations may also be adversely affected by any limit on the availability of fuel. Disruptions in the political climate in key oil producing regions in the world, particularly in the event of wars or other armed conflicts, could severely limit the availability of fuel in the United States. In the event our customers face significant difficulty in obtaining fuel, our business, results of operations and financial condition would be materially adversely affected.

Our business may be adversely affected by seasonal factors and harsh weather conditions.

Our business is subject to seasonal trends common in the refined petroleum products delivery industry. We typically encounter increased demand for fuels delivery services in Florida during the spring months. Further, operating costs and earnings are generally adversely affected by inclement weather conditions. These factors generally result in lower operating results during the first and fourth quarters of the year and cause our operating results to fluctuate from quarter to quarter. Our operating expenses also have been somewhat higher in the winter months, primarily due to decreased fuel efficiency, increased utility costs and increased maintenance costs for tractors and trailers in colder months. An occurrence of unusually harsh or long-lasting inclement weather could have an adverse effect on our operations and profitability.

We operate in a highly competitive industry, and competitive pressures may adversely affect our operations and profitability.

The tank lines transportation business is extremely competitive and fragmented. We compete with many other carriers and varying sizes as well as our customers' private fleets. Numerous competitive factors could impair our ability to maintain our current level of revenues and profitability and adversely affect our financial condition. These factors include the following:

- we compete with many other fuels delivery service providers, particularly smaller regional competitors, some of which may have more equipment in, or stronger ties to, the geographic regions in which they operate or other competitive advantages;

- some of our competitors periodically reduce their prices to gain business, which may limit our ability to maintain or increase prices, implement new pricing strategies or maintain significant growth in our business;

- many customers periodically accept bids from multiple carriers, and this process may depress prices or result in the loss of some business to competitors;

- many customers are looking to reduce the number of carriers they use, and in some instances we may not be selected to provide services;

- consolidation in the fuels delivery industry could create other large carriers with greater financial resources than we have and other competitive advantages relating to their size;

- the development of alternative power sources for cars and trucks could reduce demand for gasoline; and

- advances in technology require increased investments to maintain competitiveness, and we may not have the financial resources to invest in technology improvements or our customers may not be willing to accept higher prices to cover the cost of these investments.

If we are unable to address these competitive pressures, our operations and profitability may be adversely affected.

The loss or bankruptcy of one or more significant customers may adversely affect our business.

We are dependent upon a limited number of large customers. Our ten largest customers accounted for approximately 58.9% of our total revenues during the year ended September 30, 2015. In particular, our largest customer, Murphy USA, accounted for 22.0% of our total revenues during fiscal 2015. The loss of one or more of our major customers, or a material reduction in services performed for such customers, would have a material adverse effect on our results of operations. In addition, if one or more of our customers were to seek protection under the bankruptcy laws, we might not receive payment for services rendered and, under certain circumstances, might have to return payments made by these customers during the 90 days prior to the bankruptcy filing. If we were to lose one or more of our key customers, we might not be able to capture additional volume from other customers to offset the fixed costs historically covered by the lost revenue.

Difficulty in attracting and retaining drivers could negatively affect our operations and limit our growth.

There is substantial competition for qualified personnel, particularly drivers, in the trucking industry. We operate in many geographic areas where there is currently a shortage of drivers. Regulatory requirements, including electronic logging, and an improving U.S. jobs market, could continue to reduce the number of eligible drivers in our markets. Any shortage of drivers could result in temporary under-utilization of our equipment, difficulty in meeting our customers' demands and increased compensation levels, each of which could have a material adverse effect on our business, results of operations and financial condition. A loss of qualified drivers could lead to an increased frequency in the number of accidents, potential claims exposure and, indirectly, insurance costs.

Difficulty in attracting qualified drivers could also require us to limit our growth. Our strategy is to grow in part by expanding existing customer relationships into new markets. However, we may have difficulty finding qualified drivers on a timely basis when presented with new customer opportunities, which could result in our inability to accept or service this business or could require us to increase the wages we pay in order to attract drivers. If we are unable to hire qualified drivers to service business opportunities in new markets, we may have to temporarily send drivers from existing terminals to those new markets, causing us to incur significant costs relating to out-of-town driver pay and expenses. In making acquisitions and converting private fleets, some of the drivers in those fleets may not meet our standards, which would require us to find qualified drivers to replace them. If we are unable to find and retain such qualified drivers on terms acceptable to us, we may be forced to forego opportunities to expand or maintain our business.

If our relationship with our employees were to deteriorate, we may

be faced with unionization efforts, labor shortages, disruptions or stoppages, which could adversely affect our business and reduce our operating margins and income.

Our operations rely heavily on our employees, and any labor shortage, disruption or stoppage caused by poor relations with our employees could reduce our operating margins and income. None of our employees are subject to collective bargaining agreements, although unions have traditionally been active in the U.S. trucking industry. Our workforce has been subject to union organization efforts from time to time, and we could be subject to future unionization efforts as our operations expand. Unionization of our workforce could result in higher compensation and working condition demands that could increase our operating costs or constrain our operating flexibility. In addition, we are from time to time subject to wage and hour claims relating to overtime pay where our drivers work more than eight hours in a day but less than 40 hours in a week. We believe we are exempt from overtime pay rules under regulations of the Department of Transportation (“DOT”). However, our operating costs would increase if this exemption were rescinded or if a court determined that we were not exempt from these overtime pay rules.

If we lose key members of our senior management, our business may be adversely affected.

Our ability to implement our business strategy successfully and to operate profitably depends in large part on the continued employment of our senior management team, led by Tom Baker, our president and Chief Executive Officer, John Milton, our Chief Financial Officer and Rob Sandlin, President of Florida Rock & Tank Lines, Inc. If Mr. Baker, Mr. Milton, Mr. Sandlin or the other members of senior management become unable or unwilling to continue in their present positions, our business or financial results could be adversely affected.

If we fail to develop, integrate or upgrade our information technology systems, we may lose customers or incur costs beyond our expectations.

We rely heavily on information technology and communications systems to operate our business and manage our network in an efficient manner. We have equipped our tractors with various mobile communications systems and electronic logging devices that enable us to monitor our tractors and communicate with our drivers in the field and enable customers to track the location and monitor the progress of their cargo through the Internet. Despite redundancies and security measures, our information technology and communications systems remain susceptible to outages, computer viruses, break-ins, human error, data leakage and other disruptions and imperfections. Any of these could impair the efficiency of our operations, inhibit our customer service or reduce customer access to information. In addition, there could be a loss of confidential information, corruption of data, or damage to our reputation. Demand for our services or the profitability of operations could in turn be affected, which could have a negative impact on our results of operations or cash flows.

Increasingly, we compete for customers based upon the flexibility and sophistication of our technologies supporting our services. The failure of hardware or software that supports our information technology systems, the loss of data contained in the systems, or the inability of our customers to access or interact with our website, could significantly disrupt our operations and cause us to lose customers. If our information technology systems are unable to handle additional volume for our operations as our business and scope of service grow, our service levels and operating efficiency will decline. In addition, we expect customers to continue to demand more sophisticated fully-integrated information systems. If we fail to hire and retain qualified personnel to implement and maintain our information technology systems or if we fail to upgrade or replace these systems to handle increased volumes, meet the demands of our customers and protect against disruptions of our operations, we may lose customers, which could seriously harm our business.

To compete effectively, we must anticipate and adapt to technology changes. We may choose new technologies that later prove to be inadequate, or may be forced to implement new technologies, at substantial cost, to remain competitive. In addition, competitors may implement new technologies before we do, allowing such competitors to provide lower priced or enhanced services and superior quality compared to those we provide. This development could have a material adverse impact on our ability to compete.

We are self-insured and/or have deductible exposure to certain claims and are subject to the fluctuations of the insurance marketplace, all of which could affect our profitability.

The primary accident risks associated with our business are:

- motor-vehicle related bodily injury and property damage;
- workers’ compensation claims;
- environmental pollution liability claims;
- cargo loss and damage; and
- general liability claims.

We currently maintain insurance for:

- motor-vehicle related bodily injury and property damage claims;
- workers’ compensation insurance coverage on our employees; and
- general liability claims.

Our insurance program includes a self-insured deductible of $250,000 per incident for bodily injury, property damage, and currently workers' compensation (with a basket at $250,000 for all three). In addition, we maintained insurance policies with a total limit of $75 million, of which $74 million was provided under umbrella and excess liability policies and $1 million is provided under a primary liability policy. The $250,000 deductible per incident could adversely affect our profitability, particularly in the event of an increase in the frequency or severity of incidents. Additionally, we are self-insured for damage to the equipment that we own and lease, as well as for cargo losses and such self-insurance is not subject to any maximum limitation. In addition, even where we have insurance, our insurance policies may not provide coverage for certain claims against us or may not be sufficient to cover all possible liabilities.

Our self-insured retentions require us to make estimates of expected loss amounts and accrue such estimates as expenses. Changes in estimates may materially and adversely affect our financial results. In addition, our insurance does not cover claims for punitive damages. As a result of the increase in our self-insured retention, it is likely that we will increase our claims accrual as a result of a possible increase in our claims expense.

We are subject to changing conditions and pricing in the insurance marketplace that in the future could change dramatically the cost or availability of various types of insurance. To the extent these costs cannot be passed on to our customers in increased prices, increases in insurance costs could reduce our future profitability and cash flow.

In addition, our insurance carriers and the states in which we operate require us to post either letters of credit or surety bonds to collateralize our self-insured retention. We currently have letters of credit of $2.7 million outstanding to satisfy these obligations. If our insurance carriers or the states in which we operate require us to increase the amount of collateral we provide in the future, we could face increased costs, including the payment of additional fees to the providers of letters of credit. Since our letters of credit are considered debt under the financial covenants for our financing arrangements, increases in the amount of letters of credit we have outstanding to collateralize our self-insurance obligations will reduce borrowing availability under our credit agreement and reduce our capacity for additional borrowings.

Moreover, any accident or incident involving us, even if we are fully insured or not held to be liable, could negatively affect our reputation among customers and the public, thereby making it more difficult for us to compete effectively, and could significantly affect the cost and availability of insurance in the future. Because we provide "last mile" fuels delivery services, we generally perform our services in more crowded areas, which increases the possibility of an accident involving our trucks.

We operate in a highly regulated industry, and increased costs of compliance with, or liability for violation of, existing or future regulations could significantly increase our costs of doing business.

As a motor carrier, we are subject to regulation by the Federal Motor Carrier Safety Administration ("FMCSA") and DOT, and by various federal and state agencies. These regulatory authorities exercise broad powers governing various aspects such as operating authority, safety, hours of service, hazardous materials transportation, financial reporting and acquisitions. There are additional regulations specifically relating to the trucking industry, including testing and specification of equipment, product-handling requirements and drug testing of drivers. In 2003, Florida Rock & Tank Lines, Inc. underwent a compliance review by the FMCSA in which we retained our satisfactory DOT safety rating. Any downgrade in our DOT safety rating (as a result of new regulations or otherwise) could adversely affect our business.

The trucking industry is subject to possible regulatory and legislative changes that may affect the economics of the industry by requiring changes in operating practices, emissions or by changing the demand for common or contract carrier services or the cost of providing trucking services. Possible changes include:

- increasingly stringent environmental regulations, including changes intended to address climate change;
- restrictions, taxes or other controls on emissions;
- regulation specific to the energy market and logistics providers to the industry;
- changes in the hours-of-service regulations, which govern the amount of time a driver may drive in any specific period;
- driver and vehicle electronic logging requirements;
- requirements leading to accelerated purchases of new tractors;
- mandatory limits on vehicle weight and size;
- driver hiring restrictions;
- increased bonding or insurance requirements; and
- mandatory regulations imposed by the Department of Homeland Security.

From time to time, various legislative proposals are introduced, including proposals to increase federal, state, or local taxes, including taxes on motor fuels and emissions, which may increase our operating costs, require capital expenditures or adversely impact the recruitment of drivers.

Restrictions on emissions or other climate change laws or regulations could also affect our customers that use significant amounts of energy or burn fossil fuels in producing or delivering the products we carry. We also could lose revenue if our customers divert business from us because we have not complied with their sustainability requirements.

Our business may be adversely affected by terrorist attacks and anti-terrorism measures.

In the aftermath of the terrorist attacks of September 11, 2001, federal, state and municipal authorities have implemented and are implementing various security measures, including checkpoints and travel restrictions on large trucks and fingerprinting of drivers in connection with new hazardous materials endorsements on their licenses. Such measures may have costs associated with them which we are forced to bear. While we believe we are in compliance with these new regulations, if existing requirements are interpreted differently by governmental authorities or additional new security measures are required, the timing of our deliveries may be disrupted and we may fail to meet the needs of our customers or incur increased expenses to do so. Such developments could have a material adverse effect on our operating results. Moreover, large trucks containing petroleum products are potential terrorist targets, and we may be obligated to take measures, including possible capital expenditures intended to protect our trucks. In addition, the insurance premiums charged for some or all of the coverage maintained by us could continue to increase dramatically or such coverage could be unavailable in the future.

Our operations involve hazardous materials and could result in significant environmental liabilities and costs.

Our activities, which involve the transportation, storage and disposal of fuels and other hazardous substances and wastes, are subject to various federal, state and local health and safety laws and regulations relating to the protection of the environment, including, among others, those governing the transportation, management and disposal of hazardous materials, vehicle emissions, underground and above ground storage tanks and the cleanup of contaminated sites. Our operations involve risks of fuel spillage or seepage, hazardous waste disposal and other activities that are potentially damaging to the environment. If we are involved in a spill or other accident involving hazardous substances, or if we are found to be in violation of or liable under applicable laws or regulations, it could significantly increase our cost of doing business.

Most of our truck terminals are located in industrial areas, where groundwater or other forms of environmental contamination may have occurred. Under environmental laws, we could be held responsible for the costs relating to any contamination at those or other of our past or present facilities and at third-party waste disposal sites, including cleanup costs, fines and penalties and personal injury and property damages. Under some of these laws, such as the

Comprehensive Environmental Response Compensation and Liability Act (also known as the Superfund law) and comparable state statutes, liability for the entire cost of the cleanup of contaminated sites can be imposed upon any current or former owner or operator, or upon any party who sent waste to the site, regardless of the lawfulness of any disposal activities or whether a party owned or operated a contaminated property at the time of the release of hazardous substances. From time to time, we have incurred remedial costs and/or regulatory penalties with respect to spills and releases in connection with our operations and, notwithstanding the existence of our environmental management program, such obligations may be incurred in the future. The discovery of contamination or the imposition of additional obligations or liabilities in the future could result in a material adverse effect on our financial condition, results of operations or our business reputation.

Environmental laws and regulations are complex, change frequently and have tended to become more stringent over time. If we fail to comply with applicable environmental laws and regulations, we could also be subject to substantial fines or penalties and to civil and criminal liability. As a result, our costs of complying with current or future environmental laws or liabilities arising from such laws may have a material adverse effect on our business, results of operations or financial condition.

We have significant ongoing capital requirements.

Our business requires substantial ongoing capital investment, particularly for tractors, trailers, terminals and technology. Our capital expenditures were approximately $15.6 million, $9.6 million and $9.9 million in 2013, 2014 and 2015, respectively, and we expect to make capital expenditures of approximately $14.6 million during fiscal 2016. We expect that cash flow from operations and borrowings under our revolving credit facility will be our primary sources of financing for capital expenditures. If we are unable to generate sufficient cash from operations or borrow sufficient funds on terms that are acceptable to us, we may be forced to limit our growth and operate existing equipment for significant periods of time, each of which could have a material adverse effect on our business, results of operations and financial condition.

We may face difficulty in purchasing new equipment on a timely basis. Any delay in delivery of equipment could impair our ability to serve our customers, and, to the extent that we must obtain equipment from alternative sources at increased prices, could result in a significant increase in our anticipated capital expenditures and, accordingly, have a material adverse effect on our business, results of operations and financial condition.

Financing may not always be available to fund our activities.

We usually must spend and risk a significant amount of capital to fund our activities. Although most capital needs are funded from operating cash flow, the timing of cash flows from operations and capital funding needs may not always coincide, and the levels of cash flow may not fully cover capital funding requirements.

From time to time, we may need to supplement our cash generated from operations with proceeds from financing activities. We currently have two revolving credit facilities available to us, each for up to $25 million of borrowings, to provide us with available financing for working capital, equipment purchases and other general corporate purposes. These credit facilities are intended to meet any ongoing cash needs in excess of internally generated cash flows.

Our revolving credit agreements restrict our ability to engage in some business activities.

Our revolving credit agreements contain customary negative covenants and other financial and operating covenants that will, among other things:

- restrict our ability to incur certain additional indebtedness;
- restrict our ability to make certain investments;
- restrict our ability to merge with another company;
- restrict our ability to pay dividends;
- require us to maintain financial coverage ratios; and
- prevent us from encumbering certain assets except as approved by the lender.

These restrictions could cause us to default on our credit agreements or negatively affect our operations.

Our growth will depend in part upon making acquisitions, which are subject to the uncertainties of evaluating potential liabilities, integration risks and other difficulties.

Our growth strategy depends in part upon our ability to acquire regional competitors in strategically desirable locations and to integrate them successfully into our existing operations.

Successful acquisitions require an assessment of a number of factors, many of which are beyond our control. These factors include operating costs and potential environmental and other liabilities of acquired companies and the extent to which such acquired companies would retain existing customers and add profitable routes to our geographic scope of coverage. Such assessments are inexact and their accuracy is inherently uncertain. In connection with our assessments, we perform a review of the companies to be acquired that we believe is generally consistent with industry practices. However, such a review will not reveal all existing or potential problems. In addition, our review may not permit us to become sufficiently familiar with the companies to fully assess their deficiencies and capabilities.

In seeking acquisitions, we may be required to compete with other potential acquirers, some of which may have substantially greater financial and other resources than those available to us. We are unable to predict whether and when any prospective acquisition candidate will become available or the likelihood that any acquisition will be completed on acceptable terms. Further, if we make future acquisitions, we may issue shares of capital stock that dilute other shareholders, incur debt, assume significant liabilities and create additional expenses related to intangible assets, any of which might reduce our reported earnings or earnings per share. In addition, any financing that we might need for these acquisitions may only be available to us on terms that restrict our business and acquisition-related accounting charges may adversely affect our balance sheet and results of operations.

Additionally, we may encounter difficulties in integrating acquired companies into our existing operations and business because they may have substantially different operating characteristics or be in different geographic locations than our existing operations. Once integrated, acquired businesses may not achieve levels of revenues, profitability or productivity comparable to our existing business or otherwise perform as expected. Also, acquisitions may involve difficulties in the retention of personnel, diversion of management’s attention, risks of the customers of acquired companies allocating all or a portion of their business to our competitors while they evaluate the impact of the acquisition, unexpected legal liabilities, and tax and accounting issues. Any inability on our part to consummate and integrate future acquisitions successfully may have a material adverse effect on our results of operations and financial condition.

Risks Relating to Our Common Stock

Your percentage of ownership in the Company may be diluted in the future.

In the future, your percentage ownership in the Company may be diluted because of equity issuances for acquisitions, capital market transactions or other corporate purposes, including equity awards that we will grant to our directors, officers and employees. Our employees have options to purchase shares of our common stock and we anticipate our compensation committee will grant additional stock options or other stock-based awards to our employees. Such awards will have a dilutive effect on our earnings per share, which could adversely affect the market price of our common stock. From time to time, we will issue additional options or other stock-based awards to our employees under our employee benefits plans.

In addition, our amended and restated articles of incorporation authorizes us to issue, without the approval of our shareholders, one or more classes or series of preferred stock having such designation, powers, preferences and relative, participating, optional and other special rights, including preferences over our common stock respecting dividends and distributions, as our board of directors generally may determine. The terms of one or more classes or series of preferred stock could dilute the voting power or reduce the value of our common stock. For example, we could grant the holders of preferred stock the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we could assign to holders of preferred stock could affect the residual value of the common stock.

Certain shareholders have effective control of a significant percentage of our common stock and likely will control the outcome of any shareholder vote.

As of September 30, 2015, two of our directors, Edward L. Baker and Thompson S. Baker II, beneficially own approximately 8% of the outstanding shares of our common stock (65% of such shares are held in trusts under which voting power is shared with other family members) and certain of their family members beneficially own an additional 25%. As a result, these individuals effectively may have the ability to direct the election of all members of our board of directors and to exercise a controlling influence over our business and affairs, including any determinations with respect to mergers or other business combinations involving us, our acquisition or disposition of assets, our borrowing of monies, our issuance of any additional securities, our repurchase of common stock and our payment of dividends.

Provisions in our articles of incorporation and bylaws and certain provisions of Florida law could delay or prevent a change in control of us.

The existence of some provisions of our articles of incorporation and bylaws and Florida law could discourage, delay or prevent a change in control of us that a shareholder may consider favorable. These include provisions:

- providing for a classified board of directors;
- providing that our directors may be removed by our shareholders only for cause;
- establishing supermajority vote requirements for our shareholders to approve certain business combinations;
- establishing supermajority vote requirements for our shareholders to amend certain provisions of our articles of incorporation and our bylaws;
- authorizing a large number of shares of stock that are not yet issued, which would allow our board of directors to issue shares to persons friendly to current management, thereby protecting the continuity of our management, or which could be

used to dilute the stock ownership of persons seeking to obtain control of us;

- prohibiting shareholders from calling special meetings of shareholders or taking action by written consent; and

- imposing advance notice requirements for nominations of candidates for election to our board of directors at the annual shareholder meetings.

These provisions apply even if a takeover offer may be considered beneficial by some shareholders and could delay or prevent an acquisition that our board of directors determines is not in our and our shareholders’ best interests.

Risks Related to the Spin-off

Patriot has a limited history of operating as an independent company, and our historical and pro forma financial information is not necessarily representative of the results we would have achieved as a separate, publicly traded company and may not be a reliable indicator of our future results.

The Spin-off was completed on January 30, 2015. Certain historical information about Patriot in this Annual Report on Form 10-K refers to the transportation business as operated as part of the consolidated business of FRP. Patriot’s historical and pro forma financial information included in this Annual Report on Form 10-K is derived from the consolidated financial statements and accounting records of FRP. Accordingly, the historical and pro forma financial information included in this Annual Report on Form 10-K does not necessarily reflect the financial condition, results of operations or cash flows that Patriot would have achieved as a separate, publicly traded company during the periods presented or those that Patriot will achieve in the future primarily as a result of the factors described below:

- Prior to the Spin-off, the transportation business was operated by FRP as part of its broader corporate organization, rather than as an independent company. The combined company performed various corporate functions for the transportation business, such as legal, treasury, accounting, auditing, human resources, public affairs and finance. Patriot’s historical and pro forma financial results reflect allocations of corporate expenses from FRP for such functions and were less than the expenses Patriot would have incurred had it operated as a separate publicly traded company.

- Prior to the Spin-off, Patriot’s working capital requirements and capital for its general corporate purposes, including acquisitions and capital expenditures, were satisfied using the credit facilities of FRP. Patriot may need to obtain additional financing from banks, through public offerings or private placements of debt or equity securities, strategic relationships or other arrangements, which may or may not be available and maybe more costly.

- The cost of capital for Patriot's business may be higher than FRP's cost of capital prior to the Spin-off.

Other significant changes may occur in Patriot's cost structure, management, financing and business operations as a result of operating as a separate public company.

Potential indemnification liabilities to FRP pursuant to the Separation agreement could materially adversely affect the Company.

The separation agreement with FRP provides for indemnification obligations designed to make the Company financially responsible for substantially all liabilities that may exist relating to its business activities, whether incurred prior to or after the Company's Spin-off from FRP, as well as those obligations of FRP assumed by the Company pursuant to the separation agreement. If the Company is required to indemnify FRP under the circumstances set forth in the separation agreement, the Company may be subject to substantial liabilities.

We share three of our executives with FRP so those executives do not devote their full time and attention to our business.

Under the terms of the Transition Services Agreement between us and FRP, we provide the services of three of our executive officers to FRP. Thompson S. Baker II, our Chief Executive Officer, John D. Milton, Jr., our Chief Financial Officer, and John D. Klopfenstein, our Controller and Chief Accounting Officer, serve in the same capacities with FRP under the Transition Services Agreement. These executives will spend approximately 50% of their time working with FRP during the term of the Transition Services Agreement, and FRP has agreed to reimburse us for 50% of the total costs associated with these executives (inclusive of overhead). Our business could be adversely impacted by lack of the full-time focus of these executives during the term of the Transition Services Agreement. In addition, these executives may face actual or apparent conflicts of interest if there are issues or disputes under the agreements between us and FRP.

We have potential conflicts of interest with FRP.

We have common management with FRP, which may lead to conflicting interests. Three of our executive officers also serve as executive officers of FRP. Our Chief Executive Officer, Thompson S. Baker II, also will serve as a director of both companies. Our executive officers and members of our board of directors will have fiduciary duties to our shareholders. Likewise, any such persons who serve in similar capacities at FRP will have fiduciary duties to FRP's shareholders. Therefore, such persons may have conflicts of interest or the appearance of conflicts of interest with respect to matters involving or affecting each company. For example, there will be the potential for a conflict of interest if we and FRP look at acquisitions and other corporate opportunities that may be suitable for each of us. Moreover, after the Spin-off, most of our directors and officers may continue to own FRP stock, and some officers will continue to own options to purchase FRP stock, which they acquired prior to the spin off. These ownership interests could create, or appear to create, potential conflicts of interest when these individuals are faced with decisions that could have different implications for our company and FRP. From time to time, FRP may enter into transactions with us or our subsidiaries or other affiliates. Although the terms of any such transactions will be established based upon negotiations between employees of the companies involved, there can be no assurance that the terms of any such transactions will be as favorable to us or our subsidiaries or affiliates as would be the case where the parties are completely at arms’ length.

Our inter-company agreements were negotiated when we were a subsidiary of FRP. We have entered into agreements with FRP pursuant to which we will provide to FRP certain management, administrative, financial, treasury, accounting, tax, legal and other services, for which FRP will reimburse us on a cost basis. In addition, we have entered into a Separation and Distribution Agreement, a Tax Matters Agreement and an Employee Matters Agreement with FRP. The terms of these agreements were established while we were a wholly owned subsidiary of FRP, and hence were not the result of arms’ length negotiations. However, we believe that such terms are commercially reasonable and fair to both parties under the circumstances. Nevertheless, conflicts could arise in the interpretation or any extension or renegotiation of the foregoing agreements after the Spin-off.

There could be significant liability if the distribution of common stock that occurred as a result of the Spin-off is determined to be a taxable transaction.

Our former parent, FRP, received an opinion of outside tax counsel to the effect that, among other things, the Spin-off will qualify as a transaction that is tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Internal Revenue Code. The opinion relies on certain facts, assumptions, representations and undertakings from FRP and the Company regarding the past and future conduct of the companies’ respective businesses and other matters. If any of these facts, assumptions, representations or undertakings are incorrect or not satisfied, FRP and its shareholders may not be able to rely on the opinion of tax counsel and could be subject to significant tax liabilities.

Notwithstanding an opinion of tax counsel, the IRS could determine on audit that the Spin-off is taxable if it determines that any of these facts, assumptions, representations or undertakings are not correct or have been violated or if it disagrees with the conclusions in the opinion, or for other reasons, including as a result of certain significant changes in the share ownership of FRP or the Company after the Spin-off. If the Spin-off is determined to be taxable for U.S. federal income tax purposes, FRP and its shareholders that are subject to U.S. federal income tax could incur significant U.S. federal income tax liabilities and the Company could incur significant liabilities. In connection with the Spin-off, FRP and the Company entered into a tax matters agreement, which describes the sharing of any such liabilities between FRP and the Company.

We may not be able to engage in certain corporate transactions after the Spin-off.

To preserve the tax-free treatment to FRP of the Spin-off and the distribution, under the tax matters agreement that the Company entered into with FRP, we will be restricted from taking any action that prevents the Spin-off and related transactions from being tax-free for U.S. federal income tax purposes. Under the tax matters agreement, for the two-year period following the distribution, we will be prohibited, except in certain circumstances, from:

- entering into any transaction resulting in the acquisition of 40 percent or more of our stock or substantially all of our assets, whether by merger or otherwise;
- merging, consolidating, or liquidating;
- issuing equity securities beyond certain thresholds;
- repurchasing its capital stock; and
- ceasing to actively conduct its business.

These restrictions may limit our ability to pursue certain strategic transactions or other transactions that we may believe to be in the best interests of our shareholders or that might increase the value of our business. In addition, under the tax matters agreement, we are required to indemnify FRP against any such tax liabilities as a result of the acquisition of our stock or assets, even if it did not participate in or otherwise facilitate the acquisition.

Item 1B. UNRESOLVED STAFF COMMENTS.

None.

Item 2. PROPERTIES.

As of September 30, 2015, our terminals and satellite locations were located in the following cities:

State	City	Terminal or Satellite Location	Owned/Leased
Alabama	Anniston	Satellite	Leased
Alabama	Birmingham	Terminal	Leased
Alabama	Mobile	Satellite	Leased
Alabama	Montgomery	Terminal	Leased
Florida	Cape Canaveral	Satellite	Leased
Florida	Ft. Lauderdale	Terminal	Leased
Florida	Freeport	Satellite	Leased
Florida	Jacksonville	Terminal	Owned
Florida	Newberry	Satellite	Leased
Florida	Orlando	Terminal	Leased
Florida	Panama City	Terminal	Owned
Florida	Pensacola	Terminal	Owned
Florida	Tampa	Terminal	Owned
Florida	White Springs	Terminal	Owned
Georgia	Albany	Terminal	Owned
Georgia	Athens	Satellite	Leased
Georgia	Augusta	Terminal	Owned
Georgia	Bainbridge	Terminal	Owned
Georgia	Columbus	Terminal	Owned
Georgia	Doraville	Terminal	Owned
Georgia	Macon	Terminal	Owned
Georgia	Rome	Satellite	Leased
Georgia	Savannah	Terminal	Leased
North Carolina	Charlotte	Satellite	Leased
North Carolina	Wilmington	Terminal	Leased
South Carolina	Belton	Satellite	Leased
South Carolina	Spartanburg	Terminal	Leased
Tennessee	Chattanooga	Terminal	Owned
Tennessee	Nashville	Terminal	Leased
Tennessee	Knoxville	Terminal	Owned

Item 3. LEGAL PROCEEDINGS.

Note 10 to the Consolidated and Combined Financial Statements included in the accompanying 2015 Annual Report to Shareholders is incorporated herein by reference.

Item 4. MINE SAFETY DISCLOSURES.

None.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

There were approximately 440 holders of record of Patriot Transportation Holding, Inc. common stock, $.10 par value, as of September 30, 2015. The Company's common stock is traded on the Nasdaq Stock Market (Symbol PATI).

Price Range of Common Stock. Information concerning stock prices is included under the caption "Quarterly Results" on page 5 of the Company's 2015 Annual Report to Shareholders, and such information is incorporated herein by reference.

Dividends. The Company has not paid a cash dividend in the past and it is the present policy of the Board of Directors not to pay cash dividends. Information concerning restrictions on the payment of cash dividends is included in Note 3 to the consolidated and combined financial statements included in the accompanying 2015 Annual Report to Shareholders and such information is incorporated herein by reference.

Securities Authorized for Issuance Under Equity Compensation Plans. Information regarding securities authorized for issuance under equity compensation plans is included in Item 12 of Part III of this Annual Report on Form 10-K and such information is incorporated herein by reference.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers. Share repurchase activity during the three months ended September 30, 2015 was as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased As Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1)
July 1 Through July 31	—	$ —	—	$ 5,000,000
August 1 Through August 31	—	$ —	—	$ 5,000,000
September 1 Through September 30	—	$ —	—	$ 5,000,000
Total	—	$ —	—	

(1) On February 4, 2015, the Board of Directors authorized management to expend up to $5,000,000 to repurchase shares of the Company’s common stock from time to time as opportunities arise. To date, the Company has not repurchased any common stock of the Company.

Item 6. SELECTED FINANCIAL DATA.

Information required in response to this Item 6 is included under the caption "Five Year Summary" on page 5 of the Company's 2015 Annual Report to Shareholders and such information is incorporated herein by reference.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION.

Information required in response to Item 7 is included under the caption "Management’s Discussion and Analysis of Financial Condition and Results of Operation" on pages 6 through 12 of the Company’s 2015 Annual Report to Shareholders and such information is incorporated herein by reference.

Item 7.A QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Interest Rate Risk. We are exposed to the impact of interest rate changes through our variable-rate borrowings under the Credit Agreement. Under the Wells Fargo and BB&T revolving credit lines of credit, the applicable margins for borrowings at September 30, 2015 were 1.0% and 1.5%, respectively. The applicable margin for such borrowings will be reduced or increased in the event that our debt to capitalization ratio as calculated under the Credit Agreement Facilities exceeds a target level.

The Company did not have any variable or fixed rate debt outstanding at September 30, 2015, so a sensitivity analysis was not performed to determine the impact of hypothetical changes in interest rates on the Company’s results of operations and cash flows.

Commodity Price Risk. The price and availability of diesel fuel are subject to fluctuations due to changes in the level of global oil production, seasonality, weather, global politics and other market factors. Historically, we have been able to recover a significant portion of fuel price increases from our customers in the form of fuel surcharges. The price and availability of diesel fuel can be unpredictable as well as the extent to which fuel surcharges can be collected to offset such increases. In fiscal 2015 and 2014, a significant portion of fuel costs was covered through fuel surcharges.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Information required in response to this Item 8 is included under the caption "Quarterly Results" on page 5 and on pages 13 through 24 of the Company's 2015 Annual Report to Shareholders. Such information is incorporated herein by reference.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

Item 9A. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls And Procedures. Under the supervision and with the participation of our management, including our principal executive officer, principal financial officer and chief accounting officer, we conducted an evaluation of our disclosure controls and procedures, as such terms is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based on this evaluation, our principal executive officer, our principal financial officer and our chief accounting officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Annual Report.

Management's Annual Report On Internal Control Over Financial Reporting. Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in the *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in the *Internal Control-Integrated Framework (2013)*, our management concluded that our internal control over financial reporting was effective as of September 30, 2015.

This Annual Report does not include an attestation report of our Independent Registered Certified Public Accounting Firm, Hancock Askew & Co., LLP, regarding internal control over financial reporting. Management's report was not subject to attestation by our Independent Registered Certified Public Accounting Firm pursuant to rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this Annual Report.

Change In Internal Control Over Financial Reporting. During the fourth quarter of 2015, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations Over Internal Controls. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated and combined financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that:

i. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;

ii. provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated and combined financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

iii. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the consolidated and combined financial statements.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations, including the possibility of human error and circumvention by collusion or overriding of controls. Accordingly, even an effective internal control system may not prevent or detect material misstatements on a timely basis. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

ITEM 9B. OTHER INFORMATION.

None.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Information regarding the Company’s executive officers and directors (including the disclosure regarding audit committee financial experts), required in response to this Item 10, is included under the captions "Board of Directors and Corporate Governance- Our Board of Directors," "Board of Directors and Corporate Governance- Board Leadership," "Board of Directors and

Corporate Governance- Board Committees," "Board of Directors and Corporate Governance- Business Conduct Policies," "Securities Ownership- Section 16(a) Beneficial Ownership Reporting Compliance," and "Compensation Discussion and Analysis" in the Company's Proxy Statement and such information is incorporated herein by reference. The Proxy Statement will be filed with the Securities and Exchange Commission not later than December 31, 2015.

The Company has adopted a Financial Code of Ethical Conduct applicable to its principal executive officers, principal financial officers and principal accounting officers. A copy of this Financial Code of Ethical Conduct is filed as Exhibit 14 to this Form 10-K. The Financial Code of Ethical Conduct is available on our web site at www.patriottrans.com under the heading *Corporate Governance*.

Item 11. EXECUTIVE COMPENSATION.

Information required in response to this Item 11 is included under the captions "Board of Directors and Corporate Governance- Board Committees- Compensation Committee," "Non-Employee Director Compensation," "Compensation Discussion and Analysis" and "Executive Compensation" in the Company's Proxy Statement and such information is incorporated herein by reference. The Proxy Statement will be filed with the Securities and Exchange Commission not later than December 31, 2015.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

Information required in response to this Item 12 is included under the captions "Securities Ownership" in the Company's Proxy Statement and such information is incorporated herein by reference. The Proxy Statement will be filed with the Securities and Exchange Commission not later than December 31, 2015.

Equity Compensation Plan Information

Plan Category	Number of Securities to be issued upon exercise of outstanding options, Warrants and rights (a)	Weighted Average exercise price of outstanding options, warrants and rights (b)	Number of Securities Remaining Available for future Issuance under equity Compensation Plans (excluding Securities reflected in column (a)) (c)
Equity compensation			

plans approved by security holders	75,315	$ 21.95	194,405
Equity compensation plans not approved by security holders	0	0	0
Total	75,315	$ 21.95	194,405

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

Information required in response to this Item 13 is included under the caption “Related Party Transactions" and “Board of Directors and Corporate Governance- Director Independence " in the Company's Proxy Statement and such information is incorporated herein by reference. The Proxy Statement will be filed with the Securities and Exchange Commission not later than December 31, 2015.

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

Information required in response to this Item 14 is included under the captions “Independent Registered Public Accounting Firm” in the Company’s Proxy Statement and such information is incorporated herein by reference. The Proxy Statement will be filed with the Securities and Exchange Commission not later than December 31, 2015.

PART IV

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULE.

(a) (1) and (2) Financial Statements and Financial Statement Schedule.

The response to this item is submitted as a separate section. See Index to Financial Statements and Financial Statement Schedule on page 34 of this Form 10-K.

(3) Exhibits.

The response to this item is submitted as a separate section. See Exhibit Index on pages 33 through 34 of this Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Patriot Transportation Holding, Inc.

Date: December 21, 2015

By THOMPSON S. BAKER II
Thompson S. Baker II
Chairman, President and Chief Executive Officer (Principal Executive Officer)

By JOHN D. MILTON, JR.
John D. Milton, Jr.
Executive Vice President, Treasurer, Secretary and Chief Financial Officer (Principal Financial Officer)

By JOHN D. KLOPFENSTEIN
John D. Klopfenstein
Controller and Chief Accounting Officer (Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on December 21, 2015.

THOMPSON S. BAKER II
Thompson S. Baker II
Chairman, President and Chief Executive Officer
(Principal Executive Officer)

JOHN D. MILTON, JR.
John D. Milton, Jr.
Executive Vice President, Treasurer, Secretary and Chief Financial Officer (Principal Financial Officer)

JOHN D. KLOPFENSTEIN
John D. Klopfenstein
Controller and Chief Accounting Officer (Principal Accounting Officer)

JOHN E. ANDERSON
John E. Anderson
Director

EDWARD L. BAKER
Edward L. Baker
Director, Chairman Emeritus

LUKE E. FICHTHORN III
Luke E. Fichthorn III
Director

ROBERT H. PAUL III
Robert H. Paul III
Director

FORM 10-K FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
EXHIBIT INDEX
[Item 14(a)(3)]

(2.1)	Separation and Distribution Agreement, dated as of January 30, 2015, by and between FRP Holdings, Inc. and Patriot Transportation Holding, Inc.(incorporated by reference to Form 8-K filed February 3, 2015).
(3.1)	Patriot Transportation Holding, Inc. Amended and Restated Articles of Incorporation(incorporated by reference to Form 10-Q filed May 15, 2015).
(3.2)	Patriot Transportation Holding, Inc. Amended and Restated Bylaws (incorporated by reference to Form 10-Q filed May 15, 2015).
(10.1)	Credit Agreement, dated January 30, 2015, among Patriot Transportation Holding, Inc. and Wells Fargo Bank, N.A. (incorporated by reference to Form 10-Q filed May 15, 2015).
(10.2)	Tax Matters Agreement, dated January 30, 2015, by and between FRP Holdings, Inc. and Patriot Transportation Holding, Inc.(incorporated by reference to Form 8-K filed February 3, 2015).
(10.3)	Transition Services Agreement, dated January 30, 2015, by and between FRP Holdings, Inc. and Patriot Transportation Holding, Inc. (incorporated by reference to Form 8-K filed February 3, 2015).
(10.4)	Employee Matters Agreement, dated as of January 30, 2015, by and between FRP Holdings, Inc. and Patriot Transportation Holding, Inc. (incorporated by reference to Form 8-K filed February 3, 2015).
(10.5)	2014 Equity Incentive Plan for Patriot Transportation Holding, Inc. (incorporated by reference to Form 10-Q filed May 15, 2015).
(10.6)	Management Incentive Compensation Plan (incorporated by reference to Form 10-Q filed May 15, 2015).
(10.7)	Credit Agreement, dated May 13, 2015, among Patriot Transportation Holding, Inc. and Branch Banking and Trust Company (BB&T) (incorporated by reference to Form 10-Q filed August 6, 2015).
(14)	Financial Code of Ethical Conduct between the Company, Chief Executive Officers, and Financial Managers, as adopted on May 6, 2015, which is available on the Company's website at www.patriottrans.com.
(21)	Subsidiaries of Registrant at September 30, 2015: Florida Rock & Tank Lines, Inc. (a Florida corporation); STI Holding, Inc. (a Florida corporation); Patriot Transportation of Florida, Inc. (a Florida corporation).
(23)(a)	Consent of Hancock Askew & Co., Inc., Independent Registered Certified Public Accounting Firm, appears on page 35 of this Form 10-K.
(31)(a)	Certification of Thompson S. Baker II.
(31)(b)	Certification of Thompson S. Baker II.
(31)(c)	Certification of John D. Klopfenstein.
(32)	Certification of Chief Executive Officer, Chief Financial

Officer, and Chief Accounting Officer under Section 906 of the Sarbanes-Oxley Act of 2002.

101.INS	XBRL Instance Document
101.XSD	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

PATRIOT TRANSPORTATION HOLDING, INC.
INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE
(Item 15(a) (1) and 2))

(a) Refers to the page number in the Company's 2015 Annual Report to Shareholders. Such information is incorporated by reference in Item 8 of this Form 10-K.

(b) Refers to the page number in this Form 10-K

All other schedules have been omitted, as they are not required under the related instructions, are inapplicable, or because the information required is included in the consolidated and combined financial statements.

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-201791 and 333-201792) of Patriot Transportation Holding, Inc. of our report dated December 21, 2015 relating to the consolidated and combined financial statements which appear in the Annual Report to Shareholders incorporated by reference herein. We also consent to the incorporation by reference of our report dated December 21, 2015, relating to the financial statement schedule, which appears in this Form 10-K.

Hancock Askew & Co., LLP

Savannah, Georgia
December 21, 2015

REPORT OF INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM ON FINANCIAL STATEMENT SCHEDULE

To the Board of Directors of
Patriot Transportation Holding, Inc.:

Our audit of the consolidated and combined financial statements referred to in our report dated December 21, 2015 appearing in the 2015 Annual Report to Shareholders of Patriot Transportation Holding, Inc. (which report and consolidated and combined financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the financial statement schedule listed in Item 15(a)(2) of this Form 10-K. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statement schedule based on our audit. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated and combined financial statements.

Hancock Askew & Co., LLP

Savannah, Georgia
December 21, 2015

PATRIOT TRANSPORTATION HOLDING, INC.
SCHEDULE II (CONSOLIDATED AND COMBINED) - VALUATION AND QUALIFYING ACCOUNTS
YEARS ENDED SEPTEMBER 30, 2015, 2014 AND 2013

	BALANCE AT BEGIN. OF YEAR	ADDITIONS CHARGED TO COST AND EXPENSES	ADDITIONS CHARGED TO OTHER ACCOUNTS		DEDUCTIONS		BALANCE AT END OF YEAR
Year Ended September 30, 2015:							
Allowance for doubtful accounts	$ 155,476	$ 144	$ —		$ 11,632	(a)	$ 143,988
Accrued risk Insurance: Tanklines	$1,551,255	$2,317,467	$ —		$ 2,895,568		$ 973,154
Accrued health Insurance	1,036,219	3,948,125	3,772	(c)	3,813,166	(b)	1,174,950
Totals - Insurance	$2,587,474	$6,265,592	$ 3,772		$ 6,708,734		$2,148,104
Year Ended September 30, 2014:							
Allowance for doubtful accounts	$ 161,934	$ 52,083	$ —		$ 58,541	(a)	$ 155,476
Accrued risk Insurance: Tanklines	$1,536,758	$3,165,528	$ —		$ 3,151,031		$1,551,255
Accrued health Insurance	898,127	3,899,037	3,589	(c)	3,764,534	(b)	1,036,219
Totals - Insurance	$2,434,885	$7,064,565	$ 3,589		$ 6,915,565		$2,587,474
Year Ended September 30, 2013:							
Allowance for doubtful accounts	$ 128,604	$ 40,184	$ —		$ 6,854	(a)	$ 161,934
Accrued risk Insurance: Tanklines	$3,670,950	$1,919,650	$ —		$ 4,053,842		$1,536,758
Accrued health Insurance	1,248,517	2,211,550	—	(c)	2,561,940	(b)	898,127
Totals - Insurance	$4,919,467	$4,131,200	$ —		$ 6,615,782		$2,434,885

(a) Accounts written off less recoveries
(b) Payments
(c) Other comprehensive income (ASC Topic 715).

CONSOLIDATED AND COMBINED FINANCIAL HIGHLIGHTS
Years ended September 30
(Amounts in thousands except per share amounts)

	2015	2014	% Change
Revenues	$ 122,882	129,162	(4.9)
Operating profit	$ 5,586	5,343	4.5
Income before income taxes	$ 5,474	5,241	4.4
Net income	$ 3,339	3,197	4.4
Per common share:			
Basic	$ 1.02	.99	3.0
Diluted	$ 1.02	.99	3.0
Total Assets	$ 59,526	61,134	(2.6)
Total Debt	$ —	7,282	(100.0)
Shareholders' Equity/Net Investment	$ 37,202	32,722	13.7
Common Shares Outstanding (1)	3,273	3,243	.9
Book Value Per Common Share	$ 11.37	10.09	12.7

(1) For comparative purposes, for the year ended September 30, 2014, the number of common shares outstanding is based on the 3,242,524 shares of our common stock that was distributed to the shareholders of FRP in connection with the Spin-off and distribution on January 30, 2015.

BUSINESS. The business of the Company, conducted through our wholly owned subsidiary, Florida Rock & Tank Lines, Inc. (Tank Lines), which is a Southeastern U.S. based tank truck company, is to transport petroleum and other liquids and dry bulk commodities.

OBJECTIVES. The Company’s objectives are to continue building a substantial transportation company providing sound long-term growth, cash generation and asset appreciation.

GROWTH PLAN

Internal growth is accomplished by a dedicated and competent work force emphasizing superior service to customers in existing markets, developing new transportation services for customers in current market areas and expanding into new market areas.

External growth is designed to broaden the Company’s geographic market area and delivery services by acquiring related businesses.

To Our Shareholders

Fiscal 2015 was highlighted by the completion of the spin-off of our business from FRP Holdings, Inc. in the second quarter and the beginning of the Company’s future as a stand-alone public trucking company. Throughout the year our managers and employees focused on our core goals of (i) safety first, (ii) customer service and satisfaction, and (iii) instilling a culture where our drivers feel appreciated for the hard work and many sacrifices required of them to perform a very difficult job. This year, excluding the impact of the non-cash Pipeline impairment charge (discussed below), 2015 adjusted operating profit increased 43% to $7,660,000 and 2015 adjusted operating ratio improved to 93.8% versus last year’s 95.9%, more in line with our goals.

During the second quarter, as part of a competitive bid, we elected not to pursue a significant piece of business acquired in the Pipeline transaction (closed in early fiscal 2014). The absence of this business required us to take an impairment charge of $2,074,000 against the intangible asset “customer relationships”. Rather than lower our quoted rates to retain that business, management determined it was in our best interest to employ our capital and resources to find new business at better rates. During the latter half of the year, our sales team did an excellent job replacing those lost revenue miles. In the end, we were able to haul almost as many miles in fiscal 2015 (43,220,000) as we did in fiscal 2014 (43,865,000) while increasing our transportation revenue by $2,870,000.

Our company has a culture of “safety first”. Our mission is to send each of our employees home safely to their families every night. We teach safety and measure ourselves daily on our safety results. We set our safety performance well above the industry guidelines and we have consistently delivered on those results. Our companywide CSA scores were far superior to the industry guidelines and are tops among our peers. This year, I want to take this opportunity to mention one of our drivers in particular, Mr. Olin Banks. Olin was recognized earlier this year by the National Tank Truck Carriers’ Association as being one of the eight “champion” drivers for 2014 in the tank truck industry. Olin’s recognition was based on his 42 years and 4.6 million miles of safe driving. Congratulations Olin on this well-deserved honor and for your many years of service and loyalty to this Company.

Customer service and satisfaction are the keys to succeeding in this business. It takes dedication and strong leadership to fulfill the ever changing demands of our customers and I am confident we have the right senior management team in place to handle these challenges. But, more importantly, it takes a dedicated team in the field, starting with our drivers and working up through our mechanics, dispatchers, safety personnel and terminal managers, to consistently deliver on our promise of “safely delivering our customer’s products on-time and accurately”. Our customers are our partners, many of which have been with us for over a decade, and we do not take their commitment to our partnership lightly. We are proud to say that for the 5th consecutive year we were awarded the Carrier of the Year by Murphy USA (our largest customer) and also received the 2015 Flawless Execution award from Marathon Petroleum Corp. I want to say thank you to all of our customers for their continued loyalty and for the opportunities to succeed that they provide to us every day.

The demand for drivers continues to increase with the expansion of the US economy while the pool of qualified drivers so far has not grown at a sufficient pace to meet that demand. Fortunately, we have a long list of drivers in our Company that have been with us for many years and we are ever thankful for their continued service and loyalty as they provide a solid platform to maintain a very vibrant and successful core business. But, finding and retaining qualified drivers to grow our business is an ever increasing challenge. The trend we are seeing today is that the pool of qualified drivers around the country is continuing to get older and the younger “millennial” generation is not as interested as its predecessors in the career of truck driving. Our driver/training pay and recruiting costs continue to rise as we look to attract qualified drivers and to provide them with the proper training they need to do their jobs safely and accurately. In an effort to improve our success rate against this challenging trend, we are continuing to work with two third-party consultants. Through the implementation of a new software program, the first consultant is helping us to identify, communicate with and ultimately hire qualified drivers much more quickly than we were able to do in the past. The second consultant is helping us determine (pre-hire) which new driver applicants are less likely to turnover early on in their careers with us thus adding new and valuable information into our hiring decision making process. Hiring the right people has always been one of our Company’s core values and it is even more important today.

We have long believed that maintaining a late model fleet of tractors and trailers provides many benefits to the Company. We have been aggressive over the past several years with our replacement cycle and, as of September 30, 2015 the average age of our tractor fleet was 3.46 years, down from 4.15 years in 2011. The benefits we believe we achieve from this strategy are several fold and include driver attraction and satisfaction, less exposure to severe mechanical repairs, greater fuel economy and improved safety technologies as the manufacturers continue to retool their designs every year to provide the industry with more and more benefits in these two areas. As long as we consistently produce solid cash from operations we will continue this strategy.

Fiscal 2015 saw diesel fuel prices drop dramatically starting in the 2nd quarter thus our company revenues (which include fuel surcharge revenues) dropped dramatically as well, down just over $9 million in fiscal 2015 versus fiscal 2014. However, the total cost of fuel to the company also dropped by nearly the same $9 million, resulting in a relatively neutral impact on the Company’s bottom line results for the fiscal year.

Our primary goal for our shareholders is to grow profitably while maintaining a strong balance sheet and solid returns on capital employed. Management believes that we need to be a leader in our industry at attracting, hiring and retaining drivers. We will continue to focus more of our resources on meeting this goal. Our objective remains to grow our driver count to meet a strong customer demand. Due to the tight driver market, and our proven history of safe business practices and high customer satisfaction, we are optimistic we will improve our transportation revenues and bottom line results in fiscal 2016. As always, we do not take your continuing investment in our Company lightly and we want to thank you, our loyal shareholders, for your continued interest and support.

Respectively yours,

Thompson S. Baker II
Chairman, President & Chief Executive Officer

OUR BUSINESS

On January 30, 2015, FRP Holdings, Inc. ("FRP") completed the tax-free spin-off (the “Spin-off") of Patriot Transportation Holding, Inc., (the "Company" or "Patriot"). In the Spin-off, FRP distributed all of the outstanding stock of the Company to FRP's shareholders as of the record date of January 9, 2015. FRP’s shareholders received one share of Patriot (stock symbol “PATI”) for every three shares of FRP owned on the record date resulting in 3,242,524 of Patriot shares outstanding on the distribution date. Patriot now is an independent, publicly traded company, and FRP retains no ownership in Patriot.

Patriot was incorporated on August 5, 2014 in connection with a corporate reorganization that preceded the Spin-off. The business of the Company is conducted through our wholly-owned subsidiary, Florida Rock & Tank Lines, Inc. (“Tank Lines”), the same subsidiary through which FRP operated the transportation business prior to the Spin-off.

Our business consists of hauling petroleum related products, dry bulk commodities and liquid chemicals. We are one of the largest regional tank truck carriers in North America. According to the Tank Truck Carrier 2014 Gross Revenue Report issued by Bulk Transporter, we are the 15th largest bulk tank carrier in North America by revenue. We operate terminals in Florida, Georgia, Alabama, South Carolina, North Carolina and Tennessee. We do not own any of the products we haul; rather, we act as a third party carrier to deliver our customers’ products from point A to point B, using predominately Company employees and Company-owned tractors and tank trailers. Approximately 82% of our business consists of hauling liquid petroleum products (mostly gas and diesel fuel) from large scale fuel storage facilities to our customers’ retail outlets (e.g. convenience stores, truck stops and fuel depots) where we off-load the product into our customer’s fuel storage tanks for ultimate sale to the retail consumer. The remaining 18% of our business consists of hauling our customers’ dry bulk commodities such as cement, lime and various industrial powder products and liquid chemicals. As of September 30, 2015, we employed 696 revenue-producing drivers who operated our fleet of 477 tractors and 568 trailers from our 21 terminals and 9 satellite locations.

We are an important link in our customers’ fuel supply chain, transporting primarily from petroleum terminals to retail locations such as hypermarkets, convenience stores and truck stops. We also provide the last mile of delivery service in the liquid chemical and dry bulk business primarily from distribution facilities or manufacturing facilities to the end user. Cement and ash are delivered to concrete plants, powdered lime to industrial users and liquid chemicals primarily to the end user at a manufacturing plant or water treatment or storage facility.

During fiscal 2015, the Company purchased 59 new tractors and 27 trailers. Our fiscal 2016 capital budget includes 94 new tractors and 29 new trailers including binding commitments to purchase one tractor at September 30, 2015. We anticipate this more modern fleet will result in reduced maintenance expenses, improved operating efficiencies and enhanced driver recruitment and retention. At September 30, 2015 the Company operated a fleet of 477 tractors and 568 tank trailers, 1 truck that was being prepared for sale and 15 trucks that were being placed in service. The Company owns all of the tank trailers and tractors used to conduct our business, except for 3 tractors owned by owner-operators and 46 leased tractors that were acquired from Pipeline Transportation, Inc. in November, 2013.

Approximately 82% of our business consists of hauling petroleum related products. Our petroleum clients include major convenience store and hypermarket accounts, fuel wholesalers and major oil companies. We strive to build long-term relationships with major customers by providing outstanding customer service. During fiscal 2015, the Company’s ten largest customers accounted for approximately 58.9% of revenue. One of these customers, Murphy USA, accounted for 22.0% of revenue. The loss of any one of these customers could have a material adverse effect on the Company’s revenues and income. Our transportation services agreements with our customers generally are terminable upon 90-120 days’ notice, but nine of our top 10 accounts have been customers for at least 10 years. Our dry bulk and chemical customers include large industrial companies including cement and concrete accounts and product distribution companies. Our customer relationships are long-standing and have grown over time as a result of consistently high safety and service levels.

Financial information about the company is presented in the financial statements included in this Annual Report.

Five Year Summary-Years ended September 30
(Amounts in thousands except per share amounts)

	2015	2014	2013	2012	2011(c)
Summary of Operations:					
Revenues	$ 122,882	129,162	112,120	103,476	97,801
Operating profit	$ 5,586	5,343	8,570	6,736	6,996
Interest expense	$ 112	109	19	27	27
Income from continuing Operations	$ 3,339	3,197	5,216	4,092	4,411
Per Common Share (a):					
Basic	$ 1.02	.99	1.61	1.26	1.36
Diluted	$ 1.02	.99	1.61	1.26	1.36
Discontinued Operations, net	$ —	—	—	97	223
Net income	$ 3,339	3,197	5,216	4,189	4,634
Per Common Share (a):					
Basic	$ 1.02	.99	1.61	1.29	1.43
Diluted	$ 1.02	.99	1.61	1.29	1.43
Financial Summary:					
Current assets	$ 11,796	11,685	11,011	15,944	28,039
Current liabilities	$ 12,103	9,950	10,838	10,437	10,298
Property and equipment, net	$ 42,620	42,174	38,902	31,386	28,471
Total assets	$ 59,526	61,134	51,107	48,477	57,682
Long-term debt	$ —	7,282	—	—	—
Shareholders' equity/Net Investment	$ 37,202	32,722	29,530	27,843	37,541
Net Book Value Per common share (a)	$ 11.37	10.09	9.11	8.59	11.58
Other Data:					
Weighted average common shares – basic (a)	3,268	3,243	3,243	3,243	3,243
Weighted average common shares – diluted (a)	3,275	3,243	3,243	3,243	3,243
Number of employees	979	942	871	812	786
Shareholders of record	440	—	—	—	—

Quarterly Results (unaudited)
(Dollars in thousands except per share amounts)

	First		Second		Third		Fourth	
	2015	2014	2015	2014	2015	2014	2015	2014
Revenues	$ 31,717	31,591	29,737	31,900	31,099	33,569	30,329	32,102
Operating profit (loss)	$ 1,833	1,237	(553)	491	1,673	2,339	2,633	1,276
Income (loss) before income taxes	$ 1,807	1,214	(576)	456	1,644	2,311	2,599	1,260
Net income (loss)	$ 1,102	740	(351)	278	1,003	1,410	1,585	769
Earnings (loss) per common share (a):								
Net income (loss)-								
Basic	$ .34	.23	(.11)	.09	.31	.43	.48	.24
Diluted	$ .34	.23	(.11)	.09	.31	.43	.48	.24
Market price per common share (b):								
High	$ —	—	26.34	—	26.26	—	24.70	—
Low	$ —	—	21.89	—	24.10	—	21.27	—

(a) Earnings per share of common stock is computed independently for each quarter presented. The sum of the quarterly net earnings per share of common stock for a year may not equal the total for the year due to rounding differences. For comparative purposes, for the years ended September 30, 2011 through September 30, 2014 and for the quarterly periods in fiscal 2014 through first quarter 2015, the number of common shares outstanding utilized for the calculation is based on the 3,242,524 shares of our common stock that was distributed to the shareholders of FRP in connection with the Spin-off and distribution on January 30, 2015.
(b) All prices represent Nasdaq reported high and low daily closing prices.
(c) Unaudited selected financial data derived from financial records of FRP.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Executive Overview

The business of the Company, conducted through our wholly owned subsidiary, Florida Rock & Tank Lines, Inc., is to transport petroleum and other liquids and dry bulk commodities. We do not own any of the products we haul, rather, we act as a third party carrier to deliver our customer's products from point A to point B predominately using Company employees driving Company owned tractors and tank trailers. Approximately 82% of our business consists of hauling liquid petroleum products (mostly gas and diesel fuel) from large scale fuel storage facilities to our customers' retail outlets (e.g. convenience stores, truck stops and fuel depots) where we off-load the product into our customer's fuel storage tanks for ultimate sale to the retail consumer. The remaining 18% of our business consists of hauling our customer's dry bulk commodities such as cement, lime and various industrial powder products and liquid chemicals. As of September 30, 2015, we employed 696 revenue-producing drivers who operated our fleet of 477 tractors and 568 trailers from our 21 terminals and 9 satellite locations in Florida, Georgia, Alabama, South Carolina, North Carolina and Tennessee. We experience increased seasonal demand in Florida during the spring and in most of our other locations during the summer months.

Our industry is characterized by such barriers to entry as the time and cost required to develop the capabilities necessary to handle hazardous material, the resources required to recruit, train and retain drivers, substantial industry regulatory and insurance requirements and the significant capital investments required to build a fleet of equipment,establish a network of terminals and, in recent years, the cost to build and maintain sufficient information technology resources to allow us to interface with and assist our customers in the day-to-day management of their product inventories.

Our ability to provide superior customer service at competitive rates and to operate safely and efficiently is important to our success in growing our revenues and increasing profitability. Our focus is to grow our profitability by executing on our key strategies of (i) increasing our business with existing and new customers, particularly hypermarket and large convenience store chains, that are willing to compensate us for our ability to provide superior, safe and reliable service which facilitates their ability to grow their market share and footprint with confidence, (ii) expanding our service offerings with respect to dry bulk and chemical products particularly in markets where we already operate terminals, (iii) earning the reputation as the preferred employer for tank truck drivers in all the markets in which we operate and (iv) pursuing strategic acquisitions. Our ability to execute this strategy depends on continuing our dedicated commitments to customer service and safety and continuing to recruit and retain qualified drivers.

Our industry is experiencing a severe driver shortage. While we have been able to grow our driver count significantly over the past few years, we saw our average driver count drop by just over 2% year over year due in large part to our turnover rate rising to historically high levels over the past two years. As the need to hire drivers has risen across our industry the trend we are seeing is that more and more of the applicants are drivers with little to no experience in the tank truck business. While we put extraordinary efforts into training and retaining these new drivers, we believe this trend is having an impact not only on the higher turnover rates we have experienced but also in our safety numbers as both our product mix frequency rates were up in fiscal 2015 versus fiscal 2014. Our management team is keenly focused on continuing to grow our driver count in markets where there are opportunities for us to grow our business and to retain all of our drivers at the levels we have historically achieved while balancing the aforementioned trends and associated risks of the “new to the industry” driver applicant pool. In an effort to improve our success rate against this challenging trend, we are continuing to work with two third-party consultants. Through the implementation of a new software program, the first consultant is helping us to identify, communicate with and ultimately hire qualified drivers much more quickly than we were able to do in the past. The second consultant is helping us determine (pre-hire) which new driver applicants are less likely to turnover early on in their careers with us thus adding new and valuable information into our hiring decision making process.

There are several opportunities available today in our markets that will allow us to execute on our growth strategy so long as we can find, hire and retain qualified drivers to meet the demands of these opportunities. We believe the tighter driver market has and will continue to provide us with opportunities to capture new business and continue to improve upon our rate structure across the customer base. As these opportunities arise, we are willing to let certain lower priced business go in this environment to grow our business with customers willing to pay for our reliability and superior customer service.

We generate both transportation based revenue as well as fuel surcharge revenue. Our transportation revenue consists of base revenue for each delivery which is generally calculated by multiplying a negotiated mileage-based rate by the quantity of product delivered plus any fees for extra stops to load or unload, powered product unloading and toll cost reimbursements. These negotiated transportation rates compensate us both for transporting the products as well as for loading and unloading time.

While our base rates include a fixed amount to cover our cost of fuel using an assumed price for diesel, we have fuel surcharges in place with our customers that allow us to obtain compensation for any additional fuel expense incurred when the price of diesel rises above that assumed price. There is a time lag between fuel price fluctuations and changes to fuel surcharges to our customers. In a rapidly rising price environment this time lag can negatively impact the Company’s financial results as we must pay the higher fuel cost immediately but in most cases aren’t able to adjust fuel surcharges to our customers until the end of the month. Similarly, in a rapidly declining price environment this time lag can positively impact the Company’s financial results.

In recent years, some customer contracts have been modified to provide for reduced fuel surcharges but have been adjusted such that the base rates factor in a larger fuel expense to the customer by using a higher assumed price for diesel fuel. As a result of this trend, and the recent decline in the price of diesel, fuel surcharges have been declining as a percentage of our total revenue. The main factors that affect our total revenue are the number of revenue miles driven, rates per mile, quantity of products hauled and the amount of fuel surcharges.

Our operating costs primarily consist of the following:

- *Compensation and Benefits* - Wages and employee benefits for our drivers and terminal support personnel is the largest component of our operating costs. These costs are impacted by such factors as miles driven, driver pay increases, driver turnover and training costs and additional driver pay due to temporary out-of-town deployments to serve new business;

- *Fuel Expenses* - Our fuel expenses will vary depending on miles driven as well as such factors as fuel prices (which can be highly volatile), the fuel efficiency of our fleet and the average haul length;

- *Repairs and Tires* – This category consists of vehicle maintenance and repairs (excluding shop personnel) and tire expense (including amortization of tire cost and road repairs). These expenses will vary based on such factors as miles driven, the age of our fleet, and tire prices.

- *Other Operating Expenses* – This category consists of tolls, hiring costs, out-of-town driver travel cost, terminal facility maintenance and other operating expenses. These expenses will vary based on such factors as, driver availability and out-of-town driver travel requirements, business growth and inflation among others;

- *Insurance and Losses* – This includes costs associated with insurance premiums, and the self-insured portion of liability, worker's compensation, health insurance and cargo claims and wreck repairs. We work very hard to manage these expenses through our safety and wellness programs, but these expenses will vary depending on the frequency and severity of accident and health claims, insurance markets and deductible levels;

- *Depreciation Expense* – Depreciation expense consists of the depreciation of the cost of fixed assets such as tractors and trailers over the life assigned to those assets. The amount of depreciation expense is impacted by equipment prices and the timing of new equipment purchases. We expect the cost of new tractors and trailers to continue to increase, impacting our future depreciation expense;

- *Rents, Tags and Utilities Expenses* – This category consists of rents payable on leased facilities and leased equipment, federal highway use taxes, vehicle registrations, license and permit fees and personal property taxes assessed against our equipment, communications, utilities and real estate taxes;

- *Sales, General and Administrative Expenses* - This category consists of the wages, bonus accruals, benefits, travel, vehicle and office costs for our administrative personnel as well as professional fees and amortization charges for intangible assets purchased in acquisitions of other businesses;

- *Corporate Expenses* – Corporate expenses consist of wages, bonus accruals, insurance and other benefits, travel, vehicle and office costs for corporate executives, director fees, stock option expense and aircraft expense;

- *Gains/Loss on Equipment* - Our financial results for any period may be impacted by any gain or loss that we realize on the sale of used equipment and losses on wrecked equipment. We periodically sell used equipment as we replace older tractors and trailers. Gains or losses on equipment sales can vary significantly from period to period depending on the timing of our equipment replacement cycle, market prices for used equipment and losses on wrecked equipment.

The following discussion includes certain non-GAAP financial measures ("adjusted") within the meaning of Regulation G promulgated by the Securities and Exchange Commission ("Regulation G") to supplement the financial results as reported in accordance with GAAP. The non-GAAP financial measures discussed below include adjusted net income, adjusted operating profit and adjusted operating ratio. These non-GAAP financial measures exclude the $2,074,000 intangible asset impairment charge incurred in second quarter 2015. Patriot uses these metrics to analyze its continuing operations and to monitor, assess, and identify meaningful trends in its operating and financial performance. These measures are not, and should not be viewed as, substitutes for GAAP financial measures. Refer to "Non-GAAP Financial Measures" below in this annual report for a more detailed discussion, including reconciliations of these non-GAAP financial measures to their most directly comparable GAAP financial measures.

Management believes these adjusted measures better reflect our operating performance during the periods discussed and reflect how management evaluates our operational results. These measures are not, and should not be viewed as, substitutes for GAAP reporting measures.

To measure our performance, management focuses primarily on transportation revenue growth, revenue miles, our preventable accident frequency rate ("PAFR"), our operating ratio (defined as our operating expenses as a percentage of our operating revenue), turnover rate and average driver count (defined as average number of revenue producing drivers under employment over the specified time period) as compared to the same period in the prior year.

ITEM	**FY 2015 vs. FY 2014**
Transportation Revenue	Up 2.6%
Revenue Miles	Down by 1.5%
PAFR	Improved 6.2%
GAAP Operating Ratio	Improved .4%
Adjusted Operating Ratio	Improved 2.1%
Driver Turnover Rate	Up 17%
Average Number of Drivers	Down 2.3%

The Company's operations are influenced by a number of external and internal factors. External factors include levels of economic and industrial activity in the United States and the Southeast, driver availability and cost, government regulations regarding driver qualifications and limitations on the hours drivers can work, petroleum product demand in the Southeast which is driven in part by tourism and commercial aviation, and fuel costs. Internal factors include revenue mix, equipment utilization, Company imposed restrictions on hiring drivers under the age of 25 or drivers without at least two years of driving experience, auto and workers' compensation accident frequencies and severity, administrative costs, and group health claims experience.

Highlights of Fiscal 2015

- Net income increased $142,000 to $3,339,000 in comparison to the year ago same period. Adjusted net income increased $1,407,000 to $4,604,000 over the same period last year. The Company's adjusted net income excludes the impact of the $1,265,000 after tax intangible asset impairment charge incurred in the second quarter of this fiscal year.

- Operating profit increased $243,000 to $5,586,000 from fiscal 2014. Adjusted operating profit increased $2,317,000 to $7,660,000 compared to the same period last year. The Company's adjusted operating profit excludes the impact of the $2,074,000 intangible asset impairment charge incurred in the second quarter of this fiscal year.

- Operating ratio improved by 0.4% from 95.9% in the year ago same period to

95.5% this period. The adjusted operating ratio for the Company in the period was 93.8%, an improvement of 2.1 percentage points over the same period last year. The Company's adjusted operating ratio excludes the impact of the $2,074,000 intangible asset impairment charge incurred in this period.

- One time Spin-off costs of $327,000 were incurred during fiscal 2015 versus $346,000 in fiscal 2014.

COMPARATIVE RESULTS OF OPERATIONS

	Fiscal Years ended September 30					
(dollars in thousands)	2015	%	2014	%	2013	%
Revenue miles (in thousands)	43,220		43,865		37,477	
Revenues:						
Transportation revenue	$ 111,294	90.6%	108,424	83.9%	93,227	83.1%
Fuel surcharges	11,588	9.4%	20,738	16.1%	18,893	16.9%
Total Revenues	122,882	100.0%	129,162	100.0%	112,120	100.0%
Cost of operations:						
Compensation and benefits	49,050	39.9%	47,431	36.7%	40,095	35.8%
Fuel expenses	20,295	16.5%	29,281	22.7%	25,699	22.9%
Repairs & tires	7,876	6.4%	7,831	6.0%	6,862	6.1%
Other operating	4,520	3.7%	5,251	4.1%	3,820	3.4%
Insurance and losses	10,249	8.3%	10,729	8.3%	7,544	6.7%
Depreciation expense	8,486	6.9%	8,210	6.4%	7,202	6.4%
Rents, tags & utilities	3,892	3.2%	3,706	2.9%	2,435	2.2%
Intangible asset impairment	2,074	1.7%	—	0.0%	—	0.0%
Sales, general & administrative	9,188	7.5%	9,273	7.2%	8,789	7.9%
Corporate expenses	3,203	2.6%	2,685	2.1%	2,549	2.3%
Gain on equipment	(1,537)	(1.2%)	(578)	(.5%)	(1,445)	(1.3%)
Total cost of operations	117,296	95.5%	123,819	95.9%	103,550	92.4%
Total operating profit	$ 5,586	4.5%	5,343	4.1%	8,570	7.6%

Fiscal Year 2015 versus 2014

Net income for fiscal 2015 was $3,339,000 or $1.02 per share, an increase of $142,000 or $.03 per share compared to net income of $3,197,000 or $.99 per share in the same period last year. During the second quarter, as part of a competitive bid, we elected not to pursue a significant piece of business acquired in the Pipeline transaction (closed in early fiscal 2014). The absence of this business required us to take an impairment charge of $2,074,000 against the intangible asset "customer relationships". Rather than lower our quoted rates to retain that business, management determined it was in our best interest to employ our capital and resources to find new business at better rates. During the latter half of the year, our sales team did an excellent job replacing those lost revenue miles. In the end, we were able to haul almost as many miles in fiscal 2015 (43,220,000) as we did in fiscal 2014 (43,865,000) while increasing our transportation revenue by $2,870,000. The Company's adjusted net income for fiscal 2015 was $4,604,000, or $1.41 per share, an improvement of $1,407,000 or $.42 per share as compared to net income of $3,197,000, or $.99 per share, last fiscal year. 2015 adjusted operating profit increased 43% to $7,660,000 and 2015 adjusted operating ratio improved to 93.8% versus last year's 95.9%, more in line with our goals.

For fiscal 2015, total revenue was down $6,280,000 due mainly to significantly lower fuel surcharges. Total revenue is made up of transportation revenue (up $2,870,000, a 2.6% improvement over the same period last year) and fuel surcharge revenue (down $9,150,000 due to the dramatic decrease in fuel prices experienced over the past 12 months). Comparing the lower fuel surcharge revenue ($9,150,000) to the lower fuel cost ($8,986,000) resulted in a $164,000 negative impact to the Company from the lower price of diesel in 2015 versus 2014.

Compensation and benefits expense was up significantly for a series of reasons including, an increase in pay for all of our drivers, higher driver training pay and an increase in support wages as we continue to hire people in the field to enhance our ability to hire and retain drivers to meet our customers' growing demands. The demand for drivers continues to increase with the expansion of the US economy while the pool of qualified drivers so far has not grown at a sufficient pace to meet that demand; thus, finding and retaining qualified drivers to grow our business is an ever increasing challenge. Management believes that in order to be successful going forward we need to be a leader in our industry at attracting, hiring and retaining drivers and we will continue to focus more and more of our resources on meeting this goal.

Operating expenses improved by $731,000 over last year due in large part to lower out-of-town driver costs (as we improved on managing our customer's business demands with more local drivers in fiscal 2015 versus 2014) and lower rigging, tolls, and operating supplies expense. Gains on equipment sales were up significantly in 2015 ($959,000) due in large part to the sale of 50 trailers during fiscal 2015 versus no trailer sales in fiscal 2014. Insurance and loss expense improved by $480,000 due in large part to lower workers' comp expense. Depreciation expense increased $276,000 due to the increased cost of new tractors year over year. Corporate overhead saw an increase of $518,000 due mainly to higher medical claims, a significant repair to the corporate aircraft (management is in the process of selling a significant stake in the corporate aircraft to reduce the Company's on-going expenses related thereto), higher management incentive compensation expense and the additional costs of operating as a stand-alone public company.

Fiscal Year 2014 versus 2013

Comparability for fiscal 2014 to fiscal 2013 is affected by the acquisition of the assets of Pipeline Transportation in the first quarter of fiscal 2014.

Revenues increased 15.2% and revenue miles increased 17.0% compared to fiscal 2013. Our loads increased 12.6% over the same period last year, and our average haul length increased 3.9%. We increased our business in most of our markets, resulting in more loads hauled at 16 of our 21 terminals. The terminals servicing the acquired Pipeline business accounted for 73% of the additional loads, including new business acquired independent of the Pipeline acquisition. The increase in the average haul length is primarily due to a higher than average haul length on the additional loads added during fiscal 2014. Revenue per mile decreased 1.7% over the same period last year, due to lower rates on the business acquired in the Pipeline acquisition and because revenue per mile generally declines as the average haul length increases.

Fuel surcharge revenue decreased .8% as a percentage of total revenue due to lower fuel surcharges on the acquired business and an increase in business with customers with higher base rates and lower fuel surcharges. We believe that it is generally not meaningful to compare changes in fuel surcharge revenue as a percentage of total revenue between reporting periods. Management monitors both total revenue per mile, which includes fuel surcharges, and transportation revenue per mile, which excludes fuel surcharges, to analyze effective pricing trends.

The operating ratio in fiscal 2014 increased to 95.9% compared to 92.4% in fiscal 2013. The higher operating ratio was attributable to the decline in revenue per mile and the following expense increases:

- Compensation and benefits increased .9% as a percentage of revenues due primarily to the lower revenue per mile along with a $295,000 increase in out-of-town driver pay and $212,000 increase in driver training pay to service new business and to address unexpected driver attrition in the acquired Pipeline business.

- Operating expenses increased .6% as a percentage of revenues due primarily to a $452,000 increase in driver travel and housing costs for out-of-town drivers, a $350,000 increase in tolls expense, a $186,000 increase in driver hiring costs and $74,000 in rigging and rebranded costs related to the Pipeline acquisition.

- Insurance and losses increased $3,185,000, or 1.6% as a percentage of revenues. Approximately 50% of the increase was attributable to higher health insurance claims due in large part to unusually low health claims in 2013. Accident claims accounted for the balance of the increase as the Company experienced an increase in accident severity and accident frequency. Safety remains a primary focus of our culture and these increases are under continuous intense scrutiny.

- Rents, tags and utilities increased .7% as a percentage of revenues due primarily to the addition of leased tractors in the Pipeline acquisition.

- Gains on equipment sales decreased .8% as a percentage of revenues because we sold less equipment than we did in fiscal 2013 and we incurred a $355,000 loss on wrecked equipment.

These expense increases were partially mitigated by lower sales, general and administrative and corporate expenses as a percentage of revenue. Bonus compensation declined by $1,717,000, legal and audit fees increased $346,000 year over year primarily due to the spin-off and the Company accrued $575,000 in the fourth quarter of 2014 under the Management Security Plan due to the death prior to retirement of one of the Plan participants.

LIQUIDITY AND CAPITAL RESOURCES

The Company maintains its operating accounts with Wells Fargo Bank, N.A. and these accounts directly sweep overnight against the Wells Fargo revolver. As of September 30, 2015, we had no debt outstanding on this revolver, $2,745,000 outstanding under letters of credit and $22,255,000 available for additional borrowings. During fiscal 2015, the Company closed on a two (2) year revolving credit facility, to be secured by a portion of the Company's equipment at the time of draw, from Branch Banking and Trust Company (BB&T) for up to $25 million. This facility contains a provision which automatically converts any draws under the revolver into five-year term loans with a seven year amortization. As of September 30, 2015, the Company had not taken any draws against this facility. The Company expects our fiscal year 2016 cash generation to cover the cost of our operations and all of our budgeted capital expenditures.

Cash Flows - The following table summarizes our cash flows from operating, investing and financing activities for each of the periods presented (in thousands of dollars):

	Years Ended September 30, 2015	2014	2013
Total cash provided by (used for):			
Operating activities	$ 15,052	$ 10,820	$ 13,696
Investing activities	(8,042)	(18,218)	(13,864)
Financing activities	(7,010)	7,398	(3,722)
Increase (decrease) in cash and cash equivalents	$ —	$ —	$ (3,890)
Outstanding debt at the beginning of the period	7,282	—	—
Outstanding debt at the end of the period	—	7,282	—

Operating Activities - Net cash provided by operating activities (as set forth in the cash flow statement) was $15,052,000 for the year ended September 30, 2015, $10,820,000 in 2014 and $13,696,000 in 2013. The total of net income plus depreciation and amortization less gains on sales of property and equipment decreased $647,000 versus the same period last year. These changes are described above under "Comparative Results of Operations". Accounts payable and accrued liabilities increased $3,965,000 due to the timing of payments on the purchase of tractors and trailers in 2015 and lower bonus compensation accruals in the same period last year. These changes comprise the majority of the increase in net cash provided by operating activities. The $2,074,000 impairment charge and the related $809,000 of deferred income taxes are added back to net income as these are non-cash items.

Investing Activities – Investing activities include the purchase of property and equipment, any business acquisitions and proceeds from sales of these assets upon retirement. For the year ended September 2015, we spent $8,042,000 on equipment net of proceeds from retirements. For the year ended September 30, 2014 we spent $18,218,000 consisting of $8,195,000 on equipment net of retirements and $10,023,000 for the Pipeline acquisition.

In 2014, cash required by investing activities was $18,218,000 compared to $13,864,000 in 2013. The higher investing cash use of $4,354,000 was primarily due to the acquisition of Pipeline Transportation, Inc. in November 2013. The prior year comparable period included larger sales of equipment while the current year included lower purchases of equipment exclusive of the Pipeline Transportation acquisition.

Financing Activities – Financing activities primarily include net changes to our outstanding revolving debt. For the year ended September 30, 2015 we used $7,282,000 of cash to pay down debt. During the fiscal year 2014, we increased our borrowings by $7,282,000 primarily due to the purchase of Pipeline and to fund Pipeline receivables. The Company had no outstanding long-term debt on September 30, 2015 compared to $7,282,000 at September 30, 2014.

Cash provided by financing activities in the year ended September 30, 2014, was $7,398,000 compared to use of $3,722,000 in 2013. This increase in cash provided was due to borrowing to finance the acquisition of the assets of Pipeline Transportation.

Credit Facilities - In connection with the Spin-off, on January 30, 2015, the Company entered into a five-year credit agreement with Wells Fargo Bank N.A. which provides a $25 million revolving line of credit with a $10 million sublimit for stand-by letters of credit. In connection with the Spin-off, the Company assumed and refinanced onto this new revolving credit line approximately $5.1 million of indebtedness from FRP. The amounts outstanding under the credit agreement bear interest at a rate of 1.0% over LIBOR, which rate may change quarterly based on the Company’s ratio of consolidated total debt to consolidated total capital. A commitment fee of 0.15% per annum is payable quarterly on the unused portion of the commitment, which fee may change quarterly based on our ratio of consolidated total debt to consolidated total capital. The credit agreement contains certain conditions and financial covenants, including a minimum $25 million tangible net worth. As of September 30, 2015, the tangible net worth covenant would have limited our ability to pay dividends or repurchase stock with borrowed funds to a maximum of $7.3 million combined.

In addition to the unsecured revolving facility provided by Wells Fargo, Management determined the Company needed an additional financing source to provide capital for potential growth opportunities. As a result, the Company closed on a loan from Branch Banking and Trust Company (BB&T) for up to $25 million under a two (2) year revolving facility to be secured by a portion of the Company’s equipment. This facility contains a provision which automatically converts any draws under the revolver into five-year term loans with a seven year amortization. Each draw requires the payment of a bank fee equal to .25% of the amount drawn. Any amounts outstanding under this facility bear interest at a rate of 1.5% over LIBOR, which rate may change quarterly based on the Company’s leverage ratio. A commitment fee of 0.15% per annum is payable quarterly on the unused portion of the commitment. The credit agreement contains certain conditions and financial covenants, including limitations on the payment of cash dividends that are based on the Company’s consolidated retained earnings. As of September 30 2015, the Company had not taken any draws against this facility.

Cash Requirements - The Company currently expects its fiscal 2016 capital expenditures to be approximately $14,819,000 for expansion and replacement equipment which we expect to be fully funded by our cash generated from our operations. The Company does not currently pay any cash dividends on common stock.

While the Company is affected by environmental regulations, such regulations are not expected to have a major effect on the Company’s capital expenditures or operating results.

The Company expects that cash flows from operating activities, cash on hand and the funds available under its revolving credit agreement will be adequate to finance these capital expenditures and its working capital needs for the next 12 months and the foreseeable future.

NON-GAAP FINANCIAL MEASURES

To supplement the financial results presented in accordance with GAAP, Patriot presents certain non-GAAP financial measures within the meaning of Regulation G promulgated by the Securities and Exchange Commission. The non-GAAP financial measures included in this Annual Report on Form 10-K are adjusted net income, adjusted operating profit and adjusted operating ratio. Patriot uses these non-GAAP financial measures to analyze its continuing operations and to monitor, assess, and identify meaningful trends in its operating and financial performance. These measures are not, and should not be viewed as, substitutes for GAAP financial measures.

Adjusted Net Income

Adjusted net income excludes the impact of the intangible asset impairment charge. Adjusted net income is presented to provide additional perspective on underlying trends in Patriot’s core operating results. A reconciliation between net income and adjusted net income is as follows (in thousands):

	Year ended September 30, 2015
Net Income	$ 3,339
Adjustments:	
Intangible asset impairment charge	1,265
Adjusted net income	$ 4,604

Adjusted Operating Ratio

Adjusted operating ratio excludes the impact of the intangible asset impairment charge. Adjusted operating ratio is presented to provide additional perspective on underlying trends in Patriot's core operating results. A reconciliation between operating ratio and adjusted operating ratio is as follows:

	Year ended September 30, 2015
Operating ratio	$ 95.5%
Adjustments:	
Intangible asset impairment charge	(1.7%)
Adjusted operating ratio	$ 93.8%

Adjusted Operating Profit

Adjusted operating profit excludes the impact of the intangible asset impairment charge. Adjusted operating profit is presented to provide additional perspective on underlying trends in Patriot's core operating results. A reconciliation between operating profit and adjusted operating profit is as follows (in thousands):

	Year ended September 30, 2015
Operating profit	$ 5,586
Adjustments:	
Intangible asset impairment charge	2,074
Adjusted operating profit	$ 7,660

OFF-BALANCE SHEET ARRANGEMENTS

Except for the letters of credit described above under "Liquidity and Capital Resources," the Company does not have any off balance sheet arrangements that either have, or are reasonably likely to have, a current or future material effect on its financial condition.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the consolidated and combined financial statements and the reported amounts of revenues and expenses during the respective reporting periods. Accounting estimates are considered to be critical if (1) the nature of the estimates and assumptions is material due to the levels of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change; and (2) the impact of the estimates and assumptions on financial condition or operating performance is material. Actual results could differ from the estimates and assumptions used. Management of the Company considers the following accounting policies critical to the reported operations of the Company:

Accounts Receivable Valuation. The Company is subject to customer credit risk that could affect the collection of outstanding accounts receivable. To mitigate these risks, the Company performs credit reviews on all new customers and periodic credit reviews on existing customers. A detailed analysis of late and slow pay customers is prepared monthly and reviewed by senior management. The overall collectability of outstanding receivables is evaluated and allowances are recorded as appropriate. Significant changes in customer credit could require increased allowances and affect cash flows.

Property and Equipment and Impairment of Assets. Property and equipment is recorded at cost less accumulated depreciation. Provision for depreciation of property and equipment is computed using the straight-line method based on the following estimated useful lives:

	Years
Buildings and improvements	7-39
Revenue equipment	7-10
Other equipment	3-10

The Company periodically reviews property and equipment for potential impairment whenever events or circumstances indicate the carrying amount of a long-lived asset may not be recoverable. The analysis consists of a review of future anticipated results considering business prospects and asset utilization. If the sum of these future cash flows (undiscounted and without interest charges) is less than the carrying amount of the assets, the Company would record an impairment loss based on the fair value of the assets with the fair value of the assets generally based upon an estimate of the discounted future cash flows expected with regards to the assets and their eventual disposition as the measure of fair value. The Company performs an annual impairment test on goodwill. Changes in estimates or assumptions could have an impact on the Company’s financials.

Claims and Insurance Accruals. The nature of the transportation business subjects the Company to risks arising from workers’ compensation, automobile liability, and general liability claims. The Company retains the exposure on certain claims of $250,000 ($500,000 for automobile liability and general liability claims prior to fiscal 2011 and for worker’s compensation claims prior to fiscal 2013) and has third party coverage for amounts exceeding the retention up to the amount of the policy limits. The Company expenses during the year an estimate of risk insurance losses based upon independent actuarial analysis, insurance company estimates, and our monthly review of claims reserve changes. In making claim reserve changes we rely upon estimates of our insurance company adjusters, attorney evaluations, and judgment of our management. Our estimates require judgment concerning the nature, severity, comparative liability, jurisdiction, legal and investigative costs of each claim. Claims involving serious injury have greater uncertainty of the eventual cost. In the past, our estimate of the amount of individual claims has increased from insignificant amounts to the full deductible as we learn more information about the claim in subsequent periods. We obtain an independent actuarial analysis at least twice annually to assist in estimating the total loss reserves expected on claims including claim development and incurred by not reported claims. We also retain exposure on employee health benefits up to $250,000 per covered participant each calendar year plus a $77,000 aggregate deductible for any claims exceeding $250,000. We estimate claim liability using historical payment trends and specific knowledge of larger claims. Health claims are expensed as the health services are rendered so there only is a two month lag in payments on average. We are usually aware of the larger claims before closing each accounting period reducing the amount of uncertainty of the estimate. Our accrued insurance liabilities for retiree benefits are recorded by actuarial calculation. Our accrued insurance liabilities for claims as of September 30, 2015, 2014, and 2013 amounted to $2.1 million, $2.6 million and $2.4 million, respectively. Payments made under a captive agreement for each year’s loss fund are scheduled in advance using actuarial methodology. The captive agreement provides that we will share in the underwriting results, good or bad, within a $250,000 per occurrence layer of loss through retrospective premium adjustments. Including the potential exposure in the captive we have $4.8 million of estimated insurance liabilities. In the event that actual costs for these claims are different than estimates we will have adjustments in future periods. It is likely that we will experience either gains or losses of 5-10% of prior year estimated insurance liabilities in any year.

Income Taxes. The Company accounts for income taxes under the asset-and-liability method. Deferred tax assets and liabilities represent items that will result in taxable income or a tax deduction in future years for which the related tax expense or benefit has already been recorded in our statement of earnings. Deferred tax accounts arise as a result of timing differences between when items are recognized in the consolidated and combined financial statements compared with when they are recognized in the tax returns. The Company assesses the likelihood that deferred tax assets will be recovered from future taxable income. To the extent recovery is not probable, a valuation allowance is established and included as an expense as part of our income tax provision. No valuation allowance was recorded at September 30, 2015, as all deferred tax assets are considered more likely than not to be realized. Significant judgment is required in determining and assessing the impact of complex tax laws and certain tax-related contingencies on the provision for income taxes. As part of the calculation of the provision for income taxes, we assess whether the benefits of our tax positions are at least more likely than not of being sustained upon audit based on the technical merits of the tax position. For tax positions that are more likely than not of being sustained upon audit, we accrue the largest amount of the benefit that is more likely than not of being sustained in our financial statements. Such accruals require estimates and judgments, whereby actual results could vary materially from these estimates. Further, a number of years may elapse before a particular matter, for which an established accrual was made, is audited and resolved.

CONTRACTUAL OBLIGATIONS

The following table summarizes our contractual obligations as of September 30, 2015:

Contractual Obligations (thousands of dollars)	**Payments due by period**				
	Total	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Operating Leases	$ 2,492	476	594	610	812
Purchase Commitments	163	163	—	—	—
Other Long-Term Liabilities	1,415	86	179	186	964
Total Obligations	$ 4,070	725	773	796	1,776

INFLATION

Most of the Company’s operating expenses are inflation-sensitive, with inflation generally producing increased costs of operations. During the past three years, inflation has been fairly modest with its impacts mostly related to equipment prices, tire prices and the compensation paid to drivers. Tractor prices have increased over 30% since 2007 due in part to EPA mandated new engine emission requirements on tractor engines. Customer rate increases received have significantly lagged the increased prices paid for new equipment over the same period.

In addition to inflation, fluctuations in fuel prices can affect profitability. Most of the Company's contracts with customers contain fuel surcharge provisions. Although the Company historically has been able to pass through most long-term increases in fuel prices and operating taxes to customers in the form of surcharges and higher rates, there is no guarantee that this will be possible in the future. See "Risk Factors—We may be adversely impacted by fluctuations in the price and availability of fuel."

SEASONALITY

Our business is subject to seasonal trends common in the refined petroleum products delivery industry. We typically face reduced demand for refined petroleum products delivery services during the winter months and increased demand during the spring and summer months. Further, operating costs and earnings are generally adversely affected by inclement weather conditions. These factors generally result in lower operating results during the first and fourth quarters of the year and cause our operating results to fluctuate from quarter to quarter. Our operating expenses also have been somewhat higher in the winter months, due primarily to decreased fuel efficiency and increased maintenance costs for tractors and trailers in colder months.

FORWARD LOOKING STATEMENTS

Certain matters discussed in this report contain forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those indicated by such forward-looking statements. These forward-looking statements relate to, among other things, capital expenditures, liquidity, capital resources and competition and may be indicated by words or phrases such as "anticipate", "estimate", "plans", "projects", "continuing", "ongoing", "expects", "management believes", "the Company believes", "the Company intends" and similar words or phrases. The following factors and others discussed in the Company's periodic reports and filings with the Securities and Exchange Commission are among the principal factors that could cause actual results to differ materially from the forward-looking statements: freight demand for petroleum products including recessionary and terrorist impacts on travel in the Company's markets; fuel costs and the Company's ability to recover fuel surcharges; accident severity and frequency; risk insurance markets; driver availability and cost; the impact of future regulations regarding the transportation industry; availability and terms of financing; competition in our markets; interest rates, and inflation and general economic conditions. However, this list is not a complete statement of all potential risks or uncertainties.

These forward-looking statements are made as of the date hereof based on management's current expectations, and the Company does not undertake an obligation to update such statements, whether as a result of new information, future events or otherwise. Additional information regarding these and other risk factors may be found in the Company's other filings made from time to time with the Securities and Exchange Commission.

CONSOLIDATED AND COMBINED STATEMENTS OF INCOME - Years ended September 30
(In thousands, except per share amounts)

	Years Ended September 30,		
	2015	**2014**	**2013**
Revenues:			
Transportation revenues	$ 111,294	108,424	93,227
Fuel surcharges	11,588	20,738	18,893
Total revenues	122,882	129,162	112,120
Cost of operations:			
Compensation and benefits	49,050	47,431	40,095
Fuel expenses	20,295	29,281	25,699
Repairs & tires	7,876	7,831	6,862
Other operating	4,520	5,251	3,820
Insurance and losses	10,249	10,729	7,544
Depreciation expense	8,486	8,210	7,202
Rents, tags & utilities	3,892	3,706	2,435
Sales, general & administrative	9,188	9,273	8,789
Corporate expenses	3,203	2,685	2,549
Intangible asset impairment	2,074	–	–
Gain on equipment sales	(1,537)	(578)	(1,445)
Total cost of operations	117,296	123,819	103,550
Total operating profit	5,586	5,343	8,570
Interest income and other	–	7	–
Interest expense	(112)	(109)	(19)
Income before income taxes	5,474	5,241	8,551
Provision for income taxes	2,135	2,044	3,335
Net income	$ 3,339	3,197	5,216
Earnings per common share:			
Net income-			
Basic	1.02	.99	1.61
Diluted	1.02	.99	1.61
Number of shares (in thousands) used in computing:			
-basic earnings per common share	3,268	3,243	3,243
-diluted earnings per common share	3,275	3,243	3,243

CONSOLIDATED AND COMBINED STATEMENTS OF COMPREHENSIVE INCOME - Years ended September 30
(In thousands)

	2015	**2014**	**2013**
Net income	$ 3,339	3,197	5,216
Other comp. income (loss) net of tax:			
Actuarial gain (loss) retiree health	4	(3)	–
Minimum pension liability	(6)	(2)	–
Comprehensive income	$ 3,337	3,192	5,216

See accompanying notes.

CONSOLIDATED AND COMBINED BALANCE SHEETS - As of September 30
(In thousands, except share data)

	2015	2014
Assets		
Current assets:		
Cash and cash equivalents	$ —	—
Accounts receivable (net of allowance for doubtful accounts of $144 and $155, respectively)	7,382	7,119
Federal and state taxes receivable	115	—
Inventory of parts and supplies	780	895
Prepaid tires on equipment	2,019	2,048
Prepaid taxes and licenses	694	754
Prepaid insurance	748	789
Prepaid expenses, other	58	80
Total current assets	11,796	11,685
Property, plant and equipment, at cost:		
Land	2,679	2,661
Buildings	5,507	5,514
Equipment	91,800	88,896
	99,986	97,071
Less accumulated depreciation	57,366	54,897
	42,620	42,174
Goodwill	3,431	3,431
Intangible assets, net	1,384	3,812
Other assets, net	295	32
Total assets	$ 59,526	61,134
Liabilities and Shareholders' Equity/Net Investment		
Current liabilities:		
Accounts payable	$ 4,163	2,902
Bank overdraft	773	933
Deferred income taxes	309	345
Federal and state income taxes payable	—	129
Accrued payroll and benefits	5,363	3,937
Accrued insurance	1,102	1,186
Accrued liabilities, other	393	518
Total current liabilities	12,103	9,950
Long-term debt	—	7,282
Deferred income taxes	8,025	8,579
Accrued insurance	1,026	1,393
Other liabilities	1,170	1,208
Commitments and contingencies (Note 10)	—	—
Shareholders' equity/Net investment:		
Preferred stock, 5,000,000 shares authorized, of which 250,000 shares are designated Series A Junior Participating Preferred Stock; $0.01 par value; none issued and outstanding	—	—
Common stock, $.10 par value; (25,000,000 shares authorized; 3,272,804 shares issued and outstanding at September 30, 2015)	327	—
Capital in excess of par value	35,005	-
Net investment by Parent	—	32,669
Retained earnings	1,819	—
Accumulated other comprehensive income, net	51	53
Total shareholders' equity/net investment	37,202	32,722
Total liabilities and shareholders' equity/net investment	$ 59,526	61,134

See accompanying notes

CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS - Years ended September 30
(In thousands)

	2015	2014	2013
Cash flows from operating activities:			
Net income	$ 3,339	3,197	5,216
Adjustments to reconcile net income to net cash provided by continuing operating activities:			
Depreciation and amortization	9,485	9,294	7,819
Intangible asset impairment	2,074	—	—
Deferred income taxes	(590)	(461)	1,163
Gain on sale of equipment and property	(1,558)	(578)	(1,452)
Stock-based compensation	617	569	441
Net changes in operating assets and liabilities:			
Accounts receivable	(263)	(235)	(486)
Inventory of parts and supplies	115	(14)	(40)
Prepaid expenses and other current assets	152	(149)	1,494
Other assets	(148)	—	(66)
Accounts payable and accrued liabilities	2,478	(1,487)	(105)
Income taxes payable and receivable	(244)	(44)	248
Long-term insurance liabilities and other long-term liabilities	(405)	728	(536)
Net cash provided by operating activities	15,052	10,820	13,696
Cash flows from investing activities:			
Purchase of property and equipment	(9,905)	(9,631)	(15,612)
Business acquisition	—	(10,023)	—
Proceed from the sale of property, plant and equipment	1,863	1,436	1,748
Net cash used in investing activities	(8,042)	(18,218)	(13,864)
Cash flows from financing activities:			
Increase (decrease) in bank overdrafts	(160)	685	248
Proceeds from borrowing on revolving credit facility	43,793	23,528	—
Payments on revolving credit facility	(51,075)	(16,246)	—
Debt issue costs	(94)	—	—
Excess tax benefits from exercise of stock options	425	—	—
Proceeds from exercised stock options	202	—	—
Net distributions to Parent	(101)	(569)	(3,970)
Net cash provided by (used in) financing activities	(7,010)	7,398	(3,722)
Net increase(decrease)in cash and cash equivalents	—	—	(3,890)
Cash and cash equivalents at beginning of year	—	—	3,890
Cash and cash equivalents at end of the year	$ —	—	—
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest, net of capitalized amounts	$ 175	109	19
Income taxes	$ 2,840	2,548	1,924

The Company recorded non-cash transactions for vacation liability of the Pipeline business acquisition of $132 in fiscal 2014. The Company recorded a non-cash, impairment charge related to the customer relationship intangible asset recorded resulting from the Pipeline acquisition of $2,074 during the second quarter of fiscal 2015.

See accompanying notes.

CONSOLIDATED AND COMBINED STATEMENTS OF SHAREHOLDER’S EQUITY/NET INVESTMENT -
Years ended September 30
(In thousands, except share amounts)

	Common Stock		Capital in Excess of Par Value	Retained Earnings	Net Investment	Accumulated Other Comprehensive Income, net	Total Stockholders' Equity/Net Investment
	Shares	Amount					
Balance at October 1, 2012	—	$ —	$ —	$ —	$ 27,785	$ 58	$ 27,843
Net income					5,216		5,216
Distributions to former Parent					(3,529)		(3,529)
Balance as of September 30, 2013	—	$ —	$ —	$ —	$ 29,472	$ 58	$ 29,530
Net income					3,197		3,197
Minimum pension liability, net of tax						(2)	(2)
Actuarial (loss) gain, net						(3)	(3)
Balance as of September 30, 2014	—	$ —	$ —	$ —	$ 32,669	$ 53	$ 32,722
Issuance of common stock at spinoff	3,242,524	324					324
Exercise of stock options	16,000	2	201				203
Excess tax benefits from exercise of stock options			425				425
Stock-based compensation			174				174
Shares granted to Directors	14,280	1	341				342
Net income				3,339			3,339
Minimum pension liability, net of tax						(6)	(6)
Actuarial (loss) gain, net						4	4
Reclassification of net investment to capital in excess of par value			33,864	(1,520)	(32,669)		(325)
Balance as of September 30, 2015	3,272,804	$ 327	$ 35,005	$ 1,819	$ —	$ 51	$ 37,202

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

1. Accounting Policies.

DESCRIPTION OF BUSINESS

Spin-off Transaction
On January 30, 2015, FRP Holdings, Inc. ("FRP") completed the tax-free spin-off (the "Spin-off") of Patriot Transportation Holding, Inc., (the "Company" or "Patriot"). In the Spin-off, FRP distributed all of the outstanding stock of the Company to FRP's shareholders as of the record date of January 9, 2015. FRP's shareholders received one share of Patriot (stock symbol "PATI") for every three shares of FRP owned on the record date resulting in 3,242,524 of Patriot shares outstanding on the distribution date. Patriot now is an independent, publicly traded company, and FRP retains no ownership in Patriot.

Company's Business
The business of the Company, conducted through our wholly owned subsidiary, Florida Rock & Tank Lines, Inc., is to transport petroleum and other liquids and dry bulk commodities. We do not own any of the products we haul, rather, we act as a third party carrier to deliver our customer's products from point A to point B predominately using Company employees driving Company owned tractors and tank trailers. Approximately 82% of our business consists of hauling liquid petroleum products (mostly gas and diesel fuel) from large scale fuel storage facilities to our customers' retail outlets (e.g. convenience stores, truck stops and fuel depots) where we off-load the product into our customer's fuel storage tanks for ultimate sale to the retail consumer. The remaining 18% of our business consists of hauling our customer's dry bulk commodities such as cement, lime and various industrial powder products and liquid chemicals.

PRINCIPLES OF CONSOLIDATION AND COMBINATION - The consolidated and combined financial statements were prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and include the accounts, certain assets, liabilities, and expenses of Patriot and its wholly owned subsidiaries that comprise the Company. All significant intercompany transactions within the consolidated and combined entity have been eliminated.

CASH AND CASH EQUIVALENTS - The Company considers all highly liquid debt instruments with maturities of three months or less at time of purchase to be cash equivalents. Bank overdrafts consist of outstanding checks not yet presented to a bank for settlement, net of cash held in accounts with right of offset.

INVENTORY - Inventory of parts and supplies is valued at the lower of cost (first-in, first-out) or market.

TIRES ON EQUIPMENT - The value of tires on tractors and trailers is accounted for as a prepaid expense and amortized over the life of the tires as a function of miles driven.

REVENUE AND EXPENSE RECOGNITION - Transportation revenue, including fuel surcharges, is recognized when the services have been rendered to customers or delivery has occurred, the pricing is fixed or determinable and collectibility is reasonably assured. Transportation expenses are recognized as incurred.

ACCOUNTS RECEIVABLE - Accounts receivable are recorded net of discounts and provisions for estimated allowances. We estimate allowances on an ongoing basis by considering historical and current trends. We record estimated bad debts expense as a selling, general and administrative expense. We estimate the net collectibility of our accounts receivable and establish an allowance for doubtful accounts based upon this assessment. Specifically, we analyze the aging of accounts receivable balances, historical bad debts, customer concentrations, customer credit-worthiness, current economic trends and changes in customer payment terms. Any trade accounts receivable balances written off are charged against the allowance for doubtful accounts. The Company has not experienced any significant credit-related losses in the past three years.

PROPERTY AND EQUIPMENT - Property and equipment is recorded at cost less accumulated depreciation. Provision for depreciation of property and equipment is computed using the straight-line method based on the following estimated useful lives:

	Years
Building and improvements	7-39
Revenue equipment	7-10
Other equipment	3-10

The Company recorded depreciation expenses for 2015, 2014 and 2013 of $9,154,000, $8,898,000 and $7,800,000, respectively.

IMPAIRMENT OF LONG-LIVED ASSETS - The Company periodically reviews its long-lived assets, which include property and equipment and purchased intangible assets subject to amortization, for potential impairment whenever events or circumstances indicate the carrying amount of a long-lived asset may not be recoverable. The analysis consists of a review of future anticipated results considering business prospects and asset utilization. If the sum of these future cash flows (undiscounted and without interest charges) is less than the carrying amount of the assets, the Company would record an impairment loss based on the fair value of the assets with the fair value of the assets generally based upon an estimate of the discounted future cash flows expected with regards to the assets and their eventual disposition.

GOODWILL – Goodwill represents the excess of the purchase price over the estimated fair value of the net assets acquired in the acquisition of a business. Goodwill is not amortized, but rather is tested for impairment annually and when events or changes in circumstances indicate that the fair value of a reporting unit with goodwill has been reduced below carrying value. The impairment test requires allocating goodwill and other assets and liabilities to reporting units. The fair value of each reporting unit is determined and compared to the book value of the reporting unit. If the fair value of the reporting unit is less than the book value, including goodwill, then the recorded goodwill is impaired to its implied fair value with a charge to operating expense.

INSURANCE - The Company has a $250,000 to $500,000 self-insured retention per occurrence in connection with certain of its workers’ compensation, automobile liability, and general liability insurance programs (“risk insurance”). The Company is also self-insured for its employee health insurance benefits and carries stop loss coverage for losses over $250,000 per covered participant per year plus a $77,000 aggregate. The Company has established an accrued liability for the estimated cost in connection with its portion of its risk and health insurance losses incurred and reported. Claims paid by the Company are charged against the liability. Additionally, the Company maintains an accrued liability for incurred but not reported claims based on historical analysis of such claims. Payments made under a captive agreement for each year’s loss fund are scheduled in advance using actuarial methodology. The captive agreement provides that we will share in the underwriting results, good or bad, within a $250,000 per occurrence layer of loss through retrospective premium adjustments. The method of calculating the accrual liability is subject to inherent uncertainty. If actual results are less favorable than the estimates used to calculate the liabilities, the Company would have to record expenses in excess of what has been accrued.

INCOME TAXES - Deferred tax assets and liabilities are recognized based on differences between financial statement and tax bases of assets and liabilities using presently enacted tax rates. Deferred income taxes result from temporary differences between pre-tax income reported in the financial statements and taxable income. The Company recognizes liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit. The second step is to estimate and measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. It is inherently difficult and subjective to estimate such amounts, as the amounts rely upon the determination of the probability of various possible outcomes. The Company reevaluates these uncertain tax positions on a quarterly basis. This evaluation is based on factors including, but not limited to, changes in facts or circumstances, changes in tax law and expiration of statutes of limitations, effectively settled issues under audit, and audit activity. Such a change in recognition or measurement would result in the recognition of a tax benefit or an additional charge to the tax provision. It is the Company’s policy to recognize as additional income tax expense the items of interest and penalties directly related to income taxes.

STOCK BASED COMPENSATION – The Company accounts for compensation related to share based plans by recognizing the grant date fair value of stock options and other equity-based compensation issued to Company employees in Patriot’s income statement over the requisite employee service period using the straight-line attribution model. In addition, compensation expense must be recognized for the change in fair value of any awards modified, repurchased or cancelled after the grant date. The fair value of each grant is estimated on the date of grant using the Black-Scholes option-pricing model. The assumptions used in the model and related impact are discussed in Footnote 6.

PENSION PLAN - The Company accounts for its pension plan following the requirements of FASB ASC Topic 715, “Compensation – Retirement Benefits”, which requires an employer to: (a) recognize in its statement of financial position the funded status of a benefit plan; (b) measure defined benefit plan assets and obligations as of the end of the employer’s fiscal year (with limited exceptions); and (c) recognize as a component of other comprehensive income, net of tax, the gains or losses and prior service costs or credits that arise but are not recognized as components of net periodic benefit costs pursuant to prior existing guidance.

EARNINGS PER COMMON SHARE - Basic earnings per common share are based on the weighted average number of common shares outstanding during the periods. Diluted earnings per common share are based on the weighted average number of common shares and potential dilution of securities that could share in earnings. The differences between basic and diluted shares used for the calculation are the effect of employee and director stock options and restricted stock.

USE OF ESTIMATES - The preparation of financial statements in conformity with accounting principles generally accepted in the United State requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Certain accounting policies and estimates are of more significance in the financial statement preparation process than others. The most critical accounting policies and estimates include the economic useful lives and salvage values of our vehicles and equipment, provisions for uncollectible accounts receivable, estimates of exposures related to our insurance claims plans, and estimates for taxes. To the extent that actual, final outcomes are different than these estimates, or that additional facts and circumstances result in a revision to these estimates, earnings during that accounting period will be affected.

ENVIRONMENTAL - Environmental expenditures that benefit future periods are capitalized. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to current or future revenue generation, are expensed. Liabilities are recorded for the estimated amount of expected environmental assessments and/or remedial efforts. Estimation of such liabilities includes an assessment of engineering estimates, continually evolving governmental laws and standards, and potential involvement of other potentially responsible parties.

COMPREHENSIVE INCOME – Comprehensive income consists of net income and other comprehensive income (loss). Other comprehensive income (loss) refers to expenses, gains, and losses that are not included in net income, but rather are recorded directly in shareholder’s equity/net investment.

NET INVESTMENT BY PARENT – The Net investment by former Parent represents a net balance reflecting FRP’s initial investment in the Company and subsequent adjustments resulting from the operations of the Company and various transactions between the Company and FRP.

RECENTLY ISSUED ACCOUNTING STANDARDS – In January 2015, the FASB issued ASU 2015-01, "Income Statement—Extraordinary and Unusual Items (Subtopic 225-20) Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items." This guidance is effective for annual periods beginning on or after December 15, 2015 and interim periods within those years, with early adoption permitted. We do not expect the adoption of this guidance will have a material impact on our financial statements.

In April 2015, the FASB issued ASU No. 2015-03, “Simplifying the Presentation of Debt Issuance Costs”, which relates to the financial statement presentation of debt issuance costs. This guidance requires debt issuance costs to be presented in the balance sheet as a reduction of the related debt liability rather than an asset. The guidance is effective for annual and interim periods beginning after December 15, 2015 and early adoption is permitted and will only result in a change in presentation of these costs on our balance sheets.

2. Related Party Agreements.

In order to effect the Spin-off and govern our relationship with FRP Holdings, Inc. after the Spin-off, we entered into an Employee Matters Agreement and a Transition Services Agreement. The Employee Matters Agreement generally allocates responsibilities to each company for liabilities relating to each Company’s current and former employees and allocated responsibilities under employee benefit plans. The Transition Services Agreement sets forth the terms on which the Company will provide to FRP certain services that were shared prior to the Spin-off, including the services of certain shared executive officers, for a period of 12 or more months after the Spin-off.

The consolidated and combined statements of income reflect charges and/or allocation to FRP Holdings, Inc. for these services of $2,211,000, $2,539,000, and $2,302,000 for fiscal 2015, 2014 and 2013, respectively. Included in the charges above are amounts recognized for corporate executive stock-based compensation expense. These charges are reflected as a reduction to corporate expenses.

To determine these allocations between FRP and Patriot as set forth in the Transition Services Agreement, we generally employed the same methodology historically used by the Company pre Spin-off to allocate said expenses and thus we believe that the allocations to FRP are a reasonable approximation of the costs related to FRP’s operations but any such related-party transactions cannot be presumed to be carried out on an arm’s-length basis as the terms were negotiated while Patriot was still a subsidiary of FRP.

Patriot provides information technology services and previously subleased office space to Bluegrass Materials Company, LLC (“Bluegrass”). Mr. John Baker, brother of Edward L. Baker and uncle of Thompson S. Baker II, serves as Chairman of Bluegrass, and his son, Edward L. Baker II, serves as its Chief Executive Officer. Messrs. John Baker and Edward L. Baker II have a beneficial ownership interest in Bluegrass. Bluegrass paid $490,000, $359,000 and $245,000 to the Company for fiscal 2015, 2014 and 2013 respectively for such information technology services and office space.

3. Debt.

Debt at September 30 is summarized as follows (in thousands):

	2015	2014
Revolving credit (uncollateralized)	$ —	7,282

Prior to the Spin-off, the Company was permitted to borrow under FRP's credit agreement with Wells Fargo Bank, N.A. (the "FRP Credit Agreement"). On January 30, 2015, the Company entered into a new $25 million, five year, revolving credit agreement with Wells Fargo Bank, N.A. and assumed and refinanced $5.1 million then outstanding on the FRP Credit Agreement into this new revolver. As of September 30, 2015, we had no outstanding debt borrowed on this revolver, $2,745,000 outstanding under letters of credit and $22,255,000 available for additional borrowings. The credit agreement contains certain conditions, affirmative financial covenants and negative covenants including limitations on paying cash dividends. The Company was in compliance with all of its loan covenants.

In addition to the unsecured revolving facility provided by Wells Fargo, Management determined the Company needed an additional financing source to provide capital for potential growth opportunities. As a result, the Company closed on a loan from Branch Banking and Trust Company (BB&T) for up to $25 million under a two (2) year revolving facility to be secured by a portion of the Company’s equipment. This facility contains a provision which automatically converts any draws under the revolver into five-year term loans with a seven year amortization. As of September 30 2015, the Company had not taken any draws against this facility.

4. Operating Leases.

The Company leases certain assets under operating leases, which primarily consist of real estate leases for the corporate office and some of our terminal locations. Certain operating leases provide for renewal options, which can vary by lease and are typically offered at their fair rental value. The Company has not made any residual value guarantees related to its operating leases; therefore, there is no corresponding liability recorded on the Balance Sheets.

Future minimum annual lease payments for assets under operating leases as of September 30, 2015 are as follows (in thousands):

Fiscal Year	Total
2016	476
2017	295
2018	299
2019	303
2020	307
Thereafter	812
Total minimum lease payments	$ 2,492

Aggregate expense under operating leases was $742,000, $738,000 and $634,000 for 2015, 2014 and 2013, respectively. Certain operating leases include rent escalation provisions, which are recognized as expense on a straight-line basis.

5. Earnings Per Share.

Basic earnings per common share are based on the weighted average number of common shares outstanding during the periods. Diluted earnings per common share are based on the weighted average number of common shares and potential dilution of securities that could share in earnings. The differences between basic and diluted shares used for the calculation are the effect of employee and director stock options.

On January 30, 2015, 3,242,524 shares of our common stock were distributed to the shareholders of FRP in connection with the Spin-off and distribution. For comparative purposes, we have assumed this amount to be outstanding as of the beginning of each period prior to the Spin-off and distribution presented in the calculation of weighted average shares outstanding.

The following details the computations of the basic and diluted earnings per common share. (Dollars in thousands, except per share amounts.)

	Years Ended September 30		
	2015	2014	2013
Common shares:			
Weighted average common shares outstanding during the period - shares used for basic earnings per common share	3,268	3,243	3,243
Common shares issuable under share based payment plans which are potentially dilutive	7	—	—

Common shares used for diluted earnings per common share	3,275	3,243	3,243
Net income	$ 3,339	3,197	5,216
Earnings per common share			
Basic	$ 1.02	.99	1.61
Diluted	$ 1.02	.99	1.61

For 2015, 19,218 shares attributable to outstanding stock options were excluded from the calculation of diluted earnings per share because their inclusion would have been anti-dilutive.

6. Stock-Based Compensation Plans.

Participation in FRP Plans
The Company's directors, officers and key employees previously were eligible to participate in FRP's 2000 Stock Option Plan and the 2006 Stock Option Plan under which options for shares of common stock were granted to directors, officers and key employees. All related compensation expense has been fully allocated to the Company (rather than FRP) and included in corporate expenses. Corporate expense also reflects an offsetting credit for the Transition Services Agreement allocation to FRP. All outstanding options held by company directors, officers and key employees on January 30, 2015 were cancelled and replaced by an equal number of FRP options at 75.14% of the previous exercise price based upon the market value of FRP less the when issued market value of the Company on that day.

Patriot Incentive Stock Plan
In January 2015, the Board of Directors of the Company adopted the Patriot Transportation Holding, Inc. Incentive Stock Plan. Grants were issued based upon all outstanding FRP options held by company directors, officers and key employees on January 30, 2015 with the same remaining terms. The grants were based upon the FRP options outstanding at 24.86% of the previous exercise price based upon the when issued market value of the Company compared to the market value of FRP on that day. Simultaneously, the number of shares were divided by 3 and the exercise price multiplied by 3 to adjust for the Spin-off distribution of 1 for 3 shares of FRP. The number of common shares available for future issuance was 194,405 at September 30, 2015.

Patriot utilizes the Black-Scholes valuation model for estimating fair value of stock compensation for options awarded to officers and employees. Each grant is evaluated based upon assumptions at the time of grant. The assumptions are no dividend yield, expected volatility between 37% and 41%, risk-free interest rate of .96 to 2.0% and expected life of 3.0 to 7.0 years.

The dividend yield of zero is based on the fact that Patriot does not pay cash dividends and has no present intention to pay cash dividends. Expected volatility is estimated based on FRP’s historical experience over a period equivalent to the expected life in years. The risk-free interest rate is based on the U.S. Treasury constant maturity interest rate at the date of grant with a term consistent with the expected life of the options granted. The expected life calculation is based on the observed and expected time to exercise options by the employees.

Subsequent to Spin-off, the realized tax benefit pertaining to options exercised and the remaining compensation cost of options previously granted prior to the Spin-off will be recognized by FRP or Patriot based on the employment location of the related employee or director.

The Company recorded the following stock compensation expense for FRP and Patriot options (including allocations in periods prior to the Spin-off) in its consolidated and combined statements of income (in thousands):

	Years Ended September 30		
	2015	2014	2013
Stock option grants	$ 274	220	220
Annual non-employee Director stock award	343	349	221
	$ 617	569	441

A summary of Company stock options is presented below (in thousands, except share and per share amounts):

Options	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Term (yrs)	Weighted Average Grant Date Fair Value(000's)
Grants substituted on January 30, 2015	91,315	$ 20.31	5.6	$ 761
Exercised	(16,000)	$ 12.62		$ (95)
Forfeited	—	$ —		$ —
Outstanding at September 30, 2015	75,315	$ 21.95	5.8	$ 666
Exercisable at September 30, 2015	54,398	$ 20.96	5.0	$ 438
Vested during twelve months ended September 30, 2015	8,807			$ 76

The following table summarizes information concerning stock options outstanding at September 30, 2015:

Range of Exercise Prices per Share	Shares under Option	Weighted Average Exercise Price	Weighted Average Remaining Life
Non-exercisable:			
$16.50 – $20.63	8,587	18.88	6.8
$25.79 - $32.23	12,330	28.45	8.8
	20,917	$24.52	8.0 years
Exercisable:			
$16.50 - $20.63	31,475	18.47	5.1
$20.64 - $25.78	16,035	22.40	3.3
$25.79 - $32.23	6,888	29.01	8.6
	54,398	$20.96	5.0 years
Total	75,315	$21.95	5.8 years

The aggregate intrinsic value of exercisable Company options was $202,000 and the aggregate intrinsic value of all outstanding in-the-money options was $247,000 based on the Company’s market closing price of $24.05 on September 30, 2015 less exercise prices. Gains of $187,000 were realized by option holders during fiscal 2015.

The realized tax benefit from Patriot option exercises during fiscal 2015 was $425,000 including $353,000 pertaining to FRP options exercised that were granted prior to the Spin-off to persons employed by Patriot. The unrecognized compensation expense of options granted to Patriot employees as of September 30, 2015 was $698,000, which is expected to be recognized over a weighted-average period of 3.3 years.

7. Income Taxes.

The provision for income taxes for continuing operations for fiscal years ended September 30 consists of the following (in thousands):

	2015	2014	2013
Current:			
Federal	$2,315	2,081	1,619
State	408	424	553
	2,723	2,505	2,172
Deferred	(588)	(461)	1,163
Total	$2,135	2,044	3,335

A reconciliation between the amount of tax shown above and the amount computed at the statutory Federal income tax rate follows (in thousands):

	2015	2014	2013
Amount computed at statutory Federal rate	$1,862	1,804	2,907
State income taxes (net of Federal income tax benefit)	257	233	381
Other, net	16	7	47
Provision for income taxes	$2,135	2,044	3,335

In this reconciliation, the category “Other, net” consists of changes in unrecognized tax benefits, permanent tax differences related to non-deductible expenses, special tax rates and tax credits, interest and penalties, and adjustments to prior year estimates.

The types of temporary differences and their related tax effects that give rise to deferred tax assets and deferred tax liabilities at September 30, are presented below (in thousands):

	2015	2014
Deferred tax liabilities:		
Property and equipment	$ 10,684	10,376
Prepaid expenses	—	1,133
Gross deferred tax liabilities	10,684	11,509
Deferred tax assets:		
Insurance liabilities	656	819
Employee benefits and other	1,694	1,766
Gross deferred tax assets	2,350	2,585
Net deferred tax liability	$ 8,334	8,924

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in thousands):

	2015	2014
Balance at October 1	$ —	—
Reductions due to lapse of statute of limitations	—	—
Balance at September 30	$ —	—

Patriot tax returns in the U.S. and various states that include the Company are subject to audit by taxing authorities. As of September 30, 2015, the earliest tax year that remains open for audit in the Unites States is 2009.

8. Employee Benefits.

The Company and certain subsidiaries have a savings/profit sharing plan for the benefit of qualified employees. The savings feature of the plan incorporates the provisions of Section 401(k) of the Internal Revenue Code under which an eligible employee may elect to save a portion (within limits) of their compensation on a tax deferred basis. Patriot contributes to a participant's account an amount equal to 50% (with certain limits) of the participant's contribution. Additionally, the Company may make an annual discretionary contribution to the plan as determined by the Board of Directors, with certain limitations. The plan provides for deferred vesting with benefits payable upon retirement or earlier termination of employment. The Company's allocated cost was $718,000 in 2015, $718,000 in 2014 and $656,000 in 2013.

The Company has a Management Security Plan (MSP) for certain key employees. The accruals for future benefits are based upon the remaining years to retirement of the participating employees and other actuarial assumptions. The fourth quarter of fiscal 2014 included a $575,000 unfavorable adjustment to the actuarially assumed expense due to the death prior to retirement of one of the plan participants. The expense allocated to the Company for fiscal 2015, 2014 and 2013 was $28,000, $614,000 and $38,000, respectively. The accrued benefit related to the Company under this plan as of September 30, 2015 and 2014 was $744,000 and $851,000, respectively.

The Company provides certain health benefits for retired employees. Employees may become eligible for those benefits if they were employed by the Company prior to December 10, 1992, meet the service requirements and reach retirement age while working for Patriot. The plan is contributory and unfunded. The Company accrues its allocated estimated cost of retiree health benefits over the years that the employees render service. The accrued postretirement benefit obligation for this plan related to the Company as of September 30, 2015 and 2014 was $387,000 and $370,000, respectively. The net periodic postretirement benefit cost allocated to the Company was $12,000, $12,000 and $15,000 for fiscal 2015, 2014 and 2013, respectively. The discount rate used in determining the Net Periodic Postretirement Benefit Cost was 4.0% for 2015, 4.0% for 2014 and 4.0% for 2013. The discount rate used in determining the Accumulated Postretirement Benefit Obligation (APBO) was 4.25% for 2015, 4.25% for 2014 and 4.0% for 2013. No medical trend is applicable because the Company's share of the cost is frozen.

9. Fair Value Measurements.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Level 1 means the use of quoted prices in active markets for identical assets or liabilities. Level 2 means the use of values that are derived principally from or corroborated by observable market data. Level 3 means the use of inputs are those that are unobservable and significant to the overall fair value measurement.

As of September 30, 2015 the Company had no assets or liabilities measured at fair value on a recurring or non-recurring basis.

At September 30, 2015 and 2014, the carrying amount reported in the consolidated and combined balance sheets for cash and cash equivalents, accounts receivable, accounts payable and other financial instruments approximate their fair value based upon the short-term nature of these items. We believe the fair value of the allocated outstanding debt obligations approximate their carrying value as the related debt agreements reflect present market terms and as certain debt obligations contain certain interest rates that reset periodically based on current market indices.

10. Contingent Liabilities.

The Company is involved in litigation on a number of matters and is subject to certain claims which arise in the normal course of business. The Company has retained certain self-insurance risks with respect to losses for third party liability and property damage. There is a reasonable possibility that the Company’s estimate of vehicle and workers’ compensation liability may be understated or overstated but the possible range cannot be estimated. The liability at any point in time depends upon the relative ages and amounts of the individual open claims. In the opinion of management none of these matters are expected to have a material adverse effect on the Company’s financial condition, results of operations or cash flows.

11. Concentrations.

Market: The Company primarily serves customers in the petroleum industry in the Southeastern U.S. Significant economic disruption or downturn in this geographic region or within these industries could have an adverse effect on our financial statements.

Customers: During fiscal 2015, the Company’s ten largest customers accounted for approximately 58.9% of our revenue and one of these customers accounted for 22.0% of our revenue. During the second quarter, we were informed by one of these customers that we would not be able to retain a sizeable piece of their business going forward at the rates we quoted them during a competitive bid process. Management elected to let this business go in the second quarter and attempt to replace it with new business at better rates rather than to lower our quoted rates to retain that business. Accounts receivable from the ten largest customers was $4,596,000 and $4,075,000 at September 30, 2015 and September 30, 2014 respectively. The loss of any one of these ten customers could have a material adverse effect on the Company’s revenues and income.

Deposits: The Company places its cash and cash equivalents with high credit quality institutions. At times, such amounts may exceed FDIC limits.

12. Unusual or Infrequent Items Impacting Quarterly Results.

An impairment charge of $2,074,000 was recorded in second quarter 2015 related to the recorded customer relationship intangible asset fair value pertaining to the Pipeline acquisition in November 2013.

Sales, general & administrative expense for the fourth quarter of fiscal 2014 includes a $575,000 unfavorable adjustment to the actuarially assumed expense due to the death prior to retirement of one of the Management Security Plan participants.

13. Pipeline Business Acquisition.

The operations acquired from Pipeline Transportation, Inc. on November 7, 2013 for $10,023,000 are included in the Company's consolidated and combined operating results subsequent to the acquisition date. The Company accounted for this acquisition in accordance with the provisions of ASC 805, Business Combinations (ASC 805) and allocated the purchase price of the business based upon the fair value of the assets acquired and liabilities assumed, using a third party valuation expert as follows (in thousands):

Consideration:

Fair value of consideration transferred (cash paid)	$(10,023)
Acquisition related costs expensed	$ 75
Recognized amounts of identifiable assets acquired and liabilities assumed:	
Property and equipment	$ 3,397
Prepaid tires and other prepaid assets	276
Customer relationships	4,004
Trade name	72
Non-compete agreement	62
Vacation liability assumed	(132)
Total identifiable net assets assumed	$ 7,679
Goodwill	2,344
Total	$ 10,023

The goodwill recorded resulting from the acquisition amounted to $2,344,000 and is shown on the consolidated and combined balance sheets under Goodwill, and is amortizable for tax purposes. The other intangible assets acquired in the transaction are reflected in the line Intangible assets, net on the consolidated and combined balance sheets. In connection with the Pipeline acquisition, the Company assumed certain vehicle leases. As of September 30, 2015 these non-cancellable operating leases will require minimum annualized rental payments approximating $1,099,000 for the next 2.1 fiscal years.

14. Goodwill and Intangible Assets.

The changes in gross carrying amounts of goodwill are as follows (in thousands):

	Goodwill
September 30, 2013	$ 1,087
Goodwill acquired	2,344
September 30, 2014	3,431
No activity	—
September 30, 2015	$ 3,431

The Company assesses goodwill for impairment on an annual basis in the fourth quarter, or more frequently if events or changes in circumstances indicate that the asset might be impaired.

The Company reviews intangible assets, including customer value, trade name and non-compete agreements, for impairment, whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of long-lived assets is measured by a comparison of the carrying amount of the asset group to the future undiscounted net cash flows expected to be generated by those assets. If such assets are considered to be impaired, the impairment charge recognized is the amount by which the carrying amounts of the assets exceeds the fair value of the assets.

The gross amounts and accumulated amortization (including impairment) of identifiable intangible assets are as follows (in thousands):

	September 30, 2015		September 30, 2014	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Amortizable intangible assets:				
Customer value (useful life 10.5 years)	4,004	2,691	4,004	350
Trade name (useful life 3.5 years)	72	39	72	19
Non-compete (useful life 5 years)	62	24	62	11
	$ 4,138	$ 2,754	$ 4,138	$ 380

The Company recorded an impairment charge related to the recorded customer relationship intangible asset resulting from the Pipeline acquisition of $2,074,000, with an after tax impact to net income of $1,265,000, in its consolidated and combined financial statements for the quarter ended March 31, 2015. The impairment charge was calculated utilizing the assistance of a third party valuation expert. The Company's conclusion that an impairment charge was necessary in second quarter 2015 was a the result of (i) the loss of certain Pipeline customers over the course of the first nine months of calendar 2014, and then (ii) the notification from another customer during the second quarter that we would not be able to retain a sizeable piece of the business we acquired from Pipeline at the rates we quoted them during a competitive bid process.

Amortization expense for intangible assets was $300,000 for 2015 and it is included in sales, general and administrative expense. Estimated amortization expense for the five succeeding years follows (in thousands):

	Amount
2016	$ 186
2017	177
2018	166
2019	154
2020	153
Total	$ 836

15. Subsequent Events.

On October 20, 2015, the Company received notice from the Claims Administrator for the Deepwater Horizon Economic and Property Damages Settlement Program that the Company’s claim in the amount of $2,106,281 qualifies for payment under the terms of the Economic and Property Damages Settlement Agreement. BP appealed $62,000 of the claim amount or to have the claim recalculated by the Claim Administrator. On December 18, 2015 BP accepted the Company’s proposal of $2,047,651. The Company will receive the payment and pay a 17.5% contingency fee in fiscal 2016.

Management's Report on Internal Control Over Financial Reporting

The management of Patriot is responsible for establishing and maintaining adequate internal control over financial reporting. Patriot's internal control system was designed to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation and fair presentation of published financial statements in accordance with U.S. generally accepted accounting principles. All internal control systems, no matter how well designed have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Patriot's management assessed the effectiveness of the Company's internal control over financial reporting as of September 30, 2015 based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in the Internal Control-Integrated Framework (2013). Based on this assessment, management believes that, as of September 30, 2015, the Company's internal control over financial reporting is effective.

Report of Independent Registered Certified Public Accounting Firm

The Shareholders and Board of Directors
Patriot Transportation Holding, Inc.

We have audited the accompanying consolidated and combined balance sheets of Patriot Transportation Holding, Inc. as of September 30, 2015 and 2014, and the related consolidated and combined statements of income, comprehensive income, shareholder’s equity/net investment, and cash flows for years ended September 30, 2015, 2014 and 2013. These consolidated and combined financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated and combined financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated and combined financial position of Patriot Transportation Holding, Inc. as of September 30, 2015 and 2014, and the consolidated and combined results of its operations and its cash flows for the years ended September 30, 2015, 2014 and 2013 in conformity with accounting principles generally accepted in the United States of America.

Hancock Askew & Co., LLP

Savannah, Georgia
December 21, 2015

DIRECTORS AND OFFICERS

Directors

Thompson S. Baker II (1)
Chairman, President and Chief Executive
Officer of the Company

Edward L. Baker (1)
Chairman Emeritus

John E. Anderson (2)(3)(4)
Former President and Chief Executive
Officer of Patriot Transportation Holding, Inc.

Luke E. Fichthorn III (2)(3)(4)
Private Investment Banker,
Twain Associates

Robert H. Paul III (2)(3)(4)
Chairman of the Board of
Southeast Atlantic Capital, LLC

(1) Member of the Executive Committee
(2) Member of the Audit Committee
(3) Member of the Compensation Committee
(4) Member of the Nominating Committee

Officers

Thompson S. Baker II
President and Chief Executive Officer

John D. Milton, Jr.
Executive Vice President, Treasurer, Secretary
and Chief Financial Officer

John D. Klopfenstein
Controller and Chief Accounting Officer

Robert E. Sandlin
Vice President
President, Florida Rock & Tank Lines, Inc.

James N. Anderson IV
Vice President of Safety and Human Resources

Patriot Transportation Holding, Inc.
200 West Forsyth Street, 7th Floor
Jacksonville, Florida, 32202
Telephone: (904) 396-5733

Annual Meeting
Shareholders are cordially invited to attend the Annual Shareholders Meeting which will be held at 10 a.m. local time, on Wednesday, February 3, 2016, at the Omni Jacksonville Hotel, Tampa Room, 245 Water Street, Jacksonville, Florida 32202.

Transfer Agent
American Stock Transfer & Trust Company
59 Maiden Lane
Plaza Level
New York, NY 10038
Telephone: 1-800-937-5449

General Counsel
Nelson Mullins Riley & Scarborough LLP
Jacksonville, Florida

Independent Registered Certified Public Accounting Firm
Hancock Askew & Co., LLP
Savannah, Georgia

Common Stock Listed
The Nasdaq Stock Market
(Symbol: PATI)

Form 10-K
Shareholders may receive without charge a copy of Patriot Transportation Holding, Inc.'s annual report on Form 10-K for the fiscal year ended September 30, 2015 as filed with the Securities and Exchange Commission by writing to the Treasurer at 200 West Forsyth Street, 7th Floor, Jacksonville, Florida 32202. The most recent certifications by our Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 are filed as exhibits to our Form 10-K.

Company Website
The Company's website may be accessed at www.patriottrans.com. All of our filings with the Securities and Exchange Commission can be accessed through our website promptly after filing. This includes annual reports on Form 10-K, proxy statements, quarterly reports on Form 10-Q, current reports filed or furnished on Form 8-K and all related amendments.

CERTIFICATIONS Exhibit 31(a)

I, Thompson S. Baker II, certify that:

1. I have reviewed this annual report on Form 10-K of Patriot Transportation Holding, Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) designed such disclosure controls and procedures, or caused such disclosure controls to be designed under our supervision, ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosures controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal annual that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial report; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
   a) all significant deficiencies in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 21, 2015 /s/Thompson S. Baker II

Chairman, President and Chief Executive Officer

CERTIFICATIONS Exhibit 31(b)

I, John D. Milton, Jr., certify that:

1. I have reviewed this annual report on Form 10-K of Patriot Transportation Holding, Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) designed such disclosure controls and procedures, or caused such disclosure controls to be designed under our supervision, ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosures controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal annual that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial report; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
   a) all significant deficiencies in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 21, 2015

/s/John D. Milton, Jr.
Executive Vice President,
Treasurer, Secretary and
Chief Financial Officer

CERTIFICATIONS Exhibit 31(c)

I, John D. Klopfenstein, certify that:

1. I have reviewed this annual report on Form 10-K of Patriot Transportation Holding, Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) designed such disclosure controls and procedures, or caused such disclosure controls to be designed under our supervision, ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosures controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) disclosed in this report any changes in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal annual that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial report; and
5. The registrant’s other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent functions):
   a) all significant deficiencies in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: December 21, 2015

/s/John D. Klopfenstein
Controller and Chief Accounting Officer

Exhibit 32

CERTIFICATION UNDER SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned certifies that this periodic report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in this periodic report fairly presents, in all material respects, the financial condition and results of operations of Patriot Transportation Holding, Inc.

PATRIOT TRANSPORTATION HOLDING, INC.

December 21, 2015

THOMPSON S. BAKER II

Thompson S. Baker II
Chairman, President and Chief Executive Officer

JOHN D. MILTON, JR.

John D. Milton, Jr.
Executive Vice President, Treasurer, Secretary and Chief Financial Officer

JOHN D. KLOPFENSTEIN

John D. Klopfenstein
Controller and Chief Accounting Officer

A signed original of this written statement required by Section 906 has been provided to Patriot Transportation Holding, Inc. and will be retained by Patriot Transportation Holding, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification accompanies the issuer’s Annual Report on Form 10-K and is not filed as provided in SEC Release Nos. 33-8212, 34-4751 and IC-25967, dated June 30, 2003.